

SALE DATE: JUNE 6, 2023
SALE TIME: LTGO BONDS: 7:45 A.M., PACIFIC TIME
UTGO BONDS: 8:15 A.M., PACIFIC TIME

PRELIMINARY OFFICIAL STATEMENT DATED MAY 26, 2023

New Issue
Book-Entry Only

RATINGS	LTGO	UTGO
Moody's:	Aaa	Aaa
Standard & Poor's:	AAA	AAA
Fitch:	AAA	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" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

THE CITY OF SEATTLE, WASHINGTON

\$76,910,000⁽¹⁾

LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT AND REFUNDING BONDS, 2023A

\$36,040,000⁽¹⁾

UNLIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS, 2023

DATED: DATE OF INITIAL DELIVERY

DUE: LTGO BONDS—NOVEMBER 1, AS SHOWN ON PAGE i
UTGO BONDS—DECEMBER 1, AS SHOWN ON PAGE ii

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement and Refunding Bonds, 2023A (the "LTGO Bonds"), and Unlimited Tax General Obligation Refunding Bonds, 2023 (the "UTGO Bonds"), as fully registered bonds under a book-entry only system, registered in the name of the Securities Depository. In this Official Statement, the LTGO Bonds and UTGO Bonds collectively are referred to as the "Bonds." Additionally, the term "Series" may refer to either series of the Bonds.

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 LTGO Bonds is payable semiannually on each May 1 and November 1, beginning November 1, 2023. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2023. The principal of and interest on the Bonds are payable by the fiscal agent of the State of Washington (the "Bond Registrar") (currently U.S. Bank Trust Company, 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 LTGO 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) if market conditions are favorable, to carry out a current refunding of certain outstanding limited tax general obligations of the City, and (iii) to pay the costs of issuing the LTGO Bonds and, if applicable, the costs of administering the refunding. The UTGO Bonds are being issued to carry out a current refunding of certain outstanding unlimited tax general obligations of the City and to pay the costs of issuing the UTGO Bonds and the costs of 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 LTGO 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 LTGO Bonds. The UTGO Bonds are secured by the City's irrevocable pledge to include in its budget and to levy taxes annually without limitation as to rate or amount 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 UTGO Bonds. The full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of the respective taxes pledged to each Series of 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.

Each Series of the Bonds is offered for delivery by the Purchaser of each Series when, as, and if issued, subject to the approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel. The forms of Bond Counsel's approving legal opinion for each Series of the Bonds are attached hereto as Appendix A. Bond Counsel will also act as Disclosure Counsel to the City. It is expected that each Series of 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 June 21, 2023.

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 to the making of an informed investment decision.

Dated: _____

(1) Preliminary, subject to change.

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds, the City will complete and deliver an Official Statement substantially in this form.

The information in 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 Securities and Exchange Commission has 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 Annual Comprehensive Financial Report (the “Annual Report”) for 2021, which is included as Appendix B, speaks only as of the date of the Annual Report 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.”

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2023 CUSIP Global Services. All rights reserved. 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. The City takes no 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, any social media account, or any other internet presence referenced herein, in determining whether to purchase the Bonds. Information appearing on any such website, social media account, or other internet presence is not incorporated by reference in this Official Statement.

This Preliminary Official Statement, as of its date, is in a form “deemed final” by the City for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision, amendment, and completion in a final Official Statement which will be available within seven business days of the sale date.

MATURITY SCHEDULE

\$76,910,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2023A

Due November 1	Amounts⁽¹⁾	Interest Rates	Yields	Prices	CUSIP Numbers
2024	\$ 6,230,000				
2025	6,550,000				
2026	6,895,000				
2027	7,240,000				
2028	7,595,000				
2029	7,975,000				
2030	8,360,000				
2031	8,315,000				
2032	2,685,000				
2033	2,815,000				
2034	975,000 ⁽²⁾				
2035	1,030,000 ⁽²⁾				
2036	1,070,000 ⁽²⁾				
2037	1,125,000 ⁽²⁾				
2038	1,185,000 ⁽²⁾				
2039	1,240,000 ⁽²⁾				
2040	1,305,000 ⁽²⁾				
2041	1,370,000 ⁽²⁾				
2042	1,440,000 ⁽²⁾				
2043	1,510,000 ⁽²⁾				

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the LTGO Bonds unless LTGO Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of LTGO Term Bonds.

MATURITY SCHEDULE

\$36,040,000⁽¹⁾

**THE CITY OF SEATTLE, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2023**

Due December 1	Amounts⁽¹⁾	Interest Rates	Yields	Prices	CUSIP Numbers
2023	\$ 1,355,000				
2024	1,135,000				
2025	1,195,000				
2026	1,250,000				
2027	1,315,000				
2028	1,380,000				
2029	1,450,000				
2030	1,520,000				
2031	1,600,000				
2032	1,675,000				
2033	1,760,000				
2034	1,850,000 ⁽²⁾				
2035	1,945,000 ⁽²⁾				
2036	2,040,000 ⁽²⁾				
2037	2,145,000 ⁽²⁾				
2038	2,245,000 ⁽²⁾				
2039	2,360,000 ⁽²⁾				
2040	2,480,000 ⁽²⁾				
2041	2,605,000 ⁽²⁾				
2042	2,735,000 ⁽²⁾				

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the UTGO Bonds unless UTGO Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of UTGO Term Bonds.

THE CITY OF SEATTLE

MAYOR AND CITY COUNCIL

Bruce A. Harrell	Mayor
Council Member	Term Expiration
Lisa Herbold ⁽¹⁾	2023
Debora Juarez ⁽¹⁾	2023
Andrew Lewis	2023
Tammy Morales	2023
Teresa Mosqueda ⁽²⁾	2025
Sara Nelson	2025
Alex Pedersen ⁽¹⁾	2023
Kshama Sawant ⁽¹⁾	2023
Dan Strauss	2023

CITY ADMINISTRATION

Jamie L. Carnell	Interim Director of Finance
Ann Davison	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 Trust Company, National Association)

(1) These Council Members have announced that they do not intend to seek re-election when their terms expire.
(2) This Council Member has announced her candidacy for a King County Council position that will be on the ballot in November 2023. If elected, she will resign from her position on the Seattle City Council prior to the expiration of her term.

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OFFICIAL NOTICE OF BOND SALE

THE CITY OF SEATTLE, WASHINGTON

\$76,910,000⁽¹⁾
LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT AND REFUNDING BONDS, 2023A

\$36,040,000⁽¹⁾
UNLIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS, 2023

Electronic bids for the purchase of The City of Seattle Limited Tax General Obligation Improvement and Refunding Bonds, 2023A (the “LTGO Bonds”), and the Unlimited Tax General Obligation Refunding Bonds, 2023 (the “UTGO Bonds”), will be received by the Director of Finance of The City of Seattle, Washington (the “City”), via the BiDCOMP/Parity Electronic Bid Submission System (“Parity”), in the manner described below, on

JUNE 6, 2023, NO LATER THAN

LTGO BONDS: 7:45 A.M., PACIFIC TIME,

UTGO BONDS: 8:15 A.M., PACIFIC TIME,

or such other day or time and under such other terms and conditions as may be established by the Director of Finance and provided to Parity as described under “Modification, Cancellation, Postponement.”

In this Official Notice of Bond Sale, the LTGO Bonds and the UTGO Bonds collectively are referred to as the “Bonds.” Additionally, the term “Series” may refer to either series of the Bonds.

Bids must be submitted electronically via Parity in accordance with this Official Notice of Bond Sale. For further information about Parity, potential bidders may contact Parity at (212) 849-5021. Hard copy or faxed bids will not be accepted.

No bid for the Bonds will be accepted after the respective cut-off time for each Series for receiving bids, as specified above. Each bidder (and not the City) is responsible for the timely electronic delivery of its bid. The official times will be determined by the City and not by any bidder or Parity. All proper bids received with respect to a Series of the Bonds will be considered and acted on by the City’s Director of Finance, pursuant to a delegation of authority by the City Council. The winning bid for each Series of the Bonds is expected to be awarded by 1:30 p.m., Pacific Time, on June 6, 2023, by the Director of Finance upon execution and delivery to such winning bidder of a certificate of bid award for such Series of the Bonds (each, a “Certificate of Bid Award”) in substantially the form attached to this Official Notice of Bond Sale as Exhibit 1.

Bidders are referred to the Preliminary Official Statement for additional information regarding the City, the Bonds, the security for the Bonds, and other matters.

Modification, Cancellation, Postponement

The City may modify the terms of this Official Notice of Bond Sale prior to the sale date to change the principal amounts or the redemption or other provisions, or to increase or decrease the total principal amount or the amounts of individual maturities of either Series of the Bonds. Notice of any such modification will be provided to Parity on or before June 5, 2023, and it is each bidder’s responsibility to check for any such modification prior to submitting its bid.

The City may cancel or postpone the date and time for receiving bids for any Series of the Bonds at any time prior to the cut-off time for receiving bids on that Series. Notice of such cancellation or postponement will be provided to Parity as soon as practicable following such cancellation or postponement.

As an accommodation to bidders, telephone, or electronic notice of any modification, cancellation, or postponement will be given to any prospective bidder requesting such notice from the City’s Municipal Advisor at the address and phone number provided under “Contact Information” below. Failure of any bidder to receive such notice will not affect the legality of the sale.

(1) Preliminary, subject to change.

CONTACT INFORMATION

Office of City Finance	Kristi Beattie, Director of Debt Management, City of Seattle (206) 233-0026 <i>kristi.beattie@seattle.gov</i>
Municipal Advisor	Rob Shelley, Piper Sandler & Co. Office phone: (206) 628-2879 Day of sale phone: (206) 601-2249 <i>robert.shelley@psc.com</i>
Bond Counsel	Alice Ostdiek, Stradling Yocca Carlson & Rauth, P.C. (206) 829-3002 <i>aostdiek@stradlinglaw.com</i>

DESCRIPTION OF THE BONDS

Bond Details

Each Series of the Bonds will be dated the date of their initial delivery. Interest on the LTGO Bonds is payable semiannually on each May 1 and November 1, beginning November 1, 2023. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2023.

Registration and Book-Entry Form

The Bonds will be issued only in registered form as to both principal and interest by the fiscal agent of the State (the “Bond Registrar”), currently U.S. Bank Trust Company, National Association, in Seattle, Washington (or such other fiscal agent or agents as the State may from time to time designate). The Bonds initially will be issued in Book-Entry Form and registered in the name of the Securities Depository, which is defined in the Bond Documents as the Depository Trust Company, New York, New York (“DTC”), or any successor thereto.

Election of Maturities

LTGO Bonds. The successful bidder for the LTGO Bonds shall designate whether some or all of the principal amounts of the LTGO Bonds maturing on and after November 1, 2034, shall be retired as shown in the table below as serial bonds maturing in such year or as mandatory redemption requirements of LTGO Term Bonds maturing in the years specified by the bidder. LTGO Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(November 1)	Installments ⁽¹⁾	(November 1)	Installments ⁽¹⁾
2024	\$ 6,230,000	2034	\$ 975,000 ⁽²⁾
2025	6,550,000	2035	1,030,000 ⁽²⁾
2026	6,895,000	2036	1,070,000 ⁽²⁾
2027	7,240,000	2037	1,125,000 ⁽²⁾
2028	7,595,000	2038	1,185,000 ⁽²⁾
2029	7,975,000	2039	1,240,000 ⁽²⁾
2030	8,360,000	2040	1,305,000 ⁽²⁾
2031	8,315,000	2041	1,370,000 ⁽²⁾
2032	2,685,000	2042	1,440,000 ⁽²⁾
2033	2,815,000	2043	1,510,000 ⁽²⁾

- (1) Preliminary, subject to change. See “Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids” below for a description of the City’s right to adjust the principal amounts after the bids are received.
- (2) These amounts will constitute principal maturities of the LTGO Bonds unless LTGO Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of LTGO Term Bonds.

UTGO Bonds. The successful bidder for the UTGO Bonds shall designate whether some or all of the principal amounts of the UTGO Bonds maturing on and after December 1, 2034, shall be retired as shown in the table below as serial bonds maturing in such year or as mandatory redemption requirements of UTGO Term Bonds maturing in the years specified by the bidder. UTGO Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(December 1)	Installments ⁽¹⁾	(December 1)	Installments ⁽¹⁾
2023	\$ 1,355,000	2033	\$ 1,760,000
2024	1,135,000	2034	1,850,000 ⁽²⁾
2025	1,195,000	2035	1,945,000 ⁽²⁾
2026	1,250,000	2036	2,040,000 ⁽²⁾
2027	1,315,000	2037	2,145,000 ⁽²⁾
2028	1,380,000	2038	2,245,000 ⁽²⁾
2029	1,450,000	2039	2,360,000 ⁽²⁾
2030	1,520,000	2040	2,480,000 ⁽²⁾
2031	1,600,000	2041	2,605,000 ⁽²⁾
2032	1,675,000	2042	2,735,000 ⁽²⁾

- (1) Preliminary, subject to change. See “Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids” below for a description of the City’s right to adjust the principal amounts after the bids are received.
- (2) These amounts will constitute principal maturities of the UTGO Bonds unless UTGO Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of UTGO Term Bonds.

Redemption

Optional Redemption—LTGO Bonds. The LTGO Bonds maturing on and before November 1, 2033, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the LTGO Bonds maturing on and after November 1, 2034, prior to their stated maturity dates at any time on or after November 1, 2033, 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. See “Description of the Bonds—Redemption of Bonds—Optional Redemption” in the Preliminary Official Statement.

Optional Redemption—UTGO Bonds. The UTGO Bonds maturing on and before December 1, 2033, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the UTGO Bonds maturing on and after December 1, 2034, prior to their stated maturity dates at any time on or after December 1, 2033, 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. See “Description of the Bonds—Redemption of Bonds—Optional Redemption” in the Preliminary Official Statement.

Mandatory Redemption. As indicated on the schedules above, LTGO Bonds and UTGO Bonds that are designated by the successful bidder as Term Bonds will be subject to mandatory sinking fund redemption. See “Description of the Bonds—Redemption of Bonds—Mandatory Redemption” in the Preliminary Official Statement.

Selection of Bonds for Redemption. If fewer than all of the LTGO Bonds or UTGO Bonds are to be redeemed prior to maturity, the selection of such Bonds for redemption shall be made as described under “Description of the Bonds—Redemption of Bonds—Selection of Bonds for Redemption” in the Preliminary Official Statement.

Purpose

The LTGO 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) if market conditions are favorable, to carry out a current refunding of certain outstanding limited tax general obligations of the City, and (iii) to pay the costs of issuing the LTGO Bonds and, if applicable, the costs of administering the refunding. The UTGO Bonds are being issued to carry out a current

refunding of certain outstanding unlimited tax general obligations of the City and to pay the costs of issuing the UTGO Bonds and the costs of administering the refunding. See “Use of Proceeds” in the Preliminary Official Statement.

Security

The Bonds are general obligations of the City.

For so long as any of the LTGO 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 LTGO Bonds.

For so long as any of the UTGO Bonds are outstanding, the City irrevocably pledges to include in its budget and to levy taxes annually, without limitation as to rate or amount as permitted by law upon 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 UTGO Bonds.

The full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of the respective taxes pledged to each Series of the Bonds and the prompt payment of the principal of and interest on the Bonds. The City’s authority relating to tax collections and expenditures is more fully described in the Preliminary Official Statement.

The Bonds do not constitute a debt or indebtedness of the State of Washington (the “State”) or any political subdivision of the State 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.

See “Security for the Bonds” in the Preliminary Official Statement.

BIDDING INFORMATION AND AWARD

Bidders are invited to submit separate bids for the purchase of each Series of the Bonds, fixing the interest rate or rates that such Series of the Bonds will bear. Interest rates included as part of a bid for either Series of the Bonds shall be in multiples of 1/8 or 1/20 of 1%, or any combination thereof. No more than one interest rate may be fixed for any one maturity of a Series of the Bonds. No interest rate greater than 5.00% is allowed for any maturity of the Bonds. The minimum interest rate allowed for each maturity of the Bonds maturing in the years 2023 through and including 2033 is 4.00%. The minimum interest rate allowed for each maturity of the Bonds maturing in the years 2034 through and including 2043 is 5.00%.

No bid will be considered for the LTGO Bonds that is less than an amount equal to 104.5% of the stated principal amount of the LTGO Bonds nor more than an amount equal to 115% of the stated principal amount of the LTGO Bonds.

No bid will be considered for the UTGO Bonds that is less than an amount equal to 107.5% of the stated principal amount of the UTGO Bonds nor more than an amount equal to 117% of the stated principal amount of the UTGO Bonds.

Bids for each Series of the Bonds must be unconditional. No bid for less than the entire offering of a Series will be accepted. Bids may not be withdrawn or revised after the cut-off time for receiving bids. The City strongly encourages the inclusion of women and minority business enterprise firms in bidding syndicates.

Bidding Process

Bids must be submitted separately for each Series of the Bonds via Parity. By submitting an electronic bid for a Series, each bidder agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Bond Sale conflicts with information or terms provided or required by Parity, this Official Notice of Bond Sale (including any modifications provided by the City to Parity) shall control.
- (ii) Each bidder is solely responsible for making necessary arrangements to access Parity for purposes of submitting a timely bid in compliance with the requirements of this Official Notice of Bond Sale (including any modifications provided by the City to Parity).

- (iii) The City has no duty or obligation to provide or assure access to Parity, and the City shall not be responsible for the proper operation of Parity or have any liability for any delays or interruptions or any damages caused by use or attempted use of Parity.
- (iv) Parity is acting as an independent contractor and is not acting for or on behalf of the City.
- (v) The City is not responsible for ensuring or verifying bidder compliance with Parity's procedures.
- (vi) If the bidder's bid is accepted by the City, this Official Notice of Bond Sale (including any modifications provided by the City to Parity) and the information that is submitted electronically through Parity, as confirmed by the Certificate of Bid Award, shall form a contract, and the bidder shall be bound by the terms of such contract.
- (vii) Information provided by Parity to bidders shall form no part of any bid or of any contract between the successful bidder and the City unless that information is included in this Official Notice of Bond Sale, as may be modified and/or amended by the City.

Good Faith Deposit

The winning bid for each Series must be backed by a good faith deposit for the respective Series in the amount of \$770,000 with respect to the LTGO Bonds and \$360,000 with respect to the UTGO Bonds. The applicable good faith deposit must be paid by federal funds wire transfer within 90 minutes after notice from the City's Municipal Advisor to the apparent successful bidder for a Series of the Bonds. Wiring instructions will be provided to the apparent successful bidder for each Series at the time of the notice from the City.

The good faith deposit for each Series of the Bonds shall be retained by the City as security for the performance of the apparent successful bidder for such Series and shall be applied to the purchase price of the applicable Series upon the delivery of such Series to the apparent successful bidder. Pending delivery of a Series of the Bonds, the good faith deposit may be invested for the sole benefit of the City. If a Series is ready for delivery and the apparent successful bidder for such Series fails or neglects to complete the purchase of such Series within 30 days following the acceptance of its bid, the good faith deposit for such Series shall be retained by the City as reasonable liquidated damages and not as a penalty.

Award

The Bonds of each Series will be sold to the bidder making a bid for that Series that conforms to the terms of the offering and is, based on the City's determination of the lowest true interest cost, the best bid. The true interest cost will be the rate that, when used to discount to the date of such Series all future payments of principal and interest (using semiannual compounding and a 30/360 day basis), produces an amount equal to the bid amount for such Series, without regard to the interest accrued to the date of such Series. The true interest cost calculations will be performed by the City's Municipal Advisor, and the City will base its determination of the best bid for such Series solely on such calculations. If there are two or more equal bids for a Series and those bids are the best bids received, the Director of Finance will determine by random selection which bid will be accepted.

The apparent successful bidder for each Series of the Bonds will be notified on behalf of the City and must provide a good faith deposit as described above. The bid for each Series shall be considered awarded upon the receipt by the City of the applicable good faith deposit and the execution and delivery of the applicable Certificate of Bid Award by the Director of Finance, acting on behalf of the City. The form of the Certificate of Bid Award is attached to this Official Notice of Bond Sale as Exhibit 1.

The City reserves the right to reject any or all bids submitted and to waive any formality or irregularity in any bid or the bidding process. If all bids for a Series of the Bonds are rejected, then such Series may be sold in the manner provided by law. Any bid presented after the cut-off time for receiving bids will not be accepted.

Adjustment of Principal Amounts and Bid Price After Receipt of Bids

The City reserves the right to increase or decrease the preliminary aggregate principal amount of the LTGO Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the LTGO Bonds after the cut-off time for receiving bids. The City also reserves the right to increase or decrease the preliminary principal amount of any maturity of the LTGO Bonds shown on Parity by 15% of the preliminary principal amount of that maturity.

The City reserves the right to increase or decrease the preliminary aggregate principal amount of the UTGO Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the UTGO Bonds after the cut-off time for receiving bids. The City also reserves the right to increase or decrease the preliminary principal amount of any maturity of the UTGO Bonds shown on Parity by 15% of the preliminary principal amount of that maturity.

If the preliminary principal amount of a Series of the Bonds is adjusted by the City, the price bid by the successful bidder for such Series will be adjusted by the City on a proportionate basis to reflect an increase or decrease in the principal amount and maturity schedule. In the event that the City elects to increase or decrease the principal amount of a Series after receiving bids, the underwriter's discount for such Series, expressed in dollars per thousand, will be held constant. The City will not be responsible in the event and to the extent that any adjustment affects (i) the net compensation to be realized by the successful bidder, or (ii) the true interest cost of the winning bid or its ranking relative to other bids.

Issue Price Information

Establishment of Issue Price. By submitting a bid for either Series of the Bonds, the winning bidder for such Series agrees to assist the City in establishing the issue price of such Series and to execute and deliver to the City at closing an "issue price" or similar certificate ("Issue Price Certificate") setting forth the reasonably expected initial offering price to the public or the sales price or prices of such Series, together with the supporting pricing wires or equivalent communications. **By submitting a bid, such winning bidder agrees to observe the "hold-the-offering-price" rule (defined below) if the Competitive Sale Safe Harbor (defined below) does not apply on the sale date. Bids will not be accepted if they are subject to cancellation in the event that the Competitive Sale Safe Harbor does not apply.**

The City has attached to this Official Notice of Bond Sale as Exhibits 2 and 3 two alternatives for the form of Issue Price Certificate. Exhibit 2 reflects the form that would be used if the safe harbor described in Treasury Regulations Section 1.148-1(f)(3)(i) (the "Competitive Sale Safe Harbor") is applicable on the sale date; Exhibit 3 reflects the form that would be used if the Competitive Sale Safe Harbor is inapplicable, in which case the City will require that the applicable winning bidder observe the "hold-the-offering-price" rule. Such winning bidder agrees to execute the appropriate Issue Price Certificate, substantially in the form attached hereto with only such modifications as may be acceptable to the City, and Bond Counsel.

All communications with the City pursuant to this Official Notice of Bond Sale relating to establishing the issue price of either Series of the Bonds may be directed to the City's Municipal Advisor (identified under "Contact Information"). Any notice, report, pricing wire, or equivalent communication that is to be provided to the City to establish the issue price is to be provided to the City's Municipal Advisor and its Bond Counsel (identified under "Contact Information").

Competitive Sale Safe Harbor. The City intends for the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) to apply to the initial sale of each Series of the Bonds (the "competitive sale requirements"), because:

- (i) the City will disseminate this Official Notice of Bond Sale to potential underwriters in a manner reasonably designed to reach potential underwriters;
- (ii) all bidders will have an equal opportunity to bid;
- (iii) the City expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the City anticipates awarding the sale of each Series of the Bonds to the bidder who submits a firm offer to purchase such Series at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Each bid submitted pursuant to this Official Notice of Bond Sale will be considered a firm offer for the purchase of the applicable Series of Bonds, as specified in the bid. The Competitive Sale Safe Harbor will be considered inapplicable if the City and its Bond Counsel determine that the requirements of Treasury Regulations Section 1.148-1(f)(3)(i), including the requirement to receive at least three bids, have not been met.

Hold-the-Offering-Price Rule Applies if Competitive Sale Safe Harbor Not Met. If the competitive sale requirements are not satisfied, the City will so advise the winning bidder. The City, in its sole discretion, on a maturity-by-maturity basis, may determine to treat:

- (i) the first price at which 10% of a maturity of a Series of Bonds (the “10% test”) is sold to the public as the issue price of that maturity; and/or
- (ii) the initial offering price to the public as of the sale date of any maturity of such Series as the issue price of that maturity (the “hold-the-offering-price rule”).

The winning bidder for each Series of Bonds must advise the City, as soon as practicable following the notice of award, if any maturity of such Series satisfies the 10% test as of the date and time of the award of such Series. The City will promptly advise the applicable winning bidder, if practicable, at or before the time of award of such Series, which maturities of such Series will be subject to the 10% test or subject to the hold-the-offering-price rule. If, prior to the time of the award, such winning bidder has not advised the City that any maturity satisfies the 10% test, the bidder should assume that all maturities will be subject to the hold-the-offering-price rule. Bids will **not** be accepted if they are subject to cancellation upon determination by the City to apply the hold-the-offering-price rule to any maturity of such Series. **Bidders should prepare their bids on the assumption that some or all of the maturities of such Series will be subject to the hold-the-offering-price rule in order to establish the issue price of such Series.**

By submitting a bid, the winning bidder for each Series of Bonds agrees that, in the event that the City determines to apply the hold-the-offering-price rule, it will:

- (i) confirm that the underwriters have offered or will offer such Series to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder;
- (ii) agree, on behalf of the underwriters participating in the purchase of such Series, that the underwriters will neither offer nor sell unsold Bonds of any maturity of such Series to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of (a) the close of the fifth business day after the sale date (the “End of the Holding Period”), or (b) the date on which the underwriters have sold at least 10% of that maturity of such Series to the public at a price that is no higher than the initial offering price to the public; and
- (iii) promptly advise the City when the underwriters have sold 10% of each maturity of such Series that is subject to the hold-the-offering-price rule to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the End of the Holding Period.

Reliance on Agreements with Participating Underwriters, Dealers, and Broker-Dealers. In making the representations set forth above, the winning bidder for each Series of Bonds agrees to obtain and, if obtained, may rely on:

- (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires;
- (ii) if a selling group has been created in connection with the initial sale of such Series to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and
- (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of such Series to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires.

If appropriate agreements have been obtained, the City acknowledges that each underwriter will be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter will be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to a Series of Bonds.

In addition, by submitting a bid, each bidder confirms that any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of a Series of Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Bonds of each maturity of such Series allotted to it until either it is notified by the applicable winning bidder that the 10% test has been satisfied as to the Bonds of that maturity of such Series or the End of the Holding Period, whichever occurs first, and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires.

Further, each bidder confirms that any agreement among underwriters relating to the initial sale of a Series of Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the such Series to the public to require each broker-dealer that is a party to such retail distribution agreement to:

- (i) report the prices at which it sells to the public the unsold Bonds of each maturity of such Series allotted to it until either it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity of such Series or the End of the Holding Period, whichever occurs first; and
- (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Other Terms. Sales of any Bonds to any person that is a related party to an underwriter will not constitute sales to the public for purposes of the representations of the bidder pursuant to this Official Notice of Bond Sale, including any representations to be made in an Issue Price Certificate. Further, for purposes of this Official Notice of Bond Sale and the Issue Price Certificate:

- (i) “public” means any person other than an underwriter or a related party;
- (ii) “underwriter” means (a) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of a Series of Bonds to the public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) to participate in the initial sale of a Series of Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of such Series to the public);
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and
- (iv) “sale date” means the date that each Series of Bonds are awarded by the City to the winning bidder for such Series.

Questions regarding the form of the expected Issue Price Certificate should be directed to the City’s Municipal Advisor or its Bond Counsel. See “Contact Information.”

Insurance

No bid for a Series of the Bonds may be conditioned upon obtaining insurance or any other credit enhancement, or upon the City’s acceptance of any of the terms of insurance or other credit enhancement. Any purchase of municipal bond insurance or commitment therefor shall be at the sole option and expense of the bidder, and any increased costs of issuance resulting by reason of such insurance, unless otherwise paid, shall be paid by such bidder, but shall not, in any event, be paid by the City. Any failure of a Series to be so insured or of any such policy of insurance to be issued shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid.

If the successful bidder for a Series of the Bonds purchases insurance for such Series, the City may require such successful bidder to furnish to the City and Bond Counsel a certificate in form and substance acceptable to Bond Counsel confirming that the present value (calculated using the same yield as the yield on the respective insured Bonds) of the insurance premium is less than the present value (calculated using the same yield as the yield on the respective insured Bonds) of the interest cost savings represented by the comparative differences between interest amounts that would have been payable on the various maturities of the respective insured Bonds at interest rates on the respective insured Bonds issued with and without the insurance on the respective insured Bonds.

Ratings

The LTGO Bonds and the UTGO Bonds have been rated “Aaa,” “AAA,” and “AAA” by Moody’s Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, respectively. The City will pay the fees for these ratings; any other ratings for a Series of the Bonds are the responsibility of the successful bidder for such Series.

DELIVERY

The City will deliver the Bonds (consisting of one certificate for each maturity of each Series of the Bonds) to DTC in New York, New York, or to the Bond Registrar on behalf of DTC, for closing by Fast Automated Securities Transfer, prior to the date of closing. Closing shall occur within 30 days after the sale date. Settlement shall be in immediately available federal funds on the date of delivery.

If, prior to the delivery of a Series of Bonds, the interest receivable by the owners of such Series becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder for such Series, at its option, may be relieved of its obligation to purchase such Series and, in that case, the good faith deposit accompanying its bid will be returned without interest.

The City will furnish to the successful bidder for each Series of the Bonds one electronic transcript of proceedings; additional transcripts, if requested, will be furnished at the successful bidder’s cost.

Legal Opinion

The approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel, with respect to each Series of the Bonds will be provided to the successful bidder for such Series at the time of the delivery of such Series. The forms of Bond Counsel’s approving legal opinion for each Series of the Bonds are attached to the Preliminary Official Statement as Appendix A. A no material litigation certificate from the City will be included in the closing documents for the Bonds.

CUSIP Numbers

It is anticipated that a CUSIP identification number will appear on each Bond of each Series, but neither the failure to insert such number nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder for each Series to accept delivery of and pay for such Series in accordance with the terms of this Official Notice of Bond Sale.

The City’s Municipal Advisor is responsible for obtaining CUSIP numbers for each Series of the Bonds. The charge of the CUSIP Service Bureau applicable to each Series will be paid by the successful bidder for such Series.

OTHER INFORMATION

Continuing Disclosure Agreement

In order to assist bidders in complying with paragraph (b)(5) of U.S. Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), the City will undertake to provide certain annual financial information and notices of the occurrence of certain events. A description of this undertaking and the City’s compliance with its prior undertakings is set forth in the Preliminary Official Statement under “Continuing Disclosure Agreement” and also will be set forth in the final Official Statement.

Preliminary Official Statement

The Preliminary Official Statement is in a form that the City has deemed final for the purpose of paragraph (b)(1) of Rule 15c2-12, but is subject to revision, amendment, and completion in a final Official Statement, which the City will deliver, at the City's expense, to the successful bidder for each Series of the Bonds through its designated representative not later than seven business days after the City's acceptance of such successful bidder's bid, in sufficient quantities to permit such successful bidder to comply with Rule 15c2-12.

By submitting the successful bid for a Series of the Bonds, such successful bidder's designated representative agrees:

- (i) to provide to the City's Municipal Advisor, in writing, within 24 hours after the acceptance of the bid, pricing and other related information, including Initial Reoffering Prices of such Series, necessary for completion of the final Official Statement (see also "Bidding Information and Award—Issue Price Information");
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the City;
- (iii) to take any and all actions necessary to comply with applicable rules of the Securities and Exchange Commission and Municipal Securities Rulemaking Board governing the offering, sale, and delivery of such Series to ultimate purchasers, including the delivery of a final Official Statement to each investor who purchases such Series; and
- (iv) to file the final Official Statement or cause it to be filed with the Municipal Securities Rulemaking Board within one business day following its receipt from the City.

The Preliminary Official Statement may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at *www.i-dealprospectus.com*, telephone (212) 849-5024. In addition, the Preliminary Official Statement may be obtained upon request to the City's Director of Debt Management or its Municipal Advisor. See "Contact Information" in this Official Notice of Bond Sale.

Official Statement

At closing, the City will furnish a certificate of an official or officials of the City stating that, to the best knowledge of such official(s), as of the date of the Official Statement and as of the date of delivery of the Bonds,

- (i) the information (including financial information) regarding the City contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and
- (ii) the descriptions and statements, including financial data, of or pertaining to entities other than the City and their activities contained in the Official Statement have been obtained from sources that the City believes to be reliable, and the City has no reason to believe that they are untrue in any material respect (however, the City will make no representation regarding Bond Counsel's form of opinion, the information provided by Bond Counsel under "Legal and Tax Information—Limitations on Remedies and Municipal Bankruptcies," "—Tax Matters," or the information provided by or obtained from DTC or any entity providing bond insurance or other credit facility).

DATED at Seattle, Washington, this 26th day of May, 2023.

/s/ Jamie L. Carnell

Jamie L. Carnell
Interim Director of Finance

**OFFICIAL NOTICE OF BOND SALE—EXHIBIT 1
FORM OF CERTIFICATE OF BID AWARD**

**THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2023A**

With respect to the above-captioned bonds (the “Bonds”), the Director of Finance of The City of Seattle, Washington (the “City”), as the Designated Representative authorized to act on behalf of the City pursuant to Ordinance 126714 and Ordinance 125457 (together, the “Bond Ordinance”), certifies as follows:

1. In accordance with the Bond Ordinance, an Official Notice of Bond Sale dated May 26, 2023, has been prepared and distributed, and on June 6, 2023, bids for the purchase of the Bonds were received and reviewed in accordance with the Official Notice of Bond Sale.
2. The sale of the Bonds is hereby awarded to _____ (the “Purchaser”), the Purchaser’s bid being the best responsive bid determined by the method of calculation set forth in the Official Notice of Bond Sale as follows:

Aggregate Principal Amount:	\$
less Underwriter’s Discount:	()
[plus/less] original issue [premium/(discount)]:	_____
Aggregate Purchase Price:	\$ _____
True Interest Cost:	%
Aggregate Purchase Price (% of Aggregate Principal Amount):	%

A copy of the Purchaser’s bid setting forth interest rates and purchase price for the Bonds is attached hereto as Schedule A. A summary reflecting the resizing of the Purchaser’s bid in accordance with the Official Notice of Bond Sale is as follows:

Maturity Dates, Principal Amounts, Interest Rates and Prices

Due November 1	Amount	Interest Rate	Price	Due November 1	Amount	Interest Rate	Price
2024				2034			
2025				2035			
2026				2036			
2027				2037			
2028				2038			
2029				2039			
2030				2040			
2031				2041			
2032				2042			
2033				2043			

- (1) Term Bonds.
- (2) Priced to call date of _____.

Redemption Provisions

Optional Redemption. The Bonds maturing on November 1 in the years 2023 through 2033, inclusive, are not subject to redemption prior to their stated maturity.

The Bonds maturing on or after November 1, 2034, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after November 1, 2033, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. The Bonds maturing in the years 20__ and 20__ are Term Bonds and, if not optionally redeemed or purchased in accordance with the Bond Ordinance, will be called for redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on November 1 in years and amounts as follows:

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>	<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
20__	\$	20__	\$
20__		20__	
20__		20__	
20__ ⁽¹⁾		20__ ⁽¹⁾	

(1) Term Bond maturity.

All bids received other than that of the Purchaser are hereby rejected.

THE CITY OF SEATTLE

By: _____
 Jamie L. Carnell, Interim Director of Finance
 Date: _____ Time: _____

Acknowledged by:
 [PURCHASER]

By: _____
 Name: _____
 Title: _____

FORM OF CERTIFICATE OF BID AWARD

**THE CITY OF SEATTLE, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2023**

With respect to the above-captioned bonds (the “Bonds”), the Director of Finance of The City of Seattle, Washington (the “City”), as the Designated Representative authorized to act on behalf of the City pursuant to Ordinance 125457 (the “Bond Ordinance”), certifies as follows:

1. In accordance with the Bond Ordinance, an Official Notice of Bond Sale dated May 26, 2023, has been prepared and distributed, and on June 6, 2023, bids for the purchase of the Bonds were received and reviewed in accordance with the Official Notice of Bond Sale.
2. The sale of the Bonds is hereby awarded to _____ (the “Purchaser”), the Purchaser’s bid being the best responsive bid determined by the method of calculation set forth in the Official Notice of Bond Sale as follows:

Aggregate Principal Amount:	\$	
less Underwriter’s Discount:	()	
[plus/less] original issue [premium/(discount)]:		
Aggregate Purchase Price:	\$	
True Interest Cost:	%	
Aggregate Purchase Price (% of Aggregate Principal Amount):	%	

A copy of the Purchaser’s bid setting forth interest rates and purchase price for the Bonds is attached hereto as Schedule A. A summary reflecting the resizing of the Purchaser’s bid in accordance with the Official Notice of Bond Sale is as follows:

Maturity Dates, Principal Amounts, Interest Rates and Prices

Due December 1	Amount	Interest Rate	Price	Due December 1	Amount	Interest Rate	Price
2023				2033			
2024				2034			
2025				2035			
2026				2036			
2027				2037			
2028				2038			
2029				2039			
2030				2040			
2031				2041			
2032				2042			

- (1) Term Bonds.
- (2) Priced to call date of _____.

Redemption Provisions

Optional Redemption. The Bonds maturing on December 1 in the years 2023 through 2033, inclusive, are not subject to redemption prior to their stated maturity.

The Bonds maturing on or after December 1, 2034, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after December 1, 2033, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. The Bonds maturing in the years 20__ and 20__ are Term Bonds and, if not optionally redeemed or purchased in accordance with the Bond Ordinance, will be called for redemption at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, if any, to the date fixed for redemption, on December 1 in years and amounts as follows:

<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>	<u>Mandatory Redemption Years</u>	<u>Mandatory Redemption Amounts</u>
20__	\$	20__	\$
20__		20__	
20__		20__	
20__ ⁽¹⁾		20__ ⁽¹⁾	

(1) Term Bond maturity.

All bids received other than that of the Purchaser are hereby rejected.

THE CITY OF SEATTLE

By: _____
 Jamie L. Carnell, Interim Director of Finance
 Date: _____ Time: _____

Acknowledged by:
 [PURCHASER]

By: _____
 Name: _____
 Title: _____

**OFFICIAL NOTICE OF BOND SALE—EXHIBIT 2
FORM OF ISSUE PRICE CERTIFICATE
COMPETITIVE SALE SAFE HARBOR**

\$76,910,000⁽¹⁾

**THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2023A**

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”) hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

Reasonably Expected Initial Offering Price

- (i) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (ii) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (iii) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

Defined Terms

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms.
- (ii) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds, as evidenced by the award of the bid submitted pursuant to the Official Notice of Bond Sale. The Sale Date of the Bonds is June 6, 2023.
- (iv) *Underwriter* means (a) [SHORT NAME OF UNDERWRITER], as the winning bidder to purchase the Bonds (and any person that agrees pursuant to a written contract with [SHORT NAME OF UNDERWRITER] as the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may provide to the City from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[UNDERWRITER]

By: _____
Name: _____

(1) Preliminary, subject to change.

**OFFICIAL NOTICE OF BOND SALE—EXHIBIT 3
FORM OF ISSUE PRICE CERTIFICATE
HOLD-THE-OFFERING-PRICE RULE**

\$76,910,000⁽¹⁾

**THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2023A**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”) (the “Representative”), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

Sale of the General Rule Maturities

As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

Initial Offering Price of the Hold-the-Offering-Price Maturities

- (i) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.
- (ii) As set forth in the Official Notice of Bond Sale and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

Defined Terms

- (i) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (ii) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (iii) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (iv) *Issuer* means The City of Seattle, Washington.
- (v) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (vi) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for

(1) Preliminary, subject to change.

purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

- (vii) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 6, 2023.
- (viii) *Underwriter* means (a) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM'S][the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [ISSUE DATE]

[NAME OF UNDERWRITER/REPRESENTATIVE]

By: _____

Name: _____

PRELIMINARY OFFICIAL STATEMENT

THE CITY OF SEATTLE, WASHINGTON

\$76,910,000⁽¹⁾
LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT AND REFUNDING BONDS, 2023A

\$36,040,000⁽¹⁾
UNLIMITED TAX GENERAL OBLIGATION
REFUNDING BONDS, 2023

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 \$76,910,000⁽¹⁾ aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2023A (the “LTGO Bonds”), and \$36,040,000⁽¹⁾ aggregate principal amount of its Unlimited Tax General Obligation Refunding Bonds, 2023 (the “UTGO Bonds”). In this Official Statement, the LTGO Bonds and the UTGO Bonds collectively are referred to as the “Bonds.” Additionally, the term “Series” may refer to either series of the Bonds.

Appendix A to this Official Statement is the forms of legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation of Seattle, Washington (“Bond Counsel”), for each Series of the Bonds. Appendix B is the City’s Annual Comprehensive Financial Report (the “Annual Report”) for 2021. 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.

Certain forecast information provided in this Official Statement was prepared by the City’s Office of Economic and Revenue Forecasts. See “The City of Seattle—Budgeting and Forecasting.” Any forecast information speaks only as of the date it was prepared and the reader should exercise caution in relying on such information. Actual results could differ materially.

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 126714, passed by the City Council on November 29, 2022 (the “Improvement Ordinance”), with respect to the new-money portion of the LTGO Bonds, 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”), with respect to the refunding portion of the LTGO Bonds and the UTGO Bonds, delegating to the Director of the Office of City Finance within the 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.

(1) Preliminary, subject to change.

The UTGO Bonds are issued to refund indebtedness originally approved by the requisite supermajority of the voters on November 6, 2012.

Principal Amounts, Dates, Interest Rates, and Maturities

The Bonds will be dated the date of their initial issuance and delivery.

The LTGO Bonds will mature on November 1 in the years and amounts set forth on page i of this Official Statement. Interest on the LTGO Bonds is payable semiannually on each May 1 and November 1, beginning November 1, 2023, at the rates set forth on page i of this Official Statement.

The UTGO Bonds will mature on December 1 in the years and amounts set forth on page ii of this Official Statement. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2023, at the rates set forth on page ii 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

Registrar and Paying Agent. The Bonds will be issued only in registered form as to both principal and interest. The fiscal agent for the State, currently U.S. Bank Trust Company, National Association, in Seattle, Washington (or such other fiscal agent or agents as the State may from time to time designate) will act as registrar and paying agent for the Bonds (the “Bond Registrar”).

Book-Entry Form. The Bonds will be held fully immobilized in Book-Entry Form, registered in the name of the Securities Depository (defined in the Bond Documents as the Depository Trust Company, New York, New York (“DTC”), or any successor thereto) in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar 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 Director of Finance 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—LTGO Bonds. The LTGO Bonds maturing on and before November 1, 2033, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the LTGO Bonds maturing on and after November 1, 2034, prior to their stated maturity dates at any time on or after November 1, 2033, 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.

Optional Redemption—UTGO Bonds. The UTGO Bonds maturing on and before December 1, 2033, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the UTGO Bonds maturing on and after December 1, 2034, prior to their stated maturity dates at any time on or after December 1, 2033, 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—LTGO Bonds. If not redeemed or purchased at the City’s option prior to maturity, the LTGO Term Bonds maturing on November 1, _____, will be redeemed, at a price equal to the principal amount thereof plus accrued interest, on November 1 in the years and amounts as follows:

TERM BONDS	
<u>Years</u>	<u>Amounts</u>

(1)

(1) Maturity.

If the City redeems or purchases LTGO Term Bonds at the City’s option prior to maturity, the LTGO Term Bonds so redeemed or purchased (irrespective of their actual redemption or purchase prices) will be credited against the remaining mandatory redemption installment payments for that Term Bond in the manner 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 Term Bond on a *pro rata* basis.

Mandatory Redemption—UTGO Bonds. If not redeemed or purchased at the City’s option prior to maturity, the UTGO Term Bonds maturing on December 1, ____, will be redeemed, at a price equal to the principal amount thereof plus accrued interest, on December 1 in the years and amounts as follows:

TERM BONDS
Years Amounts

(1)

(1) Maturity.

If the City redeems or purchases UTGO Term Bonds at the City’s option prior to maturity, the UTGO Term Bonds so redeemed or purchased (irrespective of their actual redemption or purchase prices) will be credited against the remaining mandatory redemption installment payments for that Term Bond in the manner 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 Term Bond on a *pro rata* basis.

Selection of Bonds for Redemption. If fewer than all of the outstanding LTGO Bonds or UTGO 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 and 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 at random in such manner as the Bond Registrar determines.

All or a portion of the principal amount of any LTGO Bond or UTGO Bond that is to be redeemed may be redeemed in denominations of \$5,000 or integral multiples thereof within a maturity of such Series of the Bonds (“Authorized Denominations”). If less than all of the outstanding principal amount of any Bond of such Series 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 LTGO Bonds or UTGO 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 of such Series 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 such Series. 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 LTGO Bonds or UTGO 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 of such Series 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 a Trust Account is established and fully funded, 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

LTGO Bonds. The proceeds of the LTGO 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, as specified in and subject to change pursuant to the Bond Ordinance, (ii) if market conditions are favorable, to carry out a current refunding of the outstanding Limited Tax General Obligation Improvement Bonds, 2013A (the “LTGO Refunding Candidates”), as described below under “—

LTGO Refunding Plan,” and (iii) to pay the costs of issuing the LTGO Bonds and, if applicable, the costs of administering the LTGO Refunding Plan.

Projects in the City’s capital improvement program that have been identified in the Bond Ordinance to be funded by proceeds of the LTGO Bonds include design, construction, renovation, installation, or improvement of various capital facilities; transportation and City fleet electric vehicle charging infrastructure; and data, telephone and information technology projects of the City. The capital facilities include fire facilities, improvements to Seattle Municipal Tower, certain elements of the City’s capital improvement program related to the redevelopment of the Central Waterfront area (the “Waterfront Seattle Program), such as Alaskan Way Main Corridor, Overlook Walk, East-West Connection projects, the Ocean Pavilion expansion to the City-owned Seattle Aquarium facility, and a Waterfront operations and tribal interpretive center. See “Other Considerations—Certain Major Infrastructure and Capital Projects.” The City has reserved the right to adjust specific projects identified to be funded, as necessary, by amending Exhibit A to the Bond Ordinance.

The LTGO Refunding Candidates were issued to pay for part of the costs of design, construction, renovation, improvement, or replacement of certain capital facilities (including the Alaskan Way Seawall, park and recreation facilities, police facilities, and fire facilities), information technology projects, and a data center.

UTGO Bonds. The UTGO Bonds are being issued, depending on market conditions, to carry out a current refunding of the City’s currently outstanding voter-approved Unlimited Tax General Obligation Improvement Bonds, 2013 (the “UTGO Refunding Candidates”), as described below under “—UTGO Refunding Plan,” and to pay the costs of issuing the UTGO Bonds and the costs of administering the UTGO Refunding Plan. The UTGO Refunding Candidates were issued, following voter approval at an election held on November 6, 2012, to pay for part of the costs of the design, construction, renovation, improvement, and replacement of the Alaskan Way Seawall and related infrastructure.

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

	LTGO Bonds	UTGO Bonds	Total
SOURCES OF FUNDS			
Stated Principal Amount of Bonds			
Original Issue Premium (Discount)			
Total Sources of Funds	<hr style="border-top: 3px double black;"/>		
USES OF FUNDS			
Project Fund Deposits			
Deposit to Refunding Escrow			
Costs of Issuance ⁽¹⁾			
Total Uses of Funds	<hr style="border-top: 3px double black;"/>		

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

Totals may not add due to rounding.

Refunding Plan

LTGO Refunding. If market conditions are favorable, a portion of the proceeds of the LTGO Bonds will be used to carry out a current refunding of the LTGO Refunding Candidates to realize debt service savings. The LTGO Refunding Candidates that are refunded with the proceeds of the Bonds will be identified in the Bond Documents as the “LTGO Refunded Bonds.” The LTGO Refunded Bonds will be called on the date and at the price shown in the table below.

LTGO REFUNDING CANDIDATES⁽¹⁾

Bond Component	Maturity Date	Interest Rate (%)	Par Amount	Redemption Date	Redemption Price (%)	CUSIP Number
<i>LTGO Improvement Bonds, 2013A, Dated 6/4/2013</i>						
Serial	10/1/2024	4.000	\$ 1,160,000	9/19/2023	100	812626 S59
	10/1/2025	4.000	1,205,000	9/19/2023	100	812626 S67
	10/1/2026	4.000	1,255,000	9/19/2023	100	812626 S75
	10/1/2027	4.000	1,310,000	9/19/2023	100	812626 S83
	10/1/2028	4.000	1,360,000	9/19/2023	100	812626 S91
	10/1/2029	4.000	1,415,000	9/19/2023	100	812626 T25
	10/1/2030	3.125	1,465,000	9/19/2023	100	812626 T33
	10/1/2031	3.250	1,520,000	9/19/2023	100	812626 T41
	10/1/2032	3.250	1,560,000	9/19/2023	100	812626 T58
	10/1/2033	3.375	1,615,000	9/19/2023	100	812626 T66
Total			<u>\$ 13,865,000</u>			

(1) Preliminary, subject to change.

UTGO Refunding. If market conditions are favorable, a portion of the proceeds of the UTGO Bonds will be used to carry out a current refunding of the UTGO Refunding Candidates to realize debt service savings. The UTGO Refunding Candidates that are refunded with the proceeds of the UTGO Bonds will be identified in the Bond Documents as the “UTGO Refunded Bonds.” The UTGO Refunded Bonds will be called on the date and at the price shown in the table below.

UTGO REFUNDING CANDIDATES⁽¹⁾

Bond Component	Maturity Date	Interest Rate (%)	Par Amount	Redemption Date	Redemption Price (%)	CUSIP Number
<i>UTGO Improvement Bonds, 2013, Dated 6/4/2013</i>						
Serial	12/1/2023	5.00	\$ 1,315,000	9/19/2023	100	812626 U80
	12/1/2024	5.00	1,380,000	9/19/2023	100	812626 U98
	12/1/2025	5.00	1,450,000	9/19/2023	100	812626 V22
	12/1/2026	5.00	1,520,000	9/19/2023	100	812626 V30
	12/1/2027	4.00	1,595,000	9/19/2023	100	812626 V48
	12/1/2028	4.00	1,660,000	9/19/2023	100	812626 V55
	12/1/2029	4.00	1,725,000	9/19/2023	100	812626 V63
	12/1/2030	4.00	1,795,000	9/19/2023	100	812626 V71
	12/1/2031	4.00	1,870,000	9/19/2023	100	812626 V89
	12/1/2032	4.00	1,940,000	9/19/2023	100	812626 V97
	12/1/2033	4.00	2,020,000	9/19/2023	100	812626 W21
	12/1/2034	4.00	2,100,000	9/19/2023	100	812626 W39
	12/1/2035	4.00	2,185,000	9/19/2023	100	812626 W47
	12/1/2036	4.00	2,270,000	9/19/2023	100	812626 W54
	12/1/2037	4.00	2,365,000	9/19/2023	100	812626 W62
	12/1/2038	4.00	2,455,000	9/19/2023	100	812626 W70
	12/1/2039	4.00	2,555,000	9/19/2023	100	812626 W88
	12/1/2040	4.00	2,660,000	9/19/2023	100	812626 W96
	12/1/2041	4.00	2,765,000	9/19/2023	100	812626 X20
	12/1/2042	4.00	2,875,000	9/19/2023	100	812626 X38
Total			<u>\$ 40,500,000</u>			

(1) Preliminary, subject to change.

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 LTGO 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 LTGO Bonds.

For so long as any of the UTGO Bonds are outstanding, the City irrevocably pledges to include in its budget and to levy taxes annually, without limitation as to rate or amount as permitted by law upon 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 UTGO Bonds.

The full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of the respective taxes pledged to each Series of 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 LTGO Bonds. See "General Fund Tax Revenue Sources—Table 8—Voted Levy Lid Lifts in Effect in 2023." Under the State's laws and the State Constitution, the excess levies approved by the voters for the purpose of retiring the UTGO Bonds 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

Historical information presented below that covers the period primarily from 2020 through 2022 was affected by the COVID-19 pandemic and may not be indicative of future results. See generally "—Fiscal Year 2023 Outlook," "General Fund Tax Revenue Sources," and "Other Considerations—Public Health Emergencies."

In addition, beginning in calendar year 2022, the City implemented new procedures for developing economic and revenue forecasts, moving that function from the City Budget Office ("CBO"), which is an Executive branch agency, into an independent Office of Economic and Revenue Forecasts (the "Forecast Office"). The Forecast Office is currently headed by the former Director of CBO. See "The City of Seattle—Budgeting and Forecasting."

For the purposes of this Preliminary Official Statement, "General Fund" is defined as including the General Operating Fund (00100) and a set of more than 20 additional, defined funds that are combined into one General Fund for the purposes of reporting in the City's Annual Report. The General Fund is the primary operating fund of the City which accounts for all financial resources except those required to be accounted for in another fund. This Preliminary Official Statement defines the "General Operating Fund (00100)" as the financial activity accounted for in the City's General Operating Fund (00100), and does not reflect financial activity outside of this fund.

Management Discussion of Preliminary 2022 Financial Results

On a preliminary basis, the City's financial performance for the fiscal year ended December 31, 2022, improved compared to the results in 2021 and reflected continued recovery from the effects of the COVID-19 pandemic within the City and the region.

All Governmental Funds. Based on preliminary unaudited results, revenues for all governmental funds increased by 4.3% in 2022 compared to 2021 actuals. Most revenue categories increased in 2022 as economic activity continued to rebound from the lows of the pandemic. The revenue increase was led by taxes supporting all governmental funds, which are the City's largest source of governmental revenue and which increased by 7.4% compared to 2021 actuals. Approximately half of this increase was due to revenue collected from the City's new Payroll Expense Tax, although some of this increase was due to revenue from activity occurring in 2021 but not received until after the accrual cutoff in 2022. See "General Fund Tax Revenue Sources—Payroll Expense Tax." Revenue from Grants, Shared Revenue, and Contributions increased by 1.8% in 2022 due primarily to the continued receipt of federal and State COVID-19 stimulus funding. See "—Other Considerations—Public Health Emergencies." Revenue from Fines and Forfeits decreased by 15.1% in 2022 compared to 2021, partially due to a \$2.5 million refund associated with parking tickets. Revenue from Concessions, Parking Fees, and Space Rent increased by 79.8% in 2022 compared to 2021 due to a general increase in economic activity and the new accounting treatment for leases under GASB 87. Program Income, Interest, and Miscellaneous Revenues decreased by 39.6% in 2022, primarily due to the increase in unrealized gains and losses on fund balances as a result of a significant increase in interest rates in 2022.

Expenditures increased in many areas in 2022 compared to 2021 due in part to the City's continued public health and social service programs that were implemented in response to the COVID-19 pandemic, and to inflationary cost pressures. In total, expenditures for all governmental funds increased by 5.8%. Some of the largest increases in expenditures were in the areas of Transportation, Economic Environment, and Culture and Recreation, which increased by 12.3%, 11.5%, and 13.6%, respectively, compared to 2021 actuals.

General Fund. Revenues to the General Fund increased by 2.5%, while expenditures and net transfers from the General Fund decreased by 2.0% compared to 2021 actuals. Taxes, which make up the largest share of revenues to the General Fund, increased by 7.1% in 2022 compared to 2021 actuals. The majority of this increase was due to revenue collected from the City's new Payroll Expense Tax, although, as mentioned previously, some of this increase was due to revenue from activity occurring in 2021 but not received until after the accrual cutoff in 2022. See "General Fund Tax Revenue Sources—Payroll Expense Tax." Further description of and the changes in the four largest tax revenue components are shown below in "General Fund Tax Revenue Sources." Non-tax revenues declined by 17.9% compared to 2021 actuals, due in large part to a \$47.0 million reduction in Grants, Shared Revenues, and Contributions that resulted from a change in 2022 to how grant revenue is recognized in the General Fund. In 2022, \$62 million in federal grants was recognized as a transfer into the General Fund instead of being recognized as actual revenue for the General Fund.

The largest General Fund expenditure component is Public Safety, which increased by 4.1% in 2022 compared to 2021 actuals. For additional discussion of public safety challenges and efforts to achieve expense reduction, see "Other Considerations—Public Safety Funding Considerations and Protests."

In 2021, the receipt of tax revenues in excess of forecasted amounts, expense reduction efforts, and delays in expenditures for some new programs initially included in the 2021 Budget all contributed to an increase in the General Fund balance of \$202 million to a total of \$717.4 million. These factors continued in the 2022 unaudited results, which indicate that the General Fund balance increased by almost \$289 million to a total of \$1.006 billion in 2022. Some portion of this balance will be reappropriated to support expenditures in 2023 and in future years for programs originally included in previous budgets.

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, and Debt Service) based on audited figures for the years 2017 through 2021 and unaudited figures for 2022. 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)

	Unaudited					
	2022	2021	2020	2019	2018	2017
Assets						
Cash and Equity in Pooled Investments	\$ 795,453 ⁽¹⁾	\$ 423,315	\$ 441,451	\$ 502,167	\$ 430,890	\$ 406,761
Receivables, Net of Allowances	223,441 ⁽²⁾	395,167 ⁽²⁾	104,735	130,860	111,271	89,522
Due from Other Funds	6,320	3,785	46	68 ⁽³⁾	94,870 ⁽⁴⁾	17,084
Due from Other Governments	74,204	73,144	76,957	81,597	70,399	63,913
Interfund Loans and Advances	28,431 ⁽⁵⁾	15,500 ⁽⁵⁾	40,900 ⁽⁵⁾	1,550	5,700	72
Other Current Assets	21,789	7,249	1,375	1,901	1,729	285
Total Assets	\$ 1,149,638	\$ 918,160	\$ 665,464	\$ 718,143	\$ 714,859	\$ 577,637
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows	\$ 1,149,638	\$ 918,160	\$ 665,464	\$ 718,143	\$ 714,859	\$ 577,637
Liabilities						
Accounts Payable	\$ 87,617	\$ 84,725	\$ 65,396	\$ 62,331	\$ 63,898	\$ 34,280
Contracts Payable	81	172	384	177	159	126
Salaries, Benefits, and Taxes Payable	22,542	20,358	20,028	54,967 ⁽⁶⁾	103,613 ⁽⁶⁾	29,411
Due to Other Funds	16	-	11,240	673 ⁽³⁾	52,476 ⁽⁴⁾	8,183
Due to Other Governments	3,753	2,842	466	592	570	2,083
Revenues Collected in Advance	17,581	13,188	13,335	8,382	6,744	4,160
Interfund Loans and Advances	-	65,000 ⁽⁷⁾	-	700	-	-
Other Current Liabilities	6,240	9,410	7,641	1,212	340	362
Total Liabilities	\$ 137,830	\$ 195,695	\$ 118,490	\$ 129,034	\$ 227,800	\$ 78,605
Deferred Inflows of Resources	5,606	5,081	32,376	4,061	3,793	3,950
Total Liabilities and Deferred Inflows	\$ 143,436	\$ 200,776	\$ 150,866	\$ 133,095	\$ 231,592	\$ 82,555
Fund Balances						
Nonspendable	\$ 236	\$ 75	\$ 65	\$ 74	\$ 93	\$ 350
Restricted	337,318	296,372	263,769	250,624	215,620 ⁽⁸⁾	181,951
Committed	236,991 ⁽⁹⁾	114,846	112,000	89,595	88,794 ⁽⁸⁾⁽¹⁰⁾	131,385
Assigned	15,123	10,946	8,693	20,632	26,391	29,172
Unassigned	416,534 ⁽¹¹⁾	295,145 ⁽¹²⁾	130,071	224,123	152,368	152,224
Total Fund Balances	\$ 1,006,202	\$ 717,384	\$ 514,598	\$ 585,048	\$ 483,266	\$ 495,082
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,149,638	\$ 918,160	\$ 665,464	\$ 718,143	\$ 714,859	\$ 577,637

Notes to Table 1 are on the following page.

NOTES TO TABLE:

- (1) The increase in cash in 2022 reflects the payment of Payroll Expense Tax receivables from the prior year as well as increasing fund balances. See Notes 9 and 11.
- (2) The elevated amounts of receivables in 2021 and 2022 reflect revenue to be received under the City's Payroll Expense Tax. The substantial increase seen in 2021 was due to the timing of initial payments, which was the result of the Payroll Expense Tax being effective in January 2021 but revenues not being received until January 2022. Payments made after January 2022 are made on a quarterly schedule. See "General Fund Tax Revenue Sources—Payroll Expense Tax."
- (3) In 2019, settlement between funds occurred prior to year-end. In 2018, this settlement activity occurred after the end of the year.
- (4) 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."
- (5) The amounts shown in 2020 and 2021 reflect interfund loans from real estate excise tax capital projects funds for the Central Waterfront Improvement Program and an operating loan for the Seattle Center. The loans associated with the Central Waterfront Improvement Program (totaling \$16.4 million) were repaid in 2021 with Central Waterfront LID assessments collected during the initial prepayment period. The operating loan for the Seattle Center (\$8.5 million) is expected to be repaid with future operating revenues and is currently authorized through December 31, 2033. Additionally, an interfund loan of \$16 million from the Emergency Fund to the Housing Services Fund has since been repaid. The amount shown in 2022 reflects loans for the Seattle Aquarium project and the Seattle Center operating loan for \$13.2 million and \$15.3 million, respectively.
- (6) Increase in 2018 is partially due to a one-time retroactive payment of approximately \$65 million associated with the settlement of the Seattle Police Officers Guild labor contract. Additionally, the City's adoption of the Direct Fund Model increased the accounting activity that is reflected within the General Fund. The 2019 value was larger than usual due to a salary adjustment associated with contract negotiations that were settled in 2019.
- (7) The amount shown in 2021 reflects interfund loans to the General Operating Fund and the Transportation Fund in the amounts of \$40 million and \$25 million, respectively.
- (8) 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.
- (9) The increase in the committed portion of the 2022 fund balance is attributed to unspent Payroll Expense Tax revenues. Expenditures associated with these revenues tend to occur some time after they are received. See "General Fund Tax Revenue Sources—Payroll Expense Tax."
- (10) 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.
- (11) The increase in unassigned fund balance in 2022 is largely attributed to the replenishment of reserves in the General Fund as well as Payroll Expense Tax obligations from 2021 that were not received until after the accrual cutoff in 2022. See "General Fund Tax Revenue Sources—Payroll Expense Tax" and "The City of Seattle—Fiscal Reserves."
- (12) The unassigned fund balance in 2021 includes balances due to delays in expenditures for some new programs initially included in the 2021 Budget. Some portion of this balance may be reappropriated as expenditures for 2022 and beyond for those programs originally included in the 2021 Budget.

Source: City of Seattle, Annual Reports, 2017-2021, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2022 results

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

	Unaudited					
	2022	2021	2020	2019	2018	2017
Revenues						
Taxes	\$1,718,682	\$1,604,160 ⁽¹⁾	\$1,158,438 ⁽²⁾	\$1,283,863	\$1,193,693	\$1,107,598
Licenses and Permits	34,685	39,467	36,376 ⁽²⁾	43,856	45,558	35,462
Grants, Shared Revenues, and Contributions	45,325 ⁽³⁾	92,356 ⁽⁴⁾	130,239 ⁽⁴⁾	37,339	45,207	26,908
Charges for Services	90,565	81,734	76,339 ⁽²⁾	95,582 ⁽⁵⁾	63,596	69,373
Fines and Forfeits	17,318	22,402	21,285 ⁽²⁾	34,529	31,461	30,300
Concessions, Parking Fees, and Space Rent	19,913	11,195	10,614 ⁽²⁾	39,105	39,980	39,155
Program Income, Interest, and Miscellaneous Revenues	99,144 ⁽⁶⁾	124,402	141,690 ⁽²⁾	151,295 ⁽⁷⁾	122,145	95,928
Total Revenues	\$2,025,632	\$1,975,716	\$1,574,981	\$1,685,569	\$1,541,640	\$1,404,724
Expenditures						
Current						
General Government	\$ 283,639	\$ 323,109 ⁽⁸⁾	\$ 253,631	\$ 274,574 ⁽⁹⁾	\$ 307,028 ⁽¹⁰⁾	\$ 258,400
Judicial	42,263	38,176	36,412	35,208	32,892	31,658
Public Safety	806,544	774,534	786,214	741,670 ⁽⁹⁾	686,865 ⁽¹¹⁾	610,762
Physical Environment	20,406	25,230	36,465 ⁽⁸⁾	15,527	12,892	15,668
Transportation	100,631 ⁽¹²⁾	76,318	55,761	53,808	59,951 ⁽¹³⁾	12,041
Economic Environment	251,049 ⁽¹⁴⁾	212,425 ⁽⁸⁾	184,504 ⁽⁸⁾	146,586 ⁽⁹⁾	103,420 ⁽¹⁵⁾	31,411
Health and Human Services	62,295	47,141	40,594	29,757 ⁽⁹⁾	57,002 ⁽¹⁶⁾	-
Culture and Recreation	232,236	197,656	206,395	191,958	207,162 ⁽¹⁷⁾	83,033
Capital Outlay						
General Government	31	115	-	8,821	15,096	15,278
Public Safety	1,669	2,672	482	4,013	902	1,373
Physical Environment	8	(166)	6	-	794	-
Transportation	2,467	5,521	4,828	23,449	19,704 ⁽¹²⁾	-
Economic Environment	-	-	-	875	803	53
Culture and Recreation	17,871	17,315	15,817	38,252	43,933	24,222
Debt Service						
Principal	5	-	-	5	1	3
Interest	412	-	22	-	4	1
Bond Issuance Cost	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditures	\$1,821,526	\$1,720,046	\$1,621,131	\$1,564,503	\$1,548,449	\$1,083,903
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 204,106	\$ 255,670	\$ (46,150)	\$ 121,066	\$ (6,809)	\$ 320,821
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on Bonds Issued	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-
Sales of Capital Assets	61,240 ⁽¹⁸⁾	3,775	8,579	-	2,065	7,550
Transfers In	66,096 ⁽³⁾	5,126	4,000	10,406	14,305	27,698
Transfers Out	(42,659)	(62,014)	(36,980)	(29,656)	(27,951) ⁽¹⁹⁾	(303,516)
Total Other Financing Sources (Uses)	\$ 84,677	\$ (53,113)	\$ (24,401)	\$ (19,250)	\$ (11,581)	\$ (268,268)
Net Change in Fund Balance	\$ 288,783	\$ 202,557	\$ (70,551)	\$ 101,816	\$ (18,390)	\$ 52,553
Fund Balances-Beginning of Year	717,384	514,598	585,047	483,267	486,396 ⁽²⁰⁾	442,382
Restatement/Prior-Year Adjustment	35	229	103	(35)	15,261 ⁽²¹⁾	147
Fund Balances-Beginning of Year as Restated	\$ 717,419	\$ 514,827	\$ 585,150	\$ 483,232	\$ 501,657	\$ 442,529
Fund Balances-End of Year	\$1,006,202	\$ 717,384	\$ 514,598	\$ 585,048	\$ 483,266	\$ 495,082

Notes to Table 2 are on the following page.

NOTES TO TABLE:

- (1) Approximately \$248 million of the increase in 2021 tax revenue was due to revenue collected from the City’s new Payroll Expense Tax. See “General Fund Tax Revenue Sources—Payroll Expense Tax.”
- (2) Revenues declined in 2020 compared to 2019 figures due to a significant reduction in economic activity brought on by the COVID-19 pandemic.
- (3) In 2022, \$62.0 million in federal Coronavirus State and Local Fiscal Recovery Funds grants was recognized as a Transfer In instead of direct revenue to the General Fund.
- (4) The increase above 2019 levels is largely due to direct federal grants related to COVID-19 response and recovery. For 2020, \$84.6 million was received from the Coronavirus Relief Fund, and in 2021, \$18.9 million was received from the Coronavirus Relief Fund and \$26.7 million was received from Coronavirus State and Local Fiscal Recovery Funds. See “Other Considerations—Public Health Emergencies.”
- (5) Increase in 2019 is partially due to a reconciliation of internal City department fees that are due to the General Fund. See footnotes 20 and 21 to this table.
- (6) Decrease in 2022 reflects a net of \$46.5 million in unrealized losses per GASB 31.
- (7) Includes one-time sale of City property for \$21.7 million.
- (8) Increases in 2020 and 2021 include significant expenditures related to COVID-19 response, mitigation, and recovery.
- (9) A significant amount of the change from 2018 expenditure levels is a result of more precise methodology for allocating expenditures by purpose.
- (10) 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 20 and 21 to this table.
- (11) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by the Seattle Police Officers Guild during the four years since the expiration of the previous union contract in 2014. Additionally, some expenditures that were previously categorized as Public Safety expenditures are now treated as General Government expenditures. See footnotes 20 and 21 to this table.
- (12) Increase of \$20.6 million due to the transfer of parking enforcement functions from the Seattle Police Department to the Seattle Department of Transportation in 2022.
- (13) 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.
- (14) Increase in 2022 due to \$38.7 million in expenditures related to multifamily housing supported by Payroll Expense Tax revenues.
- (15) Includes expenditures that were previously treated as transfers from the General Fund to the Neighborhood Matching Fund and Human Services Fund.
- (16) 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 20 and 21 to this table.
- (17) Includes expenditures that were previously treated as transfers from the General Fund to the Parks Fund and Seattle Center Fund. See footnotes 20 and 21 to this table.
- (18) Increase in 2022 due to \$60.0 million in proceeds from a one-time sale of surplus property.
- (19) This reduction is due to items that are now treated as direct expenditures of the General Fund. See footnotes 10, 13, 15, 16, and 17 to this table.
- (20) 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.”
- (21) Restatement due to the City’s conversion to the Direct Fund Model and adjustments to accounts receivable.

Source: City of Seattle, Annual Reports, 2017-2021, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2022 results

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

	Unaudited					
	2022	2021	2020	2019	2018	2017
Revenues						
Taxes	\$2,213,876	\$2,062,095 ⁽¹⁾	\$1,601,753 ⁽²⁾	\$1,743,744	\$1,607,390	\$1,517,424
Licenses and Permits	46,060	47,636	44,306 ⁽²⁾	50,745	55,697	43,674
Grants, Shared Revenues, and Contributions	411,844 ⁽³⁾	404,609 ⁽³⁾	344,046 ⁽³⁾	168,379	157,092	167,609
Charges for Services	382,122	369,201	353,106 ⁽⁴⁾	266,747	304,218 ⁽⁵⁾	248,711
Fines and Forfeits	27,869	32,807	24,786 ⁽²⁾	44,471	45,368	42,971
Concessions, Parking Fees, and Space Rent	48,014	26,701	20,380 ⁽²⁾	65,417	70,262	71,407
Program Income, Interest, and Miscellaneous Revenues	81,305 ⁽⁶⁾	134,544	195,119	209,692 ⁽⁷⁾	155,746 ⁽⁸⁾	118,248
Total Revenues	\$3,211,090	\$3,077,593	\$2,583,496	\$2,549,195	\$2,395,776	\$2,210,044
Expenditures						
Current						
General Government	\$ 319,273	\$ 370,490 ⁽¹⁰⁾	\$ 257,625	\$ 294,816 ⁽¹¹⁾	\$ 330,004	\$ 321,623
Judicial	42,263	38,176	36,412	35,208	32,892	31,658
Public Safety	810,522	778,683	786,851	743,448 ⁽¹¹⁾	690,650 ⁽⁸⁾	611,790
Physical Environment	21,882	25,581	36,914 ⁽¹⁰⁾	15,852	13,577	16,130
Transportation	405,473	361,217	343,819	368,776 ⁽¹¹⁾	334,625 ⁽¹²⁾	195,895
Economic Environment	581,278 ⁽¹⁰⁾	521,351 ⁽¹⁰⁾	409,442 ⁽¹⁰⁾	286,589 ⁽¹¹⁾	258,243 ⁽¹²⁾	151,462
Health and Human Services	203,430	187,207	155,356 ⁽¹³⁾	124,633 ⁽¹¹⁾	139,433	120,943
Culture and Recreation	369,542	325,360	312,900	318,075	317,667	317,961
Capital Outlay						
General Government	1,972	115	3,823	9,039	16,442	55,933
Public Safety	1,766	2,890	5,055	4,050	1,031	2,764
Physical Environment	8	(166)	43	-	895	-
Transportation	175,172	164,842 ⁽¹⁴⁾	231,124 ⁽¹⁴⁾	127,518	111,322	203,447
Economic Environment	-	-	3,032	875	811	110
Health and Human Services	3	-	-	-	-	-
Culture and Recreation	72,043	52,212	47,041	70,064	62,201	60,586
Debt Service ⁽¹⁵⁾						
Principal	74,504	79,026	76,996	75,145	80,576	57,883
Interest	40,509	40,045	39,347	43,263	43,821	35,551
Bond Issuance Cost	888	1,127	531	232	397	508
Other	-	-	-	-	-	-
Total Expenditures	\$3,120,528	\$2,948,156	\$2,746,311	\$2,517,583	\$2,434,587	\$2,184,244
Excess (Deficiency) of Revenues Over Expenditures	\$ 90,562	\$ 129,437	\$ (162,815)	\$ 31,612	\$ (38,811)	\$ 25,800
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ 127,585	\$ 240,105	\$ 71,805	\$ 39,825	\$ 49,975	\$ 93,880
Premium on Bonds Issued	11,690	34,115	14,601	5,053	3,186	10,198
Payment to Refunded Bond Escrow Agent	(41,976)	(38,359)	(51,381)	-	-	(19,419)
Capital Leases and Installment	-	11	-	-	-	-
Sales of Capital Assets	134,330 ⁽¹⁶⁾	7,592	16,107	6,272	4,128	7,704
Transfers In	170,838 ⁽¹⁷⁾	118,340	102,429	107,995	104,215	501,504
Transfers Out	(155,046) ⁽¹⁷⁾	(103,218)	(73,801)	(75,515)	(78,011)	(498,724)
Total Other Financing Sources (Uses)	\$ 247,421	\$ 258,586	\$ 79,760	\$ 83,630	\$ 83,493	\$ 95,143
Net Change in Fund Balance	\$ 337,983	\$ 388,023	\$ (83,055)	\$ 115,242	\$ 44,682	\$ 120,943
Fund Balances-Beginning of Year	1,591,097	1,202,955	1,286,011	1,170,833	1,100,311 ⁽¹⁸⁾	994,245
Restatement/Prior Year Adjustment	110	229	-	(62)	25,837 ⁽¹⁹⁾	147
Fund Balances-Beginning of Year as Restated	\$1,591,207	\$1,203,184	\$1,286,011	\$1,170,771	\$1,126,148	\$ 994,392
Fund Balances-End of Year	\$1,929,190	\$1,591,207	\$1,202,955	\$1,286,013	\$1,170,830	\$1,115,335

Notes to Table 3 are on the following page.

NOTES TO TABLE:

- (1) Approximately \$248 million of the increase in 2021 tax revenue was due to revenue collected from the City's new Payroll Expense Tax. See "General Fund Tax Revenue Sources—Payroll Expense Tax."
- (2) Revenues declined in 2020 compared to 2019 due to a significant reduction in economic activity brought on by the COVID-19 pandemic. See "—Fiscal Year 2023 Outlook."
- (3) The increase above 2019 levels is largely due to direct federal grants related to COVID-19 response and recovery. See "—Fiscal Year 2023 Outlook" and "Other Considerations—Public Health Emergencies."
- (4) The increase in 2020 is primarily due to reimbursements received from the State Department of Transportation for work performed by the City in connection with the Alaskan Way projects. See "Other Considerations—Certain Major Infrastructure and Capital Projects."
- (5) 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."
- (6) Decrease in 2022 reflects a net of \$91.4 million in unrealized losses per GASB 31.
- (7) Includes one-time sale of City property for \$21.7 million and an increase in unrealized gains per GASB 31.
- (8) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by the Seattle Police Officers Guild during the four years since the expiration of the previous union contract in 2014.
- (9) In 2018 and 2019, the allocation method between current expenditures and expenditures for capital outlay varied from the method utilized in other years. If the same methodology had been used in 2018 and 2019 as in other years, current expenditures would have declined and capital outlay expenditures would have increased by approximately \$46 million and \$37 million in 2018 and 2019, respectively.
- (10) Increases in 2020 and 2021 include significant expenditures related to COVID-19 response, mitigation, and recovery.
- (11) A significant amount of the change from 2018 expenditure levels is a result of a more precise methodology for allocation of expenditures by purpose.
- (12) Increase primarily reflects expenditures that in prior years were treated as transfers from the General Fund.
- (13) 2020 amount includes an increase of \$19.2 million for educational programs, scholarships, and childcare, which were funded with the proceeds of the Families, Education, Preschool and Promise Levy. See "General Fund Tax Revenue Sources—Table 8—Voted Levy Lid Lifts in Effect in 2021."
- (14) Increases in 2021 and 2020 were primarily due to construction on the Alaskan Way projects and various bridge projects throughout the City, including the emergency repair to the West Seattle Bridge. See "Other Considerations—Certain Major Infrastructure and Capital Projects."
- (15) Debt Service in the Other Governmental Funds excludes debt service paid by enterprise and internal service funds.
- (16) Increase in 2022 due to \$134.3 million in proceeds from a one-time sale of surplus property.
- (17) In 2022, \$62.0 million in federal Coronavirus State and Local Fiscal Recovery Funds was transferred from the Coronavirus Local Fiscal Recovery Fund (special revenue fund) to the General Fund.
- (18) 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.
- (19) Restatement due to the City's conversion to the Direct Fund Model and adjustments to accounts receivable.

Source: City of Seattle, Annual Reports, 2017-2021, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2022 results

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. Items that were listed prior to 2018 as transfers into or out of the General Fund are reflected for 2018 and subsequent years 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.

The City’s 2021 financial audit was released on June 28, 2022, and the City currently expects that the 2022 financial audit will be available in mid-summer of 2023.

Fiscal Year 2023 Outlook

Prior to the pandemic, the Seattle and regional economies tracked well ahead of the rest of the nation, with much of the region’s growth concentrated in the City of Seattle. The City weathered the economic shocks of the COVID pandemic relatively well, setting a foundation for the 2023 fiscal year that continues to be based on the well-diversified revenues available to the City.

On April 10, 2023, the Forecast Office presented the results of the April economic and revenue forecast to the Forecast Council. The forecast projected revenues to the General Operating Fund from selected economically-sensitive tax sources coming in \$29.3 million (2.3%) higher than what was assumed in the 2023 budget. At the same time, the forecast also included a projected decrease of \$30.9 million (10.5%) in the Payroll Expense Tax and \$13.0 million (19.2%) in the Real Estate Excise Tax over the amounts assumed in the 2023 budget. For additional information on the 2023 forecast for certain taxes, see “General Fund Tax Revenue Sources—Retail Sales and Use Taxes.” The forecast also indicated that overall employment level has recovered for the Seattle area, returning to pre-pandemic levels after adding nearly 60,000 jobs in 2022, with an anticipation that this recovery will be sustained in 2023. Employment in the hospitality sector is rebounding following the lifting of COVID-related restrictions, while still remaining below pre-pandemic levels.

A copy of the forecast can be found at <https://www.seattle.gov/economic-and-revenue-forecasts/meeting-information/materials>. The Forecast Office has responsibility for developing a regional economic forecast and forecasts for key tax revenues. See “The City of Seattle—Budgeting and Forecasting.”

The 2023 budget includes the use of one-time revenues to maintain certain service levels that were established during the pandemic. These service levels were supported by federal stimulus funds received in 2020-2022 and were implemented to meet immediate and short-term needs that emerged during the pandemic. In addition, up to \$108.5 million of revenues from the Payroll Expense Tax are being redirected in 2023 to support the General Operating Fund. See “General Fund Tax Revenue Sources—Payroll Expense Tax”. With one-time funding sources balancing the 2023 Budget, CBO is working with City departments during 2023 to identify the set of changes that will be needed to develop a balanced budget in future years, which may include identification of new revenues and a prioritization of services and programs.

In 2022, the City was selected as one of the host cities for the 2026 FIFA World Cup. The City will work with FIFA, the private local organizing committee, and other public entities to prepare for the event. The City expects to benefit from increased tourism and related activities but cannot yet predict with certainty the overall budgetary and economic impact of serving as a World Cup host city.

The Mayor expects to submit the 2024 budget proposal at the end of September 2023. The City Council will then deliberate and may modify the proposal before adopting the 2024 budget, which is expected to occur in late November 2023. The City’s budget is adopted by ordinance pursuant to State law and the City’s Charter. Typically, adoption occurs in late November after the budget is approved by the City Council and signed by the Mayor. See “The City of Seattle—Budgeting and Forecasting.” 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.

GENERAL FUND TAX REVENUE SOURCES

The following table sets forth a breakdown of General Fund tax revenues for the years 2017 through unaudited 2022:

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

	Unaudited					
	2022	2021	2020	2019	2018	2017
Taxes						
General Property	\$ 371,765	\$ 363,688	\$ 344,813 ⁽⁶⁾	\$ 320,731	\$ 311,323	\$ 294,720
Retail Sales and Use ⁽¹⁾	333,101	301,031	256,019	293,469	277,686 ⁽²⁾	254,522
Business	688,362	613,178 ⁽³⁾	284,311	345,323	319,893	302,371
Excise ⁽⁴⁾	104,397	123,658	81,374 ⁽⁶⁾	114,296	84,222	83,447
Other Taxes ⁽⁵⁾	28,208	27,463	17,444 ⁽⁶⁾	36,639	35,116	12,583
Interfund Business ⁽⁷⁾	192,849	175,142	174,476	173,404	165,453	159,955
Total Taxes	\$ 1,718,682	\$ 1,604,160	\$ 1,158,438	\$ 1,283,862	\$ 1,193,693	\$ 1,107,598

- (1) Includes voter-approved 0.1% additional retail sales and use tax for transportation purposes, which expired on December 31, 2020, and was renewed effective April 1, 2021. See “—Retail Sales and Use Taxes-Seattle Transportation Benefit District Sales Tax.”
- (2) 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.”
- (3) Includes \$248.1 million in 2021 and approximately \$297.7 million in 2022 from the Payroll Expense Tax that was first implemented in 2021. The 2022 figure includes approximately \$45.0 million that was related to revenue from activity occurring in 2021 but not received until after the accrual cutoff in 2022. See “—Payroll Expense Tax.”
- (4) The figure for 2019 reflects a one-time increase in real estate excise tax collections in advance of the January 1, 2020, effective date for certain State real estate excise tax rate increases. The increase in 2021 reflects rapid growth in regional property prices, high residential sales activity, and several large commercial property sales. See “—Real Estate Excise Taxes.” Also includes an additional vehicle license fee to fund certain transportation improvements that expired on December 31, 2020, and was not extended. Includes the short-term rentals tax that was first implemented in 2019 for that year only. See “—Other Taxes-Short-Term Rentals Tax.”
- (5) Includes the sweetened beverage tax that was first implemented in 2018. See “—Other Taxes-Sweetened Beverage Tax.”
- (6) This number is correct and is different from what is shown in the 2020 Annual Report, which was an error.
- (7) Business taxes on City-owned utilities. See “—Business Taxes.”

Source: City of Seattle, Annual Reports, 2017-2021, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2022 results

The ongoing recovery from the COVID-19 pandemic has had varying levels of impact on the City’s General Fund tax revenue sources. Those based most directly on economic activity have rebounded significantly from 2020’s depressed levels. Based on preliminary, unaudited year-end 2022 results, the 2022 amounts for the four primary General Fund tax revenues sources (general property taxes, retail sales and use taxes, business taxes, and interfund business taxes) rebounded from 2021 levels by 2.2%, 10.7%, 12.3%, and 10.1%, respectively. The majority of the increase in business taxes was due to increased receipts from the City’s new Payroll Expense Tax, although approximately \$45.0 million of this increase was related to revenue from activity occurring in 2021 but not received until after the accrual cutoff in 2022. See “—Payroll Expense Tax.” Without this inter-year shift, business taxes in 2022 would have declined by approximately 2.1% compared to the adjusted amount for 2021. The 15.6% decrease in excise tax revenues is due to declining real estate excise tax revenues.

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 typically adopts a levy ordinance each November, in conjunction with its annual budget process. It then 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 Department of Revenue (“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. The LTGO Bonds are payable from regular property taxes and other pledged sources, including certain restricted tax revenues.
- (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. The UTGO Bonds are payable from excess property taxes.

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 2023, 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 LTGO 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 LTGO 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. State legislation passed in 2019, which became effective for the 2020 tax collection year, extends this 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 2023 is \$1.93371 per \$1,000 of assessed value. However, \$0.86947 per \$1,000 of this levy rate is statutorily restricted to purposes described in certain levy lid lift ballot measures. See Tables 6, 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. 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. State legislation passed in 2023 also excludes levies resulting from the correction of certain levy errors from the \$5.90 limitation, though such levies are subject to the 1% limitation.

The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$3.34962 for the 2023 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$6.13313 for the 2023 tax collection year.

Because various taxing districts may overlap, the aggregate levy rate applied to any two tax parcels within the City may sometimes differ. 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 in the rate applied to one property 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 purpose 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, State-assessed property, and certain increases in assessed value within designated tax increment financing areas. 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 either indefinitely or for a limited period. 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 2023, and Table 8—Voted Levy Lid Lifts in Effect in 2023.

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 (“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 has bonds outstanding for two local improvement districts. The City previously issued approximately \$21.9 million of Local Improvement District No. 6750 Bonds, 2006 (the “Streetcar LID Bonds”), guaranteed by the Guaranty Fund, with a December 15, 2026, maturity date. The Streetcar LID Bonds are subject to annual interest payments and principal redemptions based on collections of LID assessments. As of December 31, 2022, approximately \$210,000 principal amount remains outstanding and is expected to be redeemed well ahead of the maturity date.

In October 2021, the City issued approximately \$97.4 million of Local Improvement District No. 6751 Bonds (the “Waterfront LID Bonds”) guaranteed by the Guaranty Fund, with a November 1, 2043, maturity date. The Waterfront LID Bonds are subject to annual interest payments and principal redemptions based on collections of LID assessments. As of December 31, 2022, approximately \$94 million principal amount remains outstanding. Several property owners within the Waterfront LID appealed the allocation of assessments to their properties, and these assessment amounts

remain subject to legal challenge. See “Other Considerations—Certain Major Infrastructure and Capital Projects—Waterfront Seattle Program” and “Legal and Tax Information—Other Litigation.”

The balance in the Guaranty Fund, which secures the bonds issued by both local improvement districts, was approximately \$8.5 million as of December 31, 2022. See “Other Considerations—Certain Major Infrastructure and Capital Projects.”

Nothing in State or local law prohibits the City from 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 King County (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 Procedures. 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) and 84.56.020(10), 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. The State’s Governor also has authority to waive or suspend the application of tax due dates and penalties relating to collection of taxes. Further, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes. In 2020, following the start of the COVID-19 pandemic, county treasurers in several counties (including the County) exercised this authority to provide temporary extensions of the April 2020 deadline to aid taxpayers affected by the pandemic’s economic consequences. The extension delayed distribution by the County

to the City of a portion of the first half property tax collections to the City but did not impact collections on an annual basis. See Table 4—General Fund Tax Revenue Sources, and Table 5—City Property Tax Collection.

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 12/31/2022
2023	\$ 308,874,491,598	\$ 610,763,665	n/a	n/a
2022	276,293,453,116	595,518,889	98.52%	98.56%
2021	262,134,061,774	586,954,673	98.55%	99.63%
2020	257,958,280,787	570,239,595	98.52%	99.82%
2019	244,938,709,301	544,009,712	98.87%	99.95%

(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.

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
2023	1.93371	0.05327	1.98698	\$ 594,450,982	\$ 16,312,683	\$ 610,763,665
2022	2.10681	0.05954	2.16635	\$ 579,208,844	\$ 16,310,045	\$ 595,518,889
2021	2.16289	0.08752	2.25041	564,190,360	22,764,313	586,954,673
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

(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. The levy of the Seattle Park District, a separate municipal corporation, is also excluded from this table. Both levies are shown in Table 7.

Source: King County Department of Assessments

TABLE 7
REPRESENTATIVE OVERLAPPING LEVY RATES AND CITY-SPECIFIC TAX RATES WITHIN THE CITY⁽¹⁾
COLLECTION YEAR 2023
(Per \$1,000 of Assessed Value)

Overlapping Rates Within City of Seattle	2023
City of Seattle	\$1.98698
King County	1.09023
State School Fund	2.31104
Port of Seattle	0.09429
Seattle School District No. 1	1.81870
Voted EMS	0.20922
County Flood Zone	0.06717
Seattle Park District ⁽²⁾	0.38551
Sound Transit	<u>0.15576</u>
Total Within City of Seattle	\$8.11890
City of Seattle - Specific Rates	
Current Expense Base and Pension	\$1.06424
Voted Lid Lifts	
Low-Income Housing	0.13463
Families and Education	0.29191
Library	0.10218
Transportation	0.33101
I-122 Election Vouchers	<u>0.00974</u>
Subtotal Voted Lid Lifts	\$0.86947
Subject to \$3.60 Limit	\$1.93371
Voted Bonds	<u>0.05327</u>
Total City Rates	<u><u>\$1.98698</u></u>

(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 Seattle Park District is a metropolitan park district with boundaries coterminous with those of the City. The district is a separate municipal corporation, created pursuant to voter approval in 2014, 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 2023

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 ⁽¹⁾	2017-2023	290,000,000
Families, Education, Preschool and Promise	2019-2025	619,600,000

- (1) Proposed legislation regarding renewal of the Low-Income Housing levy expected to raise approximately \$970.3 million over seven years was presented to the City Council for consideration on April 19, 2023. The City Council expects to consider the legislation in mid-June, and if approved, the measure will be submitted to voters at the November 7, 2023, general election.

Major Property Taxpayers. The following table presents the property taxpayers within the City with the highest 2022 assessed value for tax collection year 2023.

TABLE 9
TEN LARGEST PROPERTY TAXPAYERS IN 2023

Taxpayer ⁽¹⁾	Type of Business	Total Assessed Value ⁽²⁾	Percent of of Total Assessed Value
Amazon	Electronic Commerce	\$ 4,041,933,852	1.31 %
Union Square Limited Partnership	Commercial Real Estate	1,123,040,966	0.36
Onni Properties	Commercial Real Estate	980,190,400	0.32
Ponte Gadea Seattle LLC	Commercial Real Estate	841,428,000	0.27
GC Columbia LLC	Commercial Real Estate	767,657,515	0.25
Acom Development LLC	Commercial Real Estate	665,198,000	0.22
1201 Tab Owner LLC	Commercial Real Estate	632,225,163	0.20
Selig Holdings Company LLC	Commercial Real Estate	551,463,300	0.18
BPP 1420 Fifth Avenue Owner	Commercial Real Estate	547,751,800	0.18
Cruise LLC	Commercial Real Estate	530,253,542	0.17
Total		\$ 10,681,142,538	3.46 %
Total City Assessed Value for Tax Collection Year 2023		\$ 308,874,491,598	

- (1) Includes taxpayers paying real and personal property taxes as property owners. Excludes property owned by governmental entities and excludes taxpayers paying leasehold excise taxes in lieu of property taxes on property leased from state and local government entities.

- (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 10.25% is charged on all taxable retail sales in the City. The 10.25% rate 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 Central Puget Sound Regional Transit Authority (“Sound Transit”), 0.9% for the County to support public transportation, 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, 0.1% for the County to support housing services, and 0.15% 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.

On April 10, 2023, the City’s Forecast Office released an updated revenue forecast (the “April 2023 Forecast”). The April 2023 Forecast projected retail sales and use tax revenue to the General Operating Fund in 2023 of \$343.8 million, an increase of \$10.8 million from what was included in the 2023 Adopted Budget.

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 to collect and remit sales and use tax on internet sales.

State-Shared Sales Tax Revenue for Affordable Housing. On August 12, 2019, the City Council passed Ordinance 125887 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 at a fixed level pursuant to a statutory formula. For the City, this amount is \$4,228,362.75 per state fiscal year. 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. The actual amount received in the City’s 2022 fiscal year was \$4,593,096. Unlike the City, the State fiscal year begins on July 1 and ends on June 30 of the following calendar year. Distributions of State shared revenues such as these begin on July 1 of each year and cease for the remainder of the State fiscal year if at any time the City’s distribution meets the cap. As a result, it is possible for the City to receive an amount larger than the cap within its fiscal year beginning January 1 and ending December 31.

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 expired on December 31, 2020. In

November 2020, through a measure passed by 80.3% of the voters, voters renewed and approved an increase in the rate to 0.15%, effective April 1, 2021, through April 1, 2027.

Business Taxes

The City imposes a business and occupation (“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 0.222% to 0.427%. 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 at the rate of 11.5%, on the City-owned solid waste utility at the rate of 14.2%, 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.

The April 2023 Forecast projected B&O tax revenue to the General Operating Fund in 2023 of \$353.7 million, an increase of \$18.8 million from what was included in the 2023 Adopted Budget.

Payroll Expense Tax

Beginning January 1, 2021, the City imposed the Payroll Expense Tax on companies with annual payroll expenses exceeding \$7 million, adjusted annually for CPI-linked inflation. The Payroll Expense Tax is only assessed against salaries that a company pays to Seattle-based employees. No tax is due with respect to employees whose annual salaries are below the minimum threshold. Exemptions from the Payroll Expense Tax apply to federal and State government entities, grocery stores, and businesses that the City is preempted from taxing under federal or State law. By its terms, the tax will sunset on December 31, 2040.

Following its enactment in 2020, the Payroll Expense Tax was the subject of a legal challenge, which was subsequently resolved in favor of the City. In June 2022, the Washington State Court of Appeals validated the tax against the statutory and State constitutional challenges and no further appeals are available to the plaintiffs in this suit.

For 2023, the Payroll Expense Tax applies to businesses with \$8.1 million or more of payroll expense in the City for the past calendar year (2022), and compensation in the City for the current calendar year (2023) paid to at least one employee whose annual compensation is \$174,337 or more.

TABLE 10
PAYROLL EXPENSE TAX RATES AND THRESHOLDS
(UPDATED FOR 2023 CPI ADJUSTMENT)

Employee Annual Compensation	Total Payroll Expense for All Seattle-Based Employees		
	\$8.1 Million to \$116.2 Million	\$116.2 Million to \$1.162 Billion	Greater Than \$1.162 Billion
Below \$174,337	N/A	N/A	N/A
\$174,377 to \$464,900	0.70%	0.70%	1.40%
\$464,900 or More	1.70%	1.90%	2.40%

Source: Office of City Finance within the Department of Finance and Administration

Payroll Expense Tax is reported and paid on a quarterly basis, except for taxes relating to 2021 activity, which were reported on a single filing due on January 1, 2022, that covered the calendar year 2021. Initial receipts for taxes due in 2021 that were received on or before March 1, 2022, were accrued to 2021 and are reflected in the City’s 2021 Annual Report.

The Forecast Council includes the Payroll Expense Tax in its official forecasts. Initial forecasts were particularly speculative because the City lacked historical data and data points necessary to have a high level of confidence in the projections. Initial collections have also been unpredictable as taxpayers have adjusted to understanding and calculating their tax liabilities. Collections in 2021 came in approximately \$34 million above forecast, at \$248.1 million. Collections in 2022 that were attributable to that year came in approximately \$27 million below forecast, at \$253.1 million. The April 2023 Forecast projected revenue from the Payroll Expense Tax in 2023 of \$263.3 million, \$30.9 million below what was included in the 2023 Adopted Budget.

Revenues are generally restricted by City policy to be used for affordable housing, local business and workforce support, community development, and projects supporting a transition to clean energy. The City Council retains the flexibility to redirect Payroll Expense Tax revenues outside of these general restrictions in certain circumstances by future legislative action. For example, the City Council suspended this restriction for 2023 and 2024, temporarily redirecting Payroll Expense Tax revenues to maintain existing General Operating Fund services following a forecasted revenue shortfall.

Real Estate Excise Taxes

The City imposes a real estate excise tax (“REET”) of 0.5% on sales of real property in the City. While this revenue is not generally available for all General Fund purposes, the proceeds may be used for qualifying capital projects, which would otherwise be paid with unrestricted general fund resources. Until January 1, 2026, REET may also be used for certain affordable housing purposes. A portion of REET revenue is internally earmarked to pay City general obligation bond debt service allocated to financing qualifying projects.

The City’s REET is in addition to the State real estate excise tax.

The State real estate excise tax is imposed based on a graduated rate schedule, except for the sale of undeveloped land, timberland, agricultural land, and water or mineral rights, which is taxed at 1.28% regardless of selling price. Rates for all other real estate sales, effective January 1, 2023, are: 1.1% on the first \$525,000 of the selling price; 1.28% on the portion of the selling price that is greater than \$525,000 but equal to or less than \$1.525 million; 2.75% on the portion of the selling price greater than \$1.525 million, but equal to or less than \$3.025 million; and 3% on the portion of the selling price that is greater than \$3.025 million. Every four years, the State DOR adjusts 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 those four years (but not less than 0%). The next adjustment is scheduled to go into effect on January 1, 2027.

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. Tax collections remitted to the City were \$94.4 million in 2022, \$112.2 million in 2021, \$72.2 million in 2020, \$100.9 million in 2019, and \$76.9 million in 2018. Collections for the latter part of 2021 came in much stronger than anticipated, due to rapid growth in regional property prices, high residential sales activity, and several large commercial property sales. The 2023 Adopted Budget, adopted in November 2022, forecasted tax collections of approximately \$67.7 million in 2023, based on November 2022 forecast data.

The April 2023 Forecast projected REET revenue in 2023 of \$55.0 million, a decrease of \$13.0 million from what was included in the 2023 Adopted Budget.

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 \$21.4 million in 2021 and \$20.2 million in 2022. The 2023 Adopted Budget forecasts revenues of approximately \$20.4 million, which are deposited into the Sweetened Beverage Tax Fund and rolled up into the General Fund for purposes of the City's Annual Report. Revenues generated by the sweetened beverage tax are restricted to being used to fund educational, early childhood health, and food access programs.

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 the COVID-19 pandemic, short-term rental activity dropped significantly in 2020, producing tax revenue of only \$2.8 million in 2020, but then rebounded to \$6.1 million in 2021 and \$9.9 million in 2022. The 2023 Adopted Budget forecasts revenues from this tax of approximately \$9.4 million. Revenues in its initial year were deposited into the General Operating Fund. Since 2020, revenues from this tax have instead been deposited into the Short-Term Rentals Tax Fund, a special revenue fund. Revenues generated by the short-term rentals tax are restricted to being used to support the City's Equitable Development Initiative, which promotes equitable access to housing, jobs, education, parks, cultural expression, healthy food, and other community needs and amenities, and also provide funding for permanent supportive housing.

Heating Oil Tax. Effective September 1, 2020, the City Council imposed a \$0.236 per gallon tax on heating oil service providers for every gallon of heating oil sold and delivered within the City. The City Council delayed its implementation due to the COVID-19 pandemic and repealed the tax on November 29, 2022, without its ever going into effect. The low-income household oil furnace conversion programs that this tax was intended to support are being funded with Payroll Expense Tax revenues instead.

Transportation Network Company Tax. In November 2019, the City Council approved a tax on transportation network companies ("TNC"), such as Uber and Lyft, effective July 1, 2020. The tax of \$0.57 per trip was owed for all rides originating in the City by TNCs with more than 1 million rides per calendar quarter. The City Council has subsequently reduced the ride threshold to 200,000 rides per quarter effective October 2020. The State recently enacted legislation that went into effect on June 9, 2022, concerning the rights and obligations of TNCs and TNC drivers. Although the State law preempts regulation and taxation of TNCs and TNC drivers when enacted, the legislation includes an exception applicable to the City that will allow this tax and the City's regulations to continue. However, the tax cannot be increased unless it can be demonstrated that these revenues are insufficient to enforce the City's TNC regulations. Furthermore, an additional provision applicable to the City required local TNC taxes used to fund a driver conflict resolution center be reduced by \$0.15 per trip beginning January 1, 2023, to offset an equivalent fee to fund a comparable service administered by the State.

Proceeds were first collected in 2021 and produced \$4.8 million, followed by the collection of \$6.6 million in 2022. Accounting for the reduced per trip fee and slow recovery in trip volumes following the COVID-19 pandemic, forecasts for 2023 total \$5.9 million, a reduction of 11.2% over the 2022 total. Revenues from this tax are deposited

directly to the General Operating Fund and may be used for housing and transportation projects. After 2024, TNC tax proceeds will be available for affordable housing near transit and transportation hubs, and for administration.

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 authorize indebtedness outside the current budget, including by legislative emergency plan or delegation to the Mayor. 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 LTGO 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. The UTGO Bonds are issued as 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 11—Estimated Legal Debt Capacity (notes 6 and 7).

Debt Payment Record

The City 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, with the next planned issuance of general obligation bonds likely to occur in the first half of 2024. The City also 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, as described above under “—City-Guaranteed Debt.”

Debt Capacity and Debt Service Summaries

Table 11 sets forth the computation of the City’s estimated legal debt capacity based on debt outstanding as of December 31, 2022, adjusted for the issuance of the Bonds, and a total City assessed value for collection of taxes in 2023 of approximately \$308.9 billion. Giving effect to the issuance of the Bonds, there remains approximately \$2.9 billion of unlimited tax general obligation debt capacity for general purposes and approximately \$3.7 billion 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, 2022.

TABLE 11
ESTIMATED LEGAL DEBT CAPACITY⁽¹⁾
(as of December 31, 2022, adjusted for the issuance of the Bonds)

	General Capacity		Special Purpose Capacity		Total Capacity (7.5% of AV)
	A Non-voted (1.5% of AV)	B Voted (2.5% of Net, of Column A)	Voter-Approved Open Space and Parks (2.5% of AV)	Voter-Approved Utility Purpose (2.5% of AV)	
Assessed Value as of February 1, 2023 ⁽²⁾ \$308,874,491,598					
2.5% of AV	\$ -	\$ 7,721,862,290	\$ 7,721,862,290	\$ 7,721,862,290	\$ 23,165,586,870
1.5% of AV	4,633,117,374	(4,633,117,374)			
	\$ 4,633,117,374	\$ 3,088,744,916	\$ 7,721,862,290	\$ 7,721,862,290	\$ 23,165,586,870
Debt Outstanding ⁽³⁾					
The Bonds ⁽⁴⁾	\$ (64,445,000)	\$ -	\$ -	\$ -	\$ (64,445,000)
Outstanding Bonds ⁽⁵⁾	(727,220,000)	(232,605,000)	-	-	(959,825,000)
Guarantees on PDA Bonds ⁽⁶⁾	(28,840,000)	-	-	-	(28,840,000)
Public Works Assistance Account Loans ⁽⁷⁾	(12,848,403)	-	-	-	(12,848,403)
Compensated Absences ⁽⁸⁾	(74,492,628)	-	-	-	(74,492,628)
Total Debt Outstanding	\$ (907,846,031)	\$ (232,605,000)	\$ -	\$ -	\$ (1,140,451,031)
Available Net Assets in Redemption and Other Funds ⁽⁹⁾	\$ 9,347,787	\$ -	\$ -	\$ -	\$ 9,347,787
Compensated Absences for Sick Leave ⁽⁸⁾	11,043,673	-	-	-	11,043,673
Net Debt Outstanding	\$ (887,454,571)	\$ (232,605,000)	\$ -	\$ -	\$ (1,120,059,571)
Legal Debt Margin	\$ 3,745,662,803	\$ 2,856,139,916	\$ 7,721,862,290	\$ 7,721,862,290	\$ 22,045,527,299

Notes to Table 11 are on the following page.

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 February 1, 2023, for taxes payable in 2023.
- (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) Preliminary, subject to change. Par amount of the new-money portion of the Bonds only.
- (5) Includes the Refunding Candidates. Does not include Public Works Assistance Account loans.
- (6) 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 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 11. See also “Seattle Indian Services Commission Debt Guaranty” below.
- (7) 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 statutory 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.
- (8) 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.
- (9) Excludes available net assets in 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. See “—General Property Taxes—Guaranty Fund Levies.”

Seattle Indian Services Commission Debt Guaranty. The Seattle Indian Services Commission (“SISC”) issued its Special Obligation Revenue Refunding Bonds, 2004 (the “SISC Bonds”), on November 1, 2004, in the amount of \$5.2 million to refinance acquisition of and renovations to the Pearl Warren Building, to be leased to the Seattle Indian Health Board. The amount outstanding as of December 31, 2022, was \$835,000. 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 a fixed rate of 4.50%. The SISC Bonds are not subject to acceleration under any circumstances, and will be fully retired on November 1, 2024.

Pursuant to a Cooperation Agreement between the City and SISC dated March 1, 1994, as amended on September 1, 2004 (the “2004 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 the SISC Bonds guaranteed by the City and the City began making payments in accordance with the 2004 Cooperation Agreement. The lease of the Pearl Warren Building to the Seattle Indian Health Board was terminated on May 1, 2015.

Subsequently, in 2017, the City and SISC entered into a Facility Use Agreement, pursuant to which the City became the new tenant of the Pearl Warren Building for use by the City as a Navigation Center to assist homeless residents of the City, and for other City purposes. Under the terms of this Facility Use Agreement, the City pays to SISC Annual Rent of \$60,000 (used by SISC for its operations) and Monthly Rent equal to 1/6th of the semiannual bond interest payments and 1/12th of the annual bond principal payments due in that year. The Monthly Rent paid by the City to SISC is used by SISC to make the debt service payments on the SISC Bonds. Since 2017, the Monthly Rent payable by the City to SISC has been and is scheduled to be sufficient to pay the SISC Bonds on a current basis. The City has made no additional advances pursuant to the 2004 Cooperation Agreement since the Facility Use Agreement went into effect in 2017.

Each City payment made between 2015 and 2017 pursuant to the 2004 Cooperation Agreement was treated as an advance of funds to SISC for which SISC incurred a repayment obligation. As “additional consideration” under the 2017 Facility Use Agreement, SISC’s accumulated liability to reimburse the City for the advances made under the 2004 Cooperation Agreement is reduced by \$11,353.45 each month. The accumulated liability totaled \$953,689.54 as of February 1, 2017, and as of December 31, 2022, was reduced to \$147,595. SISC’s accumulated liability will be reduced to \$0 as of February 1, 2024, which is nine months prior to the date that the Bonds are scheduled to mature, on November 1, 2024.

As of December 31, 2022, remaining scheduled principal and interest payments with respect to the SISC Bonds guaranteed by the City total \$835,000 and \$56,700, respectively. The City currently expects that the rent payments under the 2017 Facility Use Agreement will continue to be sufficient for SISC to make the scheduled debt service payments through the life of the SISC Bonds without the need for additional advances under the 2004 Cooperation Agreement. See Appendix B—The City’s 2021 Annual Comprehensive Financial Report—Note 15, Contingencies.

In course of preparing this Official Statement, the City discovered that previous descriptions of the above arrangements (including in the City’s 2021 Annual Comprehensive Financial Report—Note 15, Contingencies) did not accurately describe the underlying legal documents and structure of the 2017 Facility Use Agreement in relation to advances made under the 2004 Cooperation Agreement. The description presented here corrects those inaccuracies and will be reflected in the description set forth in the City’s 2022 Annual Comprehensive Financial Report.

TABLE 12
SUMMARY OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AS OF DECEMBER 31, 2022
LIMITED TAX GENERAL OBLIGATION BONDS

	Outstanding ⁽¹⁾			The LTGO Bonds ⁽²⁾			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 74,225,000	\$ 30,840,018	\$ 105,065,018	\$ -	\$ 1,154,640	\$ 1,154,640	\$ 74,225,000	\$ 31,994,657	\$ 106,219,657
2024	79,215,000	27,347,236	106,562,236	5,255,000	3,222,250	8,477,250	84,470,000	30,569,486	115,039,486
2025	79,010,000	23,813,467	102,823,467	5,515,000	2,959,500	8,474,500	84,525,000	26,772,967	111,297,967
2026	63,415,000	20,189,454	83,604,454	5,800,000	2,683,750	8,483,750	69,215,000	22,873,204	92,088,204
2027	52,950,000	17,548,912	70,498,912	6,085,000	2,393,750	8,478,750	59,035,000	19,942,662	78,977,662
2028	50,460,000	15,284,774	65,744,774	6,385,000	2,089,500	8,474,500	56,845,000	17,374,274	74,219,274
2029	45,965,000	13,157,376	59,122,376	6,710,000	1,770,250	8,480,250	52,675,000	14,927,626	67,602,626
2030	42,150,000	11,100,249	53,250,249	7,035,000	1,434,750	8,469,750	49,185,000	12,534,999	61,719,999
2031	37,505,000	9,182,410	46,687,410	6,915,000	1,083,000	7,998,000	44,420,000	10,265,410	54,685,410
2032	28,210,000	7,675,917	35,885,917	1,220,000	737,250	1,957,250	29,430,000	8,413,167	37,843,167
2033	24,475,000	6,519,428	30,994,428	1,275,000	676,250	1,951,250	25,750,000	7,195,678	32,945,678
2034	23,795,000	5,542,711	29,337,711	975,000	612,500	1,587,500	24,770,000	6,155,211	30,925,211
2035	22,720,000	4,672,299	27,392,299	1,030,000	563,750	1,593,750	23,750,000	5,236,049	28,986,049
2036	20,065,000	3,876,315	23,941,315	1,070,000	512,250	1,582,250	21,135,000	4,388,565	25,523,565
2037	16,880,000	3,194,263	20,074,263	1,125,000	458,750	1,583,750	18,005,000	3,653,013	21,658,013
2038	15,055,000	2,561,706	17,616,706	1,185,000	402,500	1,587,500	16,240,000	2,964,206	19,204,206
2039	13,455,000	1,998,863	15,453,863	1,240,000	343,250	1,583,250	14,695,000	2,342,113	17,037,113
2040	12,230,000	1,496,910	13,726,910	1,305,000	281,250	1,586,250	13,535,000	1,778,160	15,313,160
2041	11,725,000	1,039,280	12,764,280	1,370,000	216,000	1,586,000	13,095,000	1,255,280	14,350,280
2042	5,180,000	582,900	5,762,900	1,440,000	147,500	1,587,500	6,620,000	730,400	7,350,400
2043	1,500,000	338,100	1,838,100	1,510,000	75,500	1,585,500	3,010,000	413,600	3,423,600
2044	1,560,000	278,000	1,838,000	-	-	-	1,560,000	278,000	1,838,000
2045	1,625,000	215,400	1,840,400	-	-	-	1,625,000	215,400	1,840,400
2046	1,685,000	150,300	1,835,300	-	-	-	1,685,000	150,300	1,835,300
2047	1,755,000	82,800	1,837,800	-	-	-	1,755,000	82,800	1,837,800
2048	200,000	12,400	212,400	-	-	-	200,000	12,400	212,400
2049	210,000	4,200	214,200	-	-	-	210,000	4,200	214,200
Total	\$ 727,220,000	\$ 208,705,686	\$ 935,925,686	\$ 64,445,000	\$ 23,818,140	\$ 88,263,140	\$ 791,665,000	\$ 232,523,825	\$ 1,024,188,825

(1) Includes the Refunding Candidates. Does not include 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.”

(2) Preliminary, subject to change. Reflects the par amount of the new-money portion of the Bonds only. Assumes the LTGO Bonds are sold at a premium, bearing interest at a rate of 5%.

TABLE 13
SUMMARY OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS
UNLIMITED TAX GENERAL OBLIGATION BONDS

	Outstanding ⁽¹⁾			The UTGO Bonds			Total UTGO
	Principal	Interest	Total	Principal	Interest	Total	
2023	\$ 6,680,000	\$ 9,634,800	\$ 16,314,800			\$ -	\$ 16,314,800
2024	7,015,000	9,300,800	16,315,800			-	16,315,800
2025	7,370,000	8,950,050	16,320,050			-	16,320,050
2026	7,730,000	8,581,550	16,311,550			-	16,311,550
2027	8,055,000	8,251,950	16,306,950			-	16,306,950
2028	8,375,000	7,934,750	16,309,750			-	16,309,750
2029	8,755,000	7,548,750	16,303,750			-	16,303,750
2030	9,170,000	7,145,000	16,315,000			-	16,315,000
2031	9,535,000	6,778,200	16,313,200			-	16,313,200
2032	9,915,000	6,396,800	16,311,800			-	16,311,800
2033	10,310,000	6,000,200	16,310,200			-	16,310,200
2034	10,720,000	5,587,800	16,307,800			-	16,307,800
2035	11,155,000	5,159,000	16,314,000			-	16,314,000
2036	11,595,000	4,712,800	16,307,800			-	16,307,800
2037	12,065,000	4,249,000	16,314,000			-	16,314,000
2038	12,545,000	3,766,400	16,311,400			-	16,311,400
2039	13,045,000	3,264,600	16,309,600			-	16,309,600
2040	13,570,000	2,742,800	16,312,800			-	16,312,800
2041	14,115,000	2,200,000	16,315,000			-	16,315,000
2042	14,675,000	1,635,400	16,310,400			-	16,310,400
2043	12,275,000	1,048,400	13,323,400			-	13,323,400
2044	11,795,000	557,400	12,352,400			-	12,352,400
2045	2,140,000	85,600	2,225,600			-	2,225,600
Total	\$ 232,605,000	\$ 121,532,050	\$ 354,137,050	\$ -	\$ -	\$ -	\$354,137,050

(1) Includes the UTGO Refunding Candidates. Preliminary, subject to change.

TABLE 14
NET DIRECT AND OVERLAPPING DEBT

Outstanding Direct Debt ⁽¹⁾	
Unlimited Tax General Obligation Bonds ⁽²⁾	\$ 232,605,000
Limited Tax General Obligation Bonds ⁽³⁾	727,220,000
The LTGO Bonds ⁽⁴⁾	64,445,000
The UTGO Bonds	-
Less: Cash and Investments in Debt Service Funds	<u>(9,347,787)</u>
Net Direct Debt	\$ 1,014,922,213
Estimated Overlapping Debt ⁽⁵⁾	
King County ⁽⁶⁾	\$ 376,562,979
Port of Seattle	98,755,605
Seattle School District No. 001	15,275,034
Highline School District No. 401	<u>15,059</u>
Total Estimated Overlapping Debt	\$ 490,608,676
Total Net Direct and Estimated Overlapping Debt	<u>\$ 1,505,530,889</u>

- (1) As of May 26, 2023, adjusted for the issuance of the Bonds.
- (2) Includes the Refunding Candidates.
- (3) Includes the Refunding Candidates. 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 11—Estimated Legal Debt Capacity.
- (4) Preliminary, subject to change. Includes the new-money portion only.
- (5) Allocated to the taxable property within the City according to its share of 2023 total assessed values.
- (6) Excludes limited tax general obligation indebtedness payable first from other revenues of the County, such as sales tax and sewer revenue.

TABLE 15
CITY BONDED DEBT RATIOS⁽¹⁾

Total City Assessed Value for 2023 Collections ⁽¹⁾	\$308,874,491,598
2022 Population Estimate ⁽²⁾	762,500
Assessed Valuation ⁽³⁾	100% of True and Fair Value
Net Direct Debt to Assessed Value	0.33%
Net Direct and Overlapping Debt to Assessed Value	0.49%
Per Capita Assessed Value	\$405,081
Per Capita Net Direct Debt	\$1,331
Per Capita Net Direct and Overlapping Debt	\$1,974
Net Direct Debt	\$1,014,922,213
Net Direct and Overlapping	\$1,505,530,889

- (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.

Budgeting and Forecasting

The City Budget Office. The City Budget Office (“CBO”) is within the executive branch and the Budget Director is appointed by the Mayor. CBO is responsible for developing and monitoring the City’s annual budget, carrying out budget-related functions, and overseeing fiscal policy and financial planning activities. CBO provides strategic analysis in relation to the use of revenues, debt, and long-term issues. The department also provides technical assistance, training, and support to City departments in performing financial functions.

City operations are guided by a budget prepared under the direction of the Mayor by CBO pursuant to State statute (chapter 35.32A RCW). (See “—Municipal Budget.”) In prior years, the City’s annual budget was based in part on revenue forecasts prepared by CBO. In 2022, much of the forecasting function transitioned to the newly created Office of Economic and Revenue Forecasts. See “—The Office of Economic and Revenue Forecasts.” CBO will continue to be responsible for coordinating with departments to forecast and project all other revenues, including a variety of excise taxes and public utility taxes, license and service fees, fines, inter- and intra-governmental charges, transfers and shared revenues, grants, interest earnings, and other lesser revenue items.

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.

Municipal Budget. The 2023 budget was adopted by Ordinance 126725, passed by the City Council on November 29, 2022. The City's adopted General Operating Fund budget was approximately \$1.585 billion in 2022 and is approximately \$1.606 billion in 2023.

The Office of Economic and Revenue Forecasts. The Forecast Office, initially created in 2021, provides an independent source for the economic and revenue forecasts that underlie the City's annual budget process. The Forecast Office reports to the Economic and Revenue Forecast Council (the "Forecast Council"), which includes equal representation from the Legislative and Executive branches of City government. The following elected and appointed officials (or their designees) comprise the Forecast Council: the Mayor, the Director of Finance, the Council President, and the Chair of the City Council Finance Committee. The Forecast Council selects one member to serve as Chair of the Forecast Council annually.

The Forecast Office prepares three revenue forecasts each year, delivered in April, August, and October. The forecasts that are developed by the Director of the Forecast Office and approved by the Forecast Council serve as the official City economic and revenue forecasts and as the basis for the estimates of revenues described in State statutes governing budgeting. Either the Mayor or the City Council may deviate from the official forecasts in balancing the Proposed or Adopted Budget, respectively, but only if they provide a public written explanation to the Forecast Council describing such a deviation.

Beginning with the April 2022 Revenue and Budget Update and the 2023 budget cycle, the official forecasting function transitioned to the Forecast Office. The Forecast Office provides forecasts of the largest and most economically-dependent general government revenue sources, including sales tax, B&O tax, property tax, private utility taxes, and the new Payroll Expense Tax. CBO continues to be responsible for coordinating with departments to forecast and project all other revenues, including a variety of excise taxes and public utility taxes, license and service fees, fines, inter- and intra-governmental charges, transfers and shared revenues, grants, interest earnings, and other lesser revenue items.

In addition, the Forecast Office's responsibilities are to staff the Forecast Council, develop economic and revenue forecasts, conduct special studies at the request of the Forecast Council, and provide *ad hoc* analytical support on economic and revenue estimation for legislative and executive staff consistent with its work program.

Fiscal Reserves

Emergency Fund. Under the authority of RCW 35.32A.060, the City maintains the Emergency Fund (the "EMF") of the General Fund. The EMF is the principal reserve for the City to draw upon when certain unanticipated expenses occur during the fiscal year. Eligible expenses include costs related to storms or other natural disasters. State law limits the amount of money the City can set aside in this reserve to \$0.375 per \$1,000 of assessed value of property within the City. Prior to 2017, the City's practice had been to fully fund the emergency reserve to this maximum limit. In 2017, the City modified the existing financial policies for the EMF to establish a minimum balance of \$60 million and to adjust that minimum each year with the rate of inflation. This policy struck a balance between ensuring that resources will be available to address unanticipated expenditures and making resources available to address current needs.

Due to the COVID-19 pandemic and related economic downturn, the City's revenue forecasts were significantly reduced from prior expectations. Additionally, the City realized significant expenses to address the response and recovery. Due to the magnitude and prolonged nature of the emergency, it was not possible for the City to make the contributions necessary to meet the fund balance requirements for the EMF in 2020 and 2021. City policy was amended in 2021 to require that the City return to making contributions to satisfy the target balance within a period of five years, or sooner if practically possible after a severe event requiring deep or multi-year spending from the reserve.

Prior to the onset of COVID, the Emergency Fund had a fund balance of \$65 million as of year-end 2019. In response to the COVID-19 pandemic, the City withdrew a net \$31.3 million from the EMF in 2020 and 2021. Improving economic conditions allowed for a \$10 million contribution to the reserve in 2022. These uses and subsequent

replenishment resulted in an EMF reserve balance of \$43.7 million at the end of 2022, a reduction of \$21.3 million compared to pre-COVID levels.

Revenue Stabilization Fund. The City maintains the Revenue Stabilization Fund (the “RSF”) in the General Fund to be used for revenue stabilization for future City operations and to fund activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in General Operating Fund revenues.

Certain required transfers into and restrictions on expenditures from the RSF are set forth in the Seattle Municipal Code (“SMC”). All expenditures from the RSF require an ordinance, adopted following consideration of projections and recommendations for at least partial replenishment within four years. The RSF is funded by (i) one-time transfers authorized by ordinance, (ii) automatic annual transfers of 0.50% of forecast General Operating Fund tax revenues, and (iii) upon completion of fiscal year accounting, automatic transfer of 50% of the ending balance in the General Fund, less encumbrances, carryforwards as authorized by ordinance or State law, and planned reserve amounts reflected in the adopted budget, that is in excess of the latest revised estimate of the unreserved ending fund balance for that closed fiscal year (as published in the adopted budget). The phrase “tax revenues” means all tax revenues deposited into the General Operating Fund, including but not limited to tax revenue from the regular property tax levy, business and occupation tax, utility business taxes, the portion of admissions tax not dedicated to the Arts and Culture Fund, leasehold excise tax, gambling taxes, and sales and use taxes.

The SMC also provides that automatic transfers will be suspended to the extent that the balance in the RSF exceeds 5% of the forecast General Operating Fund tax revenues for the year, and when forecasts underlying the adopted budget anticipate a nominal decline in General Operating Fund revenues, as compared to the revenue forecasts underlying the adopted budget for the fiscal year immediately prior. Automatic transfers remain suspended until positive revenue growth is reflected in the revenue forecasts underlying the adopted budget and are reinstated at a level of 0.25% of General Operating Fund tax revenues in the first year showing such recovery, followed by 0.50% thereafter.

Prior to the onset of the COVID-19 pandemic, the RSF reported an ending fund balance of \$57.8 million at the end of fiscal year 2019. In response to the COVID-19 pandemic, the City withdrew a net \$51.7 million from the RSF in 2020 and 2021. Based on the automatic transfer mechanism described above, the City made a deposit of \$55.7 million to the RSF in 2022. These uses and subsequent replenishment resulted in an RSF reserve balance of \$61.7 million at the end of 2022, an increase of \$3.9 million over pre-COVID levels.

The City does not plan to draw on either of the reserves in 2023. The City’s 2023 Adopted Budget and 2024 Endorsed Budget plan to fund the EMF to \$56.7 million and the RSF to \$67.0 million by year-end 2024, for a combined total of \$124 million. The combined fund balance of these two reserves is projected to reach \$159 million by year-end 2026.

Financial Management

City financial management functions are provided by the Office of City Finance within the Department of Finance and Administrative Services. The Director of Finance is a charter position appointed by the Mayor and reporting directly to the Mayor’s Office, despite being located within 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 Citywide Accounting and Payroll Division of the Office of City Finance within 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 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.

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 their own or of any other city or town in the State, their 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 by the Washington State Investment Board. Under chapter 43.250 RCW, local governments may invest in the Washington State Local Government Investment Pool ("LGIP"), managed by the State Treasurer to maximize potential surplus funds while ensuring safety of those funds.

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 Treasury Services Division of the Office of City Finance within the Department of Finance and Administrative Services ("City Treasury"). Investments of temporarily idle cash may be made, according to existing City Council-approved policies, by City Treasury in securities described above under "Authorized Investments."

State statutes, City ordinances, and Office of City Finance 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 December 31, 2022, the City's pooled investment portfolio, which excludes pensions, totaled \$3.49 billion market value. The City's investment portfolio consists solely of City funds. As of December 31, 2022, the annualized earnings yield of the City's investment portfolio was 2.81% for the month and 1.80% for the year. As of December 31, 2022, the weighted average maturity of the City's investments was 931 days. Approximately 21%, or \$744 million, was invested in securities with maturities of three months or less.

Investments were allocated as follows, by market value:

U.S. Government Agencies	35%
U.S. Government	34%
State and Local Government Investment Pool	12%
U.S. Government Agency Mortgage-Backed	8%
Municipal Bonds	5%
Commercial Paper	2%
Corporate Bonds	2%
Supranational	1%
Repurchase Agreements	1%

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

Interfund Loans. The City is authorized to make interfund loans 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 December 31, 2022, the City had outstanding three interfund loans totaling approximately \$53.4 million, including interest, in amounts ranging from \$13.2 million to \$24.5 million.

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 \$20 million limits above a \$10 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 provides 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. In 2019, the City began purchasing cyber insurance to cover 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 the Law Enforcement Officers’ and Fire Fighters’ Retirement System (“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 financial statements beginning with the fiscal year ended December 31, 2020, and DRS's Annual Financial Report for LEOFF for the fiscal year ended June 30, 2021, were prepared in accordance with GASB 67.

Seattle City Employees' Retirement System. SCERS is a cost-sharing multiple-employer defined benefit public employee retirement plan, administered in accordance with SMC 4.36, 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, 2022), which was approved by the Board on June 9, 2022 (the "2021 Actuarial Valuation"), there were 7,317 retirees and beneficiaries receiving benefits, and 9,045 active members of SCERS. There are an additional 1,556 terminated employees in SCERS who are vested and entitled to future benefits and another 1,701 who are not vested and not entitled to benefits beyond contributions and accumulated interest. From January 1, 2021, to January 1, 2022, the net number of active members in SCERS decreased by 2.6%, the net number of retirees receiving benefits increased by 2.7%, and the net number of vested terminated members increased by 8.20%.

Certain demographic data from the 2021 Actuarial Valuation are shown below:

TABLE 16
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	-		75	0.8%
25-39	-		2,369	26.2%
40-49	8 ⁽¹⁾	0.1% ⁽¹⁾	2,343	25.9%
50-59	239	3.3%	2,614	28.9%
60-69	2,405	33.3%	1,493	16.5%
70+	4,573	63.3%	151	1.7%

(1) Includes everyone under the age of 50.

Source: 2021 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 4.36.505.E 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, 2021, and December 31, 2020, was transmitted on June 16, 2022, by CliftonLarsonAllen LLP.

Milliman Inc., as consulting actuary, has evaluated the funding status of SCERS annually since 2010. The most recent actuarial report, the 2021 Actuarial Valuation (with a valuation date as of January 1, 2022), is available on the City’s website at <http://www.seattle.gov/retirement/about-us/board-of-administration#actuarialreports>.

In March 2022, the Board reduced the 30-year investment expectation to 6.75% following recommendations in the 2022 Experience Study. This change was incorporated into the 2021 Actuarial Valuation (with a valuation date as of January 1, 2022). Employer contribution rates are projected to remain about the same over the next several years due to deferred recognition of higher than expected investment returns offset by the impact of lower return expectations for the future. The average employee contribution rate is expected to continue to decline due to the growing proportion of SCERS 2 members. The following summarizes some key assumptions utilized in the 2021 Actuarial Valuation and compares those to the assumptions used in the last four actuarial valuations.

TABLE 17
ACTUARIAL ASSUMPTIONS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Investment return	6.75%	7.25%	7.25%	7.25%	7.50%
Price inflation	2.60%	2.75%	2.75%	2.75%	3.25%
Wage growth (price inflation plus wage inflation)	3.35%	3.50%	3.50%	3.50%	4.00%
Expected annual average membership growth	0.25%	0.50%	0.50%	0.50%	0.50%
Interest on member contributions made on or after January 1, 2012 ⁽¹⁾	3.85%	4.00%	4.00%	4.00%	4.75%

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

Source: 2021, 2020, 2019, 2018, and 2017 Actuarial Valuations

As of January 1, 2022 (as set forth in the 2021 Actuarial Valuation), the actuarial value of net assets available for benefits was \$3,717.2 million and the actuarial accrued liability was \$4,959.0 million. An Unfunded Actuarial Accrued Liability (“UAAL”) exists to the extent that actuarial accrued liability exceeds plan assets. Per the 2021 Actuarial Valuation, the UAAL decreased from \$1,327.3 million as of January 1, 2021, to \$1,241.8 million as of January 1, 2022. The funding ratio increased from 71.6% as of January 1, 2021, to

75.0% as of January 1, 2022, which increase was primarily due to realizing a greater than assumed investment return but partially offset by a decrease in the assumed investment rate in the future. For the year ended December 31, 2021, SCERS assets experienced an investment gain of about 16.8% on a market basis (net of investment expenses), a rate of return greater than the assumed rate of 7.25% for 2021. The result is an actuarial gain on assets for 2020, but only one-fifth of this gain was recognized in the current year actuarial value of assets (“AVA”). To improve its ability to manage short-term market volatility, the City has adopted a five-year asset smoothing methodology 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 2021 return was a positive 12.0% on an actuarial value basis. For the year ended December 31, 2022, SCERS assets experienced an investment loss of about -9.8% on a market basis (net of investment expenses). This loss will be incorporated into the SCERS 2022 Actuarial Valuation, which is expected to be available and subsequently adopted by the Board in mid-2023.

The following table provides historical plan funding information for SCERS:

TABLE 18
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
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	188.2%
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%
2021	3,345.8	4,673.1	(1,327.3)	71.6%	878.2	151.1%
2022	3,717.2	4,959.0	(1,241.8)	75.0%	876.4	141.7%

(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 2021 SCERS audited financial statements included a calculation of TPL and NPL based on the actuarial valuation dated as of January 1, 2021, rolled forward using generally accepted actuarial procedures (assuming a 6.75% investment rate of return and 3.35% salary increases) to December 31, 2021, as follows: TPL was calculated to be \$4,963.4 million, plan fiduciary net position (“Plan Net Position”) was calculated to be \$1,134.8 million, and NPL was calculated to be \$828.6 million, for a funding ratio (Plan Net Position as a percentage of TPL) of 83.3%.

SCERS CONTRIBUTION RATES. Member and employer contribution rates for SCERS 1 and SCERS 2 are established separately by SMC 4.36. 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, no less than 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 2021 Actuarial Valuation calculation, a 21-year amortization period was used. This policy may be revised by the City Council in future years. The 2021 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 19
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
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
2022	16.10% ⁽³⁾	9.35% ⁽⁴⁾	25.45%	24.68% ⁽⁵⁾	103% ⁽³⁾	N/A	N/A
2023	15.82%	9.24% ⁽⁴⁾	25.06%	25.06% ⁽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 these years in an effort to reduce a projected increase in future contribution rates.
- (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; Annual 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 19—Employer and Employee SCERS Contribution Rates and Table 20—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 19, the Total ARC is increasing to 25.06% as a percent of payroll beginning on January 1, 2023. This compares to the 24.68% Total ARC in 2022. The employees' share averages 9.24% between SCERS 1 and SCERS 2 in 2023. The employer's share needed to meet the Total ARC is increasing from 15.33% to 15.82% in 2023. However, as indicated in Table 19, in anticipation of an increase to the employer's cost in 2023, the City maintained an employer rate of 16.10% in 2022 that was above what was necessary to meet the Total ARC. As a result, the City reduced its employer contribution rate for 2023 to 15.82% in order to meet the projected Total ARC in 2023.

Projected total actuarially required contribution rates for SCERS reported in the 2021 Actuarial Valuation are shown in the table below:

TABLE 20
PROJECTED ACTUARIALLY REQUIRED TOTAL CONTRIBUTION RATES FOR SCERS
BY EMPLOYER AND EMPLOYEE

<u>Contribution Year⁽¹⁾</u>	<u>Assuming 6.75% Returns</u>	<u>Confidence Range⁽²⁾</u>
2023	15.82%	15.82-15.82
2024	14.99%	13.57-16.33
2025	13.43%	9.59-17.06
2026	12.42%	9.24-18.83
2027	11.94%	9.24-21.53
2028	11.93%	9.24-25.04

(1) Contribution year lags valuation year by one year. For example, contribution year 2023 is based on the 2021 Actuarial Valuation (as of January 1, 2022) results, amortized over 21 years beginning in 2022 if the contribution rate change takes place in 2023.

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

Source: 2021 Actuarial Valuation

Employer contributions for the City were \$139.5 million in 2021 and \$139.3 million in 2022. 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 \$493.3 million (13.5%) during 2021, including member and employer contributions of \$221.3 million and net gain from investment activity totaling \$522.8 million. Deductions increased by \$14.4 million in 2021, primarily attributed to a \$8.9 million increase in retiree benefit payments and a \$5.9 million increase in the amount of contributions refunded, offset by reductions in the amount of contributions refunded and administrative expenses.

Table 21 shows the historical market value of SCERS' assets (as of each December 31). Table 22 shows the historical investment returns on SCERS for the last ten years.

TABLE 21
SCERS MARKET VALUE OF ASSETS

Year (As of December 31)	Market Value of Assets (MVA)⁽¹⁾
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
2020	3,641.5
2021	4,134.8

(1) In millions.

Source: SCERS Actuarial Valuations

TABLE 22
SCERS INVESTMENT RETURNS

Year (As of December 31)	One-Year Annualized Return⁽¹⁾
2013	15.0%
2014	5.3%
2015	0.1%
2016	8.4%
2017	15.7%
2018	-3.7%
2019	17.2%
2020	12.6%
2021	16.8%
2022	-9.8%

(1) Calculated net of fees.

Source: SCERS Annual Reports and SCERS 2022 Q4 Performance Summary

Table 23 below shows the historical distribution of SCERS investments for the years 2018-2022.

TABLE 23
HISTORICAL SCERS DISTRIBUTION OF INVESTMENTS BY CLASS

Investment Categories (January 1)	2022	2021	2020	2019	2018
Diversifying Strategies	0.0%	0.0%	0.0%	2.0%	1.9%
Fixed Income	23.8%	22.7%	26.7%	28.9%	24.6%
Infrastructure	1.9%	1.5%	1.2%	0.9%	0.4%
Private Equity	13.5%	13.2%	8.6%	8.1%	5.2%
Public Equity	50.1%	53.0%	53.1%	48.8%	57.1%
Real Estate	10.6%	9.7%	10.5%	11.3%	10.8%
Total	100.0%	100.0%	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, 2022, membership in these plans consisted of 536 fire employees and survivors and 607 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, 2022, 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), 2.50%; investment rate of return, 5.00%; and projected salary increases, 3.25%. The actuarial valuation for the Police Relief and Pension Fund uses the following long-term actuarial assumptions: inflation rate (CPI), 2.50%; investment rate of return, 2.00%; and projected salary increases, 3.25%. 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 \$118.3 million as of December 31, 2021, an increase of \$3.7 million from the TPL of \$114.6 million as of December 31, 2020. As of the January 1, 2022, valuation, the actuarial value of net assets available for benefits in the Firefighters’ Pension Fund was \$34.1 million, and the AAL was \$86.7 million. As a result, the UAAL was \$52.6 million and the funded ratio was 39.3%. In the January 1, 2021, actuarial valuation, the UAAL was \$66.0 million and the funded ratio was 30.9%. The City’s employer contribution to the fund in 2021 was \$8.5 million; there were no current member contributions as described in the January 1, 2022, actuarial valuation. 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.

In contrast to the Firefighters’ Pension Fund policy of fully funding the AAL, the City funds the Police Relief and Pension Fund as benefits become due. In accordance with GASB 73, the plan had a TPL of \$101.3 million as of December 31, 2021, an increase of \$0.8 million from the TPL of \$100.5 million as of December 31, 2020. As of the January 1, 2022, valuation, the actuarial value of net assets available for benefits in the Police Relief and Pension Fund was \$21.1 million, and the actuarial value of future benefits was \$95.1 million. As a result, the unfunded actuarial liability was \$74.0 million and the funded ratio was 22.2%. In the January 1, 2021, actuarial valuation, the unfunded actuarial liability was \$93.0 million and the funded ratio was 13.3%. The City’s employer contribution to the fund in 2021 was \$14.2 million; there were no current member contributions as described in the January 1, 2022, actuarial valuation. 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 \$17.0 million in 2021 and \$17.7 million in 2020, as described in the City’s Annual Report. The following table outlines the contribution rates of employees and employers under LEOFF.

TABLE 24
LEOFF CONTRIBUTION RATES EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL
(AS OF JULY 1, 2021)

	Plan 1	Plan 2
Employer	0.18% ⁽¹⁾	5.30% ⁽¹⁾
Employee	0.00	8.53%
State	N/A	3.41%

(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, 2020, valuation, LEOFF had no UAAL. LEOFF Plan 1 had a funded ratio of 148% and LEOFF Plan 2 had a funded ratio of 113%. 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, 3.70% general salary increases, 2.75% consumer price index increase, and annual growth in membership of 1.46%. 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, 2021, the City reported an asset of \$630.5 million for its proportionate share of the net pension asset as follows: \$122.1 million for LEOFF Plan 1 and \$508.4 million for LEOFF Plan 2.

For additional information, see Note 11 to the City's 2021 Annual 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 ended 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 based on a measurement date as of January 1, 2022, and was prepared in accordance with GASB 75. It showed the total OPEB liability for the implicit rate subsidy decreased to \$55.7 million from \$70.3 million in the prior valuation. The City's GASB 75 annual expense in 2022 was calculated at \$3.1 million, which compares to \$4.8 million in 2021. 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, 2021, the total OPEB liability in the City's Firefighters' Pension Fund decreased to \$290.6 million from \$300.9 million. The annual OPEB expense for 2021 was \$2.1 million and the estimated benefit payments were \$12.4 million. As of December 31, 2021, the total OPEB liability in the Police Relief and Pension Fund decreased to \$293.7 million from \$308.6 million. The annual OPEB expense for 2021 was \$1.1 million and the estimated benefit payments were \$16.0 million.

For additional information regarding the City's OPEB liability, see Note 11 to the City's 2021 Annual Report, which is attached as Appendix B.

State Paid Family and Medical Leave Insurance

On January 1, 2020, the State became the fifth state in the nation to provide paid family and medical leave benefits to all workers in the State, including State and local government employees. The Paid Family and Medical Leave ("PFML") program is a State-wide insurance program administered by the State Employment Security Department. It ensures paid leave for workers in the State when they need time off to give or receive care and for pre- and post-deployment time. 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 up to \$1,427 per week in 2023, depending on their income. The family leave benefit is funded solely by employee premiums while the medical leave benefit is funded by a mix of employer and employee premiums.

The City pays the employer share of premiums based on a percentage of wages that are subject to the federal social security tax. This rate is currently 0.8% as of January 1, 2023, and is adjusted periodically in accordance with a formula prescribed in State law. The City will continue to pay only the employer share of the 2023 assessment for most employees, estimated to be \$2.9 million, approximately half of which will be paid from the General Operating Fund and the remainder of which will be paid by other funds.

State Long-Term Care Services and Supports Benefit Program

The Long-Term Services and Supports (“LTSS”) Trust Program (“WA Cares”) was first enacted in 2019 and was adjusted by further legislation in 2021 and 2022. The program is intended to provide certain long-term care benefits to eligible beneficiaries. Benefits may be paid directly to LTSS providers on behalf of eligible beneficiaries. Administration of the LTSS Trust Program is divided among several State Agencies: the Employment Security Department, the Department of Social and Health Services (“DSHS”), the Health Care Authority, the Office of the State Actuary (“OSA”), the Pension Funding Council (“PFC”), and two new bodies: the LTSS Trust Council and the LTSS Trust Commission.

The legislation imposes premiums on participating employees in the State, collected by employers through employee payroll deductions and remitted to the State; there is no employer contribution required under State law. Collection of premiums is scheduled to begin as of July 1, 2023, and benefits are to become available beginning July 1, 2026. Premiums are assessed at a rate of 0.58% of each employee’s wages within the State, and subject to adjustment every two years by the PFC based on actuarial studies and valuations to be performed by OSA to maintain financial solvency of the LTSS Trust, but not to exceed 0.58%. Employers are 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. Self-employed persons may opt into the program; certain employees (e.g., workers who live out of State, military spouses, workers on non-immigrant visas, and certain veterans with disabilities) may opt out of participation in the program.

Any individual employed in the State 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. Persons born before 1968 can earn lifetime access to 10% of the full benefit amount for each year they contribute. Program participants eligible to receive benefits must have been assessed by DSHS 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 of \$36,500 (adjusted annually for inflation) on the benefit for any individual.

Labor Relations

This information reflects the continued engagement of the Labor Relations Unit within Seattle Human Resources (“Labor Relations”) with union representatives. As of December 31, 2022, the City had 38 separate departments and offices with approximately 15,936 employees (including 11,534 regular and 4,402 temporary employees). Twenty-five different unions and 56 bargaining units represent the approximately 77% of regular City employees whose employment is governed by 34 different collective bargaining agreements (contracts).

The Mayor ended the COVID-19 pandemic emergency declaration in late 2022 and lifted the vaccine mandate in early 2023. Labor Relations continues to work closely with all of the labor representatives to address the continuing impacts of the pandemic, along with other social and environmental crises that have affected the City and surrounding communities as well as the City’s employees. In addition, Labor Relations continues to work closely with the City Attorney’s Office on the resolution of outstanding vaccine mandate separation arbitrations as well as the outstanding Seattle Police Officers’ Guild (“SPOG”) unfair labor practice charge in response to the mandate itself, which is currently before Washington State’s Public Employment Relations Commission.

In 2021, multiple unions filed unfair labor practices arising out of the COVID-19 vaccine mandate. All but one of those administrative matters before the State’s Public Employment Relations Commission have been mutually resolved and withdrawn. Only one unfair labor practice filed by the Seattle Police Officers’ Guild remains unresolved.

In 2022, the City finalized negotiations with the Seattle Police Management Association (“SPMA”) for a new agreement to replace the contract that expired December 31, 2019. The new agreement became effective the end of the second quarter of 2022 and expires on December 31, 2023.

Labor Relations is in negotiations with SPOG for a new contract to replace its contract that expired on December 31, 2020, and with IAFF Local 27 Fire Fighters for a new contract to replace its contract that expired on December 31, 2021. Labor Relations is also in negotiations for 30 additional labor agreements that expired on December 31, 2022, that are either part of the Coalition of City Unions or “Coalition-Like” unions. All together, these contracts include approximately 61% of the City’s represented employees. These unions will continue to operate under their expired contracts until negotiations have been completed and the agreements have been formally approved and signed.

One new bargaining unit has completed the certification process, represented by the WSCCCE, Council 2, AFSCME, for Strategic Advisors and Managers at Seattle Public Utilities, and is in negotiations for a first collective bargaining agreement.

Emergency Management and Preparedness

The City’s Office of Emergency Management (“OEM”) is responsible for coordinating the City’s response and resources during emergencies and disasters through close coordination with City departments and partner agencies.

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, assessed, and planned for 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 severe weather (*e.g.*, floods, snow, water shortages, and windstorms). However, the City cannot anticipate all potential hazards and their effects, including any potential impact on the economy of the City or the region.

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 and reaccredited in 2022.

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.

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.

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 is monitoring and will be documenting climate impacts and likely climate risks as they arise and has not quantified potential impacts 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. The City’s Office of Sustainability and Environment (“OSE”) coordinates implementation of the Seattle Green New Deal, the Seattle Climate Action Plan, and the Equity and Environment Initiative and plans and implements policies that transition buildings to 100% clean energy and advance zero carbon transportation.

In addition to \$14.3 million in the 2022 Adopted Budget supporting the Green New Deal and climate-related investments in the Duwamish Valley in 2022, revenues from the Payroll Expense Tax continue to fund \$20.5 million in climate-focused investments in the 2023 Adopted Budget. See “General Fund Tax Revenue Sources—Payroll Expense Tax.” These investments include \$2.8 million to enact emissions performance standards for large commercial and multifamily residential buildings, \$2.6 million to support electric heat pump conversions of oil-heated homes, and \$2 million for decarbonization of libraries and community centers. This funding also supports workforce development for green jobs, vehicle electrification for industrial enterprises, and additional climate resiliency actions guided by recommendations from the Green New Deal Oversight Board. Other investments by the City to address climate change are ongoing.

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 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. The 2018 Climate Action Plan 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. The 2018 Climate Action Plan remains in place as of the date of this Preliminary Official Statement. In July 2022, the City adopted Resolution 32059 which declares the City’s intent to focus on climate change and resiliency as part of the update to the City’s Comprehensive Plan. The resolution recognizes the importance of addressing climate change, improving resilience and adaptation to the effects of climate change, reducing greenhouse gas emissions, and centering environmental justice as a core part of the update to the City’s plan for growth over the next 20 years.

In addition, City investments in capital projects continue to be guided by a set of key policies reflecting the City’s values and priorities including those for sustainable building. In February 2000, the City Council adopted a “Sustainable Building Policy for the City” (Resolution 30121) which articulated the City’s commitment to environmental, economic, and social stewardship and set the expectation that new municipal facilities meet established green building standards. Specifically, it called for all new construction and major remodel projects over 5,000 square feet to achieve a LEED Silver rating. When adopted, this policy was the first of its kind in the nation and represented a groundbreaking approach to demonstrating City leadership and transforming the marketplace.

Since 2000, the green building community has experienced exceptional growth in expertise and capacity. Recognizing this change, the City passed an updated “Sustainable Buildings and Sites Policy” (Resolution 31326) in 2011. The update represents a comprehensive approach that reflects advances in the green building industry, aligns the policy with the City’s attention to climate change, addresses a greater range of project types, and ensures that the City continues to provide leadership that advances sustainable development in both the public and private sectors. The City’s sustainable buildings policies include a number of requirements. These requirements include: the minimum required green building rating is LEED Gold for new construction, additions, and major renovation projects of 5,000 square feet or greater; minimum requirements for energy and water efficiency, construction waste reductions, and bicycle amenities; and the minimum required green building rating is LEED Gold for tenant improvement projects of 5,000 square feet or greater, where the scope includes mechanical, electrical, and plumbing. In addition to the above, City departments are encouraged to test new approaches and standards, such as the Living Building Challenge and the Sustainable SITES Initiative.

In December 2022, Mayor Harrell signed an executive order directing City departments to work together to prioritize and expand actions that equitably reduce or eliminate greenhouse gas emissions within the transportation sector. The actions prompted by this directive are intended to make investments in and build resilience among communities that are hardest hit by the climate crisis, expand workforce opportunities, and improve the health of City residents and workers by improving air quality and street safety.

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”), a City department, working in conjunction with various City

departments, has instituted 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 Risk Management Framework. 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. It has had cyber security liability insurance coverage since 2019. See “—Risk Management.”

OTHER CONSIDERATIONS

Public Health Emergencies

Pandemics and other widespread public health emergencies can and do arise from time to time and can affect broader economic conditions and the State’s financial condition.

The COVID-19 pandemic negatively affected local, State, national, and global economic activity beginning in 2020. Certain response costs and other negative revenue impacts were offset in part by the federal and State funds awarded to the City in 2020 and 2021. The City received \$131 million through the Coronavirus Relief Fund under the Coronavirus Aid, Relief, and Economic Stabilization Act (the “CARES Act”) to help navigate the impact of the COVID-19 outbreak, all of which was spent prior to December 31, 2021, as required by the U.S. Department of the Treasury. The City was also awarded \$232 million of Coronavirus State and Local Fiscal Recovery Funds (“CLFR”) through the American Rescue Plan Act (“ARPA”) to help the City recover from the COVID-19 pandemic. In addition to CLFR funding, the City received other federal grants intended to aid vulnerable populations particularly impacted by the pandemic. At this time, most revenue sources have returned to pre-pandemic levels, but uncertainty resulting from the pandemic’s effects on broader economic forces persists in the economy.

The City cannot predict whether future pandemics and other public health emergencies may arise that could impact the economy generally or the City’s financial condition.

Public Safety

Like many other major metropolitan areas, the City has experienced increased crime, particularly in the downtown core, since the onset of the COVID-19 pandemic. The City has taken steps to increase public safety measures as workers and retail traffic have begun to return to the downtown core. However, the City expects additional efforts will be required over the near and long term. To this end, in April 2023, the Mayor issued an Executive Order implementing a new Downtown Activation Plan that will evolve during the year to provide additional police and non-police resources to address safety and public health needs and increase the vitality of the downtown core.

The City experienced a high level of protest activity in 2020 particularly relating to racial justice and police violence throughout the country. These demonstrations had the effect of placing renewed emphasis on calls to reform the City’s overall approach to public safety. In response, the 2020 and 2021 adopted budgets reflected cuts to the Seattle Police Department (“SPD”) budget. Many of these reductions were moderated in the City’s 2022 Adopted Budget, which also included expansion of the City’s approach to ensuring community safety through programs and approaches that expand beyond a traditional uniformed police response.

SPD has been engaged in various reform efforts for many years and has operated under a consent decree imposed in 2012 (“2012 Consent Decree”) in response to findings by the DOJ outlining a “pattern or practice” of unconstitutional use of force within SPD. In March 2023, the City and DOJ jointly moved to replace the 2012 Consent Decree with a compliance agreement. The parties cited the City’s sustained compliance and its consistency in implementing necessary reforms. The filing requested continued oversight in the areas of (i) ensuring a sustainable system of accountability, and (ii) improving the use, reporting, and review of force in crowd control situations. The federal

judge presiding over the Consent Decree litigation scheduled a hearing for May 30, 2023. The Court is expected to rule on the compliance agreement at some point after the May 30 hearing.

Certain Major Infrastructure and Capital Projects

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.

Following the closure of the Bridge, the City worked to stabilize the Bridge, mitigate traffic impacts, and evaluated a variety of options for repairing or replacing the Bridge. In November 2020, the Mayor made the decision to repair the Bridge and continue to plan for a future replacement. Early repairs to stabilize the bridge were completed in December 2020. In May 2021, a contractor was selected to conduct repairs. The Bridge reopened in September 2022. The West Seattle Bridge Repair Project is expected to be completed in 2024, as the package of Reconnect West Seattle mitigation projects and Bridge close-out activities finish remaining work. The estimated service life of the repaired Bridge will extend well beyond the life of the Bonds.

Waterfront Seattle Program. The Waterfront Seattle Program is a multi-year effort to plan, design, and ultimately build a new central waterfront for the City, and includes or will include various City capital improvements that span the City’s central waterfront area from Pioneer Square to Belltown.

The City’s funding plan for the Waterfront Seattle Program includes the State’s share of funding and a mix of funding sources from various City revenues (*e.g.*, commercial parking tax, real estate excise tax), grant funding, private philanthropy (currently being raised by the nonprofit Friends of the Waterfront), and local improvement district assessments from the Waterfront Local Improvement District, described below. The various projects (other than the seawall replacement) are being phased, with many elements nearing completion by the end of 2024. In the event that these revenue sources are not sufficient, the remaining program costs (including expected costs and any unexpected cost overruns) could require the City to issue additional limited tax general obligation bonds or use other available City funds.

In 2019, the City formed the Waterfront LID to finance a portion of the improvements included in the Waterfront Seattle Program. Special assessments for the Waterfront LID were imposed in July 2021 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, for a total of approximately \$174 million. The special assessments are not a general obligation of the City, and are secured by the City’s Guaranty Fund. Some LID Assessments were prepaid, with those paying in full during the initial 30-day payment period receiving a discount on their assessment, for a total collection and discounted amount of approximately \$77 million. The remaining amount is provided from proceeds of the Waterfront LID Bonds. The City issued approximately \$97 million in Waterfront LID Bonds in 2021 which are also secured by the Guaranty Fund. See “General Fund Tax Revenue Sources—General Property Taxes—Guaranty Fund Levies.”

In 2019, owners of 20 parcels within the Waterfront LID filed appeals in King County Superior Court within the statutorily required timeframe. These appeals represented approximately \$16 million of the total \$174 million Waterfront LID assessments. On March 8, 2023, the King County Superior Court ruled that the method of assessment was void and annulled the Waterfront LID assessments for each of the parcels before it. The King County Superior Court’s decision, and any subsequent decision on appeal, can only alter parcel assessments for property owners that were parties to the appeal before the Court. The City has appealed the Court’s decision and the decision is stayed pending appellate review. Of the \$16 million in controversy, \$8.8 million was prepaid to the City under protest during

the 30-day prepayment period and is held by the City in a segregated account. The remaining \$7.2 million was financed by the Waterfront LID Bonds. Proceeds of this portion of the Waterfront LID Bonds have been set aside in escrow pending resolution of the appeals. If the current assessment roll is ultimately invalidated as to those properties, State law provides that “[i]n all cases of special assessments for local improvements wherein the assessments are not valid in whole or in part for want of form, or insufficiency, informality, irregularity, or nonconformance with the provisions of law, charter, or ordinance, the city or town council may reassess the assessments and enforce their collection in accordance with the provisions of law and ordinance existing at the time the reassessment is made.”

Other Federal Funding Opportunities. The Mayor’s Office has established an interdepartmental steering committee that facilitates coordination, reviews and tracks grant applications, and provides central vision and direction to the City’s efforts relating to federal funding authorized in the Bipartisan Infrastructure Law and Inflation Reduction Act. City departments continue to watch for funding opportunities, respond to Requests for Information, and apply for funding.

The City has been awarded over \$76.6 million in federal infrastructure grants from the Bipartisan Infrastructure Law to-date, primarily for transportation projects.

Federal Policy Risk and Other Federal Funding Considerations

Federal Sequestration. The sequestration provisions of the Budget Control Act of 2011 (“BCA Sequestration”) have been in effect since 2013 and are currently scheduled to remain in effect through federal fiscal year (“FFY”) 2029. 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. Since BCA Sequestration began, rates have ranged from 8.7% in FFY 2013 to 5.7% in FFY 2023. In addition, the Statutory Pay-As-You-Go Act of 2010 could result in further sequestration (“PAYGO Sequestration”) of subsidy payments. A provision in the Consolidated Appropriations Act, 2023, temporarily avoided PAYGO Sequestration triggered by ARPA by shifting certain sequestration totals from the FFY 2023 and FFY 2024 scorecards to the FFY 2025 scorecard. The City can give no assurance regarding the level of subsidy payments it will receive in the future, or the likelihood of the further reduction or elimination of the subsidy payments for direct-pay bonds in the event of additional sequestration measures or as a consequence of a federal default on debt payments. The City does not currently expect sequestration to materially adversely affect its ability to make debt service payments in the current or future years.

Federal Grant Funding Conditions. The City receives federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies. Entitlement to this assistance is generally conditioned upon compliance with the terms of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the City.

Federal Shutdown Risk. Federal government shutdowns have occurred in the past and could occur in the future. A lengthy federal government shutdown poses potential direct risks to the City’s receipt of revenues from federal sources and could have indirect impacts due to the shutdown’s effect on general economic conditions. The City has not experienced material adverse impacts from the federal government shutdowns that have occurred in the past but can make no assurances that it would not be materially adversely affected by any future federal shutdown.

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 that arise in the ordinary course of business of running a municipality, including various lawsuits and claims involving claims for money damages and claims, including claims under State and federal environmental law. Litigation relating to appeals of certain assessments within the Waterfront LID is ongoing and is described under "Other Considerations—Certain Major Infrastructure and Capital Projects—Waterfront Seattle Program." Certain other threatened or pending litigation is described in the City's Annual Comprehensive Financial Report, as of its date. See Appendix B—The City's 2021 Annual Comprehensive 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.

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 forms of the opinion of Bond Counsel with respect to each Series of the Bonds are 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 therein and do 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 forms of opinion for each Series of the Bonds is set forth in Appendix A.

Tax Matters

In the opinion of 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. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

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 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 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.

The Internal Revenue Service (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 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.

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.

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 Director of Finance is authorized to execute the Continuing Disclosure Agreement (the “CDA”) for the benefit of holders of the Bonds, as follows.

Annual Financial Information. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (“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.
- (iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

For purposes of this CDA, the term “financial obligation” means (i) a 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.

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, 2022. 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. Nonetheless, 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 LTGO Bonds and the UTGO 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 LTGO Bonds are being purchased by _____ at a price of \$ _____ and will be reoffered at a price of \$ _____. The UTGO Bonds are being purchased by _____ at a price of \$ _____ and will be reoffered at a price of \$ _____.

The purchaser of each Series of the Bonds (each, a "Purchaser") may offer and sell such Series of 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 pages i and ii hereof, and such initial offering prices may be changed from time to time by the respective Purchaser. After the initial public offering, the public offering prices may be varied from time to time.

Conflicts of Interest

Some of the fees of the Municipal Advisor and Bond Counsel are contingent upon the sale of the Bonds. From time to time Bond Counsel serves as counsel to the Municipal Advisor in matters unrelated to the Bonds. None of the members of the City Council or other officers of the City have any conflict of interest in the issuance of the Bonds that is prohibited by applicable law.

Official Statement

This Official Statement is not to be construed as a contract with the owners of any of the Bonds.

THE CITY OF SEATTLE

By: _____
Jamie L. Carnell
Interim Director of Finance

APPENDIX A
FORMS OF LEGAL OPINIONS



[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$ _____ Limited Tax General Obligation Improvement and Refunding Bonds, 2023A
(the “2023A LTGO Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced 2023A LTGO 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 2023A LTGO Bonds are issued by the City pursuant to the laws of the State of Washington, Ordinance 126714 and Ordinance 125457 (together, the “Bond Ordinance”) for general City purposes. The 2023A LTGO 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 (including, without limitation, certain elements of the City’s capital improvement program related to the redevelopment of the central waterfront area, certain improvements to the City-owned Seattle Aquarium facility, and the repair of the West Seattle Bridge), all as specified in and subject to change pursuant to the Bond Ordinance, (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 2023A LTGO 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 2023A LTGO Bonds in order to maintain the exclusion of the interest on the 2023A LTGO Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2023A Bond proceeds and the facilities financed or refinanced with 2023A Bond proceeds, limitations on investing gross proceeds of the 2023A LTGO Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the 2023A LTGO 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 2023A LTGO Bonds could become taxable retroactive to the date of issuance of the 2023A LTGO 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 2023A LTGO 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 2023A LTGO Bonds have been duly authorized and executed by the City and the 2023A LTGO 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 2023A LTGO 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 2023A LTGO Bonds with applicable requirements of the Code, under existing statutes, regulations, rulings and judicial decisions, the interest on the 2023A LTGO 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, however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Code, interest on the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

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 2023A LTGO Bonds or otherwise used in connection with the 2023A LTGO 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,



[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$ _____ Unlimited Tax General Obligation Improvement Bonds, 2023
(the “2023 UTGO Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced 2023 UTGO 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 2023 UTGO Bonds are issued by the City pursuant to the laws of the State of Washington and Ordinance 125457 (the “Bond Ordinance”) for general City purposes. The 2023 UTGO Bonds are being issued (i) to carry out a current refunding of a portion of the City’s outstanding unlimited tax general obligation bonds and (ii) to pay the costs of issuing the 2023 UTGO 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 2023 UTGO Bonds in order to maintain the exclusion of the interest on the 2023 UTGO Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2023 UTGO Bond proceeds and the facilities financed or refinanced with 2023 UTGO Bond proceeds, limitations on investing gross proceeds of the 2023 UTGO Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the 2023 UTGO 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 2023 UTGO Bonds could become taxable retroactive to the date of issuance of the 2023 UTGO 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 2023 UTGO 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 2023 UTGO Bonds have been duly authorized and executed by the City and the 2023 UTGO 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 2023 UTGO 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 limitation as to rate or amount, 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 2023 UTGO Bonds with applicable requirements of the Code, under existing statutes, regulations, rulings and judicial decisions, the interest on the 2023 UTGO 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, however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Code, interest on the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

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 2023 UTGO Bonds or otherwise used in connection with the 2023 UTGO 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.

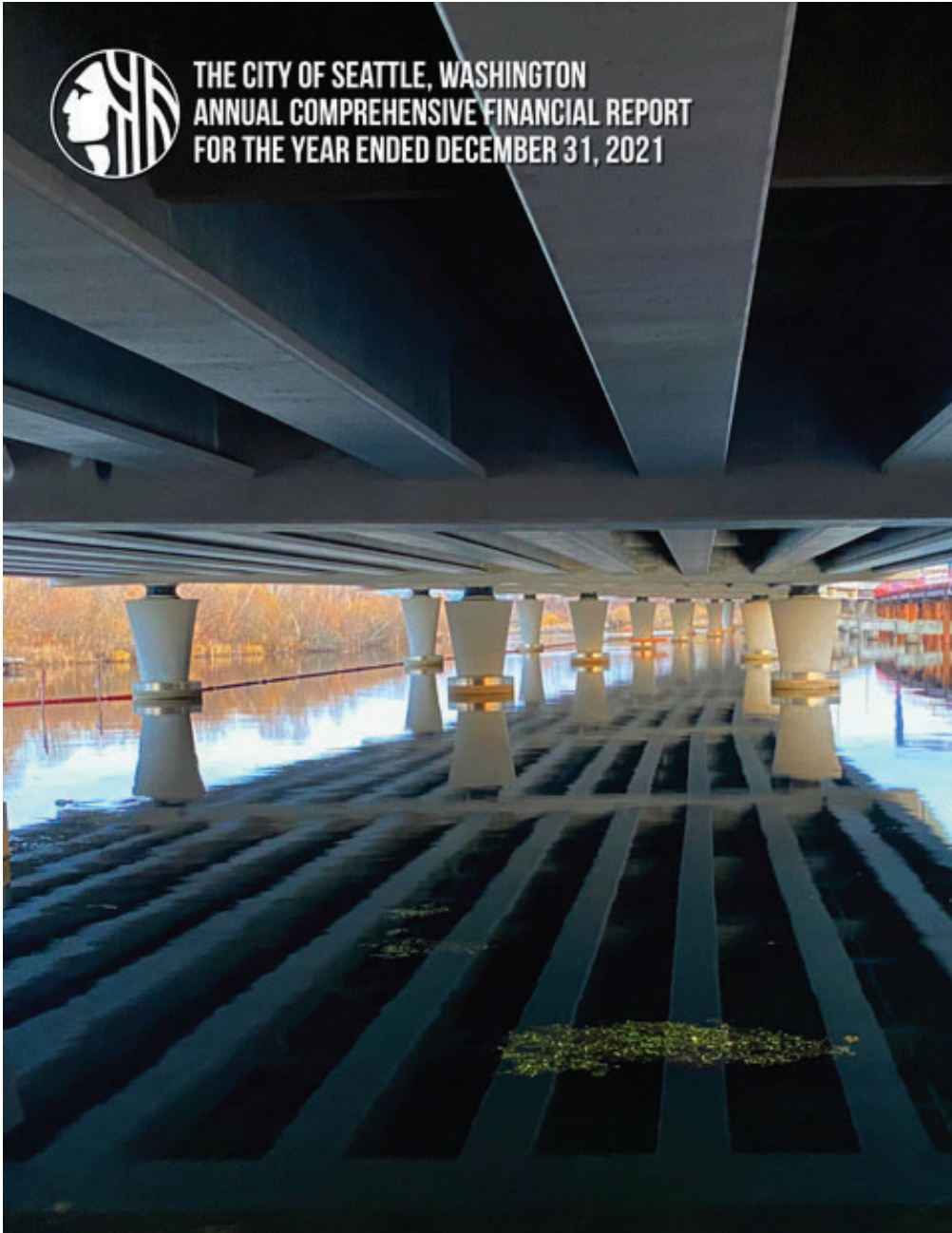
Respectfully submitted,

APPENDIX B

THE CITY'S 2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT



THE CITY OF SEATTLE, WASHINGTON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021



*Cover Image: Pillars of Support
Author: Bob Meyer
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Annual Comprehensive Financial Report

For the Fiscal Year Ended
December 31, 2021



**City of Seattle
Washington**

Issued by the Department of Finance and Administrative Services

Introduction

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Annual Comprehensive Financial Report
For the Year Ended December 31, 2021
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The City of Seattle

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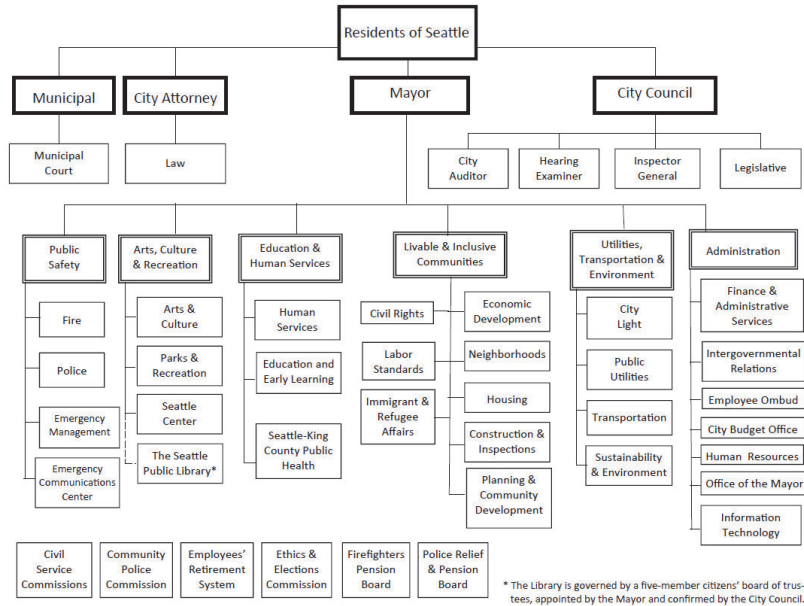
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CITY ORGANIZATIONAL CHART



OFFICIALS

MAYOR AND CITY COUNCIL

Bruce Harrell
Mayor

City Council

Lisa Herbold
District 1

Tammy J. Morales
District 2

Kshama Sawant
District 3

Alex Pedersen
District 4

Debora Juarez
District 5

Dan Strauss
District 6

Andrew J. Lewis
District 7

Teresa Mosqueda
At-large

Sara Nelson
At-large

June 28, 2022

The Honorable Mayor and
Members of the City Council:

I am pleased to submit to you the 2021 Annual Comprehensive Financial Report (Annual Report) 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, 2021. In addition, the Annual Report 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 Annual Report 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 created by the City, are included in this report. The notes to the financial statements further discuss the City as a financial reporting entity.

Page 2
June 28, 2022

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 National Bureau of Economic Research (NBER) officially announced on July 19 that the COVID-19 sparked recession which began in February 2020 ended in April 2020. The two-month downturn was the shortest but also the steepest in U.S. history, it followed a 128-month long expansion – the longest on record since 1854. U.S. real GDP fell by 3.5% and payroll employment by 8.6 million jobs in 2020, the unemployment rate peaked at 14.4% in April 2020. For comparison, real GDP declined by 2.5% and the economy lost 5.9 million jobs in the last recession in 2009, the unemployment rate peaked at 10.6% in January 2010.

In response to the economic downturn, the Federal Reserve lowered its benchmark interest rate to 0% to 0.25% in March 2020 and returned to aggressive quantitative easing, increasing its balance sheet by more than \$3 trillion. In the same month, Congress passed the \$2.2 trillion economic stimulus bill, the Coronavirus

IX

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Aid, Relief and Economic Security Act authorizing cash payments, extra unemployment benefits, relief for businesses, support for the health care sector, and state and local government support. An additional \$900 billion in stimulus was approved as part of the Consolidated Appropriations Act in December 2020. In March 2021, Congress passed the \$1.9 trillion American Rescue Plan Act. The total \$5 trillion in pandemic-era stimulus is more than triple the Great Recession aid.

Boosted by massive fiscal stimulus, real GDP recovered faster than during previous recessions and surpassed its pre-recession 2019 Q4 level in 2021 Q2. Labor market recovery will however take longer. The pandemic caused large changes in workers' preferences and employers' demands for skills and exacerbated longer term demographic pressures on labor force participation. Total employment is expected to surpass pre-pandemic levels in 2022 Q3, but disruptions in some sectors will last years.

Lower consumer demand due to the COVID-19 pandemic put initially significant downward pressure on prices. But supply chain disruptions caused by the pandemic in combination with the re-opening economy and demand stimulated by fiscal stimulus caused inflation to spike sharply in 2021, reaching levels last seen four decades ago. Inflation has thus emerged as one of the main risks to economic growth. Forecasters expect that inflation will remain elevated in 2022, but as supply-chain issues are addressed, labor force continues to recover, and Fed increases interest rate more aggressively, inflation should gradually moderate. However, a large amount of uncertainty is associated with its future development.

Seattle metropolitan area economy. The regional economy has in the last decade considerably outperformed the U. S. economy in employment and income growth. Total nonfarm employment in the Seattle Metropolitan Division (MD) area (King and Snohomish Counties) accounted for 50.6% of the state's employment in 2020, after increasing by 29.1% from its post-recession low in February 2010 to the February 2020 peak. This compares to a 17.7% gain for the U.S. and a 20.4% gain for the rest of Washington state. Per capita income grew 64.3% between 2010 and 2019 in the Seattle MD area, compared to just 39.3% in the U.S. and 38.6% in the rest of Washington state, during the same period. The economic growth within the Seattle MD area has been concentrated in the city of Seattle. Although virtually all sectors in Seattle have seen employment increase in the decade after the Great Recession, the principal driver of growth has been high-technology business. Strong growth in the technology sector has supported growth in professional and business services, as well as leisure and hospitality services and health care.

Employment and population growth in the last decade boosted the demand for office space and housing, spurring a construction boom. The value of building permits issued by the City of Seattle increased from an average \$1.82 billion every year between 2000 and 2009, to an average \$3.33 billion every year between 2011 and 2019. The COVID-19 pandemic has had a large impact on all parts of the economy including real estate markets and property development. Businesses are reevaluating their office and retail space needs, while demand in the housing market has significantly shifted to single family homes, away from multifamily housing in densely populated city cores. In 2020, the total value of building permits issued by the City of Seattle fell by 36.8%, they recovered somewhat in 2021 but are still 15.1% below 2019 level. The biggest drop occurred for commercial building permits, which accounted for 56.4% of total in 2019 and ended 26.4% lower in 2021 compared to 2019. Residential permits on the other hand recovered completely, they accounted for 31.5% of total in 2019 and ended 16.1% higher in 2021 compared to 2019. Much of the recovery in residential permits is attributable to multi-family projects, indicating that developers are seeing and anticipating strong demand for housing of all types.

The regional labor market downturn caused by the pandemic was sharp, like in the rest of the nation. As a result of the stay-at-home orders imposed in March and April, the U.S. economy lost 14.4% of its jobs by April

2020 and the Seattle MD economy 12.5% jobs by May 2020. The reopening of the economy and consequently also the job recovery occurred at different speed in different parts of the country. Due to a more cautious public health approach in the Seattle area, the recovery of jobs in leisure and hospitality was slower in the region than in the national economy. In addition, the collapse in demand for travel and canceled orders have led Boeing to consolidate its two 787 assembly lines into a single location in South Carolina. Closing the assembly line in Everett where Boeing employs 30,000 workers was a large and more permanent negative shock for the local aerospace industry and the regional economy as whole.

But while the regional economy faces big challenges, there are reasons to be cautiously optimistic about the recovery and the longer-term growth in the region. After initially lagging the nation in jobs recovery, the regional economy recently caught up thanks to fast employment growth in information services, and professional and business services. As of December 2021, U.S. economy has 2.2% fewer jobs than in February 2020, and the Seattle MD area 2.5% fewer jobs. Recessions tend to speed up the adoption of new technologies and the current recession has significantly increased the demand for services related to e-commerce, telecommuting and cloud computing. With a much smaller dependence on aerospace manufacturing than in the past and a larger share of technology and e-commerce sector employment, the Seattle area certainly has a large potential for healthy economic growth.

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 annual comprehensive financial report for the fiscal year ended December 31, 2020. 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 Annual Comprehensive Financial Report For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

City of Seattle

2021 Annual Comprehensive 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

Bill Coughlin
Chau Du
Lindsay Kurosu
Mena Nguyen
Olga Smith

Stephen Colgan
Beau Eiland
April McCraney
Jonathan Rivera
Steve Spada

Nicholas Devin
Anna Himichuk
John Moore
Parag Santhosh

Treasury Services Division

Teri Allen, Division Director

Gregg Johanson, City Cash Manager

Kellie Craine, Investment Director

Debt Management Services

Kristi Beattie, City Debt Manager

Risk Management

Bruce Hori, Division Director

Financial Section



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Mayor and City Council
City of Seattle
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle as of and for the year then ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of:

- The Light, Water, Drainage and Wastewater, and Solid Waste funds, which represent 98 percent, 99 percent and 98 percent, respectively, of the assets, net position, and revenues of the business-type activities.
- The Seattle City Employees' Retirement System and Solid Waste fund, which represent 68 percent, 75 percent and 45 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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. In our opinion, based on our audit, the procedures as described above, and

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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.

Other Information

The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinion on the basic financial statements do not cover the other information, and, we do not express opinions or provide any assurance thereon.

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2022, 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

June 28, 2022

Management's Discussion and Analysis

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, 2021. 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 probable 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 funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues,

Management's Discussion and Analysis

Expenditures, and 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 30 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, and Drainage and Wastewater 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 non-major enterprise funds and internal service funds is provided in the combining statements in this report, starting on page 189.

The basic proprietary fund financial statements begin on page 35 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 42 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 45 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 post-employment 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 128 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. The Statistical information begins on page 202 of this report.

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	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 2,804,807	\$ 1,954,102	\$ 2,406,555	\$ 2,227,191	\$ 5,211,362	\$ 4,181,293
Capital Assets and Construction in Progress, Net of Accumulated	4,620,484	4,571,097	7,393,519	7,097,147	12,014,003	11,668,244
Total Assets	<u>7,425,291</u>	<u>6,525,199</u>	<u>9,800,074</u>	<u>9,324,338</u>	<u>17,225,365</u>	<u>15,849,537</u>
DEFERRED OUTFLOWS OF						
LIABILITIES						
Current Liabilities	490,791	489,352	522,315	497,720	1,013,106	987,072
Noncurrent Liabilities	2,705,571	2,707,262	5,424,215	5,469,512	8,129,786	8,176,774
Total Liabilities	<u>3,196,362</u>	<u>3,196,614</u>	<u>5,946,530</u>	<u>5,967,232</u>	<u>9,142,892</u>	<u>9,163,846</u>
DEFERRED INFLOWS OF RESOURCES	<u>622,351</u>	<u>210,984</u>	<u>364,140</u>	<u>302,093</u>	<u>986,491</u>	<u>513,077</u>
NET POSITION						
Net Investment in Capital Assets	3,576,814	3,587,667	3,206,317	2,954,796	6,783,131	6,542,463
Restricted	1,134,971	983,820	67,060	59,693	1,202,031	1,043,513
Unrestricted	(902,525)	(1,246,505)	338,573	173,191	(563,952)	(1,073,314)
Total Net Position	<u>\$ 3,809,260</u>	<u>\$ 3,324,982</u>	<u>\$ 3,611,950</u>	<u>\$ 3,187,680</u>	<u>\$ 7,421,210</u>	<u>\$ 6,512,662</u>

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 \$7.4 billion at December 31, 2021, an increase of \$908.5 million, or 14%, over fiscal year 2020. Total net position for governmental activities increased \$484.3 million while total net position for business-type activities increased \$424.3 million. The increase in net position for business-type activities was due to results of operations in 2021. See the analysis of changes in net position below.

Government-wide total current and other assets increased by \$1030.1 million in 2021, which primarily consisted of an increase in operating cash of \$205.3 million, net receivables of \$477.3 million, and net pension asset of \$354.5 million. These changes were primarily due to results of the operations in 2021.

The governmental activities net investment in capital assets decreased by \$10.9 million and business-type activities increased by \$251.5 million in 2021. This increase was due to the new capital assets additions, less any related debt used to acquire those assets. Compared to 2020, the capital assets net of accumulated depreciation went up by \$49.4 and \$296.4 million. Please refer to Capital Assets section 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.

For governmental activities, total liabilities decreased by \$0.32 million in 2021. For business-type activities, the total liabilities decreased by \$20.7 million. For further explanation on the business-type activity decreases please refer to the Proprietary Funds explanation in the Financial Analysis of City Funds section after Table A-2.

An additional portion of the City's net position, \$1.2 billion, or 16.4%, represents resources that are subject to external restrictions on how they may be used. Compared to 2020, the restricted net position increased by \$158.5 million in 2021, which was primarily due to various capital and continuing programs funds, which included two new LTGO bond funds in 2021. The new funds, 2021 W Seattle Br LTGO Bond fund and 2021 Taxable LTGO Bond fund, reported a net position/fund balance of \$26 million and \$12.2 million respectively. The increase in restricted net position for business-type activities was \$7.4 million and the increase in unrestricted net

position for business-type activities was \$165.4 million. For further explanation on these increases please refer to the Analysis of Changes in Net Position section after Table A-2.

Table A-2 **CONDENSED STATEMENT OF ACTIVITIES**
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 426,763	\$ 329,697	\$ 2,228,585	\$ 2,057,344	\$ 2,655,348	\$ 2,387,041
Operating Grants and Contributions	341,747	372,266	13,434	22,913	355,181	395,179
Capital Grants and Contributions	3,042	8,262	75,199	64,030	78,241	72,292
General Revenues						
Property Taxes	707,660	681,235	—	—	707,660	681,235
Sales Taxes	343,318	287,402	—	—	343,318	287,402
Business Taxes	816,861	479,864	—	—	816,861	479,864
Excise Taxes	143,425	117,845	—	—	143,425	117,845
Other Revenues	56,489	104,193	(2,508)	59,748	53,981	163,941
Total Revenues	2,839,305	2,380,764	2,314,710	2,204,035	5,154,015	4,584,799
Expenses						
Governmental Activities						
General Government	251,900	346,566	—	—	251,900	346,566
Judicial	32,570	10,565	—	—	32,570	10,565
Public Safety	536,517	757,770	—	—	536,517	757,770
Physical Environment	24,830	35,341	—	—	24,830	35,341
Transportation	457,129	457,259	—	—	457,129	457,259
Economic Environment	518,602	390,442	—	—	518,602	390,442
Health and Human Services	182,952	137,099	—	—	182,952	137,099
Culture and Recreation	307,997	264,000	—	—	307,997	264,000
Interest on Long-Term Debt	45,353	44,707	—	—	45,353	44,707
Business-Type Activities						
Light	—	—	970,061	983,188	970,061	983,188
Water	—	—	237,644	246,635	237,644	246,635
Drainage and Wastewater	—	—	399,179	411,884	399,179	411,884
Solid Waste	—	—	201,043	206,649	201,043	206,649
Construction & Inspection	—	—	75,711	77,034	75,711	77,034
Total Expenses	2,357,850	2,443,749	1,883,638	1,925,390	4,241,488	4,369,139
Excess Before Special Item and Transfers	481,455	(62,985)	431,072	278,645	912,527	215,660
Special Item - Environmental Remediation	—	—	(6,802)	(3,065)	(6,802)	(3,065)
Transfers	2,594	—	—	—	2,594	—
Changes in Net Position	484,049	(62,985)	424,270	275,580	908,319	212,595
Net Position - Beginning of Year	3,324,982	3,380,550	3,187,680	2,912,100	6,512,662	6,292,650
Restatements/Prior-Year Adjustments	229	7,417	—	—	229	7,417
Net Position - Beginning of Year as Restated	3,325,211	3,387,967	3,187,680	2,912,100	6,512,891	6,300,067
Net Position - End of Year	\$ 3,809,260	\$ 3,324,982	\$ 3,611,950	\$ 3,187,680	\$ 7,421,210	\$ 6,512,662

Analysis of Changes in Net Position

In 2021, the changes in net position decreased by \$695.7 million, or 76.6%. The factors contributing to the decrease are explained in the following discussion of governmental and business-type activities.

Governmental Activities. The City's revenues for governmental activities were up 19.3%, an increase of \$458.5 million in 2021. The increase in revenues was due to the increase in non-general revenues of \$63.3 million and general revenues of \$397.2 million. The City's charges for services were the significant driver of the increase in revenues, contributing \$97.1 million increase over prior year or 29.4%; another significant driver included business taxes. A new tax on payroll expenses created a \$248m of new revenue for 2021 which aided in the increase of \$337 million or 70.2% (\$248 million of this increase is attributed to the new payroll expense tax implemented in 2021) - offsetting the operating and capital grants and contributions decreases.

The following table lists the tax revenues ranked by the amount reported in 2021 and the change in each tax revenue from 2020.

2021 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Property Taxes	\$707.7	3.9%	\$26.4
2	Business Taxes	\$816.9	70.2%	\$337.0
3	Sales Taxes	\$343.3	19.5%	\$55.9
4	Excise Taxes	\$143.4	21.7%	\$25.6

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 \$262.1 billion in 2021 compared to \$258.0 billion in 2020.

The City's business taxes include general business taxes and utilities related business taxes. The change in business taxes in 2021 was the driven mainly with induction of the Payroll Expense Tax, \$248.2M. The business taxes from utilities make up 21.3% of total business tax revenues.

Program revenues supporting the City's governmental activities were \$771.6 million, or 27.2% of the City's revenues for governmental activities. The City's charges for services are the largest component of reported program revenues and comprise 55.3% of program revenue generated by governmental activities and 15.1% of total revenues. The total charges for services reported in 2021 was \$426.8 million, an increase of \$97.1 million compared to 2020.

Total expenses for governmental activities were down 3.6%, totaling a \$85.9 million decrease in 2021. The following table lists the top 5 functions and programs ranked by the size of their 2021 expenses, and highlights the change in costs between the 2020 and 2021 financial statements.

2021 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$536.5	(29.2)%	\$(221.3)
2	Economic Environment	\$518.6	32.8%	\$128.2
3	Transportation	\$457.1	0.0%	\$(0.1)
4	Culture and Recreation	\$308.0	16.7%	\$44.0
5	General Government	\$251.9	(27.3)%	\$(94.7)

The City's largest governmental expense continues to be the public safety function, totaling \$536.5 million for 2021, contributing 12.6% of all citywide expenses, and 22.8% of expense in the City's governmental activities. The year-over-year changes reflected the changes in operations of the City's various programs, and the decrease in public safety and general government were mostly attributed to the Covid-19 Pandemic expenditures of CRF to pandemic responders and the CHOP/CHAZ events that occurred in 2020 and did not happen in 2021.

The changes in net position for governmental activities increased by \$547 million year over year. In 2020 there was a reduction of \$62 million compared to an increase of \$485 million for 2021.

Business-Type Activities. The change in net position for business-type activities was \$424.3 million, an increase of 15.4% in 2021. This included the consolidation from internal service funds of \$12.5 million. Key factors for the change are described below.

City Light realized a change in net position of \$198.4 million in 2021, an increase of 10.9% from 2020. The major reasons for the higher net position are higher retail electric sales due to increased consumption, transfers from the Revenue Stabilization Account, Capital contributions combined with lower Administrative and general, Bad debt, Conservation and Amortization expenses. Offsetting the higher revenues were lower net short-term wholesale power revenues, higher other power expenses, transmission and distribution, and lower investment income. Total operating revenues were \$1,109.0 million, an increase of \$93.3 million or 9.2% from 2020. Retail power revenues at \$964.3 million increased \$37.6 million, Short-term wholesale power revenues at \$66.3 million increased \$15.0 million, Other power-related revenues at \$59.3 million increased \$18.5 million, Transfers from/(to) RSA at (\$2.6) million increased by \$20.1 million, and Other operating revenues at \$21.7 million increased by \$2.1 million. 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 \$891.7 million, an increase of \$11.4 million or 1.3% over 2020. The increase in operating expenses were primarily due to power-related operating expenses at \$396.9 million which were higher by \$43.1 million and short-term wholesale power purchases of \$38.5 million, which increased \$28.5 million from 2020. Higher short-term wholesale power purchases of \$18.9 million were primarily because of an increase of \$18.1 million in Grant County and Lucky Peak Exchange fair value, due to unusually high prices resulting from recent June and July 2021 record setting temperatures.

The Water Utility realized a \$72.3 million change in net position for 2021, an increase of 11.3% from 2020. Operating revenues increased approximately \$24.9 million (8.9%) over 2020. The change was mainly driven by an increase in the revenue stabilization account of \$19.0 million and retail water utility service of \$5.6 million. Operating expenses increased \$8.7 million (4.1%) from 2020. Notable factors affecting this change include increases of \$5.5 million in write offs of capital projects and other expenses, \$3.2 million in services, \$1.6 million of intergovernmental payments, \$1.2 million in depreciation and amortization. These increases are offset by decreases of \$3.1 million in salaries, wages and benefits. Other expenses, net of other revenues decreased by \$0.8 million (4.0%) over 2020. The change was primarily due to a decrease in interest and debt service expenses of \$2.3 million, offset by \$5.0 million increase in recoveries and \$2.6 million increase in investment losses realized and unrealized. Capital fees, contributions and grants decreased by \$0.7 million (6.7%) over 2020. The main factors for the decrease are \$1.7 million decrease in donations offset by \$1.2 million in capital contributions.

The Drainage and Wastewater Utility realized a \$107.1 million change in net position for 2021, an increase of 20.0% over 2020. The current year operating revenues increased by \$42.2 million (9.2%) from 2020. This is due to an average rate increase of 7.2% for wastewater and 7.4% for drainage, resulting in additional revenues of \$31.1 million and \$9.8 million, respectively. Other operating revenues increased \$1.4 million. The current year operating expenses increased by \$1.3 million (0.3%) from 2020. The increase can be attributed to \$7.5 million increase in services expenses, \$2.0 million increase in intergovernmental payments, \$1.6 million in depreciation and amortization, and \$0.4 million increase in supplies. These increases were offset by a \$5.8 million decrease in other operating expenses and by a \$4.4 million decrease in salaries, wages, and personnel benefits. Non-operating revenues net expenses in 2021 decreased by \$13.9 million compared to 2020. There was a \$9.5 million decrease in contributions and grants and a \$10.3 million decrease in investment income. The decreases were offset by a \$3.4 million increase in interest expense and \$2.5 million in other, net. The Fund had an environmental remediation expense of \$6.8 million in 2021 compared to \$3.1 million in 2020 (Note 10), resulting from changes in estimated costs for remediation management and construction.

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 2021, the City's governmental funds generated \$3.1 billion in revenues and recorded \$3.0 billion in expenditures. Revenues grew by 19.1%, driven by a \$460.3 million increase in tax collections, a \$8 million increase in fines and forfeits, and a \$6.3 million increase in parking fees and space rent. Along with the growth in revenue, expenditures also grew \$201.8 million, rising 7.3%. There was a 32.3% increase in the City's governmental fund balance which totals \$1.6 billion at year-end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2021.

The General Fund accounts for 64.2% of revenues and 58.3% of total governmental expenditures. The General Fund is the chief operating fund of the City.

The General Fund reported \$2.0 billion total revenue, of which, 81.2% were from tax collections. Tax revenues include property, business, sales and excises taxes. Total tax revenues increased by 17.8%, or \$460.3 million in 2021. See more discussions and analysis of tax revenue in the governmental activities above. Grants, shared revenues, and contributions decreased \$37.9 million compared to 2020. Total revenue increased 25.4% in 2021.

The General Fund reported \$1.7 billion total expenditures in 2021, an increase of 6.1% from 2020. The increase in total expenditures was primarily due to an increase in spending for general government of \$69.5 million and transportation of \$20.6 million.

The General Fund reported an excess of \$255.7 million in 2021 compared to the deficiency of \$54.8 million in 2020. Fund balance of the General Fund increased by \$202.8 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 Annual Report 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 \$55.2 million, 4.7% more than what was reported for 2020. The \$360.0 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services.

The \$20.9 million decrease in revenue was primarily due to the decrease in grants, shared revenues, and contributions. The Transportation Fund reported a total revenue of grants, shared revenues, and contributions in 2021 of \$52.5 million, a decrease of \$33.5 million from \$86.0 million. The Transportation Fund's expenditures account for 11.3% of all governmental fund expenditures, totaling \$334.1 million for 2021, a decrease of \$40.2 million from 2020. The decrease was primarily due to a reduction in COVID expenditures as well as certain capital projects were closed or near the end of their project cycle in 2020 compared to 2021. The Transportation Fund reported total expenditures for capital outlay of \$140.6 million, a decrease of \$24.8 million from 2020 and current transportation expenditures of \$192.2 million, a decrease of \$15.2 million 2020.

As a result of increases in total revenue and total expenditures, the Transportation Fund had an excess of revenues over expenditures of \$25.9 million in 2021.

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 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 Utility. Capital assets, net of accumulated depreciation and amortization, were \$4.4 billion in 2021, an increase of \$165.5 million over 2020. The new additions of utility plant were \$165.6 million in 2021, including the largest addition of \$126.0 million of distribution plant. The 2021 new additions were partially offset by a \$92.6 million net increase in accumulated depreciation and amortization. Another significant component of capital assets is construction work-in-progress, which increased by \$27.2 million in 2021.

Total liabilities remained unchanged from 2020 at \$3.4 billion in 2021, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payable remained steady when compared to 2020 at \$2.7 billion in 2021.

City Light's total net position was \$2.0 billion in 2021 and \$1.8 billion in 2020, an increase of \$198.4 million. The financial position of City Light improved year over year. The major reasons for the higher net position are higher retail electric sales due to increased consumption, transfers from the RSA, Capital contributions combined with lower Administrative and general, Bad debt, Conservation and Amortization expenses. Offsetting the higher revenues were lower net short-term wholesale power revenues, higher other power expenses, transmission and distribution, and lower investment income.

Water Utility. Current assets decreased \$31.6 million (-16.9%) from 2020. This is primarily due to decreases in operating cash of \$32.7 million and fair value of investments of \$5.0 million offset by increases in accounts receivable of \$4.6 million, unbilled revenue of \$0.3 million and due from other governments of \$0.9 million. The change in operating cash is primarily due to bond defeasance, in which a bond was partially defeased with operating cash, and increased spending for capital assets. The increase in accounts receivable is mostly due to slower than expected payments from customers due to the COVID-19 pandemic.

Capital assets increased \$3.5 million (0.3%) from 2020 mainly due to closed projects transferred from construction in progress.

Other assets increased \$21.7 million (16.7%) from 2020. The largest portion of the change was due to an increase in restricted cash and equity in pooled investments of \$20.1 million from proceeds of bonds.

Deferred outflows of resources decreased by \$3.5 million (-10.9%) from 2020. This change resulted mainly from assumptions related to pension accounting and differences in expected and actual experience in other post-employment benefits.

Current liabilities increased \$5.3 million (6.5%) from 2020. This change mostly resulted from increases of \$3.0 million in due to other funds, other liabilities of \$2.9 million and revenue bonds due in one year of \$1.1 million offset by a decrease of \$0.7 million in accounts payable, \$0.6 million in interest payable and \$0.5 million in salaries and benefits payable.

Noncurrent liabilities decreased \$80 million (-9.0%) over 2020. This is mainly due to a decrease of \$65.0 million in revenue bonds due to refunding and defeasance, \$14.8 million of net pension liability and \$2.0 million of loans due to scheduled payments.

Deferred inflows of resources decreased by \$7.3 million (-9.9%) from 2020. This decrease is mainly due to a decrease of \$18.2 million in the revenue stabilization account as a result of withdrawal from the account offset by increase of deferred inflows of \$6.9 million in pension and OPEB and of \$3.9 million of unamortized gain on advanced refunding on bond issuance.

Net investment in capital assets was the largest portion of the Water Utilities net position (\$662.5 million or 92.8%). This amount reflects the investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Water Utility uses these assets to provide services to customers; consequently, these assets are not available for future spending. Although the investment in 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 2021, net investment in capital assets increased \$98.6 million from 2020 primarily from an increase in utility plant and construction in

progress. Other contributing factors are decreases in debt and debt related accounts, offset by an increase in construction cash of \$38.2 million as a result of bond issuance.

The Water Utilities restricted net position (\$16.4 million or 2.3%) represents resources that are subject to restrictions on how they may be used. Restricted net position increased slightly by \$3.2 million.

The Water Utilities unrestricted net position (\$35.1 million or 4.9%) represents resources that are not subject to external restrictions and may be used to meet the Fund's obligations to creditors. This portion decreased \$29.6 million in 2021 as compared to 2020 primarily as a result of a decrease in operating cash due to the defeasance of 2012 Bonds.

Drainage and Wastewater Utility. Current assets increased \$8.3 million (2.9%) over the prior year primarily due to a \$7.5 million increase in accounts receivable, net of allowance for doubtful accounts; a \$7.8 million increase in unbilled revenue; and a \$0.5 million increase in operating cash and equity in pooled investments. These increases were offset by a decrease of \$7.5 million in due from other governments.

Capital assets increased by \$117.5 million (8.8%) from 2020. Construction in progress and plant assets increased \$146.4 million; the increase is mostly due to infrastructure, rehabilitation, and improvements. Other property, net increased \$2.2 million. The capital asset increase was offset by \$31.1 million increase in accumulated depreciation.

Other assets increased by \$74.7 million (78.9%) from 2020. This is mostly attributable to a \$78.2 million increase in restricted cash and equity in pooled investments resulting from issuing 2021 Drainage and Wastewater System Improvement and Refunding Revenue Bonds. The increase was offset by a \$3.2 million reduction in other charges and a \$0.3 million reduction in external infrastructure costs, net.

Deferred outflows of resources decreased by \$0.9 million (-4.8%) from 2020. This decrease is attributable to a \$0.8 million reduction in pension contributions and changes in assumptions related to pension and other post-employment benefits (OPEB), and to a \$0.1 million reduction in unamortized loss on refunded debt.

Current liabilities increased by \$5.3 million (6.5%) from 2020. This is mostly attributable to a \$2.2 million increase in the current portion of bonds payable, a \$1.2 million increase in the current portion of loans payable, a \$1.2 million increase in claims payable, a \$0.8 million increase in environmental liabilities, and a \$0.8 million increase in interest payable. This increase was offset by a decrease of \$0.5 million in salaries, benefits, and payroll taxes payable; and a \$0.5 million decrease in other current liabilities.

Noncurrent liabilities increased by \$78.0 million (7.0%) from 2020. This increase is mostly attributable to an increase of \$43.8 million in revenue bonds and related liabilities due from issuing a new bond, and a \$44.1 million increase in loans. Additional increases are a \$3.4 million increase in long-term environmental liabilities because of changes in estimates, a \$3.2 million increase in claims payable, a \$0.7 million increase in compensated absences payable and a \$0.4 million increase in unfunded other post employment benefits. The increases were offset by a \$17.4 million decrease in net pension liability because of contributions and changes in assumptions, and by a \$0.2 million decrease in other noncurrent liabilities.

Deferred inflow of resources increased by \$9.2 million (59.1%) from 2020. This increase is mostly due to assumptions related to pension accounting and difference between expected and actual expense in other post-employment benefits (OPEB).

The largest portion of Drainage and Wastewater's net position (\$630.2 million or 98.0%) reflects their investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. Drainage and Wastewater use these assets to provide services to customers; consequently, these assets are not available for future spending. Although Drainage and Wastewater'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 2021, net investment in capital assets increased by \$98.2 million from 2020 due to an increase in capital assets placed in service, net of depreciation offset by the related debt.

Drainage and Wastewater's restricted net position (\$22.2 million or 3.5%) represents resources that are subject to restrictions on how they may be used. This portion of net position decreased by \$1.0 million from 2020.

Drainage and Wastewater's remaining portion of the net position (negative \$9.5 million or -1.5%) represents resources that are unrestricted. The unrestricted portion of net position increased by \$7.9 million from the prior year.

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 a Custodial fund. 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 2021 is \$4.14 billion; SCERS represents 99.86% 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, 2021. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$460.7 million, or 12.62%, during 2021. For year ending 2021 the member and employer contributions totaled \$221.3 million; net income from investment activity totaled \$522.8 million. Total benefit payment for 2021 increased by \$8.9 million to \$223.2 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 schedule C-1 reports actual expenditure and revenue totals without the elimination of reimbursements collected internally through the City's personnel compensation trust funds.

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 increased by \$281 million for budgeted expenditures from the original budget. The increase in allowance for expenditures is mainly due to the adjustments made to the public safety function, economic environment function, and culture and recreation function, which together account for roughly 99% of the increase. Budget expenditure allowances were made throughout the year: general government by \$(40.1) million; public safety by \$71.3 million; transportation by \$18.4 million; economic environment by \$114.1 million; and culture and recreation by \$95.7 million.

Final Budget Compared to Actual Results. Actual revenue was higher than the final budget by \$467.8 million. The higher amount of actual revenue was driven mainly by taxes, by far the largest revenue source, accounting for 81.2% of total actual revenue. Property taxes, sales taxes, and business taxes (which includes interfund business taxes) are the 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 revenues is another significant source of revenue for the general fund with 6.3% 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 \$563.6 million less than the final budget. General government accounts for 25.0% of the under expenditures and all other expenditures contributed to the overall under expenditure. For other financing sources, actual sales of capital assets were \$3.8 million higher than the final budget; transfers in was \$67.9 million lower than the final budget; and transfer out was \$62.0 million higher 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 621,834	615,922	\$ 282,469	281,464	\$ 904,303	\$ 897,386
Plant in Service,	—	—	6,001,072	5,864,351	6,001,072	5,864,351
Buildings and	1,557,954	1,574,286	—	—	1,557,954	1,574,286
Machinery and	171,514	177,594	—	—	171,514	177,594
Infrastructure	1,657,040	1,608,407	—	—	1,657,040	1,608,407
Construction in Progress	537,917	518,269	1,056,952	917,779	1,594,869	1,436,048
Other Capital Assets	74,226	76,587	35,748	33,554	109,974	110,141
Total Capital Assets	<u>\$ 4,620,485</u>	<u>4,571,065</u>	<u>\$ 7,376,241</u>	<u>7,097,148</u>	<u>\$ 11,996,726</u>	<u>\$ 11,668,213</u>

Capital assets, net of depreciation for governmental activities increased by \$49.4 million in 2021. The increase was primarily driven by increases in Infrastructure (\$48.6 million) due to renovation activity on the West Seattle Bridge and in Construction in Progress (\$19.6 million) due to Telecom Updates, Municipal Court IT Replacements, Contract Management Implementation and Aquarium Expansions. These increases were offset against decreases in most other capital asset classes due to reduced project capitalization, asset retirements and increased asset depreciation.

Capital assets, net of depreciation for business-type activities increased by \$279.1 million in 2021, largely as the result of the following:

City Light's capital assets, net of accumulated depreciation and amortization, increased by \$165.5 million in 2021. Utility plant assets such as the hydroelectric production plant increased by \$38.1 million, transmission plant increased by \$11.4 million, distribution plant increased by \$126 million, general plant increased by \$8.9 million, and other intangible assets increased by \$45.5 million. The net increase in utility plant assets was offset by a \$92.6 million net increase in accumulated depreciation and amortization. Other Asset categories such as Land and Construction In Progress increased by \$27.8 million.

The Drainage and Wastewater Fund's net capital assets increased by \$117.5 million in 2021. The increase is primarily due to capital asset additions and enhancements such as pipeline rehabilitations and improvements (\$12 million), stations and force main upgrades in East Montlake (\$8.9 million), pipe replacements (\$3 million), artwork projects (\$2.2 million), and various small construction projects (\$24.2 million).

The Water Fund's net capital assets increased by \$3.5 million in 2021 compared to prior year. Major capital assets placed into service during the year included Technology projects (\$1.8 million), and city facility improvements (\$0.5 million). These additions were offset by current year depreciation and disposals.

The Solid Waste Fund's net capital assets decreased by \$6.5 million in 2021 compared to the prior year. This change is mostly due to an increase in accumulated depreciation (\$10.2 million). This decrease is offset by an increases in Construction In Progress (\$2.2 million) and Plant In Service (\$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 2021, the City had \$5.5 billion in outstanding bonded debt, net of premiums and discounts, which included general obligation and revenue bonds, comparable to \$5.6 billion in 2020. The special assessments bonds the City has

issued included one 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 \$1.1 million. And another in 2021 for the Waterfront Improvement Project which had an outstanding balance of \$97 million. In 2021, the City issued limited tax general obligation (LTGO) bonds to carry out a current refunding of certain obligations of the City and to finance various capital improvement projects, such as the redevelopment of the central waterfront area, the repair of the West Seattle Bridge, and for the replacement and upgrading of electronic signage and readerboards at the Seattle Center. The City also issued \$360.4 million in revenue bonds for City Light to finance capital improvements and conservation programs.

The City's bond ratings remained unchanged from the previous year. Since 2017, the City's LTGO bonds have been given the highest possible ratings by the three rating agencies. As such, the City's 2021 LTGO bonds were 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 2021 assessed value based on the latest report for the City was \$262.1 billion, providing the City a legal debt capacity of \$19.7 billion. At the end of 2021 the net outstanding general obligation debt of the City which includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$0.983 billion, well below the legal debt capacity, rendering the City's legal debt margin at \$18.7 billion. Within the 7.5% limitation, state law restricts outstanding LTGO bonds to 1.5% of assessed value, which for 2021 was a capacity of \$3.9 billion. At year end 2021 the LTGO net outstanding debt was \$701.6 million.

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

RACE AND SOCIAL JUSTICE INITIATIVE

Since 2004, the City of Seattle's Race and Social Justice Initiative (RSJI) is a citywide effort to end institutional racism and race-based disparities in municipal government. As part of the 2021 Adopted Budget for the city, the following priorities were funded due to their RSJI impacts:

- BIPOC (Black, Indigenous and People of Color) Investment Taskforce - \$100 million in funding was allocated for investment in areas such as education opportunity, inclusive economic development, land acquisition/community wealth building, climate justice, and community safety/supports.
- "Prenatal to 3" Grant Program - A one-time funding of \$1.5 million to various community-based organizations that support pregnant women and infants.
- Mount Baker Allen Family Center Childcare Resources and Referrals - The City continued funding for various community-based services designed to aid homeless families such as childcare referrals, parent coaching and other training services.
- Democracy Vouchers - The City added funding for voucher payments up to \$6.8 million, voucher printing and mailing costs, and temporary staffing increases for voucher processing and outreach work.
- Secure Affordable Housing Site - Finance and Administrative Services' appropriation authority was increased by \$250,000 in order to better support operations and maintenance expenses at the Office of Housing's Rainier site.
- Wheelchair Accessible Services - Finance and Administrative Services' budget for Wheelchair Accessible Services was increased by \$1.14 million to better support populations with limited physical mobility.
- Crisis Connections One Call - The City continued funding for this program run alongside Crisis Connections, a non-profit that seeks to provide appropriate care to mental health crises.
- Generations with Pride Senior Program - The City provided \$180,000 in funding to support a LGBTQ-focused senior center in Capitol Hill.
- Legal Services for Domestic Violence / Sexual Abuse Survivors - The City continued funding for legal representation for survivors of sexual violence.
- Critical Incident Community Responders - The City continued funding for this program that is intended to serve as a community-based solution to mitigate and prevent shootings.

- Title VI Compliance - The City funded a part-time position to the Office of Civil Rights to implement, monitor, and ensure citywide compliance with Title VI federal grant requirements.
- Transportation Network Company Fare Share Program - The City funded two full-time positions to the Office of Labor Standards to oversee TNC (Lyft / Uber, etc) related ordinances that affect TNC drivers, who are disproportionately immigrants and people of color.
- Sustainable Communities - The City provided \$3.4 million in funding via the Office of Sustainability and Environment to provide emergency grocery vouchers to Seattle families in need.
- Health One Expansion - The City increased funding to Seattle Fire's Health One program that seeks to divert patients from disenfranchised communities with low-intensity health crises to more appropriate resources.
- Public Hygiene Program - The City provided \$6.3 million in funding for SPU to provide mobile and stationary hygiene stations with shower and handwashing facilities in support of Seattle's unhoused communities.

CORONAVIRUS PANDEMIC

The COVID-19 pandemic has had significant impact on the United States, and the City of Seattle has been no exception. In 2020, the City received \$131.5 million in federal funding received under the CARES Act, which provided the Coronavirus Relief Fund (CRF) for payments to State, Local, and Tribal governments. These funds were spent, in 2020 and 2021, in compliance with federal guidelines in the following manner.

Project Category	Total Expenses (In Thousands)
Continue critical support for public safety and first responders	\$76,570
Emergency management, staff redeployment and reopening costs	5,416
Hygiene for the homeless, rent assistance and sheltering	12,418
Respond to emergency COVID-19 impacts	18,832
Grocery vouchers and food security	18,274
Total CRF Life-to-Date expenses 2020-21	\$131,510

The City also received an additional distribution in the amount of \$116.2 million via the Coronavirus State and Local Fiscal Recovery Funds authorized by the American Rescue Plan Act. The \$116.2 million stimulus represents one half of the City's entire \$232.4 million allocation, with the remaining amount to be distributed in 2022. The U.S. Treasury released the Final Rule for the program that describes eligible uses spending. As of December 31, 2021, the following amounts have been obligated and spent, respectively.

Category	Obligations (In Thousands)	Expenses (In Thousands)
Administrative	\$4	\$4
Negative Economic Impacts	6,093	1,712
Premium Pay	2,943	2,943
Provision of Government Services	26,670	26,670
Public Health	791	716
Services to Disproportionately Impacted Communities	25,101	14,624
Total as of December 31, 2021	\$61,602	\$46,669

ECONOMIC FACTORS

U.S. Economy. The National Bureau of Economic Research (NBER) officially announced on July 19, 2021 that the COVID-19 sparked recession which began in February 2020 ended in April 2020. The two-month downturn was the shortest but also the steepest in

The City of Seattle

U.S. history, as it followed a 128-month long expansion from the 2009 recession – which is the longest expansion on record since 1854. U.S. real GDP fell by 3.5% and payroll employment by 8.6 million jobs in 2020, and the unemployment rate peaked at 14.4% in April 2020. For comparison, real GDP declined by 2.5% and the economy lost 5.9 million jobs in the last recession in 2009, and the unemployment rate peaked at 10.6% in January 2010.

In response to the economic downturn, the Federal Reserve lowered its benchmark interest rate to 0% from 0.25% in March 2020 and returned to aggressive quantitative easing, increasing its balance sheet by more than \$3 trillion. In the same month, Congress passed the \$2.2 trillion economic stimulus bill, the Coronavirus Aid, Relief and Economic Security Act authorizing cash payments, extra unemployment benefits, relief for businesses, support for the health care sector, and state and local government support. An additional \$900 billion in stimulus was approved as part of the Consolidated Appropriations Act in December 2020. In March 2021, Congress passed the \$1.9 trillion American Rescue Plan Act. The total \$5 trillion in pandemic-era stimulus is more than triple the Great Recession aid.

Boosted by massive fiscal stimulus, real GDP recovered faster than during previous recessions and surpassed its pre-recession 2019 Q4 level in 2021 Q2. Labor market recovery will however take longer. The pandemic caused large changes in workers' preferences and employers' demands for skills and exacerbated longer term demographic pressures on labor force participation. Total employment is expected to surpass pre-pandemic levels in 2022 Q3, but disruptions in some sectors will last years.

Lower consumer demand due to the COVID-19 pandemic put initially significant downward pressure on prices. But supply chain disruptions caused by the pandemic in combination with the re-opening economy and demand stimulated by fiscal stimulus caused inflation to spike sharply in 2021, reaching levels last seen four decades ago. Inflation has thus emerged as one of the main risks to economic growth. Forecasters expect that inflation will remain elevated in 2022, but as supply-chain issues are addressed, labor force continues to recover, and Fed increases interest rate more aggressively, inflation should gradually moderate. However, a large amount of uncertainty is associated with its future development.

Seattle metropolitan area economy. The regional economy has in the last decade considerably outperformed the U. S. economy in employment and income growth. Total nonfarm employment in the Seattle Metropolitan Division (MD) area (King and Snohomish Counties) accounted for 50.6% of the state's employment in 2020, after increasing by 29.1% from its post-recession low in February 2010 to the February 2020 peak. This compares to a 17.7% gain for the U.S. and a 20.4% gain for the rest of Washington state. Per capita income grew 64.3% between 2010 and 2019 in the Seattle MD area, compared to just 39.3% in the U.S. and 38.6% in the rest of Washington state, during the same period. The economic growth within the Seattle MD area has been concentrated in the city of Seattle. Although virtually all sectors in Seattle have seen employment increase in the decade after the Great Recession, the principal driver of growth has been high-technology business. Strong growth in the technology sector has supported growth in professional and business services, as well as leisure and hospitality services and health care.

Employment and population growth in the last decade boosted the demand for office space and housing, spurring a construction boom. The value of building permits issued by the City of Seattle increased from on average \$1.82 billion every year between 2000 and 2009, to on average \$3.33 billion every year between 2011 and 2019. The COVID-19 pandemic has had a large impact on all parts of the economy including real estate markets and property development. Businesses are reevaluating their office and retail space needs, while demand in the housing market has significantly shifted to single family homes, away from multifamily housing in densely populated city cores. In 2020, the total value of building permits issued by the City of Seattle fell by 36.8%, they recovered somewhat in 2021 but are still 15.1% below 2019 level. The biggest drop occurred for commercial building permits, which accounted for 56.4% of total in 2019 and ended 26.4% lower in 2021 compared to 2019. Residential permits on the other hand recovered completely, they accounted for 31.5% of total in 2019 and ended 16.1% higher in 2021 compared to 2019. Much of the recovery in residential permits is attributable to multi-family projects, indicating that developers are seeing and anticipating strong demand for housing of all types.

The regional labor market downturn caused by the pandemic was sharp, like in the rest of the nation. As a result of the stay-at-home orders imposed in March and April, the U.S. economy lost 14.4% of its jobs by April 2020 and the Seattle MD economy lost 12.5% jobs by May 2020. The reopening of the economy and consequently also the job recovery occurred at different speed in different parts of the country. Due to a more cautious public health approach in the Seattle area, the recovery of jobs in leisure and hospitality was slower in the region than in the national economy. In addition, the collapse in demand for travel and canceled orders have led Boeing to consolidate its two 787 assembly lines into a single location in South Carolina. Closing the assembly line in Everett where Boeing employs 30,000 workers was a large and more permanent negative shock for the local aerospace industry and the regional economy as a whole.

The City of Seattle

But while the regional economy faces big challenges, there are reasons to be cautiously optimistic about the recovery and the longer-term growth in the region. After initially lagging the nation in jobs recovery, the regional economy recently caught up thanks to fast employment growth in information services, and professional and business services. As of December 2021, U.S. economy has 2.2% fewer jobs than in February 2020, and the Seattle MD area 2.5% fewer jobs. Recessions tend to speed up the adoption of new technologies and the current recession has significantly increased the demand for services related to e-commerce, telecommuting and cloud computing. With a much smaller dependence on aerospace manufacturing than in the past and a larger share of technology and e-commerce sector employment, the Seattle area certainly has a large potential for healthy economic growth.

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

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STATEMENT OF NET POSITION
December 31, 2021
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2021	
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 1,408,264	\$ 727,037	\$ 2,135,301	\$ 4,297
Restricted Cash and Equity in Pooled Investments	29,131	—	29,131	—
Investments	—	—	—	93,026
Receivables, Net of Allowances	571,249	414,579	985,828	—
Internal Balances	(107,362)	107,362	—	—
Due from Other Governments	184,866	25,736	210,602	—
Inventories	6,273	52,367	58,640	—
Prepaid and Other Current Assets	18,956	417	19,373	—
Total Current Assets	2,111,377	1,327,498	3,438,875	97,323
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	45,525	557,091	602,616	—
Contracts and Notes	17,369	2,287	19,656	—
Conservation Costs, Net	—	280,886	280,886	—
Landfill Closure and Postclosure Costs, Net	—	16,160	16,160	—
Environmental Costs and Recoveries	—	121,337	121,337	—
Net Pension Asset	630,536	—	630,536	—
Regulatory Asset	—	15,245	15,245	—
Other Charges and Noncurrent Assets	—	86,051	86,051	—
<i>Capital Assets, Net of Accumulated Depreciation</i>				
Land and Land Rights	621,834	282,469	904,303	—
Plant in Service, Excluding Land	—	6,001,072	6,001,072	—
Buildings and Improvements	1,557,954	—	1,557,954	—
Machinery and Equipment	171,513	—	171,513	—
Infrastructure	1,657,040	17,278	1,674,318	—
Construction in Progress	537,917	1,056,952	1,594,869	—
Other Capital Assets	74,226	35,748	109,974	8
Total Noncurrent Assets	5,313,914	8,472,576	13,786,490	8
Total Assets	7,425,291	9,800,074	17,225,365	97,331
DEFERRED OUTFLOWS OF RESOURCES	202,682	122,546	325,228	—
Total Assets and Deferred Outflows of Resources	\$ 7,627,973	\$ 9,922,620	\$ 17,550,593	\$ 97,331

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION
December 31, 2021
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2021	
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 139,803	\$ 104,408	\$ 244,211	\$ 1,916
Salaries, Benefits, and Taxes Payable	33,939	16,242	50,181	—
Contracts Payable	2,567	—	2,567	—
Due to Other Governments	2,841	13,554	16,395	—
Interest Payable	6,971	61,951	68,922	—
Taxes Payable	49	14,971	15,020	—
Unearned Revenues	143,439	31,885	175,324	—
Current Portion of Long-Term Debt				
Bonds Payable	71,550	207,455	279,005	—
Compensated Absences Payable	5,017	1,998	7,015	—
Notes and Contracts Payable	1,515	6,102	7,617	—
Claims Payable	48,895	18,998	67,893	—
Habitat Conservation Program Liability	—	573	573	—
Landfill Closure and Postclosure Liability	—	3,523	3,523	—
Other Current Liabilities	34,205	40,655	74,860	—
Total Current Liabilities	490,791	522,315	1,013,106	1,916
Noncurrent Liabilities				
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	971,664	4,465,991	5,437,655	—
Special Assessment Bonds with Governmental Commitment	98,486	—	98,486	—
Compensated Absences Payable	95,311	37,952	133,263	—
Claims Payable	81,772	323,921	405,693	—
Notes and Contracts Payable	12,785	117,969	130,754	—
Landfill Closure and Postclosure Liability	—	9,477	9,477	—
Vendor Deposits Payable	152	19	171	—
Habitat Conservation Program Liability	—	6,369	6,369	—
Unearned Revenues	—	50,177	50,177	—
Unfunded Other Post Employment Benefits	633,899	20,642	654,541	—
Net Pension Liability	810,641	387,578	1,198,219	—
Other Noncurrent Liabilities	861	4,120	4,981	—
Total Noncurrent Liabilities	2,705,571	5,424,215	8,129,786	—
Total Liabilities	3,196,362	5,946,530	9,142,892	1,916
DEFERRED INFLOWS OF RESOURCES				
	622,351	364,140	986,491	—

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION
December 31, 2021
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2021	
NET POSITION				
Net Investment in Capital Assets	\$ 3,576,814	\$ 3,206,317	\$ 6,783,131	\$ 8
Restricted for				
Debt Service	18,880	—	18,880	—
Capital Projects	403,350	—	403,350	—
Revenue Stabilization Account	—	25,000	25,000	—
Education and Development Services	130,380	—	130,380	—
Conservation and Environmental Costs	—	8,990	8,990	—
External Infrastructure Costs	—	8,024	8,024	—
Other Charges	—	25,046	25,046	—
Health Care Reserve	96,755	—	96,755	—
Transportation Programs	114,867	—	114,867	—
Low-Income Housing Programs	217,103	—	217,103	—
Other Purposes	153,586	—	153,586	65,539
Nonexpendable	50	—	50	—
Unrestricted	(902,525)	338,573	(563,952)	29,868
Total Net Position	3,809,260	3,611,950	7,421,210	95,415
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,627,873	\$ 9,922,620	\$ 17,550,593	\$ 97,331

The accompanying notes are an integral part of these financial statements

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021
(In Thousands)

Functions/Programs	Program Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 251,900	\$ 11,858	\$ 48,549	\$ 2,537
Judicial	32,570	18,138	151	—
Public Safety	536,517	46,294	48,442	—
Physical Environment	24,830	4,479	1,898	—
Transportation	457,129	208,114	65,760	—
Economic Environment	518,602	93,828	95,175	505
Health and Human Services	182,952	1,783	56,888	—
Culture and Recreation	307,997	42,269	24,884	—
Interest on Long-Term Debt	45,353	—	—	—
Total Governmental Activities	2,357,850	426,763	341,747	3,042
BUSINESS-TYPE ACTIVITIES				
Light	970,061	1,108,978	(235)	65,669
Water	237,644	303,499	—	9,530
Drainage and Wastewater	399,179	502,517	12,180	—
Solid Waste	201,043	238,261	1,489	—
Construction & Inspection	75,711	75,330	—	—
Total Business-Type Activities	1,883,638	2,228,585	13,434	75,199
Total Government-Wide Activities	\$ 4,241,488	\$ 2,655,348	\$ 355,181	\$ 78,241
COMPONENT UNITS	\$ 6,226	\$ 188	\$ 5,784	\$ —

The accompanying notes are an integral part of these financial statements

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021
(In Thousands)

	Net Revenue (Expense) and Changes in Net Position			Component Units
	Primary Government			
	Governmental Activities	Business-Type Activities	2021	
GOVERNMENTAL ACTIVITIES				
General Government	\$ (188,956)	\$ —	\$ (188,956)	
Judicial	(14,281)	—	(14,281)	
Public Safety	(441,781)	—	(441,781)	
Physical Environment	(18,453)	—	(18,453)	
Transportation	(183,255)	—	(183,255)	
Economic Environment	(329,094)	—	(329,094)	
Health and Human Services	(124,281)	—	(124,281)	
Culture and Recreation	(240,844)	—	(240,844)	
Interest on Long-Term Debt	(45,353)	—	(45,353)	
Total Governmental Activities	(1,586,298)	—	(1,586,298)	
BUSINESS-TYPE ACTIVITIES				
Light	—	204,351	204,351	
Water	—	75,385	75,385	
Drainage and Wastewater	—	115,518	115,518	
Solid Waste	—	38,707	38,707	
Construction & Inspection	—	(381)	(381)	
Total Business-Type Activities	—	433,580	433,580	
Total Government-Wide Activities	(1,586,298)	433,580	(1,152,718)	
COMPONENT UNITS				\$ (254)
General Revenues				
Property Taxes	707,660	—	707,660	—
Sales Taxes	343,318	—	343,318	—
Business Taxes	816,861	—	816,861	—
Excise Taxes	143,425	—	143,425	—
Other Taxes	51,111	—	51,111	—
Unrestricted Investment Earnings (Loss)	(2,214)	(2,508)	(4,722)	8,960
Gain on Sale of Capital Assets	7,592	—	7,592	—
Special Item - Environmental Remediation	—	(6,802)	(6,802)	—
Transfers	2,594	—	2,594	—
Total General Revenues (Loss), Special Item, and Transfers	2,070,347	(9,310)	2,061,037	8,960
Changes in Net Position	484,049	424,270	908,319	8,706
Net Position - Beginning of Year	3,324,982	3,187,680	6,512,662	86,709
Restatements/Prior-Year Adjustments	229	—	229	—
Net Position - Beginning of Year as Restated	3,325,211	3,187,680	6,512,891	86,709
Net Position - End of Year	\$ 3,809,260	\$ 3,611,950	\$ 7,421,210	\$ 95,415

The accompanying notes are an integral part of these financial statements

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.

Fund Financial Statements

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
(In Thousands)**

	General Fund	Transportation	Other Governmental	2021
ASSETS				
Cash and Equity in Pooled Investments	\$ 423,315	\$ 53,607	\$ 905,676	\$ 1,382,598
Receivables, Net of Allowances	395,167	20,525	152,682	568,374
Due from Other Funds	3,785	58	2,627	6,470
Due from Other Governments	73,144	48,042	22,429	143,615
Interfund Loans and Advances	15,500	—	25,000	40,500
Other Current Assets	7,249	—	705	7,954
Total Assets	918,160	122,232	1,109,119	2,149,511
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	\$ 918,160	\$ 122,232	\$ 1,109,119	\$ 2,149,511
LIABILITIES				
Accounts Payable	\$ 84,725	\$ 14,629	\$ 29,998	\$ 129,352
Contracts Payable	172	1,922	473	2,567
Salaries, Benefits, and Taxes Payable	20,358	4,006	4,681	29,045
Due to Other Funds	—	19	1,753	1,772
Due to Other Governments	2,842	—	(1)	2,841
Revenues Collected in Advance	13,188	20,481	109,770	143,439
Interfund Loans and Advances	65,000	24,000	15,540	104,540
Other Current Liabilities	9,410	254	23,489	33,153
Total Liabilities	195,695	65,311	185,703	446,709
DEFERRED INFLOWS OF RESOURCES	5,081	1,691	104,823	111,595
FUND BALANCES				
Nonspendable	\$ 75	\$ —	536	611
Restricted	296,372	52,337	786,212	1,134,921
Committed	114,846	2,893	16,027	133,766
Assigned	10,946	—	24,970	35,916
Unassigned	295,145	—	(9,152)	285,993
Total Fund Balances	717,384	55,230	818,593	1,591,207
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 918,160	\$ 122,232	\$ 1,109,119	\$ 2,149,511

The accompanying notes are an integral part of these financial statements

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
(In Thousands)**

	2021
Governmental Fund Balance	\$ 1,591,207
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.	\$ 3,853,225
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(20,305)
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.	508,762
Net Pension Asset	630,536
Deferred outflows of resources	161,739
Deferred inflows of resources	(452,490)
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	(48,354)
Accrued Interest Payable	(5,119)
Current Portion of Long-Term Debt	(50,496)
Compensated Absences Payable	(4,256)
General Obligation Bonds Payable	(785,980)
Less Bond Discount and Premium	
Special Assessment Bonds	(98,486)
Net Pension Liability	(666,594)
Notes and Other Long-Term Liabilities	(12,785)
Compensated Absences - Long-Term	(80,857)
Claims Payable - Long-Term	(80,997)
Unfunded Other Post Employment Benefits	(626,592)
Other Liabilities	(2,898)
Net Adjustments	2,218,053
Net Position of Governmental Activities	\$ 3,809,260

The accompanying notes are an integral part of these financial statements

**B-4 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021
(In Thousands)**

REVENUES	General Fund	Transportation	Other Governmental	2021
Taxes				
Property Taxes	\$ 363,688	\$ 106,565	\$ 237,128	\$ 707,381
Sales Taxes	301,031	163	42,123	343,317
Business Taxes	788,320	28,541	—	816,861
Excise Taxes	123,658	—	19,767	143,425
Other Taxes	27,463	—	23,648	51,111
Licenses and Permits	39,467	7,284	885	47,636
Grants, Shared Revenues, and Contributions	92,356	52,504	259,749	404,609
Charges for Services	81,734	163,456	124,011	369,201
Fines and Forfeits	22,402	2,249	8,156	32,807
Concessions, Parking Fees, and Space Rent	11,195	153	15,353	26,701
Program Income, Interest, and Miscellaneous Revenues	124,402	(896)	11,038	134,544
Total Revenues	1,975,716	360,019	741,858	3,077,593
EXPENDITURES				
Current				
General Government	323,109	—	47,381	370,490
Judicial	38,176	—	—	38,176
Public Safety	774,534	—	4,149	778,683
Physical Environment	25,230	—	351	25,581
Transportation	76,318	192,165	92,734	361,217
Economic Environment	212,425	—	308,926	521,351
Health and Human Services	47,141	—	140,066	187,207
Culture and Recreation	197,656	—	127,704	325,360
Capital Outlay				
General Government	115	—	—	115
Public Safety	2,672	—	218	2,890
Physical Environment	(166)	—	—	(166)
Transportation	5,521	140,609	18,712	164,842
Culture and Recreation	17,315	—	34,897	52,212
Debt Service				
Principal	—	1,238	77,788	79,026
Interest	—	83	39,962	40,045
Bond Issuance Cost	—	—	1,127	1,127
Other	—	—	—	—
Total Expenditures	1,720,046	334,095	894,015	2,948,156
Excess (Deficiency) of Revenues over Expenditures	255,670	25,924	(152,157)	129,437
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	240,105	240,105
Premium on Bonds Issued	—	—	34,115	34,115
Payment to Refunded Bond Escrow Agent	—	—	(38,359)	(38,359)
Sales of Capital Assets	3,775	3,775	42	7,592
Capital Leases & Installments	—	—	11	11
Transfers In	5,126	—	113,214	118,340
Transfers Out	(62,014)	(24,514)	(16,690)	(103,218)
Total Other Financing Sources (Uses)	(53,113)	(20,739)	332,438	258,586
Net Change in Fund Balance	202,557	5,185	180,281	388,023
Fund Balances - Beginning of Year	514,598	50,045	638,312	1,202,955
Restatements/Prior-Year Adjustments	229	—	—	229
Fund Balances - Beginning of Year as Restated	514,827	50,045	638,312	1,203,184
Fund Balances - End of Year	\$ 717,384	\$ 55,230	\$ 818,593	\$ 1,591,207

The accompanying notes are an integral part of these financial statements

**B-5 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, 2021
(In Thousands)**

	2021
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	\$ 388,023
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	(155,565)
Capital outlay reported as expenditures	224,515
Retirement and sale of capital assets	(5,719)
Capital assets received as donations	(311)
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	279
Reduction of long-term receivable	8,326
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 related items:	
Proceeds of general obligation bonds	(164,030)
Premium on general obligation bonds	(7,392)
Proceeds from loans	(5,220)
Principal payments bonds/notes	(12,590)
Amortization of bond premium	7,650
Amortization of loss on refunding	(287)
Bond interest payable	111
Bond expense	16,336
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	3,386
Injury and damage claims	(12,724)
Workers' compensation	(2,761)
Unfunded OPEB liabilities	123,259
Environmental liability	(470)
Debt guarantee of SISC 2004 bonds	396
Pension Expense - GASB68	63,196
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	20,991
Net revenue of internal service funds activities reported with governmental activities	(5,353)
Change in Net Position of Governmental Activities	\$ 484,046

The accompanying notes are an integral part of these financial statements

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.

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

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**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(In Thousands)**

	Business-Type Activities Enterprise Funds				2021	Governmental Activities
	Light	Water	Drainage and Wastewater	Nonmajor		Internal Service
ASSETS						
Current Assets						
Operating Cash and Equity in Pooled Investments	\$ 193,119	\$ 103,020	\$ 219,235	\$ 211,663	\$ 727,037	\$ 25,666
Restricted Cash and Equity in Pooled Investments				—	—	29,131
Receivables, Net of Allowances						
Accounts	162,671	24,300	36,483	23,620	247,074	1,098
Interest and Dividends		1,003	268	14	1,285	—
Unbilled	99,106	16,777	30,892	18,295	165,070	—
Due from Other Funds			617	533	1,150	24,088
Due from Other Governments	13,080	1,860	9,183	1,613	25,736	8,879
Materials and Supplies Inventory	42,432	7,833	1,912	190	52,367	5,752
Interfund Loan & Advances				40,000	40,000	—
Prepayments and Other Current Assets	291	72	34	20	417	11,238
Total Current Assets	510,699	154,865	298,624	295,948	1,260,136	105,852
Noncurrent Assets						
Restricted Cash and Equity in Pooled Investments	280,866	113,183	116,361	46,681	557,091	45,525
Notes and Contracts Receivable			2,287		2,287	—
Conservation Costs, Net	256,047	24,839			280,886	—
Landfill Closure and Postclosure Costs, Net				16,160	16,160	—
Environmental Costs and Recoveries	118,734		2,603		121,337	—
External Infrastructure Costs			17,278		17,278	—
Regulatory Asset		8,483	5,005	1,757	15,245	—
Other Charges	53,630	5,582	25,943	896	86,051	—
Capital Assets						
Land and Land Rights	154,562	54,362	46,662	26,883	282,469	106,233
Plant in Service, Excluding Land	5,752,136	2,183,917	1,926,812	259,882	9,717,770	—
Less Accumulated Depreciation	(2,195,638)	(952,839)	(471,558)	(96,663)	(3,716,698)	—
Buildings and Improvements				—	—	770,686
Less Accumulated Depreciation				—	—	(332,740)
Machinery and Equipment				852	852	308,988
Less Accumulated Depreciation				(852)	(852)	(194,926)
Construction in Progress	639,790	53,698	356,932	6,532	1,056,952	67,591
Other Property, Net	21,818	2,425	4,440	7,065	35,748	41,426
Total Noncurrent Assets	5,081,945	1,493,650	1,627,788	269,193	8,472,576	812,783
Total Assets	5,592,644	1,648,515	1,926,412	565,141	9,732,712	918,635
DEFERRED OUTFLOWS OF RESOURCES	58,254	28,252	18,798	17,242	122,546	40,943
Total Assets and Deferred Outflows of Resources	\$5,650,898	\$1,676,767	\$1,945,210	\$ 582,383	\$9,855,258	\$ 959,578

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(In Thousands)

	Business-Type Activities Enterprise Funds				2021	Governmental Activities Internal Service
	Light	Water	Drainage and Wastewater	Nonmajor Funds		
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 63,702	\$ 9,267	\$ 16,478	\$ 14,910	\$ 104,357	\$ 10,451
Salaries, Benefits, and Payroll Taxes Payable	7,262	3,077	3,037	2,866	16,242	4,894
Compensated Absences Payable	1,061	291	342	304	1,998	761
Due to Other Funds		3,199	51		3,250	
Due to Other Governments			13,554		13,554	
Interest Payable	38,486	10,072	11,548	1,845	61,951	1,852
Taxes Payable	12,689	888	554	840	14,971	49
General Obligation Bonds Due Within One Year						21,054
Revenue Bonds Due Within One Year	123,290	47,345	29,525	7,295	207,455	
Claims Payable	14,103	1,405	2,773	717	18,998	541
Notes and Contracts Payable		2,050	4,052		6,102	
Habitat Conservation Program Liability		573			573	
Landfill Closure and Postclosure Liability				3,523	3,523	
Unearned Revenues and Other Credits	24,850	7,035			31,885	
Other Current Liabilities	34,748	1,363	4,451	93	40,655	530
Total Current Liabilities	320,191	86,565	86,365	32,393	525,514	40,132
Noncurrent Liabilities						
Compensated Absences Payable	20,167	5,526	6,493	5,766	37,952	14,454
Claims Payable	111,582	4,035	189,594	18,710	323,921	775
Public Works Trust Loan		20,677	97,292		117,969	
Landfill Closure and Postclosure Liability				9,477	9,477	
Vendor and Other Deposits Payable				19	19	152
Habitat Conservation Program Liability		6,369			6,369	
Unearned Revenues and Other Credits	9,884			40,293	50,177	
Unfunded Other Post Employment Benefits	10,103	3,385	3,537	3,617	20,642	7,307
Net Pension Liability	199,474	65,445	54,687	67,972	387,578	144,047
Other Noncurrent Liabilities	240	623	3,214	43	4,120	
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other						185,684
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,747,112	703,243	836,447	179,189	4,465,991	
Bond Interest Payable						
Total Noncurrent Liabilities	3,098,562	809,303	1,191,264	325,086	5,424,215	352,419
Total Liabilities	3,418,753	895,868	1,277,629	357,479	5,949,729	392,551
DEFERRED INFLOWS OF RESOURCES	209,303	66,868	24,735	63,234	364,140	58,266

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
(In Thousands)

	Business-Type Activities Enterprise Funds				2021	Governmental Activities Internal Service
	Light	Water	Drainage and Wastewater	Nonmajor Funds		
NET POSITION						
Net Investment in Capital Assets	1,886,073	662,513	630,160	27,571	3,206,317	561,235
Restricted for						
Revenue Stabilization Account	25,000				25,000	
Conservation and Environmental Costs		8,990			8,990	
External Infrastructure Costs			8,024		8,024	
Other Charges		7,450	14,163	3,433	25,046	
Unrestricted	111,769	35,078	(9,501)	130,666	268,012	(52,474)
Total Net Position	2,022,842	714,031	642,846	161,670	3,541,389	508,761
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$5,650,898</u>	<u>\$1,676,767</u>	<u>\$1,945,210</u>	<u>\$ 582,383</u>	<u>\$9,855,258</u>	<u>\$ 959,578</u>
Total Net Position as above					3,541,389	
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds					70,561	
Net Position of Business-type Activities					<u>\$3,611,950</u>	

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, 2021 (In Thousands)

	Business-Type Activities Enterprise Funds				2021	Governmental Activities Internal Service
	Light	Water	Drainage and Wastewater	Nonmajor Funds		
OPERATING REVENUES						
Charges for Services and Other Revenues	\$ 1,108,978	\$ 303,499	\$ 502,517	\$ 313,591	\$ 2,228,585	\$ 407,918
OPERATING EXPENSES						
Salaries, wages and personnel benefits		57,801	51,740	22,371	131,912	—
Supplies		5,962	3,036	1,116	10,114	—
Services		47,021	52,877	125,420	225,318	—
Intergovernmental Payments		47,727	231,619	31,513	310,859	—
Operations and Maintenance	641,610	—	—	63,547	705,157	297,739
General and Administrative				12,377	12,377	15,454
City Business and Occupation Taxes				—	—	1
Taxes	101,478				101,478	854
Depreciation and Amortization	148,590	55,722	41,286	13,200	258,798	54,192
Other Operating Expenses		7,891	6,666	2,872	17,429	—
Total Operating Expenses	891,678	222,124	387,224	272,416	1,773,442	368,240
Operating Income (Loss)	217,300	81,375	115,293	41,175	455,143	39,678
NONOPERATING REVENUES (EXPENSES)						
Investment and Interest Income	123	(885)	729	(2,475)	(2,508)	(1,011)
Interest Expense	(88,878)	(27,853)	(18,656)	(6,567)	(141,954)	(8,609)
Amortization of Bonds Premiums and Discounts, Net				—	—	4,160
Amortization of Refunding Loss				—	—	356
Gain (Loss) on Sale of Capital Assets				—	—	(2,352)
Contributions and Grants	(235)		12,180	1,489	13,434	20,555
Others, Net	4,431	10,090	4,405	285	19,211	(12,500)
Total Nonoperating Revenues (Expenses)	(84,559)	(18,648)	(1,342)	(7,268)	(111,817)	599
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	132,741	62,727	113,951	33,907	343,326	40,277
Capital Contributions and Grants	65,669	9,530	—	—	75,199	436
Transfers In				—	—	18,592
Transfers Out				—	—	(31,121)
Environmental Remediation			(6,802)	—	(6,802)	—
Change in Net Position	198,410	72,257	107,149	33,907	411,723	28,184
Net Position - Beginning of Year	1,824,432	641,774	535,697	127,763	3,129,666	480,577
Prior-Year Adjustment				—	—	—
Net Position - Beginning of Year as Restated	1,824,432	641,774	535,697	127,763	3,129,666	480,577
Net Position - End of Year	\$ 2,022,842	\$ 714,031	\$ 642,846	\$ 161,670	\$ 3,541,389	\$ 508,761
Internal Service Fund Activities Related to Enterprise Funds					70,561	
Net Position of Business-Type Activities					\$ 3,611,950	
Change in Net Position as above					\$ 411,723	
Internal Service Fund Activities Related to Enterprise Funds					12,547	
Adjusted Change in Net Position of Business-Type Activities					\$ 424,270	

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2021 (In Thousands)

	Business-Type Activities Enterprise Funds				2021	Governmental Activities Internal Service
	Light	Water	Drainage and Wastewater	Nonmajor Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 1,039,180	\$ 288,506	\$ 497,394	\$ 307,936	\$ 2,133,016	\$ 394,698
Cash Paid to Suppliers	(354,623)	(62,610)	(225,954)	(157,975)	(801,162)	(180,894)
Cash Paid to Employees	(165,843)	(65,308)	(61,515)	(85,824)	(378,490)	(158,448)
Cash Paid for Taxes	(97,221)	(45,659)	(65,647)	(31,224)	(239,751)	(850)
Net Cash from Operating Activities	421,493	114,929	144,278	32,913	713,613	54,506
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal Payments on Long-Term Debt and Interfund Loans	(9,105)	—	—	—	(9,105)	—
Interest Paid on Long-Term Debt	(8,151)	—	—	—	(8,151)	—
Operating Grants Received	(236)	3,355	3,804	1,489	8,412	20,539
Transfers In	1,774	—	—	—	1,774	18,593
Transfers Out	(54,005)	—	—	—	(54,005)	(31,121)
Bonneville Receipts for Conservation	1,057	—	—	—	1,057	—
Payments to Vendors on Behalf of Customers for Conservation	(19,405)	—	—	—	(19,405)	—
Loans Provided to Other Funds	—	—	—	(32,000)	(32,000)	(24,000)
Payments for Environmental Liabilities	—	(1)	(2,644)	—	(2,645)	—
Net Cash from Noncapital Financing Activities	(88,071)	3,354	1,160	(30,511)	(114,068)	(15,989)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Sale of Bonds and Other Long-Term Debt	380,768	107,724	189,153	—	677,645	—
Principal Payments on Long-Term Debt and Refunding	(108,560)	(155,969)	(88,521)	(9,159)	(362,209)	(1,592)
Capital Expenses and Other Charges Paid	(288,702)	(59,084)	(142,148)	(3,886)	(493,820)	(43,236)
Interest Paid on Long-Term Debt	(97,189)	(32,263)	(32,946)	(7,912)	(170,310)	(8,382)
Capital Fees and Grants Received	354	6,174	8,375	—	14,903	9,638
Payment to Trustee for Defeased Bonds	(173,250)	—	—	—	(173,250)	—
Interest Received for Suburban Infrastructure Improvements	2,474	—	—	—	2,474	—
Debt Issuance Costs	(234)	—	—	—	(234)	(2,588)
Proceeds from Sale of Capital Assets	—	191	154	42	387	—
Net Cash from Capital and Related Financing Activities	(284,339)	(133,227)	(65,933)	(20,915)	(504,414)	(46,160)
CASH FLOWS FROM INVESTING ACTIVITIES^a						
Interest and Investment Income (Loss)	(2,351)	(2,714)	(832)	396	(5,501)	(928)
Net Cash from Investing Activities	(2,351)	(2,714)	(832)	396	(5,501)	(928)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	46,732	(17,658)	78,673	(18,117)	89,630	(8,571)
CASH AND EQUITY IN POOLED INVESTMENTS						
Beginning of Year	427,253	233,861	256,922	276,461	1,194,497	102,156
End of Year	\$ 473,985	\$ 216,203	\$ 335,595	\$ 258,344	\$ 1,284,127	\$ 93,585
CASH AT THE END OF THE YEAR CONSISTS OF						
Operating Cash and Equity in Pooled Investments	\$ 193,119	\$ 103,020	\$ 219,234	\$ 211,663	\$ 727,036	\$ 25,665
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—	—	71,267
Noncurrent Restricted Cash and Equity in Pooled Investments	280,866	113,183	116,361	46,681	557,091	3,389
Total Cash at the End of the Year	\$ 473,985	\$ 216,203	\$ 335,595	\$ 258,344	\$ 1,284,127	\$ 100,321

^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 accompanying notes are an integral part of these financial statements

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021
(In Thousands)**

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Light	Water	Drainage and Wastewater	Nonmajor Funds	2021	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 217,300	\$ 81,375	\$ 115,293	\$ 41,175	\$ 455,143	\$ 39,678
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities						
Depreciation and Amortization	148,590	55,722	41,286	13,200	258,798	54,192
Amortization of Other Liabilities and Other Operating Expenses	33,830	(7,150)	(8,402)	(2,330)	15,948	(46,887)
Nonoperating Revenues and Expenses	1,352	3,797	(591)	(2,625)	1,933	—
Changes in Operating Assets and Liabilities						
Accounts Receivable	23,073	(4,257)	(7,514)	(4,284)	7,018	(77)
Unbilled Receivables	(11,590)	(260)	(7,827)	(1,903)	(21,580)	(8,511)
Other Receivables	(38)	—	—	—	(38)	—
Due from Other Funds	—	63	(68)	(1)	(6)	4,248
Due from Other Governments	—	(975)	7,549	290	6,864	(8,879)
Materials and Supplies Inventory	(1,465)	(811)	(17)	—	(2,293)	3,728
Accounts Payable	1,804	(657)	33	(6,889)	(5,709)	(15,664)
Salaries, Benefits, and Payroll Taxes Payable	—	(510)	(496)	211	(795)	683
Compensated Absences Payable	51	(108)	769	160	872	231
Due to Other Funds	—	3,194	51	—	3,245	44
Due to Other Governments	—	(110)	(172)	(16)	(298)	(21)
Claims Payable	204	208	4,406	1,691	6,509	13
Taxes Payable	(288)	77	122	59	(30)	(32)
Unearned Revenues and Other Credits	—	—	—	2,143	2,143	—
Other Assets and Liabilities	6,124	3,490	(144)	(7,969)	1,501	31,760
Rate Stabilization	2,546	(18,159)	—	—	(15,613)	—
Total Adjustments	204,193	33,554	28,985	(8,263)	258,469	14,828
Net Cash from Operating Activities	\$ 421,493	\$ 114,929	\$ 144,278	\$ 32,912	\$ 713,612	\$ 54,506
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
In-Kind Capital Contributions	\$ 667	\$ 3,252	\$ —	\$ —	\$ 3,919	\$ —
Amortization of Debt Related Costs, Net	20,725	—	—	—	20,725	3,689
Power Exchange Revenues	32,579	—	—	—	32,579	—
Power Exchange Expenses	(32,579)	—	—	—	(32,579)	—
Power Revenue Netted against Power Expenses	10,073	—	—	—	10,073	—
Power Expense Netted against Power Revenues	(8,577)	—	—	—	(8,577)	—
Total Noncash Investing, Capital, and Financing Activities	\$ 22,888	\$ 3,252	\$ —	\$ —	\$ 26,140	\$ 3,689

FIDUCIARY FUNDS

PENSION (AND OTHER EMPLOYEE BENEFIT) 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.

PRIVATE-PURPOSE TRUST FUND

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

CUSTODIAL FUND

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 **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.

**B-9 STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021
(In Thousands)**

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Equity in Pooled Investments	362,118	243	5,468
Receivables			
Members	3,139	—	—
Employers	4,237	—	—
Interest and Dividends	5,507	—	—
Sales Proceeds	62,546	—	—
Total Receivables	75,429	—	—
Investments at Fair Value			
Fixed Income	933,068	—	—
Equity	2,490,585	—	—
Real Estate	488,885	—	—
Total Investments at Fair Value	3,912,538	—	—
Securities Lending Collateral	8,490	—	—
Prepaid Expenses	393	—	—
Total Assets	4,358,968	243	5,468
LIABILITIES			
Accounts Payable and Other Liabilities	4,063	—	—
Securities Lending Collateral	8,490	—	—
Investment Commitments Payable	211,632	—	—
Total Liabilities	224,185	—	—
Net Position Restricted:			
Pensions	4,134,782	—	—
Individuals and Organizations	—	243	5,468
Total Net Position	\$ 4,134,782	\$ 243	\$ 5,468

The accompanying notes are an integral part of these financial statements

**B-10 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2021
(In Thousands)**

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions			
Employer	\$ 139,665	\$ —	\$ —
Plan Member	81,682	—	—
Total Contributions	221,347	—	—
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	484,526	2	—
Interest	20,825	—	—
Dividends	19,251	—	—
Other Investment Income	12,209	—	—
Total Investment Activities Income	536,811	2	—
From Securities Lending Activities			
Securities Lending Income	55	—	—
Borrower Rebates	47	—	—
Total Securities Lending Income	102	—	—
Securities Lending Expenses			
Management Fees	25	—	—
Total Securities Lending Expenses	25	—	—
Net Income from Securities Lending Activities	77	—	—
Investment Activity Expenses	14,109	—	—
Net Income/(Loss) from Investment Activities	522,779	2	—
Other Income	—	—	258
Total Additions	744,126	2	258
DEDUCTIONS			
Benefits	223,168	—	—
Refund of Contributions	20,954	—	—
Administrative Expense	6,676	—	—
Other	—	—	333
Total Deductions	250,798	—	333
Change in Net Position	493,328	2	(75)
Net Position - Beginning of Year	3,641,454	245	5,543
Net Position - End of Year	\$ 4,134,782	\$ 247	\$ 5,468

The accompanying notes are an integral part of these financial statements

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 do 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

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.

Jointly Governed Organizations. These organizations may appear similar to joint ventures as they provide goods or services to the citizenry of two or more governments. However, they do not meet the definition of a joint venture because there is no ongoing financial interest or responsibility by the participating governments. The City participates with regional local governments in jointly governed organizations regarding the King County Regional Homelessness Authority and Puget Sound Emergency Radio Network Operator. Please see note 13 for more information.

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

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.

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 custodial 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, 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: Regulatory Fund, FileLocal 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 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.

The City uses encumbrance accounting. Purchase orders, contracts and other commitments are recorded as encumbrances. Encumbrances at year-end are no longer specifically reported as reservations of fund balances for governmental type funds. They are included in the restricted, committed, or assigned fund balance as defined by GASB Statement No. 54

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, private-purpose trust, and custodial 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.

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. 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 Receivables, Due 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 4.

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 fair 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 acquisition 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.

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 noncapitalizable. 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 straightline 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. Prepaids 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 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;
- 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 2021, the RSA reported an ending fund balance of \$25.2 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 2021, the Emergency Fund reported an ending fund balance of \$33.7 million.

A summary of governmental fund balances at December 31, 2021, is as follows:

Table 1-1 **GOVERNMENTAL FUND BALANCES^a**
(In Thousands)

Fund Balances	General	Transportation	Other Governmental	Total
Nonspendable				
Not in spendable form ^a	\$ 75	\$ —	\$ 486	\$ 561
Legally or contractually required to be maintained intact	—	—	50	50
Nonspendable Subtotal	\$ 75	\$ —	\$ 536	\$ 611
Restricted				
General	2,671	—	19	2,690
Transportation	—	52,337	62,529	114,866
Animal Services	—	—	947	947
Arts & Culture	—	—	13,491	13,491
Capital & Continuing Programs	173,180	—	230,171	403,351
Community & Economic Development	231	—	7,809	8,040
Community Outreach	—	—	34	34
Educational & Development Services	—	—	130,382	130,382
Emergency Preparedness	—	—	121	121
Employee Benefits	96,282	—	—	96,282
Fire	474	—	356	830
General Bond Interest & Redemption	—	—	9,620	9,620
Health & Human Services	8,252	—	7,718	15,970
Housing Services	—	—	220,585	220,585
Library Purposes	15,282	—	23,276	38,558
Local Improvement District	—	—	9,260	9,260
Parks & Recreation	—	—	66,559	66,559
Police	—	—	3,224	3,224
Endowment	—	—	111	111
Restricted Subtotal	\$ 296,372	\$ 52,337	\$ 786,212	\$ 1,134,921
Committed				
General	5,586	—	—	5,586
Transportation	—	2,893	—	2,893
Arts & Culture	6,404	—	—	6,404
Capital & Continuing Programs	9,194	—	—	9,194
Community Outreach	1,874	—	5,596	7,470
Employee Benefits	8,565	—	—	8,565
Fire	34,075	—	—	34,075
Health & Human Services	—	—	10,431	10,431
Litigation	8,822	—	—	8,822
Police	21,140	—	—	21,140
Revenue Stabilization & Reserve	19,186	—	—	19,186
Committed Subtotal	\$ 114,846	\$ 2,893	\$ 16,027	\$ 133,766
Assigned				
General	8,589	—	—	8,589
Transportation	—	—	985	985
Animal Services	—	—	27	27
Community & Economic Development	2,357	—	—	2,357
Housing Services	—	—	6,849	6,849
Parks & Recreation	—	—	17,109	17,109
Assigned Subtotal	\$ 10,946	\$ —	\$ 24,970	\$ 35,916
Unassigned				
General	255,569	—	—	255,569
Transportation	(104)	—	—	(104)
Community & Economic Development	(22)	—	(402)	(424)
Emergency Preparedness	33,660	—	—	33,660
Revenue Stabilization & Reserve	6,042	—	—	6,042
Seattle Center	—	—	(8,750)	(8,750)
Unassigned Subtotal	\$ 295,145	\$ —	\$ (9,152)	\$ 285,993
Total	\$ 717,384	\$ 55,230	\$ 818,593	\$ 1,591,207

^a Resource 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 \$500,000. 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 2021. 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 Seattle Center Fund reported a deficit fund balance of \$8.7 million as of December 31, 2021. Ordinance 12618 provides the Seattle Center interfund support up to \$18 million through December 31, 2033. The funds will be provided by the Real Estate Excise Tax 2 (REET II) fund. This money was provided to Seattle Center due to the COVID-19 pandemic. The pandemic prevented any events and gatherings which are essential to the Seattle Center's operations and finances for the majority of 2020. The future revenue from activity of the Seattle Center and newly built arena after the pandemic is over is how the funds are expected to be repaid before 2033.

The Coronavirus Local Fiscal Recovery Fund reported a deficit fund balance of \$402,000 as of December 31, 2021. The cause of this deficit is the result of a timing difference between year end closing processes and fund expense reporting deadlines to the U.S. Treasury. Revenues are earned by the fund as they are reported to the U.S. Treasury on a quarterly basis – which reporting was due before all year end expenses were recorded. The deficit will be removed with first quarter reporting in April 2022.

(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 moneys 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 also 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, 2021, 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, 2021, 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, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

CITY TREASURY INVESTMENTS

Note 1 describes the investment policies of the City. Banks or trust companies acting as the City's agents hold all the City's investments in the City's name.

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 Statement No. 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 approach 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 is authorized by Seattle Municipal Code Section 5.06.010 and Chapter 43.250 of the Revised Code of Washington to participate in the State of Washington Local Government Investment Pool (LGIP), which is managed and operated by the Washington State Treasurer. The State Treasurer is responsible for establishing the investment policy for the pool and 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 the GASB 79 for 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, 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.

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, Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the 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, 2021, 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, 2021	Fair Value Measurements Using			Measured at Amortized Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Corporate Bonds	\$ 88,972	\$ —	\$ 88,972	\$ —	\$ —	632
International Bank for Reconstruction & Development	25,364	—	25,364	—	—	971
Local Government Investment Pool	555,141	555,141	—	—	—	3
Municipal Bonds	203,187	—	203,187	—	—	603
Repurchase Agreements	125,431	125,431	—	—	—	3
U.S. Government Agency Mortgage-Backed Securities	358,220	—	358,220	—	—	2,375
U.S. Government Agency Securities	719,409	—	719,409	—	—	950
U.S. Treasury and U.S. Government-Backed Securities	745,742	745,742	—	—	—	651
Total	\$ 2,821,466	\$1,426,314	\$1,395,152	\$ —	\$ —	
Weighted Average Maturity of the City's Pooled Investments						788

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

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

The Strategic Portfolio consists of cash that is in excess of known and expected liquidity needs. Accordingly, this portfolio is invested in debt securities with longer maturities than the Operating Portfolio, which over a market cycle, is expected to provide a higher return and greater investment income. Consistent with this profile, and for the purpose of comparing duration, yield and total return, the benchmark for the Strategic portfolio is the Barclays U.S. Government 1-7 year index. The duration of the Strategic Portfolio is targeted between 75.0 percent and 125.0 percent 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 statutes. 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 bonds. State statute limits the maximum maturity and percentage allocation of investments in commercial paper and corporate bonds but not for municipals. The City's investment policy limits the maximum percentage allocation that can be invested in municipal bonds, commercial paper and corporate bonds. In addition, commercial paper, and corporate bond purchases must adhere to the investment policies and procedures adopted by the Washington State Investment Board (Policy No. 2.05.500 adopted 3/16/95 and revised again 9/15/16) that 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, A-1+, A-1, F1+, F1, by Moody's, S&P and Fitch, respectively). 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.
- Corporate bonds 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 and corporate bonds 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 corporate bonds rated AA or better by all rating agencies may exceed 3% of the total portfolio.
- No single issuer of corporate bonds rated single A by all rating agencies may exceed 2% of the total portfolio.
- Investments in a single credit issuer, consisting of commercial paper and corporate bonds combined, may not exceed 3% of the total portfolio.

The City subscribes to public finance research from Fitch Ratings and all fixed income asset types from Standard & Poor's Ratings Direct. The City conducts internal due diligence of all investments with credit risk and maintains an "approved list" of issuers. Finally, the City monitors the credit worthiness of its investments over time until they mature or are potentially sold.

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 corporate bonds.

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

Issuer	Fair Value	Percent of Total Investments
Amazon.com, Inc	\$ 6,334	0.2 %
Apple, Inc	34,189	1.2
Federal Agriculture Mortgage Corporation	137,701	4.9
Federal Farm Credit Bank	129,090	4.6
Federal Home Loan Bank	159,614	5.7
Federal Home Loan Mortgage Corporation	196,092	7.0
Federal Home Mortgage Securities	42,140	1.5
Federal National Mortgage Association	412,992	14.6
International Bank for Reconstruction & Development	25,364	0.9
JP Morgan Chase Bank	24,337	0.9
Municipal Bonds	203,187	7.2
Pittsburgh National Corporation	24,112	0.9
Sweep Repo	125,431	4.4
U.S. Treasury and Government-Backed Securities	745,742	26.4
Washington State Treasurer'S Investment Pool	555,141	19.7
Total Investments	<u>\$2,821,466</u>	<u>100.0 %</u>

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 Citywide 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.

Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1: unadjusted quoted prices for identical instruments in active markets
- Level 2: quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable
- Level 3: significant inputs are unobservable

The following schedule presents investments categorized according to the fair value hierarchy, and is preceded with additional information regarding investments measured at the net asset value as of December 31, 2021:

Table 3-3 SCERS' INVESTMENTS
(In Thousands)

INVESTMENTS BY FAIR VALUE LEVEL	Fair Value Measurements Using			
	Value as of December 31, 2021	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Public Equity Securities	\$ 1,126,958	\$ 1,126,941	1	\$ 16
Fixed Income Securities	797,625	139,588	571,677	86,360
Total Investments by fair value level	\$ 1,924,583	\$ 1,266,529	\$ 571,678	\$ 86,376
INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)				
Fixed Income	\$ 134,325			
Infrastructure	71,523			
Private Equity	516,937			
Public Equity	834,168			
Real Estate	407,198			
Total Investments measured at the NAV	<u>1,964,151</u>			
Total Investments	<u>\$ 3,888,734</u>			
Securities lending collateral	\$ 8,490			

INVESTMENTS	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity	\$ 529,482	\$ 214,866	N/A	N/A
Public Equity	834,145	—	Daily, Monthly	1 - 60 Days
Fixed Income	135,443	17,447	Monthly, N/A	5 - 30 Days, N/A
Real Estate	412,971	120,166	Quarterly, N/A	45 Days, N/A
Infrastructure	75,914	63,463	N/A	N/A
Total investments measured at the NAV	<u>\$ 1,987,955</u>	<u>\$ 415,942</u>		

Credit Risk: Credit risk is the risk that an issuer, or other counterparty, to an investment will not fulfill its obligations. The Core Fixed Income asset class is primarily allocated to investment-grade securities with low credit risk. The Board provides each of the System's Core Fixed Income investment managers with a set of investment guidelines that include a minimum allocation to investment-grade securities. The Credit Fixed Income asset class is primarily allocated to below investment-grade securities with correspondingly higher credit risk.

As of December 31, 2021, the fixed income portfolio of the SCERS had the following investment maturities:

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

Investment Type	Fair Value	Investment Maturities (In Years)			
		<1	1 - 5	6 - 10	>10
Agencies	\$ 12,091	\$ —	\$ 11,006	\$ 1,085	\$ —
Derivatives	718	708	10	—	—
Asset Backed Security	25,670	—	13,302	10,352	2,016
Foreign Sovereign	6,490	—	3,733	—	2,757
Corporate Debt	432,567	1,903	145,594	205,621	79,449
Mortgage Backed Security	173,448	—	2,863	12,286	158,300
Municipal	7,761	—	832	3,425	3,504
Treasury Notes and Bonds	138,880	—	46,311	29,178	63,392
Total Fixed Income Securities	\$ 797,625	\$ 2,611	\$ 223,651	\$ 261,947	\$ 309,418
Fixed Income Fund	135,443				
Total Fixed Income	<u>\$ 933,068</u>				

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. Market or interest rate risk is the greatest risk faced by an investor in the fixed income securities market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The Board provides each of the System's Core Fixed Income investment managers with a set of investment guidelines that includes a limit on the difference in duration between the portfolio and its applicable benchmark.

As of December 31, 2021, 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	\$ 12,091	\$ 12,091							
Derivatives	718								718
Asset Backed Security	25,670	16,122	6,828	1,057	476			293	894
Corporate Debt	432,567	12,272	14,425	80,659	171,820	43,834	85,266	16,908	7,384
Foreign Sovereign	6,490		2,309	2,757					1,424
Mortgage Backed Security	173,448	139,351				176			33,921
Municipal	7,761	882	5,528	1,351					
Treasury Notes and Bonds	138,880	138,880							
Total Fixed Income Securities	<u>\$ 797,625</u>	<u>\$ 319,598</u>	<u>\$ 29,090</u>	<u>\$ 85,824</u>	<u>\$ 172,296</u>	<u>\$ 44,010</u>	<u>\$ 85,266</u>	<u>\$ 17,201</u>	<u>\$ 44,341</u>
Fixed Income Funds	135,443								
Total Fixed Income	<u>\$ 933,068</u>								

Table 3-6 SCERS' ASSET ALLOCATION

Asset Class	Actual	Target Allocation
Public Equity	52.7 %	48.0 %
Private Equity	10.2	11.0
Core Fixed Income	19.2	18.0
Credit Fixed Income	7.0	7.0
Real Estate	9.5	12.0
Infrastructure	1.4	4.0
Total	100.0 %	100.0 %

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 percent 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: Foreign currency risk is the risk that changes in exchange rates, which will adversely impact the fair value of an investment. 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 are allowed to 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 the SMC 4.36.130, the SCERS of 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 is reported in the fund's operating statements. Assets and liabilities include the value of the collateral that is being held.

The fair value of the required collateral must meet or exceed 102 percent of the fair value of the securities loaned, providing a margin against a decline in the fair 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 when 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, 2021, the fair value of securities on loan was \$8,263,773. Associated cash collateral totaling \$8,490,397 was received. The fair market value of the reinvested collateral was \$8,490,397 at December 31, 2021.

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, 2021, 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 County Assessor and collected by the County Finance Director. Assessments are based on 100 percent 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 May 1. The balance is due October 31, becoming delinquent November 1. Delinquent taxes bear interest at the rate of one percent per month until paid and are subject to additional penalties of three percent and another eight percent 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. From 1997 through 2001 state law limited the annual growth in the City's regular property tax levy to the lesser of 106 percent or the annual rate of inflation. The passage of Initiative 747 in November 2001 reduced the 106 percent to 101 percent. In early November 2007, the State Supreme Court upheld a lower court ruling that Initiative 747 was unconstitutional. This decision would have returned the growth limit factor to 106 percent. On November 29, 2007, the legislature, in special session, passed and the governor signed into law language identical to that of Initiative 747. Thus, the limit factor remains 101 percent. The growth limit does not count tax revenues from new construction or property remodeled within the last year. With simple-majority voter approval, the City can levy additional property taxes above the 101 percent 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-percent approval by voters and do not fall under either of the limits.

The City levied \$1.16 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2021. In addition, the levy included \$1.10 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2021 levy was \$2.25 per \$1,000 of assessed value. Not included in this total is the King County levy for Medic One/Emergency Medical Services, from which the City receives a direct, proportional distribution of proceeds. This was renewed by voters at election in November 2019 for collection in 2020 at \$0.265 per \$1,000 of assessed value and remained at \$0.265 in 2021. Further, this doesn't include \$0.21 per \$1,000 of assessed value attributable to the Seattle Metropolitan Park District (SMPD) levy. The SMPD is a separate taxing authority from the City.

Business Taxes. The City's business taxes include general business taxes and utilities related business taxes. The change in business taxes and receivables in 2021 was the driven mainly with induction of the Payroll Expense Tax, \$248.2M. The business taxes from utilities make up 21.3% of total business tax revenues.

The following table shows tax revenues and receivables as reported in the fund financial statements:

Table 4-1

TAX RECEIVABLES AND REVENUES		
As of and for the Year Ended December 31, 2021		
(In Thousands)		
	Taxes Receivable	Tax Revenues
Property Taxes	\$ 17,099	\$ 707,660
Business Taxes	353,933	816,861
Totals	<u>\$ 371,032</u>	<u>\$ 1,524,521</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 ^a	Nonmajor Governmental	Total
General Fund	\$ —	\$ 3,895	\$ 13,791	\$ 44,306	\$ 62,014
Internal Service Fund	5,000	2,800	—	23,321	31,121
Transportation ^a	(13,791)	—	—	38,305	24,514
Nonmajor Governmental Fund	—	11,897	—	4,792	16,689
Total Transfers	<u>\$ (8,791)</u>	<u>\$ 18,592</u>	<u>\$ 13,791</u>	<u>\$ 110,724</u>	<u>\$ 134,338</u>

^a Government-Wide, Transportation Transfers In and Transfers Out net zero. Timing of Budget shift at end of year resulted in visibility of movement.

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, 2021:

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	Nonmajor Enterprise	Internal Service	
General Fund	\$ —	\$ —	\$ 1	\$ —	\$ 3,199	\$ —	\$ —	\$ —	\$ 3,200
Total Due from Other Funds	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 3,199</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,200</u>

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, 2021, 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
Healthcare Fund	General Fund	\$ 40,000
Families Education Preschool Promise Levy	General Fund	25,000
REET I Capital Fund	General Fund	30,000
REET II Capital Fund	General Fund	25,000
REET II Capital Fund	Seattle Center Fund	15,500
Construction & Inspections Fund	2021 LTGO Bond Fund	40,000
Information Technology Fund	Transportation Fund	24,000
Total City		<u>\$ 199,500</u>

All of the interfund loans were approved by City Council ordinance 126407. Each loan is to be repaid no later than December 31, 2022, with interest on the loan at the rate of return of the City's Consolidated Cash Pool. The entire principal and interest amount of the loan drawn is intended to be repaid with future tax proceeds and other anticipated revenues.

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				
Charges on Advanced Refunding	\$ —	\$ 356	\$ (1,755)	\$ (1,399)
Pension and OPEB Plans	—	40,587	163,494	204,081
Total Deferred Outflows of Resources	\$ —	\$ 40,943	\$ 161,739	\$ 202,682
Deferred Inflows of Resources				
Property Taxes	\$ 11,319	\$ —	\$ (11,319)	\$ —
Special Assessment	100,276	—	(1,452)	98,824
Charges on Advanced Refunding	—	4,059	—	4,059
Unearned Revenue	—	—	—	—
Pension and OPEB Plans	—	54,207	465,261	519,468
Total Deferred Inflows of Resources	\$ 111,595	\$ 58,266	\$ 452,490	\$ 622,351

Charges on Advanced Refunding. The governmental funds record gains and losses from advanced refunding of debt as deferred inflows and outflows, respectively, on the government-wide financial statements. These amounts are amortized as a component of interest expense.

Pension and OPEB Plans. As a result of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the City recognizes 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 2021, total taxes outstanding of \$11.3 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.

Business-Type Activities

Table 4-6 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES BUSINESS-TYPE ACTIVITIES
(In Thousands)

Deferred Outflows/Inflows of Resources	Seattle Public Utilities					Total
	City Light	Water	Drainage and Wastewater	Solid Waste	Construction & Inspections	
Deferred Outflows of Resources						
Pension and OPEB	\$ 41,920	\$ 12,663	\$ 13,319	\$ 4,187	\$ 11,132	\$ 83,221
Charges on Advance Refunding	16,334	15,589	5,479	1,923	—	39,325
Total Deferred Outflows of Resources	\$ 58,254	\$ 28,252	\$ 18,798	\$ 6,110	\$ 11,132	\$ 122,546
Deferred Inflows of Resources						
Pension and OPEB	\$ 82,826	\$ 21,241	\$ 23,676	\$ 7,176	\$ 15,605	\$ 150,524
Revenue Stabilization Account	74,397	41,721	—	38,606	—	154,724
Regulatory Credits	49,253	—	—	—	—	49,253
Charges/Gains on Advance Refunding	2,827	3,906	1,059	1,847	—	9,639
Total Deferred Inflows of Resources	\$ 209,303	\$ 66,868	\$ 24,735	\$ 47,629	\$ 15,605	\$ 364,140

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 \$74.4 million as of December 31, 2021. For Seattle Public Utilities (SPU), the balance of the RSA was \$80.3 million as of December 31, 2021, of which \$41.7 million belongs to Water and \$38.6 million belongs to Solid Waste.

Regulatory Credits. This deferral is made up of regulatory credits, which 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 \$49.3 million as of December 31, 2021.

(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 using 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 interday 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. In April 2020, City Light entered the California ISO Energy Imbalance Market (EIM) which is an energy market system that balances fluctuations in supply and demand by automatically finding lower cost resources to meet real-time power needs and serve consumer demand across the western region. The EIM manages congestion on transmission lines to maintain grid reliability and supports integrating renewable resources. In addition, the EIM makes excess renewable energy available to participating utilities at low cost.

It is the City's policy to apply the normal purchase and normal sales exception of Statement No. 53 of the GASB, Accounting and Financial Reporting for Derivative Instruments, 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 under GASB Statement No. 53. These transactions are not required to be recorded at fair value in the financial statements.

The following table presents (in millions) 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, 2021:

Table 5-1

	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 2.7	\$ 3.8	\$ (1.1)
Purchases	—	—	—
Total	\$ 2.7	\$ 3.8	\$ (1.1)

Fair value measurements as of December 31, 2021, used an income valuation technique consisting of KiodeX 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 Statement No. 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 Statement No. 53. City Light did not have any such activity for 2021. In addition, the Seattle City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for ratemaking purposes, and City Light maintains regulatory accounts to defer the accounting 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 (see Note 7 Other Assets and Note 17 Deferred Inflows of Resources).

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.

(6) CAPITAL ASSETS

Table 6-1

	CHANGES IN CAPITAL ASSETS (In Thousands)			
	Restated Balance January 1	Additions	Deletions	Balance December 31
GOVERNMENTAL ACTIVITIES^a				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 615,922	\$ 6,072	\$ 160	\$ 621,834
Construction in Progress	518,269	282,506	262,858	537,917
Other Capital Assets	11,921	972	1,106	11,787
Total Capital Assets Not Being Depreciated	1,146,112	289,550	264,124	1,171,538
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,629,924	65,567	9,574	2,685,917
Machinery and Equipment	510,395	32,433	28,679	514,149
Infrastructure	2,798,603	320,638	332,782	2,786,459
Other Capital Assets	88,215	21,404	14,487	95,132
Total Capital Assets Being Depreciated	6,027,137	440,042	385,522	6,081,657
Accumulated Depreciation				
Buildings and Improvements	1,055,638	75,617	3,292	1,127,963
Machinery and Equipment	332,801	34,810	24,976	342,635
Infrastructure	1,190,196	270,382	331,159	1,129,419
Other Capital Assets	23,549	15,348	6,204	32,693
Total Accumulated Depreciation	2,602,184	396,157	365,631	2,632,710
Total Capital Assets Being Depreciated, Net	3,424,953	43,885	19,891	3,448,947
Governmental Activities Capital Assets, Net	\$ 4,571,065	\$ 333,435	\$ 284,015	\$ 4,620,485
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 281,464	\$ 1,005	\$ —	\$ 282,469
Construction in Progress	917,779	586,596	447,423	1,056,952
Other Capital Assets	9,594	2,829		12,423
Total Capital Assets Not Being Depreciated	1,208,837	590,430	447,423	1,351,844
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	9,402,432	393,229	77,891	9,717,770
Buildings				—
Machinery and Equipment	852			852
Other Capital Assets	28,269	673	507	28,435
Total Capital Assets Being Depreciated	9,431,553	393,902	78,398	9,747,057
Accumulated Depreciation				
Plant in Service, Excluding Land	3,538,081	262,889	84,272	3,716,698
Buildings				0
Machinery and Equipment	852			852
Other Capital Assets	4,309	925	124	5,110
Total Accumulated Depreciation	3,543,242	263,814	84,396	3,722,660
Total Capital Assets Being Depreciated, Net	5,888,311	130,088	(5,998)	6,024,397
Business-Type Activities Capital Assets, Net	\$ 7,097,148	\$ 720,518	\$ 441,425	\$ 7,376,241

^a The capital assets for governmental activities include the capital assets of the internal service funds.

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION
(In Thousands)

GOVERNMENTAL ACTIVITIES	
General Government	\$ 10,459
Public Safety	1,134
Transportation	279,502
Economic Environment	1
Culture and Recreation	44,568
Subtotal	335,664
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	60,493
Total Governmental Activities	396,157
BUSINESS-TYPE ACTIVITIES	
Light	\$ 171,647
Water	47,811
Solid Waste	10,499
Drainage and Wastewater	32,932
Planning and Development	925
Total Business-Type Activities	263,814

(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, 2021.

Table 7-1 COMPENSATED ABSENCES (In Thousands)

Governmental Activities		
Governmental Funds	\$	85,113
Internal Service Funds		
Finance and Administrative Services		6,176
Information Technology		9,039
Total Internal Service Funds		<u>100,328</u>
Business-Type Activities		
Enterprise Funds		
Light		21,228
Water		5,817
Drainage and Wastewater		6,835
Solid Waste		1,891
Construction and Inspection		4,179
Total Enterprise Funds		<u>39,950</u>
Pension Trust		
Employees' Retirement		284
Total Compensated Absences Liability	\$	<u>140,562</u>

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.

(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	
	Governmental Activities	Business-Type Activities
Machinery and Equipment	\$ 189	\$ 136
Less Accumulated Depreciation	(157)	(69)
December 31, 2021	<u>\$ 32</u>	<u>\$ 67</u>
Minimum Capital Lease Payments		
	Long-Term Liabilities	
	Governmental Activities	Business-Type Activities
2022	\$ 23	\$ 33
2023	4	32
2024	3	22
2025	2	
2026		
Total Minimum Lease Payments	\$ 32	\$ 87
Less Interest	(7)	(14)
Principal	<u>\$ 25</u>	<u>\$ 73</u>

The outstanding principal portion of the minimum capital lease payments is also presented in Table 9-10 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 \$24 million in 2021 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 expired on July 30, 2020, but was renewed through July 31, 2025. The lease agreement requires a fixed rent of approximately \$42,000 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 \$512,422 in 2021. Rents are paid as they become due and payable.

Minimum payments under leases for the years ending December 31 are:

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
2022	\$ 14,324	\$ 538	\$ 1,040	\$ 59	\$ 15,961
2023	14,586	549	1,022	28	16,185
2024	14,895	560	1,069		16,524
2025	15,224	333	1,221		16,778
2026	15,630		1,253		16,883
2027-2031	84,612		6,747		91,359
Total	\$ 159,271	\$ 1,980	\$ 12,352	\$ 87	\$ 173,690

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 2021:

For the Year Ended December 31, 2021	
(In Thousand)	
Minimum Rentals:	\$ 25,971
Less: Sublease Rentals	(32)
	<u>\$ 25,939</u>

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 \$1.8 million in 2021.

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 2021 were \$155.0 thousand for the Water Fund; \$373.1 thousand for the Drainage and Wastewater Fund; and \$9.7 thousand 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 \$64.4 thousand were made in 2021.

Minimum payments under the leases for the years ending December 31 are:

Table 8-3 OPERATING LEASE COMMITMENTS BUSINESS-TYPE ACTIVITIES
(In Thousands)

Minimum Payments						
Year Ending December 31	City Light	Water	Drainage & Wastewater	Solid Waste	Construction & Inspections	Total
2022	1,538	155	381	10	80	\$ 2,164
2023	1,553	156	389	10	80	2,188
2024	1,449	155	397	8	69	2,078
2025	4	46	362	5	35	452
2026		13	349		5	367
2027 - 2031		38	999			1,037
Total	\$ 4,544	\$ 563	\$ 2,877	\$ 33	\$ 269	\$ 8,286

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 DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES
(In Thousands)

2021	
Non-City Property Occupied by City Departments	\$ 13,485
City-Owned Property Occupied by City Departments	61,210
City-Owned Property Leased to Non-City Tenants	<u>1,536</u>
Total	<u>\$ 76,231</u>

Additionally, the SeaPark Garage and the Seattle Municipal Tower Building generated \$2.9 million total parking revenues in 2021, 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 May 2021, the City issued \$164.0 million of LTGO tax-exempt improvement and refunding bonds which mature from December 2021 through December 2041. The bonds were issued with an average coupon rate of 4.111%. Proceeds of the bonds will be used to pay all or part of the costs of construction and acquisition of various City capital projects, such as the Alaskan Way Corridor and Overlook Walk, chiller replacement and elevator rehabilitation at the Seattle Municipal Tower, and various information technology projects. A portion of the proceeds was used to fund the West Seattle Bridge project (\$80.4 million) and Data & Telephone Infrastructure (\$11.5 million). As a result of the refunding debt service, the City reduced total debt service requirements by \$7.1 million resulting in a net present value economic gain.

The original amount of GO bonds issued for which amounts are still outstanding at the end of 2021 was \$1.661 billion. The principal balance of those bonds as of December 31, 2021 was \$940.6 million. The following table presents the individual GO bonds outstanding as of December 31, 2021:

Table 9-1
Page 1 of 2

GENERAL OBLIGATION BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	Redemptions		Bonds Outstanding December 31, 2021
					2021	To Date ^A	
LIMITED TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
2009 Improvement and Refunding	03/25/09	5/1/2034	3.574 %	\$ 99,860	\$ —	\$ 99,860	\$ —
2010 Improvement and Refunding, Series A	03/31/10	8/1/2030	3.039	66,510	5,215	19,365	47,145
2010 Improvement and Refunding, Series B ^B	03/31/10	8/1/2031	3.125	135,395	—	135,395	—
2011 Improvement	03/16/11	3/1/2031	3.650	79,185	41,790	79,185	—
2012 Improvement and Refunding	05/16/12	9/1/2032	2.688	75,590	4,025	33,700	41,890
2013 Improvement, Series A	06/04/13	10/1/2033	2.375	42,315	1,285	25,725	16,590
2013 Improvement and Refunding, Series B (Taxable)	06/04/13	1/1/2025	1.427	55,075	940	51,125	3,950
2014 Improvement and Refunding	04/10/14	5/1/2034	2.497	62,770	1,935	41,510	21,260
2015 Improvement and Refunding, Series A	05/21/15	6/1/2035	2.401	160,945	20,185	67,650	93,295
2015 Improvement, Series B (Taxable)	05/21/15	4/1/2035	3.452	28,175	1,200	6,920	21,255
2016 Improvement and Refunding, Series A	05/25/16	4/1/2036	2.188	103,660	10,290	38,440	65,220
2016 Improvement, Series B (Taxable)	05/25/16	4/1/2036	2.801	6,070	265	1,265	4,805
2017 Improvement, Series A	06/14/17	11/1/2047	2.964	73,080	3,810	14,175	58,905
2017 Improvement and Refunding, Series B (Taxable)	06/14/17	11/1/2037	3.038	12,400	800	3,080	9,320
2018 Improvement, Series A	05/22/18	12/1/2038	2.705	23,230	2,095	5,995	17,235
2018 Improvement, Series B (Taxable)	05/22/18	12/1/2038	3.594	26,745	1,245	3,585	23,160
2019 Improvement, Series A	08/08/19	5/1/2049	2.208	35,870	2,465	4,810	31,060
2019 Improvement, Series B (Taxable)	08/08/19	5/1/2039	2.736	11,100	450	890	10,210
2020 Improvement and Refunding, Series A	09/22/20	8/1/2040	0.930	79,625	7,345	7,345	72,280
2021 Improvement and Refunding, Series A	05/20/21	12/1/2041	1.570	142,860	—	—	142,860
2021 Improvement and Refunding, Series B	05/20/21	12/1/2041	1.880	21,170	—	—	21,170
Total Limited Tax General Obligation Bonds				\$ 1,341,630	\$ 105,340	\$ 640,020	\$ 701,610

Table 9-1
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GENERAL OBLIGATION BONDS (continued)
(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	Redemptions		Bonds Outstanding December 31, 2021
					2021	To Date ^A	
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
2012 Refunding	05/16/12	12/1/2021	1.276 %	\$ 46,825	\$ 6,145	\$ 46,825	\$ —
2013 Improvement	06/04/13	12/1/2042	3.281	50,000	1,190	8,250	41,750
2014 Improvement	04/10/14	12/1/2043	3.673	16,400	385	2,425	13,975
2015 Improvement	05/21/15	12/1/2044	3.575	169,135	3,695	19,700	149,435
2016 Improvement	05/25/16	12/1/2045	3.084	36,740	790	2,935	33,805
Total Unlimited Tax General Obligation Bonds				\$ 319,100	\$ 12,205	\$ 80,135	\$ 238,965
Total General Obligation Bonds				\$ 1,660,730	\$ 117,545	\$ 720,155	\$ 940,575

^A Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that had 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 government issuers of this type of bonds receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent 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, 2021, are presented in the following table. Debt service for the LTGO bonds is met by transfers 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 authorized the bond issuance and were approved by at least 60% of voters. In such cases, the number of voters approving the bond issuance and tax levy must exceed 40% of the voters in the most recent election preceding the vote on the bonds.

Table 9-2
ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
(In Thousands)

Year Ending December 31	Governmental Activities		Total
	Principal	Interest	
2022	\$ 71,550	\$ 39,669	\$ 111,219
2023	75,080	36,448	111,528
2024	80,245	32,913	113,158
2025	80,200	29,214	109,414
2026	64,665	25,415	90,080
2027 - 2031	241,115	91,549	332,664
2032 - 2036	158,695	49,925	208,620
2037 - 2041	118,165	23,443	141,608
2042 - 2046	48,695	4,704	53,399
2047 - 2049	2,165	99	2,264
Total	\$ 940,575	\$ 333,379	\$ 1,273,954

SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The City is obligated to make payment on special assessment bonds, the debt service of which is paid from collections of 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 City redeemed \$1.4 million of special assessment bonds in 2021, and the amount of bonds outstanding at the end of 2021 was \$1.1 million, all of which represents the remaining principal on bonds issued for the South Lake Union LID 6750.

The following tables provide more detail on the outstanding special assessment bonds and the assessment revenues levied to pay for the bonds:

Table 9-3 SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)

Name of Issue	Issuance Date ^a	Last Maturity	Effective Interest Rate	Original Issuance Amount	Redemptions		Bonds Outstanding December 31, 2021
					2021	To Date	
Local Improvement District No. 6750 Bonds, 2006	09/16/06	12/15/2026	4.260 %	\$ 21,925	\$ 1,420	\$ 20,800	\$ 1,125

^a Updated issuance date to reflect actual issuance date. Prior reporting of 12/13/06 was initial outgoing payment

Table 9-4 Local Improvement District No. 6750 Assessment Collection Information

Calendar/Fiscal Year End Dec. 31	Installment Payments Billed ^a	Installment Payments Collected ^b	Unpaid Principal Balance of Assessments ^c	Installments that are Delinquent ^d
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	1,122,696	1,561,443	7,192,381	378,532
2019	1,451,992	1,535,808	5,860,549	404,062
2020	1,388,604	1,337,357	4,357,624	398,015
2021	1,340,707	1,395,685	3,072,493	472,106

^a Represents installment payments due and billed in the calendar year.

^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.

^c Represents principal balance of assessments that is outstanding and unpaid, including amounts that are not yet due and payable at year-end.

^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.

The requirements to amortize the special assessments with governmental commitment as of December 31, 2021 are shown below:

Table 9-5 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)

Year Ending December 31	Principal	Interest	Total
2022	\$ —	\$ 3,026	\$ 3,026
2023	—	3,026	3,026
2024	—	3,026	3,026
2025	—	3,026	3,026
2026	1,125	3,026	4,151
2027 - 2043	97,361	50,626	147,987
Total	\$ 98,486	\$ 65,756	\$ 164,242

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding loans drawn in several years from the Washington State Public Works Trust Fund loan program. The loans were drawn at varying annual interest rates ranging from 0.25% to 3.0%. The proceeds of the loans support city road and bridge improvements. The City paid \$1.2 million principal and \$0.1 million interest in 2021. The outstanding balance on the loans was \$14.3 million as of December 31, 2021. The following table presents the annual debt service requirements to maturity on the loans as of December 31.

Table 9-6 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY SEATTLE DEPARTMENT OF TRANSPORTATION PUBLIC WORKS TRUST FUND LOANS
(In Thousands)

December 31	Principal	Interest	Total
2022	\$ 1,490	\$ 170	\$ 1,660
2023	1,490	163	1,653
2024	924	150	1,074
2025	924	139	1,063
2026	924	129	1,053
2027 - 2031	4,511	486	4,997
2032 - 2036	2,858	237	3,095
2037 - 2039	1,143	28	1,171
Total	\$ 14,264	\$ 1,502	\$ 15,766

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 were still outstanding at the end of 2021 was approximately \$5.3 billion. The outstanding principal balance on December 31, 2021, was \$4.2 billion.

The following table presents revenue bonds outstanding as of December 31, 2021:

Table 9-7
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REVENUE BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rates ^a	Original Amount	Redemptions		Bonds Outstanding December 31, 2021
					2021	To Date ^a	
MUNICIPAL LIGHT AND POWER BONDS							
2010 Improvement, Series A ^b	05/26/10	2/1/2040	3.57 %	181,625	4,570	4,570	177,055
2010 Improvement and Refunding, Series B	05/26/10	2/1/2026	3.41	596,870	—	596,870	—
2010 Improvement, Series C ^c	05/26/10	2/1/2040	3.11	13,275	—	—	13,275
2011 Improvement and Refunding, Series A	02/08/11	2/1/2036	4.54	296,315	46,050	296,315	—
2011 Improvement, Series B ^d	02/08/11	2/1/2027	1.96	10,000	—	—	10,000
2012 Improvement and Refunding, Series A	07/17/12	6/1/2041	3.15	293,280	41,480	175,465	117,815
2012 Improvement, Series C ^e	07/17/12	06/01/33	0.59	43,000	—	—	43,000
2013 Improvement and Refunding	07/09/13	07/01/43	4.05	190,755	48,255	120,670	70,085
2014 Improvement and Refunding	11/05/14	09/01/44	3.10	265,210	18,310	98,545	166,665
2015 Improvement, Series A	07/09/15	05/01/45	3.57	171,850	5,545	34,160	137,690
2016 Improvement, Series A ^d	01/28/16	01/01/41	1.03	31,870	—	—	31,870
2016 Refunding, Series B	01/28/16	04/01/29	2.08	116,875	10,825	22,655	94,220
2016 Improvement and Refunding, Series C	09/28/16	10/01/46	2.93	160,815	12,530	21,720	139,095
2017 Improvement and Refunding, Series C	09/28/17	09/01/47	3.16	385,530	4,525	18,070	367,460
2018 Improvement, Series A	06/19/18	01/01/48	3.53	263,755	4,675	12,995	250,760
2018 Refunding, Series B-1 ^g	09/04/18	05/01/45	.37% - 5.49%	50,135	50,135	50,135	—
2018 Refunding, Series B-2 ^g	09/04/18	05/01/45	.37% - 5.49%	50,135	50,135	50,135	—
2018 Refunding, Series C-1 ^g	09/04/18	11/01/46	.28% - 5.69%	49,245	1,055	4,360	44,885
2018 Refunding, Series C-2 ^g	09/04/18	11/01/46	.28% - 5.69%	49,245	1,055	4,360	44,885
2019 Improvement, Series A	10/16/19	04/01/49	3.20	210,540	3,250	6,770	203,770
2019 Refunding, Series B	11/05/19	02/01/26	1.29	140,275	21,795	21,795	118,480
2020 Improvement, Series A ^f	08/05/20	07/01/50	2.10	198,305	2,410	2,410	195,895
2021 Parity, Series A	07/15/21	07/01/51	2.48	259,795	—	—	259,795
2021 Parity, Series B	08/10/21	05/01/45	.27% - .36%	100,620	—	—	100,620
Total Light and Power Bonds				\$ 4,129,320	\$ 326,600	\$1,542,000	\$ 2,587,320

^a Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that had 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 receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent 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.
^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 percent of the total coupon interest payable to investors or buyers of the bonds.
^d Issued as taxable direct-pay New Clean Renewable Energy Bonds, treated as "specified tax credit bonds" for which the City will be allowed a credit payable by the United States Treasury equal to all or a portion of interest payable on each payment date, subject to sequestration mandated by the U.S. Congress..
^e Interest rates for fixed rate Bonds are the True Interest Costs. Interest rates for variable rate Bonds are the minimum and maximum rates for the reporting year.

Table 9-7
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REVENUE BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rates	Original Amount	Redemptions		Bonds Outstanding December 31, 2021
					2021	To Date ^a	
MUNICIPAL WATER BONDS							
2010 Improvement, Series A ^b	01/21/10	8/1/2040	0.037	109,080	3,575	10,400	98,680
2010 Improvement and Refunding, Series B	01/21/10	8/1/2027	0.033	81,760	28,215	81,760	—
2012 Refunding	05/30/12	9/1/2034	0.026	238,770	90,815	176,110	62,660
2015 Improvement and Refunding	06/10/15	11/1/2045	0.032	340,840	17,995	93,590	247,250
2017 Improvement and Refunding	01/25/17	8/1/2046	0.030	194,685	5,655	21,040	173,645
2021 Improvement and Refunding	06/17/21	8/1/2034	0.010	82,220	—	—	82,220
Total Water Bonds				1,047,355	146,255	382,900	664,455
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2009 Improvement, Series A ^b	12/17/09	11/1/2039	3.538	102,535	3,390	16,005	86,530
2009 Improvement and Refunding, Series B	12/17/09	11/1/2027	2.907	36,680	8,545	36,680	—
2012 Improvement and Refunding	06/27/12	9/1/2042	3.327	222,090	57,220	115,955	106,135
2014 Improvement and Refunding	07/10/14	5/1/2044	3.578	133,180	4,485	19,915	113,265
2016 Improvement and Refunding	06/22/16	10/1/2046	2.921	160,910	4,115	15,180	145,730
2017 Improvement and Refunding	06/28/17	7/1/2047	3.148	234,125	5,395	26,905	207,220
2021 Improvement and Refunding	05/19/21	9/1/2051	2.110	111,010	—	—	111,010
Total Drainage and Wastewater Bonds				1,000,530	83,150	230,640	769,890
MUNICIPAL SOLID WASTE BONDS							
2011 Improvement	06/22/11	8/1/2036	4.227	45,750	35,165	45,750	—
2014 Improvement and Refunding	06/12/14	5/1/2039	3.337	95,350	4,445	20,335	75,015
2015 Improvement	06/25/15	2/1/2040	3.650	35,830	980	5,075	30,755
2016 Improvement and Refunding	06/30/16	12/1/2041	2.793	35,335	460	2,095	33,240
2021 Improvement and Refunding	07/01/21	8/1/2036	1.337	25,670	—	—	25,670
Total Solid Waste Bonds				237,935	41,050	73,255	164,680
Total Utility Revenue Bonds				\$ 6,415,340	\$ 597,055	\$2,228,795	\$ 4,186,345

^a Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that had 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 receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent 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.
^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 percent of the total coupon interest payable to investors or buyers of the bonds.
^d Issued as taxable direct-pay New Clean Renewable Energy Bonds, treated as "specified tax credit bonds" for which the City will be allowed a credit payable by the United States Treasury equal to all or a portion of interest payable on each payment date, subject to sequestration mandated by the U.S. Congress..
^e Interest rates for fixed rate Bonds are the True Interest Costs. Interest rates for variable rate Bonds are the minimum and maximum rates for the reporting year.

The requirements to amortize the revenue bonds as of December 31, 2021 are presented below:

Table 9-8 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	
2022	\$ 123,290	\$ 106,961	\$ 47,345	\$ 31,003	\$ 29,525	\$ 33,878	\$ 7,295	\$ 7,345	\$ 386,642
2023	125,595	101,265	50,465	28,614	29,605	32,399	7,760	6,875	382,578
2024	129,495	95,009	43,715	26,062	31,060	30,910	8,160	6,478	370,889
2025	119,655	88,537	45,850	23,838	32,585	29,344	8,585	6,061	354,455
2026	115,445	83,312	43,400	21,577	33,045	27,798	9,020	5,623	339,220
2027 - 2031	448,960	348,331	189,810	77,933	168,720	114,685	51,740	21,073	1,421,252
2032 - 2036	468,725	257,153	129,180	40,916	163,525	77,419	47,890	9,668	1,194,476
2037 - 2041	506,740	158,842	77,500	16,012	147,130	43,005	24,230	1,885	975,344
2042 - 2046	400,240	70,772	37,190	4,142	107,310	16,634	—	—	636,288
2047 - 2051	149,175	12,484	—	—	27,385	2,545	—	—	191,589
Total	\$ 2,587,320	\$ 1,322,666	\$ 664,455	\$ 270,097	\$ 769,890	\$ 408,617	\$ 164,680	\$ 65,008	\$ 6,252,733

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. SPU's Water Fund as well as its Drainage & Wastewater Fund have availed of these loans to enhance and protect the City's water, drainage, and wastewater systems.

In 2021, the Drainage and Wastewater 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 Ship Canal Water Quality Project for protecting Lake Washington Ship Canal from combined sewer overflow from Ballard, Fremont, Wallingford, and North Queen Anne. Amounts borrowed under this agreement accrue interest at the rate of 1.2% per annum and estimated initiation of operation date is January 1, 2025. As of December 31, 2021, the Fund had drawn \$36.0 million on the loan.

Amounts paid to all loans in 2021 were \$3.0 million principal and \$0.9 million in interest. Total loans outstanding as of December 31, 2021, are \$101.3 million. The annual debt service requirements to maturity are provided in the following table.

Table 9-9

ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY SEATTLE PUBLIC UTILITIES PUBLIC WORKS TRUST LOAN AND OTHER NOTES (In Thousands)

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2022	\$ 2,050	\$ 321	\$ 4,052	\$ 935	\$ 7,358
2023	2,050	292	4,061	1,233	7,636
2024	2,050	263	4,125	1,158	7,596
2025	2,050	234	5,804	1,292	9,380
2026	1,825	205	5,479	1,412	8,921
2027 - 2031	7,104	691	27,729	5,582	41,106
2032 - 2036	4,992	257	26,714	3,115	35,078
2037 - 2041	606	9	16,929	1,058	18,602
2042 - 2046	—	—	6,451	131	6,582
Total	\$ 22,727	\$ 2,272	\$ 101,344	\$ 15,916	\$ 142,259

Table 9-10 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	\$ 894,090	\$ 164,030	\$ 117,545	\$ 940,575	\$ 71,550
Issuance Premiums and Discounts, Net	78,945	37,368	13,675	102,638	10,919
Special Assessment Bonds with Governmental Commitment ^B	2,545	97,361	1,420	98,486	498
Total Bonds Payable	975,580	298,759	132,640	1,141,699	82,967
Notes and Contracts					
Capital Leases	44	11	23	32	23
Other Notes and Contracts	10,283	5,220	1,238	14,265	1,490
Total Notes and Contracts	10,327	5,231	1,261	14,297	1,513
Compensated Absences	103,482	112,403	115,557	100,328	5,016
Claims Payable					
General Contamination Cleanup ^C	11,605	5,615	5,145	12,075	82
Workers' Compensation	36,353	16,570	13,796	39,127	16,088
General Liability	53,763	17,454	11,271	59,946	13,206
Health Care Claims	12,978	288,752	282,212	19,518	19,518
Total Claims Payable ^D	114,699	328,391	312,424	130,666	48,894
Unfunded Other Post Employment Benefits	654,749	—	20,851	633,898	—
Net Pension Liability	970,318	—	159,676	810,642	—
Other Noncurrent Liabilities	1,697	—	396	1,301	440
Total Long-Term Liabilities from Governmental Activities	\$ 2,830,852	\$ 744,784	\$ 742,805	\$ 2,832,831	\$ 138,830
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
Revenue Bonds	4,152,530	360,415	597,055	3,915,890	207,455
Issuance Premiums and Discounts, Net	439,585	54,936	40,274	454,247	—
Total Bonds Payable	4,592,115	415,351	637,329	4,370,137	207,455
Notes and Contracts					
Capital Leases	124	—	51	73	25
Other Notes and Contracts	80,832	48,141	4,902	124,071	6,102
Total Notes and Contracts	80,956	48,141	4,953	124,144	6,127
Compensated Absences	39,620	43,661	43,333	39,948	1,997
Claims Payable					
General Contamination Cleanup ^C	304,180	13,347	5,532	311,995	10,273
Workers' Compensation	10,693	5,198	4,326	11,565	4,759
General Liability	14,643	10,515	5,708	19,450	4,057
Total Claims Payable ^D	329,516	29,060	15,566	343,010	19,089
Unearned Revenues	81,787	243,063	242,678	82,172	31,885
Habitat Conservation Program Liability	7,062	40	158	6,944	573
Landfill Closure and Postclosure Costs	16,180	859	4,039	13,000	3,523
Arbitrage Rebate Liability	743	160	663	240	—
Unfunded Other Post Employment Benefits	18,337	2,305	—	20,642	—
Net Pension Liability	501,102	—	113,524	387,578	—
Other Noncurrent Liabilities	3,714	2,151	2,213	3,652	—
Total Long-Term Liabilities from Business-Type Activities	\$ 5,671,132	\$ 784,791	\$ 1,064,456	\$ 5,391,467	\$ 270,649

^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.

The City's internal service funds predominantly serve governmental funds. For this reason, the above totals for 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 \$15.0 million and \$1.0 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust fund 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

To lower interest costs, the City may on occasion refund and defease certain bonds by issuing new refunding bonds and/or using existing resources to repay certain outstanding bond issues prior to their original maturity dates. In most cases, City resources and the proceeds of refunding bonds are deposited into 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 are considered defeased, and the corresponding liabilities are not included in the statement of net position.

In May 2020, the City refunded and defeased in substance \$38.0 million of outstanding 2011 Series limited tax general obligation (LTGO) bonds, carrying an average interest rate of 4.3%, with \$29.8 million of 2021 LTGO bonds issued at an average interest rate of 5.0%. The City deposited bond proceeds of \$38.4 million with an escrow agent, comprised of the par value of the new bonds and an additional \$8.8 million in original issue premiums. The escrow agent used the proceeds to pay issue costs of \$0.3 million and purchase state and local government securities of \$38.7 million to provide for repayment of the old bonds at their May 2021 call date. The difference between the reacquisition price and carrying amount of the old bonds resulted in a refunding gain of \$1.8 million which will be amortized over the life of the old bonds through 2031.

The debt service on the 2021A Bonds requires a cash flow over the life of the bonds of \$435.9 million, including \$176.1 million in interest and the 2021B Bonds requires a cash flow over the life of the bonds of \$163.2 million, including \$62.6 million in interest. The refunding gain on the 2021A Bonds was \$2.2 million. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2021A Bonds totaled \$3.9 million and the aggregate economic gain on refunding totaled \$3.9 million at present value. Bonds defeased in August 2021 partially refunded certain 2012A Bonds and 2013 Bonds on an advanced refunding basis. Advance refunding is a refunding in which the refunded issue(s) remains outstanding for a period of more than 90 days after a bond defeasance transaction, the proceeds of which are held in escrow invested in securities and used to pay principal and interest on the refunded issue(s). The source of refunding for the 2012A and 2013 bonds was from operating cash whereby \$80.4 million of open market securities were purchased and placed in escrow to pay principal and interest on the refunded bonds. The accounting loss on refunding for 2021 was \$0.1 million.

The following is a schedule of outstanding bonds that are either refunded or defeased:

Table 9-11 REFUNDED/DEFEASED BONDS
(In Thousands)

Name of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2021	Deceased Outstanding December 31, 2021
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
2010 Improvement and Refunding, Series B	03/31/10	8/1/2031	3.125	135,395	37,990	37,990	—
REVENUE BONDS							
Municipal Light and Power							
2011 Improvement and Refunding, Series A	02/08/11	02/01/36	4.540	296,315	145,115	145,115	—
2012 Improvement and Refunding, Series A	07/17/12	06/01/41	3.150	293,280	66,355	—	66,355
2013 Improvement and Refunding	07/09/13	07/01/43	4.050	190,755	98,175	—	98,175
Municipal Water							
N/A							
Municipal Drainage and Wastewater							
N/A							
Municipal Solid Waste							
N/A							
Total Refunded/Deceased Bonds				<u>\$ 915,745</u>	<u>\$ 347,635</u>	<u>\$ 183,105</u>	<u>\$ 164,530</u>

ARBITRAGE

The City reviews arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. Such reviews are conducted when bonds 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). As of December 31, 2021, the City reported no arbitrage rebate liability on its general obligation bonds and \$0.2 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 and FS

are complete. The FS identifies a range of alternatives for cleanup construction that range in cost from \$256 million to \$411 million (2016 dollars). EPA is currently developing the Proposed Plan, which will be followed by a Record of Decision. The schedule for release of EPA’s Proposed Plan is 2022. The Record of Decision is expected in 2023. Remedial design activities would start in late 2023 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. A revised draft RI/FS was submitted to DOE in late 2021. A Clean-up Action Plan, which is the State’s equivalent to a Record of Decision under the Model Toxics Control Act, is expected in 2023.

North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing signed an Administrative Order issued by the Washington State Department of Ecology (Ecology) requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the Department’s Georgetown Steam Plant (GTSP), and the King County Airport. This site was also the subject of the lawsuit brought by the City against Boeing. Boeing agreed to pay 67% of the costs for Ecology’s implementation of the current order. The order requires completion and then implementation of a Remedial Investigation (RI) and feasibility study. The final RI work plan was issued in November 2013. In January 2015, all parties executed the First Amendment to the North Boeing Field/Georgetown Steam Plant Agreed Order, making the PRPs responsible for conducting and completing remedial action at the site. The City is responsible for one third of the costs, with the Department’s share at 90% and SPU’s share at 10%. The draft RI was submitted in June 2016. Ecology directed additional investigation in offsite areas following the submittal of RI. The additional investigation and negotiation on RI comments has delayed the submittal of the revised draft RI until 2020. Furthermore, conditions related to COVID-19 pandemic further delayed the Ecology engagement and negotiations in 2020 and 2021. The draft RI is now anticipated to be submitted in 2022. The FS process will begin following approval of RI. The timing of the approval is currently unknown. Boeing and the City will each pay 100% of costs for remedial action at their own facilities. Storm drain sampling conducted during the RI revealed presence of chemicals in the storm lines that drain the GTSP roof. City Light agreed with Department of Ecology that it will replace the GTSP roof as an interim action prior to finalization of the RI/FS. Roof replacement began in December 2020 and was completed in early 2021. The City recorded a liability of \$0.5 Million as of December 31, 2021 and the ultimate liability is indeterminate.

7th Avenue South Pump Station. The City acquired land in the South Park area of Seattle to construct the 7th Ave South Pump Station. The land was determined to be contaminated subsequent to the purchase. The City has voluntarily agreed to clean up the 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.

Terminal 108. EPA notified the City in 2019 that it is a Potentially Responsible Party for a site adjacent to the Lower Duwamish Waterway that is known as Terminal 108 or T108. The City’s potential liability arises from a former sewage treatment plant that was located there. Other PRPs include the Port of Seattle, which is the current owner of the site, King County, the United States and several private entities. In 2020, the Port of Seattle, City of Seattle (SPU), and King County entered into an agreed Administrative Order with EPA and a cost-sharing agreement among themselves to complete an Engineering Evaluation and Cost Analysis (EE/CA). Work has begun on the investigative phase of the EE/CA at the T108 site in accordance with the Administrative Order, which will lead to a recommended removal or cleanup action. Liabilities are estimated through the EE/CA. The City’s ultimate liability is indeterminate.

South Park Marina. The Washington Department of Ecology notified the City in 2016 that it is a Potentially Liable Party for contamination at the South Park Marina, which is adjacent to Terminal 117. City Light Department is the lead department for the City at this site. The Potentially Liable Parties (PLPs), which are the City, the Port and South Park Marina (SPM), signed a final Agreed Order for a Remedial Investigation (RI) in April 2019. A Common Interest and Cost Sharing Agreement among the PLPs was signed in 2019 with an interim cost share of one-third each. In 2019, the City contracted with a consultant to complete the RI. The City’s share is split between City Light (97.5%) and SPU (2.5%). The City’s ultimate liability is indeterminate.

South Park Landfill. The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (Ecology) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control

Act. Previously the City was advancing a design based on an Interim Action Workplan approved by Ecology. The City delayed the project to re-define the project scope. The delay caused the City to fall behind the schedule in the Consent Decree and Ecology has determined that the City must amend the existing Consent Decree and Cleanup Action Plan to reflect the revised project and new timeline. At the same time two additional parties will be added to the Consent Decree, King County and Kenyon Business Park.

As of March 2021, a redefined scope has been approved by The City. Amendments to the Consent Decree and Cleanup Action Plan were completed in 2021. Project design is occurring between 2021 and 2022. Project construction is scheduled to start in 2023 and be completed in 2026.

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.

Newhalem. This project is comprised of three sites.

Ladder Creek Settling Tank – this project is one of three sites within City Light’s Skagit River Hydroelectric Project being conducted under a 2019 Settlement Agreement with the National Park Service (NPS). The project is located near Newhalem, WA and is a cleanup of contaminated debris and soil resulting from the incineration of a building structure that covered a large water settling tank during the 2015 Goodell Creek Forest Fire. The removal work was completed in 2018 to comply with CERCLA requirements under a Time Critical Removal Action (TCRA) administered by NPS. The final TCRA Completion Report has been approved, and a final reporting of two years of post-TCRA vegetative restoration monitoring has been approved. NPS will keep the project open while conducting periodic vegetative restoration monitoring through approximately 2023. NPS owns the land.

Newhalem Penstock. This project is the second of three sites within City Light’s Skagit River Hydroelectric Project being conducted under the 2019 Settlement Agreement with NPS. The project is also located near Newhalem and currently includes preparation of an Engineering Evaluation and Cost Analysis (EE/CA) to comply with CERCLA requirements under a Non-time Critical Removal Action administered by NPS. The draft EE/CA was started in 2020 and the final is anticipated to be approved in Q1 or Q2 2022. Floyd|Snider(F|S) is under contract to provide City Light with consulting services related to the EE/CA, and cleanup planning if necessary. NPS owns the land.

Diablo Dry Dock. This project is the third of three sites within City Light’s Skagit River Hydroelectric Project being conducted under the 2019 Settlement Agreement with NPS. The project is located near Diablo, WA and includes preparation of an EE/CA to comply with CERCLA requirements under a Nontime Critical Removal Action administered by the NPS. GeoSyntec is under contract to provide City Light with consulting services related to the EE/CA. The EE/CA field investigation was completed in October 2021, and the draft and final EE/CA Reports are planned for 2021-2023. NPS owns the land.

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

The City is pursuing other third parties that may have contributed to the contamination of the sites noted.

The changes in the provision for environmental liability (in thousands) at December 31, 2021 are as follows:

	2021
Beginning Environmental Liability, Net of Recovery	\$ 315,784
Payments or Amortization	(10,015)
Incurred Environmental Liability	18,301
Ending Environmental Liability, Net of Recovery	<u>\$ 324,070</u>

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2021 are as follows:

	2021
Environmental Liability, Current	\$ 10,355
Environmental Liability, Noncurrent	313,715
Total	<u>\$ 324,070</u>

Information on the City’s environmental liability is also presented in Table 9-10 of Note 9, Long-Term Debt.

(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 three plans with (SCERS) are considered part of the City's reporting entity and are reported as pension trust funds. 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 2020:

Table 11-1 Aggregate Pension Amounts - All Plans
(In Thousands)

Pension liabilities	\$	1,198,220
Pension assets		630,536
Deferred outflows of resources		267,904
Deferred inflows of resources		648,880
Pension expense		(61,841)

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM (SCERS)

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 20 active members in this category). There are currently 7,138 retirees and beneficiaries receiving benefits, and 9,410 active members of the System. There are 1,366 terminated, vested employees entitled to future benefits, based on the 2020 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.

The City of Seattle adopted a second tier (Tier II) for the System in 2016. Starting January 1, 2017, new eligible employees join this second tier. Tier II is a defined benefit plan much like the original tier but has a lower contribution rate for members and calculates

final average 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.

Tier I members are those who joined the plan prior to January 1, 2017 and contribute a fixed 10.03% of pay. The City of Seattle adopted a second tier (Tier II) of the System for new eligible employees starting January 1, 2017. And these members contribute 7.00% of pay.

Minimum actuarial determined employer contributions outstanding rates were 16.14% and 14.55% for 2020 and 2019, respectively. In 2020, a blended employer contribution rate of 16.14% was adopted as a combination of a 16.20% rate for Tier I members and 15.76% for Tier II members. In 2019, the employer contribution rates were 15.23% for Tier I members and 14.42% for Tier II members.

As of December 31, 2020, SCERS reported total pension liability of \$4.6 billion, plan fiduciary net position of \$3.6 billion, the net pension liability 0.9 billion, and the funded ratio of 78.81% based on the actuarial valuation as of January 1, 2020.

An actuarial report with valuation date of January 1, 2021, is presently underway, and expected to be available at the Retirement Office after June 1, 2022.

Information about the Net Pension Liability

Assumptions and Other Inputs. The City's total pension liability under SCERS was determined by the actuarial valuation as of January 1, 2020, with the results rolled forward to the December 31, 2020 measurement date. The actuarial assumptions were based on the Investigation of Experience study perform in 2018, which were adopted for use in the January 1, 2019 actuarial valuation. Actuarial assumptions used were as follows:

- a. Inflation: 2.75%
- b. Salary Increases: 3.50%
- c. Investment rate of return: 7.25% compounded annually, net of expenses
- d. Mortality rates: Various rates based on RP-2014 mortality tables and using generation projection of improvement using MP-2014 Ultimate project scale. See the 2018 Investigation of Experience report for details.
- e. 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, 2019 are summarized in the following table:

Table 11-2 Estimated Real Rates of Return by Asset Class

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	4.25%	48.0%
Equity: Private	7.32	11.0
Fixed Income: Core	-0.1	18.0
Fixed Income: Credit	3.26	7.0
Real Assets: Real Estate	3.41	12.0
Real Assets: Infrastructure	3.85	4.0
Diversifying Strategies	N/A	—
		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 periods.

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 actuarial 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

	1% Lower	Current Discount Rate	1% Higher
	6.25 %	7.25 %	8.25 %
Net Pension Liability	\$ 1,544,900	\$ 978,646	\$ 505,224

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, 2020, SCERS reported the collective net pension liability of \$0.9 billion, of which the City recorded \$1.3 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, 2020, which was rolled forward to come up with the net pension liability as of December 31, 2021 (in thousands):

Table 11-4 SCHEDULE OF CHANGES IN NET PENSION LIABILITY^a

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	4,404,518	3,148,332	1,256,186
Changes for the Year			
Service Cost	118,337		118,337
Interest on Total Pension Liability	319,783		319,783
Effect of Plan Changes			—
Effect of Economic/ Demographic	4,735		4,735
Effect of Assumptions Changes or Inputs			—
Benefit Payments	(214,148)	(214,148)	—
Refund Contributions	(15,023)	(15,023)	—
Administrative Expenses		(7,219)	7,219
Member Contributions		82,883	(82,883)
Employers Contributions		141,365	(141,365)
Net Investment Income		503,548	(503,548)
Balance at December 31, 2020	\$ 4,618,202	\$ 3,639,738	\$ 978,464

^a Reported difference between Actuary Report due to Annual Report excluding King County Valuation.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

The City recognized its proportionate share of pension expense in the amount of \$51.3 million for 2021. The City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan at December 31, 2021 as follows (in thousands):

Table 11-5 Proportionate Share of Deferred Outflows and Inflows of Resources ^a

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,890	\$ 28,136
Change of Assumption	46,441	
Net Difference Between Projected and Actual Earnings Contributions and Proportionate Share of Pension Expense	20,495	295,389
Contributions Made Subsequent to Measurement Date	139,282	20,833
Total	\$ 210,108	\$ 344,358

^a Reported difference between Actuary Report due to Annual Report excluding King County Valuation.

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 ^a

Year Ended December 31	
2021	\$ (79,335)
2022	(35,301)
2023	(102,761)
2024	(56,626)
2025	492
Thereafter	—

^a Reported difference between Actuary Report due to Annual Report excluding King County Valuation.

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, 2021, 590 firefighters and surviving spouses and 638 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 not 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.

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, 2021:

Table 11-7 Membership in Firemen’s Pension and Police Relief and Pension

	Firemen’s Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	560	638
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.

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 fair value of the net assets of Firemen's pension was \$35.0 million as of December 31, 2021. No similar program has been established for the Police Relief and Pension Fund.

The Total Pension Liability (TPL) as of December 31, 2021, based on the actuarial valuation as of January 1, 2021, was \$118.3 million for Firemen's Pension and \$101.3 million for Police Relief and Pension. 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, 2021), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2021). Actuarial assumptions used were as follows:

- Inflation: 2.50%
- Salary Increases: 3.25%
- Investment rate of return: 2.0% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the RP-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 2.0%. 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 was 2.06% as of December 31, 2021. Rounding this to the nearest 1/4% results in a discount rate of 2.00% as of the December 31, 2021 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 2.00%, 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 1.00%	2.00%	1% Higher 3.00%
Fireman's Pension Plan	\$ 129,990	\$ 118,294	\$ 108,222
Police Relief and Pension Plan	110,871	101,279	93,058

Changes in the Total Pension Liability. At December 31, 2021, the Firemen's Pension and the Police Relief and Pension plans reported the pension liability of \$114.6 million and \$100.5 million respectively.

Table 11-9 Changes in Total Pension Liability (In Thousands)

	Firemen's Pension	Police Relief and Pension
Balance at December 31, 2020	\$ 114,601	\$ 100,482
Changes for the Year		
Service Cost		
Interest on Total Pension Liability	2,205	1,927
Effect of Plan Changes		
Effect of Economic/Demographic gains or losses	2,206	2,428
Effect of Assumptions Changes or Inputs	7,583	4,534
Benefit Payments	(8,299)	(8,092)
Balance at December 31, 2021	\$ 118,296	\$ 101,279

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2021, the City recognized an increase of pension expenses in the amount of \$12 million for the Firemen's Pension and \$8.9 million for the Police Relief Pension plans, respectively. On December 31, 2021, 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 annual financial report (AFR) that includes financial statements and required supplementary information for each LEOFF plan. The

DRS AFR 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:

Table 11-10 **LEOFF Plan 1**

Years of Service	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.

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 2021. Employers paid only the administrative expense of 0.18% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the final average salary (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 actuarial 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: LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. 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. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2021.

LEOFF Plan 2 required contribution rates for 2021 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	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	
Total	8.77%	8.59%

The City's actual contributions to LEOFF Plan 2 were \$17.4 million for the year ended December 31, 2021.

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, 2021, the state contributed \$78.2 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$11.3 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 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study and the 2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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% total economic inflation
- Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.4%
- Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method change.

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, 2021, 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%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	<u>100%</u>	

Sensitivity of the Total Pension Liability/(Asset) 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 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 Net Pension Assets to Changes in the Discount Rate

	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
LEOFF Plan 1	\$ 109,961	\$ 122,142	\$ 132,682
LEOFF Plan 2	320,593	508,394	662,165

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, 2021, the City reported a pension asset of \$630.5 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	\$ 122,142
LEOFF 2	508,394
Total	<u>\$ 630,536</u>

The amount of the asset reported above for LEOFF Plans 1 and 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 Plant 1 and Plan 2 Net Pension Asset

	Share in Dollars	
	LEOFF 1	LEOFF 2
Employer's Proportionate Share	\$ 122,142	\$ 508,394
State's Proportionate Share of the net pension asset associated with the Employer	826,169	327,969
Total	<u>\$ 948,311</u>	<u>\$ 836,363</u>

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

	2021	2020	Change in Proportion
	Aas of June 30, 2021	As of June 30, 2020	
LEOFF 1	3.56 %	3.56 %	— %
LEOFF 2	8.75 %	10.24 %	(1.49)%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2021, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2021, the state of Washington contributed 39.2 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.8 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2021, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2020, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense. For the year ended December 31, 2021, the City recognized its proportionate share of pension expense as follows:

	Pension Expense	
LEOFF 1	\$	(18,331)
LEOFF 2		(99,166)
Total	\$	(117,497)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (In Thousands):

Table 11-18 Proportionate Share of Deferred Outflows and Inflows of Resources

	LEOFF 1		LEOFF 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 23,060	\$ 2,687
Net difference between projected and actual investment earnings on pension plan investments	—	37,322	—	242,406
Changes of assumptions	—	—	220	24,179
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	25,896	(2,071)
Contributions subsequent to the measurement date	—	—	8,621	—
TOTAL	\$ —	\$ 37,322	\$ 57,797	\$ 267,201

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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Table 11-19 Recognized Pension Plan Expense

Year ended December 31:	Recognized Pension Plan Expense	
	LEOFF 1	LEOFF 2
2022	\$ (9,914)	\$ (63,760)
2023	(9,068)	(59,351)
2024	(8,557)	(56,019)
2025	(9,783)	(63,193)
2026	—	20
Thereafter	—	6,571

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, which 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.

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 (OPEB)

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 2021.

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	\$ 70,258	\$ 290,597	\$ 293,685	\$ 654,540
OPEB assets	—	—	—	—
Deferred outflows of resources	19,398	—	—	19,398
Deferred inflows of resources	21,113	—	—	21,113
OPEB expenses/ expenditures	1,732	(10,264)	(14,915)	(23,447)

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 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, 2021, the following employees were covered by the benefit terms:

Table 11-21 OTHER POST-EMPLOYMENT BENEFITS
Employees Covered by Benefit Terms

	Health Care Blended Premium Subsidy	Firemen's Pension	Police Relief and Pension Plan
Inactive employees or beneficiaries currently receiving benefits	466	635	546
Inactive employees entitled to but not yet receiving benefits	11,853	4	2
Active employees	12,319	639	548
Total	12,319	639	548

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:

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2021	1/1/2021	1/1/2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation rate	---	0.025	0.025
Salary Increases	---	0.0325	0.0325
Discount rate	2.12%, based on 20-year municipal bond yields	2.0%, based on 20-year municipal bond yields	2.0%, 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.	Pub-2010 Safety Mortality Table (headcount-weighted) with ages det back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.
Others		Effective January 1, 2020, the long-term care policy has been expanded to include a \$150 per day coverage for assisted living, including basic room and board.	

The following table presents the sensitivity of total OPEB liability calculation to a 1 percent increase and a 1 percent 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	76,719	70,258	64,329
Firemen's Pension Plan	327,658	290,597	259,571
Police Relief and Pension Plan	329,350	293,685	263,747

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

	Total OPEB Liability at Rate		
	1% Decrease	Current Rate	1% Increase
City of Seattle Health Care Blended Premium Subsidy Plan	\$ 61,682	\$ 70,258	\$ 80,522
Firemen's Pension Plan	261,424	290,597	324,334
Police Relief and Pension Plan	265,428	293,685	326,324

Changes in the Total OPEB Liability. The City reported a total OPEB liability of \$654.5 million in 2021. Based on the actuarial valuation date of January 1, 2021, 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, 2021 are shown below:

Table 11-25 Changes in Total OPEB Liability
(In Thousands)

	Health Care Blended Premium Subsidy Plan	Firemen’s Pension	Police Relief and Pension Plan	Total OPEB Liability
Total OPEB Liability at 1/1/2021	\$ 63,624	\$ 300,862	\$ 308,600	\$ 673,086
Service costs	4,015			4,015
Interest	1,813	5,894	6,012	13,719
Changes of benefit terms				—
Differences between expected and actual experience				—
Effect of plan changes				—
Effect of economic/demographic gains or losses		(2,075)	(534)	(2,609)
Changes of assumptions	3,739	(1,718)	(4,348)	(2,327)
Benefit payments	(2,934)	(12,365)	(16,045)	(31,344)
Other changes				—
Total OPEB Liability at 12/31/2021	<u>\$ 70,257</u>	<u>\$ 290,598</u>	<u>\$ 293,685</u>	<u>\$ 654,540</u>

The changes in current year’s assumption, such as discount rate, participation rate and other factors resulted in the decrease in the OPEB liability for all OPEB plans by \$18.5 million.

Health Care Blended Premium Subsidy: Mortality and retirement assumptions for LEOFF was updated to reflect the most recent assumptions developed in the Washington State 2013-2018 Demographic Experience Study Report. The trend assumptions on medical claims and retiree premiums were updated to reflect the expected increase on future medical costs, as well as the permanent repeal of the excise tax on high-cost plans (a.k.a. “The Cadillac tax”) originally imposed by the Affordable Care Act in 2010. Discount rate changed from 2.74% as of January 1, 2020 to 2.12% as of January 1, 2021.

Firemen’s Pension: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2021, calculated based on the discount rate of 2.00%, and then projected to the measurement date of December 31, 2021. The December 31, 2021 financial reporting reflects new coverage of \$150 per day for assisted living, including basic room and board.

Police Relief and Pension Fund: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2021, calculated based on the discount rate of 2.00%, and then projected to the measurement date of December 31, 2021. There have been no significant changes between the valuation date and fiscal year ends.

OPEB plans under Firemen’s Pension and Police Relief and Pension Plan was closed to new entrants.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized a decrease of OPEB expense of \$23.4 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, 2021 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	\$ 13,019	\$ —
Changes of assumptions	3,340	21,113
Payments subsequent to the measurement date	3,040	
Total	<u>\$ 19,399</u>	<u>\$ 21,113</u>

Deferred outflows of resources of \$3.0 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, 2021. 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 **Recognized OPEB Expense**
(In Thousands)

	Blended Premium Subsidy Plan	Firemen's Pension Plan	Police Relief and Pension Plan
Year End December 31:			
2022	\$ (1,057)	\$ —	\$ —
2023	(1,057)	—	—
2024	(1,057)	—	—
2025	(1,057)	—	—
2026	(1,057)	—	—
Thereafter	530	—	—

(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 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 annual financial reports, 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, 2021
(in Thousands)

	Discretely Presented Component Units		
	Seattle Public Library Foundation	Seattle Investment Fund LLC	Total
ASSETS			
Cash and Other Assets	\$ 3,556	\$ 741	\$ 4,297
Investments	92,868	158	93,026
Capital Assets, Net	8	—	8
Total Assets	96,432	899	97,331
LIABILITIES			
Current Liabilities	1,916	—	1,916
Total Liabilities	1,916	—	1,916
NET POSITION			
Net Investment in Capital Assets	8	—	8
Restricted	65,539	—	65,539
Unrestricted	28,969	899	29,868
Total Net Position	\$ 94,516	\$ 899	\$ 95,415

Table 12-2

**CONDENSED STATEMENT OF ACTIVITIES
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC**
For the Year Ended December 31, 2021
(In Thousands)

	Discretely Presented Component Units		
	Seattle Public Library Foundation	Seattle Investment Fund LLC	Total
PROGRAM REVENUES			
Contributions/Endowment Gain	\$ 5,784	\$ —	\$ 5,784
Placement/Management Fee Income	—	188	188
Total Program Revenues	5,784	188	5,972
GENERAL REVENUES			
Investment Income	8,960	—	8,960
Total Program Support and Revenues	14,744	188	14,932
EXPENSES			
Support to Seattle Public Library	4,950	—	4,950
Management and General	621	203	824
Fundraising	452	—	452
Total Expenses	6,023	203	6,226
Change in Net Position	8,721	(15)	8,706
NET POSITION			
Net Position - Beginning of Year	85,795	914	86,709
Net Position - End of Year	\$ 94,516	\$ 899	\$ 95,415

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 VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

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, 2021, 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 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.

KING COUNTY REGIONAL HOMELESSNESS AUTHORITY

The King County Regional Homelessness Authority (the Authority) is a separate independent governmental administrative agency between the City and King County. It was established in the State of Washington on December 12, 2019 pursuant to RCW 39.34.030(3). The purposes of the Authority are providing consolidated, aligned services to individuals and families who are experiencing homelessness or who are at imminent risk of experiencing homelessness in the jurisdictional boundaries of King County; and receiving revenues from the County, Seattle, Funders and other private and public sources for the purpose of the Authority.

The Governing Committee of the Authority consists of King County Executive and two members of the King County Council; Seattle Mayor and two members of the Seattle City Council; three members should be elected officials from cities or towns other than Seattle; and three members representing individuals with Lived Experience, which members shall be selected by the Advisory Committee. All participants do not retain any ongoing financial interest nor any ongoing financial responsibility. Therefore, the Authority is a jointly governed organization.

PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR

Puget Sound Emergency Radio Network Operator (PSERN Operator) is a separate governmental agency pursuant to RCW 39.34.030(3) that is organized as a non-profit corporation under Chapter 24.06 RCW. It is authorized by the Interlocal Corporation Act for the purpose of owning, operating, maintaining, managing and on-going upgrading/replacing of the PSERN system during the Operations Period. The expenses of the PSERN Operator shall be financed through a funding measure approved by voters at the April 2015 election and with user fees (Service Rates) to be assessed against and paid by all User Agencies.

The Board of Directors are composed of four voting members: King County Executive or a designee of the executive approved by the King County Council, City of Seattle Mayor or his/her designee, one mayor or city manager or his/her designee representing the Cities of Bellevue, Issaquah, Kirkland, Mercer Island and Redmond, and one mayor or city manager or his/her designee representing the Cities of Auburn, Federal Way, Kent, Renton and Tukwila. All participants do not have any ongoing financial interest or responsibility; as a result, the PSERN Operator is a jointly governed organization.

(14) COMMITMENTS

Encumbrances

The City uses encumbrance accounting under which contracts and other commitments for expenditures are recorded to reserve applicable appropriations.

As of December 31, 2021, the City had the following encumbered amounts:

Table 14-1 Encumbrances by Fund Category
(In Millions)

Fund	Encumbrances	
General Fund	\$	82.6
Transportation		11.7
Nonmajor Governmental Funds		271.8
Internal Service Funds		85.8
Nonmajor Enterprise Funds		91.7
Major Enterprise Funds		373.2
Totals	\$	916.8

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 \$1.0 Billion. 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, 2021 and standards prescribed under GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.

Capital Improvement Program

The City proposed the 2021 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$6.9 billion for the years 2021-2026. The adopted CIP for 2021 was \$1.3 billion, consisting of \$781.9 million for City-owned utilities and \$494.2 million for non-utility departments. The utility allocations are: \$361.8 million for City Light, \$116.4 million for Water, \$278.4 million for Drainage and Wastewater, and \$25.3 million for Solid Waste. 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, 2021 are shown in the following table:

Table 14-2 **LONG-TERM PURCHASED POWER**
(In Millions)

	2021
Bonneville Block	\$ 154.7
Bonneville Slice	—
Lucky Peak, including royalties	6.6
British Columbia - High Ross Agreement	13.1
Grant County Public Utility District	1.1
Columbia Basin Hydropower	8.0
Bonneville South Fork Tolt billing credit	(3.5)
Renewable energy - State Line Wind	25.2
Renewable energy - other	7.3
Exchanges and loss returns energy at fair value	4.8
Long-term purchased power booked out	(9.8)
Total	\$ 207.5

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.

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 \$6.6 million and \$6.7 million in 2021 and 2020, respectively, 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 both 2021 and 2020. 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, 2021. The City's payables to Lucky Peak were \$0.8 million at December 31, 2021.

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 Department 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 Department 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. The final fixed capital payment was made to BC Hydro in 2020. Operations and maintenance payments will be made through the life of the agreement. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchase power expense over 15 years, from 2021 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 with more than 25,000 customers 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 annual target is at least 15% for 2021 and 2020. The law also has a compliance option for utilities with declining load to spend 1% of revenue requirements on eligible RECs and/or resources. The Department met the requirements of the compliance option in both 2021 and 2020.

Fair Value of Exchange Energy. During 2021, 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 2022 through 2065, undiscounted, are shown in the following table:

Table 14-3 **TRANSMISSION, AND RELATED CONTRACTS**
(In Millions)

Year Ending December 31	Payments ^a
2022	\$ 231.3
2023	237.4
2024	248.6
2025	^a 216
2026	187.1
2027-2031	^b 403.3
Thereafter (through 2065)	141.2
Total	\$ 1,664.9

^a Bonneville transmission agreement expires July 31, 2025

^b Bonneville Block & Slice agreement 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 \$151.3 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 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 have been evaluated and the City 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 \$365.2 million adjusted to 2021 dollars, of which \$113.0 million were expended through 2021. Projected mitigation cost estimates are subject to revision as more information becomes available.

Skagit and South Fork Tolt 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, 2021, to be \$156.2 million, of which \$148.4 million had been expended. Total South Fork Tolt license mitigation costs were estimated at \$2.2 million, of which \$2.2 million were expended through 2021. 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 2021 dollars. City 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 of the City's 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, 2021 are estimated to be \$17.5 million, and \$2.4 million has been allocated for the program in the 2022 budget.

Project Impact Payments. Effective May 2020, the City renewed its contract with Pend Oreille County and committed to pay a total of \$29.8 million over 10 years ending in 2029 to Pend Oreille County for impacts on county governments from the operations of the Department's hydroelectric projects. Effective February 2009, the Department 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 totaled \$2.9 million and \$2.7 million to Pend Oreille County in 2021 and 2020 respectively, and \$1.2 million to Whatcom County in 2021 and 2020 respectively.

Habitat Conservation Program Liability. The City 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 the City 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 \$116.2 million (in 2021 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 2021 is \$100.2 million. The remaining \$16.0 million to complete the HCP is comprised of an \$7.8 million liability and an estimate of \$8.2 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. The total cost of burying six reservoirs is expected to be approximately \$221.6 million through the year 2025; costs beyond 2025 are not estimable as of the date of this report. As of December 31, 2021, total cumulative costs incurred were \$177.7 million.

Wholesale Water Supply Contracts. The City has wholesale contracts with Cascade Water Alliance (CWA) and nineteen individual water districts and municipalities. Sixteen 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. The full and partial requirements contracts include amendment periods where the parties may opt to review and change certain contract terms and conditions in 2022 and 2042. The City and the full and partial requirements Wholesale Customers began the review of certain contract terms in 2021 to determine if any amendments are desired in 2022 under the first amendment period. This review period has been extended one year by mutual agreement, with potential amendments becoming effective in 2023. 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. CWA contract expires in 2063 while other wholesale contracts expire in 2062. In 2020, Cascade requested that the City consider selling it additional increments of surplus water that would extend the date at which Cascade's block would begin to decline to sometime past 2039. The City's declining block contract does not obligate the City to sell any additional surplus water to Cascade or any further extensions, unless by mutual agreement. The City began discussions with Cascade in 2022.

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 the City and component agencies. Payments made by the Fund were \$164.6m for 2021.

Contractual Obligations. The City contracts with Waste Management and Recology of King County for the collection of residential and commercial garbage, yard waste, food waste, and recycling. In addition, a few independent vendors provide large scale recycling and food waste for business customers. The collection contracts began in 2019 and 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 \$83.3m in 2021.

The City contracts with Waste Management of Washington, Inc. (formerly known as Washington Waste Systems), for rail-haul and disposal of non-recyclable City waste. The disposal contract began in 1990 and 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 \$15.5m in 2021.

The City contracts with Lenz Enterprises, Inc., and Cedar Grove Composting, Inc. to process yard and food waste into marketable products. The Lenz processing contract began in 2014 and the Cedar Grove processing contract began in 2017. Both contracts are scheduled to end on March 31, 2024, with City options to extend to March 31, 2024. Total payments under the terms of these contracts were \$5.1m in 2021.

The City contracts with Rabanco, LTD., to process recyclables and marketing those commodities. The Rabanco processing contract began in 2016 and is scheduled to end on March 31, 2024, with a City option to extend to March 31, 2027. Total payments, net of recycling revenue, were \$2.5m in 2021. This variance resulted from fluctuations in recycling commodity pricing.

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, 2021, 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 a future cost in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers and will be fully amortized in 2030. 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 2030.

(15) CONTINGENCIES

The City is exposed to the risk of loss from torts, theft of 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 \$10 million per occurrence of such claims through May 2022.

Effective June 1, 2021, through May 2022 the City's excess liability insurance limits were \$20 million. In 2021, the City purchased \$7.5 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 \$500.0 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 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 2021, the City purchased one annuity contract for \$0.3 million to resolve a lawsuit. The City did not receive any large liability settlements nor settled any claims exceeding coverage in 2021.

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 2021, the City's independent actuaries estimated the ultimate settlement costs for lawsuits, workers' compensation, and other claims at year-end 2020, and health care claims at year-end 2021. The total undiscounted IBNR amount was \$22.7 million in 2021, decreased by \$16.9 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 \$90 thousand in 2021. 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 1.580 percent for 2021, the City's 2020 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 1.487 percent for 2021, the City's 2021 average annual rate of return on investments. The total discounted liability at December 31, 2021, was \$153.1 million consisting of \$82.9 million for general liability, \$19.5 million for health care, and \$50.7 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	\$ 76,556	\$ 13,238	\$ 50,256	\$ 140,050
Less Payments and Expenses During the Year	(16,979)	(282,212)	(9,470)	(308,661)
Plus Claims and Changes in Estimates	29,305	288,783	12,239	330,327
Balance - End of Fiscal Year	<u>\$ 88,882</u>	<u>\$ 19,809</u>	<u>\$ 53,025</u>	<u>\$ 161,716</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 64,458	\$ 19,809	\$ 40,926	\$ 125,193
Business-Type Activities	24,414	—	12,097	36,511
Fiduciary Activities	10	—	2	12
Balance - End of Fiscal Year	<u>\$ 88,882</u>	<u>\$ 19,809</u>	<u>\$ 53,025</u>	<u>\$ 161,716</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 59,947	\$ 19,518	\$ 39,127	\$ 118,592
Business-Type Activities	22,950	—	11,565	34,515
Fiduciary Activities	9	—	2	11
Balance - End of Fiscal Year	<u>\$ 82,906</u>	<u>\$ 19,518</u>	<u>\$ 50,694</u>	<u>\$ 153,118</u>

Pending litigations, claims, and other matters are as follows:

Deien v. City – Plaintiff brings a purported class action against City Light based on City Light billing practices associated with City Light's transition to advanced meters. Pending court approval, the case will be settled on a class basis for a \$3.5M payment from the City. The Department accrued the \$3.5 million expense and liability in 2021.

East Marginal Way Poles – The City faces several claims and lawsuits related to the collapse of power poles along East Marginal Way in Seattle on April 5, 2019. The claimants allege that City Light and CenturyLink (a co-owner of certain poles) negligently maintained a number of poles. City Light's ultimate liability is indeterminate.

Tucker v. City and Andrew Strong – Plaintiff Tucker alleges race discrimination, harassment, and retaliation against City Light and Mr. Strong, as well as a claim against Mr. Strong for aiding and abetting discrimination. An adverse result could include awards of compensatory damages and attorneys' fees. City Light's ultimate liability is indeterminate. Trial is currently set in state court for November 14, 2022.

Sauk-Suiattle Litigation – In July 2021, the Sauk-Suiattle Indian Tribe (the "Tribe") filed the first of three lawsuits against City Light alleging that City Light's operation of the Skagit Hydroelectric Project (the "Project") in a manner that de-watered a portion of the Skagit River violates various rights of the Tribe. City Light operates the Project under a thirty-year license from the Federal Energy Regulatory Commission ("FERC") granted in 1995. The license allows the de-watering of the Skagit River for a short stretch of the river between the Gorge Dam and the Gorge Powerhouse.

1. **Federal Claims** – The initial lawsuit brought by the Tribe was originally filed in Skagit County Superior Court in July 2021. In that suit, the Tribe alleged violations of the Washington and United States constitutions, in addition to the establishing acts of the Territory of Oregon and State of Washington, and other state and federal law, by blocking the passage of fish. The City removed the case to the federal court in the Western District of Washington and moved to dismiss the case. The Tribe moved to remand the case back to Skagit County. Ultimately, the district court denied the Tribe's motion to remand, and

then on December 2, 2021, dismissed all of the Tribe's claims. The Tribe has appealed this decision to the 9th Circuit. Briefing is scheduled to be complete by June 2022. The City cannot predict whether a material adverse outcome will occur.

2. **King County Superior Court** – In September 2021, the Tribe filed a second suit against the City based on the same operative facts, alleging that City Light was “greenwashing” its operations because it did not allow for fish passage in the stretch of the Skagit River between Gorge Dam and Gorge Powerhouse, and other state law nuisance claims. City Light moved to dismiss this case, and the Court granted its motion to dismiss on January 14, 2022. The Tribe has appealed the dismissal, but no briefing schedule has been set yet. The City cannot predict whether a material adverse outcome will occur.
3. **Sauk-Suiattle Tribal Court** – On January 6, 2022, the Tribe filed its third complaint out of the same set of operative facts. In the Tribal Court, the Tribe makes the following claims: (1) violations of the Tribe's treaty based usufructuary property interests through blocking fish passage; (2) that the “blockage of water” constitutes an arbitrary and capricious seizure of salmon habitat and the Tribe's water property rights in violation of the Fourth Amendment; (3) infringement on the Tribe's members religious and cultural practices protected by the American Indian Religious Freedom Act and the First Amendment; and fraud and intentional or negligent infliction of emotional distress. The City has filed a motion to dismiss these claims, which is scheduled to be argued on March 29, 2022. Additionally, the City filed a complaint in federal court in the Western District of Washington seeking to enjoin the Sauk-Suiattle Tribal Court from exercising jurisdiction. The Tribe has filed a motion to dismiss this complaint as premature. The case has been assigned to the same judge that dismissed the Tribe's earlier federal court lawsuit. Liability is indeterminate.

1221 Madison Street Owners Association – Claimant alleges that a late December 2020 storm caused the storm drains near its facility to fail causing damages. Current damage allegations are roughly \$1 million. The Department's ultimate liability is indeterminate.

Providence Healthcare Systems – Claimant alleges that a late December 2020 storm caused the storm drains near its health care facilities to fail causing extensive damage to their facilities. Claimant's current damage claims are in the range of \$2.5 million. The Department's ultimate liability is indeterminate.

Romulo v. City of Seattle – The plaintiff, a Senior Utility Service Inspector for Seattle Public Utilities, alleges discrimination and harassment (hostile work environment) based on disability, race and/or national origin, failure to accommodate a disability and retaliation. A three-week trial ended in March 2021, which resulted in a defense verdict. Plaintiff has appealed to Division One of the Court of Appeals. The City cannot predict whether a material adverse outcome will occur.

The following case from 2020 was settled in 2021.

Dixon v. City and 3 “John Doe” defendants – Plaintiff Dixon alleged that he was a victim of discrimination and retaliation based on race, color, and engaging in protected activities. The plaintiff includes allegations of race discrimination, harassment, and retaliation throughout his 30-year employment. Trial was set in state court for May 23, 2022. This matter resolved upon the plaintiff's acceptance of an Offer of Judgment on December 27, 2021 in the amount of \$200,000.00, plus fees and costs.

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, 2021 is \$4.4 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 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 any of these public development authorities have insufficient funds to make scheduled debt payments of the principal and interest on the guaranteed bonds, the City is obligated to transfer sufficient funds to make the payments. Public development authorities for which 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 were issued on April 29, 2014, in the amount of \$44.4 million. The outstanding amount owed as of December 31, 2021, was \$30.4 million. The bonds will be fully retired by April 1, 2031.

Seattle Indian Services Commission. Special obligation refunding bonds were issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31, 2021, was \$1.2 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, 2021, the Commission's remaining principal and interest amounts guaranteed by the City are \$1.2 million and \$0.2 million, respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (1.487%), the City has recognized a liability of \$1.3 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.

(16) TAX ABATEMENTS

Table 16-1
Page 1 of 2

**Tax Abatement Programs
For the Year Ended December 31, 2021
(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 abatement agreements are entered into.	SMC Chapter 5.73 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 percent 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 percent 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 Public Benefit Rating Systems (PBRS) by resource category (2) Timber land if 5 to 20 acres are manageable forestland, zoned RA, F or A and devoted primarily to the 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 percent of the per capita personal income of the county in which the data center is located

¹ 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.

Table 16-1
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**Tax Abatement Programs
For the Year Ended December 31, 2021
(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	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	Deferred 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 percent of the additional property tax due to the increase in assessed value from the improvements, not to exceed 30 percent 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 service
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 percent recapture in the year 1 to 12.5 percent in year 8	All previously exempted sales and use taxes 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 City's revenues being reduced.	\$	17 \$	1,236 \$	42 \$	62 \$	13,166 \$
						80
						Total Revenue Reduction
						\$ 14,603

¹ 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.

(17) RESTATEMENTS, PRIOR-PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING PRINCIPLES, AND RECLASSIFICATIONS

The City determined that prior classification of internal service funds revenues and expenses had overstated fund balance on the government-wide statements dating back to 2018. These corrections resulted in an aggregate restatement to beginning fund balance of \$7.42 million in 2020 and \$229 thousand in 2021.

The business type activities expense section of Table A-2 was updated to correct a \$15.6 million overstatement from 2020. Tables A-1 and A-2 did not reflect the same ending net position in 2020. We have corrected the 2020 column on table A-2. No other tables were affected by this update. Details are as follows:

	Previously Reported <i>(In Thousands)</i>	Updated Amount <i>(In Thousands)</i>	Net Change <i>(In Thousands)</i>
Light	998,887	983,188	(15,699)
Water	246,617	246,635	18
Drainage and Wastewater	411,851	411,884	33
Solid Waste	206,634	206,649	15
Construction and Inspection	77,029	77,034	5
Total Expenses	1,941,018	1,925,390	(15,628)

The combining statements of Fiduciary Net Position schedules for the pension trust and custodial funds, formerly schedules G-1 through G-4, were eliminated from this presentation as they contained only one such fund in each category. The former G schedules were presenting duplicative information and were not necessary.

The City's investment pool was utilizing the cash in the File Local and Regulatory funds; and as such they are no longer considered custodial funds under GASB 84, since custodial funds cannot have administrative involvement by the City. The removal of these funds from the custodial section created a restated beginning fund balance adjustment of \$3.2 million.

(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 continue to be 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 2022.

BOND ISSUANCE

On May 3, 2022, pursuant to City Council Ordinance 126480, the City issued \$132.57 million of Limited Tax General Obligation (LTGO) Bonds with an average coupon rate of 4.456 percent and a final maturity of September 1, 2042.

**Required
Supplementary Information**

BUDGET COMPARISON SCHEDULES - MAJOR GOVERNMENTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Budget Comparison Schedules 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.

**C-1
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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 356,740	\$ 356,740	\$ 363,688	\$ 6,948
Sales Taxes	275,246	275,246	301,031	25,785
Business Taxes	482,973	482,973	788,320	305,347
Excise Taxes	5,366	5,366	123,658	118,292
Other Taxes	220,106	220,106	27,463	(192,643)
Total Taxes	1,340,431	1,340,431	1,604,160	263,729
Licenses and Permits	32,030	32,030	39,467	7,437
Grants, Shared Revenues, and Contributions	29,157	29,157	92,356	63,199
Charges for Services	91,642	91,642	81,734	(9,908)
Fines and Forfeits	1,771	1,771	22,402	20,631
Concessions, Parking Fees, and Space Rent	3,690	3,690	11,195	7,505
Program Income, Interest, and Miscellaneous Revenues	9,210	9,210	124,402	115,192
Total Revenues	1,507,931	1,507,931	1,975,716	467,785
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	2,520	4,556	2,828	(1,728)
CITY BUDGET OFFICE	7,145	7,973	7,303	(670)
CIVIL RIGHTS OFFICE	6,998	9,485	6,334	(3,151)
CIVIL SERVICE COMMISSIONS	523	672	551	(121)
COMMUNITY POLICE COMMISSION	1,713	1,897	1,378	(519)
COMMUNITY SAFETY	17,887	13,597	11,352	(2,245)
CONSTRUCTION & INSPECTION DEPARTMENT				
Compliance	7,795	7,880	7,380	(500)
Govt Policy, Safety & Support	916	986	913	(73)
Inspections	253	253	92	(161)
Land Use Services	268	268	247	(21)
EDUCATION & EARLY LEARNING				
Early Learning	16,904	24,482	18,416	(6,066)
K-12 Programs	1,211	5,558	594	(4,964)
Post-Secondary Programs	—	69	—	(69)
Leadership & Administration	1,096	1,566	558	(1,008)
EMERGENCY MANAGEMENT OFFICE	2,484	7,599	3,696	(3,903)
ETHICS & ELECTIONS COMMISSION	1,050	1,159	1,092	(67)
FINANCE & ADMINISTRATIVE SERVICES - CAPITAL DEVELOPMENT & CONSTRUCTION MANAGEMENT				
ADA Improvements	—	(85)	718	803
Asset Preservation Schedule 1 Facilities	—	(10,125)	5,689	15,814
Asset Preservation Schedule 2 Facilities	1,000	1,632	3,554	1,922
Garden of Remembrance	2,152	11,291	—	(11,291)
General Govt Facilities	3,393	7,958	3,080	(4,878)
Neighborhood Fire Stations	—	—	3	3
Preliminary Engineering	180	8,287	2	(8,285)
Publ Safety Facilities - Police	—	632	783	151
Public Safety Facilities - Fire	—	5,755	3,438	(2,317)
Seattle Animal Shelter	2,020	5,438	17	(5,421)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES AND ENCUMBRANCES (continued)				
FINANCE & ADMINISTRATIVE SERVICES - FACILITIES				
Seattle Animal Shelter	—	(15)	14	29
FINANCE & ADMINISTRATIVE SERVICES - FLEETS				
Seattle Animal Shelter	—	—	8	8
FINANCE & ADMINISTRATIVE SERVICES - OTHER SERVICES				
Central Waterfront Improvement Program	—	1,788	1,550	(238)
City Finance	9,880	10,226	7,538	(2,688)
Employee Transit Benefits	4,996	4,996	1,210	(3,786)
FileLocal Agency	365	390	390	—
Garden of Remembrance	30	115	—	(115)
Indigent Defense Services	9,606	8,106	7,933	(173)
Information Technology	—	529	—	(529)
Jail Services	18,539	17,439	16,288	(1,151)
Judgment & Claims - Claims	3,524	3,524	1,311	(2,213)
Judgment & Claims - General	88	88	—	(88)
Judgment & Claims - General Liab	—	10,000	—	(10,000)
Judgment & Claims - Litigation	22,837	19,837	17,581	(2,256)
Judgment & Claims - Police Act	1,121	9,121	7,958	(1,163)
Neighborhood Fire Station	3,723	13,733	—	(13,733)
Oversight - External Projects	2,500	1,917	849	(1,068)
Seattle Animal Shelter	—	—	180	180
FINANCE & ADMINISTRATIVE SERVICES - REGULATORY COMPLIANCE & CONSUMER PROTECTION				
	6,610	6,883	7,750	867
FINANCE & ADMINISTRATIVE SERVICES - SEATTLE ANIMAL SHELTER				
	9,761	11,297	6,206	(5,091)
FINANCE GENERAL				
Appropriation to Special Funds	276,514	223,743	77,223	(146,520)
Reserves	133,511	72,326	35,996	(36,330)
FIRE DEPARTMENT				
Fire Prevention	10,853	11,230	11,056	(174)
Leadership & Administration	40,802	41,094	40,718	(376)
Operations	197,684	229,732	220,932	(8,800)
FIREFIGHTERS PENSION				
	21,020	21,020	19,889	(1,131)
HEARING EXAMINER				
	1,062	1,068	981	(87)
HOUSING OFFICE				
Homeownership & Sustainability	550	900	207	(693)
Leadership and Administration	650	672	255	(417)
Multifamily Housing	1,500	9,500	—	(9,500)
HUMAN RESOURCES				
GTL/LTD/AD&D Insurance Service	6,663	6,663	6,378	(285)
Health Care Services	277,670	277,670	283,982	6,312
HR Services	21,872	23,857	21,490	(2,367)
Industrial Insurance Services	23,941	23,941	16,866	(7,075)
Leadership & Administration	738	2,170	72	(2,098)
Unemployment Services	4,736	4,736	1,198	(3,538)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES AND ENCUMBRANCES (continued)				
HUMAN SERVICES DEPARTMENT				
Addressing Homelessness	89,177	93,105	78,873	(14,232)
Leadership & Administration	9,511	12,143	11,637	(506)
Preparing Youth for Success	13,912	13,939	12,790	(1,149)
Promoting Healthy Aging	7,007	7,915	7,579	(336)
Promoting Public Health	13,498	16,248	14,048	(2,200)
Supporting Affordability & Livability	15,063	26,017	23,991	(2,026)
Supporting Safe Communities	31,526	37,168	26,482	(10,686)
IMMIGRANT & REFUGEE AFFAIRS				
	3,865	31,493	29,129	(2,364)
INFORMATION TECHNOLOGY DEPARTMENT				
Cable Franchise	7,171	7,171	6,708	(463)
INSPECTOR GENERAL FOR PUBLIC SAFETY				
	2,979	3,480	2,936	(544)
INTERGOVERNMENTAL RELATIONS OFFICE				
	2,811	2,866	2,545	(321)
LABOR STANDARDS OFFICE				
	7,276	9,308	8,334	(974)
LAW DEPARTMENT				
Civil	15,639	14,922	14,675	(247)
Criminal	8,582	9,763	8,521	(1,242)
Leadership & Administration	10,522	11,151	10,798	(353)
Precinct Liaison	702	652	645	(7)
LEGISLATIVE DEPARTMENT				
Leadership & Administration	13,746	16,094	4,784	(11,310)
Legislative Department	4,696	4,971	15,634	10,663
MAYORS OFFICE				
	7,440	7,999	7,517	(482)
MUNICIPAL COURTS				
Administration	16,119	16,259	16,069	(190)
Court Compliance	4,905	4,941	4,838	(103)
Court Operations	17,353	17,434	17,269	(165)
NEIGHBORHOODS DEPARTMENT				
Community Building	6,267	9,902	5,826	(4,076)
Community Grants	4,977	6,917	3,515	(3,402)
Leadership & Administration	5,176	5,273	5,069	(204)
OFFICE OF ARTS & CULTURE				
Arts & Cultural Programs	6,608	9,543	6,134	(3,409)
Cultural Space	809	1,722	1,136	(586)
Leadership & Administration	3,119	3,150	2,637	(513)
Public Art	—	12	12	—
OFFICE OF ECONOMIC DEVELOPMENT & SPECIAL EVENTS				
Business Services	12,006	32,390	17,778	(14,612)
Leadership & Administration	2,611	2,672	2,637	(35)
OFFICE OF SUSTAINABILITY & THE ENVIRONMENT				
	16,315	21,134	19,471	(1,663)
OFFICE OF THE EMPLOYEE OMBUDSMEN				
	733	949	737	(212)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES AND ENCUMBRANCES (continued)				
PARKS & RECREATION				
2008 Parks Levy	—	32	—	(32)
Building For The Future Program - Construction in Progress	1,732	10,774	5,855	(4,919)
Debt & Special Funding	3,921	4,715	160	(4,555)
Departmentwide Programs	3,316	3,316	2,923	(393)
Fix It First Program -Construction in Progress	16,585	64,994	12,495	(52,499)
Leadership & Administration	28,751	29,016	28,498	(518)
Maintaing Parks & Facilities	—	56	54	(2)
Parks & Facilities Maintenance & Repairs	53,926	56,976	55,287	(1,689)
Recreation Facility Programs	12,320	12,442	12,016	(426)
PLANNING & COMMUNITY OFFICE				
Design Commission	593	593	577	(16)
Equitable Development Initiative	5,280	56,595	14,122	(42,473)
Planning & Community Development	7,675	11,990	9,761	(2,229)
POLICE DEPARTMENT				
Administrative Operations	28,723	28,723	28,707	(16)
Chief of Police	7,580	12,273	7,667	(4,606)
Collaborative Policing	12,591	12,775	12,658	(117)
Compliance & Professional Standards	4,648	4,648	4,348	(300)
Criminal Investigations	57,480	58,399	53,775	(4,624)
East Precinct	21,198	19,606	19,494	(112)
Leadership & Administration	74,888	82,182	77,073	(5,109)
North Precinct	30,342	29,156	29,122	(34)
Office of Police Account	4,824	4,932	4,379	(553)
Patrol Operations	10,083	11,849	11,739	(110)
South Precinct	19,542	19,572	19,513	(59)
Southwest Precinct	16,410	15,769	15,750	(19)
Special Operations	45,897	57,464	49,814	(7,650)
West Precinct	26,651	25,609	25,507	(102)
POLICE RELIEF & PENSION	26,652	26,654	19,208	(7,446)
SEATTLE CENTER				
Building & Campus Improvements	5,971	24,346	11,011	(13,335)
Campus	10,912	11,068	11,068	—
Leadership & Administration	5,194	5,194	5,194	—
McCaw Hall	724	724	663	(61)
Monorail Rehabilitation	—	1,426	1,182	(244)
SEATTLE PUBLIC LIBRARY				
Administrative/Support Service	9,313	9,788	8,981	(807)
Capital Improvements	400	3,726	884	(2,842)
Chief Librarian's Office	485	863	692	(171)
Human Resources	2,096	2,452	2,163	(289)
Institutional & Strategic Advantage	899	1,527	1,263	(264)
Leadership & Administration	—	358	333	(25)
Library Program & Services	42,402	46,673	43,854	(2,819)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES AND ENCUMBRANCES (continued)				
SEATTLE PUBLIC UTILITIES				
General Expense	2,024	2,024	1,834	(190)
Leadership & Administration	100	100	(218)	(318)
Utility Service & Operations	18,675	19,115	14,915	(4,200)
TRANSPORTATION DEPARTMENT				
Bridges & Structures	4,591	4,591	4,385	(206)
Central Waterfront	2,900	2,906	100	(2,806)
General Expense	23,990	27,935	8,882	(19,053)
Leadership & Administration	910	—	(70)	(70)
Maintenance Operations	14,633	21,946	15,399	(6,547)
Major Maintenance/Replacement	7,663	8,988	6,469	(2,519)
Major Projects	—	309	68	(241)
Mobility - Capital	13,780	16,397	10,749	(5,648)
Mobility - Operations	15,257	17,170	16,230	(940)
Parking Enforcement	—	5	3,608	3,603
Total Expenditures and Encumbrances	2,257,502	2,538,523	1,974,922	(563,601)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(749,571)	(1,030,592)	794	1,031,386
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	—	—	3,775	3,775
Capital Leases & Installments	—	—	—	—
Transfers In	73,020	73,020	5,126	(67,894)
Transfers Out	—	—	(62,014)	(62,014)
Total Other Financing Sources (Uses)	73,020	73,020	(53,113)	(126,133)
Net Change in Fund Balance	\$ (676,551)	\$ (957,572)	(52,319)	\$ 905,253
Fund Balance - Beginning of Year			514,598	
Restatements/Prior-year Adjustments			229	
Non-Budgetary Revenues/(Expenditures)			254,876	
Fund Balance - End of Year			\$ 717,384	

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TRANSPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ 102,256	\$ 102,256	\$ 106,565	\$ 4,309
Sales Taxes			163	163
Business Taxes	29,181	29,181	28,541	(640)
Excise Taxes				
Other Taxes				
Total Taxes	131,437	131,437	135,269	3,832
Licenses and Permits	5,917	5,917	7,284	1,367
Grants, Shared Revenues, and Contributions	85,523	85,523	52,504	(33,019)
Charges for Services	170,283	170,283	163,456	(6,827)
Fines and Forfeits			2,249	2,249
Concessions, Parking Fees, and Space Rent			153	153
Program Income, Interest, and Miscellaneous Revenues	25,978	25,978	(896)	(26,874)
Total Revenues	419,138	419,138	360,019	(59,119)
EXPENDITURES AND ENCUMBRANCES				
FINANCE & ADMINISTRATIVE SERVICES - FACILITIES				
HUMAN RESOURCES				
Industrial Insurance Services				
TRANSPORTATION DEPARTMENT				
Bridges & Structures	11,794	11,795	10,116	(1,679)
Central Waterfront	41,990	45,377	45,377	
General Expense	31,296	26,335	1,323	(25,012)
Maintenance Operations	22,230	25,880	30,363	4,483
Major Maintenance/Replacement	36,705	59,814	59,812	(2)
Major Projects	806	2,192	2,192	
Mobility Operations	28,013	36,658	32,795	(3,863)
ROW Management	42,995	43,763	40,923	(2,840)
Leadership & Administration			(11,789)	(11,789)
Waterfront & Civic Projects	30,612	30,558	10,766	(19,792)
Mobility - Capital	163,269	112,136	112,133	(3)
Parking Enforcement			33	33
Streetcar Operations - S Lake Union				
Total Expenditures and Encumbrances	409,710	394,508	334,044	(60,464)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	9,428	24,630	25,975	1,345

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TRANSPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)				
Long-term Debt Issued	560	560		(560)
Refunding Debt Issued				
Premium on Bonds Issued				
Payment to Refunded Bond Escrow Agent				
Sales of Capital Assets	1,700	1,700	3,775	2,075
Capital Leases & Installments				
Transfers In				
Transfers Out			(24,514)	(24,514)
Total Other Financing Sources (Uses)	2,260	2,260	(20,739)	(22,999)
Net Change in Fund Balance	\$ 11,688	\$ 26,890	5,236	\$ (21,654)
Fund Balance - Beginning of Year			50,045	
Restatements/Prior-year Adjustments				
Non-Budgetary Revenues/(Expenditures)			(51)	
Fund Balance - End of Year			\$ 55,230	

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. Therefore, Firemen's and Police Relief and Pension funds are accounted for in accordance with GASB Statement No. 73. 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 Statement No. 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 Statement No. 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, 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).

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PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

December 31, 2021
(In Thousands)

Police Relief and Pension Fund

Year Ended	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	1,927	2,446	3,061	3,024	3,401	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	2,428	(1,144)	5,602	2,569	—	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	4,534	14,260	11,816	(4,809)	1,689	N/A	N/A	N/A	N/A	N/A
Benefit payments	(8,092)	(7,997)	(8,075)	(13,227)	(5,593)	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	797	7,564	12,404	(12,443)	(503)	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	100,482	92,917	80,513	92,956	93,459	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	101,279	100,482	92,917	80,513	92,956	N/A	N/A	N/A	N/A	N/A
Covered payroll	—	—	—	—	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

Firefighters' Pension Fund

Year Ended	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,205	2,383	3,298	3,325	3,623	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	2,206	15,595	(525)	(2,082)	—	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	7,583	13,867	9,030	(6,739)	2,118	N/A	N/A	N/A	N/A	N/A
Benefit payments	(8,299)	(7,988)	(6,939)	(7,197)	(7,485)	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	3,693	23,857	4,864	(12,693)	(1,744)	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	114,601	90,744	85,880	98,573	100,317	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$118,294	114,601	90,744	85,880	98,573	N/A	N/A	N/A	N/A	N/A
Covered payroll	—	—	—	—	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

This schedule will be built prospectively until it contains ten years of data.
Covered payroll is the payroll on which contributions to a pension plan are based.

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PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Seattle City Employees' Retirement System
December 31, 2021
(In Thousands)

	2021	2020	2019	2018	2017
Employer's proportion of the net pension liability (asset)	99.96%	99.96%	99.95%	99.95%	99.93%
Employer's proportionate share of the net pension liability	\$ 978,647	\$ 1,256,338	\$ 1,518,484	\$ 1,106,617	\$ 1,304,140
Covered payroll	\$ 875,457	\$ 783,740	\$ 774,235	\$ 728,094	\$ 708,562
Employer's proportionate share of the net pension liability as a percentage of covered payroll	111.79%	160.3%	196.13%	151.99%	184.05%
Plan fiduciary net position as a percentage of the total pension liability	78.81%	71.48%	64.14%	72.04%	65.6%
	2016	2015	2014	2013	2012
Employer's proportion of the net pension liability (asset)	99.91%	99.89%	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	\$ 1,297,983	\$ 1,106,800	N/A	N/A	N/A
Covered payroll	\$ 638,354	\$ 626,403	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	203.33%	176.69%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	64.03%	67.7%	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.
Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

Valuation Timing: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.
Methods and assumptions used to determine contribution rates are:
Actuarial Cost Method: Individual Entry Age Normal
Amortization method: Level percent
Remaining amortization period: Closed 30 years as of January 1, 2013 Valuation
Asset valuation method: 5 years smoothed, non-asymptotic, none corridor
Inflation: 2.75%
Investment rate of return: 7.25%
Cost of Living Adjustments: Annual compounding COLA of 1.5% assumed
Mortality: Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale.

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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, 2021
(In Thousands)

	2021	2020	2019	2018	2017
Employer's proportion of the net pension liability (asset)	3.57%	3.56%	3.58%	3.57%	3.55%
Employer's proportionate share of the net pension liability	\$ 122,142	\$ 67,192	\$ 70,673	\$ 64,885	\$ 53,981
Covered payroll	\$ 574	\$ 924	\$ 992	\$ 1,391	\$ 2,023
Employer's proportionate share of the net pension liability as a percentage of covered payroll	21,293%	7,274.37%	7,127.78%	4,664.63%	2,668.36%
Plan fiduciary net position as a percentage of the total pension liability	187.45%	146.88%	148.78%	144.42%	135.96%
	2016	2015	2014	2013	2,012
Employer's proportion of the net pension liability (asset)	3.55%	3.55%	3.55%	N/A	N/A
Employer's proportionate share of the net pension liability	\$ 36,619	\$ 42,771	\$ 43,065	N/A	N/A
Covered payroll	\$ 2,542	\$ 3,930	\$ 4,905	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	1,440.33%	1,088.29%	877.98%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	123.74%	127.36%	126.91%	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.
Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2020 with the results rolled forward to June 30, 2021 using the following actuarial assumptions:
Inflation: 2.75% total economic inflation; 3.50% salary inflation
Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity
Investment rate of return: 7.40%
Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is... active, retiree, or survivor).
The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

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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, 2021
(In Thousands)

	2021	2020	2019	2018	2017
Employer's proportion of the net pension liability (asset)	8.75%	10.24%	8.95%	9.08%	9.17%
Employer's proportionate share of the net pension asset	\$ 508,394	\$ 208,853	\$ 207,455	\$ 184,326	\$ 127,282
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	327,969	133,546	135,855	119,348	82,565
Total	\$ 836,636	\$ 342,398	\$ 343,310	\$ 303,674	\$ 209,847
Covered payroll	\$ 319,504	\$ 345,171	\$ 313,037	\$ 294,033	\$ 283,991
Employer's proportionate share of the net pension liability as a percentage of covered payroll	159%	60.51%	66.27%	62.69%	44.82%
Plan fiduciary net position as a percentage of the total pension asset	142%	115.83%	119.43%	118.5%	113.36%
	2016	2015	2014	2013	2012
Employer's proportion of the net pension liability (asset)	9.36%	9.31%	9.4%	N/A	N/A
Employer's proportionate share of the net pension asset	\$ 54,486	\$ 95,637	\$ 125,076	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	35,523	64,124	82,876	N/A	N/A
Total	\$ 90,012	\$ 159,761	\$ 207,952	N/A	N/A
Covered payroll	\$ 273,333	\$ 268,461	\$ 255,273	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	19.94%	35.62%	49%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	106.04%	111.67%	116.75%	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2020 with the results rolled forward to June 30, 2021 using the following actuarial assumptions:

Inflation: 2.75% total economic inflation; 3.50% salary inflation

Salary increase: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity

Investment rate of return: 7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is... active, retiree, or survivor).

Required Supplementary Information

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Seattle City Employees' Retirement System
December 31, 2020
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily or Contractually required employer contributions	\$ 141,189	\$ 118,892	\$ 117,490	\$ 111,742	\$ 107,900	\$ 100,614	\$ 89,363	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	141,029	141,029	118,393	111,742	108,500	100,614	89,363	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 160	\$ (22,137)	\$ (903)	\$ —	\$ (600)	\$ —	\$ —	N/A	N/A	N/A
Covered payroll	\$ 875,457	\$ 875,457	\$ 783,740	\$ 774,235	\$ 708,562	\$ 638,354	\$ 626,403	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.11%	16.11%	15.11%	14.43%	15.31%	15.76%	14.27%	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

Valuation Timing: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.

Methods and assumptions used to determine contribution rates are:

Actuarial Cost Method: Individual Entry Age Normal

Amortization method: Level percent

Remaining amortization period: Closed 30 years as of January 1, 2013 Valuation

Asset valuation method: 5 years smoothed, non-asymptotic, none corridor

Inflation: 2.75%

Investment rate of return: 7.25%

Cost of Living Adjustments: Annual compounding COLA of 1.5% assumed

Mortality: Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale.

PENSION PLAN INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 December 31, 2021 (In Thousands)										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily or contractually required contributions ^a	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions ^b	—	—	—	—	—	—	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A
Covered payroll	\$ 574	\$ 697	\$ 971	\$ 1,165	\$ 2,023	\$ 2,542	\$ 3,930	\$ 4,905	N/A	N/A
Contributions as a percentage of covered payroll	—%	—%	—%	—%	—%	—%	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.
Covered payroll is the payroll on which contributions to a pension plan are based.
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.

Notes to Schedule:
The total pension liability was determined by an actuarial valuation as of June 30, 2020 with the results rolled forward to June 30, 2021 using the following actuarial assumptions:
Inflation: 2.75% total economic inflation; 3.50% salary inflation
Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity
Investment rate of return: 7.40%
Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is...active, retiree, or survivor).

PENSION PLAN INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 December 31, 2021 (In Thousands)										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily or contractually required contributions	\$ 17,015	\$ 17,706	\$ 17,126	\$ 16,243	\$ 15,300	\$ 14,332	\$ 13,638	\$ 13,249	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	17,015	17,706	17,126	16,243	15,300	14,332	13,638	13,249	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A
Covered payroll	\$ 327,156	\$ 349,172	\$ 326,188	\$ 299,193	\$ 283,991	\$ 273,333	\$ 268,461	\$ 255,273	N/A	N/A
Contributions as a percentage of covered payroll	5.20%	5.07%	5.25%	5.43%	5.39%	5.24%	5.08%	5.19%	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.
Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:
The total pension liability was determined by an actuarial valuation as of June 30, 2020 with the results rolled forward to June 30, 2021 using the following actuarial assumptions:
Inflation: 2.75% total economic inflation; 3.50% salary inflation
Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity
Investment rate of return: 7.40%
Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is...active, retiree, or survivor).

OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Health Care Blended Premium Subsidy Plan
December 31, 2021
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability - beginning	\$ 63,624	\$ 60,947	\$ 61,130	\$ 65,648	N/A	N/A	N/A	N/A	N/A	N/A
Service cost	4,015	3,379	3,842	3,822	N/A	N/A	N/A	N/A	N/A	N/A
Interest	1,813	2,587	2,195	2,583	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	—	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	—	6,957	—	13,492	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	3,739	(7,761)	(3,887)	(22,126)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(2,934)	(2,484)	(2,334)	(2,289)	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	—	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 70,257	\$ 63,625	\$ 60,946	\$ 61,130	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 1,124,692	\$ 1,124,692	\$ 1,015,097	\$ 1,015,097	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	6.25%	5.66%	6.00%	6.02%	N/A	N/A	N/A	N/A	N/A	N/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

Notes to Schedule:
All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.
Method and assumptions used to determine OPEB liability for fiscal year end 2021 are:

- Valuation Method: Entry Age Normal actuarial cost method
- Discount rate: 2.12%
- Dependent coverage percentage assumption: 25%
- Mortality and retirement assumptions for LEOFF was updated to reflect the most recent assumptions developed in the Washington State 2013-2018 Demographic Experience Study Report
- The trend assumptions on medical claims and retiree premiums were updated to reflect the expected increase on future medical costs, as well as the permanent repeal of the excise tax on high-cost plans (a.k.a. "The Cadillac tax") originally imposed by the Affordable Care Act in 2010.

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
December 31, 2021
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability - beginning	\$ 300,862	\$ 269,926	\$ 268,828	\$287,302	N/A	N/A	N/A	N/A	N/A	N/A
Service cost	—	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A
Interest	5,894	7,260	10,525	9,855	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	—	—	—	—	N/A	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	N/A
Effect of plan changes	—	7,800	—	—	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(2,075)	580	(7,497)	—	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(1,718)	27,249	9,583	(16,786)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(12,365)	(11,954)	(11,513)	(11,543)	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	—	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 290,598	\$ 300,861	\$ 269,926	\$268,828	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	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	N/A	N/A	N/A	N/A	N/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

Notes to Schedule:
All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.
Method and assumptions used to determine OPEB liability for fiscal year end 2021 are:

- Valuation Method: Entry Age Normal actuarial cost method
- Discount rate: 2.00%
- Valuation of assets are carried on a market-value basis.
- Mortality assumptions used are based on the 2007-2012 Experience Study for the LEOFF Retirement System prepared by the Office of the State Actuary.

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, 2021
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability - beginning	\$ 308,600	\$ 287,127	\$297,381	\$318,682	N/A	N/A	N/A	N/A	N/A	N/A
Service cost		—			N/A	N/A	N/A	N/A	N/A	N/A
Interest	6,012	7,682	11,599	10,903	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms		—			N/A	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	N/A
Effect of economic/demographic gains or losses	(534)	3,290			N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(4,348)	26,184	2,637	(17,731)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(16,045)	(15,683)	(14,979)	(14,472)	N/A	N/A	N/A	N/A	N/A	N/A
Other changes		—			N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 293,685	\$ 308,600	\$287,127	\$297,382	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ —	\$ —	\$—	N/A	N/A	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	N/A	N/A	N/A	N/A	N/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

Notes to Schedule:
 All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.
 Method and assumptions used to determine OPEB liability for fiscal year end 2021 are:
 Valuation Method: Entry Age Normal actuarial cost method
 Discount rate: 2.0%
 Valuation of assets are carried on a market-value basis.
 Mortality assumptions used are based on the 2007-2012 Experience Study for the LEOFF Retirement System prepared by the Office of the State Actuary.

Combining Statements and Other Supplementary Information

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.

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.

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 **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 **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 **2019 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2019, for the purpose of sustaining investments in Library operating hours, collections, technology and maintenance while expanding access to opportunity through additional hours, Library materials, technology and undertaking seismic retrofits of three Library facilities.

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 **Coronavirus Recovery Fund** accounts for amounts received from the federal government, and the related expenses, for relief of the COVID-19 pandemic.

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 **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** (GDFT) 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. A new fund Covid-19 Donation Fund (within the GDFT funds) was created in 2020 for the depositing of donations, gifts, and grants related to the City's of Seattle's response to the Covid-19 pandemic.

The **Short-Term Rental Tax Fund** accounts for revenues collected from the Washington State Convention Center Public Facilities District from short-term rentals in Seattle. These revenues are used to support investments in affordable housing programs and community initiated equitable development projects.

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** holds funds necessary to guaranty required debt service payments on LID bonds. The funds are also permitted by law to be used to enforce, foreclose upon, and protect assessment liens and to support assessment deferrals for qualifying economically-disadvantaged property owners. The City's LID bond covenants require the City to maintain a minimum balance in the Local Improvement Guaranty Fund and the City is authorized to levy a special property tax (that is in addition to and not subject to the limitations on its regular property tax levy) to maintain that minimum balance and to replenish any draws on the Guaranty Fund. The City is also permitted, but not required, to use General Fund resources for this purpose. The City is prohibited by statute from withdrawing funds (except for the purposes described above) in an amount that would cause the balance to fall below 10% of net outstanding LID debt.

CAPITAL PROJECTS FUNDS

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 **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.

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, Rainier 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 Alaska 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 City of Seattle

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 **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 **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 **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.

The **2020 Multipurpose Long-Term General Obligation Bond Fund** was established in 2019 to pay all or part of the costs of various elements of the City's capital improvement program such as the Alaskan Way Corridor, Criminal Justice IT systems, Low Income Housing, SMT renovations, and other City purposes approved by ordinance.

The **2021 Multipurpose Long-Term General Obligation Bond Fund** was established in 2020 to pay all or part of the costs of various elements of the City's capital improvement program such as the West Seattle Bridge response, Fire Station 31, Data & Telephone Infrastructure, various Transportation Projects, and other City purposes approved by ordinance.

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.

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Nonmajor Governmental Funds

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 **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 Nos. 6750 & 6751** were established in 2006 and 2019 respectively. LID Fund No. 6750 was established 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. LID Fund No. 6751 was established to account for improvements on the Seattle Waterfront.

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 **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 **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 **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 **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 **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. As of 2021 the Beach Maintenance fund was rolled into the Shoreline Park Improvement Fund as the funds serve the same purpose for the city.

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. As of 2021, the fund balance is rolled into the Capital Project Shoreline Park Improvement Fund. The trust has been dissolved and proceeds moved to the Shoreline Improvement Fund to support maintenance projects.

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SUMMARY BY FUND TYPE
December 31, 2021
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2021
ASSETS					
Cash and Equity in Pooled Investments	\$ 656,410	\$ 18,076	\$ 231,029	\$ 161	\$ 905,676
Receivables, Net of Allowances	52,124	4,267	96,291	—	152,682
Due from Other Funds	2,360	10	257	—	2,627
Due from Other Governments	22,429	—	—	—	22,429
Interfund Loans and Advances	25,000	—	—	—	25,000
Other Current Assets	705	—	—	—	705
Total Assets	759,028	22,353	327,577	161	1,109,119
DEFERRED OUTFLOWS OF RESOURCES					
Total Assets and Deferred Outflows of Resources	\$ 759,028	\$ 22,353	\$ 327,577	\$ 161	\$ 1,109,119
LIABILITIES					
Accounts Payable	\$ 28,917	\$ —	\$ 1,081	\$ —	\$ 29,998
Contracts Payable	468	—	5	—	473
Salaries, Benefits, and Taxes Payable	4,651	—	30	—	4,681
Due to Other Funds	1,753	—	—	—	1,753
Due to Other Governments	(1)	—	—	—	(1)
Revenues Collected in Advance	109,770	—	—	—	109,770
Interfund Loans and Advances	15,540	—	—	—	15,540
Other Current Liabilities	23,401	—	88	—	23,489
Total Liabilities	184,499	—	1,204	—	185,703
DEFERRED INFLOWS OF RESOURCES					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	5,147	3,473	96,203	—	104,823
FUND BALANCES					
Nonspendable	486	—	—	50	536
Restricted	537,051	18,880	230,170	111	786,212
Committed	16,027	—	—	—	16,027
Assigned	24,970	—	—	—	24,970
Unassigned	(9,152)	—	—	—	(9,152)
Total Fund Balances	569,382	18,880	230,170	161	818,593
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 759,028	\$ 22,353	\$ 327,577	\$ 161	\$ 1,109,119

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2021
(In Thousands)**

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	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
ASSETS						
Cash and Equity in Pooled Investments	\$ 46,214	\$ 2,334	\$ —	\$ 410	\$ 7,210	\$ 7,515
Receivables, Net of Allowances	9,110	52	—	1	2,963	238
Due from Other Funds	37	3	—	—	8	8
Due from Other Governments	951	688	—	—	509	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	459	—	—	—	246	—
Total Assets	56,771	3,077	—	411	10,936	7,761
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 56,771	\$ 3,077	\$ —	\$ 411	\$ 10,936	\$ 7,761
LIABILITIES						
Accounts Payable	\$ 4,650	\$ 1,136	\$ —	\$ —	\$ 572	\$ 41
Contracts Payable	468	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	2,463	6	—	—	735	3
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	(1)
Revenues Collected in Advance	319	950	—	—	707	—
Interfund Loans and Advances	—	—	—	—	15,500	—
Other Current Liabilities	8,017	—	—	—	2,172	—
Total Liabilities	15,917	2,092	—	—	19,686	43
DEFERRED INFLOWS OF RESOURCES						
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	486	—	—	—	—	—
Restricted	23,259	—	—	411	—	7,718
Committed	—	—	—	—	—	—
Assigned	17,109	985	—	—	—	—
Unassigned	—	—	—	—	(8,750)	—
Total Fund Balances	40,854	985	—	411	(8,750)	7,718
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 56,771	\$ 3,077	\$ —	\$ 411	\$ 10,936	\$ 7,761

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2021
(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	\$ 5,575	\$ 8,403	\$ 242,062	\$ 10,719	\$ 18,730	\$ 6,408
Receivables, Net of Allowances	98	19,840	7,853	3,763	22	222
Due from Other Funds	6	10	247	1,763	21	7
Due from Other Governments	—	7,772	2,264	459	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	5,679	36,025	252,426	16,704	18,773	6,637
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 5,679	\$ 36,025	\$ 252,426	\$ 16,704	\$ 18,773	\$ 6,637
LIABILITIES						
Accounts Payable	\$ 26	\$ 11,894	\$ 3,862	\$ 39	\$ 142	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	9	817	—	162	14	(21)
Due to Other Funds	—	1,752	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	7,616	29,117	1,560	—	—
Interfund Loans and Advances	—	—	40	—	—	—
Other Current Liabilities	—	5,063	—	8,123	—	—
Total Liabilities	35	27,142	33,019	9,884	156	(21)
DEFERRED INFLOWS OF RESOURCES						
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	48	—	2,304	58	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	217,103	—	18,617	6,658
Committed	5,596	8,883	—	—	—	—
Assigned	—	—	—	6,762	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	5,596	8,883	217,103	6,762	18,617	6,658
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,679	\$ 36,025	\$ 252,426	\$ 16,704	\$ 18,773	\$ 6,637

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2021
(In Thousands)

	Education	2012 Library Levy	2019 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas
ASSETS						
Cash and Equity in Pooled Investments	\$ 80,318	\$ 4,573	\$ 18,652	\$ 9,783	\$ 43,841	\$ 8,883
Receivables, Net of Allowances	3,511	(59)	1,100	—	1,217	—
Due from Other Funds	86	5	20	9	48	9
Due from Other Governments	—	—	—	—	3	—
Interfund Loans and Advances	25,000	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	108,915	4,519	19,772	9,792	45,109	8,892
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 108,915	\$ 4,519	\$ 19,772	\$ 9,792	\$ 45,109	\$ 8,892
LIABILITIES						
Accounts Payable	\$ 2,082	\$ 11	\$ 477	\$ —	\$ 1,194	\$ 1,810
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	316	(13)	46	14	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	18	—	—
Total Liabilities	2,398	(2)	523	32	1,194	1,810
DEFERRED INFLOWS OF RESOURCES						
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	1,412	(1)	495	—	831	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	105,105	4,522	18,754	9,760	43,084	7,082
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	105,105	4,522	18,754	9,760	43,084	7,082
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 108,915	\$ 4,519	\$ 19,772	\$ 9,792	\$ 45,109	\$ 8,892

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2021
(In Thousands)

	Transportation Benefit District	General Trust	Municipal Arts	General Donation and Gift Trust	Short-Term Rental Tax	Coronavirus Recovery
ASSETS						
Cash and Equity in Pooled Investments	\$ 42,470	\$ 5,458	\$ 13,330	\$ 2,813	\$ 1,063	\$ 69,646
Receivables, Net of Allowances	—	285	—	151	1,757	—
Due from Other Funds	47	6	13	3	4	—
Due from Other Governments	9,780	—	—	3	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	52,297	5,749	13,343	2,970	2,824	69,646
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 52,297	\$ 5,749	\$ 13,343	\$ 2,970	\$ 2,824	\$ 69,646
LIABILITIES						
Accounts Payable	\$ 86	\$ 17	\$ 69	\$ 15	\$ 302	\$ 492
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	6	—	38	1	—	55
Due to Other Funds	—	—	—	1	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	69,501
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	5	—	3	—	—
Total Liabilities	92	22	107	20	302	70,048
DEFERRED INFLOWS OF RESOURCES						
Total Fund Balances	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	52,205	4,308	13,236	2,707	2,522	—
Committed	—	1,419	—	129	—	—
Assigned	—	—	—	114	—	—
Unassigned	—	—	—	—	—	(402)
Total Fund Balances	52,205	5,727	13,236	2,950	2,522	(402)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,297	\$ 5,749	\$ 13,343	\$ 2,970	\$ 2,824	\$ 69,646

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2021
(In Thousands)

	2021
ASSETS	
Cash and Equity in Pooled Investments	\$ 656,410
Receivables, Net of Allowances	52,124
Due from Other Funds	2,360
Due from Other Governments	22,429
Interfund Loans and Advances	25,000
Other Current Assets	705
Total Assets	\$ 759,028
DEFERRED OUTFLOWS OF RESOURCES	
Total Assets and Deferred Outflows of Resources	\$ 759,028
LIABILITIES	
Accounts Payable	\$ 28,917
Contracts Payable	468
Salaries, Benefits, and Taxes Payable	4,651
Due to Other Funds	1,753
Due to Other Governments	(1)
Revenues Collected in Advance	109,770
Interfund Loans and Advances	15,540
Other Current Liabilities	23,401
Total Liabilities	\$ 184,499
DEFERRED INFLOWS OF RESOURCES	
Total Fund Balances	5,147
FUND BALANCES	
Nonspendable	486
Restricted	537,051
Committed	16,027
Assigned	24,970
Unassigned	(9,152)
Total Fund Balances	569,382
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 759,028

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
December 31, 2021
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	2021
ASSETS				
Cash and Equity in Pooled Investments	\$ 9,298	\$ 12	\$ 8,766	\$ 18,076
Receivables, Net of Allowances	722	3,545	—	4,267
Due from Other Funds	—	1	9	10
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
Total Assets	10,020	3,558	8,775	22,353
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 10,020	\$ 3,558	\$ 8,775	\$ 22,353
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Due to Other Funds	—	—	—	—
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Liabilities	—	—	—	—
Total Liabilities	—	—	—	—
DEFERRED INFLOWS OF RESOURCES				
	400	3,073	—	3,473
FUND BALANCES				
Nonspendable	—	—	—	—
Restricted	9,620	485	8,775	18,880
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	9,620	485	8,775	18,880
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,020	\$ 3,558	\$ 8,775	\$ 22,353

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2021
(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	\$ 555	\$ 168	\$ 2	\$ 850	\$ 26	\$ 8,240
Receivables, Net of Allowances	—	—	—	—	—	2
Due from Other Funds	1	—	—	—	—	8
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	556	168	2	850	26	8,250
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 556	\$ 168	\$ 2	\$ 850	\$ 26	\$ 8,250
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 62
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	—	62
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	556	168	2	850	26	8,188
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	556	168	2	850	26	8,188
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 556	\$ 168	\$ 2	\$ 850	\$ 26	\$ 8,250

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2021
(In Thousands)

	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District Nos. 6750 / 6751	2008 Multipurpose Long-Term General Obligation Bond
ASSETS						
Cash and Equity in Pooled Investments	\$ 2,130	\$ 1,055	\$ 136	\$ 402	\$ 127,395	\$ 37
Receivables, Net of Allowances	—	—	—	—	96,203	—
Due from Other Funds	2	1	—	—	127	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	2,132	1,056	136	402	223,725	37
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 2,132	\$ 1,056	\$ 136	\$ 402	\$ 223,725	\$ 37
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	1	—
DEFERRED INFLOWS OF RESOURCES						
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,132	\$ 1,056	\$ 136	\$ 402	\$ 96,203	\$ —
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,132	1,056	136	402	127,521	37
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	2,132	1,056	136	402	127,521	37
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,132	\$ 1,056	\$ 136	\$ 402	\$ 223,725	\$ 37

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2021
(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
ASSETS						
Cash and Equity in Pooled Investments	\$ —	\$ 73	\$ 145	\$ 176	\$ 135	\$ 1,013
Receivables, Net of Allowances	—	—	—	—	—	—
Due from Other Funds	—	—	—	—	—	1
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	—	73	145	176	135	1,014
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ —	\$ 73	\$ 145	\$ 176	\$ 135	\$ 1,014
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	5	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	3	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	(1)	—	8	—
DEFERRED INFLOWS OF RESOURCES						
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ —	\$ 73	\$ 145	\$ 176	\$ 135	\$ 1,014
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	73	146	176	127	1,014
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	—	73	146	176	127	1,014
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ —	\$ 73	\$ 145	\$ 176	\$ 135	\$ 1,014

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2021
(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
ASSETS						
Cash and Equity in Pooled Investments	\$ 3,062	\$ 2,726	\$ 145	\$ 1,074	\$ 1,679	\$ 7,050
Receivables, Net of Allowances	—	—	—	—	—	86
Due from Other Funds	6	1	—	1	2	7
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	3,068	2,727	145	1,075	1,681	7,143
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 3,068	\$ 2,727	\$ 145	\$ 1,075	\$ 1,681	\$ 7,143
LIABILITIES						
Accounts Payable	\$ 186	\$ 9	\$ —	\$ —	\$ —	\$ 371
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—	3
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	86
Total Liabilities	186	9	—	—	—	460
DEFERRED INFLOWS OF RESOURCES						
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,882	2,718	145	1,075	1,681	6,683
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	2,882	2,718	145	1,075	1,681	6,683
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,068	\$ 2,727	\$ 145	\$ 1,075	\$ 1,681	\$ 7,143

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2021
(In Thousands)

	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond	2020 Multipurpose Long-Term General Obligation Bond	2021 Multipurpose Long-Term General Obligation Bond	2022 Multipurpose Long-Term General Obligation Bond	2021
ASSETS						
Cash and Equity in Pooled Investments	\$ 2,939	\$ 5,986	\$ 4,999	\$ 58,831	\$ —	\$ 231,029
Receivables, Net of Allowances	—	—	—	—	—	96,291
Due from Other Funds	4	6	6	84	—	257
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	2,943	5,992	5,005	58,915	—	327,577
DEFERRED OUTFLOWS OF RESOURCES						
Total Assets and Deferred Outflows of Resources	\$ 2,943	\$ 5,992	\$ 5,005	\$ 58,915	\$ —	\$ 327,577
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ 22	\$ 431	\$ —	\$ 1,081
Contracts Payable	—	—	—	—	—	5
Salaries, Benefits, and Taxes Payable	—	—	—	24	—	30
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	2	—	—	88
Total Liabilities	—	—	24	455	—	1,204
DEFERRED INFLOWS OF RESOURCES						
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,943	5,992	4,981	58,460	—	230,170
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	2,943	5,992	4,981	58,460	—	230,170
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,943	\$ 5,992	\$ 5,005	\$ 58,915	\$ —	\$ 327,577

D-5 COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS PERMANENT December 31, 2021 (In Thousands)		
	H. H. Dearborn	2021
ASSETS		
Cash and Equity in Pooled Investments	\$ 161	\$ 161
Receivables, Net of Allowances	—	—
Due from Other Funds	—	—
Due from Other Governments	—	—
Interfund Loans and Advances	—	—
Other Current Assets	—	—
Total Assets	161	161
DEFERRED OUTFLOWS OF RESOURCES		
Total Assets and Deferred Outflows of Resources	\$ 161	\$ 161
LIABILITIES		
Accounts Payable	\$ —	\$ —
Contracts Payable	—	—
Salaries, Benefits, and Taxes Payable	—	—
Due to Other Funds	—	—
Due to Other Governments	—	—
Revenues Collected in Advance	—	—
Interfund Loans and Advances	—	—
Other Current Liabilities	—	—
Total Liabilities	—	—
DEFERRED INFLOWS OF RESOURCES		
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 161	\$ 161
FUND BALANCES		
Nonspendable	50	50
Restricted	111	111
Committed	—	—
Assigned	—	—
Unassigned	—	—
Total Fund Balances	161	161
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 161	\$ 161

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, 2021 (In Thousands)					
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2021
REVENUES					
Taxes					
Property Taxes	\$ 214,259	\$ 22,865	\$ 4	\$ —	\$ 237,128
Sales Taxes	42,123	—	—	—	42,123
Excise Taxes	19,767	—	—	—	19,767
Other Taxes	23,648	—	—	—	23,648
Licenses and Permits	885	—	—	—	885
Grants, Shared Revenues, and Contributions	182,892	1,568	75,289	—	259,749
Charges for Services	124,029	—	(18)	—	124,011
Fines and Forfeits	8,145	11	—	—	8,156
Concessions, Parking Fees, and Space Rent	14,954	399	—	—	15,353
Program Income, Interest, and Miscellaneous Revenues	6,865	1,206	2,968	(1)	11,038
Total Revenues	637,567	26,049	78,243	(1)	741,858
EXPENDITURES					
Current					
General Government	35,691	—	11,690	—	47,381
Public Safety	3,313	—	836	—	4,149
Physical Environment	351	—	—	—	351
Transportation	57,979	—	34,755	—	92,734
Economic Environment	302,367	—	6,559	—	308,926
Health and Human Services	140,066	—	—	—	140,066
Culture and Recreation	124,379	—	3,325	—	127,704
Capital Outlay	—	—	—	—	—
Public Safety	218	—	—	—	218
Transportation	2,967	—	15,745	—	18,712
Culture and Recreation	19,612	—	15,285	—	34,897
Debt Service	—	—	—	—	—
Principal	3	77,785	—	—	77,788
Interest	8	39,501	453	—	39,962
Bond Issuance Cost	—	181	946	—	1,127
Other	—	—	—	—	—
Total Expenditures	686,954	117,467	89,594	—	894,015
Excess (Deficiency) of Revenues over Expenditures	(49,387)	(91,418)	(11,351)	(1)	(152,157)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	37,500	202,605	—	240,105
Premium on Bonds Issued	—	8,770	25,345	—	34,115
Payment to Refunded Bond Escrow Agent	—	(38,359)	—	—	(38,359)
Sales of Capital Assets	36	—	6	—	42
Capital Leases & Installments	11	—	—	—	11
Transfers In	22,926	90,288	—	—	113,214
Transfers Out	(3,263)	—	(13,427)	—	(16,690)
Total Other Financing Sources (Uses)	19,710	98,199	214,529	—	332,438
Net Change in Fund Balance	(29,677)	6,781	203,178	(1)	180,281
Fund Balances - Beginning of Year	599,059	12,099	26,992	162	638,312
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	599,059	12,099	26,992	162	638,312
Fund Balances - End of Year	\$ 569,382	\$ 18,880	\$ 230,170	\$ 161	\$ 818,593

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 1 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 For the Year Ended December 31, 2021
 (In Thousands)

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Municipal Arts
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ —
Sales Taxes	—	—	—	—	—	—
Excise Taxes	—	—	—	—	—	—
Other Taxes	—	—	—	—	—	—
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	3,752	1,041	—	—	5,914	677
Charges for Services	26,988	5,030	—	—	1,632	3,597
Fines and Forfeits	1	—	—	—	—	—
Concessions, Parking Fees, and Space Rent	6,767	(89)	—	—	8,276	—
Program Income, Interest, and Miscellaneous Revenues	(336)	(27)	—	(3)	627	(86)
Total Revenues	37,172	5,955	—	(1)	16,449	4,188
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	10,288	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	28,697	—	—	—	19,613	4,335
Capital Outlay						
Public Safety	—	—	—	—	—	—
Transportation	—	40	—	—	—	—
Culture and Recreation	8,129	—	—	—	2,995	—
Debt Service						
Principal	—	—	—	—	3	—
Interest	—	—	—	—	8	—
Other	—	—	—	—	—	—
Total Expenditures	36,826	10,328	—	—	22,619	4,335
Excess (Deficiency) of Revenues over Expenditures	346	(4,373)	—	(1)	(6,170)	(147)
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	36
Capital Leases & Installments	—	—	—	—	11	—
Transfers In	—	5,296	—	—	71	—
Transfers Out	(1,128)	—	—	—	(124)	—
Total Other Financing Sources (Uses)	(1,128)	5,296	—	—	(42)	36
Net Change in Fund Balance	(782)	923	—	(1)	(6,212)	(111)
Fund Balances - Beginning of Year	41,636	62	—	412	(2,538)	13,347
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	41,636	62	—	412	(2,538)	13,347
Fund Balances - End of Year	\$ 40,854	\$ 985	\$ —	\$ 411	\$ (8,750)	\$ 13,236

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 2 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 For the Year Ended December 31, 2021
 (In Thousands)

	Wheelchair Access	Short Term Rental Tax	Election Voucher	Coronavirus Recovery	Jump Start Payroll Tax	General Trust
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ 3,036	\$ —	\$ —	\$ —
Sales Taxes	—	—	—	—	—	—
Excise Taxes	—	6,049	—	—	—	—
Other Taxes	—	—	—	—	—	—
Licenses and Permits	885	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	46,670	—	1,311
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(58)	(53)	(86)	—	—	(30)
Total Revenues	827	5,996	2,950	46,670	—	1,281
EXPENDITURES						
Current						
General Government	897	—	4,727	27,513	—	—
Public Safety	—	—	—	97	—	513
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	545	—	—
Economic Environment	—	6,334	—	13,476	—	—
Health and Human Services	—	—	—	3,041	—	—
Culture and Recreation	—	—	—	2,400	—	—
Capital Outlay						
Public Safety	—	—	—	—	—	133
Transportation	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Expenditures	897	6,334	4,727	47,072	—	646
Excess (Deficiency) of Revenues over Expenditures	(70)	(338)	(1,777)	(402)	—	635
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	—
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	—	—	30
Transfers Out	—	(2,011)	—	—	—	—
Total Other Financing Sources (Uses)	—	(2,011)	—	—	—	30
Net Change in Fund Balance	(70)	(2,349)	(1,777)	(402)	—	665
Fund Balances - Beginning of Year	7,788	4,871	7,373	—	—	5,062
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	7,788	4,871	7,373	—	—	5,062
Fund Balances - End of Year	\$ 7,718	\$ 2,522	\$ 5,596	\$ (402)	\$ —	\$ 5,727

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 3 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 For the Year Ended December 31, 2021
 (In Thousands)

	General Donation & Gift Trust	Human Service Operating	Low-Income Housing	Office Of Housing	Education and Development Services	Preschool Levy 2014
REVENUES						
Taxes						
Property Taxes	\$ —	\$ 1,340	\$ 32,257	\$ 3,692	\$ 103	\$ 42
Sales Taxes	—	—	4,796	—	—	—
Excise Taxes	—	—	—	—	—	—
Other Taxes	—	—	—	—	—	—
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	383	97,083	24,563	1,498	—	—
Charges for Services	—	603	75,761	8,444	—	205
Fines and Forfeits	—	65	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	311	509	7,813	115	(211)	(97)
Total Revenues	694	99,600	145,190	13,749	(108)	150
EXPENDITURES						
Current						
General Government	15	2,539	—	—	—	—
Public Safety	675	894	—	—	—	—
Physical Environment	351	—	—	—	—	—
Transportation	(30)	—	—	—	—	—
Economic Environment	4	44,977	202,500	8,334	—	—
Health and Human Services	—	47,431	—	686	4,011	2,668
Culture and Recreation	2	—	—	—	—	1
Capital Outlay						
Public Safety	85	—	—	—	—	—
Transportation	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Expenditures	1,102	95,841	202,500	9,020	4,011	2,669
Excess (Deficiency) of Revenues over Expenditures	(408)	3,759	(57,310)	4,729	(4,119)	(2,519)
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	—
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	2,490	4,625	1,414	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	2,490	4,625	1,414	—	—
Net Change in Fund Balance	(408)	6,249	(52,685)	6,143	(4,119)	(2,519)
Fund Balances - Beginning of Year	3,358	2,634	269,788	619	22,736	9,177
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	3,358	2,634	269,788	619	22,736	9,177
Fund Balances - End of Year	\$ 2,950	\$ 8,883	\$ 217,103	\$ 6,762	\$ 18,617	\$ 6,658

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 4 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 For the Year Ended December 31, 2021
 (In Thousands)

	Education	2012 Library Levy	2019 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas
REVENUES						
Taxes						
Property Taxes	\$ 88,423	\$ (62)	\$ 31,147	\$ —	\$ 54,279	\$ —
Sales Taxes	—	—	—	—	—	—
Excise Taxes	—	—	—	—	364	—
Other Taxes	—	—	—	—	—	23,648
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	2,003	—	—	—	—	—
Fines and Forfeits	—	—	—	8,079	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(908)	(55)	34	16	(382)	(22)
Total Revenues	89,518	(117)	31,181	8,095	54,261	23,626
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	1,134	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	9,335	—	—
Economic Environment	—	—	—	—	—	26,742
Health and Human Services	82,229	—	—	—	—	—
Culture and Recreation	—	275	22,353	—	46,703	—
Capital Outlay						
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	589	—	—
Culture and Recreation	—	93	57	—	8,338	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Expenditures	82,229	368	22,410	11,058	55,041	26,742
Excess (Deficiency) of Revenues over Expenditures	7,289	(485)	8,771	(2,963)	(780)	(3,116)
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	—
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	9,000	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	9,000	—	—
Net Change in Fund Balance	7,289	(485)	8,771	6,037	(780)	(3,116)
Fund Balances - Beginning of Year	97,816	5,007	9,983	3,723	43,864	10,198
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	97,816	5,007	9,983	3,723	43,864	10,198
Fund Balances - End of Year	\$ 105,105	\$ 4,522	\$ 18,754	\$ 9,760	\$ 43,084	\$ 7,082

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 5 of 5
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 December 31, 2021
 (in Thousands)

	Transportation Benefit District	2021
REVENUES		
Taxes		
Property Taxes	\$ —	\$ 214,259
Sales Taxes	37,327	42,123
Excise Taxes	13,354	19,767
Other Taxes	—	23,648
Licenses and Permits	—	885
Grants, Shared Revenues, and Contributions	—	182,892
Charges for Services	(234)	124,029
Fines and Forfeits	—	8,145
Concessions, Parking Fees, and Space Rent	—	14,954
Miscellaneous Revenues	(206)	6,865
Total Revenues	50,241	637,567
EXPENDITURES		
Current		
General Government	—	35,691
Public Safety	—	3,313
Physical Environment	—	351
Transportation	37,841	57,979
Economic Environment	—	302,367
Health and Human Services	—	140,066
Culture and Recreation	—	124,379
Capital Outlay		
Public Safety	—	218
Transportation	2,338	2,967
Culture and Recreation	—	19,612
Debt Service		
Principal	—	3
Interest	—	8
Other	—	—
Total Expenditures	40,179	686,954
Excess (Deficiency) of Revenues over Expenditures	10,062	(49,387)
OTHER FINANCING SOURCES (USES)		
Sales of Capital Assets	—	36
Capital Leases & Installments	—	11
Transfers In	—	22,926
Transfers Out	—	(3,263)
Total Other Financing Sources (Uses)	—	19,710
Net Change in Fund Balance	10,062	(29,677)
Fund Balances - Beginning of Year	42,143	599,059
Restatements/Prior-Year Adjustments	—	—
Fund Balances - Beginning of Year as Restated	42,143	599,059
Fund Balances - End of Year	\$ 52,205	\$ 569,382

D-8 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE
 For the Year Ended December 31, 2021
 (in Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2021
REVENUES				
Taxes				
Property Taxes	\$ 22,865	\$ —	\$ —	\$ 22,865
Grants, Shared Revenues, and Contributions	310	1,258	—	1,568
Fines and Forfeits	—	11	—	11
Concessions, Parking Fees, and Space Rent	399	—	—	399
Program Income, Interest, and Miscellaneous Revenues	947	194	65	1,206
Total Revenues	24,521	1,463	65	26,049
EXPENDITURES				
Debt Service				
Principal	76,365	1,420	—	77,785
Interest	39,393	108	—	39,501
Bond Issuance Cost	181	—	—	181
Other	—	—	—	—
Total Expenditures	115,939	1,528	—	117,467
Excess (Deficiency) of Revenues over Expenditures	(91,418)	(65)	65	(91,418)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	29,770	—	7,730	37,500
Premium on Bonds Issued	8,770	—	—	8,770
Payment to Refunded Bond Escrow Agent	(38,359)	—	—	(38,359)
Transfers In	90,288	—	—	90,288
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	90,469	—	7,730	98,199
Net Change in Fund Balance	(949)	(65)	7,795	6,781
Fund Balances - Beginning of Year	10,569	550	980	12,099
Restatements/Prior-Year Adjustments	—	—	—	—
Fund Balances - Beginning of Year as Restated	10,569	550	980	12,099
Fund Balances - End of Year	\$ 9,620	\$ 485	\$ 8,775	\$ 18,880

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, 2021
 (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						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4
Grants, Shared Revenues, and Contributions	—	—	—	8	—	64
Charges for Services	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(4)	(43)	—	(15)	—	(136)
Total Revenues	(4)	(43)	—	(7)	—	(68)
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	9
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	102	—	(83)	—	761
Capital Outlay						
Transportation	—	—	—	—	—	—
Culture and Recreation	—	1,514	—	390	—	2,788
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Expenditures	—	1,616	—	307	—	3,558
Excess (Deficiency) of Revenues over Expenditures	(4)	(1,659)	—	(314)	—	(3,626)
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	—	—	—	—	—	—
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	(4)	(1,659)	—	(314)	—	(3,626)
Fund Balances - Beginning of Year	560	1,827	2	1,164	26	11,814
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	560	1,827	2	1,164	26	11,814
Fund Balances - End of Year	\$ 556	\$ 168	\$ 2	\$ 850	\$ 26	\$ 8,188

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, 2021
 (In Thousands)

	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Local Improvement, District Nos. 6750 / 6751	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	—	50,544	—	—
Charges for Services	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(18)	(8)	(1)	1,442	(1)	—
Total Revenues	(18)	(8)	(1)	51,986	(1)	—
EXPENDITURES						
Current						
General Government	—	—	1	441	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	1,592	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	72	—	—	—	—	—
Capital Outlay						
Transportation	—	—	—	1,335	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	92	—	—
Bond Issuance Cost	—	—	—	87	—	—
Other	—	—	—	—	—	—
Total Expenditures	72	—	1	3,547	—	—
Excess (Deficiency) of Revenues over Expenditures	(90)	(8)	(2)	48,439	(1)	—
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	83,025	—	—
Refunding Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	83,025	—	—
Net Change in Fund Balance	(90)	(8)	(2)	131,464	(1)	—
Fund Balances - Beginning of Year	2,222	1,064	138	(3,943)	38	—
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	2,222	1,064	138	(3,943)	38	—
Fund Balances - End of Year	\$ 2,132	\$ 1,056	\$ 136	\$ 127,521	\$ 37	\$ —

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, 2021
 (In Thousands)

	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	Central Waterfront Improvement
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	—	—	—	22,372
Charges for Services	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(1)	(1)	(2)	(1)	(8)	690
Total Revenues	(1)	(1)	(2)	(1)	(8)	23,062
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	2,848
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	(1)	40	—	1	39
Capital Outlay						
Transportation	—	—	—	—	—	6,900
Culture and Recreation	—	—	(2)	—	—	1,799
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Expenditures	—	(1)	38	—	1	11,586
Excess (Deficiency) of Revenues over Expenditures	(1)	—	(40)	(1)	(9)	11,476
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	—	—	—	—	—	6
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	6
Net Change in Fund Balance	(1)	—	(40)	(1)	(9)	11,482
Fund Balances - Beginning of Year	74	146	216	128	1,023	(8,600)
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	74	146	216	128	1,023	(8,600)
Fund Balances - End of Year	\$ 73	\$ 146	\$ 176	\$ 127	\$ 1,014	\$ 2,882

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, 2021
 (In Thousands)

	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	2018 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	2,301	—	—	—	—	—
Charges for Services	—	—	—	(14)	—	—
Fines and Forfeits	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(58)	(1)	(12)	(15)	(107)	(46)
Total Revenues	2,243	(1)	(12)	(29)	(107)	(46)
EXPENDITURES						
Current						
General Government	—	—	—	57	889	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	134	21	1,173	780
Economic Environment	—	—	—	—	—	—
Culture and Recreation	1,228	—	—	—	—	—
Capital Outlay						
Transportation	—	—	43	—	794	373
Culture and Recreation	686	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total Expenditures	1,914	—	177	78	2,856	1,153
Excess (Deficiency) of Revenues over Expenditures	329	(1)	(189)	(107)	(2,963)	(1,199)
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	—	—	—	—	—	—
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	(1,530)	—	—	—	—	—
Total Other Financing Sources (Uses)	(1,530)	—	—	—	—	—
Net Change in Fund Balance	(1,201)	(1)	(189)	(107)	(2,963)	(1,199)
Fund Balances - Beginning of Year	3,919	146	1,264	1,788	9,646	4,142
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	3,919	146	1,264	1,788	9,646	4,142
Fund Balances - End of Year	\$ 2,718	\$ 145	\$ 1,075	\$ 1,681	\$ 6,683	\$ 2,943

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, 2021
 (In Thousands)

	2019 Multipurpose Long-Term General Obligation Bond	2020 Multipurpose Long-Term General Obligation Bond	2021 Multipurpose Long-Term General Obligation Bond	2022 Multipurpose Long-Term General Obligation Bond	Garage Proceeds Disposition	2021
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4
Grants, Shared Revenues, and Contributions	—	—	—	—	—	75,289
Charges for Services	(3)	—	—	—	(1)	(18)
Program Income, Interest, and Miscellaneous Revenues	(216)	(303)	1,836	—	(3)	2,968
Total Revenues	(219)	(303)	1,836	—	(4)	78,243
EXPENDITURES						
Current						
General Government	—	310	9,992	—	—	11,690
Public Safety	—	—	836	—	—	836
Transportation	589	1,188	26,421	—	—	34,755
Economic Environment	6,559	—	—	—	—	6,559
Culture and Recreation	—	—	1,166	—	—	3,325
Capital Outlay						
Transportation	85	2,472	3,743	—	—	15,745
Culture and Recreation	—	—	8,110	—	—	15,285
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	361	—	—	453
Bond Issuance Cost	—	—	859	—	—	946
Other	—	—	—	—	—	—
Total Expenditures	7,233	3,970	51,488	—	—	89,594
Excess (Deficiency) of Revenues over Expenditures	(7,452)	(4,273)	(49,652)	—	(4)	(11,351)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	119,580	—	—	202,605
Refunding Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	25,345	—	—	25,345
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	6
Capital Leases & Installments	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	(10,000)	(1,897)	—	—	(13,427)
Total Other Financing Sources (Uses)	—	(10,000)	143,028	—	—	214,529
Net Change in Fund Balance	(7,452)	(14,273)	93,376	—	(4)	203,178
Fund Balances - Beginning of Year	13,444	19,254	(34,916)	—	406	26,992
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	13,444	19,254	(34,916)	—	406	26,992
Fund Balances - End of Year	\$ 5,992	\$ 4,981	\$ 58,460	\$ —	\$ 402	\$ 230,170

D-10 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 PERMANENT
 For the Year Ended December 31, 2021
 (In Thousands)

	H. H. Dearborn	2021
REVENUES		
Program Income, Interest, and Miscellaneous Revenues	\$ (1)	\$ (1)
Total Revenues	(1)	(1)
EXPENDITURES		
Total Expenditures	—	—
Excess (Deficiency) of Revenues over Expenditures	(1)	(1)
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	—	—
Capital Leases & Installments	—	—
Transfers In	—	—
Transfers Out	—	—
Total Other Financing Sources (Uses)	—	—
Net Change in Fund Balance	(1)	(1)
Fund Balances - Beginning of Year	162	162
Restatements/Prior-Year Adjustments	—	—
Fund Balances - Beginning of Year as Restated	162	162
Fund Balances - End of Year	\$ 161	\$ 161

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PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ —	\$ —	\$ —	\$ —
Sales Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	—	—	—	—
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	1,260	1,260	3,752	2,492
Charges for Services	28,692	28,692	26,988	(1,704)
Fines and Forfeits	—	—	1	1
Concessions, Parking Fees, and Space Rent	6,070	6,070	6,767	697
Program Income, Interest, and Miscellaneous Revenues	1,968	1,968	(336)	(2,304)
Total Revenues	37,990	37,990	37,172	(818)
EXPENDITURES AND ENCUMBRANCES				
CITYWIDE				
Golf Course Programs				—
PARKS & RECREATION				
2008 Parks Levy	—	1,209	—	1,209
Building For The Future Program - Construction in Progress	900	33,029	7,846	25,183
Debt & Special Funding	—	1,486	301	1,185
Departmentwide Programs	6,851	7,090	5,901	1,189
Fix It First Program - Construction in Progress	913	29,450	2,384	27,066
Golf Course Programs	12,381	13,881	12,857	1,024
Leadership & Administration	8,399	8,399	1,892	6,507
Maintaining Parks & Facilities	—	—	—	—
Parks & Facilities - Maintenance & Repairs	2,931	3,154	2,532	622
Recreation Facility Programs	4,297	4,385	2,991	1,394
SR520 Mitigation	—	—	—	—
Zoo & Aquarium Programs	104	104	30	74
Total Expenditures and Encumbrances	36,776	102,187	36,734	65,453
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	1,214	(64,197)	438	(66,271)

Budget and Actual

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PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
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	—	—	—	—
Capital Leases & Installments	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	(1,135)	(1,135)	(1,128)	7
Total Other Financing Sources (Uses)	(1,135)	(1,135)	(1,128)	7
Net Change in Fund Balance	\$ 79	\$ (65,332)	(690)	\$ (66,264)
Fund Balance - Beginning of Year			41,636	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(92)	
Fund Balance - End of Year			\$ 40,854	

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SEATTLE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ —	\$ —	\$ —	\$ —
Sales Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	—	—	—	—
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	1,255	1,255	5,914	4,659
Charges for Services	1,040	1,040	1,632	592
Fines and Forfeits	—	—	—	—
Concessions, Parking Fees, and Space Rent	5,827	5,827	8,276	2,449
Program Income, Interest, and Miscellaneous Revenues	687	687	627	(60)
Total Revenues	8,809	8,809	16,449	7,640
EXPENDITURES AND ENCUMBRANCES				
SEATTLE CENTER				
Building & Campus Improvements	155	1,027	238	(789)
Campus	12,201	14,795	11,793	(3,002)
Leadership & Administration	3,422	3,385	3,224	(161)
McCaw Hall	2,905	3,981	2,217	(1,764)
Monorail Rehabilitation	2,255	6,377	4,711	(1,666)
Total Expenditures and Encumbrances	20,938	29,565	22,183	(7,382)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(12,129)	(20,756)	(5,734)	15,022
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	—	—	—	—
Capital Leases & Installments	—	11	11	—
Transfers In	11,769	71	71	—
Transfers Out	—	—	(124)	(124)
Total Other Financing Sources (Uses)	11,769	82	(42)	(124)
Net Change in Fund Balance	\$ (360)	\$ (20,674)	(5,776)	\$ 14,898
Fund Balance - Beginning of Year			(2,538)	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(436)	
Fund Balance - End of Year			\$ (8,750)	

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HUMAN SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ —	\$ —	\$ 1,340	\$ 1,340
Sales Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	—	—	1,340	1,340
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	108,165	108,165	97,083	(11,082)
Charges for Services	4,550	4,550	603	(3,947)
Fines and Forfeits	—	—	65	65
Concessions, Parking Fees, and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	19	19	509	490
Total Revenues	112,734	112,734	99,600	(13,134)
EXPENDITURES AND ENCUMBRANCES				
HUMAN SERVICES DEPARTMENT				
Addressing Homelessness	148,471	187,317	34,552	(152,765)
Preparing Youth for Success	14,662	15,289	498	(14,791)
Promoting Healthy Aging	50,545	57,128	43,221	(13,907)
Promoting Public Health	13,534	17,509	1,005	(16,504)
Leadership & Administration	12,829	16,228	2,070	(14,158)
Supporting Affordability & Livability	29,284	60,288	13,526	(46,762)
Supporting Safe Communities	32,151	39,764	969	(38,795)
Total Expenditures and Encumbrances	301,476	393,523	95,841	(297,682)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(188,742)	(280,789)	3,759	284,548
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	—	—	—	—
Capital Leases & Installments	—	—	—	—
Transfers In	172	172	2,490	2,318
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	172	172	2,490	2,318
Net Change in Fund Balance	\$ (188,570)	\$ (280,617)	6,249	\$ 286,866
Fund Balance - Beginning of Year			2,634	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(109)	
Fund Balance - End of Year			\$ 8,774	

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LOW-INCOME HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2021
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ 37,862	\$ 37,862	\$ 32,257	\$ (5,605)
Sales Taxes	3,500	3,500	4,796	1,296
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	41,362	41,362	37,053	(4,309)
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	7,583	7,583	24,563	16,980
Charges for Services	25,200	25,200	75,761	50,561
Fines and Forfeits	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	6,000	6,000	7,813	1,813
Total Revenues	80,145	80,145	145,190	65,045
EXPENDITURES AND ENCUMBRANCES				
HOUSING OFFICE				
Homeownership & Sustainability	7,422	35,445	8,609	(26,836)
Multifamily Housing	64,744	423,537	193,891	(229,646)
Leadership & Administration	—	—	—	—
FIRE DEPARTMENT				
Operations	—	—	—	—
Total Expenditures and Encumbrances	72,166	458,982	202,500	(256,482)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	7,979	(378,837)	(57,310)	321,527
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	—	—	—	—
Capital Leases & Installments	—	—	—	—
Transfers In	5,225	5,225	4,625	(600)
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	5,225	5,225	4,625	(600)
Net Change in Fund Balance	\$ 13,204	\$ (373,612)	(52,685)	\$ 320,927
Fund Balance - Beginning of Year			269,788	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			—	
Fund Balance - End of Year			\$ 217,103	

The City of Seattle

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OFFICE OF HOUSING FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2021
 (In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
Property Taxes	\$ 3,566	\$ 3,566	\$ 3,692	\$ 126
Sales Taxes				
Business Taxes				
Excise Taxes				
Other Taxes				
Total Taxes	3,566	3,566	3,692	126
Licenses and Permits				
Grants, Shared Revenues, and Contributions	1,605	1,605	1,498	(107)
Charges for Services	3,865	3,865	8,444	4,579
Fines and Forfeits				
Concessions, Parking Fees, and Space Rent				
Program Income, Interest, and Miscellaneous Revenues			115	115
Total Revenues	9,036	9,036	13,749	4,713
EXPENDITURES AND ENCUMBRANCES				
HOUSING OFFICE				
Homeownership & Sustainability	2,032	3,752	2,235	(1,517)
Multifamily Housing	1,927	2,241	1,830	(411)
Leadership & Administration	5,711	7,806	4,955	(2,851)
Total Expenditures and Encumbrances	9,670	13,799	9,020	(4,779)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(634)	(4,763)	4,729	9,492
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				
Capital Leases & Installments				
Transfers In	45	45	1,414	1,369
Transfers Out				
Total Other Financing Sources (Uses)	45	45	1,414	1,369
Net Change in Fund Balance	\$ (589)	\$ (4,718)	6,143	\$ 10,861
Fund Balance - Beginning of Year			619	
Restatements/Prior-year Adjustments				
Non-Budgetary Revenues/(Expenditures)				
Fund Balance - End of Year			\$ 6,762	

Nonmajor Enterprise Funds

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.

The **Solid Waste Fund** accounts for the solid waste operations of Seattle Public Utilities. 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.

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**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2021
(In Thousands)**

	Construction & Inspections	Solid Waste	Total
ASSETS			
Current Assets			
Operating Cash and Equity in Pooled Investments	\$ 85,376	\$ 126,287	\$ 211,663
Receivables, Net of Allowances			
Accounts	1,750	21,870	23,620
Interest and Dividends	14	—	14
Unbilled	—	18,295	18,295
Due from Other Funds	87	446	533
Due from Other Governments	586	1,027	1,613
Materials and Supplies Inventory	—	190	190
Interfund Loan & Advances	40,000	—	40,000
Prepayments and Other Current Assets	—	20	20
Total Current Assets	127,813	168,135	295,948
Noncurrent Assets			
Restricted Cash and Equity in Pooled Investments	19	46,662	46,681
Landfill Closure and Postclosure Costs, Net	—	16,160	16,160
Regulatory Asset	—	1,757	1,757
Other Charges	—	896	896
Capital Assets			
Land and Land Rights	—	26,883	26,883
Plant in Service, Excluding Land	—	259,882	259,882
Less Accumulated Depreciation	—	(96,663)	(96,663)
Buildings and Improvements	—	—	—
Less Accumulated Depreciation	—	—	—
Machinery and Equipment	852	—	852
Less Accumulated Depreciation	(852)	—	(852)
Construction in Progress	—	6,532	6,532
Other Property, Net	5,535	1,530	7,065
Total Noncurrent Assets	5,554	263,639	269,193
Total Assets	133,367	431,774	565,141
DEFERRED OUTFLOWS OF RESOURCES			
	11,132	6,110	17,242
Total Assets and Deferred Outflows of Resources	\$ 144,499	\$ 437,884	\$ 582,383

**E-1 COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2021
(In Thousands)**

LIABILITIES	Construction & Inspection	Solid Waste	Total
Current Liabilities			
Accounts Payable	\$ 546	\$ 14,364	\$ 14,910
Salaries, Benefits, and Payroll Taxes Payable	1,683	1,183	2,866
Compensated Absences Payable	209	95	304
Due to Other Funds	—	—	—
Due to Other Governments	—	—	—
Interest Payable	—	1,845	1,845
Taxes Payable	—	840	840
Revenue Bonds Due Within One Year	—	7,295	7,295
Claims Payable	101	616	717
Landfill Closure and Postclosure Liability	—	3,523	3,523
Other Current Liabilities	84	9	93
Total Current Liabilities	2,623	29,770	32,393
Noncurrent Liabilities			
Compensated Absences Payable	3,970	1,796	5,766
Claims Payable	141	18,569	18,710
Landfill Closure and Postclosure Liability	—	9,477	9,477
Vendor and Other Deposits Payable	19	—	19
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—
Revenue Bonds Payable, Net of Amortized Premium	—	179,189	179,189
Bond Interest Payable	—	—	—
Unearned Revenues and Other Credits	40,293	—	40,293
Unfunded Other Post Employment Benefits	2,424	1,193	3,617
Net Pension Liability	44,940	23,032	67,972
Advances from Other Funds	—	—	—
Other Noncurrent Liabilities	42	1	43
Total Noncurrent Liabilities	91,829	233,257	325,086
Total Liabilities	94,452	263,027	357,479
DEFERRED INFLOWS OF RESOURCES	15,605	47,629	63,234
NET POSITION			
Net Investment in Capital Assets Restricted For	5,535	22,036	27,571
Other Charges	—	3,433	3,433
Unrestricted	28,907	101,759	130,666
Total Net Position	34,442	127,228	161,670
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 144,499	\$ 437,884	\$ 582,383

**E-2 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2021
(In Thousands)**

	Construction & Inspections	Solid Waste	Total
OPERATING REVENUES			
Charges for Services and Other Fees	\$ 75,330	\$ 238,261	\$ 313,591
OPERATING EXPENSES			
Salaries, wages and personnel benefits	—	22,371	22,371
Supplies	—	1,116	1,116
Services	—	125,420	125,420
Intergovernmental Payments	—	31,513	31,513
Operations and Maintenance	63,547	—	63,547
General and Administrative	12,377	—	12,377
City Business and Occupation Taxes	—	—	—
Other Taxes	—	—	—
Depreciation and Amortization	925	12,275	13,200
Other Operating Expenses	—	2,872	2,872
Total Operating Expenses	76,849	195,567	272,416
Operating Income (Loss)	(1,519)	42,694	41,175
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	(1,051)	(1,424)	(2,475)
Interest Expense	(6)	(6,561)	(6,567)
Amortization of Bonds Premiums	—	—	—
Amortization of Refunding Gain (Loss)	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—
Contributions and Grants	—	1,489	1,489
Others, Net	—	285	285
Total Nonoperating Revenues (Expenses)	(1,057)	(6,211)	(7,268)
Income (Loss) Before Capital Contributions and Grants and Transfers	(2,576)	36,483	33,907
Transfers In	—	—	—
Transfers Out	—	—	—
Change in Net Position	(2,576)	36,483	33,907
Net Position - Beginning of Year	37,018	90,745	127,763
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	37,018	90,745	127,763
Net Position - End of Year	\$ 34,442	\$ 127,228	\$ 161,670

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**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2021
(In Thousands)**

	Construction & Inspections	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 73,985	\$ 233,951	\$ 307,936
Cash Paid to Suppliers	(22,156)	(135,819)	(157,975)
Cash Paid to Employees	(57,276)	(28,548)	(85,824)
Cash Paid for Taxes	—	(31,224)	(31,224)
Net Cash from Operating Activities	(5,447)	38,360	32,913
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants	—	1,489	1,489
Transfers In	—	—	—
Transfers Out	—	—	—
Loans Provided to Other Funds	(32,000)	—	(32,000)
Proceeds from Interfund Loans	—	—	—
Principal Payments on Interfund Loans	—	—	—
Net Cash from Noncapital Financing Activities	(32,000)	1,489	(30,511)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Long-Term Debt	—	(9,159)	(9,159)
Capital Expenses and Other Charges Paid	—	(3,886)	(3,886)
Interest Paid on Long-Term Debt	—	(7,912)	(7,912)
Payment to Trustee for Defeased Bonds	—	—	—
Proceeds from Sales of Capital Assets	—	42	42
Net Cash from Capital and Related Financing Activities	—	(20,915)	(20,915)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investment Income (Loss)	1,818	(1,422)	396
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(35,629)	17,512	(18,117)
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year	121,024	155,437	276,461
End of Year	\$ 85,395	\$ 172,949	\$ 258,344
CASH AT THE END OF THE YEAR CONSISTS OF			
Operating Cash and Equity in Pooled Investments	\$ 85,376	\$ 126,287	\$ 211,663
Noncurrent Restricted Cash and Equity in Pooled Investments	19	46,662	46,681
Total Cash at the End of the Year	\$ 85,395	\$ 172,949	\$ 258,344

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**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2021
(In Thousands)**

	Construction & Inspections	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,519)	\$ 42,694	\$ 41,175
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	925	12,275	13,200
Other Operating Expenses	(6)	(2,324)	(2,330)
Nonoperating Revenues and Expenses	(2,869)	244	(2,625)
Changes in Operating Assets and Liabilities			
Accounts Receivable	(595)	(3,689)	(4,284)
Unbilled Receivables	—	(1,903)	(1,903)
Due from Other Funds	55	(56)	(1)
Due from Other Governments	59	231	290
Accounts Payable	328	(7,217)	(6,889)
Salaries, Benefits, and Payroll Taxes Payable	362	(151)	211
Compensated Absences Payable	386	(226)	160
Due to Other Funds	—	—	—
Due to Other Governments	(16)	—	(16)
Claims Payable	24	1,667	1,691
Taxes Payable	—	59	59
Unearned Revenues	2,143	—	2,143
Other Assets and Liabilities	(4,724)	(3,245)	(7,969)
Total Adjustments	(3,928)	(4,335)	(8,263)
Net Cash from Operating Activities	\$ (5,447)	\$ 38,359	\$ 32,912

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.

Internal Service Funds

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2021
(In Thousands)

	Finance and Administrative Services	Information Technology	2021
ASSETS			
Current Assets			
Cash and Equity in Pooled Investments	\$ 25,666	\$ —	\$ 25,666
Restricted Cash and Equity in Pooled Investments	29,131	—	29,131
Receivables, Net of Allowances			
Accounts	406	692	1,098
Interest and Dividends	—	—	—
Unbilled	—	—	—
Due from Other Funds	54	24,034	24,088
Due from Other Governments	8,879	—	8,879
Materials and Supplies Inventory	3,093	2,659	5,752
Interfund Loan & Advances	—	—	—
Prepayments and Other Current Assets	228	11,010	11,238
Total Current Assets	67,457	38,395	105,852
Noncurrent Assets			
Restricted Cash and Equity in Pooled Investments	3,389	42,136	45,525
Capital Assets			
Land and Land Rights	106,233	—	106,233
Buildings and Improvements	763,729	6,957	770,686
Less Accumulated Depreciation	(331,003)	(1,737)	(332,740)
Machinery and Equipment	218,574	90,414	308,988
Less Accumulated Depreciation	(123,565)	(71,361)	(194,926)
Construction in Progress	5,815	61,776	67,591
Other Capital Assets, Net	26,789	14,637	41,426
Total Noncurrent Assets	669,961	142,822	812,783
Total Assets	737,418	181,217	918,635
DEFERRED OUTFLOWS OF RESOURCES	12,621	28,322	40,943
Total Assets and Deferred Outflows of Resources	\$ 750,039	\$ 209,539	\$ 959,578

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2021
(In Thousands)

	Finance and Administrative Services	Information Technology	2021
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 5,309	\$ 5,142	\$ 10,451
Salaries, Benefits, and Payroll Taxes Payable	1,992	2,902	4,894
Due to Other Funds	—	—	—
Due to Other Governments	—	—	—
Interest Payable	1,540	312	1,852
Taxes Payable	25	24	49
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	16,234	4,820	21,054
Claims Payable	508	33	541
Compensated Absences Payable	309	452	761
Other Current Liabilities	—	530	530
Total Current Liabilities	25,917	14,215	40,132
Noncurrent Liabilities			
Compensated Absences Payable	5,867	8,587	14,454
Claims Payable	729	46	775
Vendor and Other Deposits Payable	152	—	152
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	150,602	35,082	185,684
Bond Interest Payable	—	—	—
Unfunded Other Post Employment Benefits	3,513	3,794	7,307
Net Pension Liability	57,905	86,142	144,047
Other Noncurrent Liabilities	—	—	—
Total Noncurrent Liabilities	218,768	133,651	352,419
Total Liabilities	244,685	147,866	392,551
DEFERRED INFLOWS OF RESOURCES	28,605	29,661	58,266
NET POSITION			
Net Investment in Capital Assets	495,677	65,558	561,235
Unrestricted	(18,928)	(33,546)	(52,474)
Total Net Position	476,749	32,012	508,761
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 750,039	\$ 209,539	\$ 959,578

F-2 **COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION**
INTERNAL SERVICE FUNDS
December 31, 2021
(In Thousands)

	Finance and Administrative Services	Information Technology	2021
OPERATING REVENUES			
Charges for Services	\$ 76,271	\$ 216,195	\$ 292,466
Concessions, Parking Fees, and Space Rent	115,452	—	115,452
Total Operating Revenues	191,723	216,195	407,918
OPERATING EXPENSES			
Operations and Maintenance	114,844	182,895	297,739
General and Administrative	365	15,089	15,454
City Business and Occupation Taxes	1	—	1
Taxes	853	1	854
Depreciation and Amortization	40,783	13,409	54,192
Total Operating Expenses	156,846	211,394	368,240
Operating Income (Loss)	34,877	4,801	39,678
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	(56)	(955)	(1,011)
Interest Expense	(7,145)	(1,464)	(8,609)
Amortization of Bonds Premiums	3,333	827	4,160
Amortization of Refunding Loss	356	—	356
Bond Issuance Costs	—	—	—
Gain (Loss) on Sale of Capital Assets	(2,352)	—	(2,352)
Contributions and Grants	20,555	—	20,555
Others, Net	(12,500)	—	(12,500)
Total Nonoperating Revenues (Expenses)	2,191	(1,592)	599
Income (Loss) Before Contributions, Grants, and Transfers	37,068	3,209	40,277
Capital Contributions and Grants	472	(36)	436
Transfers In	6,695	11,897	18,592
Transfers Out	(28,321)	(2,800)	(31,121)
Change in Net Position	15,914	12,270	28,184
Net Position - Beginning of Year	460,835	19,742	480,577
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	460,835	19,742	480,577
Net Position - End of Year	<u>\$ 476,749</u>	<u>\$ 32,012</u>	<u>\$ 508,761</u>

F-3 **COMBINING STATEMENT OF CASH FLOWS**
INTERNAL SERVICE FUNDS
December 31, 2021
(In Thousands)

	Finance and Administrative Services	Information Technology	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 186,527	\$ 208,171	\$ 394,698
Cash Paid to Suppliers	(71,643)	(109,251)	(180,894)
Cash Paid to Employees	(69,080)	(89,368)	(158,448)
Cash Paid for Taxes	(850)	—	(850)
Net Cash from Operating Activities	44,954	9,552	54,506
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans Provided to Other Funds	—	(24,000)	(24,000)
Operating Grants and Contributions Received	20,555	(16)	20,539
Transfers In	6,696	11,897	18,593
Transfers Out	(28,321)	(2,800)	(31,121)
Net Cash from Noncapital Financing Activities	(1,070)	(14,919)	(15,989)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Long-Term Debt	—	—	—
Principal Payments on Long-Term Debt	(16,335)	14,743	(1,592)
Capital Fees and Grants Received	9,638	—	9,638
Capital Expenses and Other Charges Paid	(6,736)	(29,764)	(43,236)
Interest Paid on Long-Term Debt	(6,986)	(1,396)	(8,382)
Debt Issuance Costs	(2,588)	—	(2,588)
Proceeds from Sale of Capital Assets	—	—	—
Net Cash from Capital and Related Financing Activities	(23,007)	(16,417)	(46,160)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investment Income (Loss)	(55)	(873)	(928)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	20,822	(22,657)	(8,571)
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year as Restated (a)	37,363	64,793	102,156
End of Year	<u>\$ 58,185</u>	<u>\$ 42,136</u>	<u>\$ 93,585</u>
CASH AT THE END OF THE YEAR CONSISTS OF			
Current Assets Cash and Equity in Pooled Investments	\$ 25,665	\$ —	\$ 25,665
Current Restricted Cash and Equity in Pooled Investments	29,131	42,136	71,267
Noncurrent Restricted Cash and Equity in Pooled Investments	3,389	—	3,389
Total Cash at the End of the Year	<u>\$ 58,185</u>	<u>\$ 42,136</u>	<u>\$ 100,321</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
December 31, 2021
(In Thousands)

	Finance and Administrative Services	Information Technology	2021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 34,877	\$ 4,801	\$ 39,678
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	40,783	13,409	54,192
Other Operating Expenses	(20,040)	(26,847)	(46,887)
Nonoperating Revenues and Expenses	—	—	—
Changes in Operating Assets and Liabilities			
Accounts Receivable	190	(267)	(77)
Unbilled Receivables	—	(8,511)	(8,511)
Due from Other Funds	3,494	754	4,248
Due from Other Governments	(8,879)	—	(8,879)
Materials and Supplies Inventory	3,149	579	3,728
Accounts Payable	(10,035)	(5,629)	(15,664)
Salaries, Benefits, and Payroll Taxes Payable	465	218	683
Compensated Absences Payable	389	(158)	231
Due to Other Funds	—	44	44
Due to Other Governments	(21)	—	(21)
Claims Payable	34	(21)	13
Taxes Payable	4	(36)	(32)
Other Assets and Liabilities	544	31,216	31,760
Total Adjustments	10,077	4,751	14,828
Net Cash from Operating Activities	<u>\$ 44,954</u>	<u>\$ 9,552</u>	<u>\$ 54,506</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
In-Kind Capital Contributions	\$ —	\$ —	\$ —
Amortization of Debt Related Costs, Net	3,689	—	3,689

(a) Beginning balance of cash and equity in pooled investments was restated due to certain internal service subfunds combined into general fund as a result of fund conversion in 2018. See Note 17 for more information.

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

Table S-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2021	2020	2019	2018	2017
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,576,814	\$ 3,502,222	\$ 3,382,301	\$ 3,365,060	\$ 3,269,646
Restricted	1,134,971	927,952	865,915	694,502	625,046
Unrestricted	(902,525)	(1,049,624)	(1,059,864)	(565,925)	(392,023)
Total Governmental Activities Net Position	3,809,260	3,380,550	3,188,352	3,493,637	3,502,669
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	3,206,317	2,668,365	2,462,768	2,280,370	2,186,129
Restricted	67,060	60,692	88,151	85,527	59,575
Unrestricted	268,012	183,043	(14,029)	(121,280)	(231,495)
Total Business-Type Activities Net Position	3,541,389	2,912,100	2,536,890	2,244,617	2,014,209
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	6,783,131	6,170,587	5,845,069	5,645,430	5,455,775
Restricted	1,202,031	988,644	954,066	780,029	684,621
Unrestricted	(634,513)	(866,581)	(1,073,893)	(687,205)	(623,518)
Total Primary Government Net Position	\$ 7,350,649	\$ 6,292,650	\$ 5,725,242	\$ 5,738,254	\$ 5,516,878
2016					
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,144,486	\$ 3,085,306	\$ 2,880,124	\$ 2,783,738	\$ 2,627,462
Restricted	556,406	448,935	460,885	406,454	419,675
Unrestricted	(379,114)	(16,363)	36,212	(35,593)	(101,021)
Total Governmental Activities Net Position	3,321,778	3,517,878	3,377,221	3,154,599	2,946,116
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	1,915,893	1,750,495	1,509	1,391	1,244
Restricted	59,194	58,039	57	56	82
Unrestricted	(153,822)	253,427	274	215	205
Total Business-Type Activities Net Position	1,821,265	2,061,961	1,840	1,662	1,531
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	5,060,379	4,835,801	2,881,633	2,785,129	2,628,706
Restricted	615,600	506,974	460,942	406,510	419,757
Unrestricted	(532,936)	237,064	36,486	(35,378)	(100,816)
Total Primary Government Net Position	\$ 5,143,043	\$ 5,579,839	\$ 3,379,061	\$ 3,156,261	\$ 2,947,647

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.

Table S-2
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CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2021	2020	2019	2018	2017
EXPENSES					
Governmental Activities					
General Government	\$ 251,900	\$ 346,566	\$ 316,015	\$ 173,424	\$ 222,089
Judicial	32,570	10,565	30,941	31,666	32,075
Public Safety	536,517	757,770	660,167	678,857	577,738
Physical Environment	24,830	35,341	13,595	12,932	15,539
Transportation	457,129	457,259	332,082	307,433	384,724
Economic Environment	518,602	390,442	265,933	251,711	147,005
Health and Human Services	182,952	137,099	110,814	138,252	119,463
Culture and Recreation	307,997	264,000	271,260	311,875	364,425
Interest on Long-Term Debt	45,353	44,707	44,794	46,915	47,777
Total Governmental Activities Expenses	2,357,850	2,443,749	2,045,601	1,953,065	1,910,835
Business-Type Activities					
Light	970,061	998,887	959,811	891,783	914,785
Water	237,644	246,617	252,550	241,847	235,142
Drainage and Wastewater	399,179	411,851	393,410	379,919	363,682
Solid Waste	201,043	206,634	200,958	201,387	192,062
Construction & Inspection	75,711	77,029	73,102	62,994	72,914
Downtown Parking Garage	—	—	—	—	—
Fiber Leasing	—	—	—	—	36
Total Business-Type Activities Expenses	1,883,638	1,941,018	1,879,831	1,777,930	1,778,621
Total Primary Government Expenses	4,241,488	4,384,767	3,925,432	3,730,995	3,689,456
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	11,858	91,443	58,056	80,074	119,548
Judicial	18,138	17,006	29,555	27,339	27,555
Public Safety	46,294	36,751	30,815	36,048	28,669
Physical Environment	4,479	3,815	5,020	4,771	10
Transportation	208,114	46,160	142,151	175,404	77,958
Economic Environment	93,828	94,678	63,100	74,755	53,196
Health and Human Services	1,783	537	1,571	1,006	745
Culture and Recreation	42,269	39,307	57,771	69,307	82,133
Operating Grants and Contributions	341,747	372,266	179,266	152,736	130,777
Capital Grants and Contributions	3,042	8,262	1,763	15,547	36,161
Total Governmental Activities Program Revenues	771,552	710,225	569,068	636,987	556,752
Business-Type Activities					
Charges for Services					
Light	1,108,978	1,015,766	1,079,399	991,585	987,812
Water	303,499	278,578	281,008	280,019	262,777
Drainage and Wastewater	502,517	460,295	454,382	416,482	396,283
Solid Waste	238,261	224,052	224,965	203,367	203,038
Construction & Inspection	75,330	78,653	78,743	73,927	72,595
Downtown Parking Garage	—	—	—	—	—
Fiber Leasing	—	—	—	—	8
Operating Grants and Contributions	13,434	22,913	7,120	10,616	1,834
Capital Grants and Contributions	75,199	64,030	71,782	90,351	70,020
Total Business-Type Activities Program Revenues	2,317,218	2,144,287	2,197,399	2,066,347	1,994,367
Total Primary Government Program Revenues	3,088,770	2,854,512	2,766,467	2,703,334	2,551,119
NET (EXPENSE) REVENUE					
Governmental Activities	(1,586,298)	(1,733,524)	(1,476,533)	(1,316,078)	(1,354,083)
Business-Type Activities	433,580	203,269	317,568	288,417	215,746
Total Primary Government Net Expense	(1,152,718)	(1,530,255)	(1,158,965)	(1,027,661)	(1,138,337)

Table S-2
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CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2016	2015	2014	2013	2012
EXPENSES					
Governmental Activities					
General Government	\$ 247,400	\$ 208,638	\$ 189,034	\$ 161,041	\$ 164,040
Judicial	32,025	28,477	28,874	33,517	26,121
Public Safety	576,208	531,523	568,843	515,129	475,747
Physical Environment	12,558	4,351	5,853	10,740	6,357
Transportation	271,601	221,443	222,199	165,742	133,511
Economic Environment	175,133	138,878	138,169	125,191	125,917
Health and Human Services	104,687	94,122	76,562	71,256	65,266
Culture and Recreation	330,984	286,395	275,566	267,043	239,003
Interest on Long-Term Debt	42,942	32,694	31,170	26,417	39,998
Total Governmental Activities Expenses	1,793,538	1,546,521	1,536,270	1,376,076	1,275,960
Business-Type Activities					
Light	853,871	837,860	798,161	780,930	731,459
Water	225,678	228,241	221,944	215,600	203,610
Drainage and Wastewater	332,686	316,487	298,633	290,147	272,423
Solid Waste	167,132	173,312	159,501	156,653	150,115
Planning and Development	64,248	64,673	58,304	53,080	46,542
Downtown Parking Garage	5,222	7,401	7,458	8,159	7,701
Fiber Leasing	8	35	27	54	—
Total Business-Type Activities Expenses	1,648,845	1,628,009	1,544,028	1,504,623	1,411,850
Total Primary Government Expenses	3,442,383	3,174,530	3,080,298	2,880,699	2,687,810
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	109,478	104,651	91,011	85,923	79,048
Judicial	29,578	30,030	31,256	40,545	33,748
Public Safety	24,472	26,227	25,733	19,245	19,277
Physical Environment	13	16	78	47	0
Transportation	70,878	67,948	101,074	100,830	81,972
Economic Environment	36,464	41,875	35,776	12,250	7,303
Health and Human Services	525	64	10	8	—
Culture and Recreation	75,832	70,360	72,873	67,116	53,450
Operating Grants and Contributions	134,856	136,981	123,986	135,407	130,377
Capital Grants and Contributions	31,076	29,358	37,895	42,468	48,092
Total Governmental Activities Program Revenues	513,172	507,510	519,692	503,839	453,267
Business-Type Activities					
Charges for Services					
Light	901,276	880,788	883,149	839,767	797,445
Water	251,244	251,977	242,786	235,114	213,164
Drainage and Wastewater	371,040	359,839	337,882	329,386	297,443
Solid Waste	177,061	174,365	157,495	159,741	156,927
Planning and Development	79,246	65,278	56,743	48,016	40,869
Downtown Parking Garage	5,355	7,885	7,434	7,019	6,588
Fiber Leasing	8	12	16	75	—
Operating Grants and Contributions	4,583	7,088	6,155	7,055	6,749
Capital Grants and Contributions	86,997	60,115	48,129	63,760	48,438
Total Business-Type Activities Program Revenues	1,876,810	1,807,347	1,739,789	1,689,933	1,567,623
Total Primary Government Program Revenues	2,389,982	2,314,857	2,259,481	2,193,772	2,020,890
NET (EXPENSE) REVENUE					
Governmental Activities	(1,280,366)	(1,039,011)	(1,016,578)	(872,237)	(822,693)
Business-Type Activities	227,965	179,338	195,761	185,310	155,773
Total Primary Government Net Expense	(1,052,401)	(859,673)	(820,817)	(686,927)	(666,920)

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CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2021	2020	2019	2018	2017
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 707,660	\$ 681,235	\$ 640,828	\$ 597,349	\$ 582,622
Sales Taxes	343,318	287,402	324,392	306,587	280,963
Business Taxes	816,861	479,864	569,680	539,045	516,881
Excise Taxes	143,425	117,845	149,058	106,861	115,674
Other Taxes and Revenues	51,111	36,398	80,542	36,000	22,032
Penalties and Interest on Delinquent Taxes	—	—	—	—	—
Unrestricted Investment Earnings (Loss)	(2,214)	51,688	1	1,765	18,339
Gain (Loss) on Sale of Capital Assets	7,592	16,107	(44,620)	7,990	7,633
Transfers	2,594	—	—	—	(5,317)
Total Governmental Activities	2,070,347	1,670,539	1,719,881	1,595,597	1,538,827
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	(2,508)	47,295	52,530	28,012	18,046
Gain on Sale of Capital Assets	—	1,559	774	753	(83)
Special Item - Environmental Remediation	(6,802)	(3,065)	(8,902)	(40,700)	(9,619)
Other Taxes	—	10,894	13,177	17,137	6,321
Total Business-Type Activities	(9,310)	56,683	57,579	5,202	14,665
Total Primary Government	2,061,037	1,727,222	1,777,460	1,600,799	1,553,492
CHANGES IN NET POSITION					
Governmental Activities	484,049	(62,985)	243,348	279,519	184,744
Business-Type Activities	423,580	259,952	375,147	293,619	230,411
Total Primary Government	\$ 907,629	\$ 196,967	\$ 618,495	\$ 573,138	\$ 415,155

Table S-2
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CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	2016	2015	2014	2013	2012
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 542,854	\$ 420,691	\$ 431,458	\$ 423,927	\$ 412,872
Sales Taxes	263,285	239,189	199,735	181,171	169,681
Business Taxes	482,850	454,086	431,437	408,913	358,931
Excise Taxes	114,627	101,098	65,364	61,524	54,637
Other Taxes and Revenues	19,009	17,733	16,771	11,240	44,352
Penalties and Interest on Delinquent Taxes	—	—	4,091	3,596	2,795
Unrestricted Investment Earnings (Loss)	9,080	9,202	11,791	(1,663)	6,458
Gain (Loss) on Sale of Capital Assets	(191)	9,071	1,761	17,012	1,502
Transfers	15,469	(8,931)	(11,512)	(10,861)	(10,095)
Total Governmental Activities	1,446,983	1,242,139	1,150,896	1,094,859	1,041,133
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	12,806	13,938	16,254	4,204	11,789
Gain on Sale of Capital Assets	48,101	2,767	2,759	1,672	619
Special Item - Environmental Remediation	(66,187)	(4,975)	(4,949)	(24,169)	(37,066)
Other Taxes	(15,469)	8,931	11,512	10,861	10,095
Total Business-Type Activities	(20,749)	20,661	25,576	(7,432)	(14,563)
Total Primary Government	1,426,234	1,262,800	1,176,472	1,087,427	1,026,570
CHANGES IN NET POSITION					
Governmental Activities	166,616	203,128	134,318	222,622	218,440
Business-Type Activities	207,216	199,999	221,337	177,878	141,210
Total Primary Government	\$ 373,832	\$ 403,127	\$ 355,655	\$ 400,500	\$ 359,650

Table S-3 FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2021	2020	2019	2018	2017
GENERAL FUND					
Nonspendable	\$ 65	\$ 65	\$ 74	\$ 93	\$ 350
Restricted	263,769	263,769	250,162	215,620	181,950
Committed	112,000	112,000	98,281	88,794	131,386
Assigned	8,693	8,693	20,632	26,391	29,172
Unassigned	130,071	130,071	224,124	152,368	152,225
Total General Fund	<u>\$ 514,598</u>	<u>\$ 514,598</u>	<u>\$ 593,273</u>	<u>\$ 483,266</u>	<u>\$ 495,083</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,410	\$ 2,410	\$ 2,790	\$ 2,790	\$ 2,745
Restricted	659,398	659,398	681,792	682,244	512,551
Committed	7,373	7,373	12,086	57,000	115,265
Assigned	18,708	18,708	15,538	12,915	11,963
Unassigned	(49,577)	(49,577)	(5,517)	(33,386)	(22,270)
Total All Other Governmental Funds	<u>\$ 688,357</u>	<u>\$ 688,357</u>	<u>\$ 706,689</u>	<u>\$ 721,563</u>	<u>\$ 620,254</u>
	2016	2015	2014	2013	2012
GENERAL FUND					
Nonspendable	\$ 401	\$ 474	\$ 473	\$ 375	\$ 555
Restricted	155,523	136,627	99,991	100	82,520
Committed	102,521	116,890	76,493	83	79,508
Assigned	28,646	5,767	5,685	5	6,417
Unassigned	155,290	143,763	134,492	120	105,992
Total General Fund	<u>\$ 442,381</u>	<u>\$ 403,521</u>	<u>\$ 317,134</u>	<u>\$ 683</u>	<u>\$ 274,992</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,740	\$ 3,227	\$ 4,224	\$ 3,959	\$ 2,618
Restricted	466,996	417,732	346,891	359,172	321,884
Committed	109,392	68,947	60,612	49,829	40,248
Assigned	9,819	11,004	9,933	7,661	12,583
Unassigned	(37,083)	(34,159)	(59,231)	(22,328)	(13,991)
Total All Other Governmental Funds	<u>\$ 551,864</u>	<u>\$ 466,751</u>	<u>\$ 362,429</u>	<u>\$ 398,293</u>	<u>\$ 363,342</u>

Table S-4 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Page 1 of 2 Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2021	2020	2019	2018	2017
REVENUES					
Taxes	\$ 2,062,095	\$ 1,601,753	\$ 1,751,579	\$ 1,607,390	\$ 1,517,412
Licenses and Permits	47,636	44,306	50,746	55,697	43,674
Grants, Shared Revenues, and Contributions	404,609	344,046	195,554	157,092	167,609
Charges for Services	369,201	353,106	266,533	304,218	248,711
Fines and Forfeits	32,807	24,786	44,471	45,368	42,971
Concessions, Parking Fees, and Space Rent	26,701	20,380	65,417	70,262	71,407
Program Income, Interest, and Miscellaneous Revenues	134,544	195,119	211,112	155,746	118,248
Total Revenues	<u>3,077,593</u>	<u>2,583,496</u>	<u>2,585,412</u>	<u>2,395,773</u>	<u>2,210,032</u>
EXPENDITURES					
Current					
General Government	370,490	257,625	293,106	330,004	321,623
Judicial	38,176	36,412	35,208	32,892	31,658
Public Safety	778,683	786,851	743,448	690,650	611,690
Physical Environment	25,581	36,914	15,852	13,577	16,130
Transportation	361,217	343,819	368,776	334,625	195,985
Economic Environment	521,351	409,442	297,472	258,243	151,462
Health and Human Services	187,207	155,356	181,255	139,433	120,943
Culture and Recreation	325,360	312,900	319,278	317,667	317,961
Capital Outlay					
General Government	115	3,823	9,040	16,442	55,933
Public Safety	2,890	5,055	4,050	1,031	2,764
Physical Environment	(166)	43	—	895	—
Transportation	164,842	231,124	127,518	111,322	203,447
Economic Environment	—	3,032	875	811	110
Culture and Recreation	52,212	47,041	85,972	62,201	60,586
Debt Service					
Principal	79,026	76,996	57,371	80,576	57,883
Interest	40,045	39,347	36,723	48,821	35,551
Bond Issuance Cost	1,127	531	278	397	508
Other	—	—	15	—	—
Total Expenditures	<u>2,948,156</u>	<u>2,746,311</u>	<u>2,576,237</u>	<u>2,439,587</u>	<u>2,184,234</u>
Excess (Deficiency) of Revenues over Expenditures	129,437	(162,815)	9,175	(43,814)	25,798
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	240,105	71,805	54,430	49,975	93,880
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	34,115	14,601	5,633	3,186	10,198
Payment to Refunded Bond Escrow Agent	(38,359)	(51,381)	(15,131)	—	(19,419)
Sales of Capital Assets	7,592	16,107	8,862	4,128	7,704
Capital Leases & Installments	11	—	—	—	—
Transfers In	118,340	102,429	141,911	104,215	501,504
Transfers Out	(103,218)	(73,801)	(89,728)	(78,011)	(498,724)
Total Other Financing Sources (Uses)	<u>258,586</u>	<u>79,760</u>	<u>105,977</u>	<u>83,493</u>	<u>95,143</u>
Net Change in Fund Balance	<u>\$ 388,023</u>	<u>\$ (83,055)</u>	<u>\$ 115,152</u>	<u>\$ 39,679</u>	<u>\$ 120,941</u>
Debt Service as a Percentage of Noncapital Expenditures	4.37 %	4.57 %	4.03 %	5.98 %	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.
-2021 first year reporting Capital Leases & Installments.

Table S-4
Page 2 of 2
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2016	2015	2014	2013	2012
REVENUES					
Taxes	\$ 1,422,194	\$ 1,233,134	\$ 1,044,608	\$ 1,083,499	\$ 1,044,608
Licenses and Permits	41,743	34,137	25,238	27,135	25,238
Grants, Shared Revenues, and Contributions	166,779	162,132	177,775	184,784	177,775
Charges for Services	254,412	225,056	182,595	200,847	182,595
Fines and Forfeits	46,154	39,008	34,340	41,107	34,340
Concessions, Parking Fees, and Space Rent	68,798	67,444	57,107	62,463	57,107
Program Income, Interest, and Miscellaneous Revenues	99,369	98,215	43,649	45,462	43,649
Total Revenues	2,099,449	1,859,126	1,565,312	1,645,297	1,565,312
EXPENDITURES					
Current					
General Government	264,284	224,721	180,187	191,829	180,187
Judicial	31,519	29,352	26,654	27,642	26,654
Public Safety	590,681	577,106	461,235	494,011	461,235
Physical Environment	13,575	7,314	7,748	11,935	7,748
Transportation	227,666	155,690	92,212	97,676	92,212
Economic Environment	179,831	141,722	128,711	128,644	128,711
Health and Human Services	104,209	96,267	67,103	73,151	67,103
Culture and Recreation	305,986	268,977	216,508	231,694	216,508
Capital Outlay					
General Government	29,342	29,959	10,684	22,220	10,684
Public Safety	21,527	13,097	27,743	21,100	27,743
Physical Environment	—	—	—	—	—
Transportation	240,216	278,151	228,272	234,188	228,272
Economic Environment	7	—	69	—	69
Culture and Recreation	47,390	35,712	55,507	85,690	55,507
Debt Service					
Principal	53,308	50,708	53,523	56,194	53,523
Interest	32,768	28,998	25,339	26,206	25,339
Bond Issuance Cost	627	1,946	258	822	258
Other	—	—	305	—	305
Total Expenditures	2,142,936	1,939,720	1,582,058	1,703,002	1,582,058
Excess (Deficiency) of					
Revenues over Expenditures	(43,487)	(80,594)	(16,746)	(57,705)	(16,746)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	145,139	350,255	108,085	101,115	108,085
Refunding Debt Issued	—	—	—	43,945	—
Premium on Bonds Issued	22,177	40,113	21,140	9,377	21,140
Payment to Refunded Bond Escrow Agent	(31,909)	(155,030)	(91,574)	(44,503)	(91,574)
Sales of Capital Assets	123	19,231	2,282	22,904	2,282
Capital Leases & Installments	—	—	—	—	—
Transfers In	550,752	498,582	334,611	375,772	334,611
Transfers Out	(518,825)	(501,695)	(342,571)	(381,986)	(342,571)
Total Other Financing Sources (Uses)	167,457	251,456	31,973	126,624	31,973
Net Change in Fund Balance	\$ 123,970	\$ 170,862	\$ 15,227	\$ 68,919	\$ 15,227
Debt Service as a Percentage of Noncapital Expenditures	5.93 %	6.26 %	5.91 %	5.28 %	5.28 %

Table S-5
TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Year	Property Tax	Sales Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
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	1,144,765
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	166,349	33,708	1,743,746
2020	697,753	287,486	479,870	126,087	28,257	1,619,453
2021	707,382	343,317	816,861	143,424	51,111	2,062,095

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 ^c	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total ^b			
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
2020	250,944,649	7,013,631	257,958,280	2.221	5.32	350.011
2021	254,699,486	7,434,576	262,134,062	2.250	1.62	353.090

^a Real property has been assessed at 100 percent of estimated actual value.

^b Source: King County Assessor.

^c Total Direct Tax Rate includes Total City District Levies of General Fund, Debt Service Funds, & Special Revenue Funds except Seattle Metropolitan Park District 0.20986. See Table S-7 for City of Seattle Direct Rates breakout.

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				Total	Dollars Levied ^d (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds ^c	Debt Service Funds	City Total ^e	State	County ^b	School	Port of Seattle			
2012	1.968	1.161	0.147	3.276	2.422	1.837	2.400	0.230	10.165	\$1,187,240	6.2 %
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	18.4
2019	1.126	1.223	0.094	2.443	2.629	1.740	1.350	0.123	8.285	2,024,879	(0.8)
2020	1.117	1.223	0.089	2.429	3.028	1.796	1.857	0.119	9.229	2,370,358	17.1
2021	1.155	1.217	0.088	2.460	3.088	1.798	1.845	0.120	9.311	2,430,430	2.5

^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 Transit are included in the County's tax levy rate. EMS rate is 0.26500, Flood Zone levy is 0.09199, and Sound Transit is 0.19937 in 2020.

^c Actual dollars levied may differ slightly from this figure due to certain property tax exemptions for low-income, elderly, and handicapped property owners.

^d Inclusion of Special Revenue Fund Seattle Metropolitan Park District SMPD 0.20812 increases City Total rate in comparison to Table S-6. SMPD, a separate taxing authority established by voters, fully supports City of Seattle parks programs.

Table S-8 PRINCIPAL PROPERTY TAXPAYERS ^a
Current Year and Nine Years Ago

Taxpayer ^b	2021			2012		
	Assessed Valuation ^c (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^c (In Millions)	Percentage of Assessed Valuation	Rank
Amazon	\$ 3,399.7	1.23 %	1			
Union Square Limited Partnership	1,113.7	0.40	2	\$ 432.8	37.00 %	2
Ponte Gadea Seattle LLC	872.2	0.32	3			
GC Columbia LLC	820.1	0.30	4	277.3	24.00	5
ONNI Properties LLC	754.5	0.27	5			
Acorn Development LLC (Amazon)	692.0	0.25	6			
1201 Tab Owner LLC	673.4	0.24	7	354.1	30.00	4
Altus Group US Inc.	647.6	0.23	8			
BPP 1420 Fifth Avenue Owner	576.6	0.21	9			
Selig Holdings Co. LLC	572.7	0.21	10	246.6	21.00	7
The Boeing Company				457.3	39.00	1
Qwest Corporation, Inc.				429.2	36.00	3
City Center Associates JV				273.2	23.00	6
Puget Sound Energy-Gas/Electric				202.1	17.00	8
Seattle Sheraton				195.2	17.00	9
FSP-RIC LLC				188.5	16.00	10

^a Source: King County Assessor.

^b 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.

^c Assessed valuations for taxes collected in the succeeding year.

Table S-9 PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
Page 1 of 2
(In Thousands)

Customer Name	CITY LIGHT ^a					
	2021			2012		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
NUCOR	\$ 31,426	3.26%	1	\$ 22,562	3.4%	1
University of Washington	29,380	3.05	2	22,498	3.39	2
Amazon	19,848	2.06	3	—	—	—
Boeing	14,428	1.5	4	14,311	2.15	4
King County b	14,212	1.47	5	10,334	1.56	6
Sabey Corporation	13,273	1.38	6	10,780	1.62	5
20001 Sixth LLC	10,604	1.1	7	5,488	0.83	9
City of Seattle	10,082	1.05	8	19,004	2.86	3
US Government	8,195	0.85	9	6,513	0.98	7
Ardagh Glass	6,813	0.71	10	—	—	—
Saint Gobain				5,628	0.85	8
Swedish Hospital				4,273	0.64	10
Total Top Ten	\$ 158,261	16.43		\$ 121,391	18.28	

^a Seattle 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					
	2021			2012		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 21,352	7.04%	1	\$ 19,339	9.50%	1
Northshore Utility District	5,333	1.76	2	4,933	2.40	2
City of Seattle	4,972	1.64	3	2,800	1.40	7
Highline Water District	4,846	1.60	4	3,987	2.01	3
Woodinville Water District	4,077	1.34	5	3,178	1.60	5
Port of Seattle	3,926	1.29	6	2,136	1.01	8
University of Washington	3,922	1.29	7	3,091	1.50	6
Soos Creek Water and Sewer District	3,915	1.29	8	3,510	1.70	4
Seattle Housing Authority	2,611	0.86	9			
King County Water District #20	2,591	0.85	10	2,270	1.10	9
City of Mercer Island				2,010	1.01	10
Total Top Ten	\$ 57,545	18.96%		\$ 47,254	23.23%	

^c Source: Seattle Public Utilities (SPU) billing records.

^d Using data from the 2012 ACFR.

Table S-9
Page 2 of 2

PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)

Customer Name	DRAINAGE AND WASTEWATER ^a					
	2021			2012		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 14,014	2.85%	1	\$ 6,714	2.23%	2
University of Washington	11,994	2.44%	2	7,556	2.55%	1
Seattle Housing Authority	8,084	1.65%	3	3,666	1.24%	4
King County	5,307	1.08%	4	2,797	0.94%	5
Seattle Public Schools	3,385	0.69%	5	2,221	0.75%	6
Equity Residential Prop.	3,041	0.62%	6			
BNSF Railway	2,520	0.51%	7	1,101	0.37%	7
Marriott International Inc	1,894	0.39%	8			
Port of Seattle	1,725	0.35%	9	4,158	1.40%	3
Darigold		0.00%		992	0.33%	8
Harborview Medical Center	1308	0.27%	10	820	0.28%	9
Swedish Medical Center		0.00%		814	0.27%	10
Total Top Ten	\$ 53,272	10.85%		\$ 30,839	10.36%	

^a Source: Seattle Public Utilities (SPU) billing records.

^b Using data from the 2012 ACFR.

SOLID WASTE ^c

Customer Name	SOLID WASTE ^c					
	2021			2012		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,194	0.50%	1	\$ 847	0.54%	1
King County	816	0.34%	2			
Goodwill Industries	775	0.33%	3	602	0.38%	4
Seattle Housing Authority	768	0.32%	4	547	0.35%	5
Starbucks	753	0.32%	5	652	0.42%	3
Fred Meyer/QFC	733	0.31%	6	726	0.46%	2
Swedish Medical Group	707	0.30%	7	432	0.28%	6
Amazon	582	0.24%	8			
Seattle Pacific University	528	0.22%	9	299	0.19%	10
Port of Seattle	421	0.18%	10			
Pike Place Market				423	0.27%	7
University of Washington				412	0.26%	8
Safeway				315	0.20%	9
Total Top Ten	\$ 7,277	3.06%		\$ 5,255	3.35%	

^c Source: Seattle Public Utilities (SPU) billing records.

^d Using data from the 2012 ACFR.

Statistics

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Collected within the Fiscal Year of the Levy				Subsequent Adjustments to Date	Net Levy to Date	Total Collections to Date		
	Original Levy	Adjusted Levy ^a	Amount	Percentage of Adjusted Levy			Amount	Percentage of Net Levy	
2012	\$417,706	\$415,721	\$408,920	98.36 %	\$(190)	\$415,531	\$27,700	\$436,620	100.00 %
2013	419,471	418,268	411,963	98.49	(100)	418,168	6,321	418,285	100.00
2014	433,747	432,690	426,568	98.59	65	432,756	5,671	432,239	99.88
2015	422,712	421,443	416,062	98.72	12	421,455	5,373	421,435	100.00
2016	498,950	496,251	490,200	98.78	176	496,427	5,842	496,042	99.92
2017	535,789	533,119	526,236	98.71	(414)	532,705	5,747	531,983	99.86
2018	555,090	551,977	545,540	98.83	105	552,082	1,554	547,095	99.10
2019	597,158	592,637	585,964	98.87	(44)	592,593	5,747	591,711	99.85
2020	638,326	635,874	626,054	98.46	(82)	635,792	7,301	633,355	99.62
2021	656,129	652,231	642,365	98.49	—	652,231	—	642,365	98.49

^a Source King County Treasurer's Office.

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
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
2020	894,090	78,861	972,951	2,545	10,283	44
2021	940,575	102,638	1,043,213	98,486	14,265	32

Business-Type Activities							
Revenue Bonds							
Fiscal Year	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds and Revenue Bonds
2012	59,589	1,778,600	919,640	540,495	119,205	221,756	3,639,285
2013	58,327	1,863,325	887,010	525,280	115,875	215,007	3,664,824
2014	56,470	1,903,845	853,465	618,895	166,875	249,395	3,848,945
2015	53,520	2,070,780	851,565	600,680	197,810	281,073	4,055,428
2016	—	2,118,085	809,950	673,920	207,545	331,600	4,141,100
2017	—	2,345,490	858,215	821,255	201,000	397,914	4,623,874
2018	—	2,491,550	817,195	796,030	194,225	390,995	4,689,995
2019	—	2,567,110	774,115	769,605	187,105	427,430	4,725,365
2020	—	2,553,505	728,490	742,030	180,060	439,586	4,643,671
2021	—	2,587,320	664,455	769,890	164,680	454,247	4,640,592

Business-Type Activities		Primary Government			
Fiscal Year	Notes and Contracts	Total	Percentage of Personal Income ^A	Debt Per Capita	Total Personal Income ^A
2012	34,753	4,534,817	12.04%	7,356	37,652,394
2013	35,606	4,593,047	11.42%	7,330	40,204,185
2014	33,889	4,779,192	11.94%	7,462	40,019,009
2015	38,907	5,162,626	11.84%	7,794	43,597,181
2016	40,133	5,299,768	11.06%	7,717	47,929,025
2017	77,026	5,811,456	10.85%	8,143	53,583,169
2018	76,256	5,833,450	10.70%	7,987	54,502,448
2019	71,843	5,823,200	9.98%	7,792	58,343,953
2020	80,832	5,710,326	9.33%	7,503	61,207,662
2021	124,071	5,920,659	N/A	7,694	N/A

^A Personal income data is not available for 2021.

Table S-12 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A	Per Capita
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	0.60	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	0.51	1,520
2018	977,470	10,778	1,043,341	0.43	1,428
2019	943,880	10,949	1,015,427	0.39	1,359
2020	894,090	11,152	961,799	0.37	1,264
2021	940,575	9,620	1,033,593	0.37	1,343

Business-Type Activities					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Premiums, Discounts, and Other Adjustments (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A	Per Capita
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	—	—	—	0.00	—
2017	—	—	—	0.00	—
2018	—	—	—	0.00	—
2019	—	—	—	0.00	—
2020	—	—	—	0.00	—
2021	—	—	—	—	—

Business-Type Activities			
Fiscal Year	Annual Debt Service Payments (In Thousands)	Net Operating Income ^C (In Thousands)	Percentage of Debt Service to Net Operating Income
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	—	—	—
2020	—	—	—
2021	—	—	—

Primary Government			
Fiscal Year	General Bonded Debt Outstanding ^A (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)
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	1,026,376	10,949	1,015,427
2020	972,951	11,152	961,799
2021	1,043,213	9,620	1,033,593

^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.

Table S-13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
December 31, 2021**

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	1,131,744	39.75 %	449,868
Port of Seattle	281,355	39.75	111,839
Seattle School District No. 001	14,462	99.54	14,395
Highline School District No. 401	371,330	—	—
Subtotal Overlapping Debt	1,798,891		576,102
City of Seattle Direct Debt	1,155,996	100.00	1,155,996
Total Direct and Overlapping Debt	\$ 2,954,887		\$ 1,732,098

^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.

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 \$276,293,453,116 ^D					
2.50% of Assessed Value	\$ —	\$ 6,907,336,328	\$ 6,907,336,328	\$ 6,907,336,328	\$ 20,722,008,984
1.50% of Assessed Value	4,144,401,797	(4,144,401,797)	—	—	—
	4,144,401,797	2,762,934,531	6,907,336,328	6,907,336,328	20,722,008,984
Statutory Debt Limit Less Debt Outstanding ^E					
Bonds	(701,610,000)	(238,965,000)	—	—	(940,575,000)
Guarantee on PDA Bonds ^D	(31,650,000)	—	—	—	(31,650,000)
Public Works Trust Fund Loans ^F	(14,264,754)	—	—	—	(14,264,754)
Compensated Absences ^F	(73,297,852)	—	—	—	(73,297,852)
Total Debt Outstanding	(820,822,606)	(238,965,000)	—	—	(1,059,787,606)
Add:					
Available Net Position In Redemption Funds ^G	9,683,757	—	—	—	9,683,757
Compensated Absences for Sick Leave ^F	11,815,257	—	—	—	11,815,257
Net Debt Outstanding	(799,323,592)	(238,965,000)	—	—	(1,038,288,592)
LEGAL DEBT MARGIN	\$ 3,345,078,205	\$ 2,523,969,531	\$ 6,907,336,328	\$ 6,907,336,328	\$ 19,683,720,392

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
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	14,975,817,284	6.74
2019	18,370,403,198	1,036,884,952	17,333,518,246	5.64
2020	19,346,871,060	1,003,871,201	18,342,999,859	5.19
2021	20,722,008,984	1,038,288,592	19,683,720,392	5.01

^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 percent of assessed value of taxable property without a vote of the people, and a total of 2.5 percent (statutory) and 5.0 percent (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 in February 2022 for taxes payable in 2022.

^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 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.

Table S-15 PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(In Thousands)

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	
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
2020	1,015,766	880,318	250,887	386,335	2,012	2,480	98,443	120,065	1.73
2021	1,108,978	891,678	231,716	449,016	824	2,110	97,818	115,555	2.08

Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2012	213,474	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	2.05
2020	278,578	113,342	165,236	36,100	45,625	2.02
2021	303,499	116,610	186,889	36,174	46,235	2.28

Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
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	3.00
2020	460,295	280,362	179,933	34,274	27,575	2.91
2021	502,517	272,205	230,312	33,601	27,300	3.81

Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
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	6976	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	4.68
2020	224,052	156,616	67,436	8,405	7,045	4.36
2021	238,261	152,818	85,443	7,912	7,400	5.63

^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.

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
	King County	Seattle	King County	Metropolitan Division ^c	King County	Metropolitan Division ^c	
2012	1,957,000	616,500	\$ 132,840,302	\$ 164,223,321	\$ 67,880	\$ 53,931	8.1%
2013	1,981,900	626,600	135,079,092	167,113,851	68,156	52,627	6.8
2014	2,017,250	640,500	143,260,986	177,417,334	71,018	55,190	8.1
2015	2,052,800	662,400	153,554,091	190,187,027	74,802	62,481	5.0
2016	2,105,100	686,800	166,006,277	20,500,230	78,859	65,817	4.1
2017	2,153,700	713,700	182,495,475	224,504,700	84,736	69,786	3.9
2018	2,190,200	730,400	201,962,200	248,656,193	92,212	75,078	3.7
2019	2,226,300	747,300	213,956,690	262,236,521	96,104	85,284	3.7
2020	2,260,800	761,100	219,805,809	271,512,240	97,225	87,452	3.7
2021	2,293,300	769,500	NA	NA	NA	NA	4.3

^a As of April 1. Source: Washington State Office of Financial Management, "2021 Population Cities, Towns and Counties" estimates only.

^b Source: U. S. Bureau of Economic Analysis. 2021 Personal Income not yet available.

^c Source: U. S. Bureau of Economic Analysis includes Seattle, Kent, and Bellevue.

^d Source: Washington State Employment Security Department, January 28, 2021

Table S-17 PRINCIPAL INDUSTRIES ^{a,b}
Current Year and Nine Years Ago

Industry	2021			2012		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Trade, Transportation, and Utilities	282,700	20.1 %	1	216,200	18.1 %	1
Professional and Business Services	245,700	17.5	2	192,700	16.1	2
Educational and health services	182,700	13.0	3	159,300	13.3	4
Government (federal, state and local)	170,700	12.1	4	165,400	13.9	3
Information	134,500	9.6	5	81,000	6.8	7
Leisure and Hospitality	104,400	7.4	6	114,900	9.6	5
Manufacturing	88,900	6.3	7	103,200	8.7	6
Construction	79,300	5.6	8	50,600	4.2	9
Financial Activities	73,600	5.2	9	66,700	5.6	8
Other Services	45,200	3.2	10	43,600	3.7	10
Total Top Ten Industries	1,407,700	100.0 %		1,193,600	100.0 %	

^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 approved by them.

^d Current year data was not available at the time the City's financial statements were prepared and thus, previous year data was used.

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FULL-TIME-EQUIVALENT^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
PUBLIC SAFETY					
Community Police Commission	9.00	9.00	9.00	9.00	4.00
Fire	1,173.35	1,168.55	1,167.05	1,158.55	1,155.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	201.60	206.10	196.10	191.60	183.60
Municipal Court	205.85	215.10	215.10	215.10	213.10
Police	2,020.05	2,187.35	2,172.35	2,156.85	2,095.35
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	39.09	39.09	35.09	34.59	31.09
Library	556.10	556.10	556.10	556.10	556.10
Parks and Recreation	938.68	939.68	927.40	922.24	913.01
Seattle Center	216.43	225.23	228.73	242.73	241.73
HEALTH AND HUMAN SERVICES					
Human Services	391.75	385.75	382.25	365.75	328.00
Educational and Developmental Services Levy	—	—	—	—	—
Department of Education and Early Learning	110.50	110.50	98.00	75.00	58.50
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	36.00	37.00	35.50	35.50	35.50
Housing	46.00	46.00	45.00	44.50	42.50
Neighborhoods	64.00	65.00	49.50	53.50	53.00
Neighborhood Matching Subfund	—	9.00	9.00	9.00	9.00
Seattle Department of Construction and Inspections ^e	430.50	428.50	412.00	406.00	405.30
Office of Planning and Community Development	43.00	45.00	44.00	45.50	46.50
UTILITIES AND TRANSPORTATION					
City Light	1,792.80	1,792.80	1,791.30	1,816.80	1,779.80
Seattle Public Utilities	1,440.30	1,433.30	1,414.55	1,398.55	1,359.05
Transportation	959.00	958.00	931.50	918.50	885.50
ADMINISTRATION					
City Auditor	10.00	10.00	10.00	10.00	9.50
City Budget	36.00	36.00	36.00	40.50	35.00
Civil Rights	35.50	35.00	31.00	28.00	27.25
Civil Service Commission	2.00	2.00	2.00	2.60	2.60
Employees' Retirement System	28.00	23.00	23.00	21.00	21.00
Ethics and Elections Commission	7.40	7.40	5.90	5.90	5.90
Finance and Administrative Services ^b	623.00	610.00	589.50	625.00	625.00
Hearing Examiner	5.00	5.00	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	9.50	9.50	9.50	9.50
Information Technology	673.10	701.10	680.60	667.60	659.60
Intergovernmental Relations	9.00	10.00	10.00	10.50	10.50
Legislative	100.50	100.50	100.50	99.00	99.00
Mayor	39.50	39.50	37.50	37.50	44.00
Department of Human Resources ^d	111.50	160.50	154.00	158.50	158.75
Office of the Employee Ombud	4.00	5.00	3.00	—	—
Office of Inspector General ^f	15.00	13.00	—	—	—
Office of Labor Standard	30.00	28.00	—	—	—
Sustainability and Environment	31.50	29.50	26.50	26.50	19.50
Total Full-Time Equivalents	12,466.50	12,689.05	12,450.15	12,408.59	12,134.91

^a Source - City of Seattle Adopted Budget.

^b Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created 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.

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FULL-TIME-EQUIVALENT^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
PUBLIC SAFETY					
Community Police Commission	4.00	4.00	3.00	—	—
Fire	1,167.55	1,162.55	1,151.55	1,150.55	1,152.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	177.10	173.60	169.60	169.60	159.10
Municipal Court	214.10	213.10	213.10	212.60	214.10
Police	2,033.35	2,018.35	1,999.35	1,947.35	1,930.85
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	29.09	31.59	30.84	28.09	19.85
Library	556.10	558.40	558.40	558.40	509.00
Parks and Recreation	916.68	908.35	888.45	853.57	863.09
Seattle Center	241.13	241.13	242.66	241.62	245.12
HEALTH AND HUMAN SERVICES					
Human Services	331.60	327.60	344.60	341.35	316.10
Educational and Developmental Services Levy	—	—	9.00	9.00	9.00
Department of Education and Early Learning	54.00	52.50	—	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	31.00	27.50	25.50	22.50	24.00
Housing	43.50	43.50	37.00	37.50	37.50
Neighborhoods	47.00	40.00	46.00	42.50	40.50
Neighborhood Matching Subfund	8.00	8.00	7.00	6.00	6.00
Seattle Department of Construction and Inspections ^e	404.30	417.50	406.00	397.25	393.26
Office of Planning and Community Development	45.00	—	—	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,868.30	1,861.30	1,857.25	1,830.25	1,810.50
Seattle Public Utilities	1,460.05	1,438.05	1,446.55	1,401.05	1,411.05
Transportation	844.00	794.00	793.00	727.50	721.00
ADMINISTRATION					
City Auditor	9.50	9.50	9.50	9.50	9.00
City Budget	35.00	33.00	29.50	28.50	27.50
Civil Rights	34.25	31.25	23.50	23.00	22.50
Civil Service Commission	2.60	2.60	2.60	2.60	—
Employees' Retirement System	20.00	20.00	20.00	18.00	18.00
Ethics and Elections Commission	4.90	5.20	6.20	6.20	5.20
Finance and Administrative Services ^b	641.50	625.00	602.25	528.75	521.75
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	7.00	3.00	3.00	2.00
Information Technology	205.00	198.25	194.25	192.25	190.25
Intergovernmental Relations	10.50	11.50	10.50	10.50	10.50
Legislative	90.00	88.50	86.50	86.50	86.00
Mayor	44.00	35.50	28.50	28.50	28.50
Department of Human Resources ^d	148.25	143.55	92.75	103.75	103.25
Office of the Employee Ombud	—	—	—	—	—
Office of Inspector General ^f	—	—	—	—	—
Office of Labor Standard	—	—	—	—	—
Sustainability and Environment	17.25	15.25	12.00	10.00	14.75
Total Full-Time Equivalents	11,759.73	11,559.25	11,361.53	11,039.36	10,913.40

^a Source - City of Seattle Adopted Budget.

^b Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created 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.

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OPERATING INDICATORS^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 18,029,648	\$ 27,166,607	\$ 17,758,107	\$ 22,140,431	\$ 26,002,865
Per capita	\$ 24.46	\$ 35.69	\$ 23.76	\$ 30.31	\$ 36.47
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	3,989	6,044	8,092	8,327	8,218
Traffic criminal filings	148	398	575	629	619
DUI filings	927	1,136	1,439	1,444	1,255
Non-traffic infraction filings	671	954	1,865	1,846	3,173
Traffic infraction filings	9,003	14,381	27,442	27,004	32,854
Parking infractions	552,815	277,387	547,117	542,859	583,360
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	346,977	378,206	396,658	369,698	383,236
Parks and Recreation					
Park use permits issued					
Number	491	108	830	806	841
Amount	\$ 345,992	\$ 95,040	\$ 1,250,792	\$ 273,387	\$ 600,817
Facility use permits issued including pools					
Number	9,943	9,063	19,677	21,209	25,935
Amount	\$ 1,199,184	\$ 2,290,604	\$ 9,167,354	\$ 4,306,075	\$ 9,061,570
Facility use permits issued excluding pools					
Number	9,749	8,978	18,896	20,585	24,902
Amount	\$ 783,526	\$ 2,178,037	\$ 8,429,776	\$ 3,555,031	\$ 8,329,343
Picnic permits issued					
Number	2,425	192	3,547	3,466	3,920
Amount	\$ 333,253	\$ 20,740	\$ 721,178	\$ 391,156	\$ 427,769
Ball field usage					
Scheduled hours	174,384	35,214	124,506	191,010	198,082
Amount	\$ 3,545,402	\$ 1,258,011	\$ 4,124,294	\$ 3,454,407	\$ 3,496,685
Weddings					
Number	145	37	230	216	228
Amount	\$ 74,311	\$ 12,485	\$ 158,364	\$ 93,520	\$ 97,738
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	8,963	8,725	10,505	10,027	10,444
Value of issued permits	\$ 3,972,734,147	\$ 2,887,867,291	\$ 4,603,329,257	\$ 3,959,949,752	\$ 5,088,196,449
UTILITIES					
City Light					
Customers					
Operating revenues	\$ 485,155	\$ 477,577	\$ 470,380	\$ 461,500	\$ 454,500
	\$ 1,108,977,267	\$ 1,015,765,767	\$ 1,079,423,815	\$ 991,613,793	\$ 989,710,419
Water					
Population served					
Billed water consumption, daily average, in gallons	1,561,000	1,561,000	1,511,000	1,506,000	1,478,000
Operating revenues	\$ 117,395,510	\$ 113,259,352	\$ 115,114,247	\$ 118,411,885	\$ 118,402,270
	\$ 303,499,096	\$ 278,577,869	\$ 281,008,043	\$ 282,286,898	\$ 262,896,544
Drainage and Wastewater					
Operating revenues	\$ 502,517,146	\$ 460,296,464	\$ 454,381,864	\$ 419,875,848	\$ 400,284,279
Solid Waste					
Customers					
Residential garbage customers	178,864	171,567	168,945	166,935	165,482
Residential dumpsters customers	205,729	201,292	195,188	188,290	181,545
Commercial garbage customers	8,164	8,214	8,556	8,023	8,082
Operating revenues	\$ 238,260,883	\$ 224,052,357	\$ 224,965,227	\$ 205,633,975	\$ 209,643,613

^a All figures are supplied by the named departments.

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OPERATING INDICATORS^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 25,799,733	\$ 22,636,220	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687
Per capita	\$ 37.57	\$ 34.18	\$ 25.87	\$ 14.18	\$ 18.40
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	7,161	7,387	6,674	7,573	8,162
Traffic criminal filings	660	678	802	1,048	953
DUI filings	1,269	1,099	1,074	1,111	1,369
Non-traffic infraction filings	4,019	4,710	2,182	2,190	3,122
Traffic infraction filings	34,401	47,931	41,467	42,091	36,872
Parking infractions	600,188	518,624	527,782	631,388	578,507
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	378,222	373,898	464,787	458,644	453,000
Parks and Recreation					
Park use permits issued					
Number	766	744	759	651	646
Amount	\$ 538,945	\$ 616,102	\$ 615,073	\$ 511,114	\$ 493,691
Facility use permits issued including pools					
Number	25,935	24,405	24,543	24,740	25,944
Amount	\$ 8,193,741	\$ 7,359,133	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337
Facility use permits issued excluding pools					
Number	25,275	23,750	23,749	24,182	25,353
Amount	\$ 7,505,445	\$ 6,683,724	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997
Picnic permits issued					
Number	4,245	4,323	4,027	3,967	3,664
Amount	\$ 421,821	\$ 422,861	\$ 386,272	\$ 381,309	\$ 363,842
Ball field usage					
Scheduled hours	186,021	147,311	170,014	161,571	147,142
Amount	\$ 2,803,130	\$ 2,662,171	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292
Weddings					
Number	234	269	254	258	250
Amount	\$ 96,314	\$ 104,265	\$ 89,486	\$ 94,845	\$ 94,295
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	14,261	17,666	12,047	8,350	7,316
Value of issued permits	\$ 3,732,939,162	\$ 3,945,738,487	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519
UTILITIES					
City Light					
Customers					
Operating revenues	\$ 447,332	\$ 422,809	\$ 415,056	\$ 408,055	\$ 402,608
	\$ 903,174,831	\$ 882,856,777	\$ 886,443,525	\$ 842,229,890	\$ 800,273,311
Water					
Population served					
Billed water consumption, daily average, in gallons	1,433,200	1,403,600	1,336,700	1,326,000	1,314,932
Operating revenues	\$ 115,447,224	\$ 118,900,570	\$ 113,863,391	\$ 113,107,019	\$ 112,036,939
	\$ 251,363,807	\$ 251,977,342	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169
Drainage and Wastewater					
Operating revenues	\$ 375,041,044	\$ 363,778,513	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717
Solid Waste					
Customers					
Residential garbage customers	181,940	164,381	160,063	163,413	164,241
Residential dumpsters customers	156,527	146,201	142,035	135,499	129,761
Commercial garbage customers	8,096	8,145	8,168	8,156	8,148
Operating revenues	\$ 183,666,276	\$ 174,787,770	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774

^a All figures are supplied by the named departments.

Table S-20
Page 1 of 4

CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
PUBLIC SAFETY					
Fire					
Boats	14	9	9	7	7
Fire-fighting apparatus	220	227	224	221	214
Stations	33	33	33	33	33
Training towers	6	6	6	6	6
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	6	7	7	7	7
Vehicles					
Patrol cars	292	324	328	369	302
Motorcycles	35	35	35	40	37
Scoters	—	54	55	70	53
Trucks, vans, minibuses	83	80	87	89	91
Automobiles	157	204	205	248	236
Patrol boats	10	12	12	12	10
Bicycles	187	196	162	154	154
Horses	9	7	7	7	7
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Physical and Digital Materials					
Circulated, Downloaded or Streamed	10,742,015	8,801,444	12,565,554	11,622,522	11,689,659
Collection, print and non-print	2,668,670	2,535,149	2,404,513	2,368,793	2,235,370
Parks and Recreation					
Major parks	19	19	19	14	14
Open space acres acquired since 1989	862	859	859	738	734
Total acreage	6,426	6,423	6,423	6,372	6,369
Children's play areas	151	153	153	160	160
Neighborhood playgrounds	149	148	148	39	39
Community playfields	51	51	51	42	42
Community recreation centers	26	26	26	27	27
Visual and performing arts centers	6	6	6	5	5
Theaters	—	—	—	1	1
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	25	25	25	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	112	106	106	64	64
Viewpoints	16	16	16	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	—	—	—	9	9

^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.
^d City redefined areas starting in 2008.

Table S-20
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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
PUBLIC SAFETY					
Fire					
Boats	6	7	6	3	3
Fire-fighting apparatus	216	216	184	164	163
Stations	33	33	33	33	33
Training towers	6	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	280	280	272	273	270
Motorcycles	37	37	37	37	37
Scoters	71	80	75	73	67
Trucks, vans, minibuses	89	91	89	87	88
Automobiles	213	196	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	154
Horses	5	7	7	7	7
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Physical and Digital Materials					
Circulated, Downloaded or Streamed	11,544,047	11,744,881	11,435,302	10,932,677	11,376,194
Collection, print and non-print	2,181,399	2,214,169	2,435,520	2,403,693	2,280,511
Parks and Recreation					
Major parks	14	14	14	14	14
Open space acres acquired since 1989	731	731	711	695	665
Total acreage	6,367	6,367	6,298	6,251	6,188
Children's play areas	160	158	138	136	135
Neighborhood playgrounds	39	40	43	41	40
Community playfields	42	38	38	38	38
Community recreation centers	27	27	25	24	26
Visual and performing arts centers	5	5	5	6	6
Theaters	1	1	1	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	64
Viewpoints	11	11	11	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9

^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.
^d City redefined areas starting in 2008.

Table S-20
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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,865,150	2,006,580	2,006,580	2,058,100	2,014,100
Peak load (KW) ^c	1,896,000	1,757,000	1,806,000	1,870,000	1,785,000
Total system load (1,000 KWh) ^c	9,528,805	9,214,318	9,536,574	9,973,100	9,696,583
Meters	491,585	484,305	475,457	454,712	445,625
Water					
Reservoirs, standpipes, tanks	29	29	29	29	29
Fire hydrants	18,846	18,821	18,664	18,664	18,664
Water mains					
Supply, in miles	198	198	198	193	198
Water storage, in thousand gallons	326,100	326,100	326,100	325,350	326,100
Meters	200,284	198,726	197,747	195,331	194,580
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	474	474	474	473
Sanitary sewers, life-to-date, in miles	946	946	946	948	949
Storm drains, life-to-date, in miles	486	486	486	486	485
Pumping stations	67	67	67	67	67
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,548	1,548	1,548	1,548	1,548
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,396	2,396	2,396
Sidewalks, in miles	2,275	2,294	2,294	2,238	2,326
Stairways	500	502	502	498	498
Length of stairways, in feet	33,554	34,869	34,869	34,923	34,923
Number of stairway treads	22,416	23,555	23,555	23,585	23,585
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	150,000
Total platted streets, in centerline miles	1,675	1,675	1,675	1,675	1,675
Traffic signals	1,109	1,106	1,106	1,085	1,077
Parking meters					
Downtown	—	—	—	—	—
Outlying	—	—	—	—	—
Parking pay stations					
Downtown	618	646	646	690	689
Outlying	846	866	866	950	1,006
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	125	120	120	98	96
Partial City maintenance	40	40	40	40	51
Retaining walls/seawalls	467	613	613	593	587

^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.

^d City redefined areas starting in 2008.

Table S-20
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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2016	2015	2014	2013	2012
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	2,014,100	1,975,100	1,991,600	1,991,600	1,920,700
Peak load (KW) ^c	1,689,000	1,866,792	1,840,792	1,804,708	1,748,833
Total system load (1,000 KWh) ^c	9,687,222	9,911,624	10,048,700	10,082,024	10,202,992
Meters	430,148	422,613	406,274	407,614	406,195
Water					
Reservoirs, standpipes, tanks	29	29	26	27	27
Fire hydrants	18,000	18,000	18,655	18,550	18,503
Water mains					
Supply, in miles	193	193	182	182	187
Water storage, in thousand gallons	354,500	354,500	398,369	338,869	338,869
Meters	192,633	191,403	187,159	188,883	188,457
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	475	474	472	471	471
Sanitary sewers, life-to-date, in miles	947	947	949	948	957
Storm drains, life-to-date, in miles	483	481	479	474	473
Pumping stations	68	68	67	67	66
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,547	1,547	1,540	1,540	1,537
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,407	2,407	2,412	2,412	2,411
Sidewalks, in miles	2,303	2,230	2,230	2,256	2,262
Stairways	492	509	505	507	507
Length of stairways, in feet	35,653	36,269	35,112	35,122	35,061
Number of stairway treads	23,503	23,344	24,050	24,050	24,009
Street trees					
City-maintained	41,000	41,000	41,000	41,000	40,000
Maintained by property owners	150,000	125,000	125,000	125,000	125,000
Total platted streets, in centerline miles	1,677	1,677	1,677	1,677	1,666
Traffic signals	1,071	1,041	1,070	1,060	1,053
Parking meters					
Downtown	—	—	6	93	231
Outlying	—	—	4	26	85
Parking pay stations					
Downtown	880	892	961	973	998
Outlying	1,141	1,112	1,174	1,198	1,227
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	96	93	99	95	90
Partial City maintenance	51	54	32	44	44
Retaining walls/seawalls	582	580	592	592	592

^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.

^d City redefined areas starting in 2008.

APPENDIX C
DEMOGRAPHIC AND ECONOMIC INFORMATION

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, 33% live in the City of Seattle.

Population

The most recently released historical and current population counts and estimates for the State of Washington, the County, and the City are given below.

POPULATION			
Year	Washington	King County	Seattle
2013 ⁽¹⁾	6,909,666	1,983,550	624,045
2014 ⁽¹⁾	7,005,504	2,021,027	638,784
2015 ⁽¹⁾	7,106,989	2,061,981	660,908
2016 ⁽¹⁾	7,237,661	2,118,958	684,136
2017 ⁽¹⁾	7,344,589	2,149,910	694,513
2018 ⁽¹⁾	7,464,069	2,187,460	707,555
2019 ⁽¹⁾	7,582,481	2,227,755	724,144
2020 ⁽²⁾	7,705,281	2,269,675	737,015
2021 ⁽²⁾	7,766,975	2,287,050	742,400
2022 ⁽²⁾	7,864,400	2,317,700	762,500

(1) Source: U.S. Department of Commerce, Bureau of Census.

(2) Source: State of Washington, Office of Financial Management (“OFM”).

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					
	2017	2018	2019	2020	2021
Seattle MD	\$ 74,843	\$ 79,526	\$ 85,348	\$ 90,040	\$ 97,582
King County	83,192	88,499	95,083	99,734	108,212
State of Washington	57,265	60,221	64,189	68,350	73,775
United States	51,550	53,786	56,250	59,765	64,143

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 within the City. 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	
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
2020	247	111,343,923	5,479	637,037,156	748,381,079
2021	264	78,231,798	11,716	1,849,751,186	1,927,982,984
2022	418	118,165,369	8,572	1,504,100,013	1,622,265,382

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
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
2020	66,955,895,952	24,904,879,115
2021	78,440,949,141	30,047,705,303
2022 ⁽¹⁾	61,598,222,871	24,761,766,724

(1) Through third quarter. Comparable results through third quarter of 2021 are \$57,372,941,684 for King County and \$21,961,006,124 for City of Seattle.

Source: *Quarterly Business Review, Washington State Department of Revenue*

Employment

The following table presents total employment in Washington State as of December 31, 2021 (unless otherwise noted) for certain major employers in the Puget Sound area. This list of major employers in the Puget Sound region includes several high-technology sector employers, most notably Amazon, Microsoft, Meta (Facebook), and Google. In late 2022 and early 2023, some large-scale layoffs were announced in that sector across the global workforce and others are expected to occur. It is not clear when such reductions will occur or what impact any such actions might have on employment in the region.

PUGET SOUND MAJOR EMPLOYERS⁽¹⁾

Employer	Employees
Amazon.com	85,000
Microsoft Corp.	61,305
The Boeing Co.	55,823
Joint Base Lewis-McChord	55,000
University of Washington Seattle	49,921
Providence Swedish	45,916
Walmart Inc.	23,123
Costco Wholesale Corp.	20,788
MultiCare Health System	19,691
Virginia Mason Franciscan Health	16,966
King County government	16,095
City of Seattle ⁽²⁾	15,936
Fred Meyer Stores	15,810
Seattle Public Schools	12,000
Alaska Air Group Inc.	10,944
Seattle Children's Foundation	9,350
Meta (Facebook)	8,800
T-Mobile US Inc.	8,251
Kaiser Permanente	7,571
Nordstrom Inc.	7,237

(1) In previous years, Safeway (owned by Albertsons Companies) and Starbucks Coffee Company were ranked among the 20 largest employers in the Puget Sound region, but neither firm provided employment data to the Puget Sound Business Journal for 2021.

(2) Source: City of Seattle, as of December 31, 2022.

Source: *Puget Sound Business Journal*, Publication Date October 7, 2022

KING COUNTY
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT⁽¹⁾

	Annual Average				
	2018	2019	2020	2021	2022
Civilian Labor Force	1,260,655	1,285,974	1,278,594	1,278,003	1,320,984
Total Employment	1,218,696	1,250,766	1,178,362	1,223,432	1,284,647
Total Unemployment	41,959	35,208	100,232	54,571	36,337
Percent of Labor Force	3.3%	2.7%	7.8%	4.3%	2.8%
NAICS INDUSTRY	2018	2019	2020	2021	2022
Total Nonfarm	1,432,817	1,467,850	1,383,033	1,407,858	1,488,442
Total Private	1,254,283	1,292,300	1,211,158	1,237,183	1,320,475
Goods Producing	181,550	186,058	172,467	168,533	179,550
Mining and Logging	500	500	475	408	408
Construction	78,108	79,533	76,675	79,258	83,783
Manufacturing	102,925	106,000	95,267	88,850	95,358
Service Providing	1,251,267	1,281,792	1,210,567	1,239,325	1,308,892
Trade, Transportation, and Utilities	274,642	280,933	276,558	282,650	290,858
Information	111,017	121,633	127,908	134,450	144,875
Financial Activities	73,708	75,267	72,533	73,567	77,083
Professional and Business Services	233,092	238,875	234,558	245,675	264,942
Educational and Health Services	185,842	189,592	179,767	182,683	189,175
Leisure and Hospitality	145,050	146,833	100,675	104,417	127,000
Other Services	49,383	53,108	46,692	45,208	46,992
Government	178,533	175,550	171,875	170,675	167,967
Workers in Labor/Management Disputes	0	0	0	0	0
	Mar. 2023				
Civilian Labor Force	1,355,831				
Total Employment	1,319,524				
Total Unemployment	36,307				
Percent of Labor Force	2.7%				

(1) Columns may not add to totals due to rounding.

Source: Washington State Employment Security Department.

APPENDIX D
BOOK-ENTRY TRANSFER SYSTEM

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 an S&P 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.