

SALE DATE: MAY 17, 2017  
 SALE TIME: 2017A BONDS: 7:30 A.M., PACIFIC TIME  
 UTGO BONDS: 8:00 A.M., PACIFIC TIME  
 2017B BONDS: 8:30 A.M., PACIFIC TIME

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 10, 2017**

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, (i) interest (and original issue discount, if any) on the 2017A Bonds and the 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 and corporations, and (ii) interest (and original issue discount, if any) on the 2017B Bonds is included in gross income for federal income tax purposes. See "Legal and Tax Information—Tax Exemption-Tax-Exempt Bonds" and "—Tax Matters-2017B Bonds."*

**THE CITY OF SEATTLE, WASHINGTON**

**\$72,365,000<sup>(1)</sup>**  
**LIMITED TAX GENERAL OBLIGATION**  
**IMPROVEMENT BONDS, 2017A**

**\$12,470,000<sup>(1)</sup>**  
**LIMITED TAX GENERAL OBLIGATION**  
**IMPROVEMENT AND REFUNDING BONDS, 2017B (TAXABLE)**

**\$14,990,000<sup>(1)</sup>**  
**UNLIMITED TAX GENERAL OBLIGATION**  
**REFUNDING BONDS, 2017**

**DATED: DATE OF INITIAL DELIVERY**

**DUE: 2017A BONDS—NOVEMBER 1, AS SHOWN ON PAGE i**  
**2017B BONDS—NOVEMBER 1, AS SHOWN ON PAGE ii**  
**UTGO BONDS—DECEMBER 1, AS SHOWN ON PAGE iii**

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement Bonds, 2017A (the "2017A Bonds"), and Limited Tax General Obligation Improvement and Refunding Bonds, 2017B (Taxable) (the "2017B Bonds"), and Unlimited Tax General Obligation Refunding Bonds, 2017 (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 2017A Bonds and 2017B Bonds together are referred to as the "LTGO Bonds" and the LTGO Bonds and UTGO Bonds collectively are referred to as the "Bonds." Additionally, the term "Series" may refer to any 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 a Series 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, 2017. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2017. The principal of and interest on the Bonds are payable by the City's Bond Registrar, currently the fiscal agent of the State of Washington (currently U.S. Bank National Association), to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "Description of the Bonds—Registration and Book-Entry Transfer System" and in Appendix D.

The 2017A Bonds are being issued to pay or reimburse all or a part of the costs of various elements of the City's capital improvement program and to pay the costs of issuing the 2017A Bonds. The 2017B Bonds are being issued to pay or reimburse the costs of certain capital projects (including City contributions to a capital project of a nonprofit entity) and to pay the costs of issuing the 2017B Bonds. In addition, subject to market conditions, a portion of the proceeds of the 2017B Bonds will be used to make one or more loans to a City public development authority to refund certain of its outstanding obligations guaranteed by the City, and to pay a portion of the costs of administering the Refunding Plan. The UTGO Bonds are being issued to refund certain of the City's outstanding voter-approved general obligation bonds and to pay the costs of issuing the UTGO Bonds and a portion of the costs of administering the Refunding Plan. 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 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 Underwriter of such 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 opinions are attached hereto as Appendix A. 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 14, 2017.

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

**Dated:** \_\_\_\_\_

(1) Preliminary, subject to change.



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

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

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

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

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

*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 “Legal and Tax Information—Continuing Disclosure Undertaking.”*

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

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

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

*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

**\$72,365,000<sup>(1)</sup>**

**THE CITY OF SEATTLE, WASHINGTON**

**LIMITED TAX GENERAL OBLIGATION IMPROVEMENT BONDS, 2017A**

<b>Due November 1</b>	<b>Amounts<sup>(1)</sup></b>	<b>Interest Rates</b>	<b>Yields</b>	<b>Prices</b>	<b>CUSIP Numbers</b>
2018	\$ 3,500,000				
2019	3,585,000				
2020	3,695,000				
2021	3,825,000				
2022	3,980,000				
2023	4,140,000				
2024	4,345,000				
2025	4,560,000				
2026	2,160,000				
2027	2,260,000 <sup>(2)</sup>				
2028	1,840,000 <sup>(2)</sup>				
2029	1,930,000 <sup>(2)</sup>				
2030	2,025,000 <sup>(2)</sup>				
2031	2,130,000 <sup>(2)</sup>				
2032	2,235,000 <sup>(2)</sup>				
2033	2,345,000 <sup>(2)</sup>				
2034	2,465,000 <sup>(2)</sup>				
2035	2,595,000 <sup>(2)</sup>				
2036	2,710,000 <sup>(2)</sup>				
2037	2,850,000 <sup>(2)</sup>				
2038	1,050,000 <sup>(2)</sup>				
2039	1,100,000 <sup>(2)</sup>				
2040	1,155,000 <sup>(2)</sup>				
2041	1,215,000 <sup>(2)</sup>				
2042	1,275,000 <sup>(2)</sup>				
2043	1,340,000 <sup>(2)</sup>				
2044	1,405,000 <sup>(2)</sup>				
2045	1,475,000 <sup>(2)</sup>				
2046	1,550,000 <sup>(2)</sup>				
2047	1,625,000 <sup>(2)</sup>				

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the 2017A Bonds unless 2017A Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2017A Term Bonds.



# MATURITY SCHEDULES

**\$12,470,000<sup>(1)</sup>**

**THE CITY OF SEATTLE, WASHINGTON**

**LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2017B (TAXABLE)**

<b>Due November 1</b>	<b>Amounts<sup>(1)</sup></b>	<b>Interest Rates</b>	<b>Yields</b>	<b>Prices</b>	<b>CUSIP Numbers</b>
2018	\$ 750,000				
2019	765,000				
2020	775,000				
2021	795,000				
2022	815,000				
2023	830,000				
2024	860,000				
2025	880,000				
2026	905,000				
2027	385,000 <sup>(2)</sup>				
2028	395,000 <sup>(2)</sup>				
2029	415,000 <sup>(2)</sup>				
2030	430,000 <sup>(2)</sup>				
2031	445,000 <sup>(2)</sup>				
2032	455,000 <sup>(2)</sup>				
2033	475,000 <sup>(2)</sup>				
2034	495,000 <sup>(2)</sup>				
2035	515,000 <sup>(2)</sup>				
2036	530,000 <sup>(2)</sup>				
2037	555,000 <sup>(2)</sup>				

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the 2017B Bonds unless 2017B Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2017B Term Bonds.

**\$14,990,000<sup>(1)</sup>**

**THE CITY OF SEATTLE, WASHINGTON**

**UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2017**

<b>Due December 1</b>	<b>Amounts<sup>(1)</sup></b>	<b>Interest Rates</b>	<b>Yields</b>	<b>Prices</b>	<b>CUSIP Numbers</b>
2017	\$ 7,520,000				
2018	7,470,000				

(1) Preliminary, subject to change.



## THE CITY OF SEATTLE

### MAYOR AND CITY COUNCIL

Edward B. Murray

Mayor

#### **Council Member**

#### **Term Expiration**

Sally Bagshaw

2019

Tim Burgess

2017

Lorena Gonzalez

2017

Bruce Harrell

2019

Lisa Herbold

2019

Rob Johnson

2019

Debora Juarez

2019

Mike O'Brien

2019

Kshama Sawant

2019

### CITY ADMINISTRATION

Glen M. Lee

Director of Finance

Peter Holmes

City Attorney

### BOND COUNSEL

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

### FINANCIAL ADVISOR

Piper Jaffray & Co.  
Seattle, Washington

### BOND REGISTRAR

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



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## OFFICIAL NOTICE OF BOND SALE

### THE CITY OF SEATTLE, WASHINGTON

<b>\$72,365,000<sup>(1)</sup></b>	<b>\$12,470,000<sup>(1)</sup></b>
<b>LIMITED TAX GENERAL OBLIGATION IMPROVEMENT BONDS, 2017A</b>	<b>LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2017B (TAXABLE)</b>
<b>\$14,990,000<sup>(1)</sup></b>	
<b>UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2017</b>	

Separate electronic bids for the purchase of The City of Seattle Limited Tax General Obligation Improvement Bonds, 2017A (the “2017A Bonds”), the Limited Tax General Obligation Improvement and Refunding Bonds, 2017B (Taxable) (the “2017B Bonds”), and the Unlimited Tax General Obligation Refunding Bonds, 2017 (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

**MAY 17, 2017, NO LATER THAN**

<b>2017A BONDS:</b>	<b>7:30 A.M., PACIFIC TIME,</b>
<b>UTGO BONDS:</b>	<b>8:00 A.M., PACIFIC TIME,</b>
<b>2017B BONDS:</b>	<b>8:30 A.M., PACIFIC TIME,</b>

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 2017A Bonds and the 2017B Bonds together are referred to as the “LTGO Bonds,” and the LTGO Bonds and UTGO Bonds collectively are referred to as the “Bonds.” Additionally, the term “Tax-Exempt Bonds” is used to refer to the 2017A Bonds and the UTGO Bonds, either separately or collectively, and the term “Series” may refer to any 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 will be received after the respective cut-off time for each Series for receiving bids 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 Council at approximately 1:30 p.m., Pacific Time, on May 17, 2017. No bid will be awarded until the City Council has adopted a resolution accepting the bid at its meeting.

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 cut-off time for receiving bids if the City elects to change the principal amounts or the redemption or other provisions or increase or decrease the total principal amount or the amounts of individual maturities of Bonds. Any such modification will be provided to Parity on or before May 16, 2017. In addition, the City may cancel or postpone the date and time for receiving bids for any or all Series of the Bonds at any time prior to the cut-off time for receiving bids. 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, facsimile, or electronic notice of any such modification, cancellation, or postponement will be given to any bidder requesting such notice from the City’s Financial Advisor at the address

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(1) Preliminary, subject to change.



and phone number provided under “Contact Information” below. Failure of any bidder to receive such notice will not affect the legality of the sale.

#### **CONTACT INFORMATION**

Finance Division	Michael van Dyck, Debt Manager, City of Seattle (206) 684-8347 <i>michael.vandyck@seattle.gov</i>
Financial Advisor	Rob Shelley, Piper Jaffray & Co. Office phone: (206) 628-2879 Day of sale phone: (206) 601-2249 <i>robert.e.shelley@pjc.com</i>
Bond Counsel	Alice Ostdiek, Stradling Yocca Carlson & Rauth, P.C. (206) 829-3002 <i>aostdiek@sycr.com</i>

#### **DESCRIPTION OF THE BONDS**

##### **Bond Details**

Each Series of the Bonds will be dated the date of its initial delivery. Interest on the LTGO Bonds is payable semiannually on each May 1 and November 1, beginning November 1, 2017. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2017.

##### **Registration and Book-Entry Transfer System**

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 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 registered in the name of the Securities Depository, which is defined in the Bond Legislation as The Depository Trust Company, New York, New York (“DTC”), or any successor thereto.

##### **Election of Maturities**

**2017A Bonds.** The successful bidder for the 2017A Bonds shall designate whether some or all of the principal amounts of the 2017A Bonds maturing on and after November 1, 2027, shall be retired as shown in the table below as serial bonds maturing in such year or as mandatory redemption requirements of 2017A Term Bonds maturing in the years specified by the bidder. 2017A 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.



## 2017A BONDS

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(November 1)	Installments <sup>(1)</sup>	(November 1)	Installments <sup>(1)</sup>
2018	\$ 3,500,000	2033	\$ 2,345,000 <sup>(2)</sup>
2019	3,585,000	2034	2,465,000 <sup>(2)</sup>
2020	3,695,000	2035	2,595,000 <sup>(2)</sup>
2021	3,825,000	2036	2,710,000 <sup>(2)</sup>
2022	3,980,000	2037	2,850,000 <sup>(2)</sup>
2023	4,140,000	2038	1,050,000 <sup>(2)</sup>
2024	4,345,000	2039	1,100,000 <sup>(2)</sup>
2025	4,560,000	2040	1,155,000 <sup>(2)</sup>
2026	2,160,000	2041	1,215,000 <sup>(2)</sup>
2027	2,260,000 <sup>(2)</sup>	2042	1,275,000 <sup>(2)</sup>
2028	1,840,000 <sup>(2)</sup>	2043	1,340,000 <sup>(2)</sup>
2029	1,930,000 <sup>(2)</sup>	2044	1,405,000 <sup>(2)</sup>
2030	2,025,000 <sup>(2)</sup>	2045	1,475,000 <sup>(2)</sup>
2031	2,130,000 <sup>(2)</sup>	2046	1,550,000 <sup>(2)</sup>
2032	2,235,000 <sup>(2)</sup>	2047	1,625,000 <sup>(2)</sup>

(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 2017A Bonds unless 2017A Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2017A Term Bonds.

**2017B Bonds.** The successful bidder for the 2017B Bonds shall designate whether some or all of the principal amounts of the 2017B Bonds maturing on and after November 1, 2027, shall be retired as shown in the table below as serial bonds maturing in such year or as amortization installments of 2017B Term Bonds maturing in the years specified by the bidder. 2017B 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.

## 2017B BONDS

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(November 1)	Installments <sup>(1)</sup>	(November 1)	Installments <sup>(1)</sup>
2018	\$ 750,000	2028	\$ 395,000 <sup>(2)</sup>
2019	765,000	2029	415,000 <sup>(2)</sup>
2020	775,000	2030	430,000 <sup>(2)</sup>
2021	795,000	2031	445,000 <sup>(2)</sup>
2022	815,000	2032	455,000 <sup>(2)</sup>
2023	830,000	2033	475,000 <sup>(2)</sup>
2024	860,000	2034	495,000 <sup>(2)</sup>
2025	880,000	2035	515,000 <sup>(2)</sup>
2026	905,000	2036	530,000 <sup>(2)</sup>
2027	385,000 <sup>(2)</sup>	2037	555,000 <sup>(2)</sup>

(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 2017B Bonds unless 2017B Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2017B Term Bonds.

**UTGO Bonds.** The UTGO Bonds are not subject to redemption prior to maturity.



## **Redemption**

*Optional Redemption—LTGO Bonds.* The LTGO Bonds maturing on and before November 1, 2026, 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, 2027, prior to their stated maturity dates at any time on and after May 1, 2027, 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-LTGO Bonds” in the Preliminary Official Statement.

*Mandatory Redemption—LTGO Bonds.* As indicated on the schedules above, LTGO Bonds of either Series that are designated by the successful bidder for such Series 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 of a Series are to be redeemed prior to maturity, the selection of such LTGO 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.

*UTGO Bonds.* The UTGO Bonds are not subject to redemption prior to maturity.

## **Purpose**

*2017A Bonds.* A portion of the proceeds of the 2017A Bonds will be used to pay or reimburse all or a part of the costs of various elements of the City’s capital improvement program, as specified in the Bond Legislation, and to pay the costs of issuing the 2017A Bonds.

*2017B Bonds.* The 2017B Bonds are being issued to pay or reimburse the costs of certain capital projects (including City contributions to a capital project of a nonprofit entity) and to pay the costs of issuing the 2017B Bonds. In addition, subject to market conditions, a portion of the proceeds of the 2017B Bonds will be used to make one or more loans to a City public development authority to refund certain of its outstanding obligations guaranteed by the City (described in the Preliminary Official Statement under “Use of Proceeds—Refunding Plan”) and to pay the costs of administering the Refunding Plan for the LTGO Refunded Bonds.

*UTGO Bonds.* The UTGO Bonds are being issued to refund certain of the City’s outstanding voter-approved general obligation bonds and to pay the costs of issuing the UTGO Bonds and administering the Refunding Plan for the UTGO Refunded Bonds.

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 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 the 2017A Bonds or the UTGO Bonds shall be in multiples of 1/8 or 1/20 of 1%, or any combination thereof. Interest rates included as part of a bid for the 2017B Bonds shall be in multiples of 1/8 or 1/100 of 1%. No more than one interest rate may be fixed for any one maturity of a Series of the Bonds. For the 2017A Bonds, no interest rate higher than 5.00% may be used, and for the 2017A Bonds maturing on and after November 1, 2027, no interest rate less than 4.00% may be used.

No bid will be considered for the 2017A Bonds that is less than an amount equal to 107% of the stated principal amount of the 2017A Bonds nor more than an amount equal to 118% of the stated principal amount of the 2017A Bonds.

No bid will be considered for the 2017B Bonds that is less than an amount equal to 99% of the stated principal amount of the 2017B Bonds nor more than an amount equal to 101% of the stated principal amount of the 2017B Bonds. Each individual maturity of the 2017B Bonds maturing on and after November 1, 2027, must be reoffered at a yield that will produce a price of not less than 98% of the principal amount for that maturity.

No bid will be considered for the UTGO Bonds that is less than an amount equal to 101% of the stated principal amount of the UTGO Bonds nor more than an amount equal to 104% of the stated principal amount of the UTGO Bonds.

For the purpose of this section, “price” means the lesser of the price at the redemption date, if any, or the price at the maturity date.

Bids for each Series of the Bonds must be unconditional. No bid for less than the entire offering of a Series of the Bonds 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 for each Series of the Bonds must be submitted separately via Parity. By submitting an electronic bid for a Series of the Bonds, each bidder thereby 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 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 (including any modifications provided by the City to Parity).



### **Good Faith Deposit**

Each bid must be backed by a good faith deposit in the amount of \$725,000 with respect to the 2017A Bonds, \$125,000 with respect to the 2017B Bonds, and \$150,000 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 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 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 of the Bonds 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 for each Series will be performed by the City's Financial 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 presented to the City Council.

The apparent successful bidder for each Series of the Bonds will be notified by the City and must provide a good faith deposit as described above. The bid for each Series will be presented to the City Council at approximately 1:30 p.m., Pacific Time, on the date set for receiving bids and shall remain in effect until 5:00 p.m., Pacific Time, on that date. Such bid shall be considered awarded upon the City Council's adoption of a resolution accepting the bid.

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 2017A Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the 2017A 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 2017A Bonds shown on Parity by an amount not to exceed 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 2017B Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the 2017B 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 2017B Bonds shown on Parity by an amount not to exceed 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 an amount not to exceed 10% 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, 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**

Upon award of a Series of the Tax-Exempt Bonds, the successful bidder for such Series shall advise the City and Bond Counsel of the initial reoffering prices to the public of each maturity of such Series (the "Initial Reoffering Prices"), for the City's inclusion in the final Official Statement for the Bonds. Prior to delivery of a Series of Tax-Exempt Bonds, the successful bidder for such Series shall furnish to the City and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

- (i) confirming the Initial Reoffering Prices of such Series of Tax-Exempt Bonds,
- (ii) certifying that a *bona fide* offering of such Series of Tax-Exempt Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries),
- (iii) stating the first price at which a substantial amount (at least 10%) of each maturity of such Series of Tax-Exempt Bonds was sold to the public (excluding bond houses, brokers, and other intermediaries), and
- (iv) if the first price at which a substantial amount of any maturity of such Series of Tax-Exempt Bonds is sold does not conform to the Initial Reoffering Price of that maturity, providing an explanation of the facts and circumstances that resulted in that nonconformity.

A draft form of such certificate may be obtained prior to the sale date by contacting the City's Financial Advisor. See "Contact Information" in this Official Notice of Bond Sale.

### **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 for such Series, and any increased costs of issuance of such Series 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 for such Series 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 insured Bonds) of the insurance premium is less than the present value (calculated using the same yield as the yield on the 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 insured Bonds at interest rates on the insured Bonds issued with and without the insurance on the insured Bonds.

### **Ratings**

The LTGO Bonds have been rated "Aaa," "AAA," and "AAA" and the UTGO Bonds have been rated "Aaa," "AAA," and "AAA" by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, 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.

### **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 Tax-Exempt Bonds, the interest receivable by the owners of such Series of Tax-Exempt Bonds 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 of Tax-Exempt Bonds, at its option, may be relieved of its obligation to purchase such Series of Tax-Exempt Bonds 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 CD-ROM transcript of proceedings; additional transcripts will be furnished at the successful bidder's cost.

### **Legal Opinions**

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 opinions are attached to the Preliminary Official Statement as Appendix A. A no-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 successful bidder for each Series of the Bonds is responsible for obtaining CUSIP numbers for such Series. The charge of the CUSIP Service Bureau shall be paid by such successful bidder.*

## **CONTINUING DISCLOSURE UNDERTAKING**

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 "Legal and Tax Information—Continuing Disclosure Undertaking" and also will be set forth in the final Official Statement.

## **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, the successful bidder's designated representative agrees:

- (i) to provide to the City's Debt Manager, 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 "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 of the Bonds to ultimate purchasers, including the delivery of a final Official Statement to each investor who purchases such Series of the Bonds; 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](http://www.i-dealprospectus.com), telephone (212) 849-5024. In addition, the Preliminary Official Statement may be obtained



upon request to the City’s Debt Manager or Financial 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 forms of opinions, the information provided by Bond Counsel under “Legal and Tax Information—Limitations on Remedies and Municipal Bankruptcies,” “—Tax Exemption-Tax-Exempt Bonds,” and “—Tax Matters-2017B Bonds,” or the information provided by or obtained from DTC or any entity providing bond insurance or other credit facility).

DATED at Seattle, Washington, this 10th day of May, 2017.

\_\_\_\_\_  
/s/ Glen M. Lee

Glen M. Lee  
Director of Finance



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## **PRELIMINARY OFFICIAL STATEMENT**

### **THE CITY OF SEATTLE, WASHINGTON**

<b>\$72,365,000<sup>(1)</sup></b>	<b>\$12,470,000<sup>(1)</sup></b>
<b>LIMITED TAX GENERAL OBLIGATION</b>	<b>LIMITED TAX GENERAL OBLIGATION</b>
<b>IMPROVEMENT BONDS, 2017A</b>	<b>IMPROVEMENT AND REFUNDING BONDS, 2017B (TAXABLE)</b>
<b>\$14,990,000<sup>(1)</sup></b>	
<b>UNLIMITED TAX GENERAL OBLIGATION</b>	
<b>REFUNDING BONDS, 2017</b>	

### **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 \$72,365,000<sup>(1)</sup> aggregate principal amount of its Limited Tax General Obligation Improvement Bonds, 2017A (the “2017A Bonds”), \$12,470,000<sup>(1)</sup> aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2017B (Taxable) (the “2017B Bonds”), and \$14,990,000<sup>(1)</sup> aggregate principal amount of its Unlimited Tax General Obligation Refunding Bonds, 2017 (the “UTGO Bonds”). In this Official Statement, the 2017A Bonds and the 2017B Bonds together are referred to as the “LTGO Bonds” and the LTGO Bonds and UTGO Bonds collectively are referred to as the “Bonds.” Additionally, the term “Tax-Exempt Bonds” is used to refer to the 2017A Bonds and the UTGO Bonds, either separately or collectively, and the term “Series” may refer to any series of the Bonds.

Appendix A to this Official Statement is the forms of legal opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation of Seattle, Washington (“Bond Counsel”). Appendix B is the City’s 2015 Comprehensive Annual Financial Report. Appendix C provides economic and demographic information for the City. Appendix D is a description provided on its website by The Depository Trust Company, New York, New York (“DTC”), of DTC procedures with respect to book-entry bonds. Capitalized terms that are not defined herein have the meanings set forth in the Bond Legislation (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.

### **DESCRIPTION OF THE BONDS**

#### **Authorization for the Bonds**

The Bonds are 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 125197 (the “LTGO Ordinance”) (authorizing the LTGO Bonds), Ordinance 124343 (the “Omnibus Refunding Ordinance”) (authorizing the UTGO Bonds), and Resolution \_\_\_\_\_ (collectively, the “Bond Legislation”). The UTGO Bonds are issued to refund indebtedness originally approved by the requisite supermajority of the voters on November 3, 1998.

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(1) Preliminary, subject to change.



## **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 pages i and ii of this Official Statement. The UTGO Bonds will mature on December 1 in the years and amounts set forth on page iii of this Official Statement.

Interest on the LTGO Bonds is payable semiannually on each May 1 and November 1, beginning November 1, 2017, at the rates set forth on pages i and ii of this Official Statement. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2017, 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 Transfer System**

*Book-Entry Transfer System.* 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 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 registered in the name of the Securities Depository, which is defined in the Bond Legislation as DTC or any successor thereto, in accordance with the provisions of the Blanket Issuer Letter of Representations between the City and DTC dated October 4, 2006 (the “Letter of Representations”). Neither the City nor the Bond Registrar has 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 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 Owners under the Bond Legislation (except such notice as is required to be given by the Bond Registrar to the Securities Depository). 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 City to discontinue services of the Securities Depository, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, then ownership of the Bonds may be transferred to any person as provided in the Bond Legislation and the Bonds no longer will be held in book-entry form.

*Transfer and Exchange; Record Date.* The Bond Registrar is not obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the corresponding interest or principal payment date or redemption date. Record Date means, 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. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except (i) to any successor Securities Depository, (ii) to any substitute Securities Depository appointed by the City, or (iii) to any person if the Bond is no longer to be held in book-entry only form.

## **Payment of Bonds**

Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository 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. However, the City 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 registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.



## Redemption of Bonds

*Optional Redemption—LTGO Bonds.* The LTGO Bonds maturing on and before November 1, 2026, 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, 2027, prior to their stated maturity dates at any time on and after May 1, 2027, 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 Term Bonds maturing on \_\_\_\_, 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		TERM BONDS		TERM BONDS	
<u>Years</u>	<u>Amounts</u>	<u>Years</u>	<u>Amounts</u>	<u>Years</u>	<u>Amounts</u>
(1)		(1)		(1)	

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(1) Maturity.

If the City redeems or purchases Term Bonds at the City's option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their actual redemption or purchase prices) will be credited at the par amount thereof against the remaining mandatory redemption requirements as determined by the Director of the Finance Division of the City's Department of Finance and Administrative Services (the "Director of Finance"). In the absence of a determination by the Director of Finance or other direction from the Bond Legislation, credit will be allocated on a *pro rata* basis.

*Selection of Bonds for Redemption—LTGO Bonds.* If fewer than all of the outstanding LTGO Bonds are to be redeemed at the option of the City, the Director of Finance will select the Series and maturity or maturities to be redeemed. If fewer than all of the outstanding bonds of a single maturity are to be redeemed prior to maturity, the Securities Depository will select bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar will select all other bonds to be redeemed randomly in such manner as the Bond Registrar determines.

All or a portion of the principal amount of any LTGO Bond that is to be redeemed may be redeemed in denominations of \$5,000 or integral multiples thereof within a maturity of the Bonds ("Authorized Denominations"). If less than all of the outstanding principal amount of any LTGO Bond is redeemed, upon surrender of that bond to the Bond Registrar, there will be issued to the Registered Owner, without charge, a new bond (or bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

*Notice of Redemption—LTGO Bonds.* The City will cause notice of any intended redemption of LTGO 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 LTGO Bond to be redeemed at the address appearing on the Bond Register on the Record Date. The notice requirements will be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it actually is received by the Owner of any LTGO Bond. As long as an LTGO Bond is held in book-entry form, notices with respect to such bond will be given in accordance with procedures established by DTC. See "Registration and Book-Entry Transfer System" and Appendix D.

*Conditional Notice of Redemption—LTGO Bonds.* 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 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 LTGO Bonds for which the notice of optional redemption has been rescinded will remain outstanding.



*Effect of Redemption—LTGO Bonds.* Interest on LTGO 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. Any notice of optional redemption that is rescinded by the Director of Finance will be of no effect, and the bonds for which the notice of optional redemption has been rescinded will remain outstanding.

*UTGO Bonds.* The UTGO Bonds are not subject to redemption prior to maturity.

### **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.

### **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 to pay when due the principal of and premium, if any, and interest on any Bond or portion thereof, to redeem and retire, release, refund, or defease those Bonds (the “defeased Bonds”), and 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 Legislation 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 the trust account is established and fully funded, the defeased Bonds will be deemed to be no longer outstanding and the Director of Finance then may 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 Legislation for the redemption of Bonds.

The term “Government Obligations” is defined in the Bond Resolution to include the following types of securities (provided that such securities are then permissible investments under the State law definition of “government obligations” under RCW 39.53.010): (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.

If the City defeases any 2017B Bonds, such 2017B Bonds may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. See “Legal and Tax Information—Tax Matters-2017B Bonds-Defeasance of 2017B Bonds.”

### **Failure to Pay Bonds**

If any Bond is not paid when properly presented at its maturity or call date, the City will be obligated to pay interest on that Bond at the same rate provided in that Bond from and after its maturity or call 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.



## **Defaults and Remedies; No Acceleration of the Bonds**

The Bond Legislation 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 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**

*2017A Bonds.* A portion of the proceeds of the 2017A Bonds will be used 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 facility, street, road, bridge, fire, transportation, and information technology projects of the City (all as specified in and subject to change pursuant to the Bond Legislation), and to pay the costs of issuing the 2017A Bonds.

*2017B Bonds.* The proceeds of the 2017B Bonds will be used (i) to fund a City contribution to the replacement of the mothballed City-owned Mercer Arena by the nonprofit Seattle Opera (the “Opera”), including the construction of a new building including spaces supporting an increased focus on community and education activities and providing additional public amenities pursuant to a ground lease between the City and the Opera, (ii) to pay or reimburse a portion of the costs of constructing portions of the Overlook Walk project (defined below), and (iii) to pay the costs of issuing the 2017B Bonds. The Overlook Walk project comprises a portion of the City’s central waterfront redevelopment efforts, which also include the Alaskan Way Viaduct and Seawall Replacement (“AWVSR”) program. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Seawall Replacement Program” herein.

In addition, subject to market conditions, a portion of the proceeds of the 2017B Bonds will be used to make one or more loans to a City public development authority (the “PDA Loan”) to refund certain of its outstanding obligations guaranteed by the City (described below under “Refunding Plan”) and to pay an allocable portion of the costs of administering the Refunding Plan. See “Other Considerations—Seattle-Chinatown International District Project Refunding.”

*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 Refunding Bonds, 2007 (the “UTGO Refunding Candidates”), and to pay the costs of issuing the UTGO Bonds and an allocable portion of the costs of administering the Refunding Plan. The UTGO Refunding Candidates were issued to carry out an advance refunding of the City’s then-outstanding Unlimited Tax General Obligation Bonds, 1999, Series A (Library Facilities), which were voter-approved bonds issued for library capital facilities purposes approved by the requisite supermajority of the voters on November 3, 1998.



## Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

	2017A Bonds	2017B Bonds	UTGO Bonds	Total
<b>SOURCES OF FUNDS</b>				
Stated Principal Amount of Bonds				\$ -
Net Original Issue Premium (Discount)				-
Total Sources of Funds	\$ -	\$ -	\$ -	\$ -
<b>USES OF FUNDS</b>				
Project Funds Deposit				\$ -
Refunding Escrow Deposit				-
Costs of Issuance <sup>(1)</sup>				-
Total Uses of Funds	\$ -	\$ -	\$ -	\$ -

(1) Includes legal fees, financial advisory and rating agency fees, printing costs, underwriters' discount, and other costs of issuing the Bonds and refunding the Refunded Bonds, defined below under "Refunding Plan."

## Refunding Plan

**2017B Bonds.** If market conditions are favorable, a portion of the proceeds of the 2017B Bonds will be used to make one or more loans to the Seattle Chinatown-International District Preservation and Development Authority ("SCIDPDA") to carry out the current refunding of all or a portion of the City-guaranteed Special Obligation Refunding Bonds, Series 2007 (the "Refunded PDA Bonds" or the "LTGO Refunding Candidates"), described below. The 2007 Bonds refinanced SCIDPDA's Special Obligation Bonds, Series 1996 (the "1996 PDA Bonds"), which originally financed a portion of a mixed-use project known as the International District Village Square project. See "Other Considerations—Seattle-Chinatown International District Project Refunding."

At closing, the City will loan a portion of the proceeds of the 2017B Bonds to SCIDPDA pursuant to a Refinancing Agreement, whereby SCIDPDA will be obligated to use the loan proceeds to carry out the refunding and pay the administrative costs of refunding the LTGO Refunding Candidates. The Refinancing Agreement will also obligate SCIDPDA to repay the City from certain available revenues described therein. Payments received by the City under the Refinancing Agreement are not specifically pledged to the bondholders and no default or delay of performance under the Refinancing Agreement has any effect of the City's obligations with respect to the 2017B Bonds. The refunding will be undertaken to reduce SCIDPDA's borrowing costs and to reduce the aggregate amount of outstanding public development authority indebtedness guaranteed by the City.

**UTGO Bonds.** 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 described below. The refunding will be undertaken to provide debt service savings.

Together, the LTGO Refunding Candidates and the UTGO Refunding Candidates are referred to as the "Refunding Candidates." The Refunding Candidates that are refunded with the proceeds of the Bonds will be identified as the "Refunded Bonds."



# **REFUNDING CANDIDATES<sup>(1)</sup>**

<b>Bond</b>	<b>Maturity Date</b>	<b>Par Amount</b>	<b>Coupon (%)</b>	<b>Call Price (%)</b>	<b>Call Date</b>	<b>CUSIP Numbers</b>
<i>Seattle-Chinatown International District PDA, Special Obligation Refunding Bonds, Series 2007</i>						
Serials	8/1/2017	\$ 390,000	4.000	N/A	N/A	812571 CU9
	8/1/2018	405,000	4.000	100	8/1/2017	812571 CV7
	8/1/2019	420,000	4.125	100	8/1/2017	812571 CW5
	8/1/2020	440,000	4.125	100	8/1/2017	812571 CX3
	8/1/2021	455,000	4.250	100	8/1/2017	812571 CY1
	8/1/2022	480,000	4.250	100	8/1/2017	812571 CZ8
Term	8/1/2026	<u>2,140,000</u>	5.000	100	8/1/2017	812571 DA2
Subtotal		\$ 4,730,000				
<i>Unlimited Tax General Obligation Refunding Bonds, 2007</i>						
Serials	12/1/2017	\$ 7,375,000	4.250	100	7/14/2017	812626 VC0
	12/1/2018	<u>7,680,000</u>	4.250	100	7/14/2017	812626 VD8
Subtotal		<u>\$ 15,055,000</u>				
Total		<u><u>\$ 19,785,000</u></u>				

(1) Preliminary, subject to change.

The City (and SCIDPDA, with respect to the refunding of the LTGO Refunding Candidates) will enter into a Refunding Trust Agreement with U.S. Bank, National Association, as Refunding Trustee, upon the delivery of the 2017B Bonds and the UTGO Bonds, to provide for the refunding of the Refunded Bonds. The Refunding Trust Agreement creates an irrevocable trust fund to be held by the Refunding Trustee and to be applied solely to the payment of the Refunded Bonds. A portion of the proceeds of the 2017B Bonds and UTGO Bonds will be deposited with the Refunding Trustee as cash or invested in direct obligations of the United States of America (the “Escrow Securities”) that will mature and bear interest at rates sufficient to pay interest on the Refunded Bonds when due up to and including the respective call dates shown in the table above and 100% of the principal of the Refunded Bonds on those respective call dates.

The cash, Escrow Securities (if any), and earnings thereon will be held solely for the benefit of the registered owners of the Refunded Bonds.

The mathematical accuracy of the computations of the adequacy of the cash and maturing principal amounts of and interest on the Escrow Securities, if any, to be held by the Refunding Trustee to pay principal of and interest on the Refunded Bonds as described above will be verified by Grant Thornton LLP, independent certified public accountants.



## 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. 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."

## FINANCIAL RESULTS

### Preliminary 2016 Results

On a preliminary basis, the City's financial performance for the fiscal year ended December 31, 2016, improved somewhat compared to the results anticipated in the 2015 adopted budget and reflects continued economic strength within the City and the region. General Fund revenues are estimated to have increased by 5.7% in 2016 compared to 2015. Taxes make up the largest share of revenues to the General Fund and are estimated to have increased by 6.1% in 2016. The estimated changes in the four largest tax revenue components are shown below under "General Fund Tax Revenue Sources."

Non-tax revenues are estimated to have increased in 2016 by approximately 4.2%, led by increases in licenses and permits, grants, shared revenues, and contributions, and program income, interest, and miscellaneous revenues.



These increases were partially offset by decreases in revenue from charges for services, fines and forfeits, and concessions, parking fees, and space rent.

Expenditures and net transfers out of the General Fund are estimated to have increased by approximately 12.2%. The largest General Fund expenditure component is for Public Safety, which increased by an estimated 3.8% in 2016 compared to 2015. In 2015, the General Fund balance increased by over \$66 million to approximately \$383.9 million. The 2016 General Fund balance is expected to continue this positive trend, with a projected balance of more than \$421 million.

A description of the City's budget process and information on the City's 2017 Budget is provided under "The City of Seattle—Financial Management-Municipal Budget."

### **2011 Through 2016 Results**

The following tables provide a comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance for the City's General Fund and a comparative statement of revenues, expenditures, and changes in fund balance for all of the City's governmental funds (including General, Transportation, Low-Income Housing, and Debt Service) based on the audits for the years 2011 through 2015 and on preliminary unaudited figures for 2016.



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

	2016 <sup>(1)</sup>	2015	2014	2013	2012	2011
<b>Assets</b>						
Cash and Equity in Pooled Investments	\$ 337,201	\$ 300,584	\$ 216,746	\$ 237,739	\$ 195,159	\$ 144,220
Receivables, Net of Allowances	85,151	79,481	70,162	65,866	60,908	61,414
Due from Other Funds	20,244	16,976	15,910	17,365	11,905	14,536
Due from Other Governments	62,064	58,901	53,398	55,719	58,425	44,272
Interfund Loans and Advances	1,250	12,267	38,105	5,545	5,731	-
Other Current Assets	352	422	416	320	515	513
Deposits with Vendor	-	-	2	2	2	2
Contracts and Notes-Noncurrent	-	-	-	-	7,741	8,009
Total Assets	\$ 506,262	\$ 468,631	\$ 394,739	\$ 382,556	\$ 340,386	\$ 272,966
Deferred Outflows of Resources	-	7,775	7,775	7,771	-	-
Total Assets and Deferred Outflows	\$ 506,262	\$ 476,406	\$ 402,514	\$ 390,327	\$ 340,386	\$ 272,966
<b>Liabilities</b>						
Accounts Payable	\$ 34,948	\$ 35,355	\$ 32,781	\$ 40,767	\$ 27,222	\$ 22,557
Contracts Payable	86	303	273	184	139	123
Salaries, Benefits, and Taxes Payable	27,535	24,216	22,207	18,831	14,853	13,320
Due to Other Funds	12,839	15,193	11,275	4,080	5,845	5,219
Due to Other Governments	2,068	2,339	1,806	2,313	2,853	3,915
Revenues Collected in Advance	3,496	3,024	2,043	1,468	1,330	1,928
Interfund Loans and Advances	-	-	-	-	-	-
Other Current Liabilities	470	236	3,073	1,796	241	241
Interest Payable	-	-	4	4	752	759
Deposits Payable	-	-	(4)	(85)	66	88
Deferred Revenues	-	-	-	-	12,093	20,041
Total Liabilities	\$ 81,441	\$ 80,666	\$ 73,458	\$ 69,358	\$ 65,394	\$ 68,191
Deferred Inflows of Resources	3,771	11,813	11,921	12,009	-	-
Total Liabilities and Deferred Inflows	\$ 85,213	\$ 92,479	\$ 85,379	\$ 81,367	\$ 65,394	\$ 68,191
<b>Fund Balances</b>						
Nonspendable	401	474	474	375	555	572
Restricted	153,171	136,627	99,991	99,659	82,520	58,917
Committed	81,509	97,296	76,493	83,155	79,508	46,268
Assigned	28,646	5,767	5,685	5,325	6,417	19,253
Unassigned	157,323	143,763	134,492	120,446	105,992	79,765
Total Fund Balances	\$ 421,050	\$ 383,927	\$ 317,135	\$ 308,960	\$ 274,992	\$ 204,775
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 506,262	\$ 476,406	\$ 402,514	\$ 390,327	\$ 340,386	\$ 272,966

(1) Preliminary unaudited.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2011-2015; unaudited results for 2016



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

	2016 <sup>(1)</sup>	2015	2014	2013	2012	2011
<b>Revenues</b>						
Taxes	\$ 1,047,643	\$ 987,815	\$ 926,003	\$ 866,464	\$ 846,011	\$ 790,966
Licenses and Permits	33,059	27,119	25,027	22,005	20,672	18,817
Grants, Shared Revenues, and Contributions	35,529	32,198	35,666	48,183	43,669	47,503
Charges for Services	61,386	61,637	61,080	50,587	51,388	53,844
Fines and Forfeits	32,096	32,769	31,960	41,043	34,243	33,992
Concessions, Parking Fees, and Space Rent	38,856	39,154	38,223	38,547	35,369	31,301
Program Income, Interest, and Miscellaneous Revenues	39,780	38,041	42,794	31,346	29,909	23,921
Total Revenues	\$ 1,288,348	\$ 1,218,733	\$ 1,160,753	\$ 1,098,175	\$ 1,061,261	\$ 1,000,344
<b>Expenditures</b>						
<b>Current</b>						
General Government	\$ 235,921	\$ 202,162	\$ 195,598	\$ 178,403	\$ 162,740	\$ 168,498
Judicial	31,519	29,351	29,158	27,642	26,654	25,855
Public Safety	548,875	528,582	519,122	492,509	458,957	445,170
Physical Environment	13,116	6,292	6,538	11,318	7,328	10,813
Transportation	9,890	9,240	9,779	11,321	12,031	12,529
Economic Environment	27,971	18,885	21,540	19,157	17,633	20,718
Health and Human Services		76	945	63	-	-
Culture and Recreation	80,620	75,092	72,371	69,559	59,712	58,098
<b>Capital Outlay</b>						
General Government	12,450	13,495	12,305	5,043	5,642	5,456
Public Safety	6,378	3,103	5,914	10,275	7,457	4,355
Physical Environment		-	-	-	-	-
Transportation		-	-	-	-	-
Economic Environment	7	-	6	-	69	-
Culture and Recreation	15,044	16,380	24,213	30,290	14,676	23,727
<b>Debt Service</b>						
Principal	2	2	3	4	4	4
Interest	1	2	1	-	1	1
Bond Issuance Cost	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditures	\$ 981,794	\$ 902,662	\$ 897,493	\$ 855,584	\$ 772,904	\$ 775,224
Excess (Deficiency) of Revenues Over Expenditures	\$ 306,555	\$ 316,071	\$ 263,260	\$ 242,591	\$ 288,357	\$ 225,120
<b>Other Financing Sources (Uses)</b>						
Long-Term Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Debt Issued	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-
Sales of Capital Assets	96	18,275	-	22,748	754	21,326
Transfers In	48,771	21,924	20,027	16,762	12,262	4,537
Transfers Out	(318,298)	(289,603)	(275,112)	(248,133)	(231,156)	(225,649)
Total Other Financing Sources (Uses)	\$ (269,432)	\$ (249,404)	\$ (255,085)	\$ (208,623)	\$ (218,140)	\$ (199,786)
Net Change in Fund Balance	\$ 37,123	\$ 66,667	\$ 8,175	\$ 33,968	\$ 70,217	\$ 25,334
Fund Balances-Beginning of Year	383,927	317,260 <sup>(2)</sup>	308,960	274,992	204,775	179,441
Fund Balances-End of Year	\$ 421,050	\$ 383,927	\$ 317,135	\$ 308,960	\$ 274,992	\$ 204,775

(1) Preliminary unaudited.

(2) In 2015, several small, non-major governmental funds were closed and consolidated into the General Fund, resulting in a \$126,000 increase in the 2015 beginning balance for the General Fund.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2011-2015; unaudited results for 2016



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

	2016 <sup>(1)</sup>	2015	2014	2013 <sup>(2)</sup>	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>
<b>Revenues</b>						
Taxes	\$ 1,422,191	\$ 1,233,133	\$ 1,149,120	\$ 1,083,499	\$ 1,044,608	\$ 973,181
Licenses and Permits	41,742	34,138	30,093	27,135	25,238	22,966
Grants, Shared Revenues, and Contributions	163,396	161,159	161,361	184,783	177,775	167,813
Charges for Services	254,417	225,056	221,187	200,847	182,595	167,644
Fines and Forfeits	46,154	39,009	37,142	41,107	34,340	34,066
Concessions, Parking Fees, and Space Rent	68,798	67,444	63,891	62,463	57,107	51,004
Program Income, Interest, and Miscellaneous Revenues	58,630	59,401	86,757	45,463	43,649	39,706
<b>Total Revenues</b>	<b>\$ 2,055,327</b>	<b>\$ 1,819,340</b>	<b>\$ 1,749,551</b>	<b>\$ 1,645,297</b>	<b>\$ 1,565,312</b>	<b>\$ 1,456,380</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	\$ 247,438	\$ 224,721	\$ 204,662	\$ 209,006	\$ 180,187	\$ 193,697
Judicial	31,519	29,351	29,158	27,642	26,654	25,855
Public Safety	550,722	537,068	525,778	504,836	461,235	451,734
Physical Environment	13,575	7,314	7,409	11,935	7,748	11,190
Transportation	227,618	155,689	114,737	97,676	92,212	90,966
Economic Environment	176,177	141,721	140,079	128,644	128,711	106,234
Health and Human Services	104,209	96,268	78,024	73,151	67,103	73,100
Culture and Recreation	305,986	268,979	245,358	276,197	216,508	211,523
<b>Capital Outlay</b>						
General Government	49,845	29,958	35,599	5,043	10,684	13,862
Public Safety	21,527	13,097	25,162	10,275	27,743	8,320
Physical Environment	-	-	-	-	-	-
Transportation	240,216	278,151	278,550	234,188	228,272	167,590
Economic Environment	7	-	6	-	69	-
Culture and Recreation	47,390	35,712	55,133	41,185	55,507	50,383
<b>Debt Service<sup>(3)</sup></b>						
Principal	53,308	50,709	61,745	56,194	53,523	47,909
Interest	32,768	28,999	26,571	26,206	25,339	26,754
Bond Issuance Cost	627	1,946	259	822	258	369
Other	-	-	-	-	305	-
<b>Total Expenditures</b>	<b>\$ 2,102,931</b>	<b>\$ 1,899,683</b>	<b>\$ 1,828,230</b>	<b>\$ 1,703,000</b>	<b>\$ 1,582,058</b>	<b>\$ 1,479,486</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (47,604)</b>	<b>\$ (80,343)</b>	<b>\$ (78,679)</b>	<b>\$ (57,703)</b>	<b>\$ (16,746)</b>	<b>\$ (23,106)</b>
<b>Other Financing Sources (Uses)</b>						
Long-Term Debt Issued	\$ 145,139	\$ 350,255	\$ 50,455	\$ 101,115	\$ 108,085	\$ 79,433
Refunding Debt Issued	-	-	-	43,945	-	-
Premium on Bonds Issued	22,177	40,113	4,150	9,377	21,140	5,181
Payment to Refunded Bond Escrow Agent	(31,909)	(155,030)	-	(44,504)	(91,574)	-
Sales of Capital Assets	123	19,231	2,128	22,903	2,282	41,161
Transfers In	550,751	498,582	442,666	422,670	334,611	292,224
Transfers Out	(518,823)	(501,695)	(448,411)	(428,881)	(342,571)	(297,597)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 167,459</b>	<b>\$ 251,456</b>	<b>\$ 50,988</b>	<b>\$ 126,625</b>	<b>\$ 31,973</b>	<b>\$ 120,402</b>
<b>Net Change in Fund Balance</b>	<b>\$ 119,854</b>	<b>\$ 171,113</b>	<b>\$ (27,691)</b>	<b>\$ 68,922</b>	<b>\$ 15,227</b>	<b>\$ 97,296</b>
<b>Fund Balances-Beginning of Year</b>	<b>850,678</b>	<b>679,565</b>	<b>707,256</b>	<b>638,334</b>	<b>623,107</b>	<b>525,811</b>
<b>Fund Balances-End of Year</b>	<b>\$ 970,532</b>	<b>\$ 850,678</b>	<b>\$ 679,565</b>	<b>\$ 707,256</b>	<b>\$ 638,334</b>	<b>\$ 623,107</b>

(1) Preliminary unaudited.

(2) Restated.

(3) Debt Service in the Other Governmental Fund excludes \$34.4 million of debt service paid in 2016 by the following funds: Fleets and Facilities, Information Technology, Water, Drainage and Wastewater, and Solid Waste. It includes \$1.7 million paid by LID 6750.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2011-2015; unaudited results for 2016



## GENERAL FUND TAX REVENUE SOURCES

The following table sets forth a breakdown of General Fund tax revenues for the years 2011 through 2016:

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

	2016 <sup>(1)</sup>	2015	2014	2013	2012	2011
Taxes						
General Property	\$ 283,735	\$ 273,044	\$ 268,745	\$ 252,682	\$ 259,954	\$ 254,239
Retail Sales and Use	238,558	221,646	199,735	181,171	169,681	158,582
Business	299,269	277,947	265,830	251,373	243,784	231,162
Excise	82,774	80,219	57,739	54,159	54,797	35,316
Penalties and Interest	2,195	-	4,024	3,468	2,648	3,126
Interfund Business <sup>(2)</sup>	143,307	134,959	129,929	123,611	115,147	108,541
Total Taxes	\$ 1,049,838	\$ 987,815	\$ 926,002	\$ 866,464	\$ 846,011	\$ 790,966

(1) Preliminary unaudited.

(2) Business taxes on City-owned utilities (see "Business Taxes" below).

*Source: City of Seattle, Comprehensive Annual Financial Reports, 2011-2015; unaudited results for 2016*

Based on preliminary figures, the amounts for the four primary General Fund tax revenues sources (general property taxes, retail sales and use taxes, business taxes, and interfund business taxes) varied in 2016 from 2015 levels by approximately 4.6%, 15.6%, 5.9%, and 7.3%, respectively. 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.

**Authorized Property Taxes.** Under the State's laws and the State Constitution, property taxes are classified as either "regular" property taxes or "excess" property taxes. The City is authorized to levy both types of taxes. The City adopts a levy ordinance each November, in conjunction with its annual budget process. It submits a levy amount request to the King County Assessor (the "Assessor"), who calculates the levy rate by spreading the levy amount on the tax rolls, following procedures established by the State Department of Revenue. 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 provide any priority of use. In general, regular property taxes for general purposes do not require voter approval, though certain statutes authorizing limited purpose levies may require voter approval. Certain tax limitations may be exceeded upon voter approval.
- (ii) **Excess Property Taxes.** Excess property taxes are not subject to limitation as to rate or amount but must be authorized by a 60% approving popular vote meeting minimum voter turnout requirements. Excess levies



may be imposed (a) by any taxing district for the repayment of bonds issued for capital purposes, excluding replacement of equipment, (b) by any taxing district for one year for any governmental purpose, or (c) without a popular vote when necessary to prevent impairment of the obligations of contracts when ordered to do so by a court of last resort. Excess levies for the repayment of bonds must meet a minimum voter turnout of 40% of the number who voted at the last November general election. The UTGO Bonds are payable from excess property taxes. See “Description of the Bonds—Authorization for the Bonds.”

*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 2017, 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 effective aggregate maximum regular property tax levy for general municipal purposes, including the payment of debt service on limited tax general obligation indebtedness, is \$3.60 per \$1,000 of assessed value. This maximum rate is derived from two statutes: RCW 84.52.043 and RCW 41.16.060. RCW 84.52.043 limits the general regular property tax levy of the City to \$3.375 per \$1,000. RCW 41.16.060 allows an additional \$0.225 per \$1,000 to be levied for general municipal purposes, only if an actuarial report establishes that the levy is not required to fund certain firefighter pension programs. Based on the most recent actuarial valuation of the City’s firefighter pension programs, the City is not required to and did not levy this additional tax for 2016. See “The City of Seattle—Pension Plans.” It would therefore be available to the City for general municipal purposes as an additional levy.

The City’s regular levy rate for collection in 2017 is \$2.45735 per \$1,000 of assessed value. However, \$1.11177 per \$1,000 of this levy is statutorily restricted to purposes described in certain levy lid lift ballot measures. See Tables 7 and 8 and the discussion of “levy lid lift” ballot measures under “Regular Property Tax Amount Increase Limitation” below.

- (ii) *Aggregate Regular Property Tax Levy Rate Limitations.* Article VII, Section 2, of the State Constitution and RCW 84.52.050 limit the aggregate of all regular property tax levies imposed on any given tax parcel by the State and all overlapping taxing districts, except port districts and public utility districts, to 1% of the true and fair value of property. Within the 1% limitation, State statute limits the levy by the State to not more than \$3.60 per \$1,000 of assessed value and limits 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 for very-low-income 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, levies by counties for transit-related purposes, portions of certain levies by certain flood control zone districts, and levies by regional transit authorities.



Certain of these exclusions from the \$5.90 limitation are set to expire in 2018 and may be changed at any time by the State Legislature. The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$3.97587 for the 2017 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$6.74173 for the 2017 tax collection year.

Because various taxing districts may overlap, the aggregate levy rate applied to any two tax parcels within the City may not be identical. If the aggregate levy rate exceeds the aggregate rate limitation on any single parcel within a taxing district, the regular levy rates of each taxing district that includes that parcel may be reduced. Because of the constitutional requirement for uniformity of taxation within a taxing district (described above), any reduction affects the entire taxing district. If reductions are required, they are made by the Assessor, in accordance with State statutes and guidance from the State Department of Revenue setting forth a prioritization of regular levies. The regular 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 are considered “junior” levies. State statute prescribes the order in which the levies of the various junior 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 a regular levy for any particular year to the highest amount that could have been levied in any prior year, multiplied by a specified percentage (the “limit factor”) plus an adjustment for new construction, annexations, certain improvements to property, and State-assessed property. The limit factor is defined as the greater of (a) the lesser of 101% or 100% plus inflation, or (b) if approved by a majority plus one vote of the governing body upon a finding of substantial need, any percentage up to 101%. If a taxing district levies less than its highest allowable levy, the amount not levied still may be included in the base for determining a subsequent year’s maximum amount limitation. The difference between the highest amount that could have been levied in any year and the amount actually levied is sometimes referred to as “banked” levy capacity.

The amount limitation may be exceeded upon approval of a simple majority of voters. This is known as a “levy lid lift.” A levy lid lift permits a levy amount increase greater than would otherwise be allowed, which increase may be effective indefinitely or for a limited period of time. Tax receipts from the incremental increase may be (but are not required to be) restricted in the ballot proposition to satisfy a limited purpose. A levy lid lift will not increase the levy if it would cause the taxing district’s levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The City has several levy lid lifts that have been approved by the voters and are currently in effect. In November 2016, voters approved a seven-year levy lid lift to pay for low-income housing. The incremental tax rates for this and the other 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 2017, and Table 8—Voted Levy Lid Lifts in Effect in 2017.

*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.* Outside of the \$3.60 per \$1,000 and \$5.90 per \$1,000 limitations described above, but within the constitutional 1% aggregate levy limitation, the City may impose a levy for the maintenance of a local improvement guaranty fund to secure debt of any local improvement district that may be created by the City. The amount of a guaranty fund levy in any given collection year may not exceed the greater of (i) 12% of the outstanding obligations guaranteed by the fund, or (ii) the total amount of delinquent assessments and interest accumulated on



the delinquent assessments (RCW 35.54.060). The taxes levied for the maintenance of the guaranty fund will be in addition to and, if need be, in excess of all statutory and charter limitations applicable to tax levies in any city or town.

The City previously issued \$21,924,640.73 of Local Improvement District No. 6750 Bonds, 2006, of which \$7,505,000 principal amount is currently outstanding and guaranteed by the local improvement guaranty fund. The City is considering the creation of an additional local improvement district for the purpose of financing a portion of the costs of certain waterfront improvements and issuing local improvement district debt within approximately the next five years that may or may not be guaranteed by the local improvement guaranty fund. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Seawall Replacement Program.”

*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 Department of Revenue. 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 Department of Revenue.

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 Department of Revenue. 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. Personal property is valued each year based on affidavits filed by the property owner. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in the Assessor’s office. The Assessor’s determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals.

*Property Tax Collection Procedure.* Property taxes are levied in specific amounts by the respective taxing districts. The levy rate is calculated and fixed by the Assessor based upon the assessed value of the taxable property within the taxing district. The Assessor is empowered to make adjustments according to statute and regulations promulgated by the State Department of Revenue 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.

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**

<b>Collection Year</b>	<b>Taxable Assessed Value<sup>(1)</sup></b>	<b>Ad Valorem Tax Levy</b>	<b>Tax Collected Year Due</b>	<b>Total Collected As of 12/31/16</b>
2017	\$ 185,626,174,218	\$ 486,947,806	N/A	N/A
2016	163,305,927,635	452,827,119	98.79%	98.87%
2015	144,513,932,119	379,042,833	98.72%	99.76%
2014	128,205,753,919	390,707,880	98.57%	99.77%
2013	116,995,513,489	384,420,997	98.49%	99.96%

(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**

<b>Collection Year</b>	<b>Levy Rates (per \$1,000 of Assessed Value)</b>			<b>Levy Amounts</b>		
	<b>General<sup>(1)</sup></b>	<b>UTGO Bonds</b>	<b>Total</b>	<b>General<sup>(1)</sup></b>	<b>UTGO Bonds</b>	<b>Total</b>
2017	\$ 2.45735	\$ 0.16592	\$ 2.62327	\$ 456,259,294	\$ 30,688,512	\$ 486,947,806
2016	2.59545	0.17757	2.77302	423,969,612	28,857,507	452,827,119
2015	2.49312	0.13040	2.62352	360,294,510	18,739,206	379,033,716
2014	2.90871	0.13964	3.04835	372,996,577	17,792,381	390,788,958
2013	3.14774	0.13782	3.28556	368,415,337	16,005,659	384,420,996

(1) The General Levy is subject to the \$3.60 rate limit (see "General Property Taxes—Regular Property Tax Limitations") and currently includes nonvoted regular levies and voted levy lid lifts for various specified purposes, described below in Table 7. A voter-approved EMS levy, which is considered a separate levy and is not included in the \$3.60 per \$1,000 limit, is not shown in this table.

Source: King County Department of Assessments



**TABLE 7**  
**REPRESENTATIVE OVERLAPPING LEVY RATES AND CITY-SPECIFIC TAX RATES WITHIN THE CITY,**  
**COLLECTION YEAR 2017**  
**(Per \$1,000 of Assessed Value)**

<b>Overlapping Rates within Seattle</b>	<b>2017</b>
City of Seattle	\$ 2.62327
King County	1.38294
State of Washington	2.03205
Port of Seattle	0.15334
Schools No. 1	2.15095
EMS	0.26305
County Flood Zone	0.11740
Seattle Park District <sup>(1)</sup>	0.27503
CPS Regional Transit Authority <sup>(2)</sup>	0.25000
<b>Total within City of Seattle<sup>(3)</sup></b>	<b>\$ 9.24804</b>
<b>City of Seattle - Specific Rates</b>	
Current Expense Base and Pension	\$ 1.34558
Voted Lid Lifts	
Low-Income Housing	0.22319
Families and Education	0.18175
Library	0.09530
Pre-K Early Learning	0.07847
Transportation (Move Seattle)	0.51690
Election Campaign Financing	0.01616
<b>Subtotal Voted Lid Lifts</b>	<b>\$ 1.11177</b>
<b>Subject to \$3.60 Limit</b>	<b>\$ 2.45735</b>
Voted Bonds	0.16592
<b>Subtotal City Rates</b>	<b>\$ 2.62327</b>

- (1) The Seattle Park District, a metropolitan park district with boundaries coterminous with those of the City, was formed in 2014 and collected its first property tax levy in 2016. The district is a separate municipal corporation with its own statutory maximum levy rate of \$0.75 per \$1,000 of assessed value, though the actual levy imposed by the district is constrained under an interlocal agreement between the City and the district. The members of the City Council comprise the governing body of the park district.
- (2) At the November 8, 2016, general election, City voters approved a ballot measure that provides funding for the Central Puget Sound Regional Transit Authority ("Sound Transit") to expand light rail, commuter rail, and bus service in King, Pierce, and Snohomish Counties. The measure allows Sound Transit to impose a maximum property tax levy of \$0.25 or less per \$1,000 of assessed value beginning in 2017.
- (3) Total may not add due to rounding.

Note: 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."

Source: King County Department of Assessments



**TABLE 8**  
**VOTED LEVY LID LIFTS IN EFFECT IN 2017**

<b>Lid Lifts</b>	<b>Beginning Year</b>	<b>Ending Year</b>	<b>Amount Expected to be Raised Over Levy Period</b>
Families and Education	2012	2018	\$ 231,561,694
Library	2013	2019	122,630,099
Pre-K Early Learning	2015	2018	58,266,518
Transportation (Move Seattle)	2016	2024	930,000,000
Election Campaign Financing	2016	2025	30,000,000
Low-Income Housing	2017	2024	290,000,000

*Major Property Tax Payers.* The following table presents the property tax payers within the City with the highest 2016 assessed value for tax collection year 2017.

**TABLE 9**  
**2016 LARGEST PROPERTY TAXPAYERS**

<b>Taxpayer<sup>(1)</sup></b>	<b>Type of Business</b>	<b>Total Assessed Value (\$)<sup>(2)</sup></b>	<b>Percentage of Total Assessed Value (%)</b>
Union Square Limited Partnership	Real Estate	\$ 656,996,799	0.35 %
GC Columbia (Formerly Columbia Center Property)	Real Estate	531,504,971	0.29
1201 Tab Owner LLC	Real Estate	501,098,333	0.27
FSP-RIC LLC	Insurance	465,697,584	0.25
City Centre Associates JV	Real Estate	408,488,115	0.22
Teachers Insurance and Annuity	Financial Services	356,854,653	0.19
999 Third Avenue Property	Real Estate	318,772,463	0.17
Seattle Sheraton	Hotel	313,561,066	0.17
Qwest Corporation Inc.	Telecommunications	309,273,170	0.17
Essex Portfolio LP	Real Estate	298,419,600	0.16
Total		\$ 4,160,666,754	2.23 %
Total City Assessed Value for Tax Collection Year 2017		\$ 186,325,342,799	

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

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

*Source: King County Department of Assessments*

### **Retail Sales and Use Taxes**

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

A sales tax of 9.6% is charged on all gross retail sales in the City. The 9.6% 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, 0.9% for the



County to support public transportation, 0.9% for the Central Puget Sound Regional Transit Authority, 0.1% for the County to support chemical dependency or mental health programs, 0.1% for the support of criminal justice programs within the County, and 0.1% for the City for the Transportation Benefit District. 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 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 Department of Revenue, which usually occurs on a monthly basis. The State Department of Revenue 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.

### **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 0.215% to 0.415%. The City’s tax is in addition to the B&O tax imposed by the State.

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

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

### **Real Estate Excise Taxes**

The City imposes a real estate excise tax of 0.5% on sales of real property in the City. The proceeds are used for qualifying capital projects. A portion of the revenue is used for the payment of certain of the City’s general obligation bonds issued to finance those projects. The City’s tax is in addition to the current State real estate excise tax of 1.28%.

### **Other Taxes**

On May 5, 2017, the City Council adopted Resolution 31747 expressing its intent to consider legislation by July 10, 2017, to establish a progressive local income tax targeting high-income households. The components of the legislation that still need to be determined include the types of income that may be taxed, the threshold above which income may be taxed (or below which income will be exempted from a tax), the rate(s) at which income may be taxed, and any details regarding the distribution of revenue raised and the mechanisms to administer and enforce the



tax. Whether such a local income tax will be established and, if established, when it may be effective, are unknown at this time. Bond Counsel is providing no opinion regarding whether interest income arising from ownership of the Bonds would be subject to such a tax, if established.

### **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. Legislation affecting the City's taxing power and limitations (and those of overlapping taxing districts, which may affect the aggregate levy rates and limitations within the City) may be pending or may arise at any time.

## **DEBT INFORMATION**

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

### **Limitations on Indebtedness**

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

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

### **Debt Payment Record**

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

### **Future General Obligation Debt Financing**

The City generally issues limited tax general obligation debt to fund its capital programs on an annual basis. Additionally, the City periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

### **Debt Capacity and Debt Service Summaries**

Table 10 sets forth the computation of the City's estimated legal debt capacity based on debt outstanding as of December 31, 2016, and a total City assessed value for collection of taxes in 2017 of \$186,325,342,799. Giving effect to the issuance of the Bonds, there remains \$1,554,793,381<sup>(1)</sup> of unlimited tax general obligation debt capacity for general purposes and \$1,895,372,656<sup>(1)</sup> 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.

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(1) Preliminary, subject to change.



**TABLE 10**  
**ESTIMATED LEGAL DEBT CAPACITY<sup>(1)</sup>**  
**(as of December 31, 2016)**

		<b>General Capacity</b>		<b>Special Purpose Capacity</b>		
		<b>A</b>	<b>B</b>			
		<b>Non-voted (1.5% of AV)</b>	<b>Voted (2.5% less Column A)</b>	<b>Voter-Approved Open Space and Parks (2.5% of AV)</b>	<b>Voter-Approved Utility Purpose (2.5% of AV)</b>	<b>Total Capacity (7.5% of AV)</b>
Total City Assessed Value as of February 7, 2017 <sup>(2)</sup>						
\$186,325,342,799						
	2.5% of AV	\$ -	\$ 4,658,133,570	\$ 4,658,133,570	\$ 4,658,133,570	\$13,974,400,710
	1.5% of AV	2,794,880,142	(2,794,880,142)	-	-	-
		\$ 2,794,880,142	\$ 1,863,253,428	\$ 4,658,133,570	\$ 4,658,133,570	\$13,974,400,710
Debt Outstanding <sup>(3)</sup>						
	The Bonds <sup>(4)</sup>	\$ (80,515,000)	\$ -	\$ -	\$ -	\$ (80,515,000)
	Outstanding Bonds <sup>(5)</sup>	(699,690,000)	(309,205,000)	-	-	(1,008,895,000)
	Guarantees on PDA bonds <sup>(6)</sup>	(48,560,000)	-	-	-	(48,560,000)
	Public Works Trust Fund Loans <sup>(7)</sup>	(10,944,635)	-	-	-	(10,944,635)
	Compensated Absences <sup>(8)</sup>	(82,073,592)	-	-	-	(82,073,592)
	Total Debt Outstanding	\$ (921,783,227)	\$ (309,205,000)	\$ -	\$ -	\$ (1,230,988,227)
Available Net Assets in						
	Redemption and Other Funds <sup>(9)</sup>	\$ 9,765,631	\$ 744,953	\$ -	\$ -	\$ 10,510,584
	Compensated Absences for Sick Leave <sup>(8)</sup>	12,510,110	-	-	-	12,510,110
Net Debt Outstanding		\$ (899,507,486)	\$ (308,460,047)	\$ -	\$ -	\$ (1,207,967,533)
<b>Legal Debt Margin</b>		<b>\$ 1,895,372,656</b>	<b>\$ 1,554,793,381</b>	<b>\$ 4,658,133,570</b>	<b>\$ 4,658,133,570</b>	<b>\$12,766,433,177</b>



**FOOTNOTES 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 10, 2016, for taxes payable in 2016.
- (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) New money portion of the LTGO Bonds only (excludes the UTGO Bonds, as they are refunding bonds only); preliminary, subject to change. Column A includes the 2017A Bonds and the 2017B Bonds.
- (5) Column B includes the UTGO Refunding Candidates; preliminary, subject to change.
- (6) Column A includes the LTGO Refunding Candidates. 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, the Museum Development Authority, and Seattle-Chinatown International District Preservation and Development Authority.
- (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 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) Preliminary numbers as of December 31, 2016. 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) Preliminary numbers as of December 31, 2016. Excludes available net assets in the Local Improvement Guaranty Fund and the Interfund Notes Payable Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.



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

	Outstanding <sup>(1)</sup>			The 2017A Bonds <sup>(2)</sup>			The 2017B Bonds <sup>(3)</sup>			Total LTGO
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2017	\$ 65,849,456	\$ 29,917,331	\$ 95,766,786	\$ -	\$ 1,265,937	\$ 1,265,937	\$ -	\$ 140,770	\$ 140,770	\$ 97,173,494
2018	64,560,163	27,076,104	91,636,267	3,500,000	3,326,550	6,826,550	750,000	369,908	1,119,908	99,582,725
2019	63,495,287	24,143,526	87,638,813	3,585,000	3,256,550	6,841,550	765,000	359,993	1,124,993	95,605,356
2020	57,265,287	21,601,654	78,866,941	3,695,000	3,149,000	6,844,000	775,000	346,437	1,121,437	86,832,378
2021	58,893,355	19,015,880	77,909,235	3,825,000	3,001,200	6,826,200	795,000	330,828	1,125,828	85,861,263
2022	52,233,256	16,559,634	68,792,890	3,980,000	2,848,200	6,828,200	815,000	313,036	1,128,036	76,749,126
2023	50,618,256	14,302,031	64,920,287	4,140,000	2,689,000	6,829,000	830,000	292,759	1,122,759	72,872,046
2024	51,387,442	11,976,199	63,363,641	4,345,000	2,482,000	6,827,000	860,000	270,598	1,130,598	71,321,239
2025	49,402,442	9,691,204	59,093,646	4,560,000	2,264,750	6,824,750	880,000	245,916	1,125,916	67,044,312
2026	35,252,442	7,407,822	42,660,264	2,160,000	2,036,750	4,196,750	905,000	219,498	1,124,498	47,981,512
2027	26,192,442	6,068,454	32,260,896	2,260,000	1,928,750	4,188,750	385,000	190,973	575,973	37,025,619
2028	25,367,442	5,046,565	30,414,007	1,840,000	1,815,750	3,655,750	395,000	178,453	573,453	34,643,210
2029	22,675,789	4,083,969	26,759,758	1,930,000	1,723,750	3,653,750	415,000	165,212	580,212	30,993,720
2030	22,175,789	3,194,037	25,369,826	2,025,000	1,627,250	3,652,250	430,000	150,886	580,886	29,602,962
2031	22,395,789	2,301,409	24,697,198	2,130,000	1,526,000	3,656,000	445,000	135,613	580,613	28,933,810
2032	13,440,000	1,506,627	14,946,627	2,235,000	1,419,500	3,654,500	455,000	119,361	574,361	19,175,488
2033	9,935,000	985,833	10,920,833	2,345,000	1,307,750	3,652,750	475,000	102,517	577,517	15,151,101
2034	8,670,000	595,846	9,265,846	2,465,000	1,190,500	3,655,500	495,000	83,570	578,570	13,499,916
2035	7,035,000	286,194	7,321,194	2,595,000	1,067,250	3,662,250	515,000	63,824	578,824	11,562,268
2036	3,790,000	73,875	3,863,875	2,710,000	937,500	3,647,500	530,000	43,281	573,281	8,084,656
2037	-	-	-	2,850,000	802,000	3,652,000	555,000	22,139	577,139	4,229,139
2038	-	-	-	1,050,000	659,500	1,709,500	-	-	-	1,709,500
2039	-	-	-	1,100,000	607,000	1,707,000	-	-	-	1,707,000
2040	-	-	-	1,155,000	552,000	1,707,000	-	-	-	1,707,000
2041	-	-	-	1,215,000	494,250	1,709,250	-	-	-	1,709,250
2042	-	-	-	1,275,000	433,500	1,708,500	-	-	-	1,708,500
2043	-	-	-	1,340,000	369,750	1,709,750	-	-	-	1,709,750
2044	-	-	-	1,405,000	302,750	1,707,750	-	-	-	1,707,750
2045	-	-	-	1,475,000	232,500	1,707,500	-	-	-	1,707,500
2046	-	-	-	1,550,000	158,750	1,708,750	-	-	-	1,708,750
2047	-	-	-	1,625,000	81,250	1,706,250	-	-	-	1,706,250
Total	710,634,635	205,834,195	\$ 916,468,830	\$ 72,365,000	\$ 45,557,187	\$ 117,922,187	\$ 12,470,000	\$ 4,145,572	\$ 16,615,572	\$ 1,051,006,589

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

(2) Preliminary, subject to change. Assumes interest rates ranging from 2.00% to 5.00%.

(3) Preliminary, subject to change. Assumes interest rates ranging from 1.79% to 4.49%.



**TABLE 12**  
**SUMMARY OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**  
**UNLIMITED TAX GENERAL OBLIGATION BONDS**

	Outstanding <sup>(1)</sup>			The UTGO Bonds			Total UTGO
	Principal	Interest	Total	Principal	Interest	Total	
2017	\$ 17,080,000	\$ 14,101,340	\$ 31,181,340			\$ -	\$ 31,181,340
2018	18,245,000	12,524,600	30,769,600			-	30,769,600
2019	11,085,000	11,683,800	22,768,800			-	22,768,800
2020	11,625,000	11,136,750	22,761,750			-	22,761,750
2021	12,205,000	10,559,200	22,764,200			-	22,764,200
2022	6,360,000	9,952,800	16,312,800			-	16,312,800
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	\$ 309,205,000	\$ 191,490,540	\$ 500,695,540	\$ -	\$ -	\$ -	\$500,695,540

(1) Includes the UTGO Refunding Candidates.



**TABLE 13**  
**NET DIRECT AND OVERLAPPING DEBT**

Outstanding Direct Debt <sup>(1)</sup>		
Unlimited Tax General Obligation Bonds <sup>(2)</sup>	\$	309,205,000
The UTGO Bonds <sup>(3)</sup>		-
Limited Tax General Obligation Bonds <sup>(4)</sup>		699,690,000
The 2017A Bonds <sup>(5)</sup>		72,365,000
The 2017B Bonds <sup>(6)</sup>		12,470,000
Less: Cash and Investments in Debt Service Funds <sup>(7)</sup>		<u>(10,384,279)</u>
Net Direct Debt	\$	1,083,345,721
Estimated Overlapping Debt		
King County <sup>(8)(9)</sup>	\$	312,920,041
Port of Seattle <sup>(8)</sup>		112,090,124
Seattle School District No. 001 <sup>(8)</sup>		43,114,296
Highline School District No. 401 <sup>(8)</sup>		<u>16,182</u>
Total Estimated Overlapping Debt	\$	<u>468,140,642</u>
<b>Total Estimated Net Direct and Overlapping Debt</b>	<b>\$</b>	<b><u>1,551,486,363</u></b>

(1) As of December 31, 2016.

(2) Includes the UTGO Refunding Candidates.

(3) Preliminary. UTGO Bonds are refunding bonds only and par amount (if the UTGO Bonds are issued) is dependent on market conditions.

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

(5) Preliminary, subject to change.

(6) Preliminary, subject to change. Includes a portion allocated to refunding the LTGO Refunding Candidates.

(7) As of December 31, 2016.

(8) As of December 31, 2016. Allocated to the City according to its share of 2017 total assessed values.

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

**TABLE 14**  
**CITY BONDED DEBT RATIOS<sup>(1)</sup>**

Total City Assessed Value for 2017 Collections <sup>(2)</sup>	\$186,325,342,799
2016 Population Estimate <sup>(3)</sup>	686,800
Assessed Valuation	100% of True and Fair Value
Net Direct Debt to Assessed Value	0.58%
Net Direct and Overlapping Debt to Assessed Value	0.83%
Per Capita Assessed Value	\$271,295
Per Capita Net Direct Debt	\$1,577
Per Capita Net Direct and Overlapping Debt	\$2,259
Net Direct Debt	\$1,083,345,721
Net Direct and Overlapping	\$1,551,486,363

(1) Preliminary, subject to change.

(2) Source: King County Assessor.

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



## 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. 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 Council members elected by district will serve four-year terms and the at-large City Council members elected in 2015 will serve a two-year term. In 2017, the at-large positions will be up for re-election, and thereafter, all City Council positions will be for staggered four-year terms.

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

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

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

### **Financial Management**

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

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

*Auditing.* The State Auditor is required to examine the affairs of all local governments at least once every three years; the City is audited annually. The examination must include, among other things, the financial condition and resources of the City, compliance with the State Constitution and laws of the State, and the methods and accuracy of the accounts and reports of the City. Reports of the State Auditor's examinations are required to be filed in the office of the State Auditor and in the Department of Finance and Administrative Services. The City's Comprehensive Annual Financial Report for 2015 is attached as Appendix B.



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

*Municipal Budget.* City operations are guided by a budget prepared under the direction of the Mayor by the City Budget Office pursuant to State statute (chapter 35.32A RCW) and based in part on General Fund revenue forecasts prepared by the City's Department of Finance and Administrative Services. The proposed budget is submitted to the City Council by the Mayor each year not later than 90 days prior to the beginning of the next fiscal year. Currently the fiscal year of the City is January 1 through December 31. The City Council considers the proposed budget, holds public hearings on its contents, and may alter and revise the budget at its discretion, subject to the State requirement that budgeted revenues must at least equal expenditures. The City Council is required to adopt a balanced budget at least 30 days before the beginning of the next fiscal year, which may be amended or supplemented from time to time by ordinance. The Mayor may choose to approve the City Council's budget, veto it, or permit it to become law without the Mayor's signature. The Mayor does not have line-item veto power. The 2017 budget was adopted on November 21, 2016. The City's adopted General Subfund budget was approximately \$1.1 billion in 2016 and is approximately \$1.2 billion in 2017.

## **Investments**

*Authorized Investments.* Chapter 35.39 RCW permits the investment by cities and towns of their inactive funds or other funds in excess of current needs in the following: United States bonds, United States certificates of indebtedness, State bonds or warrants, general obligation or utility revenue bonds of its own or of any other city or town in the State, its own bonds or warrants of a local improvement district that are within the protection of the local improvement guaranty fund law, and any other investment authorized by law for any other taxing district. Under chapter 39.59 RCW, a city or town also may invest in the following: bonds of any local government in the State that have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency, 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.

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. In addition to the eligible investments discussed above, bond proceeds may also be invested, subject to certain restrictions, in mutual funds with portfolios consisting of (i) only United States government bonds or United States government-guaranteed bonds issued by federal agencies with average maturities of less than four years; bonds of the State or of any local government in the State that have at the time of the investment one of the four highest credit ratings of a nationally recognized rating agency; 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 four highest credit ratings of a nationally recognized rating agency; (ii) bonds of states and local governments or other issuers authorized by law for investment by local governments that have at the time of investment one of the two



highest credit ratings of a nationally recognized rating agency; or (iii) securities otherwise authorized by law for investment by local governments.

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

All cash-related transactions for the City, including its utilities, are administered by the Department of Finance and Administrative Services. City cash is deposited into a single bank account, and cash expenditures are paid from a consolidated disbursement account. Investments of temporarily idle cash may be made, according to existing City Council-approved policies, by the Treasury Division of the Department of Finance and Administrative Services in securities described above under “Authorized Investments.”

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

As of March 31, 2017, the combined investment portfolios of the City, not including pensions, totaled \$1,832.8 million at par value. The City’s investment portfolios consist solely of City funds. The City does not invest funds in any other pools, with the exception of tax collection receipts initially held by the County. As of March 31, 2017, the earnings yield on the City’s investment portfolios was 1.49%, and the average maturity of the City’s investment portfolios was 1,169 days. Approximately 13.7%, or \$251.4 million, was invested in securities with maturities of three months or less. The City held no securities with maturities longer than 15 years.

Investments were allocated as follows:

U.S. Government and Agencies	49%
Taxable Municipals	18%
U.S. Government Agency Mortgage-Backed	16%
State Local Government Investment Pool	7%
Repurchase Agreements	4%
Commercial Paper	3%
Bank Deposit Notes	3%

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

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

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

## **Risk Management**

The City purchases excess liability insurance to address general, automobile, professional, public official, and other exposures. The policies provide \$40 million limits above a \$6.5 million self-insured retention per occurrence, but coverage excludes partial or complete failure of any of the City’s hydroelectric dams. The City also purchases all risk property insurance, including earthquake and flood perils, that provide up to \$500 million in limits subject to a schedule of deductibles and sublimits. City hydroelectric generation and transmission equipment and certain other utility systems and equipment are not covered by the property insurance policy.

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, notary publics, and workers who are permanently and totally disabled from a workplace injury or occupational disease.



## 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 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.

*Change in Accounting Standards.* In 2012, the Governmental Accounting Standards Board ("GASB") approved Statement No. 67 ("GASB 67") and Statement No. 68 ("GASB 68"), which modified the accounting and financial reporting of pensions by pension plans (GASB 67) and by state and local government employers (GASB 68). GASB 67 affects the financial reporting requirements for the pension systems and does not change the funding requirements for members, employers, or the State. Under GASB 67, pension plans are required to report Total Pension Liability ("TPL") and Net Pension Liability ("NPL") instead of the previously required Unfunded Actuarial Accrued Liability ("UAAL"). GASB 67 requires multi-employer plans to provide a schedule in the notes to the financial statements that displays the proportionate share of contributions per employer, to be used in determining the proportionate share of the NPL that the employer recognizes on its financial statements under GASB 68. GASB 68 requires employers to report any NPL, including a proportionate share of the multiple-employer plans to which they contribute, as a liability in their Statement of Net Position.

The SCERS Annual Report (for the fiscal year ended December 31, 2015) and the State Department of Retirement Systems' Comprehensive Annual Financial Reports for LEOFF (for the fiscal year ended June 30, 2015) were prepared in accordance with GASB 67.

The City's financial statements for the fiscal year ended December 31, 2015, were prepared in accordance with GASB 68. The City's Comprehensive Annual Financial Report for 2015 is attached as Appendix B.

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

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



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

According to the actuarial valuation prepared as of January 1, 2016, there were 6,223 retirees and beneficiaries receiving benefits, and 8,882 active members enrolled in SCERS 1. There are an additional 1,220 terminated employees in SCERS 1 who are vested and entitled to future benefits and another 977 who are not vested and not entitled to benefits beyond contributions and accumulated interest. From January 1, 2015, to January 1, 2016, the net number of active members in SCERS 1 increased by 1.6%, the net number of retirees receiving benefits increased by 3.4%, and the net number of vested terminated members increased by 2.7%. Information regarding enrollment in SCERS 2 is not available, as the plan opened on January 1, 2017.

Certain demographic data from the most recent actuarial valuation (with a valuation date as of January 1, 2016), which was completed on June 17, 2016 (the “2015 Actuarial Valuation”), is shown below:

**TABLE 15**  
**PLAN MEMBER DEMOGRAPHIC INFORMATION, SCERS 1**

<u>Age Range</u>	<u>Retirees and Beneficiaries</u>		<u>Active Employees</u>	
	<u>Receiving Benefits</u>			
	<u>Number<sup>(1)</sup></u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<25	-		85	1.0%
25-39	-		2,103	23.7%
40-49	9 <sup>(2)</sup>	0.1% <sup>(2)</sup>	2,210	24.9%
50-59	325	5.3%	2,754	31.0%
60-69	2,390	39.0%	1,623	18.3%
70+	3,408	55.6%	107	1.2%

(1) Does not include 91 survivors receiving Option B or Option C benefits for a certain period.

(2) Includes everyone under the age of 50.

Source: 2015 Actuarial Valuation

**FINANCIAL CONDITION AND ACTUARIAL VALUATIONS.** As a department of the City, SCERS is subject to the City’s internal control structure and is required by SMC 4.36.140.D to transmit a report to the City Council annually regarding the financial condition of SCERS. The most recent such audited report, for the years ended December 31, 2014, and December 31, 2015, was transmitted on July 11, 2016, by CliftonLarsonAllen LLP (the “2015 SCERS Annual Report”).

On July 17, 2014, the Washington State Auditor’s Office issued a finding of a significant deficiency in internal controls over financial reporting relating to SCERS account reconciliations as set forth in the financial statements for the year ending December 31, 2013. As described, the finding stated that general ledger accounts were not analyzed and reconciled with subsidiary information on a monthly basis. The City responded to this finding by stating that SCERS would work with the City’s central accounting unit to establish a common understanding of how investments and investment activities should be reflected in the City’s general ledger. A copy of that audit report is available on the State Auditor’s website ([www.sao.wa.gov](http://www.sao.wa.gov)).

Milliman Consultants and Actuaries, as consulting actuary, has evaluated the funding status of SCERS annually since 2010. The most recent actuarial report is the 2015 Actuarial Valuation (with a valuation date as of January 1, 2016). The next actuarial valuation (with a valuation date as of January 1, 2017) is



expected to be completed by mid-2017. Historically, the City prepared actuarial valuations biennially, but has prepared them annually since 2010.

As of January 1, 2016 (as set forth in the 2015 Actuarial Valuation), the actuarial value of net assets available for benefits was \$2.397 billion and the actuarial accrued liability was \$3.605 billion. The 2015 Actuarial Valuation utilized the following assumptions:

Investment return	7.50%
Price inflation	3.25%
Expected annual average membership growth	0.50%
Wage inflation	4.00%
Interest on member contributions made prior to January 1, 2012 <sup>(1)</sup>	5.75%

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(1) Contributions made on or after January 1, 2012, are assumed to accrue interest at 4.75%.

A UAAL exists to the extent that actuarial accrued liability exceeds plan assets. The UAAL increased from \$1,165.9 million as of January 1, 2015, to \$1,208.0 million as of January 1, 2016. The funding ratio increased from 66.0% as of January 1, 2015, to 66.5% as of January 1, 2016, which increase is primarily due to the UAAL amortization payment made by the City during the prior year, partially offset by the recognition of deferred asset losses in the actuarial value of assets ("AVA"). For the year ending December 31, 2015, SCERS assets returned about 0.3% on a market basis (gross of investment expenses), a rate of return less than the assumed rate of 7.50%. The result is an actuarial loss on assets for 2015, but only one-fifth of this loss will be recognized in the current year AVA. Unlike most public pension systems, prior to January 1, 2011, all valuations were reported on a mark-to-market basis. Consequently, the full impact of annual asset gains or losses occurring in recent years was reflected in each actuarial valuation. To improve its ability to manage short-term market volatility, the City adopted a five-year asset smoothing methodology in 2011 that recognizes the asset gain or loss occurring in each year evenly over a five-year period.



The following table provides historical plan funding information for SCERS 1:

**TABLE 16**  
**HISTORICAL SCERS 1 SCHEDULE OF FUNDING PROGRESS<sup>(1)</sup>**  
**(\$000,000)**

<b>Actuarial Valuation Date (January 1)<sup>(2)</sup></b>	<b>Actuarial Value of Assets (AVA)</b>	<b>Actuarial Accrued Liability (AAL)<sup>(3)</sup></b>	<b>Unfunded AAL (UAAL)</b>	<b>Funding Ratio</b>	<b>Covered Payroll<sup>(4)</sup></b>	<b>UAAL as % of Covered Payroll</b>
2006	\$ 1,791.8	\$ 2,017.5	\$ (225.7)	88.8%	\$ 447.0	50.5 %
2008	2,119.4	2,294.6	(175.2)	92.4%	501.9	34.9 %
2010	1,645.3	2,653.8	(1,008.5)	62.0%	580.9	173.6 %
2011 <sup>(5)</sup>	2,013.7	2,709.0	(695.4)	74.3%	563.2	123.5 %
2012 <sup>(5)</sup>	1,954.3	2,859.3	(905.0)	68.3%	557.0	162.5 %
2013 <sup>(5)</sup>	1,920.1	3,025.3	(1,105.2)	63.5%	567.8	194.6 %
2014 <sup>(5)</sup>	2,094.3	3,260.1	(1,165.8)	64.2%	597.9	195.0 %
2015 <sup>(5)</sup>	2,266.7	3,432.6	(1,165.9)	66.0%	630.9	184.8 %
2016 <sup>(5)</sup>	2,397.1	3,605.1	(1,208.0)	66.5%	641.7	188.3 %

- (1) For accounting purposes under GASB 67/68, UAAL is replaced with NPL. However, because the City continues to set its contribution rates based on an actuarially required contribution ("ARC") 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) Actuarial valuations were performed biennially until 2010, after which the City began performing an actuarial valuation annually.
- (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.
- (5) Beginning with the January 1, 2011, actuarial valuation, SCERS has used five-year asset smoothing.

*Source: 2015 Actuarial Valuation*

In accordance with GASB 67, the SCERS 2015 Annual Report calculated TPL and NPL based on the actuarial valuation dated as of January 1, 2016, rolled forward using generally accepted actuarial procedures (assuming a 7.50% investment rate of return and 4.00% salary increases) to December 31, 2015, as follows: TPL was calculated to be \$3,612.2 million; plan fiduciary net position ("Plan Net Position") was calculated to be \$2,313.0 million, and NPL was calculated to be \$1,299.2 million, for a funding ratio (Plan Net Position as a percentage of TPL) of 64.0%.

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

The 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 a result, for purposes of the 2015 Actuarial Valuation calculation, a 27-year amortization period was used. This policy may be revised by the City Council in future years. The 2015 Actuarial Valuation was prepared using the Entry Age Actuarial Cost Method. Under this 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 1, based on a percentage of employee compensation (exclusive of overtime), are shown in the table below. The employee rate for SCERS 2 beginning on January 1, 2017, is 7.0%. The ARC for SCERS 2 will be calculated in the 2016 Actuarial Valuation.

**TABLE 17**  
**EMPLOYER AND EMPLOYEE SCERS 1 CONTRIBUTION RATES**

Calendar Years (beginning Jan. 1)	Employer Rate	Employee Rate	Total Contribution Rate	Total ARC <sup>(1)</sup>	% of Total ARC Contributed	Total ARC per GASB 27 <sup>(2)</sup>	% of Total ARC Contributed per GASB 27
2011	9.03%	9.03%	18.06%	25.03%	72%	22.14%	82%
2012	11.01%	10.03%	21.04%	21.04%	100%	21.87%	96%
2013	12.89%	10.03%	22.92%	22.92%	100%	24.05%	95%
2014	14.31%	10.03%	24.34%	24.34%	100%	25.63%	95%
2015	15.73%	10.03%	25.26%	25.26%	100%	26.38%	98%
2016	15.29%	10.03%	25.32%	25.32%	100%	N/A	N/A

(1) Reflects total actuarial required contribution (*i.e.*, employer plus employee contribution rates). Beginning November 21, 2011, this rate is used for City budgeting purposes.

(2) The primary difference between the Total ARC calculation and that calculated under GASB 27 is that the Total ARC calculation uses a 0.50% membership growth assumption, while GASB specifies no membership growth assumption. 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 27 was superseded by GASB 68, so this calculation will no longer be performed.

*Source: Seattle Municipal Code; 2016 Budget; Annual Actuarial Valuation Reports*

In 2011, the City failed to increase contribution rates sufficiently to fund the ARC. The City limited its contribution to matching the employee contribution (which was capped pursuant to certain collective bargaining agreements described in the following paragraph), without regard to any amortization of UAAL. This resulted in an increase in unfunded liability, underfunded the pension obligations, and deferred pension funding. On November 21, 2011, the City Council adopted Resolution 31334, affirming the City's intent to fully fund the annual ARC each year with its budget. See Table 17—Employer and Employee SCERS Contribution Rates and Table 18—Projected Actuarially Required Total Contribution Rates by Employer and Employee.”

The City's contracts with all labor unions that represent SCERS members describe how contribution rates would be changed in the event that higher contributions are needed to improve the funding status of the system. Under these contracts, the City and employees will share in any contribution rate increase equally, up to a maximum increase of 2% in the employee contribution. The 2% employee contribution rate increase was implemented via 1% increases in 2011 and 2012. This contractual restriction shifts the risk of future increases to the City's employer contribution.



Projected total actuarially required contribution rates for SCERS 1 reported in the 2015 Actuarial Valuation are shown in the table below:

**TABLE 18**  
**PROJECTED ACTUARIALY REQUIRED TOTAL CONTRIBUTION RATES FOR SCERS 1**  
**BY EMPLOYER AND EMPLOYEE**

<b>Contribution Year<sup>(1)</sup></b>	<b>Assuming 7.50% Returns</b>	<b>Confidence Range<sup>(2)</sup></b>
2017	25.32%	25.32-25.32
2018	25.28%	25.99-24.56
2019	25.40%	26.98-23.87
2020	25.78%	28.47-23.24
2021	26.10%	30.14-22.36
2022	26.10%	31.73-20.95

(1) Contribution year lags valuation year by one. For example, contribution year 2017 is based on the 2015 Actuarial Valuation (as of January 1, 2016) results, amortized over 27 years beginning in 2016 if the contribution rate increase takes place in 2016.

(2) Confidence range if asset return at 95th percentile and if asset return at 5th percentile.

*Source: 2015 Actuarial Valuation*

Employer contributions were \$90 million in 2014 and approximately \$101 million in 2015. 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.

SCERS' net assets decreased by \$9.7 million (-0.4%) during 2015, including member and employer contributions of \$166.9 million and net revenue from investment activity totaling \$7.1 million. Expenses increased by \$13.0 million in 2015, primarily attributed to a \$9.1 million increase in retiree benefit payments.



Table 19 below shows the historical market value of SCERS' net assets (as of each December 31). Table 20 shows the revenue or loss from investment activity for the last ten years.

**TABLE 19**  
**MARKET VALUE OF ASSETS**

<b>Year</b> <b>(As of December 31)</b>	<b>Market Value of</b> <b>Assets (MVA)<sup>(1)</sup></b>
2007	\$ 2,119.4
2008	1,477.4
2009	1,645.3
2010	1,812.8
2011	1,753.5
2012	1,951.4
2013	2,216.9
2014	2,322.7
2015	2,313.0
2016	2,479.8 <sup>(2)</sup>

(1) In millions.

(2) Preliminary.

Source: SCERS Actuarial Valuations

**TABLE 20**  
**SCERS INVESTMENT RETURNS**

<b>Year</b> <b>(As of December 31)</b>	<b>Net Investment Income (Loss)</b>	
	<b>Amount<sup>(1)</sup></b>	<b>%<sup>(2)</sup></b>
2007	\$ 138.8	7.3%
2008	(619.7)	(26.8%)
2009	194.7	10.8%
2010	208.5	13.2%
2011	(15.8)	0.0%
2012	230.7	14.0%
2013	289.8	15.5%
2014	122.5	5.7%
2015	7.1	0.3%

(1) In millions.

(2) Represents one-year return on asset classes. Based on preliminary results, earnings for 2016 are expected to be approximately 8.6%.

Source: SCERS Annual Reports



The table below shows the historical distribution of SCERS investments over the last five years:

**TABLE 21**  
**HISTORICAL SCERS DISTRIBUTION OF INVESTMENTS BY CLASS**

<b>Investment Categories (January 1)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Fixed Income	28.4%	24.2%	23.7%	23.1%	22.8%
Domestic and International Stocks	53.3%	33.4%	32.1%	30.4%	30.8%
Real Estate	12.8%	11.0%	10.6%	11.3%	12.7%
Alternative Investments	5.4%	4.8%	4.9%	6.2%	8.1%
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 December 31, 2015, membership in these plans consisted of 799 fire employees (15 of whom are active employees) and 719 police employees (11 of whom are active employees). See "Other Post-Employment Benefits" below for a discussion of medical benefits paid to retirees.

These pension plans do not issue separate financial reports. The most recent actuarial valuations, dated January 1, 2016, use the Entry Age Normal ("EAN") Actuarial Cost Method and value plan assets at fair value. The actuarial valuation for the firefighters' pension fund uses the following actuarial assumptions: inflation rate (CPI), 2.25%; investment rate of return, 6.00%; and projected salary increases, 2.75%. The actuarial valuation for the Police Relief and Pension Fund uses the following actuarial assumptions: inflation rate (CPI), 2.25%; investment rate of return, 3.50%; and projected salary increases, 2.75%. 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 2023). For 2015, the City funded 100% of the ARC but only a portion of the projected payment necessary to fully fund the AAL by 2023. The City's 2016 budget also anticipates fully funding the ARC and making partial payments toward the full funding of the AAL. As of January 1, 2016, the actuarial value of net assets available for benefits in the Firefighters' Pension Fund was \$14.9 million, and the AAL was \$82.9 million. As a result, the UAAL was \$68.0 million and the funded ratio was 18.0%. The City's employer contribution to the fund in 2015 was \$7.0 million, representing 143% of the ARC; there were no current member contributions. Under State law, partial funding of the Firefighters' Pension Fund may be provided by an annual property tax levy of up to \$0.225 per \$1,000 of assessed value within the City. The City does not currently levy this additional property tax, but makes contributions out of the General Fund levy. The fund also receives a share of the State tax on fire insurance premiums.

The City funds the Police Relief and Pension Fund as benefits become due. As of January 1, 2016, the actuarial value of net assets available for benefits in the Police Relief and Pension Fund was \$4.7 million, and the AAL was \$95.8 million. As a result, the UAAL was \$91.1 million and the funded ratio was 5.1%. The City's employer contribution to the fund in 2015 was \$7.9 million, representing 127% of the ARC; there were no current member contributions. The fund also receives police auction proceeds of unclaimed property.

*Law Enforcement Officers' and Fire Fighters' Retirement System.* Substantially all of the City's current uniformed firefighters and police officers are enrolled in LEOFF. LEOFF is a State-wide, multiple-employer defined benefit plan administered by the DRS. Contributions by employees, employers, and the State are based on gross wages. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. LEOFF participants who joined on or after October 1, 1977, are Plan 2 members. For all of the City's employees who are covered under LEOFF, the City contributed \$14.2 million in 2015 and \$13.9 million in 2014. The following table outlines the contribution rates of employees and employers under LEOFF.

**TABLE 22**  
**LEOFF CONTRIBUTION RATES EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL**  
**(As of December 31, 2015)**

	<b>Plan 1</b>	<b>Plan 2</b>
Employer	0.18% <sup>(1)</sup>	5.23% <sup>(1)</sup>
Employee	0.00	8.41%
State	N/A	3.36%

(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 of LEOFF. For additional information, see Note 11 to the City's 2015 Comprehensive Annual Financial Report, which may be obtained from the Department of Finance and Administrative Services and is available at <http://www.seattle.gov/cafrs/default.htm>.

According to the Office of the State Actuary's June 1, 2015, valuation, LEOFF had no UAAL. LEOFF Plan 1 had a funded ratio of 125% and LEOFF Plan 2 had a funded ratio of 105%. The assumptions used by the State Actuary in calculating the accrued actuarial assets and liabilities are a 7.7% annual rate of investment return for LEOFF Plan 1 and a 7.5% annual rate of investment return for LEOFF Plan 2, 3.75% general salary increases, and 3.0% consumer price index increase. Liabilities were valued using the EAN Actuarial Cost 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.



## **Other Post-Employment Benefits**

The City has liability for two types of other post-employment benefits (“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. The City has assessed its OPEB liability in order to satisfy the expanded reporting requirements specified by GASB 45. While GASB 45 requires reporting and disclosure of the unfunded OPEB liability, it does not require that it be funded. The City funds its OPEB on a pay-as-you-go basis.

The City commissions a biennial valuation report on its OPEB liabilities associated with the implicit rate subsidy for health insurance covering employees retiring under the SCERS 1, SCERS 2, or LEOFF plans. The last valuation was as of January 1, 2015, and showed the UAAL for the implicit rate subsidy was \$44.4 million; the City’s estimated annual cost in 2015 was \$3.7 million and the City’s estimated contribution in 2015 was \$1.1 million. The valuation of the OPEB liability associated with the City’s Firefighters’ Pension Fund and Police Relief and Pension Fund is updated annually. As of January 1, 2016, the UAAL for OPEB in the City’s Firefighters’ Pension Fund was \$311.4 million; the estimated annual cost for 2016 was \$16.2 million and the estimated annual contribution for 2016 was \$11.2 million. As of January 1, 2016, the UAAL for OPEB in the Police Relief and Pension Fund was \$357.0 million; the estimated annual cost for 2016 was \$22.9 million and the estimated annual contribution for 2016 was \$14.2 million.

For additional information regarding the City’s OPEB liability, see Note 11 to the City’s 2015 Comprehensive Annual Financial Report.

## **Labor Relations**

As of December 2016, the City had 36 separate departments and offices with approximately 13,650 regular and temporary employees. Twenty-six different unions and 51 bargaining units represent approximately 75% of the City’s regular employees.

In early 2016, the City adopted legislation approving an agreement reached in December 2015 with the Coalition of City Unions (comprising bargaining units representing the majority of City employees) and other non-Coalition unions. All of the agreements with the bargaining units comprising the Coalition of City Unions and with the other non-Coalition unions have been fully implemented. These agreements are effective through December 31, 2018.

In September 2016, the City adopted legislation approving three agreements that were reached in August 2016 with IBEW Local 77 for the Construction Maintenance and Equipment Operator, Material Controller, and Information Technology Professionals units. The agreements with these bargaining units have also been fully implemented and are effective through December 31, 2018.

The City is currently in negotiations with IBEW Local 77 for a new bargaining unit of Power Marketers with Seattle City Light, and is preparing for negotiations with IBEW Local 77 for the Seattle City Light and SDOT agreements that expired in January 2017.

The City remains in negotiations with certain other non-Coalition bargaining groups who are operating under expired agreements: Seattle Police Management Association (expired December 2013), Seattle Police Officers’ Guild (expired December 2014), and Seattle Fire Chiefs’ Association (expired December 2014). In July 2016, the Seattle Police Officers’ Guild failed to ratify a tentative agreement and negotiations have returned to mediation. Under State law, police are prohibited from striking, so if mediation fails, the parties would be subject to binding arbitration.

There is no expected date by which the agreements that are currently in negotiations or will be in negotiations will be reached, and unions continue to operate under status quo conditions, current agreements, or expired agreements.



All of the agreements with bargaining units whose members are SCERS participants (which excludes the Seattle Police Management Association, Seattle Police Officers' Guild, and Seattle Fire Chiefs' Association) contain or will contain a provision for the implementation of SCERS 2 as of January 1, 2017. See "Pension Plans."

### **Emergency Management and Preparedness**

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

## **OTHER CONSIDERATIONS**

### **Federal Sequestration and Other Federal Funding Considerations**

*Federal Sequestration.* The sequestration provisions of the Budget Control Act of 2011 ("Sequestration") went into effect on March 1, 2013, and are currently scheduled to remain in effect through federal fiscal year 2024. The City issued general obligation Build America Bonds in 2010, with respect to which the City is eligible for a tax credit subsidy payment of 35% of each interest payment due. As a result of Sequestration, the interest subsidy payments from the federal government that came due in 2016 were reduced by 6.8% (\$71,741) and payments in 2017 will be reduced by 6.9% (a reduction of approximately \$67,809 for the year). The City has budgeted sufficient cash in its general governmental funds to make timely debt service payments through its 2017 budget cycle, and does not expect Sequestration to materially adversely affect its ability to make debt service payments in the current or future years.

The City cannot predict whether the current Congress and administration will continue to implement Sequestration or other federal funding policies in the same manner as under the previous administration. Further, the City cannot predict whether Sequestration or other federal funding policies may be enacted or implemented in a way that negatively or disproportionately affects certain cities or regions that adopt policies that are inconsistent with the current federal administration's policy priorities.

*Other Federal Funding Considerations Relating to "Sanctuary Cities" Executive Order and Related Matters.* On March 29, 2017, the City filed a challenge (the "Complaint") to President Trump's January 25, 2017, Executive Order (the "Order") which directs reductions in or denial of federal funds to local jurisdictions that refuse to assist in federal immigration enforcement activities. The Complaint argues that the Order violates the 10th Amendment and the Spending Clause (Art. I, §8, cl. 1) of the U.S. Constitution. The Order has also been challenged by multiple other local jurisdictions. A nation-wide preliminary injunction was entered against its implementation on April 25, 2017, by the U.S. District Court for the Northern District of California in the case of *County of Santa Clara v. Trump*.

At this time, it is unclear how, whether, or when actions might be taken to reduce funding to any local jurisdiction pursuant to this Order. Nonetheless, the City expects that, if the administration were to implement reductions, the City would likely be one of many local jurisdictions affected. The City cannot predict the outcome of its lawsuit or the effect of any other pending lawsuits challenging the Order.

The Complaint asserts that the primary City departments that receive direct federal funding include the Human Services Department, the Seattle Police Department, and the Seattle Department of Transportation. Estimates of the potential financial impact were compiled by the City for use in the Complaint. These estimates are based on staff review of budget and other internal documents; they are not audited nor are they compiled in accordance with generally accepted accounting principles. The Complaint estimates that the City's 2017 operating budget (including



utilities) includes approximately \$55 million in direct federal funding, comprising approximately 0.96% of the City's total operating budget. It also estimates that, excluding utility operations, the operating budget includes approximately \$51 million in direct federal funding, comprising approximately 1.57% of the total non-utility operating budget. The Complaint states that these estimates exclude federal funding for capital projects, estimated to be approximately \$99 million in 2017. Thus, according to the Complaint, the City estimates that it would receive over \$155 million in direct federal funding in 2017 for capital and operating purposes.

In addition, recent public statements by the U.S. Attorney General suggest that funding for law enforcement activities from the Department of Justice and the Department of Homeland Security may be at highest risk. According to the information compiled for the Complaint, approximately \$2.8 million in 2017 (which is part of a multi-year \$10.5 million award to the Seattle Police Department) falls into this category.

In general, the City expects that it would have the flexibility to respond to any direct financial reductions or eliminations of federal funding. There are several major transportation infrastructure projects underway (including projects funded in part with proceeds of the 2017A Bonds) for which the City has applied for or expects to receive federal funding, which could be restructured, deferred, or canceled. Some City projects or programs are supported by federal dollars granted to another agency or by way of partnership with other agencies potentially affected by the Order, and the City uses some of its federal money to support other local agencies (including SCIDPDA). Moreover, much of the City's federal funding is provided on a reimbursable basis and there is a risk that the City could expend funds during 2017 on the expectation of federal reimbursement that could potentially be at risk for reduction or elimination pursuant to the Order. At this point, it is impossible to precisely identify how, whether, or when any such revenues could be affected by implementation of the Order. Nonetheless, if reductions were to be implemented, any projects or programs previously supported by reduced federal funding could be resized and/or deferred, if necessary, including those funded in part with proceeds of the Bonds. Alternatively, funding from other sources could be redirected to those projects or programs.

The City cannot predict whether reductions in federal funding may occur, when they could be implemented, what form they could take, or whether the City's lawsuit (or other pending lawsuits) would be effective at curtailing any such reductions. In summary, the City expects that it would be able to redirect funding or reduce expenditures in a manner that does not affect the City's ability to repay the Bonds.

### **Considerations Related to Alaskan Way Viaduct and Seawall Replacement Program**

The AWVSR Program consists of multiple projects to remove and replace the State Route 99 Alaskan Way Viaduct, replace an existing seawall, and carry out the redevelopment of the City's central waterfront area. The various projects comprising the AWVSR Program are separate public projects by separate lead public agencies being implemented in a coordinated manner pursuant to a series of written agreements.

Many elements of the AWVSR Program are presently underway. The State's project to replace the Alaskan Way viaduct with a bored tunnel (the "State's Bored Tunnel Project") and the City's project to replace the existing aging seawall along the waterfront (the "City's Seawall Project") are by far the largest projects in the AWVSR Program. The State is also responsible for removing the Alaskan Way viaduct structure after the bored tunnel is open to traffic (the "State's Alaskan Way Viaduct Demolition Project"), and for decommissioning the Battery Street Tunnel (the "Battery Street Tunnel Decommissioning Project"). See "The State's Upcoming AWVSR Program Projects." These Projects are being coordinated with the AWVSR Program waterfront redevelopment elements (*e.g.*, the "City's Waterfront Seattle Project"). There is also coordination between the City's Waterfront Seattle Project and redevelopment projects undertaken by other public agencies in the central waterfront area, such as the Pike Place Market Preservation and Development Authority's MarketFront Project.

*Status of State's Bored Tunnel Project.* The State's Bored Tunnel Project was delayed by more than two years due to the malfunctioning of a deep bore tunneling machine (the "TBM"). The contractor resumed tunneling in February 2016 following repairs and implementation of new quality and safety plans. The TBM completed boring on April 6, 2017, and is in the process of being disassembled. The Bored Tunnel Project is currently scheduled for completion in 2019.

*Direct Cost Overruns.* The State's Bored Tunnel Project was undertaken pursuant to a contract between the Washington State Department of Transportation ("WSDOT") and a joint venture named Seattle Tunnel Partners.



The City is not a party to that contract. Responsibility for direct cost overruns resulting from the breakdown and subsequent repair of the TBM are governed by that contract; the City has no direct contractual liability.

*Indirect Cost Overruns.* The City has a series of agreements with WSDOT relating to the coordination of projects within the AWVSR Program, covering various issues including the protection, repair, and relocation of the City's utility infrastructure impacted by or constructed as part of the State's Bored Tunnel Project. In general, these agreements provide that the City is responsible for relocating certain utility infrastructure that conflicts with the State's Bored Tunnel Project and the State is responsible for avoiding damage and repairing or replacing damaged utility infrastructure as defined in the agreements. It is the City's position that any increase in these indirect costs resulting from the TBM's malfunction or delays are governed by these agreements, and the City's utilities have budgeted according to the agreed-upon City obligations, plus necessary contingencies. The City and the State are currently in negotiations regarding this indirect cost responsibility as well as direct and indirect costs related to other AWVSR projects affected by the delays.

*The State's Upcoming AWVSR Program Projects.* The State is beginning early design and planning for the Alaskan Way Viaduct Demolition Project and the Battery Street Tunnel Decommissioning Project. As was done for the State's Bored Tunnel Project, the City and WSDOT plan to execute contracts relating to the coordination of these projects within the AWVSR Program that will address the protection, repair, and relocation of the City's utility infrastructure impacted by or constructed as part of these projects. The City's utilities have budgeted according to the agreements finalized for the State's Bored Tunnel Project, plus necessary contingencies. The City also is working with the State to closely coordinate the construction of the new Alaskan Way roadway with the State's Alaskan Way Viaduct Demolition Project. Although the State is responsible for the cost of constructing the new Alaskan Way roadway, the City is responsible for the construction project.

*Status of City's Seawall Project.* The majority of the City's Seawall Project is currently scheduled for completion in 2017. The final component of the City's Seawall Project will be constructed in conjunction with the City's Waterfront Seattle Project on a timeline that is yet to be determined. As with the State's Projects, the City's Seawall Project and the City's Waterfront Seattle Project will involve the relocation and construction of various components of the City's utility infrastructure. The budgeted CIP for each City utility incorporates the estimated cost and timing of expenditures associated with its respective utility infrastructure projects.

### **Seattle-Chinatown International District Project Refunding**

A portion of the 2017B Bonds are being loaned to SCIDPDA to be used to refund all of the Refunded PDA Bonds. See "Use of Proceeds—Refunding Plan." The Refunded PDA Bonds were issued to refund SCIDPDA's 1996 PDA Bonds, which originally financed a portion of the construction and other costs associated with the development of a mixed-use project containing low-income housing for the elderly, social service agency offices, parking facilities, and a limited amount of retail space, located in the City's International District and known as the "International District Village Square" (the "IDVS Project"). SCIDPDA is the owner of the IDVS Project.

SCIDPDA was chartered by the City in 1975, as a public development authority organized pursuant to Seattle Municipal Code 3.110 (Ordinance 103387 of the City, as amended) and State law (including RCW 35.21.660, RCW 35.21.670 and RCW 35.21.730 through .755). RCW 35.21.750 provides as follows: "(A)ll liabilities incurred by such public corporation, commission, or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission, or authority and no creditor or other person shall have any right of action against the city, town, or county creating such corporation, commission, or authority on account of any debts, obligations, or liabilities of such public corporation, commission, or authority."

In connection with the refunding, the City and SCIDPDA will enter into a Refinancing Agreement, which will provide for the loan of a portion of the proceeds of the 2017B Bonds by the City to SCIDPDA and will provide for the repayment of such loan by SCIDPDA. SCIDPDA's obligations to repay the City will be secured by Project Revenues (defined in the Refinancing Agreement), a debt service reserve fund, and certain other operating reserves, all of which will be held by U.S. Bank National Association, as Depository. The primary source of Project Revenues available to repay the City's loan is revenue generated from leases entered into between SCIDPDA and IDVS Project tenants.



The City's obligation to make debt service payments with respect to the 2017B Bonds is not contingent on receipt of any loan repayment from SCIDPDA. If SCIDPDA should encounter any financial difficulties or default under the Refinancing Agreement, it will not affect the City's obligation or ability to repay the 2017B Bonds. The City will have certain rights and remedies under the Refinancing Agreement to enforce repayment, including exercising rights under a Deed of Trust covering the IDVS Project property.

## **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. Tax and fee initiative measures continue to be filed, 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 Affecting the Bonds**

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

### **Other Litigation**

Because of the nature of its activities, the City is subject to certain pending legal actions which arise in the ordinary course of business of running a municipality, including various lawsuits and claims involving claims for money damages. (See Appendix B—The City's 2015 Comprehensive Annual Financial Report—Note 15, Contingencies.) Based on its past experience and the information currently known, the City has concluded that its ability to pay principal of and interest on the Bonds on a timely basis will not be impaired by the aggregate amount of uninsured liabilities of the City and the timing of any anticipated payments of judgments that might result from suits and claims.

### **Approval of Counsel**

Legal matters incident to the authorization, issuance, and sale of the Bonds by the City are subject to the approving legal opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel.



Forms of the opinions of Bond Counsel with respect to each Series of the Bonds are attached hereto as Appendix A. The opinions of Bond Counsel are 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 opinions to reflect any facts or circumstances that may thereafter come to its attention or any changes in law that may thereafter occur. The opinions of Bond Counsel are an expression of its professional judgment on the matters expressly addressed in its opinions 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 Legislation 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 Legislation 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 opinions 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. Copies of the proposed forms of opinions of Bond Counsel are set forth in Appendix A.

### **Tax Exemption—Tax-Exempt Bonds**

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 Tax-Exempt 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 and corporations. Bond Counsel notes that, with respect to corporations, interest on the Tax-Exempt Bonds may be included as an adjustment in the calculation of alternative minimum taxable income of corporations, which may affect the alternative minimum tax liability of such corporations.

In the further opinion of Bond Counsel, the excess of the stated redemption price at maturity of a Tax-Exempt Bond over the issue price of such Tax-Exempt Bond (the first price at which a substantial amount of the Tax-Exempt Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to an owner of a Tax-Exempt Bond before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by an owner of a Tax-Exempt Bond will increase the owner's basis in the applicable Tax-Exempt Bond. The amount of original issue discount that accrues to an owner of the Tax-Exempt Bonds is excluded from the gross income of such 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 and corporations. Such original issue discount may be included as an adjustment in the calculation of alternative minimum taxable income of corporations, which may affect the alternative minimum tax liability of such corporations.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds (including any original issue discount) is based upon certain representations of fact and certifications made by the City, the Underwriter of the Tax-Exempt Bonds, 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 Tax-



Exempt Bonds to assure that interest on the Tax-Exempt Bonds (including any original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Tax-Exempt Bonds (including any original issue discount) to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. The City will covenant to comply with all such requirements.

The amount by which an owner's original basis for determining gain or loss on the sale or exchange of the applicable Tax-Exempt 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 owner's basis in the applicable Tax-Exempt 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 an owner realizing a taxable gain when a Tax-Exempt Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Tax-Exempt Bond to the owner. Purchasers of the Tax-Exempt Bonds should consult their own tax advisors as to the treatment, computation, and collateral consequences of amortizable bond premium.

The accrual or receipt of interest on the Tax-Exempt Bonds may otherwise affect the federal income tax liability of the owners of the Tax-Exempt Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Tax-Exempt Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers otherwise entitled to claim the refundable credit for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Tax-Exempt Bonds.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Tax-Exempt Bonds will be selected for audit by the IRS. It is also possible that the market value of the Tax-Exempt Bonds might be affected as a result of such an audit of the Tax-Exempt 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 Tax-Exempt Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Tax-Exempt 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 INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE INTEREST ON THE TAX-EXEMPT BONDS OR THE MARKET VALUE OF THE TAX-EXEMPT BONDS. TAX REFORM PROPOSALS ARE BEING CONSIDERED BY CONGRESS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES MIGHT BE INTRODUCED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE TAX-EXEMPT BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE TAX-EXEMPT BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE TAX-EXEMPT 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 TAX-EXEMPT 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 legal documents relating to the Tax-Exempt Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel



expresses no opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) with respect to any Tax-Exempt Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

### **Tax Matters—2017B Bonds**

The following discussion generally describes certain aspects of the principal U.S. federal tax treatment of U.S. persons that are Beneficial Owners (“Owners”) of 2017B Bonds who have purchased 2017B Bonds in the initial offering and who hold the 2017B Bonds as capital assets within the meaning of Section 1221 of the Code. For purposes of this discussion, a “U.S. person” means an individual who, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source of income, or (iv) a trust, if either: (A) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (B) a trust has a valid election in effect to be treated as a United States person under the applicable treasury regulations.

This summary is based on the Code, published revenue rulings, administrative and judicial decisions, and existing and proposed Treasury regulations (all as of the date hereof and all of which are subject to change, possibly with retroactive effect). This summary does not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances, such as an Owner who may purchase 2017B Bonds in the secondary market, or to Owners subject to special rules, such as certain financial institutions, insurance companies, tax-exempt organizations, non-U.S. persons, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code, or dealers in securities. **Accordingly, before deciding whether to purchase any 2017B Bonds, prospective purchasers should consult their own tax advisors regarding the United States federal income tax consequences, as well as tax consequences under the laws of any state, local or foreign taxing jurisdiction or under any applicable tax treaty, of purchasing, holding, owning, and disposing of the 2017B Bonds.**

*In General.* Interest on the 2017B Bonds is not excludable from the gross income of the Owners for federal income tax purposes.

*Payments of Interest.* Interest paid on the 2017B Bonds will generally be taxable to Owners as ordinary interest income at the time it accrues or is received, in accordance with the Owner's method of accounting for U.S. federal income tax purposes. Owners who are cash-method taxpayers will be required to include interest in income upon receipt of such interest payment; Owners who are accrual-method taxpayers will be required to include interest as it accrues, without regard to when interest payments are actually received.

*Defeasance of 2017B Bonds.* If the City defeased any 2017B Bonds, such 2017B Bonds may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. In such event, the owner of a 2017B Bond would recognize a gain or loss on the 2017B Bond at the time of defeasance.

*Backup Withholding.* An Owner may, under certain circumstances, be subject to “backup withholding” (currently the rate of this withholding tax is 28%, but may change in the future) with respect to interest on the 2017B Bonds. This withholding generally applies if the Owner of an 2017B Bond (a) fails to furnish the Bond Registrar or other payor with its taxpayer identification number; (b) furnishes the Bond Registrar or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends, or other “reportable payments” as defined in the Code; or (d) under certain circumstances, fails to provide the Bond Registrar or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the Owner is not subject to backup withholding. Any amount withheld may be creditable against the Owner's U.S. federal income tax liability and be refundable to the extent it exceeds the Owner's U.S. federal income tax liability. The amount of “reportable payments” for each calendar year and the amount of tax withheld, if any, with respect to payments on the 2017B Bonds will be reported to the Owners and to the Internal Revenue Service.

*ERISA Considerations.* The Employees Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons



who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans should consult their own tax advisors with respect to the consequences of any investment in the 2017B Bonds.

### CONTINUING DISCLOSURE UNDERTAKING

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

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

- (i) Annual financial information and operating data of the type included in this Official Statement as generally described below under “Type of Annual Information Undertaken to be Provided.” The timely filing of unaudited financial statements will satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements under subsection (b) below, 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 Tax-Exempt Bonds, or other material events affecting the tax status of the Tax-Exempt 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; and
  - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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



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

- (i) annual financial statements of the City, prepared in accordance with generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by 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, 2016. 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 Undertaking.* The Undertaking 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.

The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking 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 Undertaking.* The City's obligations under the Undertaking 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 Undertaking will terminate if those provisions of Rule 15c2-12 that require the City to comply with the Undertaking 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 Undertaking.* The City has agreed to proceed with due diligence to cause any failure to comply with the Undertaking 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 Undertaking 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 Undertaking.

*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.

## **OTHER BOND INFORMATION**

### **Ratings on the Bonds**

The LTGO Bonds have been rated "Aaa," "AAA," and "AAA" and the UTGO Bonds have been rated "Aaa," "AAA," and "AAA" by Moody's Investors Service, Standard & Poor's Ratings Services, 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.

### **Financial Advisor**

The City has retained Piper Jaffray & Co., Seattle, Washington, as financial advisor (the “Financial Advisor”) in connection with the preparation of the City’s financing plans and with respect to the authorization and issuance of the Bonds. The Financial 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 Financial 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 Financial Advisor may not participate in the underwriting of any City debt.

### **Underwriting**

The 2017A Bonds are being purchased by \_\_\_\_\_ at a price of \$\_\_\_\_\_ and will be reoffered at a price of \$\_\_\_\_\_. The 2017B 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 underwriter for each Series of the Bonds (each, an “Underwriter”) 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 Underwriter. 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 Financial Advisor and Bond Counsel are contingent upon the sale of the Bonds. From time to time Bond Counsel serves as counsel to the Financial Advisor and the Underwriter 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: \_\_\_\_\_  
Glen M. Lee  
Director of Finance



**APPENDIX A**  
**FORMS OF LEGAL OPINIONS**



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STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW  
999 THIRD AVENUE, SUITE 3610  
SEATTLE, WA 98104  
TELEPHONE 206.829.3000

CALIFORNIA  
NEWPORT BEACH  
SACRAMENTO  
SAN DIEGO  
SAN FRANCISCO  
SANTA BARBARA  
SANTA MONICA  
COLORADO  
DENVER  
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RENO  
WASHINGTON  
SEATTLE

[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington  
\$\_\_\_\_\_ Limited Tax General Obligation Improvement Bonds, 2017A  
(the “2017A Bonds”); and  
\$\_\_\_\_\_ Limited Tax General Obligation Improvement and Refunding Bonds, 2017B  
(Taxable) (the “2017B Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced 2017A Bonds and 2017B Bonds (together, the “Bonds”), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us.

The Bonds are issued by the City pursuant to the laws of the State of Washington, Ordinance 125197 and Ordinance 121651 (as amended by Ordinance 122286 and as amended and restated by Ordinance 124343, as further amended by Ordinance 125197) and Resolution \_\_\_\_\_ (the “Bond Legislation”) for general City purposes to provide the funds (i) to pay for part of the costs of various projects authorized by the Bond Legislation, (ii) to refund certain outstanding bonds guaranteed by the City, (iii) to provide a portion of the funds necessary to replace the Mercer Arena, and (iv) to pay the costs of issuance and sale of the Bonds and administering the refunding, all as set forth in the Bond Legislation.

Reference is made to the Bond Legislation 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 2017A Bonds in order to maintain the exclusion of the interest on the 2017A Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2017A Bond proceeds and the facilities financed or refinanced with 2017A Bond proceeds, limitations on investing gross proceeds of the 2017A Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the 2017A Bonds. The City has covenanted in the 2017A Bond Legislation to comply with those requirements, but if the City fails to comply



with those requirements, interest on the 2017A Bonds could become taxable retroactive to the date of issuance of the 2017A Bonds. We have not undertaken and do not undertake to monitor the City's compliance with these requirements.

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

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

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

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

4. Assuming compliance by the City after the date of issuance of the 2017A Bonds with applicable requirements of the Code, the interest on the 2017A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the 2017A Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the 2017A Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the 2017A Bonds received by certain S corporations may be subject to tax, and interest on the 2017A Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the 2017A Bonds.

5. The City, in the Bond Legislation, has declared its intention that interest on the 2017B Bonds not be excludable from gross income for federal income tax purposes.

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

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



The City of Seattle, Washington  
LTGO 2017A and LTGO 2017B  
[Date]  
Page 3

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,



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STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW  
999 THIRD AVENUE, SUITE 3610  
SEATTLE, WA 98104  
TELEPHONE 206.829.3000

CALIFORNIA  
NEWPORT BEACH  
SACRAMENTO  
SAN DIEGO  
SAN FRANCISCO  
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WASHINGTON  
SEATTLE

[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington  
\$\_\_\_\_\_ Unlimited Tax General Obligation Refunding Bonds, 2017

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

The Bonds are issued by the City pursuant to Ordinance 121651 (as amended by Ordinance 122286 and as amended and restated by Ordinance 124343, as further amended by Ordinance 125197) and Resolution \_\_\_\_\_ (the "Bond Legislation") to refund certain of the City's outstanding voter-approved general obligation bonds and to pay the costs of issuing the Bonds and administering the refunding plan. Reference is made to the Bonds and the Bond Legislation for the definitions of capitalized terms used and not otherwise defined herein.

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

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

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



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

3. The Bonds constitute valid general obligations of the City payable from annual property taxes to be levied without limitation as to rate or amount on all of the taxable property within the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles if equitable remedies are sought.

4. Assuming compliance by the City after the date of issuance of the Bonds with applicable requirements of the Code, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the Bonds.

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

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

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

Respectfully submitted,



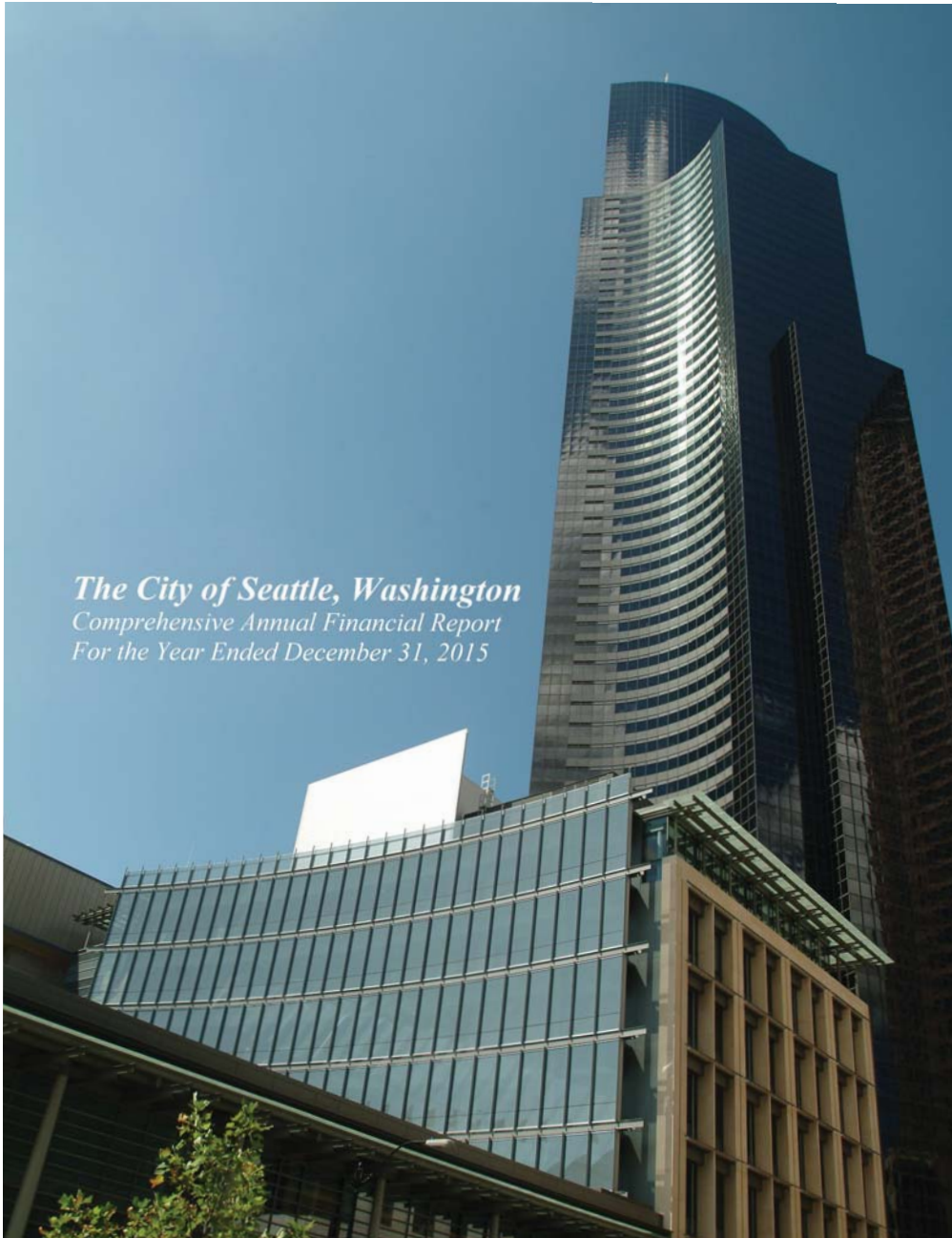
**APPENDIX B**

**THE CITY'S 2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT**



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*The City of Seattle, Washington*  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2015*

*Cover Image: Seattle City Hall and Columbia Tower*  
*Courtesy of the Seattle Municipal Archives*  
*Item No. 141601*



# **Comprehensive Annual Financial Report**

For the Fiscal Year Ended  
December 31, 2015



**City of Seattle  
Washington**

Department of Finance and Administrative Services



## **Introduction**

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# Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

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## CITY OF SEATTLE ELECTED OFFICIALS

As of January 1, 2016

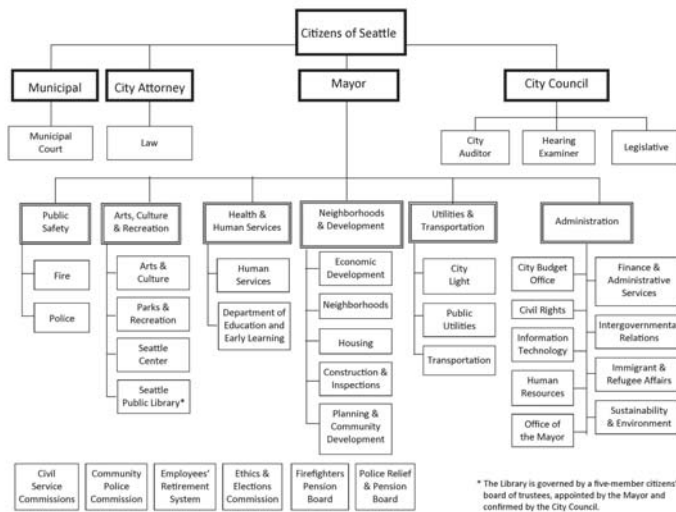


Ed Murray  
Mayor



Peter Holmes  
City Attorney

### CITY ORGANIZATION CHART



XI

### CITY COUNCIL



Sally Bagshaw



Tim Burgess



Lorena González



Bruce Harrell  
Council President



Lisa Herbold



Rob Johnson



Debora Juarez



Mike O'Brien



Kshama Sawant

XII





## City of Seattle

Edward B. Murray, Mayor

### Finance and Administrative Services

Fred Podesta, Director

Glen M. Lee, City Finance Director

June 28, 2016

The Honorable Mayor and  
Members of the City Council:

I am pleased to submit to you the 2015 Comprehensive Annual Financial Report (CAFR) of the City of Seattle, Washington. The Department of Finance and Administrative Services prepared this report to present the financial position of the City of Seattle as of December 31, 2015. In addition, the CAFR describes the results of its operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State Auditor and the City Charter.

Washington State law requires an annual audit of the City of Seattle's (the City's) financial statements by the independently elected State Auditor. The State Auditor conducts his examination in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the City's financial position, results of operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds. In addition to the opinion on the City's financial statements, included in this report, the State Auditor also issues separate reports on internal control and compliance with laws and regulations that meet the requirements of the Single Audit Act and related OMB Circular A-133. These reports are available in the City's separately issued Single Audit Report.

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

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

#### PROFILE OF THE GOVERNMENT

The City of Seattle was incorporated on December 2, 1869. The City is organized as a mayor-council form of government and operates under its City Charter adopted on March 12, 1946. In 2013, voters approved a charter amendment shifting from nine at-large City Council positions to seven City Council

positions elected by district and two at-large positions. As a result, all nine City Council positions were up for election in 2015.

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

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

#### BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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



## NATIONAL AND LOCAL ECONOMY

**U.S. Economy** Thus far the recovery from the Great Recession has been sluggish, which is typical of recoveries from recessions caused by financial crises. Reasons for the sluggishness include the need for households to reduce their debt burdens, which constrains their ability to spend, and the large stock of nonperforming loans in the financial industry. In addition, housing, which is typically one of the sectors that leads a recovery, has struggled to recover from the bursting of the housing bubble.

After a strong finish to 2014, the economy slowed in 2015 due to the impact of severe winter weather in much of the nation, a strike by west coast dock workers, and a rising dollar that hurt exporters and U.S. producers who compete with imports. Oil prices continued to weaken, which led to a drop in investment in oil exploration and extraction, while the expected boost to consumer spending from lower energy prices failed to materialize as consumers saved much of their oil dividend.

With winter over and the dock workers' strike settled growth picked up in the second quarter, as GDP posted a 3.7 percent growth rate. Consumer spending was strong in March through May, employment growth accelerated in May and June, and the housing market continued its gradual recovery. Housing starts reached their highest level since late 2007 in the second quarter, and both home sales and prices continued to rise. Purchases of homes by first time buyers reached a five year high in May, aided by Fannie Mae and Freddie Mac's introduction of low down payment products aimed at helping young buyers purchase their first home.

Going forward GDP growth is expected to improve modestly, moving into the 2½ - 3 percent range from just over two percent per year. Reasons for this optimism include continued healthy employment growth, low household debt levels, rising consumer confidence, and an improving housing market. In addition, the public sector, which has been a drag on growth since 2011, is set to begin contributing modestly to growth as state and local governments recover.

One risk factor for the economy is the normalization of monetary policy. The next step in a return to a more normal monetary policy is for the Federal Reserve to begin increasing short-term interest rates. The Fed's challenge is to make the transition to higher rates without disturbing the financial markets.

There is probably more risk to the U.S. recovery from forces outside of the U.S. than from domestic factors. China poses perhaps the biggest risk to the U.S. and world economies. The slowing of the Chinese economy, along with the deflation of a stock market bubble, a surprise currency devaluation, and a variety of policy missteps by the Chinese government, roiled the world's financial markets in late August.

**Seattle Metro Area Economy** Since the Great Recession ended in June 2009, the region's economy has outperformed the national economy by a considerable margin. This is reflected in the region's robust job growth and low unemployment rate. Through July 2015 employment in the Seattle metro area (King and Snohomish Counties) increased 15.8 percent from its post-recession low in February 2010. This compares to a 9.6 percent gain for the U.S. and 12.4 percent gain for Washington State over the same period. The July 2015 unemployment rate for the Seattle metro area was 3.7 percent compared to 5.3 percent for both the state and the U.S. According to the Puget Sound Economic Forecaster (PSEF), the region has also outpaced the U.S. in both income and wage growth during the recovery.

An analysis by the PSEF indicates Boeing and Amazon are largely responsible for the strength of region's recovery, with these two firms responsible for 43 percent of the jobs created in the region between 2010 and 2014. PSEF concludes that "without the lift from Boeing and Amazon, regional employment and employee compensation would have risen at close to the national rate."

Aerospace provided a major boost to the region's economy early in the recovery, adding 15,800 jobs between mid-2010 and November 2012. The non-store retailing industry (NAICS 454), which is dominated by Amazon, has posted steady employment growth throughout the recovery. King County non-store retailing added 16,700 jobs in the five year period ending in December 2014. A key reason that these two industries have such a large impact is that the average annual wage for both exceeds \$100,000.

At the same time that the Puget Sound region's recovery has been stronger than the nation's, Seattle's recovery has outpaced the recovery of the rest of the region. This can be seen by looking at taxable retail sales data (the tax base for the retail sales tax), one of the few relatively current measures of economic activity available at both the county and city levels. Over the four year period 2010-14, taxable retail sales increased by 35 percent in Seattle, compared to gains of 23 percent in the rest of the metro area and 22 percent in the rest of the state; i.e., outside of the Seattle metro area. Most of Seattle's relative strength is due to a 77 percent increase in construction activity. The rest of Seattle's tax base has grown only modestly faster than that of the other areas.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seattle for its comprehensive annual financial report for the fiscal year ended December 31, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

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

Sincerely,



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





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Seattle  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

XVII

**City of Seattle  
2015 Comprehensive Annual Financial Report**

**Department of Finance and Administrative Services**

Fred Podesta, Director

Glen Lee, City Finance Director

**Citywide Accounting and Payroll Services Division**

Janice Marsters, Director

Brandon Johns, Citywide Accounting Manager

Fon Chang  
Grace Chou  
Chau Du  
Anna Himichuk

Cam Huynh  
Conrad Magbalot  
April McCraney  
Mena Nguyen

Steve Spada  
Andrew Wachong  
Flora Wang  
Jake Yoon

Elsie Ling, Payroll Services Manager

Lillian Marie Alexander  
Imelda Apolonio  
Mary DeMile

RoseMarie Evans  
Angel Hennings  
Robert Latorre

Rosalinda Lopez  
Shirley Smith  
Michiko Togashi

**Treasury Services Division**

Teri Allen, Director Treasury Operations  
Greg Johanson, City Cash Manager  
Kellie Craine, Investment Director

**Debt Management Services**

Michael VanDyck, Citywide Debt Manager

**Risk Management**

Bruce Hori, Director

XVIII



## **Financial Section**

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## Washington State Auditor's Office

### INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 28, 2016

Mayor and City Council  
City of Seattle  
Seattle, Washington

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle, King County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

- The Light Fund, Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund, which are major funds that collectively represent 99 percent, 99 percent, and 97 percent, respectively, of the assets and deferred outflows, net position, and revenues of the business-type activities.
- The Seattle City Employees' Retirement System, which represents 61 percent, 76 percent, and 11 percent, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units and remaining fund information.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Water, Drainage and Wastewater, and Solid Waste funds and the Seattle City Employees' Retirement System were not audited in accordance with *Government Auditing Standards*.

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

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

#### Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle, King County, Washington, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Matters of Emphasis

As described in Note 1, during the year ended December 31, 2015, the City has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

#### Other Matters

##### *Report on Summarized Comparative Information*

The financial statements include partial prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2014, from which such partial information was derived.



We and other auditors have previously audited the City's 2014 financial statements and, based on our audit and the reports of the other auditors, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregately discretely presented component units and remaining fund information in our report dated June 29, 2015.

In our opinion, the summarized comparative information for the governmental activities and governmental funds presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 29, budgetary comparison information on pages 161 through 164 and pension plan information on pages 165 through 173 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund and other supplementary information on pages 179 through 258 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated June 28, 2016, 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,



TROY KELLEY

STATE AUDITOR

OLYMPIA, WA



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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Seattle (City) presents this Management's Discussion and Analysis (MD&A) of its financial activities for the fiscal year ended December 31, 2015. This discussion and analysis focuses on significant financial issues, provides an overview of the City's financial activity, highlights significant changes in the City's financial position, and identifies material variances between the approved budget and actual spending.

The City encourages readers to consider the information presented here in conjunction with additional information provided in its letter of transmittal and the City's basic financial statements following this section. All dollar amount are expressed in thousands unless otherwise indicated.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City of Seattle'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. The report also contains other supplementary information in addition to the basic financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the City's finances in a manner similar to that of private-sector business.

The Statement of Net Position presents information on all City assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the difference between these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial health.

The Statement of Activities presents changes in net position during the current reporting period. All changes to net position are reported as of the date of the underlying event, rather than when cash is received or disbursed. Thus, some reported revenues and expenses result in cash flows in future periods. The Statement of Activities focuses on both the gross and the net cost of the various activities of the City. The report summarizes and simplifies analysis of the revenues and expenses of the various City activities and the degree to which activities are subsidized by general revenues.

The government-wide financial statements distinguish 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, operations of regulatory and long-range planning and enforcement of policies and codes that include construction and land use, fiber leasing and parking facilities.

#### Fund Financial Statements

A fund is a group 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. Most of the City's basic services are reported in the governmental funds. These statements, however, focus on near-term inflows and outflows of spendable resources, as well as fund balances at the end of the fiscal year. Such information may be useful in assessing the City's near-term financing requirements.

Readers may better understand the long-term impact of the government's near-term financing decisions by comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison.

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**The City of Seattle**

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The City maintains numerous governmental funds that are organized according to type (general, special revenue, debt service, capital projects, and permanent funds). Information for the three 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. The City's major governmental funds are the General Fund, Transportation Fund, and Low-Income Housing Fund. Information for each of the nonmajor governmental funds is provided in the combining statements in this report.

Proprietary funds account for services for which the City charges outside customers and internal City departments. Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds.

- Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The proprietary funds financial statements provide separate information for the Seattle City Light Fund, Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund, which are considered to be major enterprise funds. Information for nonmajor enterprise funds is presented in the aggregate. Information for each of the nonmajor enterprise funds is provided in the combining statements in this report.
- Internal service funds report activities that provide supplies and services for various City programs and activities. The City uses internal service funds to account for its finance and administrative services and information technology services. Because these services largely benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. The internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Information for each of the internal service funds is provided in the combining statements in this report.

Proprietary fund statements follow the governmental fund statements in 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 City's fiduciary funds include the Employees' Retirement Fund, the Firemen's Pension Fund, the Police Relief and Pension Fund, the S. L. Denny Private-Purpose Trust Fund, and various agency funds.

#### Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements. They provide additional disclosures that are essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements in this report.

#### Required Supplementary Information

This report also contains other required supplementary information (RSI) on budgetary comparisons for major governmental funds and pension plan funding.

#### Combining Statements

The combining statements referred to earlier in connection with the nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary 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 the required supplementary information with the goal of providing the user with a better understanding of the City's economic condition.



## Management's Discussion and Analysis

### FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2015 the City's net position totaled \$5.124 billion, with governmental activities accounting for 64.5 percent and business-type activities 35.5 percent, approximately a 2 to 1 ratio.
- Net investment in capital assets grew 4.6 percent, increasing \$224.6 million, to a total reported balance of \$5.060 billion for 2015. Of these assets the City's governmental activities controls \$3.144 billion, with the remaining \$1.916 billion supporting business-type activities.
- Restricted net position, \$615.6 million, is available to meet the City's ongoing obligations to citizens and creditors. Governmental activities accounted for 98.9 percent of the \$108.6 million increase in the restricted balances. Significant resources are restricted for the City's Capital Projects, Low-Income, Transportation, and Education programs, debt service and other purposes.
- Non-current liabilities increased \$1.502 billion between years due to the implementation of GASB statement 68 and the recognition of the City's net pension liability. This change is also reflected in the \$552.4 million deficit reported under the City's unrestricted net position.
- Expenses reported at the citywide level were up 3.1 percent year over year, totaling \$3.175 billion in 2015. Of the \$94.2 million increase in 2015's expenses only 10.9 percent can be attributed to the growth in expenses related to governmental-activities. Net program expenses for all functions within the City's governmental activities totaled \$1.547 billion for 2015, a 0.7 percent increase over 2014's costs of \$1.536 billion.
- The City's governmental funds reported a combined ending fund balance of \$850.7 million for 2015, an increase of 25.2 percent from the prior year's balance of \$679.6 million. Of the total fund balance 12.9 percent is reported as unassigned balance, totaling \$109.6 million for year end 2015. The General Fund contributed \$143.8 million but was offset by the special revenue and capital project funds which reported a combined deficit of \$34.2 million in unassigned fund balances that offset the total across the City's governmental funds.
- Revenue generated by the City's governmental funds totaled \$1.819 billion for the fiscal year ended December 31, 2015, an increase of approximately \$69.8 million, 4.0 percent, from the prior year's balance of \$1.750 billion. The increase is primarily driven by \$84.0 million of additional tax collections in 2015, a 7.3 percent increase that pushed the total tax collection to \$1.233 billion in 2015.
- The City's governmental funds received a significant contribution from other financing sources and uses, totaling \$251.5 million for 2015. These resources offset the operating deficit and directly contributed to the City's governmental fund balance which totals \$850.7 million at year end.
- Expenditures in governmental funds amounted to \$1.9 billion, an increase of approximately \$71.5 million, 3.9 percent, compared to \$1.828 billion in 2014. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$80.3 million. The City's General Fund reported an excess of revenues over expenditures totaling \$385.9 million, while the other major and nonmajor governmental funds reported a deficiency of revenues over expenditures totaling \$396.4 million.
- The General Fund is the chief operating fund of the City. For 2015 the General Fund reported a balance of \$383.9 million, 45.1 percent of the entire governmental fund balance. The General Fund accounts for 67.0 percent of revenues, and 45.6 percent of total governmental expenditures. The unassigned balance in the City's General Fund grew \$9.3 million, a 6.9 percent increase that pushed the total unassigned balance to a record level, \$143.8 million for 2015.
- In 2015 the City issued \$358.3 million in General Obligation Bonds, and \$648.5 million of Revenue Bonds. Of the amount issued in 2015, \$155.0 million was used to partially refund general obligation bonds, and \$305.4 million of revenue bonds. The City's outstanding general obligation bonds totaled \$1.019 billion and the utility revenue bonds 3.721 billion at year end 2015.

## The City of Seattle

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. Table A-1 is a condensed version of the statement of net position for the City of Seattle.

#### Statement of Net Position

Table A-1

#### CONDENSED STATEMENT OF NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014
<b>ASSETS</b>						
Current and Other Assets	\$ 1,091,481	\$ 905,505	\$ 647,713	\$ 577,980	\$ 1,739,194	\$ 1,483,485
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	4,337,252	3,989,902	6,290,342	5,923,953	10,627,593	9,913,855
Total Assets	5,428,732	4,895,407	6,938,055	6,501,933	12,366,787	11,397,340
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	579,349	456,252	117,201	47,858	696,550	504,110
<b>LIABILITIES</b>						
Current Liabilities	346,715	308,485	443,050	411,184	789,765	719,669
Noncurrent Liabilities	1,835,754	1,059,202	4,647,421	3,921,491	6,483,175	4,980,692
Total Liabilities	2,182,469	1,367,687	5,090,471	4,332,674	7,272,940	5,700,361
<b>DEFERRED INFLOWS OF RESOURCES</b>	523,316	466,094	143,521	155,157	666,838	621,251
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,144,486	3,085,306	1,915,893	1,750,495	5,060,379	4,835,801
Restricted	556,405	448,935	59,193	58,039	615,599	506,973
Unrestricted	(398,596)	(16,363)	(153,822)	253,427	(552,418)	237,064
Total Net Position	\$ 3,302,296	\$ 3,517,877	\$ 1,821,264	\$ 2,061,960	\$ 5,123,560	\$ 5,579,838

At the close of the current fiscal year the City's total net position was \$5.124 billion. This is the first time in 14 years of reporting Government-wide statements that the City's overall total net position has fallen year over year.

City's unrestricted net position reports a deficit of \$552.4 million. This deficit reflects the City's recognition of the net pension liability associated with the implementation of GASB statement 68. This deficit will require future resources to meet the government's obligation to citizens and creditors.

The City's net position reports an investment of \$5.060 billion in capital assets, such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other funding sources, as capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$615.6 million, 12.0 percent, represents resources that are subject to external restrictions on how they may be used. The net position for the business-type activities decreased 11.67 percent between 2014 and 2015, from \$2.062 billion to \$1.821 billion. The decrease in net position is also directly related to the recognition of the net pension liability.



## Management's Discussion and Analysis

Table A-2

### CHANGES IN NET POSITION RESULTING FROM CHANGES IN REVENUES AND EXPENSES (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 341,171	\$ 357,810	\$ 1,740,144	\$ 1,685,506	\$ 2,081,315	\$ 2,043,316
Operating Grants and Contributions	136,980	123,986	7,087	6,155	144,068	130,141
Capital Grants and Contributions	29,358	37,895	60,114	48,129	89,473	86,025
General Revenues						
Property Taxes	420,691	431,458	—	—	420,691	431,458
Sales Taxes	239,189	199,735	—	—	239,189	199,735
Business Taxes	454,086	431,437	—	—	454,086	431,437
Other Taxes	118,831	82,135	—	—	118,831	82,135
Other	18,273	17,642	16,705	19,013	34,978	36,655
Total Revenues	1,758,580	1,682,098	1,824,050	1,758,803	3,582,630	3,440,901
<b>Expenses</b>						
Governmental Activities						
General Government	208,638	189,034	—	—	208,638	189,034
Judicial	28,477	28,874	—	—	28,477	28,874
Public Safety	531,524	568,843	—	—	531,524	568,843
Physical Environment	4,351	5,853	—	—	4,351	5,853
Transportation	221,443	222,199	—	—	221,443	222,199
Economic Environment	138,878	138,169	—	—	138,878	138,169
Health and Human Services	94,122	76,562	—	—	94,122	76,562
Culture and Recreation	286,395	275,566	—	—	286,395	275,566
Interest on Long-Term Debt	32,694	31,170	—	—	32,694	31,170
Business-Type Activities						
Light	—	—	837,860	798,161	837,860	798,161
Water	—	—	228,241	221,944	228,241	221,944
Drainage and Wastewater	—	—	316,486	298,633	316,486	298,633
Solid Waste	—	—	173,312	159,501	173,312	159,501
Planning and Development	—	—	64,673	58,304	64,673	58,304
Downtown Parking Garage	—	—	7,401	7,458	7,401	7,458
Fiber Leasing	—	—	35	27	35	27
Total Expenses	1,546,521	1,536,270	1,628,008	1,544,029	3,174,529	3,080,298
Excess Before Special Item and Transfers	212,059	145,828	196,042	214,774	408,101	360,603
Special Item - Environmental Remediation	—	—	(4,975)	(4,949)	(4,975)	(4,949)
Transfers	(8,931)	(11,512)	8,931	11,512	—	—
Changes in Net Position	203,128	134,316	199,998	221,338	403,126	355,654
Net Position - Beginning of Year	3,517,878	3,386,757	2,061,960	1,840,622	5,579,838	5,227,379
Restatements/Prior-Year Adjustments	(418,709)	(3,195)	(440,694)	—	(859,403)	(3,195)
Net Position - Beginning of Year as Restated	3,099,170	3,383,562	1,621,266	1,840,622	4,720,436	5,224,184
Net Position - End of Year	\$ 3,302,297	\$ 3,517,878	\$ 1,821,264	\$ 2,061,960	\$ 5,123,561	\$ 5,579,838

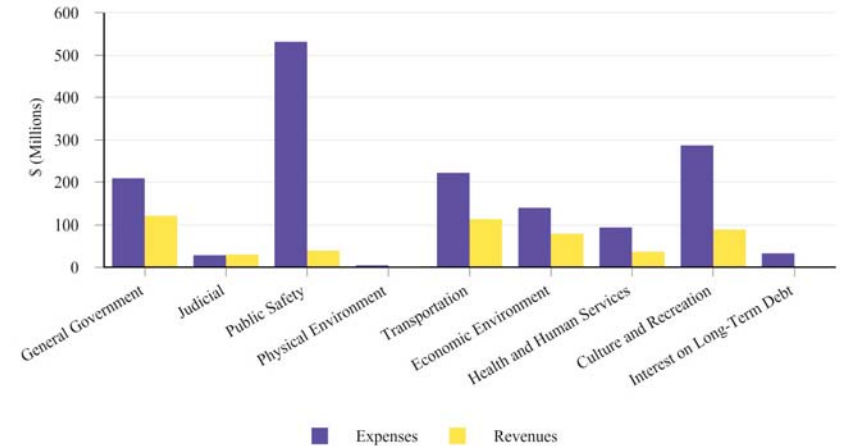
### Analysis of Changes in Net Position

In 2015 the City's total net position decreased by \$456.3 million, 8.2 percent. The factors contributing to the decrease are explained in the following discussion of governmental and business-type activities.

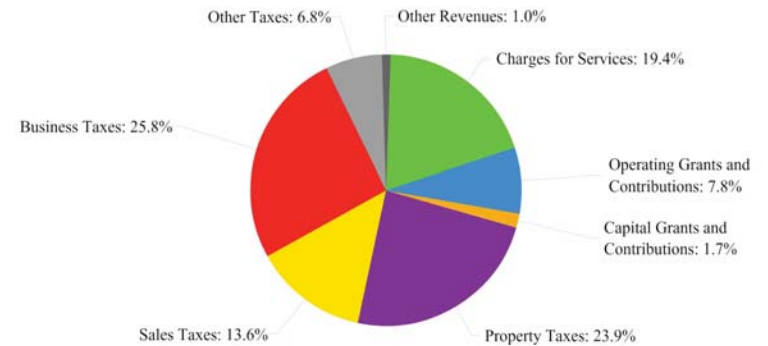
## The City of Seattle

### Governmental Activities

#### Expenditures and Program Revenues - Governmental Activities



#### Revenues by Source - Governmental Activities



Total \$1.759 billion



## Management's Discussion and Analysis

**Governmental Activities.** The charts on the previous page present the City's governmental expenses and revenues by function and its revenue by source.

The City's revenues reported at the citywide level were up 4.1 percent year over year, totaling \$3.583 billion in 2015. Out of the \$141.7 million of additional revenues reported in 2015, the City's governmental activities accounted for 54.0 percent of the change. The following table lists the general revenues ranked by the size of their 2015 collections, and highlights the change in general revenues between the 2014 and 2015 financial statements.

2015 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Business Taxes	\$454.1	5.2%	\$22.6
2	Property Taxes	\$420.7	(2.5)%	\$(10.8)
3	Sales Taxes	\$239.2	19.8%	\$39.5
5	Excise Taxes	\$101.1	54.7%	\$35.7
4	Other Taxes	\$17.7	5.6%	\$1.0

The City's tax revenues continue to provide the most significant source of revenue for governmental activities, with property, sales and business tax contributing 89.0 percent of all general revenues, and 63.3 percent of the governmental activities general and program revenue combined.

For the first time in 2015 the City's collection of business taxes replaces property taxes as the number one general tax resource. The 2.5 percent decline in property tax collected is a result of several factors. The voter approved 2008 Parks Levy which collected tax proceeds over six years expired in 2014, resulting in a \$21.3 million reduction in property tax collections. An additional voter approved levy that facilitated the Pike Place Market's renovation also expired in 2014, contributing \$7.7 million to the decline. Offsetting the reduction from the expiring levies is \$17.1 million collected in the first year of the Seattle Preschool Services Levy.

The year over year growth in sales tax was 19.8 percent or \$39.5 million, and contributed 51.6 percent of the total revenue growth in governmental activities. Excise taxes collected by the City contributed an additional \$35.7 million to the increase, 40.5 percent of the total revenue growth in governmental activities. Both increases can be partially attributed to a voter approved proposition in November 2014 to expand Metro bus services in Seattle which is supported by a \$60 increase to vehicle license fees, and a 0.1 percent increase in the sales tax rate collected. The primary force behind the General Fund's sales tax growth is the local construction boom, with 25 percent of sales tax receipts directly attributable to construction.

Direct program revenues collected supporting the City's governmental activities were \$507.5 million, 32.8 percent of the City's expenses for governmental activities, with the remaining \$1.039 billion covered by the City's general resources. The City's charges for services are the largest component of reported program revenues, and comprise 67.2 percent of program revenue generated by governmental activities. For governmental activities charges for services contribute 19.4 percent of total revenues, with year over year revenues collected for service charges down \$16.6 million, a 4.7 percent decrease that lowers the total service charge collection to \$341.2 million.

Expenses reported at the citywide level were up 3.1 percent year over year, totaling \$3.175 billion in 2015. Of the \$94.2 million increase in 2015's expenses only 10.9 percent can be attributed to the growth in expenses related to governmental activities. Net program expenses for all functions within the City's governmental activities totaled \$1.547 billion for 2015, a 0.7 percent increase over 2014's costs of \$1.536 billion. The following table lists city functions and programs ranked by the size of their 2015 expenses, and highlights the growth in costs between the 2014 and 2015 financial statements.

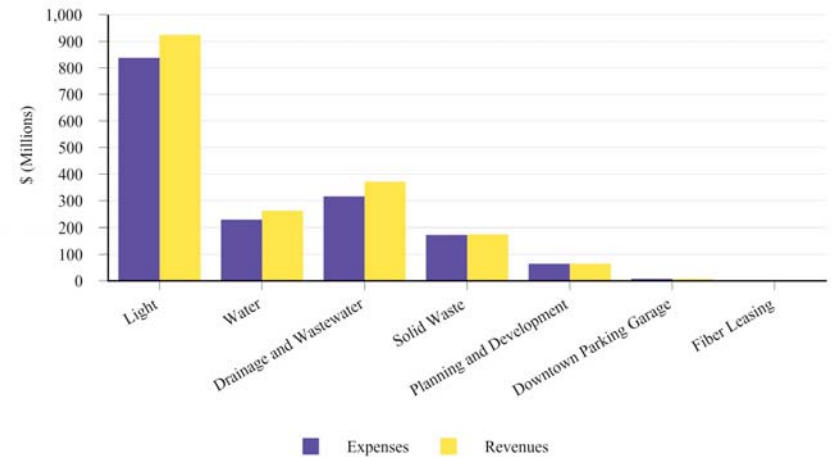
2015 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$531.5	(6.6)%	\$(37.3)
2	Culture and Recreation	\$286.4	3.9%	\$10.8
3	Transportation	\$221.4	(0.3)%	\$(0.8)
4	General Government	\$208.6	10.4%	\$19.6
5	Economic Environment	\$138.9	0.5%	\$0.7
6	Health and Human Services	\$94.1	22.9%	\$17.6

The City's largest governmental expense continues to be the public safety function, totaling \$531.5 million for 2015, contributing 16.7 percent of all citywide expenses, and 34.4 percent of expense in the City's governmental activities.

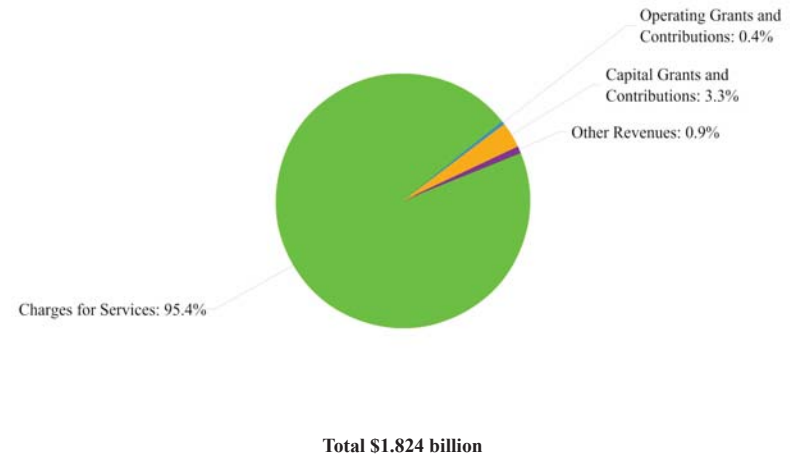
## The City of Seattle

### Business-Type Activities

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities





## Management's Discussion and Analysis

**Business-Type Activities.** At year end the City's net position for business-type activities was \$1.821 billion, a 11.67 percent decrease totaling \$240.7 million. Of this amount \$27.1 million reflects the consolidation of internal service fund activities related to enterprise funds. Key factors for the change are described below:

The Enterprise funds beginning net position of \$2.043 billion was adjusted to \$1.602 billion to reflect the City's implementation of GASB statement 68. The impact of this one-time \$440.7 million reduction to net position was offset by a \$191.9 million change in net position during the year.

The City Light Utility realized a \$90.5 million change in net position for 2015. The change was due in large part to lower net wholesale energy sales compared to 2014. Higher retail electric sales, transfers to and from the revenue stabilization account, and capital contributions were offset by lower power related revenues, and higher distribution, administrative and general, taxes, and depreciation, in addition to the lower net surplus power sales. Operating income generated \$110.8 million, down \$41.5 million from 2014. Operating revenues remained relatively consistent at \$882.9 million, falling only \$3.6 million. Operating expenses increased \$37.9 million, and contributed 91.4 percent of the decrease in the operating income. Retail power revenues at \$736.6 million increased \$15.8 million. Retail power revenues were higher due to the 4.2 percent across-the-board rate increase effective January 1, 2015 and the 0.9 percent Bonneville pass-through rate adjustment effective in October 2015 despite lower consumption from warmer weather during most of 2015.

The Water Utility realized a \$38.2 million change in net position for 2015. Operating income remained relatively consistent at \$58.4 million, decreasing 0.2 percent. The increase in operating revenues and expenses are very closely aligned, with additional operating revenues supporting 98.6 percent of the increase in operating expenses. Operating revenues increased approximately \$9.0 million, 3.7 percent over 2014. This change was driven by an increase in direct service revenue of \$7.1 million resulting from an increase in consumption and \$2.2 million increase in other revenues. 2015 was not a typical year for water consumption. The area experienced very dry conditions a month earlier than expected. As a result, the Fund implemented the Water Shortage Contingency Plan in coordination with other large cities in the area. This voluntary reduction plan along with cooler temperatures later in the summer pushed consumption down. However, the early summer spike was large enough to provide increased revenues.

The Drainage and Waste Water Utility realized a \$52.1 million change in net position for 2015. Operating income generated \$363.8 million, a 6.4 percent increase from 2014. Operating expenses totaled \$302.1 million, a 6.3 percent increase. The additional operating expenditures were only 82.2 percent of the increase in operating revenues. The additional revenue is due to a \$12.9 million increase in wastewater revenues from an average rate increase of 5.2 percent and an increase in consumption of 3.7 percent. The largest operating expense increase was related to Wastewater treatment costs, which increased by \$10.0 million due to a 5.6 percent increase in King County's treatment rate and a 3.7 percent increase in consumption.

The Solid Waste Utility realized a \$1.4 million change in net position for 2015. Operating income generated \$174.8 million, a 11.0 percent increase from 2014. Operating expenses totaled \$169.7 million, a 9.0 percent increase. The additional operating expenditures were only 81.3 percent of the increase in operating revenues. Current year operating revenues increased \$17.3 million compared to the prior year. There were several key factors affecting this change. There was an approximate 5.9 percent rate increase for residential and commercial garbage, and composting services effective April 1, 2015. This resulted in residential and commercial solid waste collection service revenue gains of \$9.1 million, including \$5.9 million in residential garbage collection and \$3.2 million in commercial collection revenue. The gains in residential and commercial revenues were offset by a transfer to the rate stabilization fund of \$2.5 million as compared to a \$10.5 million transfer in 2014, a reduction of \$8.0 million. Operating expenses in 2015 increased \$14.0 million compared to 2014. The largest operating expense increase was an \$8.5 million increase for the environmental cleanup of the South Park Landfill. Additional increases included \$3.2 million in collection expense directly related to increased revenues.

## The City of Seattle

### FINANCIAL ANALYSIS OF CITY FUNDS

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

**Table A-3** **REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**  
**GOVERNMENTAL FUNDS**  
**(In Thousands)**

	Major Funds					
	General Fund		Transportation Fund		Low-Income Housing Fund	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Taxes	\$ 987,815	\$ 926,003	\$ 84,791	\$ 78,477	\$ 17,934	\$ 17,943
Licenses and Permits	27,119	25,027	6,043	5,066	—	—
Grants, Shared Revenues, and Contributions	32,198	35,666	35,320	46,244	7,001	2,840
Charges for Services	61,637	61,080	71,989	98,365	27,037	—
Fines and Forfeits	32,769	31,960	258	19	—	—
Parking Fees and Space Rent	39,154	38,223	95	84	—	—
Program Income, Interest, and Miscellaneous Revenues	38,041	42,794	513	2,235	9,526	32,660
Total Revenues	1,218,733	1,160,753	199,009	230,490	61,498	53,442
<b>Expenditures</b>	902,663	897,493	400,184	382,909	30,146	29,181
<b>Other Financing Sources and Uses</b>						
Long-Term Debt Issued and Refunding Payments, Net	—	—	—	—	—	—
Sales of Capital Assets	18,274	—	—	2,108	—	—
Transfers In (Out)	(267,679)	(255,085)	185,825	162,996	—	—
Total Other Financing Sources and Uses	(249,405)	(255,085)	185,825	165,104	—	—
<b>Fund Balances</b>						
Nonspendable	474	473	515	1,579	—	—
Restricted	136,626	99,991	14,001	33,816	135,079	99,003
Committed	97,296	76,493	56,481	50,952	1,692	6,415
Assigned	5,767	5,685	—	—	—	—
Unassigned	143,763	134,492	—	—	—	—
Total Fund Balances	\$ 383,927	\$ 317,135	\$ 70,997	\$ 86,348	\$ 136,771	\$ 105,419



## Management's Discussion and Analysis

**Table A-3 REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY  
GOVERNMENTAL FUNDS (continued)  
(In Thousands)**

	Nonmajor Funds			
	Special Revenue Funds		Debt Service Funds	
	2015	2014	2015	2014
<b>Revenues</b>				
Taxes	\$ 123,676	\$ 84,719	\$ 18,658	\$ 17,706
Licenses and Permits	976	—	—	—
Grants, Shared Revenues, and Contributions	76,149	69,986	978	979
Charges for Services	61,134	50,346	—	—
Fines and Forfeits	5,965	5,163	—	—
Parking Fees and Space Rent	27,837	25,227	348	357
Program Income, Interest, and Miscellaneous Revenues	7,765	3,533	999	718
Total Revenues	303,502	238,974	20,984	19,760
<b>Expenditures</b>	429,345	362,177	75,380	83,009
<b>Other Financing Sources and Uses</b>				
Long-Term Debt Issued and Refunding Payments, Net	—	—	—	48
Sales of Capital Assets	44	20	—	—
Transfers In (Out)	167,968	136,830	50,278	63,238
Total Other Financing Sources and Uses	168,012	136,851	50,278	63,286
<b>Fund Balances</b>				
Nonspendable	661	594	—	—
Restricted	128,797	87,384	11,548	15,665
Committed	10,775	3,245	—	—
Assigned	11,004	9,933	—	—
Unassigned	(11,496)	(3,582)	0	0
Total Fund Balances	\$ 139,742	\$ 97,573	\$ 11,548	\$ 15,665

	Nonmajor Funds				Total Governmental Funds	
	Capital Projects Funds		Permanent Funds		2015	2014
	2015	2014	2015	2014		
<b>Revenues</b>						
Taxes	\$ 259	\$ 24,272	\$ —	\$ —	\$ 1,233,134	\$ 1,149,119
Licenses and Permits	—	—	—	—	34,137	30,093
Grants, Shared Revenues, and Contributions	9,510	5,646	—	—	161,155	161,361
Charges for Services	3,260	11,396	—	—	225,056	221,187
Fines and Forfeits	16	—	—	—	39,008	37,142
Parking Fees and Space Rent	9	—	—	—	67,444	63,891
Program Income, Interest, and Miscellaneous Revenues	2,538	4,785	22	33	59,403	86,757
Total Revenues	15,592	46,100	22	33	1,819,339	1,749,551
<b>Expenditures</b>	61,955	73,457	11	5	1,899,684	1,828,231
<b>Other Financing Sources and Uses</b>						
Long-Term Debt Issued and Refunding Payments, Net	235,338	54,557	—	—	235,338	54,605
Sales of Capital Assets	912	—	—	—	19,231	2,129
Transfers In (Out)	(139,505)	(113,723)	—	—	(3,113)	(5,744)
Total Other Financing Sources and Uses	96,745	(59,166)	—	—	251,456	50,989
<b>Fund Balances</b>						
Nonspendable	—	—	2,050	2,050	3,700	4,697
Restricted	128,192	110,921	112	101	554,355	446,883
Committed	—	—	—	—	166,243	137,105
Assigned	—	—	—	—	16,772	15,618
Unassigned	(22,663)	(55,649)	—	—	109,605	75,261
Total Fund Balances	\$ 105,529	\$ 55,272	\$ 2,162	\$ 2,151	\$ 850,675	\$ 679,564

## The City of Seattle

### 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 2015 the City's governmental funds generated \$1.819 billion in revenues, and recorded \$1.9 billion in expenditures. The 4.0 percent growth in revenue is driven by an overall increase in tax collections of \$84.0 million. Year over year expenditures remained relative consistent increasing only 3.9 percent, \$71.5 million. The City's governmental funds received a significant contribution from other financing sources and uses, totaling \$251.5 million for 2015. These resources offset the operating deficit and directly contributed to the 25.2 percent increase to the City's governmental fund balance which totals \$850.7 million at year end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2015.

The General Fund accounts for 67.0 percent of revenues, and 43.8 percent of total governmental expenditures. The General Fund is the chief operating fund of the City. The Library Fund, previously reported as a special revenue fund, was determined to no longer meet the definition of a special revenue fund, as defined by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result, the Library Fund is now reported as part of the General Fund for the GAAP reporting. For comparability, all amounts presented for fiscal year 2014 and 2015 in this discussion and analysis reflect this change unless noted otherwise. Table A-4 provides a summary of activities for the general subfunds at year-end 2015.

Consistent with prior reporting periods two of the City's special revenue funds continue to meet the criteria for reporting as major governmental funds. The Transportation Operating Fund and the Low income Housing Fund are included in the fund financial statement section of the CAFR alongside the presentation of the General Fund and the combined nonmajor governmental funds.

The Transportation Operating Fund, a special revenue fund, develops, maintains, and operates the transportation system inclusive of streets, bridges, ramps, retaining walls, sea walls, bike trails, street lights, and other road infrastructure. At the end of the fiscal year the Transportation Operating Fund reports a fund balance of \$71.0 million, 17.8 percent less than reported for 2014. While expenditures grew at 4.5 percent, revenues dropped 13.7 percent. The \$199.0 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services. The \$31.5 million decline in revenue collections relates directly to the Transportation Operating Fund's 26.8 percent drop in revenues from charges for services and 23.62 percent in the shared revenues. These revenue reductions were slightly offset by the expected growth in revenue from taxes, and licenses and permits. Transportation Operating Fund's expenditures account for nearly 21.1 percent of all governmental fund expenditures, totaling \$400.2 million for 2015. The Fund's other financing sources contributed \$185.8 million of additional resources in 2015, growing 12.6 percent, a \$20.7 million increase in support that counters the growth in expenditure and decline in revenues.

The Low-Income Housing Fund, a special revenue fund and one of the major governmental funds of the City, manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for seven-year housing levies approved by voters, most recently in 2009. The 2015 fund balance of \$136.8 million reflects another year with a significant increase, \$31.4 million, over 2014's balance. The change in fund balance was driven by relative stability in the funds expenditures, growing 3.3 percent to reach \$30.1 million, combined with the continued strength of revenue collections which totaled \$61.5 million. A contributing factor of the increase is Council's passage of Ordinance 124388 which adjusted the contribution amounts for downtown affordable housing and childcare incentive programs and to establish automatic inflationary adjustments.

Revenues for the City's nonmajor governmental funds totaled \$340.1 million, increasing \$35.2 million, an 11.6 percent gain over 2014's collection of \$303.5 million. The overall net increase of revenue reported in the City's nonmajor governmental funds was a mix of both increases and decreases of revenues across the City's various nonmajor governmental fund types. The City's special revenue funds recorded an additional \$64.5 million of revenues for 2015, pushing total revenues up to \$303.5 million and accounting for 89.2 percent of all nonmajor governmental fund revenues.

For 2015 two additional funds are reported within the City's special revenue funds, increasing the number reported to 20. The newly created Wheelchair Accessible Services Fund and the Department of Education and Early Learning Fund generated a combined \$4.3 million in additional revenues for 2015. The Wheelchair Accessible Services Fund relies upon the collection 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 Department of Education and Early Learning fund reported 98.2 percent of its revenues as Grants, Shared Revenues and Contributions. This was expected as the newly formed Department and fund was previously part of Office of Education within the Department of Neighborhoods operations and reported within the General Fund.



## Management's Discussion and Analysis

18 of the 20 special revenue funds reported contribute to 2015's growth in revenues. Only the Human Services Operating Fund and the Pike Place Market Renovation Fund report a combined \$8.6 million decline in revenues. The Pike Place Market Renovation Fund had received the proceeds of a six-year voter approved levy that facilitated the Pike Place Market's renovation. 2015 tax proceeds collected through the fund dropped from \$7.8 million to \$94 thousand, collections which now only relate to remaining delinquent collections.

Three funds were the primary driver of revenue growth for special revenue funds. With the Seattle Transportation Benefit District fund increasing revenues \$30.8 million, the Preschool Levy fund adding 14.4 million and the Parks and Recreation Fund \$12.7 million. The significant increase in revenues for the special revenue funds is offset by the 66.2 percent reduction of revenues recorded in the capital project funds.

For 2015 capital project funds reported revenues of \$15.6 million, down significantly from the \$46.1 million reported in 2014. Two funds combined to contribute to the \$33.2 million drop in revenues. Revenues generated by the Park's Mitigation and Remediation fund decreased \$11.9 million, 98.4 percent of the \$12.1 million reported in 2014.

The reduction of revenues in the Parks Mitigation and Remediation fund reflected one time mitigation payments from the State of Washington collected in 2014. The decline of revenues in the fund was expected for 2015, and aligned with a significant reduction in expenditure activities.

The Seattle Center and Parks Multipurpose Levy experienced the most substantial decline of all capital project funds, a \$21.3 million decrease year over year. The voter approved 2008 Parks Levy, collecting tax proceeds over six years expired in 2014. 2015's tax collections subsequently dropped 99.0 percent in the fund. The fund did not reflect a substantial reduction to expenditures, and instead began to heavily rely on the remaining fund balance to provide the needed resources for ongoing projects.

Expenditures of the City's nonmajor governmental funds totaled \$568.4 million, increasing \$49.8 million, a 9.6 percent gain over 2014's expenditures of \$518.7 million. The overall net increase in reported expenditures for nonmajor governmental funds was a mix of a large increase in current operating costs, \$82.5 million, and offsetting decreases in the capital outlay and debt service expenditures, a \$32.7 million reduction. The year over year changes in expenditure classes were consistent across the City's various nonmajor governmental fund types.

## The City of Seattle

**Table A-4 REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY  
GENERAL FUND SUBFUNDS  
(In Thousands)**

	General	Judgment/ Claims	Municipal Jail	Arts Account	Cable Television Franchise
<b>Revenues</b>					
Taxes	\$ 914,634	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	18,607	—	—	—	8,512
Grants, Shared Revenues, and Contributions	23,594	—	—	—	—
Charges for Services	54,909	4,773	—	—	—
Fines and Forfeits	30,877	—	—	—	450
Parking Fees and Space Rent	38,309	—	—	15	—
Program Income, Interest, and Miscellaneous Revenues	4,967	2	1	41	153
Total Revenues	1,085,897	4,775	1	56	9,115
<b>Expenditures</b>	754,721	9,419	—	5,642	8,586
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	(321,291)	—	(194)	5,954	(190)
Total Other Financing Sources and Uses	(321,291)	—	(194)	5,954	(190)
<b>Fund Balances</b>					
Nonspendable	95	—	—	—	—
Restricted	11,162	—	—	—	—
Committed	4,208	8,765	—	1,517	4,458
Assigned	3,791	—	—	—	—
Unassigned	44,343	—	—	—	—
Total Fund Balances	\$ 63,599	\$ 8,765	\$ —	\$ 1,517	\$ 4,458

	Cumulative Reserve	Neighborhood Matching	Bluefield Habitat Maintenance	Development Rights	Emergency
<b>Revenues</b>					
Taxes	\$ 73,181	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,558	—	—	—	—
Charges for Services	1,706	—	—	—	—
Fines and Forfeits	1	—	—	—	—
Parking Fees and Space Rent	246	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	884	—	2	—	—
Total Revenues	77,576	—	2	—	—
<b>Expenditures</b>	30,218	3,416	—	—	—
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	18,275	—	—	—	—
Transfers In (Out)	(21,744)	1,557	—	—	5,646
Total Other Financing Sources and Uses	(3,469)	1,557	—	—	5,646
<b>Fund Balances</b>					
Nonspendable	2	—	—	—	—
Restricted	82,381	—	—	—	—
Committed	24,492	3,302	210	22	—
Assigned	—	—	—	—	—
Unassigned	45,223	—	—	—	54,197
Total Fund Balances	\$ 152,098	\$ 3,302	\$ 210	\$ 22	\$ 54,197



## Management's Discussion and Analysis

**Table A-4** REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY  
GENERAL FUND SUBFUNDS (continued)  
(In Thousands)

	Transit Benefit	Special Employment Program	Industrial Insurance	Unemployment Compensation	Health Care
<b>Revenues</b>					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—
Charges for Services	—	8	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	—	721	59	25,876
Total Revenues	—	8	721	59	25,876
<b>Expenditures</b>	—	8	—	—	15,726
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	—	—	—	1,100	—
Total Other Financing Sources and Uses	—	—	—	1,100	—
<b>Fund Balances</b>					
Nonspendable	—	—	350	—	—
Restricted	—	—	—	—	29,980
Committed	—	124	6,091	1,396	41,787
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	\$ —	\$ 124	\$ 6,441	\$ 1,396	\$ 71,767

	Group Term Life Insurance	Library <sup>a</sup>	Total General Fund	
			2015	2014
<b>Revenues</b>				
Taxes	\$ —	\$ —	\$ 987,815	\$ 926,002
Licenses and Permits	—	—	27,119	25,027
Grants, Shared Revenues, and Contributions	—	7,046	32,198	35,667
Charges for Services	—	241	61,637	61,080
Fines and Forfeits	—	1,441	32,769	31,960
Parking Fees and Space Rent	—	584	39,154	38,223
Program Income, Interest, and Miscellaneous Revenues	5,161	174	38,041	42,793
Total Revenues	5,161	9,486	1,218,733	1,160,752
<b>Expenditures</b>	5,121	69,805	902,662	897,493
<b>Other Financing Sources and Uses</b>				
Sales of Capital Assets	—	—	18,275	—
Transfers In (Out)	—	61,483	(267,679)	(255,085)
Total Other Financing Sources and Uses	—	61,483	(249,404)	(255,085)
<b>Fund Balances</b>				
Nonspendable	—	27	474	474
Restricted	—	13,104	136,627	99,991
Committed	466	458	97,296	76,493
Assigned	—	1,976	5,767	5,685
Unassigned	—	—	143,763	134,492
Total Fund Balances	\$ 466	\$ 15,565	\$ 383,927	\$ 317,135

a As result of GASB Statement No. 54, the Library Fund no longer meets the definition for a special revenue fund and is reported as part of the General Fund for the GAAP reporting.

## The City of Seattle

### Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

**City Light Utility.** The Utility realized a change in net position of \$90.5 million in 2015 compared to \$121.3 million in 2014, a decrease of \$30.8 million, 25.4 percent. This decrease was mainly due to lower net wholesale energy sales compared to 2014. Higher retail electric sales, transfers from/(to) RSA, and capital contributions were offset by lower power related revenues. The decrease of net position was also attributed to higher distribution expenses, general and administrative, taxes and depreciation.

Net cash provided by operating activities decreased by \$69.5 million to \$228.1 million in 2015, compared to \$297.6 million in 2014. Net operating cash increased by \$24.2 million to \$152.5 million in 2015. Increased operating cash inflows was resulted from rate increase effective at the beginning of the year, Bonneville Power Administration pass-through rate adjustment, transfers from the RSA, and reimbursement from the Construction account for capital expenditures. The higher cash inflows were offset by greater debt service payments, capital construction projects, and ongoing operations. Restricted assets decreased by \$33.3 million to \$265.1 million in 2015, compared to \$298.4 million in 2014. This decrease was primarily due to the funding of ongoing capital improvement program.

Capital assets, net of accumulated depreciation and amortization, were \$2.961 billion and \$2.728 billion in 2015 and 2014, a net increase of \$233.1 million. The majority of the Utilities' capital asset additions were in the distribution plant and work-in-progress. The net increase in capital assets was partially offset by a \$59.0 million increase in accumulated depreciation and amortization.

Total liabilities were \$2.733 billion in 2015 and \$2.278 billion in 2014, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payables were \$2.091 billion in 2015 and \$1.925 billion in 2014. In July 2015, the Utility issued a total of \$271.9 million of revenue bonds. Interest expense related to these bonds was \$93.7 million in 2015 and \$89.6 million in 2014.

City Light's total net position was \$1.132 billion in 2015 and \$1.276 billion in 2014.

**Water Utility.** The Utility realized an operating income of \$58.4 million in 2015 compared to \$58.5 million in 2014. Operating revenues increased by \$9.0 million and operating expenses increased by \$9.2 million between 2015 and 2014. The Utility realized a net income of \$38.2 million in 2015 compared to net income of \$31.5 million in 2014. The net income in 2015 was primarily due to an increase in direct services revenue related to the very dry weather conditions driving a spike in water usage. This increase was offset by related operating expenses.

Net cash provided by operating activities increased to \$124.0 million in 2015 from \$127.9 million in 2014, a decrease of \$3.9 million. Total operating and restricted cash and investments were \$137.6 million in 2015 compared to \$100.2 million in 2014, an increase of \$37.4 million. This increase in cash and investments was primarily due to bond proceeds and transfers to the rate stabilization fund.

Utility plant, net of accumulated depreciation, and other capital assets for the year ended December 31, 2015, amounted to \$1.241 billion, an increase of \$35.8 million from 2014. Capital outlays of \$83.7 million were offset by depreciation expenses of \$50.0 million. Major capital assets additions in 2015 included infrastructure improvements, rehabilitation, facility improvements and water reservoir coverings.

The Water Utility had \$851.6 million in outstanding revenue bonds in 2015 compared to \$853.5 million at year end 2014. The decrease was due to principal payments.

The Water Utility's total net position was \$360.1 million in 2015 and \$393.0 million in 2014. The reduction resulted in part to the recording of the net pension liability as required by the GASB Statement 68 for reporting pensions.

**Drainage and Wastewater Utility.** The Utility realized an operating income of \$61.7 million in 2015 compared to \$57.8 million in 2014. Operating revenues increased by \$21.8 million and operating expenses increased by \$17.9 million between 2015 and 2014. The Utility realized a net income of \$52.1 million in 2015 and \$48.5 million in 2014. The increase in net income is the result of a rate increase offset by an increase in treatment costs.



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## Management's Discussion and Analysis

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Net cash provided by operating activities decreased to \$84.7 million in 2015 compared to \$88.6 million in 2014. Total operating and restricted cash and investments were \$128.5 million in 2015 compared to \$200.7 million in 2014. This decrease in cash and investments was primarily used for capital expenditures.

Utility plant, net of accumulated depreciation, and other capital assets increased to \$947.9 million in 2015 from \$843.8 million in 2014, an increase of \$104.1 million. Capital outlays of \$119.1 million were offset by depreciation expenses of \$23.5 million.

The Drainage and Wastewater Utility had \$600.7 million outstanding revenue and refunding bond liabilities in 2015, as compared to \$618.9 million in 2014. Total liabilities, including revenue bonds, were \$872.9 million in 2015 and \$812.1 million in 2014.

Total net position for the Drainage and Wastewater Utility was \$329.9 million in 2015 and \$344.1 million in 2014. The reduction resulted in part to the recording of the net pension liability as required by the GASB Statement 68 for reporting pensions.

**Solid Waste Utility.** The Utility realized an operating income of \$5.0 million in 2015 compared to \$1.8 million in 2014. Operating revenues increased by \$17.3 million and operating expenses increased by \$14.0 million between 2015 and 2014. The Utility realized a net income of \$1.4 million in 2015 compared to \$1.8 million in 2014. The net income in 2015 was primarily due to a rate increase offset by a transfer to the rate stabilization fund and related operating expenses.

Net cash provided by operating activities increased to \$30.8 million in 2015 compared to \$22.9 million in 2014. Total operating and restricted cash and investments were \$85.4 million in 2015 and \$81.6 million in 2014. The \$3.8 million increase in operating and restricted cash and investments is primarily due to new debt issued in 2015 offset by capital expenditures.

The Solid Waste Utility had \$197.8 million outstanding revenue bond liabilities in 2015 compared to \$166.9 million in 2014. The increase was due to new debt issued in 2015.

Total net position for the Solid Waste Utility was \$11.3 million in 2015 and \$34.2 million in 2014. The reduction resulted in part to the recording of the net pension liability as required by the GASB Statement 68 for reporting pensions.

### Fiduciary Funds

The City maintains fiduciary funds for the assets of the Seattle City Employees' Retirement System (SCERS), the Firemen's Pension Fund, the Police Relief and Pension Fund, the S.L. Denny Private Purpose Trust, and various agency funds. The net position of the combined fiduciary funds at the end of 2015 is \$2.333 billion; SCERS represents 98.7 percent 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, 2015. The fund uses the services of both active and index fund professional money managers. SCERS net position decreased in value by \$9.7 million, 0.4 percent, during 2015. For year ending 2015 the member and employer contributions totaled \$166.9 million; net income from investment activity totaled \$6.5 million. Total benefit payment for 2015 increased by \$9.2 million to \$159.3 million. In 2015 the number of retirees and beneficiaries receiving benefits was 6222, which increased by 202, compared to 2014.

At December 31, 2015, the net positions of assets held in trust in the Firemen's Pension Fund and the Police Relief and Pension Fund for the payment of future benefits were \$14.9 million and \$4.7 million, respectively.

### GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund budgetary highlights, the Library Fund, which has its own legally adopted annual budget, is excluded from this discussion.

City Council passed the 2015 Adopted and 2016 Endorsed Budget (Ordinance 124648) authorizing a \$4.8 billion budget for the City's annual operations. The General subfund's budgeted expenditures account for 21.7 percent or \$1.045 billion of the total adopted budget. When considering additional budgets for general support transferred and other subfund expenditures reporting within the General Fund's presentation, 2015's total appropriation budget for the General Fund is \$1.345 billion, 25.8 million greater than the previous year.

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## The City of Seattle

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The General Fund's 2015 revised appropriation budget differed from the original budget due to supplemental appropriations approved by the City Council during the year and carryforward budgets from the prior year. For budgetary comparisons the General Funds presentation on schedules C-1 and D-11 report actual expenditure and revenue totals without the elimination of reimbursements collected internally through the City's personnel compensation trust funds.

The final revised budget for the General Fund was \$1.488 billion, a 10.6 percent increase over Council's adopted budget. The most significant budget activities are described below:

- At year-end 2015 actual expenditures and transfers of \$1.331 billion were \$156.8 million less than budgeted. Of this amount \$90.6 million of the budget will be carried over into 2015 to cover outstanding encumbrances, grants, and capital spending.
- The overall change in the General Fund's carryforward budget from 2014 to 2015 decreased 16.1 percent, from \$84.0 million to \$70.5 million. Nearly 67.7 percent of 2015's carryforward budget is within the Cumulative Reserve Subfunds, with \$44.7 million reported in the Real Estate Excise Tax (REET I and REET II) Subfunds, and \$12.2 million in the Unrestricted Cumulative Reserve Subfund. The General Subfund accounted for the remaining 37.2 percent of the carryforward budget, with Police and Fire Departments contributing \$16.9 million of this amount.
- The final budget for the REET I and REET II Cumulative Reserve subfunds, which includes expenditures and transfers, was \$92.9 million, of this amount \$75.7 million is budgeted for capital projects. Approximately 50.5 percent, \$47.3 million of the budget was expended in 2015. The carryforward budget balances for the REET I and REET II Cumulative Reserve Subfunds funds is \$44.7 million and will be used to support capital activity in 2015.
- City Council authorized an additional \$55.7 million of supplemental appropriations for the General Fund in 2015, 90.4 percent were revisions for the General subfund. Budget revisions totaling \$22.5 million applied directly to the Seattle Police Department, \$10.6 million to the Seattle Fire Department, seven executive offices received supplemental appropriations totaling \$5.5 million.
- In 2015 the total revised budget for grant resources within the General Fund totaled \$47.5 million, with actual grant revenue generating \$17.7 million during the year. The adopted budget provided \$12.3 million in additional grant resources for the Cumulative Reserve subfunds, and \$15.9 million of budget was carryforward from 2014. Through supplemental legislation the Council authorized an additional \$18.4 million of grant funding during the year. This includes \$12.3 million for the City's public safety functions, supporting 22 projects of which 20 are new in 2015.
- The General Fund's budget for the public safety function increased 1.7 percent in 2015, totaling \$555.2 million. The actual costs of current expenditures and capital outlay of the City's public safety function totaled \$531.9 million, consuming 95.8 percent of the resources budgeted for 2015, of which 99.4 percent is for current operations and 0.6 percent on capital outlay. The 1.5 percent year over year increase in current expenditures totaling \$7.9 million was in line with the budgeted increase. Detailed information on the City's two major public safety departments follows:
  - The Police Department's 2015 final budget was \$324.5 million, a 1.5 percent increase from the 2014 budget level. The Department expended 96.2 percent of its budget during the year, with actual expenditures increasing 2.3 percent, from \$305.4 million in 2014 to \$312.3 million in 2015. Patrol operations were budgeted at \$128.0 million for all five city precincts, a 2.4 percent increase over 2014's budget. Patrol operations for 2015 consumed 98.8 percent of the budgeted resources and accounted for 40.5 percent of the entire Department's annual operating costs. Of the remaining budget, \$4.8 million will carryforward into 2015 for grant purposes.
  - The Fire Department's 2015 final budget was \$194.8 million, a 1.4 percent increase from the 2014 budget level of \$192.0 million. The Department expended 95.2 percent of its budget during the year, with actual expenditures falling 0.4 percent, from \$186.1 million in 2014 to \$185.4 million in 2015. Fire Operations for 2015 consumed 99.9 percent of the \$153.0 million in budgeted resources and accounted for 82.5 percent of the entire Department's annual operating costs. Of the remaining budget, \$7.5 million will carryforward into 2014 for grant purposes.
- For 2015 the General Fund reports actual revenues of \$1.397 billion, a 5.2 percent increase, \$72.8 million larger than 2014's total balance. The General subfund generated 77.8 percent of these revenues, \$1.086 billion, which was 1.0 percent greater than Council's last revised budget of \$1.076 billion, and 4.2 percent greater greater than the previous years collection.



## Management's Discussion and Analysis

### CAPITAL ASSETS

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

**Table A-5 CAPITAL ASSETS AT YEAR END, NET OF DEPRECIATION  
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2015	Restated 2014	2015	2014	2015	Restated 2014
Land	\$ 572,081	\$ 571,056	\$ 167,712	\$ 162,685	\$ 739,793	\$ 733,740
Plant in Service, Excluding Land	—	—	4,482,056	4,164,715	4,482,056	4,164,715
Buildings and Improvements	1,547,815	1,583,860	26,057	28,061	1,573,872	1,611,921
Machinery and Equipment	126,798	124,830	441	919	127,239	125,749
Infrastructure	1,031,128	1,062,206	—	—	1,031,128	1,062,206
Construction in Progress	813,955	553,900	646,162	535,573	1,460,117	1,089,474
Other Capital Assets	16,428	16,040	77,901	87,428	94,329	103,469
Total Capital Assets	\$ 4,108,205	\$ 3,911,892	\$ 5,400,329	\$ 4,979,382	\$ 9,508,535	\$ 8,891,274

Capital assets, net of depreciation, for governmental activities increased by \$196.3 million in 2015. The main increase is attributable to the following:

- The Department of Transportation capitalized \$29.7 million for various infrastructure assets (roads, bridges, sidewalks, signs, illuminations, and others). Construction in Progress increased \$260.1 million over the prior year.
- The Department of Parks and Recreation capitalized various community parks improvements, renovation and restorations such as Magnuson Park renovation at \$4.7 million; Washington park at \$2.3 million; Zoo parking garage at \$2.0 million; Maple Leaf parks reservoir at \$3.7 million; and other community parks and buildings improvements and renovation at \$12.2 million.

Capital assets, net of depreciation, for business-type activities increased by \$420.9 million. Major increases included the following:

- Seattle City Light's net capital assets increased by \$233.1 million in 2015. This increase was primarily comprised of \$140.2 million for distribution plant underground and overhead system: transmissions, transformers and poles, and streetlights and meters at \$25.7 million; hydroelectric productions at \$59.3 million; General and Intangibles at \$54.6 million. Construction in progress increased by \$67.5 over last year.
- The Drainage and Wastewater Utility's net capital assets increased by \$104.1 million compared to last year. Major increases were for the construction of 2 million gallons of storage for the combine sewer system in the Windermere drainage basin at \$59.4 million; construction of two combined sewer overflow facilities in the South Genesee area at \$45.2 million; replacement of sewer pipelines at \$9.0 million; development of a natural drainage system at Venema Creek at \$6.1 million and Implementation of a permanent solution to storm water flooding and side sewer backups in the Madison Valley area.
- The Solid Waste Utility's net capital asset for the year ended December 31, 2015 is \$205.7 million. This represents an increase of approximately 49.0 million over the last year. Waste Utility spent \$55.2 million for construction of multi-year projects; \$2.4 million related to these projects were capitalized as an asset. Capital assets placed in service during the year include the following: \$1.4 million for heavy equipment purchases; \$0.7 million for IT infrastructure upgrades and \$0.3 million for additions to the South Transfer Station.
- The Water Utility's net capital assets increased by \$35.8 million for the year ended December 31, 2015 compared to 2014. The Water utility capitalized the following: \$14.7 million for water infrastructure improvements and rehabilitation; \$14.7 million for facility improvements to Landsburg site; \$10.9 million for reservoir covering and improvement; \$3.2 million for distribution infrastructure system improvement; \$2.4 million for purchases of heavy equipment and technology infrastructure improvement totaling \$2.3 million. Construction in progress increase by \$26.1 million over the last year.

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

## The City of Seattle

### DEBT ADMINISTRATION

At the end of the fiscal year 2015 the City had \$4.740 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.416 billion in 2014. This represents an increase of approximately \$324.1 million, 7.3 percent. The special assessments bonds that the City issued in 2006, without lending its full faith and credit but obligated in some manner for the design and construction of the South Lake Union Streetcar, had the outstanding balance of \$8.8 million. In 2015 LTGO and UTGO bonds were issued to finance various capital improvement projects including Bridge Rehab, South Park Bridge, Alaska Way Corridor, Fire Facilities, Golf and other IT projects. In addition, the part of the 2015 LTGO bonds proceeds was used for the partial refunding of the 2005, 2006, 2007 and 2008 bonds.

The City also issued revenue bonds: \$271.9 million for the Light Fund, \$340.8 million for the Water Fund and \$35.8 million for the Solid Waste Fund to finance certain capital improvements and conservation programs. The City's bond ratings remained similar to the ratings for the previous year. The City's UTGO bonds are rated Aaa by Moody's Investors Service (Moody's), AAA by Fitch Ratings (Fitch), and AAA by Standard & Poor's (S&P), which are the highest possible ratings. The City's LTGO bonds are rated Aa1 by Moody's, AA+ by Fitch, and AAA by S&P. In addition, the City's utilities have very high ratings for revenue debt, reflecting sound finances and good management.

The City's limited and unlimited general obligation debt is capped at 7.5 percent of assessed value by state law. The 2015 assessed value of taxable properties based on the latest report for the City is \$163.924 billion. At the end of 2015 the net outstanding general obligation debt of the City that includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.150 billion, well below the limit of \$12.294 billion, rendering the City's legal debt margin of \$11.144 billion. Within the 7.5 percent limitation, state law restricts outstanding LTGO bonds to 1.5 percent of assessed value. At year end 2015 the LTGO net outstanding debt was \$862.1 million.

The City is self-insured for workers compensation and for most health care costs. The City carries general liability insurance with a self-insured retention. For these claims, including those incurred but not reported, the City recognized a total liability of \$107.3 million (\$81.6 million for governmental activities and \$25.8 million for business-type activities) at the end of the year. In addition, City utilities and Department of Parks and Recreation recognized a combined \$121.3 million in estimated environmental liabilities. Other obligations were accrued for compensation absences for sick leave and other notes and contracts. The other notes and contracts included draws from the State's Public Works Trust Loan (PWTLL) Program which are serviced with revenues from two participating City departments, one with a governmental type fund and one whose PWTLL activities are reported in two of its business-type funds.

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

### ECONOMIC FACTORS

In June 2016 the nation's recovery from the Great Recession will be seven years old, making it one of the longest expansions during post-World War II period. Although employment growth during the recovery has been relatively healthy, on many dimensions, including GDP growth, wage growth and productivity, the recovery has disappointed. Despite the weakness at the national level, the Seattle metro area has had a healthy recovery, in large part due to its strong technology sector. Through April 2016, Seattle metro area (King and Snohomish Counties) employment was up 18.0 percent from its post-recession low in February 2010, compared to a 10.9 percent gain in U.S. employment over the same period. The metro area's seasonally adjusted unemployment rate was 4.8 percent in April, 0.2 percent below the national rate of 5.0 percent.

Industries instrumental in the region's recovery include aerospace, professional, scientific, and technical services, health services, and mail order and internet retail. Aerospace provided a big lift to the local economy during the early stages of the recovery, adding 14,000 jobs in 2011 and 2012. However, aerospace employment peaked in November 2012 and has been declining slowly since then. In 2016 the rate of decline has accelerated, with the Boeing Company, the region's largest employer expected to cut as many as 8,000 jobs during the year in an effort to contain costs. The software industry, which includes Microsoft, has added 5,900 jobs from its low point in early 2010. The industry making the greatest contribution to the recovery has been mail order and internet retail, which is dominated by Amazon.com. This industry has added approximately 20,000 jobs at a relatively steady pace during the recovery.

Thus far during the recovery, the region's growth has been concentrated in the city of Seattle, the region's major business and professional service center and home to Amazon.com's rapidly growing headquarters. Strong job growth in Seattle and the growing popularity of in-city living has led to a surge in construction activity focused in multi-family housing and office development. The



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## Management's Discussion and Analysis

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value of permits issued for construction activity in Seattle has grown from \$1.5 billion in 2010 to \$3.8 billion in 2015, an increase of 147 percent.

With the aerospace industry now cutting jobs, employment growth is predicted to slow going forward. 2015 is expected to be the peak year for employment growth (at 3.0 percent) during the current cycle. The Puget Sound Economic Forecaster predicts that employment growth will average a modest 1.4 percent per year over the next five years. Personal income growth is forecast to range between 4.6 and a 4.8 percent, 2.6 percent per year faster than the rate of inflation.

### 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 Services Division, P.O. Box 94669, Seattle, WA 98124-4669 (Telephone 206-233-7825).



# **Government-wide Financial Statements**

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## Government-Wide Financial Statements

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**Page 1 of 3**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**  
*(In Thousands)*

	Primary Government					
	Governmental Activities	Business-Type Activities	Comparative Totals		Component Units	
			2015	Restated 2014		
ASSETS						
Current Assets						
Operating Cash and Equity in Pooled Investments	\$ 831,616	\$ 392,611	\$ 1,224,227	\$ 1,001,645	\$ 5,139	
Restricted Cash and Equity in Pooled Investments	12,178	—	12,178	20,014	—	
Investments	—	—	—	—	61,214	
Receivables, Net of Allowances	114,557	230,028	344,585	316,499	—	
Internal Balances	26,794	(26,794)	—	—	—	
Due from Other Governments	100,641	10,863	111,504	101,969	—	
Inventories	4,042	39,250	43,292	40,433	—	
Prepaid and Other Current Assets	1,653	1,755	3,408	2,925	—	
Total Current Assets	1,091,481	647,713	1,739,194	1,483,485	66,353	
Noncurrent Assets						
Restricted Cash and Equity in Pooled Investments	51,984	431,139	483,123	562,038	—	
Contracts and Notes	8,617	1,500	10,117	9,967	—	
Conservation Costs, Net	—	275,337	275,337	259,660	—	
Landfill Closure and Postclosure Costs, Net	—	12,326	12,326	13,004	—	
Environmental Costs and Recoveries	—	33,286	33,286	35,293	—	
Net Pension Asset	168,446	—	168,446	11,233	—	
Regulatory Asset	—	17,520	17,520	18,250	—	
Other Charges and Noncurrent Assets	—	118,905	118,905	113,137	—	
Capital Assets, Net of Accumulated Depreciation						
Land and Land Rights	572,081	167,712	739,793	733,740	—	
Plant in Service, Excluding Land	—	4,482,056	4,482,056	4,164,715	—	
Buildings and Improvements	1,547,815	26,057	1,573,872	1,611,921	—	
Machinery and Equipment	126,798	441	127,239	125,749	—	
Infrastructure	1,031,128	—	1,031,128	1,062,206	—	
Construction in Progress	813,955	646,162	1,460,117	1,089,474	—	
Other Capital Assets	16,428	77,901	94,329	103,469	2	
Total Noncurrent Assets	4,337,252	6,290,342	10,627,594	9,913,856	2	
Total Assets	5,428,733	6,938,055	12,366,788	11,397,341	66,355	
DEFERRED OUTFLOWS OF RESOURCES	579,349	117,201	696,550	504,110	—	
Total Assets and Deferred Outflows of Resources	6,008,082	7,055,256	13,063,338	11,901,451	66,355	

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

**B-1**  
**Page 2 of 3**  
**STATEMENT OF NET POSITION**  
**December 31, 2015**  
*(In Thousands)*

	Primary Government					
	Governmental Activities	Business-Type Activities	Comparative Totals		Component Units	
			2015	Restated 2014		
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	\$ 148,355	\$ 86,931	\$ 235,286	\$ 193,994	\$ 2,529	
Salaries, Benefits, and Taxes Payable	40,411	24,644	65,055	50,833	—	
Contracts Payable	5,453	—	5,453	10,044	—	
Due to Other Governments	7,399	12,732	20,131	18,421	—	
Interest Payable	8,391	56,946	65,337	65,301	—	
Taxes Payable	90	10,877	10,967	9,426	—	
Deposits Payable	—	—	—	848	—	
Unearned Revenues	13,954	35,291	49,245	39,003	—	
Current Portion of Long-Term Debt						
Bonds Payable	74,465	175,640	250,105	234,140	—	
Compensated Absences Payable	20,579	5,020	25,599	26,724	—	
Notes and Contracts Payable	1,770	2,338	4,108	4,271	—	
Claims Payable	23,709	26,093	49,802	55,630	—	
Habitat Conservation Program Liability	—	906	906	1,138	—	
Landfill Closure and Postclosure Liability	—	1,522	1,522	1,064	—	
Other Current Liabilities	2,139	4,110	6,249	8,833	—	
Total Current Liabilities	346,715	443,050	789,765	719,670	2,529	
<i>Noncurrent Liabilities</i>						
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	972,182	3,879,789	4,851,971	4,486,083	—	
Bond Interest Payable	—	—	—	—	—	
Special Assessment Bonds with Governmental Commitment	8,825	—	8,825	10,395	—	
Compensated Absences Payable	70,577	33,398	103,975	111,621	—	
Claims Payable	58,436	120,420	178,856	175,926	—	
Notes and Contracts Payable	11,049	36,570	47,619	44,303	—	
Landfill Closure and Postclosure Liability	—	14,163	14,163	14,990	—	
Vendor Deposits Payable	225	1,824	2,049	1,056	—	
Habitat Conservation Program Liability	—	7,156	7,156	6,493	—	
Unearned Revenues	—	25,778	25,778	23,544	—	
Arbitrage Rebate Liability	9	—	9	10	—	
Unfunded Other Post Employment Benefits	116,550	15,980	132,530	102,252	—	
Net Pension Liability	594,563	512,237	1,106,800	—	—	
Other Noncurrent Liabilities	3,339	105	3,444	4,019	—	
Total Noncurrent Liabilities	1,835,755	4,647,420	6,483,175	4,980,692	—	
Total Liabilities	2,182,470	5,090,470	7,272,940	5,700,362	2,529	
<b>DEFERRED INFLOWS OF RESOURCES</b>	523,316	143,521	666,837	621,251	—	

The accompanying notes are an integral part of these financial statements.



## Government-Wide Financial Statements

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### STATEMENT OF NET POSITION

December 31, 2015

(In Thousands)

	Primary Government						Component Units			
	Governmental Activities	Business-Type Activities	Comparative Totals							
			2015	Restated 2014						
NET POSITION										
Net Investment in Capital Assets	\$	3,144,486	\$	1,915,893	\$	5,060,379	\$	4,835,801	\$	2
Restricted for										
Debt Service		11,548		—		11,548		15,665		—
Capital Projects		210,572		—		210,572		167,498		301
Rate Stabilization Account				25,000		25,000		25,047		—
Education and Development Services		50,251		—		50,251		45,811		15,241
Special Deposits		—		—		—		—		—
Conservation and Environmental Costs		—		7,497		7,497		7,065		—
Bonneville Power Administration Projects		—		—		—		—		—
External Infrastructure Costs		—		7,218		7,218		7,061		—
Muckleshoot Settlement		—		—		—		—		—
Other Charges		—		19,479		19,479		18,866		—
Health Care Reserve		29,980		—		29,980		29,980		—
Transportation Programs		14,001		—		14,001		33,816		—
Low-Income Housing Programs		135,079		—		135,079		99,003		—
Other Purposes		102,925		—		102,925		55,109		85
Nonexpendable		2,050		—		2,050		2,052		28,853
Unrestricted		(398,596)		(153,822)		(552,418)		237,064		19,343
Total Net Position		3,302,296		1,821,265		5,123,561		5,579,838		63,825
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	6,008,082	\$	7,055,256	\$	13,063,338	\$	11,901,451	\$	66,354

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

(In Thousands)

Functions/Programs	Program Expenses		Program Revenues		
	Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ 229,134	\$ (20,496)	\$ 104,651	\$ 15,235	\$ —
Judicial	28,477	—	30,030	152	—
Public Safety	530,093	1,430	26,227	13,037	—
Physical Environment	4,351	—	16	937	—
Transportation	216,403	5,040	67,948	24,173	20,027
Economic Environment	138,878	—	41,875	30,732	6,700
Health and Human Services	94,122	—	64	36,619	—
Culture and Recreation	286,395	—	70,360	16,096	2,631
Interest on Long-Term Debt	32,694	—	—	—	—
Total Governmental Activities	1,560,547	(14,026)	341,171	136,981	29,358
<b>BUSINESS-TYPE ACTIVITIES</b>					
Light	832,751	5,109	880,788	4,595	39,375
Water	225,980	2,261	251,977	217	10,394
Drainage and Wastewater	314,172	2,315	359,839	1,482	10,346
Solid Waste	172,504	808	174,365	584	—
Planning and Development	61,140	3,533	65,278	210	—
Downtown Parking Garage	7,401	—	7,885	—	—
Fiber Leasing	35	—	12	—	—
Total Business-Type Activities	1,613,983	14,026	1,740,144	7,088	60,115
Total Government-Wide Activities	\$ 3,174,530	\$ —	\$ 2,081,315	\$ 144,069	\$ 89,473
<b>COMPONENT UNITS</b>	\$ 7,383	\$ —	\$ 274	\$ 4,084	\$ —

The accompanying notes are an integral part of these financial statements.



## Government-Wide Financial Statements

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### STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015 (In Thousands)

Net Revenue (Expense) and Changes in Net Position					
Primary Government					Component Units
Governmental Activities	Business-Type Activities	Comparative Totals			
		2015	Restated 2014		
GOVERNMENTAL ACTIVITIES					
General Government	\$ (88,752)	\$ —	\$ (88,752)	\$ (86,191)	
Judicial	1,705	—	1,705	2,542	
Public Safety	(492,260)	—	(492,260)	(525,698)	
Physical Environment	(3,398)	—	(3,398)	(3,425)	
Transportation	(109,295)	—	(109,295)	(72,759)	
Economic Environment	(59,571)	—	(59,571)	(65,848)	
Health and Human Services	(57,439)	—	(57,439)	(44,101)	
Culture and Recreation	(197,308)	—	(197,308)	(189,928)	
Interest on Long-Term Debt	(32,694)	—	(32,694)	(31,170)	
Total Governmental Activities	(1,039,012)	—	(1,039,012)	(1,016,578)	
BUSINESS-TYPE ACTIVITIES					
Light	—	86,898	86,898	117,139	
Water	—	34,347	34,347	29,956	
Drainage and Wastewater	—	55,180	55,180	50,979	
Solid Waste	—	1,637	1,637	(976)	
Planning and Development	—	815	815	(1,302)	
Downtown Parking Garage	—	484	484	(24)	
Fiber Leasing	—	(23)	(23)	(11)	
Total Business-Type Activities	—	179,338	179,338	195,761	
Total Government-Wide Activities	(1,039,012)	179,338	(859,674)	(820,817)	
COMPONENT UNITS					\$ (3,024)
General Revenues					
Property Taxes	420,691	—	420,691	431,458	—
Sales Taxes	239,189	—	239,189	199,735	—
Business Taxes	454,086	—	454,086	431,437	—
Excise Taxes	101,098	—	101,098	65,364	—
Other Taxes	17,733	—	17,733	16,770	—
Penalties and Interest on Delinquent Taxes	—	—	—	4,091	—
Unrestricted Investment Earnings (Loss)	9,202	13,938	23,140	28,045	546
Gain on Sale of Capital Assets	9,071	2,767	11,838	4,520	—
Special Item - Environmental Remediation	—	(4,975)	(4,975)	(4,949)	—
Transfers	(8,931)	8,931	—	—	—
Total General Revenues (Loss), Special Item, and Transfers	1,242,139	20,661	1,262,800	1,176,471	546
Changes in Net Position	203,127	199,999	403,126	355,654	(2,478)
Net Position - Beginning of Year	3,517,878	2,061,960	5,579,838	5,227,379	66,304
Restatements/Prior-Year Adjustments	(418,709)	(440,694)	(859,403)	(3,195)	—
Net Position - Beginning of Year as Restated	3,099,169	1,621,266	4,720,435	5,224,184	66,304
Net Position - End of Year	\$ 3,302,296	\$ 1,821,265	\$ 5,123,561	\$ 5,579,838	\$ 63,826

The accompanying notes are an integral part of these financial statements.



## **Fund Financial Statements**

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## Fund 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.

As described in Note 1, Summary of Significant Accounting Policies, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011. The Library Fund no longer met the definition for a special revenue fund and has been included in the General Fund financial statements.

The **Transportation Fund** accounts for revenues for construction, improvement, repair, or maintenance of City streets and waterways. 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.

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.

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

## The City of Seattle

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### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2015 (In Thousands)

	General Fund		Transportation		Low-Income Housing		Other Governmental		Comparative Totals			
									2015	2014		
ASSETS												
Cash and Equity in Pooled Investments	\$	300,584	\$	58,734	\$	137,627	\$	306,982	\$	803,927	\$	630,630
Receivables, Net of Allowances		79,481		10,708		586		21,326		112,101		100,127
Due from Other Funds		16,976		35,772		223		16,851		69,822		73,833
Due from Other Governments		58,901		13,234		241		28,130		100,506		95,165
Interfund Loans and Advances		12,267		—		—		24,165		36,432		38,105
Other Current Assets		422		514		—		608		1,544		2,565
Total Assets		468,631		118,962		138,677		398,062		1,124,332		940,425
DEFERRED OUTFLOWS OF RESOURCES												
		7,775		—		427,316		47,022		482,113		455,833
Total Assets and Deferred Outflows of Resources	\$	476,406	\$	118,962	\$	565,993	\$	445,084	\$	1,606,445	\$	1,396,258
LIABILITIES												
Accounts Payable	\$	35,355	\$	30,553	\$	1,482	\$	42,344	\$	109,734	\$	90,503
Contracts Payable		303		4,150		—		1,001		5,454		10,043
Salaries, Benefits, and Taxes Payable		24,216		3,555		—		6,961		34,732		31,015
Due to Other Funds		15,193		4,508		61		37,079		56,841		58,380
Due to Other Governments		2,339		—		—		5,021		7,360		6,828
Revenues Collected in Advance		3,024		4,126		—		6,803		13,953		8,300
Interfund Loans and Advances		—		—		—		28,790		28,790		31,611
Other Current Liabilities		236		430		55		646		1,367		6,083
Total Liabilities		80,666		47,322		1,598		128,645		258,231		242,763
DEFERRED INFLOWS OF RESOURCES												
		11,813		643		427,624		57,456		497,536		473,930
FUND BALANCES												
Nonspendable	\$	474	\$	515	\$	—	\$	2,712	\$	3,701	\$	4,698
Restricted		136,627		14,001		135,079		268,652		554,359		446,882
Committed		97,296		56,481		1,692		10,774		166,243		137,106
Assigned		5,767		—		—		11,004		16,771		15,618
Unassigned		143,763		—		—		(34,159)		109,604		75,261
Total Fund Balances		383,927		70,997		136,771		258,983		850,678		679,565
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	476,406	\$	118,962	\$	565,993	\$	445,084	\$	1,606,445	\$	1,396,258

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2015 (In Thousands)

	Comparative Totals	
	2015	Restated 2014
Governmental Fund Balance	\$ 850,675	\$ 679,566
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.	\$ 3,381,844	\$ 3,205,733
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,459	9,536
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.	419,713	498,046
Net pension asset net of pension obligations	168,446	11,233
Deferred inflows and outflows of resources	53,661	8,256
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	(14,669)	(14,243)
Accrued Interest Payable	(6,000)	(5,819)
Current Portion of Long-Term Debt	(52,412)	(48,503)
Compensated Absences Payable	(19,897)	(22,770)
General Obligation Bonds Payable	(671,701)	(507,635)
Less Bond Discount and Premium	(56,496)	(40,586)
Special Assessment Bonds	(8,825)	(10,395)
Net Pension Liability	(493,179)	—
Notes and Other Long-Term Liabilities	(17,089)	(19,349)
Compensated Absences - Long-Term	(64,269)	(75,020)
Claims Payable - Long-Term	(37,610)	(40,233)
Workers' Compensation	(27,126)	(26,167)
Arbitrage	(9)	(10)
Unfunded Other Post Employment Benefits	(113,220)	(83,760)
Net Adjustments	2,451,621	2,838,313
Net Position of Governmental Activities	\$ 3,302,296	\$ 3,517,878

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2015 (In Thousands)

					Comparative Totals	
	General	Transportation	Low-Income Housing	Other Governmental	2015	2014
<b>REVENUES</b>						
Taxes	\$ 987,815	\$ 84,791	\$ 17,934	\$ 142,593	\$ 1,233,133	\$ 1,149,120
Licenses and Permits	27,119	6,043	—	976	34,138	30,093
Grants, Shared Revenues, and Contributions	32,198	35,320	7,001	86,640	161,159	161,361
Charges for Services	61,637	71,989	27,037	64,393	225,056	221,187
Fines and Forfeits	32,769	258	—	5,982	39,009	37,142
Concessions, Parking Fees and Space Rent	39,154	95	—	28,195	67,444	63,891
Program Income, Interest, and Miscellaneous Revenues	38,041	512	9,526	11,322	59,401	86,757
Total Revenues	1,218,733	199,008	61,498	340,101	1,819,340	1,749,551
<b>EXPENDITURES</b>						
Current						
General Government	202,162	—	—	22,559	224,721	204,662
Judicial	29,351	—	—	—	29,351	29,158
Public Safety	528,582	—	—	8,486	537,068	525,778
Physical Environment	6,292	—	—	1,022	7,314	7,409
Transportation	9,240	120,004	—	26,445	155,689	114,737
Economic Environment	18,885	—	30,146	92,690	141,721	140,079
Health and Human Services	76	—	—	96,192	96,268	78,024
Culture and Recreation	75,092	—	—	193,887	268,979	245,358
Capital Outlay						
General Government	13,495	—	—	16,463	29,958	35,599
Public Safety	3,103	—	—	9,994	13,097	25,162
Transportation	—	278,151	—	—	278,151	278,550
Economic Environment	—	—	—	—	—	6
Culture and Recreation	16,380	—	—	19,332	35,712	55,133
Debt Service						
Principal	2	1,912	—	48,795	50,709	61,745
Interest	2	117	—	28,880	28,999	26,571
Bond Issuance Cost	—	—	—	1,946	1,946	259
Other	—	—	—	—	—	—
Total Expenditures	902,662	400,184	30,146	566,691	1,899,683	1,828,230
Excess (Deficiency) of Revenues over Expenditures	316,071	(201,176)	31,352	(226,590)	(80,343)	(78,679)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	—	—	350,255	350,255	50,455
Refunding Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	40,113	40,113	4,150
Payment to Refunded Bond Escrow Agent	—	—	—	(155,030)	(155,030)	—
Sales of Capital Assets	18,275	—	—	956	19,231	2,128
Transfers In	21,924	208,106	—	268,552	498,582	442,666
Transfers Out	(289,603)	(22,281)	—	(189,811)	(501,695)	(448,411)
Total Other Financing Sources (Uses)	(249,404)	185,825	—	315,035	251,456	50,988
Net Change in Fund Balance	66,667	(15,351)	31,352	88,445	171,113	(27,691)
Fund Balances - Beginning of Year	317,260	86,348	105,419	170,538	679,565	707,255
Fund Balances - End of Year	\$ 383,927	\$ 70,997	\$ 136,771	\$ 258,983	\$ 850,678	\$ 679,565

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015 (In Thousands)

	Comparative Totals	
	2015	Restated 2014
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 171,111	\$ (27,692)
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	(116,042)	(115,034)
Capital outlay reported as expenditures	302,294	307,271
Retirement and sale of capital assets	(11,540)	(1,306)
Capital assets received as donations	2,417	(20,504)
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	2,582	(264)
Reduction of long-term receivable	985	1,393
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	(350,255)	(50,455)
Premium on general obligation bonds	(40,113)	(4,150)
Proceeds from bond refunding	—	—
Principal payments bonds/notes	50,677	61,745
Amortization of bond premium	7,065	3,819
Amortization of loss on refunding	(1,454)	(465)
Minimum capital lease payments	49	117
Bond interest	(192)	464
Remittance to refunding escrow using refunding proceeds	155,030	—
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	13,624	(15,180)
Injury and damage claims	2,197	(6,675)
Workers' compensation	(959)	(18)
Arbitrage	1	2
Unfunded OPEB liabilities	(29,460)	(12,325)
Net pension asset	18,806	(5,006)
Environmental liability	130	95
Loan to agencies	—	4,654
Debt guarantee of SISC 2004 bonds	453	(4,225)
Pension Expense - GASB68	7,748	—
WA State's LEOFF Contribution	9,145	—
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	(8,072)	(8,185)
Net revenue of internal service funds activities reported with governmental activities	16,901	26,239
Change in Net Position of Governmental Activities	\$ 203,128	\$ 134,315
Initial Recording of Net Pension Liability/Asset Related Items	(418,709)	—
Adjusted Total Change in Net Position of Governmental Activities	(215,581)	134,315

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

### 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 408,000 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 the operations of the City-owned water utility. It maintains three separate sources of water supply, namely the Tolt and Cedar River watersheds, and Seattle wellfields; approximately 182 miles of supply mains, and distribution storage capacity of 339 million gallons in reservoirs, tanks, and standpipes. The distribution system serves a population of about 1.4 million people.

The **Drainage and Wastewater Fund** accounts for the operations of the City-owned sewer and drainage utility facilities and pumping stations. Those facilities and stations are necessary to collect the sewage of the City and discharge it into King County's treatment and disposal systems. The utility maintains about 1,893 miles of sewers and drainage mainlines, 75 percent of which are separate sanitary sewers and storm mainlines. In addition, the City manages 66 pumping stations.

The **Solid Waste Fund** accounts for the operations of two City-owned transfer stations and for the administration of contracts with private companies for the collection of residential refuse and commercial garbage. Private individuals and City-administered residential and commercial collectors bring solid waste to the transfer stations. Solid wastes collected at the transfer stations are compacted, loaded in containers, and hauled to the Argo cargo loading station. The containers at the Argo station are loaded on railcars and transported to a landfill in Arlington, Oregon, for final disposal.

Descriptions for the nonmajor enterprise funds and the internal service funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2015	2014	2015	2014
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 152,488	\$ 128,343	\$ 42,330	\$ 43,553
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	75,683	70,494	14,305	13,519
Interest and Dividends	414	356	962	910
Unbilled	70,536	64,630	13,834	13,651
Energy Contracts, Notes, and Other Contracts	—	—	112	107
Due from Other Funds	3,538	1,482	893	760
Due from Other Governments	2,533	2,270	557	583
Materials and Supplies Inventory	32,839	30,829	5,102	5,139
Prepayments and Other Current Assets	1,619	474	72	72
Total Current Assets	339,650	298,878	78,167	78,294
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	265,130	298,390	95,244	56,623
Notes and Contracts Receivable	—	—	395	413
Conservation Costs, Net	243,779	228,108	31,558	31,552
Landfill Closure and Postclosure Costs, Net	—	—	—	—
Environmental Costs and Recoveries	35,306	38,600	—	—
External Infrastructure Costs	—	—	—	—
Regulatory Asset	—	—	11,756	10,988
Other Charges	60,411	52,934	3,930	4,779
Capital Assets				
Land and Land Rights	72,670	70,558	44,453	44,261
Plant in Service, Excluding Land	4,168,237	3,936,000	1,844,527	1,791,609
Less Accumulated Depreciation	(1,671,849)	(1,612,870)	(724,570)	(681,103)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	319,831	252,371	75,007	48,906
Other Property, Net	72,551	82,258	1,594	1,569
Total Noncurrent Assets	3,566,066	3,346,349	1,383,894	1,309,597
Total Assets	3,905,716	3,645,227	1,462,061	1,387,891
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	49,735	19,318	39,309	18,914
Total Assets and Deferred Outflows of Resources	\$ 3,955,451	\$ 3,664,545	\$ 1,501,370	\$ 1,406,805

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2015	2014	2015	2014
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 100,901	\$ 101,301	\$ 42,220	\$ 32,395
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	19,879	18,042	13,201	12,933
Interest and Dividends	427	460	88	69
Unbilled	18,712	18,272	360	417
Energy Contracts, Notes, and Other Contracts	579	76	30	—
Due from Other Funds	865	983	238	244
Due from Other Governments	6,430	2,374	983	967
Materials and Supplies Inventory	1,207	1,043	102	68
Prepayments and Other Current Assets	35	35	18	18
Total Current Assets	149,035	142,586	57,240	47,111
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	27,579	99,432	43,135	49,173
Notes and Contracts Receivable	1,105	1,159	—	—
Conservation Costs, Net	—	—	—	—
Landfill Closure and Postclosure Costs, Net	—	—	12,326	13,004
Environmental Costs and Recoveries	4,115	3,970	1,358	—
External Infrastructure Costs	19,035	19,328	—	—
Regulatory Asset	4,048	4,236	1,715	3,026
Other Charges	34,714	35,159	815	937
Capital Assets				
Land and Land Rights	22,490	19,767	15,218	15,218
Plant in Service, Excluding Land	1,102,624	941,062	133,782	132,528
Less Accumulated Depreciation	(317,154)	(296,915)	(53,540)	(46,989)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	138,238	178,366	108,235	53,945
Other Property, Net	1,713	1,558	2,044	2,044
Total Noncurrent Assets	1,038,507	1,007,122	265,088	222,886
Total Assets	1,187,542	1,149,708	322,328	269,997
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	15,269	6,479	6,328	3,146
Total Assets and Deferred Outflows of Resources	\$ 1,202,811	\$ 1,156,187	\$ 328,656	\$ 273,143

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2015	2014	2015	2014
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 54,672	\$ 40,630	\$ 392,611	\$ 346,222
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	855	907	123,923	115,895
Interest and Dividends	51	31	1,942	1,826
Unbilled	—	—	103,442	96,970
Energy Contracts, Notes, and Other Contracts	—	—	721	183
Due from Other Funds	957	905	6,491	4,374
Due from Other Governments	359	451	10,862	6,645
Materials and Supplies Inventory	—	—	39,250	37,079
Prepayments and Other Current Assets	12	42	1,756	641
Total Current Assets	56,906	42,966	680,998	609,835
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	50	38	431,138	503,656
Notes and Contracts Receivable	—	—	1,500	1,572
Conservation Costs, Net	—	—	275,337	259,660
Landfill Closure and Postclosure Costs, Net	—	—	12,326	13,004
Environmental Costs and Recoveries	—	—	40,779	42,570
External Infrastructure Costs	—	—	19,035	19,328
Regulatory Asset	—	—	17,519	18,250
Other Charges	—	—	99,870	93,809
Capital Assets				
Land and Land Rights	12,881	12,881	167,712	162,685
Plant in Service, Excluding Land	—	—	7,249,170	6,801,199
Less Accumulated Depreciation	—	—	(2,767,113)	(2,637,877)
Buildings and Improvements	60,132	60,132	60,132	60,132
Less Accumulated Depreciation	(34,075)	(32,070)	(34,075)	(32,070)
Machinery and Equipment	14,771	14,766	14,771	14,766
Less Accumulated Depreciation	(14,330)	(13,846)	(14,330)	(13,846)
Construction in Progress	4,852	3,377	646,163	536,965
Other Property, Net	—	—	77,902	87,429
Total Noncurrent Assets	44,281	45,278	6,297,836	5,931,232
Total Assets	101,187	88,244	6,978,834	6,541,067
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	6,561	—	117,202	47,857
Total Assets and Deferred Outflows of Resources	\$ 107,748	\$ 88,244	\$ 7,096,036	\$ 6,588,924

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2015	2014
<b>ASSETS</b>		
<i>Current Assets</i>		
Operating Cash and Equity in Pooled Investments	\$ 27,690	\$ 24,792
Restricted Cash and Equity in Pooled Investments	12,178	20,014
Receivables, Net of Allowances		
Accounts	274	240
Interest and Dividends	43	88
Unbilled	346	24
Energy Contracts, Notes, and Other Contracts	—	—
Due from Other Funds	10,917	9,517
Due from Other Governments	136	159
Materials and Supplies Inventory	4,042	2,786
Prepayments and Other Current Assets	109	425
Total Current Assets	55,735	58,045
<i>Noncurrent Assets</i>		
Restricted Cash and Equity in Pooled Investments	51,984	58,383
Notes and Contracts Receivable	—	—
Conservation Costs, Net	—	—
Landfill Closure and Postclosure Costs, Net	—	—
Environmental Costs and Recoveries	—	—
External Infrastructure Costs	—	—
Regulatory Asset	—	—
Other Charges	—	—
Capital Assets		
Land and Land Rights	108,852	108,832
Plant in Service, Excluding Land	—	—
Less Accumulated Depreciation	—	—
Buildings and Improvements	715,937	717,627
Less Accumulated Depreciation	(227,993)	(211,792)
Machinery and Equipment	233,956	223,388
Less Accumulated Depreciation	(135,429)	(135,206)
Construction in Progress	31,038	3,309
Other Property, Net	—	—
Total Noncurrent Assets	778,345	764,541
Total Assets	834,080	822,586
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	17,796	—
Total Assets and Deferred Outflows of Resources	\$ 851,876	\$ 822,586

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2015	2014	2015	2014
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 77,849	\$ 63,298	\$ 10,262	\$ 8,736
Salaries, Benefits, and Payroll Taxes Payable	10,248	9,213	4,649	2,543
Compensated Absences Payable	3,631	1,979	457	468
Due to Other Funds	10,964	10,903	5,646	5,146
Due to Other Governments	—	—	—	—
Interest Payable	34,010	29,970	12,364	16,207
Taxes Payable	9,365	7,813	746	707
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	105,915	104,915	41,615	35,015
Claims Payable	16,392	27,676	2,249	1,196
Notes and Contracts Payable	—	—	1,125	1,125
Habitat Conservation Program Liability	—	—	906	1,138
Landfill Closure and Postclosure Liability	—	—	—	—
Unearned Revenues and Other Credits	23,259	19,821	4,553	3,289
Other Current Liabilities	2,980	2,467	30	—
Total Current Liabilities	294,613	278,055	84,602	75,570
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	19,354	16,767	4,841	4,845
Claims Payable	42,339	42,895	2,600	3,802
Public Works Trust Loan	—	—	21,217	14,996
Landfill Closure and Postclosure Liability	—	—	—	—
Vendor and Other Deposits Payable	—	—	25	—
Habitat Conservation Program Liability	—	—	7,156	6,493
Unearned Revenues and Other Credits	6,400	6,902	324	347
Unfunded Other Post Employment Benefits	8,052	7,569	2,703	2,565
Net Pension Liability	271,797	—	82,685	—
Other Noncurrent Liabilities	—	134	4	15
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,090,831	1,925,192	899,911	877,256
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	2,438,773	1,999,459	1,021,466	910,319
Total Liabilities	2,733,386	2,277,514	1,106,068	985,889
<b>DEFERRED INFLOWS OF RESOURCES</b>	89,847	111,486	35,193	27,876

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2015	2014	2015	2014
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 10,696	\$ 10,178	\$ 13,843	\$ 10,976
Salaries, Benefits, and Payroll Taxes Payable	5,010	2,417	1,514	805
Compensated Absences Payable	432	446	150	149
Due to Other Funds	8,250	9,221	1,893	1,246
Due to Other Governments	12,732	11,589	—	—
Interest Payable	6,994	7,226	2,902	2,149
Taxes Payable	310	299	372	471
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	19,080	18,215	5,750	4,895
Claims Payable	4,813	3,566	2,375	811
Notes and Contracts Payable	1,212	1,202	—	—
Habitat Conservation Program Liability	—	—	—	—
Landfill Closure and Postclosure Liability	—	—	1,522	1,063
Unearned Revenues and Other Credits	2,518	2,888	4,961	4,704
Other Current Liabilities	641	581	397	—
Total Current Liabilities	72,688	67,828	35,679	27,269
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	4,567	4,625	1,584	1,542
Claims Payable	72,919	72,795	8,048	900
Public Works Trust Loan	15,353	16,566	—	—
Landfill Closure and Postclosure Liability	—	—	14,163	14,990
Vendor and Other Deposits Payable	1,749	1,018	—	—
Habitat Conservation Program Liability	—	—	—	—
Unearned Revenues and Other Credits	—	—	—	—
Unfunded Other Post Employment Benefits	2,580	2,505	860	895
Net Pension Liability	77,047	—	28,188	—
Other Noncurrent Liabilities	101	59	—	20
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	625,905	646,693	210,310	177,522
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	800,221	744,261	263,153	195,869
Total Liabilities	872,909	812,089	298,832	223,138
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	18,481	15,795

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2015	2014	2015	2014
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 1,384	\$ 2,266	\$ 114,034	\$ 95,454
Salaries, Benefits, and Payroll Taxes Payable	3,223	1,626	24,644	16,604
Compensated Absences Payable	350	318	5,020	3,360
Due to Other Funds	572	510	27,325	27,026
Due to Other Governments	—	—	12,732	11,589
Interest Payable	676	711	56,946	56,263
Taxes Payable	85	85	10,878	9,375
General Obligation Bonds Due Within One Year	3,280	2,950	3,280	2,950
Revenue Bonds Due Within One Year	—	—	172,360	163,040
Claims Payable	265	53	26,094	33,302
Notes and Contracts Payable	—	—	2,337	2,327
Habitat Conservation Program Liability	—	—	906	1,138
Landfill Closure and Postclosure Liability	—	—	1,522	1,063
Unearned Revenues and Other Credits	—	—	35,291	30,702
Other Current Liabilities	63	—	4,111	3,048
Total Current Liabilities	9,898	8,519	497,480	457,241
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	7,600	6,494	7,600	6,494
Compensated Absences Payable	3,052	2,763	33,398	30,542
Claims Payable	368	132	126,274	120,524
Public Works Trust Loan	—	—	36,570	31,562
Landfill Closure and Postclosure Liability	—	—	14,163	14,990
Vendor and Other Deposits Payable	50	38	1,824	1,056
Habitat Conservation Program Liability	—	—	7,156	6,493
Unearned Revenues and Other Credits	19,054	16,295	25,778	23,544
Unfunded Other Post Employment Benefits	1,784	1,674	15,979	15,208
Net Pension Liability	52,520	—	512,237	—
Other Noncurrent Liabilities	—	—	105	228
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	52,833	56,293	52,833	56,293
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	3,826,957	3,626,663
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	137,261	83,689	4,660,874	3,933,597
Total Liabilities	147,159	92,208	5,158,354	4,390,838
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	143,521	155,157

The accompanying notes are an integral part of these financial statements.

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2015	2014
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 11,519	\$ 8,036
Salaries, Benefits, and Payroll Taxes Payable	5,679	3,213
Compensated Absences Payable	682	595
Due to Other Funds	3,155	2,454
Due to Other Governments	38	4
Interest Payable	2,392	3,172
Taxes Payable	90	51
General Obligation Bonds Due Within One Year	23,776	21,559
Revenue Bonds Due Within One Year	—	—
Claims Payable	472	577
Notes and Contracts Payable	—	—
Habitat Conservation Program Liability	—	—
Landfill Closure and Postclosure Liability	—	—
Unearned Revenues and Other Credits	—	—
Other Current Liabilities	336	57
Total Current Liabilities	48,139	39,718
<i>Noncurrent Liabilities</i>		
Advances from Other Funds/Interfund Notes Payable	—	—
Compensated Absences Payable	6,308	6,058
Claims Payable	1,688	1,434
Public Works Trust Loan	—	—
Landfill Closure and Postclosure Liability	—	—
Vendor and Other Deposits Payable	225	104
Habitat Conservation Program Liability	—	—
Unearned Revenues and Other Credits	—	—
Unfunded Other Post Employment Benefits	3,330	3,284
Net Pension Liability	101,384	—
Other Noncurrent Liabilities	1	3
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	243,984	254,907
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—
Bond Interest Payable	—	—
Total Noncurrent Liabilities	356,920	265,790
Total Liabilities	405,059	305,508
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2015	2014	2015	2014
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 1,169,562	\$ 1,100,783	\$ 388,809	\$ 351,175
Restricted for				
Rate Stabilization Account	25,000	25,047	—	—
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	7,496	7,064
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	—	—	—	—
Muckleshoot Settlement	—	—	—	—
Other Charges	—	—	5,030	4,726
Unrestricted	(62,344)	149,715	(41,226)	30,075
Total Net Position	1,132,218	1,275,545	360,109	393,040
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,955,451	\$ 3,664,545	\$ 1,501,370	\$ 1,406,805

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2015	2014	2015	2014
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 353,150	\$ 301,793	\$ 16,277	\$ 10,748
Restricted for				
Rate Stabilization Account	—	—	—	—
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	—	—
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	7,218	7,061	—	—
Muckleshoot Settlement	—	—	—	—
Other Charges	14,449	14,140	—	—
Unrestricted	(44,915)	21,104	(4,934)	23,462
Total Net Position	329,902	344,098	11,343	34,210
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,202,811	\$ 1,156,187	\$ 328,656	\$ 273,143

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2015	2014	2015	2014
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ (11,904)	\$ (14,004)	\$ 1,915,894	\$ 1,750,495
Restricted for				
Rate Stabilization Account	—	—	25,000	25,047
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	7,496	7,064
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	—	—	7,218	7,061
Muckleshoot Settlement	—	—	—	—
Other Charges	—	—	19,479	18,866
Unrestricted	(27,507)	10,040	(180,926)	234,396
Total Net Position	(39,411)	(3,964)	1,794,161	2,042,929
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 107,748	\$ 88,244	\$ 7,096,036	\$ 6,588,924
Total Net Position as above			\$ 1,794,161	\$ 2,042,929
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds			27,104	19,032
Net Position of Business-type Activities			\$ 1,821,265	\$ 2,061,961

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2015 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2015	2014
Net Investment in Capital Assets	\$ 469,961	\$ 459,033
Restricted for		
Rate Stabilization Account	—	—
Special Deposits and Other	—	—
Conservation and Environmental Costs	—	—
Bonneville Power Administration Projects	—	—
External Infrastructure Costs	—	—
Muckleshoot Settlement	—	—
Other Charges	—	—
Unrestricted	(23,144)	58,045
Total Net Position	446,817	517,078
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 851,876	\$ 822,586

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2015	2014	2015	2014
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 882,857	\$ 886,444	\$ 251,977	\$ 242,946
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	213,621	214,262	—	—
Short-Term Wholesale Power Purchases	26,812	14,912	—	—
Generation	34,822	34,962	—	—
Transmission	54,289	52,833	—	—
Distribution	65,052	59,753	—	—
Conservation and Other Power Expenses	53,897	58,151	—	—
Planning and Development	—	—	1,582	1,447
Utility Systems Management	—	—	14,622	14,576
Field Operations	—	—	31,367	27,315
Project Delivery	—	—	6,664	4,332
Customer Services	38,302	37,621	8,034	6,252
Wastewater Treatment	—	—	—	—
Solid Waste Collection	—	—	—	—
Operations and Maintenance	—	—	—	—
General and Administrative	92,108	75,774	38,947	38,916
City Business and Occupation Taxes	45,534	44,588	32,133	30,657
Other Taxes	35,580	35,420	10,214	9,484
Amortization of Landfill and Postclosure Costs	—	—	—	—
Depreciation and Other Amortization	112,000	105,813	50,043	51,466
Total Operating Expenses	772,017	734,089	193,606	184,445
Operating Income (Loss)	110,840	152,355	58,371	58,501
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	6,270	7,933	2,838	3,082
Interest Expense	(84,721)	(83,855)	(39,393)	(41,525)
Amortization of Bonds Premiums and Discounts, Net	12,176	11,151	3,940	3,286
Amortization of Refunding Loss	(2,933)	(3,752)	(1,649)	(1,251)
Bond Issuance Costs	(966)	(1,473)	—	—
Gain (Loss) on Sale of Capital Assets	921	1,876	2,518	(720)
Contributions and Grants	4,595	3,783	217	182
Others, Net	4,952	4,942	969	1,017
Total Nonoperating Revenues (Expenses)	(59,706)	(59,395)	(30,560)	(35,929)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	51,134	92,960	27,811	22,572
Capital Contributions and Grants	39,375	28,368	10,394	8,932
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	—	—	—	—
Change in Net Position	90,509	121,328	38,205	31,504
Net Position - Beginning of Year	1,275,545	1,154,217	393,040	361,536
Prior-Year Adjustment	(233,836)	—	(71,136)	—
Net Position - Beginning of Year as Restated	1,041,709	1,154,217	321,904	361,536
Net Position - End of Year	\$ 1,132,218	\$ 1,275,545	\$ 360,109	\$ 393,040

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, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2015	2014	2015	2014
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 363,779	\$ 342,000	\$ 174,788	\$ 157,498
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	—	—	—	—
Short-Term Wholesale Power Purchases	—	—	—	—
Generation	—	—	—	—
Transmission	—	—	—	—
Distribution	—	—	—	—
Conservation and Other Power Expenses	—	—	—	—
Planning and Development	1,750	1,787	203	163
Utility Systems Management	11,249	11,374	10,617	1,661
Field Operations	29,593	26,431	6,950	7,216
Project Delivery	9,790	8,100	1,103	546
Customer Services	6,472	4,403	6,592	5,035
Wastewater Treatment	150,326	140,307	—	—
Solid Waste Collection	—	—	100,042	96,867
Operations and Maintenance	—	—	—	—
General and Administrative	22,064	25,034	14,250	14,493
City Business and Occupation Taxes	42,876	40,266	17,987	17,716
Other Taxes	4,549	4,329	2,588	2,506
Amortization of Landfill and Postclosure Costs	—	—	1,300	1,301
Depreciation and Other Amortization	23,452	22,190	8,109	8,188
Total Operating Expenses	302,121	284,221	169,741	155,692
Operating Income (Loss)	61,658	57,779	5,047	1,806
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	3,646	4,009	725	751
Interest Expense	(22,156)	(20,616)	(5,651)	(5,798)
Amortization of Bonds Premiums and Discounts, Net	1,709	1,542	736	478
Amortization of Refunding Loss	(394)	(384)	(179)	(109)
Bond Issuance Costs	—	—	—	—
Gain (Loss) on Sale of Capital Assets	(229)	(817)	(443)	2,420
Contributions and Grants	1,482	978	584	953
Others, Net	1,003	170	565	1,338
Total Nonoperating Revenues (Expenses)	(14,939)	(15,118)	(3,663)	33
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	46,719	42,661	1,384	1,839
Capital Contributions and Grants	10,346	10,752	—	78
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	(4,975)	(4,949)	—	—
Change in Net Position	52,090	48,464	1,384	1,917
Net Position - Beginning of Year	344,098	295,634	34,210	32,293
Prior-Year Adjustment	(66,286)	—	(24,251)	—
Net Position - Beginning of Year as Restated	277,812	295,634	9,959	32,293
Net Position - End of Year	\$ 329,902	\$ 344,098	\$ 11,343	\$ 34,210

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2015	2014	2015	2014
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 74,566	\$ 65,548	\$ 1,747,967	\$ 1,694,436
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	—	—	213,621	214,262
Short-Term Wholesale Power Purchases	—	—	26,812	14,912
Generation	—	—	34,822	34,962
Transmission	—	—	54,289	52,833
Distribution	—	—	65,052	59,753
Conservation and Other Power Expenses	—	—	53,897	58,151
Planning and Development	—	—	3,535	3,397
Utility Systems Management	—	—	36,488	27,611
Field Operations	—	—	67,910	60,962
Project Delivery	—	—	17,557	12,978
Customer Services	—	—	59,400	53,311
Wastewater Treatment	—	—	150,326	140,307
Solid Waste Collection	—	—	100,042	96,867
Operations and Maintenance	56,058	50,899	56,058	50,899
General and Administrative	13,519	11,580	180,888	165,797
City Business and Occupation Taxes	17	16	138,547	133,243
Other Taxes	37	35	52,968	51,774
Amortization of Landfill and Postclosure Costs	—	—	1,300	1,301
Depreciation and Other Amortization	2,519	2,589	196,123	190,246
Total Operating Expenses	72,150	65,119	1,509,635	1,423,566
Operating Income (Loss)	2,416	429	238,332	270,870
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	459	480	13,938	16,255
Interest Expense	(2,787)	(2,939)	(154,708)	(154,733)
Amortization of Bonds Premiums and Discounts, Net	198	198	18,759	16,655
Amortization of Refunding Loss	—	—	(5,155)	(5,496)
Bond Issuance Costs	—	—	(966)	(1,473)
Gain (Loss) on Sale of Capital Assets	—	—	2,767	2,759
Contributions and Grants	210	259	7,088	6,155
Others, Net	310	—	7,799	7,467
Total Nonoperating Revenues (Expenses)	(1,610)	(2,002)	(110,478)	(112,411)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	806	(1,573)	127,854	158,459
Capital Contributions and Grants	—	—	60,115	48,130
Transfers In	12,337	11,512	12,337	11,512
Transfers Out	(3,406)	—	(3,406)	—
Environmental Remediation	—	—	(4,975)	(4,949)
Change in Net Position	9,737	9,939	191,925	213,152
Net Position - Beginning of Year	(3,964)	(13,903)	2,042,929	1,829,777
Prior-Year Adjustment	(45,184)	—	(440,693)	—
Net Position - Beginning of Year as Restated	(49,148)	(13,903)	1,602,236	1,829,777
Net Position - End of Year	\$ (39,411)	\$ (3,964)	1,794,161	2,042,929
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			27,104	19,032
Net Position of Business-Type Activities			\$ 1,821,265	\$ 2,061,961
Change in Net Position as above			\$ 191,925	\$ 213,152
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			8,072	8,185
Adjusted Change in Net Position of Business-Type Activities			\$ 199,997	\$ 221,337

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2015	2014
<b>OPERATING REVENUES</b>		
Charges for Services and Other Revenues	\$ 242,748	\$ 214,971
<b>OPERATING EXPENSES</b>		
Long-Term Purchased Power	—	—
Short-Term Wholesale Power Purchases	—	—
Generation	—	—
Transmission	—	—
Distribution	—	—
Conservation and Other Power Expenses	—	—
Planning and Development	—	—
Utility Systems Management	—	—
Field Operations	—	—
Project Delivery	—	—
Customer Services	—	—
Wastewater Treatment	—	—
Solid Waste Collection	—	—
Operations and Maintenance	155,609	143,593
General and Administrative	23,157	18,979
City Business and Occupation Taxes	4	4
Other Taxes	468	419
Amortization of Landfill and Postclosure Costs	—	—
Depreciation and Other Amortization	35,507	34,600
Total Operating Expenses	214,745	197,595
Operating Income (Loss)	28,003	17,376
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and Interest Income	517	1,376
Interest Expense	(8,953)	(10,609)
Amortization of Bonds Premiums and Discounts, Net	2,974	2,802
Amortization of Refunding Loss	(1,105)	(161)
Bond Issuance Costs	(45)	(107)
Gain (Loss) on Sale of Capital Assets	1,381	938
Contributions and Grants	—	—
Others, Net	62	—
Total Nonoperating Revenues (Expenses)	(5,169)	(5,761)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	22,834	11,615
Capital Contributions and Grants	(53)	20,392
Transfers In	341	301
Transfers Out	(6,159)	(6,069)
Environmental Remediation	—	—
Change in Net Position	16,963	26,239
Net Position - Beginning of Year	517,078	490,839
Prior-Year Adjustment	(87,224)	—
Net Position - Beginning of Year as Restated	429,854	490,839
Net Position - End of Year	\$ 446,817	\$ 517,078

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 838,498	\$ 869,121	\$ 261,206	\$ 256,195
Cash Paid to Suppliers	(354,870)	(315,600)	(32,734)	(25,846)
Cash Paid to Employees	(177,028)	(173,595)	(62,301)	(62,566)
Cash Paid for Taxes	(78,548)	(82,344)	(42,169)	(39,863)
Net Cash from Operating Activities	228,052	297,582	124,002	127,920
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt and Interfund Loans	(12,259)	(37,257)	—	—
Interest Paid on Long-Term Debt	(10,482)	(33,693)	—	—
Operating Grants Received	4,594	5,207	235	202
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	2,225	6,722	—	—
Payments to Vendors on Behalf of Customers for Conservation	(35,230)	(33,111)	—	—
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	—	—	—	—
Net Cash from Noncapital Financing Activities	(51,152)	(92,132)	235	202
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	283,730	299,397	391,564	—
Principal Payments on Long-Term Debt and Refunding	(92,656)	(62,413)	(364,182)	(34,670)
Capital Expenses and Other Charges Paid	(338,872)	(285,448)	(84,404)	(51,926)
Interest Paid on Long-Term Debt	(79,225)	(56,443)	(43,581)	(41,620)
Capital Fees and Grants Received	34,686	24,281	8,876	4,388
Payment to Trustee for Defeased Bonds	—	(127,102)	—	—
Interest Received for Suburban Infrastructure Improvements	2,110	2,063	—	—
Debt Issuance Costs	(966)	(1,663)	(1,907)	—
Proceeds from Sale of Capital Assets	1,077	2,006	5,987	196
Net Cash from Capital and Related Financing Activities	(190,116)	(205,322)	(87,647)	(123,632)
<b>CASH FLOWS FROM INVESTING ACTIVITIES*</b>				
Interest and Investment Income (Loss)	4,102	5,797	807	1,086
Net Cash from Investing Activities	4,102	5,797	807	1,086
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(9,114)	5,925	37,397	5,576
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	426,732	420,807	100,177	94,599
End of Year	\$ 417,618	\$ 426,732	\$ 137,574	\$ 100,175
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 152,488	\$ 128,343	\$ 42,330	\$ 43,553
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	265,130	298,389	95,244	56,622
Total Cash at the End of the Year	\$ 417,618	\$ 426,732	\$ 137,574	\$ 100,175

\* 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.

## The City of Seattle

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 358,746	\$ 346,022	\$ 183,505	\$ 175,240
Cash Paid to Suppliers	(169,893)	(155,801)	(109,107)	(109,584)
Cash Paid to Employees	(57,019)	(57,034)	(22,675)	(22,087)
Cash Paid for Taxes	(47,181)	(44,634)	(20,942)	(20,642)
Net Cash from Operating Activities	84,653	88,553	30,781	22,927
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt and Interfund Loans	—	—	—	—
Interest Paid on Long-Term Debt	—	—	—	—
Operating Grants Received	799	1,029	818	838
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	—	—	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—	—	—
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	(1,791)	(1,850)	(1,358)	—
Net Cash from Noncapital Financing Activities	(992)	(821)	(540)	838
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	—	144,425	39,274	107,496
Principal Payments on Long-Term Debt and Refunding	(19,229)	(42,524)	(4,820)	(49,017)
Capital Expenses and Other Charges Paid	(117,458)	(89,353)	(53,841)	(29,590)
Interest Paid on Long-Term Debt	(27,614)	(25,429)	(7,732)	(6,977)
Capital Fees and Grants Received	5,773	1,887	—	78
Payment to Trustee for Defeased Bonds	—	—	—	—
Interest Received for Suburban Infrastructure Improvements	—	—	—	—
Debt Issuance Costs	—	(865)	(298)	(630)
Proceeds from Sale of Capital Assets	687	222	257	2,420
Net Cash from Capital and Related Financing Activities	(157,841)	(11,637)	(27,160)	23,780
<b>CASH FLOWS FROM INVESTING ACTIVITIES*</b>				
Interest and Investment Income (Loss)	1,927	2,262	706	703
Net Cash from Investing Activities	1,927	2,262	706	703
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(72,253)	78,357	3,787	48,248
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	200,733	122,376	81,568	33,320
End of Year	\$ 128,480	\$ 200,733	\$ 85,355	\$ 81,568
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 100,901	\$ 101,301	\$ 42,220	\$ 32,395
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	27,579	99,432	43,135	49,173
Total Cash at the End of the Year	\$ 128,480	\$ 200,733	\$ 85,355	\$ 81,568

\* 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.



## Fund Financial Statements

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 79,580	\$ 69,905	\$ 1,721,535	\$ 1,716,483
Cash Paid to Suppliers	(33,311)	(31,367)	(699,915)	(638,198)
Cash Paid to Employees	(33,977)	(31,075)	(353,000)	(346,357)
Cash Paid for Taxes	(1,585)	(1,676)	(190,425)	(189,159)
Net Cash from Operating Activities	10,707	5,787	478,195	542,769
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt and Interfund Loans	(6,494)	(5,050)	(18,753)	(42,307)
Interest Paid on Long-Term Debt	—	—	(10,482)	(33,693)
Operating Grants Received	118	194	6,564	7,470
Transfers In	8,931	11,512	8,931	11,512
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	—	—	2,225	6,722
Payments to Vendors on Behalf of Customers for Conservation	—	—	(35,230)	(33,111)
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	7,600	6,494	7,600	6,494
Payments for Environmental Liabilities	—	—	(3,149)	(1,850)
Net Cash from Noncapital Financing Activities	10,155	13,150	(42,294)	(78,763)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	—	—	714,568	551,318
Principal Payments on Long-Term Debt and Refunding	(2,950)	(1,857)	(483,837)	(190,481)
Capital Expenses and Other Charges Paid	(1,478)	(814)	(596,053)	(457,131)
Interest Paid on Long-Term Debt	(2,823)	(3,740)	(160,975)	(134,209)
Capital Fees and Grants Received	—	—	49,335	30,634
Payment to Trustee for Defeased Bonds	—	—	—	(127,102)
Interest Received for Suburban Infrastructure Improvements	—	—	2,110	2,063
Debt Issuance Costs	—	—	(3,171)	(3,158)
Proceeds from Sale of Capital Assets	—	—	8,008	4,844
Net Cash from Capital and Related Financing Activities	(7,251)	(6,411)	(470,015)	(323,222)
<b>CASH FLOWS FROM INVESTING ACTIVITIES*</b>				
Interest and Investment Income (Loss)	442	467	7,984	10,315
Net Cash from Investing Activities	442	467	7,984	10,315
Net Increase (Decrease) in Cash and Equity in Pooled Investments	14,053	12,993	(26,130)	151,099
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	40,668	27,675	849,876	698,777
End of Year	\$ 54,721	\$ 40,668	\$ 823,746	\$ 849,876
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 54,671	\$ 40,630	\$ 392,610	\$ 346,222
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	50	38	431,138	503,654
Total Cash at the End of the Year	\$ 54,721	\$ 40,668	\$ 823,748	\$ 849,876

\* 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.

## The City of Seattle

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2015	2014
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 241,134	\$ 212,069
Cash Paid to Suppliers	(82,522)	(77,565)
Cash Paid to Employees	(87,809)	(82,954)
Cash Paid for Taxes	(433)	(404)
Net Cash from Operating Activities	70,370	51,146
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt and Interfund Loans	—	—
Interest Paid on Long-Term Debt	—	—
Operating Grants Received	88	473
Transfers In	341	301
Transfers Out	(6,159)	(6,069)
Bonneville Receipts for Conservation	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—
Loans Provided to Other Funds	—	—
Payments for Environmental Liabilities	—	—
Net Cash from Noncapital Financing Activities	(5,730)	(5,295)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Sale of Bonds and Other Long-Term Debt	8,913	(205)
Principal Payments on Long-Term Debt and Refunding	(16,945)	14,926
Capital Expenses and Other Charges Paid	(60,211)	(22,384)
Interest Paid on Long-Term Debt	(9,733)	(10,942)
Capital Fees and Grants Received	(141)	—
Payment to Trustee for Defeased Bonds	—	—
Interest Received for Suburban Infrastructure Improvements	—	—
Debt Issuance Costs	(45)	(107)
Proceeds from Sale of Capital Assets	1,623	1,103
Net Cash from Capital and Related Financing Activities	(76,539)	(17,609)
<b>CASH FLOWS FROM INVESTING ACTIVITIES*</b>		
Interest and Investment Income (Loss)	562	1,335
Net Cash from Investing Activities	562	1,335
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(11,337)	29,577
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>		
Beginning of Year	103,189	73,612
End of Year	\$ 91,852	\$ 103,189
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>		
Operating Cash and Equity in Pooled Investments	\$ 27,690	\$ 24,792
Current Restricted Cash and Equity in Pooled Investments	12,178	20,014
Noncurrent Restricted Cash and Equity in Pooled Investments	51,984	58,383
Total Cash at the End of the Year	\$ 91,852	\$ 103,189

\* 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.



## Fund Financial Statements

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2015	2014	2015	2014
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 110,840	\$ 152,355	\$ 58,371	\$ 58,501
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	112,000	105,813	50,043	51,466
Depreciation Charged to O&M Accounts	6,310	2,289	—	—
Amortization of Other Liabilities and Other Operating Expenses	25,932	22,165	1,692	—
Nonoperating Revenues and Expenses	5,047	5,193	2,204	2,222
Changes in Operating Assets and Liabilities				
Accounts Receivable	(5,247)	(9,339)	(786)	380
Unbilled Receivables	(5,906)	14,208	(184)	315
Other Receivables	(1,145)	17	—	—
Due from Other Funds	(2,056)	(1,457)	(133)	(56)
Due from Other Governments	(262)	193	(77)	781
Materials and Supplies Inventory	(2,010)	1,192	37	(67)
Accounts Payable	14,551	3,676	1,526	2,055
Salaries, Benefits, and Payroll Taxes Payable	1,035	1,786	2,107	442
Compensated Absences Payable	4,238	1,236	(15)	458
Due to Other Funds	61	1,152	500	1,054
Due to Other Governments	—	—	—	(69)
Claims Payable	(11,840)	(1,380)	(149)	122
Taxes Payable	1,552	(2,707)	39	2
Unearned Revenues and Other Credits	2,937	7,527	1,241	1,665
Other Assets and Liabilities	(4,622)	(10,707)	268	191
Rate Stabilization	(23,363)	4,370	7,318	8,458
Total Adjustments	117,212	145,227	65,631	69,419
Net Cash from Operating Activities	<u>\$ 228,052</u>	<u>\$ 297,582</u>	<u>\$ 124,002</u>	<u>\$ 127,920</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 1,398	\$ 3,623	\$ 1,602	\$ 4,670
Amortization of Debt Related Costs, Net	9,243	7,399	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	8,947	5,757	—	—
Power Exchange Revenues	16,950	25,321	—	—
Power Exchange Expenses	(17,584)	(25,592)	—	—
Power Revenue Netted against Power Expenses	6,550	6,098	—	—
Power Expense Netted against Power Revenues	(8,453)	(17,051)	—	—
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 17,051</u>	<u>\$ 5,555</u>	<u>\$ 1,602</u>	<u>\$ 4,670</u>

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2015	2014	2015	2014
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 61,658	\$ 57,779	\$ 5,047	\$ 1,806
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	23,452	22,190	8,109	8,187
Depreciation Charged to O&M Accounts	—	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	1,577	—	577	—
Nonoperating Revenues and Expenses	2,285	1,384	1,076	2,115
Changes in Operating Assets and Liabilities				
Accounts Receivable	(1,836)	3,129	(268)	360
Unbilled Receivables	(440)	(229)	57	(6)
Other Receivables	—	—	—	—
Due from Other Funds	119	32	7	43
Due from Other Governments	(3,856)	268	(250)	79
Materials and Supplies Inventory	(164)	(104)	(34)	39
Accounts Payable	518	(1,766)	2,867	2,070
Salaries, Benefits, and Payroll Taxes Payable	2,593	229	709	74
Compensated Absences Payable	(73)	548	44	36
Due to Other Funds	(971)	3,685	648	(415)
Due to Other Governments	1,144	(36)	—	—
Claims Payable	(1,960)	256	8,711	3
Taxes Payable	11	(35)	(100)	(122)
Unearned Revenues and Other Credits	370	—	257	—
Other Assets and Liabilities	226	1,223	638	(1,891)
Rate Stabilization	—	—	2,686	10,549
Total Adjustments	22,995	30,773	25,734	21,120
Net Cash from Operating Activities	<u>\$ 84,653</u>	<u>\$ 88,553</u>	<u>\$ 30,781</u>	<u>\$ 22,927</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 4,583	\$ 7,263	\$ —	\$ —
Amortization of Debt Related Costs, Net	—	—	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	—	—	—	—
Power Exchange Revenues	—	—	—	—
Power Exchange Expenses	—	—	—	—
Power Revenue Netted against Power Expenses	—	—	—	—
Power Expense Netted against Power Revenues	—	—	—	—
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 4,583</u>	<u>\$ 7,263</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2015	2014	2015	2014
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 2,416	\$ 429	\$ 238,332	\$ 270,870
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	2,519	2,588	196,123	190,245
Depreciation Charged to O&M Accounts	—	—	6,310	2,289
Amortization of Other Liabilities and Other Operating Expenses	774	—	30,552	22,165
Nonoperating Revenues and Expenses	310	—	10,922	10,914
Changes in Operating Assets and Liabilities				
Accounts Receivable	144	134	(7,993)	(5,336)
Unbilled Receivables	—	—	(6,473)	14,287
Other Receivables	—	—	(1,145)	17
Due from Other Funds	(52)	162	(2,115)	(1,276)
Due from Other Governments	92	65	(4,353)	1,386
Materials and Supplies Inventory	—	—	(2,171)	1,060
Accounts Payable	(883)	(557)	18,579	5,477
Salaries, Benefits, and Payroll Taxes Payable	1,597	303	8,041	2,835
Compensated Absences Payable	321	66	4,515	2,343
Due to Other Funds	62	132	300	5,607
Due to Other Governments	—	—	1,144	(104)
Claims Payable	447	4	(4,791)	(995)
Taxes Payable	—	5	1,502	(2,856)
Unearned Revenues and Other Credits	2,759	2,220	7,564	11,412
Other Assets and Liabilities	201	236	(3,289)	(10,949)
Rate Stabilization	—	—	(13,359)	23,376
Total Adjustments	8,291	5,358	239,863	271,898
Net Cash from Operating Activities	<u>\$ 10,707</u>	<u>\$ 5,787</u>	<u>\$ 478,195</u>	<u>\$ 542,768</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ —	\$ —	\$ 7,583	\$ 15,556
Amortization of Debt Related Costs, Net	—	—	9,243	7,399
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	—	—	8,947	5,757
Power Exchange Revenues	—	—	16,950	25,321
Power Exchange Expenses	—	—	(17,584)	(25,592)
Power Revenue Netted against Power Expenses	—	—	6,550	6,098
Power Expense Netted against Power Revenues	—	—	(8,453)	(17,051)
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,236</u>	<u>\$ 17,488</u>

The accompanying notes are an integral part of these financial statements.

## The City of Seattle

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### STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2015	2014
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 28,003	\$ 17,376
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>		
Depreciation and Amortization	35,507	34,600
Depreciation Charged to O&M Accounts	—	—
Amortization of Other Liabilities and Other Operating Expenses	1,819	—
Nonoperating Revenues and Expenses	62	—
Changes in Operating Assets and Liabilities	—	—
Accounts Receivable	(35)	(25)
Unbilled Receivables	(321)	227
Other Receivables	—	—
Due from Other Funds	(1,400)	(3,519)
Due from Other Governments	23	395
Materials and Supplies Inventory	(1,257)	(343)
Accounts Payable	3,483	(1,072)
Salaries, Benefits, and Payroll Taxes Payable	2,466	392
Compensated Absences Payable	337	477
Due to Other Funds	700	2,008
Due to Other Governments	34	(1)
Claims Payable	149	(13)
Taxes Payable	39	19
Unearned Revenues and Other Credits	—	—
Other Assets and Liabilities	761	625
Rate Stabilization	—	—
Total Adjustments	42,367	33,770
Net Cash from Operating Activities	<u>\$ 70,370</u>	<u>\$ 51,146</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
In-Kind Capital Contributions	\$ 7,521	\$ 30,935
Amortization of Debt Related Costs, Net	(477)	253
Change in Valuation of Power Exchange Assets or Liabilities	—	—
Allowance for Funds Used During Construction	—	—
Power Exchange Revenues	—	—
Power Exchange Expenses	—	—
Power Revenue Netted against Power Expenses	—	—
Power Expense Netted against Power Revenues	—	—
Settlement from Nextel	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 7,044</u>	<u>\$ 31,187</u>

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

### FIDUCIARY FUNDS

#### PRIVATE-PURPOSE TRUST FUND

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

Descriptions for the pension trust funds and agency funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

## The City of Seattle

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#### STATEMENT OF FIDUCIARY NET POSITION

##### FIDUCIARY FUNDS

December 31, 2015

*(In Thousands)*

	Pension Trust Funds	S. L. Denny Private-Purpose Trust	Agency Funds
<b>ASSETS</b>			
Cash and Equity in Pooled Investments	\$ 21,442	\$ 217	\$ 10,260
Short-Term Investments	186,630	—	—
<b>Receivables</b>			
Members	3,496	—	—
Employers	4,788	—	—
Interest and Dividends	3,457	—	—
Sales Proceeds	6,175	—	—
Other	880	—	48
Total Receivables	18,796	—	48
<b>Investments at Fair Value</b>			
Fixed Income	599,675	—	—
Equity	1,134,206	—	—
Real Estate	270,796	—	—
Alternative Investments	114,896	—	—
Total Investments at Fair Value	2,119,573	—	—
Securities Lending Collateral	50,952	—	—
Total Assets	2,397,393	217	10,308
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	3,696	—	782
Salaries, Benefits, and Payroll Taxes Payable	—	—	2,376
Deposits Payable	—	—	7,135
Claims/Judgments Payable	—	—	15
Securities Lending Collateral	53,633	—	—
Investment Commitments Payable	7,448	—	—
Total Liabilities	64,777	—	10,308
Net Position Restricted for Pensions	\$ 2,332,616	\$ 217	\$ —

The accompanying notes are an integral part of these financial statements.



## Fund Financial Statements

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### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

#### FIDUCIARY FUNDS

For the Year Ended December 31, 2015

(In Thousands)

	Pension Trust Funds	S.L. Denny Private-Purpose Trust
<b>ADDITIONS</b>		
<b>Contributions</b>		
Employer	\$ 138,743	\$ —
Plan Member	65,779	—
Total Contributions	204,522	—
<b>Investment Income</b>		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	(23,062)	—
Interest	11,428	2
Dividends	27,989	—
Total Investment Activities Income	16,355	2
Investment Activities Expenses		
Investment Management Fees	9,096	—
Investment Consultant Fees	295	—
Investment Custodial Fees	354	—
Total Investment Activities Expenses	9,745	—
Net Income from Investment Activities	6,610	2
From Securities Lending Activities		
Securities Lending Income	57	—
Borrower Rebates	674	—
Total Securities Lending Income	731	—
Securities Lending Expenses		
Management Fees	183	—
Total Securities Lending Expenses	183	—
Net Income from Securities Lending Activities	548	—
Total Net Investment Income	7,158	2
Other Income	2,124	—
Total Additions	213,804	2
<b>DEDUCTIONS</b>		
Benefits	198,238	—
Refund of Contributions	16,671	—
Administrative Expense	8,826	—
Total Deductions	223,735	—
Change in Net Position	(9,931)	2
Net Position - Beginning of Year	2,342,547	215
Net Position - End of Year	\$ 2,332,616	\$ 217

The accompanying notes are an integral part of these financial statements.



## **Notes to Financial Statements**

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# NOTES TO FINANCIAL STATEMENTS

## December 31, 2015

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Seattle are regulated by the Washington State Auditor's Office and conform to generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). The City's significant accounting policies are described below.

#### REPORTING ENTITY

The City of Seattle (the primary government for financial reporting purposes) consists of the funds, departments, agencies, boards and commissions (referred to in this note as organizations) over which the City exercises financial accountability, and component units over which the City is not financially accountable but is required to be reported due to the nature and significance of its relationship with the City. Additional information on the component units may be found in Note 12. The City does not have other relationships with organizations of such nature and significance that exclusion would render the City's financial statements incomplete or misleading.

#### Indicators of Financial Accountability

The financial statements include the organizations for which the elected officials of the City of Seattle 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.

#### 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 in a joint venture with King County with regard to the Seattle-King County Work Force Development Council. Additional information on the existing joint venture may be found in Note 13.

#### Organizations Excluded: Related Organizations

Organizations for which the City has appointed a voting majority of the members of the governing body, but for which the City is not financially accountable, are as follows:

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

### ACCOUNTING STANDARDS

In 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures. The City has determined that Seattle City Employees' Retirement System (SCERS) and Law Enforcement Officers' and Fire Fighters' Retirement System are subject the requirements of Statement No. 68. The requirements of Statements No. 25 and No. 50 remain applicable to the City's other pension plans that are not administered through trust or equivalent arrangements.

In 2014, the City implemented GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards for mergers, acquisitions and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. Implementation of Statement No. 69 did not impact the City's financial statements.

In 2014, the City implemented GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Implementation of Statement No. 70 did not have a significant impact on the financial statements.

In 2013, the City implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. This Statement amends: (1) certain requirements for inclusion of component units in the financial reporting entity, (2) the criteria for blending component units into the primary government's financial statements, and (3) the reporting of equity interests in component units. Implementation of GASB Statement No. 61 required no changes for the reporting of components units.

In 2013, the City implemented GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53. This Statement sets forth criteria that establish when an effective hedging relationship continues when replacement of a swap counterparty or a swap counterparty's credit support provider occurs, thereby allowing continue application of hedge accounting rules. Implementation of GASB Statement No. 64 did not impact the City's financial statements.

In 2013, the City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Implementation of GASB Statement No. 65 resulted in: the reclassification of several items previously reported as assets and liabilities, and the restatement of net position as (1) assets and deferred outflows of resources less (2) liabilities and deferred inflows of resources.

In 2013, the City implemented GASB Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62. This Statement amends: (1) GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type and (2) GASB Statement No. 62 by modifying the specific guidance on accounting for (a) operating lease payments, (b) investment of purchased loans, and (c) servicing fees related to mortgage loans. Implementation of GASB Statement No. 66 did not have a significant impact on the City's financial statements.



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## Notes to Financial Statements

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### 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 the financial position and activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on charges and fees for their services. Resources of fiduciary activities, which are not available to finance governmental programs, are excluded from the government-wide financial statements.

#### 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, reduced by the outstanding balances of any bonds, deferred inflow and outflow 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 net position use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the amounts remaining that are 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. Direct expenses include depreciation on capital assets that are clearly associated with a given function. In general, expenses related to personnel functions are reported as indirect expenses. Program revenues are revenues derived directly from the program itself. These revenues include (1) charges for services, (2) grants and contributions, and (3) capital grants and contributions. 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.

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## The City of Seattle

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The Low-Income Housing Fund accounts for activities undertaken by the City that include, but is not limited to: preserving affordable rental units, providing operating and maintenance relief, rental assistance, homebuyer assistance, and acquisition and opportunity loans. These activities are supported by various ordinances and levies dating back to 1981.

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 408,000 customers in the Seattle area as well as to other city agencies.

The Water Fund accounts for operating the City’s water utility. The Water Fund maintains approximately 1,900 miles of transmission and distribution system pipelines and 350 million gallons of distribution storage capacity in the Cedar and Tolt Rivers and Highline Well Field watersheds. The distribution system serves a population of about 1.3 million people.

The Drainage and Wastewater Fund accounts for operating the City’s sewer and drainage utility facilities and its pumping stations. These facilities and pumping stations collect the sewage of the City and discharge it into the King County Department of Natural Resources Wastewater Treatment System for treatment and disposal.

The Solid Waste Fund accounts for the collection and disposal of residential and commercial garbage, compostables, and other recyclable materials; operation of transfer stations and hazardous waste facilities; and management of the post-closure maintenance and environmental monitoring of the City’s two closed landfills. The collection and disposal or processing of garbage, yard waste, and recyclable materials is performed by private companies under contract with the Solid Waste Fund.

Additionally, the City reports the following fund types:

Internal service funds account for support services provided to other City departments, such as motor pool, office space, financial services, managing the design and construction phases of capital improvement projects, telecommunications, data communications, radio systems, and the fiber optic network.

Fiduciary funds account for assets held in a trustee or agency capacity. Fiduciary funds include:

Pension trust funds comprising: the Employees’ Retirement Fund, the Firemen’s Pension Fund, and the Police Relief and Pension Fund. 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 Firemen’s Pension Fund accounts for revenues from a portion of the state-levied fire insurance premium tax and significantly from pension and benefits contributions of the General Fund. It pays medical and pension benefits to sworn firemen. The Police Relief and Pension Fund receives support almost entirely from the General Fund to pay for sworn police personnel’s medical and pension benefits that are not covered by the state’s Law Enforcement Officers’ and Fire Fighters’ Retirement System and/or industrial insurance.

The S. L. Denny Fund, a private-purpose trust, which holds a nonexpendable gift. Investment income is available to aid disabled firemen.

The City uses agency funds to report assets that are held in a custodial relationship. Agency 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 agency funds: Guaranty Deposits, Payroll Withholding, Multifamily Rental Housing Improvement, Salary Voucher, and Pass-Through Grants Funds.

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

#### Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, deferred outflows of resources, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Basis of accounting refers to the timing of when revenues, expenses, and transfers are recognized in the accounts and reported in the financial statements.



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## Notes to Financial Statements

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### Governmental Fund Financial Statements

Financial statements for governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter (generally 60 days) to pay current liabilities. 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 are recorded when the liability is incurred except for interest on long-term debt, judgments and claims, workers' compensation, and compensated absences, which are recorded when paid.

### Proprietary Fund Financial Statements

Financial statements for proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. Certain costs in the enterprise funds are reported as an asset and expensed in future years 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.

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 activity. The principal operating revenues of the City's Light, Water, Solid Waste, Drainage and Wastewater Utilities, the Downtown Parking Garage, the Planning and Development Fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### Fiduciary Fund Financial Statements

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

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

### Prior-Year Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City of Seattle's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

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## The City of Seattle

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### 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.

### BUDGETS AND BUDGETARY ACCOUNTING

Budgetary accounts are integrated in the fund database for all budgeted funds, including capital improvement projects funds and the Community Development Block Grant (CDBG) Fund. However, the annual financial report includes budgetary comparisons for annually budgeted governmental operating funds only. Note 2, Stewardship, Compliance, and Accountability, discusses in detail the City's budgetary policies and processes.

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

#### Cash and Investments

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

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

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 on the basis of 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 quoted market prices. 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.

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

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City's need for cash.
- Investment decisions should further the City's social policies established by ordinance or policy resolutions of the City Council.
- A City social policy shall take precedence over furthering the City's financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.



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## Notes to Financial Statements

- Securities purchased shall have a maximum maturity of fifteen years, and the average maturity of all securities shall be less than five years.
- All transactions are done on a delivery-versus-payment basis.
- The standard of prudence to be used by investment personnel shall be the “Prudent Person Rule” and will be applied in the context of managing an overall portfolio.
- Securities shall not be purchased with trading or speculation as the dominant criterion for the selection of the security.

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

### Receivables

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. Notes and contracts receivable arise from a written agreement or contract 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.

### Inventories and Supplies

Inventories and supplies 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 current position. For proprietary funds these amounts are expensed as consumed. Unconsumed amounts are generally valued using the weighted-average cost method.

### Capital Assets

The City classifies assets with an estimated useful life in excess of one year as capital assets. As a general rule, items with an initial individual cost of \$5,000 or more are capitalized. Additionally, construction in progress can be declared: complete, held for future use, or abandon. Associated costs related to these declarations are reclassified as: capital assets, assets held for future use, or expense, respectively. Furthermore, the cost of renewals and betterments are capitalized, while the cost of current 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. Estimated historical costs are established based on the 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 method used is “backtrending,” i.e., deflating the current replacement cost using the appropriate price index. Donated capital assets are valued at their estimated fair market value at the time of donation. For proprietary funds, contributions of capital assets are reported under Capital Contributions and Grants in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

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## The City of Seattle

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

Utility plant in service	33 - 100 years
Buildings	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. The result of these techniques can be the reporting of accumulated depreciation in excess of the costs of capital assets.

### Restricted Assets

In accordance with the 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.

### 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 the Light and Water Utilities 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

In governmental funds the City accounts for prepayments using the consumption method and, therefore, it recognizes expenditures as prepaid items expire. The City recognizes a reservation of fund balance for prepaid items only when the amount in the fund is materially significant.

### Deferred Outflows/Inflows of Resources

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

### Accumulated Compensated Absences

Compensated absences consist of: vacation pay, sick pay, and other compensated absences. Vacation pay is comprised of unused vacation earned by employees. Vacation is earned based upon their 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. Sick pay is comprised of unused sick pay earned by employees. 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



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## Notes to Financial Statements

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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.

### 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 (Note 15 Contingencies).

### Other Accrued Liabilities

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

### Interfund Activity and Contracts/Advances

Interfund activity and balances in the funds are eliminated or reclassified in the process of aggregating data for the Statement of Net Position and the Statement of Activities.

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, mortgages receivable, 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.

### 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.

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## The City of Seattle

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### 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 the General Subfund 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 percent of forecasted tax revenues; and (3) 50 percent of unanticipated excess fund balance of the General Subfund. At no time shall the maximum funding level exceed 5 percent of the General Subfund tax revenues forecast. At the end of fiscal year 2015, the RSA reported an ending fund balance of \$45.2 million.

The City maintains the Emergency Subfund to pay for unanticipated or unplanned expenditures that occur during the course of the fiscal year. Any use of the Emergency Subfund shall be accompanied with an ordinance approved by three-fourths of the City Council. At the beginning of each year, sufficient funds shall be appropriated to the Emergency Subfund 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 Subfund during the year for any expenditure incurred, by transferring unexpended and unencumbered balance from another City fund or subfund, or from other reimbursements the City may receive. At the end of fiscal year 2015, the Emergency Subfund reported an ending fund balance of \$54.2 million.



## Notes to Financial Statements

A summary of governmental fund balances at December 31, 2015, is as follows:

**Table 1-1** **GOVERNMENTAL FUND BALANCES \***  
(In Thousands)

Fund Balances	General	Transportation	Low-Income Housing	Other Governmental	Total
Nonspendable					
General	\$ 95	\$ —	\$ —	\$ —	\$ 95
Capital and Continuing Programs	2	—	—	—	2
Library	27	—	—	—	27
Transportation	—	515	—	—	515
Employee Benefit Trust Funds	350	—	—	—	350
Parks and Recreation	—	—	—	388	388
Seattle Center	—	—	—	274	274
Permanent Funds	—	—	—	2,050	2,050
Restricted					
General	11,162	—	—	5,578	16,740
Capital and Continuing Programs	82,380	—	—	128,192	210,572
Library	13,104	—	—	9,582	22,686
Transportation	—	14,001	—	22,652	36,653
Low-Income Housing	—	—	135,079	—	135,079
Health Care Reserve	29,980	—	—	—	29,980
Parks and Recreation	—	—	—	1,679	1,679
Legal Settlement	—	—	—	223	223
Pike Place Market Renovation	—	—	—	2,857	2,857
Seattle Center	—	—	—	1,821	1,821
Wheelchair Accessibility	—	—	—	724	724
Human Services	—	—	—	4,727	4,727
Office of Housing	—	—	—	48	48
Department of Education	—	—	—	63,670	63,670
Municipal Arts	—	—	—	8,519	8,519
Debt Service	—	—	—	11,548	11,548
General Trust	—	—	—	3,801	3,801
General Donation and Gift Trusts	—	—	—	2,917	2,917
Permanent Funds	—	—	—	112	112
Committed					
General	4,208	—	—	—	4,208
Capital and Continuing Programs	24,492	—	—	—	24,492
Library	458	—	—	—	458
Transportation	—	56,481	—	—	56,481
Low-Income Housing	—	—	1,692	—	1,692
Judgment and Claims	8,765	—	—	—	8,765
Cable Television Franchise	4,458	—	—	—	4,458
Neighborhood Marching	3,302	—	—	—	3,302
Bluefield Habitat Maintenance	210	—	—	—	210
Developmental Rights	22	—	—	—	22
Employee Benefit Trust Funds	8,078	—	—	—	8,078
Health Care Reserve	41,787	—	—	—	41,787
Seattle Center	—	—	—	2,704	2,704
Human Services	—	—	—	8,071	8,071
Municipal Arts	1,517	—	—	—	1,517
Assigned					
General	3,791	—	—	—	3,791
Library	1,976	—	—	—	1,976
Parks and Recreation	—	—	—	3,215	3,215
Human Services	—	—	—	5,954	5,954
Office of Housing	—	—	—	1,835	1,835
Unassigned					
General	44,343	—	—	—	44,343
Capital and Continuing Programs	—	—	—	(22,795)	(22,795)
Revenue Stabilization Account	45,223	—	—	—	45,223
Emergency Subfund	54,198	—	—	—	54,198
Parks and Recreation	—	—	—	(8,175)	(8,175)
Seattle Streetcar	—	—	—	(3,188)	(3,188)
Total	\$ 383,928	\$ 70,997	\$ 136,771	\$ 258,983	\$ 850,679

\* Some amounts may have rounding differences with Balance Sheet.

## The City of Seattle

### (2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### BUDGETARY INFORMATION

The City budgets for the General Fund, the Library Fund, and some special revenue funds on an annual basis. The special revenue funds which have legally adopted annual budgets are the Park 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.

**Table 2-1** **APPROPRIATION CHANGES – GENERAL FUND**  
(In Thousands)

	2015
Annual Budget	\$ 1,373,947
Carryovers	
Encumbrances	4,376
Continuing Appropriations	79,864
Intrafund Eliminations	(18,261)
Budget Revisions	65,353
Budget Transfers	4
Total Budget	\$ 1,505,283

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 fund 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.

Budgetary control for the operating budget generally is maintained at the budget control level within departments with the following exceptions: the Library Fund has its total budget set at 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 Subfund 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. Beginning in 2003 the following restrictions to budget transfers within a budget year were imposed by ordinance. Total budget transfers into a budget control level may not exceed 10 percent of its original budgeted allowance, and in no case may they be greater than \$500 thousand. Total transfers out may not



## Notes to Financial Statements

exceed 25 percent 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 budget control level, departments may transfer appropriations without the City Budget Office's approval.

Budgetary comparisons for proprietary funds may be requested from the Department of Finance and Administrative Services. Budget figures consist of the adopted annual budget, which includes appropriation carryovers from previous years, and any revisions adopted by ordinance during the year. The budgetary basis is substantially the same as the accounting basis in all governmental fund types except for the treatment of encumbrances that do not lapse, those whose budgets were approved by the City Budget Office to carry over to the following year, and are included with expenditures.

### DEFICITS IN FUND BALANCES AND NET POSITION

The Downtown Parking Garage Fund reported a net position deficit of \$26.1 million at December 31, 2015, a decrease of \$484 thousand from the prior year. This is attributed to the insufficiency of revenues to fully cover its operating expenses, including annual depreciation charge of \$2.1 million and interest expenses on debt service of \$2.8 million. The original loan Ordinance 124123 authorized a cash loan of no more than \$5.0 million; this was amended by Ordinance 124348 to increase the cash loan authority to a maximum of \$9.5 million that could be provided to Downtown Parking Garage Fund to cover negative cash. At the end of December 31, 2015 the fund was provided of \$7.6 million to cover the negative cash position, a \$1.2 million increase over the \$6.4 million provided in 2014. The City's Facilities Operating Division is evaluating ways to resolve the deficit condition which may include selling the parking garage asset in 2016.

The Seattle Streetcar Fund reported a deficit fund balance of \$3.2 million as of December 31, 2015. The fund was created by Ordinance 122424 in 2007 and later amended in 2009 by Ordinance 123102 to increase the authorized interfund loan allowance from the City's Consolidated Residual Cash Pool to a maximum of \$3.7 million. This loan is to be repaid no later than December 31, 2018 from the sale of surplus property, grants, donations, transfers, and other monies as authorized by ordinance.

The Central Waterfront Improvement Fund reported a deficit fund balance of \$18.5 million as of December 31, 2015. Ordinance 123142 created this fund with specific intent that multiple partnerships, both intergovernmental and private be established for funding the urgent and necessary repairs to the Seawall and other infrastructure along the Waterfront. In recognition of this urgency, Ordinance 123761 permits this fund to use up to \$2.4 million at any one time from the City's cash pool. This ordinance was amended by Ordinance 124033 and Ordinance 124345 to increase the allowable amount of the interfund loan from the City's Consolidated Residual Cash Pool to \$31.2 million. At year end \$18.4 million of the loan authorization was used to cover the funds deficit cash position. This loan is to be repaid no later than December 31, 2016 from grants, donations, transfers and other monies as authorized by ordinance.

In 2014 the 2016 Multipurpose LTGO Bond Fund was created by Ordinance 124648. At the end of 2015 the fund reported a deficit fund balance of \$4.2 million. Ordinance 124842 authorized a maximum interfund loan of \$2.7 million for bridge financing of the North Precinct project. At year end \$2.4 million of the loan authorization was used to cover the funds deficit cash position. The loan will be repaid from the proceeds of the sale of LTGO bonds in 2016.

## The City of Seattle

### (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, 2015, 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, 2015, 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 of the City's investments in the City's name. As of December 31, 2015, the City's investment pool held the following investments.

**Table 3-1**  
**INVESTMENTS AND MATURITIES**  
**TREASURY RESIDUAL POOLED INVESTMENTS**  
*(In Thousands)*

Investments	Fair Value as of December 31, 2015	Weighted Average Maturity (Days)
Repurchase Agreements	\$ 55,063	4
U.S. Treasury and U.S. Government-Backed Securities	455,758	487
U.S. Government Agency Securities	482,719	1,213
U.S. Government Agency Mortgage-Backed Securities	219,807	1,906
Commercial Paper	219,945	25
Municipal Bonds	277,613	1,084
Bank Note	49,379	879
Total	<u>\$ 1,760,284</u>	
Weighted Average Maturity of the City's Pooled Investments		896



## Notes to Financial Statements

**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 and 125 percent of the benchmark.

To further mitigate interest rate risk a minimum of 60 percent of the Operating Portfolio and 30 percent 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. 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. The City has credit risk exposure from its holdings of senior unsecured bank notes, commercial paper, and taxable municipal bonds. To mitigate credit risk the City's investments are subject to the following restrictions:

- Maximum of 5 percent of the Pool invested in a single issuer of commercial paper, bank notes, or municipal bonds.
- Maximum of 50 percent of the Pool invested in sectors sensitive to credit risk, specifically commercial paper, bank notes and municipal bonds.
- Maximum of 25 percent of the Pool invested in commercial paper.
- Commercial paper 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, revised 9/17/15).
  - The 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 180 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.
- Municipal Bonds at the time of purchase must have one of the three highest credit ratings of a nationally recognized rating agency. The Office of the State Treasurer interprets the three highest credit ratings as AAA, AA and A including gradations within each category. For example, the lowest credit rating allowable is A3 by Moody's and A- by S&P and Fitch.
- Bank notes at the time of purchase must have a credit rating of not less than "A" by a nationally recognized rating agency.

The City subscribes to asset-backed commercial paper research from Moody's Investors Service and public finance and non-U.S. bank research from Fitch Ratings. The City conducts internal due diligence of commercial paper, bank note and municipal issuers, 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. As noted under credit risk the City will not hold more than 5 percent of a single issuer of commercial paper, senior unsecured bank notes, or municipal bonds.

## The City of Seattle

Table 3-2

### CONCENTRATION OF CREDIT RISK (In Thousands)

Issuer	Fair Value	Percent of Total Investments
Federal National Mortgage Association (Fannie Mae), FNA, and FNMA DUS	\$ 243,749	14%
Federal Home Loan Mortgage Corporation (Freddie Mac)	220,614	13
Federal Home Loan Bank	133,886	8
Federal Farm Credit Bank	104,276	6

**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, BNY Mellon, and not by the trading counterparty or the trading counterparty's trust department or agent. Additionally, the City mitigates counterparty risk by settling its trade's delivery-versus-payment through the City's contractual custodial agent.

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 are accounted for in the Employees' Retirement Fund, a fiduciary fund which 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.

Table 3-3

### SCERS' INVESTMENTS (In Thousands)

Investments	Amount
Fixed Income	\$ 599,494
Equity	1,126,488
Real Estate	270,796
Alternative Investments	114,896
Total	\$ 2,111,674

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

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



## Notes to Financial Statements

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

Investment Type	Fair Value	Investment Maturities (In Years)					N/A
		<1	1 - 5	6 - 10	>10		
Agencies	\$ 5,911	\$ 7	\$ 3,943	\$ 8	\$ 1,953	\$ —	
Alternative Investment	96	(1)	—	99	(13)	—	11
Asset Backed Security	24,422	—	6,664	7,661	10,097	—	
Commingled Funds	47,843	—	—	—	—	—	47,843
Corporate Debt	150,486	4,141	61,695	53,989	30,427	234	
Foreign Sovereign	22,840	2,725	4,737	11,777	3,601	—	
Mortgage Backed Security	135,151	66	8,895	6,443	119,747	—	
Municipal	4,914	—	310	553	4,051	—	
Pooled Fund	70,062	—	—	—	—	—	70,062
Treasury Inflation Linked Securities	21,404	534	5,239	8,572	7,059	—	
Treasury Notes and Bonds	116,364	3,778	38,039	46,776	27,771	—	
Total Fixed Income	\$ 599,493	\$ 11,250	\$ 129,522	\$ 135,878	\$ 204,693	\$ 118,150	

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

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

**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	\$ 5,911	\$ —	\$ 5,733	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 178
Alternative Investment	96	—	—	—	—	—	—	—	96
Asset Backed Security	24,422	9,738	6,416	571	248	851	762	2,245	3,591
Commingled Funds	47,843	—	—	—	—	—	—	—	47,843
Corporate Debt	150,486	1,794	7,904	35,470	68,237	21,778	8,690	3,068	3,546
Foreign Sovereign	22,840	395	2,100	8,274	3,290	2,727	—	162	5,892
Mortgage Backed Security	135,151	971	81,410	3,413	2,181	665	1,820	3,603	41,088
Municipal	4,914	1,222	2,096	1,107	130	14	58	—	286
Pooled Fund	70,062	—	—	—	—	—	—	—	70,062
Treasury Inflation Linked Securities	21,404	—	21,404	—	—	—	—	—	—
Treasury Notes and Bonds	116,364	—	116,362	—	—	—	—	—	2
Total Fixed Income	\$ 599,493	\$ 14,120	\$ 243,425	\$ 48,835	\$ 74,086	\$ 26,035	\$ 11,330	\$ 9,078	\$ 172,584

## The City of Seattle

**Table 3-6** SCERS' ASSET ALLOCATION

Asset Class	Actual	Target
Cash and short-term Investments	8.5%	—%
Equity	48.8	48.0
Fixed Income	26.0	23.0
Alternative	5.0	17.0
Real Estate	11.7	12.0
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 that 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 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 Seattle City Employees' Retirement System Board 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 the various fees paid to the institution that oversees the lending activity is reported in the fund's operating statements. Assets and liabilities include the value of the collateral that is being held.

The market value of the required collateral must meet or exceed 102 percent of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral, and is limited to a volume of less than \$75.0 million. The contractual agreement with the SCERS' custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay SCERS' income distribution by the securities' issuers while the securities are on loan. Cash and U.S. government securities were received as collateral for these loans.

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2015, SCERS has no credit risk exposure to borrowers; amounts owed to borrowers exceed the amount the borrower owes.



## Notes to Financial Statements

Table 3-7 SCERS' SECURITIES LENT AND COLLATERAL  
(In Thousands)

Type of Securities Lent	2015		2014	
	Fair Values of Securities Lent	Collateral	Fair Values of Securities Lent	Collateral
U.S. Government and Agencies	\$ 11,574	\$ 11,785	\$ 2,616	\$ 2,666
U.S. Corporate Fixed Income	4,202	4,287	1,504	1,535
U.S. Equities	36,197	37,090	12,104	12,520
International Fixed Income	525	541	219	225
International Equity	—	—	10,571	11,282
Total Securities Lent	<u>\$ 52,498</u>	<u>\$ 53,703</u>	<u>\$ 27,014</u>	<u>\$ 28,228</u>
<b>Collateral</b>	<b>2015</b>		<b>2014</b>	
Repurchase Agreements	\$ 50,450		\$ 24,690	
Asset-Backed Securities	1,055		1,110	
Payable/Receivable	2,128		2,429	
Total Collateral	<u>\$ 53,633</u>		<u>\$ 28,229</u>	
Fair Value of Collateral Held	\$ 50,942		\$ 25,229	

### REVERSE REPURCHASE AGREEMENTS

RCW 35.39.030 and City investment policy allow the investment of City moneys in excess of current City needs in reverse repurchase agreements. However, at this time, the City does not engage itself in this type of investment strategy.

## The City of Seattle

### (4) RECEIVABLES, INTERFUND TRANSACTIONS, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Table 4-1 TAX REVENUES AND RECEIVABLES  
(In Thousands)

	December 31 2015 Revenues	December 31 2015 Receivables
	\$	\$
Property Taxes	420,691	8,215
General Business and Occupation Taxes	454,086	64,958
Totals	<u>\$ 874,777</u>	<u>\$ 73,173</u>

### 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, as long as 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 \$1.62 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2015. In addition, the levy included \$1.00 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2015 levy was \$2.62 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 2013 for collection in 2014 at \$0.335 per \$1,000 of assessed value and remained at \$0.30 per \$1,000 of assessed value in 2015.

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.

### INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The City reports interfund balances between funds. The interfund balances are presented in the balance sheets for governmental funds and statements of net position for proprietary funds.

The following table shows the current interfund balances at December 31, 2015, as reported in the fund financial statements.



**Notes to Financial Statements**

**Table 4-2** **DUE FROM AND TO OTHER FUNDS <sup>a</sup>**  
*(In Thousands)*

Receivable Fund	Payable Fund(s)	Amount
<b>General</b>	Drainage and Wastewater	\$ 4,066
	Nonmajor Enterprise	50
	Nonmajor Governmental	2,284
	Internal Service	1,731
	Fiduciary	12
	Transportation	120
	Light	5,232
	Solid Waste	632
	Water	<u>2,849</u>
	Total General Fund	\$ 16,976
<b>Transportation</b>	Drainage and Wastewater	677
	Nonmajor Enterprise	166
	General	5,378
	Nonmajor Governmental	24,129
	Internal Service	83
	Transportation	2,821
	Light	1,908
	Solid Waste	124
	Water	<u>485</u>
	Total Transportation Fund	\$ 35,771
<b>Light</b>	Drainage and Wastewater	1,392
	General	210
	Nonmajor Governmental	36
	Internal Service	110
	Transportation	1
	Solid Waste	732
	Water	<u>1,056</u>
	Total Light Fund	\$ 3,537
<b>Water</b>	Drainage and Wastewater	373
	General	—
	Nonmajor Governmental	—
	Internal Service	1
	Light	384
	Solid Waste	<u>134</u>
	Total Water Fund	\$ 892
<b>Low-Income Housing</b>	Nonmajor Governmental	—
	Light	<u>223</u>
	Total Low-Income Housing Fund	\$ 223
<b>Solid Waste</b>	Drainage and Wastewater	1
	General	—
	Internal Service	—
	Light	215
	Water	<u>22</u>
	Total Solid Waste Fund	\$ 238
<b>Drainage and Wastewater</b>	Nonmajor Enterprise	13
	General	—
	Nonmajor Governmental	4
	Internal Service	6
	Transportation	116
	Light	591
	Solid Waste	11
	Water	<u>123</u>
	Total Drainage and Wastewater Fund	\$ 864

**The City of Seattle**

**Table 4-2** **DUE FROM AND TO OTHER FUNDS <sup>a</sup> (continued)**  
*(In Thousands)*

Receivable Fund	Payable Fund(s)	Amount
Nonmajor Governmental	Drainage and Wastewater	\$ 401
	General	6,364
	Nonmajor Governmental	8,253
	Internal Service	423
	Fiduciary	—
	Low-Income Housing	61
	Transportation	578
	Light	611
	Solid Waste	39
	Water	<u>120</u>
	Total Nonmajor Governmental Funds	\$ 16,850
Fiduciary	Drainage and Wastewater	1
	Light	102
	Water	<u>1</u>
	Total Fiduciary Funds	\$ 104
Nonmajor Enterprise	Drainage and Wastewater	633
	General	87
	Nonmajor Governmental	14
	Internal Service	60
	Transportation	33
	Light	129
	Solid Waste	1
	Water	<u>1</u>
	Total Nonmajor Enterprise Funds	\$ 958
Internal Service	Drainage and Wastewater	715
	Nonmajor Enterprise	341
	General	3,002
	Nonmajor Governmental	2,465
	Internal Service	641
	Fiduciary	1
	Transportation	976
	Light	1,575
	Solid Waste	229
	Water	<u>972</u>
	Total Internal Service Funds	\$ 10,917
Grand Total		<u>\$ 87,330</u>

<sup>a</sup> Some amounts may have rounding differences with Balance Sheet or Statement of Net Position.



## Notes to Financial Statements

**Table 4-3** ADVANCES, NOTES, AND LOANS FROM AND TO OTHER FUNDS  
(In Thousands)

Advances, Notes, and Loans From	Advances, Notes, and Loans To	Amount
General Fund	Housing Community Development Revenue Sharing	\$ 2,275
	2016 LTGO Bond Fund	2,350
	Downtown Parking Garage Fund	7,600
	File Local Agency Fund	42
Parks and Recreation Fund	Seattle Metropolitan Parks District	3,764
	Park District Loan Capital Fund	2,000
Alaskan Way Seawall Construction Fund	Central Waterfront Improvement Fund	18,401
Total City		<u>\$ 36,432</u>

The interfund loans for the Downtown Parking Garage, the 2016 LTGO Bond Fund, and the Central Waterfront Improvement Fund have all been approved by the City Council through ordinance. The 2016 LTGO Bond Fund loan was approved by Ordinance 124842 and is to be repaid no later than December 31, 2016 by the issuance of long-term tax general obligation bonds. The Central Waterfront Improvement Fund loan was approved by Ordinances 123761, 124033, and 124345 and is to be repaid no later than December 31, 2016 from grants, donations, transfers. The Downtown Parking Garage's loan was authorized by Ordinances 123694, 124123, 124348, and 125003. It is to be repaid by December 31, 2016 using proceeds from the proposed sale of the Garage. The advances from the General Fund to the Housing Community Development Revenue Sharing Fund and the File Local Agency Fund were for the purpose of cash flow and were paid back in 2016. The loans to the Seattle Metropolitan Parks District Fund and the Park District Loan Capital Fund were approved by the Board of Commissioners of the Park District in their Resolution 3. The money is to be paid back over 8 years from property taxes.

**Table 4-4** INTERFUND TRANSFERS  
(In Thousands)

Transfers In	Transfers Out					Total
	General	Internal Service	Nonmajor Enterprise	Nonmajor Governmental	Transportation	
General Fund	\$ —	\$ 6,159	\$ 2,906	\$ 12,859	\$ —	\$ 21,924
Internal Service	341	—	—	—	—	341
Nonmajor Enterprise	12,337	—	—	—	—	12,337
Nonmajor Governmental	212,012	—	500	33,758	22,281	268,551
Transportation	64,913	—	—	143,193	—	208,106
Total Transfers	<u>\$ 289,603</u>	<u>\$ 6,159</u>	<u>\$ 3,406</u>	<u>\$ 189,810</u>	<u>\$ 22,281</u>	<u>\$ 511,259</u>

Transfers 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 of Seattle

### DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

#### Governmental Activities

**Table 4-5** DEFERRED OUTFLOWS/INFLOWS OF RESOURCES  
GOVERNMENTAL FUNDS  
(In Thousands)

Deferred Outflows/Inflows of Resources	General	Transportation	Low-Income Housing	Nonmajor Governmental	Total
Deferred Outflows of Resources					
Housing Loan Guarantees	\$ 7,775	\$ —	\$ 427,316	\$ 47,021	\$ 482,112
Total Deferred Outflows of Resources	<u>\$ 7,775</u>	<u>\$ —</u>	<u>\$ 427,316</u>	<u>\$ 47,021</u>	<u>\$ 482,112</u>
Deferred Inflows of Resources					
Housing Loan Guarantees	\$ 7,775	\$ —	\$ 427,316	\$ 47,021	\$ 482,112
Property Taxes	4,039	643	308	1,282	6,272
Special Assessment	—	—	—	9,153	9,153
Total Deferred Inflows of Resources	<u>\$ 11,814</u>	<u>\$ 643</u>	<u>\$ 427,624</u>	<u>\$ 57,456</u>	<u>\$ 497,537</u>

#### Housing Loan Guarantees

This balance represents the portfolio of all outstanding housing development loans made through the City's Office of Housing. The loan activity and the associated loan guarantees were recorded with the Low-Income Housing Fund, the Community Development Block Grant Program Funds, and General Fund (Fund 00161). The deferred outflow and deferred inflow of resources are segregated on the balance sheets of the original funds that generated the activity. The deferred outflow of resources represents the loans issued and subject to ongoing use criteria. Although these loans are not expected to be repaid unless the property is sold or there is a change in purpose that would result in a contract default. A default due to compliance would generate a loan balance receivable for the City, and would immediately place a legal obligation on the City for repayment of the loan proceeds. This obligation is presented as the deferred inflow of resources. The result of a loan default scenario would have a net zero impact on the City's net position.

#### Special Assessment

The Local Improvement District 6750 Fund recorded a deferred outflow of resources which reflects the total expected future collections from the District. The assessment expected to be collected during the upcoming fiscal period is adjustment from the deferred outflow of resources and recognized as revenue within our government-wide presentation.

#### Debt Service

The governmental funds loss on debt refunding of \$884 thousand, previously reported as an asset, is now reported as a Deferred Inflow of Resources on the government-wide financial statement and will continue to be amortized as a component of interest expense. The internal service funds also recorded a loss on debt refunding of \$161 thousand, previously reported as an asset, it's now reported as a deferred outflow of resources on the combined Statement of Net Position and will be amortized over the life of the bonds.

#### Property Taxes

For 2015 total taxes outstanding of \$6.2 million were recorded as a tax receivable asset within our governmental funds. Unable to meet the revenue recognition criteria our governmental funds recorded the balance of the tax receivable asset as a Deferred Inflow of Resources. The reconciliation of our 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 record the tax revenues to the Statement of Activities.



## Notes to Financial Statements

### Pension Plans

As a result of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions in fiscal year 2015, the City recognized deferred inflows and outflows of resources related to its pension plans. Detailed information about these deferred inflows and outflows of resources can be acquired in Note 11.

**Table 4-6** **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				
Housing Loan Guarantees	\$ 482,112	\$ —	\$ —	\$ 482,112
Debt Service	—	5,455	3,064	8,519
Pension Plans	—	12,341	76,377	88,718
Total Deferred Outflows of Resources	<u>\$ 482,112</u>	<u>\$ 17,796</u>	<u>\$ 79,441</u>	<u>\$ 579,349</u>
Deferred Inflows of Resources				
Housing Loan Guarantees	\$ 482,112	\$ —	\$ —	\$ 482,112
Property Taxes	6,272	—	(6,272)	—
Special Assessment	9,153	—	(2,455)	6,698
Pension Plans	—	—	34,506	34,506
Total Deferred Inflows of Resources	<u>\$ 497,537</u>	<u>\$ —</u>	<u>\$ 25,779</u>	<u>\$ 523,316</u>

### Business-Type Activities

**Table 4-7** **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**  
**BUSINESS-TYPE ACTIVITIES**  
*(In Thousands)*

Deferred Outflows/Inflows of Resources	City Light	Seattle Public Utilities			Planning and Development	Total
		Water	Drainage and Wastewater	Solid Waste		
Deferred Outflows of Resources						
Unrealized Contributions and Losses Related to Pension	\$ 33,350	\$ 9,856	\$ 9,184	\$ 3,360	\$ 6,561	\$ 62,311
Charges on Advance Refunding	\$ 16,385	\$ 29,453	\$ 6,085	\$ 2,968	—	\$ 54,891
Total Deferred Outflows of Resources	<u>\$ 49,735</u>	<u>\$ 39,309</u>	<u>\$ 15,269</u>	<u>\$ 6,328</u>	<u>\$ 6,561</u>	<u>\$ 117,202</u>
Deferred Inflows of Resources						
Revenue Stabilization Account	\$ 65,993	\$ 35,193	\$ —	\$ 18,481	\$ —	\$ 119,667
Regulatory Credits	23,854	—	—	—	—	23,854
Total Deferred Inflows of Resources	<u>\$ 89,847</u>	<u>\$ 35,193</u>	<u>\$ —</u>	<u>\$ 18,481</u>	<u>\$ —</u>	<u>\$ 143,521</u>

### Revenue Stabilization Account

Funding of revenue stabilization accounts (RSAs) from operating cash effectively defers operating revenues. For the City Light (SCL) the balance of the RSA was \$66.0 million and \$89.4 million for 2015 and 2014, respectively. For the Seattle Public Utilities the balance of the RSA was \$53.7 million and \$43.7 million for 2015 and 2014, respectively.

## The City of Seattle

### Regulatory Credits

Regulatory credits are the result of SCL (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 SCL the balance of the credits were \$23.9 million and \$22.1million for 2015 and 2014, respectively.

## (5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

Seattle City Light (SCL) engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve SCL's load obligations and using these resources to capture available economic value. SCL 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. SCL 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. On the basis of these projections, SCL 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 24 months forward. Under these forward contracts, SCL 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, SCL does not take market positions in anticipation of generating revenue. Energy transactions in response to forecasted seasonal resource and demand variations require approval by SCL's Risk Oversight Council.

It is the City's policy to apply the normal purchase and normal sales exception of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as appropriate. Certain forward purchase and sale of electricity contracts in SCL 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, SCL 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 SCL's commodity derivative instruments qualifying as normal purchases and normal sales at December 31:

	2015	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$	13.3	\$ 13.5	\$ (0.2)
Purchases		1.4	1.3	(0.1)
Total	<u>\$</u>	<u>14.7</u>	<u>\$ 14.8</u>	<u>\$ (0.3)</u>
	2014	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$	13.3	\$ 11.9	\$ 1.4
Purchases		—	—	—
Total	<u>\$</u>	<u>13.3</u>	<u>\$ 11.9</u>	<u>\$ 1.4</u>

Fair value measurements at December 31, 2015 and 2014 used an income valuation technique consisting of Kiodex Forward Curves and interest rates from HIS Global Insight that are used to calculate discount rates.

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 City Council adopted a resolution granting SCL 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. SCL did not have any such activity for 2015 and 2014. In addition, the City Council has deferred



## Notes to Financial Statements

recognition of the effects of reporting the fair value of derivative financial instruments for rate-making purposes, and SCL 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.

**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 SCL is active in the wholesale energy market, it is subject to market risk.

**Credit Risk.** Credit risk relates to the potential losses that SCL 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. SCL 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. SCL also seeks assurances of performance through collateral requirements in the form of letters of credit, parent company guarantees, or prepayment.

SCL 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, SCL 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 SCL'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 SCL's operations. Due to SCL's primary reliance on hydroelectric generation, the weather, including spring time snow melt, runoff, and rainfall, can significantly affect SCL'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.

## The City of Seattle

### (6) CAPITAL ASSETS

Table 6-1

#### CHANGES IN CAPITAL ASSETS <sup>a</sup>

(In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
<b>GOVERNMENTAL ACTIVITIES <sup>b</sup></b>				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 571,581	\$ 1,508	\$ 1,008	\$ 572,081
Construction in Progress	553,899	323,024	62,968	813,955
Other Capital Assets	11,521	—	—	11,521
Total Capital Assets Not Being Depreciated	1,137,001	324,532	63,976	1,397,557
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,336,096	31,967	24,677	2,343,386
Machinery and Equipment	363,994	36,896	23,359	377,531
Infrastructure	1,836,472	29,724	—	1,866,196
Other Capital Assets	7,191	134	—	7,325
Total Capital Assets Being Depreciated	4,543,753	98,721	48,036	4,594,438
Accumulated Depreciation				
Buildings and Improvements	750,134	59,318	13,881	795,571
Machinery and Equipment	238,003	35,077	22,347	250,733
Infrastructure	778,542	56,526	—	835,068
Other Capital Assets	2,183	235	—	2,418
Total Accumulated Depreciation	1,768,862	151,156	36,228	1,883,790
Total Capital Assets Being Depreciated, Net	2,774,891	(52,435)	11,808	2,710,648
Governmental Activities Capital Assets, Net	\$ 3,911,892	\$ 272,097	\$ 75,784	\$ 4,108,205
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 162,685	\$ 5,495	\$ 468	\$ 167,712
Construction in Progress	536,966	628,560	519,364	646,162
Other Capital Assets	5,171	179	—	5,350
Total Capital Assets Not Being Depreciated	704,822	634,234	519,832	819,224
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	6,801,199	506,745	58,775	7,249,169
Buildings	60,131	—	—	60,131
Machinery and Equipment	14,765	—	7	14,758
Other Capital Assets	83,816	1,340	11,246	73,910
Total Capital Assets Being Depreciated	6,959,911	508,085	70,028	7,397,968
Accumulated Depreciation				
Plant in Service, Excluding Land	2,637,878	196,423	67,188	2,767,113
Buildings	32,068	2,006	—	34,074
Machinery and Equipment	13,846	501	30	14,317
Other Capital Assets	1,559	75	275	1,359
Total Accumulated Depreciation	2,685,351	199,005	67,493	2,816,863
Total Capital Assets Being Depreciated, Net	4,274,560	309,080	2,535	4,581,105
Business-Type Activities Capital Assets, Net	\$ 4,979,382	\$ 943,314	\$ 522,367	\$ 5,400,329

<sup>a</sup> Some amounts may have rounding differences with Statement of Net Position.

<sup>b</sup> The capital assets for governmental activities include the capital assets of the internal service funds. Schedules H-1, H-2, and H-3 provide additional information on the capital assets of the governmental funds.



## Notes to Financial Statements

Table 6-2

### DEPRECIATION EXPENSE BY FUNCTION (In Thousands)

#### GOVERNMENTAL ACTIVITIES

General Government	\$ 2,139
Public Safety	13,961
Transportation	59,292
Economic Environment	20
Culture and Recreation	40,629
Subtotal	116,041

Capital assets held by internal service funds are charged to the various functions based on their usage of the assets

	35,115
Total Governmental Activities	\$ 151,156

#### BUSINESS-TYPE ACTIVITIES

Light	\$ 120,476
Water	46,592
Solid Waste	6,907
Drainage and Wastewater	22,513
Planning and Development	437
Parking Garage	2,080
Total Business-Type Activities	\$ 199,005

## The City of Seattle

### (7) COMPENSATED ABSENCES

The following discussion on the general liabilities of the City and the tables for the other City funds present the accrued compensated absences at the end of 2015 and 2014. The tables present the accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds at the end of 2015 and 2014.

#### GOVERNMENTAL ACTIVITIES

##### Governmental Funds

Unpaid compensated absences associated with governmental fund operations of \$84.2 million and \$97.8 million at December 31, 2015 and 2014, respectively, have been recorded in the government-wide financial statements.

##### Internal Service Funds

Table 7-1

#### COMPENSATED ABSENCES IN INTERNAL SERVICE FUNDS

(In Thousands)

	2015	2014
Finance and Administrative Services	\$ 5,092	\$ 4,881
Information Technology	1,898	1,741
Totals	\$ 6,990	\$ 6,622

#### BUSINESS-TYPE ACTIVITIES

##### Enterprise Funds

Table 7-2

#### COMPENSATED ABSENCES IN ENTERPRISE FUNDS

(In Thousands)

	2015	2014
Light	\$ 22,985	\$ 18,747
Water	5,298	5,313
Drainage and Wastewater	4,998	5,071
Solid Waste	1,734	1,690
Planning and Development	3,402	3,081
Totals	\$ 38,417	\$ 33,902

#### PENSION TRUST FUNDS

Table 7-3

#### COMPENSATED ABSENCES IN PENSION TRUST FUNDS

(In Thousands)

	2015	2014
Employees' Retirement	\$ 165	\$ 123
Firemen's Pension	81	85
Police Relief and Pension	60	56
Totals	\$ 306	\$ 264

Table 9-9 of Note 9, Long-Term Debt, presents compensated absences in governmental activities and business-type activities in the aggregate and the amount estimated to be due within the year.



## Notes to Financial Statements

### (8) LEASES

#### CAPITAL LEASES

The City leases certain office equipment under various capital lease agreements. The City's capital lease obligations and the 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)

Net Capital Lease Assets	Capital Assets Governmental Activities
Machinery and Equipment	\$ 259
Less Accumulated Depreciation	(106)
December 31, 2015	\$ 153
Minimum Capital Lease Payments	Long-Term Liabilities Governmental Activities
2015	\$ 177
Total Minimum Lease Payments	177
Less Interest	(26)
Principal	\$ 151

The outstanding principal portion of the minimum capital lease payments is also presented in Table 9-9 of Note 9, Long-Term Debt.

#### OPERATING LEASES

##### Governmental Activities

The City, through its 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 a periodic schedule of rental amounts. Facilities Operations Division paid rentals of approximately \$7.1 million and \$5.1 million in 2015 and 2014 on the lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

In addition, 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 original lease agreement expired on July 30, 2010 and renewed to 2015 and reviewed again for another five years with new expiration date of July 30, 2020. The renewed lease agreement requires a fixed rent of \$25,956 per month subject to increases on each July 1 beginning in 2016 and every year thereafter by the percentage of change, if any, 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 the CPI last published in the preceding year, but not to exceed five percent for any lease year. If there is a decline in the CPI, the fixed rent during the succeeding year will be equal to the fixed rent during the immediate 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 \$311,472 and \$307,910 in 2015 and 2014, respectively. Rents are paid as they become due and payable.

## The City of Seattle

The City leases office equipment under various non-cancelable long-term operating lease agreements. The minimum payments made for these operating leases totaled \$793,407 in 2015.

Minimum payments under the leases 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 Planning & Development	Office of Art & Cultural Affairs	Department of Transportation	Total
2016	\$ 9,187	\$ 311	\$ 562	\$ 23	\$ 3	\$ 12	\$ 10,098
2017	3,368	318	574	8	3	12	4,283
2018	1,999	324	572	—	2	12	2,909
2019	1,773	331	441	—	—	11	2,556
2020	1,364	169	44	—	—	—	1,577
2021-2025	3,714	—	—	—	—	—	3,714
Total	\$ 21,405	\$ 1,453	\$ 2,193	\$ 31	\$ 8	\$ 47	\$ 25,137

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:

	For the Year Ended December 31, 2015	
	2015	2014
Minimum Rentals:	\$ 8,042	\$ 6,084
Less: Sublease Rentals	(57)	(57)
	\$ 7,985	\$ 6,027

#### Business-Type Activities

Seattle City Light leases office equipment and smaller facilities for various purposes through long-term operating lease agreements. Expense for these operating leases totaled \$1,645,905 in 2015 and \$1,551,760 in 2014.

Seattle Public Utilities has non-cancelable operating lease commitments for real and personal property for its three funds: Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund. The minimum payments made respectively in 2015 and 2014 were: \$367,731 and \$367,701 for the Water Fund; \$106,557 and \$100,237 for the Drainage and Wastewater Fund, and \$205,257 and \$199,195 for the Solid Waste Fund. Rents are paid as they become due and payable.



## Notes to Financial Statements

Minimum payments under the leases are:

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

Year Ending December 31	Minimum Payments				
	City Light	Water	Drainage & Wastewater	Solid Waste	Total
2016	\$ 1,470	\$ 331	\$ 96	\$ 176	\$ 2,073
2017	1,397	119	44	7	1,567
2018	1,018	120	45	5	1,188
2019	944	120	45	5	1,114
2020	—	36	14	3	53
2021 - 2025	—	59	—	—	59
2026 - 2030	—	47	—	—	47
Total	\$ 4,829	\$ 832	\$ 244	\$ 196	\$ 6,101

## LEASE REVENUES - GOVERNMENTAL ACTIVITIES

The Facilities Operations Division collects occupancy charges from the various tenants occupying real property owned or leased by the City. These tenants include other City departments, other government offices, social service agencies, and private businesses. Social service agencies frequently pay occupancy charges at reduced rates in consideration of offsetting benefits accruing to the City as a result of the services they provide to the public. Rental revenues derived from these activities are accounted for in the Finance and Administrative Services Fund, an internal service fund, and are shown in the following table.

**Table 8-4**  
**MAJOR SOURCES OF RENTAL INCOME ON REAL PROPERTY MANAGED BY**  
**FACILITIES OPERATIONS DIVISION**  
*(In Millions)*

	2015	2014
Non-City Property Occupied by City Departments	\$ 6.6	\$ 5.2
City-Owned Property Occupied by City Departments	53.4	53.2
City-Owned Property Leased to Non-City Tenants	2.3	2.3
Total	\$ 62.3	\$ 60.7

Additionally, in 2015 the SeaPark Garage and the Seattle Municipal Tower Building generated \$2.9 million total parking revenues, which were recorded in the Finance and Administrative Services Fund.

Also, in 2015 the City recognized \$7.9 million in parking revenues in the Downtown Parking Garage Fund, an enterprise fund, from the operation of the garage at Pacific Place.

## The City of Seattle

## (9) LONG-TERM DEBT

### GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funding for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues two types of general obligation bonds, limited tax general obligation (LTGO) bonds and unlimited tax general obligation (UTGO) bonds.

The original amount of general obligation bonds issued for bonds outstanding at the end of 2015 was \$1.593 billion. The amount of bonds outstanding at December 31, 2015 was \$1.019 billion. The following paragraphs discuss the general obligation bonds issued and refunded/defeased during 2015.

In May 2015, the City issued the following series of General Obligation Bonds: (1) \$160.9 million LTGO Improvement Bonds, 2015, Series A. The bonds mature from December 2015 through June 2035 with an average coupon rate of 4.9 percent; (2) \$169.1 million UTGO Improvement Bonds, 2015, maturing in December 2044 with an average coupon rate of 4.1 percent; (3) \$28.2 million LTGO Improvement Bonds, 2015, Series B (Taxable) with the final maturity date of April 1, 2035 with an average coupon rate of 3.5 percent. The proceeds of these LTGO and UTGO bonds are used to pay all or part of the costs of construction and acquisition of various City capital projects, including Bridge Rehab, South Park Bridge, Alaska Way Corridor, Fire Facilities, Golf and other IT projects. In addition, the part of the 2015 LTGO bonds proceeds was used for the partial refunding of the 2005, 2006, 2007 and 2008 bonds.

City had no short-term general obligation debt at the end of 2015.

The following table presents the individual general obligation bonds outstanding as of December 31, 2015, and other relevant information on each outstanding bond issue.

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

Name and Purpose of Issue	Issuance	Maturity	Effective Interest	Bond	Redemptions		Bonds Outstanding
	Date	Date	Rate	Issuance	2015	To Date <sup>a</sup>	December 31
LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Various Purpose and Refunding, 2005	3/23/2005	08/01/05-28	4.167%	\$ 129,540	\$ 44,150	\$ 129,540	\$ —
Various Purpose and Refunding, 2006	4/26/2006	03/01/07-26	4.254	24,905	6,060	18,810	6,095
Various Purpose and Refunding, 2007	5/2/2007	10/01/07-28	4.251	95,550	18,675	38,250	57,300
Various Purpose and Refunding, 2008	7/2/2008	12/01/08-28	4.398	139,830	87,585	125,435	14,395
Various Purpose and Refunding, 2009	3/25/2009	11/01/09-05/14	3.574	99,860	4,960	57,715	42,145
Improvement and Refunding, 2010, Series A <sup>b</sup>	3/31/2010	08/01/10-30	4.394	66,510	—	—	66,510
Improvement and Refunding, 2010, Series B	3/31/2010	08/01/10-31	4.394	135,395	10,425	39,065	96,330
Various Purpose, 2011	3/16/2011	03/01/11-31	4.431	79,185	2,865	20,805	58,380
Various Purpose and Refunding, 2012	5/16/2012	09/01/12-32	4.603	75,590	3,115	8,880	66,710
Improvement, 2013, Series A	6/4/2013	10/01/14-33	3.617	42,315	4,240	8,440	33,875
Improvement and Refunding, 2013, Series B	6/4/2013	01/01/14-25	1.341	55,075	8,805	10,550	44,525
Improvement and Refunding, 2014	4/10/2014	11/1/14-05/1/2034	4.329	62,770	6,785	6,785	55,985
Improvement and Refunding, 2015, Series A	5/21/2015	12/1/15-06/01/2035	4.871	160,945	1,350	1,350	159,595
Improvement and Refunding, 2015, Series B (Taxable)	5/21/2015	04/1/16-04/01/2035	3.454	28,175	—	—	28,175
Total Limited Tax General Obligation Bonds				\$1,195,645	\$ 199,015	\$ 465,625	\$ 730,020



## Notes to Financial Statements

**Table 9-1** GENERAL OBLIGATION BONDS (continued)

(In Thousands)

Name and Purpose of Issue	Issuance	Maturity	Effective Interest	Bond	Redemptions		Bonds Outstanding
	Date	Date	Rate	Issuance	2015	To Date <sup>a</sup>	December 31
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
Refunding-Various UTGO Bonds, 1998, Series A	03/17/98	09/01/98-17	4.470%	\$ 53,865	\$ 245	\$ 53,315	\$ 550
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	6,815	38,725	22,145
Refunding-Various UTGO Bonds, 2012	05/16/12	12/01/12-21	4.603	46,825	4,630	14,085	32,740
Improvement, 2013	06/04/13	12/01/14-42	4.110	50,000	935	1,845	48,155
Improvement, 2014	04/10/14	12/01/14-43	4.004	16,400	315	315	16,085
Improvement, 2015	05/21/15	12/01/16-44	4.122	169,135	—	—	169,135
Total Unlimited Tax General Obligation Bonds				\$ 397,095	\$ 12,940	\$ 108,285	\$ 288,810
Total General Obligation Bonds				\$1,592,740	\$ 211,955	\$ 573,910	\$ 1,018,830

<sup>a</sup> Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.

<sup>b</sup> Issued as direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receives 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, 2015, are presented in the following table. Debt service for the LTGO bonds is met by transfers generally from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that authorized the bond issues and were approved by at least 60 percent of the voters in elections in which the number of voters exceeded 40 percent of the voters in the most recent election preceding the election to vote on the bond issue.

**Table 9-2** ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY  
GENERAL OBLIGATION BONDS

(In Thousands)

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 73,995	\$ 41,275	\$ 3,280	\$ 2,676	\$ 121,226
2017	76,220	38,161	3,630	2,512	120,523
2018	75,320	34,823	4,010	2,331	116,484
2019	66,860	31,376	4,415	2,130	104,781
2020	61,020	28,625	4,840	1,909	96,394
2021 - 2025	269,805	104,148	31,330	5,439	410,722
2026 - 2030	152,975	54,502	2,015	199	209,691
2031 - 2035	89,345	28,776	—	—	118,121
2036 - 2044	99,770	20,059	—	—	119,829
Total	\$ 965,310	\$ 381,745	\$ 53,520	\$ 17,196	\$ 1,417,771

## The City of Seattle

### SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The bonds are special fund obligations of the City, the debt service of which will be paid from collections from related local improvement district (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City's LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation of any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The amount of special assessment bonds outstanding at the end of 2015 was \$8.8 million. There were no new bond issues in 2015.

The following table shows more detail on the outstanding issue.

**Table 9-3** SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT

(In Thousands)

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2015	To Date	
Local Improvement District No. 6750 Bonds, 2006	09/13/06	12/15/07-26	4.102	\$ 21,925	\$ 1,570	\$ 13,100	\$ 8,825

#### Local Improvement District No. 6750 Assessment Collection Information

Calendar/Fiscal Year End Dec. 31	Assessment Installment Payments Billed <sup>a</sup>	Assessment Installment Payments Collected <sup>b</sup>	Unpaid Principal Balance of Assessments <sup>c</sup>	Assessment Installments that are Delinquent <sup>d</sup>
2006	\$ 1,243,211	\$ 3,818,560	\$ 21,031,677	—
2007	1,228,415	2,469,222	19,547,593	53,008
2008	1,221,349	2,172,726	18,261,638	149,411
2009	1,202,504	2,433,616	16,761,182	163,623
2010	1,199,958	2,092,158	15,535,847	152,307
2011	1,194,120	1,991,483	14,265,404	194,705
2012	1,189,621	1,900,225	13,038,066	264,692
2013	1,186,600	2,046,315	11,819,398	249,080
2014	1,186,600	1,781,162	10,572,835	291,124
2015	1,148,384	1,996,091	9,153,197	287,510

<sup>a</sup> Represents installment payments due and billed in the current calendar year. Source: King County Report SLD270- "Current Install."

<sup>b</sup> Represents total amount received in respect of assessments in calendar year, including payments of assessment installments (consisting of both principal and interest) due and billed in current calendar year, plus amounts received as prepayments of outstanding principal balances of unpaid assessments and amounts received in respect of delinquent installments. Source: Seattle Oracle Financial System.

<sup>c</sup> Represents principal balance of assessments that is outstanding and unpaid, including amounts that are not yet due and payable at year-end. Source: King County Report SLD270 - "Future Install."

<sup>d</sup> Represents cumulative amount of the principal portion of installment payments that were due and billed in any calendar year, but which remained unpaid at year-end. Source: King County Report SLD270 - "Delinquent Install."



## Notes to Financial Statements

The requirements to amortize the special assessments with governmental commitment as of December 31, 2015, are shown below.

**Table 9-4**  
**ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**  
**SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT**  
*(In Thousands)*

Year Ending December 31	Principal	Interest	Total
2016	\$ —	\$ 371	\$ 371
2017	—	371	371
2018	—	371	371
2019	—	371	371
2020	—	371	371
2021 - 2025	—	1,852	1,852
2026	8,825	370	9,195
Total	<u>\$ 8,825</u>	<u>\$ 4,077</u>	<u>\$ 12,902</u>

### NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding notes drawn in several years from the Washington State's Public Works Trust Loan program administered by the Washington State Public Works Board, a division of the Department of Commerce (formerly Department of Community, Trade, and Economic Development). The notes were drawn at varying low annual interest rates ranging from 0.5 percent to 3.0 percent. The proceeds of the loan support City road and bridge improvements. The City paid \$1.9 million and \$0.1 million in principal and interest, respectively, in 2015. The outstanding balance on the notes at December 31, 2015, is \$12.7 million. The following table presents the annual debt service requirements to maturity on the notes as of the end of 2015.

**Table 9-5**  
**ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**  
**SEATTLE DEPARTMENT OF TRANSPORTATION**  
**PUBLIC WORKS TRUST LOAN NOTES**  
*(In Thousands)*

December 31	Principal	Interest	Total
2016	\$ 1,723	\$ 101	\$ 1,824
2017	1,519	78	1,597
2018	1,355	59	1,414
2019	1,275	45	1,320
2020	1,275	32	1,307
2021 - 2025	3,515	58	3,573
2026 - 2030	1,689	17	1,706
2031	316	1	317
Total	<u>\$ 12,667</u>	<u>\$ 391</u>	<u>\$ 13,058</u>

## The City of Seattle

### REVENUE BONDS

The City also issues revenue bonds to provide financing for the capital programs of the four utilities of the City, namely, City Light and the utilities grouped under Seattle Public Utilities, which are Water, Drainage and Wastewater, and Solid Waste. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The original amount of revenue bonds issued for bonds outstanding at the end of 2015 was approximately \$4.954 billion. The total outstanding amount at December 31, 2015, was \$3.721 billion. During 2015 an additional \$648.5 million of revenue bonds were issued.

In July 2015, City Light issued \$171.9 million of tax exempt Municipal Light and Power (ML&P) Revenue Bonds (2015A Bonds), and \$100.0 million of tax exempt variable rate Municipal Light and Power (ML&P) Revenue Bonds (2015B Bonds). The 2015A Bonds had coupon interest rates ranging from 4.00 to 5.00 percent and mature serially from May 1, 2016 to May 1, 2040 with term Bonds maturing May 1, 2045. The 2015B Bonds had coupon interest rates ranging from 0.69 to 0.71 percent during 2015 with term bonds maturing annually from May 1, 2026 to May 1, 2045. The 2015B Bonds bear interest at the adjusted Securities Industry and Financial Markets Association (SIFMA) interest rate which is the SIFMA Index plus the Index floating rate spread. The arbitrage yield was 3.52 percent for the 2015A Bonds and 3.47 percent for the 2015B Bonds. Arbitrage yield, when used in computing the present worth of all payments of principal and interest on the Bonds in the manner prescribed by the Internal Revenue Code, produces an amount equal to the issue price of the Bonds. Proceeds from the 2015 Bonds are being used to finance certain capital improvement and conservation programs and to make a deposit to the Reserve Fund.

In June 2015, Water issued \$340.8 million of Waster System Improvement and Refunding Revenue Bonds with varying annual principal payments due beginning 2015 and ending in 2014, at interest rates ranging from 2.0 percent to 5.0 percent.

In June 2015, Solid Waste issued \$35.8 million of Solid Waste Revenue Bonds with varying annual principal payments due beginning 2016 and ending in 2040, at interest rates ranging from 2.0 percent and 5.0 percent.



## Notes to Financial Statements

The following table presents the individual revenue bonds outstanding as of December 31, 2015, and other pertinent information on each outstanding bond issue.

Table 9-6

### REVENUE BONDS (In Thousands)

Name and Purpose of Issue	Issuance	Maturity	Effective Interest Rates	Bond Issuance	Redemptions		Bonds Outstanding December 31
	Date	Dates	Rates		2015	To Date	
<b>MUNICIPAL LIGHT AND POWER (ML&amp;P) BONDS</b>							
2008 Parity	12/30/08	04/01/09-29	5.522%	\$ 257,375	\$ 16,335	\$ 87,910	\$ 169,465
2010 Parity, Series A <sup>b</sup>	05/26/10	02/01/21-40	3.566	181,625	—	—	181,625
2010 Parity, Series B	05/26/10	02/01/11-26	3.413	596,870	45,225	175,685	421,185
2010 Parity, Series C <sup>c</sup>	05/26/10	02/01/11-40	3.112	13,275	—	—	13,275
2011 Parity, Series A, Refunding	02/08/11	02/01/11-36	4.544	296,315	13,005	43,280	253,035
2011 Parity, Series B <sup>d</sup>	02/08/11	02/01/11-27	1.957	10,000	—	—	10,000
2012 Parity, Series A	07/17/12	06/01/41	3.147	293,280	12,205	20,730	272,550
2012 Parity, Series C <sup>d</sup>	07/17/12	06/01/33	0.586	43,000	—	—	43,000
2013 Parity	07/09/13	07/01/43	4.051	190,755	2,885	5,910	184,845
2014 Parity	11/05/14	09/01/44	3.098	265,210	15,260	15,260	249,950
2015 Parity, Series A	07/09/15	05/01/45	3.566	171,850	—	—	171,850
2015 Parity, Series B	07/23/15	05/01/45	.69-.71	50,000	—	—	50,000
2015 Parity, Series C	07/23/15	05/01/45	.69-71	50,000	—	—	50,000
Total Light Bonds				2,419,555	104,915	348,775	2,070,780
<b>MUNICIPAL WATER BONDS</b>							
2003 Parity, Refunding	05/12/03	09/01/03-33	4.083%	271,320	14,280	271,320	—
2005 Parity, Refunding	12/28/05	09/01/06-29	4.482	138,040	107,845	138,040	—
2006 Parity, Refunding	10/23/06	02/01/08-37	4.424	189,970	44,420	71,350	118,620
2008 Parity, Refunding	12/15/08	08/01/09-38	4.978	205,080	155,510	186,035	19,045
2010 Parity, Series A <sup>b</sup>	01/21/10	08/01/19-40	3.718	109,080	—	—	109,080
2010 Parity, Series B, Refunding	01/21/10	08/01/10-27	3.298	81,760	5,510	29,170	52,590
2012 Parity, Refunding	05/30/12	09/01/12-34	2.631	238,770	10,825	23,030	215,740
2015 Parity, Refunding	06/10/15	11/1/15-45	3.183	340,840	4,350	4,350	336,490
Total Water Bonds				1,574,860	342,740	723,295	851,565
<b>MUNICIPAL DRAINAGE AND WASTEWATER BONDS</b>							
2006 Refunding	11/01/06	02/01/07-37	0.044	121,765	4,520	46,800	74,965
2008 Parity	04/16/08	06/01/09-38	0.048	84,645	1,705	10,630	74,015
2009 Parity, Series A <sup>b</sup>	12/17/09	11/01/17-39	0.035	102,535	—	—	102,535
2009 Parity & Refunding, Series B	12/17/09	11/01/10-27	0.029	36,680	3,600	20,535	16,145
2012 Parity & Refunding	06/27/12	09/01/12-42	0.033	222,090	6,590	20,450	201,640
2014 Parity & Refunding	06/17/14	05/01/15-44	0.036	133,180	1,800	1,800	131,380
Total Drainage and Wastewater Bonds				700,895	18,215	100,215	600,680
<b>SOLID WASTE BONDS</b>							
2007 Revenue & Refunding	12/12/07	02/01/08-33	0.045	82,175	2,535	56,045	26,130
2011 Revenue	06/22/11	08/01/12-36	0.042	45,750	1,130	4,020	41,730
2014 Revenue & Refunding	06/12/14	05/01/15-39	0.033	95,350	1,230	1,230	94,120
2015 Revenue	06/25/15	02/01/16-40	0.037	35,830	—	—	35,830
Total Solid Waste Bonds				259,105	4,895	61,295	197,810
Total Utility Revenue Bonds				\$4,954,415	\$ 470,765	\$1,233,580	\$ 3,720,835

<sup>a</sup> Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.

<sup>b</sup> Issued as taxable direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receives a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds.

<sup>c</sup> 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.

<sup>d</sup> Issued as taxable New Clean Renewable Energy Bonds.

## The City of Seattle

The requirements to amortize the revenue bonds as of December 31, 2015, are presented below.

Table 9-7

### ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY REVENUE BONDS (In Thousands)

Year Ending December 31	Light		Water		Drainage and Wastewater		Solid Waste		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 105,915	\$ 96,845	\$ 41,615	\$ 40,348	\$ 19,080	\$ 28,371	\$ 5,750	\$ 9,282	\$ 347,206
2017	109,130	89,131	39,345	38,593	20,000	27,530	6,165	8,861	338,755
2018	109,590	83,924	39,625	36,699	20,910	26,579	6,380	8,563	332,270
2019	106,210	78,612	41,620	34,752	21,905	25,550	6,700	8,238	323,587
2020	105,570	73,200	44,095	32,660	22,825	24,480	6,605	7,907	317,342
2021 - 2025	522,910	286,399	227,475	129,448	118,680	105,653	38,415	34,129	1,463,109
2026 - 2030	343,870	172,945	196,920	75,482	132,790	74,596	49,215	23,497	1,069,315
2031 - 2035	263,975	109,082	133,275	36,284	119,310	42,654	51,155	11,378	767,113
2036 - 2040	259,415	52,049	74,545	11,362	91,475	16,822	27,425	2,415	535,508
2041 - 2045	144,195	10,763	13,050	1,347	33,705	2,549	—	—	205,609
Total	\$ 2,070,780	\$ 1,052,950	\$ 851,565	\$ 436,975	\$ 600,680	\$ 374,784	\$ 197,810	\$ 114,270	\$ 5,699,814

## 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.

### Water

In 2008, the Fund entered into two loan agreements to borrow \$8.1 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5 percent interest per year and a repayment of 18 to 19 years. Proceeds from these loans were used to finance the Myrtle and Beacon Reservoir projects. As of December 31, 2015, these loans have an outstanding balance of \$4.6 million.

In 2009, the Fund entered into a loan agreement to borrow \$3.0 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5 percent per annum and payable in 19 years. Proceeds from this loan were used to finance the West Seattle Reservoir project. As of December 31, 2015, this loan has an outstanding balance of \$1.9 million.

Also in 2009, the Fund entered into two loan agreements, totaling \$9.0 million, to borrow from the Washington State Department of Commerce under its Public Works Trust Loan program to be used to finance the Maple Leaf Reservoir project. The first loan, in the amount of \$5.9 million, was funded with resources from the American Recovery and Reinvestment Act of 2009 (ARRA) at 1.0 percent annual interest and payable in 19 years. The second loan, in the amount of \$3.0 million, bears interest of 1.5 percent per annum and a repayment period of 19 years. As of December 31, 2015, these loans have an outstanding balance of \$8.5 million.

In 2014, the Fund entered into a loan agreement, totaling \$12.0 million, to borrow from the Washington State Department of Commerce under its Public Work Loan program at 1.5 percent per annum and payable in 20 years. Proceeds from this loan will be used to finance the Morse Lake Pump project. An initial draw on \$7.3 million was done in 2015. As of December 31, 2015, this loan has an outstanding balance of \$7.3 million.

Amounts paid for all loans in 2015 were \$1,124,987 in principal and \$208,784 in interest. Total loans outstanding as of December 31, 2015 are \$22.3 million. The minimum debt service requirements to maturity are included in Table 9-8.



## Notes to Financial Statements

### Drainage and Wastewater

During 2004, the Fund entered into a loan agreement to borrow up to \$3.7 million from the Washington State Department of Commerce under the Public Works Trust Loan program for the construction of certain capital improvements. Amounts borrowed under the agreement accrue interest at 0.5 percent per annum and are to be repaid in 19 annual installments plus interest. Proceeds from this loan were used to finance the Thornton Creek Natural Drainage Systems. As of December 31, 2015, this loan has an outstanding balance of \$1.8 million.

In 2005, the Fund entered into a loan agreement with the Washington State Department of Ecology under its Public Works Trust Loan program to borrow up to \$2.7 million to support the construction of improvements of the High Point Natural Drainage Systems project. Amounts under this agreement accrue interest at 1.5 percent per annum and are to be repaid in 20 annual installments. As of December 31, 2015, the loan has an outstanding balance of \$1.9 million.

In 2006, the Fund entered into a loan agreement with the Washington State Department of Commerce under its Public Works Trust Loan program to borrow up to \$3.4 million to support the construction of the South Park Flood Control and Local Drainage program. Amounts borrowed under the agreement accrue interest at 0.5 percent per annum and are to be repaid over 19 years. As of December 31, 2015, the loan has an outstanding balance of \$2.0 million.

In 2008, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$7.0 million to support the construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5 percent per annum and are to be repaid over 20 years beginning in 2011. As of December 31, 2015, the loan has an outstanding balance of \$5.4 million.

In 2009, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.4 million to support the Ballard Green Streets project. This loan was funded with resources from the ARRA which provides a 50-percent forgivable provision. Amounts borrowed under this agreement accrue interest at 2.9 percent per annum and are to be repaid by December 2020. As of December 31, 2015, the loan has an outstanding balance of \$0.3 million.

In 2011, the Fund was approved for a Public Works Trust Loan of \$4.0 million from the Washington State Department of Commerce for construction and site improvements in the Midvale area of Seattle. Amounts borrowed under this agreement accrue interest at 0.5 percent per annum and are to be repaid by June 2032. As of December 31, 2015, the loan has an outstanding balance of \$3.4 million.

In 2012, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.9 million to support the design and construction of the storm water facility for the Capitol Hill Water Quality Project. Amounts borrowed under this agreement accrue interest at 2.6 percent per annum and are to be repaid over 20 years. As of December 31, 2015, the loan has an outstanding balance of \$1.8 million.

Amounts paid to all loans in 2015 were \$1,201,646 principal and \$202,574 in interest. Total loans outstanding as of December 31, 2015 are \$16.6million. The minimum debt service requirements to maturity are included in Table 9-8.

## The City of Seattle

Table 9-8

### 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	
2016	\$ 1,125	\$ 194	\$ 1,212	\$ 191	\$ 2,722
2017	1,125	179	1,223	178	2,705
2018	1,492	538	1,235	164	3,429
2019	1,492	253	1,246	150	3,141
2020	1,492	233	1,258	136	3,119
2021 - 2025	7,461	856	5,886	484	14,687
2026 - 2030	4,849	402	3,937	182	9,370
2031 - 2035	2,571	149	570	17	3,307
2036 - 2037	735	17	—	—	752
Total	\$ 22,342	\$ 2,821	\$ 16,567	\$ 1,502	\$ 43,232



## Notes to Financial Statements

The following table shows the long-term liability activities during the year ended December 31, 2015.

**Table 9-9** **CHANGES IN LONG-TERM LIABILITIES <sup>a</sup>**  
(In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds Payable					
General Obligation Bonds	\$ 816,060	\$ 358,255	\$ 209,005	\$ 965,310	\$ 74,465
Issuance Premiums and Discounts, Net	55,218	41,026	14,907	81,337	—
Special Assessment Bonds with Governmental Commitment <sup>b</sup>	10,395	—	1,570	8,825	—
Total Bonds Payable	881,673	399,281	225,482	1,055,472	74,465
Notes and Contracts					
Capital Leases	105	78	32	151	47
Other Notes and Contracts	14,580	—	1,912	12,668	1,723
Total Notes and Contracts	14,685	78	1,944	12,819	1,770
Compensated Absences	104,443	68,157	81,444	91,156	20,579
Claims Payable					
General Contamination Cleanup <sup>c</sup>	688	—	108	580	—
Workers' Compensation	28,178	1,108	—	29,286	9,040
General Liability	51,010	1,269	—	52,279	14,669
Health Care Claims	3,467	—	3,467	—	—
Total Claims Payable <sup>d</sup>	83,343	2,377	3,575	82,145	23,709
Arbitrage Rebate Liability	10	—	1	9	—
Unfunded Other Post Employment Benefits	87,044	29,506	—	116,550	—
Net Pension Liability	—	594,563	—	594,563	—
Other Noncurrent Liabilities	3,791	—	227	3,564	—
Total Long-Term Liabilities from Governmental Activities	\$ 1,174,989	\$ 1,093,962	\$ 312,673	\$ 1,956,278	\$ 120,523
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds Payable					
General Obligation Bonds	\$ 56,470	\$ —	\$ 2,950	\$ 53,520	\$ 3,280
Revenue Bonds	3,543,080	648,520	470,765	3,720,835	172,360
Issuance Premiums and Discounts, Net	249,395	31,678	—	281,073	—
Total Bonds Payable	3,848,945	680,198	473,715	4,055,428	175,640
Notes and Contracts - Other	33,889	5,018	—	38,907	2,337
Compensated Absences	33,903	39,640	35,126	38,417	5,020
Claims Payable					
General Contamination Cleanup <sup>c</sup>	120,517	234	—	120,751	16,371
Workers' Compensation	10,737	84	—	10,821	3,810
General Liability	16,959	—	2,017	14,942	5,912
Total Claims Payable <sup>d</sup>	148,213	318	2,017	146,514	26,093
Unearned Revenues	23,544	2,234	—	25,778	—
Habitat Conservation Program Liability	7,631	431	—	8,062	906
Landfill Closure and Postclosure Costs	16,054	—	369	15,685	1,522
Unfunded Other Post Employment Benefits	15,207	772	—	15,979	—
Net Pension Liability	—	512,237	—	512,237	—
Other Noncurrent Liabilities	1,284	645	—	1,929	—
Total Long-Term Liabilities from Business-Type Activities	\$ 4,128,670	\$ 1,241,493	\$ 511,227	\$ 4,858,936	\$ 211,518

<sup>a</sup> Some amounts may have rounding differences with the Statement of Net Position.

<sup>b</sup> The Special Assessment Bonds carry neither premiums nor discounts.

<sup>c</sup> See Note 10, Environmental Liabilities for a detailed discussion.

<sup>d</sup> 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 of Seattle

The City's internal service funds predominantly serve governmental funds. For this reason the above totals in the governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$6.9 million and \$2.1 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities, with the exception of the Department of Planning and Development (DPD) for general liability. The General Fund pays for DPD'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 the Light Fund. For further discussion on purchased power, see Note 14, Commitments.

### ADVANCE AND CURRENT REFUNDINGS

In order to lower interest costs the City refunded and defeased certain bonds. To do so, the City issued new refunding bonds to refund certain prior bond issues and also used its own resources to defease certain prior bond issues. In most cases, City resources and the proceeds of refunding bonds are placed in irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds including those refunded are considered defeased, and the corresponding liabilities are not included in the statement of net position. In some cases, like for City Light and Water bonds in the past three years, proceeds are kept with the City as restricted cash until the refunded bonds are called, usually within 90 days. The following paragraph discusses the advance and current refunding activities that occurred in 2015.

### General Government

The refunding portion of the 160.9 million LTGO Improvement and Refunding Bonds, 2015 A, issued by the City on 5/21/2015, were used partially to refund 2005, 2006, 2007 and 2008 LTGO bonds. The aggregate total debt service of the refunded bonds would require a cash flow of \$195.7 million to maturity. With this refunding, the aggregate total debt service of the refunding bonds require a cash flow of \$179.2 million, which results in a saving of 16.5 million in debt service. The net present value of this saving is \$13.5 million.

### City Light

There was no refunding in 2015.

### Water

The Department issued \$340.8 million of revenue and refunding bonds, of which a portion of the proceeds was used to fully refund the 2003 bonds and partially refund 2005, 2006 and 2008 bonds. As a result of the refunding, the fund reduced total debt service requirements by \$40.2 million resulting in an economic gain of \$30.8 million. Additionally, the Bonds were issued to finance certain capital projects as well as scheduled principal payments for existing bond debt.



## Notes to Financial Statements

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

**Table 9-10 REFUNDED/DEFEASED BONDS**  
(In Thousands)

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Original Bond Issuance	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2015	Defeased Outstanding December 31
<b>GENERAL OBLIGATION BONDS</b>							
Limited Tax (Non-Voted)							
Various Purpose and Refunding, 2005, Refunded 5/16/12	03/23/05	08/01/05-28	4.167	\$ 129,540	\$ 58,514	\$ 58,514	\$ —
Various Purpose and Refunding, 2006, Refunded 5/21/15	04/26/06	03/01/07-26	4.254	24,905	5,016	201	4,815
Various Purpose and Refunding, 2007, Refunded 5/21/15	05/02/07	10/01/07-28	4.251	\$ 95,550	\$ 13,823	\$ 1,308	\$ 12,515
Various Purpose and Refunding, 2008, Refunded 5/21/15	07/02/08	12/01/08-28	4.398	\$ 139,830	\$ 97,837	\$ 13,097	\$ 84,740
<b>REVENUE BONDS</b>							
Municipal Water							
2003 Parity	05/12/03	09/01/03-33	4.083	271,230	14,280	14,280	—
2005 Parity	12/28/05	09/01/06-29	4.482	138,040	102,305	102,305	—
2006 Parity	10/23/06	02/01/08-37	4.424	189,970	39,055	—	39,055
2008 Parity	12/15/08	02/01/09-38	4.978	205,080	149,770	—	149,770
Municipal Drainage and Wastewater							
2006 Parity	11/01/06	02/01/07-37	4.423	121,765	16,330	—	16,330
Municipal Solid Waste							
2007 Parity	12/12/07	02/01/08-33	4.505	82,175	40,855	—	40,855
Total Refunded/Defeased Bonds				<u>\$ 1,398,085</u>	<u>\$ 537,785</u>	<u>\$ 189,705</u>	<u>\$ 348,080</u>

## ARBITRAGE

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures), the City paid arbitrage rebate of \$19 thousand on its general obligation bonds in 2011 and none in 2012, 2013 and 2014 respectively. As of December 31, 2015, arbitrage rebate liability on general obligation bonds and revenue bonds are \$8 thousand and none, respectively.

## The City of Seattle

## (10) ENVIRONMENTAL LIABILITIES

Following is a brief description of the significant sites:

- The Harbor Island Superfund Site. In 1983, the U.S. Environmental Protection Agency (EPA) designated this site as a federal Superfund site. The City and other entities are sharing costs of investigating contamination in the East Waterway alongside Harbor Island. The City's involvement stems from its sale of transformers to a company on Harbor Island, discharges from storm drains, and combined sewer outflows. The City is one of four parties who are conducting a remedial investigation and feasibility study that will delineate cleanup actions. The EPA approved the remedial investigation report. The final feasibility study will be issued in 2016. The City's ultimate liability is indeterminate.

- The Lower Duwamish Waterway Superfund Site. In 2001, the EPA designated this site as a federal Superfund site for contaminated sediments. The City's involvement is attributable to its land ownership/use of property along the river. The City is one of four parties who signed an Administrative Order on Consent (AOC) with the EPA and Washington State Department of Ecology (DOE) to conduct a remedial investigation and feasibility study to prepare a site remedy. The EPA approved the feasibility study in November 2012. In February 2013, the EPA issued the Proposed Plan for cleanup of the Lower Duwamish Waterway Superfund Site for public comment. The remaining scope of cleanup by potentially responsible parties has been decided by the EPA in the 2014 Record of Decision. The City's ultimate liability is indeterminate.

In November 2012, the EPA issued general notification letters to over 200 parties informing them of their potential liability for the Lower Duwamish Waterway cleanup. The original parties of the AOC have agreed to invite some of those parties to participate in an alternative dispute resolution process (the "allocation process") to resolve their respective shares of past and future costs. The City has hired an allocator and the allocation process officially began in April 2014. The City agreed to administer the allocator's contract. Parties participating in the allocation process will share the cost of the allocator and the process.

The City is also responsible for investigation and cleanup at the Port of Seattle Terminal 117. The City agreed to pay 40 percent of the costs to clean up the uplands and river sediment parts of the site and 100 percent of the costs to clean up contamination in adjacent streets. The cleanup of the sediments and the upland is complete. The cleanup of the streets began in 2015 and is expected to be finished in 2016.

- North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing have signed an Administrative Order issued by the DOE requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the City's Georgetown Steam Plant, and the King County Airport. This site was also the subject of the lawsuit brought by the City against Boeing. Boeing has agreed to pay 67 percent of the costs for DOE's implementation of the order. The order requires completion and then implementation of a remedial investigation and feasibility study work plan. The final remedial investigation 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 all parties responsible for conducting and completing remedial action at the site. The City is responsible for 1/3 of the costs. The implementation of the work is ongoing and will continue into the first quarter of 2016. Boeing and the City will each pay 100 percent of costs for remedial action at their own facilities.

- Gas Works Park Sediment Site. In April 2002 the DOE named the City and another party, Puget Sound Energy, as partially responsible parties 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 remedial investigations and feasibility studies 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 percent of the Shared Costs incurred by Puget Sound Energy for the cleanup work. The remedial investigation and feasibility study include an evaluation of the nature and extent of contamination on the site, an evaluation of multiple alternatives for remediating the sediments, and a recommended preferred alternative. Puget Sound Energy collected additional environmental data in 2013 and the remedial investigation and feasibility study is expected to be completed in late 2016 or early 2017. A Clean-up Action Plan is expected from the DOE in 2017.

- South Park. The City and a private developer are under an Agreed Order with the DOE to perform a remedial investigation and feasibility study and to draft a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics



## Notes to Financial Statements

Control Act. The City and developer submitted a draft Remedial Investigation and Feasibility Study report in April 2012 and a Draft Cleanup Action Plan in June 2014. The City and developer are negotiating with DOE to finalize the two reports. Negotiations are underway to finalize a Consent Decree for the site with other potentially liable parties, DOE and the Attorney General's office. DOE recently approved an amendment of the Agreed Order to allow the City to construct an interim cleanup action on the City-owned portion of the landfill property. That interim cleanup is expected to be done in the 2018-19 timeframe. DOE also approved an interim cleanup action by the developer on his portion of site property. That cleanup was complete in 2015. 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.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. Costs were calculated on a weighted average that was based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; as new information becomes available, estimates may vary significantly due to price fluctuations, technology advances, or applicable laws or regulations.

The City is aggressively pursuing other third parties that may have contributed to the contamination of the sites noted above. The City's estimate for realized recoveries was \$2.1 million and \$0.8 million, at December 31, 2015 and 2014, respectively. The City's estimate for not-yet-realized recoveries from other parties for their share of remediation work that offset the City's estimated environmental liability was zero, at December 31, 2015 and 2014, respectively.

The changes in the provision for environmental liability (in millions) at December 31, 2015 and 2014 are as follows:

	2015	2014
Beginning Environmental Liability, Net of Recovery	\$ 121.2	\$ 121.7
Payments or Amortization	\$ (10.7)	\$ (8.5)
Incurred Environmental Liability	10.8	8.0
Ending Environmental Liability, Net of Recovery	<u>\$ 121.3</u>	<u>\$ 121.2</u>

The provision for environmental liability (in millions) included in current and noncurrent liability at December 31, 2015 and 2014, is as follows:

	2015	2014
Environmental Liability, Current	\$ 16.4	\$ 25.8
Environmental Liability, Noncurrent	104.9	95.4
Total	<u>\$ 121.3</u>	<u>\$ 121.2</u>

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

## The City of Seattle

### (11) PENSIONS, DEFERRED COMPENSATION, AND OTHER POSTEMPLOYMENT BENEFITS

City of Seattle 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 are considered part of the City's reporting entity and are reported as pension trust funds. The State of Washington through the Department of Retirement Systems (DRS) administers and reports LEOFF Plans 1 and 2.

#### SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

##### Plan Description

The Seattle City Employees' Retirement System (SCERS) is a cost sharing multiple employer retirement plan established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36.

The System 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 Personnel Director, two active members and one retired member of the System who are elected by other system members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City of Seattle are eligible for membership in the system with the exception of law enforcement officers and fire fighters who are covered under the statewide LEOFF plans administered by the state Department of Retirement Systems. Employees of METRO and the King County Health Department who established membership in the system when these organizations were City of Seattle departments were allowed to continue their membership. Current membership in SCERS consisted of the following at December 31, 2015:

Retirees and Beneficiaries Receiving Benefits	6,020
Active Plan Members, Vested and Non-vested	8,746
Terminated Plan Members Entitled To But Not Yet Receiving Benefits, Vested	1,188
Terminated Plan Members not Entitled To Benefits beyond Contributions and Accumulated Interest, Non-vested	935

SCERS provides retirement, death, and disability benefits, post-retirement benefit increase including an automatic 1.5% annual cost-of-living adjustment (COLA) increase and a 65% restoration of purchasing power benefit. 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 percent 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. City employees may retire at any age with 30 years of service, at age 52 or older with 20-29 years of service, at age 57 or older with 10-19 years of service, and at age 62 or older with 5 to 9 years of service. These benefit provisions and all other requirements are established and may be amended by City ordinances.

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.

The Seattle City Employees' Retirement System issues an independent financial report. A copy of the report is available from the Seattle City Employees' Retirement System at 720 Third Avenue, Suite 900, Seattle, WA 98104; by telephone at 206-386-1293; or by accessing the website [http://www.seattle.gov/retirement/annual\\_report.htm](http://www.seattle.gov/retirement/annual_report.htm).



## Notes to Financial Statements

### Summary of Significant Accounting Policies

#### Implementation of GASB Statement No. 68

The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions for its fiscal year 2015 financial reporting. This statement addresses accounting and financial reporting requirements by the City as an employer for its pension plans. The City has determined that the Seattle City Employees' Retirement System is subject to the requirements of Statement No. 68, and therefore elected to use the prior fiscal year end as the measurement date for reporting its net pension liability.

#### Basis of Accounting

The Seattle City Employees' Retirement System 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 as discussed in Note 1. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net position 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.

Investments, including securities lending transactions as discussed in Note 3, are reported at fair value. The fair value of investments in common stock, international equities, fixed income, international fixed income, and short-term investments is based on the quoted market price. The fair value of venture capital and real estate equities is determined by the investment sponsor. Securities and securities lending transactions are reflected in the financial statements on a trade-date basis. The Retirement Board provides its investment managers with a set of investment guidelines. In general, these guidelines require that investments with any one issuer do not exceed 5 percent of the net position value of a manager's portfolio.

### Contributions and Reserves

Member and employer contribution rates are established by SMC 4.36.

SCERS funding policy provides for periodic employee and employer contributions at actuarially determined rates expressed as percentages of annual covered payroll to accumulate sufficient assets to pay benefits when due. Funds accumulated and investment earnings are used to pay present and future benefit obligations and administrative expenses. The employer contribution rate is determined by the actuarial formula identified as the Entry-Age Actuarial 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 necessary contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Actuarially determined contribution rates for 2014 were 10.03 percent for members and 14.31 percent for the employer. Plan member and employer contributions for 2014 are \$63,969,504 and \$89,988,898 respectively. There are no long-term contracts for contributions outstanding and no legally required reserves.

The actuarial valuation and measurement dates of the latest study is January 1, 2014 and December 31 2014 respectively. Based on this valuation, the Total Pension Liability (TPL) is \$3.431 billion; the Fiduciary Net Position (FNP) is \$2.323 billion; the Net Pension Liability (NPL) is \$1.108 billion; and the Funded Ratio was 67.7 percent for the plan.

An actuarial study with valuation date of January 1, 2015, is presently underway, and expected to be available at the Retirement Office after July 1, 2016.

### Information about the Net Pension Liability

#### Assumptions and Other Inputs

The net pension liability was determined by the actuarial valuation as of January 1, 2014, with the results rolled forward to the December 31, 2014, measurement date. The actuarial assumptions that determined the total pension liability as of December 31, 2014 were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2013.

## The City of Seattle

Mortality rates were calculated and projected based on the RP-2000 mortality tables and using generational project of improvement using Projection Scale AA.

The long-term expected rate of return on pension plan investments was 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, 2014 are summarized in the following table:

Table 11-1

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	4.93%	51.0%
Equity: Private	6.50	7.0
Fixed Income: Broad	1.35	20.0
Fixed Income: Inflation Linked	1.25	5.0
Real Assets: Real Estate	3.25	13.0
Diversifying Strategies	3.75	4.0
		100.0%

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 3.25 percent for the same time period.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be when the discount rate moves 1 percentage point lower and higher (in thousands).

	1% Lower 6.5%	Current Discount Rate 7.5%	1% Higher 8.5%
Net Pension Liability	\$ 1,527,372	\$ 1,106,800	\$ 753,122



## Notes to Financial Statements

### Changes in the Net Pension Liability

At December 31, 2015, the plan reported the collective net liability of \$1.108 billion, of which the City recorded \$1.107 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, 2014, which was rolled forward to come up with the net pension liability as of Dec 31, 2015.

**Table 11-2 SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 3,256,575,534	\$ 2,214,469,886	\$ 1,042,105,648
Changes for the Year			
Service Cost	93,941,143	—	93,941,143
Interest on Total Pension Liability	241,619,711	—	241,619,711
Effect of Plan Changes	—	—	—
Effect of Economic/Demographic	—	—	—
Effect of Assumptions Changes or Inputs	—	—	—
Benefit Payments	(150,073,945)	(150,073,945)	—
Refund Contributions	(15,087,001)	(15,087,001)	—
Administrative Expenses	—	(5,324,900)	5,324,900
Member Contributions	—	63,899,138	(63,899,138)
Employers Contributions	—	89,889,910	(89,889,910)
Net Investment Income	—	122,375,634	(122,375,634)
Balance at December 31, 2014	<u>\$ 3,426,975,442</u>	<u>\$ 2,320,148,722</u>	<u>\$ 1,106,826,720</u>

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

For the year ended December 31, 2015, the City recognized its proportionate share of pension expense in the amount of \$120.1 million. At December 31 2015, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan as follows (in thousands)

**Table 11-3**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Change of Assumption	—	—
Net Difference Between Projected and Actual Earnings	34,476	—
Contributions Made Subsequent to Measurement Date	100,666	—
Total	<u>\$ 135,142</u>	<u>\$ —</u>

## Notes to Financial Statements

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 Dec 31 as follows (in thousands)

**Table 11-4**

Year Ended December 31

<b>2016</b>	\$ 8,619
<b>2017</b>	8,619
<b>2018</b>	8,619
<b>2019</b>	8,619
<b>Thereafter</b>	—

### FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS

**Table 11-5 PLAN INFORMATION**

	Firemen's Pension	Police Relief and Pension
Actuarial Valuation Date	1/1/2015	1/1/2015
Actuarial Cost Method	Entry Age	Entry Age
Asset Valuation Method	Fair Value	Fair Value
Amortization		
Method	Level \$ <sup>a</sup>	Level \$ <sup>a</sup>
Period	30.0 years	30.0 years
Remaining Period		22.0 years
Approach	Open	Closed
Actuarial Assumptions		
Inflation Rate (CPI)	2.25% <sup>b</sup>	2.25% <sup>b</sup>
Investment Rate of Return	6.00%	3.50%
Projected Salary Increases - General	2.75% <sup>b</sup>	2.75% <sup>b</sup>
Projected Salary Increases - Step Merit	N/A	N/A
Postretirement Benefit Increases	2.25% <sup>b</sup>	2.25% <sup>b</sup>

<sup>a</sup> Funding is Level %; Amortization is Level \$.

<sup>b</sup> Long-term assumption; 2016 and beyond for the CPI and 2018 and beyond for projected salary increase.

### 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 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 fire fighters on March 1, 1970, under the old City plan in excess of current LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plan 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



## Notes to Financial Statements

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 of Seattle's liabilities is especially sensitive to the difference between wage and CPI increase assumptions.

All law enforcement officers and fire fighters 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 fire fighters 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 this plan. 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. Currently 802 fire and 699 police retirees meet these 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. Total postemployment medical benefits for Firemen's Pension were \$11.1 million in 2015 and \$9.6 million in 2014; and for Police Relief and Pension, \$12.6 million in 2014 and \$11.5 million in 2014.

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 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.

Current membership in Firemen's Pension and Police Relief and Pension consisted of the following at December 31, 2015:

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	700	740
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	17	11
Active Plan Members, Non-vested	—	—

These pension plans do not issue separate financial reports.

### Summary of Significant Accounting Policies

The City has determined that the Firemen's Pension and Police Relief and Pension Funds do not meet the criteria set forth in paragraph 4 of Statement No. 68 and therefore the requirements of Statement No. 27 and Statement No 50 remain applicable.

The Firemen's Pension and Police Relief and Pension Funds are accounted for as pension trust funds. The financial statements were prepared using the economic resources measurement focus and the full accrual basis of accounting as shown in Note 1. 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. 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 the plan terms.

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 City of Seattle

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 are financed by police auction proceeds and the General Fund. Contribution rates are not applicable to these plans. Actuarial studies with valuations dates of January 1, 2016, which reflects the 2015 fiscal year information, are presently underway and will be available at the Police and Fire Pension offices after July 1, 2016.

Three-year trend information (in thousands) for the Firemen's Pension and the Police Relief and Pension Funds as of the January 1, 2015, actuarial valuation are:

Retirement System	Fiscal Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
Firemen's Pension Fund	2013	\$ 5,100	120%	\$ (10,564)
	2014	4,909	173	(14,132)
	2015	5,007	191 <sup>a</sup>	(18,687)
Police Relief and Pension Fund	2013	6,499	109	(4,790)
	2014	5,994	157	(8,194)
	2015	6,445	149 <sup>a</sup>	(11,351)

<sup>a</sup> Assumed amounts will be replaced with actual amounts.

There are no securities held by the City for these pension funds except for the Firemen's Pension Actuarial Account described below. No loans are provided by the funds to the City or other related parties.

The funded status of the plans at the last valuation date is presented below (in thousands). The Required Supplementary Information section, C-4, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AAL.

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
Firemen's Pension Fund	\$ 14,741	\$ 82,001	\$ 67,260	18.0%	N/A	N/A
Police Relief and Pension Fund	5,101	99,293	94,192	5.0	N/A	N/A

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 to fully fund all retirement benefit liabilities by December 31, 2018. In 2006 the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The level contributions were set aside in the Firemen's Pension Actuarial Account with a fund balance of \$11.0 million as of December 31, 2015. The funding policy does not fund for future medical liabilities. No similar program has been established for the Police Relief and Pension Fund.

The AAL as of December 31, 2015, based on the actuarial valuation as of January 1, 2015, was \$82.0 million for Firemen's Pension and \$99.3 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, C-5.

The net pension obligation of the Firemen's Pension Fund is a \$18.7 million net pension asset at December 31, 2015. The net pension obligation of the Police Relief and Pension Fund is a \$11.4 million net pension asset at December 31, 2015.



## Notes to Financial Statements

**Table 11-6**  
**ANNUAL PENSION COST AND NET PENSION OBLIGATION**  
**FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**  
**For the Year Ended December 31, 2015**  
**(In Thousands)**

	Firemen's Pension			Police Relief and Pension		
	2015	2014	2013	2015	2014	2013
Annual Required Contribution (ARC)						
Annual Normal Cost - Beginning of Year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of UAAL - Beginning of Year	4,610	4,553	5,054	6,000	5,658	6,167
Interest to End of Year <sup>a</sup>	276	239	189	210	212	231
ARC at End of Year	4,886	4,792	5,243	6,210	5,870	6,398
Interest on NPO	(848)	(554)	(355)	(287)	(179)	(156)
Adjustment to ARC	969	671	512	522	303	257
Annual Pension Cost (APC)	5,007	4,909	5,400	6,445	5,994	6,499
Employer Contribution <sup>b</sup>	9,563 <sup>c</sup>	8,477	6,485	9,602 <sup>c</sup>	9,398	7,105
Change in NPO	(4,556)	(3,568)	(1,085)	(3,157)	(3,404)	(606)
NPO at Beginning of Year	(14,132)	(10,564)	(9,479)	(8,194)	(4,790)	(4,184)
NPO at End of Year	<u>\$ (18,688)</u>	<u>\$ (14,132)</u>	<u>\$ (10,564)</u>	<u>\$ (11,351)</u>	<u>\$ (8,194)</u>	<u>\$ (4,790)</u>

<sup>a</sup> Represents the assumed interest rate that year: 3.75% in 2013, 3.75% in 2014, and 3.5% in 2015. The interest is net of investment expenses.

<sup>b</sup> Beginning in 2009, administrative expenses paid by the fund are subtracted from employer contributions.

<sup>c</sup> Assumed amounts will be replaced with actual amounts.

Following are the Firemen's Pension and the Police Relief and Pension financial statements for fiscal year ending December 31, 2015.

**Table 11-7**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**  
**For the Year Ended December 31, 2015**  
**(In Thousands)**

	Firemen's Pension	Police Relief and Pension	2015	2014
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 7,871	\$ 4,628	\$ 12,499	\$ 11,765
Investments at Fair Value				
Equity	7,718	—	7,718	7,844
Fixed Income	181	—	181	429
Receivables				
Due from Other Funds	—	—	—	—
Other	430	450	880	890
Interest and Dividends	8	—	8	6
Total Receivables	438	450	888	896
Total Assets	16,208	5,078	21,286	20,934
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	1,285	406	1,691	1,091
Total Liabilities	1,285	406	1,691	1,091
Net Position Held in Trust for Pension Benefits	<u>\$ 14,923</u>	<u>\$ 4,672</u>	<u>\$ 19,595</u>	<u>\$ 19,843</u>

## The City of Seattle

**Table 11-8**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**  
**For the Year Ended December 31, 2015**  
**(In Thousands)**

	Defined Benefit		Postemployment Healthcare		2015	2014
	Firemen's Pension	Police Relief and Pension	Firemen's Pension	Police Relief and Pension		
<b>ADDITIONS</b>						
Contributions						
Employer	\$ 6,204	\$ 7,726	\$ 11,108	\$ 12,552	\$ 37,590	\$ 37,876
Investment Income						
From Investment Activities						
Net Appreciation (Depreciation) in Fair Value of Investments	(129)	—	—	—	(129)	938
Interest	49	—	—	—	49	36
Dividends	153	—	—	—	153	138
Total Net Investment Income	73	—	—	—	73	1,112
Other Income	1,422	703	—	—	2,125	2,127
Total Additions	7,699	8,429	11,108	12,552	39,788	41,115
<b>DEDUCTIONS</b>						
Benefits	6,902	8,326	11,108	12,552	38,888	36,178
Administrative Expense	615	533	—	—	1,148	1,027
Total Deductions	7,517	8,859	11,108	12,552	40,036	37,205
Change in Net Position	182	(430)	—	—	(248)	3,910
Net Position - Beginning of Year	14,741	5,102	—	—	19,843	15,933
Net Position - End of Year	<u>\$ 14,923</u>	<u>\$ 4,672</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,595</u>	<u>\$ 19,843</u>

## LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF) PLANS 1 AND 2

LEOFF 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.

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:

Term 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 (LEOFF Plan 1)

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2015. Employers paid only the administrative expense of 0.18 percent of covered payroll.



## Notes to Financial Statements

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

### Contributions (LEOFF Plan 2)

The 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 included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

	LEOFF Plan 2 Actual Contribution Rates	
	Employer	Employee
State and Local Governments	5.23%	8.41%
Ports and Universities	8.59	8.41

The actual contributions to the plan were \$14.2 million for the year ended December 31, 2015.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2015, the state contributed \$58,339,032 to LEOFF Plan 2.

### Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

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

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

## The City of Seattle

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the 2007-2012 Experience Study Report.

### Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. 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 7.5 percent was used to determine the total liability.

### Long-Term Expected Rate of Return

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

### Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Table 11-9

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.0%	1.7%
Tangible Assets	5.0	4.4
Real Estate	15.0	5.8
Global Equity	37.0	6.6
Private Equity	23.0	9.6
	100%	



## Notes to Financial Statements

### Sensitivity of NPL

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

	City's Proportionate Share of Net Pension Liability (Asset)		
	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Plan 1	(27,363)	(42,770)	(55,903)
Plan 2	95,774	(95,637)	(239,681)

### Pension Plan Fiduciary Net Position

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

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

At December 31, 2015, the City reported an asset of \$138.4 million for its proportionate share of the net pension liability/ (assets) as follows (in thousands):

	City's Proportionate Share of Net Pension Liability (Asset)
Plan 1	(42,770)
Plan 2	(95,637)

## Notes to Financial Statements

The amount of the liability/ (asset) reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows(in thousands):

	Proportionate Share of Plan 2 Net Pension Liability (Asset)
Employer's Proportionate Share	\$ (95,637)
State's Proportionate Share Associated with the Employer	(64,124)
Total	<u>\$ (159,761)</u>

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

	Proportionate Share as of June 30, 2015	Proportionate Share as of June 30, 2014	Change in Proportion
Plan 1	3.54%	3.55%	(0.01)%
Plan 2	9.31%	9.43%	(0.12)%

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 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, 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 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

### Pension Expense

For the year ended December 31, 2015, the City recognized its proportionate share of pension expense as follows (in thousands):

	Pension Expense
Plan 1	\$ (8,466)
Plan 2	6,419
Total	<u>\$ (2,047)</u>



## Notes to Financial Statements

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

At December 31, 2015, 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 11-10

	Plan 1		Plan 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 8,375	\$ —
Net difference between projected and actual investment earnings on pension plan investments	—	7,221	—	28,977
Changes of assumptions	—	—	252	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	—	—
Contributions subsequent to the measurement date	—	—	7,260	—
<b>TOTAL</b>	<b>\$ —</b>	<b>\$ 7,221</b>	<b>\$ 15,887</b>	<b>\$ 28,977</b>

Deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. 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 11-11

Year ended December 31:	Plan 1	Plan 2
<b>2016</b>	\$ (2,802)	\$ (9,669)
<b>2017</b>	(2,802)	(9,669)
<b>2018</b>	(2,802)	(9,669)
<b>2019</b>	1,185	6,665
<b>2020</b>	—	1,659
<b>2021</b>	—	332

### 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 percent of their sick leave balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrator, who is under contract with the City to manage the plan. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the plan and its administration.

The City placed the deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

## Notes to Financial Statements

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)

#### Plan Description and Funding Policy

Health Care Blended Premium Subsidy. 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 percent of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The 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.

Firemen's Pension and Police Relief and Pension Plans. The Firemen's Pension and Police Relief and Pension plans 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.

#### Annual OPEB Cost and Net OPEB Obligation

The amount of expected contributions and change in net obligation for the City of Seattle Healthcare Blended Premium Subsidy for 2015 is based on a roll forward of the 2014 valuation with no changes to valuation inputs (assumptions, methods, healthcare information, or census data). The amount of expected contributions and changes in net obligation for Firemen's Pension and Police Pension and Relief are also based on an actuarial valuation date of January 1, 2015, which covers the last three years prior to the valuation date.

Table 11-12 ANNUAL OPEB COST AND NET OPEB OBLIGATION  
For the Year Ended December 31, 2015

	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)	Total
Annual Required Contribution	\$ 4,605,000	\$ 17,413,692	\$ 23,621,460	\$ 45,640,152
Interest on Net OPEB Obligation	1,630,000	1,166,815	1,186,345	3,983,160
Adjustment to Annual Required Contribution	(2,540,000)	(1,751,312)	(2,159,233)	(6,450,545)
Annual OPEB Cost (Expense)	3,695,000	16,829,195	22,648,572	43,172,767
Expected Contribution (Employer-Paid Benefits)	1,141,000	10,251,000 <sup>a</sup>	13,226,000 <sup>a</sup>	24,618,000
Increase in Net OPEB Obligation	2,554,000	6,578,195	9,422,572	18,554,767
Net OPEB Obligation – Beginning of Year	46,828,000	33,337,567	33,895,578	114,061,145
Net OPEB Obligation – End of Year	<u>\$ 49,382,000</u>	<u>\$ 39,915,762 <sup>a</sup></u>	<u>\$ 43,318,150 <sup>a</sup></u>	<u>\$ 132,615,912</u>

<sup>a</sup> Estimated employer contributions based upon expected benefit payments in 2015. Estimated amounts will be replaced at year end with actual amounts.



## Notes to Financial Statements

The City's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for each plan based on an actuarial valuation of January 1, 2015, for Healthcare Blended Premium Subsidy, Firemen's Pension (LEOFF1) and Police Relief and Pension (LEOFF1) are displayed below for the last three years prior to the valuation date.

	Valuation Date	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare Blended Premium Subsidy	1/1/2013	12/31/2013	\$ 7,733,000	38.4%	\$ 44,303,000
	1/1/2014	12/31/2014	3,531,000	28.5	46,828,000
	1/1/2015	12/31/2015	3,695,000	30.9	49,382,000
Firemen's Pension (LEOFF1)	1/1/2013	12/31/2013	14,553,229	68.0	28,528,736
	1/1/2014	12/31/2014	14,375,831	66.5	33,337,567
	1/1/2015	12/31/2015	16,829,195	60.9	39,915,762
Police Relief and Pension (LEOFF1)	1/1/2013	12/31/2013	18,424,345	65.0	26,984,759
	1/1/2014	12/31/2014	18,443,819	62.5	33,895,578
	1/1/2015	12/31/2015	22,648,572	58.4	43,318,150

## Funded Status and Funding Progress

Based on the actuarial valuation dates for each of the plans, the unfunded actuarial accrued liability (UAAL) was equal to the actuarial accrued liability (AAL) due to the City's pay-as-you-go policy. Following is the funded status (in thousands) for each of the plans for the last three years:

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal AAL (b)	UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
Healthcare Blended Premium Subsidy	1/1/2013	—	\$ 78,945	\$ 78,945	—	\$ 941,986	8.4%
	1/1/2014	—	41,819	41,819	—	1,003,520	4.2
	1/1/2015	—	44,375	44,375	—	1,037,855	4.3
Firemen's Pension (LEOFF1)	1/1/2013	—	266,522	266,522	—	N/A	N/A
	1/1/2014	—	264,733	264,733	—	N/A	N/A
	1/1/2015	—	320,273	320,273	—	N/A	N/A
Police Relief and Pension (LEOFF1)	1/1/2013	—	295,990	295,990	—	N/A	N/A
	1/1/2014	—	291,524	291,524	—	N/A	N/A
	1/1/2015	—	358,269	358,269	—	N/A	N/A

## The City of Seattle

## Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the time of the valuation and the pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of any assets. Significant methods and assumptions are as follows:

Table 11-13

## OPEB INFORMATION

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2015	1/1/2015	1/1/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level amount over past and future service, open	30-year, open as of 1/1/2012	30-year, closed as of 1/1/2007
Remaining Amortization Period	30 years	30 years	22 years
Records and Data	City records	Supplied by the City	Supplied by the City
Replacement of Terminated Employees	Open to new retirees	Closed. No new members permitted.	Closed. No new members permitted.
Valuation of Assets	N/A. No assets as of valuation date.	N/A. No assets as of valuation date.	N/A. No assets as of valuation date.
Assumptions:			
Discount Rate	3.48%	3.50%	3.50%
Medical Inflation		7.7 %, grading down to 4.1% in 2070 and beyond.	7.7 % grading down to an ultimate of 4.1% in 2070.
Traditional and Preventive Plans	8.0% in 2014 and 7.5% in 2015		
Group Health Standard and Deductible Plans	7.5%, grading down to 5.2% in 2086 and beyond		
Long-Term Care Inflation Rate	N/A	4.75%	4.75%
Dental Inflation Rate	N/A	Minimum of 5.0 % of medical inflation.	Minimum of 5.0% of medical inflation.
Participation/Service Retirement	40% of actives who retire are assumed to participate.	All actives are assumed to retire at the valuation date.	All actives are assumed to retire at the valuation date.
Mortality	<p>LEOFF employees are based on the actuarial RP-2000 Combined Healthy Table with male ages set back one year and female ages set forward one year. Rates are projected using 50% of Scale AA to 2019 (LEOFF 1) or 2034 (LEOFF 2). For general service active employees are based on RP-2000 Table for Males with ages set back three years and RP-2000 Table for Females with ages set back three years. General service retired employees are based on RP2000 Combined Healthy Males with ages set back one year and RP-2000 Combined Healthy Females with ages set back one year. Rates are generations for both males and females using Projection Scale AA.</p>		
		For active and service-retired members, used RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Project Scale BB, with ages set back one year for males and forward one year for females. For disabled members, used RP-2000 Mortality Table (combined healthy) using 100% of Project Scale BB, with ages set forward two years.	For active and service-retired members, used RP-2000 Mortality Table (combined healthy) using 100% of Project Scale BB, with ages set back one year for males and forward one year for females. For disabled members, used RP-2000 Mortality Table (combined healthy) using 100% of Project Scale AA, with ages set forward two years.



## Notes to Financial Statements

**Table 11-13 OPEB INFORMATION (continued)**

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Assumptions (continued):			
	45% of members electing coverage are assumed to be married or have a registered domestic partner. Male spouses are assumed to be two years older than their female spouses. It is assumed that children have aged off and have \$0 liability.		
Marital Status		N/A	N/A
Morbidity Factors		N/A	N/A
Traditional Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 130.80% for retirees and 133.18% for spouses.		
Preventive Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 122.68% and 139.85%.		
	For the above two plans, because the retirees' spouses pay a lower premium for their health care coverage than the retirees, the net cost to the City for the spouse coverage is greater than for a retiree of the same gender and age. The morbidity factors were adjusted to reflect this discrepancy.		
Group Health Standard and Deductible Plans	The average medical claim for the Group Health Standard & Deductible plans is based on an average loss ratio (claim vs. premium) of 108.06% and 108.77% for retirees and spouses respectively		
	Active employees with current spouse and/or dependent coverage are assumed to elect the same plan and coverage. After retirement, it is assumed that children will have aged off of coverage and will have \$0 liability.		
Other Considerations		N/A	N/A

## The City of Seattle

### (12) COMPONENT UNITS

#### DISCRETELY PRESENTED COMPONENT UNITS

##### Seattle Public Library Foundation

The Seattle Public Library Foundation (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. 39, Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14, 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 statements for all years, please contact: Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, phone 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. Financial results presented herewith for 2015 are unaudited at this time; 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 and administrative work 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 Statement No. 39, SIF is presented as a nonmajor discrete component unit of the City.



## Notes to Financial Statements

Table 12-1

### CONDENSED STATEMENT OF NET POSITION SEATTLE PUBLIC LIBRARY FOUNDATION AND SEATTLE INVESTMENT FUND LLC

December 31, 2015

(in Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Cash and Other Assets	\$ 3,525	\$ 2,140	\$ 1,614	\$ 746	\$ 5,139	\$ 2,886
Investments	61,208	65,424	6	6	61,214	65,430
Capital Assets, Net	2	3	—	—	2	3
Total Assets	64,735	67,567	1,620	752	66,355	68,319
<b>LIABILITIES</b>						
Current Liabilities	2,308	1,839	221	176	2,529	2,015
Total Liabilities	2,308	1,839	221	176	2,529	2,015
<b>NET POSITION</b>						
Net Investment in Capital Assets	2	3	—	—	2	3
Restricted	44,481	46,025	—	—	44,481	46,025
Unrestricted	17,944	19,700	1,399	576	19,343	20,276
Total Net Position	<u>\$ 62,427</u>	<u>\$ 65,728</u>	<u>\$ 1,399</u>	<u>\$ 576</u>	<u>\$ 63,826</u>	<u>\$ 66,304</u>

## The City of Seattle

Table 12-2

### CONDENSED STATEMENT OF ACTIVITIES SEATTLE PUBLIC LIBRARY FOUNDATION AND SEATTLE INVESTMENT FUND LLC

For the Year Ended December 31, 2015

(In Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2015	2014	2015	2014	2015	2014
<b>PROGRAM REVENUES</b>						
Contributions/Endowment Gain	\$ 4,084	\$ 4,505	\$ —	\$ —	\$ 4,084	\$ 4,505
Placement/Management Fee Income	—	—	274	204	274	204
Total Program Revenues	4,084	4,505	274	204	4,358	4,709
<b>GENERAL REVENUES</b>						
Investment Income	(574)	3,734	1,120	—	546	3,734
Total Program Support and Revenues	3,510	8,239	1,394	204	4,904	8,443
<b>EXPENSES</b>						
Support to Seattle Public Library	5,778	4,269	—	—	5,778	4,269
Management and General	644	574	571	243	1,215	817
Fundraising	389	372	—	—	389	372
Total Expenses	6,811	5,215	571	243	7,382	5,458
Change in Net Position	(3,301)	3,024	823	(39)	(2,478)	2,985
<b>NET POSITION</b>						
Net Position - Beginning of Year	65,728	62,704	576	615	66,304	63,319
Net Position - End of Year	<u>\$ 62,427</u>	<u>\$ 65,728</u>	<u>\$ 1,399</u>	<u>\$ 576</u>	<u>\$ 63,826</u>	<u>\$ 66,304</u>

### Fiduciary-Type Component Units

Firemen's Pension Fund and the Police Relief and Pension Fund are determined to be nonmajor discrete component units (GASB Statement No. 61, The Financial Reporting Entity; Omnibus – an amendment of GASB Statements No. 14 and No. 34). In accordance with GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and GASB Statement No. 50, Pension Disclosures - an amendment of GASB Statement No. 25 and No. 27, these funds are reported in Note 11, Pensions, Deferred Compensation, and Other Postemployment Benefits, and in the Fiduciary Funds section.

### BLENDED COMPONENT UNIT

#### Seattle Transportation Benefit District

The Seattle Transportation Benefit District (STBD), a quasi-municipal corporation, was established through City Ordinance 123397 in September 2010 pursuant to RCW 35.21.225 which grants cities the authority to establish such a district. Transportation benefit districts are able to acquire, construct, improve, provide, and fund transportation improvement within district boundaries consistent with any existing state, regional and local transportation plan. RCW 36.73.065 gives districts the authority to impose taxes, fees, charges and tolls to fund this work. Beginning May 1, 2011, the STBD began collecting a \$20 vehicle registration fee on eligible vehicles registered within its boundaries which are the same as the City's. In November 2014 voters elected to



## Notes to Financial Statements

raise revenue to preserve King County Metro Transit service through an additional \$60 vehicle registration fee and a 0.1 percent increase in the sales tax. The STBD is governed by the Seattle City Council members acting in an ex-officio capacity, and maintains no employees. STBD's sole purpose is to finance the City's transportation improvements and although it is a legally separate entity, the operations of STBD are so closely related to those of the City that it is reported as if it were part of the primary government.

The Seattle Transportation Benefit District is reported as a special revenue fund in the City's financial statements. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements for the STBD are available from Seattle City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, WA 98104 or by calling 206-233-5005.

### Seattle Park District

The Seattle Park District is a metropolitan park district authorized by Chapter 35.61 of the Revised Code of Washington. The Seattle Park District has the same boundaries as the City of Seattle. On August 5, 2014 voters in the City of Seattle approved Proposition 1 to use property taxes collected to provide funding for City parks and recreation including maintaining parklands and facilities, operating community centers and recreation programs, and developing new neighborhood parks on previously acquired sites. The Park District is governed by the Seattle City Council acting ex officio as the District Board. The Seattle Department of Parks and Recreation provides services on behalf of the Seattle Park District under an interlocal agreement between City and District through City Ordinance 124468.

The Seattle Park 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 reports. In addition, separate financial statements are available from Seattle City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, WA 98104 or by calling 206-684-8805.

## (13) JOINT VENTURES

### SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL

The Seattle-King County Workforce Development Council (WDC) is a joint venture between King County and the City of Seattle. 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 of Seattle, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of the 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, the 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, King County and the City of Seattle who each will be responsible for of the disallowed amount. As of December 31, 2015, there are no outstanding program eligibility issues that may lead to a City of Seattle liability.

The WDC contracts with the City of Seattle which provides programs related to the WIA Youth In-School Program and Seattle Conservation Corps Program. For the year 2015, WDC paid \$0.7 million to the City of Seattle.

The 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/annual-reports/> or by telephone at 206-448-0474.

## The City of Seattle

## (14) COMMITMENTS

### GENERAL

### Capital Improvement Program

The City adopted the 2015-2016 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$5.221 billion for the years 2015-2020. The adopted CIP for 2015 was \$1.050 billion, consisting of \$666.8 million for City-owned utilities and \$383.5 million for non-utility departments. The utility allocations are: \$395.9 million for City Light, \$76.7 million for Water, \$114.3 million for Drainage and Wastewater, \$51.6 million for Solid Waste, and \$28.3 million for Seattle Public Utilities' technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

### CITY LIGHT (SCL)

Expenses associated with energy received under long-term purchased power agreements at December 31, 2015 and 2014 are shown in the following table.

Table 14-1

### LONG-TERM PURCHASED POWER

(In Millions)

	2015	2014
Bonneville Block	\$ 78.7	\$ 78.1
Bonneville Slice	77.8	77.5
Lucky Peak, including royalties	6.3	6.3
British Columbia - High Ross Agreement	13.4	13.4
Grant County Public Utility District	3.2	3.2
Grand Coulee Project Hydro Authority	6.6	6.1
Bonneville South Fork Tolt billing credit	(3.3)	(3.3)
Renewable energy - State Line Wind	20.8	23.7
Renewable energy - other	8.7	7.1
Exchanges and loss returns energy at fair value	6.1	8.9
Long-term purchased power booked out	(4.7)	(6.7)
Total	\$ 213.6	\$ 214.3

### Purchased and Wholesale Power

#### Bonneville Power Administration

SCL 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. Block quantities, Slice percentage, and Bonneville rates 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 below.

The terms of the Slice product specify that SCL will receive a percentage of the actual output of the Federal Columbia River Power System (the System). The percentage is adjusted annually with a Slice Adjustment Ratio no greater than 1.0 times the initial 3.65663 slice percentage, no later than 15 days prior to the first day of each federal fiscal year, beginning with fiscal year 2012. The current Slice percentage is 3.62643 percent, and the previous fiscal year was 3.62763 percent. The cost of Slice power is based on SCL's same percentage of the expected costs of the System and is subject to true-up adjustments based on actual costs with specified exceptions.

Bonneville's Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region's investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court (the Court) rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power



## Notes to Financial Statements

Act. To remedy this inconsistency, the court ruled that refunds be issued to non IOUs through 2019. SCL received \$5.7 million in both 2015 and 2014 in billing credits related to both the Block and Slice agreements as a result of the Court decision.

### Lucky Peak

In 1984, SCL entered into a purchase power agreement with four irrigation districts to acquire 100 percent 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 FERC license expires in 2030. The agreement, which expires in 2038, obligates SCL to pay all ownership and operating costs, including debt service, over the term of the contract, whether or not the plant is operating or operable.

SCL provided and billed Lucky Peak \$0.3 million for operational and administrative services in both 2015 and 2014. These amounts are recorded as offsets to purchased power expense. SCL paid \$3.4 and \$3.2 million for energy from Lucky Peak in 2015 and 2014, respectively.

SCL's receivables from Lucky Peak were less than \$0.1 million at December 31, 2015 and 2014, respectively. SCL's payables to Lucky Peak were \$0.5 million and \$0.3 million at December 31, 2015 and 2014, respectively.

### 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 SCL 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, SCL incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchase power expense over 35 years through 2035.

### Renewable Energy Purchase and/or Exchanges

The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires all qualifying utilities in Washington State to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits as a percentage of total energy delivered to retail customers. The annual targets are: at least 3 percent by 2012, at least 9 percent by 2016, and at least 15 percent by 2020. SCL's 2015 and 2014 resource portfolio met the 3 percent target.

### Energy Exchange

Northern California Power Agency (NCPA) and SCL executed a long-term Capacity and Energy Exchange Agreement in March 1993. SCL delivers energy to NCPA from June through October 15. NCPA returns energy under conditions specified in the contract at a 1.2:1 ratio of exchange power from November through April. The agreement includes financial settlement and termination options. In a letter NCPA dated May 17, 2011, NCPA gave seven year's advance written notice to the Department terminating the agreement effective no later than May 31, 2018.

### Fair Value of Exchange Energy

Exchange energy receivable and the related regulatory gains at December 31, 2015 and 2014, were valued using Kiodek Forward Curves and Dow Jones U.S. Daily Electricity Price Indices for settled deliveries. An income valuation technique that uses interest rate forecasts from HIS Global Insight is used to discount for present value based on the interest rate for U.S. Government Treasury constant maturities, bond-equivalent yields by the future month of the transactions.

## The City of Seattle

### Estimated Future Payments under Purchased Power, Transmission, and Related Contracts

SCL's estimated payments for purchased power and transmission, Renewable Energy Credits (RECs) and other contracts for the period from 2016 through 2065, undiscounted, are shown in the following table.

Table 14-2

### ESTIMATED FUTURE PAYMENTS UNDER PURCHASED POWER, TRANSMISSION, AND RELATED CONTRACTS (In Millions)

Year Ending December 31	Estimated Payments <sup>a</sup>
2016	\$ 286.0
2017	291.2
2018	305.8
2019	317.8
2020	339.6
2021 - 2025	1,675.2
2026 - 2030 <sup>b</sup>	850.2
Thereafter (through 2065)	185.2
Total	\$ 4,251.0

<sup>a</sup> 2016 to 2019 includes estimated REP recoveries from BPA.

<sup>b</sup> BPA transmission contract expires July 31, 2025.

<sup>c</sup> BPA Block and Slice contract expires September 30, 2028.

### Federal Energy Regulatory Commission Fees

Estimated Federal land use and administrative fees related to hydroelectric licenses total \$190.6 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, at which time their current FERC licenses expire. The estimated portion of Boundary fees is included through 2055, the year in which the current license issued by FERC expires. The current Boundary FERC license and related issues are discussed below.

### New Boundary License

SCL's FERC license for the Boundary Project expired on September 30, 2011 and a new license was issued on March 20, 2013 with 42 year life for the total cost of \$48.6 million. The terms and conditions of the new license have been evaluated. SCL has moved to the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management.

As part of the application process, SCL negotiated a settlement with external parties such as owners of other hydroelectric projects, Indian tribes, conservation groups, and other government agencies. The settlement sought to preserve SCL'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 Department's license application, were estimated to be \$381.5 million adjusted to 2015 dollars, of which \$32.0 million were expended through 2015. Projected mitigation cost estimates are subject to revision as more information becomes available.

### Skagit and South Fork Tolt Licensing Mitigation and Compliance

In 1995, the FERC issued a license for operation of the Skagit hydroelectric facilities through April 30, 2025. On July 20, 1989, the FERC license for operation of the South Fork Tolt hydroelectric facilities through July 19, 2029, became effective. As a condition for both of these licenses, SCL has taken and will continue to take required mitigating and compliance measures.



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## Notes to Financial Statements

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Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2015, to be \$130.2 million, of which \$114.5 million had been expended. Total South Fork Tolt license mitigation costs were estimated at \$1.8 million, of which \$1.3 million were expended through 2015. 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 2015 dollars. SCL's labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

Hydroelectric projects must satisfy the requirements of the Endangered Species Act (ESA) and the Clean Water Act in order to obtain a FERC license. ESA and related issues are discussed below.

### *Endangered Species*

Several fish species that inhabit waters where hydroelectric projects are owned by SCL, or where SCL 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 SCL's hydroelectric projects, the ESA listings still affect operations of SCL'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, SCL'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.

SCL, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. SCL 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 SCL's share of the Early Action program from inception in 1999 through December 31, 2015 are estimated to be \$10.7 million. \$1.6 million has been allocated for the program in the 2016 budget.

### *Project Impact Payments*

Effective August 2010, SCL renewed its contract with Pend Oreille County and committed to pay a total of \$19.0 million over 10 years ending in 2019 to Pend Oreille County for impacts on county governments from the operations of SCL'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 \$2.5 million and \$2.5 million to Pend Oreille County, and \$1.0 million and \$1.0 million to Whatcom County in 2015 and 2014, respectively.

## SEATTLE PUBLIC UTILITIES (SPU)

### **Water Fund**

#### *Habitat Conservation Program Liability*

SPU has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the Habitat Conservation Plan (HCP) is to protect all species of concern that may be affected by the operations of SPU and SCL in the Cedar River Watershed while allowing SPU 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 \$108.9 million (in 2015 dollars) over a period of 50 years (from the year 2000 through the year 2050).

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## The City of Seattle

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Expenditures are being funded from a combination of SPU's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2015 is \$82.0 million. The remaining \$26.9 million to complete the HCP is comprised of an \$8.0 million liability and an estimate of \$18.9 million for construction and operating commitments. The construction activities will add to SPU's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expenses as incurred.

#### *Distribution System Reservoirs*

SPU is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying four reservoirs is expected to be approximately \$164.5 million through the year 2018; costs beyond 2018 are not estimable as of the date of this report. As of December 31, 2015 and 2014, total cumulative costs incurred were \$156.5 million and \$146.8 million, respectively.

#### *Wholesale Water Supply Contracts*

SPU has wholesale contracts with Cascade Water Alliance ("CWA") and twenty individual water districts and municipalities. Seventeen wholesale customers have full and partial requirements contracts which obligate the City to meet the wholesale customers' demand that is not already met by their independent sources of supply. Two wholesale customers including CWA have block contracts which obligate the City to provide water up to a combined maximum of 41.85 Millions of Gallons per Day (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 run through 2061. SPU 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.

### **Drainage and Wastewater Fund**

#### *Wastewater Disposal Agreement*

SPU has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division (WTD), which expires in 2036. The monthly wastewater disposal charge paid to WTD is based on the WTD's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. Payments made by SPU were \$148.6 million and \$139.7 million for fiscal years 2015 and 2014, respectively.

### **Solid Waste Fund**

#### *Contractual Obligations*

SPU contracts with private companies for the collection of residential and commercial garbage, yard waste, food waste, and recycling. Effective March 30, 2009 SPU entered into new contracts with Waste Management and CleanScapes for residential and commercial collection. The contracts are scheduled to end on March 31, 2019. Total payments under these contracts for residential and commercial collection in 2015 and 2014 were \$77.2million and \$75.6 million, respectively.

In 1990, SPU entered into a contract with Waste Management of Washington, Inc. formerly known as Washington Waste Systems for the disposal of non-recyclable City waste. This contract is scheduled to end on March 31, 2028, however the City may terminate this contract at its option without cause on March 31, 2019. The Fund paid WWS \$12.8 million and \$12.9 million under this contract in 2015 and 2014, respectively.

The City also has negotiated a long-term yard waste processing contract with Cedar Grove Composting, Inc. (CGC). This contract expired on March 30, 2014. Total payments to CGC in 2014 were \$0.4 million.

Effective April 1, 2014 the City entered into contracts with PacifiClean Environmental of Washington, L.L.C and Lenz Enterprises, Inc. to process yard and food waste into marketable products. The contracts are scheduled to end on March 31, 2020 however the city may, at its option, extend the contract in two year increments up to March 31, 2024. Total payments under the terms of these contracts for 2015 and 2014 were \$4.4 million and \$3.4 million, respectively.



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## Notes to Financial Statements

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Effective April 1, 2009, the City commenced a contract for recycling processing with Rabanco, LTD. The company is responsible for processing recyclables from both commercial and residential customers. The contract is scheduled to end on March 31, 2016 with an option to extend the contract for a three-year period at that time. The City elected to proceed with a solicitation process, and as a result, negotiated a new long term contract with Rabanco, LTD. This contract became effective April 1, 2016 and will expire March 31, 2021. The City may at its option extend the contract in three year increments up to March 31, 2027. Total payment for recycling processing in 2015 and 2014 were \$2.6 million and \$2.4 million, respectively.

### *Landfill Closure and Post-closure Care*

At December 31, 2015, accrued landfill closure and post-closure costs consist primarily of monitoring, maintenance, and repair costs. It is the City Council's policy to include the fund's share of all landfill closure and post-closure costs in the revenue requirements used to set future solid waste rates. Therefore, SPU uses regulatory accounting and total estimated landfill closure and post-closure care costs are accrued and also reflected as a future costs in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers. Actual costs for closure and post-closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and accrued when identified. Landfill closure costs were fully amortized in 2009 and landfill post-closure costs will continue to amortize until 2024. In prior years, SPU delivered its refuse to two leased disposal sites: the Midway and Kent-Highlands landfills. Subsequent to signing the original lease agreement, federal and state requirements for closure of landfill sites were enacted. SPU stopped disposing of municipal waste in the Midway site in 1983 and in the Kent-Highlands site in 1986.

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## The City of Seattle

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### (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.

Effective January 1, 1999, the City obtained excess general liability insurance coverage for occurrences on or after said date, which covered losses over \$2.5 million per occurrence self-insured retention, with a \$25.0 million annual aggregate. The City's self-insurance retention was increased to \$5.0 million per occurrence on February 1, 2002. On June 1, 2007, the annual aggregate was increased to \$30.0 million and remained same through May 2011. Beginning on June 1, 2009, the City's self-insured retention was increased to \$6.5 million per occurrence, following the increase in the annual aggregate to \$40.0 million beginning June 1, 2011.

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 type of asset and value of the building. This includes \$100.0 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, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment of commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities as necessary.

The City did not purchase annuity contracts in 2015 to resolve litigation. No structured settlements were entered into by the City in 2015. No large liability settlements were received in 2015. The City had no settled claims exceeding coverage in the last three years.

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 2015 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care at year-end 2014. The total undiscounted IBNR amount increased by \$1.8 million in 2015, the IBNR amount was \$42.2 million in 2015 and \$40.4 million in 2014.

Estimated claims expenditures are budgeted by the individual governmental and proprietary funds. Actual workers' compensation claims are processed by the General Fund and reimbursed by the funds that incurred them. Operating funds pay health care premiums to the General Fund, and the latter pays for all actual health care costs. The General Fund initially pays for lawsuits, claims, and related expenses and then receives reimbursements from City Light, Water, Drainage and Wastewater, Solid Waste, and the retirement funds.

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.3 million in both 2015 and in 2014. 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.

Claim liabilities recorded in the financial statements are discounted at 0.931 percent for 2015 and 2014, the City's average annual rate of return on investments. The total discounted liability at December 31, 2015, was \$106.8 million consisting of \$62.4 million for general liability, \$4.3 million for health care, and \$40.1 million for workers' compensation.



## Notes to Financial Statements

**Table 15-1**  
**RECONCILIATION OF CHANGES IN**  
**AGGREGATE LIABILITIES FOR CLAIMS**  
**(In Thousands)**

	General Liability		Health Care		Workers' Compensation		Total City	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>UNDISCOUNTED</b>								
Balance - Beginning of Fiscal Year	\$ 69,273	\$ 61,659	\$ 3,499	\$ 3,047	\$ 40,382	\$ 40,085	\$ 113,154	\$ 104,791
Less Payments and Expenses During the Year	(15,301)	(12,953)	(149,797)	(142,880)	(14,513)	(13,363)	(179,611)	(169,196)
Plus Claims and Changes in Estimates	11,244	20,567	150,677	143,332	15,441	13,660	177,362	177,559
Balance - End of Fiscal Year	<u>\$ 65,216</u>	<u>\$ 69,273</u>	<u>\$ 4,379</u>	<u>\$ 3,499</u>	<u>\$ 41,310</u>	<u>\$ 40,382</u>	<u>\$ 110,905</u>	<u>\$ 113,154</u>
<b>UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>								
Governmental Activities	\$ 50,129	\$ 52,765	\$ 4,379	\$ 3,499	\$ 30,165	\$ 29,190	\$ 84,673	\$ 85,454
Business-Type Activities	15,087	16,508	—	—	11,145	11,192	26,232	27,700
Fiduciary Activities	—	—	—	—	—	—	—	—
Balance - End of Fiscal Year	<u>\$ 65,216</u>	<u>\$ 69,273</u>	<u>\$ 4,379</u>	<u>\$ 3,499</u>	<u>\$ 41,310</u>	<u>\$ 40,382</u>	<u>\$ 110,905</u>	<u>\$ 113,154</u>
<b>DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>								
Governmental Activities	\$ 47,950	\$ 51,010	\$ 4,330	\$ 3,467	\$ 29,286	\$ 28,178	\$ 81,566	\$ 82,655
Business-Type Activities	14,431	15,959	—	—	10,821	10,805	25,252	26,764
Fiduciary Activities	—	—	—	—	—	—	—	—
Balance - End of Fiscal Year	<u>\$ 62,381</u>	<u>\$ 66,969</u>	<u>\$ 4,330</u>	<u>\$ 3,467</u>	<u>\$ 40,107</u>	<u>\$ 38,983</u>	<u>\$ 106,818</u>	<u>\$ 109,419</u>

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

- City Light Energy Crisis Litigation. The City is involved in various legal proceedings relating to the enormous price spikes in energy costs in California and the rest of the West Coast in 2000 and 2001.
  - California Refund Case, Appeals and Related Litigation: In February 2011, the City agreed to a settlement, which was eventually approved by the trial court and by FERC. Under the settlement, the City has resolved this matter for \$9.0 million, none of which needed to be immediately paid by the City. As part of the settlement, the City assigned its accounts receivable from the California Independent Systems Operator to the California Parties, which was valued at approximately \$1.4 million at the time of the settlement agreement. The balance of over \$7.6 million is contingent upon the City recovering monies in the Pacific Northwest Refund Case, discussed below. To date, approximately \$2,282,490 in cash settlements has been paid to the California plaintiffs.
  - Pacific Northwest Refund Case, and Appeals and Related Litigation: In a proceeding before FERC, various buyers of energy, including the City, sought refunds from various sellers on energy sales in the Pacific Northwest between December 1999 and June 2001. The case was tried at FERC between August and October of 2013. In March 2014, the FERC administrative law judge issued an Initial Decision denying all refunds. In May 2014, the City filed a brief objecting to the Initial Decision, and the parties are now awaiting a final decision from FERC. Prior to the FERC trial, the City settled refund claims with twelve entities, with a combined total settlement amount of \$4.6 million. In February 2015, after hearing argument in a related case, the Ninth Circuit sua sponte reactivated certain City Light appeals previously stayed at the Ninth Circuit that were primarily related to City Light's appeal of the FERC's determination that the Mobile-Sierra presumption applied to the contracts at issue and whether FERC had improperly excluded certain evidence that City Light had presented in order to overcome the Mobile-Sierra presumption. After a truncated briefing

## The City of Seattle

schedule, oral arguments were heard in June 2015. On December 17, 2015, the Ninth Circuit issued its opinion finding that the Mobile-Sierra presumption does apply to the issues in this case. The Ninth Circuit also determined that it did not have jurisdiction over the evidentiary issues. On December 31, 2015, FERC issued its decision largely confirming the Initial Decision issued by the administrative law judge on March 28, 2014. City Light filed its notice of appeal to the Ninth Circuit on February 22, 2016.

- Boundary Unit 55 Delay Claims: City Light entered into a generator rebuild contract with Toshiba International Corporation for Units 55 and 56 at the City's Boundary Hydroelectric Project. The rebuild contract specified a turnover date of March 29, 2013 for Unit 55. Toshiba was materially late on a number of matters, which triggered liquidated damage claims under the contract with Toshiba. The liquidated damages clause allows for \$11,000 per day, and the City has made liquidated damages claims against Toshiba for the period of March 29 - July 17, 2013. These claims total \$1,210,000 and are currently being negotiated with Toshiba. The ultimate recovery amount is indeterminate.
- Centralia Steam Plant Project Asbestos Claims: In 2013, the City received notice of a lawsuit that had been filed against PacifiCorp (the successor in interest of the former operator of the Centralia Steam Plant Project) by an employee of a contractor who worked at the Project between April 26, 1971 and December 3, 1971. The claimant alleges he developed mesothelioma as a result of his exposure to asbestos during the time he worked at the Project. PacifiCorp provided notice to the City, and all the other former owners of the Project that, as a former owner of the Project, it could be liable for any liabilities resulting from the construction not covered by insurance in proportion to its ownership share. Based on the agreement for the construction and ownership of the Project, City Light owned 8 percent of the Project during the material times. Recently, the City received additional notice indicating that two additional decedent estates have filed lawsuits against the former operator alleging similar claims. The City is not named in any of the litigation and trial dates for these cases against the former operator are set for various times in 2016. The City's ultimate liability is indeterminate.
- Utility Tax Refund: In November 2010, a wireless telecommunications subsidiary company served dozens of cities in Washington, including Seattle, with utility tax refund requests. Then, on April 25, 2012, the subsidiary company filed a lawsuit in King County Superior Court against more than 100 cities. The lawsuit is an appeal of the cities' denial of or failure to respond to the refund request. The City of Seattle initially was not a defendant in the lawsuit, but the company amended its complaint in August to add Seattle and some other cities. The lawsuit arises from the company being sued in a class action for improperly charging its customers for local utility taxes on wireless internet services. Those services may not have been taxable and the company should not have been paying the tax or charging its customers for the tax. As part of the settlement of the class action law suit, the company was required to present refund claims to the cities that may have received utility tax on wireless internet services. The company's claim against the City of Seattle was about \$5 million. In May 2013, the court granted motions to dismiss Seattle and most other cities on procedural grounds. However, the City continued with an audit of the company. That audit determined that the taxpayer was owed a \$3,009,965.79 telephone utility tax credit. In October 2015, the taxpayer waived its rights to appeal the City's tax assessment. This case has been closed.
- Public Records Request Claim: The parent company of a local television station in Seattle, made public records request for in-car videos and sued the City when they were not produced. The trial court held some records were improperly withheld. Both parties appealed. On June 12, 2014, the Court issued its decision holding that SPD violated the PRA in denying the plaintiff's requests for databases and for the actual videos. The Court remanded for further proceedings regarding penalties and attorney fees. The plaintiff moved for attorney fees and costs for the Supreme Court appeal. The Court awarded the plaintiff costs and fees of \$52,375.61, which the City has paid. In November 2015 the plaintiff's successor in interest agreed to settle this case for \$174,182.98 in addition to \$53,000 paid to the plaintiff last year for attorney fees and costs awarded at the Supreme Court level. The settlement was finalized on December 14, 2015.
- Beacon, Myrtle, Maple Leaf and West Seattle Reservoir Leaks: In 2011 the designer of the Beacon, Myrtle, Maple Leaf and West Seattle reservoirs, notified SPU about possible seismic deficiencies in the designs for the four reservoirs, specifically that the structural calculations it had used did not meet the applicable building code requirements. In response, SPU undertook a rigorous and thorough seismic analysis, focusing first on the West Seattle reservoir, to understand the nature and severity of the seismic deficiencies. Based on that analysis, SPU hired an engineering firm to evaluate and undertake design repairs for the four reservoirs to correct any seismic issues. Repairs on the West Seattle reservoir are nearly complete. It is estimated that the total cost of the work, including analysis, design and construction, will be approximately \$25 million. The designer has to date worked closely and cooperatively with SPU throughout the seismic review and retrofit design process, and negotiations between SPU and the designer are ongoing concerning payment of repair costs. In early 2015, SPU and the designer agreed on a partial settlement of \$3,248,171 for the West Seattle reservoir repairs. In January 2016, SPU and the designer agreed on a partial settlement of \$5,497,275 for the construction and design



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## Notes to Financial Statements

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costs related to the Maple Leaf and Myrtle reservoirs. The designer also agreed in that partial settlement to make the final payment of \$850,000 related to SPU costs associated with the Lighter Weight Roof Change.

There may be other litigation or claims involving alleged substantial sums of money owing; however, the prospect of material adverse outcomes therein is remote. Other than the aforementioned cases and the claim liabilities recorded in the financial statements, there were and are no outstanding material judgments against the City.

### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 108 LOAN PROGRAM

The City of Seattle participates in the HUD Section 108 loan program. In the Section 108 program HUD obtains funds from private investors at a very low cost (i.e., low interest rate). Low-cost funds are available because HUD guarantees repayment to the private investors. HUD, in turn, provides the low-cost funds to jurisdictions nationwide including the City of Seattle. The City re-lends the 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.

On December 31, 2015, seven projects remained outstanding with a combined total amount of \$11.5 million. BEDI grant funds amount to \$0.5 million, of which a portion is being held as loan loss reserve.

### GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has guaranteed the following 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.

In the event that these public development authorities have insufficient funds to make scheduled debt payments of the principal of and interest on these guaranteed bonds, the City is obligated to transfer sufficient funds to make the payment. Public development authorities for whom the City has made all or part of a debt service payment shall reimburse the City for all money drawn on their behalf.

#### *Museum Development Authority*

Special obligation refunding bonds. Series 2014 issued on April 29 2014, in the amount of 44,375,000. The outstanding amount as of December 31, 2015 is \$42,700,000. The bonds will be fully retired by April 1, 2031.

#### *Seattle Chinatown-International District Preservation and Development Authority*

Refunding bonds issued on September 26, 2007, in the amount of \$7,355,000. The outstanding amount as of December 31, 2015, was \$5,105,000. The bonds will be fully retired by August 1, 2026.

#### *Seattle Indian Services Commission*

Special obligation revenue refunding bonds issued on November 1, 2004, in the amount of \$5,210,000. The outstanding amount as of December 31 2015 is \$3,235,000. The bonds will be fully retired on November 1, 2024.

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## The City of Seattle

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### Event Notice Relating to Seattle Indian Services Commission

In 2014 the Seattle Indian Services Commission experienced unforeseen conditions that leave 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.

The City's 2015 Adopted Budget and thereon includes funding to pay debt service on the Commission's guaranteed bonds in accordance with the City's unconditional obligation. Effective for fiscal year 2015 the City will transfer funds on behalf of the Commission to pay the scheduled debt payments of the principal and interest on its special obligation refunding bonds issued on November 1, 2004. The first debt service payment occurred on 5/1/2015 in the amount of \$75 thousand.

As of Dec 31, 2015, the Commission's remaining principal and interest amounts the City guaranteed are \$3,235,000 and \$749,193 respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (1.134 percent), the City has recognized a liability of \$3.8 million on 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 11/01/2024.



## **(16) RESTATEMENTS, PRIOR-PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING PRINCIPLES, AND RECLASSIFICATIONS**

### **GOVERNMENTAL ACTIVITIES**

Prior-period adjustments in government-wide financial statement included the following: (1) A reduction of construction in progress (CIP) from prior years in the amount of \$3.312 million was due to over and under recording of non-CIP expenses. (2) An easement for a building amounting to \$400 thousand in capital assets was not recorded as intangible assets in 2014. (3) Additional immaterial corrections to various Other Assets netted a total reduction of \$283 thousand. These changes in capitalization of construction in progress, intangible and other asset resulted in a restatement that decreased the net capital assets reported in 2014 by \$3.195 million.

Transportation Department reclassified capital assets of \$4.2 million from infrastructure to building. Parks and Recreation and Seattle Center also reclassified capital assets of \$1.4 million from building to land for \$525 thousand, improvement for \$236 thousand and equipment for \$601 thousand. These reclassifications resulted as a restatement to the 2014 government-wide financial statements for governmental activities.

In consideration of the reporting requirements of Statement GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the City recorded its proportionate share of the initial net pension liability/asset and applicable deferred inflows and outflows of resources as a restatement of the beginning net position for fiscal year 2015. The net effects as a result of this adjustment to the beginning net position of governmental activities was a decrease of \$418.7 million.

### **BUSINESS-TYPE ACTIVITIES**

Seattle City Light reclassified its 2014 presentation by removing work in process from accumulated depreciation in the amount of \$1.3 million to construction in progress. The reclassification had no impact on the net capital assets.

In consideration of the reporting requirements of Statement GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the City recorded its proportionate share of the initial net pension liability/asset and applicable deferred inflows and outflows of resources as a restatement of the beginning net position for fiscal year 2015. The net effects as a result of this adjustment to the beginning net position of business activities was a decrease of \$440.7 million.

## **(17) SUBSEQUENT EVENTS**

On January 28, 2016, pursuant to City Council Resolution 31646, the City issued (1) \$31.9 million of Municipal Light and Power (ML&P) Revenue Bonds, 2016A, Taxable New Clean Renewable Energy Bonds (CREBS), with an average coupon rate of 4.050 percent and a final maturity of January 1, 2041; (2) \$116.9 of ML&P Refunding Revenue Bonds, 2016B, with an average coupon rate of 5.000 percent through March 31, 2029 and 4.000 percent thereafter, with a final maturity of April 1, 2029.

On April 6, 2016, pursuant to Mayor Ed Murray's announcement in May 2015, the City began its three-year-transition toward a consolidated IT office, called the Seattle Information Technology Department (Seattle IT), which is designed to increase IT efficiencies and reduce costs. Seattle IT is responsible for the delivery of IT services for the entire City government. The City is currently evaluating the impact this transition will have on its financial statements.

On May 25, 2016, pursuant to City Council Resolutions 31665 and 31666, the City issued (1) \$103.7 million of Limited Tax General Obligation (LTGO) Improvement and Refunding Bonds A with an average coupon rate of 4.388 percent and a final maturity of April 1, 2036; (2) \$6.1 million of LTGO Improvement Taxable Bonds B with an average coupon rate of 2.723 percent and a final maturity of April 1, 2036; and (3) \$36.7 million of Unlimited Tax General Obligation (UTGO) Improvement Bonds with an average coupon rate of 4.075 percent and a final maturity of December 1, 2045.

On June 22, 2016, pursuant to City Council Resolution 31674 the City issued \$160.9 million of Drainage Wastewater Refunding and Revenue Bonds with an average coupon rate of 4.092 percent and a final maturity of April 1, 2046.



## **Required Supplementary Information**

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## Required Supplementary Information

### SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The schedules of revenues, expenditures, and changes in fund balances – budget and actual are presented on a budgetary basis (Non-GAAP). A reconciliation of the budgetary fund balance to the GAAP fund balance is shown on the face of each schedule.

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

As described in Note 1, Summary of Significant Accounting Policies, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011; the Library Fund no longer meets the definition for a special revenue fund and is now reported as part of the General Fund for the GAAP reporting. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund, C-1, is presented on the budgetary basis for the legally adopted budget of the General Fund.

## The City of Seattle

C-1

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2015

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 271,288	\$ 271,288	\$ 273,044	\$ (1,756)
Retail Sales and Use Taxes	206,443	206,443	221,646	(15,203)
Business Taxes	282,661	282,661	277,947	4,714
Excise Taxes	56,207	56,207	80,219	(24,012)
Other Taxes	—	—	—	—
Interfund Business Taxes	133,542	133,542	134,959	(1,417)
Total Taxes	950,141	950,141	987,815	(37,674)
Licenses and Permits	27,131	27,131	27,119	12
Grants, Shared Revenues, and Contributions	30,306	46,133	25,152	20,981
Charges for Services	53,778	57,085	61,401	(4,316)
Fines and Forfeits	30,756	30,756	31,323	(567)
Parking Fees and Space Rent	38,169	38,169	38,570	(401)
Program Income, Interest, and Miscellaneous Revenues	228,159	228,187	225,215	2,972
Total Revenues	1,358,440	1,377,602	1,396,595	(18,993)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	417,752	425,446	391,314	34,132
Judicial	29,491	29,491	29,351	140
Public Safety	512,695	544,346	528,788	15,558
Physical Environment	6,401	8,792	6,643	2,149
Transportation	9,240	9,240	9,240	—
Economic Environment	24,156	26,553	19,938	6,615
Health and Human Services	76	76	76	—
Culture and Recreation	7,109	7,109	7,195	(86)
Capital Outlay				
General Government	37,725	37,725	13,495	24,230
Public Safety	9,885	10,884	3,103	7,781
Physical Environment	—	—	—	—
Transportation	12,505	12,505	—	12,505
Economic Environment	—	—	—	—
Culture and Recreation	38,807	42,286	15,458	26,828
Debt Service				
Principal	—	—	—	—
Interest	—	256	—	256
Total Expenditures and Encumbrances	1,105,842	1,154,709	1,024,601	130,108
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	252,598	222,893	371,994	(149,101)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	7,447	7,447	18,274	(10,827)
Transfers In	13,948	13,948	9,065	4,883
Transfers Out	(287,089)	(298,652)	(338,227)	39,575
Total Other Financing Sources (Uses)	(265,694)	(277,257)	(310,888)	33,631
Net Change in Fund Balance	\$ (13,096)	\$ (54,364)	61,106	\$ (115,470)
Budgetary Fund Balance - Beginning of Year			273,919	
Net Change in Encumbrances			30	
Net Change in Unappropriable Reserves			(68,026)	
Budgetary Fund Balance - End of Year			267,029	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			96,937	
Encumbrances			4,396	
Reimbursements				
Budgeted as Revenues			187,347	
Budgeted as Expenditures			(187,347)	
GASB Statement No. 54 Reporting Adjustment				
Library Fund Balances			15,565	
Fund Balance (GAAP) - End of Year			\$ 383,927	



## Required Supplementary Information

C-2

### TRANSPORTATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 43,700	\$ 43,700	\$ 43,608	\$ (92)
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	38,449	38,449	41,179	2,730
Excise Taxes	—	—	—	—
Other Taxes	—	—	4	4
Interfund Business Taxes	—	—	—	—
Total Taxes	82,149	82,149	84,791	2,642
Licenses and Permits	157	157	6,043	5,886
Grants, Shared Revenues, and Contributions	28,634	45,071	35,320	(9,751)
Charges for Services	32,071	37,863	71,989	34,126
Fines and Forfeits	—	—	258	258
Parking Fees and Space Rent	(124)	(124)	95	219
Program Income, Interest, and Miscellaneous Revenues	(339)	(339)	512	851
Total Revenues	142,548	164,777	199,008	34,231
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	140,372	148,605	120,004	28,601
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	299,183	348,408	278,151	70,257
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	1,912	1,912	1,912	—
Interest	244	244	117	127
Bond Issuance Cost	—	—	—	—
Other	—	—	—	—
Total Expenditures and Encumbrances	441,711	499,169	400,184	98,985
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(299,163)	(334,392)	(201,176)	(64,754)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term Debt Issued	—	—	—	—
Sales of Capital Assets	(2,095)	(2,095)	—	2,095
Transfers In	312,635	340,468	208,106	(132,362)
Transfers Out	(24,388)	(23,262)	—	981
Total Other Financing Sources (Uses)	286,152	315,111	185,825	(129,286)
Net Change in Fund Balance	<u>\$ (13,011)</u>	<u>\$ (19,281)</u>	<u>(15,351)</u>	<u>\$ (194,040)</u>
Budgetary Fund Balance - Beginning of Year			(42,629)	
Net Change in Encumbrances			2,169	
Net Change in Unappropriable Reserves			25,415	
Budgetary Fund Balance - End of Year			(30,396)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			101,393	
Encumbrances			—	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Fund Balance (GAAP) - End of Year			<u>\$ 70,997</u>	

## The City of Seattle

C-3

### LOW-INCOME HOUSING FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 23,424	\$ 24,040	\$ 17,934	\$ (6,106)
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Interfund Business Taxes	—	—	—	—
Total Taxes	23,424	24,040	17,934	(6,106)
Licenses and Permits	3,739	21,782	7,001	(14,781)
Grants, Shared Revenues, and Contributions	14,347	16,002	27,037	11,035
Fines and Forfeits	—	—	—	—
Parking Fees and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	3,024	8,759	9,526	767
Total Revenues	44,534	70,583	61,498	(9,085)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	44,534	159,654	30,146	129,508
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Total Expenditures and Encumbrances	44,534	159,654	30,146	129,508
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	—	(89,071)	31,352	120,423
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	—	—	—	—
Refunding Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	15	—	(15)
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	15	—	(15)
Net Change in Fund Balance	<u>\$ —</u>	<u>\$ (89,056)</u>	<u>31,352</u>	<u>\$ 120,408</u>
Budgetary Fund Balance - Beginning of Year			(10,312)	
Net Change in Encumbrances			(26,286)	
Net Change in Unappropriable Reserves			(13,511)	
Budgetary Fund Balance - End of Year			(18,757)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			129,242	
Encumbrances			26,286	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Fund Balance (GAAP) - End of Year			<u>\$ 136,771</u>	



## Required Supplementary Information

### PENSION 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 68. The Firemen's and Police Relief and Pension funds continue to apply GASB Statement 27, and the required supplementary information (C4, C5) 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 six consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11, Table 11-1.

Under GASB Statement 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 68 the required supplementary information (C6, C7) 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.

## The City of Seattle

C-4

### PENSION PLAN INFORMATION SCHEDULE OF FUNDING PROGRESS

December 31, 2015

(In Thousands)

Retirement System	Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	<sup>a</sup> Unfunded Actuarial Accrued Liabilities (UAAL)	<sup>b</sup> Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Firemen's Pension Fund</b>	2010	13,273	143,499	130,226	9.0	N/A	N/A
	2011	11,430	126,794	115,364	9.0	N/A	N/A
	2012	10,877	138,611	127,734	8.0	N/A	N/A
	2013	12,943	106,424	93,481	12.0	N/A	N/A
	2014	12,371	84,344	71,613	15.0	N/A	N/A
	2015	14,741	82,001	67,260	18.0	N/A	N/A
<b>Police Relief and Pension Fund</b>	2010	280	129,393	129,113	—	N/A	N/A
	2011	1,105	137,497	136,392	1.0	N/A	N/A
	2012	3,746	111,458	107,712	3.0	N/A	N/A
	2013	4,625	104,729	100,104	4.0	N/A	N/A
	2014	3,202	92,615	89,413	3.0	N/A	N/A
	2015	5,101	99,293	94,192	5.0	N/A	N/A

<sup>a</sup> Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method for Firemen's Pension and Police Relief and Pension.

<sup>b</sup> Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.



**Required Supplementary Information**

C-5

**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**December 31, 2015**  
*(In Thousands)*

Retirement System	Fiscal Year Ending December 31	Covered Employee Payroll	Actual Employer Contributions	Actual Employer Contribution Percentage	Annual Required Contribution (ARC)	Percentage of ARC Contributed
<b>Firemen's Pension Fund</b>	2010	N/A	7,255	N/A	7,975	91
	2011	N/A	8,262	N/A	7,218	114
	2012	N/A	10,318	N/A	7,387	140
	2013	N/A	6,485	N/A	5,243	124
	2014	N/A	8,477	N/A	4,792	177
	2015	N/A	9,563 <sup>a</sup>	N/A	4,866	196
<b>Police Relief and Pension Fund</b>	2010	N/A	9,843	N/A	7,907	124
	2011	N/A	11,195	N/A	8,534	131
	2012	N/A	8,315	N/A	6,895	121
	2013	N/A	7,105	N/A	6,398	111
	2014	N/A	9,398	N/A	5,870	160
	2015	N/A	9,602 <sup>a</sup>	N/A	6,210	155

<sup>a</sup> Assumed amounts will be replaced at year end with actual amounts.

**Required Supplementary Information**

C-6

Page 1 of 3

**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Seattle City Employees' Retirement System**  
**December 31, 2014**  
**Last Ten Fiscal Years <sup>a</sup>**  
*(In Thousands)*

	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	99.89%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	1,106,800	N/A	N/A	N/A	N/A
Employer's covered employee payroll	626,403	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	176.69%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	67.70%	N/A	N/A	N/A	N/A
	2009	2008	2007	2006	2005
Employer's proportion of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	N/A	N/A	N/A	N/A	N/A
Employer's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A

<sup>a</sup> This schedule will be built prospectively until it contains ten years of data



## Required Supplementary Information

**C-6**  
**Page 2 of 3**

**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1**  
**June 30, 2015**  
**Last Ten Fiscal Years <sup>a</sup>**  
**(In Thousands)**

	2015	2014	2013	2012	2011
Employer's proportion of the net pension asset	3.55 %	3.55 %	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	(42,771)	(43,065)	N/A	N/A	N/A
Employer's covered employee payroll	3,930	4,905	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(1,088.32)%	(877.98)%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	127.36 %	126.91 %	N/A	N/A	N/A
	2010	2009	2008	2007	2006
Employer's proportion of the net pension asset	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	N/A	N/A	N/A	N/A	N/A
Employer's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	N/A	N/A	N/A	N/A	N/A

<sup>a</sup> This schedule will be built prospectively until it contains ten years of data

## Required Supplementary Information

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**Page 3 of 3**

**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2**  
**June 30, 2015**  
**Last Ten Fiscal Years <sup>a</sup>**  
**(In Thousands)**

	2015	2014	2013	2012	2011
Employer's proportion of the net pension asset	9.31 %	9.40 %	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	(95,637)	(125,076)	N/A	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	(64,124)	(82,876)	N/A	N/A	N/A
<b>Total</b>	(159,761)	(207,952)	N/A	N/A	N/A
Employer's covered employee payroll	268,461	255,273	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(35.62)%	(49.00)%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	111.67 %	116.75 %	N/A	N/A	N/A
	2010	2009	2008	2007	2006
Employer's proportion of the net pension asset	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	N/A	N/A	N/A	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	N/A	N/A	N/A	N/A	N/A
Employer's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	N/A	N/A	N/A	N/A	N/A

<sup>a</sup> This schedule will be built prospectively until it contains ten years of data



## Required Supplementary Information

C-7

Page 1 of 3

**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Seattle City Employees' Retirement System**  
**December 31, 2015**  
**Last Ten Fiscal Years**  
*(In Thousands)*

	2015	2014	2013	2012	2011
Contractually required employer contributions	89,363	N/A	N/A	N/A	N/A
Contributions in relation to the statutory or contractually required contributions	(89,363)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	—	N/A	N/A	N/A	N/A
Covered employer payroll	626,403	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	14.27%	N/A	N/A	N/A	N/A
	2010	2009	2008	2007	2006
Contractually required employer contributions	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutory or contractually required contributions	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered employer payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

<sup>a</sup> This schedule will be built prospectively until it contains ten years of data

## Required Supplementary Information

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Page 2 of 3

**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1**  
**December 31, 2015**  
**Last Ten Fiscal Years**  
*(In Thousands)*

	2015	2014	2013	2012	2011
Statutorily or contractually required contributions <sup>b</sup>	—	—	N/A	N/A	N/A
Contributions in relation to the statutory or contractually required contributions <sup>b</sup>	—	—	N/A	N/A	N/A
Contribution deficiency (excess)	—	—	N/A	N/A	N/A
Covered employer payroll	3,930	4,905	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	—%	—%	N/A	N/A	N/A
	2010	2009	2008	2007	2006
Statutorily or contractually required contributions <sup>b</sup>	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutory or contractually required contributions <sup>b</sup>	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered employer payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

<sup>a</sup> This schedule will be built prospectively until it contains ten years of data

<sup>b</sup> 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.



## Required Supplementary Information

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2**  
**December 31, 2015**  
**Last Ten Fiscal Years**  
*(In Thousands)*

	2015	2014	2013	2012	2011
Statutorily or contractually required contributions	13,638	13,249	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	13,638	13,249	N/A	N/A	N/A
Contribution deficiency (excess)	—	—	N/A	N/A	N/A
Covered employer payroll	268,461	255,273	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	5.08%	5.19%	N/A	N/A	N/A
	2010	2009	2008	2007	2006
Statutorily or contractually required contributions	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered employer payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

\* This schedule will be built prospectively until it contains ten years of data



**Combining and Individual  
Fund and Other  
Supplementary Information**

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## **Nonmajor Governmental Funds**



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## Nonmajor Governmental Funds

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### 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 ten percent 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 ten percent 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 ten percent charter revenue requirement. Transfers-in are recognized for these cash transfers in this fund. The fund also receives usage fees.

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 moneys supported by ordinance (Ordinance 122424).

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 (Ordinance 122834).

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 (Ordinance 122737). 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 (Ordinances 122848, 123156, and 123480).

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 (WAT) services offset higher operational and maintenance costs (Ordinance 124524).

The **Department of Education and Early Learning Fund** accounts for proceeds from the Families and Education Levy, the General Fund, and other resources as authorized. The mission of this department is to ensure that all Seattle children have the opportunity to succeed in school and in life, and to graduate from high school ready for college or a career. (Ordinance 124650).

The **Human Services Operating Fund** accounts for grants and General Fund moneys for programs to aid low-income persons, youths, and the elderly.

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

The **Housing and Community Development Revenue Sharing Fund** receives federal Community Development Block Grant and Urban Development Action Grant moneys to provide housing and community development assistance to low- and moderate-income persons.

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 (Ordinances 118557, 121529, and 123567).

The **Preschool Levy 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. (Ordinance 124509).

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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 both new book titles and digital media, technology replacements and upgrades, and regular maintenance and major repairs (Ordinance 123851).

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. (Ordinance 124230).

The **Seattle Metropolitan Parks District Fund** 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 though its power to levy and impose various taxes and fees.

The **Business Improvement Areas Fund** accounts for moneys that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **Seattle 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. See Note 12, Component Units, for additional information pertaining to the district.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least one percent of the total cost of City capital construction projects. The City uses these moneys to buy visual arts.

The **General Donations and Gift Trust Fund** holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, K-9 corps, climate action, and rescue of prostituted children.

#### DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives moneys from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives moneys 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 Subfund, a General Fund subfund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** receives surpluses and guarantees faithful compliance of bond covenants on completed or defeased LID bond funds. When required, it shall be funded by excess general property tax levies or by the General Fund. The City is legally obliged to maintain a fund level at 10 percent of net outstanding LID debt.

#### CAPITAL PROJECTS FUNDS

The **Public Safety Facilities and Equipment Fund** was established in December 1990 to account for the improvement of public safety equipment. In 1990 the fund received transfers of reimbursable appropriations from the Cumulative Reserve Subfund and expended \$1 million for the improvement and construction of certain facilities. In 1991 the fund received \$8 million from the sale of limited tax levy general obligation bonds. In 1996 the fund received \$17.6 million from the sale of limited tax general obligation bonds (Ordinances 115453, 116797, 118108, 118184, 118225, and 118364).

The **Shoreline Park Improvement Fund** accounts for Local Improvement subprogram moneys for shoreline and beach park improvements that were received as METRO mitigation grants related to the expansion of the West Point sewage treatment plant (Ordinance 115496).



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## Nonmajor Governmental Funds

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The **Community Improvement Fund** accounts for moneys from community improvement contributions by METRO for public improvements in the Alki and Discovery Park areas to mitigate the negative construction impacts in those communities (Ordinance 115496).

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 (Ordinance 124208).

The **Park Capital Projects Fund** was established in 2015. It accounts for revenues received by the City from which associated expenditures may be paid, including capital cost for the Seattle Park District or other sources. (Ordinance 124634).

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 (Ordinance 114900).

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 (Ordinance 119522). 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 (Ordinance 120024).

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. It received the proceeds of the \$14.75 million limited tax general obligation bond issue and grant moneys from Washington State Department of Community Development. The fund also received the proceeds of the \$3.22 million sale of limited tax general obligation bond anticipation notes to finance preconstruction costs for redevelopment of the Seattle Center Coliseum during 1993 (Ordinances 115844 and 116720).

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 (Ordinance 119304).

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 (Ordinance 121230).

The **Local Improvement Fund, District No. 6750** was established in 2006 to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district (Ordinance 121951).

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 (Ordinance 122417). 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 (Ordinance 122553).

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 (Ordinance 122848).

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 (Ordinance 123156).

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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 (Ordinance 123480).

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 (Ordinance 123751).

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 (Ordinance 124053).

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 (Ordinance 124125).

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, country or other grants or transfers; private funding, donations or gifts; property sales proceeds; and other monies as authorized by the City Council (Ordinance 123761).

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 (Ordinance 124349).

The **2014 Multipurpose Long-Term General Obligation Bond** 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 (Ordinance 124341).

The **2015 Multipurpose Long-Term General Obligation Bond** was established in 2014 to account for the proceeds of the issuance of bonds to provide funding for the cost of City's capital projects relating to acquisition of real property, right of way, other real property interest, improvements, designs, demolish, renovate, upgrade, construct, betterments and extensions of facilities and plants or systems and obtain any ancillary services (Ordinance 124648).

The **2016 Multipurpose Long-Term General Obligation Bond** 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 (Ordinance 124924).

### PERMANENT FUNDS

The **H. H. Dearborn Fund** holds a \$50,000 non-expendable gift to the City. The investment income is available for charitable purposes.

The **Beach Maintenance Trust Fund** received \$2.0 million appropriated from the City's Shoreline Park Improvement Fund. The earnings on this fund are used solely to maintain public beaches in Seattle.



## Nonmajor Governmental Funds

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SUMMARY BY FUND TYPE December 31, 2015 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2015	2014
ASSETS						
Cash and Equity in Pooled Investments	\$ 167,389	\$ 11,455	\$ 125,972	\$ 2,166	\$ 306,982	\$ 251,398
Receivables, Net of Allowances	9,484	295	11,545	2	21,326	19,972
Due from Other Funds	16,457	—	394	—	16,851	9,024
Due from Other Governments	28,116	—	14	—	28,130	20,935
Interfund Loans and Advances	5,764	—	18,401	—	24,165	—
Other Current Assets	608	—	—	—	608	569
Total Assets	227,818	11,750	156,326	2,168	398,062	301,898
DEFERRED OUTFLOWS OF RESOURCES						
	47,022	—	—	—	47,022	44,135
Total Assets and Deferred Outflows of Resources	\$ 274,840	\$ 11,750	\$ 156,326	\$ 2,168	\$ 445,084	\$ 346,033
LIABILITIES						
Accounts Payable	\$ 37,179	\$ —	\$ 5,159	\$ 6	\$ 42,344	\$ 25,970
Contracts Payable	278	—	723	—	1,001	1,060
Salaries, Benefits, and Taxes Payable	6,958	—	3	—	6,961	5,435
Due to Other Funds	24,479	—	12,600	—	37,079	42,432
Due to Other Governments	5,021	—	—	—	5,021	5,022
Revenues Collected in Advance	6,571	—	232	—	6,803	4,290
Interfund Loans and Advances	6,039	—	22,751	—	28,790	31,611
Other Current Liabilities	626	—	20	—	646	2,446
Total Liabilities	87,151	—	41,488	6	128,645	118,266
DEFERRED INFLOWS OF RESOURCES						
	47,945	203	9,308	—	57,456	57,104
FUND BALANCES						
Nonspendable	662	—	—	2,050	2,712	2,645
Restricted	128,799	11,547	128,194	112	268,652	214,070
Committed	10,774	—	—	—	10,774	3,245
Assigned	11,004	—	—	—	11,004	9,933
Unassigned	(11,495)	—	(22,664)	—	(34,159)	(59,230)
Total Fund Balances	139,744	11,547	105,530	2,162	258,983	170,663
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 274,840	\$ 11,750	\$ 156,326	\$ 2,168	\$ 445,084	\$ 346,033

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2015 (In Thousands)

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 2,796	\$ 3,575	\$ 270	\$ 2,846	\$ 4,085	\$ 582
Receivables, Net of Allowances	3,798	267	—	69	3,861	227
Due from Other Funds	1,083	7	2	—	77	—
Due from Other Governments	236	75	—	—	—	—
Interfund Loans and Advances	5,764	—	—	—	—	—
Other Current Assets	363	—	—	—	245	—
Total Assets	14,040	3,924	272	2,915	8,268	809
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 14,040	\$ 3,924	\$ 272	\$ 2,915	\$ 8,268	\$ 809
<b>LIABILITIES</b>						
Accounts Payable	\$ 2,845	\$ —	\$ 10	\$ —	\$ 974	\$ 12
Contracts Payable	278	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	3,321	—	—	—	1,382	—
Due to Other Funds	678	5,239	40	—	187	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	1,088	1,870	—	—	926	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	548	3	—	—	—	73
Total Liabilities	8,758	7,112	50	—	3,469	85
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	—	—	—	57	—	—
<b>FUND BALANCES</b>						
Nonspendable	388	—	—	—	274	—
Restricted	1,679	—	222	2,858	1,821	724
Committed	—	—	—	—	2,704	—
Assigned	3,215	—	—	—	—	—
Unassigned	—	(3,188)	—	—	—	—
Total Fund Balances	5,282	(3,188)	222	2,858	4,799	724
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,040	\$ 3,924	\$ 272	\$ 2,915	\$ 8,268	\$ 809



## Nonmajor Governmental Funds

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2015 (In Thousands)

	Education and Early Learning	Human Service Operating	Office Of Housing	Housing Community Development Revenue Sharing	Education and Development Services	Preschool Levy 2014
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 3,687	\$ 21,166	\$ 1,287	\$ 630	\$ 56,649	\$ 12,363
Receivables, Net of Allowances	—	(165)	74	27	708	198
Due from Other Funds	6,668	7,228	570	46	—	6
Due from Other Governments	—	17,394	251	3,376	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	10,355	45,623	2,182	4,079	57,357	12,567
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	350	—	46,672	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 10,355</u>	<u>\$ 45,973</u>	<u>\$ 2,182</u>	<u>\$ 50,751</u>	<u>\$ 57,357</u>	<u>\$ 12,567</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ 8,404	\$ 17,587	\$ 9	\$ 1,281	\$ 44	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	253	1,618	280	—	—	—
Due to Other Funds	552	110	9	596	6,575	74
Due to Other Governments	—	5,021	—	—	—	—
Revenues Collected in Advance	93	2,536	—	58	—	—
Interfund Loans and Advances	—	—	—	2,275	—	—
Other Current Liabilities	—	—	1	1	—	—
Total Liabilities	9,302	26,872	299	4,211	6,619	74
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	350	—	46,672	488	126
<b>FUND BALANCES</b>						
Nonspendable	—	—	—	—	—	—
Restricted	1,053	4,727	48	—	50,250	12,367
Committed	—	8,070	—	—	—	—
Assigned	—	5,954	1,835	—	—	—
Unassigned	—	—	—	(132)	—	—
Total Fund Balances	1,053	18,751	1,883	(132)	50,250	12,367
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,355</u>	<u>\$ 45,973</u>	<u>\$ 2,182</u>	<u>\$ 50,751</u>	<u>\$ 57,357</u>	<u>\$ 12,567</u>

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2015 (In Thousands)

	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas	Transportation Benefit District
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 11,732	\$ 2,185	\$ —	\$ 6,333	\$ 21,827
Receivables, Net of Allowances	350	3	—	7	18
Due from Other Funds	99	—	—	—	220
Due from Other Governments	—	—	—	—	6,784
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	12,181	2,188	—	6,340	28,849
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 12,181</u>	<u>\$ 2,188</u>	<u>\$ —</u>	<u>\$ 6,340</u>	<u>\$ 28,849</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 586	\$ —	\$ 4,411	\$ 762	\$ —
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	14	—	—	—	—
Due to Other Funds	1,747	345	—	—	8,040
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	3,764	—	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	2,347	345	8,175	762	8,040
<b>DEFERRED INFLOWS OF RESOURCES</b>	252	—	—	—	—
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	9,582	1,843	—	5,578	20,809
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	(8,175)	—	—
Total Fund Balances	9,582	1,843	(8,175)	5,578	20,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,181</u>	<u>\$ 2,188</u>	<u>\$ —</u>	<u>\$ 6,340</u>	<u>\$ 28,849</u>



## Nonmajor Governmental Funds

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2015 (In Thousands)

	General Trust		Municipal Arts		General Donation and Gift Trust		Comparative Totals			
							2015	2014		
ASSETS										
Cash and Equity in Pooled Investments	\$	4,005	\$	8,580	\$	2,791	\$	167,389	\$	116,464
Receivables, Net of Allowances		4		8		30		9,484		7,324
Due from Other Funds		—		99		352		16,457		5,203
Due from Other Governments		—		—		—		28,116		20,887
Interfund Loans and Advances		—		—		—		5,764		—
Other Current Assets		—		—		—		608		569
Total Assets		4,009		8,687		3,173		227,818		150,447
DEFERRED OUTFLOWS OF RESOURCES										
		—		—		—		47,022		44,135
Total Assets and Deferred Outflows of Resources	\$	4,009	\$	8,687	\$	3,173	\$	274,840	\$	194,582
LIABILITIES										
Accounts Payable	\$	82	\$	126	\$	46	\$	37,179	\$	23,193
Contracts Payable		—		—		—		278		505
Salaries, Benefits, and Taxes Payable		44		39		7		6,958		5,436
Due to Other Funds		82		3		202		24,479		12,152
Due to Other Governments		—		—		—		5,021		5,022
Revenues Collected in Advance		—		—		—		6,571		3,270
Interfund Loans and Advances		—		—		—		6,039		—
Other Current Liabilities		—		—		—		626		2,411
Total Liabilities		208		168		255		87,151		51,989
DEFERRED INFLOWS OF RESOURCES										
		—		—		—		47,945		45,018
FUND BALANCES										
Nonspendable		—		—		—		662		595
Restricted		3,801		8,519		2,918		128,799		87,384
Committed		—		—		—		10,774		3,245
Assigned		—		—		—		11,004		9,933
Unassigned		—		—		—		(11,495)		(3,582)
Total Fund Balances		3,801		8,519		2,918		139,744		97,575
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	4,009	\$	8,687	\$	3,173	\$	274,840	\$	194,582

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE December 31, 2015 (In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2015	2014
ASSETS					
Cash and Equity in Pooled Investments	\$ 10,580	\$ 8	\$ 867	\$ 11,455	\$ 15,572
Receivables, Net of Allowances	294	—	1	295	295
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	10,874	8	868	11,750	15,867
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 10,874	\$ 8	\$ 868	\$ 11,750	\$ 15,867
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					
	203	—	—	203	202
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	10,671	8	868	11,547	15,665
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	10,671	8	868	11,547	15,665
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,874	\$ 8	\$ 868	\$ 11,750	\$ 15,867



## Nonmajor Governmental Funds

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2015 (In Thousands)

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Parks Capital Projects
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 429	\$ 2	\$ 30	\$ 18,230	\$ 775
Receivables, Net of Allowances	—	—	—	17	1,709
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	12	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	429	14	30	18,247	2,484
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 429</u>	<u>\$ 14</u>	<u>\$ 30</u>	<u>\$ 18,247</u>	<u>\$ 2,484</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ —	\$ —	\$ 114	\$ 449
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	—	—	7	39
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	2,000
Other Current Liabilities	—	—	—	—	1
Total Liabilities	—	—	—	121	2,489
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	—	—	—
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	429	14	30	18,126	—
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	(5)
Total Fund Balances	429	14	30	18,126	(5)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 429</u>	<u>\$ 14</u>	<u>\$ 30</u>	<u>\$ 18,247</u>	<u>\$ 2,484</u>

## The City of Seattle

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2015 (In Thousands)

	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 54	\$ 40,428	\$ 1,334	\$ 1,081	\$ 6,070
Receivables, Net of Allowances	—	265	1	1	10
Due from Other Funds	—	58	39	—	64
Due from Other Governments	—	2	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	54	40,753	1,374	1,082	6,144
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 54</u>	<u>\$ 40,753</u>	<u>\$ 1,374</u>	<u>\$ 1,082</u>	<u>\$ 6,144</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ 869	\$ 46	\$ —	\$ 253
Contracts Payable	—	—	—	—	279
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	76	11	12	233
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	232	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	—	1,177	57	12	765
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	151	—	—	4
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	54	39,425	1,317	1,070	5,375
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	54	39,425	1,317	1,070	5,375
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 54</u>	<u>\$ 40,753</u>	<u>\$ 1,374</u>	<u>\$ 1,082</u>	<u>\$ 6,144</u>



## Nonmajor Governmental Funds

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2015 (In Thousands)

	Local Improvement, District No. 6750	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 164	\$ 439	\$ 113	\$ 130	\$ 7,963
Receivables, Net of Allowances	9,442	—	—	—	8
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	9,606	439	113	130	7,971
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 9,606	\$ 439	\$ 113	\$ 130	\$ 7,971
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	3	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	—	—	—	177
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	—	3	—	—	177
<b>DEFERRED INFLOWS OF RESOURCES</b>	9,153	—	—	—	—
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	453	436	113	130	7,794
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	453	436	113	130	7,794
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,606	\$ 439	\$ 113	\$ 130	\$ 7,971

## The City of Seattle

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2015 (In Thousands)

	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction	Central Waterfront Improvement	2013 King County Parks Levy Fund
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 1,828	\$ 2,502	\$ 7,179	\$ 11	\$ 2,431
Receivables, Net of Allowances	2	2	29	—	2
Due from Other Funds	16	4	—	7	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	18,401	—	—
Other Current Assets	—	—	—	—	—
Total Assets	1,846	2,508	25,609	18	2,433
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 1,846	\$ 2,508	\$ 25,609	\$ 18	\$ 2,433
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ 368	\$ —	\$ —	\$ 4
Contracts Payable	—	260	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	3	—
Due to Other Funds	—	11	10,075	76	36
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	18,401	—
Other Current Liabilities	—	—	—	17	—
Total Liabilities	—	639	10,075	18,497	40
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	—	—	—
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	1,846	1,869	15,534	—	2,393
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	(18,479)	—
Total Fund Balances	1,846	1,869	15,534	(18,479)	2,393
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,846	\$ 2,508	\$ 25,609	\$ 18	\$ 2,433



## Nonmajor Governmental Funds

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2015 (In Thousands)

	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	Comparative Totals	
				2015	2014
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 1,010	\$ 33,752	\$ 17	\$ 125,972	\$ 117,212
Receivables, Net of Allowances	15	42	—	11,545	12,354
Due from Other Funds	24	182	—	394	3,819
Due from Other Governments	—	—	—	14	48
Interfund Loans and Advances	—	—	—	18,401	—
Other Current Assets	—	—	—	—	—
Total Assets	1,049	33,976	17	156,326	133,433
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 1,049</u>	<u>\$ 33,976</u>	<u>\$ 17</u>	<u>\$ 156,326</u>	<u>\$ 133,433</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 18	\$ 2,505	\$ 533	\$ 5,159	\$ 2,776
Contracts Payable	—	178	3	723	555
Salaries, Benefits, and Taxes Payable	—	—	—	3	—
Due to Other Funds	—	538	1,309	12,600	30,278
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	232	1,020
Interfund Loans and Advances	—	—	2,350	22,751	31,611
Other Current Liabilities	—	—	2	20	37
Total Liabilities	18	3,221	4,197	41,488	66,277
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	—	9,308	11,884
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	1,031	30,755	—	128,194	110,920
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	(4,180)	(22,664)	(55,648)
Total Fund Balances	1,031	30,755	(4,180)	105,530	55,272
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,049</u>	<u>\$ 33,976</u>	<u>\$ 17</u>	<u>\$ 156,326</u>	<u>\$ 133,433</u>

## The City of Seattle

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### COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS PERMANENT December 31, 2015 (In Thousands)

	H. H. Dearborn	Beach Maintenance Trust	Comparative Totals	
			2015	2014
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 143	\$ 2,023	\$ 2,166	\$ 2,149
Receivables, Net of Allowances	—	2	2	2
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
Total Assets	143	2,025	2,168	2,151
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 143</u>	<u>\$ 2,025</u>	<u>\$ 2,168</u>	<u>\$ 2,151</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ —	\$ 6	\$ 6	\$ —
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	—	6	6	—
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	—	—
<b>FUND BALANCES</b>				
Nonspendable	50	2,000	2,050	2,050
Restricted	93	19	112	101
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	143	2,019	2,162	2,151
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 143</u>	<u>\$ 2,025</u>	<u>\$ 2,168</u>	<u>\$ 2,151</u>



## Nonmajor Governmental Funds

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SUMMARY BY FUND TYPE  
For the Year Ended December 31, 2015  
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2015	2014
REVENUES						
Taxes	\$ 123,676	\$ 18,658	\$ 259	\$ —	\$ 142,593	\$ 126,697
Licenses and Permits	976	—	—	—	976	—
Grants, Shared Revenues, and Contributions	76,150	978	9,512	—	86,640	76,611
Charges for Services	61,134	—	3,259	—	64,393	61,742
Fines and Forfeits	5,966	—	16	—	5,982	5,163
Parking Fees and Space Rent	27,837	349	9	—	28,195	25,584
Program Income, Interest, and Miscellaneous Revenues	7,763	999	2,538	22	11,322	9,068
Total Revenues	303,502	20,984	15,593	22	340,101	304,865
EXPENDITURES						
Current						
General Government	9,060	—	13,499	—	22,559	9,064
Public Safety	8,486	—	—	—	8,486	6,656
Physical Environment	1,022	—	—	—	1,022	871
Transportation	26,445	—	—	—	26,445	2,805
Economic Environment	92,690	—	—	—	92,690	89,358
Health and Human Services	96,192	—	—	—	96,192	77,079
Culture and Recreation	193,887	—	—	—	193,887	172,987
Capital Outlay						
General Government	—	—	16,463	—	16,463	23,294
Public Safety	356	—	9,638	—	9,994	19,248
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	1,149	—	18,172	11	19,332	30,920
Debt Service						
Principal	30	47,195	1,570	—	48,795	59,691
Interest	29	28,185	666	—	28,880	26,415
Bond Issuance Cost	—	—	1,946	—	1,946	259
Total Expenditures	429,346	75,380	61,954	11	566,691	518,647
Excess (Deficiency) of Revenues over Expenditures	(125,844)	(54,396)	(46,361)	11	(226,590)	(213,782)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	350,255	—	350,255	50,455
Premium on Bonds Issued	—	—	40,113	—	40,113	4,150
Payment to Refunded Bond Escrow Agent	—	—	(155,030)	—	(155,030)	—
Sales of Capital Assets	44	—	912	—	956	20
Transfers In	218,016	50,278	258	—	268,552	233,099
Transfers Out	(50,047)	—	(139,764)	—	(189,811)	(146,755)
Total Other Financing Sources (Uses)	168,013	50,278	96,744	—	315,035	140,969
Net Change in Fund Balance	42,169	(4,118)	50,383	11	88,445	(72,813)
Fund Balances - Beginning of Year <sup>a</sup>	97,575	15,665	55,147	2,151	170,538	243,475
Fund Balances - End of Year	\$ 139,744	\$ 11,547	\$ 105,530	\$ 2,162	\$ 258,983	\$ 170,663

<sup>a</sup> Due to multiple fund closures, there is a difference between 2014 ending Fund Balance and 2015 beginning Fund Balance. See City Ordinance 124632 for details.

## The City of Seattle

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2015  
(In Thousands)**

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ 94	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	976
Grants, Shared Revenues, and Contributions	168	5,961	—	—	—	—
Charges for Services	41,432	96	—	—	7,899	—
Fines and Forfeits	1	—	—	—	—	—
Parking Fees and Space Rent	8,069	89	—	—	19,654	—
Program Income, Interest, and Miscellaneous Revenues	5,645	—	—	34	273	3
Total Revenues	55,315	6,146	—	128	27,826	979
EXPENDITURES						
Current						
General Government	—	—	—	861	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	5,733	—	—	—	—
Economic Environment	—	—	—	—	—	255
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	141,422	—	84	—	38,389	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	243	—	—	—	119	—
Debt Service						
Principal	12	—	—	—	18	—
Interest	5	19	—	—	5	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	141,682	5,752	84	861	38,531	255
Excess (Deficiency) of Revenues over Expenditures	(86,367)	394	(84)	(733)	(10,705)	724
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	22	—	—	—	22	—
Transfers In	91,760	—	—	—	12,653	—
Transfers Out	(2,924)	—	—	—	(118)	—
Total Other Financing Sources (Uses)	88,858	—	—	—	12,557	—
Net Change in Fund Balance	2,491	394	(84)	(733)	1,852	724
Fund Balances - Beginning of Year	2,791	(3,582)	306	3,591	2,947	—
Fund Balances - End of Year	\$ 5,282	\$ (3,188)	\$ 222	\$ 2,858	\$ 4,799	\$ 724



## Nonmajor Governmental Funds

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2015  
(In Thousands)**

	Education and Early Learning	Human Service Operating	Office Of Housing	Housing Community Development Revenue Sharing	Education and Development Services	Preschool Levy 2014
<b>REVENUES</b>						
Taxes	\$ —	\$ 935	\$ 1,810	\$ —	\$ 33,010	\$ 14,392
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	3,265	52,256	1,460	9,932	—	—
Charges for Services	58	5,148	2,150	9	—	—
Fines and Forfeits	—	164	—	—	—	—
Parking Fees and Space Rent	—	—	25	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	96	49	563	548	52
<b>Total Revenues</b>	<b>3,323</b>	<b>58,599</b>	<b>5,494</b>	<b>10,504</b>	<b>33,558</b>	<b>14,444</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	—	8,199	—	—	—	—
Public Safety	—	6,130	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	57,948	5,570	10,965	—	—
Health and Human Services	43,192	49,596	—	—	3,168	—
Culture and Recreation	—	—	—	906	—	—
<b>Capital Outlay</b>						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
<b>Debt Service</b>						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>43,192</b>	<b>121,873</b>	<b>5,570</b>	<b>11,871</b>	<b>3,168</b>	<b>—</b>
Excess (Deficiency) of Revenues over Expenditures	(39,869)	(63,274)	(76)	(1,367)	30,390	14,444
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	40,922	72,310	345	—	—	—
Transfers Out	—	—	—	—	(25,951)	(2,077)
<b>Total Other Financing Sources (Uses)</b>	<b>40,922</b>	<b>72,310</b>	<b>345</b>	<b>—</b>	<b>(25,951)</b>	<b>(2,077)</b>
<b>Net Change in Fund Balance</b>	<b>1,053</b>	<b>9,036</b>	<b>269</b>	<b>(1,367)</b>	<b>4,439</b>	<b>12,367</b>
<b>Fund Balances - Beginning of Year</b>	<b>—</b>	<b>9,715</b>	<b>1,614</b>	<b>1,235</b>	<b>45,811</b>	<b>—</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,053</b>	<b>\$ 18,751</b>	<b>\$ 1,883</b>	<b>\$ (132)</b>	<b>\$ 50,250</b>	<b>\$ 12,367</b>

## The City of Seattle

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2015  
(In Thousands)**

	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas	Transportation Benefit District
<b>REVENUES</b>					
Taxes	\$ 17,284	\$ —	\$ —	\$ 17,729	\$ 38,422
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	5,800	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	97	35	—	85	73
<b>Total Revenues</b>	<b>17,381</b>	<b>5,835</b>	<b>—</b>	<b>17,814</b>	<b>38,495</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	20,712
Economic Environment	—	—	—	17,911	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	2,185	—	8,175	—	—
<b>Capital Outlay</b>					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	787	—	—	—	—
<b>Debt Service</b>					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
<b>Total Expenditures</b>	<b>2,972</b>	<b>—</b>	<b>8,175</b>	<b>17,911</b>	<b>20,712</b>
Excess (Deficiency) of Revenues over Expenditures	14,409	5,835	(8,175)	(97)	17,783
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	(12,860)	(5,537)	—	—	(578)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,860)</b>	<b>(5,537)</b>	<b>—</b>	<b>—</b>	<b>(578)</b>
<b>Net Change in Fund Balance</b>	<b>1,549</b>	<b>298</b>	<b>(8,175)</b>	<b>(97)</b>	<b>17,205</b>
<b>Fund Balances - Beginning of Year</b>	<b>8,033</b>	<b>1,545</b>	<b>—</b>	<b>5,675</b>	<b>3,604</b>
<b>Fund Balances - End of Year</b>	<b>\$ 9,582</b>	<b>\$ 1,843</b>	<b>\$ (8,175)</b>	<b>\$ 5,578</b>	<b>\$ 20,809</b>



## Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2015  
(In Thousands)

	General Trust	Municipal Arts	General Donation and Gift Trust	Comparative Totals	
				2015	2014
REVENUES					
Taxes	—	—	—	123,676	84,719
Licenses and Permits	—	—	—	976	—
Grants, Shared Revenues, and Contributions	1,997	—	1,111	76,150	69,986
Charges for Services	—	4,341	1	61,134	50,345
Fines and Forfeits	1	—	—	5,966	5,164
Parking Fees and Space Rent	—	—	—	27,837	25,227
Program Income, Interest, and Miscellaneous Revenues	39	89	82	7,763	3,533
Total Revenues	2,037	4,430	1,194	303,502	238,974
EXPENDITURES					
Current					
General Government	—	—	—	9,060	9,064
Public Safety	2,301	—	55	8,486	6,656
Physical Environment	—	—	1,022	1,022	872
Transportation	—	—	—	26,445	2,805
Economic Environment	—	—	41	92,690	89,359
Health and Human Services	—	—	236	96,192	77,080
Culture and Recreation	19	2,645	62	193,887	172,982
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	305	—	51	356	3,135
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	1,149	225
Debt Service					
Principal	—	—	—	30	—
Interest	—	—	—	29	—
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	2,625	2,645	1,467	429,346	362,178
Excess (Deficiency) of Revenues over Expenditures	(588)	1,785	(273)	(125,844)	(123,204)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	44	20
Transfers In	26	—	—	218,016	169,613
Transfers Out	—	—	(2)	(50,047)	(32,780)
Total Other Financing Sources (Uses)	26	—	(2)	168,013	136,853
Net Change in Fund Balance	(562)	1,785	(275)	42,169	13,649
Fund Balances - Beginning of Year	4,363	6,734	3,193	97,575	83,926
Fund Balances - End of Year	\$ 3,801	\$ 8,519	\$ 2,918	\$ 139,744	\$ 97,574

## The City of Seattle

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE  
For the Year Ended December 31, 2015  
(In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2015	2014
REVENUES					
Taxes	\$ 18,658	\$ —	\$ —	\$ 18,658	\$ 17,706
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	978	—	—	978	979
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	349	—	—	349	357
Program Income, Interest, and Miscellaneous Revenues	990	—	9	999	718
Total Revenues	20,975	—	9	20,984	19,760
EXPENDITURES					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Debt Service					
Principal	47,195	—	—	47,195	57,081
Interest	28,185	—	—	28,185	25,928
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	75,380	—	—	75,380	83,009
Excess (Deficiency) of Revenues over Expenditures	(54,405)	—	9	(54,396)	(63,249)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	48
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	50,278	—	—	50,278	63,238
Transfers Out	—	—	—	—	—
Total Other Financing Sources (Uses)	50,278	—	—	50,278	63,286
Net Change in Fund Balance	(4,127)	—	9	(4,118)	37
Fund Balances - Beginning of Year	14,798	8	859	15,665	15,628
Fund Balances - End of Year	\$ 10,671	\$ 8	\$ 868	\$ 11,547	\$ 15,665



## Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2015  
(In Thousands)

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Parks Capital Projects
<b>REVENUES</b>					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	121	—	—	—
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	24	1	—	192	—
Total Revenues	24	122	—	192	—
<b>EXPENDITURES</b>					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	496	—	1,078	—
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	5
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	—	496	—	1,078	5
Excess (Deficiency) of Revenues over Expenditures	24	(374)	—	(886)	(5)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—
Net Change in Fund Balance	24	(374)	—	(886)	(5)
Fund Balances - Beginning of Year	405	388	30	19,012	—
Fund Balances - End of Year	<u>\$ 429</u>	<u>\$ 14</u>	<u>\$ 30</u>	<u>\$ 18,126</u>	<u>\$ (5)</u>

## The City of Seattle

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2015  
(In Thousands)

	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	2003 Fire Facilities
<b>REVENUES</b>					
Taxes	\$ —	\$ 242	\$ —	\$ —	\$ 17
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	13	5,685	258	—	—
Charges for Services	—	—	—	—	14
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	9	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	446	15	12	95
Total Revenues	13	6,382	273	12	126
<b>EXPENDITURES</b>					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	254	—
Public Safety	—	—	—	—	6,551
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	8	13,814	541	—	—
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	8	13,814	541	254	6,551
Excess (Deficiency) of Revenues over Expenditures	5	(7,432)	(268)	(242)	(6,425)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	912
Transfers In	—	—	258	—	—
Transfers Out	—	(274)	—	—	—
Total Other Financing Sources (Uses)	—	(274)	258	—	912
Net Change in Fund Balance	5	(7,706)	(10)	(242)	(5,513)
Fund Balances - Beginning of Year	49	47,131	1,327	1,312	10,888
Fund Balances - End of Year	<u>\$ 54</u>	<u>\$ 39,425</u>	<u>\$ 1,317</u>	<u>\$ 1,070</u>	<u>\$ 5,375</u>



## Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2015  
(In Thousands)

	Local Improvement, District No. 6750	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond
<b>REVENUES</b>					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,664	—	—	—	—
Charges for Services	—	—	—	—	—
Fines and Forfeits	16	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	532	7	5	10	89
Total Revenues	2,212	7	5	10	89
<b>EXPENDITURES</b>					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	—	14
Public Safety	—	79	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	—	118
Debt Service					
Principal	1,570	—	—	—	—
Interest	434	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	2,004	79	—	—	132
Excess (Deficiency) of Revenues over Expenditures	208	(72)	5	10	(43)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	—	(249)	(702)	(1,620)	(1,908)
Total Other Financing Sources (Uses)	—	(249)	(702)	(1,620)	(1,908)
Net Change in Fund Balance	208	(321)	(697)	(1,610)	(1,951)
Fund Balances - Beginning of Year	245	757	810	1,740	9,745
Fund Balances - End of Year	<u>\$ 453</u>	<u>\$ 436</u>	<u>\$ 113</u>	<u>\$ 130</u>	<u>\$ 7,794</u>

## The City of Seattle

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2015  
(In Thousands)

	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction	Central Waterfront Improvement	2013 King County Parks Levy Fund
<b>REVENUES</b>					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	1,771
Charges for Services	—	—	—	3,245	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	21	37	191	—	13
Total Revenues	21	37	191	3,245	1,784
<b>EXPENDITURES</b>					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	1,194	—	142	—
Public Safety	—	3,008	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	92	674	—	109	332
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	224	—
Bond Issuance Cost	—	—	911	—	—
Total Expenditures	92	4,876	911	475	332
Excess (Deficiency) of Revenues over Expenditures	(71)	(4,839)	(720)	2,770	1,452
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	169,135	—	—
Premium on Bonds Issued	—	—	13,111	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	(295)	—	(130,419)	(1,878)	—
Total Other Financing Sources (Uses)	(295)	—	51,827	(1,878)	—
Net Change in Fund Balance	(366)	(4,839)	51,107	892	1,452
Fund Balances - Beginning of Year	2,212	6,708	(35,573)	(19,371)	941
Fund Balances - End of Year	<u>\$ 1,846</u>	<u>\$ 1,869</u>	<u>\$ 15,534</u>	<u>\$ (18,479)</u>	<u>\$ 2,393</u>



## Nonmajor Governmental Funds

**D-9** **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**Page 5 of 5** **IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	Comparative Totals	
				2015	2014
<b>REVENUES</b>					
Taxes	\$ —	\$ —	\$ —	\$ 259	\$ 24,273
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	9,512	5,647
Charges for Services	—	—	—	3,259	11,395
Fines and Forfeits	—	—	—	16	—
Parking Fees and Space Rent	—	—	—	9	—
Program Income, Interest, and Miscellaneous Revenues	528	320	—	2,538	4,786
Total Revenues	528	320	—	15,593	46,101
<b>EXPENDITURES</b>					
Current					
General Government	—	13,499	—	13,499	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	6,238	4,444	4,177	16,463	23,295
Public Safety	—	—	—	9,638	16,111
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	450	460	—	18,172	30,696
Debt Service					
Principal	—	—	—	1,570	2,610
Interest	—	—	3	666	486
Bond Issuance Cost	—	1,035	—	1,946	259
Total Expenditures	6,688	19,438	4,180	61,954	73,457
Excess (Deficiency) of Revenues over Expenditures	(6,160)	(19,118)	(4,180)	(46,361)	(27,356)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	181,120	—	350,255	50,407
Premium on Bonds Issued	—	27,002	—	40,113	4,149
Payment to Refunded Bond Escrow Agent	—	(155,030)	—	(155,030)	—
Sales of Capital Assets	—	—	—	912	—
Transfers In	—	—	—	258	250
Transfers Out	96	(2,515)	—	(139,764)	(113,974)
Total Other Financing Sources (Uses)	96	50,577	—	96,744	(59,168)
Net Change in Fund Balance	(6,064)	31,459	(4,180)	50,383	(86,524)
Fund Balances - Beginning of Year <sup>a</sup>	7,095	(704)	—	55,147	141,796
Fund Balances - End of Year	\$ 1,031	\$ 30,755	\$ (4,180)	\$ 105,530	\$ 55,272

<sup>a</sup> Due to multiple fund closures, there is a difference between 2014 ending Fund Balance and 2015 beginning Fund Balance. See City Ordinance 124632 for details.

## The City of Seattle

**D-10** **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**PERMANENT**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	H. H. Dearborn	Beach Maintenance Trust	Comparative Totals	
			2015	2014
<b>REVENUES</b>				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—
Charges for Services	—	—	—	—
Fines and Forfeits	—	—	—	—
Parking Fees and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	1	21	22	32
Total Revenues	1	21	22	33
<b>EXPENDITURES</b>				
Current				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	5
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Culture and Recreation	—	11	11	—
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	—	11	11	5
Excess (Deficiency) of Revenues over Expenditures	1	10	11	27
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	1	10	11	27
Fund Balances - Beginning of Year	142	2,009	2,151	2,124
Fund Balances - End of Year	\$ 143	\$ 2,019	\$ 2,162	\$ 2,151



**Budget and Actual**

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## Budget and Actual

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**Page 1 of 4**

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 271,288	\$ 273,044	\$ —	\$ 1,756
Retail Sales and Use Taxes	206,443	221,646	—	15,203
Business Taxes	282,661	277,947	—	(4,714)
Excise Taxes	56,207	80,219	—	24,012
Other Taxes	—	—	—	—
Interfund Business Taxes	133,542	134,959	—	1,417
Total Taxes	950,141	987,815	—	37,674
Licenses and Permits	27,131	27,119	—	(12)
Grants, Shared Revenues, and Contributions	46,133	25,152	—	(20,981)
Charges for Services	57,085	61,401	—	4,316
Fines and Forfeits	30,756	31,323	—	567
Parking Fees and Space Rent	38,169	38,570	—	401
Program Income, Interest, and Miscellaneous Revenues	228,187	225,215	—	(2,972)
Total Revenues	1,377,602	1,396,595	—	18,993
<b>EXPENDITURES AND ENCUMBRANCES</b>				
CITY AUDITOR	2,191	1,859	263	69
CITY BUDGET OFFICE	6,247	5,135	52	1,060
CIVIL SERVICE COMMISSIONS	518	461	—	57
CRIMINAL JUSTICE				
Jail Services	17,389	17,358	—	31
Indigent Defense Services	6,771	6,025	—	746
Total Criminal Justice	24,160	23,383	—	777
ETHICS AND ELECTIONS	720	709	—	11
EXECUTIVE				
Sustainability and Environment	6,237	3,757	351	2,129
Mayor's Office	6,326	5,233	71	1,022
Economic Development	9,341	7,918	239	1,184
Intergovernmental Relations	3,134	2,828	54	252
Immigrant and Refugee Affairs	1,483	1,034	276	173
Community Police Commission	1,181	783	—	398
Civil Rights	5,209	4,189	472	548
Total Executive	32,911	25,742	1,463	5,706
FINANCE AND ADMINISTRATIVE SERVICES	16	—	—	16

## The City of Seattle

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**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Final Budget	Actual	Encumbrances	Variance
<b>FINANCE GENERAL</b>				
Appropriations to Special Purpose Funds	\$ 42,889	\$ 41,811	\$ —	\$ 1,078
Reserves	36,972	29,499	464	7,009
Support to Operating Funds	39,590	39,569	—	21
Transferred Programs	—	—	—	—
Support to Parks Capital Expenditures	—	—	—	—
Total Finance General	119,451	110,879	464	8,108
<b>FIRE</b>				
Administration	8,285	8,067	—	218
Resource Management	11,985	11,885	—	100
Operations	153,148	152,991	—	157
Fire Prevention	7,726	7,546	—	180
Grants and Reimbursables	13,654	4,864	—	8,790
Total Department	194,798	185,353	—	9,445
HEARING EXAMINER	683	681	—	2
<b>LAW</b>				
Administration	2,508	2,496	—	12
Civil Law	13,495	13,477	—	18
Criminal Prosecution	7,055	6,987	30	38
Precinct Liaison	699	665	—	34
Total Department	23,757	23,625	30	102
LEGISLATIVE	15,255	13,745	119	1,391
LIBRARY	—	—	—	—
<b>MUNICIPAL COURT</b>				
Court Operations	16,781	16,699	—	82
Corporate Services	6,935	6,909	—	26
Court Compliance	5,776	5,744	—	32
Total Department	29,492	29,352	—	140
<b>NEIGHBORHOODS</b>				
Director's Office	1,014	793	220	1
Customer Service and Operations	1,493	1,437	17	39
Community Building	4,430	3,716	300	414
Office for Education	76	76	—	—
Youth Violence Prevention	896	476	—	420
Total Department	7,909	6,498	537	874



## Budget and Actual

**D-11**  
**Page 3 of 4**

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Final Budget	Actual	Encumbrances	Variance
HUMAN RESOURCES				
Employment and Training	\$ 5,606	\$ 4,996	\$ 229	\$ 381
Employee Health Services	3,367	3,309	—	58
Citywide Personnel	3,542	3,476	82	(16)
Labor Relations and Class Compensation	3,273	3,234	—	39
Total Department	15,788	15,015	311	462
POLICE				
Chief of Police	25,014	17,441	120	7,453
Professional Accountability	2,875	2,873	12	(10)
Chief of Staff Program	2,253	1,961	—	292
Deputy Chief Operations	24,803	24,498	15	290
Special Operations Bureau	51,504	50,571	—	933
Professional Standards Program	18,532	18,391	—	141
West Precinct Patrol	32,422	32,055	—	367
North Precinct Patrol	34,702	34,623	—	79
South Precinct Patrol	18,565	18,547	—	18
East Precinct Patrol	25,422	24,745	—	677
Southwest Precinct Patrol	16,912	16,540	—	372
Criminal Investigation Administration	9,082	8,812	—	270
Violent Crimes Investigation	8,481	8,378	—	103
Narcotics Investigation	5,061	5,060	—	1
Coordinated Criminal Investigations	5,020	4,823	—	197
Special Victims Program	6,956	6,955	—	1
Field Support	36,938	36,012	28	898
Total Department	324,542	312,285	175	12,082
JUDGMENTS/CLAIMS	18,200	9,419	—	8,781
ARTS ACCOUNT	6,623	5,642	983	(2)
CABLE TELEVISION FRANCHISE	8,601	8,586	—	15
CUMULATIVE RESERVE				
Real Estate Excise Tax I	46,711	16,381	—	30,330
Real Estate Excise Tax II	11,736	2,954	—	8,782
Capital Projects Asset Preservation	11,174	8,002	—	3,172
Capital Projects Street Vacation	924	—	—	924
Unrestricted	15,803	2,881	—	12,922
Total Cumulative Reserve	86,348	30,218	—	56,130

## The City of Seattle

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**Page 4 of 4**

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOOD MATCHING	\$ 7,821	\$ 3,416	\$ —	\$ 4,405
EMERGENCY	4	—	—	4
TRANSIT BENEFIT	4,684	—	—	4,684
SPECIAL EMPLOYMENT	100	8	—	92
INDUSTRIAL INSURANCE	19,530	17,538	—	1,992
UNEMPLOYMENT COMPENSATION	2,375	1,647	—	728
HEALTH CARE	195,392	183,231	—	12,161
GROUP TERM LIFE INSURANCE	6,339	5,778	—	561
Total Expenditures and Encumbrances	1,154,455	1,020,205	4,397	129,853
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	223,147	376,390	(4,397)	148,846
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	7,447	18,274	—	10,827
Transfers In	13,948	9,065	—	(4,883)
Transfers Out	(298,652)	(338,227)	—	(39,575)
Total Other Financing Sources (Uses)	(277,257)	(310,888)	—	(33,631)
Net Change in Fund Balance	\$ (54,110)	65,502	\$ (4,397)	\$ 115,215
Fund Balance - Beginning of Year		302,860		
Fund Balance - End of Year		\$ 368,362		



## Budget and Actual

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### TRANSPORTATION FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 43,700	\$ 43,608	\$ —	\$ (92)
Business Taxes	38,449	41,179	—	2,730
Other Taxes		4	—	4
Total Taxes	82,149	84,791	—	2,642
Licenses and Permits	156	6,043	—	5,887
Grants, Shared Revenues, and Contributions	45,071	35,320	—	(9,751)
Charges for Services	37,401	71,989	—	34,588
Fines and Forfeits	—	258	—	258
Parking Fees and Space Rent	—	95	—	95
Program Income, Interest, and Miscellaneous Revenues	—	512	—	512
Total Revenues	164,777	199,008	—	34,231
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Bridges and Structures	7,909	8,554	30	(675)
Engineering Services	1,817	512	320	985
Mobility Operations	72,350	60,437	1,083	10,830
Right-of-Way Management	29,042	24,086	359	4,597
Street Maintenance	24,025	20,479	—	3,546
Urban Forestry	4,958	4,439	—	519
Department Management	6,100	(1,328)	375	7,053
General Expense	4,822	4,854	—	(32)
Major Maintenance/Replacement	163,338	38,052	—	125,286
Major Projects	323,413	173,465	—	149,948
Mobility Capital	212,801	66,634	—	146,167
Total Expenditures and Encumbrances	850,575	400,184	2,167	448,224
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(685,798)	(201,176)	(2,167)	482,455
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	(2,095)	—	—	2,095
Transfers In	340,468	208,106	—	(132,362)
Transfers Out	(23,262)	(22,281)	—	981
Total Other Financing Sources (Uses)	315,111	185,825	—	(129,286)
Net Change in Fund Balance	<u>\$ (370,687)</u>	<u>(15,351)</u>	<u>\$ (2,167)</u>	<u>\$ 353,169</u>
Fund Balance - Beginning of Year		86,348		
Fund Balance - End of Year		<u>\$ 70,997</u>		

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## The City of Seattle

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### LOW-INCOME HOUSING FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
General Property Taxes	\$ 24,040	\$ 17,934	\$ —	\$ (6,106)
Grants, Shared Revenues, and Contributions	21,782	7,001	—	(14,781)
Charges for Services	16,002	27,037	—	11,035
Program Income, Interest, and Miscellaneous Revenues	8,759	9,526	—	767
Total Revenues	70,583	61,498	—	(9,085)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Community Development	46	—	—	46
Administration and Management	21,866	89	134	21,643
Multifamily Production and Preservation	112,076	27,026	24,286	60,764
Single Family	25,666	3,031	1,865	20,770
Total Expenditures and Encumbrances	159,654	30,146	26,285	103,223
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(89,071)	31,352	(26,285)	94,138
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	15	—	—	(15)
Total Other Financing Sources (Uses)	15	—	—	(15)
Net Change in Fund Balance	<u>\$ (89,056)</u>	<u>31,352</u>	<u>\$ (26,285)</u>	<u>\$ 94,123</u>
Fund Balance - Beginning of Year		105,419		
Fund Balance - End of Year		<u>\$ 136,771</u>		

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## Budget and Actual

D-14

### PARK AND RECREATION FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ 476	\$ 168	\$ —	\$ (308)
Charges for Services	35,267	41,432	—	6,165
Fines and Forfeits	—	1	—	1
Parking Fees and Space Rent	7,552	8,069	—	517
Program Income, Interest, and Miscellaneous Revenues	141	5,645	—	5,504
Total Revenues	43,436	55,315	—	11,879
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Gasworks Park Contamination Remediation	17	17	—	—
Swimming, Boating, and Aquatics	9,739	9,479	—	260
Recreation Facilities and Programs	27,629	26,231	565	833
Facility and Structure Maintenance	16,990	16,345	75	570
Park Cleaning, Landscaping, and Restoration	31,943	31,628	—	315
Seattle Conservation Corps	4,136	3,197	14	925
Seattle Aquarium	300	300	—	—
Woodland Park Zoo	6,924	6,843	—	81
Planning, Development, and Acquisition	12,327	11,633	24	670
Judgments and Claims	387	387	—	—
Finance and Administration	9,900	8,698	108	1,094
Policy Direction and Leadership	4,292	4,204	63	25
Golf	10,071	9,952	—	119
Environmental Learning and Programs	1,216	1,188	—	28
Natural Resources Management	8,652	8,402	100	150
Regional Parks and Strategic Outreach	3,207	3,178	1	28
Total Expenditures and Encumbrances	147,730	141,682	950	5,098
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(104,294)	(86,367)	(950)	16,977
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	—	22	—	22
Transfers In	100,343	91,760	—	(8,583)
Transfers Out	(2,956)	(2,924)	—	32
Total Other Financing Sources (Uses)	97,387	88,858	—	(8,529)
Net Change in Fund Balance	\$ (6,907)	2,491	\$ (950)	\$ 8,448
Fund Balance - Beginning of Year		2,791		
Fund Balance - End of Year		\$ 5,282		

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## The City of Seattle

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### LIBRARY FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ 7,999	\$ 7,045	\$ —	\$ (954)
Charges for Services	219	241	—	22
Fines and Forfeits	1,564	1,441	—	(123)
Parking Fees and Space Rent	535	584	—	49
Program Income, Interest, and Miscellaneous Revenues	312	174	—	(138)
Total Revenues	10,629	9,485	—	(1,144)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Administrative Services	12,133	9,679	72	2,382
City Librarian's Office	858	801	—	57
Library Capital Improvements	1	—	—	1
Library Services	46,833	45,890	9	934
Grants, Trusts, and Memorials	13,538	6,365	182	6,991
Bunn Projects - Principal and Interest	2,706	638	82	1,986
Information Technology	6,471	5,240	51	1,180
Human Resources	1,185	1,192	—	(7)
Total Expenditures and Encumbrances	83,725	69,805	396	13,524
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(73,096)	(60,320)	(396)	12,380
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	63,358	62,057	—	(1,301)
Transfers Out	224	(574)	—	(798)
Total Other Financing Sources (Uses)	63,582	61,483	—	(2,099)
Net Change in Fund Balance	\$ (9,514)	1,163	\$ (396)	\$ 10,281
Fund Balance - Beginning of Year		14,402		
Fund Balance - End of Year		\$ 15,565		

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## Budget and Actual

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### SEATTLE CENTER FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ —	\$ —	\$ —	\$ —
Charges for Services	10,842	7,899	—	(2,943)
Parking Fees and Space Rent	15,184	19,654	—	4,470
Program Income, Interest, and Miscellaneous Revenues	(797)	273	—	1,070
<b>Total Revenues</b>	<b>25,229</b>	<b>27,826</b>	<b>—</b>	<b>2,597</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Access	1,238	1,236	—	2
Administration	7,572	7,570	18	(16)
Cultural Facilities	233	232	—	1
Commercial Events	1,289	1,286	9	(6)
Festivals	1,343	1,342	—	1
Campus Grounds	12,291	12,288	79	(76)
Judgments and Claims	—	—	17	(17)
Key Arena	7,700	7,695	24	(19)
McCaw Hall	4,670	4,662	—	8
Community Programs	2,220	2,220	—	—
<b>Total Expenditures and Encumbrances</b>	<b>38,556</b>	<b>38,531</b>	<b>147</b>	<b>(122)</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(13,327)	(10,705)	(147)	2,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Leases	—	22	—	22
Transfers In	12,805	12,653	—	(152)
Transfers Out	(118)	(118)	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>12,687</b>	<b>12,557</b>	<b>—</b>	<b>(152)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (640)</b>	<b>1,852</b>	<b>\$ (147)</b>	<b>\$ 2,323</b>
Fund Balance - Beginning of Year		2,947		
Fund Balance - End of Year		<u>\$ 4,799</u>		

## The City of Seattle

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### HUMAN SERVICES OPERATING FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2015 (In Thousands)

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
General Property Taxes	\$ —	\$ 935	\$ —	\$ 935
Grants, Shared Revenues, and Contributions	53,159	52,256	—	(903)
Charges for Services	(497)	5,148	—	5,645
Fines and Forfeits	—	164	—	164
Program Income, Interest, and Miscellaneous Revenues	559	96	—	(463)
<b>Total Revenues</b>	<b>53,221</b>	<b>58,599</b>	<b>—</b>	<b>5,378</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Youth and Family Empowerment	19,832	19,796	67	(31)
Transitional Living and Support	67,412	45,932	53	21,427
Aging and Disability Services	37,430	36,074	—	1,356
Leadership and Administration	8,390	8,176	13	201
Public Health Services	11,895	11,895	—	—
Community Support and Self-Sufficiency	1,610	—	—	1,610
<b>Total Expenditures and Encumbrances</b>	<b>146,569</b>	<b>121,873</b>	<b>133</b>	<b>24,563</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(93,348)	(63,274)	(133)	29,941
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	64,383	72,310	—	7,927
<b>Net Change in Fund Balance</b>	<b>\$ (28,965)</b>	<b>9,036</b>	<b>\$ (133)</b>	<b>\$ 37,868</b>
Fund Balance - Beginning of Year		9,715		
Fund Balance - End of Year		<u>\$ 18,751</u>		



**Budget and Actual**

**D-18**

**OFFICE OF HOUSING FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2015  
(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
General Property Taxes	\$ —	\$ 1,810	\$ —	\$ 1,810
Grants, Shared Revenues, and Contributions	(1,347)	1,460	—	2,807
Charges for Services	7,062	2,150	—	(4,912)
Parking Fees and Space Rent	(24)	25	—	49
Program Income, Interest, and Miscellaneous Revenues	35	49	—	14
Total Revenues	5,726	5,494	—	(232)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Office of Housing	5,999	5,342	98	559
HUD Challenge Grant	289	228	—	61
Total Expenditures and Encumbrances	6,288	5,570	98	620
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(562)	(76)	(98)	388
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	—	345	—	345
Net Change in Fund Balance	\$ (562)	269	\$ (98)	\$ 388
Fund Balance - Beginning of Year		1,614		
Fund Balance - End of Year		\$ 1,883		



## **Nonmajor Enterprise Funds**

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## Nonmajor Enterprise Funds

### NONMAJOR ENTERPRISE FUNDS

The **Planning and Development Fund** accounts for building permit fees and moneys from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

The **Downtown Parking Garage Fund** accounts for the proceeds from the sale of bonds to pay for the cost of effecting the beneficial transfer to the City of the parking garage at Pacific Place in downtown Seattle. This fund also accounts for the operation of the garage.

The **Fiber Leasing Fund** is used to account for the activities associated with management's use of the City's excess fiber and fiber infrastructure. The Fiber Leasing Fund receives revenues from sponsorship agreements; federal, state, county, or other grants or transfers, private funding, donations or gifts, and property sales proceeds (Ordinance 123931).

## The City of Seattle

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### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

December 31, 2015

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2015	2014	2015	2014
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 54,625	\$ 40,572	\$ 36	\$ 38
Receivables, Net of Allowances				
Accounts	780	757	47	98
Interest and Dividends	51	31	—	—
Due from Other Funds	957	905	—	—
Due from Other Governments	359	451	—	—
Prepayments and Other Current Assets	12	42	—	—
Total Current Assets	56,784	42,758	83	136
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	50	38	—	—
Capital Assets				
Land and Land Rights	—	—	12,881	12,881
Buildings and Improvements	—	—	60,132	60,132
Less Accumulated Depreciation	—	—	(34,075)	(32,070)
Machinery and Equipment	14,313	14,308	458	458
Less Accumulated Depreciation	(14,169)	(13,761)	(161)	(85)
Construction in Progress	4,852	3,377	—	—
Total Noncurrent Assets	5,046	3,962	39,235	41,316
Total Assets	61,830	46,720	39,318	41,452
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	6,561	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 68,391	\$ 46,720	\$ 39,318	\$ 41,452



## Nonmajor Enterprise Funds

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### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

December 31, 2015

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2015	2014	2015	2014
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 11	\$ 20	\$ 54,672	\$ 40,630
Receivables, Net of Allowances				
Accounts	28	52	855	907
Interest and Dividends	—	—	51	31
Due from Other Funds	—	—	957	905
Due from Other Governments	—	—	359	451
Prepayments and Other Current Assets	—	—	12	42
Total Current Assets	39	72	56,906	42,966
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	—	—	50	38
Capital Assets				
Land and Land Rights	—	—	12,881	12,881
Buildings and Improvements	—	—	60,132	60,132
Less Accumulated Depreciation	—	—	(34,075)	(32,070)
Machinery and Equipment	—	—	14,771	14,766
Less Accumulated Depreciation	—	—	(14,330)	(13,846)
Construction in Progress	—	—	4,852	3,377
Total Noncurrent Assets	—	—	44,281	45,278
Total Assets	39	72	101,187	88,244
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	—	—	6,561	—
Total Assets and Deferred Outflows of Resources	\$ 39	\$ 72	\$ 107,748	\$ 88,244

## The City of Seattle

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### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

December 31, 2015

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2015	2014	2015	2014
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 623	\$ 891	\$ 761	\$ 1,375
Salaries, Benefits, and Payroll Taxes Payable	3,223	1,626	—	—
Compensated Absences Payable	350	318	—	—
Due to Other Funds	336	318	186	132
Bond Interest Payable	—	—	676	711
Taxes Payable	—	—	85	85
General Obligation Bonds Due Within One Year	—	—	3,280	2,950
Claims Payable	265	53	—	—
Other Current Liabilities	43	—	20	—
Total Current Liabilities	4,840	3,206	5,008	5,253
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	3,052	2,763	—	—
Claims Payable	368	132	—	—
Vendor and Other Deposits Payable	50	38	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	18	—	52,815	56,293
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	19,054	16,295	—	—
Unfunded Other Post Employment Benefits	1,784	1,674	—	—
Net Pension Liability	52,520	—	—	—
Advances from Other Funds	—	—	7,600	6,494
Total Noncurrent Liabilities	76,846	20,902	60,415	62,787
Total Liabilities	81,686	24,108	65,423	68,040
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	—	—
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,956	3,923	(16,860)	(17,927)
Unrestricted	(18,251)	18,689	(9,245)	(8,661)
Total Net Position	(13,295)	22,612	(26,105)	(26,588)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 68,391	\$ 46,720	\$ 39,318	\$ 41,452



## Nonmajor Enterprise Funds

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### COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS

December 31, 2015

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2015	2014	2015	2014
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ 1,384	\$ 2,266
Salaries, Benefits, and Payroll Taxes Payable	—	—	3,223	1,626
Compensated Absences Payable	—	—	350	318
Due to Other Funds	50	60	572	510
Bond Interest Payable	—	—	676	711
Taxes Payable	—	—	85	85
General Obligation Bonds Due Within One Year	—	—	3,280	2,950
Claims Payable	—	—	265	53
Other Current Liabilities	—	—	63	—
Total Current Liabilities	50	60	9,898	8,519
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	—	—	3,052	2,763
Claims Payable	—	—	368	132
Vendor and Other Deposits Payable	—	—	50	38
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	52,833	56,293
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	—	—	19,054	16,295
Unfunded Other Post Employment Benefits	—	—	1,784	1,674
Net Pension Liability	—	—	52,520	—
Advances from Other Funds	—	—	7,600	6,494
Total Noncurrent Liabilities	—	—	137,261	83,689
Total Liabilities	50	60	147,159	92,208
<b>DEFERRED INFLOWS OF RESOURCES</b>	—	—	—	—
<b>NET POSITION</b>				
Net Investment in Capital Assets	—	—	(11,904)	(14,004)
Unrestricted	(11)	12	(27,507)	10,040
Total Net Position	(11)	12	(39,411)	(3,964)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 39	\$ 72	\$ 107,748	\$ 88,244

## The City of Seattle

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### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2015

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2015	2014	2015	2014
<b>OPERATING REVENUES</b>				
Charges for Services and Other Fees	\$ 66,676	\$ 58,104	\$ 7,885	\$ 7,434
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	53,042	48,270	2,988	2,609
General and Administrative	13,519	11,580	—	—
City Business and Occupation Taxes	—	—	17	16
Other Taxes	—	—	37	35
Depreciation and Amortization	438	512	2,081	2,077
Total Operating Expenses	66,999	60,362	5,123	4,737
Operating Income (Loss)	(323)	(2,258)	2,762	2,697
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	459	480	—	—
Interest Expense	—	—	(2,787)	(2,939)
Amortization of Bonds Premiums	—	—	198	198
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Contributions and Grants	210	259	—	—
Others, Net	—	—	310	—
Total Nonoperating Revenues (Expenses)	669	739	(2,279)	(2,741)
Income (Loss) Before Capital Contributions and Grants and Transfers	346	(1,519)	483	(44)
Transfers In	12,337	11,512	—	—
Transfers Out	(3,406)	—	—	—
Change in Net Position	9,277	9,993	483	(44)
Net Position - Beginning of Year	22,612	12,619	(26,588)	(26,544)
Prior-Year Adjustment	(45,184)	—	—	—
Net Position - Beginning of Year as Restated	(22,572)	12,619	(26,588)	(26,544)
Net Position - End of Year	\$ (13,295)	\$ 22,612	\$ (26,105)	\$ (26,588)



## Nonmajor Enterprise Funds

**E-2** **COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**Page 2 of 2** **IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Fiber Leasing		Comparative Totals	
	2015	2014	2015	2014
<b>OPERATING REVENUES</b>				
Charges for Services and Other Fees	\$ 5	\$ 10	\$ 74,566	\$ 65,548
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	28	20	56,058	50,899
General and Administrative	—	—	13,519	11,580
City Business and Occupation Taxes	—	—	17	16
Other Taxes	—	—	37	35
Depreciation and Amortization	—	—	2,519	2,589
Total Operating Expenses	28	20	72,150	65,119
Operating Income (Loss)	(23)	(10)	2,416	429
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	—	—	459	480
Interest Expense	—	—	(2,787)	(2,939)
Amortization of Bonds Premiums	—	—	198	198
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Contributions and Grants	—	—	210	259
Others, Net	—	—	310	—
Total Nonoperating Revenues (Expenses)	—	—	(1,610)	(2,002)
Income (Loss) Before Capital Contributions and Grants and Transfers	(23)	(10)	806	(1,573)
Transfers In	—	—	12,337	11,512
Transfers Out	—	—	(3,406)	—
Change in Net Position	(23)	(10)	9,737	9,939
Net Position - Beginning of Year	12	22	(3,964)	(13,903)
Prior-Year Adjustment	—	—	(45,184)	—
Net Position - Beginning of Year as Restated	12	22	(49,148)	(13,903)
Net Position - End of Year	\$ (11)	\$ 12	\$ (39,411)	\$ (3,964)

## The City of Seattle

**E-3** **COMBINING STATEMENT OF CASH FLOWS**  
**Page 1 of 4** **NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Planning and Development		Downtown Parking Garage	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 69,544	\$ 60,709	\$ 10,007	\$ 9,170
Cash Paid to Suppliers	(29,725)	(28,027)	(3,547)	(3,318)
Cash Paid to Employees	(33,977)	(31,074)	—	—
Cash Paid for Taxes	212	—	(1,797)	(1,676)
Net Cash from Operating Activities	6,054	1,608	4,663	4,176
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	118	194	—	—
Transfers In	8,931	11,512	—	—
Proceeds from Interfund Loans	—	—	7,600	6,494
Principal Payments on Interfund Loans	—	—	(6,494)	(5,050)
Net Cash from Noncapital Financing Activities	9,049	11,706	1,106	1,444
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Long-Term Debt	—	—	(2,950)	(1,857)
Capital Expenses and Other Charges Paid	(1,478)	(788)	—	(26)
Interest Paid on Long-Term Debt	—	—	(2,823)	(3,740)
Net Cash from Capital and Related Financing Activities	(1,478)	(788)	(5,773)	(5,623)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	440	464	2	3
Net Increase (Decrease) in Cash and Equity in Pooled Investments	14,065	12,990	(2)	—
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	40,610	27,620	38	38
End of Year	\$ 54,675	\$ 40,610	\$ 36	\$ 38
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 54,625	\$ 40,572	\$ 36	\$ 38
Noncurrent Restricted Cash and Equity in Pooled Investments	50	38	—	—
Total Cash at the End of the Year	\$ 54,675	\$ 40,610	\$ 36	\$ 38



## Nonmajor Enterprise Funds

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Page 2 of 4

### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Fiber Leasing		Comparative Totals	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 29	\$ 26	\$ 79,580	\$ 69,905
Cash Paid to Suppliers	(39)	(22)	(33,311)	(31,367)
Cash Paid to Employees	—	(1)	(33,977)	(31,075)
Cash Paid for Taxes	—	—	(1,585)	(1,676)
Net Cash from Operating Activities	(10)	3	10,707	5,787
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	—	—	118	194
Transfers In	—	—	8,931	11,512
Proceeds from Interfund Loans	—	—	7,600	6,494
Principal Payments on Interfund Loans	—	—	(6,494)	(5,050)
Net Cash from Noncapital Financing Activities	—	—	10,155	13,150
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Long-Term Debt	—	—	(2,950)	(1,857)
Capital Expenses and Other Charges Paid	—	—	(1,478)	(814)
Interest Paid on Long-Term Debt	—	—	(2,823)	(3,740)
Net Cash from Capital and Related Financing Activities	—	—	(7,251)	(6,411)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	—	—	442	467
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(10)	3	14,053	12,993
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	20	17	40,668	27,675
End of Year	\$ 10	\$ 20	\$ 54,721	\$ 40,668
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 10	\$ 20	\$ 54,671	\$ 40,630
Noncurrent Restricted Cash and Equity in Pooled Investments	—	—	50	38
Total Cash at the End of the Year	\$ 10	\$ 20	\$ 54,721	\$ 40,668

## The City of Seattle

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### COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Planning and Development		Downtown Parking Garage	
	2015	2014	2015	2014
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (323)	\$ (2,258)	\$ 2,762	\$ 2,697
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	438	511	2,081	2,077
Other Operating Expenses	774	—	—	—
Nonoperating Revenues and Expenses	—	—	310	—
Changes in Operating Assets and Liabilities				
Accounts Receivable	69	158	51	(40)
Unbilled Receivables	—	—	—	—
Due from Other Funds	(52)	162	—	—
Due from Other Governments	92	65	—	—
Accounts Payable	(268)	3	(615)	(560)
Salaries, Benefits, and Payroll Taxes Payable	1,597	303	—	—
Compensated Absences Payable	321	66	—	—
Due to Other Funds	18	138	55	(3)
Claims Payable	447	4	—	—
Taxes Payable	—	—	—	5
Unearned Revenues	2,759	2,220	—	—
Other Assets and Liabilities	182	236	19	—
Total Adjustments	6,377	3,866	1,901	1,479
Net Cash from Operating Activities	\$ 6,054	\$ 1,608	\$ 4,663	\$ 4,176



## Nonmajor Enterprise Funds

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### COMBINING STATEMENT OF CASH FLOWS

#### NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2015

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2015	2014	2015	2014
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (23)	\$ (10)	\$ 2,416	\$ 429
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	—	—	2,519	2,588
Other Operating Expenses	—	—	774	—
Nonoperating Revenues and Expenses	—	—	310	—
Changes in Operating Assets and Liabilities				
Accounts Receivable	24	16	144	134
Unbilled Receivables	—	—	—	—
Due from Other Funds	—	—	(52)	162
Due from Other Governments	—	—	92	65
Accounts Payable	—	—	(883)	(557)
Salaries, Benefits, and Payroll Taxes Payable	—	—	1,597	303
Compensated Absences Payable	—	—	321	66
Due to Other Funds	(11)	(3)	62	132
Claims Payable	—	—	447	4
Taxes Payable	—	—	—	5
Unearned Revenues	—	—	2,759	2,220
Other Assets and Liabilities	—	—	201	236
Total Adjustments	13	13	8,291	5,358
Net Cash from Operating Activities	<u>\$ (10)</u>	<u>\$ 3</u>	<u>\$ 10,707</u>	<u>\$ 5,787</u>



## **Internal Service Funds**

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## Internal Service Funds

### INTERNAL SERVICE FUNDS

The **Finance and Administrative Services Fund** accounts for support services to other City departments in the areas of financial services, business technology, contracting and purchasing services, fleet management; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management. Additional services provide 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.

## The City of Seattle

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### COMBINING STATEMENT OF NET POSITION

#### INTERNAL SERVICE FUNDS

December 31, 2015

(In Thousands)

			Comparative Totals	
	Finance and Administrative Services	Information Technology	2015	2014
ASSETS				
Current Assets				
Cash and Equity in Pooled Investments	\$ 25,042	\$ 2,648	\$ 27,690	\$ 24,792
Restricted Cash and Equity in Pooled Investments	12,178	—	12,178	20,014
Receivables, Net of Allowances				
Accounts	215	59	274	240
Interest and Dividends	43	—	43	88
Unbilled	346	—	346	24
Due from Other Funds	9,554	1,363	10,917	9,517
Due from Other Governments	76	60	136	159
Materials and Supplies Inventory	1,987	2,055	4,042	2,786
Prepayments and Other	109	—	109	425
Total Current Assets	49,550	6,185	55,735	58,045
Noncurrent Assets				
Restricted Cash and Equity in Pooled Investments	2,263	49,721	51,984	58,383
Capital Assets				
Land and Land Rights	108,852	—	108,852	108,832
Buildings and Improvements	715,840	97	715,937	717,627
Less Accumulated Depreciation	(227,981)	(12)	(227,993)	(211,792)
Machinery and Equipment	178,144	55,812	233,956	223,388
Less Accumulated Depreciation	(95,453)	(39,976)	(135,429)	(135,206)
Construction in Progress	—	31,038	31,038	3,309
Total Noncurrent Assets	681,665	96,680	778,345	764,541
Total Assets	731,215	102,865	834,080	822,586
DEFERRED OUTFLOWS OF RESOURCES				
	14,283	3,513	17,796	—
Total Assets and Deferred Outflows of Resources	\$ 745,498	\$ 106,378	\$ 851,876	\$ 822,586



## Internal Service Funds

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**Page 2 of 2**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2015**  
**(In Thousands)**

			Comparative Totals	
	Finance and Administrative Services	Information Technology	2015	2014
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 6,109	\$ 5,410	\$ 11,519	\$ 8,036
Salaries, Benefits, and Payroll Taxes Payable	4,039	1,640	5,679	3,213
Due to Other Funds	1,356	1,799	3,155	2,454
Due to Other Governments	38	—	38	4
Interest Payable	2,158	234	2,392	3,172
Taxes Payable	59	31	90	51
Current Portion of Long-Term Debt				
General Obligation Bonds Due Within One Year	17,926	5,850	23,776	21,559
Claims Payable	456	16	472	577
Compensated Absences Payable	471	211	682	595
Other Current Liabilities	164	172	336	57
Total Current Liabilities	32,776	15,363	48,139	39,718
Noncurrent Liabilities				
Compensated Absences Payable	4,621	1,687	6,308	6,058
Claims Payable	1,656	32	1,688	1,434
Vendor and Other Deposits Payable	225	—	225	104
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	214,427	29,557	243,984	254,907
Bond Interest Payable	—	—	—	—
Unfunded Other Post Employment Benefits	2,483	847	3,330	3,284
Net Pension Liability	72,354	29,030	101,384	—
Other Noncurrent Liabilities	1	—	1	3
Total Noncurrent Liabilities	295,767	61,153	356,920	265,790
Total Liabilities	328,543	76,516	405,059	305,508
DEFERRED INFLOWS OF RESOURCES				
	—	—	—	—
NET POSITION				
Net Investment in Capital Assets	447,049	22,912	469,961	459,033
Unrestricted	(30,094)	6,950	(23,144)	58,045
Total Net Position	416,955	29,862	446,817	517,078
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 745,498	\$ 106,378	\$ 851,876	\$ 822,586

## The City of Seattle

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**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2015**  
**(In Thousands)**

			Comparative Totals	
	Finance and Administrative Services	Information Technology	2015	2014
OPERATING REVENUES				
Charges for Services	\$ 82,936	\$ 64,566	\$ 147,502	\$ 125,465
Rents, Parking, and Concessions	95,246	—	95,246	89,506
Total Operating Revenues	178,182	64,566	242,748	214,971
OPERATING EXPENSES				
Operations and Maintenance	117,528	38,081	155,609	143,593
General and Administrative	12,952	10,205	23,157	18,979
City Business and Occupation Taxes	4	—	4	4
Other Taxes	467	1	468	419
Depreciation and Amortization	29,543	5,964	35,507	34,600
Total Operating Expenses	160,494	54,251	214,745	197,595
Operating Income (Loss)	17,688	10,315	28,003	17,376
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	489	28	517	1,376
Interest Expense	(7,471)	(1,482)	(8,953)	(10,609)
Amortization of Bonds Premiums	2,302	672	2,974	2,802
Amortization of Refunding Loss	(1,105)	—	(1,105)	(161)
Bond Issuance Costs	—	(45)	(45)	(107)
Gain (Loss) on Sale of Capital Assets	1,623	(242)	1,381	938
Contributions and Grants	—	—	—	—
Others, Net	—	62	62	—
Total Nonoperating Revenues (Expenses)	(4,162)	(1,007)	(5,169)	(5,761)
Income (Loss) Before				
Contributions, Grants, and Transfers	13,526	9,308	22,834	11,615
Capital Contributions and Grants	(141)	88	(53)	20,392
Transfers In	—	341	341	301
Transfers Out	(6,159)	—	(6,159)	(6,069)
Change in Net Position	7,226	9,737	16,963	26,239
Net Position - Beginning of Year	471,977	45,101	517,078	490,839
Prior-Year Adjustment	(62,248)	(24,976)	(87,224)	—
Net Position - Beginning of Year as Restated	409,729	20,125	429,854	490,839
Net Position - End of Year	\$ 416,955	\$ 29,862	\$ 446,817	\$ 517,078



## Internal Service Funds

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**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

			Comparative Totals	
	Finance and Administrative Services	Information Technology	2015	Restated 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 176,514	\$ 64,620	\$ 241,134	\$ 212,069
Cash Paid to Suppliers	(63,137)	(19,385)	(82,522)	(77,565)
Cash Paid to Employees	(61,753)	(26,056)	(87,809)	(82,954)
Cash Paid for Taxes	(451)	18	(433)	(404)
Net Cash from Operating Activities	51,173	19,197	70,370	51,146
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans Provided to Other Funds	—	—	—	—
Operating Grants and Contributions Received	—	88	88	473
Transfers In	—	341	341	301
Transfers Out	(6,159)	—	(6,159)	(6,069)
Net Cash from Noncapital Financing Activities	(6,159)	429	(5,730)	(5,295)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Long-Term Debt	—	8,913	8,913	(205)
Principal Payments on Long-Term Debt	(12,745)	(4,200)	(16,945)	14,926
Capital Fees and Grants Received	(141)	—	(141)	—
Capital Expenses and Other Charges Paid	(31,200)	(29,011)	(60,211)	(22,384)
Interest Paid on Long-Term Debt	(8,250)	(1,483)	(9,733)	(10,942)
Debt Issuance Costs	—	(45)	(45)	(107)
Proceeds from Sale of Capital Assets	1,623	—	1,623	1,103
Net Cash from Capital and Related Financing Activities	(50,713)	(25,826)	(76,539)	(17,609)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	487	75	562	1,335
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(5,212)	(6,125)	(11,337)	29,577
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	44,695	58,494	103,189	73,612
End of Year	\$ 39,483	\$ 52,369	\$ 91,852	\$ 103,189
CASH AT THE END OF THE YEAR CONSISTS OF				
Current Assets Cash and Equity in Pooled Investments	\$ 25,042	\$ 2,648	\$ 27,690	\$ 24,792
Current Restricted Cash and Equity in Pooled Investments	12,178	—	12,178	20,014
Noncurrent Restricted Cash and Equity in Pooled Investments	2,263	49,721	51,984	58,383
Total Cash at the End of the Year	\$ 39,483	\$ 52,369	\$ 91,852	\$ 103,189

## The City of Seattle

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Page 2 of 2

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

			Comparative Totals	
	Finance and Administrative Services	Information Technology	2015	Restated 2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 17,688	\$ 10,315	\$ 28,003	\$ 17,376
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	29,543	5,964	35,507	34,600
Other Operating Expenses	1,278	541	1,819	—
Nonoperating Revenues and Expenses	—	62	62	—
Changes in Operating Assets and Liabilities				
Accounts Receivable	9	(44)	(35)	(25)
Unbilled Receivables	(321)	—	(321)	227
Due from Other Funds	(1,364)	(36)	(1,400)	(3,519)
Due from Other Governments	7	16	23	395
Materials and Supplies Inventory	394	(1,651)	(1,257)	(343)
Accounts Payable	674	2,809	3,483	(1,072)
Salaries, Benefits, and Payroll Taxes Payable	1,759	707	2,466	392
Compensated Absences Payable	211	126	337	477
Due to Other Funds	881	(181)	700	2,008
Due to Other Governments	34	—	34	(1)
Claims Payable	164	(15)	149	(13)
Taxes Payable	20	19	39	19
Other Assets and Liabilities	196	565	761	625
Total Adjustments	33,485	8,882	42,367	33,770
Net Cash from Operating Activities	\$ 51,173	\$ 19,197	\$ 70,370	\$ 51,146
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 7,521	\$ —	\$ 7,521	\$ 30,935
Amortization of Debt Related Costs, Net	(1,105)	628	(477)	253
Settlement from Nextel	—	—	—	—



## **Fiduciary Funds**

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## Fiduciary Funds

### FIDUCIARY FUNDS

#### PENSION TRUST FUNDS

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

The **Firemen's Pension Fund** receives General Fund contributions and a portion of the state-levied fire insurance premium tax. These moneys pay for fire fighters' medical and pension benefits which are not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

The **Police Relief and Pension Fund** receives support almost entirely from the General Fund. The General Fund contributions pay for sworn police personnel's medical and pension benefits which are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

#### AGENCY FUNDS

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

The **Payroll Withholding Fund** receives City contributions and/or employee deductions for payroll taxes, such as Social Security (FICA), Medicare, and federal income tax; state retirement (LEOFF); savings bonds; and dependent child care. The contributions and deductions are paid to federal and state agencies and to other City funds.

The **Multifamily Rental Housing Improvement Fund** (MRHF) accounts for monies arising from a settlement agreement, and duly ordered by the Superior Court of the State of Washington to be administered by the City. Disbursements are made, upon approval of the MRHF Committee, to improve building maintenance for the multifamily rental housing stock in the City; and to provide educational services and resources on landlord and tenant rights and responsibilities.

The **Salary Fund** pays salaries to all active City employees. The funds that record the expenditures transfer moneys into this fund.

The **Voucher Fund** pays for all expenditures of the City except payroll, retirement benefits, and certain payments made by check or wire transfer. The funds that record the expenditures transfer moneys into this fund.

The **Pass-Through Grants Fund** was established in 2006 to account for grants which are the equivalent of pure cash conduits. The City has no administrative and no direct involvement with the grant programs.

The **FileLocal Agency Fund** was established in 2015 to account for revenues and expenditures related to the management of the Washington Multi-City Business License and Tax Portal Agency (FileLocal Agency). The FileLocal Agency maintains an internet web application gateway to increase efficiency for businesses in applying for local business licenses and filing local taxes. The City's expenditures include, but are not limited to, those required to provide loaned staff to manage the Agency. The Fund shall receive revenues from the FileLocal Agency (Ordinance 124626).



## Fiduciary Funds

**G-1** **COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**December 31, 2015**  
*(In Thousands)*

	Employees' Retirement	Firemen's Pension	Police Relief and Pension	Comparative Totals	
				2015	2014
ASSETS					
Cash and Equity in Pooled Investments	\$ 8,943	\$ 7,871	\$ 4,628	\$ 21,442	\$ 14,490
Short-Term Investments	186,630	—	—	186,630	115,244
Receivables					
Members	3,496	—	—	3,496	2,901
Employers	4,788	—	—	4,788	4,204
Interest and Dividends	3,449	8	—	3,457	4,059
Sales Proceeds	6,175	—	—	6,175	6,237
Other		430	450	880	891
Total Receivables	17,908	438	450	18,796	18,292
Investments at Fair Value					
Fixed Income	599,494	181	—	599,675	540,512
Equity	1,126,488	7,718	—	1,134,206	1,341,780
Real Estate	270,796	—	—	270,796	250,404
Alternative Investments	114,896	—	—	114,896	95,936
Total Investments at Fair Value	2,111,674	7,899	—	2,119,573	2,228,632
Securities Lending Collateral	50,952	—	—	50,952	25,232
Total Assets	2,376,107	16,208	5,078	2,397,393	2,401,890
LIABILITIES					
Accounts Payable and Other Liabilities	2,005	1,285	406	3,696	3,377
Securities Lending Collateral	53,633	—	—	53,633	28,229
Investment Commitments Payable	7,448	—	—	7,448	27,737
Total Liabilities	63,086	1,285	406	64,777	59,343
Net Position Held in Trust for Pension Benefits	\$ 2,313,021	\$ 14,923	\$ 4,672	\$ 2,332,616	\$ 2,342,547

## The City of Seattle

**G-2** **COMBINING STATEMENT OF CHANGES**  
**IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Defined Benefit		
	Employees' Retirement	Firemen's Pension	Police Relief and Pension
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 101,153	\$ 6,204	\$ 7,726
Plan Member	65,779	—	—
Total Contributions	166,932	6,204	7,726
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	(22,933)	(129)	—
Interest	11,378	50	—
Dividends	27,836	153	—
Total Investment Activities Income	16,281	74	—
Investment Activities Expenses			
Investment Management Fees	9,096	—	—
Investment Consultant Fees	295	—	—
Investment Custodial Fees	354	—	—
Total Investment Activities Expenses	9,745	—	—
Net Income from Investment Activities	6,536	74	—
From Securities Lending Activities			
Securities Lending Income	57	—	—
Borrower Rebates	674	—	—
Total Securities Lending Income	731	—	—
Securities Lending Expenses			
Management Fees	183	—	—
Total Securities Lending Expenses	183	—	—
Net Income from Securities Lending Activities	548	—	—
Total Net Investment Income	7,084	74	—
Other Income	—	1,421	703
Total Additions	174,016	7,699	8,429
<b>DEDUCTIONS</b>			
Benefits	159,350	6,902	8,326
Refund of Contributions	16,138	—	533
Administrative Expense	8,211	615	—
Total Deductions	183,699	7,517	8,859
Change in Net Position	(9,683)	182	(430)
Net Position - Beginning of Year	2,322,704	14,742	5,101
Net Position - End of Year	\$ 2,313,021	\$ 14,924	\$ 4,671



## Fiduciary Funds

G-2

Page 2 of 2

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Postemployment Healthcare		Comparative Totals	
	Firemen's Pension	Police Relief and Pension	2015	2014
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 11,108	\$ 12,552	\$ 138,743	\$ 127,865
Plan Member	—	—	65,779	63,970
Total Contributions	11,108	12,552	204,522	191,835
Investment Income				
From Investment Activities				
Net Appreciation (Depreciation) in Fair Value of Investments	—	—	(23,062)	94,618
Interest	—	—	11,428	11,621
Dividends	—	—	27,989	25,681
Total Investment Activities Income	—	—	16,355	131,920
Investment Activities Expenses				
Investment Management Fees	—	—	9,096	7,802
Investment Consultant Fees	—	—	295	333
Investment Custodial Fees	—	—	354	342
Total Investment Activities Expenses	—	—	9,745	8,477
Net Income from Investment Activities	—	—	6,610	123,443
From Securities Lending Activities				
Securities Lending Income	—	—	57	24
Borrower Rebates	—	—	674	216
Total Securities Lending Income	—	—	731	240
Securities Lending Expenses				
Management Fees	—	—	183	60
Total Securities Lending Expenses	—	—	183	60
Net Income from Securities Lending Activities	—	—	548	180
Total Net Investment Income	—	—	7,158	123,623
Other Income	—	—	2,124	2,127
Total Additions	11,108	12,552	213,804	317,585
<b>DEDUCTIONS</b>				
Benefits	11,108	12,552	198,238	186,416
Refund of Contributions	—	—	16,671	15,104
Administrative Expense	—	—	8,826	6,358
Total Deductions	11,108	12,552	223,735	207,878
Change in Net Position	—	—	(9,931)	109,707
Net Position - Beginning of Year	—	—	2,342,547	2,232,841
Net Position - End of Year	\$ —	\$ —	\$ 2,332,616	\$ 2,342,548

## The City of Seattle

G-3

Page 1 of 2

### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS For the Year Ended December 31, 2015 (In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
<b>GUARANTY DEPOSITS FUND</b>				
<b>Assets</b>				
Cash	\$ 7,207	\$ 4,728	\$ 4,800	\$ 7,135
Total Assets	\$ 7,207	\$ 4,728	\$ 4,800	\$ 7,135
<b>Liabilities</b>				
Deposits Payable	\$ 7,207	\$ 6,062	\$ 6,134	\$ 7,135
Total Liabilities	\$ 7,207	\$ 6,062	\$ 6,134	\$ 7,135
<b>PAYROLL WITHHOLDING FUND</b>				
<b>Assets</b>				
Cash	\$ 2,641	\$ 311,992	\$ 312,242	\$ 2,391
Accounts Receivable	1	2	3	—
Total Assets	\$ 2,642	\$ 311,994	\$ 312,245	\$ 2,391
<b>Liabilities</b>				
Accounts Payable	\$ 145	\$ 4	\$ 1	\$ 148
Salaries, Benefits, and Payroll Taxes Payable	2,484	311,980	312,236	2,228
Claims/Judgments Payable	13	2	—	15
Total Liabilities	\$ 2,642	\$ 311,986	\$ 312,237	\$ 2,391
<b>MULTIFAMILY RENTAL HOUSING IMPROVEMENT FUND</b>				
<b>Assets</b>				
Cash	\$ —	\$ —	\$ —	\$ —
Total Assets	\$ —	\$ —	\$ —	\$ —
<b>Liabilities</b>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Total Liabilities	\$ —	\$ —	\$ —	\$ —
<b>SALARY FUND</b>				
<b>Assets</b>				
Cash	\$ 106	\$ 683,871	\$ 683,829	\$ 148
Accounts Receivable	10	—	10	—
Total Assets	\$ 116	\$ 683,871	\$ 683,839	\$ 148
<b>Liabilities</b>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Salaries, Benefits, and Payroll Taxes Payable	116	684,376	684,344	148
Total Liabilities	\$ 116	\$ 684,376	\$ 684,344	\$ 148



## Fiduciary Funds

G-3  
Page 2 of 2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2015

(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
<b>VOUCHER FUND</b>				
<i>Assets</i>				
Cash	\$ 699	\$ 3,771,298	\$ 3,771,412	\$ 585
Total Assets	<u>\$ 699</u>	<u>\$ 3,771,298</u>	<u>\$ 3,771,412</u>	<u>\$ 585</u>
<i>Liabilities</i>				
Accounts Payable	\$ 699	\$ 3,771,061	\$ 3,771,175	\$ 585
Total Liabilities	<u>\$ 699</u>	<u>\$ 3,771,061</u>	<u>\$ 3,771,175</u>	<u>\$ 585</u>
<b>PASS-THROUGH GRANTS FUND</b>				
<i>Assets</i>				
Cash	\$ —	\$ —	\$ —	\$ —
Total Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Total Liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>FILE LOCAL AGENCY FUND</b>				
<i>Assets</i>				
Cash	\$ —	\$ 173	\$ 172	\$ 1
Accounts Receivable	\$ —	\$ 178	\$ 130	\$ 48
Total Assets	<u>\$ —</u>	<u>\$ 351</u>	<u>\$ 302</u>	<u>\$ 49</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ 171	\$ 122	\$ 49
Total Liabilities	<u>\$ —</u>	<u>\$ 171</u>	<u>\$ 122</u>	<u>\$ 49</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash and Equity in Pooled Investments	\$ 10,653	\$ 4,772,062	\$ 4,772,455	\$ 10,260
Accounts Receivable	11	180	143	48
Total Assets	<u>\$ 10,664</u>	<u>\$ 4,772,242</u>	<u>\$ 4,772,598</u>	<u>\$ 10,308</u>
<i>Liabilities</i>				
Accounts Payable	\$ 844	\$ 3,771,236	\$ 3,771,298	\$ 782
Salaries, Benefits, and Payroll Taxes Payable	2,600	996,356	996,580	2,376
Deposits Payable	7,207	6,062	6,134	7,135
Claims/Judgments Payable	13	2	—	15
Total Liabilities	<u>\$ 10,664</u>	<u>\$ 4,773,656</u>	<u>\$ 4,774,012</u>	<u>\$ 10,308</u>



## **Capital Assets**

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## Capital Assets

H-1

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

#### SCHEDULE BY SOURCE

December 31, 2015

(In Thousands)

	2015	Restated 2014
<b>CAPITAL ASSETS</b>		
Land	\$ 463,229	\$ 462,749
Buildings	865,071	876,886
Improvements Other than Buildings	762,379	742,793
Equipment	144,520	138,755
Infrastructure	1,866,204	1,836,479
Construction in Progress	782,916	550,591
Other Capital Assets	17,894	17,774
Total Capital Assets	<u>\$ 4,902,213</u>	<u>\$ 4,626,027</u>
<b>INVESTMENT IN CAPITAL ASSETS FROM</b>		
General Fund	\$ 324,934	\$ 309,398
Special Revenue Funds	3,490,535	3,268,158
Capital Project Funds	978,537	942,440
Donations	108,207	106,031
Total Investment in Capital Assets	<u>\$ 4,902,213</u>	<u>\$ 4,626,027</u>

## The City of Seattle

H-2

### CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Page 1 of 2

#### SCHEDULE BY FUNCTION

December 31, 2015

(In Thousands)

	Land	Buildings	Improvements
General Government	\$ 21,004	\$ 103,365	\$ 151
Security of Persons and Property	—	—	—
Transportation	115,688	67,993	231
Economic Environment	1,305	—	—
Judicial	—	—	—
Culture and Recreation	325,232	693,713	761,997
Total	<u>\$ 463,229</u>	<u>\$ 865,071</u>	<u>\$ 762,379</u>



## Capital Assets

**H-2**                      **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**Page 2 of 2**                      **SCHEDULE BY FUNCTION**  
**December 31, 2015**  
*(In Thousands)*

	Equipment	Infrastructure	Other Capital Assets	Total
General Government	\$ 27,074	\$ —	\$ —	151,594
Security of Persons and Property	80,610	—	—	80,610
Transportation	14,526	1,866,204	1,612	2,066,254
Economic Environment	515	—	—	1,820
Judicial	82	—	—	82
Culture and Recreation	21,713	—	16,282	1,818,937
Total	<u>\$ 144,520</u>	<u>\$ 1,866,204</u>	<u>\$ 17,894</u>	4,119,297
Construction in Progress				782,916
Total Investment in Capital Assets			\$	4,902,213

## The City of Seattle

**H-3**                      **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**For the Year Ended December 31, 2015**  
*(In Thousands)*

	Restated Balance January 1	Additions	Deductions	Balance December 31
General Government	\$ 151,734	\$ 8	\$ 148	\$ 151,594
Security of Persons and Property	79,020	3,855	2,265	80,610
Transportation	2,034,543	31,822	111	2,066,254
Economic Environment	1,787	100	67	1,820
Judicial	82	—	—	82
Culture and Recreation	1,808,270	35,581	24,914	1,818,937
Total	4,075,436	71,366	27,505	4,119,297
Construction in Progress	550,591	294,762	62,437	782,916
Total Investment in Capital Assets	<u>\$ 4,626,027</u>	<u>\$ 366,128</u>	<u>\$ 89,942</u>	<u>\$ 4,902,213</u>



## Statistics

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## Statistics

### STATISTICAL INFORMATION

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

#### Financial Trends

These tables contain information to help the reader understand how the City's financial performance and well-being have changed over time.

- S-1** Net Position by Component
- S-2** Changes in Net Position
- S-3** Fund Balances of Governmental Funds
- S-4** Changes in Fund Balances of Governmental Funds

#### Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue sources.

- S-5** Tax Revenues by Source
- S-6** Assessed Value and Estimated Actual Value of Taxable Property
- S-7** Direct and Overlapping Property Tax Rates
- S-8** Principal Property Taxpayers
- S-9** Principal Revenue Sources
- S-10** Property Tax Levies and Collections

#### Debt Capacity

These tables contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- S-11** Ratios of Outstanding Debt by Type
- S-12** Ratios of Net General Bonded Debt Outstanding
- S-13** Direct and Overlapping Governmental Activities Debt
- S-14** Legal Debt Margin Information
- S-15** Pledged-Revenue Coverage

#### Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- S-16** Demographic and Economic Statistics
- S-17** Principal Industries

#### Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- S-18** Full-Time-Equivalent City Government Employees by Department/Office
- S-19** Operating Indicators by Department/Office
- S-20** Capital Asset Statistics by Department/Office  
Miscellaneous Statistics

## The City of Seattle

Table S-1

### NET POSITION BY COMPONENT

#### Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2015	2014	2013	2012	2011
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	3,144,486	3,085,306	2,880,124	2,783,738	2,627,462
Restricted	556,406	448,934	460,885	406,454	419,675
Unrestricted	(398,596)	(16,363)	36,212	(35,593)	(101,021)
Total Governmental Activities Net Position	\$ 3,302,296	\$ 3,517,877	\$ 3,377,221	\$ 3,154,599	\$ 2,946,116

#### BUSINESS-TYPE ACTIVITIES

Net Investment in Capital Assets	1,915,893	1,750,495	1,508,831	1,391,130	1,243,622
Restricted	59,194	58,039	57,404	56,210	81,904
Unrestricted	(153,822)	253,427	274,388	215,405	205,493
Total Business-Type Activities Net Position	\$ 1,821,265	\$ 2,061,961	\$ 1,840,623	\$ 1,662,745	\$ 1,531,019

#### PRIMARY GOVERNMENT

Net Investment in Capital Assets	5,060,379	4,835,801	4,388,955	4,174,868	3,871,084
Restricted	615,600	506,973	518,289	462,664	501,579
Unrestricted	(552,418)	237,064	310,600	179,812	104,472
Total Primary Government Net Position	\$ 5,123,561	\$ 5,579,838	\$ 5,217,844	\$ 4,817,344	\$ 4,477,135

	2010	2009	2008	2007	2006
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	2,513,808	2,350,564	2,184,161	2,011,575	1,825,203
Restricted	372,289	225,157	271,204	194,618	183,340
Unrestricted	(98,786)	146,711	194,962	322,784	273,696
Total Governmental Activities Net Position	\$ 2,787,311	\$ 2,722,432	\$ 2,650,327	\$ 2,528,977	\$ 2,282,239

#### BUSINESS-TYPE ACTIVITIES

Net Investment in Capital Assets	1,228,030	1,257,195	1,128,319	967,028	813,091
Restricted	79,372	71,801	63,913	48,561	59,161
Unrestricted	106,013	49,827	166,634	195,226	234,582
Total Business-Type Activities Net Position	\$ 1,413,415	\$ 1,378,823	\$ 1,358,866	\$ 1,210,815	\$ 1,106,834

#### PRIMARY GOVERNMENT

Net Investment in Capital Assets	3,741,838	3,607,759	3,312,480	2,978,603	2,638,294
Restricted	451,661	296,958	335,117	243,179	242,501
Unrestricted	7,227	196,538	361,596	518,010	508,278
Total Primary Government Net Position	\$ 4,200,726	\$ 4,101,255	\$ 4,009,193	\$ 3,739,792	\$ 3,389,073

<sup>a</sup> 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 2004-2009.



## Statistics

Table S-2

Page 1 of 4

### CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2015	2014	2012	2012	2011
<b>EXPENSES</b>					
<i>Governmental Activities</i>					
General Government	\$ 208,638	\$ 189,034	\$ 161,041	\$ 164,040	\$ 179,498
Judicial	28,477	28,874	33,517	26,121	25,623
Public Safety	531,523	568,843	515,129	475,747	471,205
Physical Environment	4,351	5,853	10,740	6,357	10,697
Transportation	221,443	222,199	165,742	133,511	111,038
Economic Environment	138,878	138,169	125,191	125,917	101,242
Health and Human Services	94,122	76,562	71,256	65,266	71,399
Culture and Recreation	286,395	275,566	267,043	239,003	245,671
Interest on Long-Term Debt	32,694	31,170	26,417	39,998	40,425
Total Governmental Activities Expenses	1,546,521	1,536,270	1,376,076	1,275,960	1,256,798
<i>Business-Type Activities</i>					
Light	837,860	798,161	780,930	731,459	723,665
Water	228,241	221,944	215,600	203,610	198,929
Drainage and Wastewater	316,487	298,633	290,147	272,423	269,224
Solid Waste	173,312	159,501	156,653	150,115	149,157
Planning and Development	64,673	58,304	53,080	46,542	44,087
Downtown Parking Garage	7,401	7,458	8,159	7,701	7,740
Fiber Leasing	35	27	54	—	—
Total Business-Type Activities Expenses	1,628,009	1,544,028	1,504,623	1,411,850	1,392,802
Total Primary Government Expenses	3,174,530	3,080,298	2,880,699	2,687,810	2,649,600
<b>PROGRAM REVENUES</b>					
<i>Governmental Activities</i>					
Charges for Services					
General Government	104,651	91,011	85,923	79,048	73,960
Judicial	30,030	31,256	40,545	33,748	33,048
Public Safety	26,227	25,733	19,245	19,277	18,939
Physical Environment	16	78	47	—	2
Transportation	67,948	101,074	100,830	81,972	64,331
Economic Environment	41,875	35,776	12,250	7,303	7,299
Health and Human Services	64	10	8	—	1,276
Culture and Recreation	70,360	72,873	67,116	53,450	50,273
Operating Grants and Contributions	136,981	123,986	135,407	130,377	136,679
Capital Grants and Contributions	29,358	37,895	42,468	48,092	47,503
Total Governmental Activities Program Revenues	507,510	519,692	503,839	453,267	433,310
<i>Business-Type Activities</i>					
Charges for Services					
Light	880,788	883,149	839,767	797,445	769,316
Water	251,977	242,786	235,114	213,164	194,342
Drainage and Wastewater	359,839	337,882	329,386	297,443	274,553
Solid Waste	174,365	157,495	159,741	156,927	154,159
Planning and Development	65,278	56,743	48,016	40,869	35,087
Downtown Parking Garage	7,885	7,434	7,019	6,588	5,937
Fiber Leasing	12	16	75	—	—
Operating Grants and Contributions	7,088	6,155	7,055	6,749	5,518
Capital Grants and Contributions	60,115	48,129	63,760	48,438	51,522
Total Business-Type Activities Program Revenues	1,807,347	1,739,789	1,689,933	1,567,623	1,490,434
Total Primary Government Program Revenues	2,314,857	2,259,481	2,193,772	2,020,890	1,923,744
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	(1,039,011)	(1,016,578)	(872,237)	(822,693)	(823,488)
Business-Type Activities	179,338	195,761	185,310	155,773	97,632
Total Primary Government Net Expense	(859,673)	(820,817)	(686,927)	(666,920)	(725,856)

## The City of Seattle

Table S-2

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### CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2010	2009	2008	2007	2006
<b>EXPENSES</b>					
<i>Governmental Activities</i>					
General Government	\$ 182,058	\$ 106,732	\$ 143,855	\$ 103,323	\$ 128,758
Judicial	26,298	27,526	26,762	24,030	20,344
Public Safety	476,861	473,527	455,701	396,669	354,083
Physical Environment	8,346	32,543	7,707	9,991	7,331
Transportation	122,376	137,015	127,872	124,493	87,610
Economic Environment	119,595	98,940	104,660	98,337	78,957
Health and Human Services	72,680	75,788	69,181	63,276	56,904
Culture and Recreation	258,639	249,160	257,578	224,455	215,081
Interest on Long-Term Debt	38,929	36,825	39,336	34,048	35,399
Total Governmental Activities Expenses	1,305,782	1,238,056	1,232,652	1,078,622	984,467
<i>Business-Type Activities</i>					
Light	730,758	733,405	791,837	764,786	699,164
Water	209,554	200,921	180,855	169,631	161,943
Drainage and Wastewater	245,589	244,295	231,318	225,833	199,378
Solid Waste	141,852	145,526	120,941	119,714	114,527
Planning and Development	47,699	55,954	56,882	56,139	50,203
Downtown Parking Garage	7,648	7,824	8,545	8,336	8,035
Fiber Leasing	—	—	—	—	—
Total Business-Type Activities Expenses	1,383,100	1,387,925	1,390,378	1,344,439	1,233,250
Total Primary Government Expenses	2,688,882	2,625,981	2,623,030	2,423,061	2,217,717
<b>PROGRAM REVENUES</b>					
<i>Governmental Activities</i>					
Charges for Services					
General Government	60,333	58,127	102,697	69,636	51,071
Judicial	31,078	28,376	22,032	19,851	17,852
Public Safety	18,848	22,740	16,254	21,850	14,422
Physical Environment	1,985	1,745	1,632	1,660	1,587
Transportation	55,680	62,230	44,093	28,860	25,306
Economic Environment	4,419	11,922	17,440	25,100	7,519
Health and Human Services	9	9	12	17	62
Culture and Recreation	54,886	58,977	59,586	57,283	62,768
Operating Grants and Contributions	118,619	104,382	95,236	93,184	93,850
Capital Grants and Contributions	56,377	36,834	31,527	31,577	52,174
Total Governmental Activities Program Revenues	402,234	385,342	390,509	349,018	326,611
<i>Business-Type Activities</i>					
Charges for Services					
Light	729,650	717,775	872,099	829,679	817,310
Water	194,987	190,283	163,996	159,967	153,171
Drainage and Wastewater	245,959	244,773	216,957	201,139	186,118
Solid Waste	146,944	135,393	124,353	121,913	112,474
Planning and Development	28,627	33,379	42,929	49,471	44,655
Downtown Parking Garage	6,580	6,862	6,530	6,805	6,608
Fiber Leasing	—	—	—	—	—
Operating Grants and Contributions	5,953	4,789	4,099	6,208	2,412
Capital Grants and Contributions	41,846	59,983	81,425	53,063	49,437
Total Business-Type Activities Program Revenues	1,400,546	1,393,237	1,512,388	1,428,245	1,372,185
Total Primary Government Program Revenues	1,802,780	1,778,579	1,902,897	1,777,263	1,698,796
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	(903,548)	(852,714)	(842,143)	(729,604)	(657,856)
Business-Type Activities	17,446	5,312	122,010	83,806	138,935
Total Primary Government Net Expense	(886,102)	(847,402)	(720,133)	(645,798)	(518,921)



## Statistics

**Table S-2**  
**Page 3 of 4**

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*  
*(In Thousands)*

	2015	2014	2012	2012	2011
<b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b>					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 420,691	\$ 431,458	\$ 423,927	\$ 412,872	\$ 397,288
Sales Taxes	239,189	199,735	181,171	169,681	158,582
Business Taxes	454,086	431,437	408,913	358,931	339,703
Excise Taxes	101,098	65,364	61,524	54,637	35,203
Other Taxes	17,733	16,770	11,240	44,352	39,014
Penalties and Interest on Delinquent Taxes	—	4,091	3,596	2,795	3,240
Unrestricted Investment Earnings (Loss)	9,202	11,791	(1,663)	6,458	5,536
Gain (Loss) on Sale of Capital Assets	9,071	1,761	17,012	1,502	14,224
Transfers	(8,931)	(11,512)	(10,861)	(10,095)	(9,373)
Total Governmental Activities	1,242,139	1,150,895	1,094,859	1,041,133	983,417
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	13,938	16,254	4,204	11,789	11,078
Gain on Sale of Capital Assets	2,767	2,759	1,672	619	924
Special Item - Environmental Remediation	(4,975)	(4,949)	(24,169)	(37,066)	538
Transfers	8,931	11,512	10,861	10,095	9,373
Total Business-Type Activities	20,661	25,576	(7,432)	(14,563)	21,913
Total Primary Government	1,262,800	1,176,471	1,087,427	1,026,570	1,005,330
<b>CHANGES IN NET POSITION</b>					
Governmental Activities	203,128	134,317	222,622	218,440	159,929
Business-Type Activities	199,999	221,337	177,878	141,210	119,545
Total Primary Government	<u>\$ 403,127</u>	<u>\$ 355,654</u>	<u>\$ 400,500</u>	<u>\$ 359,650</u>	<u>\$ 279,474</u>

## The City of Seattle

**Table S-2**  
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**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*  
*(In Thousands)*

	2010	2009	2008	2007	2006
<b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b>					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 391,798	\$ 388,341	\$ 368,515	\$ 359,651	\$ 318,490
Sales Taxes	146,970	150,515	171,917	171,846	155,311
Business Taxes	331,570	329,572	330,369	332,238	311,015
Excise Taxes	28,815	27,710	36,091	76,918	58,397
Other Taxes	31,119	28,582	25,395	12,765	4,929
Penalties and Interest on Delinquent Taxes	3,475	3,867	2,410	4,276	3,349
Unrestricted Investment Earnings (Loss)	4,685	8,898	24,140	33,155	22,021
Gain (Loss) on Sale of Capital Assets	40,095	(2,422)	15,461	891	35,353
Transfers	(10,100)	(10,245)	(10,803)	(10,612)	(9,260)
Total Governmental Activities	968,427	924,818	963,495	981,128	899,605
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	8,796	4,837	13,530	19,106	16,241
Gain on Sale of Capital Assets	198	4,495	1,708	276	1,823
Special Item - Environmental Remediation	(1,948)	(4,289)	—	—	—
Transfers	10,100	10,245	10,803	10,612	9,260
Total Business-Type Activities	17,146	15,288	26,041	29,994	27,324
Total Primary Government	985,573	940,106	989,536	1,011,122	926,929
<b>CHANGES IN NET POSITION</b>					
Governmental Activities	64,879	72,104	121,352	251,524	241,749
Business-Type Activities	34,592	20,600	148,051	113,800	166,259
Total Primary Government	<u>\$ 99,471</u>	<u>\$ 92,704</u>	<u>\$ 269,403</u>	<u>\$ 365,324</u>	<u>\$ 408,008</u>



## Statistics

**Table S-3** **FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*  
*(In Thousands)*

	2015	2014	2013	2012	2011
<b>GENERAL FUND</b>					
Nonspendable	\$ 474	\$ 473	\$ 375	\$ 555	\$ 572
Restricted	136,627	99,991	99,659	82,520	58,917
Committed	97,296	76,493	83,155	79,508	58,713
Assigned	5,767	5,685	5,325	6,417	6,808
Unassigned	143,763	134,492	120,446	105,992	79,765
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	<u>\$ 383,927</u>	<u>\$ 317,134</u>	<u>\$ 308,960</u>	<u>\$ 274,992</u>	<u>\$ 204,775</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Nonspendable	\$ 3,227	\$ 4,224	\$ 3,959	\$ 2,618	\$ 2,714
Restricted	417,732	346,891	359,172	321,884	358,710
Committed	68,947	60,612	49,829	40,248	60,156
Assigned	11,004	9,933	7,661	12,583	8,816
Unassigned	(34,159)	(59,231)	(22,328)	(13,991)	(12,064)
Reserved	—	—	—	—	—
Unreserved, Reported in	—	—	—	—	—
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	<u>\$ 466,751</u>	<u>\$ 362,429</u>	<u>\$ 398,293</u>	<u>\$ 363,342</u>	<u>\$ 418,332</u>
<b>GENERAL FUND</b>					
Nonspendable	\$ 401	\$ —	\$ —	\$ —	\$ —
Restricted	63,695	—	—	—	—
Committed	44,240	—	—	—	—
Assigned	17,958	—	—	—	—
Unassigned	53,147	—	—	—	—
Reserved	—	78,835	140,325	129,350	91,018
Unreserved	—	118,611	131,085	197,678	150,280
Total General Fund	<u>\$ 179,441</u>	<u>\$ 197,446</u>	<u>\$ 271,410</u>	<u>\$ 327,028</u>	<u>\$ 241,298</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Nonspendable	\$ 2,447	\$ —	\$ —	\$ —	\$ —
Restricted	306,545	—	—	—	—
Committed	41,379	—	—	—	—
Assigned	7,910	—	—	—	—
Unassigned	(11,911)	—	—	—	—
Reserved	—	319,104	261,463	226,965	218,682
Unreserved, Reported in	—	—	—	—	—
Special Revenue Funds	—	40,157	96,337	39,589	41,694
Capital Projects Funds	—	—	—	(1,846)	(3,125)
Permanent Funds	—	101	121	83	—
Total All Other Governmental Funds	<u>\$ 346,370</u>	<u>\$ 359,362</u>	<u>\$ 357,921</u>	<u>\$ 264,791</u>	<u>\$ 257,251</u>

a Beginning in fiscal year 2010, fund balance categories were changed to conform to the requirements of GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

## The City of Seattle

**Table S-4** **CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Page 1 of 2** **Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*  
*(In Thousands)*

	2015	2014	2013	2012	2011
<b>REVENUES</b>					
Taxes	\$ 1,233,133	\$ 1,149,120	\$ 1,083,499	\$ 1,044,608	\$ 973,181
Licenses and Permits	34,138	30,093	27,135	25,238	22,966
Grants, Shared Revenues, and Contributions	161,159	161,361	184,784	177,775	167,813
Charges for Services	225,056	221,187	200,847	182,595	167,644
Fines and Forfeits	39,009	37,142	41,107	34,340	34,066
Parking Fees and Space Rent	67,444	63,891	62,463	57,107	51,004
Program Income, Interest, and Miscellaneous Revenues	59,401	86,757	45,462	43,649	39,706
Total Revenues	<u>1,819,340</u>	<u>1,749,551</u>	<u>1,645,297</u>	<u>1,565,312</u>	<u>1,456,380</u>
<b>EXPENDITURES</b>					
Current					
General Government	224,721	204,662	191,829	180,187	193,697
Judicial	29,351	29,158	27,642	26,654	25,855
Public Safety	537,068	525,778	494,011	461,235	451,734
Physical Environment	7,314	7,409	11,935	7,748	11,190
Transportation	155,689	114,737	97,676	92,212	90,966
Economic Environment	141,721	140,079	128,644	128,711	106,234
Health and Human Services	96,268	78,024	73,151	67,103	73,100
Culture and Recreation	268,979	245,358	231,694	216,508	211,523
Capital Outlay					
General Government	29,958	35,599	22,220	10,684	13,862
Judicial	—	—	—	—	—
Public Safety	13,097	25,162	21,100	27,743	8,320
Physical Environment	—	—	—	—	—
Transportation	278,151	278,550	234,188	228,272	167,590
Economic Environment	—	6	—	69	—
Culture and Recreation	35,712	55,133	85,690	55,507	50,383
Debt Service					
Principal	50,709	61,745	56,194	53,523	47,909
Advance Refunding to Escrow	—	—	—	—	—
Interest	28,999	26,571	26,206	25,339	26,754
Bond Issuance Cost	1,946	259	822	258	369
Other	—	—	—	305	—
Total Expenditures	<u>1,899,683</u>	<u>1,828,230</u>	<u>1,703,002</u>	<u>1,582,058</u>	<u>1,479,486</u>
Excess (Deficiency) of					
Revenues over Expenditures	(80,343)	(78,679)	(57,705)	(16,746)	(23,106)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	350,255	50,455	101,115	108,085	79,433
Refunding Debt Issued	—	—	43,945	—	—
Premium on Bonds Issued	40,113	4,150	9,377	21,140	5,181
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	(155,030)	—	(44,503)	(91,574)	—
Sales of Capital Assets	19,231	2,128	22,904	2,282	41,161
Transfers In	498,582	442,666	375,772	334,611	292,224
Transfers Out	(501,695)	(448,411)	(381,986)	(342,571)	(297,597)
Total Other Financing Sources (Uses)	<u>251,456</u>	<u>50,988</u>	<u>126,624</u>	<u>31,973</u>	<u>120,402</u>
Net Change in Fund Balance	<u>\$ 171,113</u>	<u>\$ (27,691)</u>	<u>\$ 68,919</u>	<u>\$ 15,227</u>	<u>\$ 97,296</u>
<b>Debt Service as a Percentage of</b>					
<b>Noncapital Expenditures</b>	4.99 %	5.81 %	5.93 %	6.26 %	5.91 %



## Statistics

**Table S-4 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Page 2 of 2

**Last Ten Fiscal Years**

*(Modified Accrual Basis of Accounting)*

*(In Thousands)*

	2010	2009	2008	2007	2006
<b>REVENUES</b>					
Taxes	\$ 933,641	\$ 927,287	\$ 934,544	\$ 957,242	\$ 851,366
Licenses and Permits	26,514	28,298	29,091	33,439	28,348
Grants, Shared Revenues, and Contributions	179,842	173,231	133,772	130,869	158,922
Charges for Services	171,509	157,081	142,797	149,049	125,245
Fines and Forfeits	32,300	29,645	25,572	22,701	21,230
Parking Fees and Space Rent	46,858	42,404	37,961	38,029	44,742
Program Income, Interest, and Miscellaneous Revenues	26,037	34,011	102,077	81,200	46,892
Total Revenues	1,416,701	1,391,957	1,405,814	1,412,529	1,276,745
<b>EXPENDITURES</b>					
Current					
General Government	203,607	202,974	195,947	154,672	160,282
Judicial	26,300	26,812	26,584	24,142	20,569
Public Safety	445,002	431,413	421,105	377,367	352,395
Physical Environment	9,058	16,528	8,454	10,752	7,574
Transportation	93,381	111,531	107,532	95,474	82,612
Economic Environment	123,430	103,462	109,903	103,350	83,327
Health and Human Services	73,956	76,471	70,032	64,490	58,723
Culture and Recreation	233,284	223,340	215,458	199,214	191,618
Capital Outlay					
General Government	16,799	24,651	12,953	16,823	42,691
Judicial	—	—	—	—	—
Public Safety	21,815	20,781	12,643	38,345	3,928
Physical Environment	—	—	5	10	—
Transportation	169,636	179,231	100,636	105,079	80,913
Economic Environment	5	28	22	270	16
Culture and Recreation	63,521	72,905	72,322	88,641	85,438
Debt Service					
Principal	45,826	43,064	51,855	61,236	71,672
Advance Refunding to Escrow	—	6	35,152	6,270	—
Interest	24,596	24,191	35,738	34,923	37,599
Bond Issuance Cost	1,303	727	632	256	380
Other	—	—	—	—	177
Total Expenditures	1,551,519	1,558,115	1,476,973	1,381,314	1,279,914
Excess (Deficiency) of Revenues over Expenditures	(134,818)	(166,158)	(71,159)	31,215	(3,169)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	85,325	87,810	84,960	36,365	49,635
Refunding Debt Issued	115,185	4,390	54,870	60,870	2,195
Premium on Bonds Issued	13,270	8,152	7,545	4,178	378
Capital Leases Issued	—	20	—	—	—
Payment to Refunded Bond Escrow Agent	(125,170)	(4,735)	(56,920)	(62,535)	(2,253)
Sales of Capital Assets	21,310	624	408	4,348	35,756
Transfers In	298,519	371,345	350,078	306,914	282,578
Transfers Out	(304,618)	(373,971)	(332,266)	(288,087)	(287,529)
Total Other Financing Sources (Uses)	103,821	93,635	108,675	62,053	80,760
Net Change in Fund Balance	\$ (30,997)	\$ (72,523)	\$ 37,516	\$ 93,268	\$ 77,591
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.28%	5.28%	6.72%	8.39%	10.16%

## The City of Seattle

**Table S-5**

**TAX REVENUES BY SOURCE**

**Last Ten Fiscal Years**

*(Modified Accrual Basis of Accounting)*

*(In Thousands)*

Year	General Property Tax	Retail Sales and Use Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
2006	\$ 318,366	\$ 155,311	\$ 311,015	\$ 58,572	\$ 8,103	\$ 851,367
2007	359,651	171,846	332,238	76,918	16,589	957,242
2008	368,362	171,917	332,779	36,091	25,395	934,544
2009	387,041	150,515	329,572	27,710	32,449	927,287
2010	391,692	146,970	331,570	28,815	34,594	933,641
2011	397,439	158,582	339,703	35,203	42,254	973,181
2012	420,763	169,681	358,931	54,637	44,352	1,048,364
2013	423,928	181,171	408,913	61,525	11,240	1,086,777
2014	431,458	199,735	431,437	65,364	16,770	1,144,764
2015	420,691	239,189	454,086	101,098	17,733	1,232,797

**Table S-6**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**

**OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

Fiscal Year	Assessed and Estimated Actual Value <sup>a</sup> (In Thousands)			Total Direct Tax Rate	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total			
2006	\$ 91,625,334	\$ 4,081,299	\$ 95,706,633	3.378%	8.41%	\$ 165.382
2007	101,522,467	4,686,021	106,208,488	3.221%	10.97	181.181
2008	116,641,027	4,980,103	121,621,130	2.774%	14.51	205.164
2009	132,576,786	5,254,068	137,830,854	2.581%	13.33	228.955
2010	118,370,062	5,314,253	123,684,315	2.925%	(10.26)	203.208
2011	114,979,131	5,137,695	120,116,826	3.061%	(2.88)	196.237
2012	111,723,359	5,073,531	116,796,890	3.276%	(2.76)	189.452
2013	111,788,855	5,206,658	116,995,513	3.286%	0.17	186.715
2014	122,999,095	5,206,658	128,205,753	3.048%	9.58	200.165
2015	139,229,729	5,284,205	144,513,933	2.624%	12.72	218.167

<sup>a</sup> Real property has been assessed at 100 percent of estimated actual value.



## Statistics

**Table S-7** **DIRECT AND OVERLAPPING PROPERTY TAX RATES <sup>a</sup>**  
**Last Ten Fiscal Years**  
*(In Mills or Dollars per Thousand of Assessed Value)*

Year of Levy	City of Seattle				Overlapping				Total	Dollars Levied <sup>d</sup> (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds	Debt Service Funds	City Total	State	County <sup>b</sup>	School	Port of Seattle			
2006	2.230	0.870	0.278	3.378	2.498	1.329	2.192	0.233	9.630	\$ 921,573	2.2%
2007	1.878	1.091	0.252	3.221	2.325	1.496	2.006	0.232	9.280	985,615	6.9
2008	1.697	0.904	0.173	2.774	2.132	1.663	1.895	0.224	8.688	1,056,632	7.2
2009	1.551	0.896	0.134	2.581	1.963	1.513	1.718	0.197	7.972	1,098,723	4.0
2010	1.784	1.005	0.136	2.925	2.222	1.694	1.985	0.216	9.042	1,118,329	1.8
2011	1.875	1.038	0.148	3.061	2.280	1.751	2.342	0.224	9.658	1,160,092	3.7
2012	1.968	1.161	0.147	3.276	2.422	1.837	2.400	0.230	10.165	1,187,240	2.3
2013	1.902	1.246	0.138	3.286	2.567	1.976	2.447	0.233	10.509	1,229,506	3.6
2014	1.801	1.107	0.140	3.048	2.470	2.008	2.549	0.215	10.290	1,319,452	7.3
2015	1.625	0.868	0.130	2.623	2.285	1.789	2.391	0.189	9.277	1,345,016	1.9

<sup>a</sup> Source: King County Assessor and City of Seattle Budget Office.

For the purposes of this table the City's share of the Countywide Emergency Medical Service (EMS) levy is included in the County's tax levy rate. EMS rate is 0.302 in 2015.

<sup>c</sup> Actual dollars levied may differ slightly from this figure due to certain property tax exemptions for low-income, elderly, and handicapped property owners.

**Table S-8** **PRINCIPAL PROPERTY TAXPAYERS <sup>d</sup>**  
**Current Year and Nine Years Ago**

Taxpayer <sup>e</sup>	2015			2006		
	Assessed Valuation <sup>f</sup> (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation <sup>f</sup> (In Millions)	Percentage of Assessed Valuation	Rank
Union Square Limited Partnership	\$ 657.0	0.40%	1	\$ 455.5	0.43%	1
GC Columbia (formerly Columbia Center Property)	531.5	0.32	2			
1201 Tab Owner LLC (formerly Wright Runstad)	501.1	0.31	3	344.9	0.32	5
FSP-RIC LLC (formerly Northwestern Mutual Life Ins.)	465.7	0.29	4			
City Centre Associates JV	408.5	0.26	5	285.5	0.27	6
Teachers Insurance & Annuity	356.9	0.22	6			
999 Third Avenue Property	318.8	0.19	7			
Seattle Sheraton	313.6	0.19	8			
Qwest Corporation	309.3	0.19	9	425.0	0.40	3
Essex Portfolio LP	298.4	0.18	10			
Bank of America				444.1	0.42	2
The Boeing Company				414.5	0.39	4
Martin Selig				209.1	0.20	7
Block 24 Seattle LTD LP				159.2	0.15	8
Puget Sound Energy-Gas/Electric				132.1	0.12	9
Starwood Hotel & Resorts (Westin Hotel)				125.1	0.12	10

<sup>d</sup> Source: King County Assessor.

<sup>e</sup> 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.

<sup>f</sup> Assessed valuations for taxes collected in the succeeding year.

## The City of Seattle

**Table S-9** **PRINCIPAL REVENUE SOURCES**  
**Page 1 of 2** **Current Year and Nine Years Ago**  
*(In Thousands)*

Customer Name	CITY LIGHT <sup>a</sup>					
	2015			2006		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 23,160	3.22%	1	\$ 16,465	2.82%	2
City of Seattle	22,153	3.08	2	6,484	1.11	6
Nucor Corporation	21,869	3.04	3	18,296	3.14	1
Boeing Company	16,142	2.25	4	14,355	2.46	3
King County <sup>b</sup>	10,591	1.47	5	5,712	0.98	7
International Gateway/Sabey	9,372	1.30	6	7,744	1.33	4
US Government	7,195	1.00	7	6,631	1.40	5
2001 Sixth LLC	6,646	0.92	8	—	—	—
Saint Gobain	6,369	0.89	9	—	—	—
Martin Selig Properties	5,468	0.76	10	—	—	—
Equity Office Properties				4,596	0.79	8
Unico Properties/Union Square Ltd.				4,098	0.70	9
Seattle Public Schools				3,133	0.54	10
Total Top Ten	\$ 128,965	17.93%		\$ 87,514	15.27%	

<sup>a</sup> Seattle City Light billing records.

<sup>b</sup> Revenue for King County included Metro Transit due to the merger of King County and Metro Transit in 2004.

Customer Name	WATER <sup>c</sup>					
	2015			2006 <sup>d</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 19,909	7.90%	1	\$ 14,148	15.41%	1
Northshore Utility District	5,121	2.03	2	4,351	4.74	2
City Of Seattle	4,595	1.82	3	2,297	2.50	5
Highline Water District	4,571	1.81	4	3,385	3.69	3
University of Washington	4,400	1.75	5	2,076	2.26	7
Soos Creek Water and Sewer District	3,453	1.37	6	3,357	3.66	4
Port of Seattle	3,333	1.32	7	1,583	1.72	10
Woodinville Water District	3,182	1.26	8	2,141	2.33	6
Seattle Housing Authority	2,566	1.02	9	—	—	—
King County Water District #20	2,330	0.92	10	1,866	2.03	8
Cedar River Water and Sewer District				1,784	1.94	9
Total Top Ten	\$ 53,460	21.20%		\$ 36,988	40.28%	

<sup>c</sup> Source: Seattle Public Utilities (SPU) billing records.

<sup>d</sup> Using data from the 2006 CAFR.



## Statistics

**Table S-9**  
**Page 2 of 2**  
**PRINCIPAL REVENUE SOURCES**  
**Current Year and Nine Years Ago**  
**(In Thousands)**

DRAINAGE AND WASTEWATER <sup>a</sup>						
Customer Name	2015			2006 <sup>b</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 9,518	2.62%	1	\$ 3,469	2.68%	2
University of Washington	9,443	2.60	2	5.02	3.88	1
Seattle Housing Authority	5,614	1.54	3	1,845	1.43	4
Port of Seattle	5,32	1.46	4	1,883	1.46	3
King County	3,478	0.96	5	1,522	1.18	5
Seattle Tunnel Partners	2,328	0.64	6	0	0.00	0
Seattle Public Schools	2,027	0.56	7	1,312	1.01	6
Equity Residential Property	1,673	0.46	8	—	—	—
Stanwood Hotel/Resort Group	1,589	0.44	9	—	—	—
BNSF Rwy Co.	1,545	0.42	10	0,507	0.39	10
The Boeing Company				0,712	0.55	7
Swedish Medical Center				0,651	0.50	8
Harborview Medical Center				0,556	0.43	9
Total Top Ten	\$ 42,535	11.70%		\$ 17,477	13.51%	

a Source: Seattle Public Utilities (SPU) billing records.

b Using data from the 2006 CAFR.

SOLID WASTE <sup>c</sup>						
Customer Name	2015			2006 <sup>d</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,203	0.69%	1	\$ 474	0.42%	1
Starbucks	839	0.48	2	—	—	—
Fred Mayer/QFC	764	0.44	3	—	—	—
Goodwill Industries	672	0.38	4	287	0.26	3
Swedish Medical Group	593	0.34	5	222	0.20	5
King County	505	0.29	6	—	—	—
Safeway	493	0.28	7	—	—	—
Seattle Housing Authority	480	0.27	8	323	0.29	2
Pike Place Market	438	0.25	9	211	0.19	6
Vigor Marine	368	0.21	10	—	—	—
VW Vender Haul				243	0.22	4
Harbor View Environment Services				198	0.18	7
Virginia Mason Hospital				182	0.16	8
Associated Grocers				152	0.14	9
Pacific Place				150	0.13	10
Total Top Ten	\$ 6,355	3.63%		\$ 2,442	2.19%	

c Source: Seattle Public Utilities (SPU) billing records.

d Using data from the 2006 CAFR.

## The City of Seattle

**Table S-10**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Fiscal Year	Original Levy	Adjusted Levy <sup>a</sup>	Collected within the Fiscal Year of the Levy		Subsequent Adjustments to Date	Net Levy to Date	Subsequent Collections	Total Collections to Date	
			Amount	Percentage of Adjusted Levy				Amount	Percentage of Net Levy
2006	\$321,085,515	\$ 320,407,560	\$ 314,611,894	98.19%	\$ (278,157)	\$ 320,129,403	\$ 5,543,313	\$ 320,155,207	100.01%
2007	361,810,037	360,253,854	354,036,495	98.27	(185,735)	360,068,119	5,941,209	359,977,704	99.97
2008	371,971,172	370,579,618	363,923,901	98.20	(64,844)	370,514,774	6,505,802	370,429,703	99.98
2009	391,665,366	389,564,212	382,220,305	98.11	(73,322)	389,490,890	7,228,100	389,448,405	99.99
2010	396,716,770	394,203,623	387,023,382	98.18	84,982	394,288,605	7,223,646	394,247,028	99.99
2011	401,332,061	399,082,252	392,544,843	98.36	(117,465)	398,964,787	6,422,011	398,966,854	100.00
2012	417,706,022	415,720,650	408,919,797	98.36	(105,292)	415,615,358	6,609,524	415,529,321	99.98
2013	419,470,830	418,268,215	411,963,480	98.49	49,920	418,318,135	5,649,791	417,613,271	99.83
2014	433,746,570	432,690,228	426,568,295	98.59	231,962	432,922,190	4,462,802	431,031,097	99.56
2015	422,696,019	421,442,544	416,061,811	98.72	—	421,442,544	—	416,061,811	98.72

a Net of initial adjustments in year of levy.



## Statistics

Table S-11  
RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years  
(In Thousands, except Per Capita)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Capital Leases
2006	746,365	13,992	760,357	21,925	24,494	15
2007	720,025	16,540	736,565	20,545	21,923	3
2008	721,160	22,222	743,382	19,205	19,738	—
2009	771,065	27,622	798,687	17,705	18,854	18
2010	801,695	37,260	838,955	15,735	16,582	14
2011	822,110	38,185	860,295	14,305	14,662	10
2012	772,950	56,070	829,020	13,005	18,748	6
2013	809,060	53,919	862,979	13,005	16,631	2
2014	816,060	55,218	871,278	10,395	14,580	105
2015	965,310	81,337	1,046,647	8,825	12,668	151

Fiscal Year	Business-Type Activities					
	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Net General Obligation Bonds and Revenue Bonds
2006	70,023	1,409,215	861,670	334,625	17,325	2,763,347
2007	65,702	1,342,460	841,785	325,460	91,695	2,739,591
2008	64,524	1,529,375	1,025,480	402,035	87,005	3,182,755
2009	63,319	1,383,050	903,985	513,070	80,470	3,013,017
2010	62,093	1,536,775	1,006,300	499,785	78,491	3,303,095
2011	60,846	1,680,095	977,160	486,610	122,165	3,453,339
2012	59,589	1,778,600	919,640	540,495	119,205	3,639,285
2013	58,327	1,863,325	887,010	525,280	115,875	3,664,824
2014	56,470	1,903,845	853,465	618,895	166,875	3,848,945
2015	53,520	2,070,780	851,565	600,680	197,810	4,055,428

Fiscal Year	Business-Type Activities	
	Solid Waste Revenue Anticipation Notes	Notes and Contracts
2006	23,576	10,942
2007	—	7,048
2008	—	20,240
2009	—	23,861
2010	—	34,107
2011	—	36,222
2012	—	34,753
2013	—	35,606
2014	—	33,889
2015	—	38,907

Fiscal Year	Primary Government			
	Total	Percentage of Personal Income <sup>a</sup>	Debt Per Capita	Total Personal Income <sup>a</sup>
2006	3,604,656	12.84	6,229	28,079,681
2007	3,525,675	11.33	6,014	31,104,558
2008	3,985,320	13.84	6,723	28,803,559
2009	3,872,142	13.26	6,432	29,201,816
2010	4,208,488	14.50	6,914	29,019,204
2011	4,378,833	14.60	7,154	29,987,391
2012	4,534,817	12.04	7,356	37,652,394
2013	4,593,047	11.42	7,330	40,204,185
2014	4,779,192	11.94	7,462	40,019,009
2015	5,162,626	N/A	7,794	N/A

a Personal income data is not available for 2015.

## The City of Seattle

Table S-12  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	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 <sup>a</sup>	Per Capita
2006	746,365	15,724	744,633	0.78%	1,287
2007	720,025	15,216	721,349	0.68	1,231
2008	721,160	14,288	729,094	0.60	1,230
2009	771,065	11,220	787,467	0.57	1,308
2010	801,695	9,804	829,151	0.67	1,362
2011	822,110	9,653	850,642	0.73	1,390
2012	772,950	9,719	819,301	0.70	1,329
2013	809,060	9,775	853,204	0.67	1,362
2014	816,060	10,131	861,147	0.59	1,344
2015	965,310	10,672	1,035,975	0.63	1,564

Fiscal Year	Business-Type Activities				
	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 <sup>a</sup>	Per Capita
2006	70,023	N/A	70,023	N/A	121
2007	65,702	4,159	69,861	0.07	119
2008	64,524	3,961	68,485	0.06	116
2009	63,319	3,763	67,082	0.05	111
2010	62,093	3,564	65,657	0.05	108
2011	60,846	3,366	64,212	0.05	105
2012	59,589	3,168	62,757	0.05	102
2013	58,327	2,970	61,297	0.05	98
2014	56,470	2,772	59,242	0.04	92
2015	53,520	2,574	56,094	0.03	85

Fiscal Year	Business-Type Activities		
	Annual Debt Service Payments	Net Operating Income <sup>a</sup>	Percentage of Debt Service to Net Operating Income <sup>c</sup>
2006	4,907	4,462	109.97%
2007	5,151	4,599	112.00
2008	4,654	4,119	112.99
2009	4,625	4,351	106.30
2010	4,578	4,097	111.74
2011	4,520	3,282	137.72
2012	4,438	3,866	114.80
2013	4,337	3,863	112.27
2014	4,796	4,634	103.50
2015	5,773	4,843	119.20

Fiscal Year	Primary Government		
	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)
2006	830,380	15,724	814,656
2007	806,426	15,216	791,210
2008	811,867	14,288	797,579
2009	865,769	11,220	854,549
2010	904,612	9,804	894,808
2011	924,507	9,653	914,854
2012	891,777	9,719	882,058
2013	924,276	9,775	914,501
2014	930,520	10,131	920,389
2015	1,102,741	10,672	1,092,070

<sup>a</sup> Starting in 2011, estimated actual value of taxable property in the succeeding year is used for calculation.

<sup>b</sup> General obligation bond debt service for the Downtown Parking Garage is being paid for by user fee revenues derived from the garage. The ultimate recourse for the payment of these bonds remains with the City's General Fund.

<sup>c</sup> Excludes amortization.



## Statistics

**Table S-13**  
**DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
**December 31, 2015**

Governmental Unit	Net Debt Outstanding (In Thousands)	Percentage Applicable to Seattle <sup>a</sup>	Amount Applicable to Seattle (In Thousands)
<b>Debt Repaid with Property Taxes</b>			
King County <sup>b</sup>	\$ 825,939	37.38%	308,736
Port of Seattle	305,535	37.38	114,209
Seattle School District No. 001	44,825	99.47	44,587
Highline School District No. 401	240,464	0.01	24
Subtotal Overlapping Debt	1,416,763		467,556
City of Seattle Direct Debt	1,068,291	100.00	1,068,291
Total Direct and Overlapping Debt	<u>\$ 2,485,054</u>		<u>\$ 1,535,847</u>

<sup>a</sup> Percentage rates were provided by King County except for City of Seattle.

<sup>b</sup> Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

## The City of Seattle

**Table S-14**  
**LEGAL DEBT MARGIN INFORMATION**

	General Capacity <sup>a</sup>		Special Purpose Capacity <sup>a</sup>		
	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)	Total Capacity
Latest Certified Assessed Value - \$163,924,328 <sup>b</sup>					
2.50% of Assessed Value	\$ —	\$ 4,098,108,215	\$ 4,098,108,215	\$ 4,098,108,215	\$ 12,294,324,645
1.50% of Assessed Value	2,458,864,929	(2,458,864,929)	—	—	—
	2,458,864,929	1,639,243,286	4,098,108,215	4,098,108,215	12,294,324,645
Statutory Debt Limit Less Debt Outstanding <sup>c</sup>					
Bonds <sup>d</sup>	(730,020,000)	(288,810,000)	—	—	(1,018,830,000)
Guarantee on PDA Bonds <sup>e</sup>	(51,040,000)	—	—	—	(51,040,000)
Public Works Trust Fund Loans <sup>f</sup>	(12,667,616)	—	—	—	(12,667,616)
Compensated Absences <sup>f</sup>	(91,401,695)	—	—	—	(91,401,695)
Total Debt Outstanding	(885,129,311)	(288,810,000)	—	—	(1,173,939,311)
Add:					
Available Net Position In Redemption Funds <sup>g</sup>	9,796,177	875,355	—	—	10,671,532
Compensated Absences for Sick Leave <sup>f</sup>	13,214,000	—	—	—	13,214,000
Net Debt Outstanding	(862,119,134)	(287,934,645)	—	—	(1,150,053,779)
LEGAL DEBT MARGIN	\$ 1,596,745,795	\$ 1,351,308,641	\$ 4,098,108,215	\$ 4,098,108,215	\$ 11,144,270,866

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2006	7,965,636,558	943,898,454	7,021,738,104	11.85
2007	9,121,584,801	923,986,450	8,197,598,351	10.13
2008	10,337,314,041	925,481,168	9,411,832,873	8.95
2009	9,276,323,568	976,777,408	8,299,546,160	10.53
2010	9,008,761,941	1,005,384,736	8,003,377,205	11.16
2011	8,812,740,984	1,019,769,381	7,792,971,603	11.57
2012	8,826,489,180	986,832,122	7,839,657,058	11.18
2013	9,661,067,622	1,010,440,022	8,650,627,600	10.46
2014	10,881,878,356	1,011,446,510	9,870,431,846	9.29
2015	12,294,324,646	1,150,053,778	11,144,270,868	9.35

<sup>a</sup> 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.

<sup>b</sup> RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of February 11, 2016 for taxes payable in 2016.

<sup>c</sup> 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.

<sup>d</sup> The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority, the Pike Place Market Preservation and Development Authority, the Seattle-Chinatown International District Preservation Development Authority, and the Seattle Indian Service Commission.

<sup>e</sup> 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.

<sup>f</sup> 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.

<sup>g</sup> Does not include available net position in the Local Improvement Guaranty Fund, Interfund Notes Payable Fund, and Local Improvement District No. 6750 Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.



## Statistics

**Table S-15** **PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(In Thousands)**

CITY LIGHT PARITY AND JUNIOR LIEN BONDS <sup>a</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2006	835,005	512,882	322,123	72,408	63,435	2.37
2007	783,775	527,353	256,422	69,858	66,755	1.88
2008	798,108	519,471	278,637	65,218	70,460	2.05
2009	690,760	491,065	199,695	70,514	74,350	1.38
2010	702,053	491,641	210,412	51,012	67,360	1.78
2011	754,391	484,529	269,862	85,038	61,650	1.84
2012	795,238	489,099	306,139	80,129	88,995	1.81
2013	833,834	514,269	319,565	80,960	91,840	1.85
2014	872,837	531,464	341,373	85,086	99,670	1.85
2015	873,650	567,058	306,592	84,658	104,915	1.62

WATER <sup>b</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2006	155,175	64,312	90,863	31,030	21,490	1.73
2007	160,161	67,058	93,103	35,030	17,185	1.78
2008	164,405	81,909	82,496	36,266	19,985	1.47
2009	191,370	76,073	115,297	41,883	28,495	1.64
2010	195,204	79,487	115,717	47,325	25,425	1.59
2011	194,573	78,141	116,432	49,412	29,140	1.48
2012	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	1.87

DRAINAGE AND WASTEWATER <sup>c</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2006	186,832	141,866	44,966	8,049	10,794	2.39
2007	202,408	164,246	38,162	7,824	10,849	2.04
2008	224,109	167,338	56,771	9,872	13,401	2.44
2009	250,194	183,127	67,067	17,102	12,915	2.23
2010	249,734	188,250	61,484	17,234	12,541	2.06
2011	278,957	196,454	82,503	12,129	17,379	2.80
2012	304,002	199,592	104,410	18,017	12,472	3.42
2013	333,760	213,918	119,842	18,113	12,011	3.98
2014	342,000	216,415	125,585	26,466	15,825	2.97
2015	363,779	230,290	133,489	29,156	18,215	2.82

SOLID WASTE <sup>d</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2006	112,474	89,980	22,494	1,175	4,170	4.21
2007	121,931	93,562	28,369	978	4,390	5.28
2008	124,353	90,616	33,737	3048	4,690	4.36
2009	135,641	116,262	19,379	4,206	6,535	1.80
2010	146,980	118,270	28,710	3,865	1,980	4.91
2011	154,200	121,558	32,642	3,773	2,075	5.58
2012	156,927	121,980	34,947	6,079	2,960	3.87
2013	159,742	125,991	33,751	5,708	3,330	3.73
2014	157,498	122,948	34,550	6,976	3,495	3.30
2015	174,788	131,138	43,650	7,732	4,895	3.46

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.

- a 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.
- b Debt service coverage ratio was based on average annual debt service. Interest and principal shown were calculated to match the requirements of bond covenants.
- c Operating expenses do not include City utility taxes, depreciation and amortization, interest, and claims.
- d Operating expenses do not include city public utility taxes, depreciation and amortization, interest paid on revenue bonds, amortization of debt expenses and loss, capitalized interest, and amortization of landfill and postclosure costs.

## The City of Seattle

**Table S-16** **DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Year	Population <sup>a</sup>		Total Personal Income <sup>b</sup> (In Thousands)		Per Capita Income <sup>b</sup>		King County Average Annual Unemployment Rate <sup>c</sup>
	King County	Seattle	King County	Metropolitan Division <sup>d</sup>	King County	Metropolitan Division <sup>d</sup>	
2006	1,835,300	578,700	\$ 103,670,937	\$ 128,130,105	\$ 56,487	\$ 49,275	4.2%
2007	1,861,300	586,200	112,318,377	139,511,883	60,344	53,061	3.7
2008	1,884,200	592,800	116,030,940	144,561,076	61,581	53,999	4.3
2009	1,909,300	602,000	108,988,394	136,747,300	57,083	50,644	7.9
2010	1,933,400	608,660	112,234,690	140,402,380	58,050	51,370	8.8
2011	1,942,600	612,100	120,055,100	149,916,738	61,801	53,931	8.1
2012	1,957,000	616,500	132,840,302	164,223,321	67,880	52,627	6.8
2013	1,981,900	626,600	135,079,092	167,113,851	68,156	55,190	8.1
2014	2,017,250	640,500	143,260,986	177,417,334	71,018	62,481	5.0
2015	2,052,800	662,400	N/A	N/A	N/A	N/A	4.1

a As of April 1. Source: Washington State Office of Financial Management, "2015 Population Trends for Washington State" estimates only.

b Source: U. S. Bureau of Economic Analysis. 2015 Personal Income not yet available.

c Source: U. S. Bureau of Economic Analysis includes Seattle, Bellevue, and Everett.

d Source: Washington State Employment Security Department, March 3, 2016



## Statistics

Table S-17

### PRINCIPAL INDUSTRIES <sup>8h</sup> Current Year and Nine Years Ago

Industry	2015			2006		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	216,100	16.5%	1	182,700	15.4%	1
Educational and Health Services	170,000	12.9	2	134,100	11.3	2
Retail Trade	133,800	10.2	3	112,700	9.5	3
Leisure and Hospitality	129,700	9.9	4	108,700	9.2	5
Manufacturing	107,200	8.2	5	112,400	9.5	4
Local Government	95,200	7.2	6	86,100	7.3	6
Information	89,400	6.8	7	72,500	6.1	8
Financial Activities	69,000	5.3	8	80,600	6.8	7
Construction	66,300	5.0	9	69,400	5.8	9
Wholesale Trade	62,300	4.7	10	63,500	5.4	10
Total Top Ten Industries	1,139,000	86.7%		1,022,700	86.3%	

<sup>8</sup> Source: Washington Employment Security Department Labor Market and Economic Analysis.

<sup>h</sup> Data is provided for King County, which includes the Seattle Metropolitan Area

## The City of Seattle

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### FULL-TIME-EQUIVALENT <sup>a</sup> CITY GOVERNMENT EMPLOYEES BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2015	2014	2013	2012	2011
<b>PUBLIC SAFETY</b>					
Community Police Commission	4.00	3.00	—	—	—
Fire	1,162.55	1,151.55	1,150.55	1,152.55	1,151.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	173.60	169.60	169.60	159.10	160.60
Municipal Court	213.60	213.10	212.60	214.10	214.10
Police	2,018.35	1,999.35	1,947.35	1,930.85	1,934.85
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	—	1.00
<b>ARTS, CULTURE, AND RECREATION</b>					
Arts and Cultural Affairs	31.59	30.84	28.09	19.85	20.60
Library	558.40	558.40	558.40	509.00	503.20
Parks and Recreation	908.35	888.45	853.57	863.09	890.89
Seattle Center	241.13	242.66	241.62	245.12	245.12
<b>HEALTH AND HUMAN SERVICES</b>					
Human Services	327.60	344.60	341.35	316.10	322.60
Educational and Developmental Services Levy	0.00	9.00	9.00	9	—
Department of Education	52.5	—	—	—	—
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
Economic Development	27.50	25.50	22.50	24.00	22.00
Housing	43.50	37.00	37.50	37.50	38.50
Neighborhoods	40.00	46.00	42.50	40.50	74.75
Neighborhood Matching Subfund	8.00	7.00	6.00	6	—
Planning and Development	417.50	406.00	397.25	393.26	398.01
<b>UTILITIES AND TRANSPORTATION</b>					
City Light	1,861.30	1,857.25	1,830.25	1,810.50	1,810.50
Seattle Public Utilities	1,438.05	1,446.55	1,401.05	1,411.05	1,420.75
Transportation	794.00	793.00	727.50	721.00	768.50
<b>ADMINISTRATION</b>					
City Auditor	9.50	9.50	9.50	9.00	8.00
City Budget	33.00	29.50	28.50	27.50	28.5
Civil Rights	31.25	23.50	23.00	22.50	21.50
Civil Service Commission	2.60	2.60	2.6	—	1.80
Employees' Retirement System	20.00	20.00	18.00	18.00	15.50
Ethics and Elections Commission	5.20	6.20	6.20	5.20	5.20
Finance and Administrative Services <sup>b</sup>	625.00	602.25	528.75	521.75	523.75
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	7.00	3.00	3.00	2	—
Information Technology	198.25	194.25	192.25	190.25	195.00
Intergovernmental Relations	11.50	10.50	10.50	10.50	11.50
Legislative	88.50	86.50	86.50	86.00	86.00
Mayor	35.50	28.50	28.50	28.50	28.50
Department of Human Resources <sup>d</sup>	143.55	92.75	103.75	103.25	104.25
Policy and Management <sup>c</sup>	—	—	—	—	—
Sustainability and Environment	15.25	12.00	10.00	14.75	11.00
Total Full-Time Equivalents	11,559.25	11,361.53	11,039.36	10,913.40	11,029.65

<sup>a</sup> Source - City of Seattle Adopted Budgets.

<sup>b</sup> 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.

<sup>c</sup> The Office of Policy and Management was disbanded in 2010. The Full-Time-Equivalents (FTEs) were transferred to the Office of the Mayor, Department of Executive Administration, Department of Neighborhoods, Legislative Department, and Seattle Fire Department. Three FTEs were abrogated.

<sup>d</sup> Personnel was renamed the Seattle Department of Human Resources in 2014



## Statistics

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### FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>					
Community Police Commission	—	—	—	—	—
Fire	1,155.55	1,163.05	1,163.05	1,146.05	1,142.80
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	155.10	154.10	155.10	152.10	147.60
Municipal Court	222.10	235.60	234.60	235.60	234.60
Police	1,922.25	1,859.75	1,851.75	1,851.25	1,840.25
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	1.00	1.00	1.00	1.00	1.00
<b>ARTS, CULTURE, AND RECREATION</b>					
Arts and Cultural Affairs	23.10	25.10	25.10	24.10	23.10
Library	511.82	527.46	533.41	529.03	506.17
Parks and Recreation	1,002.49	1,002.90	1002.95	989.45	979.44
Seattle Center	257.77	271.53	278.30	278.30	264.80
<b>HEALTH AND HUMAN SERVICES</b>					
Human Services	326.35	337.85	323.85	323.60	314.85
Educational and Developmental Services Levy	—	—	—	—	—
Department of Education	—	—	—	—	—
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
Economic Development	20.00	19.50	24.60	10.50	21.60
Housing	40.50	41.00	41.50	41.75	41.75
Neighborhoods	86.50	88.00	87.00	85.00	86.50
Neighborhood Matching Subfund	—	—	—	—	—
Planning and Development	409.00	437.00	441.00	434.00	394.50
<b>UTILITIES AND TRANSPORTATION</b>					
City Light	1,839.10	1,881.83	1,821.33	1,752.33	1,752.10
Seattle Public Utilities	1,449.25	1,481.00	1,458.06	1,367.94	1,402.40
Transportation	792.00	798.50	778.00	675.50	642.25
<b>ADMINISTRATION</b>					
City Auditor	8.00	8.00	9.00	9.00	9.00
City Budget	0.00	36.00	38	—	—
Civil Rights	22.50	22.50	22.50	22.50	22.50
Civil Service Commission	1.80	1.80	1.80	1.80	1.60
Employees' Retirement System	15.50	15.50	14.50	14.50	12.50
Ethics and Elections Commission	5.20	5.20	5.20	5.20	5.20
Finance and Administrative Services <sup>b</sup>	579.00	601.00	597.00	588.50	579.50
Hearing Examiner	4.63	4.75	4.75	4.50	4.50
Immigrant and Refugee Affairs	—	—	—	—	—
Information Technology	205.00	216.00	217.00	216.00	203.50
Intergovernmental Relations	11.50	10.50	10.50	10.50	10.50
Legislative	89.00	88.00	88.00	87.00	85.00
Mayor	28.50	24.50	25.50	24.50	22.50
Department of Human Resources <sup>d</sup>	115.00	128.00	123.50	121.50	105.00
Policy and Management <sup>c</sup>	—	18.00	18.50	18.50	16.00
Sustainability and Environment	8.00	7.00	7.00	6.00	5.00
Total Full-Time Equivalents	11,314.51	11,518.92	11,410.35	11,034.50	10,885.01

a Source - City of Seattle Adopted Budgets.

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 Policy and Management was disbanded in 2010. The Full-Time-Equivalents (FTEs) were transferred to the Office of the Mayor, Department of Executive Administration, Department of Neighborhoods, Legislative Department, and Seattle Fire Department. Three FTEs were abrogated.

d Personnel was renamed the Seattle Department of Human Resources in 2014

## The City of Seattle

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### OPERATING INDICATORS BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2015	2014	2013	2012	2011
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Property fire loss					
Total City	\$ 22,636,220	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687	\$ 11,476,891
Per capita	\$ 34.18	\$ 25.87	\$ 14.18	\$ 18.4	\$ 18.86
<b>Police</b>					
Municipal Court filings and citations					
Non-traffic criminal filings	7,387	6,674	7,573	8,162	8,481
Traffic criminal filings	678	802	1048	953	1,109
DUI filings	1,099	1,074	1,111	1,369	1,667
Non-traffic infraction filings	4,710	2,182	2,190	3,122	4,787
Traffic infraction filings	47,931	41,467	42,091	36,872	46,136
Parking infractions	518,624	527,782	631,388	578,507	580,841
<b>ARTS, CULTURE, AND RECREATION</b>					
<b>Library</b>					
Library cards in force	373,898	464,787	458,644	453,000	456,534
<b>Parks and Recreation</b>					
Park use permits issued					
Number	744	759	651	646	670
Amount	\$ 616,102.34	\$ 615,073	\$ 511,114	\$ 493,691	\$ 454,327
Facility use permits issued including pools					
Number	24,405	24,543	24,740	25,944	26,051
Amount	\$ 7,359,133	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337	\$ 6,147,176
Facility use permits issued excluding pools					
Number	23,750	23,749	24,182	25,353	25,472
Amount	\$ 6,683,724	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997	\$ 5,573,454
Picnic permits issued					
Number	4,323	4,027	3,967	3,664	3,463
Amount	\$ 422,861	\$ 386,272	\$ 381,309	\$ 363,842	\$ 345,209
Ball field usage					
Scheduled hours	147,311	170,014	161,571	147,142	128,352
Amount	\$ 2,662,171	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292	\$ 2,480,476
Weddings					
Number	269	254	258	250	233
Amount	\$ 104,265	\$ 89,486	\$ 94,845	\$ 94,295	\$ 80,900
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
<b>Planning and Development</b>					
Permits					
Number issued	17,666	12,047	8,350	7,316	7,075
Value of issued permits	\$ 3,945,738,487	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519	\$ 2,144,525,229
<b>UTILITIES</b>					
<b>City Light</b>					
Customers	422,809	415,056	408,055	402,608	400,351
Operating revenues	\$ 882,856,777	\$ 8,866,445,525	\$ 842,229,890	\$ 800,273,311	\$ 771,464,570
<b>Water</b>					
Population served	1,403,600	1,336,700	1,326,000	1,314,932	1,303,847
Billed water consumption, daily average, in gallons	118,900,570	113,863,391	113,107,019	112,036,939	110,200,000
Operating revenues	\$ 251,977,342	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169	\$ 194,572,652
<b>Drainage and Wastewater</b>					
Operating revenues	\$ 363,778,513	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717	\$ 278,956,907
<b>Solid Waste</b>					
Customers					
Residential garbage customers	164,381	160,063	163,413	164,241	166,637
Residential dumpsters customers	146,201	142,035	135,499	129,761	127,678
Commercial garbage customers	8,145	8,168	8,156	8,148	8,179
Operating revenues	\$ 174,787,770	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774	\$ 154,200,068



## Statistics

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### OPERATING INDICATORS

#### BY DEPARTMENT/OFFICE

##### Last Ten Fiscal Years

	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Property fire loss					
Total City	\$ 11,021,455	\$ 22,217,971	\$ 16,351,377	\$ 17,664,500	\$ 18,340,656
Per capita	\$ 18.11	\$ 36.91	\$ 27.52	\$ 32.76	\$ 31.69
<b>Police</b>					
Municipal Court filings and citations					
Non-traffic criminal filings	9,908	10,724	9,461	12,003	12,882
Traffic criminal filings	4,752	5,344	5,124	5,100	4,156
DUI filings	1,343	1,422	1,167	1,390	1,496
Non-traffic infraction filings	5,501	6,111	6,437	7,880	7,310
Traffic infraction filings	55,108	57,960	69,949	74,490	59,828
Parking infractions	600,543	568,616	477,024	430,240	385,852
<b>ARTS, CULTURE, AND RECREATION</b>					
<b>Library</b>					
Library cards in force	502,903	465,325	432,790	448,104	403,415
<b>Parks and Recreation</b>					
Park use permits issued					
Number	614	639	599	529	667
Amount	\$ 302,690	\$ 204,527	\$ 212,403	\$ 75,459	\$ 217,782
Facility use permits issued including pools					
Number	27,384	26,922	24,977	23,487	N/A
Amount	\$ 5,014,973	\$ 4,957,236	\$ 2,571,854	\$ 2,374,230	N/A
Facility use permits issued excluding pools					
Number	26,661	26,190	23,577	22,113	2314
Amount	\$ 4,480,703	\$ 4,469,322	\$ 2,127,367	\$ 1,997,402	\$ 790,551
Picnic permits issued					
Number	3,658	3,547	3,420	3,469	3,253
Amount	\$ 303,075	\$ 249,110	\$ 228,965	\$ 229,715	\$ 220,595
Ball field usage					
Scheduled hours	125,891	161,937	147,911	145,481	144,760
Amount	\$ 1,909,705	\$ 1,457,708	\$ 1,444,393	\$ 1,600,578	\$ 1,413,035
Weddings					
Number	272	268	235	254	238
Amount	\$ 89,350	\$ 91,238	\$ 80,955	\$ 87,900	\$ 82,079
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
<b>Planning and Development</b>					
Permits					
Number issued	6,287	5,917	7,890	8,865	8,576
Value of issued permits	\$ 1,582,129,040	\$ 1,987,486,066	\$ 2,580,055,297	\$ 3,097,812,568	\$ 2,021,878,195
<b>UTILITIES</b>					
<b>City Light</b>					
Customers	398,858	394,731	387,715	383,127	379,230
Operating revenues	\$ 732,977,819	\$ 723,128,042	\$ 877,392,652	\$ 832,524,784	\$ 831,810,233
<b>Water</b>					
Population served	1,292,994	1,280,557	1,265,878	1,251,998	1,236,849
Billed water consumption, daily average, in gallons	110,424,484	122,038,356	117,406,451	120,690,060	124,955,842
Operating revenues	\$ 195,203,465	\$ 191,369,588	\$ 164,405,030	\$ 160,161,307	\$ 155,175,008
<b>Drainage and Wastewater</b>					
Operating revenues	\$ 249,733,795	\$ 250,194,607	\$ 224,109,335	\$ 202,407,690	\$ 186,832,412
<b>Solid Waste</b>					
Customers					
Residential garbage customers	165,541	167,047	166,914	166,052	165,551
Residential dumpsters customers	126,593	127,971	122,503	119,667	117,899
Commercial garbage customers	8,248	8,462	9,747	8,505	8,481
Operating revenues	\$ 150,905,931	\$ 135,641,160	\$ 124,353,043	\$ 121,930,923	\$ 112,474,339

## The City of Seattle

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### CAPITAL ASSET STATISTICS

#### BY DEPARTMENT/OFFICE

##### Last Ten Fiscal Years

	2015	2014	2013	2012	2011
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
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
<b>Police</b>					
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
Scooters	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
<b>ARTS, CULTURE AND RECREATION</b>					
<b>Library</b>					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,544,047	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
<b>Parks and Recreation</b>					
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
Aquarium specimens on exhibit <sup>a</sup>	—	—	—	—	—



## Statistics

Table S-20

Page 2 of 4

### CAPITAL ASSET STATISTICS

#### BY DEPARTMENT/OFFICE

##### Last Ten Fiscal Years

	2010	2009	2008	2007	2006
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Boats	3	3	3	2	2
Fire-fighting apparatus	162	162	162	163	163
Stations	33	33	33	33	33
Training towers	2	2	2	1	1
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
<b>Police</b>					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	270	270	270	265	252
Motorcycles	37	37	37	45	50
Scooters	63	58	58	50	53
Trucks, vans, minibuses	86	84	84	81	81
Automobiles	194	194	194	197	194
Patrol boats	10	10	10	10	10
Bicycles	154	146	146	137	137
Horses	8	8	8	8	8
<b>ARTS, CULTURE AND RECREATION</b>					
<b>Library</b>					
Central and branch libraries	27	27	24	24	24
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,914,050	10,025,029	9,085,490	8,661,263	7,449,761
Collection, print and non-print	2,294,601	2,446,355	2,352,381	2,273,440	2,173,903
<b>Parks and Recreation</b>					
Major parks	13	13	13	13	13
Open space acres acquired since 1989	663	654	638	630	630
Total acreage	6,185	6,171	6,155	6,036	6,036
Children's play areas	133	131	130	130	130
Neighborhood playgrounds	38	38	38	38	38
Community playfields	38	33	33	33	33
Community recreation centers	26	26	26	25	25
Visual and performing arts centers	6	6	6	6	6
Theaters	2	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	62	62	62	62
Viewpoints	9	8	8	8	8
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit <sup>a</sup>	10,588	10,216	10,655	10,655	14,600

## The City of Seattle

Table S-20

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### CAPITAL ASSET STATISTICS

#### BY DEPARTMENT/OFFICE

##### Last Ten Fiscal Years

	2015	2014	2013	2012	2011
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Plant capacity (KW)	2,014,100	1,975,100	1,991,600	1,991,600	1,920,700
Maximum system load (KW)	1,689,000	1,860,256	1,796,728	1,739,238	1,841,255
Total system energy (1,000 KW) (firm load)	9,687,222	9,844,209	10,016,469	10,121,611	9,865,376
Meters	430,148	422,613	406,274	407,614	406,195
<b>Water</b>					
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
Distribution, in miles	—	—	—	—	—
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
<b>Drainage and Wastewater</b>					
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
<b>Solid Waste</b>					
Transfer stations	2	2	2	2	2
<b>Transportation</b>					
Arterial streets, in miles	1,547	1,547	1,540	1,540	1,537
Non-arterial streets (paved and unpaved), in miles	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 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 <sup>b</sup>	880	892	961	973	998
Outlying <sup>b</sup>	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



## Statistics

**Table S-20**  
**Page 4 of 4**  
**CAPITAL ASSET STATISTICS**  
**BY DEPARTMENT/OFFICE**  
**Last Ten Fiscal Years**

	2010	2009	2008	2007	2006
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Plant capacity (KW)	1,920,700	1,920,700	1,920,700	1,920,700	1,920,700
Maximum system load (KW)	1,858,735	1,900,878	1,767,805	1,822,342	1,714,080
Total system energy (1,000 KW) (firm load)	10,139,898	10,323,915	10,203,415	9,990,486	9,703,046
Meters	402,854	394,455	391,022	385,621	382,436
<b>Water</b>					
Reservoirs, standpipes, tanks	27	30	30	29	38
Fire hydrants	18,473	18,436	18,398	18,347	18,475
Water mains					
Supply, in miles	187	224	182	182	181
Distribution, in miles	—	—	—	—	—
Water storage, in thousand gallons	302,880	370,000	377,080	377,080	494,080
Meters	188,226	187,154	185,395	183,699	182,037
<b>Drainage and Wastewater</b>					
Combined sewers, life-to-date, in miles	472	473	444	444	464
Sanitary sewers, life-to-date, in miles	956	958	985	985	968
Storm drains, life-to-date, in miles	470	473	472	472	474
Pumping stations	67	65	68	68	68
<b>Solid Waste</b>					
Transfer stations	2	2	2	2	2
<b>Transportation</b>					
Arterial streets, in miles	1,531	1,531	1,531	1,534	1,534
Non-arterial streets (paved and unpaved), in miles	2,412	2,412	2,412	2,412	2,412
Sidewalks, in miles	2,262	2,258	2,256	1,956	1,956
Stairways	498	494	482	482	482
Length of stairways, in feet	35,181	35,215	34,775	34,643	34,643
Number of stairway treads	23,950	23,666	23,407	23,211	23,211
Street trees					
City-maintained	40,000	40,000	35,000	34,000	34,000
Maintained by property owners	125,000	125,000	105,000	100,000	100,000
Total platted streets, in miles	1,666	1,666	1,666	1,666	1,666
Traffic signals	1,040	1,030	1,001	991	1,000
Parking meters					
Downtown	941	941	700	747	2,819
Outlying	97	97	300	353	904
Parking pay stations					
Downtown <sup>b</sup>	856	850	1,215	925	758
Outlying <sup>b</sup>	1,315	1,127	630	565	318
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	88	88	88	84	84
Partial City maintenance	54	55	55	55	61
Retaining walls/seawalls	592	582	582	582	582

a As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

b City redefined areas starting in 2008.

## The City of Seattle

Page 1 of 3

## MISCELLANEOUS STATISTICS

December 31, 2015 - Unless Otherwise Indicated

### CITY GOVERNMENT

Date of incorporation December 2, 1869  
Present charter adopted March 12, 1946

Form: Mayor-Council (Nonpartisan)

### GEOGRAPHIC DATA

Location:  
Between Puget Sound and Lake Washington  
125 nautical miles from Pacific Ocean  
110 miles south of Canadian border  
Altitude:  
Sea level 521 feet  
Average elevation 10 feet  
Land area 83.1 square miles  
Climate  
Temperature  
30-year average, mean annual 52.6  
January 2015 average high 50.3  
January 2015 average low 39.8  
July 2015 average high 82.6  
July 2015 average low 59.9  
Rainfall  
30-year average, in inches 37.55  
2015 in inches 44.83

### POPULATION

Year	City of Seattle	Seattle Metropolitan Area <sup>ab</sup>
1950	467,591	844,572
1960	557,087	1,107,203
1970	530,831	1,424,611
1980	493,846	1,607,618
1990	516,259	1,972,947
2000	563,374	2,279,100
2001	568,100	2,376,900
2002	570,800	2,402,300
2003	571,900	2,416,800
2004	572,600	2,433,100
2005	573,000	2,464,100
2006	578,700	2,507,100
2007	586,200	2,547,600
2008	592,800	2,580,800
2009	602,000	2,613,600
2010	608,660	2,644,500
2011	612,100	2,659,600
2012	616,500	2,679,900
2013	626,600	2,712,400
2014	640,500	2,758,250
2015	662,400	2,810,400
King County		2,052,800
Percentage in Seattle		32.3%

a Source: Washington State Office of Financial Management

b Based on population in King and Snohomish Counties.



## Statistics

Page 2 of 3

### MISCELLANEOUS STATISTICS December 31, 2015 - Unless Otherwise Indicated

#### ELECTIONS (November 4)

Active registered voters	419,292
Percentage voted last general election	0.46
Total voted	194,123

#### PENSION BENEFICIARIES

Employees' Retirement	6,222
Firemen's Pension	700
Police Pension	740

#### VITAL STATISTICS

Rates per thousand of residents	
Births (2014)	12.5
Deaths (2014)	6.6

#### PUBLIC EDUCATION (2014-15 School Year)

Enrollment (October 1)	53,872
Teachers (October 1)	3,185
School programs	
Regular elementary programs	60
Regular middle school programs	10
Regular high school programs	12
K-8 school programs	10
Alternative/Non-traditional school programs	6
Total number of school programs	<u>98</u>

#### PROPERTY TAXES

Assessed valuation (January 2015)	\$145,091,711,416
Tax levy (City)	\$379,033,716

#### EXAMPLE -- PROPERTY TAX ASSESSMENTS

Real value of property	\$348,000
Assessed value	\$348,000

Property Tax Levied By	Dollars Per Thousand	Tax Due
City of Seattle	\$ 2.62352	\$ 912.98
Emergency Medical Services	0.30217	105.16
State of Washington	2.28514	795.23
School District No. 1	2.39083	832.01
King County	1.34522	468.14
Port of Seattle	0.18885	65.72
King County Ferry District	0.00306	1.06
King County Flood Control Zone	0.13860	48.23
Totals	<u>\$ 9.27739</u>	<u>\$ 3,228.53</u>

## The City of Seattle

Page 3 of 3

### MISCELLANEOUS STATISTICS December 31, 2015 - Unless Otherwise Indicated

#### PORT OF SEATTLE

##### Bonded Indebtedness

General obligation bonds	\$ 305,535,000
Revenue bonds	2,715,265,000
Passenger facility charges bonds	123,240,000
Commercial Paper	38,655,000

##### Waterfront (mileage)

Salt water	13.4
Fresh water	0.7

##### Value of Land Facilities

Waterfront	\$ 2,169,974,909
Sea-Tac International Airport	\$ 5,446,706,745

##### Marine Container Facilities/Capacities

4 container terminals with 11 berths covering 520 acres  
1.40 million TEU's (20-ft. equivalent unit containers)  
1 grain facility, 1 general cargo facility, 1 barge terminal  
2 cruise terminals

##### Sea-Tac International Airport

Scheduled passenger airlines	24
Cargo airlines	4
Charter airlines	3
Loading bridges	69

##### 2015 Port Activity (in millions)

Import	\$ 15,226.9
Export	\$ 6,088.43



**City of Seattle  
2015 Comprehensive Annual Financial Report**

**Department of Finance and Administrative Services  
CAFR Production Staff**

Janice Marsters  
**Director of Accounting and Payroll Services**

Brandon Johns  
**Citywide Accounting Manager**

**Principal Accountants:**

Fon Chang  
Cam Huynh  
Anna Himichuk  
April McCraney  
Flora Wang  
Jake Yoon

**Senior Accountants:**

Conrad Magbalot  
Mena Nguyen

**Accountants:**

Grace Chou  
Andrew Wachong

**Sr. Management Systems Analyst:**

Steve Spada



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**APPENDIX C**

**DEMOGRAPHIC AND ECONOMIC INFORMATION**



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## DEMOGRAPHIC AND ECONOMIC INFORMATION

Seattle is the largest city in the Pacific Northwest, serves as the County seat and is the center of the County's economic activity. King County is the largest county in the State in population, number of cities and employment, and the fourteenth most populous county in the United States. Of the State's population, nearly 30% reside in the County, and of the County's population, 32% live in the City of Seattle.

### Population

Historical and current population figures for the State, the County, and the City are given below.

POPULATION			
Year	Washington	King County	Seattle
1980 <sup>(1)</sup>	4,130,163	1,269,749	493,846
1990 <sup>(1)</sup>	4,866,692	1,507,319	516,259
2000 <sup>(1)</sup>	5,894,121	1,737,034	563,374
2010 <sup>(1)</sup>	6,724,540	1,931,249	608,660
2011 <sup>(2)</sup>	6,767,900	1,942,600	612,100
2012 <sup>(2)</sup>	6,817,770	1,957,000	616,500
2013 <sup>(2)</sup>	6,882,400	1,981,900	626,600
2014 <sup>(2)</sup>	6,968,170	2,017,250	640,500
2015 <sup>(2)</sup>	7,061,410	2,052,800	662,400
2016 <sup>(2)</sup>	7,183,700	2,105,000	686,800

(1) Source: U.S. Department of Commerce, Bureau of Census

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

### Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Division (the cities of Seattle, Bellevue, and Everett), the County, the State, and the U.S.

PER CAPITA INCOME					
	2011	2012	2013	2014	2015
Seattle MD	\$ 53,931	\$ 56,267	\$ 58,483	\$ 62,481	\$ 65,187
King County	57,837	60,090	62,770	68,877	72,530
State of Washington	43,878	46,045	47,717	49,610	51,898
U.S.	41,560	43,735	44,765	46,049	48,112

Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce



## Construction

The table below lists the value of housing construction for which building permits have been issued by entities within the County. The value of public construction is not included in this table.

### CITY OF SEATTLE RESIDENTIAL BUILDING PERMIT VALUES

Year	New Single Family Units		New Multifamily Units		Total Value(\$)
	Number	Value(\$)	Number	Value(\$)	
2011	316	\$ 71,808,767	2,857	\$ 376,591,834	\$ 448,400,601
2012	498	120,592,378	6,799	984,110,088	1,104,702,466
2013	822	205,297,350	5,855	805,297,482	1,010,594,832
2014	898	227,307,102	6,547	881,734,102	1,109,041,204
2015	810	215,818,201	10,530	1,684,630,374	1,900,448,575
2016	797	216,693,139	9,202	1,242,951,877	1,459,645,016
2016 <sup>(1)</sup>	208	55,582,735	1,248	154,243,937	209,826,672
2017 <sup>(1)</sup>	159	43,491,603	1,629	215,935,593	259,427,196

(1) Through March.

Source: U.S. Bureau of the Census

## Retail Activity

The following table presents taxable retail sales in King County and Seattle.

### KING COUNTY AND THE CITY OF SEATTLE TAXABLE RETAIL SALES

Year	King County	Seattle
2011	\$ 40,846,118,928	\$ 15,751,585,856
2012	43,506,804,227	17,162,539,275
2013	46,601,198,766	18,258,200,683
2014	49,638,174,066	19,995,171,842
2015	54,890,159,770	22,407,443,037
2015 <sup>(1)</sup>	\$ 40,150,081,755	\$ 16,443,790,941
2016 <sup>(1)</sup>	44,057,486,509	17,999,139,967

(1) Through third quarter.

Source: Washington State Department of Revenue and Quarterly Business Review



## Industry and Employment

The following table presents major Puget Sound-area employers and their State-wide employment data in 2015.

PUGET SOUND AREA MAJOR EMPLOYERS	
Employer	Employees
The Boeing Company	78,200
Joint Base Lewis-McChord	58,100
Navy Region Northwest	46,700
Microsoft Corp.	43,600
Amazon.com Inc.	24,000
University of Washington	23,600
Wal-Mart Stores, Inc.	19,500 <sup>(1)</sup>
Providence Health & Services	17,700
Fred Meyer Stores	15,500
King County Government	14,700 <sup>(2)</sup>
City of Seattle	13,700 <sup>(3)</sup>
Starbucks Corp.	12,600
CHI Franciscan Health System	11,800
Nordstrom Inc.	10,900
Costco Wholesale Corp.	10,500 <sup>(1)</sup>

(1) Does not include part-time or seasonal employment figures.

(2) Source: King County. Figure includes temporary workers.

(3) Source: City of Seattle. Figure includes temporary workers.

Source: *Puget Sound Business Journal Book of Lists, 2017*



**KING COUNTY**  
**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT**  
**AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT<sup>(1)</sup>**

	<b>Annual Average</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Civilian Labor Force	1,129,670	1,139,610	1,158,230	1,178,606	1,208,334
Total Employment	1,055,000	1,079,950	1,104,930	1,128,497	1,160,734
Total Unemployment	74,670	59,660	53,300	50,109	47,600
Percent of Labor Force	6.6%	5.2%	4.6%	4.3%	3.9%
<b>NAICS INDUSTRY</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Nonfarm	1,196,042	1,237,217	1,278,033	1,311,575	1,358,517
Total Private	1,030,608	1,069,975	1,108,425	1,137,442	1,180,175
Goods Producing	154,283	162,508	168,283	174,908	176,800
Mining and Logging	425	458	458	575	500
Construction	50,625	55,883	60,792	66,800	70,833
Manufacturing	103,225	106,167	107,025	107,542	105,475
Service Providing	1,041,758	1,074,708	1,109,750	1,136,667	1,181,717
Trade, Transportation, and Utilities	216,167	225,167	235,758	244,433	254,642
Information	81,017	82,617	85,583	89,058	95,967
Financial Activities	68,850	70,892	72,000	69,675	70,758
Professional and Business Services	192,525	201,042	207,933	215,733	222,667
Educational and Health Services	159,275	162,633	167,983	167,008	174,592
Leisure and Hospitality	114,850	120,575	124,883	130,108	136,425
Other Services	43,642	44,542	46,000	46,517	48,325
Government	165,433	167,242	169,608	174,133	178,342
Workers in Labor/Management Disputes	0	0	0	0	0
	<b>Mar. 2017</b>				
Civilian Labor Force	1,232,220				
Total Employment	1,194,409				
Total Unemployment	37,811				
Percent of Labor Force	3.1%				

(1) Columns may not add to totals due to rounding.

Source: Washington State Employment Security Department



**APPENDIX D**

**BOOK-ENTRY TRANSFER SYSTEM**



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## BOOK-ENTRY TRANSFER SYSTEM

*The following information has been provided by DTC. The City makes no representation as to the accuracy or completeness thereof. Purchasers of the Bonds (the “Beneficial Owners”) should confirm the following with DTC or its participants (the “Participants”).*

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://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 of a Series 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 Legislation, 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 Legislation; (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.