



*The City of Seattle, Washington  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2016*

*Cover Image: Interstate 5 in Washington as it passes through downtown Seattle*  
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# **Comprehensive Annual Financial Report**

For the Fiscal Year Ended  
December 31, 2016



**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, 2016

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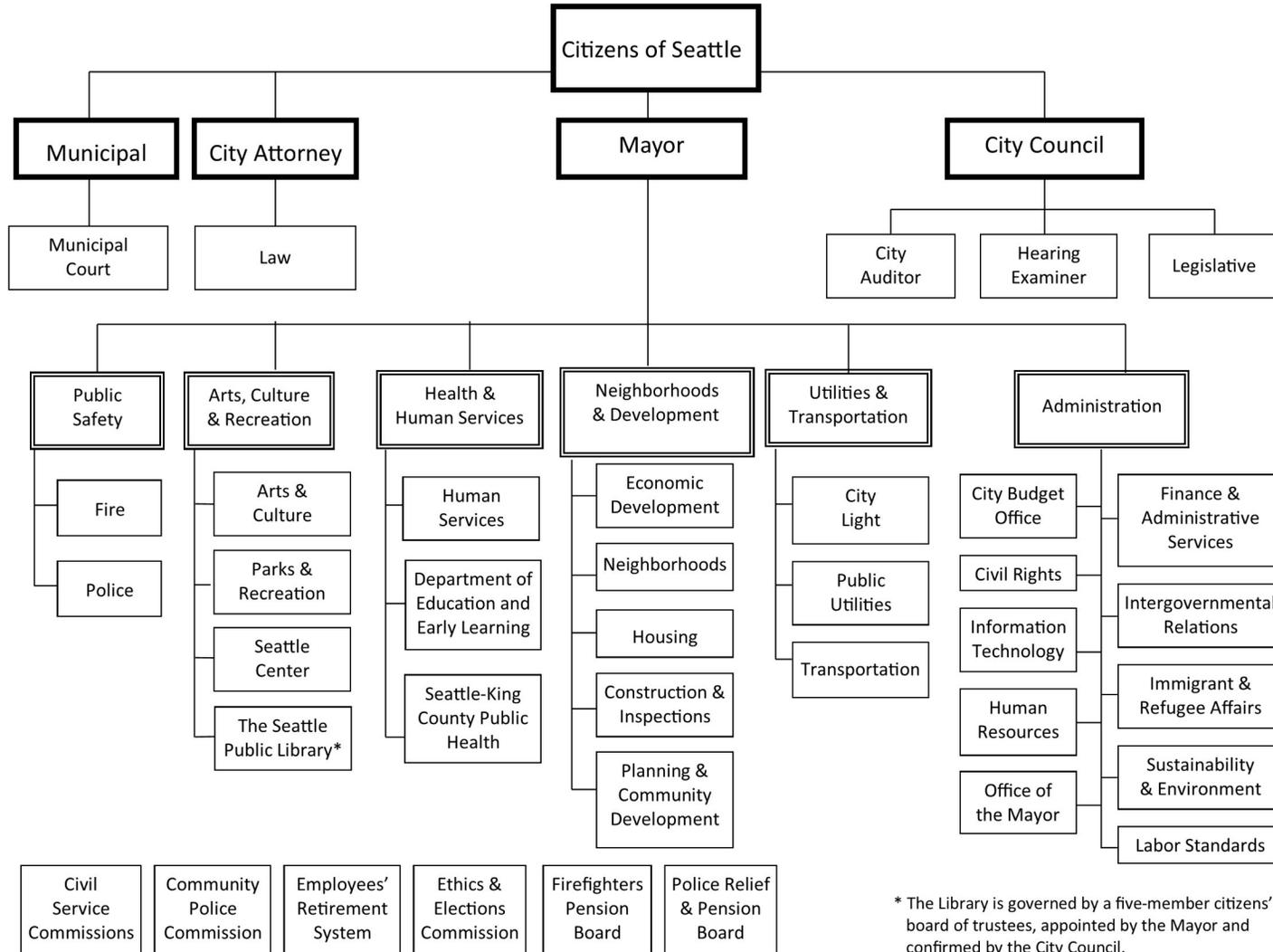
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# CITY ORGANIZATIONAL CHART



# CITY OF SEATTLE ELECTED OFFICIALS

As of January 1, 2017



Ed Murray  
Mayor



Peter Holmes  
City Attorney

## CITY COUNCIL



Sally Bagshaw



Tim Burgess



Lorena González



Bruce Harrell  
Council President



Lisa Herbold



Rob Johnson



Debora Juarez



Mike O'Brien



Kshama Sawant



**City of Seattle**

Edward B. Murray, Mayor

**Finance and Administrative Services**

Fred Podesta, Director

Glen M. Lee, City Finance Director

August 11, 2017

The Honorable Mayor and  
Members of the City Council:

I am pleased to submit to you the 2016 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, 2016. In addition, the CAFR describes the results of its operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State Auditor and the City Charter.

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

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

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

**PROFILE OF THE GOVERNMENT**

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

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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.** The nation's recovery from the Great Recession is now eight years old, making it the third longest expansion in the post-World War II period. The average length of post-war expansions is five years. Although employment growth during the recovery has been relatively strong, on many dimensions, including gross domestic product (GDP) growth, wage gains, and productivity, the recovery has disappointed. Real GDP growth has averaged 2.1 percent per year, the slowest pace of any post-war expansion.

Forecasters expect the economy to continue expanding at a modest pace, with real GDP growing at a two to two-and-a-half percent rate. Most forecasters do not see a recession on the horizon, at least in the short-term. Most expansions end when the economy overheats, which causes a rise in inflation, which in turn spurs the Federal Reserve to raise interest rates to slow the economy. Thanks in large part to the depth of the Great Recession and the weakness of the recovery, there are few signs that the economy is overheating. There is probably more risk to the U.S. recovery from forces outside of the U.S. than from domestic factors.

**Seattle metropolitan area economy.** Since the Great Recession ended in June 2009, the Seattle metro area economy has outperformed the national economy by a considerable margin. This is reflected in the region's healthy job growth and low unemployment rate. Seattle metro area (King and Snohomish Counties) employment has grown at a 2.7 percent annual rate during the recovery, compared to 1.7 percent for the nation. In May 2017, the unemployment rate for the Seattle metro area was 3.3 percent, compared to 4.3 percent for the U.S and 4.5 percent for Washington state. The region has also outpaced the U.S. in both income and wage growth during the recovery.

Industries instrumental in the region's recovery include aerospace, professional, scientific, and technical services, software publishers, 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 since then. In 2016, the rate of decline accelerated as the Boeing Company, the region's largest employer, cut over 7,300 jobs during the year in an effort to contain costs. The software industry, which includes Microsoft, has added 9,600 jobs from its low point in late 2009. 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 30,000 jobs at a relatively steady pace during the current expansion.

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 value of permits issued for construction activity in Seattle increased from \$1.5 billion in 2010 to \$3.8 billion in 2015 and \$3.6 billion in 2016.

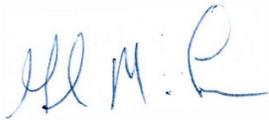
With the aerospace industry now cutting jobs and signs that construction is at its peak, employment growth is predicted to slow going forward. 2016 is expected to be the peak year for employment growth during the current cycle, at 3.3 percent. The Puget Sound Economic Forecaster predicts employment growth will slow to 2.5 percent in 2017 and average a modest 1.5 percent per year over the next five years. Personal income growth is forecast to average 5.0 percent per year over the next five years, 2.6 percent per year faster than the rate of inflation.

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, 2015. 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, 2015**

Executive Director/CEO

**City of Seattle**  
**2016 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  
Tim Henry

Anna Himichuk  
Cam Huynh  
Conrad Magbalot  
April McCraney  
Mena Nguyen

Steve Spada  
Andrew Wachong  
Flora Wang  
Jake Yoon

Elsie Ling, Payroll Services Manager

Imelda Apolonio  
Mary DeMile  
RoseMarie Evans

Angel Hennings  
Julia King  
Robert Latorre

Rosalinda Lopez  
Shirley Smith  
Cassandra Tuazon

**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

# **Financial Section**

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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

August 11, 2017

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, 2016, 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, 98 percent, and 96 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 65 percent, 76 percent, and 21 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, 2016, 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, 2016, the City has implemented the Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, Statement No. 77, *Tax Abatement Disclosures* and Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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, 2015, from which such partial information was derived.

We and other auditors have previously audited the City's 2015 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 28, 2016.

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, 2015, 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 30, budgetary comparison information on pages 165 through 168 and pension plan information on pages 169 through 177 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 183 through 262 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 Introduction and Statistic 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 August 11, 2017, 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,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy

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, 2016. 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.

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 S. L. Denny Private-Purpose Trust Fund, and various agency funds. Due to the City's implementation of GASB 73 the City's Firemen's Pension Fund and the Police Relief and Pension Fund are reported with the City's General Fund.

## 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.

**FINANCIAL HIGHLIGHTS**

- At the end of fiscal year 2016 the City's net position totaled \$5.517 billion, with governmental activities accounting for 63.5 percent and business-type activities 36.5 percent, consistently reporting a 2 to 1 ratio year over year.
- Net investment in capital assets grew 7.8 percent, increasing \$395.4 million, to a total reported balance of \$5.456 billion for 2016. Of these assets the City's governmental activities controls \$3.270 billion, with the remaining \$2.186 billion supporting business-type activities.
- Restricted net position of \$684.6 million is available to meet the City's ongoing obligations to citizens and creditors. Governmental activities accounted for 99.4 percent of the \$69.0 million increase in the restricted balances. The City restricted significant resources for capital projects, low-income, transportation, and education programs, debt service and other purposes.
- The City's non-current liabilities account for 89.8 percent of all liabilities recorded. During 2016 these liabilities increased \$435.1 million, 5.9 percent between years. The City's business activities contributed significantly to the increase in the long-term liabilities with an increase to revenue bonds payable of \$135.5 million, the net pension liability increase of \$81.7 million, and a \$61.2 million environmental remediation charge. The overall change in long-term liabilities is also reflected in the \$623.5 million deficit reported under the City's unrestricted net position.
- Expenses reported at the citywide level were up 8.4 percent year over year, totaling \$3.442 billion in 2016. Of the \$267.9 million increase in 2016's expenses 86.9 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 \$1.779 billion for 2016, a 15.0 percent increase over 2015's costs of \$1.547 billion.
- The City's governmental funds reported a combined ending fund balance of \$994.2 million for 2016, an increase of 14.2 percent from the prior year's restated balance of \$870.3 million. Of the total fund balance, 11.9 percent is reported as unassigned balance, totaling \$118.2 million for year-end 2016. The General Fund contributes \$155.3 million to unassigned fund balance which was then offset by the special revenue and capital project funds reporting a combined deficit of \$37.1 million in unassigned fund balances that offset the total across the City's governmental funds.
- Revenue generated by the City's governmental funds totaled \$2.099 billion for the fiscal year ended December 31, 2016, an increase of approximately \$240.3 million, or 12.9 percent from the prior year's balance of \$1.859 billion. The increase is primarily driven by \$189.1 million of additional tax collections in 2016, a 15.3 percent increase that pushed the total tax collection to \$1.422 billion in 2016.
- Expenditures in governmental funds amounted to \$2.143 billion, an increase of approximately \$203.2 million, or 10.5 percent, compared to \$1.940 billion in 2015. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$43.5 million. The City's General Fund reported an excess of revenues over expenditures totaling \$308.3 million, while the other major and nonmajor governmental funds reported a deficiency of revenues over expenditures totaling \$351.8 million.
- The City's governmental funds received a significant contribution from other financing sources and uses totaling \$167.5 million for 2016. These resources offset the operating deficit and directly contributed to the City's governmental fund balance which totals \$994.2 million at year end.
- The General Fund is the chief operating fund of the City. For 2016 the General Fund reported a balance of \$442.4 million, or 44.5 percent of the entire governmental fund balance. The General Fund accounts for 63.4 percent of revenues, and 47.7 percent of total governmental expenditures. The unassigned balance in the City's General Fund grew \$11.5 million, an 8.0 percent increase that pushed the General Fund's total unassigned balance to a record level, \$155.3 million for 2016.
- In 2016 the City issued \$146.5 million in General Obligation Bonds, and \$505.8 million of Revenue Bonds. Of the amount issued in 2016, \$31.9 million was used to partially refund general obligation bonds, and \$231.3 million of revenue bonds. The City's outstanding general obligation bonds totaled \$1.009 billion and the utility revenue bonds 3.810 billion at year end 2016.

## 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	
	2016	Restated 2015	2016	2015	2016	Restated 2015
<b>ASSETS</b>						
Current and Other Assets	\$ 1,416,754	\$ 1,340,122	\$ 1,536,231	\$ 1,537,728	\$ 2,952,985	\$ 2,877,850
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	4,264,107	4,108,092	5,788,126	5,400,330	10,052,233	9,508,422
Total Assets	5,680,861	5,448,214	7,324,357	6,938,058	13,005,218	12,386,272
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	199,750	579,349	192,059	117,201	391,809	696,550
<b>LIABILITIES</b>						
Current Liabilities	372,400	346,715	416,478	443,050	788,878	789,765
Noncurrent Liabilities	1,998,337	1,835,755	4,919,917	4,647,421	6,918,254	6,483,176
Total Liabilities	2,370,737	2,182,470	5,336,395	5,090,471	7,707,132	7,272,941
<b>DEFERRED INFLOWS OF RESOURCES</b>	7,205	523,316	165,812	143,521	173,017	666,837
<b>NET POSITION</b>						
Net Investment in Capital Assets	3,269,646	3,144,486	2,186,129	1,915,893	5,455,775	5,060,379
Restricted	625,046	556,406	59,575	59,194	684,621	615,600
Unrestricted	(392,023)	(379,114)	(231,495)	(153,820)	(623,518)	(532,934)
Total Net Position	\$ 3,502,669	\$ 3,321,778	\$ 2,014,209	\$ 1,821,267	\$ 5,516,878	\$ 5,143,045

At the close of the current fiscal year the City's total net position was \$5.517 billion. The \$180.9 million net position increase for governmental activities accounted for 48.4 percent of the City's total year over year change in net position.

The net position for the business-type activities also increased 10.6 percent between 2015 and 2016, from \$1.821 billion to \$2.014 billion. In 2016 the City's business activities contributed an additional \$192.9 million to the City's net position, and accounted for 51.6 percent to the City's overall increase in net position.

The City's net position reports an investment of \$5.456 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, \$684.6 million, or 12.4 percent, represents resources that are subject to external restrictions on how they may be used.

City's unrestricted net position reports a deficit of resources totaling \$623.5 million. This deficit is the direct result of 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

**Table A-2**

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

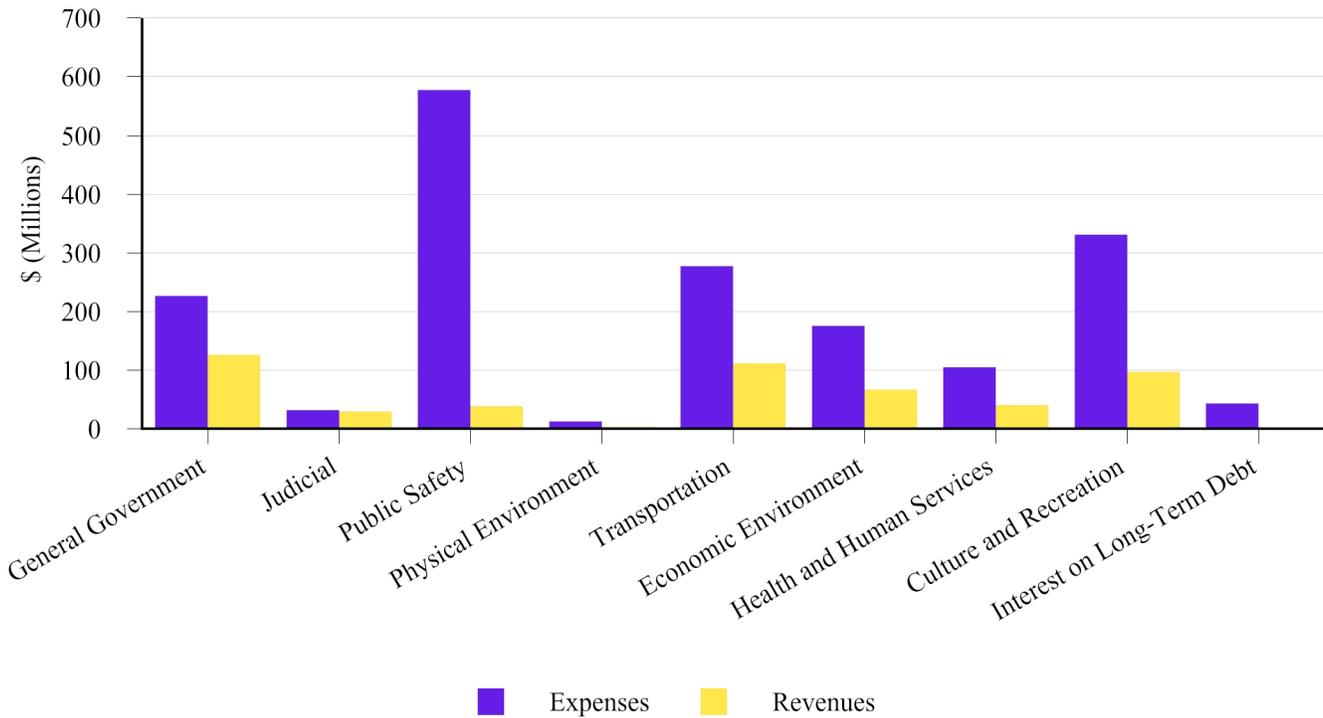
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 347,240	\$ 341,171	\$ 1,785,230	\$ 1,740,144	\$ 2,132,470	\$ 2,081,315
Operating Grants and Contributions	134,856	136,980	4,583	7,087	139,439	144,067
Capital Grants and Contributions	31,076	29,359	86,997	60,115	118,073	89,474
General Revenues						
Property Taxes	542,853	420,691	—	—	542,853	420,691
Sales Taxes	263,285	239,189	—	—	263,285	239,189
Business Taxes	482,850	454,086	—	—	482,850	454,086
Other Taxes	133,636	118,831	—	—	133,636	118,831
Other	8,889	18,273	60,909	16,705	69,798	34,978
<b>Total Revenues</b>	<b>1,944,685</b>	<b>1,758,580</b>	<b>1,937,719</b>	<b>1,824,051</b>	<b>3,882,404</b>	<b>3,582,631</b>
<b>Expenses</b>						
Governmental Activities						
General Government	226,438	208,638	—	—	226,438	208,638
Judicial	32,025	28,477	—	—	32,025	28,477
Public Safety	577,631	531,524	—	—	577,631	531,524
Physical Environment	12,558	4,351	—	—	12,558	4,351
Transportation	276,866	221,443	—	—	276,866	221,443
Economic Environment	175,133	138,878	—	—	175,133	138,878
Health and Human Services	104,687	94,121	—	—	104,687	94,121
Culture and Recreation	330,984	286,395	—	—	330,984	286,395
Interest on Long-Term Debt	42,942	32,694	—	—	42,942	32,694
Business-Type Activities						
Light	—	—	858,929	837,860	858,929	837,860
Water	—	—	227,988	228,241	227,988	228,241
Drainage and Wastewater	—	—	335,051	316,486	335,051	316,486
Solid Waste	—	—	167,957	173,312	167,957	173,312
Planning and Development	—	—	67,964	64,673	67,964	64,673
Downtown Parking Garage	—	—	5,222	7,401	5,222	7,401
Fiber Leasing	—	—	8	35	8	35
<b>Total Expenses</b>	<b>1,779,264</b>	<b>1,546,521</b>	<b>1,663,119</b>	<b>1,628,008</b>	<b>3,442,383</b>	<b>3,174,529</b>
Excess Before Special Item and Transfers	165,421	212,059	274,600	196,043	440,021	408,102
Special Item - Environmental Remediation	—	—	(66,187)	(4,975)	(66,187)	(4,975)
Transfers	15,469	(8,931)	(15,469)	8,931	—	—
<b>Changes in Net Position</b>	<b>180,890</b>	<b>203,128</b>	<b>192,944</b>	<b>199,999</b>	<b>373,834</b>	<b>403,127</b>
Net Position - Beginning of Year	3,321,779	3,517,878	1,821,265	2,061,960	5,143,044	5,579,838
Restatements/Prior-Year Adjustments	—	(399,227)	—	(440,694)	—	(839,921)
Net Position - Beginning of Year as Restated	3,321,779	3,118,651	1,821,265	1,621,266	5,143,044	4,739,917
<b>Net Position - End of Year</b>	<b>\$ 3,502,669</b>	<b>\$ 3,321,779</b>	<b>\$ 2,014,209</b>	<b>\$ 1,821,265</b>	<b>\$ 5,516,878</b>	<b>\$ 5,143,044</b>

**Analysis of Changes in Net Position**

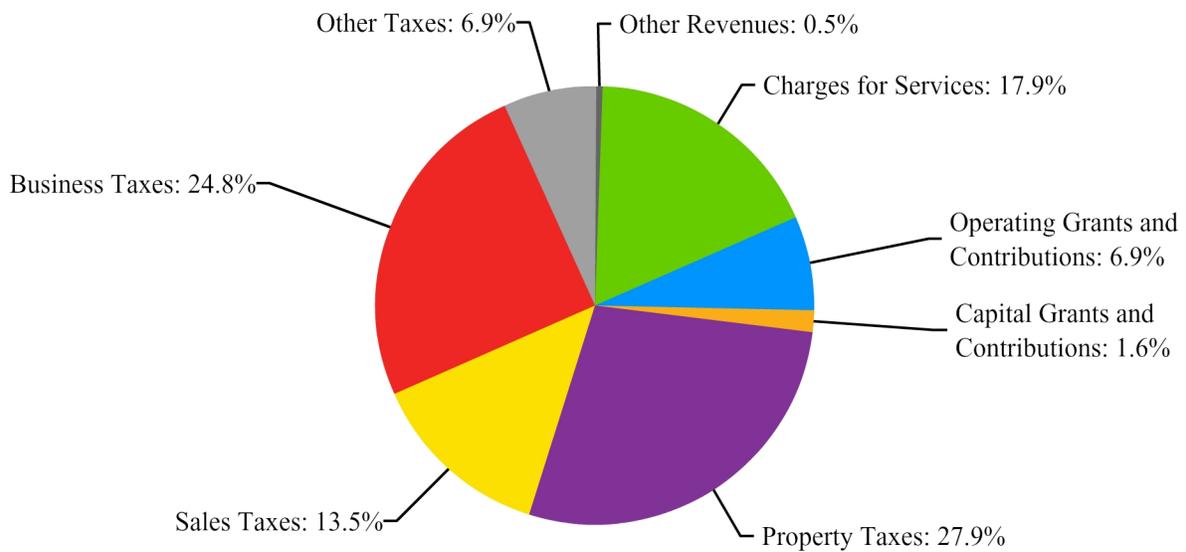
In 2016 the City's total net position increased by \$373.8 million, or 7.3 percent. The factors contributing to the increase are explained in the following discussion of governmental and business-type activities.

Governmental Activities

Expenditures and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Total \$1.945 billion

**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 8.4 percent year over year, totaling \$3.882 billion in 2016. Out of the \$299.8 million of additional revenues reported in 2016, the City's governmental activities accounted for 62.1 percent of the change. The following table lists the general revenues ranked by the size of their 2016 collections, and highlights the change in general revenues between the 2015 and 2016 financial statements.

2016 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Property Taxes	\$542.9	29.0%	\$122.2
2	Business Taxes	\$482.9	6.3%	\$28.8
3	Sales Taxes	\$263.3	10.1%	\$24.1
4	Excise Taxes	\$114.6	13.4%	\$13.5
5	Other Taxes	\$19.0	7.2%	\$1.3

The City's tax revenues continue to provide the most significant source of revenue for governmental activities, with property, sales and business tax contributing 90.0 percent of all general revenues, and 66.3 percent of the governmental activities general and program revenue combined.

The sharp increase in 2016 for the City's collection of property taxes is of greater significance in part due to a temporary decline of 2015's collections. When property tax dropped to the number two source of general tax revenues behind business tax in 2015 for the first time it was the direct result of several expiring tax levies, primarily the 2008 Parks Levy and the Pike Place Market Renovation Levy. The 29.0 percent increase in property tax collected for 2016 is driven by two additional voter approved levies reporting a full cycle of collections, the Seattle Preschool Services Levy and the Transportation Levy.

The year over year growth in sales tax was 10.1 percent, or \$24.1 million, and contributed 12.9 percent of the total revenue growth in governmental activities. Excise taxes collected by the City contributed an additional \$13.5 million to the year over year increase, 7.4 percent of 2016's total revenue growth of \$186.1 million in governmental activities. Another continuing driver 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 \$513.2 million, or 28.8 percent of the the City's expenses for governmental activities, with the remaining \$1.266 billion covered by the City's general resources. The City's charges for services are the largest component of reported program revenues, and comprise 67.7 percent of program revenue generated by governmental activities. For governmental activities charges for services contribute 17.9 percent of total revenues, with year over year revenues collected for service charges up \$6.1 million, a 1.8 percent increase that raises total service charge collection to \$347.2 million.

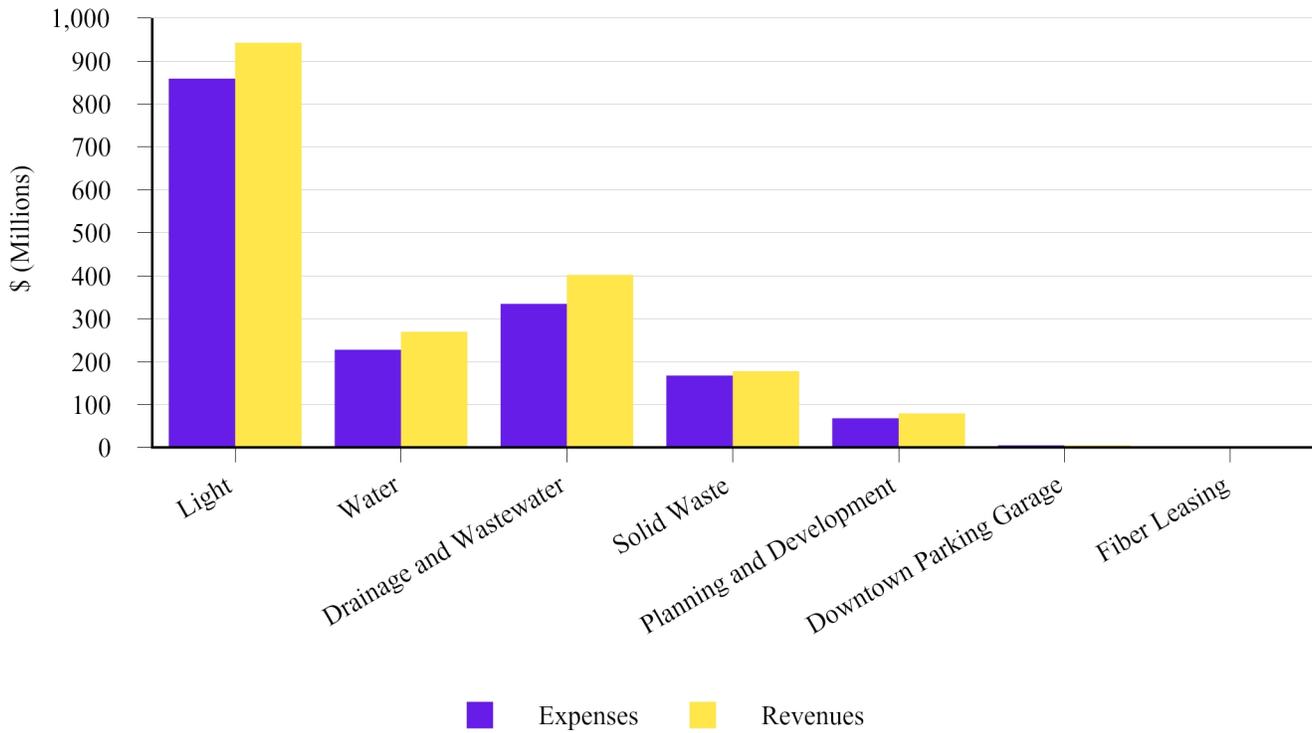
Expenses reported at the citywide level were up 8.4 percent year over year, totaling \$3.442 billion in 2016. Of the \$267.9 million increase in 2016's expenses 86.9 percent can be attributed to the growth in expenses related to governmental activities. Net program expenses for all functions within the City's governmental activities totaled \$1.779 billion for 2016, a 15.0 percent increase over 2015's costs of \$1.547 billion. The following table lists city functions and programs ranked by the size of their 2016 expenses, and highlights the growth in costs between the 2015 and 2016 financial statements.

2016 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$577.6	8.7%	\$46.1
2	Culture and Recreation	\$331.0	15.6%	\$44.6
3	Transportation	\$276.9	25.0%	\$55.4
4	General Government	\$226.4	8.5%	\$17.8
5	Economic Environment	\$175.1	26.1%	\$36.3
6	Health and Human Services	\$104.7	11.2%	\$10.6

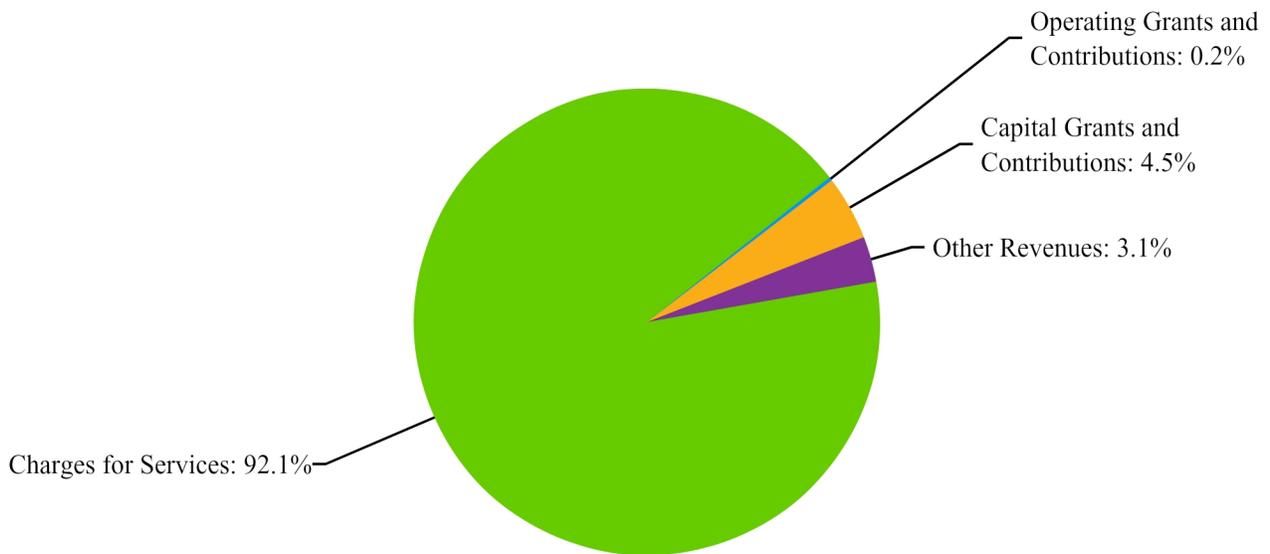
The City's largest governmental expense continues to be the public safety function, totaling \$577.6 million for 2016, contributing 16.8 percent of all citywide expenses, and 32.5 percent of expense in the City's governmental activities.

Business-Type Activities

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Total \$1.938 billion

**Business-Type Activities.** At year end the City's net position for business-type activities was \$2.014 billion, a 10.6 percent increase totaling \$192.9 million. Of this amount, \$36.3 million reflects the consolidation of internal service fund activities related to enterprise funds. Key factors for the change are described below:

The City Light Utility realized a \$85.3 million change in total net position for 2016. Primary causes include higher retail electric sales attributable to rate increases, including the 1.5 percent rate surcharge. The net position change was also impacted by higher net short-term wholesale power revenues, and higher non-power operations and maintenance expenses.

Operating income generated \$107.4 million, down \$3.4 million, or 3.1 percent from 2015. Operating revenues remained relatively consistent at \$903.2 million, gaining 2.3 percent year over year. Although operating revenues were outpaced by operating expenses which increased \$23.7 million, and was the primary driving contributing to the year over year decline in the operating income. Retail power revenues were higher due to several factors including the 4.9 percent across-the-board rate increase effective January 1, 2016, the 0.9 percent Bonneville pass-through rate adjustment effective in October 2015, and the RSA rate surcharge, effective August 1, 2016. Even with lower power consumption from another year with overall warmer weather, retail power revenues generated \$788.0 million, an increase of \$51.4 million for 2016. Short-term wholesale power revenues remained consistent with \$62.9 million in revenues.

The Water Utility realized a \$43.3 million change in net position for 2016. Operating income remained relatively consistent at \$54.7 million, decreasing \$3.6 million year over year. 2016's operating revenues slightly decreased, \$614 thousand, a 0.2 percent decline from 2015. For 2016, the marginal decrease in operating revenues was disconnected from the growth of operating expenses, with fewer 2016 operating revenues supporting the \$3.0 million increase in operating expenses. Due to a decline in user consumption a decrease in direct service revenues of \$3.2 million continued to contribute to the overall drop in operating and other revenues. The decline of revenues was offset only by slight increases in wholesale revenues and rate stabilization transfers totaling \$2.5 million for 2016. Operating expenses also negatively impacting income, increasing \$3.0 million or 1.6 percent from 2015. The operating expense increases include \$2.6 million in general and administrative services, \$1.8 million in depreciation and amortization expense, \$729 thousand in utility systems management and \$559 thousand in planning and development. These increases were offset by decreases of \$1.9 million in field operations and \$919 thousand in taxes due.

The Drainage and Waste Water Utility realized a \$2.6 million change in net position for 2016. Operating revenues generated \$375.0 million, a 3.1 percent increase from 2015. Operating expenses totaled \$320.4 million, an \$18.3 million or 6.1 percent increase year over year. The additional operating expenditures were nearly 61.6 percent of the increase in operating revenues. For 2016 wastewater revenues had an average rate increase of 3.6 percent, generating an additional \$5.4 million revenue. Drainage revenues also increased \$5.9 million for an average rate increase of 9.9 percent. City and state business occupation tax increased by \$1.4 million as a result of the overall increase in taxable revenues. The income from the revenue gains were offset by an increase in the Utilities operating expense of \$3.7 million resulting from a 5.5 percent increase in King County's wastewater treatment rate. Overall the Utilities operations experienced a net increase in costs of \$8.9 million, primarily from an \$8.1 million increase in general and administrative division costs. The operating costs increases were offset by a decrease of \$733 thousand in field operations.

The Solid Waste Utility realized a \$9.6 million change in net position for 2016. Operating income generated \$183.7 million, a 5.1 percent increase from 2015. Operating expenses totaled \$170.8 million, remaining stable with only a 0.6 percent increase that added \$1.0 million to operating expenses. There were several key factors affecting the increase in operating revenues. There was an 5.9 percent rate increase for residential and commercial garbage, and composting services effective April 1, 2016. This resulted in residential and commercial solid waste collection service revenue gains of \$6.8 million, including \$4.7 million in residential garbage collection and \$2.1 million in commercial collection revenue. Additionally, there was a \$6.0 million increase in the solid waste disposal services costs due to a pricing change for the recycling costs in the Rabanco Disposal Services (Rabanco) contract. Due to a change in contract terms with Rabanco, the recycling revenues are now reported at gross (previous year's revenues were reported at net of expenses). These gains were offset by a transfer to the rate stabilization fund of \$6.6 million as compared to a \$2.5 million transfer in 2015, an increase of \$4.1 million.

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  
Page 1 of 2

REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY  
GOVERNMENTAL FUNDS  
(In Thousands)

	Major Funds					
	General Fund		Transportation Fund		Low-Income Housing Fund	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Taxes	\$ 1,047,643	\$ 987,815	\$ 134,381	\$ 84,791	\$ 17,878	\$ 17,934
Licenses and Permits	33,059	27,119	7,241	6,043	—	—
Grants, Shared Revenues, and Contributions	36,533	33,174	35,080	35,320	1,132	7,001
Charges for Services	61,386	61,637	104,541	71,989	20,193	27,037
Fines and Forfeits	32,096	32,769	165	258	—	—
Parking Fees and Space Rent	38,856	39,154	259	95	—	—
Program Income, Interest, and Miscellaneous Revenues	80,472	76,853	825	512	11,432	9,526
Total Revenues	1,330,045	1,258,521	282,492	199,008	50,635	61,498
<b>Expenditures</b>	1,021,753	942,699	404,971	400,184	32,809	30,146
<b>Other Financing Sources and Uses</b>						
Long-Term Debt Issued and Refunding Payments, Net	—	—	—	—	—	—
Sales of Capital Assets	96	18,275	—	—	—	—
Transfers In (Out)	(269,528)	(267,679)	149,020	185,825	—	—
Total Other Financing Sources and Uses	(269,432)	(249,404)	149,020	185,825	—	—
<b>Fund Balances</b>						
Nonspendable	401	474	1	515	—	—
Restricted	155,523	136,627	923	14,001	154,247	135,079
Committed	102,521	116,890	96,614	56,481	350	1,692
Assigned	28,646	5,767	—	—	—	—
Unassigned	155,290	143,763	—	—	—	—
Total Fund Balances	\$ 442,381	\$ 403,521	\$ 97,538	\$ 70,997	\$ 154,597	\$ 136,771

**Table A-3**  
**Page 2 of 2**

**REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**  
**GOVERNMENTAL FUNDS**  
**(In Thousands)**

	Nonmajor Funds			
	Special Revenue Funds		Debt Service Funds	
	2016	2015	2016	2015
<b>Revenues</b>				
Taxes	\$ 193,609	\$ 123,676	\$ 28,614	\$ 18,658
Licenses and Permits	1,443	976	—	—
Grants, Shared Revenues, and Contributions	77,711	76,150	983	978
Charges for Services	68,292	61,134	—	—
Fines and Forfeits	13,878	5,966	—	—
Parking Fees and Space Rent	29,332	27,837	351	349
Program Income, Interest, and Miscellaneous Revenues	3,664	7,763	977	999
Total Revenues	<u>387,929</u>	<u>303,502</u>	<u>30,925</u>	<u>20,984</u>
<b>Expenditures</b>	513,932	429,346	82,227	75,380
<b>Other Financing Sources and Uses</b>				
Long-Term Debt Issued and Refunding Payments, Net	—	—	—	—
Sales of Capital Assets	27	44	—	—
Transfers In (Out)	179,645	167,969	51,150	50,278
Total Other Financing Sources and Uses	<u>179,672</u>	<u>168,013</u>	<u>51,150</u>	<u>50,278</u>
<b>Fund Balances</b>				
Nonspendable	689	662	—	—
Restricted	173,669	128,799	11,395	11,547
Committed	12,428	10,774	—	—
Assigned	9,819	11,004	—	—
Unassigned	(3,192)	(11,496)	—	—
Total Fund Balances	<u>\$ 193,413</u>	<u>\$ 139,743</u>	<u>\$ 11,395</u>	<u>\$ 11,547</u>

	Nonmajor Funds				Total Governmental Funds	
	Capital Projects Funds		Permanent Funds		2016	2015
	2016	2015	2016	2015		
<b>Revenues</b>						
Taxes	\$ 69	\$ 259	\$ —	\$ —	\$ 1,422,194	\$ 1,233,133
Licenses and Permits	—	—	—	—	41,743	34,138
Grants, Shared Revenues, and Contributions	15,340	9,512	—	—	166,779	162,135
Charges for Services	—	3,259	—	—	254,412	225,056
Fines and Forfeits	15	16	—	—	46,154	39,009
Parking Fees and Space Rent	—	9	—	—	68,798	67,444
Program Income, Interest, and Miscellaneous Revenues	1,979	2,538	20	22	99,369	98,213
Total Revenues	<u>17,403</u>	<u>15,593</u>	<u>20</u>	<u>22</u>	<u>2,099,449</u>	<u>1,859,128</u>
<b>Expenditures</b>	87,239	61,954	5	11	2,142,936	1,939,720
<b>Other Financing Sources and Uses</b>						
Long-Term Debt Issued and Refunding Payments, Net	135,407	235,338	—	—	135,407	235,338
Sales of Capital Assets	—	912	—	—	123	19,231
Transfers In (Out)	(78,360)	(139,506)	—	—	31,927	(3,113)
Total Other Financing Sources and Uses	<u>57,047</u>	<u>96,744</u>	<u>—</u>	<u>—</u>	<u>167,457</u>	<u>251,456</u>
<b>Fund Balances</b>						
Nonspendable	—	—	2,050	2,050	3,141	3,701
Restricted	126,632	128,194	127	112	622,516	554,359
Committed	—	—	—	—	211,913	185,837
Assigned	—	—	—	—	38,465	16,771
Unassigned	(33,891)	(22,663)	—	—	118,207	109,604
Total Fund Balances	<u>\$ 92,741</u>	<u>\$ 105,531</u>	<u>\$ 2,177</u>	<u>\$ 2,162</u>	<u>\$ 994,242</u>	<u>\$ 870,272</u>

## 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 2016 the City's governmental funds generated \$2.099 billion in revenues, and recorded \$2.143 billion in expenditures. The 12.9 percent growth in revenue is driven by an overall increase in tax collections of \$189.1 million. Year over year expenditures remained relatively consistent with the expenditure increase, raising 10.5 percent, \$203.2 million. The City's governmental funds received a significant contribution from other financing sources and uses, totaling \$167.5 million for 2016. These resources offset the operating deficit and directly contributed to the 14.2 percent increase in the City's governmental fund balance which totals \$994.2 million at year-end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2016.

The General Fund accounts for 63.4 percent of revenues, and 47.7 percent of total governmental expenditures. The General Fund is the chief operating fund of the City. For the City's implementation of GASB Statement No. 73 the City's Firemen's Pension Fund and the Police Relief and Pension Fund are now reported with the City's General Fund. This is in addition to the Library Fund which has been reporting as part of the General Fund for the GAAP reporting. For comparability, all amounts presented for fiscal year 2015 and 2016 in this discussion and analysis reflect these change unless noted otherwise. Table A-4 provides a summary of activities for the general subfunds at year-end 2016.

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 non-major 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 \$97.5 million, 37.4 percent greater than reported for 2015. While expenditures grew at 1.2 percent, revenues increased 42.0 percent. The \$282.5 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services. The \$83.5 million increase in revenue collections relates directly to the Transportation Operating Fund's 58.5 percent increase in overall tax collections, and 45.2 percent gain in revenues from charges for services. Transportation Operating Fund's expenditures account for nearly 18.9 percent of all governmental fund expenditures, totaling \$405.0 million for 2016. The Fund's other financing sources contributed \$149.0 million of additional resources in 2016, declining 19.8 percent from 2015's level, a \$36.8 million total decrease in other financing support that partially offsets the growth 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. 2016 is the final year of collection from the seven-year housing levies approved by voters in 2009. The 2016 fund balance of \$154.6 million reflects another year with a significant increase, \$17.8 million, over 2015's balance. The change in fund balance was driven by relative stability in the funds expenditures, growing 8.8 percent to reach \$32.8 million, combined with the continued strength of revenue collections which totaled \$50.6 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. The 2016 Housing Levy, approved by Seattle voters in August 2016, authorizing an additional seven years of property tax levies, is projected to generate \$290.0 million over the life of the levy.

Revenues for the City's non-major governmental funds totaled \$436.3 million, increasing \$96.2 million, a 28.3 percent gain over 2015's collection of \$340.1 million. The overall net increase of revenue reported in the City's non-major governmental funds was a mix of both increases and decreases of revenues across the City's various non-major governmental fund types. The City's special revenue funds recorded an additional \$84.4 million of revenues for 2016, accounting for 88.9 percent of all non-major governmental fund revenues.

Seventeen of the City's twenty special revenue funds contributed to 2016's growth in revenues. Although for the second consecutive year the Human Services Operating Fund revenues declined. Receiving \$1.4 million less revenues in charges for services that relate to services supporting grant programs throughout the City.

For 2016 one additional fund is reported within the City's non-major special revenue funds, increasing the number reported to 21. The Election Vouchers Fund accounts for the expenditures of the Seattle Ethics and Elections Commission in administering a publicly

financed election program created by City of Seattle Initiative Measure 122 (voter approved on November 3, 2015). The fund receives revenues from Measure 122, the General fund, and other monies as authorized by Ordinance 124928. The Election Voucher Fund generated an additional \$3.0 million, or 1.5 percent of the \$387.9 million of total revenues collected by the City's special revenue funds in 2016.

Seattle Metropolitan Parks District Fund accounts for the independent taxing district created through voter approval and governed by the City Council. The District reported its first annual tax collections totaling \$47.6 million for the year. The fund started 2016 with unassigned fund balance in a deficit position of \$8.2 million. This fund deficit was temporary, with expenditures of \$24.3 million, consuming only 51.2 percent of resources. This fund reports a restricted fund balance of \$15.0 million at year-end 2016. The purpose of the district is to fund maintenance, operations, and improvements of parks, community centers, pools and other recreation facilities and programs through its power to levy and impose various taxes and fees.

Expenditures for non-major governmental funds totaled \$683.4 million for 2016, a 20.6 percent increase year over year. Special revenue funds accounted for \$84.4 million of the total change, and had similar year over year growth in expenditures of 19.7 percent. The overall net increase reported in expenditures for non-major governmental funds was a mix of a large increase in current operating costs, \$92.9 million, and smaller increases in the capital outlay and debt service expenditures. The year over year changes in expenditure classes were consistent across the City's various non-major governmental fund types.

The Alaska Way Seawall Construction Fund significantly decreased its activity in 2016. Transfers out to other funds for capital activity services, primarily transportation, decreased 46.6 percent year over year to total \$52.1 million in 2016 compared to \$130.4 million in 2015.

The Parks Capital Project fund reported for the first time in 2016 is supported by resources from the Seattle Metropolitan Parks District Fund. During 2016 this fund recorded total capital outlay of \$12.2 million, and receipts of reimbursement from the Seattle Metropolitan Parks District of \$11.7 million. The overall growth in revenues and expenditures were consistent and had little impact to the fund's balance at year end.

The overall fund balance for non-major governmental funds increased \$40.7 million. With special revenue funds contributing \$53.7 million to the Fund Balance, and the City's capital project funds consuming \$12.8 million of fund balance resources in 2016. The shifting income impacted overall ownership of the non-major governmental fund balance. In 2015 the capital project funds controlled 40.7 percent of the balance which dropped to 30.9 percent by year end 2016.

The total fund balance of the non-major governmental funds was \$299.7 million at year end 2016. Included in this amount are two capital project funds and one special revenue fund reporting deficit fund positions. Within the capital fund presentation the 2017 Multipurpose Long-Term General Obligation Bond reports a \$12.4 million deficit, Parks Capital Projects reports a \$46.7 thousand deficit, and Central Waterfront Improvement reports a \$18.5 million deficit for 2016. The one special revenue fund currently reporting a fund deficit is the Seattle StreetCar that ended the year with a \$3.2 million deficit balance.

Table A-4  
Page 1 of 2

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	\$ 971,103	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	23,700	—	—	—	9,359
Grants, Shared Revenues, and Contributions	29,109	—	—	15	—
Charges for Services	52,177	8,777	—	—	—
Fines and Forfeits	30,730	—	—	—	—
Parking Fees and Space Rent	38,097	—	—	13	—
Program Income, Interest, and Miscellaneous Revenues	4,670	120	—	97	131
<b>Total Revenues</b>	<b>1,149,586</b>	<b>8,897</b>	<b>—</b>	<b>125</b>	<b>9,490</b>
<b>Expenditures</b>	<b>813,771</b>	<b>14,181</b>	<b>—</b>	<b>7,002</b>	<b>9,666</b>
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	(320,941)	—	—	7,993	(530)
<b>Total Other Financing Sources and Uses</b>	<b>(320,941)</b>	<b>—</b>	<b>—</b>	<b>7,993</b>	<b>(530)</b>
<b>Fund Balances</b>					
Nonspendable	99	—	—	—	—
Restricted	888	—	—	—	—
Committed	3,249	3,482	—	2,633	3,750
Assigned	26,398	—	—	—	—
Unassigned	47,839	—	—	—	—
<b>Total Fund Balances</b>	<b>\$ 78,473</b>	<b>\$ 3,482</b>	<b>\$ —</b>	<b>\$ 2,633</b>	<b>\$ 3,750</b>

	Cumulative Reserve	Neighborhood Matching	Bluefield Habitat Maintenance	Development Rights	Emergency
<b>Revenues</b>					
Taxes	\$ 76,540	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	155	—	—	—	—
Charges for Services	181	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	181	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	870	—	2	—	—
<b>Total Revenues</b>	<b>77,927</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>—</b>
<b>Expenditures</b>	<b>28,905</b>	<b>3,654</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	96	—	—	—	—
Transfers In (Out)	(30,374)	3,217	—	—	5,807
<b>Total Other Financing Sources and Uses</b>	<b>(30,278)</b>	<b>3,217</b>	<b>—</b>	<b>—</b>	<b>5,807</b>
<b>Fund Balances</b>					
Nonspendable	1	—	—	—	—
Restricted	100,544	—	—	—	—
Committed	22,849	2,865	212	22	—
Assigned	—	—	—	—	—
Unassigned	47,446	—	—	—	60,005
<b>Total Fund Balances</b>	<b>\$ 170,840</b>	<b>\$ 2,865</b>	<b>\$ 212</b>	<b>\$ 22</b>	<b>\$ 60,005</b>

**Table A-4**  
**Page 2 of 2**

**REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**  
**GENERAL FUND SUBFUNDS**  
**(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	—	19	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	—	177	691	27,542
<b>Total Revenues</b>	<b>—</b>	<b>19</b>	<b>177</b>	<b>691</b>	<b>27,542</b>
<b>Expenditures</b>	<b>—</b>	<b>19</b>	<b>590</b>	<b>—</b>	<b>25,509</b>
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	—	—	—	—	—
<b>Total Other Financing Sources and Uses</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund Balances</b>					
Nonspendable	—	—	290	—	—
Restricted	—	—	—	—	40,540
Committed	—	125	5,739	2,087	33,259
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
<b>Total Fund Balances</b>	<b>\$ —</b>	<b>\$ 125</b>	<b>\$ 6,029</b>	<b>\$ 2,087</b>	<b>\$ 73,799</b>

					<b>Total General Fund</b>	
	Group Term Life Insurance	Library	Firemen's Pension	Police Relief and Pension	2016	Restated 2015
<b>Revenues</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 1,047,643	\$ 987,815
Licenses and Permits	—	—	—	—	33,059	27,119
Grants, Shared Revenues, and Contributions	—	6,249	1,005	—	36,533	33,174
Charges for Services	—	232	—	—	61,386	61,637
Fines and Forfeits	—	1,366	—	—	32,096	32,769
Parking Fees and Space Rent	—	565	—	—	38,856	39,154
Program Income, Interest, and Miscellaneous Revenues	5,287	193	18,778	21,914	80,472	76,853
<b>Total Revenues</b>	<b>5,287</b>	<b>8,605</b>	<b>19,783</b>	<b>21,914</b>	<b>1,330,045</b>	<b>1,258,521</b>
<b>Expenditures</b>	<b>5,298</b>	<b>73,198</b>	<b>19,394</b>	<b>20,566</b>	<b>1,021,753</b>	<b>942,699</b>
<b>Other Financing Sources and Uses</b>						
Sales of Capital Assets	—	—	—	—	96	18,274
Transfers In (Out)	—	65,300	—	—	(269,528)	(267,679)
<b>Total Other Financing Sources and Uses</b>	<b>—</b>	<b>65,300</b>	<b>—</b>	<b>—</b>	<b>(269,432)</b>	<b>(249,405)</b>
<b>Fund Balances</b>						
Nonspendable	—	11	—	—	401	474
Restricted	—	13,551	—	—	155,523	136,627
Committed	455	462	15,312	6,020	102,521	116,890
Assigned	—	2,248	—	—	28,646	5,767
Unassigned	—	—	—	—	155,290	143,763
<b>Total Fund Balances</b>	<b>\$ 455</b>	<b>\$ 16,272</b>	<b>\$ 15,312</b>	<b>\$ 6,020</b>	<b>\$ 442,381</b>	<b>\$ 403,521</b>

## 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 \$85.3 million in 2016 compared to \$90.5 million in 2015, a decrease of \$5.2 million or 5.7 percent. Primary causes include higher retail electric sales attributable to rate increases, including the 1.5 percent rate surcharge. The net position change was also impacted by higher net short-term wholesale power revenues, and higher non-power operations and maintenance expenses due to retro pay and COLA labor costs, and for the increase in pension expense.

Net cash provided by operating activities increased 10.0 percent to \$250.8 million in 2016, compared to \$228.1 million in 2015. Although current assets, cash, and investments decreased significantly, down 52.2 percent to \$72.9 million in 2016. Increased operating cash inflows resulted was a result of several factors. The first a 4.9 percent system average rate increase effective in January 2016, then a Bonneville Power Administration (Bonneville) 0.9 percent pass-through rate adjustment effective in October 2015. The higher cash inflows were offset by greater debt service payments, capital construction projects, and ongoing operations. Restricted assets decreased by \$43.1 million, 16.3 percent, to \$222.0 million in 2016 compared to \$265.1 million in 2015. During 2016 construction funds decreased by \$60.3 million and represent the balance of unspent proceeds from the 2016A Clean Renewable Energy Bonds issued in January.

Capital assets, net of accumulated depreciation and amortization, were \$3.215 billion and \$2.961 billion in 2016 and 2015, a significant increase of \$253.2 million. The majority of the Utilities' capital asset additions were in the distribution plant and construction work-in-progress. The net increase in capital assets was partially offset by a 7.9 percent increase in accumulated depreciation and amortization.

Total liabilities were \$2.903 billion in 2016 and \$2.733 billion in 2015, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payables were \$2.165 billion in 2016 and \$2.091 billion in 2015. The Department issued total new debt in the amount of \$309.6 million consisting of revenue bonds to fund a portion of the ongoing capital improvement program and refunding revenue bonds. Interest expense related to the utilities bonds remained relatively stable, reporting \$84.4 million in 2016 and \$84.7 million in 2015.

City Light's total net position was \$1.218 billion in 2016 and \$1.132 billion in 2015.

**Water Utility.** The Utility realized an operating income of \$54.7 million in 2016 compared to \$58.4 million in 2015. Operating revenues decreased by \$613.5 thousand and operating expenses increased by \$3.0 million between 2016 and 2015. The Utility realized a net income of \$43.3 million in 2016 compared to net income of \$38.2 million in 2015. The 13.2 percent growth in net income for 2016 was primarily due to increases in donated plant, capital contributions for other meters and services in capital grants. These increases were offset by increase in operating expenses and a decrease in capital contributions for connection charges and hydrants.

Net cash provided by operating activities increased to \$116.4 million in 2016 from \$124.0 million in 2015, a decrease of 6.2 percent totaling \$7.6 million. Total operating and restricted cash and investments dropped to \$111.2 million in 2016 compared to \$137.6 million in 2015, a decrease of 19.2 percent totaling \$26.4 million. This resulted from a decrease in the Utilities restricted cash and equity in pooled investments of \$23.2 million, which was used to fund plant assets and construction in progress.

Utility plant, net of accumulated depreciation, and other capital assets for the year ended December 31, 2016, amounted to \$1.277 billion, a 2.9 percent increase 2015. Capital outlays of \$76.6 million were offset by depreciation expenses of \$51.8 million. Major capital assets additions in 2016 included technology infrastructure improvements, rehabilitation, facility improvements and water reservoir coverings.

The Water Utility had \$810.0 million in outstanding revenue bonds in 2016 compared to \$851.6 million at year end 2015. The reduction in liabilities is directly due to annual interest and principal payments servicing the Utilities debt in 2016.

The increase in net investment in capital assets from additional utility plant assets in service and increases to the balance of construction in progress pushed the Water Utility's total net position to \$403.4 million in 2016 up from \$360.1 million in 2015.

**Drainage and Wastewater Utility.** The Utility realized an operating income of \$54.6 million in 2016 compared to \$61.7 million in 2015. Operating revenues increased by \$11.3 million, 3.1 percent, totaling \$375.0 million. Operating expenses increased 6.1 percent, growing \$18.3 million to total \$320.4 million for 2016.

The Utility realized a dramatic change in net income, falling 95.1 percent to \$2.6 million in 2016 compared to \$52.1 million in 2015. The dramatic change in net income is primarily due to an increase in environmental remediation expenses of \$61.2 million in 2016. In addition, the decrease in net position is due to an increase related to wastewater treatment costs driven by a 5.5 percent increase in King County's treatment rate.

Net cash provided by operating activities remained consistent, increasing 2.4 percent to \$86.7 million in 2016 compared to \$84.7 million in 2015. Total operating and restricted cash and investments were \$175.2 million in 2016 compared to \$128.5 million in 2015. This increase in cash and investments was primarily from proceeds from the sales of bonds and other long-term debt, net of principal payments on long-term debt and refunding.

Utility plant, net of accumulated depreciation, and other capital assets increased to \$1.062 billion in 2016 from \$947.9 million in 2015, a 12.1 percent increase. Capital outlays of \$116.6 million were offset by depreciation expenses of \$27.4 million.

The Drainage and Wastewater Utility had \$673.9 million outstanding revenue and refunding bond liabilities in 2016, as compared to \$600.7 million in 2015. Total liabilities, including revenue bonds, were \$1.044 billion in 2016 and \$872.9 million in 2015. The most significant factor affecting this change is the \$63.3 million increase to environmental liabilities along with additional liability increases of \$10.6 million to the net pension liability and various other liabilities.

Total net position for the Drainage and Wastewater Utility was \$332.5 million in 2016 and \$329.9 million in 2015. The slight increase resulted from two offsetting factors, the first was an additional net investment in capital assets of \$50.8 million, and the second was the drop of \$48.4 million in unrestricted net position due to the recording of additional environmental liabilities.

**Solid Waste Utility.** The Utility realized an operating income of \$12.9 million in 2016 compared to \$5.0 million in 2015. Operating revenues increased by \$8.9 million and operating expenses remained relatively stable, increasing 0.6 percent or \$1.0 million between 2016 and 2015. The Utility realized a net income of \$9.6 million in 2016 compared to \$1.4 million in 2015. The increase in net income in 2016 is driven by the 5.9 percent rate increase for residential and commercial garbage, and composting services effective April 1, 2016.

Net cash provided by operating activities was \$23.9 million, a 22.4 percent decrease in 2016 compared to the \$30.8 million reported in 2015. Total operating and restricted cash and investments were \$91.5 million in 2016 and \$85.4 million in 2015. The \$6.1 million increase in operating and restricted cash and investments results from a variety of causes. \$12.2 million increase is attributed to a transfer of operating cash to the rate stabilization account of 6.6 million, and the issuance of revenue and refunding bonds in 2016 resulting in a \$5.0 million increase in available construction funds.

The Solid Waste Utility had \$207.5 million outstanding revenue bond liabilities in 2016 compared to \$197.8 million in 2015. This increase of \$9.7 million is attributed to the issuance of \$35.3 million in new debt, a refunding of \$19.9 million and \$5.8 million scheduled principal payments for existing bond debt.

Total net position for the Solid Waste Utility was \$21.0 million in 2016 and \$11.3 million in 2015. The increase in net position was primarily the Utilities additional \$16.5 million of net investment in capital assets offset by the a \$7.1 million increase from from the additional pension liability as required by GASB Statement No.68 for reporting pensions.

### Fiduciary Funds

The City maintains fiduciary funds for the assets of the Seattle City Employees' Retirement System (SCERS), the S. L. Denny Private-Purpose Trust Fund, and various agency funds. Due to the City's implementation of GASB 73 the City's Firemen's Pension Fund and the Police Relief and Pension Fund are reported with the City's General Fund for 2016 and 2015's restated presentation. The net position of the combined fiduciary funds at the end of 2016 is \$2.489 billion; SCERS represents 99.99 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, 2016. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$175.5 million, 7.6 percent, during 2016. For year ending 2016 the member and employer contributions totaled \$180.2 million; net income from investment activity totaled \$189.7 million. Total benefit payment for 2016 increased by

\$9.6 million to \$169.0 million. In 2016 the number of retirees and beneficiaries receiving benefits was 6,382, which increased by 160, compared to 2015.

## 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. The General Fund in the budgetary discussion below includes the General Operating Fund and sixteen additional Council authorized General Subfunds, see table A-4 for additional details on General Subfund activities. Its also important to note that for budgetary comparisons purposes 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.

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

City Council passed the 2016 Adopted Budget (Ordinance 124927) authorizing \$5.1 billion of total budget appropriations for entirety of the City's annual operations, approximately a 5.9 percent increase year over year. This includes appropriations for expenditures, expenses and transfers of general operating support. Both the City's governmental and business activities are included in this total budget.

### **Expenditures and Other Financing Uses:**

The 2016 annually adopted budget for current expenditures, capital outlay, and transfers out from the General Fund totaled \$1.454 billion, The annual budgeted amount of transfers out account for 25.7 percent of all budgeted resources in the General Fund.

The General Fund's 2016 adopted appropriations for expenditures totaled \$1.081 billion, with \$101.5 million in carryforward budget expenditures and \$64.3 million of budget revisions for a final expenditure budget of \$1.247 billion. Actual expenditures against those budgets in 2016 totaled \$903.3 million, of which the City's General Operating Fund accounted for 90.1 percent of those total expenditures.

The General Fund's carryforward budget expenditures of \$101.5 million are comprised of \$26.4 million from the General Operating Fund and \$75.1 million from the General Subfunds. Carryforward budgets for capital outlay account for 86.5 percent or \$87.8 million.

The General Fund's budgeted revisions of expenditures totaled \$64.3 million, comprised of \$56.0 million from the General Operating Fund and \$8.3 million from the General Subfunds. Revisions for current expenditure budgets accounted for 90.5 percent or \$58.2 million of the total budget revisions. All budget revisions are passed through City council ordinance.

### **Revenues and Other Financing Sources:**

The 2016 annually adopted budget estimated total revenues and transfers into the General Fund at \$1.440 billion. The annual budgeted amount of taxes accounts for 69.5 percent of all budgeted available resources in the General Fund. The General Fund actual tax collections totaled \$1.048 billion or 103.7 percent of the estimated amount.

The General Fund's 2016 adopted revenue estimates totaled \$1.408 billion, with \$25.0 million of carryforward budget revenues and \$18.7 million of budget revisions for a final revenue estimate \$1.452 billion . Actual revenue collections against those budgets estimates in 2016 totaled \$1.274 billion, of which the City's General Operating Fund accounted for 90.2 percent of those total expenditures.

The General Fund's carryforward revenue estimate of \$25.0 million is comprised of \$18.8 million from the General Operating Fund and \$6.2 million from the General Subfunds. Carryforward revenue budgets for grant activity account for 85.7 percent or \$21.4 million.

The General Fund's revised revenue estimates authorized by legislation totaled \$18.7 million, comprised of \$17.8 million from the General Operating Fund. Budget revisions associated with grant activity account for 92.1 percent or \$17.3 million.

When considering additional budgets for general support transferred and other subfund expenditures reporting within the General Fund's presentation, 2016's total appropriation budget for the General Fund was \$1.247 billion. The final revised budget for expenditures in the General Operating Fund in 2016 was \$860.7 million, with appropriations for transfers of general operating support accounting for an additional \$350.0 million of budgeted resources. For additional budget to actual details on all programs within the General Fund schedule D11 presents a compilation of programs from the General Operating Fund and the General Subfunds. The most significant program changes are highlighted below.

Executive department expenditures increased in-line with budget projections, increasing \$16.1 million or 38.5 percent year over year. An eighth executive office was added to the executive programs in 2016. The addition of the Office of Planning and Community Development resulted from the re-organization of the Department of Planning, accounts for 53.9 percent of the total increase in program costs. These \$8.7 million costs were previously budgeted and expensed in the City's non-major enterprise fund.

The General Fund's budget for the public safety function increased 4.2 percent in 2016, totaling \$621.0 million. The actual costs of current expenditures and capital outlay of the City's public safety function totaled \$595.6 million, consuming 95.9 percent of the resources budgeted for 2016, of which 98.9 percent is for current operations and 1.1 percent on capital outlay. The 4.2 percent year over year increase in current expenditures totaling \$23.7 million was in line with the budgeted increase. Detailed information on the City's two major public safety departments follows:

The Police Department's 2016 final budget was \$335.7 million, a 3.3 percent increase from the 2015 budget level. The Department expended 96.2 percent of its budget during the year, with actual expenditures increasing 3.1 percent, from \$312.3 million in 2015 to \$322.3 million in 2016. Overall expenditures were relatively stable. Although a significant change between the budgets of several divisions reflected organization changes. The Chief of Staff and the Professional Standards programs saw expenditures increase year over year by \$58.9 million, while the Deputy Chief Operations and Special Operation Bureau reported \$54.1 million less in expenditures for 2016. Patrol operations were budgeted at \$121.8 million for all five city precincts, a 4.9 percent decrease from 2015's budget. Patrol operations for 2016 consumed 99.5 percent of the budgeted resources and accounted for 37.6 percent of the entire Department's annual operating costs.

The Fire Department's 2016 final budget was \$207.2 million, a 6.0 percent increase from the 2015 budget level of \$194.8 million. The Department expended 95.2 percent of its budget during the year, with actual expenditures increasing \$13.4 million, from \$185.4 million in 2015 to \$198.8 million in 2016. Fire Operations for 2016 consumed 97.7 percent of the \$161.6 million in budgeted resources and accounted for 81.3 percent of the entire Department's annual operating costs. Of the remaining budget, \$6.7 million will carryforward into 2017 for grant purposes.

For 2016 the General Fund reports budgeted revenues of \$1.497 billion, a 8.0 percent increase, \$119.1 million larger than 2015's total budget. The General Operating Fund alone accounts for 78.7 percent or \$1.147 billion of this total budget. For 2016 the General Operating Fund collected 100.2 percent of the budgeted revenue estimate.

## 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 573,101	\$ 572,081	\$ 169,536	\$ 167,712	\$ 742,637	\$ 739,793
Plant in Service, Excluding Land	—	—	4,871,176	4,482,056	4,871,176	4,482,056
Buildings and Improvements	1,529,177	1,547,815	—	26,057	1,529,177	1,573,872
Machinery and Equipment	192,837	126,685	72	441	192,909	127,126
Infrastructure	1,152,872	1,031,128	—	—	1,152,872	1,031,128
Construction in Progress	798,377	813,955	668,983	646,162	1,467,360	1,460,117
Other Capital Assets	17,743	16,428	78,359	77,901	96,102	94,329
Total Capital Assets	\$ 4,264,107	\$ 4,108,093	\$ 5,788,126	\$ 5,400,329	\$ 10,052,232	\$ 9,508,422

Capital assets, net of depreciation for governmental activities increased by \$155.9 million. Major increases included the following:

The Department of Transportation capitalized \$180.4 million for various infrastructure assets (roads, bridges, sidewalks, signs, illuminations, and others). Construction in progress decreased due the completion of the Seattle Streetcar amounting to \$33.6 million. The Department of Parks and Recreation capitalized \$19.7 million for various community parks improvements, renovation and restorations including the West Seattle Reservoir Development and Volunteer Park Conservatory. The Seattle Information and Technology Department capitalized \$37.4 million of various information and technology equipment, a majority for the New Generation Data Center.

Capital assets, net of depreciation, for business-type activities increased by \$387.8 million. Major increases included the following:

Seattle City Light capital assets, net of accumulated depreciation and amortization, increased by \$253.2 million in 2016. This increase was primarily comprised of \$25.5 million for hydroelectric production plant, \$113.2 million of distribution plant and \$29.9 million of general plant assets. The value of the Utilities intangible assets increased by \$61.7 million due to the addition of new software. There also continues significant construction efforts currently underway, with the overall reported increase in construction in progress totaling \$72.7 million for 2016.

The Drainage and Wastewater Utility's net capital assets also increased, adding \$114.3 million in 2016. Capital assets placed in service during 2016 consisted of a \$13.8 million investment for the replacement of customer service billing system. Reducing the combined sewer overflows in the Leschi basin and implementation of the Ballard Natural Drainage System accounted for an additional \$14.1 million of capital activity coming into service in 2016.

The Water Utility's net capital asset for the year ended 2016 with a \$35.5 million increase. New technology infrastructure improvements totaling \$16.4 million, improvements to the distribution infrastructure system costing \$13.2 million, water infrastructure improvements and rehabilitation projects added \$12.2 million, and improvements to the Alaskan Way Viaduct and Seawall utilities totaling \$10.7 million comprise the majority of the increase in net capital assets.

The Solid Waste Utility's net capital assets totaled \$227.7 million for 2016, 10.7 percent increase over 2015. The capital assets placed in serviced represents \$114.4 million for the North Transfer Station, and \$14.0 million for the new customer billing system. The Solid Waste Utility spent \$28.5 million for construction projects in 2016. A large number of the Utilities' construction projects were multi-year projects and \$131.3 million related to these projects were capitalized as assets in 2016.

Due to the sale of Pacific Place Garage land and building the assets of the City's non-major enterprise funds dropped \$39.2 million year over year and the fund is planned to be permanently closed in 2017.

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

## **DEBT ADMINISTRATION**

At the end of the fiscal year 2016 the City had \$4.819 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.740 billion in 2015. This represents an increase of approximately \$79.0 million, 1.7 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 \$7.5 million. In 2016 LTGO and UTGO bonds were issued to finance various capital improvement projects including Alaskan Way Corridor, Seawall, Fire Stations, Precinct, Pike Place Market and other IT projects. In addition, the part of the 2016 LTGO bonds proceeds were used for the partial refunding of the 2006 and 2009 bonds.

The City also issued revenue bonds: \$309.6 million for the Light Fund, \$160.9 million for the Wastewater Fund and \$35.3 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 2016 UTGO bonds were 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 2016 LTGO bonds were rated Aa1 by Moody's, AA+ by Fitch, and AAA by S&P. Subsequently, however, the City's credit rating on its LTGO bonds was upgraded by the three rating agencies in 2017. As such, the City's 2017 LTGO bonds are now rated Aaa by Moody's Investors Service (Moody's), AAA by Fitch Ratings (Fitch), and AAA by Standard & Poor's (S&P). In addition, the City's utilities have stellar credit ratings for revenue debt, reflecting sound finances and good management.

The City's limited and unlimited general obligation debt is capped at 7.5 percent of the assessed value of taxable properties by state law. The 2016 assessed value based on the latest report for the City is \$186.325 billion. At the end of 2016 the net outstanding general obligation debt of the City that includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.127 billion, well below the limit of \$13.974 billion, rendering the City's legal debt margin at \$12.847 billion for year-end 2016. Within the 7.5 percent limitation, state law restricts outstanding LTGO bonds to 1.5 percent of assessed value. At year end 2016 the LTGO net outstanding debt was \$819.0 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 \$101.2 million (\$72.5 million for governmental activities and \$28.6 million for business-type activities) at the end of the year. In addition, City utilities and Department of Parks and Recreation recognized a combined \$218.5 million in estimated environmental liabilities. Other obligations were accrued for compensation absences related to sick leave and other notes and contracts. The other notes and contracts included draws from the State's Public Works Trust Loan (PWTL) Program which are serviced with revenues from two participating City departments, one with a governmental type fund and one whose PWTL 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**

**U.S. Economy.** The nation's recovery from the Great Recession is now eight years old, making it the third longest expansion in the post-World War II period. The average length of post-war expansions is five years. Although employment growth during the recovery has been relatively strong, on many dimensions, including gross domestic product (GDP) growth, wage gains, and productivity, the recovery has disappointed. Real GDP growth has averaged 2.1 percent per year, the slowest pace of any post-war expansion.

Forecasters expect the economy to continue expanding at a modest pace, with real GDP growing at a two to two-and-a-half percent rate. Most forecasters do not see a recession on the horizon, at least in the short-term. Most expansions end when the economy overheats, which causes a rise in inflation, which in turn spurs the Federal Reserve to raise interest rates to slow the economy. Thanks in large part to the depth of the Great Recession and the weakness of the recovery, there are few signs that the economy is overheating. There is probably more risk to the U.S. recovery from forces outside of the U.S. than from domestic factors.

**Seattle metropolitan area economy.** Since the Great Recession ended in June 2009, the Seattle metro area economy has outperformed the national economy by a considerable margin. This is reflected in the region's healthy job growth and low unemployment rate. Seattle metro area (King and Snohomish Counties) employment has grown at a 2.7 percent annual rate during the recovery, compared to 1.7 percent for the nation. In May 2017, the unemployment rate for the Seattle metro area was 3.3 percent, compared to 4.3 percent for the U.S and 4.5 percent for Washington state. The region has also outpaced the U.S. in both income and wage growth during the recovery.

Industries instrumental in the region's recovery include aerospace, professional, scientific, and technical services, software publishers, 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 since then. In 2016, the rate of decline accelerated as the Boeing Company, the region's largest employer, cut over 7,300 jobs during the year in an effort to contain costs. The software industry, which includes Microsoft, has added 9,600 jobs from its low point in late 2009. 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 30,000 jobs at a relatively steady pace during the current expansion.

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 value of permits issued for construction activity in Seattle increased from \$1.5 billion in 2010 to \$3.8 billion in 2015 and \$3.6 billion in 2016.

With the aerospace industry now cutting jobs and signs that construction is at its peak, employment growth is predicted to slow going forward. 2016 is expected to be the peak year for employment growth during the current cycle, at 3.3 percent. The Puget Sound Economic Forecaster predicts employment growth will slow to 2.5 percent in 2017 and average a modest 1.5 percent per year over the next five years. Personal income growth is forecast to average 5.0 percent per year over the next five years, 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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**STATEMENT OF NET POSITION**  
**December 31, 2016**  
*(In Thousands)*

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2016	Restated 2015	
<b>ASSETS</b>					
<i>Current Assets</i>					
Operating Cash and Equity in Pooled Investments	\$ 982,807	\$ 339,619	\$ 1,322,426	\$ 1,224,227	\$ 6,894
Restricted Cash and Equity in Pooled Investments	4,691	—	4,691	12,178	—
Investments	—	—	—	—	60,901
Receivables, Net of Allowances	127,832	253,749	381,581	344,585	—
Internal Balances	24,459	(24,459)	—	—	—
Due from Other Governments	96,572	15,343	111,915	111,504	—
Inventories	2,660	42,943	45,603	43,292	—
Prepaid and Other Current Assets	2,292	4,117	6,409	3,408	846
<b>Total Current Assets</b>	<b>1,241,313</b>	<b>631,312</b>	<b>1,872,625</b>	<b>1,739,194</b>	<b>68,641</b>
<i>Noncurrent Assets</i>					
Restricted Cash and Equity in Pooled Investments	43,031	403,623	446,654	483,123	—
Contracts and Notes	7,758	1,424	9,182	10,117	—
Conservation Costs, Net	—	284,624	284,624	275,337	—
Landfill Closure and Postclosure Costs, Net	—	10,994	10,994	12,326	—
Environmental Costs and Recoveries	—	72,938	72,938	33,286	—
Net Pension Asset	124,652	—	124,652	188,042	—
Regulatory Asset	—	16,775	16,775	17,520	—
Other Charges and Noncurrent Assets	—	114,541	114,541	118,905	—
Capital Assets, Net of Accumulated Depreciation					
Land and Land Rights	573,101	169,536	742,637	739,793	—
Plant in Service, Excluding Land	—	4,871,176	4,871,176	4,482,056	—
Buildings and Improvements	1,529,177	—	1,529,177	1,573,872	—
Machinery and Equipment	192,837	72	192,909	127,127	—
Infrastructure	1,152,872	—	1,152,872	1,031,128	—
Construction in Progress	798,377	668,983	1,467,360	1,460,117	—
Other Capital Assets	17,743	78,359	96,102	94,329	1
<b>Total Noncurrent Assets</b>	<b>4,439,548</b>	<b>6,693,045</b>	<b>11,132,593</b>	<b>10,647,078</b>	<b>1</b>
<b>Total Assets</b>	<b>5,680,861</b>	<b>7,324,357</b>	<b>13,005,218</b>	<b>12,386,272</b>	<b>68,642</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	199,750	192,059	391,809	696,550	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>5,880,611</b>	<b>7,516,416</b>	<b>13,397,027</b>	<b>13,082,822</b>	<b>68,642</b>

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

STATEMENT OF NET POSITION  
December 31, 2016  
(In Thousands)

	Primary Government				
	Governmental Activities	Business-Type Activities	Comparative Totals		Component Units
			2016	Restated 2015	
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	\$ 163,035	\$ 62,433	\$ 225,468	\$ 235,286	\$ 1,832
Salaries, Benefits, and Taxes Payable	46,228	21,027	67,255	65,055	—
Contracts Payable	5,083	—	5,083	5,453	—
Due to Other Governments	7,280	12,789	20,069	20,131	—
Interest Payable	7,560	53,901	61,461	65,337	—
Taxes Payable	45	9,550	9,595	10,967	—
Unearned Revenues	14,952	41,553	56,505	49,245	—
Current Portion of Long-Term Debt					
Bonds Payable	81,400	178,690	260,090	250,105	—
Compensated Absences Payable	20,320	3,725	24,045	25,600	—
Notes and Contracts Payable	1,578	2,348	3,926	4,108	—
Claims Payable	22,238	16,890	39,128	49,802	—
Habitat Conservation Program Liability	—	968	968	906	—
Landfill Closure and Postclosure Liability	—	1,643	1,643	1,522	—
Other Current Liabilities	2,681	10,961	13,642	6,249	—
Total Current Liabilities	372,400	416,478	788,878	789,766	1,832
<i>Noncurrent Liabilities</i>					
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	1,018,528	3,962,410	4,980,938	4,851,971	—
Special Assessment Bonds with Governmental Commitment	7,505	—	7,505	8,825	—
Compensated Absences Payable	71,312	28,849	100,161	103,975	—
Claims Payable	50,666	229,888	280,554	178,856	—
Notes and Contracts Payable	9,525	37,785	47,310	47,619	—
Landfill Closure and Postclosure Liability	—	13,062	13,062	14,163	—
Vendor Deposits Payable	156	2,697	2,853	2,049	—
Habitat Conservation Program Liability	—	7,792	7,792	7,156	—
Unearned Revenues	—	26,832	26,832	25,778	—
Arbitrage Rebate Liability	—	—	—	9	—
Unfunded Other Post Employment Benefits	133,710	16,116	149,826	132,530	—
Net Pension Liability	704,010	593,973	1,297,983	1,106,800	—
Other Noncurrent Liabilities	2,925	513	3,438	3,444	—
Total Noncurrent Liabilities	1,998,337	4,919,917	6,918,254	6,483,175	—
Total Liabilities	2,370,737	5,336,395	7,707,132	7,272,941	1,832
<b>DEFERRED INFLOWS OF RESOURCES</b>	7,205	165,812	173,017	666,837	—

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

**STATEMENT OF NET POSITION**  
**December 31, 2016**  
*(In Thousands)*

	Primary Government				
	Governmental Activities	Business-Type Activities	Comparative Totals		Component Units
			2016	Restated 2015	
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 3,269,646	\$ 2,186,129	\$ 5,455,775	\$ 5,060,380	\$ 1
Restricted for					
Debt Service	11,395	—	11,395	11,548	—
Capital Projects	145,717	—	145,717	210,572	140
Rate Stabilization Account	—	25,000	25,000	25,000	—
Education and Development Services	53,174	—	53,174	50,251	16,487
Conservation and Environmental Costs	—	8,148	8,148	7,496	—
External Infrastructure Costs	—	7,232	7,232	7,218	—
Other Charges	—	19,195	19,195	19,479	—
Health Care Reserve	38,188	—	38,188	29,980	—
Transportation Programs	29,834	—	29,834	14,001	—
Low-Income Housing Programs	154,247	—	154,247	135,079	—
Other Purposes	190,441	—	190,441	102,926	113
Nonexpendable	2,050	—	2,050	2,050	30,831
Unrestricted	(392,023)	(231,495)	(623,518)	(532,936)	19,238
<b>Total Net Position</b>	<b>3,502,669</b>	<b>2,014,209</b>	<b>5,516,878</b>	<b>5,143,044</b>	<b>66,810</b>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,880,611	\$ 7,516,416	\$ 13,397,027	\$ 13,082,822	\$ 68,642

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

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**  
*(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	\$ 247,400	\$ (20,962)	\$ 109,478	\$ 16,659	\$ 30
Judicial	32,025	—	29,578	165	—
Public Safety	576,208	1,423	24,472	13,964	—
Physical Environment	12,558	—	13	3,432	—
Transportation	271,601	5,265	70,878	22,058	18,393
Economic Environment	175,133	—	36,464	29,716	449
Health and Human Services	104,687	—	525	40,121	—
Culture and Recreation	330,984	—	75,832	8,741	12,204
Interest on Long-Term Debt	42,942	—	—	—	—
Total Governmental Activities	1,793,538	(14,274)	347,240	134,856	31,076
<b>BUSINESS-TYPE ACTIVITIES</b>					
Light	853,871	5,058	901,276	2,529	38,399
Water	225,678	2,310	251,244	265	18,393
Drainage and Wastewater	332,686	2,365	371,040	1,054	30,205
Solid Waste	167,132	825	177,061	604	—
Planning and Development	64,248	3,716	79,246	131	—
Downtown Parking Garage	5,222	—	5,355	—	—
Fiber Leasing	8	—	8	—	—
Total Business-Type Activities	1,648,845	14,274	1,785,230	4,583	86,997
Total Government-Wide Activities	\$ 3,442,383	\$ —	\$ 2,132,470	\$ 139,439	\$ 118,073
<b>COMPONENT UNITS</b>	\$ 13,210	\$ —	\$ 344	\$ 11,675	\$ —

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

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Net Revenue (Expense) and Changes in Net Position				
	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Comparative Totals		
			2016	2015	
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ (100,271)	\$ —	\$ (100,271)	\$ (88,752)	
Judicial	(2,282)	—	(2,282)	1,705	
Public Safety	(539,195)	—	(539,195)	(492,260)	
Physical Environment	(9,113)	—	(9,113)	(3,398)	
Transportation	(165,537)	—	(165,537)	(109,295)	
Economic Environment	(108,504)	—	(108,504)	(59,570)	
Health and Human Services	(64,041)	—	(64,041)	(57,438)	
Culture and Recreation	(234,207)	—	(234,207)	(197,308)	
Interest on Long-Term Debt	(42,942)	—	(42,942)	(32,694)	
<b>Total Governmental Activities</b>	<b>(1,266,092)</b>	<b>—</b>	<b>(1,266,092)</b>	<b>(1,039,010)</b>	
<b>BUSINESS-TYPE ACTIVITIES</b>					
Light	—	83,275	83,275	86,897	
Water	—	41,914	41,914	34,347	
Drainage and Wastewater	—	67,248	67,248	55,181	
Solid Waste	—	9,708	9,708	1,637	
Planning and Development	—	11,413	11,413	814	
Downtown Parking Garage	—	133	133	484	
Fiber Leasing	—	—	—	(23)	
<b>Total Business-Type Activities</b>	<b>—</b>	<b>213,691</b>	<b>213,691</b>	<b>179,337</b>	
<b>Total Government-Wide Activities</b>	<b>(1,266,092)</b>	<b>213,691</b>	<b>(1,052,401)</b>	<b>(859,673)</b>	
<b>COMPONENT UNITS</b>					<b>\$ (1,192)</b>
<b>General Revenues</b>					
Property Taxes	542,853		542,853	420,691	—
Sales Taxes	263,285		263,285	239,189	—
Business Taxes	482,850		482,850	454,086	—
Excise Taxes	114,627		114,627	101,098	—
Other Taxes	19,009		19,009	17,733	—
Unrestricted Investment Earnings (Loss)	9,080	12,807	21,887	23,140	4,138
Gain on Sale of Capital Assets	(191)	48,102	47,911	11,838	—
Special Item - Environmental Remediation	—	(66,187)	(66,187)	(4,975)	—
Transfers	15,469	(15,469)	—	—	—
<b>Total General Revenues (Loss), Special Item, and Transfers</b>	<b>1,446,982</b>	<b>(20,747)</b>	<b>1,426,235</b>	<b>1,262,800</b>	<b>4,138</b>
Changes in Net Position	180,890	192,944	373,834	403,127	2,946
Net Position - Beginning of Year	3,321,779	1,821,265	5,143,044	5,579,838	63,864
Restatements/Prior-Year Adjustments	—	—	—	(839,921)	—
Net Position - Beginning of Year as Restated	3,321,779	1,821,265	5,143,044	4,739,917	63,864
<b>Net Position - End of Year</b>	<b>\$ 3,502,669</b>	<b>\$ 2,014,209</b>	<b>\$ 5,516,878</b>	<b>\$ 5,143,044</b>	<b>\$ 66,810</b>

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

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# **Fund Financial Statements**

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## **MAJOR GOVERNMENTAL FUNDS**

The **General Fund** is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from property, sales, business, and utility taxes.

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.

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016  
(In Thousands)**

	General Fund	Transportation	Low-Income Housing	Other Governmental	Comparative Totals	
					2016	Restated 2015
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 359,510	\$ 44,580	\$ 157,131	\$ 396,360	\$ 957,581	\$ 824,324
Receivables, Net of Allowances	86,072	8,987	626	28,961	124,646	112,991
Due from Other Funds	20,244	51,180	390	14,475	86,289	69,821
Due from Other Governments	62,064	11,473	53	22,957	96,547	100,506
Interfund Loans and Advances	1,250	22,001	—	16,321	39,572	36,432
Other Current Assets	352	(38)	—	721	1,035	1,544
<b>Total Assets</b>	<b>529,492</b>	<b>138,183</b>	<b>158,200</b>	<b>479,795</b>	<b>1,305,670</b>	<b>1,145,618</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 529,492</b>	<b>\$ 138,183</b>	<b>\$ 158,200</b>	<b>\$ 479,795</b>	<b>\$ 1,305,670</b>	<b>\$ 1,145,618</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 36,675	\$ 23,835	\$ 1,841	\$ 51,537	\$ 113,888	\$ 111,260
Contracts Payable	86	4,212	—	785	5,083	5,454
Salaries, Benefits, and Taxes Payable	27,559	4,426	—	7,277	39,262	34,753
Due to Other Funds	12,839	2,537	1,431	59,192	75,999	56,843
Due to Other Governments	2,068	—	—	5,198	7,266	7,360
Revenues Collected in Advance	3,496	4,181	—	7,274	14,951	13,953
Interfund Loans and Advances	—	—	—	38,322	38,322	28,790
Other Current Liabilities	617	444	52	985	2,098	1,510
<b>Total Liabilities</b>	<b>83,340</b>	<b>39,635</b>	<b>3,324</b>	<b>170,570</b>	<b>296,869</b>	<b>259,923</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,771</b>	<b>1,010</b>	<b>279</b>	<b>9,499</b>	<b>14,559</b>	<b>15,423</b>
<b>FUND BALANCES</b>						
Nonspendable	\$ 401	\$ 1	\$ —	\$ 2,739	\$ 3,141	\$ 3,701
Restricted	155,523	923	154,247	311,823	622,516	554,359
Committed	102,521	96,614	350	12,428	211,913	185,837
Assigned	28,646	—	—	9,819	38,465	16,771
Unassigned	155,290	—	—	(37,083)	118,207	109,604
<b>Total Fund Balances</b>	<b>442,381</b>	<b>97,538</b>	<b>154,597</b>	<b>299,726</b>	<b>994,242</b>	<b>870,272</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 529,492</b>	<b>\$ 138,183</b>	<b>\$ 158,200</b>	<b>\$ 479,795</b>	<b>\$ 1,305,670</b>	<b>\$ 1,145,618</b>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016  
(In Thousands)**

	Comparative Totals	
	2016	Restated 2015
Governmental Fund Balance	\$ 994,242	\$ 870,272
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.	\$ 3,538,676	\$ 3,381,731
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,600	10,459
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.	394,486	419,713
Net pension asset net of pension obligations	124,652	168,446
Deferred inflows and outflows of resources	172,041	53,661
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	(13,298)	(14,669)
Accrued Interest Payable	(5,367)	(6,000)
Current Portion of Long-Term Debt	(56,411)	(52,412)
Compensated Absences Payable	(19,414)	(19,897)
General Obligation Bonds Payable	(715,581)	(671,702)
Less Bond Discount and Premium	(66,528)	(56,496)
Special Assessment Bonds	(7,505)	(8,825)
Net Pension Liability	(582,280)	(493,179)
Notes and Other Long-Term Liabilities	(14,662)	(17,089)
Compensated Absences - Long-Term	(62,659)	(64,269)
Claims Payable - Long-Term	(32,455)	(37,610)
Workers' Compensation	(25,050)	(27,126)
Arbitrage	—	(9)
Unfunded Other Post Employment Benefits	(129,818)	(113,220)
Net Adjustments	2,508,427	2,451,507
Net Position of Governmental Activities	\$ 3,502,669	\$ 3,321,779

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

**B-4 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	General Fund	Transportation	Low-Income Housing	Other Governmental	Comparative Totals	
					2016	Restated 2015
<b>REVENUES</b>						
Taxes	\$ 1,047,643	\$ 134,381	\$ 17,878	\$ 222,292	\$ 1,422,194	\$ 1,233,133
Licenses and Permits	33,059	7,241	—	1,443	41,743	34,138
Grants, Shared Revenues, and Contributions	36,533	35,080	1,132	94,034	166,779	162,132
Charges for Services	61,386	104,541	20,193	68,292	254,412	225,056
Fines and Forfeits	32,096	165	—	13,893	46,154	39,009
Concessions, Parking Fees and Space Rent	38,856	259	—	29,683	68,798	67,444
Program Income, Interest, and Miscellaneous Revenues	80,472	825	11,432	6,640	99,369	98,215
<b>Total Revenues</b>	<b>1,330,045</b>	<b>282,492</b>	<b>50,635</b>	<b>436,277</b>	<b>2,099,449</b>	<b>1,859,127</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	232,266	—	—	32,018	264,284	224,721
Judicial	31,519	—	—	—	31,519	29,351
Public Safety	588,834	—	—	1,847	590,681	577,106
Physical Environment	13,116	—	—	459	13,575	7,314
Transportation	9,890	162,931	—	54,845	227,666	155,689
Economic Environment	31,626	—	32,809	115,396	179,831	141,721
Health and Human Services	—	—	—	104,209	104,209	96,268
Culture and Recreation	80,620	—	—	225,366	305,986	268,979
<b>Capital Outlay</b>						
General Government	12,450	—	—	16,892	29,342	29,958
Public Safety	6,378	—	—	15,149	21,527	13,097
Transportation	—	240,216	—	—	240,216	278,151
Economic Environment	7	—	—	—	7	—
Culture and Recreation	15,044	—	—	32,346	47,390	35,712
<b>Debt Service</b>						
Principal	2	1,723	—	51,583	53,308	50,709
Interest	1	101	—	32,666	32,768	28,999
Bond Issuance Cost	—	—	—	627	627	1,946
<b>Total Expenditures</b>	<b>1,021,753</b>	<b>404,971</b>	<b>32,809</b>	<b>683,403</b>	<b>2,142,936</b>	<b>1,939,721</b>
Excess (Deficiency) of Revenues over Expenditures	308,292	(122,479)	17,826	(247,126)	(43,487)	(80,594)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	—	—	145,139	145,139	350,255
Premium on Bonds Issued	—	—	—	22,177	22,177	40,113
Payment to Refunded Bond Escrow Agent	—	—	—	(31,909)	(31,909)	(155,030)
Sales of Capital Assets	96	—	—	27	123	19,231
Transfers In	48,771	177,871	—	324,110	550,752	498,582
Transfers Out	(318,299)	(28,851)	—	(171,675)	(518,825)	(501,695)
<b>Total Other Financing Sources (Uses)</b>	<b>(269,432)</b>	<b>149,020</b>	<b>—</b>	<b>287,869</b>	<b>167,457</b>	<b>251,456</b>
<b>Net Change in Fund Balance</b>	<b>38,860</b>	<b>26,541</b>	<b>17,826</b>	<b>40,743</b>	<b>123,970</b>	<b>170,862</b>
Fund Balances - Beginning of Year	403,521	70,997	136,771	258,983	870,272	679,565
Restatements/Prior-Year Adjustments	—	—	—	—	—	19,845
Fund Balances - Beginning of Year as Restated	403,521	70,997	136,771	258,983	870,272	699,410
<b>Fund Balances - End of Year</b>	<b>\$ 442,381</b>	<b>\$ 97,538</b>	<b>\$ 154,597</b>	<b>\$ 299,726</b>	<b>\$ 994,242</b>	<b>\$ 870,272</b>

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

**B-5 RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016  
(In Thousands)**

	Comparative Totals	
	2016	Restated 2015
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 123,970	\$ 170,862
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	(118,345)	(116,042)
Capital outlay reported as expenditures	275,669	302,294
Retirement and sale of capital assets	(6)	(11,540)
Capital assets received as donations	2,188	2,417
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	(2,587)	2,582
Reduction of long-term receivable	(831)	985
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	(144,691)	(350,255)
Premium on general obligation bonds	(22,177)	(40,113)
Principal payments bonds/notes	53,262	50,677
Amortization of bond premium	7,679	7,065
Amortization of loss on refunding	(1,549)	(1,454)
Minimum capital lease payments	29	49
Bond interest	612	(192)
Remittance to refunding escrow using refunding proceeds	31,908	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	2,093	13,624
Injury and damage claims	6,526	2,197
Workers' compensation	2,076	(959)
Arbitrage	9	1
Unfunded OPEB liabilities	(16,598)	(29,460)
Net pension asset	3,506	18,806
Environmental liability	481	130
Debt guarantee of SISC 2004 bonds	433	453
Pension Expense - GASB68	(24,852)	7,748
WA State's LEOFF Contribution	9,344	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	(9,234)	(8,072)
Net revenue of internal service funds activities reported with governmental activities	1,975	16,901
Change in Net Position of Governmental Activities	\$ 180,890	\$ 202,879
Initial Recording of Net Pension Liability/Asset Related Items	—	(418,709)
Adjusted Total Change in Net Position of Governmental Activities	180,890	(215,830)

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

## MAJOR PROPRIETARY FUNDS

The **Light Fund** (City Light) accounts for the operations of the City-owned electric utility. City Light owns and operates certain generating, transmission, and distribution facilities and supplies electricity to approximately 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 non-major enterprise funds and the internal service funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

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**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**  
*(In Thousands)*

**Business-Type Activities - Enterprise Funds**

	<b>L i g h t</b>		<b>W a t e r</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 72,868	\$ 152,488	\$ 39,106	\$ 42,330
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	89,277	75,683	15,317	14,305
Interest and Dividends	384	414	984	962
Unbilled	76,604	70,536	14,534	13,834
Energy Contracts, Notes, and Other Contracts	—	—	20	112
Due from Other Funds	5,052	3,538	908	893
Due from Other Governments	3,077	2,533	953	557
Materials and Supplies Inventory	35,984	32,839	5,667	5,102
Prepayments and Other Current Assets	3,242	1,619	72	72
<b>Total Current Assets</b>	<b>286,488</b>	<b>339,650</b>	<b>77,561</b>	<b>78,167</b>
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	221,987	265,130	72,094	95,244
Notes and Contracts Receivable	—	—	375	395
Conservation Costs, Net	252,432	243,779	32,192	31,558
Landfill Closure and Postclosure Costs, Net	—	—	—	—
Environmental Costs and Recoveries	86,092	35,306	—	—
External Infrastructure Costs	—	—	—	—
Regulatory Asset	—	—	10,473	11,756
Other Charges	57,706	60,411	3,464	3,930
Capital Assets				
Land and Land Rights	75,025	72,670	45,138	44,453
Plant in Service, Excluding Land	4,410,258	4,168,237	1,921,380	1,844,527
Less Accumulated Depreciation	(1,735,289)	(1,671,849)	(771,218)	(724,570)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	392,461	319,831	79,611	75,007
Other Property, Net	72,226	72,551	1,663	1,594
<b>Total Noncurrent Assets</b>	<b>3,832,898</b>	<b>3,566,066</b>	<b>1,395,172</b>	<b>1,383,894</b>
<b>Total Assets</b>	<b>4,119,386</b>	<b>3,905,716</b>	<b>1,472,733</b>	<b>1,462,061</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>94,939</b>	<b>49,735</b>	<b>46,224</b>	<b>39,309</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,214,325</b>	<b>\$ 3,955,451</b>	<b>\$ 1,518,957</b>	<b>\$ 1,501,370</b>

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2016	2015	2016	2015
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 121,117	\$ 100,901	\$ 36,174	\$ 42,220
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	19,803	19,879	15,461	13,201
Interest and Dividends	504	427	116	88
Unbilled	19,399	18,712	236	360
Energy Contracts, Notes, and Other Contracts	56	579	—	30
Due from Other Funds	2,497	865	518	238
Due from Other Governments	9,722	6,430	1,041	983
Materials and Supplies Inventory	1,136	1,207	155	102
Prepayments and Other Current Assets	34	35	18	18
Total Current Assets	174,268	149,035	53,719	57,240
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	54,122	27,579	55,329	43,135
Notes and Contracts Receivable	1,049	1,105	—	—
Conservation Costs, Net	—	—	—	—
Landfill Closure and Postclosure Costs, Net	—	—	10,994	12,326
Environmental Costs and Recoveries	2,149	4,115	—	1,358
External Infrastructure Costs	18,742	19,035	—	—
Regulatory Asset	4,406	4,048	1,896	1,715
Other Charges	33,937	34,714	693	815
Capital Assets				
Land and Land Rights	22,490	22,490	26,883	15,218
Plant in Service, Excluding Land	1,194,642	1,102,624	252,386	133,782
Less Accumulated Depreciation	(340,989)	(317,154)	(59,995)	(53,540)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	184,074	138,238	6,038	108,235
Other Property, Net	2,027	1,713	2,444	2,044
Total Noncurrent Assets	1,176,649	1,038,507	296,668	265,088
Total Assets	1,350,917	1,187,542	350,387	322,328
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	28,026	15,269	8,908	6,328
Total Assets and Deferred Outflows of Resources	\$ 1,378,943	\$ 1,202,811	\$ 359,295	\$ 328,656

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

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**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**  
*(In Thousands)*

**Business-Type Activities - Enterprise Funds**

	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 70,354	\$ 54,672	\$ 339,619	\$ 392,611
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	976	855	140,834	123,923
Interest and Dividends	79	51	2,067	1,942
Unbilled	—	—	110,773	103,442
Energy Contracts, Notes, and Other Contracts	—	—	76	721
Due from Other Funds	1,781	957	10,756	6,491
Due from Other Governments	551	359	15,344	10,862
Materials and Supplies Inventory	—	—	42,942	39,250
Prepayments and Other Current Assets	751	12	4,117	1,756
<b>Total Current Assets</b>	<b>74,492</b>	<b>56,906</b>	<b>666,528</b>	<b>680,998</b>
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	92	50	403,624	431,138
Notes and Contracts Receivable	—	—	1,424	1,500
Conservation Costs, Net	—	—	284,624	275,337
Landfill Closure and Postclosure Costs, Net	—	—	10,994	12,326
Environmental Costs and Recoveries	—	—	88,241	40,779
External Infrastructure Costs	—	—	18,742	19,035
Regulatory Asset	—	—	16,775	17,519
Other Charges	—	—	95,800	99,870
Capital Assets				
Land and Land Rights	—	12,881	169,536	167,712
Plant in Service, Excluding Land	—	—	7,778,666	7,249,170
Less Accumulated Depreciation	—	—	(2,907,491)	(2,767,113)
Buildings and Improvements	—	60,132	—	60,132
Less Accumulated Depreciation	—	(34,075)	—	(34,075)
Machinery and Equipment	14,360	14,771	14,360	14,771
Less Accumulated Depreciation	(14,288)	(14,330)	(14,288)	(14,330)
Construction in Progress	6,799	4,852	668,983	646,163
Other Property, Net	—	—	78,360	77,902
<b>Total Noncurrent Assets</b>	<b>6,963</b>	<b>44,281</b>	<b>6,708,350</b>	<b>6,297,836</b>
<b>Total Assets</b>	<b>81,455</b>	<b>101,187</b>	<b>7,374,878</b>	<b>6,978,834</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>13,962</b>	<b>6,561</b>	<b>192,059</b>	<b>117,202</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 95,417</b>	<b>\$ 107,748</b>	<b>\$ 7,566,937</b>	<b>\$ 7,096,036</b>

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2016	2015
<b>ASSETS</b>		
<i>Current Assets</i>		
Operating Cash and Equity in Pooled Investments	\$ 25,230	\$ 27,690
Restricted Cash and Equity in Pooled Investments	4,691	12,178
Receivables, Net of Allowances		
Accounts	577	274
Interest and Dividends	44	43
Unbilled	667	345
Energy Contracts, Notes, and Other Contracts	—	—
Due from Other Funds	17,296	10,917
Due from Other Governments	26	136
Materials and Supplies Inventory	2,660	4,042
Prepayments and Other Current Assets	1,256	109
Total Current Assets	52,447	55,734
<i>Noncurrent Assets</i>		
Restricted Cash and Equity in Pooled Investments	43,031	51,984
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	108,842	108,852
Plant in Service, Excluding Land	—	—
Less Accumulated Depreciation	—	—
Buildings and Improvements	717,228	715,936
Less Accumulated Depreciation	(244,860)	(227,993)
Machinery and Equipment	270,246	233,956
Less Accumulated Depreciation	(135,590)	(135,429)
Construction in Progress	9,357	31,038
Other Property, Net	208	—
Total Noncurrent Assets	768,462	778,344
Total Assets	820,909	834,078
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	35,215	17,796
Total Assets and Deferred Outflows of Resources	\$ 856,124	\$ 851,874

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

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STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

Business-Type Activities - Enterprise Funds

	L i g h t		W a t e r	
	2016	2015	2016	2015
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 72,336	\$ 77,849	\$ 7,486	\$ 10,262
Salaries, Benefits, and Payroll Taxes Payable	10,757	10,248	3,462	4,649
Compensated Absences Payable	2,572	3,631	390	457
Due to Other Funds	11,137	10,964	8,609	5,646
Due to Other Governments	—	—	—	—
Interest Payable	31,407	34,010	11,928	12,364
Taxes Payable	8,212	9,365	694	746
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	111,230	105,915	39,345	41,615
Claims Payable	8,611	16,392	2,151	2,249
Notes and Contracts Payable	—	—	1,125	1,125
Habitat Conservation Program Liability	—	—	968	906
Landfill Closure and Postclosure Liability	—	—	—	—
Unearned Revenues and Other Credits	28,814	23,259	4,307	4,553
Other Current Liabilities	10,304	2,980	44	30
Total Current Liabilities	295,380	294,613	80,509	84,602
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	15,782	19,354	4,355	4,841
Claims Payable	91,980	42,339	3,489	2,600
Public Works Trust Loan	—	—	23,654	21,217
Landfill Closure and Postclosure Liability	—	—	—	—
Vendor and Other Deposits Payable	—	—	—	25
Habitat Conservation Program Liability	—	—	7,792	7,156
Unearned Revenues and Other Credits	8,374	6,400	301	324
Unfunded Other Post Employment Benefits	7,935	8,052	2,719	2,703
Net Pension Liability	317,773	271,797	93,080	82,685
Other Noncurrent Liabilities	115	—	102	4
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,165,265	2,090,831	856,408	899,911
Total Noncurrent Liabilities	2,607,224	2,438,773	991,900	1,021,466
Total Liabilities	2,902,604	2,733,386	1,072,409	1,106,068
<b>DEFERRED INFLOWS OF RESOURCES</b>	94,180	89,847	43,183	35,193

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

Business-Type Activities - Enterprise Funds

	Drainage and Wastewater		Solid Waste	
	2016	2015	2016	2015
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 8,519	\$ 10,696	\$ 9,857	\$ 13,843
Salaries, Benefits, and Payroll Taxes Payable	3,611	5,010	1,226	1,514
Compensated Absences Payable	399	432	139	150
Due to Other Funds	12,637	8,250	2,049	1,893
Due to Other Governments	12,789	12,732	—	—
Interest Payable	8,166	6,994	2,399	2,902
Taxes Payable	405	310	239	372
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	21,570	19,080	6,545	5,750
Claims Payable	5,104	4,813	841	2,375
Notes and Contracts Payable	1,223	1,212	—	—
Habitat Conservation Program Liability	—	—	—	—
Landfill Closure and Postclosure Liability	—	—	1,643	1,522
Unearned Revenues and Other Credits	2,635	2,518	5,797	4,961
Other Current Liabilities	585	641	—	397
Total Current Liabilities	77,643	72,688	30,735	35,679
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	4,459	4,567	1,556	1,584
Claims Payable	136,978	72,919	11,023	8,048
Public Works Trust Loan	14,130	15,353	—	—
Landfill Closure and Postclosure Liability	—	—	13,062	14,163
Vendor and Other Deposits Payable	2,605	1,749	—	—
Habitat Conservation Program Liability	—	—	—	—
Unearned Revenues and Other Credits	—	—	—	—
Unfunded Other Post Employment Benefits	2,719	2,580	885	860
Net Pension Liability	87,690	77,047	31,901	28,188
Other Noncurrent Liabilities	266	101	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	717,709	625,905	223,028	210,310
Total Noncurrent Liabilities	966,556	800,221	281,455	263,153
Total Liabilities	1,044,199	872,909	312,190	298,832
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,279	—	26,138	18,481

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

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STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2016	2015	2016	2015
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 573	\$ 1,383	\$ 98,771	\$ 114,033
Salaries, Benefits, and Payroll Taxes Payable	1,971	3,223	21,027	24,644
Compensated Absences Payable	225	350	3,725	5,020
Due to Other Funds	953	572	35,385	27,325
Due to Other Governments	—	—	12,789	12,732
Interest Payable	1	676	53,901	56,946
Taxes Payable	—	85	9,550	10,878
General Obligation Bonds Due Within One Year	—	3,280	—	3,280
Revenue Bonds Due Within One Year	—	—	178,690	172,360
Claims Payable	183	265	16,890	26,094
Notes and Contracts Payable	—	—	2,348	2,337
Habitat Conservation Program Liability	—	—	968	906
Landfill Closure and Postclosure Liability	—	—	1,643	1,522
Unearned Revenues and Other Credits	—	—	41,553	35,291
Other Current Liabilities	28	63	10,961	4,111
Total Current Liabilities	3,934	9,897	488,201	497,479
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	1,200	7,600	1,200	7,600
Compensated Absences Payable	2,697	3,052	28,849	33,398
Claims Payable	353	368	243,823	126,274
Public Works Trust Loan	—	—	37,784	36,570
Landfill Closure and Postclosure Liability	—	—	13,062	14,163
Vendor and Other Deposits Payable	92	50	2,697	1,824
Habitat Conservation Program Liability	—	—	7,792	7,156
Unearned Revenues and Other Credits	18,157	19,054	26,832	25,778
Unfunded Other Post Employment Benefits	1,859	1,784	16,117	15,979
Net Pension Liability	63,529	52,520	593,973	512,237
Other Noncurrent Liabilities	31	—	514	105
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	52,832	—	52,832
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	3,962,410	3,826,957
Total Noncurrent Liabilities	87,918	137,260	4,935,053	4,660,873
Total Liabilities	91,852	147,157	5,423,254	5,158,352
<b>DEFERRED INFLOWS OF RESOURCES</b>	32	—	165,812	143,521

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2016	2015
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 12,810	\$ 11,519
Salaries, Benefits, and Payroll Taxes Payable	6,967	5,679
Compensated Absences Payable	905	682
Due to Other Funds	2,958	3,155
Due to Other Governments	14	39
Interest Payable	2,193	2,392
Taxes Payable	45	90
General Obligation Bonds Due Within One Year	26,508	23,776
Revenue Bonds Due Within One Year	—	—
Claims Payable	418	472
Notes and Contracts Payable	—	—
Habitat Conservation Program Liability	—	—
Landfill Closure and Postclosure Liability	—	—
Unearned Revenues and Other Credits	—	—
Other Current Liabilities	146	336
Total Current Liabilities	52,964	48,140
<i>Noncurrent Liabilities</i>		
Advances from Other Funds/Interfund Notes Payable		
Compensated Absences Payable	8,654	6,308
Claims Payable	1,310	1,688
Public Works Trust Loan	—	—
Landfill Closure and Postclosure Liability	—	—
Vendor and Other Deposits Payable	156	225
Habitat Conservation Program Liability	—	—
Unearned Revenues and Other Credits	—	—
Unfunded Other Post Employment Benefits	3,893	3,330
Net Pension Liability	121,731	101,384
Other Noncurrent Liabilities	23	1
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	236,417	243,985
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—
Total Noncurrent Liabilities	372,184	356,921
Total Liabilities	425,148	405,061
<b>DEFERRED INFLOWS OF RESOURCES</b>	152	—

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

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STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016  
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2016	2015	2016	2015
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 1,310,525	\$ 1,169,562	\$ 435,254	\$ 388,809
Restricted for				
Rate Stabilization Account	25,000	25,000	—	—
Conservation and Environmental Costs	—	—	8,148	7,496
External Infrastructure Costs	—	—	—	—
Other Charges	—	—	4,640	5,030
Unrestricted	(117,984)	(62,344)	(44,677)	(41,226)
Total Net Position	1,217,541	1,132,218	403,365	360,109
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,214,325	\$ 3,955,451	\$ 1,518,957	\$ 1,501,370

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

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2016  
 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2016	2015	2016	2015
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 403,957	\$ 353,150	\$ 29,523	\$ 16,277
Restricted for				
Rate Stabilization Account	—	—	—	—
Conservation and Environmental Costs	—	—	—	—
External Infrastructure Costs	7,232	7,218	—	—
Other Charges	14,555	14,449	—	—
Unrestricted	(93,279)	(44,915)	(8,556)	(4,934)
Total Net Position	332,465	329,902	20,967	11,343
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,378,943	\$ 1,202,811	\$ 359,295	\$ 328,656

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 6,870	\$ (11,904)	\$ 2,186,129	\$ 1,915,894
Restricted for				
Rate Stabilization Account	—	—	25,000	25,000
Conservation and Environmental Costs	—	—	8,148	7,496
External Infrastructure Costs	—	—	7,232	7,218
Other Charges	—	—	19,195	19,479
Unrestricted	(3,337)	(27,507)	(267,833)	(180,926)
<b>Total Net Position</b>	<b>3,533</b>	<b>(39,411)</b>	<b>1,977,871</b>	<b>1,794,161</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 95,417</b>	<b>\$ 107,746</b>	<b>\$ 7,566,937</b>	<b>\$ 7,096,034</b>
<b>Total Net Position as above</b>			<b>\$ 1,977,871</b>	<b>\$ 1,794,161</b>
<b>Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds</b>			<b>36,338</b>	<b>27,104</b>
<b>Net Position of Business-type Activities</b>			<b>\$ 2,014,209</b>	<b>\$ 1,821,265</b>

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

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2016  
*(In Thousands)*

	Governmental Activities - Internal Service Funds	
	2016	2015
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 464,045	\$ 469,961
Restricted for		
Rate Stabilization Account	—	—
Conservation and Environmental Costs	—	—
External Infrastructure Costs	—	—
Other Charges	—	—
Unrestricted	(33,221)	(23,144)
Total Net Position	430,824	446,817
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 856,124	\$ 851,878

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

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2016	2015	2016	2015
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 903,175	\$ 882,857	\$ 251,364	\$ 251,977
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	219,795	213,621	—	—
Short-Term Wholesale Power Purchases	15,048	26,812	—	—
Generation	36,803	34,822	—	—
Transmission	53,488	54,289	—	—
Distribution	63,522	65,052	—	—
Conservation and Other Power Expenses	53,466	53,897	—	—
Planning and Development	—	—	2,141	1,582
Utility Systems Management	—	—	15,350	14,622
Field Operations	—	—	29,502	31,367
Project Delivery	—	—	6,789	6,664
Customer Services	42,636	38,302	7,990	8,034
Wastewater Treatment	—	—	—	—
Solid Waste Collection	—	—	—	—
Operations and Maintenance	—	—	—	—
General and Administrative	104,998	92,108	41,534	38,947
City Business and Occupation Taxes	48,456	45,534	31,347	32,133
Other Taxes	36,747	35,580	10,143	10,214
Amortization of Landfill and Postclosure Costs	—	—	—	—
Depreciation and Other Amortization	120,807	112,000	51,844	50,043
Total Operating Expenses	<u>795,766</u>	<u>772,017</u>	<u>196,640</u>	<u>193,606</u>
Operating Income (Loss)	107,409	110,840	54,724	58,371
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	6,046	6,270	2,635	2,838
Interest Expense	(84,365)	(84,721)	(36,918)	(39,393)
Amortization of Bonds Premiums and Discounts, Net	15,333	12,176	4,158	3,940
Amortization of Refunding Gain (Loss)	(4,641)	(2,933)	(1,597)	(1,649)
Bond Issuance Costs	(1,435)	(966)	—	—
Gain (Loss) on Sale of Capital Assets	48	921	406	2,518
Contributions and Grants	2,529	4,595	265	217
Others, Net	6,001	4,952	1,190	969
Total Nonoperating Revenues (Expenses)	<u>(60,484)</u>	<u>(59,706)</u>	<u>(29,861)</u>	<u>(30,560)</u>
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	46,925	51,134	24,863	27,811
Capital Contributions and Grants	38,399	39,375	18,393	10,394
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	—	—	—	—
Change in Net Position	<u>85,324</u>	<u>90,509</u>	<u>43,256</u>	<u>38,205</u>
Net Position - Beginning of Year	1,132,217	1,275,545	360,109	393,040
Prior-Year Adjustment	—	(233,836)	—	(71,136)
Net Position - Beginning of Year as Restated	<u>1,132,217</u>	<u>1,041,709</u>	<u>360,109</u>	<u>321,904</u>
Net Position - End of Year	<u>\$ 1,217,541</u>	<u>\$ 1,132,218</u>	<u>\$ 403,365</u>	<u>\$ 360,109</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2016	2015	2016	2015
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 375,041	\$ 363,779	\$ 183,666	\$ 174,788
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	—	—	—	—
Short-Term Wholesale Power Purchases	—	—	—	—
Generation	—	—	—	—
Transmission	—	—	—	—
Distribution	—	—	—	—
Conservation and Other Power Expenses	—	—	—	—
Planning and Development	1,494	1,750	233	203
Utility Systems Management	12,371	11,249	5,409	10,617
Field Operations	28,860	29,593	7,627	6,950
Project Delivery	10,494	9,790	658	1,103
Customer Services	6,501	6,472	6,312	6,592
Wastewater Treatment	154,001	150,326	—	—
Solid Waste Collection	—	—	104,639	100,042
Operations and Maintenance	—	—	—	—
General and Administrative	30,135	22,064	16,410	14,250
City Business and Occupation Taxes	44,311	42,876	19,025	17,987
Other Taxes	4,836	4,549	2,820	2,588
Amortization of Landfill and Postclosure Costs	—	—	1,369	1,300
Depreciation and Other Amortization	27,403	23,452	6,283	8,109
Total Operating Expenses	320,406	302,121	170,785	169,741
Operating Income (Loss)	54,635	61,658	12,881	5,047
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	3,096	3,646	519	725
Interest Expense	(22,779)	(22,156)	(5,269)	(5,651)
Amortization of Bonds Premiums and Discounts, Net	2,127	1,709	913	736
Amortization of Refunding Gain (Loss)	(512)	(394)	(112)	(179)
Bond Issuance Costs	—	—	—	—
Gain (Loss) on Sale of Capital Assets	147	(229)	4	(443)
Contributions and Grants	1,054	1,482	604	584
Others, Net	777	1,003	84	565
Total Nonoperating Revenues (Expenses)	(16,090)	(14,939)	(3,257)	(3,663)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	38,545	46,719	9,624	1,384
Capital Contributions and Grants	30,205	10,346	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	(66,187)	(4,975)	—	—
Change in Net Position	2,563	52,090	9,624	1,384
Net Position - Beginning of Year	329,902	344,098	11,343	34,210
Prior-Year Adjustment	—	(66,286)	—	(24,251)
Net Position - Beginning of Year as Restated	329,902	277,812	11,343	9,959
Net Position - End of Year	\$ 332,465	\$ 329,902	\$ 20,967	\$ 11,343

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, 2016  
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2016	2015	2016	2015
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 86,356	\$ 74,566	\$ 1,799,602	\$ 1,747,967
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	—	—	219,795	213,621
Short-Term Wholesale Power Purchases	—	—	15,048	26,812
Generation	—	—	36,803	34,822
Transmission	—	—	53,488	54,289
Distribution	—	—	63,522	65,052
Conservation and Other Power Expenses	—	—	53,466	53,897
Planning and Development	—	—	3,868	3,535
Utility Systems Management	—	—	33,130	36,488
Field Operations	—	—	65,989	67,910
Project Delivery	—	—	17,941	17,557
Customer Services	—	—	63,439	59,400
Wastewater Treatment	—	—	154,001	150,326
Solid Waste Collection	—	—	104,639	100,042
Operations and Maintenance	60,910	56,058	60,910	56,058
General and Administrative	11,720	13,519	204,797	180,888
City Business and Occupation Taxes	12	17	143,151	138,547
Other Taxes	25	37	54,571	52,968
Amortization of Landfill and Postclosure Costs	—	—	1,369	1,300
Depreciation and Other Amortization	1,751	2,519	208,088	196,123
Total Operating Expenses	74,418	72,150	1,558,015	1,509,635
Operating Income (Loss)	11,938	2,416	241,587	238,332
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	510	459	12,806	13,938
Interest Expense	(2,012)	(2,787)	(151,343)	(154,708)
Amortization of Bonds Premiums and Discounts, Net	148	198	22,679	18,759
Amortization of Refunding Gain (Loss)	198	—	(6,664)	(5,155)
Bond Issuance Costs	—	—	(1,435)	(966)
Gain (Loss) on Sale of Capital Assets	47,497	—	48,102	2,767
Contributions and Grants	131	210	4,583	7,088
Others, Net	2	310	8,054	7,799
Total Nonoperating Revenues (Expenses)	46,474	(1,610)	(63,218)	(110,478)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	58,412	806	178,369	127,854
Capital Contributions and Grants	—	—	86,997	60,115
Transfers In	18,263	12,337	18,263	12,337
Transfers Out	(33,732)	(3,406)	(33,732)	(3,406)
Environmental Remediation	—	—	(66,187)	(4,975)
Change in Net Position	42,943	9,737	183,710	191,925
Net Position - Beginning of Year	(39,410)	(3,964)	1,794,161	2,042,929
Prior-Year Adjustment	—	(45,184)	—	(440,693)
Net Position - Beginning of Year as Restated	(39,410)	(49,148)	1,794,161	1,602,236
Net Position - End of Year	\$ 3,533	\$ (39,411)	1,977,871	1,794,161
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			36,338	27,104
Net Position of Business-Type Activities			\$ 2,014,209	\$ 1,821,265
Change in Net Position as above			\$ 183,710	\$ 191,925
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			9,234	8,072
Adjusted Change in Net Position of Business-Type Activities			\$ 192,944	\$ 199,997

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

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	2016	2015
<b>OPERATING REVENUES</b>		
Charges for Services and Other Revenues	\$ 311,591	\$ 242,748
<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	214,933	155,609
General and Administrative	32,198	23,157
City Business and Occupation Taxes	5	4
Other Taxes	516	468
Amortization of Landfill and Postclosure Costs	—	—
Depreciation and Other Amortization	37,851	35,507
Total Operating Expenses	285,503	214,745
Operating Income (Loss)	26,088	28,003
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and Interest Income	841	517
Interest Expense	(10,103)	(8,953)
Amortization of Bonds Premiums and Discounts, Net	3,751	2,974
Amortization of Refunding Gain (Loss)	(1,830)	(1,105)
Bond Issuance Costs	(6)	(45)
Gain (Loss) on Sale of Capital Assets	(308)	1,381
Contributions and Grants	—	—
Others, Net	28	62
Total Nonoperating Revenues (Expenses)	(7,627)	(5,169)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	18,461	22,834
Capital Contributions and Grants	(17,996)	(53)
Transfers In	5,700	341
Transfers Out	(22,158)	(6,159)
Environmental Remediation	—	—
Change in Net Position	(15,993)	16,963
Net Position - Beginning of Year	446,817	517,078
Prior-Year Adjustment	—	(87,224)
Net Position - Beginning of Year as Restated	446,817	429,854
Net Position - End of Year	\$ 430,824	\$ 446,817

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

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
**(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 871,771	\$ 838,498	\$ 257,434	\$ 261,206
Cash Paid to Suppliers	(353,029)	(354,870)	(31,926)	(32,734)
Cash Paid to Employees	(181,004)	(177,028)	(67,426)	(62,301)
Cash Paid for Taxes	(86,914)	(78,548)	(41,718)	(42,169)
Net Cash from Operating Activities	250,824	228,052	116,364	124,002
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt and Interfund Loans	(10,351)	(12,259)	—	—
Interest Paid on Long-Term Debt	(9,111)	(10,482)	—	—
Operating Grants Received	2,530	4,594	283	235
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	9,358	2,225	—	—
Payments to Vendors on Behalf of Customers for Conservation	(32,210)	(35,230)	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	—	—	—	—
Net Cash from Noncapital Financing Activities	(39,784)	(51,152)	283	235
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	360,240	283,730	3,562	391,564
Principal Payments on Long-Term Debt and Refunding	(97,099)	(92,656)	(42,442)	(364,182)
Capital Expenses and Other Charges Paid	(375,247)	(338,872)	(76,611)	(84,404)
Interest Paid on Long-Term Debt	(85,468)	(79,225)	(38,559)	(43,581)
Capital Fees and Grants Received	37,544	34,686	9,887	8,876
Payment to Trustee for Defeased Bonds	(178,818)	—	—	—
Interest Received for Suburban Infrastructure Improvements	2,526	2,110	—	—
Debt Issuance Costs	(1,435)	(966)	—	(1,907)
Proceeds from Sale of Capital Assets	404	1,077	519	5,987
Net Cash from Capital and Related Financing Activities	(337,353)	(190,116)	(143,644)	(87,647)
<b>CASH FLOWS FROM INVESTING ACTIVITIES<sup>a</sup></b>				
Interest and Investment Income (Loss)	3,550	4,102	623	807
Net Cash from Investing Activities	3,550	4,102	623	807
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(122,763)	(9,114)	(26,374)	37,397
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	417,618	426,732	137,574	100,177
End of Year	\$ 294,855	\$ 417,618	\$ 111,200	\$ 137,574
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 72,868	\$ 152,488	\$ 39,106	\$ 42,330
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	221,987	265,130	72,094	95,244
Total Cash at the End of the Year	\$ 294,855	\$ 417,618	\$ 111,200	\$ 137,574

<sup>a</sup> 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.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 370,806	\$ 358,746	\$ 189,184	\$ 183,505
Cash Paid to Suppliers	(169,184)	(169,893)	(118,253)	(109,107)
Cash Paid to Employees	(66,269)	(57,019)	(25,139)	(22,675)
Cash Paid for Taxes	(48,702)	(47,181)	(21,907)	(20,942)
Net Cash from Operating Activities	86,651	84,653	23,885	30,781
<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	1,796	799	378	818
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	—	—	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	(958)	(1,791)	1,358	(1,358)
Net Cash from Noncapital Financing Activities	838	(992)	1,736	(540)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	183,723	—	40,848	39,274
Principal Payments on Long-Term Debt and Refunding	(92,869)	(19,229)	(25,987)	(4,820)
Capital Expenses and Other Charges Paid	(116,611)	(117,458)	(24,752)	(53,841)
Interest Paid on Long-Term Debt	(27,236)	(27,614)	(9,824)	(7,732)
Capital Fees and Grants Received	11,361	5,773	—	—
Payment to Trustee for Defeased Bonds	—	—	—	—
Interest Received for Suburban Infrastructure Improvements	—	—	—	—
Debt Issuance Costs	(556)	—	(267)	(298)
Proceeds from Sale of Capital Assets	197	687	18	257
Net Cash from Capital and Related Financing Activities	(41,991)	(157,841)	(19,964)	(27,160)
<b>CASH FLOWS FROM INVESTING ACTIVITIES<sup>a</sup></b>				
Interest and Investment Income (Loss)	1,261	1,927	491	706
Net Cash from Investing Activities	1,261	1,927	491	706
Net Increase (Decrease) in Cash and Equity in Pooled Investments	46,759	(72,253)	6,148	3,787
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	128,480	200,733	85,355	81,568
End of Year	\$ 175,239	\$ 128,480	\$ 91,503	\$ 85,355
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 121,117	\$ 100,901	\$ 36,174	\$ 42,220
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	54,122	27,579	55,329	43,135
Total Cash at the End of the Year	\$ 175,239	\$ 128,480	\$ 91,503	\$ 85,355

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

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

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
**(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 86,628	\$ 79,580	\$ 1,775,823	\$ 1,721,535
Cash Paid to Suppliers	(36,086)	(33,310)	(708,478)	(699,914)
Cash Paid to Employees	(35,645)	(33,977)	(375,483)	(353,000)
Cash Paid for Taxes	(1,415)	(1,585)	(200,656)	(190,425)
Net Cash from Operating Activities	13,482	10,708	491,206	478,196
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt and Interfund Loans	(6,400)	(6,494)	(16,751)	(18,753)
Interest Paid on Long-Term Debt	—	—	(9,111)	(10,482)
Operating Grants Received	131	118	5,118	6,564
Transfers In	17,094	8,931	17,094	8,931
Transfers Out	(33,732)	—	(33,732)	—
Bonneville Receipts for Conservation	—	—	9,358	2,225
Payments to Vendors on Behalf of Customers for Conservation	—	—	(32,210)	(35,230)
Proceeds from Interfund Loans	—	7,600	—	7,600
Payments for Environmental Liabilities	—	—	400	(3,149)
Net Cash from Noncapital Financing Activities	(22,907)	10,155	(59,834)	(42,294)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	—	—	588,373	714,568
Principal Payments on Long-Term Debt and Refunding	(3,280)	(2,950)	(261,677)	(483,837)
Capital Expenses and Other Charges Paid	(2,101)	(1,478)	(595,322)	(596,053)
Interest Paid on Long-Term Debt	(2,676)	(2,823)	(163,763)	(160,975)
Capital Fees and Grants Received	—	—	58,792	49,335
Payment to Trustee for Defeased Bonds	(52,468)	—	(231,286)	—
Interest Received for Suburban Infrastructure Improvements	—	—	2,526	2,110
Debt Issuance Costs	—	—	(2,258)	(3,171)
Proceeds from Sale of Capital Assets	85,171	—	86,309	8,008
Net Cash from Capital and Related Financing Activities	24,646	(7,251)	(518,306)	(470,015)
<b>CASH FLOWS FROM INVESTING ACTIVITIES<sup>a</sup></b>				
Interest and Investment Income (Loss)	504	442	6,429	7,984
Net Cash from Investing Activities	504	442	6,429	7,984
Net Increase (Decrease) in Cash and Equity in Pooled Investments	15,725	14,054	(80,505)	(26,129)
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	54,721	40,668	823,748	849,878
End of Year	\$ 70,446	\$ 54,722	\$ 743,243	\$ 823,749
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 70,354	\$ 54,672	\$ 339,619	\$ 392,611
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	92	50	403,624	431,138
Total Cash at the End of the Year	\$ 70,446	\$ 54,722	\$ 743,243	\$ 823,749

<sup>a</sup> 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.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 304,672	\$ 241,134
Cash Paid to Suppliers	(99,984)	(82,522)
Cash Paid to Employees	(140,776)	(87,809)
Cash Paid for Taxes	(564)	(433)
Net Cash from Operating Activities	63,348	70,370
<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
Transfers In	5,700	341
Transfers Out	(22,159)	(6,159)
Bonneville Receipts for Conservation	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—
Payments for Environmental Liabilities	—	—
Net Cash from Noncapital Financing Activities	(16,459)	(5,730)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Sale of Bonds and Other Long-Term Debt	2,109	8,913
Principal Payments on Long-Term Debt and Refunding	(23,776)	(16,945)
Capital Expenses and Other Charges Paid	(35,333)	(60,211)
Interest Paid on Long-Term Debt	(10,302)	(9,733)
Capital Fees and Grants Received	—	(141)
Payment to Trustee for Defeased Bonds	—	—
Interest Received for Suburban Infrastructure Improvements	—	—
Debt Issuance Costs	(6)	(45)
Proceeds from Sale of Capital Assets	679	1,623
Net Cash from Capital and Related Financing Activities	(66,629)	(76,539)
<b>CASH FLOWS FROM INVESTING ACTIVITIES<sup>a</sup></b>		
Interest and Investment Income (Loss)	839	562
Net Cash from Investing Activities	839	562
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(18,901)	(11,337)
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>		
Beginning of Year	91,853	103,189
End of Year	\$ 72,952	\$ 91,852
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>		
Operating Cash and Equity in Pooled Investments	\$ 25,230	\$ 27,690
Current Restricted Cash and Equity in Pooled Investments	4,691	12,178
Noncurrent Restricted Cash and Equity in Pooled Investments	43,031	51,984
Total Cash at the End of the Year	\$ 72,952	\$ 91,852

<sup>a</sup> 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.

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2016	2015	2016	2015
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 107,409	\$ 110,840	\$ 54,724	\$ 58,371
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	120,807	112,000	51,844	50,043
Depreciation Charged to O&M Accounts	6,509	6,310	—	—
Amortization of Other Liabilities and Other Operating Expenses	40,870	25,932	—	1,692
Nonoperating Revenues and Expenses	6,063	5,047	2,541	2,204
Changes in Operating Assets and Liabilities				
Accounts Receivable	(16,857)	(5,247)	(918)	(786)
Unbilled Receivables	(6,068)	(5,906)	(699)	(184)
Other Receivables	(1,898)	(1,145)	—	—
Due from Other Funds	—	(2,056)	(15)	(133)
Due from Other Governments	—	(262)	472	(77)
Materials and Supplies Inventory	(3,144)	(2,010)	(566)	37
Accounts Payable	(4,961)	14,551	(2,777)	1,526
Salaries, Benefits, and Payroll Taxes Payable	—	1,035	(1,188)	2,107
Compensated Absences Payable	(471)	4,238	(553)	(15)
Due to Other Funds	(2,937)	61	2,963	500
Due to Other Governments	—	—	—	—
Claims Payable	(2,684)	(11,840)	792	(149)
Taxes Payable	3,136	1,552	(52)	39
Unearned Revenues and Other Credits	—	2,937	(269)	1,241
Other Assets and Liabilities	4,908	(4,622)	4,301	268
Rate Stabilization	142	(23,363)	5,764	7,318
Total Adjustments	<u>143,415</u>	<u>117,212</u>	<u>61,640</u>	<u>65,631</u>
Net Cash from Operating Activities	<u>\$ 250,824</u>	<u>\$ 228,052</u>	<u>\$ 116,364</u>	<u>\$ 124,002</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 1,489	\$ 1,398	\$ 7,621	\$ 1,602
Amortization of Debt Related Costs, Net	10,693	9,243	—	—
Allowance for Funds Used During Construction	10,168	8,947	—	—
Power Exchange Revenues	15,832	16,950	—	—
Power Exchange Expenses	(15,848)	(17,584)	—	—
Power Revenue Netted against Power Expenses	6,568	6,550	—	—
Power Expense Netted against Power Revenues	(5,910)	(8,453)	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 22,992</u>	<u>\$ 17,051</u>	<u>\$ 7,621</u>	<u>\$ 1,602</u>

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2016	2015	2016	2015
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 54,635	\$ 61,658	\$ 12,881	\$ 5,047
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	27,403	23,452	6,283	8,109
Depreciation Charged to O&M Accounts	—	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	10,643	1,577	795	577
Nonoperating Revenues and Expenses	1,972	2,285	676	1,076
Changes in Operating Assets and Liabilities				
Accounts Receivable	601	(1,836)	(2,230)	(268)
Unbilled Receivables	(687)	(440)	123	57
Other Receivables	—	—	—	—
Due from Other Funds	(1,632)	119	(281)	7
Due from Other Governments	(3,657)	(3,856)	169	(250)
Materials and Supplies Inventory	70	(164)	(53)	(34)
Accounts Payable	(2,178)	518	(3,985)	2,867
Salaries, Benefits, and Payroll Taxes Payable	(1,398)	2,593	(287)	709
Compensated Absences Payable	(140)	(73)	(40)	44
Due to Other Funds	4,387	(971)	155	648
Due to Other Governments	57	1,144	—	—
Claims Payable	1,088	(1,960)	1,441	8,711
Taxes Payable	95	11	(132)	(100)
Unearned Revenues and Other Credits	—	370	836	257
Other Assets and Liabilities	(4,608)	226	672	638
Rate Stabilization	—	—	6,862	2,686
Total Adjustments	32,016	22,995	11,004	25,734
Net Cash from Operating Activities	<u>\$ 86,651</u>	<u>\$ 84,653</u>	<u>\$ 23,885</u>	<u>\$ 30,781</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 17,948	\$ 4,583	\$ —	\$ —
Amortization of Debt Related Costs, Net	—	—	—	—
Allowance for Funds Used During Construction	—	—	—	—
Power Exchange Revenues	—	—	—	—
Power Exchange Expenses	—	—	—	—
Power Revenue Netted against Power Expenses	—	—	—	—
Power Expense Netted against Power Revenues	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 17,948</u>	<u>\$ 4,583</u>	<u>\$ —</u>	<u>\$ —</u>

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

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2016	2015	2016	2015
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 11,938	\$ 2,416	\$ 241,587	\$ 238,332
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	1,751	2,519	208,088	196,123
Depreciation Charged to O&M Accounts	—	—	6,509	6,310
Amortization of Other Liabilities and Other Operating Expenses	3,748	774	56,056	30,552
Nonoperating Revenues and Expenses	—	310	11,252	10,922
Changes in Operating Assets and Liabilities				
Accounts Receivable	(149)	144	(19,553)	(7,993)
Unbilled Receivables	—	—	(7,331)	(6,473)
Other Receivables	—	—	(1,898)	(1,145)
Due from Other Funds	345	(52)	(1,583)	(2,115)
Due from Other Governments	(192)	92	(3,208)	(4,353)
Materials and Supplies Inventory	—	—	(3,693)	(2,171)
Accounts Payable	(809)	(883)	(14,710)	18,579
Salaries, Benefits, and Payroll Taxes Payable	(1,252)	1,597	(4,125)	8,041
Compensated Absences Payable	(479)	321	(1,683)	4,515
Due to Other Funds	379	63	4,947	301
Due to Other Governments	—	—	57	1,144
Claims Payable	(97)	447	540	(4,791)
Taxes Payable	(85)	—	2,962	1,502
Unearned Revenues and Other Credits	(896)	2,759	(329)	7,564
Other Assets and Liabilities	(720)	201	4,553	(3,289)
Rate Stabilization	—	—	12,768	(13,359)
Total Adjustments	1,544	8,292	249,619	239,864
Net Cash from Operating Activities	\$ 13,482	\$ 10,708	\$ 491,206	\$ 478,196
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ —	\$ —	\$ 27,058	\$ 7,583
Amortization of Debt Related Costs, Net	—	—	10,693	9,243
Allowance for Funds Used During Construction	—	—	10,168	8,947
Power Exchange Revenues	—	—	15,832	16,950
Power Exchange Expenses	—	—	(15,848)	(17,584)
Power Revenue Netted against Power Expenses	—	—	6,568	6,550
Power Expense Netted against Power Revenues	—	—	(5,910)	(8,453)
Total Noncash Investing, Capital, and Financing Activities	\$ —	\$ —	\$ 48,561	\$ 23,236

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2016</b>	<b>2015</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 26,088	\$ 28,003
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>		
Depreciation and Amortization	37,851	35,507
Depreciation Charged to O&M Accounts	—	—
Amortization of Other Liabilities and Other Operating Expenses	1,386	1,819
Nonoperating Revenues and Expenses	—	62
Changes in Operating Assets and Liabilities		
Accounts Receivable	(302)	(35)
Unbilled Receivables	(321)	(321)
Other Receivables	—	—
Due from Other Funds	(6,379)	(1,400)
Due from Other Governments	110	23
Materials and Supplies Inventory	1,382	(1,257)
Accounts Payable	1,291	3,483
Salaries, Benefits, and Payroll Taxes Payable	1,288	2,466
Compensated Absences Payable	2,569	337
Due to Other Funds	(196)	700
Due to Other Governments	(24)	34
Claims Payable	(433)	149
Taxes Payable	(44)	39
Unearned Revenues and Other Credits	—	—
Other Assets and Liabilities	(918)	761
Rate Stabilization	—	—
Total Adjustments	<u>37,260</u>	<u>42,367</u>
Net Cash from Operating Activities	<u>\$ 63,348</u>	<u>\$ 70,370</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
In-Kind Capital Contributions	\$ —	\$ 7,521
Amortization of Debt Related Costs, Net	1,914	(477)
Allowance for Funds Used During Construction	—	—
Power Exchange Revenues	—	—
Power Exchange Expenses	—	—
Power Revenue Netted against Power Expenses	—	—
Power Expense Netted against Power Revenues	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 1,914</u>	<u>\$ 7,044</u>

The accompanying notes are an integral part of these 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.

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2016**  
*(In Thousands)*

	Employees' Retirement Fund	S. L. Denny Private-Purpose Trust	Agency Funds
<b>ASSETS</b>			
Cash and Equity in Pooled Investments	\$ 6,303	\$ 219	\$ 9,199
Short-Term Investments	336,427	—	—
<b>Receivables</b>			
Members	3,435	—	—
Employers	6,144	—	—
Interest and Dividends	3,487	—	—
Sales Proceeds	87,345	—	—
Other	—	—	88
Total Receivables	100,411	—	88
<b>Investments at Fair Value</b>			
Fixed Income	539,527	—	—
Equity	1,350,197	—	—
Real Estate	287,997	—	—
Alternative Investments	173,578	—	—
Total Investments at Fair Value	2,351,299	—	—
Securities Lending Collateral	11,131	—	—
Total Assets	2,805,571	219	9,287
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	1,370	—	795
Salaries, Benefits, and Payroll Taxes Payable	—	—	1,478
Deposits Payable	—	—	6,998
Claims/Judgments Payable	—	—	16
Securities Lending Collateral	11,125	—	—
Investment Commitments Payable	304,577	—	—
Total Liabilities	317,072	—	9,287
Net Position Restricted for Pensions	\$ 2,488,499	\$ 219	\$ —

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

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<b>Employees' Retirement Fund</b>	<b>S.L. Denny Private-Purpose Trust</b>
<b>ADDITIONS</b>		
<b>Contributions</b>		
Employer	\$ 108,454	\$ —
Plan Member	71,756	—
Total Contributions	180,210	—
<b>Investment Income</b>		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	163,299	—
Interest	10,570	3
Dividends	24,781	—
Total Investment Activities Income	198,650	3
Investment Activities Expenses		
Investment Management Fees	8,186	—
Investment Consultant Fees	295	—
Investment Custodial Fees	426	—
Total Investment Activities Expenses	8,907	—
Net Income from Investment Activities	189,743	3
From Securities Lending Activities		
Securities Lending Income	100	—
Borrower Rebates	166	—
Total Securities Lending Income	266	—
Securities Lending Expenses		
Management Fees	66	—
Total Securities Lending Expenses	66	—
Net Income from Securities Lending Activities	200	—
Total Net Investment Income	189,943	3
Other Income	—	—
Total Additions	370,153	3
<b>DEDUCTIONS</b>		
Benefits	168,967	—
Refund of Contributions	16,457	—
Administrative Expense	9,251	—
Total Deductions	194,675	—
Change in Net Position	175,478	3
Net Position - Beginning of Year	2,313,021	217
Net Position - End of Year	\$ 2,488,499	\$ 220

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

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# **Notes to Financial Statements**

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# NOTES TO FINANCIAL STATEMENTS

## December 31, 2016

### (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 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. This Statement defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

In 2016, the City implemented GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement applies to pension plans that either do not have any dedicated assets associated with them or have assets that are not in an irrevocable trust meeting certain requirements. The City's Firemen's Pension and Police Relief and Pension Funds are subject to this Statement and will report in accordance with the requirements of Statement 73, starting in its fiscal year 2016.

In 2016, the City implemented GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This Statement supersedes Statement No. 55 and reduces the GAAP hierarchy to two categories. It requires the City to follow GASB statements as applicable; for clarifications, the City is required to refer to the reference materials in this sequence - GASB Technical Bulletins, GASB Implementation Guides and Literature of the AICPA cleared by GASB. The implementation of GASB Statement No. 76 has no impact on the City's financial statements.

In 2016, the City implemented GASB Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter tax abatement agreements to disclose the following information about the agreements: Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. The gross dollar amount of taxes abated during the period. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

In 2016, the City implemented GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

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 2015, the GASB issued Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, effective for reporting periods beginning after December 15, 2015. The City does not participate in any non-state or nongovernmental multiple-employer defined benefit pension plans, and therefore is not subject to the reporting requirements of GASB Statement No. 78. The City will continue to comply with the requirements of GASB Statement No. 68 for pension reporting.

## 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 bylaw 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.

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. Revenues include taxes on real and personal property, zoning and subdivision fees, investment pool and loan interest, and grants.

The City reports the following major proprietary funds:

The Light Fund accounts for operating the City's electric utility which owns and operates generating, transmission, and distribution facilities. The Light Fund supplies electricity to approximately 423,000 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 1,873 miles of transmission and distribution system pipelines and 354.5 million gallons of distribution storage capacity in the Cedar and South Fork Tolt River watersheds. The distribution system serves a population of about 1.4 million people businesses in Seattle and the surrounding area.

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.

## **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 Construction and Inspections Fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **Fiduciary Fund Financial Statements**

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

Agency funds, unlike the other types of fiduciary funds, report only assets and liabilities. Agency funds do not have a measurement focus since they do not report equity and cannot present an operating statement reporting changes in equity. They 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, 2015, from which the summarized information was derived.

## 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 the market approach valuation technique. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Additional information on fair value measurement may be found in Note 3.

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

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City's need for cash.
- A City social policy shall take precedence over furthering the City's financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.
- All transactions are done on a delivery-versus-payment basis.

- The standard of prudence to be used by investment personnel shall be the “Prudent Investor Rule” promulgated under the Uniform Prudent Investor Act (UPIA) of 1994.
- Investments shall generally be held until maturity except for a security with declining credit may be sold early to minimize the loss of principal; a security swap that would improve the quality, yield, or duration of the portfolio; liquidity needs of the portfolio require that a security be sold early.

The 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 acquisition value (an entry price) 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.

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

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, 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.

## 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 2016, the RSA reported an ending fund balance of \$47.4 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 approve 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 2016, the Emergency Subfund reported an ending fund balance of \$60.0 million.

A summary of governmental fund balances at December 31, 2016, is as follows:

Table 1-1

**GOVERNMENTAL FUND BALANCES**  
(In Thousands)

Fund Balances	General	Transportation	Low-Income Housing	Other Governmental	Total
Nonspendable					
Not in spendable form <sup>a</sup>	\$ 401	\$ 1	\$ —	\$ 689	\$ 1,091
Legally or contractually required to be maintained intact	—	—	—	2,050	2,050
Restricted					
General	888	—	—	1,974	2,862
Capital and Continuing Programs	100,544	—	—	127,862	228,406
Library	13,551	—	—	10,719	24,270
Transportation	—	923	—	37,773	38,696
Low-Income Housing	—	—	154,247	—	154,247
Health Care Reserve	40,540	—	—	—	40,540
Parks and Recreation	—	—	—	16,723	16,723
Legal Settlement	—	—	—	38	38
Pike Place Market Renovation	—	—	—	2,025	2,025
Seattle Center	—	—	—	2,269	2,269
Wheelchair Accessibility	—	—	—	1,521	1,521
Election Vouchers	—	—	—	1,944	1,944
Human Services	—	—	—	3,540	3,540
Department of Education	—	—	—	75,997	75,997
Municipal Arts	—	—	—	10,297	10,297
Debt Service	—	—	—	11,395	11,395
General Trust	—	—	—	4,063	4,063
General Donation and Gift Trusts	—	—	—	3,556	3,556
Permanent Funds	—	—	—	127	127
Committed					
General	3,249	—	—	—	3,249
Capital and Continuing Programs	22,849	—	—	—	22,849
Library	462	—	—	—	462
Transportation	—	96,614	—	—	96,614
Low-Income Housing	—	—	350	—	350
Judgment and Claims	3,482	—	—	—	3,482
Cable Television Franchise	3,750	—	—	—	3,750
Neighborhood Marching	2,865	—	—	—	2,865
Bluefield Habitat Maintenance	212	—	—	—	212
Developmental Rights	22	—	—	—	22
Employee Benefit Trust Funds	8,406	—	—	—	8,406
Health Care Reserve	33,259	—	—	—	33,259
Seattle Center	—	—	—	4,357	4,357
Human Services	—	—	—	8,071	8,071
Municipal Arts	2,633	—	—	—	2,633
Fire and Police Pension	21,332	—	—	—	21,332
Assigned					
General	26,398	—	—	—	26,398
Library	2,248	—	—	—	2,248
Parks and Recreation	—	—	—	5,464	5,464
Human Services	—	—	—	2,121	2,121
Office of Housing	—	—	—	2,234	2,234
Unassigned					
General	47,839	—	—	—	47,839
Capital and Continuing Programs	—	—	—	(33,891)	(33,891)
Revenue Stabilization Account	47,446	—	—	—	47,446
Emergency Subfund	60,005	—	—	—	60,005
Seattle Streetcar	—	—	—	(3,192)	(3,192)
<b>Total</b>	<b>\$ 442,381</b>	<b>\$ 97,538</b>	<b>\$ 154,597</b>	<b>\$ 299,726</b>	<b>\$ 994,242</b>

<sup>a</sup> Resource that cannot be spent due to their form, such as inventory and prepaid items.

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

**BUDGETARY INFORMATION**

The City budgets for the General Fund, 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)*

	<u>2016</u>
Annual Budget	\$ 1,460,676
Carryovers	
Encumbrances	4,773
Continuing Appropriations	96,731
Intrafund Eliminations	(22,571)
Budget Revisions	88,317
Budget Transfers	<u>(2,500)</u>
Total Budget	<u>\$ 1,625,426</u>

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 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 Central Waterfront Improvement Fund reported a deficit fund balance of \$21.5 million as of December 31, 2016. Ordinance 123142 created this fund with specific intent that multiple partnership, 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 inter-fund 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. Ordinance 125188 amending to extend the duration of the inter-fund loan of \$32.2 million to be repaid no later than December 31, 2019.

The Parks Capital Fund reported a deficit fund balance of \$35.8 thousand as of December 31, 2016. Ordinance 124634 created this fund for depositing revenues received by the City from the Seattle Park District. The creation of this fund to which revenues may be deposited, and from which associated expenditures may be paid including capital costs for the purpose of accounting separately of the capital expenditures funded by the Seattle Park District or other sources. The fund also receives earnings on its positive cash balances and pay interest on its negative balances.

The Park District Loan Capital Sub Fund reported a deficit fund balance of \$10.8 thousand as of December 31, 2016. Ordinance 124652 created this fund to provide funding to Park District budgeted operational and capital programs in 2015. It also authorizes the City to enter into a loan agreement with the Seattle Park District. Inter-fund loans totaling \$7.5 million and \$2.5 million will be made to a sub-fund within the Parks and Recreation Fund and a sub-fund within the Parks Capital Fund. The Park District will use those resources to fund operational and capital projects in the Parks Department. The parks District will repay the loan of \$10.0 Million plus accrued interest over eight years.

2017 LTGO Bond Fund was created by Ordinance 124925, in which approves the principal proceeds and any premium received from the sale and delivery of the bonds for paying the costs of various elements of the City's capital improvement program. At the end of 2016 the fund reported a deficit fund balance of \$12.4 million. The expenditures were related to the Elliott Bay Seawall Project resulting from a settlement agreement between the City and the Contractor. The settlement occurred in 2016, arrived earlier than the resources becoming available in 2017.

The Seattle Streetcar Fund reported a deficit fund balance of \$3.2 million as of December 31, 2016. The fund was created by Ordinance 122424 in 2007 and later amended in 2009 by Ordinance 123102 to increase the authorized inter-fund 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 Downtown Parking Garage Fund reported a net position deficit of \$25.4 thousand at December 31, 2016, an increase in fund balance of \$26.1 million from the prior year. The increase was attributed to the gain on sale of the Pacific Place Garage in October 2016 amounting to \$47.5 million and the transfer of funds from the General Fund of \$11.2 million to cover for the fund deficit. This was offset by a \$32.7 million transfer of the sales proceeds to Garage Proceeds Disposition Fund (37000). The \$32.7 million transferred to Fund 37000 is equivalent to the net proceed from sale of the garage of \$85.2 million, less \$52.5 million that was remitted to the bond trustee for bond defeasance.

The Fiber Leasing Fund reported a deficit fund balance of \$10.9 thousand as of December 31, 2016. The fund was created by Ordinance 123931 with the intent to account for the activities associated with management's use of the City's excess fiber and fiber infrastructure. The reported deficit is the result of a partial contract settlement between the City and the Contractor.

### **(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, 2016, 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, 2016, the City held \$95,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

#### **CITY TREASURY INVESTMENTS**

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

The City reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is defined in Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

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

The City's overnight repurchase agreement with Wells Fargo Bank, N.A. and investment in the State of Washington Local Government Investment Pool (LGIP) are accounted for at cost. The LGIP is a 2a-7-like external investment pool and transact with participants at a net asset value (NAV) per share of \$1. Participants may contribute and withdraw funds on a daily basis. Participants must inform the Office of State Treasurer of contributions or withdrawals over one million dollars no later than 9:00 AM on the day of transaction, and by 10:00 AM for contributions or withdrawals of less than one million dollars. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The remainder of City's investments are purchased in the over-the-counter U.S. bond market and accounted for at market.

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

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

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

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

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

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

As of December 31, 2016, the City's investment pool held the following investments:

**Table 3-1**

**INVESTMENTS AND MATURITIES  
TREASURY RESIDUAL POOLED INVESTMENTS  
(In Thousands)**

Investments	Value as of December 31, 2016	Fair Value Measurements Using			Measured at Amortized Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Bank Note	\$ 48,133	\$ —	\$ 48,133	\$ —	\$ —	658
Commercial Paper	204,475	—	204,475	—	—	90
Local Government Investment Pool	45,382	—	—	—	45,382	3
Municipal Bonds	306,458	—	306,458	—	—	1,692
Repurchase Agreements	50,446	—	—	—	50,446	3
U.S. Government Agency Mortgage-Backed Securities	261,378	—	261,378	—	—	1,853
U.S. Government Agency Securities	553,816	—	553,816	—	—	1,355
U.S. Treasury and U.S. Government-Backed Securities	287,802	275,300	12,502	—	—	472
<b>Total</b>	<b>\$ 1,757,890</b>	<b>\$ 275,300</b>	<b>\$ 1,386,762</b>	<b>\$ —</b>	<b>95,828</b>	
Weighted Average Maturity of the City's Pooled Investments						1,103

In March 2016, the City made its first deposit into the Washington State Local Government Investment Pool (LGIP) managed by the Office of the Washington State Treasurer. The LGIP is structured as a 2a7-like pool and values its investments at amortized cost, which approximates fair value. It is overseen by the Office of the State Treasurer, the State Finance Committee, the Local Government Investment Pool Advisory Committee, and the Washington State Auditor's Office.

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

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

The Strategic Portfolio consists of cash that is in excess of known and expected liquidity needs. Accordingly, this portfolio is invested in debt securities with longer maturities than the Operating Portfolio, which over a market cycle, is expected to provide a higher return and greater investment income. Consistent with this profile, and for the purpose of comparing duration, yield and total return, the benchmark for the Strategic portfolio is the Barclays U.S. Government 1-7 year index. The duration of the Strategic Portfolio is targeted between 75.0 percent and 125.0 percent of the benchmark.

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investments must adhere to state statutes. State statute and the City's Statement of Investment Policy do not stipulate credit quality requirements for U.S. Government or U.S. Government Agency Obligations, but provide for minimum credit ratings for investments in municipal bonds, commercial paper and corporate notes. State statute limits the maximum maturity and percentage allocation of investments in commercial paper and corporate notes but not for municipals. The City's investment policy limits the maximum percentage allocation that can be invested in municipal bonds, commercial paper and bank notes. In addition, commercial paper, bank, and corporate note purchases must adhere to the investment policies and procedures adopted by the Washington State Investment Board (Policy No. 2.05.500 adopted 3/16/95 and revised again 9/15/16) that includes the following credit and maximum maturity constraints:

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

The City subscribes to asset-backed commercial paper research from Moody's Investors Service and public finance and non-U.S. bank research from Fitch Ratings. The City conducts internal due diligence 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. However, as noted under credit risk, the City's Statement of Investment Policy outlines maximum percentage allocations for municipal securities, commercial paper as well as bank notes and corporate notes.

**Table 3-2**

**CONCENTRATION OF CREDIT RISK**

*(In Thousands)*

<b>Issuer</b>	<b>Fair Value</b>	<b>Percent of Total Investments</b>
Federal Farm Credit Bank, Federal Home Loan Bank	\$ 329,944	18.8%
Municipal Bonds	306,458	17.4
Federal National Mortgage Association (Fannie Mae), FNA, and FNMA DUS ACES, FN DUS POOL	302,420	17.2
US Treasury (HUD Debenture, US Treasury Bonds)	287,802	16.4
Federal Home Loan Mortgage Corporation (Freddie Mac) and FHMS K Series	182,830	10.4
Toronto Dominion Bank	53,067	3.0
Sweep Repo	50,446	2.9
Canadian Pension Plan Investment Board	49,686	2.8
Washington State Treasurer's Investment Pool	45,382	2.6
Bedford Funding	29,950	1.7
Abbey National	24,989	1.4
Old Line Funding	24,988	1.4
ASB Finance LTD London Branch	24,988	1.4
Nestlé Capital	24,885	1.4
Royal Bank of Canada	20,055	1.2
Total Investments	<u>\$ 1,757,890</u>	<u>100.0%</u>

Custodial Credit Risk - Investments. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent. In April 2016 the City transferred its custody relationship from BNY Mellon to Wells Fargo under the State of Washington's statewide custody provider program arranged by the State Treasurer's Office. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method. 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)

	Value as of December 31, 2016	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>INVESTMENTS BY FAIR VALUE LEVEL</b>				
Equity	\$ 639,808	\$ 636,258	\$ 3,533	\$ 16
Fixed Income	413,738	96,766	316,972	—
Total Investments by fair value level	1,053,546	733,024	320,505	16
<b>INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)</b>				
Equity	710,389			
Fixed Income	125,790			
Real Estate	287,997			
Alternative Investments	173,578			
Total Investments measured at the NAV	1,297,754			
Total Investments	\$ 2,351,300			
Securities lending collateral	\$ 11,131			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
<b>INVESTMENTS</b>				
Equity	\$ 710,389	\$ —	Daily, Monthly	1-30 Days
Fixed Income	125,790	—	Monthly	30 Days
Real Estate	287,997	9,444	N/A	N/A
Alternative Investments	173,578	242,115	N/A	N/A
Total Investments measured at the NAV	\$ 1,297,754	\$ 251,559		

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.

Table 3-4

SCERS' FIXED INCOME PORTFOLIO

(In Thousands)

Investment Type	Fair Value	Investment Maturities (In Years)				
		< 1	1 - 5	6 - 10	> 10	N/A
Agencies	\$ 3,385	\$ —	\$ 1,952	\$ 1,433	\$ —	\$ —
Asset Backed Security	18,417	—	8,988	8,982	448	—
Commingled Funds	35,150	—	—	—	—	35,150
Corporate Debt	236,226	1,621	52,012	146,404	29,676	6,513
Derivatives	1,761	(31)	1,992	—	(200)	—
Foreign Sovereign	1,504	—	—	1,504	—	—
Mortgage Backed Security	176,025	—	—	4,541	171,484	—
Municipal	5,444	—	197	1,188	4,059	—
Treasury Notes and Bonds	61,616	8,821	18,629	22,791	11,374	—
Total Fixed Income	\$ 539,528	\$ 10,411	\$ 83,770	\$ 186,843	\$ 216,841	\$ 41,663

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	\$ 3,385	\$ —	\$ 3,383	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2
Asset Backed Security	18,417	13,721	316	—	—	—	—	448	3,934
Commingled Funds	35,150	—	—	—	—	—	—	—	35,150
Corporate Debt	236,226	1,283	5,898	28,201	76,235	44,649	43,049	4,669	32,242
Derivatives	1,761	—	—	—	—	—	—	—	1,761
Foreign Sovereign	1,504	—	—	—	1,503	—	—	—	—
Mortgage Backed Security	176,025	1,959	66,487	1,010	849	—	—	—	105,719
Municipal	5,444	1,696	1,230	2,518	—	—	—	—	—
Treasury Notes and Bonds	61,616	—	61,616	—	—	—	—	—	—
Total Fixed Income	\$ 539,528	\$ 18,659	\$ 138,930	\$ 31,729	\$ 78,587	\$ 44,649	\$ 43,049	\$ 5,117	\$ 178,808

Table 3-6

SCERS' ASSET ALLOCATION

Asset Class	Actual	Target
Cash and short-term Investments	(0.2)%	—%
Equity	60.2	57.0
Fixed Income	26.1	23.0
Diversifying Strategies	2.3	5.0
Real Estate	11.6	15.0
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, 2016, the fair value of securities on loan was \$10.8 million. Associated cash collateral totaling \$11.1 million was received. The fair market value of the reinvested collateral was \$11.1 million at December 31, 2016, which includes an unrealized gain totaling \$5,301.

**Table 3-7**

**SCERS’ SECURITIES LENT AND COLLATERAL**

*(In Thousands)*

Type of Securities Lent	2016		2015	
	Fair Values of Securities Lent	Collateral	Fair Values of Securities Lent	Collateral
U.S. Government and Agencies	\$ 1,274	\$ 1,292	\$ 11,574	\$ 11,785
U.S. Corporate Fixed Income	7,275	7,538	4,202	4,287
U.S. Equities	2,242	2,295	36,197	37,090
International Fixed Income	—	—	525	541
International Equity	—	—	—	—
<b>Total Securities Lent</b>	<b>\$ 10,791</b>	<b>\$ 11,125</b>	<b>\$ 52,498</b>	<b>\$ 53,703</b>
<b>Collateral</b>		<b>2016</b>		<b>2015</b>
Repurchase Agreements		\$ 11,131		\$ 50,450
Asset-Backed Securities		—		1,055
Payable/Receivable		(6)		2,128
<b>Total Collateral</b>		<b>\$ 11,125</b>		<b>\$ 53,633</b>
Fair Value of Collateral Held		\$ 11,125		\$ 50,942

**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.

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

**Table 4-1**

**TAX REVENUES AND RECEIVABLES**

*(In Thousands)*

	December 31 2016 Revenues	December 31 2016 Receivables
Property Taxes	\$ 542,854	\$ 9,331
General Business and Occupation Taxes	482,850	67,485
Totals	<u>\$ 1,025,704</u>	<u>\$ 76,816</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 \$1.47 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2016. In addition, the levy included \$1.30 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2016 levy was \$2.77 per \$1,000 of assessed value. Not included in this total are the levy for the newly authorized Seattle Metropolitan Park District (SMPD) and the King County levy for Medic One/Emergency Medical Services. The SMPD is a separate taxing authority under state law and was levied at a rate of \$0.29 per \$1,000 assessed value. The Medic One/Emergency Medical Services levy, from which the City receives a direct, proportional distribution of proceeds, was renewed by voters at election in November 2013 for collection in 2014 at \$0.335 per \$1,000 of assessed value. Due to assessed value growth, the rate in 2016 decreased to \$0.28 per \$1,000 of assessed value.

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, 2016, as reported in the fund 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	\$ 4,334
	Nonmajor Enterprise	5
	Nonmajor Governmental	10,434
	Internal Service	1,483
	Transportation	99
	Light	660
	Solid Waste	696
	Water	2,533
	Total General Fund	\$ 20,244
	<b>Transportation</b>	Drainage and Wastewater
General		6,777
Nonmajor Governmental		35,164
Internal Service		45
Light		3,718
Solid Waste		3
Water		2,236
Total Transportation Fund		\$ 51,180
<b>Light</b>	Drainage and Wastewater	2,113
	General	20
	Nonmajor Governmental	4
	Internal Service	124
	Transportation	12
	Solid Waste	777
	Water	2,001
	Total Light Fund	\$ 5,051
<b>Water</b>	Drainage and Wastewater	414
	General	4
	Nonmajor Governmental	1
	Internal Service	43
	Light	401
	Solid Waste	45
	Total Water Fund	\$ 908
<b>Low-Income Housing</b>	Light	390
	Total Low-Income Housing Fund	\$ 390
<b>Solid Waste</b>	Drainage and Wastewater	151
	Nonmajor Governmental	7
	Internal Service	13
	Light	268
	Water	78
	Total Solid Waste Fund	\$ 517
<b>Drainage and Wastewater</b>	General	9
	Nonmajor Governmental	132
	Nonmajor Enterprise	210
	Internal Service	36
	Transportation	400
	Light	1,201
	Solid Waste	76
	Water	299
	Total Drainage and Wastewater Fund	\$ 2,363

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	\$ 429	
	Nonmajor Enterprise	51	
	General	1,598	
	Nonmajor Governmental	9,685	
	Internal Service	223	
	Fiduciary	4	
	Low-Income Housing	1,431	
	Transportation	195	
	Light	795	
	Solid Waste	31	
	Water	33	
		<u>Total Nonmajor Governmental Funds</u>	<u>\$ 14,475</u>
	Fiduciary	Internal Service	9
		<u>Total Fiduciary Funds</u>	<u>\$ 9</u>
Nonmajor Enterprise	Drainage and Wastewater	456	
	General	1,186	
	Solid Waste	5	
	Nonmajor Governmental	3	
	Internal Service	6	
	Light	124	
	Water	1	
	<u>Total Nonmajor Enterprise Funds</u>	<u>\$ 1,781</u>	
Internal Service	Drainage and Wastewater	1,372	
	Nonmajor Enterprise	687	
	General	3,245	
	Nonmajor Governmental	3,760	
	Internal Service	961	
	Transportation	1,830	
	Light	3,579	
	Solid Waste	415	
	Water	1,447	
	<u>Total Internal Service Funds</u>	<u>\$ 17,296</u>	
Grand Total		<u><u>\$ 114,214</u></u>	

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

**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	Downtown Parking Garage Fund	\$ 1,200
	File Local Agency Fund	50
Parks and Recreation Fund	Seattle Metropolitan Parks District	7,396
Park District Loan Capital Fund	Seattle Metropolitan Parks District	925
2008 Parks Levy Fund	Parks Capital Fund	8,000
Transportation Fund	Central Waterfront Improvement Fund	22,001
Total City		\$ 39,572

The interfund loan for the Central Waterfront Improvement Fund has been approved by the City Council through Ordinance 125188 and is to be repaid by December 31, 2019. The interfund loan to the Parks Capital Fund was approved by the City Council through Ordinance 125202 and is to be repaid no later than December 31, 2019. The advances from the General Fund to the Downtown Parking Garage and the File Local Agency Fund were for the purpose of cash flow and were paid back in 2017. The loan to the Seattle Metropolitan Parks District Fund was 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 Governmental	Nonmajor Enterprise	Transportation	
General Fund	\$ —	\$ 21,658	\$ 20,384	\$ 1,029	\$ 5,700	\$ 48,771
Internal Service	—	500	5,200	—	—	5,700
Nonmajor Enterprise	18,213	—	50	—	—	18,263
Nonmajor Governmental	226,876	—	41,380	32,703	23,151	324,110
Transportation	73,210	—	104,661	—	—	177,871
Total Transfers	\$ 318,299	\$ 22,158	\$ 171,675	\$ 33,732	\$ 28,851	\$ 574,715

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.

**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					
Total Deferred Outflows of Resources	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Inflows of Resources					
Property Taxes	\$ 3,771	\$ 1,010	\$ 279	\$ 1,644	\$ 6,704
Special Assessment	—	—	—	7,855	7,855
Total Deferred Inflows of Resources	\$ 3,771	\$ 1,010	\$ 279	\$ 9,499	\$ 14,559

**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 \$3.1 million, previously reported as an asset, is now reported as a Deferred Inflow of Resources on the government-wide financial statement and will continue to be amortized as a component of interest expense. The internal service funds also recorded a loss on debt refunding of \$3.6 million, 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 2016 total taxes outstanding of \$6.7 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.

**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				
Debt Service	\$ —	\$ 3,637	\$ 3,140	\$ 6,777
Pension Plans	—	31,578	161,395	192,973
Total Deferred Outflows of Resources	\$ —	\$ 35,215	\$ 164,535	\$ 199,750
Deferred Inflows of Resources				
Property Taxes	\$ 6,704	\$ —	\$ (6,704)	\$ —
Special Assessment	7,855	—	(1,127)	6,728
Pension Plans	—	152	325	477
Total Deferred Inflows of Resources	\$ 14,559	\$ 152	\$ (7,506)	\$ 7,205

### 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			Construction & Inspections	Total
		Water	Drainage and Wastewater	Solid Waste		
Deferred Outflows of Resources						
Pension Plans	\$ 64,641	\$ 18,368	\$ 17,899	\$ 6,400	\$ 13,962	\$ 121,270
Charges on Advance Refunding	30,298	27,856	10,127	2,508	—	70,789
Total Deferred Outflows of Resources	\$ 94,939	\$ 46,224	\$ 28,026	\$ 8,908	\$ 13,962	\$ 192,059
Deferred Inflows of Resources						
Pension Plans	\$ 780	\$ 2,226	\$ 2,279	\$ 795	\$ 32	\$ 6,112
Revenue Stabilization Account	66,135	40,957	—	25,343	—	132,435
Regulatory Credits	27,265	—	—	—	—	27,265
Total Deferred Inflows of Resources	\$ 94,180	\$ 43,183	\$ 2,279	\$ 26,138	\$ 32	\$ 165,812

### 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 \$66.1 million and \$66.0 million for 2016 and 2015, respectively. For the Seattle Public Utilities the balance of the RSA was \$66.3 million and \$53.7 million for 2016 and 2015, respectively.

### 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 \$27.3 million and \$23.9 million for 2016 and 2015, 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 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, 2016 and 2015:

2016	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 23.3	\$ 26.6	\$ (3.3)
Purchases	2.2	2.4	0.2
Total	\$ 25.5	\$ 29.0	\$ (3.1)
<hr/>			
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	\$ 14.7	\$ 14.8	\$ (0.3)

Fair value measurements at December 31, 2016 and 2015 used an income valuation technique consisting of Kiindex Forward Curves, which is considered a level 2 input in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB Statement No. 53. In 2010, the 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 2016 and 2015. In addition, the City Council has deferred 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.

(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	\$ 572,081	\$ 1,030	\$ 10	\$ 573,101
Construction in Progress	813,233	273,426	288,283	798,376
Other Capital Assets	11,642	1,545	—	13,187
Total Capital Assets Not Being Depreciated	<u>1,396,956</u>	<u>276,001</u>	<u>288,293</u>	<u>1,384,664</u>
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,343,301	41,526	614	2,384,213
Machinery and Equipment	375,283	104,598	21,063	458,818
Infrastructure	1,866,204	180,464	—	2,046,668
Other Capital Assets	9,582	—	480	9,102
Total Capital Assets Being Depreciated	<u>4,594,370</u>	<u>326,588</u>	<u>22,157</u>	<u>4,898,801</u>
Accumulated Depreciation				
Buildings and Improvements	795,490	59,892	349	855,033
Machinery and Equipment	248,294	37,448	19,761	265,981
Infrastructure	835,068	58,728	—	893,796
Other Capital Assets	4,380	645	480	4,545
Total Accumulated Depreciation	<u>1,883,232</u>	<u>156,713</u>	<u>20,590</u>	<u>2,019,355</u>
Total Capital Assets Being Depreciated, Net	<u>2,711,138</u>	<u>169,875</u>	<u>1,567</u>	<u>2,879,446</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,108,094</u>	<u>\$ 445,876</u>	<u>\$ 289,860</u>	<u>\$ 4,264,110</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 167,712	\$ 14,704	\$ 12,881	\$ 169,535
Construction in Progress	646,162	649,560	626,740	668,982
Other Capital Assets	5,350	783	—	6,133
Total Capital Assets Not Being Depreciated	<u>819,224</u>	<u>665,047</u>	<u>639,621</u>	<u>844,650</u>
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	7,249,169	595,092	65,596	7,778,665
Buildings	60,131	—	60,131	—
Machinery and Equipment	14,770	88	498	14,360
Other Capital Assets	73,898	1,770	2,072	73,596
Total Capital Assets Being Depreciated	<u>7,397,968</u>	<u>596,950</u>	<u>128,297</u>	<u>7,866,621</u>
Accumulated Depreciation				
Plant in Service, Excluding Land	2,767,113	212,257	71,881	2,907,489
Buildings	34,074	1,503	35,577	—
Machinery and Equipment	14,330	193	235	14,288
Other Capital Assets	1,347	24	1	1,370
Total Accumulated Depreciation	<u>2,816,864</u>	<u>213,977</u>	<u>107,694</u>	<u>2,923,147</u>
Total Capital Assets Being Depreciated, Net	<u>4,581,104</u>	<u>382,973</u>	<u>20,603</u>	<u>4,943,474</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,400,328</u>	<u>\$ 1,048,020</u>	<u>\$ 660,224</u>	<u>\$ 5,788,124</u>

<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.

**Table 6-2**

**DEPRECIATION EXPENSE BY FUNCTION**

*(In Thousands)*

**GOVERNMENTAL ACTIVITIES**

General Government	\$	2,085
Public Safety		11,217
Transportation		64,068
Economic Environment		93
Culture and Recreation		40,882
Subtotal		118,345
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets		38,368
Total Governmental Activities	\$	156,713

**BUSINESS-TYPE ACTIVITIES**

Light	\$	130,170
Water		49,056
Solid Waste		6,685
Drainage and Wastewater		26,370
Planning and Development		143
Parking Garage		1,553
Total Business-Type Activities	\$	213,977

**(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 2016 and 2015. The tables present the accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds at the end of 2016 and 2015.

**GOVERNMENTAL ACTIVITIES**

**Governmental Funds**

Unpaid compensated absences associated with governmental fund operations of \$82.1 million and \$84.2 million at December 31, 2016 and 2015, respectively, have been recorded in the government-wide financial statements.

**Internal Service Funds**

**Table 7-1 COMPENSATED ABSENCES IN INTERNAL SERVICE FUNDS**  
*(In Thousands)*

	<b>2016</b>	<b>2015</b>
Finance and Administrative Services	\$ 4,984	\$ 5,092
Information Technology	4,575	1,898
Totals	<u>\$ 9,559</u>	<u>\$ 6,990</u>

**BUSINESS-TYPE ACTIVITIES**

**Enterprise Funds**

**Table 7-2 COMPENSATED ABSENCES IN ENTERPRISE FUNDS**  
*(In Thousands)*

	<b>2016</b>	<b>2015</b>
Light	\$ 18,388	\$ 22,985
Water	4,745	5,298
Drainage and Wastewater	4,858	4,998
Solid Waste	1,695	1,734
Planning and Development	2,922	3,402
Totals	<u>\$ 32,608</u>	<u>\$ 38,417</u>

**PENSION TRUST FUNDS**

**Table 7-3 COMPENSATED ABSENCES IN PENSION TRUST FUNDS**  
*(In Thousands)*

	<b>2016</b>	<b>2015</b>
Employees' Retirement	\$ 163	\$ 165
Firemen's Pension	86	81
Police Relief and Pension	61	60
Totals	<u>\$ 310</u>	<u>\$ 306</u>

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.

**(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)*

<u>Net Capital Lease Assets</u>	<u>Capital Assets Governmental Activities</u>
Machinery and Equipment	\$ 293
Less Accumulated Depreciation	(139)
December 31, 2016	<u>\$ 154</u>
<u>Minimum Capital Lease Payments</u>	<u>Long-Term Liabilities Governmental Activities</u>
2016	\$ 196
Total Minimum Lease Payments	196
Less Interest	(38)
Principal	<u>\$ 158</u>

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 \$8.9 million and \$7.1 million in 2016 and 2015 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 \$26.2 thousand 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 \$311.5 thousand and \$303.2 thousand in 2016 and 2015, respectively. Rents are paid as they become due and payable.

The City leases office equipment under various non-cancelable long-term operating lease agreements. The minimum payments made for these operating leases totaled \$839.9 thousand in 2016.

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	Department of Transportation	Total
2017	\$ 9,292	\$ 318	\$ 600	\$ 29	\$ 12	\$ 10,251
2018	6,577	324	626	17	12	7,556
2019	6,292	331	530	17	11	7,181
2020	4,902	169	111	17	—	5,199
2021	4,860	—	111	—	—	4,971
2022-2026	19,414	—	61	—	—	19,475
Total	\$ 51,337	\$ 1,142	\$ 2,039	\$ 80	\$ 35	\$ 54,633

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, 2016	
	2016	2015
Minimum Rentals:	\$ 9,319	\$ 8,043
Less: Sublease Rentals	(57)	(57)
	\$ 9,262	\$ 7,986

**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 \$1.7 million in 2016 and \$1.6 million in 2015.

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 2016 and 2015 were: \$330.2 thousand and \$367.7 thousand for the Water Fund; \$97.6 thousand and \$106.6 thousand for the Drainage and Wastewater Fund, and \$176.3 thousand and \$205.3 thousand for the Solid Waste Fund. Rents are paid as they become due and payable.

Minimum payments under the leases for the years ending December 31, 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
2017	\$ 1,531	\$ 120	\$ 46	\$ 7	\$ 1,704
2018	1,148	121	46	5	1,320
2019	960	121	47	5	1,133
2020	3	36	14	3	56
2021	—	12	—	—	12
2022 - 2026	—	59	—	—	59
2027 - 2030	—	35	—	—	35
Total	\$ 3,642	\$ 504	\$ 153	\$ 20	\$ 4,319

**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)**

	2016	2015
Non-City Property Occupied by City Departments	\$ 9.1	\$ 6.6
City-Owned Property Occupied by City Departments	53.7	53.4
City-Owned Property Leased to Non-City Tenants	2.4	2.3
Total	\$ 65.2	\$ 62.3

Additionally, in 2016 the SeaPark Garage and the Seattle Municipal Tower Building generated \$3.1 million total parking revenues, which were recorded in the Finance and Administrative Services Fund.

Also, in 2016 the City recognized \$5.4 million in parking revenues in the Downtown Parking Garage Fund, an enterprise fund, from the operation of the garage at Pacific Place.

**(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 2016 was \$1.610 billion. The amount of bonds outstanding at December 31, 2016 was \$1.009 billion. The following paragraphs discuss the general obligation bonds issued and refunded/defeased during 2016.

In May 2016, the City issued the following series of General Obligation Bonds: (1) \$103.7 million LTGO Improvement Bonds, 2016, Series A. The bonds mature from April 2017 through April 2036 with an average coupon rate of 4.4 percent; (2) \$36.7 million UTGO Improvement Bonds, 2016, maturing in December 2045 with an average coupon rate of 4.1 percent; (3) \$6.1 million LTGO Improvement Bonds, 2016, Series B (Taxable) with the final maturity date of April 1, 2036 with an average coupon rate of 2.7 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 Alaskan Way Corridor, Seawall, Fire Stations, Precinct, Pike Place Market and other IT projects. In addition, the part of the 2016 LTGO bonds proceeds was used for the partial refunding of the 2006 and 2009 bonds.

City had no short-term general obligation debt at the end of 2016.

The following table presents the individual general obligation bonds outstanding as of December 31, 2016, and other relevant information on each outstanding bond issue.

**Table 9-1**

**GENERAL OBLIGATION BONDS**  
*(In Thousands)*

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2016	To Date <sup>a</sup>	
<b>LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED</b>							
Various Purpose and Refunding, 2006	04/26/06	03/01/07-26	4.254%	\$ 24,905	\$ 6,095	\$ 24,905	\$ —
Various Purpose and Refunding, 2007	05/02/07	10/01/07-28	4.251	95,550	55,365	93,615	1,935
Various Purpose and Refunding, 2008	07/02/08	12/01/08-28	4.398	139,830	3,830	129,265	10,565
Various Purpose and Refunding, 2009	03/25/09	11/01/09-05/01/34	3.574	99,860	28,070	85,785	14,075
Improvement and Refunding, 2010, Series A <sup>b</sup>	03/31/10	08/01/10-30	3.039	66,510	—	—	66,510
Improvement and Refunding, 2010, Series B	03/31/10	08/01/10-31	3.125	135,395	11,315	50,380	85,015
Various Purpose, 2011	03/16/11	03/01/11-31	3.645	79,185	3,020	23,825	55,360
Various Purpose and Refunding, 2012	05/16/12	09/01/12-32	2.703	75,590	4,790	13,670	61,920
Improvement, 2013, Series A	06/04/13	10/01/14-33	2.375	42,315	4,375	12,815	29,500
Improvement and Refunding, 2013, Series B	06/04/13	01/01/14-25	1.427	55,075	8,850	19,400	35,675
Improvement and Refunding, 2014	04/10/14	11/1/14-05/1/34	2.497	62,770	7,135	13,920	48,850
Improvement and Refunding, 2015, Series A	05/21/15	12/1/15-06/01/35	2.401	160,945	6,095	7,445	153,500
Improvement and Refunding, 2015, Series B (Taxable)	05/21/15	04/1/16-35	3.452	28,175	1,120	1,120	27,055
Improvement and Refunding, 2016, Series A	05/25/16	04/1/17-36	2.188	103,660	—	—	103,660
Improvement and Refunding, 2016, Series B (Taxable)	05/25/16	04/1/17-36	2.801	6,070	—	—	6,070
Total Limited Tax General Obligation Bonds				<u>\$1,175,835</u>	<u>\$ 140,060</u>	<u>\$ 476,145</u>	<u>\$ 699,690</u>

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

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2016	To Date <sup>a</sup>	
<b>UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED</b>							
Refunding-Various UTGO Bonds, 1998, Series A	03/17/98	09/01/98-17	4.470%	\$ 53,865	\$ 265	\$ 53,580	\$ 285
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	7,090	45,815	15,055
Refunding-Various UTGO Bonds, 2012	05/16/12	12/01/12-21	1.276	46,825	4,815	18,900	27,925
Improvement, 2013	06/04/13	12/01/14-42	3.280	50,000	960	2,805	47,195
Improvement, 2014	04/10/14	12/01/14-43	3.672	16,400	320	635	15,765
Improvement, 2015	05/21/15	12/01/16-44	3.575	169,135	2,895	2,895	166,240
Improvement, 2016	05/25/16	12/01/18-45	3.084	36,740	—	—	36,740
Total Unlimited Tax General Obligation Bonds				\$ 433,835	\$ 16,345	\$ 124,630	\$ 309,205
Total General Obligation Bonds				\$1,609,670	\$ 156,405	\$ 600,775	\$ 1,008,895

<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, 2016, 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	
2017	\$ 81,410	\$ 43,941	\$ —	\$ —	\$ 125,351
2018	81,450	39,542	—	—	120,992
2019	73,305	35,782	—	—	109,087
2020	67,615	32,706	—	—	100,321
2021	70,125	29,556	—	—	99,681
2022 - 2026	271,155	106,312	—	—	377,467
2027 - 2031	161,045	58,341	—	—	219,386
2033 - 2036	96,565	31,305	—	—	127,870
2037 - 2045	106,225	19,550	—	—	125,775
Total	\$ 1,008,895	\$ 397,035	\$ —	\$ —	\$ 1,405,930

**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 2016 was \$7.5 million. There were no new bond issues in 2016.

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
					2016	To Date	
Local Improvement District No. 6750 Bonds, 2006	09/13/06	12/15/07-26	4.102	\$ 21,925	\$ 1,320	\$ 14,420	\$ 7,505

**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
2016	1,126,841	1,695,811	7,854,542	359,974

<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.”

The requirements to amortize the special assessments with governmental commitment as of December 31, 2016, 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
2017	\$ —	\$ 317	\$ 317
2018	—	317	317
2019	—	317	317
2020	—	317	317
2021	—	317	317
2022 - 2025	—	1,268	1,268
2026	7,505	317	7,822
Total	<u>\$ 7,505</u>	<u>\$ 3,170</u>	<u>\$ 10,675</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 \$1.7 million and \$0.1 million in principal and interest, respectively, in 2016. The outstanding balance on the notes at December 31, 2016, is \$10.9 million. The following table presents the annual debt service requirements to maturity on the notes as of the end of 2016.

**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
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	973	19	992
2022 - 2026	2,894	45	2,939
2027 - 2030	1,337	12	1,349
2031	316	1	317
Total	<u>\$ 10,944</u>	<u>\$ 291</u>	<u>\$ 11,235</u>

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 2016 was approximately \$5.051 billion. The total outstanding amount at December 31, 2016, was \$3.810 billion. During 2016 an additional \$505.8 million of revenue bonds were issued.

In January 2016, City Light issued \$31.9 million of taxable Municipal Light and Power (ML&P) Clean Renewable Energy Bonds (2016A Bonds) and \$116.9 million of tax exempt Municipal Light and Power (ML&P) Refunding Revenue Bonds (2016B Bonds). In September 2016, the Department issued \$160.8 million of tax exempt Municipal Light and Power (ML&P) Improvement and Refunding Revenue Bonds (2016C Bonds). The arbitrage yield was 1.01% for the 2016A Bonds, 1.88% for the 2016B Bonds, and 2.29% for the 2016C Bonds.

The proceeds from the 2016A Bonds are being used to finance certain capital improvement and conservation programs and to make a deposit to the reserve fund. Proceeds from the 2016B Bonds were used to refund \$122.8 million of the 2008 Bonds, and proceeds from the 2016C Bonds were used to finance certain capital improvement and conservation programs and to refund \$32.0 million of the 2010B Bonds. The debt service on the 2016A Bonds requires a cash flow over the life of the bonds of \$60.9 million, including \$29.0 million in interest, and the debt service on the 2016B Bonds requires a cash flow over the life of the bonds of \$166.8 million including \$50.0 million in interest. The debt service of the 2016C Bonds requires a cash flow over the life of the bonds of \$268.8 million, including \$108.0 million in interest.

In June 2016, Drainage and Wastewater issued \$160.9 million of Drainage and Wastewater Improvement and Refunding Revenue Bonds with varying annual principal payments due beginning 2016 and ending in 2046, at interest rates ranging from 4.0 percent to 5.0 percent.

In June 2016, Solid Waste issued \$35.3 million of Solid Waste Revenue and Refunding Bonds with varying annual principal payments due beginning 2017 and ending in 2041, at interest rates ranging from 4.0 percent and 5.0 percent.

The following table presents the individual revenue bonds outstanding as of December 31, 2016, and other pertinent information on each outstanding bond issue.

Table 9-6  
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REVENUE BONDS  
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rates <sup>c</sup>	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2016	To Date <sup>a</sup>	
<b>MUNICIPAL LIGHT AND POWER (ML&amp;P) BONDS</b>							
2008 Parity	12/30/08	04/01/09-29	5.522%	\$ 257,375	\$ 137,940	\$ 225,850	\$ 31,525
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	80,275	255,960	340,910
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	13,250	56,530	239,785
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	11,410	32,140	261,140
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	3,000	8,910	181,845
2014 Parity	11/05/14	09/01/44	3.098	265,210	10,480	25,740	239,470
2015 Parity, Series A	07/09/15	05/01/45	3.566	171,850	4,365	4,365	167,485
2015 Parity, Series B-1	07/23/15	05/01/45	.69-1.5	50,000	—	—	50,000
2015 Parity, Series B-2	07/23/15	05/01/45	.69-1.5	50,000	—	—	50,000
2016 Parity, Series A <sup>d</sup>	01/28/16	01/01/41	1.029	31,870	—	—	31,870
2016 Parity, Series B	01/28/16	04/01/29	2.080	116,875	1,535	1,535	115,340
2016 Parity, Series C	09/28/16	10/01/46	2.926	160,815	—	—	160,815
Total Light Bonds				2,729,115	262,255	611,030	2,118,085

**Table 9-6**  
**Page 2 of 2**

**REVENUE BONDS**  
**(In Thousands)**

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rates <sup>c</sup>	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2016	To Date <sup>a</sup>	
<b>MUNICIPAL WATER BONDS</b>							
2006 Parity, Refunding	10/23/06	02/01/08-37	4.424%	189,970	5,630	76,980	112,990
2008 Parity, Refunding	12/15/08	08/01/09-38	4.978	205,080	6,035	192,070	13,010
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	5,735	34,905	46,855
2012 Parity, Refunding	05/30/12	09/01/12-34	2.631	238,770	11,335	34,365	204,405
2015 Parity, Refunding	06/10/15	11/1/15-45	3.183	340,840	12,880	17,230	323,610
Total Water Bonds				1,165,500	41,615	355,550	809,950
<b>MUNICIPAL DRAINAGE AND WASTEWATER BONDS</b>							
2006 Refunding	11/01/06	02/01/07-37	4.423%	121,765	4,750	51,550	70,215
2008 Parity	04/16/08	06/01/09-38	4.830	84,645	70,165	80,795	3,850
2009 Parity, Series A <sup>b</sup>	12/17/09	11/01/17-39	3.538	102,535	—	—	102,535
2009 Parity & Refunding, Series B	12/17/09	11/01/10-27	2.907	36,680	3,765	24,300	12,380
2012 Parity & Refunding	06/27/12	09/01/12-42	3.327	222,090	6,920	27,370	194,720
2014 Parity & Refunding	06/17/14	05/01/15-44	3.578	133,180	1,860	3,660	129,520
2016 Parity & Refunding	06/22/16	10/1/16-46	2.921	160,910	210	210	160,700
Total Drainage and Wastewater Bonds				861,805	87,670	187,885	673,920
<b>SOLID WASTE BONDS</b>							
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505%	82,175	22,515	78,560	3,615
2011 Revenue	06/22/11	08/01/12-36	4.227	45,750	1,190	5,210	40,540
2014 Revenue & Refunding	06/12/14	05/01/15-39	3.337	95,350	1,265	2,495	92,855
2015 Revenue	06/25/15	02/01/16-40	3.650	35,830	630	630	35,200
2016 Revenue & Refunding	06/30/16	12/01/16-41	2.793	35,335	—	—	35,335
Total Solid Waste Bonds				294,440	25,600	86,895	207,545
Total Utility Revenue Bonds				\$5,050,860	\$ 417,140	\$1,241,360	\$ 3,809,500

<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.

<sup>e</sup> Interest rates for fixed rate Parity Bonds are the True Interest Costs. Interest rates for variable rate Parity Bonds are the minimum and maximum rates for the reporting year.

The requirements to amortize the revenue bonds as of December 31, 2016, 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	
2017	\$ 111,230	\$ 95,199	\$ 39,345	\$ 38,593	\$ 21,570	\$ 30,934	\$ 6,545	\$ 9,419	\$ 352,835
2018	111,840	89,844	39,625	36,699	22,560	29,903	6,775	9,103	346,349
2019	108,570	84,408	41,620	34,752	23,555	28,792	7,120	8,757	337,574
2020	107,785	78,898	44,095	32,660	24,560	27,629	7,045	8,405	331,077
2021	106,805	73,940	44,630	30,523	24,195	26,447	7,400	8,045	321,985
2022 – 2026	522,885	288,440	226,315	118,004	132,715	113,462	43,060	34,163	1,479,044
2027 – 2031	313,280	185,424	185,685	66,372	147,185	79,377	54,290	22,542	1,054,155
2032 – 2036	303,010	121,260	121,245	30,211	129,250	46,389	51,080	10,499	812,944
2037 – 2041	295,470	56,332	56,745	7,941	99,650	19,846	24,230	1,885	562,099
2042 – 2046	137,210	10,872	10,645	873	48,680	3,937	—	—	212,217
Total	<u>\$ 2,118,085</u>	<u>\$ 1,084,617</u>	<u>\$ 809,950</u>	<u>\$ 396,628</u>	<u>\$ 673,920</u>	<u>\$ 406,716</u>	<u>\$ 207,545</u>	<u>\$ 112,818</u>	<u>\$ 5,810,279</u>

**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, 2016, these loans have an outstanding balance of \$4.1 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, 2016, this loan has an outstanding balance of \$1.8 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, 2016, these loans have an outstanding balance of \$8.0 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. Subsequent draws on \$3.6 million were done in 2016. As of December 31, 2016, this loan has an outstanding balance of \$10.9 million.

Amounts paid for all loans in 2016 were \$1.1 million in principal and \$193.7 thousand in interest. Total loans outstanding as of December 31, 2016 are \$24.8 million. The minimum debt service requirements to maturity are included in Table 9-8.

**Drainage and Wastewater**

During 2004, the Fund entered into a loan agreement to borrow up to \$3.7 million from the Washington State Department of Commerce under the Public Works Trust Loan program for the construction of certain capital improvements. Amounts borrowed under the agreement accrue interest at 0.5 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, 2016, this loan has an outstanding balance of \$1.6 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, 2016, the loan has an outstanding balance of \$1.8 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, 2016, the loan has an outstanding balance of \$1.8 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, 2016, the loan has an outstanding balance of \$5.1 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% per annum and are to be repaid by December 2020. As of December 31, 2016, 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, 2016, the loan has an outstanding balance of \$3.2 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, 2016, the loan has an outstanding balance of \$1.7 million.

Amounts paid to all loans in 2016 were \$1.2 million principal and \$189.3 thousand in interest. Total loans outstanding as of December 31, 2016 are \$15.4 million. The minimum debt service requirements to maturity are included in Table 9-8.

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

Table 9-8

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2017	\$ 1,125	\$ 179	\$ 1,223	\$ 178	\$ 2,705
2018	1,670	662	1,234	164	3,730
2019	1,670	304	1,246	150	3,370
2020	1,670	281	1,258	136	3,345
2021	1,670	258	1,196	122	3,246
2022 - 2026	8,128	940	5,544	421	15,033
2027 - 2031	5,206	458	3,410	132	9,206
2032 - 2036	3,094	167	242	8	3,511
2037 - 2041	546	8	—	—	554
<b>Total</b>	<b>\$ 24,779</b>	<b>\$ 3,257</b>	<b>\$ 15,353</b>	<b>\$ 1,311</b>	<b>\$ 44,700</b>

The following table shows the long-term liability activities during the year ended December 31, 2016.

**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	\$ 965,310	\$ 146,470	\$ 102,885	\$ 1,008,895	\$ 81,400
Issuance Premiums and Discounts, Net	81,337	22,507	12,812	91,032	—
Special Assessment Bonds with Governmental Commitment <sup>b</sup>	8,825	—	1,320	7,505	—
Total Bonds Payable	1,055,472	168,977	117,017	1,107,432	81,400
Notes and Contracts					
Capital Leases	151	7	—	158	58
Other Notes and Contracts	12,668	—	1,723	10,945	1,520
Total Notes and Contracts	12,819	7	1,723	11,103	1,578
Compensated Absences	91,156	476	—	91,632	20,320
Claims Payable					
General Contamination Cleanup <sup>c</sup>	580	—	208	372	—
Workers' Compensation	29,286	—	2,494	26,792	8,954
General Liability	52,279	—	6,539	45,740	13,284
Health Care Claims	—	—	—	—	—
Total Claims Payable <sup>d</sup>	82,145	—	9,241	72,904	22,238
Arbitrage Rebate Liability	9	—	9	—	—
Unfunded Other Post Employment Benefits	116,550	17,160	—	133,710	—
Net Pension Liability	594,563	109,447	—	704,010	—
Other Noncurrent Liabilities	3,564	156	639	3,081	—
Total Long-Term Liabilities from Governmental Activities	\$ 1,956,278	\$ 296,223	\$ 128,629	\$ 2,123,872	\$ 125,536
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds Payable					
General Obligation Bonds	\$ 53,520	\$ —	\$ 53,520	\$ —	\$ —
Revenue Bonds	3,720,835	505,805	417,140	3,809,500	178,690
Issuance Premiums and Discounts, Net	281,073	50,527	—	331,600	—
Total Bonds Payable	4,055,428	556,332	470,660	4,141,100	178,690
Notes and Contracts - Other	38,907	1,226	—	40,133	2,348
Compensated Absences	38,417	—	5,843	32,574	3,725
Claims Payable					
General Contamination Cleanup <sup>c</sup>	120,751	97,396	—	218,147	7,103
Workers' Compensation	10,821	—	243	10,578	3,710
General Liability	14,942	3,111	—	18,053	6,077
Total Claims Payable <sup>d</sup>	146,514	100,507	243	246,778	16,890
Unearned Revenues	25,778	1,054	—	26,832	—
Habitat Conservation Program Liability	8,062	698	—	8,760	968
Landfill Closure and Postclosure Costs	15,685	—	980	14,705	1,643
Unfunded Other Post Employment Benefits	15,979	137	—	16,116	—
Net Pension Liability	512,237	81,736	—	593,973	—
Other Noncurrent Liabilities	1,929	1,282	—	3,211	—
Total Long-Term Liabilities from Business-Type Activities	\$ 4,858,936	\$ 742,972	\$ 477,726	\$ 5,124,182	\$ 204,264

<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'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 \$9.6 million and \$6.9 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities, with the exception of the Department of Construction and Inspections (DCI) for general liability. The General Fund pays for DCI's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from 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 2016.

### **General Government**

The refunding portion of the \$103.7 million LTGO Improvement and Refunding Bonds, 2016 A, issued by the City on 5/25/2016, were used partially to refund the 2006 and 2009 LTGO bonds. The aggregate total debt service of the refunded bonds would require a cash flow of \$34.4 million to maturity. With this refunding, the aggregate total debt service of the refunding bonds require a cash flow of \$31.1 million, which results in a saving of \$3.3 million in debt service. The net present value of this saving is \$2.8 million.

### **City Light**

The Department issued \$116.9 million of tax exempt Municipal Light and Power (ML&P) Refunding Revenue Bonds (2016 B Bonds) to refund \$122.8 million of the 2008 Bonds. In September, the Department also issued \$160.8 million tax exempt Municipal Light and Power (ML&P) Improvement and Refunding Revenue Bonds(2016 C Bonds), of which a portion of the proceeds were used to refund \$32.0 million of the 2010B Bonds. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2016A&B Bonds and the 2016C Bonds totaled \$22.1 million and \$1.8 million, and the aggregate economic gain on refunding totaled \$19.4 million and \$2.0 million at present value, respectively. The accounting loss on refunding for the 2016B Bonds was \$16.1 million and was \$3.0 million for the 2016C Bonds.

### **Drainage and Wastewater**

The Department issued \$160.9 million of Drainage and Wastewater Improvement and Refunding Revenue Bonds, of which a portion of the proceeds were used to partially refund the 2008 bonds. As a result of this refunding, the Department reduced total debt service requirements by \$16.5 million resulting in an economic gain of \$12.8 million.

## Solid Waste

The Department issued \$35.3 million of Solid Waste Revenue and Refunding Bonds, of which \$19.9 million was used to refund the 2007 bond that was partially refunded in 2014.

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 2016	Defeased Outstanding December 31
<b>GENERAL OBLIGATION BONDS</b>							
Limited Tax (Non-Voted)							
Various Purpose and Refunding, 2006, Refunded 5/21/15	04/26/06	03/01/07-26	4.254%	\$ 24,905	\$ 9,816	\$ 9,816	\$ —
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
Various Purpose and Refunding, 2009, Refunded 5/21/15	03/25/09	11/01/09-05/01/34	3.574	99,860	24,090	—	24,090
<b>REVENUE BONDS</b>							
Municipal Light and Power							
2008 Parity	12/30/08	04/01/09-29	5.522	257,375	122,785	—	122,785
2010 Parity, Series B	05/26/10	02/01/11-26	3.413	596,870	32,020	—	32,020
Municipal Water							
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
2008 Parity	04/16/08	06/01/08-38	4.830	84,645	68,380	—	68,380
Municipal Solid Waste							
2007 Parity	12/12/07	02/01/08-33	4.505	82,175	60,705	—	60,705
Total Refunded/Defeased Bonds				<u>\$ 1,898,025</u>	<u>\$ 634,611</u>	<u>\$ 24,221</u>	<u>\$ 610,390</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 \$19.0 thousand on its general obligation bonds in 2011 and none thereafter. As of December 31, 2016, the City reported no arbitrage rebate liability on its general obligation bonds and \$318.0 thousand on its revenue bonds.

## **(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 final feasibility study will be issued in 2017. 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, discharges from storm drains, and combined sewer overflows. 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 and, in February 2013, issued the Proposed Plan for cleanup of the Lower Duwamish Waterway Superfund Site. In December 2014, the EPA indicated its preferred clean-up alternative, with an estimated cost of \$342.0 million, in the final 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 was 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 remedial work is now completed and monitoring is ongoing.

- South Park Marina. DOE has notified the City that it is a Potentially Liable Party for contamination at the South Park Marina, which is adjacent to Terminal 117. Negotiations with the property owner and with DOE are underway. The City's ultimate liability are indeterminate.
- 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. 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 draft remedial investigation and feasibility study was submitted in March 2016. A revised draft remedial investigation and feasibility study is anticipated to be submitted to DOE in late 2017 or 2018 and a Clean-up Action Plan is expected from the DOE in 2018 or 2019.

- **South Park Landfill.** 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 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 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 2019-2020 time frame. 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 estimate for realized recoveries was \$3 million and \$2.1 million, at December 31, 2016 and 2015, 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, 2016 and 2015, respectively.

The changes in the provision for environmental liability (in millions) at December 31, 2015 and 2014 are as follows:

	<b>2016</b>	<b>2015</b>
Beginning Environmental Liability, Net of Recovery	\$ 121.3	\$ 121.2
Payments or Amortization	(13.3)	(10.7)
Incurred Environmental Liability	110.5	10.8
Ending Environmental Liability, Net of Recovery	\$ 218.5	\$ 121.3

The provision for environmental liability (in millions) included in current and noncurrent liability at December 31, 2016 and 2015, is as follows:

	<b>2016</b>	<b>2015</b>
Environmental Liability, Current	\$ 7.1	\$ 16.4
Environmental Liability, Noncurrent	211.4	104.9
Total	\$ 218.5	\$ 121.3

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

**(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, 2016:

Retirees and Beneficiaries Receiving Benefits	6,382
Active Plan Members, Vested and Non-vested	11,503
Terminated Plan Members Entitled To But Not Yet Receiving Benefits, Vested	1,257
Terminated Plan Members not Entitled To Benefits beyond Contributions and Accumulated Interest, Non-vested	1,095

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).

## **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 December 31, 2014 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 2015 were 10.03 percent for members and 15.73 percent for the employer. Plan member and employer contributions for 2015 are \$65,779,216 and \$101,153,403 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, 2015 and December 31 2015 respectively. Based on this valuation, the Total Pension Liability (TPL) is \$3.612 billion; the Fiduciary Net Position (FNP) is \$2.313 billion; the Net Pension Liability (NPL) is \$1.299 billion; and the Funded Ratio was 64.0 percent for the plan.

An actuarial study with valuation date of January 1, 2016, is presently underway, and expected to be available at the Retirement Office after July 1, 2017.

### **Information about the Net Pension Liability**

#### **Assumptions and Other Inputs**

The net pension liability was determined by the actuarial valuation as of January 1, 2015, with the results rolled forward to the December 31, 2015, measurement date. The actuarial assumptions that determined the total pension liability as of December 31, 2015 were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2013.

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, 2015 are summarized in the following table:

**Table 11-1**

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	4.63%	48.0%
Equity: Private	6.25	9.0
Fixed Income: Broad	0.75	18.0
Fixed Income: Credit	3.55	5.0
Real Assets: Real Estate	3.25	12.0
Real Assets: Infrastructure	3.25	3.0
Diversifying Strategies	3.25	5.0
		100.0%

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 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 one percentage point lower and higher (in thousands).

	1% Lower 6.5%	Current Discount Rate 7.5%	1% Higher 8.5%
Net Pension Liability	\$ 1,738,609	\$ 1,297,983	\$ 927,276

**Changes in the Net Pension Liability**

At December 31, 2015, the plan reported the collective net liability of \$1.299 billion, of which the City recorded \$1.298 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, 2015, which was rolled forward to come up with the net pension liability as of December 31, 2016.

**Table 11-2 SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 3,427,634,586	\$ 2,320,613,261	\$ 1,107,021,325
Changes for the Year			
Service Cost	100,325,437	—	100,325,437
Interest on Total Pension Liability	254,310,781	—	254,310,781
Effect of Plan Changes	—	—	—
Effect of Economic/Demographic	1,981,220	—	1,981,220
Effect of Assumptions Changes or Inputs	—	—	—
Benefit Payments	(159,206,392)	(159,206,392)	—
Refund Contributions	(16,123,316)	(16,123,316)	—
Administrative Expenses	—	(8,203,747)	8,203,747
Member Contributions	—	65,720,015	(65,720,015)
Employers Contributions	—	101,062,365	(101,062,365)
Net Investment Income	—	7,077,258	(7,077,258)
Balance at December 31, 2015	<u>\$ 3,608,922,316</u>	<u>\$ 2,310,939,444</u>	<u>\$ 1,297,982,872</u>

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

For the year ended December 31, 2016, the City recognized its proportionate share of pension expense in the amount of \$166.3 million. At December 31 2016, 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	\$ 1,621	\$ —
Change of Assumption	—	—
Net Difference Between Projected and Actual Earnings	158,944	—
Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	6,060	6,590
Contributions Made Subsequent to Measurement Date	107,824	—
Total	<u>\$ 274,449</u>	<u>\$ 6,590</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense in the fiscal years ended December 31 as follows (in thousands).

**Table 11-4**

Year Ended December 31	
2017	42,115
2018	42,115
2019	42,115
2020	33,532
2021	158
Thereafter	—

**FIREMEN’S PENSION AND POLICE RELIEF AND PENSION FUNDS**

**Table 11-5**

**PLAN INFORMATION**

	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>
Actuarial Valuation Date	1/1/2016	1/1/2016
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		21.0 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

<sup>a</sup> Funding is Level %; Amortization is Level \$.

<sup>b</sup> Long-term assumption; 2018 and beyond for the CPI and 2019 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

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 768 fire and 688 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 2016 and 2015; and for Police Relief and Pension, \$13.5 million in 2016 and \$12.6 million in 2015.

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, 2016:

	<b>Firemen's Pension</b>	<b>Police Relief and Pension</b>
Retirees and Beneficiaries Receiving Benefits	668	726
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	13	8
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 for its fiscal year 2016.

The City, however, has determined that Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68, applies to the Firemen’s Pension and Police Relief and Pension Funds and therefore the City implemented paragraphs 115 & 116 of this Statement, which applies for assets accumulated for purposes of providing pensions through defined benefit plans that are not administered through trusts, for its fiscal year 2016. The City will fully implement the rest of Statement 73, as applicable, for its fiscal year 2017.

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 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, 2017, which reflects the 2016 fiscal year information, are presently underway and will be available at the Police and Fire Pension offices after July 1, 2017.

Three-year trend information (in thousands) for the Firemen’s Pension and the Police Relief and Pension Funds as of the January 1, 2016, actuarial valuation are:

<b>Retirement System</b>	<b>Fiscal Year Ending December 31</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (NPO)</b>
Firemen’s Pension Fund	2014	\$ 4,909	173%	\$ (14,132)
	2015	5,007	140	(16,134)
	2016	5,078	209 <sup>a</sup>	(21,647)
Police Relief and Pension Fund	2014	5,994	157	(8,194)
	2015	6,445	123	(9,646)
	2016	6,494	135 <sup>a</sup>	(11,897)

<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.

	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll</b>
Firemen’s Pension Fund	\$ 14,923	\$ 82,929	\$ 68,006	18.0%	N/A	N/A
Police Relief and Pension Fund	4,672	95,761	91,089	4.9	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 \$12.2 million as of December 31, 2016. 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, 2016, based on the actuarial valuation as of January 1, 2016, was \$82.9 million for Firemen’s Pension and \$95.8 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 \$21.6 million net pension asset at December 31, 2016. The net pension obligation of the Police Relief and Pension Fund is a \$11.9 million net pension asset at December 31, 2016.

**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, 2016  
(In Thousands)**

	Firemen’s Pension			Police Relief and Pension		
	2016	2015	2014	2016	2015	2014
Annual Required Contribution (ARC)						
Annual Normal Cost - Beginning of Year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of UAAL - Beginning of Year	4,661	4,610	4,553	5,988	6,000	5,658
Interest to End of Year <sup>a</sup>	280	276	239	210	210	212
ARC at End of Year	4,941	4,886	4,792	6,198	6,210	5,870
Interest on NPO	(968)	(848)	(554)	(338)	(287)	(179)
Adjustment to ARC	1,106	969	671	634	522	303
Annual Pension Cost (APC)	5,079	5,007	4,909	6,494	6,445	5,994
Employer Contribution <sup>b</sup>	10,591 <sup>c</sup>	7,010	8,477	8,745 <sup>c</sup>	7,897	9,398
Change in NPO	(5,512)	(2,003)	(3,568)	(2,251)	(1,452)	(3,404)
NPO at Beginning of Year	(16,135)	(14,132)	(10,564)	(9,646)	(8,194)	(4,790)
NPO at End of Year	<u>\$ (21,647)</u>	<u>\$ (16,135)</u>	<u>\$ (14,132)</u>	<u>\$ (11,897)</u>	<u>\$ (9,646)</u>	<u>\$ (8,194)</u>

<sup>a</sup> Represents the assumed interest rate that year: 5.25% and 3.75% in 2014, 6.00% and 3.50% in 2015, and 6.00% and 3.50% in 2016 for Firemen's Pension and Police Relief and Pension respectively. 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, 2016.

**Table 11-7**

**STATEMENT OF FIDUCIARY NET POSITION  
FIREMEN’S PENSION AND POLICE RELIEF AND PENSION FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	<u>Firemen’s Pension</u>	<u>Police Relief and Pension</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 7,503	\$ 5,962	\$ 13,465	\$ 12,499
Investments at Fair Value				
Equity	8,534	—	8,534	7,718
Fixed Income	310		310	181
Receivables				
Due from Other Funds	—	—	—	—
Other	471	441	912	880
Interest and Dividends	9	—	9	8
Total Receivables	480	441	921	888
Total Assets	16,827	6,403	23,230	21,286
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	1,515	383	1,898	1,691
Total Liabilities	1,515	383	1,898	1,691
Net Position Held in Trust for Pension Benefits	\$ 15,312	\$ 6,020	\$ 21,332	\$ 19,595

**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, 2016  
(In Thousands)**

	<u>Defined Benefit</u>		<u>Postemployment Healthcare</u>		<u>2016</u>	<u>2015</u>
	<u>Firemen’s Pension</u>	<u>Police Relief and Pension</u>	<u>Firemen’s Pension</u>	<u>Police Relief and Pension</u>		
<b>ADDITIONS</b>						
Contributions						
Employer	\$ 6,060	\$ 7,827	\$ 11,103	\$ 13,503	\$ 38,493	\$ 37,590
Investment Income						
From Investment Activities						
Net Appreciation (Depreciation) in						
Fair Value of Investments	926	—	—	—	926	(129)
Interest	54	—	—	—	54	49
Dividends	164	—	—	—	164	153
Total Net Investment Income	1,144	—	—	—	1,144	73
Other Income	1,476	583	—	—	2,059	2,125
Total Additions	8,680	8,410	11,103	13,503	41,696	39,788
<b>DEDUCTIONS</b>						
Benefits	7,679	6,499	11,103	13,503	38,784	38,888
Administrative Expense	612	563	—	—	1,175	1,148
Total Deductions	8,291	7,062	11,103	13,503	39,959	40,036
Change in Net Position	389	1,348	—	—	1,737	(248)
Net Position - Beginning of Year	14,923	4,672	—	—	19,595	19,843
Net Position - End of Year	\$ 15,312	\$ 6,020	\$ —	\$ —	\$ 21,332	\$ 19,595

**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:

<u>Term of Service</u>	<u>Percent of FAS</u>
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 I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

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 2016 were as follows:

	<u>LEOFF Plan 2 Actual Contribution Rates</u>	
	<u>Employer</u>	<u>Employee</u>
State and Local Governments	5.23%	8.41%
Ports and Universities	8.59	8.41

The City's actual contributions to the plan were \$14.7 million for the year ended December 31, 2016.

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, 2016, the state contributed \$60.4 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$9.3 million.

## Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30. 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 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, 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.

- For all systems, except LEOFF Plan 2, the assumed valuation interest rate was lowered from 7.8 percent to 7.7 percent. Assumed administrative factors were updated.
- Valuation software was corrected on how the non-duty disability benefits for LEOFF Plan 2 active members is calculated.
- New LEOFF Plan 2 benefit definitions were added within the OSA valuation software to model legislation signed into law during the 2015 legislative session.

## 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, 2016, 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%	

**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	(21,753)	(36,619)	(49,326)
Plan 2	57,971	(54,489)	(79,947)

**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, 2016, the City reported an asset of \$91.1 million for its proportionate share of the net pension liabilities/ (assets) as follows (in thousands):

	City's Proportionate Share of Net Pension Liability (Asset)
Plan 1	(36,619)
Plan 2	(54,489)

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):

	<b>Proportionate Share of Plan 2 Net Pension Liability (Asset)</b>
Employer's Proportionate Share	\$ (54,489)
State's Proportionate Share Associated with the Employer	(35,523)
Total	<u>\$ (90,012)</u>

At June 30, the City's proportionate share of the collective net pension liabilities was as follows:

	<b>Proportionate Share as of June 30, 2016</b>	<b>Proportionate Share as of June 30, 2015</b>	<b>Change in Proportion</b>
Plan 1	3.55%	3.54%	0.01 %
Plan 2	9.3%	9.31%	(0.01)%

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 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2016, 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 2016, the state of Washington contributed 39.46 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.54 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2016, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2015, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2016, the City recognized its proportionate share of pension expense as follows (in thousands):

	<b>Pension Expense</b>
Plan 1	\$ (4,791)
Plan 2	7,824
Total	<u>\$ 3,033</u>

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2016, 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	\$ —	\$ —	\$ 7,467	\$ —
Net difference between projected and actual investment earnings on pension plan investments	3,722	—	19,580	—
Changes of assumptions	—	—	205	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	—	—
Contributions subsequent to the measurement date	2	—	7,409	—
<b>TOTAL</b>	<b>\$ 3,724</b>	<b>\$ —</b>	<b>\$ 34,661</b>	<b>\$ —</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, 2017. 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>2017</b>	\$ (769)	\$ (266)
<b>2018</b>	(769)	(266)
<b>2019</b>	3,224	16,179
<b>2020</b>	2,037	11,139
<b>2021</b>	—	466
<b>2022</b>	—	—

**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.

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.** The City of Seattle Health Care Blended Premium Subsidy plan is a single employer defined benefit OPEB plan. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan or Social Security may continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100 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 are single employer defined benefit OPEB plans and provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen's Pension, and RCW 41.20 and 41.26 for Police Relief and Pension, and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

### 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, Firemen's Pension and Police Pension and Relief are based on an actuarial valuation date of January 1, 2016, 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**

	<b>Healthcare Blended Premium Subsidy</b>	<b>Firemen's Pension (LEOFF1)</b>	<b>Police Relief and Pension (LEOFF1)</b>	<b>Total</b>
Annual Required Contribution	\$ 7,733,000	\$ 16,929,279	\$ 24,290,676	\$ 48,952,955
Interest on Net OPEB Obligation	1,526,000	1,367,057	1,539,725	4,432,782
Adjustment to Annual Required Contribution	(2,549,000)	(2,051,862)	(2,891,861)	(7,492,723)
Annual OPEB Cost (Expense)	6,710,000	16,244,474	22,938,540	45,893,014
Expected Contribution (Employer-Paid Benefits)	2,018,000 <sup>a</sup>	11,203,000 <sup>a</sup>	14,231,000 <sup>a</sup>	27,452,000
Increase in Net OPEB Obligation	4,692,000	5,041,474	8,707,540	18,441,014
Net OPEB Obligation – Beginning of Year	49,382,000	39,058,762	43,992,150	132,432,912
Net OPEB Obligation – End of Year	<u>\$ 54,074,000</u>	<u>\$ 44,100,236 <sup>a</sup></u>	<u>\$ 52,699,690 <sup>a</sup></u>	<u>\$ 150,873,926</u>

<sup>a</sup> Estimated employer contributions based upon expected benefit payments in 2016. Estimated amounts will be replaced at year end with actual amounts.

The City's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for Healthcare Blended Premium Subsidy, Firemen's Pension (LEOFF1) and Police Relief and Pension (LEOFF1) are displayed below for the last three years.

	Valuation Date	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare Blended Premium Subsidy	1/1/2014	12/31/2014	\$ 3,531,000	38.4%	\$ 46,828,000
	1/1/2015	12/31/2015	3,695,000	28.5	49,382,000
	1/1/2016	12/31/2016	6,710,000	30.9	54,074,000
Firemen's Pension (LEOFF1)	1/1/2014	12/31/2014	14,375,831	67.0	33,337,567
	1/1/2015	12/31/2015	16,829,195	66.0	39,058,762
	1/1/2016	12/31/2016	16,244,474 <sup>a</sup>	69.0 <sup>a</sup>	44,100,236
Police Relief and Pension (LEOFF1)	1/1/2014	12/31/2014	18,443,819	63.0	33,895,578
	1/1/2015	12/31/2015	22,648,572	55.0	43,992,150
	1/1/2016	12/31/2016	22,938,540 <sup>a</sup>	62.0 <sup>a</sup>	52,699,690

<sup>a</sup> Estimated employer contributions based upon expected benefit payments in 2016. Estimated amounts will be replaced at year end with actual amounts.

### 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	1/1/2014	—	\$ 41,819	\$ 41,819	—	\$ 1,003,520	4.2%
	1/1/2015	—	44,375	44,375	—	1,037,855	4.3
	1/1/2016	—	65,739	65,739	—	1,125,664	5.8
Firemen's Pension (LEOFF1)	1/1/2014	—	264,733	264,733	—	N/A	N/A
	1/1/2015	—	320,273	320,273	—	N/A	N/A
	1/1/2016	—	311,364	311,364	—	N/A	N/A
Police Relief and Pension (LEOFF1)	1/1/2014	—	291,524	291,524	—	N/A	N/A
	1/1/2015	—	358,269	358,269	—	N/A	N/A
	1/1/2016	—	357,024	357,024	—	N/A	N/A

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	1/1/2016	1/1/2016	1/1/2016
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	21 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	3.09%	3.50%	3.50%
Medical Inflation		7.3 %, grading down to 4.1% in 2070 and beyond.	7.3 % grading down to an ultimate of 4.1% in 2070.
Long-Term Care Inflation Rate	N/A	4.50%	4.50%
Dental Inflation Rate	N/A	Minimum of 5.0 % of medical inflation.	N/A
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	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 generationally Scale BB. For general service active employees are based on RP-2000 Table for Males, with ages set back six years and RP-2000 Table for Females with ages set back six years. General service retired employees are based on RP2000 Combined Healthy Males with ages set back two years and RP-2000 Combined Healthy Females with ages set back one year. Rates are generations for both males and females using Projection Scale AA.	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.

**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.	N/A	N/A
Marital Status		N/A	N/A
Morbidity Factors			
Traditional Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 138.64%.		
Preventive Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 133.11%		
Group Health Standard and Deductible Plans	<p>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. Also note that the average loss ratios for the above two plans were blended for retirees and spouses for simplicity of display</p> <p>The average medical claim for the Group Health Standard &amp; Deductible plans is based on an average loss ratio (claim vs. premium) of 131.64% and 148.72% for retirees and spouses respectively</p>		
Other Considerations	Active employees covered under the Group Health Standard or Deductible plans are assumed to elect the same plan at retirement; of those covered under the City of Seattle Traditional or Preventive plans, 50% are assumed to switch to the Group Health Standard plan and the remaining 50% are assumed to continue coverage under the same plan. Upon retirement, firefighters are assumed to be covered under the City of Seattle Preventive plan (50%) or Group Health Standard Plan (50%). It is assumed that children will have aged off of coverage and will have \$0 liability.	N/A	N/A

## **(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: The Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, or by telephone at 206-386-4130.

#### **Seattle Investment Fund LLC**

The Seattle Investment Fund LLC (SIF) was established by Ordinance 123146 for the purpose of implementing the U.S. Treasury Department’s New Market Tax Credit (NMTC) program. The City is its sole and managing member. SIF is a qualified Community Development Entity (CDE) and the Primary Allocatee. Twelve subsidiaries have been established since the program’s inception. Financial results presented herewith for 2016 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.

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	
	2016	2015	2016	Restated 2015	2016	Restated 2015
<b>ASSETS</b>						
Cash and Other Assets	\$ 6,216	\$ 3,525	\$ 1,525	\$ 1,650	\$ 7,741	\$ 5,175
Investments	60,893	61,208	8	8	60,901	61,216
Capital Assets, Net	1	2	—	—	1	2
Total Assets	67,110	64,735	1,533	1,658	68,643	66,393
<b>LIABILITIES</b>						
Current Liabilities	1,596	2,308	237	221	1,833	2,529
Total Liabilities	1,596	2,308	237	221	1,833	2,529
<b>NET POSITION</b>						
Net Investment in Capital Assets	1	2	—	—	1	2
Restricted	47,571	44,481	—	—	47,571	44,481
Unrestricted	17,942	17,944	1,296	1,437	19,238	19,381
Total Net Position	\$ 65,514	\$ 62,427	\$ 1,296	\$ 1,437	\$ 66,810	\$ 63,864

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	
	2016	2015	2016	Restated 2015	2016	Restated 2015
<b>PROGRAM REVENUES</b>						
Contributions/Endowment Gain	\$ 11,675	\$ 4,084	\$ —	\$ —	\$ 11,675	\$ 4,084
Placement/Management Fee Income	—	—	344	311	344	311
Total Program Revenues	11,675	4,084	344	311	12,019	4,395
<b>GENERAL REVENUES</b>						
Investment Income	4,138	(574)	—	1,120	4,138	546
Total Program Support and Revenues	15,813	3,510	344	1,431	16,157	4,941
<b>EXPENSES</b>						
Support to Seattle Public Library	11,626	5,778	—	—	11,626	5,778
Management and General	698	644	485	570	1,183	1,214
Fundraising	402	389	—	—	402	389
Total Expenses	12,726	6,811	485	570	13,211	7,381
Change in Net Position	3,087	(3,301)	(141)	861	2,946	(2,440)
<b>NET POSITION</b>						
Net Position - Beginning of Year	62,427	65,728	1,437	576	63,864	66,304
Net Position - End of Year	<u>\$ 65,514</u>	<u>\$ 62,427</u>	<u>\$ 1,296</u>	<u>\$ 1,437</u>	<u>\$ 66,810</u>	<u>\$ 63,864</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, GASB Statement No. 50, Pension Disclosures - an amendment of GASB Statement No. 25 and No. 27 and GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, 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 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.

In July 2016, Seattle Transportation Benefit District was absorbed by the City through City Ordinance 125070. The City of Seattle would assume the rights, powers, immunities, functions, and obligations of the STBD, pursuant to Chapter 36-74 RCW. Consolidating the STBD into the City of Seattle will eliminate the need for separate STBD Board Meetings, STBD budgets, and STBD legislation. Starting in 2017 the new budget cycle, STBD is no longer a legally separate entity to be reported as a blended component unit.

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 one half of the disallowed amount. As of December 31, 2016, 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 2016, WDC paid \$244 thousand 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.

**(14) COMMITMENTS**

**GENERAL**

**Capital Improvement Program**

The City adopted the 2016-2017 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$6.041 billion for the years 2016-2021. The adopted CIP for 2016 was \$1.099 billion, consisting of \$655.9 million for City-owned utilities and \$443.7 million for non-utility departments. The utility allocations are: \$413.7 million for City Light, \$59.5 million for Water, \$117.2 million for Drainage and Wastewater, \$32.1 million for Solid Waste, and \$33.3 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, 2016 and 2015 are shown in the following table.

**Table 14-1** **LONG-TERM PURCHASED POWER**  
*(In Millions)*

	<b>2016</b>	<b>2015</b>
Bonneville Block	\$ 80.0	\$ 78.7
Bonneville Slice	80.7	77.8
Lucky Peak, including royalties	6.9	6.3
British Columbia - High Ross Agreement	13.4	13.4
Grant County Public Utility District	2.3	3.2
Columbia Basin Hydropower	6.2	6.6
Bonneville South Fork Tolt billing credit	(3.3)	(3.3)
Renewable energy - State Line Wind	24.8	20.8
Renewable energy - other	8.7	8.7
Exchanges and loss returns energy at fair value	5.5	6.1
Long-term purchased power booked out	(5.4)	(4.7)
Total	<u>\$ 219.8</u>	<u>\$ 213.6</u>

**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 same as the previous fiscal year. 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

Act. To remedy this inconsistency, the court ruled that refunds be issued to non IOUs through 2019. SCL received \$5.7 million in both 2016 and 2015 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 2016 and 2015. These amounts are recorded as offsets to purchased power expense. SCL paid \$3.6 million and \$3.4 million for energy from Lucky Peak in 2016 and 2015, respectively.

SCL's receivables from Lucky Peak were less than \$0.1 million at December 31, 2016 and 2015, respectively. SCL's payables to Lucky Peak were \$0.1 million and \$0.5 million at December 31, 2016 and 2015, 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 2016 and 2015 resource portfolio met the 9 percent and 3 percent targets, respectively.

### ***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, 2016 and 2015, were valued using Kiindex 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.

## *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 2017 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>
2017	\$ 288.8
2018	283.5
2019	291.6
2020	308.6
2021 <sup>b</sup>	292.2
2022 - 2026 <sup>c</sup>	1,395.7
2027 - 2031 <sup>d</sup>	497.2
Thereafter (through 2065)	160.0
Total	\$ 3,517.6

<sup>a</sup> 2017 to 2019 includes estimated REP recoveries from BPA.

<sup>b</sup> British Columbia - High Ross direct cost payment ends in 2020.

<sup>c</sup> BPA transmission contract expires July 31, 2025.

<sup>d</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 \$203.5 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 a 42 year life for a total cost of \$48.6 million. The terms and conditions of the new license have been evaluated. SCL is in 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 \$371.0 million adjusted to 2016 dollars, of which \$42.9 million were expended through 2016. 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 licenses, SCL has taken and will continue to take required mitigating and compliance measures.

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2016, to be \$132.2 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 2016. 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 2016 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, 2016 are estimated to be \$11.9 million. \$1.4 million has been allocated for the program in the 2017 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 \$1.7 million and \$2.5 million to Pend Oreille County, and \$1.1 million and \$1.0 million to Whatcom County in 2016 and 2015, 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 \$109.1 million (in 2016 dollars) over a period of 50 years (from the year 2000 through the year 2050).

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 2016 is \$85.1 million. The remaining \$24.0 million to complete the HCP is comprised of an \$8.8 million liability and an estimate of \$15.2 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 expensed 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 six reservoirs is expected to be approximately \$206.8 million through the year 2022; costs beyond 2022 are not estimable as of the date of this report. As of December 31, 2016 and 2015, total cumulative costs incurred were \$157.9 million and \$156.5 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 \$153.4 million and \$148.6 million for fiscal years 2016 and 2015, 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 Recology 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 2016 and 2015 were \$77.8 million and \$77.2 million, respectively.

In 1990, SPU entered into a contract with Waste Management of Washington, Inc. (WMW) 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 WMW \$13.2 million and \$12.8 million under this contract in 2016 and 2015, respectively.

Effective April 1, 2014, the City entered into contracts with PacifiClean Environmental of Washington, LLC and Lenz Enterprises, Inc. to process yard and food waste into marketable products. The contracts 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 2016 and 2015 were \$4.5 million and \$4.4 million, respectively.

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 2016 and 2015 were \$1.0 million and \$2.6 million, respectively.

***Landfill Closure and Post-closure Care***

At December 31, 2016, accrued landfill closure and post-closure costs consist primarily of monitoring, maintenance, and repair costs. It is the City Council's policy to include SPU'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.

## **(15) CONTINGENCIES**

The City is exposed to the risk of loss from torts, theft of or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, failure to supply utilities, environmental regulations, and other third-party liabilities. The City also bears the risk of loss for job-related illnesses and injuries to employees. The City has been self-insured for most of its general liability risks prior to January 1, 1999, for workers' compensation since 1972, and for employees' health care benefits starting in 2000.

In addition, the City purchases excess general liability insurance coverage on a year to year basis, effective January 1, 1999. The City's self-insured retention for each claim involving general liability was limited to \$6.5 million per occurrence of such claims in both 2016 and 2015. From June 1, 2014 through May 2016, the City's self-insured retention was \$60 million, and was increased to \$85 million for the policy year beginning on June 1, 2016.

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 purchased one annuity contract for \$0.1 million in 2016 to resolve litigation. No other structured settlements were entered into by the City in 2016. No large liability settlements were received in 2016. 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 2016 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care at year-end 2015. The total undiscounted IBNR amount decreased by \$10.7 million in 2016, the IBNR amount was \$31.5 million in 2016 and \$42.2 million in 2015.

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 \$0.5 million and \$0.3 million in 2016 and 2015, respectively. 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 1.137 percent for 2016 and 0.931 percent for 2015, the City's average annual rates of return on investments. The total discounted liability at December 31, 2016, was \$101.2 million consisting of \$60.9 million for general liability, \$2.9 million for health care, and \$37.4 million for workers' compensation.

Table 15-1

**RECONCILIATION OF CHANGES IN  
AGGREGATE LIABILITIES FOR CLAIMS**

*(In Thousands)*

	General Liability		Health Care		Workers' Compensation		Total City	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>UNDISCOUNTED</b>								
Balance - Beginning of Fiscal Year	\$ 65,216	\$ 69,273	\$ 4,379	\$ 3,499	\$ 41,310	\$ 40,382	\$ 110,905	\$ 113,154
Less Payments and Expenses During the Year	(21,180)	(15,301)	(162,137)	(149,797)	(14,394)	(14,513)	(197,711)	(179,611)
Plus Claims and Changes in Estimates	19,774	11,244	160,724	150,677	11,676	15,441	192,174	177,362
Balance - End of Fiscal Year	<u>\$ 63,810</u>	<u>\$ 65,216</u>	<u>\$ 2,966</u>	<u>\$ 4,379</u>	<u>\$ 38,592</u>	<u>\$ 41,310</u>	<u>\$ 105,368</u>	<u>\$ 110,905</u>
<b>UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>								
Governmental Activities	\$ 44,849	\$ 50,129	\$ 2,966	\$ 4,379	\$ 27,664	\$ 30,165	\$ 75,479	\$ 84,673
Business-Type Activities	18,905	15,087	—	—	10,928	11,145	29,833	26,232
Fiduciary Activities	56	—	—	—	—	—	56	—
Balance - End of Fiscal Year	<u>\$ 63,810</u>	<u>\$ 65,216</u>	<u>\$ 2,966</u>	<u>\$ 4,379</u>	<u>\$ 38,592</u>	<u>\$ 41,310</u>	<u>\$ 105,368</u>	<u>\$ 110,905</u>
<b>DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>								
Governmental Activities	\$ 42,828	\$ 47,950	\$ 2,925	\$ 4,330	\$ 26,778	\$ 29,286	\$ 72,531	\$ 81,566
Business-Type Activities	18,054	14,431	—	—	10,578	10,821	28,632	25,252
Fiduciary Activities	53	—	—	—	—	—	53	—
Balance - End of Fiscal Year	<u>\$ 60,935</u>	<u>\$ 62,381</u>	<u>\$ 2,925</u>	<u>\$ 4,330</u>	<u>\$ 37,356</u>	<u>\$ 40,107</u>	<u>\$ 101,216</u>	<u>\$ 106,818</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 \$2.3 million 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 to overcome the Mobile-Sierra presumption. After a truncated briefing schedule, oral arguments were heard in June 2015. On December 17, 2015, the Ninth Circuit issued its opinion finding that the Mobile-Serra 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. On October 2016, City Light settled all remaining claims in this longstanding litigation for a non-material amount. On November 4, 2016, The Ninth Circuit granted City Lights' motion to voluntarily dismiss its appeal.

- **Sound Transit Condemnation Actions:** In 2016, City Light is a defendant in a series of condemnation actions by the Central Puget Sound Regional Transit Authority ("Sound Transit"). Sound Transit is working in concert with the City of Bellevue on multiple transportation projects which negatively affect City Light's East Side Lines transmission corridor, which is a 100 plus mile corridor between 150' -160' wide that runs contiguously from Maple Valley to City Light's Skagit Project in Skagit and Whatcom Counties. There are currently four condemnation actions for the specific area along 124th Street in Bellevue. City Light has contested Sound Transit's ability to condemn publicly owned property, but on December 20, 2016, a trial court hearing one of the condemnation actions entered an order denying City Light's motion for summary judgment contesting Sound Transit's Authority to condemn public property and simultaneously entered an order finding public use and necessity over portions of City Light's easement area. City Light appealed the decision to the Court of Appeal on December 21, 2016 and it has sought direct review by the Washington Supreme Court of the trial court's order denying City Light's motion for summary judgment. On February 13, 2017, another trial court hearing the second filed condemnation action entered an order on public use and necessity allowing Sound Transit to proceed with the condemnation in that action. On March 10, 2017, City Light filed a notice of appeal of that decision to the Washington State Supreme Court. On March 14, 2017, Sound Transit filed motions for public use and necessity in the two remaining condemnation actions. City Light filed oppositions in both cases. No decisions from the court's hearing those cases have been received to date. In the event the appeal is unsuccessful, the value of the land sought to be condemned by Sound Transit from City Light is significant, but indeterminate.
- **Deformation Mitigation for N. Thomas Street (North Portal):** City Light is moving five 13.8 kV and 26kV feeders in Thomas Street at 6th Avenue to protect them for deformation caused by the tunneling activities. City Light anticipates that the total costs for this work will be \$3.1 million. City Light has requested that WSDOT reimburse it for those costs, and has sent a proposed task order for that purpose, but, to date, WSDOT has not agreed to reimburse City Light. City Light's ultimate recovery amount is unknown.
- **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 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. In 2016, the two of the lawsuits were settled without any involvement of the City, and the third lawsuit was dismissed on summary judgment based on the expiration of the construction statute of repose.
- **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 \$25.0 million. To date, the designer has 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 \$3.2 million for the West Seattle reservoir repairs. In January 2016, SPU and the designer agreed on a partial settlement of \$5.5 million for the construction and design costs related to the Maple Leaf and Myrtle reservoirs. The designer also agreed in that partial settlement to make the final payment of \$850.0 thousand related to SPU costs associated with the Lighter Weight Roof Change. The Beacon Reservoir design of repairs is complete and construction project has been awarded to the same contractor who repaired the other three reservoirs. Design costs for Beacon are approximately \$135.0 thousand and the expected construction contract award is approximately \$7.3 million. Additional claims for costs such as construction management, materials lab and seismic expert

design costs remain outstanding. SPU has also submitted its claim for its additional seismic deficiency review costs, internal design costs, and internal construction costs for all four reservoirs to the designer. The combined total of these costs for West Seattle are \$3.5 million. The actual costs to date, plus estimated costs to completion are projected for the Myrtle reservoir at \$557.8 thousand, the Maple Leaf reservoir at \$1.7 million, and the Beacon reservoir at \$2.7 million. SPU's ultimate recovery amount is unknown.

- Western Avenue and Pioneer Square Water Mains: SPU has filed a lawsuit against the State of Washington ("WSDOT") and its contractor Seattle Tunnel Partners ("STP") for damage to its water mains in Western Avenue, between Yesler Way and Madison Avenue, and elsewhere in Pioneer Square. As a result of the damage, the water main in Western Avenue had to be replaced. The amount of the claim arising from the Western Avenue water main is approximately \$11.0 million, and the claim arising from the damage to the other water mains in Pioneer Square could be significantly higher. WSDOT and STP have answered and denied that they are responsible and/or that the water mains have been damaged. WSDOT and STP tendered the claim to their insurer, which denied the claim, but has not responded further. The parties are now actively engaged in pretrial discovery. SPU's ultimate amount to be recovered is unknown.

There may be other litigation or claims involving alleged substantial sums of money owing; however, the prospect of material adverse outcomes therein is remote or unknown. Other than the aforementioned cases and the claim liabilities recorded in the financial statements, there were 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, 2016, seven projects remained outstanding with a combined total amount of \$10.5 million. BEDI grant funds amount to \$0.5 million, and are used as a loan loss reserve.

## **GUARANTEES OF THE INDEBTEDNESS OF OTHERS**

The City has guaranteed the 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 \$44.4 million. The outstanding amount as of December 31, 2016 is \$40.9 million. 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 \$7.4 million. The outstanding amount as of December 31, 2016, was \$4.7 million. 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 \$5.2 million. The outstanding amount as of December 31 2016 is \$2.9 million. The bonds will be fully retired on November 1, 2024.

### **Event Notice Relating to Seattle Indian Services Commission**

In 2014 the Seattle Indian Services Commission 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 May 1, 2015 in the amount of \$75.0 thousand.

As of Dec 31, 2016, the Commission's remaining principal and interest amounts the City guaranteed are \$2.9 million and \$305.0 thousand respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (1.394 percent), the City has recognized a liability of \$3.3 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 November 1, 2024.

(16) TAX ABATEMENTS

Table 16-1  
Page 1 of 2

**Tax Abatement by Programs**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Primary Government		Other Governments	
	City of Seattle		King County	
	Multifamily Property Tax Exemption (MFTE) <sup>a</sup>	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement
<b>1) Purpose of program.</b>	Supports mixed-income residential development in the urban centers, the MFTE program ensures affordability as the community grows.	Provides property tax abatements through the legislature's encouragement to maintain, improve and preserve privately owned historic landmarks.	Provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland.	Provides property tax abatements to encourage home improvements to single-family dwellings.
<b>2) Tax being abated.</b>	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax
<b>3) Authority under which abatement agreements are entered into.</b>	SMC Chapter 5.73 and RCW Chapter 84.14, in addition, each owner of a participating MFTE property must enter a legally binding agreement with the City of Seattle, which is then recorded with King County. The agreement details the affordability requirements and other stipulations for compliance with the MFTE program.	Chapter 84.26 RCW, RCW 84.26.020(2) and RCW 84.26.050(2)	RCW 84.33.130 and RCW 84.34.010	RCW 84.36.400
<b>4) Criteria to be eligible to receive abatement.</b>	MFTE is to incentivize the creation of affordable housing by providing a property tax exemption on new multifamily buildings in exchange of setting aside 20-25 percent of the homes as income- and rent-restricted.	The property must meet four criteria to qualify for special valuation to receive a reduction in property taxes. The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation by the local legislative authority; (3) be rehabilitated at a cost which meets the definition set forth in RCW 84.26.020(2) within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board as described in RCW 84.26.050(2).	Through four programs: Pubic Benefit Rating System (PBRs) enrollment and associated tax savings are based on a point system. Points are awarded for each PBRs resource category a property qualifies for such as protecting buffers to streams and wetlands, ground water protection, preserving significant wildlife habitat, conserving farmland and native forestland and preserving historic landmarks. Timber Land enrollment requires a property to have between 5 and 20 acres of manageable forestland, and be zoned RA, F or A. Land participating in this program must be devoted primarily to the growth, harvest and management of forest crops for commercial purposes and must be managed according to an approved forest stewardship plan. Farm and Agricultural Land enrollment requires land to be used for the production of livestock or agricultural commodities for commercial purposes. Forestland enrollment requires a property to have more than 20 acres of eligible forestland primarily devoted to the growth and harvest of timber.	Make improvement to single-family dwellings.

Table 16-1  
Page 2 of 2

**Tax Abatement by Programs**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Primary Government		Other Governments	
	City of Seattle		King County	
	Multifamily Property Tax Exemption (MFTE) <sup>a</sup>	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement
<b>5) How recipients' taxes are reduced.</b>	The entire appraised value of a participating property's residential improvements is exempt.	An owner of property desiring special valuation shall apply to the assessor of the County in which the property is located. The application form shall include a statement that the applicant is aware of the potential tax liability involved when the property ceases to be eligible for special valuation. Applications shall be made no later than October 1 of the calendar year preceding the first assessment year for which classification is requested.	An owner of land desiring current use classification must submit an application to the County Assessor.	Abatements are obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.
<b>6) How amount of abatement is determined.</b>	The entire appraised value of a participating property's residential improvements is tax exempt. Therefore, the case by case value of the exemption is dependent on each individual property's appraised value.	The County Assessor shall, for 10 consecutive assessment years following the calendar year in which application is made, place a special valuation on property classified as eligible historic property. At the conclusion of special valuation, the cost shall be considered new construction.	A participating property is assessed at a "current use" value, which is lower than the "highest and best use" assessment value that would otherwise apply to the property.	Any physical improvement to single-family dwellings upon real property shall be exempt from taxation for the three assessment years subsequent to the completion of the improvement.
<b>7) Provisions for recapturing abated taxes.</b>	If a property fails to comply with affordability restriction, the Director of Housing has the authority to cancel a tax exemption, and the Assessor has the authority to impose fines, collect back taxes, and charge interest on back taxes.	When property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, additional taxes, applicable penalties and interest are collected.	When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected.	N/A
<b>8) Types of commitments made by the City other than to reduce taxes.</b>	N/A	N/A	N/A	N/A
<b>9) Gross amount of City's revenues being reduced.</b>	\$ 442	\$ 2,599	\$ 129	\$ 711
			<b>Total Revenue Reduction</b>	<b>\$ 3,881</b>

<sup>a</sup> For the MFTE program, any change in tax revenue to the City is not the direct result of the exemption but rather the associated deferral on adding the new construction value of MFTE properties to the King County property tax base until after each project's exemption period has terminated.

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## **(17) RESTATEMENTS, PRIOR-PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING PRINCIPLES, AND RECLASSIFICATIONS**

### **GOVERNMENTAL ACTIVITIES**

For fiscal year 2016, the City partially implemented paragraphs 115 & 116 of GASB 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68. Therefore, the assets accumulated for the City's Firemen's Pension and Police Relief and Pension funds are recognized and reported retroactively as assets of the City in the General Fund. This adjustment resulted a restatement to the 2015 beginning and ending committed fund balances of the General Fund. The net effect to the 2015 beginning fund balance of the General Fund is \$19.8 million and the net decrease of \$200 thousand is recorded as a public safety expense for fiscal year 2015, thereby increasing the 2015 ending fund balance by \$19.6 million.

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 \$721.0 thousand was due to over and under recording of non-CIP expenses. (2) An improvement for the utility infrastructure and asset preservation at Key Arena in 2015 amounting to \$85.0 thousand determined to be non-capitalizable. (3) Additional immaterial corrections to machinery and equipment in the amount of \$138.0 thousand and reduction of various assets' accumulated depreciation of \$555.0 thousand. These changes resulted in a restatement that decreased the net capital assets reported in 2015 by \$113.0 thousand.

The City has restated the Deferred Inflows and Deferred Outflow balances reported in the financial presentation. After careful re-examination, the City has determined there is insufficient support to continue applying the criteria of GASB Statement 65 to the City's Housing Development Loan portfolio. This restatement has zero impact to the City's net position. The restatement impacts the presentation of the Low-Income Housing Fund which reported \$427.3 million of Deferred Inflows and Outflows, the \$47.0 million reported by Housing Community Development Revenue Sharing, and \$7.8 million under Major Governmental Funds category. The total balance previously reported by the City's governmental funds in 2015 totaled \$482.1 million for both Deferred Inflows and Outflows. In 2016's financial presentation these balances have been entirely removed to comply with governmental reporting standards.

The City also reclassified the capital asset category of the it's Streetcars, this resulted in a \$29.8 million increase in equipment as it was moved out of construction in progress.

**(18) SUBSEQUENT EVENTS**

On January 11, 2017, pursuant to City Council Resolution 31726, the City issued (1) \$99.7 million of Water System Improvement Revenue Bonds, 2017, with an average coupon rate of 4.115 percent and a final maturity of August 1, 2046; (2) \$95.0 million of Water System Improvement Refunding Revenue Bonds, 2017, with an average coupon rate of 4.332 percent and a final maturity of August 1, 2037.

On January 27, 2017, pursuant to City Council Resolution 31728, the City issued \$50.0 million Municipal Light and Power (ML&P) Revenue Bonds, Series 2017A (Multi-Modal), and \$50.0 million Municipal Light and Power (ML&P) Revenue Bonds, Series 2017B (Multi-Modal) collectively with average coupon rates of 4.0 percent and a final maturity of November 1, 2046.

At the end of 2016, Drainage and Wastewater Fund entered into a loan agreement with The Department of Ecology to borrow up to \$39.4 million for construction of the Henderson Combined Sewer Overflow. Subsequently, on February 9, 2017, it took an initial draw of \$22.9 million on this loan.

On February 24, 2017, ordinance 125263 authorized the Director of Finance to make a non-revolving loan of up to \$29.0 million from Low-Income Housing Fund to the 2018 Multipurpose LTGO Bond Fund, to provide bridge financing for affordable housing projects. The Director may effectuate to carry the 2018 Multipurpose LTGO Bond Fund in a negative cash position not to exceed \$29.0 million. The loan or the negative cash position is to be repaid with proceeds from the sale of 2018 LTGO bonds no later than December 31, 2018 with interest at the rate of return of the City's Consolidated Cash Pool.

On February 24, 2017, according to ordinance 125264, Department of Finance and Administrative Services created a capital project fund number 36500 in advance of the issuance of 2018 Limited Tax General Obligation (LTGO) bond. Creating this fund now would allow the Council to approve bridge financing of certain bond-funded projects in advance of the bond sale in 2018.

On June 14, 2017, pursuant to City Council Resolution 31751, the City issued (1) \$73.1 million of Limited Tax General Obligation (LTGO) Improvement and Refunding Bonds A with an average coupon rate of 4.364 percent and a final maturity of November 1, 2047; (2) \$12.4 million of LTGO Improvement Taxable Bonds B with an average coupon rate of 3.078 percent and a final maturity of November 1, 2037 and (3) \$14.6 million of Unlimited Tax General Obligation (UTGO) Improvement Bonds with an average coupon rate of 5.000 percent and a final maturity of December 1, 2018.

On June 28, 2017, pursuant to City Council Resolution 31756, the City issued (1) \$177.2 million of Drainage Wastewater System Improvement Revenue Bonds, 2017, with an average coupon rate of 4.061 percent and a final maturity of July 1, 2047; (2) \$27.6 million of Drainage Wastewater System Improvement Advanced Refunding Revenue Bonds, 2017, with an average coupon rate of 4.119 percent and a final maturity of July 1, 2037 (3) \$29.3 million of Drainage Wastewater System Improvement Current Refunding Revenue Bonds, 2017; with an average coupon rate of 4.605 percent and a final maturity of July 1, 2029.

# **Required Supplementary Information**

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**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.

C-1

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 281,692	\$ 281,692	\$ 283,735	\$ 2,043
Retail Sales and Use Taxes	230,608	230,608	238,558	7,950
Business Taxes	284,853	284,853	285,723	870
Excise Taxes	58,265	58,265	82,774	24,509
Other Taxes	8,594	8,594	10,328	1,734
Interfund Business Taxes	146,558	146,558	146,525	(33)
Total Taxes	<u>1,010,570</u>	<u>1,010,570</u>	<u>1,047,643</u>	<u>37,073</u>
Licenses and Permits	36,124	36,124	33,059	(3,065)
Grants, Shared Revenues, and Contributions	35,819	53,084	30,284	(22,800)
Charges for Services	49,768	50,712	61,154	10,442
Fines and Forfeits	29,897	29,897	30,730	833
Parking Fees and Space Rent	39,767	39,767	38,291	(1,476)
Program Income, Interest, and Miscellaneous Revenues	275,986	276,514	276,895	381
Total Revenues	<u>1,477,931</u>	<u>1,496,668</u>	<u>1,518,056</u>	<u>21,388</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	435,144	449,572	431,487	18,085
Judicial	30,334	31,604	31,519	85
Public Safety	573,361	606,920	589,186	17,734
Physical Environment	12,454	14,822	13,125	1,697
Transportation	9,290	9,890	9,890	—
Economic Environment	33,504	41,041	33,149	7,892
Health and Human Services	—	—	—	—
Culture and Recreation	9,593	9,839	9,752	87
Capital Outlay				
General Government	40,023	40,323	12,450	27,873
Public Safety	9,639	14,116	6,378	7,738
Physical Environment	1,703	1,703	—	1,703
Transportation	23,079	23,079	—	23,079
Economic Environment	5,212	779	7	772
Culture and Recreation	47,057	51,007	14,843	36,164
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Total Expenditures and Encumbrances	<u>1,230,393</u>	<u>1,294,695</u>	<u>1,151,786</u>	<u>142,909</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	247,538	201,973	366,270	164,297
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	2,947	2,947	96	(2,851)
Transfers In	35,415	56,311	35,431	(20,880)
Transfers Out	(373,247)	(394,763)	(370,259)	24,504
Total Other Financing Sources (Uses)	<u>(334,885)</u>	<u>(335,505)</u>	<u>(334,732)</u>	<u>773</u>
Net Change in Fund Balance	<u>\$ (87,347)</u>	<u>\$ (133,532)</u>	<u>31,538</u>	<u>\$ 165,070</u>
Budgetary Fund Balance - Beginning of Year			286,623	
Net Change in Encumbrances			(2,219)	
Net Change in Unappropriable Reserves			22,505	
Budgetary Fund Balance - End of Year			<u>338,447</u>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			81,047	
Encumbrances			6,615	
Reimbursements				
Budgeted as Revenues			191,269	
Budgeted as Expenditures			(191,269)	
GASB Statement No. 54 Reporting Adjustment				
Library Fund Balances			16,272	
Fund Balance (GAAP) - End of Year			<u>\$ 442,381</u>	

C-2

**TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2016  
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 94,959	\$ 94,959	\$ 94,108	\$ (851)
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	38,329	38,329	40,275	1,946
Excise Taxes	—	—	—	—
Other Taxes	—	—	(2)	(2)
Interfund Business Taxes	—	—	—	—
Total Taxes	133,288	133,288	134,381	1,093
Licenses and Permits	(190)	(190)	7,241	7,431
Grants, Shared Revenues, and Contributions	35,918	50,103	35,080	(15,023)
Charges for Services	67,703	68,803	104,541	35,738
Fines and Forfeits	—	—	165	165
Parking Fees and Space Rent	(162)	(162)	259	421
Program Income, Interest, and Miscellaneous Revenues	(369)	(369)	825	1,194
<b>Total Revenues</b>	<b>236,188</b>	<b>251,473</b>	<b>282,492</b>	<b>31,019</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	317,461	318,567	164,071	154,496
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	698,125	659,959	240,215	419,744
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	1,723	1,723	1,723	—
Interest	101	101	101	—
Bond Issuance Cost	—	—	—	—
Other	—	—	—	—
<b>Total Expenditures and Encumbrances</b>	<b>1,017,410</b>	<b>980,350</b>	<b>406,110</b>	<b>574,240</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(781,222)	(728,877)	(123,618)	605,259
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term Debt Issued	—	—	—	—
Sales of Capital Assets	(2,095)	(2,095)	—	2,095
Transfers In	385,125	390,803	177,871	(212,932)
Transfers Out	(30,344)	(55,812)	(28,851)	26,961
<b>Total Other Financing Sources (Uses)</b>	<b>352,686</b>	<b>332,896</b>	<b>149,020</b>	<b>(183,876)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (428,536)</b>	<b>\$ (395,981)</b>	<b>25,402</b>	<b>\$ 421,383</b>
Budgetary Fund Balance - Beginning of Year			(30,396)	
Net Change in Encumbrances			1,139	
Net Change in Unappropriable Reserves			(25,531)	
<b>Budgetary Fund Balance - End of Year</b>			<b>(29,386)</b>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			126,924	
Encumbrances			—	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
<b>Fund Balance (GAAP) - End of Year</b>			<b>\$ 97,538</b>	

C-3

**LOW-INCOME HOUSING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 36,036	\$ 36,036	\$ 17,878	\$ (18,158)
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Interfund Business Taxes	—	—	—	—
Total Taxes	<u>36,036</u>	<u>36,036</u>	<u>17,878</u>	<u>(18,158)</u>
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	18,367	18,513	1,132	(17,381)
Charges for Services	(4,179)	(4,179)	20,193	24,372
Fines and Forfeits	—	—	—	—
Parking Fees and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	1,581	1,581	11,432	9,851
Total Revenues	<u>51,805</u>	<u>51,951</u>	<u>50,635</u>	<u>(1,316)</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	173,652	173,798	33,228	140,570
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	<u>173,652</u>	<u>173,798</u>	<u>33,228</u>	<u>140,570</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	<u>(121,847)</u>	<u>(121,847)</u>	<u>17,407</u>	<u>139,254</u>
<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)	—	15
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	<u>(15)</u>	<u>(15)</u>	<u>—</u>	<u>15</u>
Net Change in Fund Balance	<u>\$ (121,862)</u>	<u>\$ (121,862)</u>	<u>17,407</u>	<u>\$ 139,269</u>
Budgetary Fund Balance - Beginning of Year			(18,756)	
Net Change in Encumbrances			25,867	
Net Change in Unappropriable Reserves			(11,115)	
Budgetary Fund Balance - End of Year			<u>13,403</u>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			140,357	
Encumbrances			837	
Reimbursements				
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Fund Balance (GAAP) - End of Year			<u>\$ 154,597</u>	

**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 until GASB Statement 73 becomes effective, 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.

**PENSION PLAN INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**December 31, 2016**  
*(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>	2011	\$ 11,430	\$ 126,794	\$ 115,364	9.01%	N/A	N/A
	2012	10,877	138,611	127,734	7.85	N/A	N/A
	2013	12,943	106,424	93,481	12.16	N/A	N/A
	2014	12,371	84,344	71,973	14.67	N/A	N/A
	2015	14,741	82,001	67,260	17.98	N/A	N/A
	2016	14,923	82,929	68,006	17.99	N/A	N/A
<b>Police Relief and Pension Fund</b>	2011	1,105	137,497	136,392	0.80	N/A	N/A
	2012	3,746	111,458	107,712	3.36	N/A	N/A
	2013	4,625	104,729	100,104	4.42	N/A	N/A
	2014	3,202	92,615	89,413	3.46	N/A	N/A
	2015	5,101	99,293	94,192	5.14	N/A	N/A
	2016	4,672	95,761	91,089	4.88	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.

C-5

**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**December 31, 2016**  
*(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>	2011	N/A	\$ 8,262	N/A	\$ 7,218	114.5%
	2012	N/A	10,318	N/A	7,387	139.7
	2013	N/A	6,485	N/A	5,243	123.7
	2014	N/A	8,477	N/A	4,792	176.9
	2015	N/A	7,010	N/A	4,866	144.1
	2016	N/A	10,591 <sup>a</sup>	N/A	4,941	214.3
<b>Police Relief and Pension Fund</b>	2011	N/A	11,195	N/A	8,534	131.2
	2012	N/A	8,315	N/A	6,895	120.6
	2013	N/A	7,105	N/A	6,398	111.1
	2014	N/A	9,398	N/A	5,870	160.1
	2015	N/A	7,897	N/A	6,210	127.2
	2016	N/A	8,745 <sup>a</sup>	N/A	6,198	141.1

<sup>a</sup> Assumed amounts will be replaced at year end with actual amounts.

**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Seattle City Employees' Retirement System**  
**December 31, 2015**  
**Last Ten Fiscal Years <sup>a</sup>**  
*(In Thousands)*

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Employer's proportion of the net pension liability (asset)	99.91%	99.89%	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	1,297,983	1,106,800	N/A	N/A	N/A
Employer's covered employee payroll	638,354	626,403	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	203.33%	176.69%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	64.03%	67.70%	N/A	N/A	N/A
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
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.

**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1**  
**June 30, 2016**  
**Last Ten Fiscal Years <sup>a</sup>**  
**(In Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Employer's proportion of the net pension asset	3.55 %	3.55 %	3.55 %	N/A	N/A
Employer's proportionate share of the net pension asset	(36,619)	(42,771)	(43,065)	N/A	N/A
Employer's covered employee payroll	2,542	3,930	4,905	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(1,440.56)%	(1,088.29)%	(878.02)%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	123.74 %	127.36 %	126.91 %	N/A	N/A
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
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.

**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2**  
**June 30, 2016**  
**Last Ten Fiscal Years <sup>a</sup>**  
**(In Thousands)**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Employer's proportion of the net pension asset	9.36 %	9.31 %	9.40 %	N/A	N/A
Employer's proportionate share of the net pension asset	(54,489)	(95,637)	(125,076)	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	(35,523)	(64,124)	(82,876)	N/A	N/A
<b>Total</b>	(90,012)	(159,761)	(207,952)	N/A	N/A
Employer's covered employee payroll	273,333	268,461	255,273	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(19.94)%	(35.62)%	(49.00)%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	106.04 %	111.67 %	116.75 %	N/A	N/A
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
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.

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Seattle City Employees' Retirement System**  
**December 31, 2015**  
**Last Ten Fiscal Years**  
*(In Thousands)*

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Contractually required employer contributions	100,614	89,363	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	100,614	89,363	N/A	N/A	N/A
Contribution deficiency (excess)	—	—	N/A	N/A	N/A
Covered employer payroll	638,354	626,403	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	15.76%	14.27%	N/A	N/A	N/A
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Contractually required employer contributions	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered 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.

**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1**  
**June 30, 2016**  
**Last Ten Fiscal Years <sup>a</sup>**  
**(In Thousands)**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Statutorily or contractually required contributions <sup>b</sup>	—	—	—	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions <sup>b</sup>	—	—	—	N/A	N/A
Contribution deficiency (excess)	—	—	—	N/A	N/A
Covered employer payroll	2,542	3,930	4,905	N/A	N/A
Contributions as a percentage of covered employee payroll	—%	—%	—%	N/A	N/A
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Statutorily or contractually required contributions <sup>b</sup>	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily 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.

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2**  
**June 30, 2016**  
**Last Ten Fiscal Years <sup>a</sup>**  
**(In Thousands)**

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Statutorily or contractually required contributions	14,332	13,638	13,249	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	14,332	13,638	13,249	N/A	N/A
Contribution deficiency (excess)	—	—	—	N/A	N/A
Covered employer payroll	2,542	268,461	255,273	N/A	N/A
Contributions as a percentage of covered employee payroll	563.81%	5.08%	5.19%	N/A	N/A
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
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

<sup>a</sup> This schedule will be built prospectively until it contains ten years of data.

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**Combining and Individual  
Fund and Other  
Supplementary Information**

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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 **Election Vouchers Fund** accounts for the expenditures of the Seattle Ethics and Elections Commission in administering a publicly financed election program created by City of Seattle Initiative Measure 122 (voter approved on November 3, 2015). The fund receives revenues from the Measure 122 authorized property tax increase, the General fund, and other monies as authorized (Ordinance 124928).

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).

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 through 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).

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, Rainer 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).

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).

The **2017 Multipurpose Long-Term General Obligation Bond** was established in 2016 to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, and to authorize the loan of funds from the City Consolidated (Residual) cash pool in the amount of \$1.5 Million for bridge financing of the Haller Lake Improvement project (Ordinance 124925).

The **Garage Proceeds Disposition Fund** was established in 2016 to provide remedial action to the City's Limited Tax General Obligation Improvement and Refunding Bonds, 2007, and providing for the defeasance and redemption of bonds that are currently outstanding. Creating a new fund for the expenditure of disposition of proceeds and authorizing the purchase of certain investments and the use of their proceeds (Ordinances 119155, 122286 and 125075).

**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.

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SUMMARY BY FUND TYPE  
December 31, 2016  
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2016	2015
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 245,698	\$ 11,267	\$ 137,219	\$ 2,176	\$ 396,360	\$ 306,982
Receivables, Net of Allowances	13,441	423	15,095	2	28,961	21,326
Due from Other Funds	14,049	—	426	—	14,475	16,851
Due from Other Governments	22,872	—	85	—	22,957	28,130
Interfund Loans and Advances	7,396	—	8,925	—	16,321	24,165
Other Current Assets	721	—	—	—	721	608
<b>Total Assets</b>	<b>304,177</b>	<b>11,690</b>	<b>161,750</b>	<b>2,178</b>	<b>479,795</b>	<b>398,062</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 304,177</b>	<b>\$ 11,690</b>	<b>\$ 161,750</b>	<b>\$ 2,178</b>	<b>\$ 479,795</b>	<b>\$ 398,062</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 46,906	\$ —	\$ 4,630	\$ 1	\$ 51,537	\$ 42,344
Contracts Payable	509	—	276	—	785	1,001
Salaries, Benefits, and Taxes Payable	7,275	—	2	—	7,277	6,961
Due to Other Funds	33,135	—	26,057	—	59,192	37,079
Due to Other Governments	5,198	—	—	—	5,198	5,021
Revenues Collected in Advance	7,173	—	101	—	7,274	6,803
Interfund Loans and Advances	8,321	—	30,001	—	38,322	28,790
Other Current Liabilities	971	—	14	—	985	646
<b>Total Liabilities</b>	<b>109,488</b>	<b>—</b>	<b>61,081</b>	<b>1</b>	<b>170,570</b>	<b>128,645</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,276</b>	<b>295</b>	<b>7,928</b>	<b>—</b>	<b>9,499</b>	<b>10,435</b>
<b>FUND BALANCES</b>						
Nonspendable	689	—	—	2,050	2,739	2,712
Restricted	173,669	11,395	126,632	127	311,823	268,652
Committed	12,428	—	—	—	12,428	10,774
Assigned	9,819	—	—	—	9,819	11,004
Unassigned	(3,192)	—	(33,891)	—	(37,083)	(34,159)
<b>Total Fund Balances</b>	<b>193,413</b>	<b>11,395</b>	<b>92,741</b>	<b>2,177</b>	<b>299,726</b>	<b>258,983</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 304,177</b>	<b>\$ 11,690</b>	<b>\$ 161,750</b>	<b>\$ 2,178</b>	<b>\$ 479,795</b>	<b>\$ 398,063</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2016  
(In Thousands)**

	<b>Parks and Recreation</b>	<b>Seattle Streetcar</b>	<b>Key Arena Settlement Proceeds</b>	<b>Pike Place Market Renovation</b>	<b>Seattle Center</b>	<b>Wheelchair Accessibility</b>
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 1,194	\$ 2,137	\$ 129	\$ 2,020	\$ 5,523	\$ 1,555
Receivables, Net of Allowances	6,080	34	—	31	4,411	384
Due from Other Funds	2,968	—	15	—	165	—
Due from Other Governments	279	55	—	—	—	—
Interfund Loans and Advances	7,396	—	—	—	—	—
Other Current Assets	392	—	—	—	254	—
<b>Total Assets</b>	<b>18,309</b>	<b>2,226</b>	<b>144</b>	<b>2,051</b>	<b>10,353</b>	<b>1,939</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 18,309</b>	<b>\$ 2,226</b>	<b>\$ 144</b>	<b>\$ 2,051</b>	<b>\$ 10,353</b>	<b>\$ 1,939</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 2,480	\$ —	\$ 13	\$ —	\$ 732	\$ 38
Contracts Payable	509	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	3,840	—	—	—	1,536	—
Due to Other Funds	2,098	4,049	93	—	212	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	1,276	1,365	—	—	935	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	547	4	—	—	38	380
<b>Total Liabilities</b>	<b>10,750</b>	<b>5,418</b>	<b>106</b>	<b>—</b>	<b>3,453</b>	<b>418</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	—	—	—	26	—	—
<b>FUND BALANCES</b>						
Nonspendable	415	—	—	—	274	—
Restricted	1,680	—	38	2,025	2,269	1,521
Committed	—	—	—	—	4,357	—
Assigned	5,464	—	—	—	—	—
Unassigned	—	(3,192)	—	—	—	—
<b>Total Fund Balances</b>	<b>7,559</b>	<b>(3,192)</b>	<b>38</b>	<b>2,025</b>	<b>6,900</b>	<b>1,521</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 18,309</b>	<b>\$ 2,226</b>	<b>\$ 144</b>	<b>\$ 2,051</b>	<b>\$ 10,353</b>	<b>\$ 1,939</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2016  
(In Thousands)**

	Election Vouchers Fund	Education and Early Learning	Human Service Operating	Office Of Housing	Housing Community Development Revenue Sharing	Education and Development Services
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 2,162	\$ 3,565	\$ 30,115	\$ 427	\$ 681	\$ 57,712
Receivables, Net of Allowances	39	—	5	153	111	676
Due from Other Funds	—	5,491	1,968	1,953	—	33
Due from Other Governments	—	—	12,361	—	2,926	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	75	—	—	—	—	—
<b>Total Assets</b>	<b>2,276</b>	<b>9,056</b>	<b>44,449</b>	<b>2,533</b>	<b>3,718</b>	<b>58,421</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,276</b>	<b>\$ 9,056</b>	<b>\$ 44,449</b>	<b>\$ 2,533</b>	<b>\$ 3,718</b>	<b>\$ 58,421</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 211	\$ 6,553	\$ 19,423	\$ 27	\$ 794	\$ 328
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	278	1,347	200	—	—
Due to Other Funds	96	135	1,209	71	1,636	4,473
Due to Other Governments	—	—	5,198	—	—	—
Revenues Collected in Advance	—	—	3,540	—	57	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	1	1	—
<b>Total Liabilities</b>	<b>307</b>	<b>6,966</b>	<b>30,717</b>	<b>299</b>	<b>2,488</b>	<b>4,801</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	25	—	—	—	—	446
<b>FUND BALANCES</b>						
Nonspendable	—	—	—	—	—	—
Restricted	1,944	2,090	3,540	—	1,230	53,174
Committed	—	—	8,071	—	—	—
Assigned	—	—	2,121	2,234	—	—
Unassigned	—	—	—	—	—	—
<b>Total Fund Balances</b>	<b>1,944</b>	<b>2,090</b>	<b>13,732</b>	<b>2,234</b>	<b>1,230</b>	<b>53,174</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,276</b>	<b>\$ 9,056</b>	<b>\$ 44,449</b>	<b>\$ 2,533</b>	<b>\$ 3,718</b>	<b>\$ 58,421</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2016  
(In Thousands)**

	<b>Preschool Levy 2014</b>	<b>2012 Library Levy</b>	<b>School Zone Automatic Camera Fund</b>	<b>Metropolitan Parks District</b>	<b>Business Improvement Areas</b>	<b>Transportation Benefit District</b>
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 21,491	\$ 13,713	\$ 12,953	\$ 34,160	\$ 6,284	\$ 32,654
Receivables, Net of Allowances	243	330	15	858	7	35
Due from Other Funds	53	218	—	—	3	—
Due from Other Governments	—	—	—	106	—	7,143
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
<b>Total Assets</b>	<b>21,787</b>	<b>14,261</b>	<b>12,968</b>	<b>35,124</b>	<b>6,294</b>	<b>39,832</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 21,787</b>	<b>\$ 14,261</b>	<b>\$ 12,968</b>	<b>\$ 35,124</b>	<b>\$ 6,294</b>	<b>\$ 39,832</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 3	\$ 417	\$ —	\$ 11,365	\$ 4,320	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	25	—	—	—	—
Due to Other Funds	897	2,870	4,106	—	—	10,921
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	8,321	—	—
Other Current Liabilities	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>900</b>	<b>3,312</b>	<b>4,106</b>	<b>19,686</b>	<b>4,320</b>	<b>10,921</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	154	230	—	395	—	—
<b>FUND BALANCES</b>						
Nonspendable	—	—	—	—	—	—
Restricted	20,733	10,719	8,862	15,043	1,974	28,911
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
<b>Total Fund Balances</b>	<b>20,733</b>	<b>10,719</b>	<b>8,862</b>	<b>15,043</b>	<b>1,974</b>	<b>28,911</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 21,787</b>	<b>\$ 14,261</b>	<b>\$ 12,968</b>	<b>\$ 35,124</b>	<b>\$ 6,294</b>	<b>\$ 39,832</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2016  
(In Thousands)**

	General Trust	Municipal Arts	General Donation and Gift Trust	Comparative Totals	
				2016	2015
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 4,108	\$ 10,041	\$ 3,074	\$ 245,698	\$ 167,389
Receivables, Net of Allowances	6	11	12	13,441	9,484
Due from Other Funds	2	354	826	14,049	16,457
Due from Other Governments	—	—	2	22,872	28,116
Interfund Loans and Advances	—	—	—	7,396	5,764
Other Current Assets	—	—	—	721	608
<b>Total Assets</b>	<b>4,116</b>	<b>10,406</b>	<b>3,914</b>	<b>304,177</b>	<b>227,818</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 4,116</b>	<b>\$ 10,406</b>	<b>\$ 3,914</b>	<b>\$ 304,177</b>	<b>\$ 227,818</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 39	\$ 49	\$ 114	\$ 46,906	\$ 37,179
Contracts Payable	—	—	—	509	278
Salaries, Benefits, and Taxes Payable	—	47	2	7,275	6,958
Due to Other Funds	14	13	242	33,135	24,479
Due to Other Governments	—	—	—	5,198	5,021
Revenues Collected in Advance	—	—	—	7,173	6,571
Interfund Loans and Advances	—	—	—	8,321	6,039
Other Current Liabilities	—	—	—	971	626
<b>Total Liabilities</b>	<b>53</b>	<b>109</b>	<b>358</b>	<b>109,488</b>	<b>87,151</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	—	—	—	1,276	924
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	689	662
Restricted	4,063	10,297	3,556	173,669	128,799
Committed	—	—	—	12,428	10,774
Assigned	—	—	—	9,819	11,004
Unassigned	—	—	—	(3,192)	(11,495)
<b>Total Fund Balances</b>	<b>4,063</b>	<b>10,297</b>	<b>3,556</b>	<b>193,413</b>	<b>139,744</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,116</b>	<b>\$ 10,406</b>	<b>\$ 3,914</b>	<b>\$ 304,177</b>	<b>\$ 227,819</b>

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE  
December 31, 2016  
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2016	2015
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 10,384	\$ 8	\$ 875	\$ 11,267	\$ 11,455
Receivables, Net of Allowances	422	—	1	423	295
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
<b>Total Assets</b>	<b>10,806</b>	<b>8</b>	<b>876</b>	<b>11,690</b>	<b>11,750</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 10,806</b>	<b>\$ 8</b>	<b>\$ 876</b>	<b>\$ 11,690</b>	<b>\$ 11,750</b>
<b>LIABILITIES</b>					
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	—	—	—	—	—
<b>Total Liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	295	—	—	295	203
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	10,511	8	876	11,395	11,547
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
<b>Total Fund Balances</b>	<b>10,511</b>	<b>8</b>	<b>876</b>	<b>11,395</b>	<b>11,547</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,806</b>	<b>\$ 8</b>	<b>\$ 876</b>	<b>\$ 11,690</b>	<b>\$ 11,750</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2016  
(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	\$ 452	\$ 11	\$ 29	\$ 13,634	\$ 2,695
Receivables, Net of Allowances	1	—	—	16	6,621
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	925
Other Current Assets	—	—	—	—	—
<b>Total Assets</b>	<b>453</b>	<b>11</b>	<b>29</b>	<b>13,650</b>	<b>10,241</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 453</b>	<b>\$ 11</b>	<b>\$ 29</b>	<b>\$ 13,650</b>	<b>\$ 10,241</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ 2	\$ —	\$ 112	\$ 2,073
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	2
Due to Other Funds	—	—	—	13	208
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	8,000
Other Current Liabilities	—	—	—	—	5
<b>Total Liabilities</b>	<b>—</b>	<b>2</b>	<b>—</b>	<b>125</b>	<b>10,288</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	453	9	29	13,525	—
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	(47)
<b>Total Fund Balances</b>	<b>453</b>	<b>9</b>	<b>29</b>	<b>13,525</b>	<b>(47)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 453</b>	<b>\$ 11</b>	<b>\$ 29</b>	<b>\$ 13,650</b>	<b>\$ 10,241</b>

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
**December 31, 2016**  
*(In Thousands)*

	<b>Open Spaces and Trails Bond</b>	<b>Seattle Center and Parks Multipurpose Levy</b>	<b>Seattle Center Redevelopment Parks Community Center</b>	<b>Municipal Civic Center</b>	<b>2003 Fire Facilities</b>
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 54	\$ 21,271	\$ 1,711	\$ 987	\$ 3,277
Receivables, Net of Allowances	—	114	17	1	6
Due from Other Funds	—	103	93	—	4
Due from Other Governments	—	85	—	—	—
Interfund Loans and Advances	—	8,000	—	—	—
Other Current Assets	—	—	—	—	—
<b>Total Assets</b>	<b>54</b>	<b>29,573</b>	<b>1,821</b>	<b>988</b>	<b>3,287</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 54</b>	<b>\$ 29,573</b>	<b>\$ 1,821</b>	<b>\$ 988</b>	<b>\$ 3,287</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ 945	\$ 47	\$ —	\$ 1,309
Contracts Payable	—	—	—	—	81
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	140	5	15	5
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	101	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	9	—	—	—
<b>Total Liabilities</b>	<b>—</b>	<b>1,195</b>	<b>52</b>	<b>15</b>	<b>1,395</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	—	71	—	—	2
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	54	28,307	1,769	973	1,890
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
<b>Total Fund Balances</b>	<b>54</b>	<b>28,307</b>	<b>1,769</b>	<b>973</b>	<b>1,890</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 54</b>	<b>\$ 29,573</b>	<b>\$ 1,821</b>	<b>\$ 988</b>	<b>\$ 3,287</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2016  
(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	\$ 175	\$ 42	\$ 114	\$ 131	\$ 1,879
Receivables, Net of Allowances	8,216	—	—	—	3
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
<b>Total Assets</b>	<b>8,391</b>	<b>42</b>	<b>114</b>	<b>131</b>	<b>1,882</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 8,391</b>	<b>\$ 42</b>	<b>\$ 114</b>	<b>\$ 131</b>	<b>\$ 1,882</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	8	—	—	1,039
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
<b>Total Liabilities</b>	<b>—</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>1,039</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	7,855	—	—	—	—
<b>FUND BALANCES</b>					
Nonspendable	—	—	—	—	—
Restricted	536	34	114	131	843
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
<b>Total Fund Balances</b>	<b>536</b>	<b>34</b>	<b>114</b>	<b>131</b>	<b>843</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,391</b>	<b>\$ 42</b>	<b>\$ 114</b>	<b>\$ 131</b>	<b>\$ 1,882</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2016  
(In Thousands)**

	<b>2012 Multipurpose Long-Term General Obligation Bond</b>	<b>2013 Multipurpose Long-Term General Obligation Bond</b>	<b>Alaskan Way Seawall Construction</b>	<b>Central Waterfront Improvement</b>	<b>2013 King County Parks Levy Fund</b>	<b>2014 Long-Term General Obligation Bond</b>
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 348	\$ 1,024	\$ 8,632	\$ 1,731	\$ 3,189	\$ 847
Receivables, Net of Allowances	—	1	11	1	4	1
Due from Other Funds	—	4	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
<b>Total Assets</b>	<b>348</b>	<b>1,029</b>	<b>8,643</b>	<b>1,732</b>	<b>3,193</b>	<b>848</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 348</b>	<b>\$ 1,029</b>	<b>\$ 8,643</b>	<b>\$ 1,732</b>	<b>\$ 3,193</b>	<b>\$ 848</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ —	\$ 2	\$ —	\$ 16	\$ —	\$ —
Contracts Payable	—	59	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—	—
Due to Other Funds	—	131	3,412	1,201	43	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	22,001	—	—
Other Current Liabilities	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>—</b>	<b>192</b>	<b>3,412</b>	<b>23,218</b>	<b>43</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>FUND BALANCES</b>						
Nonspendable	—	—	—	—	—	—
Restricted	348	837	5,231	—	3,150	848
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	(21,486)	—	—
<b>Total Fund Balances</b>	<b>348</b>	<b>837</b>	<b>5,231</b>	<b>(21,486)</b>	<b>3,150</b>	<b>848</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 348</b>	<b>\$ 1,029</b>	<b>\$ 8,643</b>	<b>\$ 1,732</b>	<b>\$ 3,193</b>	<b>\$ 848</b>

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2016  
(In Thousands)**

	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond	Garage Proceeds Disposition Fund	Comparative Totals	
					2016	2015
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 6,340	\$ 45,944	\$ —	\$ 22,702	\$ 137,219	\$ 125,972
Receivables, Net of Allowances	21	33	—	28	15,095	11,545
Due from Other Funds	—	222	—	—	426	394
Due from Other Governments	—	—	—	—	85	14
Interfund Loans and Advances	—	—	—	—	8,925	18,401
Other Current Assets	—	—	—	—	—	—
<b>Total Assets</b>	<b>6,361</b>	<b>46,199</b>	<b>—</b>	<b>22,730</b>	<b>161,750</b>	<b>156,326</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	—	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,361</b>	<b>\$ 46,199</b>	<b>\$ —</b>	<b>\$ 22,730</b>	<b>\$ 161,750</b>	<b>\$ 156,326</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 5	\$ 119	\$ —	\$ —	\$ 4,630	\$ 5,159
Contracts Payable	102	34	—	—	276	723
Salaries, Benefits, and Taxes Payable	—	—	—	—	2	3
Due to Other Funds	185	6,685	12,358	609	26,057	12,600
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	101	232
Interfund Loans and Advances	—	—	—	—	30,001	22,751
Other Current Liabilities	—	—	—	—	14	20
<b>Total Liabilities</b>	<b>292</b>	<b>6,838</b>	<b>12,358</b>	<b>609</b>	<b>61,081</b>	<b>41,488</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	—	—	—	—	7,928	9,308
<b>FUND BALANCES</b>						
Nonspendable	—	—	—	—	—	—
Restricted	6,069	39,361	—	22,121	126,632	128,194
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	(12,358)	—	(33,891)	(22,664)
<b>Total Fund Balances</b>	<b>6,069</b>	<b>39,361</b>	<b>(12,358)</b>	<b>22,121</b>	<b>92,741</b>	<b>105,530</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,361</b>	<b>\$ 46,199</b>	<b>\$ —</b>	<b>\$ 22,730</b>	<b>\$ 161,750</b>	<b>\$ 156,326</b>

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
PERMANENT  
December 31, 2016  
(In Thousands)**

	H. H. Dearborn	Beach Maintenance Trust	Comparative Totals	
			2016	2015
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 145	\$ 2,031	\$ 2,176	\$ 2,166
Receivables, Net of Allowances	—	2	2	2
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
<b>Total Assets</b>	<b>145</b>	<b>2,033</b>	<b>2,178</b>	<b>2,168</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 145</b>	<b>\$ 2,033</b>	<b>\$ 2,178</b>	<b>\$ 2,168</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ —	\$ 1	\$ 1	\$ 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	—	—	—	—
<b>Total Liabilities</b>	<b>—</b>	<b>1</b>	<b>1</b>	<b>6</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	—	—	—	—
<b>FUND BALANCES</b>				
Nonspendable	50	2,000	2,050	2,050
Restricted	95	32	127	112
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
<b>Total Fund Balances</b>	<b>145</b>	<b>2,032</b>	<b>2,177</b>	<b>2,162</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 145</b>	<b>\$ 2,033</b>	<b>\$ 2,178</b>	<b>\$ 2,168</b>

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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, 2016  
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2016	2015
<b>REVENUES</b>						
Taxes	\$ 193,609	\$ 28,614	\$ 69	\$ —	\$ 222,292	\$ 142,593
Licenses and Permits	1,443	—	—	—	1,443	976
Grants, Shared Revenues, and Contributions	77,711	983	15,340	—	94,034	86,640
Charges for Services	68,292	—	—	—	68,292	64,393
Fines and Forfeits	13,878	—	15	—	13,893	5,982
Parking Fees and Space Rent	29,332	351	—	—	29,683	28,195
Program Income, Interest, and Miscellaneous Revenues	3,664	977	1,979	20	6,640	11,322
<b>Total Revenues</b>	<b>387,929</b>	<b>30,925</b>	<b>17,403</b>	<b>20</b>	<b>436,277</b>	<b>340,101</b>
<b>EXPENDITURES</b>						
Current						
General Government	11,517	—	20,501	—	32,018	22,559
Public Safety	1,847	—	—	—	1,847	8,486
Physical Environment	459	—	—	—	459	1,022
Transportation	54,845	—	—	—	54,845	26,445
Economic Environment	115,396	—	—	—	115,396	92,690
Health and Human Services	104,209	—	—	—	104,209	96,192
Culture and Recreation	225,361	—	5	—	225,366	193,887
Capital Outlay						
General Government	—	—	16,892	—	16,892	16,463
Public Safety	—	—	15,149	—	15,149	9,994
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	241	—	32,100	5	32,346	19,332
Debt Service						
Principal	45	50,218	1,320	—	51,583	48,795
Interest	12	32,009	645	—	32,666	28,880
Bond Issuance Cost	—	—	627	—	627	1,946
<b>Total Expenditures</b>	<b>513,932</b>	<b>82,227</b>	<b>87,239</b>	<b>5</b>	<b>683,403</b>	<b>566,691</b>
Excess (Deficiency) of Revenues over Expenditures	(126,003)	(51,302)	(69,836)	15	(247,126)	(226,590)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	—	145,139	—	145,139	350,255
Premium on Bonds Issued	—	—	22,177	—	22,177	40,113
Payment to Refunded Bond Escrow Agent	—	—	(31,909)	—	(31,909)	(155,030)
Sales of Capital Assets	27	—	—	—	27	956
Transfers In	239,607	51,150	33,353	—	324,110	268,552
Transfers Out	(59,962)	—	(111,713)	—	(171,675)	(189,811)
<b>Total Other Financing Sources (Uses)</b>	<b>179,672</b>	<b>51,150</b>	<b>57,047</b>	<b>—</b>	<b>287,869</b>	<b>315,035</b>
<b>Net Change in Fund Balance</b>	<b>53,669</b>	<b>(152)</b>	<b>(12,789)</b>	<b>15</b>	<b>40,743</b>	<b>88,445</b>
Fund Balances - Beginning of Year	139,744	11,547	105,530	2,162	258,983	170,538
<b>Fund Balances - End of Year</b>	<b>\$ 193,413</b>	<b>\$ 11,395</b>	<b>\$ 92,741</b>	<b>\$ 2,177</b>	<b>\$ 299,726</b>	<b>\$ 258,983</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2016  
(In Thousands)**

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
<b>REVENUES</b>						
Taxes	\$ —	\$ —	\$ —	\$ 27	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	1,443
Grants, Shared Revenues, and Contributions	555	6,202	—	—	—	—
Charges for Services	47,697	223	—	—	9,077	—
Fines and Forfeits	2	—	—	—	—	—
Parking Fees and Space Rent	7,468	89	—	—	21,755	—
Program Income, Interest, and Miscellaneous Revenues	291	36	—	25	202	8
<b>Total Revenues</b>	<b>56,013</b>	<b>6,550</b>	<b>—</b>	<b>52</b>	<b>31,034</b>	<b>1,451</b>
<b>EXPENDITURES</b>						
Current						
General Government	—	—	—	885	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	6,554	—	—	—	—
Economic Environment	—	—	—	—	—	654
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	151,170	—	184	—	42,616	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	118	—	—	—	—	—
Debt Service						
Principal	24	—	—	—	21	—
Interest	10	—	—	—	2	—
Bond Issuance Cost	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>151,322</b>	<b>6,554</b>	<b>184</b>	<b>885</b>	<b>42,639</b>	<b>654</b>
Excess (Deficiency) of Revenues over Expenditures	(95,309)	(4)	(184)	(833)	(11,605)	797
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	21	—	—	—	6	—
Transfers In	100,568	—	—	—	14,210	—
Transfers Out	(3,003)	—	—	—	(510)	—
<b>Total Other Financing Sources (Uses)</b>	<b>97,586</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,706</b>	<b>—</b>
Net Change in Fund Balance	2,277	(4)	(184)	(833)	2,101	797
Fund Balances - Beginning of Year	5,282	(3,188)	222	2,858	4,799	724
Fund Balances - End of Year	<u>\$ 7,559</u>	<u>\$ (3,192)</u>	<u>\$ 38</u>	<u>\$ 2,025</u>	<u>\$ 6,900</u>	<u>\$ 1,521</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2016  
(In Thousands)**

	Election Vouchers Fund	Education and Early Learning	Human Service Operating	Office Of Housing	Housing Community Development Revenue Sharing	Education and Development Services
<b>REVENUES</b>						
Taxes	\$ 2,959	\$ —	\$ 935	\$ 1,809	\$ —	\$ 33,251
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	4,253	52,320	714	10,832	—
Charges for Services	—	341	3,700	2,633	7	—
Fines and Forfeits	—	—	179	—	—	—
Parking Fees and Space Rent	—	—	—	20	—	—
Program Income, Interest, and Miscellaneous Revenues	—	—	97	148	1,558	529
<b>Total Revenues</b>	<b>2,959</b>	<b>4,594</b>	<b>57,231</b>	<b>5,324</b>	<b>12,397</b>	<b>33,780</b>
<b>EXPENDITURES</b>						
Current						
General Government	1,015	—	9,617	—	—	—
Public Safety	—	—	625	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	76,429	5,339	10,152	—
Health and Human Services	—	46,882	56,390	—	—	688
Culture and Recreation	—	—	—	—	883	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	13	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>1,015</b>	<b>46,895</b>	<b>143,061</b>	<b>5,339</b>	<b>11,035</b>	<b>688</b>
Excess (Deficiency) of Revenues over Expenditures	1,944	(42,301)	(85,830)	(15)	1,362	33,092
<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	—	43,338	80,861	416	—	—
Transfers Out	—	—	(50)	(50)	—	(30,168)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>43,338</b>	<b>80,811</b>	<b>366</b>	<b>—</b>	<b>(30,168)</b>
<b>Net Change in Fund Balance</b>	<b>1,944</b>	<b>1,037</b>	<b>(5,019)</b>	<b>351</b>	<b>1,362</b>	<b>2,924</b>
Fund Balances - Beginning of Year	—	1,053	18,751	1,883	(132)	50,250
<b>Fund Balances - End of Year</b>	<b>\$ 1,944</b>	<b>\$ 2,090</b>	<b>\$ 13,732</b>	<b>\$ 2,234</b>	<b>\$ 1,230</b>	<b>\$ 53,174</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2016  
(In Thousands)**

	<b>Preschool Levy 2014</b>	<b>2012 Library Levy</b>	<b>School Zone Automatic Camera Fund</b>	<b>Metropolitan Parks District</b>	<b>Business Improvement Areas</b>	<b>Transportation Benefit District</b>
<b>REVENUES</b>						
Taxes	\$ 14,462	\$ 17,432	\$ —	\$ 47,568	\$ 19,011	\$ 56,155
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	13,691	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	114	121	45	(4)	92	238
<b>Total Revenues</b>	<b>14,576</b>	<b>17,553</b>	<b>13,736</b>	<b>47,564</b>	<b>19,103</b>	<b>56,393</b>
<b>EXPENDITURES</b>						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	48,291
Economic Environment	—	—	—	—	22,707	—
Health and Human Services	86	—	—	—	—	—
Culture and Recreation	—	2,966	—	24,346	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	110	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
<b>Total Expenditures</b>	<b>86</b>	<b>3,076</b>	<b>—</b>	<b>24,346</b>	<b>22,707</b>	<b>48,291</b>
Excess (Deficiency) of Revenues over Expenditures	14,490	14,477	13,736	23,218	(3,604)	8,102
<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	(6,124)	(13,340)	(6,717)	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>(6,124)</b>	<b>(13,340)</b>	<b>(6,717)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Net Change in Fund Balance	8,366	1,137	7,019	23,218	(3,604)	8,102
Fund Balances - Beginning of Year	12,367	9,582	1,843	(8,175)	5,578	20,809
<b>Fund Balances - End of Year</b>	<b>\$ 20,733</b>	<b>\$ 10,719</b>	<b>\$ 8,862</b>	<b>\$ 15,043</b>	<b>\$ 1,974</b>	<b>\$ 28,911</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
For the Year Ended December 31, 2016  
(In Thousands)**

	General Trust	Municipal Arts	General Donation and Gift Trust	Comparative Totals	
				2016	2015
<b>REVENUES</b>					
Taxes	—	—	—	193,609	123,676
Licenses and Permits	—	—	—	1,443	976
Grants, Shared Revenues, and Contributions	1,347	—	1,488	77,711	76,150
Charges for Services	—	4,614	—	68,292	61,134
Fines and Forfeits	—	—	6	13,878	5,966
Parking Fees and Space Rent	—	—	—	29,332	27,837
Program Income, Interest, and Miscellaneous Revenues	35	93	36	3,664	7,763
<b>Total Revenues</b>	<b>1,382</b>	<b>4,707</b>	<b>1,530</b>	<b>387,929</b>	<b>303,502</b>
<b>EXPENDITURES</b>					
Current					
General Government	—	—	—	11,517	9,060
Public Safety	1,147	—	75	1,847	8,486
Physical Environment	—	—	459	459	1,022
Transportation	—	—	—	54,845	26,445
Economic Environment	—	—	115	115,396	92,690
Health and Human Services	—	—	163	104,209	96,192
Culture and Recreation	—	3,116	80	225,361	193,887
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	356
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	241	1,149
Debt Service					
Principal	—	—	—	45	30
Interest	—	—	—	12	29
Bond Issuance Cost	—	—	—	—	—
<b>Total Expenditures</b>	<b>1,147</b>	<b>3,116</b>	<b>892</b>	<b>513,932</b>	<b>429,346</b>
Excess (Deficiency) of Revenues over Expenditures	235	1,591	638	(126,003)	(125,844)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	27	44
Transfers In	27	187	—	239,607	218,016
Transfers Out	—	—	—	(59,962)	(50,047)
<b>Total Other Financing Sources (Uses)</b>	<b>27</b>	<b>187</b>	<b>—</b>	<b>179,672</b>	<b>168,013</b>
Net Change in Fund Balance	262	1,778	638	53,669	42,169
Fund Balances - Beginning of Year	3,801	8,519	2,918	139,744	97,575
<b>Fund Balances - End of Year</b>	<b>\$ 4,063</b>	<b>\$ 10,297</b>	<b>\$ 3,556</b>	<b>\$ 193,413</b>	<b>\$ 139,744</b>

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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, 2016  
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2016	2015
<b>REVENUES</b>					
Taxes	\$ 28,614	\$ —	\$ —	\$ 28,614	\$ 18,658
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	983	—	—	983	978
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	351	—	—	351	349
Program Income, Interest, and Miscellaneous Revenues	969	—	8	977	999
<b>Total Revenues</b>	<b>30,917</b>	<b>—</b>	<b>8</b>	<b>30,925</b>	<b>20,984</b>
<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	—	—	—	—	—
Debt Service					
Principal	50,218	—	—	50,218	47,195
Interest	32,009	—	—	32,009	28,185
Bond Issuance Cost	—	—	—	—	—
<b>Total Expenditures</b>	<b>82,227</b>	<b>—</b>	<b>—</b>	<b>82,227</b>	<b>75,380</b>
Excess (Deficiency) of Revenues over Expenditures	(51,310)	—	8	(51,302)	(54,396)
<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	51,150	—	—	51,150	50,278
Transfers Out	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>51,150</b>	<b>—</b>	<b>—</b>	<b>51,150</b>	<b>50,278</b>
Net Change in Fund Balance	(160)	—	8	(152)	(4,118)
Fund Balances - Beginning of Year	10,671	8	868	11,547	15,665
<b>Fund Balances - End of Year</b>	<b>\$ 10,511</b>	<b>\$ 8</b>	<b>\$ 876</b>	<b>\$ 11,395</b>	<b>\$ 11,547</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2016  
(In Thousands)**

	<u>Public Safety Facilities and Equipment</u>	<u>Shoreline Park Improvement</u>	<u>Community Improvement</u>	<u>Park Mitigation Remediation</u>	<u>Parks Capital Projects</u>
<b>REVENUES</b>					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	11,662
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	24	—	—	175	7
<b>Total Revenues</b>	<b>24</b>	<b>—</b>	<b>—</b>	<b>175</b>	<b>11,669</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	5	—	—	—
<b>Capital Outlay</b>					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	1	4,776	12,158
<b>Debt Service</b>					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
<b>Total Expenditures</b>	<b>—</b>	<b>5</b>	<b>1</b>	<b>4,776</b>	<b>12,158</b>
Excess (Deficiency) of Revenues over Expenditures	24	(5)	(1)	(4,601)	(489)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	—	—	—	—	447
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>447</b>
Net Change in Fund Balance	24	(5)	(1)	(4,601)	(42)
Fund Balances - Beginning of Year	429	14	30	18,126	(5)
Fund Balances - End of Year	<u>\$ 453</u>	<u>\$ 9</u>	<u>\$ 29</u>	<u>\$ 13,525</u>	<u>\$ (47)</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2016  
(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	\$ —	\$ 67	\$ —	\$ —	\$ 2
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	231	265	—	—
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	407	13	10	53
<b>Total Revenues</b>	<b>—</b>	<b>705</b>	<b>278</b>	<b>10</b>	<b>55</b>
<b>EXPENDITURES</b>					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	107	—
Public Safety	—	—	—	—	3,540
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	11,789	476	—	—
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
<b>Total Expenditures</b>	<b>—</b>	<b>11,789</b>	<b>476</b>	<b>107</b>	<b>3,540</b>
Excess (Deficiency) of Revenues over Expenditures	—	(11,084)	(198)	(97)	(3,485)
<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	—	—	650	—	—
Transfers Out	—	(34)	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>(34)</b>	<b>650</b>	<b>—</b>	<b>—</b>
Net Change in Fund Balance	—	(11,118)	452	(97)	(3,485)
Fund Balances - Beginning of Year	54	39,425	1,317	1,070	5,375
<b>Fund Balances - End of Year</b>	<b>\$ 54</b>	<b>\$ 28,307</b>	<b>\$ 1,769</b>	<b>\$ 973</b>	<b>\$ 1,890</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2016  
(In Thousands)**

	<b>Local Improvement, District No. 6750</b>	<b>2008 Multipurpose Long-Term General Obligation Bond</b>	<b>2009 Multipurpose Long-Term General Obligation Bond</b>	<b>2010 Multipurpose Long-Term General Obligation Bond</b>	<b>2011 Multipurpose Long-Term General Obligation Bond</b>
<b>REVENUES</b>					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,322	—	—	—	—
Charges for Services	—	—	—	—	—
Fines and Forfeits	15	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	437	4	1	1	90
<b>Total Revenues</b>	<b>1,774</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>90</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
<b>Capital Outlay</b>					
General Government	—	—	—	—	—
Public Safety	—	120	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	—	179
<b>Debt Service</b>					
Principal	1,320	—	—	—	—
Interest	371	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
<b>Total Expenditures</b>	<b>1,691</b>	<b>120</b>	<b>—</b>	<b>—</b>	<b>179</b>
Excess (Deficiency) of Revenues over Expenditures	83	(116)	1	1	(89)
<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	—	(286)	—	—	(6,862)
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>(286)</b>	<b>—</b>	<b>—</b>	<b>(6,862)</b>
Net Change in Fund Balance	83	(402)	1	1	(6,951)
Fund Balances - Beginning of Year	453	436	113	130	7,794
<b>Fund Balances - End of Year</b>	<b>\$ 536</b>	<b>\$ 34</b>	<b>\$ 114</b>	<b>\$ 131</b>	<b>\$ 843</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2016  
(In Thousands)**

	<b>2012 Multipurpose Long-Term General Obligation Bond</b>	<b>2013 Multipurpose Long-Term General Obligation Bond</b>	<b>Alaskan Way Seawall Construction</b>	<b>Central Waterfront Improvement</b>	<b>2013 King County Parks Levy Fund</b>	<b>2014 Long-Term General Obligation Bond</b>
<b>REVENUES</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	1,860	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	14	17	132	(8)	19	47
<b>Total Revenues</b>	<b>14</b>	<b>17</b>	<b>132</b>	<b>(8)</b>	<b>1,879</b>	<b>47</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
<b>Capital Outlay</b>						
General Government	—	—	—	1,117	—	198
Public Safety	—	776	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	42	273	6	1,261	922	32
<b>Debt Service</b>						
Principal	—	—	—	—	—	—
Interest	—	—	—	274	—	—
Bond Issuance Cost	—	—	204	—	—	—
<b>Total Expenditures</b>	<b>42</b>	<b>1,049</b>	<b>210</b>	<b>2,652</b>	<b>922</b>	<b>230</b>
Excess (Deficiency) of Revenues over Expenditures	(28)	(1,032)	(78)	(2,660)	957	(183)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	—	36,740	—	—	—
Premium on Bonds Issued	—	—	5,134	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	(1,470)	—	(52,099)	(347)	(200)	—
<b>Total Other Financing Sources (Uses)</b>	<b>(1,470)</b>	<b>—</b>	<b>(10,225)</b>	<b>(347)</b>	<b>(200)</b>	<b>—</b>
Net Change in Fund Balance	(1,498)	(1,032)	(10,303)	(3,007)	757	(183)
Fund Balances - Beginning of Year	1,846	1,869	15,534	(18,479)	2,393	1,031
Fund Balances - End of Year	<u>\$ 348</u>	<u>\$ 837</u>	<u>\$ 5,231</u>	<u>\$ (21,486)</u>	<u>\$ 3,150</u>	<u>\$ 848</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
For the Year Ended December 31, 2016  
(In Thousands)**

	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond	Garage Proceeds Disposition Fund	Comparative Totals	
					2016	2015
<b>REVENUES</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 69	\$ 259
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	15,340	9,512
Charges for Services	—	—	—	—	—	3,259
Fines and Forfeits	—	—	—	—	15	16
Parking Fees and Space Rent	—	—	—	—	—	9
Program Income, Interest, and Miscellaneous Revenues	356	238	—	(58)	1,979	2,538
<b>Total Revenues</b>	<b>356</b>	<b>238</b>	<b>—</b>	<b>(58)</b>	<b>17,403</b>	<b>15,593</b>
<b>EXPENDITURES</b>						
Current						
General Government	14,501	6,000	—	—	20,501	13,499
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	5	—
Capital Outlay						
General Government	593	12,332	—	2,545	16,892	16,463
Public Safety	404	10,309	—	—	15,149	9,638
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	185	—	—	—	32,100	18,172
Debt Service						
Principal	—	—	—	—	1,320	1,570
Interest	—	—	—	—	645	666
Bond Issuance Cost	—	423	—	—	627	1,946
<b>Total Expenditures</b>	<b>15,683</b>	<b>29,064</b>	<b>—</b>	<b>2,545</b>	<b>87,239</b>	<b>61,954</b>
Excess (Deficiency) of Revenues over Expenditures	(15,327)	(28,826)	—	(2,603)	(69,836)	(46,361)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	—	107,952	—	—	145,139	350,255
Premium on Bonds Issued	—	17,043	—	—	22,177	40,113
Payment to Refunded Bond Escrow Agent	—	(31,909)	—	—	(31,909)	(155,030)
Sales of Capital Assets	—	—	—	—	—	912
Transfers In	—	—	—	32,703	33,353	258
Transfers Out	(9,359)	(20,719)	(12,358)	(7,979)	(111,713)	(139,764)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,359)</b>	<b>72,367</b>	<b>(12,358)</b>	<b>24,724</b>	<b>57,047</b>	<b>96,744</b>
Net Change in Fund Balance	(24,686)	43,541	(12,358)	22,121	(12,789)	50,383
Fund Balances - Beginning of Year	30,755	(4,180)	—	—	105,530	55,147
<b>Fund Balances - End of Year</b>	<b>\$ 6,069</b>	<b>\$ 39,361</b>	<b>\$ (12,358)</b>	<b>\$ 22,121</b>	<b>\$ 92,741</b>	<b>\$ 105,530</b>

	COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS PERMANENT For the Year Ended December 31, 2016 (In Thousands)			
	H. H. Dearborn	Beach Maintenance Trust	Comparative Totals	
			2016	2015
<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	2	18	20	22
<b>Total Revenues</b>	<b>2</b>	<b>18</b>	<b>20</b>	<b>22</b>
<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	—	5	5	11
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
<b>Total Expenditures</b>	<b>—</b>	<b>5</b>	<b>5</b>	<b>11</b>
Excess (Deficiency) of Revenues over Expenditures	2	13	15	11
<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	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Net Change in Fund Balance	2	13	15	11
Fund Balances - Beginning of Year	143	2,019	2,162	2,151
Fund Balances - End of Year	<u>\$ 145</u>	<u>\$ 2,032</u>	<u>\$ 2,177</u>	<u>\$ 2,162</u>

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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, 2016**  
**(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 281,692	\$ 283,735	\$ —	\$ 2,043
Retail Sales and Use Taxes	230,608	238,558	—	7,950
Business Taxes	284,853	285,723	—	870
Excise Taxes	58,265	82,774	—	24,509
Other Taxes	8,594	10,328	—	1,734
Interfund Business Taxes	146,558	146,525	—	(33)
Total Taxes	<u>1,010,570</u>	<u>1,047,643</u>	<u>—</u>	<u>37,073</u>
Licenses and Permits	36,124	33,059	—	(3,065)
Grants, Shared Revenues, and Contributions	53,084	30,284	—	(22,800)
Charges for Services	50,712	61,154	—	10,442
Fines and Forfeits	29,897	30,730	—	833
Parking Fees and Space Rent	39,767	38,291	—	(1,476)
Program Income, Interest, and Miscellaneous Revenues	276,514	276,895	—	381
Total Revenues	<u>1,496,668</u>	<u>1,518,056</u>	<u>—</u>	<u>21,388</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
CITY AUDITOR	2,213	1,671	355	187
CITY BUDGET OFFICE	6,362	6,073	71	218
CIVIL SERVICE COMMISSIONS	525	478	—	47
CRIMINAL JUSTICE				
Jail Services	17,877	16,912	—	965
Indigent Defense Services	7,343	7,340	—	3
Total Criminal Justice	<u>25,220</u>	<u>24,252</u>	<u>—</u>	<u>968</u>
ETHICS AND ELECTIONS	816	818	—	(2)
EXECUTIVE				
Sustainability and Environment	7,954	4,537	10	3,407
Mayor's Office	7,833	6,430	34	1,369
Economic Development	11,855	9,264	477	2,114
Intergovernmental Relations	2,935	2,905	—	30
Immigrant and Refugee Affairs	2,947	2,449	64	434
Community Police Commission	1,008	699	140	169
Civil Rights	7,784	6,873	560	351
Planning and Community Development	9,445	8,667	582	196
Total Executive	<u>51,761</u>	<u>41,824</u>	<u>1,867</u>	<u>8,070</u>
FINANCE AND ADMINISTRATIVE SERVICES	629	251	—	378

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Final Budget	Actual	Encumbrances	Variance
<b>FINANCE GENERAL</b>				
Appropriations to Special Purpose Funds	\$ 43,581	\$ 43,578	\$ —	\$ 3
Reserves	38,942	30,183	224	8,535
Support to Operating Funds	46,628	46,626	—	2
Support to Parks Capital Expenditures	60	—	—	60
<b>Total Finance General</b>	<b>129,211</b>	<b>120,387</b>	<b>224</b>	<b>8,600</b>
<b>FIRE</b>				
Administration	9,914	9,394	—	520
Resource Management	13,012	12,250	—	762
Operations	161,782	161,572	—	210
Fire Prevention	8,255	7,987	—	268
Grants and Reimbursables	14,279	7,591	—	6,688
<b>Total Department</b>	<b>207,242</b>	<b>198,794</b>	<b>—</b>	<b>8,448</b>
<b>HEARING EXAMINER</b>	<b>741</b>	<b>719</b>	<b>3</b>	<b>19</b>
<b>LAW</b>				
Administration	2,611	2,468	—	143
Civil Law	15,004	14,821	—	183
Criminal Prosecution	7,579	7,424	—	155
Precinct Liaison	732	704	—	28
<b>Total Department</b>	<b>25,926</b>	<b>25,417</b>	<b>—</b>	<b>509</b>
<b>LEGISLATIVE</b>	<b>16,002</b>	<b>14,487</b>	<b>262</b>	<b>1,253</b>
<b>MUNICIPAL COURT</b>				
Court Operations	17,760	17,705	—	55
Corporate Services	7,694	7,679	—	15
Court Compliance	6,150	6,135	—	15
<b>Total Department</b>	<b>31,604</b>	<b>31,519</b>	<b>—</b>	<b>85</b>
<b>NEIGHBORHOODS</b>				
Director's Office	1,706	1,445	253	8
Customer Service and Operations	1,956	1,771	30	155
Community Building	4,658	4,226	117	315
Youth Violence Prevention	147	145	—	2
<b>Total Department</b>	<b>8,467</b>	<b>7,587</b>	<b>400</b>	<b>480</b>

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**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
**(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
<b>HUMAN RESOURCES</b>				
Employment and Training	\$ 6,171	\$ 5,792	\$ 367	\$ 12
Employee Health Services	7,364	7,079	205	80
Citywide Personnel	2,654	2,236	408	10
Labor Relations and Class Compensation	2,051	2,043	—	8
<b>Total Department</b>	<b>18,240</b>	<b>17,150</b>	<b>980</b>	<b>110</b>
<b>POLICE</b>				
Chief of Police	20,419	11,809	71	8,539
Professional Accountability	3,374	3,366	—	8
Chief of Staff Program	28,081	27,831	—	250
Deputy Chief Operations	3,134	3,113	—	21
Special Operations Bureau	17,886	17,859	—	27
Professional Standards Program	53,442	51,448	7	1,987
West Precinct Patrol	31,138	30,987	75	76
North Precinct Patrol	33,004	32,763	2	239
South Precinct Patrol	17,704	17,621	2	81
East Precinct Patrol	23,796	23,727	2	67
Southwest Precinct Patrol	16,108	16,005	2	101
Criminal Investigation Administration	11,430	11,263	—	167
Violent Crimes Investigation	8,165	8,123	—	42
Narcotics Investigation	5,065	4,928	—	137
Coordinated Criminal Investigations	8,913	8,816	—	97
Special Victims Program	7,052	6,914	—	138
Field Support	47,036	45,770	51	1,215
<b>Total Department</b>	<b>335,747</b>	<b>322,343</b>	<b>212</b>	<b>13,192</b>
<b>JUDGMENTS/CLAIMS</b>	<b>21,700</b>	<b>14,181</b>	<b>—</b>	<b>7,519</b>
<b>ARTS ACCOUNT</b>	<b>9,209</b>	<b>7,002</b>	<b>2,125</b>	<b>82</b>
<b>CABLE TELEVISION FRANCHISE</b>	<b>9,666</b>	<b>9,666</b>	<b>—</b>	<b>—</b>
<b>CUMULATIVE RESERVE</b>				
Real Estate Excise Tax I	56,714	19,652	—	37,062
Real Estate Excise Tax II	20,197	2,778	—	17,419
Capital Projects Asset Preservation	10,565	5,282	—	5,283
Capital Projects Street Vacation	1,994	—	—	1,994
Unrestricted	17,970	1,193	—	16,777
<b>Total Cumulative Reserve</b>	<b>107,440</b>	<b>28,905</b>	<b>—</b>	<b>78,535</b>

**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOOD MATCHING	\$ 9,071	\$ 3,654	\$ —	\$ 5,417
EMERGENCY	(4)	—	—	(4)
TRANSIT BENEFIT	5,252	5,348	—	(96)
SPECIAL EMPLOYMENT	100	19	—	81
INDUSTRIAL INSURANCE	20,234	17,558	116	2,560
UNEMPLOYMENT COMPENSATION	1,925	1,557	—	368
HEALTH CARE	201,467	197,504	—	3,963
GROUP TERM LIFE INSURANCE	6,475	6,048	—	427
FIREMEN'S PENSION	19,607	19,393	—	214
POLICE RELIEF AND PENSION	21,849	20,566	—	1,283
Total Expenditures and Encumbrances	<u>1,294,697</u>	<u>1,145,171</u>	<u>6,615</u>	<u>142,911</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	201,971	372,885	(6,615)	(121,523)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	2,947	96	—	(2,851)
Transfers In	56,311	35,431	—	(20,880)
Transfers Out	(394,763)	(370,259)	—	24,504
Total Other Financing Sources (Uses)	<u>(335,505)</u>	<u>(334,732)</u>	<u>—</u>	<u>773</u>
Net Change in Fund Balance	<u>\$ (133,534)</u>	<u>38,153</u>	<u>\$ (6,615)</u>	<u>\$ (120,750)</u>
Fund Balance - Beginning of Year as Restated		<u>387,956</u>		
Fund Balance - End of Year		<u>\$ 426,109</u>		

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**TRANSPORTATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 94,959	\$ 94,108	\$ —	\$ (851)
Business Taxes	38,329	40,275	—	1,946
Other Taxes	—	(2)	—	(2)
Total Taxes	<u>133,288</u>	<u>134,381</u>	<u>—</u>	<u>1,093</u>
Licenses and Permits	(190)	7,241	—	7,431
Grants, Shared Revenues, and Contributions	50,103	35,080	—	(15,023)
Charges for Services	68,803	104,541	—	35,738
Fines and Forfeits	—	165	—	165
Parking Fees and Space Rent	(162)	259	—	421
Program Income, Interest, and Miscellaneous Revenues	<u>(369)</u>	<u>825</u>	<u>—</u>	<u>1,194</u>
Total Revenues	251,473	282,492	—	31,019
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Bridges and Structures	11,080	9,867	—	1,213
Engineering Services	4,191	5,846	—	(1,655)
Mobility Operations	42,200	80,912	1,084	(39,796)
Right-of-Way Management	32,472	31,391	—	1,081
Street Maintenance	23,421	25,623	—	(2,202)
Urban Forestry	5,380	5,510	—	(130)
Department Management	3,575	934	55	2,586
General Expense	30,775	5,372	—	25,403
Major Maintenance/Replacement	98,302	59,186	—	39,116
Major Projects	53,356	102,075	—	(48,719)
Mobility Capital	<u>187,537</u>	<u>78,255</u>	<u>—</u>	<u>109,282</u>
Total Expenditures and Encumbrances	<u>492,289</u>	<u>404,971</u>	<u>1,139</u>	<u>86,179</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(240,816)	(122,479)	(1,139)	(55,160)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	(2,095)	—	—	(2,095)
Transfers In	390,803	177,871	—	212,932
Transfers Out	<u>(55,812)</u>	<u>(28,851)</u>	<u>—</u>	<u>(26,961)</u>
Total Other Financing Sources (Uses)	<u>332,896</u>	<u>149,020</u>	<u>—</u>	<u>183,876</u>
Net Change in Fund Balance	<u>\$ 92,080</u>	<u>26,541</u>	<u>\$ (1,139)</u>	<u>\$ 128,716</u>
Fund Balance - Beginning of Year		<u>70,997</u>		
Fund Balance - End of Year		<u>\$ 97,538</u>		

D-13

**LOW-INCOME HOUSING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>REVENUES</b>				
General Property Taxes	\$ 36,036	\$ 17,878	\$ —	\$ (18,158)
Grants, Shared Revenues, and Contributions	18,513	1,132	—	(17,381)
Charges for Services	(4,179)	20,193	—	24,372
Program Income, Interest, and Miscellaneous Revenues	1,581	11,432	—	9,851
<b>Total Revenues</b>	<b>51,951</b>	<b>50,635</b>	<b>—</b>	<b>(1,316)</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Community Development	46	—	—	46
Administration and Management	20,695	1,732	—	18,963
Multifamily Production and Preservation	126,799	27,906	418	98,475
Single Family	26,258	3,171	—	23,087
<b>Total Expenditures and Encumbrances</b>	<b>173,798</b>	<b>32,809</b>	<b>418</b>	<b>140,571</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(121,847)	17,826	(418)	139,255
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	(15)	—	—	15
<b>Total Other Financing Sources (Uses)</b>	<b>(15)</b>	<b>—</b>	<b>—</b>	<b>15</b>
<b>Net Change in Fund Balance</b>	<b>\$ (121,862)</b>	<b>17,826</b>	<b>\$ (418)</b>	<b>\$ 139,270</b>
Fund Balance - Beginning of Year		136,771		
Fund Balance - End of Year		<b>\$ 154,597</b>		

D-14

**PARK AND RECREATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ 580	\$ 555	\$ —	\$ (25)
Charges for Services	36,721	47,697	—	10,976
Fines and Forfeits	—	2	—	2
Parking Fees and Space Rent	6,818	7,468	—	650
Program Income, Interest, and Miscellaneous Revenues	139	291	—	152
<b>Total Revenues</b>	<b>44,258</b>	<b>56,013</b>	<b>—</b>	<b>11,755</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Gasworks Park Contamination Remediation	—	(1)	—	1
Swimming, Boating, and Aquatics	10,256	10,251	—	5
Recreation Facilities and Programs	29,467	29,099	—	368
Facility and Structure Maintenance	18,388	17,569	—	819
Park Cleaning, Landscaping, and Restoration	33,643	32,177	—	1,466
Seattle Conservation Corps	4,884	4,975	—	(91)
Seattle Aquarium	1,080	1,079	—	1
Woodland Park Zoo	7,078	6,904	—	174
Planning, Development, and Acquisition	7,837	7,499	—	338
Judgments and Claims	711	711	—	—
Finance and Administration	13,298	11,144	27	2,127
Policy Direction and Leadership	4,792	4,714	—	78
Golf	10,367	10,134	—	233
Environmental Learning and Programs	1,182	1,150	—	32
Natural Resources Management	9,548	9,506	—	42
Regional Parks and Strategic Outreach	4,948	4,412	—	536
<b>Total Expenditures and Encumbrances</b>	<b>157,479</b>	<b>151,323</b>	<b>27</b>	<b>6,129</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(113,221)	(95,310)	(27)	17,884
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	—	21	—	21
Transfers In	110,246	100,568	—	(9,678)
Transfers Out	(4,492)	(3,003)	—	1,489
<b>Total Other Financing Sources (Uses)</b>	<b>105,754</b>	<b>97,586</b>	<b>—</b>	<b>(8,168)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (7,467)</b>	<b>2,276</b>	<b>\$ (27)</b>	<b>\$ 9,716</b>
Fund Balance - Beginning of Year		5,282		
Fund Balance - End of Year		<u>\$ 7,558</u>		

D-15

**LIBRARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ 7,291	\$ 6,249	\$ —	\$ (1,042)
Charges for Services	735	232	—	(503)
Fines and Forfeits	1,512	1,366	—	(146)
Parking Fees and Space Rent	538	565	—	27
Program Income, Interest, and Miscellaneous Revenues	336	193	—	(143)
Total Revenues	10,412	8,605	—	(1,807)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Administrative Services	12,612	10,214	—	2,398
City Librarian's Office	837	832	—	5
Library Capital Improvements	1	—	—	1
Library Services	50,388	49,482	—	906
Grants, Trusts, and Memorials	13,022	5,513	—	7,509
Bunn Projects - Principal and Interest	2,832	569	—	2,263
Information Technology	5,212	4,253	—	959
Human Resources	1,444	1,297	—	147
Marketing and Online Services	1,257	1,037	30	190
Strategic and Institutional Advance	—	1	—	(1)
Total Expenditures and Encumbrances	87,605	73,198	30	14,377
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(77,193)	(64,593)	(30)	12,570
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	63,863	65,860	—	1,997
Transfers Out	(560)	(560)	—	—
Total Other Financing Sources (Uses)	63,303	65,300	—	1,997
Net Change in Fund Balance	<u>\$ (13,890)</u>	<u>707</u>	<u>\$ (30)</u>	<u>\$ 14,567</u>
Fund Balance - Beginning of Year		<u>15,565</u>		
Fund Balance - End of Year		<u>\$ 16,272</u>		

D-16

**SEATTLE CENTER FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ —	\$ —	\$ —	\$ —
Charges for Services	11,514	9,077	—	(2,437)
Parking Fees and Space Rent	15,864	21,755	—	5,891
Program Income, Interest, and Miscellaneous Revenues	(826)	202	—	1,028
<b>Total Revenues</b>	<b>26,552</b>	<b>31,034</b>	<b>—</b>	<b>4,482</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Access	1,260	1,249	—	11
Administration	8,559	8,536	—	23
Cultural Facilities	337	311	—	26
Commercial Events	1,796	1,768	—	28
Festivals	1,351	1,320	—	31
Campus Grounds	13,057	12,714	—	343
Key Arena	9,567	9,353	—	214
McCaw Hall	5,095	4,921	—	174
Community Programs	2,494	2,467	—	27
<b>Total Expenditures and Encumbrances</b>	<b>43,516</b>	<b>42,639</b>	<b>—</b>	<b>877</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(16,964)	(11,605)	—	5,359
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Leases	—	6	—	6
Transfers In	14,210	14,210	—	—
Transfers Out	(510)	(510)	—	—
<b>Total Other Financing Sources (Uses)</b>	<b>13,700</b>	<b>13,706</b>	<b>—</b>	<b>—</b>
<b>Net Change in Fund Balance</b>	<b>\$ (3,264)</b>	<b>2,101</b>	<b>\$ —</b>	<b>\$ 5,359</b>
Fund Balance - Beginning of Year		4,799		
Fund Balance - End of Year		<u>\$ 6,900</u>		

D-17

**HUMAN SERVICES OPERATING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
General Property Taxes	\$ —	\$ 935	\$ —	\$ 935
Grants, Shared Revenues, and Contributions	(4,652)	52,320	—	56,972
Charges for Services	(6,683)	3,700	—	10,383
Fines and Forfeits	—	179	—	179
Program Income, Interest, and Miscellaneous Revenues	(70)	97	—	167
<b>Total Revenues</b>	<b>(11,405)</b>	<b>57,231</b>	<b>—</b>	<b>68,636</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Youth and Family Empowerment	28,625	27,368	—	1,257
Transitional Living and Support	64,486	49,679	—	14,807
Aging and Disability Services	38,921	38,861	—	60
Leadership and Administration	15,920	15,162	—	758
Public Health Services	12,328	11,992	—	336
Community Support and Self-Sufficiency	1,610	—	—	1,610
<b>Total Expenditures and Encumbrances</b>	<b>161,890</b>	<b>143,062</b>	<b>—</b>	<b>18,828</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(173,295)	(85,831)	—	87,464
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	500	80,861	—	80,361
<b>Net Change in Fund Balance</b>	<b>\$ (172,795)</b>	<b>(4,970)</b>	<b>\$ —</b>	<b>\$ 167,825</b>
Fund Balance - Beginning of Year		18,751		
Fund Balance - End of Year		<u>\$ 13,781</u>		

D-18

**OFFICE OF HOUSING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>REVENUES</b>				
General Property Taxes	\$ —	\$ 1,809	\$ —	\$ 1,809
Grants, Shared Revenues, and Contributions	(612)	714	—	1,326
Charges for Services	7,012	2,633	—	(4,379)
Parking Fees and Space Rent	—	20	—	20
Program Income, Interest, and Miscellaneous Revenues	(2)	148	—	150
<b>Total Revenues</b>	<b>6,398</b>	<b>5,324</b>	<b>—</b>	<b>(1,074)</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Office of Housing	6,461	5,339	—	1,122
<b>Total Expenditures and Encumbrances</b>	<b>6,461</b>	<b>5,339</b>	<b>—</b>	<b>1,122</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(63)	(15)	—	48
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	—	416	—	416
<b>Net Change in Fund Balance</b>	<b>\$ (63)</b>	<b>401</b>	<b>\$ —</b>	<b>\$ 48</b>
Fund Balance - Beginning of Year		1,883		
Fund Balance - End of Year		\$ 2,284		

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## **Nonmajor Enterprise Funds**

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**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).

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2016  
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2016	2015	2016	2015
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 70,311	\$ 54,625	\$ 32	\$ 36
Receivables, Net of Allowances				
Accounts	947	780	—	47
Interest and Dividends	79	51	—	—
Due from Other Funds	612	957	1,169	—
Due from Other Governments	551	359	—	—
Materials and Supplies Inventory	—	—	—	—
Prepayments and Other Current Assets	751	12	—	—
Total Current Assets	73,251	56,784	1,201	83
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	92	50	—	—
Capital Assets				
Land and Land Rights	—	—	—	12,881
Buildings and Improvements	—	—	—	60,132
Less Accumulated Depreciation	—	—	—	(34,075)
Machinery and Equipment	14,360	14,313	—	458
Less Accumulated Depreciation	(14,288)	(14,169)	—	(161)
Construction in Progress	6,799	4,852	—	—
Total Noncurrent Assets	6,963	5,046	—	39,235
Total Assets	80,214	61,830	1,201	39,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	13,962	6,561	—	—
Total Assets and Deferred Outflows of Resources	\$ 94,176	\$ 68,391	\$ 1,201	\$ 39,318

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**December 31, 2016**  
*(In Thousands)*

	<u>Fiber Leasing</u>		<u>Comparative Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 11	\$ 11	\$ 70,354	\$ 54,672
Receivables, Net of Allowances				
Accounts	29	28	976	855
Interest and Dividends	—	—	79	51
Due from Other Funds	—	—	1,781	957
Due from Other Governments	—	—	551	359
Materials and Supplies Inventory	—	—	—	—
Prepayments and Other Current Assets	—	—	751	12
<b>Total Current Assets</b>	<b>40</b>	<b>39</b>	<b>74,492</b>	<b>56,906</b>
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	—	—	92	50
Capital Assets				
Land and Land Rights	—	—	—	12,881
Buildings and Improvements	—	—	—	60,132
Less Accumulated Depreciation	—	—	—	(34,075)
Machinery and Equipment	—	—	14,360	14,771
Less Accumulated Depreciation	—	—	(14,288)	(14,330)
Construction in Progress	—	—	6,799	4,852
<b>Total Noncurrent Assets</b>	<b>—</b>	<b>—</b>	<b>6,963</b>	<b>44,281</b>
<b>Total Assets</b>	<b>40</b>	<b>39</b>	<b>81,455</b>	<b>101,187</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	—	—	13,962	6,561
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 40</b>	<b>\$ 39</b>	<b>\$ 95,417</b>	<b>\$ 107,748</b>

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2016  
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2016	2015	2016	2015
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 573	\$ 623	\$ —	\$ 760
Salaries, Benefits, and Payroll Taxes Payable	1,971	3,223	—	—
Compensated Absences Payable	225	350	—	—
Due to Other Funds	877	336	25	186
Due to Other Governments	—	—	—	—
Bond Interest Payable	—	—	1	676
Taxes Payable	—	—	—	85
General Obligation Bonds Due Within One Year	—	—	—	3,280
Claims Payable	183	265	—	—
Other Current Liabilities	28	43	—	20
Total Current Liabilities	3,857	4,840	26	5,007
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	2,697	3,052	—	—
Claims Payable	353	368	—	—
Vendor and Other Deposits Payable	92	50	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	18	—	52,814
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	18,157	19,054	—	—
Unfunded Other Post Employment Benefits	1,859	1,784	—	—
Net Pension Liability	63,529	52,520	—	—
Advances from Other Funds	—	—	1,200	7,600
Other Noncurrent Liabilities	31	—	—	—
Total Noncurrent Liabilities	86,718	76,846	1,200	60,414
Total Liabilities	90,575	81,686	1,226	65,421
<b>DEFERRED INFLOWS OF RESOURCES</b>	32	—	—	—
<b>NET POSITION</b>				
Net Investment in Capital Assets	6,870	4,956	—	(16,860)
Unrestricted	(3,301)	(18,251)	(25)	(9,245)
Total Net Position	3,569	(13,295)	(25)	(26,105)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 94,176	\$ 68,391	\$ 1,201	\$ 39,316

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**December 31, 2016**  
*(In Thousands)*

	Fiber Leasing		Comparative Totals	
	2016	2015	2016	2015
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ 573	\$ 1,383
Salaries, Benefits, and Payroll Taxes Payable	—	—	1,971	3,223
Compensated Absences Payable	—	—	225	350
Due to Other Funds	51	50	953	572
Due to Other Governments	—	—	—	—
Bond Interest Payable	—	—	1	676
Taxes Payable	—	—	—	85
General Obligation Bonds Due Within One Year	—	—	—	3,280
Claims Payable	—	—	183	265
Other Current Liabilities	—	—	28	63
<b>Total Current Liabilities</b>	<b>51</b>	<b>50</b>	<b>3,934</b>	<b>9,897</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	—	—	2,697	3,052
Claims Payable	—	—	353	368
Vendor and Other Deposits Payable	—	—	92	50
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	52,832
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	—	—	18,157	19,054
Unfunded Other Post Employment Benefits	—	—	1,859	1,784
Net Pension Liability	—	—	63,529	52,520
Advances from Other Funds	—	—	1,200	7,600
Other Noncurrent Liabilities	—	—	31	—
<b>Total Noncurrent Liabilities</b>	<b>—</b>	<b>—</b>	<b>87,918</b>	<b>137,260</b>
<b>Total Liabilities</b>	<b>51</b>	<b>50</b>	<b>91,852</b>	<b>147,157</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>32</b>	<b>—</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	—	—	6,870	(11,904)
Unrestricted	(11)	(11)	(3,337)	(27,507)
<b>Total Net Position</b>	<b>(11)</b>	<b>(11)</b>	<b>3,533</b>	<b>(39,411)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 40</b>	<b>\$ 39</b>	<b>\$ 95,417</b>	<b>\$ 107,746</b>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2016

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2016	2015	2016	2015
<b>OPERATING REVENUES</b>				
Charges for Services and Other Fees	\$ 81,000	\$ 66,676	\$ 5,355	\$ 7,885
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	58,929	53,042	1,981	2,988
General and Administrative	11,720	13,519	—	—
City Business and Occupation Taxes	—	—	12	17
Other Taxes	—	—	25	37
Depreciation and Amortization	191	438	1,560	2,081
Total Operating Expenses	70,840	66,999	3,578	5,123
Operating Income (Loss)	10,160	(323)	1,777	2,762
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	510	459	—	—
Interest Expense	(4)	—	(2,007)	(2,787)
Amortization of Bonds Premiums	—	—	148	198
Amortization of Refunding Gain (Loss)	—	—	198	—
Gain (Loss) on Sale of Capital Assets	—	—	47,497	—
Contributions and Grants	131	210	—	—
Others, Net	2	—	—	310
Total Nonoperating Revenues (Expenses)	639	669	45,836	(2,279)
Income (Loss) Before Capital Contributions and Grants and Transfers	10,799	346	47,613	483
Transfers In	7,094	12,337	11,169	—
Transfers Out	(1,029)	(3,406)	(32,703)	—
Change in Net Position	16,864	9,277	26,079	483
Net Position - Beginning of Year	(13,295)	22,612	(26,104)	(26,588)
Prior-Year Adjustment	—	(45,184)	—	—
Net Position - Beginning of Year as Restated	(13,295)	(22,572)	(26,104)	(26,588)
Net Position - End of Year	\$ 3,569	\$ (13,295)	\$ (25)	\$ (26,105)

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**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**

**IN FUND NET POSITION**

**NONMAJOR ENTERPRISE FUNDS**

**For the Year Ended December 31, 2016**

*(In Thousands)*

	<u>Fiber Leasing</u>		<u>Comparative Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>				
Charges for Services and Other Fees	\$ 1	\$ 5	\$ 86,356	\$ 74,566
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	—	28	60,910	56,058
General and Administrative	—	—	11,720	13,519
City Business and Occupation Taxes	—	—	12	17
Other Taxes	—	—	25	37
Depreciation and Amortization	—	—	1,751	2,519
Total Operating Expenses	—	28	74,418	72,150
Operating Income (Loss)	1	(23)	11,938	2,416
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	—	—	510	459
Interest Expense	(1)	—	(2,012)	(2,787)
Amortization of Bonds Premiums	—	—	148	198
Amortization of Refunding Gain (Loss)	—	—	198	—
Gain (Loss) on Sale of Capital Assets	—	—	47,497	—
Contributions and Grants	—	—	131	210
Others, Net	—	—	2	310
Total Nonoperating Revenues (Expenses)	(1)	—	46,474	(1,610)
Income (Loss) Before Capital Contributions and Grants and Transfers	—	(23)	58,412	806
Transfers In	—	—	18,263	12,337
Transfers Out	—	—	(33,732)	(3,406)
Change in Net Position	—	(23)	42,943	9,737
Net Position - Beginning of Year	(11)	12	(39,410)	(3,964)
Prior-Year Adjustment	—	—	—	(45,184)
Net Position - Beginning of Year as Restated	(11)	12	(39,410)	(49,148)
Net Position - End of Year	\$ (11)	\$ (11)	\$ 3,533	\$ (39,411)

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Planning and Development		Downtown Parking Garage	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 80,061	\$ 69,544	\$ 6,566	\$ 10,007
Cash Paid to Suppliers	(33,293)	(29,725)	(2,793)	(3,547)
Cash Paid to Employees	(35,645)	(33,977)	—	—
Cash Paid for Taxes	—	212	(1,415)	(1,797)
Net Cash from Operating Activities	11,123	6,054	2,358	4,663
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	131	118	—	—
Transfers In	7,094	8,931	10,000	—
Transfers Out	(1,029)	—	(32,703)	—
Proceeds from Interfund Loans	—	—	—	7,600
Principal Payments on Interfund Loans	—	—	(6,400)	(6,494)
Net Cash from Noncapital Financing Activities	6,196	9,049	(29,103)	1,106
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Long-Term Debt	—	—	(3,280)	(2,950)
Capital Expenses and Other Charges Paid	(2,101)	(1,478)	—	—
Interest Paid on Long-Term Debt	—	—	(2,676)	(2,823)
Payment to Trustee for Defeased Bonds	—	—	(52,468)	—
Proceeds from Sales of Capital Assets	—	—	85,171	—
Net Cash from Capital and Related Financing Activities	(2,101)	(1,478)	26,747	(5,773)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	510	440	(6)	2
Net Increase (Decrease) in Cash and Equity in Pooled Investments	15,728	14,065	(4)	(2)
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	54,675	40,610	36	38
End of Year	\$ 70,403	\$ 54,675	\$ 32	\$ 36
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 70,311	\$ 54,625	\$ 32	\$ 36
Noncurrent Restricted Cash and Equity in Pooled Investments	92	50	—	—
Total Cash at the End of the Year	\$ 70,403	\$ 54,675	\$ 32	\$ 36

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	Fiber Leasing		Comparative Totals	
	2016	2015	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 1	\$ 29	\$ 86,628	\$ 79,580
Cash Paid to Suppliers	—	(38)	(36,086)	(33,310)
Cash Paid to Employees	—	—	(35,645)	(33,977)
Cash Paid for Taxes	—	—	(1,415)	(1,585)
Net Cash from Operating Activities	1	(9)	13,482	10,708
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	—	—	131	118
Transfers In	—	—	17,094	8,931
Transfers Out	—	—	(33,732)	—
Proceeds from Interfund Loans	—	—	—	7,600
Principal Payments on Interfund Loans	—	—	(6,400)	(6,494)
Net Cash from Noncapital Financing Activities	—	—	(22,907)	10,155
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Long-Term Debt	—	—	(3,280)	(2,950)
Capital Expenses and Other Charges Paid	—	—	(2,101)	(1,478)
Interest Paid on Long-Term Debt	—	—	(2,676)	(2,823)
Payment to Trustee for Defeased Bonds	—	—	(52,468)	—
Proceeds from Sales of Capital Assets	—	—	85,171	—
Net Cash from Capital and Related Financing Activities	—	—	24,646	(7,251)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	—	—	504	442
Net Increase (Decrease) in Cash and Equity in Pooled Investments	1	(9)	15,725	14,054
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	10	20	54,721	40,668
End of Year	\$ 11	\$ 11	\$ 70,446	\$ 54,722
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 11	\$ 11	\$ 70,354	\$ 54,672
Noncurrent Restricted Cash and Equity in Pooled Investments	—	—	92	50
Total Cash at the End of the Year	\$ 11	\$ 11	\$ 70,446	\$ 54,722

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Planning and Development		Downtown Parking Garage	
	2016	2015	2016	2015
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 10,160	\$ (323)	\$ 1,777	\$ 2,762
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	191	438	1,560	2,081
Other Operating Expenses	3,748	774	—	—
Nonoperating Revenues and Expenses	—	—	—	310
Changes in Operating Assets and Liabilities				
Accounts Receivable	(196)	69	47	51
Unbilled Receivables	—	—	—	—
Due from Other Funds	345	(52)	—	—
Due from Other Governments	(192)	92	—	—
Accounts Payable	(49)	(268)	(760)	(615)
Salaries, Benefits, and Payroll Taxes Payable	(1,252)	1,597	—	—
Compensated Absences Payable	(479)	321	—	—
Due to Other Funds	540	18	(161)	55
Due to Other Governments	—	—	—	—
Claims Payable	(97)	447	—	—
Taxes Payable	—	—	(85)	—
Unearned Revenues	(896)	2,759	—	—
Other Assets and Liabilities	(700)	182	(20)	19
Total Adjustments	963	6,377	581	1,901
Net Cash from Operating Activities	\$ 11,123	\$ 6,054	\$ 2,358	\$ 4,663

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**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Fiber Leasing		Comparative Totals	
	2016	2015	2016	2015
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 1	\$ (23)	\$ 11,938	\$ 2,416
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	—	—	1,751	2,519
Other Operating Expenses	—	—	3,748	774
Nonoperating Revenues and Expenses	—	—	—	310
Changes in Operating Assets and Liabilities				
Accounts Receivable	—	24	(149)	144
Unbilled Receivables	—	—	—	—
Due from Other Funds	—	—	345	(52)
Due from Other Governments	—	—	(192)	92
Accounts Payable	—	—	(809)	(883)
Salaries, Benefits, and Payroll Taxes Payable	—	—	(1,252)	1,597
Compensated Absences Payable	—	—	(479)	321
Due to Other Funds	—	(10)	379	63
Due to Other Governments	—	—	—	—
Claims Payable	—	—	(97)	447
Taxes Payable	—	—	(85)	—
Unearned Revenues	—	—	(896)	2,759
Other Assets and Liabilities	—	—	(720)	201
Total Adjustments	—	14	1,544	8,292
Net Cash from Operating Activities	\$ 1	\$ (9)	\$ 13,482	\$ 10,708

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## **Internal Service Funds**

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## **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.

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
December 31, 2016  
(In Thousands)

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2016	2015
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Equity in Pooled Investments	\$ 25,230	\$ —	\$ 25,230	\$ 27,690
Restricted Cash and Equity in Pooled Investments	4,691	—	4,691	12,178
Receivables, Net of Allowances				
Accounts	560	17	577	274
Interest and Dividends	44	—	44	43
Unbilled	667	—	667	345
Due from Other Funds	10,207	7,089	17,296	10,917
Due from Other Governments	5	21	26	136
Materials and Supplies Inventory	2,160	500	2,660	4,042
Prepayments and Other Current Assets	850	406	1,256	109
Total Current Assets	44,414	8,033	52,447	55,734
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	2,215	40,816	43,031	51,984
Capital Assets				
Land and Land Rights	108,842	—	108,842	108,852
Buildings and Improvements	715,226	2,002	717,228	715,936
Less Accumulated Depreciation	(244,830)	(30)	(244,860)	(227,993)
Machinery and Equipment	186,462	83,784	270,246	233,956
Less Accumulated Depreciation	(97,862)	(37,728)	(135,590)	(135,429)
Construction in Progress	529	8,828	9,357	31,038
Other Capital Assets, Net	93	115	208	—
Total Noncurrent Assets	670,675	97,787	768,462	778,344
Total Assets	715,089	105,820	820,909	834,078
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	23,701	11,514	35,215	17,796
Total Assets and Deferred Outflows of Resources	\$ 738,790	\$ 117,334	\$ 856,124	\$ 851,874

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**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2016**  
**(In Thousands)**

			<u>Comparative Totals</u>	
	<u>Finance and Administrative Services</u>	<u>Information Technology</u>	<u>2016</u>	<u>2015</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 8,814	\$ 3,996	\$ 12,810	\$ 11,519
Salaries, Benefits, and Payroll Taxes Payable	2,949	4,018	6,967	5,679
Due to Other Funds	1,358	1,600	2,958	3,155
Due to Other Governments	14	—	14	39
Interest Payable	1,963	230	2,193	2,392
Taxes Payable	40	5	45	90
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	20,213	6,295	26,508	23,776
Claims Payable	417	1	418	472
Compensated Absences Payable	382	523	905	682
Other Current Liabilities	—	146	146	336
<b>Total Current Liabilities</b>	<b>36,150</b>	<b>16,814</b>	<b>52,964</b>	<b>48,140</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	4,602	4,052	8,654	6,308
Claims Payable	1,278	32	1,310	1,688
Vendor and Other Deposits Payable	156	—	156	225
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	212,367	24,050	236,417	243,985
Bond Interest Payable	—	—	—	—
Unfunded Other Post Employment Benefits	2,950	943	3,893	3,330
Net Pension Liability	87,823	33,908	121,731	101,384
Other Noncurrent Liabilities	23	—	23	1
<b>Total Noncurrent Liabilities</b>	<b>309,199</b>	<b>62,985</b>	<b>372,184</b>	<b>356,921</b>
<b>Total Liabilities</b>	<b>345,349</b>	<b>79,799</b>	<b>425,148</b>	<b>405,061</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>47</b>	<b>105</b>	<b>152</b>	<b>—</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	432,242	31,803	464,045	469,961
Unrestricted	(38,848)	5,627	(33,221)	(23,144)
<b>Total Net Position</b>	<b>393,394</b>	<b>37,430</b>	<b>430,824</b>	<b>446,817</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 738,790</b>	<b>\$ 117,334</b>	<b>\$ 856,124</b>	<b>\$ 851,878</b>

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**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2016	2015
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 99,845	\$ 113,035	\$ 212,880	\$ 147,502
Rents, Parking, and Concessions	98,711	—	98,711	95,246
Total Operating Revenues	198,556	113,035	311,591	242,748
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	132,532	82,401	214,933	155,609
General and Administrative	16,836	15,362	32,198	23,157
City Business and Occupation Taxes	5	—	5	4
Other Taxes	515	1	516	468
Depreciation and Amortization	30,435	7,416	37,851	35,507
Total Operating Expenses	180,323	105,180	285,503	214,745
Operating Income (Loss)	18,233	7,855	26,088	28,003
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	533	308	841	517
Interest Expense	(8,651)	(1,452)	(10,103)	(8,953)
Amortization of Bonds Premiums	2,430	1,321	3,751	2,974
Amortization of Refunding Loss	(1,830)	—	(1,830)	(1,105)
Bond Issuance Costs	—	(6)	(6)	(45)
Gain (Loss) on Sale of Capital Assets	679	(987)	(308)	1,381
Contributions and Grants	—	—	—	—
Others, Net	—	28	28	62
Total Nonoperating Revenues (Expenses)	(6,839)	(788)	(7,627)	(5,169)
Income (Loss) Before				
Contributions, Grants, and Transfers	11,394	7,067	18,461	22,834
Capital Contributions and Grants	(17,996)	—	(17,996)	(53)
Transfers In	—	5,700	5,700	341
Transfers Out	(16,959)	(5,199)	(22,158)	(6,159)
Change in Net Position	(23,561)	7,568	(15,993)	16,963
Net Position - Beginning of Year	416,955	29,862	446,817	517,078
Prior-Year Adjustment	—	—	—	(87,224)
Net Position - Beginning of Year as Restated	416,955	29,862	446,817	429,854
Net Position - End of Year	\$ 393,394	\$ 37,430	\$ 430,824	\$ 446,817

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Page 1 of 2

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 197,307	\$ 107,365	\$ 304,672	\$ 241,134
Cash Paid to Suppliers	(73,538)	(26,446)	(99,984)	(82,522)
Cash Paid to Employees	(71,141)	(69,635)	(140,776)	(87,809)
Cash Paid for Taxes	(538)	(26)	(564)	(433)
Net Cash from Operating Activities	52,090	11,258	63,348	70,370
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Loans Provided to Other Funds	—	—	—	—
Operating Grants and Contributions Received	—	—	—	88
Transfers In	—	5,700	5,700	341
Transfers Out	(16,959)	(5,200)	(22,159)	(6,159)
Net Cash from Noncapital Financing Activities	(16,959)	500	(16,459)	(5,730)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Long-Term Debt	—	2,109	2,109	8,913
Principal Payments on Long-Term Debt	(17,926)	(5,850)	(23,776)	(16,945)
Capital Fees and Grants Received	—	—	—	(141)
Capital Expenses and Other Charges Paid	(16,917)	(18,416)	(35,333)	(60,211)
Interest Paid on Long-Term Debt	(8,846)	(1,456)	(10,302)	(9,733)
Debt Issuance Costs	—	(6)	(6)	(45)
Proceeds from Sale of Capital Assets	679	—	679	1,623
Net Cash from Capital and Related Financing Activities	(43,010)	(23,619)	(66,629)	(76,539)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	531	308	839	562
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(7,348)	(11,553)	(18,901)	(11,337)
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	39,484	52,369	91,853	103,189
End of Year	\$ 32,136	\$ 40,816	\$ 72,952	\$ 91,852
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Current Assets Cash and Equity in Pooled Investments	\$ 25,230	\$ —	\$ 25,230	\$ 27,690
Current Restricted Cash and Equity in Pooled Investments	4,691	—	4,691	12,178
Noncurrent Restricted Cash and Equity in Pooled Investments	2,215	40,816	43,031	51,984
Total Cash at the End of the Year	\$ 32,136	\$ 40,816	\$ 72,952	\$ 91,852

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2016**  
*(In Thousands)*

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2016	2015
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 18,233	\$ 7,855	\$ 26,088	\$ 28,003
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	30,435	7,416	37,851	35,507
Other Operating Expenses	4,280	(2,894)	1,386	1,819
Nonoperating Revenues and Expenses	—	—	—	62
Changes in Operating Assets and Liabilities				
Accounts Receivable	(344)	42	(302)	(35)
Unbilled Receivables	(321)	—	(321)	(321)
Due from Other Funds	(654)	(5,725)	(6,379)	(1,400)
Due from Other Governments	71	39	110	23
Materials and Supplies Inventory	(172)	1,554	1,382	(1,257)
Accounts Payable	2,705	(1,414)	1,291	3,483
Salaries, Benefits, and Payroll Taxes Payable	(1,090)	2,378	1,288	2,466
Compensated Absences Payable	(108)	2,677	2,569	337
Due to Other Funds	3	(199)	(196)	700
Due to Other Governments	(24)	—	(24)	34
Claims Payable	(418)	(15)	(433)	149
Taxes Payable	(19)	(25)	(44)	39
Other Assets and Liabilities	(487)	(431)	(918)	761
Total Adjustments	33,857	3,403	37,260	42,367
Net Cash from Operating Activities	<u>\$ 52,090</u>	<u>\$ 11,258</u>	<u>\$ 63,348</u>	<u>\$ 70,370</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ —	\$ —	\$ —	\$ 7,521
Amortization of Debt Related Costs, Net	600	1,314	1,914	(477)
Settlement from Nextel	—	—	—	—

# **Fiduciary Funds**

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**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.

**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).

G-1 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
December 31, 2016  
(In Thousands)

	Employees' Retirement	
	2016	Restated 2015
<b>ASSETS</b>		
Cash and Equity in Pooled Investments	\$ 6,303	\$ 8,943
Short-Term Investments	336,427	143,821
Receivables		
Members	3,435	3,496
Employers	6,144	4,788
Interest and Dividends	3,487	3,449
Sales Proceeds	87,345	6,175
Other	—	—
Total Receivables	100,411	17,908
Investments at Fair Value		
Fixed Income	539,527	604,985
Equity	1,350,197	1,163,806
Real Estate	287,997	270,796
Alternative Investments	173,578	114,896
Total Investments at Fair Value	2,351,299	2,154,483
Securities Lending Collateral	11,131	50,952
Total Assets	2,805,571	2,376,107
<b>LIABILITIES</b>		
Accounts Payable and Other Liabilities	1,370	2,005
Securities Lending Collateral	11,125	53,633
Investment Commitments Payable	304,577	7,448
Total Liabilities	317,072	63,086
Net Position Held in Trust for Pension Benefits	\$ 2,488,499	\$ 2,313,021

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**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)**

	Employees' Retirement	
	2016	2015
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 108,454	\$ 101,153
Plan Member	71,756	65,779
Total Contributions	180,210	166,932
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	163,299	(22,933)
Interest	10,570	11,378
Dividends	24,781	27,836
Total Investment Activities Income	198,650	16,281
Investment Activities Expenses		
Investment Management Fees	8,186	9,096
Investment Consultant Fees	295	295
Investment Custodial Fees	426	354
Total Investment Activities Expenses	8,907	9,745
Net Income from Investment Activities	189,743	6,536
From Securities Lending Activities		
Securities Lending Income	100	57
Borrower Rebates	166	674
Total Securities Lending Income	266	731
Securities Lending Expenses		
Management Fees	66	183
Total Securities Lending Expenses	66	183
Net Income from Securities Lending Activities	200	548
Total Net Investment Income	189,943	7,084
Other Income	—	—
Total Additions	370,153	174,016
<b>DEDUCTIONS</b>		
Benefits	168,967	159,350
Refund of Contributions	16,457	16,138
Administrative Expense	9,251	8,211
Total Deductions	194,675	183,699
Change in Net Position	175,478	(9,683)
Net Position - Beginning of Year	2,313,021	2,322,704
Net Position - End of Year	\$ 2,488,499	\$ 2,313,021

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended December 31, 2016  
(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
<b>GUARANTY DEPOSITS FUND</b>				
<i>Assets</i>				
Cash	\$ 7,135	\$ 3,124	\$ 3,261	\$ 6,998
Total Assets	<u>\$ 7,135</u>	<u>\$ 3,124</u>	<u>\$ 3,261</u>	<u>\$ 6,998</u>
<i>Liabilities</i>				
Deposits Payable	\$ 7,135	\$ 1,058	\$ 1,195	\$ 6,998
Total Liabilities	<u>\$ 7,135</u>	<u>\$ 1,058</u>	<u>\$ 1,195</u>	<u>\$ 6,998</u>
<b>PAYROLL WITHHOLDING FUND</b>				
<i>Assets</i>				
Cash	\$ 2,391	\$ 330,069	\$ 330,769	\$ 1,691
Accounts Receivable	—	—	—	—
Total Assets	<u>\$ 2,391</u>	<u>\$ 330,069</u>	<u>\$ 330,769</u>	<u>\$ 1,691</u>
<i>Liabilities</i>				
Accounts Payable	\$ 148	\$ 201	\$ 157	\$ 192
Salaries, Benefits, and Payroll Taxes Payable	2,228	330,061	330,806	1,483
Claims/Judgments Payable	15	2	1	16
Total Liabilities	<u>\$ 2,391</u>	<u>\$ 330,264</u>	<u>\$ 330,964</u>	<u>\$ 1,691</u>
<b>MULTIFAMILY RENTAL HOUSING IMPROVEMENT 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>SALARY FUND</b>				
<i>Assets</i>				
Cash	\$ 148	\$ 739,974	\$ 740,127	\$ (5)
Accounts Receivable	—	—	—	—
Total Assets	<u>\$ 148</u>	<u>\$ 739,974</u>	<u>\$ 740,127</u>	<u>\$ (5)</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Salaries, Benefits, and Payroll Taxes Payable	148	740,210	740,363	(5)
Total Liabilities	<u>\$ 148</u>	<u>\$ 740,210</u>	<u>\$ 740,363</u>	<u>\$ (5)</u>

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Page 2 of 2

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**For the Year Ended December 31, 2016**  
**(In Thousands)**

	Balance January 1	Additions	Deductions	Balance December 31
<b>VOUCHER FUND</b>				
<i>Assets</i>				
Cash	\$ 585	\$ 4,136,881	\$ 4,136,951	\$ 515
Total Assets	<u>\$ 585</u>	<u>\$ 4,136,881</u>	<u>\$ 4,136,951</u>	<u>\$ 515</u>
<i>Liabilities</i>				
Accounts Payable	\$ 585	\$ 4,171,519	\$ 4,171,589	\$ 515
Total Liabilities	<u>\$ 585</u>	<u>\$ 4,171,519</u>	<u>\$ 4,171,589</u>	<u>\$ 515</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	\$ 1	\$ 613	\$ 614	\$ —
Accounts Receivable	48	272	232	88
Total Assets	<u>\$ 49</u>	<u>\$ 885</u>	<u>\$ 846</u>	<u>\$ 88</u>
<i>Liabilities</i>				
Accounts Payable	\$ 49	\$ 282	\$ 243	\$ 88
Total Liabilities	<u>\$ 49</u>	<u>\$ 282</u>	<u>\$ 243</u>	<u>\$ 88</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash and Equity in Pooled Investments	\$ 10,260	\$ 5,210,661	\$ 5,211,722	\$ 9,199
Accounts Receivable	48	272	232	88
Total Assets	<u>\$ 10,308</u>	<u>\$ 5,210,933</u>	<u>\$ 5,211,954</u>	<u>\$ 9,287</u>
<i>Liabilities</i>				
Accounts Payable	\$ 782	\$ 4,172,002	\$ 4,171,989	\$ 795
Salaries, Benefits, and Payroll Taxes Payable	2,376	1,070,271	1,071,169	1,478
Deposits Payable	7,135	1,058	1,195	6,998
Claims/Judgments Payable	15	2	1	16
Total Liabilities	<u>\$ 10,308</u>	<u>\$ 5,243,333</u>	<u>\$ 5,244,354</u>	<u>\$ 9,287</u>

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# Capital Assets

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H-1

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**SCHEDULE BY SOURCE**

**December 31, 2016**

*(In Thousands)*

	<b>2016</b>	<b>2015</b>
<b>CAPITAL ASSETS</b>		
Land	\$ 464,259	\$ 463,229
Buildings	882,047	864,987
Improvements Other than Buildings	784,940	762,379
Equipment	188,573	144,658
Infrastructure	2,046,668	1,866,204
Construction in Progress	789,020	782,195
Other Capital Assets	21,024	17,894
Total Capital Assets	\$ 5,176,531	\$ 4,901,546
<b>INVESTMENT IN CAPITAL ASSETS FROM</b>		
General Fund	\$ 335,009	\$ 323,565
Special Revenue Funds	3,703,497	3,491,862
Capital Project Funds	1,027,682	977,912
Donations	110,343	108,207
Total Investment in Capital Assets	\$ 5,176,531	\$ 4,901,546

SCHEDULE BY FUNCTION

December 31, 2016

(In Thousands)

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>
General Government	\$ 21,004	\$ 103,365	\$ 151
Security of Persons and Property	—	—	—
Transportation	115,762	84,453	231
Economic Environment	1,305	—	107
Judicial	—	—	—
Culture and Recreation	326,188	694,229	784,451
Total	<u>\$ 464,259</u>	<u>\$ 882,047</u>	<u>\$ 784,940</u>

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**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Page 2 of 2

**SCHEDULE BY FUNCTION**

**December 31, 2016**

*(In Thousands)*

	<b>Equipment</b>	<b>Infrastructure</b>	<b>Other Capital Assets</b>	<b>Total</b>
General Government	\$ 26,846	\$ —	\$ 257	151,623
Security of Persons and Property	87,074	—	—	87,074
Transportation	51,842	2,046,668	3,604	2,302,560
Economic Environment	35	—	500	1,947
Judicial	82	—	—	82
Culture and Recreation	22,694	—	16,663	1,844,225
Total	\$ 188,573	\$ 2,046,668	\$ 21,024	4,387,511
Construction in Progress				789,020
Total Investment in Capital Assets				\$ 5,176,531

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION

For the Year Ended December 31, 2016

(In Thousands)

	Restated Balance January 1	Additions	Deductions	Balance December 31
General Government	\$ 151,594	\$ 29	\$ —	\$ 151,623
Security of Persons and Property	80,610	6,620	156	87,074
Transportation	2,066,254	236,306	—	2,302,560
Economic Environment	1,820	127	—	1,947
Judicial	82	—	—	82
Culture and Recreation	1,818,991	25,389	155	1,844,225
Total	4,119,351	268,471	311	4,387,511
Construction in Progress	782,195	265,405	258,580	789,020
Total Investment in Capital Assets	<u>\$ 4,901,546</u>	<u>\$ 533,876</u>	<u>\$ 258,891</u>	<u>\$ 5,176,531</u>

# Statistics

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**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

Table S-1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2016	2015	2014	2013	2012
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 3,269,646	\$ 3,144,487	\$ 3,085,306	\$ 2,880,124	\$ 2,783,738
Restricted	625,046	556,406	448,934	460,885	406,454
Unrestricted	(392,023)	(379,114)	(16,363)	36,212	(35,593)
Total Governmental Activities Net Position	3,502,669	3,321,779	3,517,877	3,377,221	3,154,599
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Investment in Capital Assets	2,186,129	1,915,893	1,750,495	1,508,831	1,391,130
Restricted	59,575	59,193	58,039	57,404	56,210
Unrestricted	(231,495)	(153,822)	253,427	274,388	215,405
Total Business-Type Activities Net Position	2,014,209	1,821,264	2,061,961	1,840,623	1,662,745
<b>PRIMARY GOVERNMENT</b>					
Net Investment in Capital Assets	5,455,775	5,060,380	4,835,801	4,388,955	4,174,868
Restricted	684,621	615,600	506,973	518,289	462,664
Unrestricted	(623,518)	(532,936)	237,064	310,600	179,812
Total Primary Government Net Position	\$ 5,516,878	\$ 5,143,044	\$ 5,579,838	\$ 5,217,844	\$ 4,817,344
<b>2011</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 2,627,462	\$ 2,513,808	\$ 2,350,564	\$ 2,184,161	\$ 2,011,575
Restricted	419,675	372,289	225,157	271,204	194,618
Unrestricted	(101,021)	(98,786)	146,711	194,962	322,784
Total Governmental Activities Net Position	2,946,116	2,787,311	2,722,432	2,650,327	2,528,977
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Investment in Capital Assets	1,243,622	1,228,030	1,257,195	1,128,319	967,028
Restricted	81,904	79,372	71,801	63,913	48,561
Unrestricted	205,493	106,013	49,827	166,634	195,226
Total Business-Type Activities Net Position	1,531,019	1,413,415	1,378,823	1,358,866	1,210,815
<b>PRIMARY GOVERNMENT</b>					
Net Investment in Capital Assets	3,871,084	3,741,838	3,607,759	3,312,480	2,978,603
Restricted	501,579	451,661	296,958	335,117	243,179
Unrestricted	104,472	7,227	196,538	361,596	518,010
Total Primary Government Net Position	\$ 4,477,135	\$ 4,200,726	\$ 4,101,255	\$ 4,009,193	\$ 3,739,792

a In 2011, the City recognized its interpretation of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, relating to financial statement Net Position classifications was incorrect. A restatement was made for 2010 to allow for comparability to 2011. Restatements were not made to the presentation for years 2004-2009.

Table S-2  
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**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>EXPENSES</b>					
<i>Governmental Activities</i>					
General Government	\$ 226,439	\$ 208,638	\$ 189,034	\$ 161,041	\$ 164,040
Judicial	32,025	28,477	28,874	33,517	26,121
Public Safety	577,631	531,523	568,843	515,129	475,747
Physical Environment	12,558	4,351	5,853	10,740	6,357
Transportation	276,867	221,443	222,199	165,742	133,511
Economic Environment	175,133	138,878	138,169	125,191	125,917
Health and Human Services	104,687	94,122	76,562	71,256	65,266
Culture and Recreation	330,984	286,395	275,566	267,043	239,003
Interest on Long-Term Debt	42,942	32,694	31,170	26,417	39,998
Total Governmental Activities Expenses	<u>1,779,266</u>	<u>1,546,521</u>	<u>1,536,270</u>	<u>1,376,076</u>	<u>1,275,960</u>
<i>Business-Type Activities</i>					
Light	858,929	837,860	798,161	780,930	731,459
Water	227,988	228,241	221,944	215,600	203,610
Drainage and Wastewater	335,051	316,487	298,633	290,147	272,423
Solid Waste	167,957	173,312	159,501	156,653	150,115
Planning and Development	67,964	64,673	58,304	53,080	46,542
Downtown Parking Garage	5,222	7,401	7,458	8,159	7,701
Fiber Leasing	8	35	27	54	—
Total Business-Type Activities Expenses	<u>1,663,119</u>	<u>1,628,009</u>	<u>1,544,028</u>	<u>1,504,623</u>	<u>1,411,850</u>
Total Primary Government Expenses	3,442,385	3,174,530	3,080,298	2,880,699	2,687,810
<b>PROGRAM REVENUES</b>					
<i>Governmental Activities</i>					
Charges for Services					
General Government	109,478	104,651	91,011	85,923	79,048
Judicial	29,578	30,030	31,256	40,545	33,748
Public Safety	24,472	26,227	25,733	19,245	19,277
Physical Environment	13	16	78	47	—
Transportation	70,878	67,948	101,074	100,830	81,972
Economic Environment	36,464	41,875	35,776	12,250	7,303
Health and Human Services	525	64	10	8	—
Culture and Recreation	75,832	70,360	72,873	67,116	53,450
Operating Grants and Contributions	134,856	136,981	123,986	135,407	130,377
Capital Grants and Contributions	31,076	29,358	37,895	42,468	48,092
Total Governmental Activities Program Revenues	<u>513,172</u>	<u>507,510</u>	<u>519,692</u>	<u>503,839</u>	<u>453,267</u>
<i>Business-Type Activities</i>					
Charges for Services					
Light	901,276	880,788	883,149	839,767	797,445
Water	251,244	251,977	242,786	235,114	213,164
Drainage and Wastewater	371,040	359,839	337,882	329,386	297,443
Solid Waste	177,061	174,365	157,495	159,741	156,927
Planning and Development	79,246	65,278	56,743	48,016	40,869
Downtown Parking Garage	5,355	7,885	7,434	7,019	6,588
Fiber Leasing	8	12	16	75	—
Operating Grants and Contributions	4,583	7,088	6,155	7,055	6,749
Capital Grants and Contributions	86,997	60,115	48,129	63,760	48,438
Total Business-Type Activities Program Revenues	<u>1,876,810</u>	<u>1,807,347</u>	<u>1,739,789</u>	<u>1,689,933</u>	<u>1,567,623</u>
Total Primary Government Program Revenues	2,389,982	2,314,857	2,259,481	2,193,772	2,020,890
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	(1,266,093)	(1,039,011)	(1,016,578)	(872,237)	(822,693)
Business-Type Activities	213,692	179,338	195,761	185,310	155,773
Total Primary Government Net Expense	<u>(1,052,401)</u>	<u>(859,673)</u>	<u>(820,817)</u>	<u>(686,927)</u>	<u>(666,920)</u>

Table S-2  
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**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(In Thousands)**

	2011	2010	2009	2008	2007
<b>EXPENSES</b>					
<i>Governmental Activities</i>					
General Government	\$ 179,498	\$ 182,058	\$ 106,732	\$ 143,855	\$ 103,323
Judicial	25,623	26,298	27,526	26,762	24,030
Public Safety	471,205	476,861	473,527	455,701	396,669
Physical Environment	10,697	8,346	32,543	7,707	9,991
Transportation	111,038	122,376	137,015	127,872	124,493
Economic Environment	101,242	119,595	98,940	104,660	98,337
Health and Human Services	71,399	72,680	75,788	69,181	63,276
Culture and Recreation	245,671	258,639	249,160	257,578	224,455
Interest on Long-Term Debt	40,425	38,929	36,825	39,336	34,048
Total Governmental Activities Expenses	<u>1,256,798</u>	<u>1,305,782</u>	<u>1,238,056</u>	<u>1,232,652</u>	<u>1,078,622</u>
<i>Business-Type Activities</i>					
Light	723,665	730,758	733,405	791,837	764,786
Water	198,929	209,554	200,921	180,855	169,631
Drainage and Wastewater	269,224	245,589	244,295	231,318	225,833
Solid Waste	149,157	141,852	145,526	120,941	119,714
Planning and Development	44,087	47,699	55,954	56,882	56,139
Downtown Parking Garage	7,740	7,648	7,824	8,545	8,336
Fiber Leasing	—	—	—	—	—
Total Business-Type Activities Expenses	<u>1,392,802</u>	<u>1,383,100</u>	<u>1,387,925</u>	<u>1,390,378</u>	<u>1,344,439</u>
Total Primary Government Expenses	2,649,600	2,688,882	2,625,981	2,623,030	2,423,061
<b>PROGRAM REVENUES</b>					
<i>Governmental Activities</i>					
Charges for Services					
General Government	73,960	60,333	58,127	102,697	69,636
Judicial	33,048	31,078	28,376	22,032	19,851
Public Safety	18,939	18,848	22,740	16,254	21,850
Physical Environment	2	1,985	1,745	1,632	1,660
Transportation	64,331	55,680	62,230	44,093	28,860
Economic Environment	7,299	4,419	11,922	17,440	25,100
Health and Human Services	1,276	9	9	12	17
Culture and Recreation	50,273	54,886	58,977	59,586	57,283
Operating Grants and Contributions	136,679	118,619	104,382	95,236	93,184
Capital Grants and Contributions	47,503	56,377	36,834	31,527	31,577
Total Governmental Activities Program Revenues	<u>433,310</u>	<u>402,234</u>	<u>385,342</u>	<u>390,509</u>	<u>349,018</u>
<i>Business-Type Activities</i>					
Charges for Services					
Light	769,316	729,650	717,775	872,099	829,679
Water	194,342	194,987	190,283	163,996	159,967
Drainage and Wastewater	274,553	245,959	244,773	216,957	201,139
Solid Waste	154,159	146,944	135,393	124,353	121,913
Planning and Development	35,087	28,627	33,379	42,929	49,471
Downtown Parking Garage	5,937	6,580	6,862	6,530	6,805
Fiber Leasing	—	—	—	—	—
Operating Grants and Contributions	5,518	5,953	4,789	4,099	6,208
Capital Grants and Contributions	51,522	41,846	59,983	81,425	53,063
Total Business-Type Activities Program Revenues	<u>1,490,434</u>	<u>1,400,546</u>	<u>1,393,237</u>	<u>1,512,388</u>	<u>1,428,245</u>
Total Primary Government Program Revenues	1,923,744	1,802,780	1,778,579	1,902,897	1,777,263
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	(823,488)	(903,548)	(852,714)	(842,143)	(729,604)
Business-Type Activities	97,632	17,446	5,312	122,010	83,806
Total Primary Government Net Expense	<u>(725,856)</u>	<u>(886,102)</u>	<u>(847,402)</u>	<u>(720,133)</u>	<u>(645,798)</u>

Table S-2  
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**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*  
*(In Thousands)*

	2016	2015	2014	2013	2012
<b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b>					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 542,854	\$ 420,691	\$ 431,458	\$ 423,927	\$ 412,872
Sales Taxes	263,285	239,189	199,735	181,171	169,681
Business Taxes	482,850	454,086	431,437	408,913	358,931
Excise Taxes	114,627	101,098	65,364	61,524	54,637
Other Taxes	19,009	17,733	16,771	11,240	44,352
Penalties and Interest on Delinquent Taxes	—	—	4,091	3,596	2,795
Unrestricted Investment Earnings (Loss)	9,080	9,202	11,791	(1,663)	6,458
Gain (Loss) on Sale of Capital Assets	(191)	9,071	1,761	17,012	1,502
Transfers	15,469	(8,931)	(11,512)	(10,861)	(10,095)
Total Governmental Activities	1,446,983	1,242,139	1,150,896	1,094,859	1,041,133
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	12,806	13,938	16,254	4,204	11,789
Gain on Sale of Capital Assets	48,101	2,767	2,759	1,672	619
Special Item - Environmental Remediation	(66,187)	(4,975)	(4,949)	(24,169)	(37,066)
Transfers	(15,469)	8,931	11,512	10,861	10,095
Total Business-Type Activities	(20,749)	20,661	25,576	(7,432)	(14,563)
Total Primary Government	1,426,234	1,262,800	1,176,472	1,087,427	1,026,570
<b>CHANGES IN NET POSITION</b>					
Governmental Activities	180,889	203,128	134,318	222,622	218,440
Business-Type Activities	192,942	199,999	221,337	177,878	141,210
Total Primary Government	\$ 373,831	\$ 403,127	\$ 355,655	\$ 400,500	\$ 359,650

Table S-2  
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**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*  
*(In Thousands)*

	2011	2010	2009	2008	2007
<b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b>					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 397,288	\$ 391,798	\$ 388,341	\$ 368,515	\$ 359,651
Sales Taxes	158,582	146,970	150,515	171,917	171,846
Business Taxes	339,703	331,570	329,572	330,369	332,238
Excise Taxes	35,203	28,815	27,710	36,091	76,918
Other Taxes	39,014	31,119	28,582	25,395	12,765
Penalties and Interest on Delinquent Taxes	3,240	3,475	3,867	2,410	4,276
Unrestricted Investment Earnings (Loss)	5,536	4,685	8,898	24,140	33,155
Gain (Loss) on Sale of Capital Assets	14,224	40,095	(2,422)	15,461	891
Transfers	(9,373)	(10,100)	(10,245)	(10,803)	(10,612)
Total Governmental Activities	<u>983,417</u>	<u>968,427</u>	<u>924,818</u>	<u>963,495</u>	<u>981,128</u>
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	11,078	8,796	4,837	13,530	19,106
Gain on Sale of Capital Assets	924	198	4,495	1,708	276
Special Item - Environmental Remediation	538	(1,948)	(4,289)	—	—
Transfers	9,373	10,100	10,245	10,803	10,612
Total Business-Type Activities	<u>21,913</u>	<u>17,146</u>	<u>15,288</u>	<u>26,041</u>	<u>29,994</u>
Total Primary Government	1,005,330	985,573	940,106	989,536	1,011,122
<b>CHANGES IN NET POSITION</b>					
Governmental Activities	159,929	64,879	72,104	121,352	251,524
Business-Type Activities	119,545	34,592	20,600	148,051	113,800
Total Primary Government	<u>\$ 279,474</u>	<u>\$ 99,471</u>	<u>\$ 92,704</u>	<u>\$ 269,403</u>	<u>\$ 365,324</u>

Table S-3

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

	2016	2015	2014	2013	2012
<b>GENERAL FUND</b>					
Nonspendable	\$ 401	\$ 474	\$ 473	\$ 375	\$ 555
Restricted	155,523	136,627	99,991	100	82,520
Committed	102,521	116,890	76,493	83	79,508
Assigned	28,646	5,767	5,685	5	6,417
Unassigned	155,290	143,763	134,492	120	105,992
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	<u>\$ 442,381</u>	<u>\$ 403,521</u>	<u>\$ 317,134</u>	<u>\$ 683</u>	<u>\$ 274,992</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Nonspendable	\$ 2,740	\$ 3,227	\$ 4,224	\$ 3,959	\$ 2,618
Restricted	466,993	417,732	346,891	359,172	321,884
Committed	109,392	68,947	60,612	49,829	40,248
Assigned	9,819	11,004	9,933	7,661	12,583
Unassigned	(37,083)	(34,159)	(59,231)	(22,328)	(13,991)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	<u>\$ 551,861</u>	<u>\$ 466,751</u>	<u>\$ 362,429</u>	<u>\$ 398,293</u>	<u>\$ 363,342</u>
<b>GENERAL FUND</b>					
Nonspendable	\$ 572	\$ 401	\$ —	\$ —	\$ —
Restricted	58,917	63,695	—	—	—
Committed	58,713	44,240	—	—	—
Assigned	6,808	17,958	—	—	—
Unassigned	79,765	53,147	—	—	—
Reserved	—	—	78,835	140,325	129,350
Unreserved	—	—	118,611	131,085	197,678
Total General Fund	<u>\$ 204,775</u>	<u>\$ 179,441</u>	<u>\$ 197,446</u>	<u>\$ 271,410</u>	<u>\$ 327,028</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Nonspendable	\$ 2,714	\$ 2,447	\$ —	\$ —	\$ —
Restricted	358,710	306,545	—	—	—
Committed	60,156	41,379	—	—	—
Assigned	8,816	7,910	—	—	—
Unassigned	(12,064)	(11,911)	—	—	—
Reserved	—	—	319,104	261,463	226,965
Unreserved, Reported in					
Special Revenue Funds	—	—	40,157	96,337	39,589
Capital Projects Funds	—	—	—	—	(1,846)
Permanent Funds	—	—	101	121	83
Total All Other Governmental Funds	<u>\$ 418,332</u>	<u>\$ 346,370</u>	<u>\$ 359,362</u>	<u>\$ 357,921</u>	<u>\$ 264,791</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.

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)

	2016	2015	2014	2013	2012
<b>REVENUES</b>					
Taxes	\$ 1,422,194	\$ 1,233,133	\$ 1,149,120	\$ 1,083,499	\$ 1,044,608
Licenses and Permits	41,743	34,138	30,093	27,135	25,238
Grants, Shared Revenues, and Contributions	166,779	162,132	161,361	184,784	177,775
Charges for Services	254,412	225,056	221,187	200,847	182,595
Fines and Forfeits	46,154	39,009	37,142	41,107	34,340
Parking Fees and Space Rent	68,798	67,444	63,891	62,463	57,107
Program Income, Interest, and Miscellaneous Revenues	99,369	98,215	86,757	45,462	43,649
<b>Total Revenues</b>	<b>2,099,449</b>	<b>1,859,127</b>	<b>1,749,551</b>	<b>1,645,297</b>	<b>1,565,312</b>
<b>EXPENDITURES</b>					
Current					
General Government	264,284	224,721	204,662	191,829	180,187
Judicial	31,519	29,351	29,158	27,642	26,654
Public Safety	590,681	577,106	525,778	494,011	461,235
Physical Environment	13,575	7,314	7,409	11,935	7,748
Transportation	227,666	155,689	114,737	97,676	92,212
Economic Environment	179,831	141,721	140,079	128,644	128,711
Health and Human Services	104,209	96,268	78,024	73,151	67,103
Culture and Recreation	305,986	268,979	245,358	231,694	216,508
Capital Outlay					
General Government	29,342	29,958	35,599	22,220	10,684
Judicial	—	—	—	—	—
Public Safety	21,527	13,097	25,162	21,100	27,743
Physical Environment	—	—	—	—	—
Transportation	240,216	278,151	278,550	234,188	228,272
Economic Environment	7	—	6	—	69
Culture and Recreation	47,390	35,712	55,133	85,690	55,507
Debt Service					
Principal	53,308	50,709	61,745	56,194	53,523
Advance Refunding to Escrow	—	—	—	—	—
Interest	32,768	28,999	26,571	26,206	25,339
Bond Issuance Cost	627	1,946	259	822	258
Other	—	—	—	—	305
<b>Total Expenditures</b>	<b>2,142,936</b>	<b>1,939,721</b>	<b>1,828,230</b>	<b>1,703,002</b>	<b>1,582,058</b>
Excess (Deficiency) of					
Revenues over Expenditures	(43,487)	(80,594)	(78,679)	(57,705)	(16,746)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	145,139	350,255	50,455	101,115	108,085
Refunding Debt Issued	—	—	—	43,945	—
Premium on Bonds Issued	22,177	40,113	4,150	9,377	21,140
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	(31,909)	(155,030)	—	(44,503)	(91,574)
Sales of Capital Assets	123	19,231	2,128	22,904	2,282
Transfers In	550,752	498,582	442,666	375,772	334,611
Transfers Out	(518,825)	(501,695)	(448,411)	(381,986)	(342,571)
<b>Total Other Financing Sources (Uses)</b>	<b>167,457</b>	<b>251,456</b>	<b>50,988</b>	<b>126,624</b>	<b>31,973</b>
<b>Net Change in Fund Balance</b>	<b>\$ 123,970</b>	<b>\$ 170,862</b>	<b>\$ (27,691)</b>	<b>\$ 68,919</b>	<b>\$ 15,227</b>
<b>Debt Service as a Percentage of</b>					
<b>Noncapital Expenditures</b>	4.61 %	4.87 %	5.81 %	5.93 %	6.26 %

**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)*

	2011	2010	2009	2008	2007
<b>REVENUES</b>					
Taxes	\$ 973,181	\$ 933,641	\$ 927,287	\$ 934,544	\$ 957,242
Licenses and Permits	22,966	26,514	28,298	29,091	33,439
Grants, Shared Revenues, and Contributions	167,813	179,842	173,231	133,772	130,869
Charges for Services	167,644	171,509	157,081	142,797	149,049
Fines and Forfeits	34,066	32,300	29,645	25,572	22,701
Parking Fees and Space Rent	51,004	46,858	42,404	37,961	38,029
Program Income, Interest, and Miscellaneous Revenues	39,706	26,037	34,011	102,077	81,200
<b>Total Revenues</b>	<b>1,456,380</b>	<b>1,416,701</b>	<b>1,391,957</b>	<b>1,405,814</b>	<b>1,412,529</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	193,697	203,607	202,974	195,947	154,672
Judicial	25,855	26,300	26,812	26,584	24,142
Public Safety	451,734	445,002	431,413	421,105	377,367
Physical Environment	11,190	9,058	16,528	8,454	10,752
Transportation	90,966	93,381	111,531	107,532	95,474
Economic Environment	106,234	123,430	103,462	109,903	103,350
Health and Human Services	73,100	73,956	76,471	70,032	64,490
Culture and Recreation	211,523	233,284	223,340	215,458	199,214
<b>Capital Outlay</b>					
General Government	13,862	16,799	24,651	12,953	16,823
Judicial	—	—	—	—	—
Public Safety	8,320	21,815	20,781	12,643	38,345
Physical Environment	—	—	—	5	10
Transportation	167,590	169,636	179,231	100,636	105,079
Economic Environment	—	5	28	22	270
Culture and Recreation	50,383	63,521	72,905	72,322	88,641
<b>Debt Service</b>					
Principal	47,909	45,826	43,064	51,855	61,236
Advance Refunding to Escrow	—	—	6	35,152	6,270
Interest	26,754	24,596	24,191	35,738	34,923
Bond Issuance Cost	369	1,303	727	632	256
Other	—	—	—	—	—
<b>Total Expenditures</b>	<b>1,479,486</b>	<b>1,551,519</b>	<b>1,558,115</b>	<b>1,476,973</b>	<b>1,381,314</b>
Excess (Deficiency) of					
Revenues over Expenditures	(23,106)	(134,818)	(166,158)	(71,159)	31,215
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	79,433	85,325	87,810	84,960	36,365
Refunding Debt Issued	—	115,185	4,390	54,870	60,870
Premium on Bonds Issued	5,181	13,270	8,152	7,545	4,178
Capital Leases Issued	—	—	20	—	—
Payment to Refunded Bond Escrow Agent	—	(125,170)	(4,735)	(56,920)	(62,535)
Sales of Capital Assets	41,161	21,310	624	408	4,348
Transfers In	292,224	298,519	371,345	350,078	306,914
Transfers Out	(297,597)	(304,618)	(373,971)	(332,266)	(288,087)
<b>Total Other Financing Sources (Uses)</b>	<b>120,402</b>	<b>103,821</b>	<b>93,635</b>	<b>108,675</b>	<b>62,053</b>
<b>Net Change in Fund Balance</b>	<b>\$ 97,296</b>	<b>\$ (30,997)</b>	<b>\$ (72,523)</b>	<b>\$ 37,516</b>	<b>\$ 93,268</b>
<b>Debt Service as a Percentage of</b>					
<b>Noncapital Expenditures</b>	5.91%	5.28%	5.28%	6.72%	8.39%

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
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	16,771	1,144,764
2015	420,691	239,189	454,086	101,098	17,733	1,232,797
2016	542,853	263,285	482,850	114,627	19,009	1,422,624

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 <sup>b</sup>			
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
2016	157,548,324	5,757,604	163,305,928	3.067	13.00	237.778

a Real property has been assessed at 100 percent of estimated actual value.

b Source: King County Assessor.

**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>c</sup> (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds	Debt Service Funds	City Total	State	County <sup>b</sup>	School	Port of Seattle			
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
2016	1.468	1.421	0.178	3.067	2.168	1.892	2.188	0.170	9.485	1,554,926	15.6

a 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 b 0.282 in 2016.

c Actual dollars levied may differ slightly from this figure due to certain property tax exemptions for low-income, elderly, and handicapped property owners.

**Table S-8 PRINCIPAL PROPERTY TAXPAYERS <sup>d</sup>**  
**Current Year and Nine Years Ago**

Taxpayer <sup>e</sup>	2016			2007		
	Assessed Valuation <sup>f</sup> (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation <sup>f</sup> (In Millions)	Percentage of Assessed Valuation	Rank
Acorn Development LLC (Amazon)	\$ 1,894.2	1.02%	1			
Union Square Limited Partnership	840.6	0.45	2	522.0	0.43	1
Altus Group US Inc.	768.3	0.41	3			
GC Columbia (formerly Columbia Center Property)	609.8	0.33	4	431.6	0.36	5
Martin Selig	596.3	0.32	5	249.8	0.21	7
1201 Tab Owner LLC	577.3	0.31	6			
FSP-RIC LLC	499.7	0.27	7			
City Centre Associates JV	479.5	0.26	8	328.8	0.27	6
Iris Holdings LLC	456.5	0.25	9			
Teachers Insurance & Annuity	401.0	0.22	10			
The Boeing Company				461.9	0.38	2
Wright-Runstad & Company				432.9	0.36	3
Qwest Corporation, Inc.				432.0	0.36	4
Puget Sound Energy				200.7	0.17	8
Block 24 Seattle LTD LP				181.2	0.15	9
Seattle Sheraton				180.9	0.15	10

d Source: King County Assessor.

e The above listing includes taxpayers paying real and personal property taxes as property owners. It does not include taxpayers paying leasehold excise taxes based on rental payments for property they lease from other entities.

f Assessed valuations for taxes collected in the succeeding year.

Table S-9  
Page 1 of 2

**PRINCIPAL REVENUE SOURCES**  
**Current Year and Nine Years Ago**  
*(In Thousands)*

Customer Name	CITY LIGHT <sup>a</sup>					
	2016			2007		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 26,251	2.91%	1	\$ 14,666	2.70%	2
Nucor	22,251	2.46	2	17,878	3.30	1
City of Seattle	21,298	2.36	3	6,383	1.18	6
Boeing	14,731	1.63	4	12,181	2.25	3
King County <sup>b</sup>	11,532	1.28	5	7,662	1.41	5
International Gateway/Sabey	9,336	1.03	6	7,955	1.47	4
Federal Government	7,432	0.82	7	4,487	0.83	8
Saint Gobain	6,970	0.77	8	5,101	0.94	7
2001 Sixth LLC	6,532	0.72	9	—	—	—
Martin Selig	5,768	0.64	10	—	—	—
Unico Properties/Union Square Ltd.				4,027	0.74	9
Ash Grove Cement				3,745	0.69	10
Total Top Ten	\$ 132,101	14.62%		\$ 84,085	15.51%	

<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>					
	2016			2007 <sup>d</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 21,452	8.53%	1	\$ 15,081	10.50%	1
Northshore Utility District	5,495	2.19	2	4,447	3.10	2
Highline Water District	4,374	1.74	3	3,328	2.30	3
University of Washington	4,316	1.72	4	1,639	1.10	9
City of Seattle	4,291	1.71	5	2,055	1.40	6
Soos Creek Water and Sewer District	3,318	1.32	6	3,180	2.20	5
Woodinville Water District	3,166	1.26	7	3,219	2.20	4
Port of Seattle	2,562	1.02	8	1,662	1.20	8
Seattle Housing Authority	2,426	0.97	9	—	—	—
King County Water District #20	2,191	0.87	10	1,768	1.20	7
Cedar River Water & Sewer District				1,537	1.10	10
Total Top Ten	\$ 53,591	21.33%		\$ 37,916	26.30%	

<sup>c</sup> Source: Seattle Public Utilities (SPU) billing records.

<sup>d</sup> Using data from the 2007 CAFR.

Table S-9  
Page 2 of 2

**PRINCIPAL REVENUE SOURCES**  
**Current Year and Nine Years Ago**  
*(In Thousands)*

Customer Name	DRAINAGE AND WASTEWATER <sup>a</sup>					
	2016			2007 <sup>b</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 9,518	2.62%	1	\$ 3,831	1.89%	2
University of Washington	9,443	2.60	2	5,222	2.58	1
Seattle Housing Authority	5,614	1.54	3	2,050	1.01	3
Port of Seattle	5,320	1.46	4	2,012	0.99	4
King County	3,478	0.96	5	1,977	0.98	5
Seattle Tunnel Partners	2,328	0.64	6	—	—	—
Seattle Public Schools	2,027	0.56	7	1,430	0.71	6
Equity Residential Property	1,673	0.46	8	—	—	—
Starwood Hotel/Resort Group	1,589	0.44	9	—	—	—
BNSF Rwy Co.	1,545	0.42	10	641	0.32	10
The Boeing Company				818	0.40	7
Swedish Medical Center				691	0.34	9
Federal Government				731	0.36	8
Total Top Ten	\$ 42,535	11.70%		\$ 19,403	9.58%	

a Source: Seattle Public Utilities (SPU) billing records.  
b Using data from the 2007 CAFR.

Customer Name	SOLID WASTE <sup>c</sup>					
	2016			2007 <sup>d</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,187	0.62%	1	\$ 692	0.57%	1
Starbucks	858	0.45	2	—	—	—
Fred Meyer/QFC	806	0.42	3	—	—	—
Goodwill Industries	753	0.40	4	389	0.32	2
Swedish Medical Group	669	0.35	5	220	0.18	6
Seattle Housing Authority	558	0.29	6	375	0.3	3
Safeway	518	0.27	7	—	—	—
King County	512	0.27	8	—	—	—
Pike Place Market	454	0.24	9	322	0.26	5
Seattle Pacific University	454	0.24	10	—	—	—
VW Vender Haul				350	0.29	4
Harbor View Environment Services				207	0.17	7
Virginia Mason Hospital				194	0.16	8
Clean Scape				180	0.15	9
Westlake Center				170	0.14	10
Total Top Ten	\$ 6,769	3.55%		\$ 3,099	2.54%	

c Source: Seattle Public Utilities (SPU) billing records.  
d Using data from the 2007 CAFR.

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
2007	\$361,810,037	\$ 360,253,854	\$ 354,036,495	98.27%	\$ (185,954)	\$ 360,067,900	\$ 5,941,642	\$ 359,978,137	99.98%
2008	371,971,172	370,579,618	363,923,901	98.20	(67,331)	370,512,287	6,507,027	370,430,928	99.98
2009	391,665,366	389,564,212	382,220,305	98.11	(103,717)	389,460,495	7,230,046	389,450,351	100.00
2010	396,716,770	394,203,623	387,023,382	98.18	104,576	394,308,199	7,229,306	394,252,688	99.99
2011	401,332,061	399,082,252	392,544,843	98.36	(124,717)	398,957,535	6,437,400	398,982,243	100.00
2012	417,706,022	415,720,650	408,919,797	98.36	(43,510)	415,677,140	6,670,152	415,589,949	99.98
2013	419,470,830	418,268,215	411,963,480	98.49	(36,890)	418,231,325	6,133,646	418,097,126	99.97
2014	433,746,570	432,690,228	426,568,295	98.59	48,381	432,738,609	5,175,197	431,743,492	99.77
2015	422,696,019	421,442,544	416,061,811	98.72	(52,578)	421,389,966	4,249,887	420,311,698	99.74
2016	546,747,717	543,787,180	537,159,839	98.78	—	543,787,180	—	537,159,839	98.78

a Source King County Treasurer's Office.

Table S-11

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
*(In Thousands, except Per Capita)*

Governmental Activities						
Fiscal Year	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Capital Leases
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
2016	1,008,895	91,032	1,099,927	7,505	10,945	158

Business-Type Activities							
Revenue Bonds							
Fiscal Year	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds and Revenue Bonds
2007	65,702	1,342,460	841,785	325,460	91,695	72,489	2,739,591
2008	64,524	1,529,375	1,025,480	402,035	87,005	74,336	3,182,755
2009	63,319	1,383,050	903,985	513,070	80,470	69,123	3,013,017
2010	62,093	1,536,775	1,006,300	499,785	78,491	119,651	3,303,095
2011	60,846	1,680,095	977,160	486,610	122,165	126,463	3,453,339
2012	59,589	1,778,600	919,640	540,495	119,205	221,756	3,639,285
2013	58,327	1,863,325	887,010	525,280	115,875	215,007	3,664,824
2014	56,470	1,903,845	853,465	618,895	166,875	249,395	3,848,945
2015	53,520	2,070,780	851,565	600,680	197,810	281,073	4,055,428
2016	—	2,118,085	809,950	673,920	207,545	331,600	4,141,100

Business-Type Activities	
Fiscal Year	Notes and Contracts
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
2016	40,133

Primary Government				
Fiscal Year	Total	Percentage of Personal Income <sup>a</sup>	Debt Per Capita	Total Personal Income <sup>a</sup>
2007	3,525,675	11.33	6,092	31,104,558
2008	3,985,320	13.84	6,799	28,803,559
2009	3,872,142	13.26	6,532	29,201,816
2010	4,208,488	14.50	6,991	29,019,204
2011	4,378,833	14.60	7,194	29,987,391
2012	4,534,817	12.04	7,409	37,652,394
2013	4,593,047	11.42	7,450	40,204,185
2014	4,779,192	11.94	7,627	40,019,009
2015	5,162,626	11.84	8,060	43,597,181
2016	5,299,768	N/A	7,717	N/A

<sup>a</sup> Personal income data is not available for 2016.

Table S-12

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years**

Governmental Activities					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita
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
2016	1,008,895	10,511	1,089,416	0.58	1,586

Business-Type Activities					
Fiscal Year	General Bonded Debt Outstanding <sup>b</sup> (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
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
2016	—	—	—	—	—

Business-Type Activities				
Fiscal Year	Annual Debt Service Payments (In Thousands)	Net Operating Income <sup>c</sup> (In Thousands)	Percentage of Debt Service to Net Operating Income	
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	
2016	2,007	3,337	60.14	

Primary Government			
Fiscal Year	General Bonded Debt Outstanding <sup>b</sup> (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)
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	1,092,069
2016	1,099,927	10,511	1,089,416

<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 was being paid for by user fee revenues derived from the garage. The ultimate recourse for the payment of these bonds was with the City's General Fund, but this ended with the sale of the Parking Garage in 2016.

<sup>c</sup> Excludes amortization.

Table S-13

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
December 31, 2016**

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>	764,587	39.52%	302,165
Port of Seattle	283,620	39.52	112,087
Seattle School District No. 001	32,422	99.55	32,276
Highline School District No. 401	227,030	0.01	23
Subtotal Overlapping Debt	1,307,659		446,551
City of Seattle Direct Debt	1,118,535	100.00	1,118,535
Total Direct and Overlapping Debt	\$ 2,426,194		\$ 1,565,086

<sup>a</sup> Percentage rates were provided by King County except for City of Seattle and were determined by the ratio of assessed valuation of property in the overlapping unit subject to taxation in the reporting unit to the total value of property subject to taxation in the overlapping unit.

<sup>b</sup> Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

Table S-14

LEGAL DEBT MARGIN INFORMATION

	General Capacity <sup>a</sup>		Special Purpose Capacity <sup>a</sup>		Total Capacity
	Councilmanic (1.5% of Assessed Value)	Voter-Approved (2.5% of Assessed Value)	Open Spaces and Parks (2.5% of Assessed Value)	Utility Purposes (2.5% of Assessed Value)	
<b>Latest Certified Assessed Value \$186,325,342,799 <sup>b</sup></b>					
2.50% of Assessed Value	\$ —	\$ 4,658,133,570	\$ 4,658,133,570	\$ 4,658,133,570	\$ 13,974,400,710
1.50% of Assessed Value	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
Statutory Debt Limit Less Debt Outstanding <sup>c</sup>					
Bonds	(699,690,000)	(309,205,000)	—	—	(1,008,895,000)
Guarantee on PDA Bonds <sup>d</sup>	(48,560,000)	—	—	—	(48,560,000)
Public Works Trust Fund Loans <sup>e</sup>	(10,944,000)	—	—	—	(10,944,000)
Compensated Absences <sup>f</sup>	(82,073,592)	—	—	—	(82,073,592)
Total Debt Outstanding	(841,267,592)	(309,205,000)	—	—	(1,150,472,592)
Add:					
Available Net Position In Redemption Funds <sup>g</sup>	9,765,632	744,936	—	—	10,510,568
Compensated Absences for Sick Leave <sup>f</sup>	12,510,110	—	—	—	12,510,110
Net Debt Outstanding	(818,991,850)	(308,460,064)	—	—	(1,127,451,914)
<b>LEGAL DEBT MARGIN</b>	<b>\$ 1,975,888,292</b>	<b>\$ 1,554,793,364</b>	<b>\$ 4,658,133,570</b>	<b>\$ 4,658,133,570</b>	<b>\$ 12,846,948,796</b>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
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
2016	13,974,400,710	1,127,451,915	12,846,948,795	8.07

- a Legal debt limits are established by the state constitution and by statutes, including RCW 39.36.020 and 35.42.200. The prescribed limits prohibit the City's debt from exceeding 1.5 percent of assessed value of taxable property without a vote of the people, and a total of 2.5 percent (statutory) and 5.0 percent (constitutional) of assessed value of taxable property for general municipal purposes with a vote of the people.
- b RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of January 28, 2017 for taxes payable in 2017.
- c State law and the State Auditor's Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating the legal debt margin, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.
- d The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority, the Pike Place Market Preservation and Development Authority, the Seattle-Chinatown International District Preservation Development Authority, and the Seattle Indian Service Commission.
- e Includes City Obligations to repay loans from the Washington State Public Works Assistance Account despite accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating debt capacity. However, the City's bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable statutory and constitutional debt limits.
- f The State Auditor requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt margin. All compensated absences except the sick leave estimate meet this criterion. The City's bond counsel does include compensated absences as debt for the purpose of calculating the City's debt capacity.
- g Does not include available net position in the Local Improvement Guaranty Fund, Interfund Notes Payable Fund, and Local Improvement District No. 6750 Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

Table S-15

PLEGGED-REVENUE COVERAGE

Last Ten Fiscal Years

(In Thousands)

**CITY LIGHT PARITY AND JUNIOR LIEN BONDS<sup>a</sup>**

Fiscal Year	Utility Service	Less Operating	Adjustments to	Net Available	Junior Lien Bonds		Parity Bonds		Coverage
	Charges	Expenses	Operating Revenue	Revenue	Interest	Principal	Interest	Principal	
2007	783,775.203	527,352.888	—	256,422.315	3,092.102	5,305	66,766.239	61,450	1.88
2008	798,107.95	519,470.558	—	278,637.392	1,621.748	5,840	63,596.351	64,620	2.05
2009	690,760.085	491,064.754	—	199,695.331	59.003	—	70,455.235	74,350	1.38
2010	702,053.407	491,640.946	—	210,412.461	—	—	51,011.944	67,360	1.78
2011	754,390.934	484,528.542	—	269,862.392	—	—	85,038.179	61,650	1.84
2012	795,237.599	489,098.365	—	306,139.234	—	—	80,128.664	88,995	1.81
2013	833,834.493	514,268.579	—	319,565.914	—	—	80,960.187	91,840	1.85
2014	872,836.613	531,464.435	—	341,372.178	—	—	85,085.604	99,670	1.85
2015	873,650	567,058	—	306,592	250	—	84,408	104,915	1.62
2016	903,175	795,766	224,519	107,409	1,038	—	88,060	107,450	0.55

**WATER<sup>b</sup>**

Fiscal Year	Utility Service	Less Operating	Net Available	Debt Service		Coverage
	Charges	Expenses	Revenue	Interest	Principal	
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	1.86
2016	251,364	106,063	145,301	40,348	41,615	1.77

**DRAINAGE AND WASTEWATER<sup>c</sup>**

Fiscal Year	Utility Service	Less Operating	Net Available	Debt Service		Coverage
	Charges	Expenses	Revenue	Interest	Principal	
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
2016	375,041	246,488	128,553	28,561	19,080	2.70

**SOLID WASTE<sup>d</sup>**

Fiscal Year	Utility Service	Less Operating	Net Available	Debt Service		Coverage
	Charges	Expenses	Revenue	Interest	Principal	
2007	121,931	93,562	28,369	978	4,390	5.28
2008	124,353	90,616	33,737	3,048	4,690	4.36
2009	135,641	116,262	19,379	4206	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
2016	183,666	139,731	43,935	9,448	5,750	2.89

- a Debt coverage ratios prior to 2005 were based on debt service amounts on parity bonds only; beginning in 2005 the debt service for Junior Lien bonds was included. In 2008, all Junior Lien bonds were redeemed. Starting in 2009, calculation of debt coverage ratios was based again on debt service amounts on parity bonds. Operating expenses do not include interest, depreciation, or amortization expenses, except in 2002, 2003, and 2004 when the effect of \$100 million amortization of deferred power costs were also considered in the calculation of coverage ratio.
- b Operating expenses do not include City public utility taxes, depreciation and amortization, interest paid on revenue bonds, and drawdowns on the Bonneville Power Administration account. Coverage ratio was calculated based on the annual debt service requirement on senior lien bonds only.
- c Debt service coverage ratio was based on average annual debt service. Interest and principal shown were calculated to match the requirements of bond covenants. Operating expenses do not include City utility taxes, depreciation and amortization, interest, and claims.
- d Operating expenses do not include city public utility taxes, depreciation and amortization, interest paid on revenue bonds, amortization of debt expenses and loss, capitalized interest, and amortization of landfill and postclosure costs.

Table S-16

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Population <sup>a</sup>		Total Personal Income <sup>b</sup> (In Thousands)		Per Capita Income <sup>b</sup>		King County Average Annual Unemployment Rate <sup>d</sup>
	King County	Seattle	King County	Metropolitan Division <sup>c</sup>	King County	Metropolitan Division <sup>c</sup>	
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	153,554,091	190,187,027	74,802	65,817	4.1
2016	2,105,100	686,800	NA	NA	NA	NA	3.9

a As of April 1. Source: Washington State Office of Financial Management, "2016 Population Trends for Washington State" estimates only.

b Source: U. S. Bureau of Economic Analysis. 2016 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 14, 2017

Table S-17

**PRINCIPAL INDUSTRIES<sup>ab</sup>**  
**Current Year and Nine Years Ago**

Industry	2016			2007 <sup>c</sup>		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	222,700	16.4%	1	189,900	15.7%	1
Educational and Health Services	174,600	12.9	2	136,900	11.3	2
Retail Trade	141,000	10.4	3	113,800	9.4	3
Leisure and Hospitality	136,400	10.0	4	111,800	9.2	5
Manufacturing	105,500	7.8	5	113,100	9.3	4
Local Government	98,100	7.2	6	87,300	7.2	6
Information	96,000	7.1	7	75,600	6.2	8
Financial Activities	70,800	5.2	8	80,100	6.6	7
Construction	70,800	5.2	9	74,500	6.2	9
Wholesale Trade	63,000	4.6	10	63,200	5.2	10
<b>Total Top Ten Industries</b>	<b>1,178,900</b>	<b>86.8%</b>		<b>1,046,200</b>	<b>86.3%</b>	

<sup>a</sup> Source: Washington Employment Security Department Labor Market and Economic Analysis.

<sup>b</sup> Data is provided for King County, which includes the Seattle Metropolitan Area

<sup>c</sup> Industry categories for the historical comparison have been updated to match the categories currently used by the Washington Employment Security Department Labor Market and Economic Analysis and are provided by them.

Table S-18  
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**FULL-TIME-EQUIVALENT<sup>a</sup>**  
**CITY GOVERNMENT EMPLOYEES**  
**BY DEPARTMENT/OFFICE**  
**Last Ten Fiscal Years**

	2016	2015	2014	2013	2012
<b>PUBLIC SAFETY</b>					
Community Police Commission	4.00	4.00	3.00	—	—
Fire	1,167.55	1,162.55	1,151.55	1,150.55	1,152.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	177.10	173.60	169.60	169.60	159.10
Municipal Court	214.10	213.60	213.10	212.60	214.10
Police	2,033.35	2,018.35	1,999.35	1,947.35	1,930.85
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	—	—
<b>ARTS, CULTURE, AND RECREATION</b>					
Arts and Cultural Affairs	29.09	31.59	30.84	28.09	19.85
Library	556.10	558.40	558.40	558.40	509.00
Parks and Recreation	916.68	908.35	888.45	853.57	863.09
Seattle Center	241.13	241.13	242.66	241.62	245.12
<b>HEALTH AND HUMAN SERVICES</b>					
Human Services	331.60	327.60	344.60	341.35	316.10
Educational and Developmental Services Levy	—	—	9.00	9.00	9.00
Department of Education and Early Learning	54.00	52.50	—	—	—
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
Economic Development	31.00	27.50	25.50	22.50	24.00
Housing	43.50	43.50	37.00	37.50	37.50
Neighborhoods	47.00	40.00	46.00	42.50	40.50
Neighborhood Matching Subfund	8.00	8.00	7.00	6.00	6.00
Seattle Department of Construction and Inspections <sup>e</sup>	404.30	417.50	406.00	397.25	393.26
Office of Planning and Community Development	45.00	—	—	—	—
<b>UTILITIES AND TRANSPORTATION</b>					
City Light	1,868.30	1,861.30	1,857.25	1,830.25	1,810.50
Seattle Public Utilities	1,460.05	1,438.05	1,446.55	1,401.05	1,411.05
Transportation	844.00	794.00	793.00	727.50	721.00
<b>ADMINISTRATION</b>					
City Auditor	9.50	9.50	9.50	9.50	9.00
City Budget	35.00	33.00	29.50	28.50	27.50
Civil Rights	34.25	31.25	23.50	23.00	22.50
Civil Service Commission	2.60	2.60	2.60	2.60	—
Employees' Retirement System	20.00	20.00	20.00	18.00	18.00
Ethics and Elections Commission	4.90	5.20	6.20	6.20	5.20
Finance and Administrative Services <sup>b</sup>	641.50	625.00	602.25	528.75	521.75
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	7.00	3.00	3.00	2.00
Information Technology	205.00	198.25	194.25	192.25	190.25
Intergovernmental Relations	10.50	11.50	10.50	10.50	10.50
Legislative	90.00	88.50	86.50	86.50	86.00
Mayor	44.00	35.50	28.50	28.50	28.50
Department of Human Resources <sup>d</sup>	148.25	143.55	92.75	103.75	103.25
Policy and Management <sup>c</sup>	—	—	—	—	—
Sustainability and Environment	17.25	15.25	12.00	10.00	14.75
<b>Total Full-Time Equivalents</b>	<b>11,759.73</b>	<b>11,559.25</b>	<b>11,361.53</b>	<b>11,039.36</b>	<b>10,913.40</b>

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

e The 2016 Adopted Budget renamed the Department of Planning and Development to the Department of Construction and Inspections. Planning staff and functions were transferred to a new Office of Planning and Community Development and additional staff were added.

Table S-18  
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**FULL-TIME-EQUIVALENT<sup>a</sup>  
CITY GOVERNMENT EMPLOYEES  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years**

	2011	2010	2009	2008	2007
<b>PUBLIC SAFETY</b>					
Community Police Commission	—	—	—	—	—
Fire	1,151.55	1,155.55	1,163.05	1,163.05	1,146.05
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	160.60	155.10	154.10	155.10	152.10
Municipal Court	214.10	222.10	235.60	234.60	235.60
Police	1,934.85	1,922.25	1,859.75	1,851.75	1,851.25
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	20.60	23.10	25.10	25.10	24.10
Library	503.20	511.82	527.46	533.41	529.03
Parks and Recreation	890.89	1,002.49	1,002.90	1,002.95	989.45
Seattle Center	245.12	257.77	271.53	278.30	278.30
<b>HEALTH AND HUMAN SERVICES</b>					
Human Services	322.60	326.35	337.85	323.85	323.60
Educational and Developmental Services Levy	—	—	—	—	—
Department of Education and Early Learning	—	—	—	—	—
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
Economic Development	22.00	20.00	19.50	24.60	10.50
Housing	38.50	40.50	41.00	41.50	41.75
Neighborhoods	74.75	86.50	88.00	87.00	85.00
Neighborhood Matching Subfund	—	—	—	—	—
Seattle Department of Construction and Inspections <sup>c</sup>	398.01	409.00	437.00	441.00	434.00
Office of Planning and Community Development	—	—	—	—	—
<b>UTILITIES AND TRANSPORTATION</b>					
City Light	1,810.50	1,839.10	1,881.83	1,821.33	1,752.33
Seattle Public Utilities	1,420.75	1,449.25	1,481.00	1,458.06	1,367.94
Transportation	768.50	792.00	798.50	778.00	675.50
<b>ADMINISTRATION</b>					
City Auditor	8.00	8.00	8.00	9.00	9.00
City Budget	28.50	—	36.00	38.00	—
Civil Rights	21.50	22.50	22.50	22.50	22.50
Civil Service Commission	1.80	1.80	1.80	1.80	1.80
Employees' Retirement System	15.50	15.50	15.50	14.50	14.50
Ethics and Elections Commission	5.20	5.20	5.20	5.20	5.20
Finance and Administrative Services <sup>b</sup>	523.75	579.00	601.00	597.00	588.50
Hearing Examiner	4.63	4.63	4.75	4.75	4.50
Immigrant and Refugee Affairs	—	—	—	—	—
Information Technology	195.00	205.00	216.00	217.00	216.00
Intergovernmental Relations	11.50	11.50	10.50	10.50	10.50
Legislative	86.00	89.00	88.00	88.00	87.00
Mayor	28.50	28.50	24.50	25.50	24.50
Department of Human Resources <sup>d</sup>	104.25	115.00	128.00	123.50	121.50
Policy and Management <sup>e</sup>	—	—	18.00	18.50	18.50
Sustainability and Environment	11.00	8.00	7.00	7.00	6.00
<b>Total Full-Time Equivalents</b>	<b>11,029.65</b>	<b>11,314.51</b>	<b>11,518.92</b>	<b>11,410.35</b>	<b>11,034.50</b>

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

e The 2016 Adopted Budget renamed the Department of Planning and Development to the Department of Construction and Inspections. Planning staff and functions were transferred to a new Office of Planning and Community Development and additional staff were added.

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OPERATING INDICATORS <sup>a</sup>

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2016	2015	2014	2013	2012
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Property fire loss					
Total City	\$ 25,799,733	\$ 22,636,220	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687
Per capita	\$ 37.57	\$ 34.18	\$ 25.87	\$ 14.18	\$ 18.40
<b>Police</b>					
Municipal Court filings and citations					
Non-traffic criminal filings	7,161	7,387	6,674	7,573	8,162
Traffic criminal filings	660	678	802	1,048	953
DUI filings	1,269	1,099	1,074	1,111	1,369
Non-traffic infraction filings	4,019	4,710	2,182	2,190	3,122
Traffic infraction filings	34,401	47,931	41,467	42,091	36,872
Parking infractions	600,188	518,624	527,782	631,388	578,507
<b>ARTS, CULTURE, AND RECREATION</b>					
<b>Library</b>					
Library cards in force	378,222	373,898	464,787	458,644	453,000
<b>Parks and Recreation</b>					
Park use permits issued					
Number	766	744	759	651	646
Amount	\$ 538,945	\$ 616,102	\$ 615,073	\$ 511,114	\$ 493,691
Facility use permits issued including pools					
Number	25,935	24,405	24,543	24,740	25,944
Amount	\$ 8,193,741	\$ 7,359,133	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337
Facility use permits issued excluding pools					
Number	25,275	23,750	23,749	24,182	25,353
Amount	\$ 7,505,445	\$ 6,683,724	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997
Picnic permits issued					
Number	4,245	4,323	4,027	3,967	3,664
Amount	\$ 421,821	\$ 422,861	\$ 386,272	\$ 381,309	\$ 363,842
Ball field usage					
Scheduled hours	186,021	147,311	170,014	161,571	147,142
Amount	\$ 2,803,130	\$ 2,662,171	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292
Weddings					
Number	234	269	254	258	250
Amount	\$ 96,314	\$ 104,265	\$ 89,486	\$ 94,845	\$ 94,295
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
<b>Construction and Inspections</b>					
Permits					
Number issued	14,261	17,666	12,047	8,350	7,316
Value of issued permits	\$ 3,732,939,162	\$ 3,945,738,487	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519
<b>UTILITIES</b>					
<b>City Light</b>					
Customers	447,332	422,809	415,056	408,055	402,608
Operating revenues	\$ 93,174,831	\$ 882,856,777	\$ 8,866,445,525	\$ 842,229,890	\$ 800,273,311
<b>Water</b>					
Population served	1,433,200	1,403,600	1,336,700	1,326,000	1,314,932
Billed water consumption, daily average, in gallons	115,447,224	118,900,570	113,863,391	113,107,019	112,036,939
Operating revenues	\$ 251,363,807	\$ 251,977,342	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169
<b>Drainage and Wastewater</b>					
Operating revenues	\$ 375,041,044	\$ 363,778,513	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717
<b>Solid Waste</b>					
Customers					
Residential garbage customers	181,940	164,381	160,063	163,413	164,241
Residential dumpsters customers	156,527	146,201	142,035	135,499	129,761
Commercial garbage customers	8,096	8,145	8,168	8,156	8,148
Operating revenues	\$ 183,666,276	\$ 174,787,770	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774

<sup>a</sup> All figures are supplied by the named departments.

Table S-19

OPERATING INDICATORS <sup>a</sup>

Page 2 of 2

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2011	2010	2009	2008	2007
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Property fire loss					
Total City	\$ 11,476,891	\$ 11,021,455	\$ 22,217,971	\$ 16,351,377	\$ 17,664,500
Per capita	\$ 18.86	\$ 18.11	\$ 36.91	\$ 27.52	\$ 32.76
<b>Police</b>					
Municipal Court filings and citations					
Non-traffic criminal filings	8,481	9,908	10,724	9,461	12,003
Traffic criminal filings	1,109	4,752	5,344	5,124	5,100
DUI filings	1,667	1,343	1,422	1,167	1,390
Non-traffic infraction filings	4,787	5,501	6,111	6,437	7,880
Traffic infraction filings	46,136	55,108	57,960	69,949	74,490
Parking infractions	580,841	600,543	568,616	477,024	430,240
<b>ARTS, CULTURE, AND RECREATION</b>					
<b>Library</b>					
Library cards in force	456,534	502,903	465,325	432,790	448,104
<b>Parks and Recreation</b>					
Park use permits issued					
Number	670	614	639	599	529
Amount	\$ 454,327	\$ 302,690	\$ 204,527	\$ 212,403	\$ 75,459
Facility use permits issued including pools					
Number	26,051	27,384	26,922	24,977	23,487
Amount	\$ 6,147,176	\$ 5,014,973	\$ 4,957,236	\$ 2,571,854	\$ 2,374,230
Facility use permits issued excluding pools					
Number	25,472	26,661	26,190	23,577	22,113
Amount	\$ 5,573,454	\$ 4,480,703	\$ 4,469,322	\$ 2,127,367	\$ 1,997,402
Picnic permits issued					
Number	3,463	3,658	3,547	3,420	3,469
Amount	\$ 345,209	\$ 303,075	\$ 249,110	\$ 228,965	\$ 229,715
Ball field usage					
Scheduled hours	128,352	125,891	161,937	147,911	145,481
Amount	\$ 2,480,476	\$ 1,909,705	\$ 1,457,708	\$ 1,444,393	\$ 1,600,578
Weddings					
Number	233	272	268	235	254
Amount	\$ 80,900	\$ 89,350	\$ 91,238	\$ 80,955	\$ 87,900
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
<b>Construction and Inspections</b>					
Permits					
Number issued	7,075	6,287	5,917	7,890	8,865
Value of issued permits	\$ 2,144,525,229	\$ 1,582,129,040	\$ 1,987,486,066	\$ 2,580,055,297	\$ 3,097,812,568
<b>UTILITIES</b>					
<b>City Light</b>					
Customers	400,351	398,858	394,731	387,715	383,127
Operating revenues	\$ 771,464,570	\$ 732,977,819	\$ 723,128,042	\$ 877,392,652	\$ 832,524,784
<b>Water</b>					
Population served	1,303,847	1,292,994	1,280,557	1,265,878	1,251,998
Billed water consumption, daily average, in gallons	110,200,000	110,424,484	122,038,356	117,406,451	120,690,060
Operating revenues	\$ 194,572,652	\$ 195,203,465	\$ 191,369,588	\$ 164,405,030	\$ 160,161,307
<b>Drainage and Wastewater</b>					
Operating revenues	\$ 278,956,907	\$ 249,733,795	\$ 250,194,607	\$ 224,109,335	\$ 202,407,690
<b>Solid Waste</b>					
Customers					
Residential garbage customers	166,637	165,541	167,047	166,914	166,052
Residential dumpsters customers	127,678	126,593	127,971	122,503	119,667
Commercial garbage customers	8,179	8,248	8,462	9,747	8,505
Operating revenues	\$ 154,200,068	\$ 150,905,931	\$ 135,641,160	\$ 124,353,043	\$ 121,930,923

<sup>a</sup> All figures are supplied by the named departments.

Table S-20

CAPITAL ASSET STATISTICS <sup>a</sup>

Page 1 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2016	2015	2014	2013	2012
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Boats	7	6	7	6	3
Fire-fighting apparatus	214	216	216	184	164
Stations	33	33	33	33	33
Training towers	6	6	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
<b>Vehicles</b>					
Patrol cars	302	280	280	272	273
Motorcycles	37	37	37	37	37
Scooters	53	71	80	75	73
Trucks, vans, minibuses	91	89	91	89	87
Automobiles	236	213	196	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	154
Horses	7	5	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	11,689,659	11,544,047	11,744,881	11,435,302	10,932,677
Collection, print and non-print	2,235,370	2,181,399	2,214,169	2,435,520	2,403,693
<b>Parks and Recreation</b>					
Major parks	14	14	14	14	14
Open space acres acquired since 1989	734	731	731	711	695
Total acreage	6,369	6,367	6,367	6,298	6,251
Children's play areas	160	160	158	138	136
Neighborhood playgrounds	39	39	40	43	41
Community playfields	42	42	38	38	38
Community recreation centers	27	27	27	25	24
Visual and performing arts centers	5	5	5	5	6
Theaters	1	1	1	1	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>b</sup>	—	—	—	—	—

a All figures are supplied by the named departments.

b As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

c Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

d City redefined areas starting in 2008.

Table S-20

CAPITAL ASSET STATISTICS <sup>a</sup>

Page 2 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2011	2010	2009	2008	2007
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Boats	3	3	3	3	2
Fire-fighting apparatus	163	162	162	162	163
Stations	33	33	33	33	33
Training towers	2	2	2	2	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
<b>Vehicles</b>					
Patrol cars	270	270	270	270	265
Motorcycles	37	37	37	37	45
Scooters	67	63	58	58	50
Trucks, vans, minibuses	88	86	84	84	81
Automobiles	194	194	194	194	197
Patrol boats	10	10	10	10	10
Bicycles	154	154	146	146	137
Horses	7	8	8	8	8
<b>ARTS, CULTURE AND RECREATION</b>					
<b>Library</b>					
Central and branch libraries	27	27	27	24	24
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,376,194	11,914,050	10,025,029	9,085,490	8,661,263
Collection, print and non-print	2,280,511	2,294,601	2,446,355	2,352,381	2,273,440
<b>Parks and Recreation</b>					
Major parks	14	13	13	13	13
Open space acres acquired since 1989	665	663	654	638	630
Total acreage	6,188	6,185	6,171	6,155	6,036
Children's play areas	135	133	131	130	130
Neighborhood playgrounds	40	38	38	38	38
Community playfields	38	38	33	33	33
Community recreation centers	26	26	26	26	26
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	64	62	62	62
Viewpoints	11	9	8	8	8
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit <sup>b</sup>	—	10,588	10,216	10,655	10,655

a All figures are supplied by the named departments.

b As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

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d City redefined areas starting in 2008.

Table S-20

CAPITAL ASSET STATISTICS <sup>a</sup>

Page 3 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2016	2015	2014	2013	2012
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Plant capacity (KW)	2,014,100	2,014,100	1,975,100	1,991,600	1,991,600
Peak load (KW) <sup>c</sup>	1,785,000	1,689,000	1,866,792	1,840,792	1,804,708
Total system load (1,000 KWh) <sup>c</sup>	9,696,583	9,687,222	9,911,624	10,048,700	10,082,024
Meters	445,625	430,148	422,613	406,274	407,614
<b>Water</b>					
Reservoirs, standpipes, tanks	29	29	29	26	27
Fire hydrants	18,664	18,000	18,000	18,655	18,550
Water mains					
Supply, in miles	198	193	193	182	182
Water storage, in thousand gallons	326,100	354,500	354,500	398,369	338,869
Meters	194,580	192,633	191,403	187,159	188,883
<b>Drainage and Wastewater</b>					
Combined sewers, life-to-date, in miles	473	475	474	472	471
Sanitary sewers, life-to-date, in miles	949	947	947	949	948
Storm drains, life-to-date, in miles	485	483	481	479	474
Pumping stations	67	68	68	67	67
<b>Solid Waste</b>					
Transfer stations	2	2	2	2	2
<b>Transportation</b>					
Arterial streets, in lane-miles (12 ft)	1,548	1,547	1,547	1,540	1,540
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,407	2,407	2,412	2,412
Sidewalks, in miles	2,326	2,303	2,230	2,230	2,256
Stairways	498	492	509	505	507
Length of stairways, in feet	34,923	35,653	36,269	35,112	35,122
Number of stairway treads	23,585	23,503	23,344	24,050	24,050
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	150,000	150,000	125,000	125,000	125,000
Total platted streets, in centerline miles	1,675	1,677	1,677	1,677	1,677
Traffic signals	1,077	1,071	1,041	1,070	1,060
Parking meters					
Downtown	—	—	—	6	93
Outlying	—	—	—	4	26
Parking pay stations					
Downtown <sup>d</sup>	689	880	892	961	973
Outlying <sup>d</sup>	1,006	1,141	1,112	1,174	1,198
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	96	96	93	99	95
Partial City maintenance	51	51	54	32	44
Retaining walls/seawalls	587	582	580	592	592

a All figures are supplied by the named departments.

b As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

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d City redefined areas starting in 2008.

Table S-20

CAPITAL ASSET STATISTICS <sup>a</sup>

Page 4 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2011	2010	2009	2008	2007
<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
Peak load (KW) <sup>c</sup>	1,748,833	1,846,708	1,859,875	1,904,735	1,777,096
Total system load (1,000 KWh) <sup>c</sup>	10,202,992	9,910,754	10,182,404	10,376,759	10,263,184
Meters	406,195	402,854	394,455	391,022	385,621
<b>Water</b>					
Reservoirs, standpipes, tanks	27	27	30	30	29
Fire hydrants	18,503	18,473	18,436	18,398	18,347
Water mains					
Supply, in miles	187	187	224	182	182
Water storage, in thousand gallons	338,869	302,880	370,000	377,080	377,080
Meters	188,457	188,226	187,154	185,395	183,699
<b>Drainage and Wastewater</b>					
Combined sewers, life-to-date, in miles	471	472	473	444	444
Sanitary sewers, life-to-date, in miles	957	956	958	985	985
Storm drains, life-to-date, in miles	473	470	473	472	472
Pumping stations	66	67	65	68	68
<b>Solid Waste</b>					
Transfer stations	2	2	2	2	2
<b>Transportation</b>					
Arterial streets, in lane-miles (12 ft)	1,537	1,531	1,531	1,531	1,534
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,411	2,412	2,412	2,412	2,412
Sidewalks, in miles	2,262	2,262	2,258	2,256	1,956
Stairways	507	498	494	482	482
Length of stairways, in feet	35,061	35,181	35,215	34,775	34,643
Number of stairway treads	24,009	23,950	23,666	23,407	23,211
Street trees					
City-maintained	40,000	40,000	40,000	35,000	34,000
Maintained by property owners	125,000	125,000	125,000	105,000	100,000
Total platted streets, in centerline miles	1,666	1,666	1,666	1,666	1,666
Traffic signals	1,053	1,040	1,030	1001	991
Parking meters					
Downtown	231	941	941	700	747
Outlying	85	97	97	300	353
Parking pay stations					
Downtown <sup>d</sup>	998	856	850	1215	925
Outlying <sup>d</sup>	1,227	1,315	1,127	630	565
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	90	88	88	88	84
Partial City maintenance	44	54	55	55	55
Retaining walls/seawalls	592	592	582	582	582

a All figures are supplied by the named departments.

b As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

c Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

d City redefined areas starting in 2008.

**MISCELLANEOUS STATISTICS**  
**December 31, 2016 - 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 (in Fahrenheit)

30-year average, mean annual	52.8
January 2016 average high	49.1
January 2016 average low	38.4
July 2016 average high	76.0
July 2016 average low	57.6

Rainfall (in inches)

30-year average, mean annual	38.54
2016 total	45.18

**POPULATION**

Year	City of Seattle	Seattle Metropolitan Area	ab
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	
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	
2016	686,800	2,877,960	
King County		2,105,100	
Percentage in Seattle			32.6%

a Source: Washington State Office of Financial Management  
 b Based on population in King and Snohomish Counties.

MISCELLANEOUS STATISTICS

December 31, 2016 - Unless Otherwise Indicated

**ELECTIONS (November 8)**

Active registered voters	459,794
Percentage voted last general election	85.20%
Total voted	391,747

**PENSION BENEFICIARIES**

Employees' Retirement	6,382
Firemen's Pension	668
Police Pension	726

**VITAL STATISTICS**

Rates per thousand of residents	
Births (2015)	12.0
Deaths (2015)	6.3

**PUBLIC EDUCATION (2015-16 School Year)**

Enrollment (October 1)	54,976
Teachers (October 1)	4,209
Schools	
Regular elementary schools	59
Regular middle schools	10
Regular high schools	12
K-8 schools	11
Alternative/Non-traditional schools	7
Total number of schools	<u>99</u>

**PROPERTY TAXES**

Assessed valuation (January 2016)	\$163,924,328,611
Tax levy (City)	\$452,827,119

**EXAMPLE – PROPERTY TAX ASSESSMENTS**

Real value of property	\$348,000
Assessed value	\$348,000

<b>Property Tax Levied By</b>	<b>Dollars Per Thousand</b>	<b>Tax Due</b>
City of Seattle	\$ 3.06571	\$ 1,066.87
Emergency Medical Services	0.28235	98.26
State of Washington	2.16898	754.81
School District No. 1	2.18898	761.77
King County	1.48027	515.13
Port of Seattle	0.16954	59.00
King County Ferry District	—	—
King County Flood Control Zone	0.12980	45.17
Totals	<u>\$ 9.48563</u>	<u>\$ 3,301.01</u>

**MISCELLANEOUS STATISTICS**  
**December 31, 2016 - Unless Otherwise Indicated****PORT OF SEATTLE****Bonded Indebtedness**

General obligation bonds	\$	283,620,000
Revenue bonds		2,548,685,000
Passenger facility charges bonds		110,790,000
Commercial Paper		29,655,000

**Waterfront (mileage)**

Salt water		13.4
Fresh water		0.7

**Value of Land Facilities**

Waterfront	\$	2,168,253,817
Sea-Tac International Airport	\$	5,600,386,315

**Marine Container Facilities/Capacities**

4 container terminals with 11 berths covering 520 acres  
1.39 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		28
Cargo airlines		7
Charter airlines		3
Loading bridges		58

**2016 Port Activity (in millions)**

Import	\$	14,832
Export	\$	5,869

**City of Seattle**  
**2016 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  
Tim Henry  
Anna Himichuk  
Cam Huynh  
April McCraney  
Flora Wang  
Jake Yoon

**Senior Accountants:**

Conrad Magbalot  
Mena Nguyen

**Accountants:**

Grace Chou  
Andrew Wachong

**Sr. Management Systems Analyst:**

Steve Spada