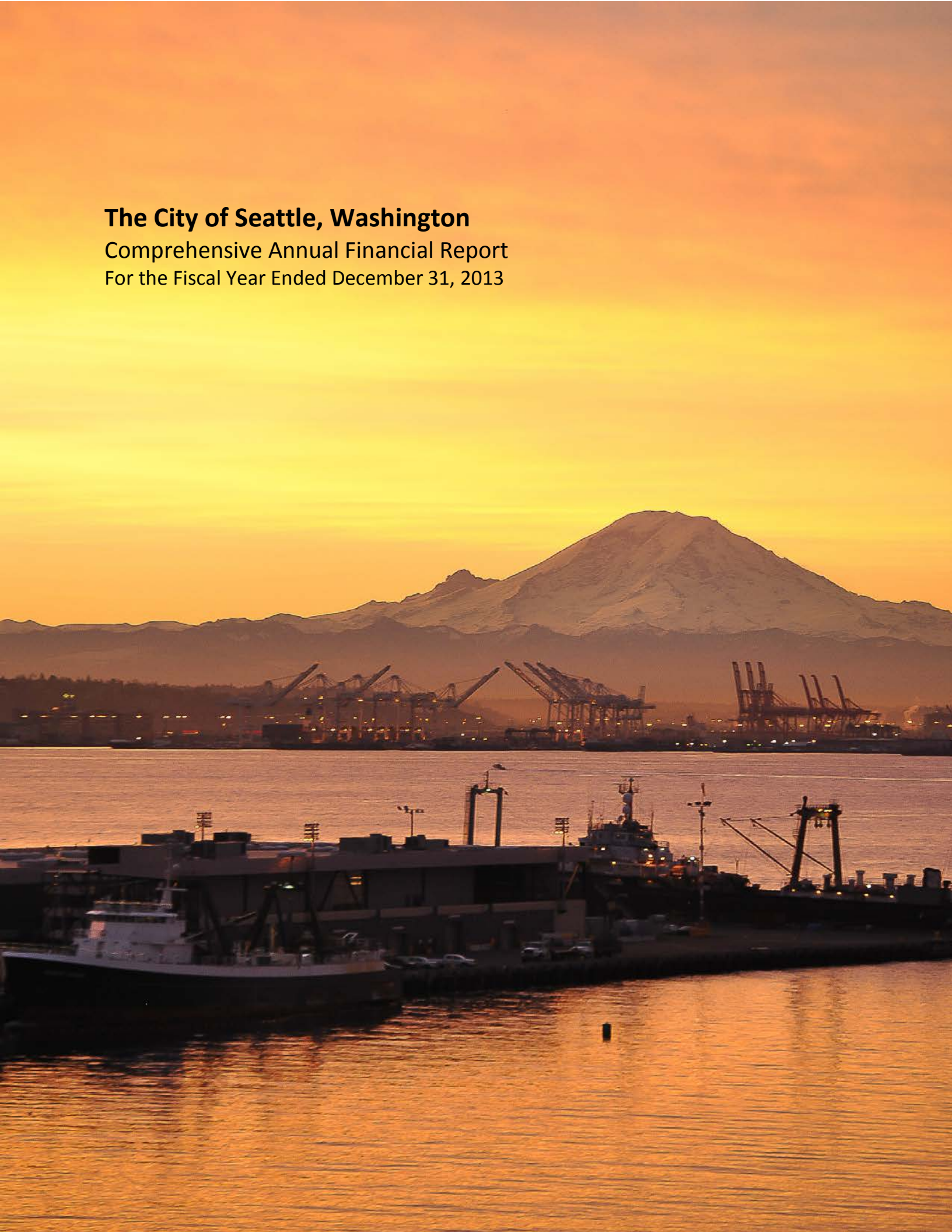


**The City of Seattle, Washington**  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2013





# **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
December 31, 2013**



## **The City of Seattle**

**Department of Finance and Administrative Services**





# Introduction

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# Comprehensive Annual Financial Report

*For the Year Ended December 31, 2013*

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# The City of Seattle

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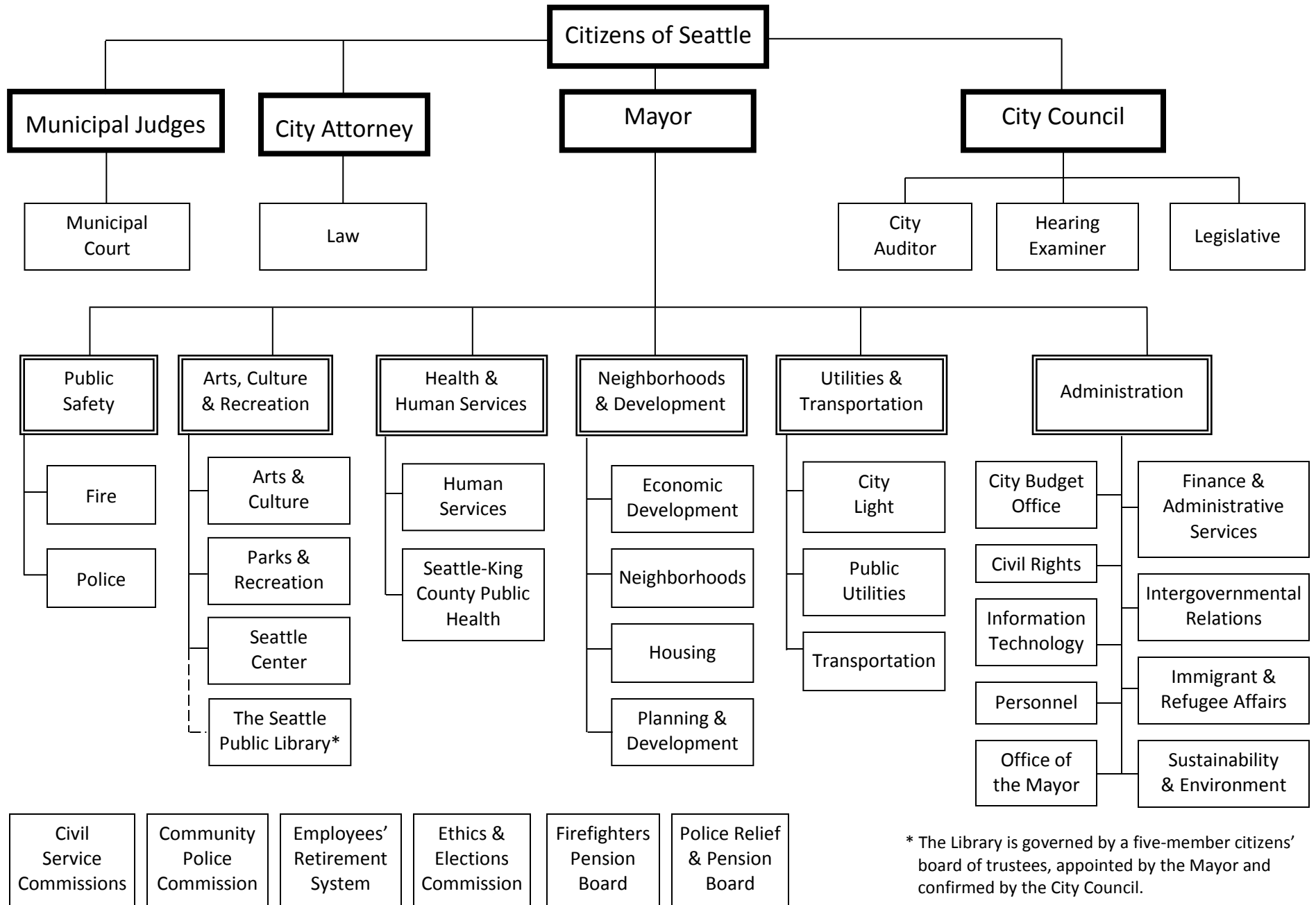
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# CITY ORGANIZATION CHART



\* The Library is governed by a five-member citizens' board of trustees, appointed by the Mayor and confirmed by the City Council.

# CITY OF SEATTLE ELECTED OFFICIALS

As of January 1, 2014



Ed Murray  
Mayor



Peter Holmes  
City Attorney

## CITY COUNCIL



Sally Bagshaw



Tim Burgess  
Council President



Sally Clark



Kshama Sawant



Jean Godden



Bruce Harrell



Nick Licata



Mike O'Brien



Tom Rasmussen



# City of Seattle

Edward B. Murray, Mayor

## Finance and Administrative Services

Fred Podesta, Director

Glen M. Lee, City Finance Director

June 26, 2014

The Honorable Mayor and  
Members of the City Council:

I am pleased to submit to you the 2013 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, 2013. In addition, the CAFR describes the results of its operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State Auditor and the City Charter.

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

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

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

### PROFILE OF THE GOVERNMENT

The City of Seattle was incorporated on December 2, 1869. The City operates under a City Charter adopted on March 12, 1946 and last amended by the voters on November 5, 2013, providing for a nonpartisan Mayor-Council form of government. The City Council is currently composed of nine members, with all nine positions elected at large. The City Charter was amended in 2013 to modify the

Department of Finance and Administrative Services  
700 Fifth Avenue, 43<sup>rd</sup> Floor  
P.O. Box 94669  
Seattle, Washington 98124-4669

Tel (206) 684-8079  
Fax (206) 684-8286  
Hearing Impaired use the Washington Relay Service (7-1-1)  
<http://www.seattle.gov/FAS>

composition of the City Council and in 2015 will have positions 1 through 7 elected by districts and positions 8 and 9 elected from the City at large. The City provides the full range of municipal services authorized by its charter and operates four rate-funded utilities.

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. The City builds and repairs roads and maintains electric, water, solid waste, sewer and drainage services. 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 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 for a single 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**

2013 was a year of modest economic growth as the U.S. economy continued its slow recovery from the Great Recession of 2008-09. Although the recovery has been sluggish when compared to most other recoveries, it has been typical of recoveries from recessions caused by financial crises, which tend to be weak and protracted. Leading the recovery has been business investment in equipment and software, a rise in exports which has boosted the manufacturing sector, and a modest upturn in consumption. Housing has finally turned around, and is now a modest contributor to growth instead of a drag on it.

The economy entered 2013 with significant fiscal headwinds from federal government policies that took effect on January 1, 2013. These included the expiration of the two percent payroll tax cut, the expiration of the Bush income tax cuts for high income taxpayers, and an increase in the capital gains tax rate. In addition, sequester driven spending cuts went into effect in March 2013. The combined impact of this fiscal tightening is estimated at 1% to 1.5% of GDP.

The economy was also hampered by an unexpected mid-year increase in interest rates that slowed the nascent housing recovery, and a 17 day shutdown of the federal government in October. Despite these headwinds, the economy managed a 1.9 percent increase in gross domestic product (GDP) in 2013 and added 2.3 million jobs during the year. As of December 2013, the economy had created 7.7 million jobs during the recovery, replacing 89% of the jobs lost during the recession.

Looking to the future, economists expect growth to pick up in 2014 aided in part by a strengthening housing recovery and a significant drop in fiscal drag from 2013 levels, and to continue improving in 2015 and 2016. Risks to this relatively optimistic forecast come largely from outside of the U.S. They include a slowing of growth and possible financial crisis in China, continued weakness in the Eurozone, and an escalation of the confrontation with Russia over the Ukraine.

### **Seattle Metro Area Economy**

The Seattle metro area has rebounded from the recession at a much quicker pace than the nation as a whole. Through December 2013, Seattle metro area (King and Snohomish Counties) employment was up 10.1 percent from its post-recession low in February 2010, compared to a 6.0 percent gain in U.S. employment over the same period. Areas of strength during the recovery have included aerospace, software publishing, professional, scientific, and technical services, health services, and mail order and internet retail.

Aerospace provided a big lift to the local economy during the early stages of the recovery, adding 14,000 jobs in 2011 and 2012. However, aerospace employment peaked in November 2011 and has declined by 2,000 jobs since then. Despite this modest drop in employment, in 2013 the Boeing Company, the region's largest employer, delivered a record 648 jets and booked orders for 1,355 new planes. At the end of 2013 Boeing had a record backlog of 5,080 planes on order. This represents 7.8 years of production at 2013 levels.

During the early stages of the recovery, the city of Seattle was one of the fastest growing areas in the Puget Sound Region, in part because of a surge in construction focused largely on multi-family housing. At the end of 2013, there were over 13,000 new housing units under construction in Seattle, the highest level in at least 25 years. The construction boom generated a 28.7 percent increase in sales tax revenue from construction activity in 2012 and a 9.3 percent gain in 2013. A key driver of the recent growth in Seattle, including the growth in construction activity, has been Amazon, which has been hiring aggressively for several years. Amazon now occupies 3.2 million square feet of office space in Seattle's South Lake Union neighborhood.

With the recent upturn in aerospace employment now behind us, regional employment growth is predicted to slow going forward, with 2013 expected to be the peak year for employment growth (at 2.8%) during the current cycle. The Puget Sound Economic Forecaster predicts that employment growth will average a modest 1.8 percent per year over the next five years. Personal income growth is forecast to range between five and five-and-a-half percent, which is approximately three percent per year faster than the rate of inflation.

## INITIATIVES

The 2014 Adopted Budget totals \$4.4 billion, including the \$1 billion General Fund, representing increases of 1.9 percent and 3.4 percent respectively relative to the preliminary 2014 Budget enacted by Council in November of 2012. The 2014 Adopted Budget marks the first budget since 2009 that does not include major programmatic reductions in the City's General Fund. Rather, the 2014 Adopted Budget makes a series of modest investments to address the many needs that have emerged since 2009.

The 2014 Adopted Budget sets aside General Fund resources in both of the City's reserve funds; the Rainy Day Fund and the Emergency Subfund. The Budget contributes \$4.3 million to the Rainy Day Fund, bringing its total to a record \$34.7 million. The Budget also maintains its major reserve fund (the Emergency Subfund) at the legal limit of \$48 million.

When compared to the 2013 Budget, the 2014 Adopted Budget increases spending in Public Safety, Human Services, and Transportation, as well as in several other program areas. Collectively, the investments made in the 2014 Adopted Budget will expand the City's work force by 186.92 full-time equivalents (FTE), bringing the City's total work force to 11,356.33 FTE.

For Public Safety, the 2014 Adopted Budget adds 15 new police officers, as well as permanently funding the police officer positions added in the 2013 Adopted Budget. By yearend 2014, the Seattle Police Department will have 42 more police officer positions funded than in 2012. The 2014 Adopted Budget also adds \$3.5 million in spending to improve law enforcement, City park ranger staffing, and social service programs in the City's downtown core.

The 2014 Adopted Budget included increased spending on Human Service Programs by \$5.6 million or 9 percent over the amount endorsed by the City Council in 2012 for the 2014 period. These additional resources primarily support homelessness, domestic violence, healthcare, and senior services. The 2014 Adopted Budget also provides resources to backfill for lost federal and state funding.

The 2014 Adopted Budget authorizes over \$405 million in spending on transportation programs and capital projects, of which \$40.5 is from the City's General Fund. The General Fund contribution is an increase of over 25 percent of the General Fund spending for transportation in 2013. In 2014, additional resources will be spent on road and bridge maintenance, traffic circulation improvements, transit services, corridors for bicycle travel, and improvements to the 23<sup>rd</sup> Avenue transportation corridor.

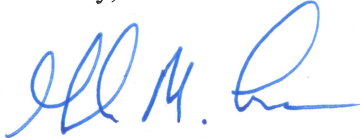
## CERTIFICATE OF ACHIEVEMENT

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, 2012. 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,

A handwritten signature in blue ink, appearing to read "Glen M. Lee". The signature is fluid and cursive, with a large initial "G" and "L".

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, 2012**

Executive Director/CEO

**City of Seattle**  
**2013 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

Jacqui Anderson  
Fon Chang  
Grace Chou  
Chau Du

Cam Huynh  
Scott Leong  
Conrad Magbalot  
Hannah Mitchell-Shapiro

Mena Nguyen  
Steve Spada  
Marie Tschirgi  
Jake Yoon

Elsie Ling, Payroll Services Manager

Lillian Marie Alexander  
Imelda Apolonio  
Mary DeMile

RoseMarie Evans  
Angel Hennings  
Robert Latorre

Rosalinda Lopez  
Shirley Smith  
Michiko Togashi

**Treasury Services Division**

Teri Allen, Director Treasury Operations

Greg Johanson, City Cash Manager

Kellie Craine, Investment Director

**Debt Management Services**

Michael VanDyck, Citywide Debt Manager

**Risk Management**

Bruce Hori, Director

# **Financial Section**

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# Washington State Auditor Troy Kelley

## INDEPENDENT AUDITOR'S REPORT

June 26, 2014

Mayor and City Council  
City of Seattle  
Seattle, Washington

### *REPORT ON 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, 2013, 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, 100 percent, and 98 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 63 percent, 73 percent, and 29 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, 2013, 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.

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

The partial prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated June 28, 2013, based on our audit and the reports of 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. 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, 2012, from which such partial information was derived.

### ***Matters of Emphasis***

As described in Note 1, during the year ended December 31, 2013, the City has implemented the Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53, Statement No. 65, Items Previously Reported as Assets and Liabilities and Statement No. 66, Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 29, budgetary comparison information on pages 151 through 154 and pension trust fund information on pages 155 through 157 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 163 through 244 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 Statistics Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated June 26, 2014, 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. 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 "Troy X. Kelley".

**TROY KELLEY**  
STATE AUDITOR

# **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, 2013. 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.

## FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2013 the City's net position totaled \$5.218 billion. Net investment in capital assets, net of depreciation and related debt, account for 84.1 percent of this amount (\$4.389 billion). The remaining net position of \$828.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased by \$400.5 million (8.3 percent) during the fiscal year. The governmental net position increased by \$222.6 million (7.1 percent) over the amount reported in 2012. The business-type net position increased \$177.9 million (10.7 percent) in 2013.
- For 2013 the City's governmental funds reported a combined ending fund balance of \$707.2 million, an increase of \$68.9 million in comparison to 2012. \$98.1 million of this fund balance represents an unassigned fund balance available for all purpose spending; \$12.9 million is assigned for specific purposes by City's management, and \$132.9 million is committed by City Council. Approximately 64.9 percent of the total fund balances is externally restricted for specific purposes, and the remainder constitutes nonspendable items such as petty cash, inventories, and prepaid amounts.
- The City's governmental funds generated revenues totaling \$1.645 billion in the fiscal year ended December 31, 2013, an increase of approximately \$79.9 million (5.1 percent) from the prior year's balance of \$1.565 billion. Expenditures in governmental funds amounted to \$1.703 billion, an increase of approximately \$120.9 million (7.6 percent) compared to \$1.582 billion expended in 2012. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$57.7 million. The City's General Fund reported an excess of revenues over expenditures totaling \$242.6 million, while the other major and nonmajor governmental funds reported a deficiency of revenues totaling \$300.3 million.
- At the end of the fiscal year 2013 the City had \$4.259 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.190 billion in 2012. This represents an increase of approximately \$68.4 million (1.6 percent). During the year, general obligation bonded debt for limited tax (LTGO) and unlimited tax (UTGO) bonds were issued to finance various capital improvement projects and partial refunding of the 2004 LTGO bonds.

## 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 activities 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, 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 funds statements follow the governmental funds statements in this report.

**Fiduciary funds** account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support City programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City's fiduciary funds include the Employees' Retirement Fund, the Firemen's Pension Fund, the Police Relief and Pension Fund, the S. L. Denny Private-Purpose Trust Fund, and various agency funds.

## Notes to the Financial Statements

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



## Required Supplementary Information

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

## Combining Statements

The combining statements referred to earlier in connection with the nonmajor governmental and enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

## Statistical Information

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

## 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. At the close of the current fiscal year the City's total net position was \$5.218 billion.

## Statement of Net Position

**Table A-1** **CONDENSED STATEMENT OF NET POSITION**  
*(In Thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2013	Restated 2012	2013	Restated 2012	2013	Restated 2012
<b>ASSETS</b>						
Current and Other Assets	\$ 982,465	\$ 888,826	\$ 1,373,407	\$ 1,393,330	\$ 2,355,872	\$ 2,282,156
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	3,724,381	3,540,034	4,683,738	4,431,982	8,408,119	7,972,016
Total Assets	4,706,846	4,428,860	6,057,145	5,825,312	10,763,991	10,254,172
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	436,014	410,759	52,371	57,972	488,385	468,731
<b>LIABILITIES</b>						
Current Liabilities	300,907	278,013	388,086	370,012	688,993	648,025
Noncurrent Liabilities	1,017,855	983,126	3,755,471	3,725,624	4,773,326	4,708,750
Total Liabilities	1,318,762	1,261,139	4,143,557	4,095,636	5,462,319	5,356,775
<b>DEFERRED INFLOWS OF RESOURCES</b>	446,877	423,881	125,336	124,903	572,213	548,784
<b>NET POSITION</b>						
Net Investment in Capital Assets	2,880,124	2,783,738	1,508,831	1,391,130	4,388,955	4,174,868
Restricted	460,885	406,454	57,404	56,210	518,289	462,664
Unrestricted	36,212	(35,593)	274,388	215,405	310,600	179,812
Total Net Position	\$ 3,377,221	\$ 3,154,599	\$ 1,840,623	\$ 1,662,745	\$ 5,217,844	\$ 4,817,344

The largest portion of the City's net position (84.1 percent) reflects an investment of \$4.389 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, \$518.3 million (9.9 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$310.6 million (6.0 percent), may be used to meet the government's obligation to citizens and creditors.

# The City of Seattle

The net position for the business-type activities increased between 2012 and 2013 from \$1.663 billion to \$1.841 billion. The increase in net position is attributed primarily to the performance of the City Light Utility, which accounted for 63.4 percent, or \$112.7 million of the total \$177.9 million change in net position for business-type activities.

**Table A-2** **CHANGES IN NET POSITION RESULTING FROM**  
**CHANGES IN REVENUES AND EXPENSES**  
*(In Thousands)*

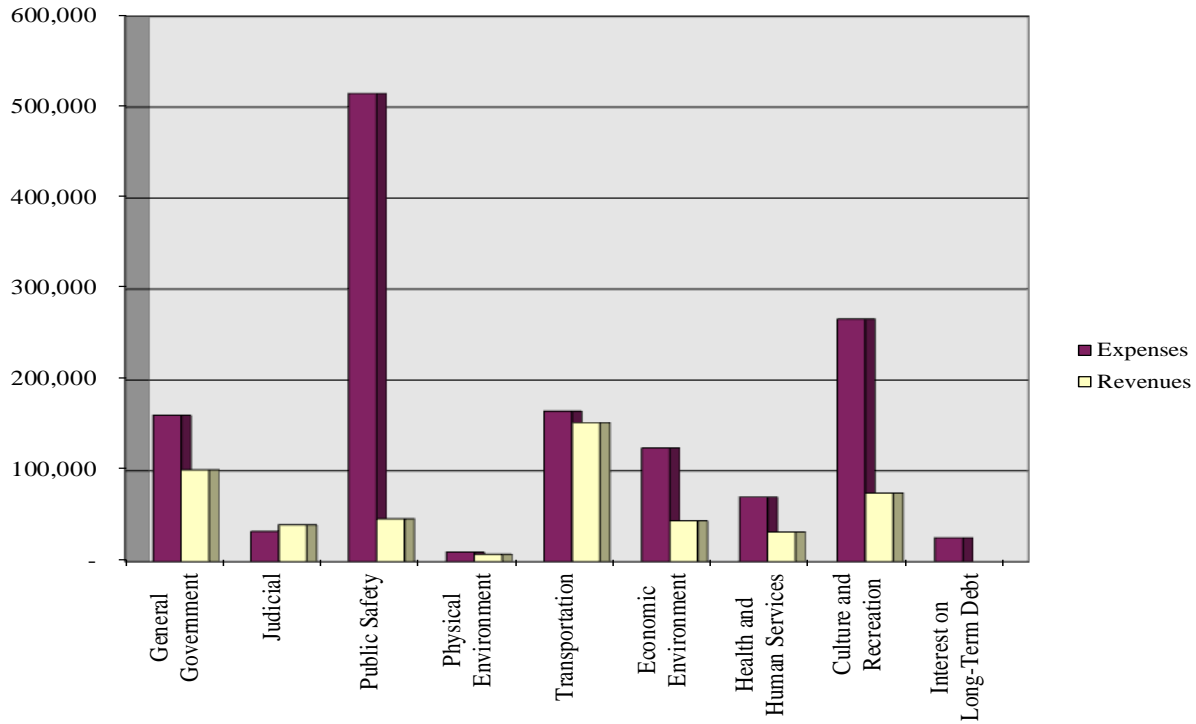
	Governmental Activities		Business-Type Activities		Total	
	2013	Restated 2012	2013	Restated 2012	2013	Restated 2012
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 325,964	\$ 274,798	\$ 1,619,118	\$ 1,512,436	\$ 1,945,082	\$ 1,787,234
Operating Grants and Contributions	135,407	130,377	7,055	6,749	142,462	137,126
Capital Grants and Contributions	42,468	48,092	63,760	48,438	106,228	96,530
General Revenues						
Property Taxes	423,927	412,872	-	-	423,927	412,872
Sales Taxes	181,171	169,681	-	-	181,171	169,681
Business Taxes	408,913	358,931	-	-	408,913	358,931
Other Taxes	76,360	101,784	-	-	76,360	101,784
Other	15,349	7,960	5,876	12,408	21,225	20,368
Total Revenues	1,609,559	1,504,495	1,695,809	1,580,031	3,305,368	3,084,526
<b>Expenses</b>						
Governmental Activities						
General Government	161,041	164,040	-	-	161,041	164,040
Judicial	33,517	26,121	-	-	33,517	26,121
Public Safety	515,129	475,747	-	-	515,129	475,747
Physical Environment	10,740	6,357	-	-	10,740	6,357
Transportation	165,742	133,511	-	-	165,742	133,511
Economic Environment	125,191	125,917	-	-	125,191	125,917
Health and Human Services	71,256	65,266	-	-	71,256	65,266
Culture and Recreation	267,043	239,003	-	-	267,043	239,003
Interest on Long-Term Debt	26,417	39,998	-	-	26,417	39,998
Business-Type Activities						
Light	-	-	780,930	731,459	780,930	731,459
Water	-	-	215,600	203,610	215,600	203,610
Drainage and Wastewater	-	-	290,147	272,423	290,147	272,423
Solid Waste	-	-	156,653	150,115	156,653	150,115
Planning and Development	-	-	53,080	46,542	53,080	46,542
Downtown Parking Garage	-	-	8,159	7,701	8,159	7,701
Fiber Leasing	-	-	54	-	54	-
Total Expenses	1,376,076	1,275,960	1,504,623	1,411,850	2,880,699	2,687,810
Excess Before Special Item and Transfers	233,483	228,535	191,186	168,181	424,669	396,716
Special Item - Environmental Remediation	-	-	(24,169)	(37,066)	(24,169)	(37,066)
Transfers	(10,861)	(10,095)	10,861	10,095	-	-
Changes in Net Position	222,622	218,440	177,878	141,210	400,500	359,650
Net Position - Beginning of Year	3,154,599	2,936,159	1,662,745	1,521,535	4,817,344	4,457,694
Net Position - End of Year	\$ 3,377,221	\$ 3,154,599	\$ 1,840,623	\$ 1,662,745	\$ 5,217,844	\$ 4,817,344

## Analysis of Changes in Net Position

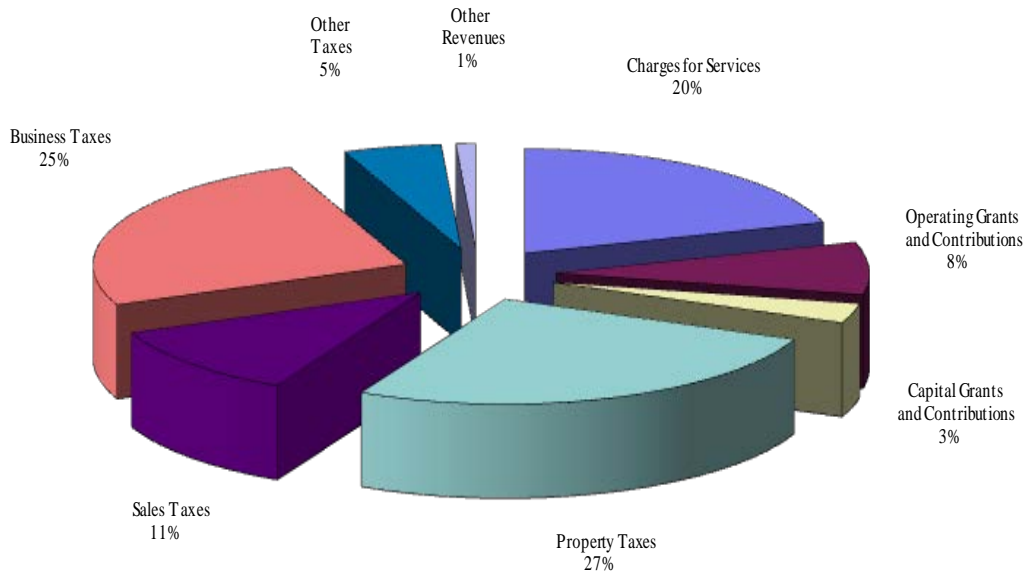
In 2013 the City's total net position increased by \$400.5 million (8.3 percent). The increase is explained in the following discussion of governmental and business-type activities.

## Governmental Activities

**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**  
(In Thousands)



**REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES**



**Total \$1,609.6 Million**

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

Net program expenses for all functions within the City's governmental activities totaled \$1.376 billion for 2013, a 7.8 percent increase over 2012's costs of \$1.276 billion. Net expense after programs revenues for 2013 was 64.4 percent, relatively unchanged from 2012's coverage level of 64.6 percent, highlighting that the change in program expenses was accompanied by a similar change in program revenues.

The following table lists functions/programs ranked by the size of their 2013 expenses, and highlights the growth in costs between the 2012 and 2013 financial statements.

<b>2013 Rank</b>	<b>Citywide Function/Program</b>	<b>Amount (In Millions)</b>	<b>Percent of Change</b>	<b>Amount of Change (In Millions)</b>
1	Public Safety	\$ 514.0	8.3 %	\$ 39.3
2	Culture and Recreation	267.0	11.7	28.0
3	General Government	178.4	(3.1)	(5.5)
4	Transportation	165.7	24.1	32.3
5	Economic Environment	125.1	(0.6)	(0.7)
6	Health and Human Services	71.3	9.2	28.0

The City's overall capitalization of 2013's expenses from the governmental funds was down 3.0 percent, from \$211.1 million to \$204.8 million. This reflects the net costs of depreciation \$107.7 million, and the additional operating assets and equipment, and changes in work in progress totaling \$312.5 million.

The Department of Transportation contributed 73.0 percent of the governmental fund's total capitalized expenses for 2013. The overall amount capitalized for Transportation was down 12.4 percent, falling from \$170.4 million in 2012, to \$149.2 million in 2013. This is one of the primary factors contributing to the 24.1 percent cost increase for the City's transportation function.

Seattle's Police and Fire Departments program costs account for 91.0 percent of public safety expenses, and experienced a year over year increase in program operations of nearly \$34.1 million. In 2013 the Seattle Fire Department capitalized expenses of \$5.7 million, a significant increase from the \$15 thousand in equipment capitalized the year before. After several years of continued capitalization growth, the Seattle Police Department's 2013 activity resulted in the overall value of their capitalized assets decreasing \$1.0 million. These two public safety departments added a net value of \$4.7 million in assets to the City's net position in 2013.

The costs of the City's culture and recreation function are mainly comprised of three operating departments; the Department of Parks and Recreation, the Seattle Center, and the Seattle Public Library. The 2013 increase in operating costs for these departments was \$26.7 million. The amount of capitalized expenses for the Department of Parks and Recreation was \$40.9 million, up 47.6 percent from 2012, and was the second largest contributor to the increase in capital assets. Several departments in 2013 only incurred additional expenses for the depreciation of assets currently on the City's books. The Seattle Center and Seattle Public Library depreciated and expensed \$12.6 million of value in the culture and recreation function.

The executive offices and the Department of Information Technology depreciated an additional \$2.1 million of value for the general government function. The Finance and Administrative Services Department continued to maintain a constant level of capitalization, contributing \$26.7 million of capital in 2013, and \$27.4 million in 2012.

Direct program revenues collected supporting the City's governmental functions were \$503.8 million, 36.6 percent of the total cost, with the remaining \$872.0 million covered by the City's general resources.

## Management's Discussion and Analysis

General revenues such as the property, business, and sales taxes are not shown by function because they are used to support citywide program activities. For 2013 general revenues collected by the City provided an additional \$1.087 billion of resources, a 3.6 percent increase over 2012's collections. The following table lists the general revenues ranked by the size of their 2013 collections, and highlights the change in general revenues between the 2012 and 2013 financial statements.

<b>2013 Rank</b>	<b>General Tax Revenues</b>	<b>Amount (In Millions)</b>	<b>Percent of Change</b>	<b>Amount of Change (In Millions)</b>
1	Property Taxes	\$ 423.9	0.8 %	\$ 3.2
2	Business and Occupation Taxes	408.9	6.1	23.6
3	Sales Taxes	181.1	6.8	11.5
4	Excise Taxes	61.5	12.6	6.9
5	Other Taxes	11.2	(41.0)	(7.8)

Property tax is levied primarily on real estate owned by individuals and businesses. While stable in nature, state law limits growth in the amount of tax that a jurisdiction can collect but does allow for additional voter-approved levies. Strong growth in the assessed value of property in the city of Seattle continued to maintain the level of property tax collections for 2013. Initiative 747 and related state laws will continue contributing to muted property tax growth as a result of the cap on property tax growth of 1.0 percent plus new construction.

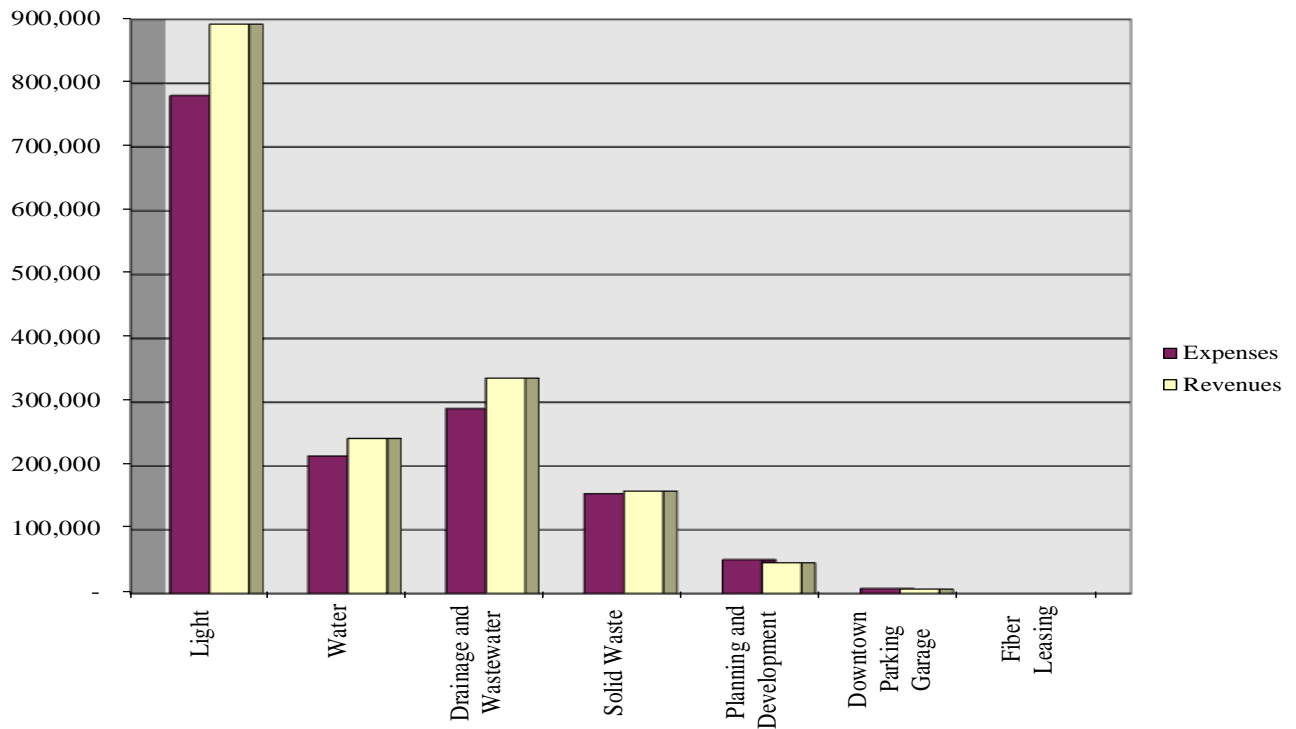
The business and occupation (B&O) tax is levied by the City on the gross receipts of most business activities occurring in Seattle. The City also levies a B&O tax on the gross income derived from sales of utility services within Seattle. Of the \$408.9 million, 45.5 percent of the collection is generated by taxes assessed on private business activities, with an additional 8.3 percent from commercial parking taxes and 1.9 percent from admission taxes. The City's utilities paid \$123.6 million in taxes, of which Seattle City Light paid 34.4 percent, and Seattle Public Utilities paid 65.6 percent. Additional utility taxes totaling \$57.3 million were generated from gas, garbage, cable, telephone, and steam power service suppliers.

The retail sales and use tax is imposed on the sale of most goods and certain services in Seattle. The tax is collected and remitted to the state. The state provides the City with its share on a monthly basis. The City's local share of the sales tax accounts for \$165.9 million, 91.6 percent. The additional sales tax distributions from the state are resources for criminal justice and brokered natural gas activities, which in 2013 generated a \$15.2 million collection.

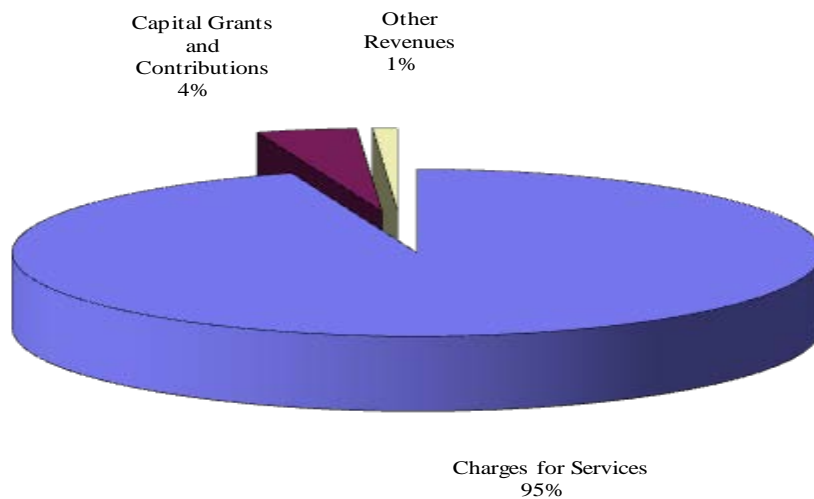
Real Estate Excise Tax (REET) revenues, taxes collected on real estate transactions, are the largest single component of excise tax and supports many of the City's general government capital investments. The City's local real estate market maintained its strength in 2013 fueled by a very strong commercial sector, and REET revenues remained relatively unchanged with collections totaling \$48.4 million in 2013. The 12.6 percent increase in revenues between 2012 and 2013's is due to the Seattle Transportation Benefit District's fee collections of \$7.4 million reported as excise taxes.

Business-Type Activities

**EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES**  
(In Thousands)



**REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES**



**Total \$1,695.8 Million**

## Management's Discussion and Analysis

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**Business-Type Activities.** At year end the City's net position for business-type activities was \$1.830 billion, a 10.5 percent increase totaling \$173.4 million. Of this amount \$4.5 million reflects the consolidation of internal service fund activities related to enterprise funds. Key factors for the change were as follows:

The City Light Utility realized an \$112.7 million increase in net position for 2013. A \$41.9 million increase in total operating revenues was mainly the result of the 4.4 percent across-the-board rate increase effective January 1, 2013 and the 1.2 percent Bonneville Power Administration pass-through rate adjustment effective in October 2013. An increase in operating expenses of \$49.0 million was due to higher power wholesale prices and higher operating costs related to distribution, customer service, conservation, administration, taxes, and depreciation. Capital contributions and grants were higher by \$17.9 million due to higher in-kind contributions for various construction projects.

The Water Utility experienced an increase of \$28.2 million in net position for 2013. Operating revenues increased \$22.1 million, reflecting increases in direct service revenues, wholesale/commercial revenues, and ancillary service revenue. Operating expenses increased \$12.8 million in 2013. Factors affecting this change included additional City utility taxes, depreciation and amortization, general, administrative, and field operations.

The Drainage and Wastewater Utility net position increased \$24.6 million in 2013. Operating revenues increased by \$29.8 million primarily due to rate increases in 2013 for both wastewater and drainage revenues. The increase was offset by a rise in operating expenses of \$16.4 million. The increase in operating expenses was attributed to several factors including an increase in King County's treatment rate, City business and occupation taxes.

The Solid Waste Utility realized a net increase of \$3.3 million in net position in 2013. Operating revenues increased by \$2.8 million mainly due to a rate increase in 2013. Operating expenses for 2013 increased \$4.8 million. This increase was related to contractual solid waste collection costs and taxes paid to the City.

The Planning and Development Fund net position increased \$5.7 million in 2013 to end the year at \$12.6 million. Operating revenues increased by \$7.1 million while the operating expenses increased by \$6.5 million. The revenue increase mirrored the continued strengthening of building construction activities, while the increase in operating expenses was the result of staffing increases and technology improvements. Operating contributions and grants increased by \$0.5 million. Transfers in from other City funds increased to \$10.8 million.

The Downtown Parking Garage Fund realized a decrease of \$1.2 million in net position. It continues to have insufficient revenues to fully cover its expenses including depreciation, which is not specifically included in its revenue structure. As the fund has served its public purpose, Facilities Operations Division is evaluating several options for the fund. For 2013 the fund's ending net position is a \$26.5 million deficit.

The Fiber Leasing Fund was established in 2012 through Ordinance 123758. The purpose of the fund is to lease excess fiber and fiber infrastructure capacity owned by the City and consenting Fiber Partners. Revenues and expenditures for 2013 were immaterial.

## FINANCIAL ANALYSIS OF CITY FUNDS

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

**Table A-3 REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**

### GOVERNMENTAL FUNDS

(In Thousands)

	Major Funds					
	General Fund		Transportation Fund		Low-Income Housing Fund	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Taxes	\$ 866,464	\$ 846,011	\$ 75,816	\$ 72,391	\$ 17,952	\$ 18,039
Licenses and Permits	22,005	20,672	5,130	4,566	-	-
Grants, Shared Revenues, and Contributions	48,183	43,669	51,755	51,939	2,088	5,316
Charges for Services	50,587	51,388	102,475	78,176	810	395
Fines and Forfeits	41,043	34,243	8	27	-	-
Parking Fees and Space Rent	38,547	35,369	70	82	-	-
Program Income, Interest, and Miscellaneous Revenues	31,346	29,909	122	271	11,072	5,955
Total Revenues	<u>1,098,175</u>	<u>1,061,261</u>	<u>235,376</u>	<u>207,452</u>	<u>31,922</u>	<u>29,705</u>
<b>Expenditures</b>	855,584	772,904	321,779	309,828	30,631	36,473
<b>Other Financing Sources and Uses</b>						
Long-Term Debt Issued and Refunding Payments, Net	-	-	-	6,000	-	-
Sales of Capital Assets	22,748	754	54	120	-	-
Transfers In (Out)	(231,371)	(218,894)	108,964	85,873	-	46
Total Other Financing Sources and Uses	<u>(208,623)</u>	<u>(218,140)</u>	<u>109,018</u>	<u>91,993</u>	<u>-</u>	<u>46</u>
<b>Fund Balances</b>						
Nonspendable	375	555	1,345	218	-	-
Restricted	99,659	82,520	27,330	24,313	79,264	75,344
Committed	83,155	79,508	44,988	26,517	1,893	4,522
Assigned	5,325	6,417	-	-	-	-
Unassigned	120,446	105,992	-	-	-	-
Total Fund Balances	<u>\$ 308,960</u>	<u>\$ 274,992</u>	<u>\$ 73,663</u>	<u>\$ 51,048</u>	<u>\$ 81,157</u>	<u>\$ 79,866</u>



# Management's Discussion and Analysis

**Table A-3**

## REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY

### GOVERNMENTAL FUNDS (continued)

(In Thousands)

	Nonmajor Funds			
	Special Revenue Funds		Debt Service Funds	
	2013	2012	2013	2012
<b>Revenues</b>				
Taxes	\$ 82,985	\$ 59,544	\$ 15,930	\$ 16,908
Licenses and Permits	-	-	-	-
Grants, Shared Revenues, and Contributions	69,637	67,374	1,020	1,044
Charges for Services	46,975	52,632	-	-
Fines and Forfeits	56	70	-	-
Parking Fees and Space Rent	23,523	21,350	323	306
Program Income, Interest, and Miscellaneous Revenues	2,005	4,372	571	572
Total Revenues	225,181	205,342	17,844	18,830
<b>Expenditures</b>	341,555	320,820	79,854	75,151
<b>Other Financing Sources and Uses</b>				
Long-Term Debt Issued and Refunding Payments, Net	-	-	4,928	-
Sales of Capital Assets	102	56	-	-
Transfers In (Out)	132,750	136,413	62,045	56,488
Total Other Financing Sources and Uses	132,852	136,469	66,973	56,488
<b>Fund Balances</b>				
Nonspendable	564	350	-	-
Restricted	85,725	57,769	15,629	10,666
Committed	2,948	9,209	-	-
Assigned	7,661	12,583	-	-
Unassigned	(12,972)	(12,463)	-	-
Total Fund Balances	\$ 83,926	\$ 67,448	\$ 15,629	\$ 10,666

	Nonmajor Funds				Total Governmental Funds	
	Capital Projects Funds		Permanent Funds		2013	2012
	2013	2012	2013	2012		
<b>Revenues</b>						
Taxes	\$ 24,352	\$ 31,715	\$ -	\$ -	\$ 1,083,499	\$ 1,044,608
Licenses and Permits	-	-	-	-	27,135	25,238
Grants, Shared Revenues, and Contributions	12,101	8,433	-	-	184,784	177,775
Charges for Services	-	4	-	-	200,847	182,595
Fines and Forfeits	-	-	-	-	41,107	34,340
Parking Fees and Space Rent	-	-	-	-	62,463	57,107
Program Income, Interest, and Miscellaneous Revenues	351	2,549	(5)	21	45,462	43,649
Total Revenues	36,804	42,701	(5)	21	1,645,297	1,565,312
<b>Expenditures</b>	73,576	66,863	23	19	1,703,002	1,582,058
<b>Other Financing Sources and Uses</b>						
Long-Term Debt Issued and Refunding Payments, Net	105,006	31,651	-	-	109,934	37,651
Sales of Capital Assets	-	1,352	-	-	22,904	2,282
Transfers In (Out)	(78,592)	(67,876)	(10)	(10)	(6,214)	(7,960)
Total Other Financing Sources and Uses	26,414	(34,873)	(10)	(10)	126,624	31,973
<b>Fund Balances</b>						
Nonspendable	-	-	2,050	2,050	4,334	3,173
Restricted	151,134	153,680	90	112	458,831	404,404
Committed	-	-	-	-	132,984	119,756
Assigned	-	-	-	-	12,986	19,000
Unassigned	(9,340)	(1,528)	(16)	-	98,118	92,001
Total Fund Balances	\$ 141,794	\$ 152,152	\$ 2,124	\$ 2,162	\$ 707,253	\$ 638,334

## 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.

As of the end of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$707.2 million, an increase of \$68.9 million in comparison to 2012. Approximately \$98.1 million of this amount represents an unassigned fund balance available for all purpose spending; \$12.9 million is assigned for specific purposes by City's management, and \$132.9 million is committed by City Council. Approximately 64.9 percent of the total fund balances is externally restricted for specific purposes, and the remainder constitutes nonspendable items such as petty cash, inventories, and prepaid amounts.

Revenues for governmental funds overall totaled approximately \$1.645 billion in the fiscal year ended December 31, 2013, an increase of approximately \$79.9 million or 5.1 percent from the prior year's balance of \$1.565 billion. Expenditures in governmental funds amounted to \$1.703 billion, an increase of approximately \$120.9 million or 7.6 percent compared to \$1.582 billion spent in 2012. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$57.7 million.

The **General Fund** is the chief operating fund of the City. The Library Fund, previously reported as a special revenue fund, was determined to no longer meet the definition of a special revenue fund, as defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, the Library Fund is now reported as part of the General Fund for the GAAP reporting. For comparability, all amounts presented for fiscal year 2012 and 2013 in this discussion and analysis reflect this change unless noted otherwise. Table A-4 provides a summary of activities for the general subfunds at year-end 2013. At the end of 2013 the total fund balance of the General Fund was \$308.9 million, an increase of \$33.9 million in 2013 compared to 2012.

Total revenues for the General Fund amounted to \$1.098 billion, an increase of \$36.9 million or 3.5 percent higher than 2012. The increase is mostly attributable to higher tax revenues, which increased by \$38.9 million or 3.7 percent, between 2012 and 2013.

General Fund expenditures increased 10.7 percent in 2013 from \$772.9 million to \$855.5 million. Public safety accounts for 58.7 percent of the General Fund's total expenditures in 2013. Public safety's two largest expenditures were for police and fire protection. For 2013 the Police Department incurred \$295.1 million and the Fire Department incurred \$178.7 million of expenditures.

The **Transportation 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 fund balance increased by \$22.6 million. The \$235.4 million of revenues collected include excess property tax levy, a commercial parking tax, employee hours tax, grants and contributions, and charges for services. Transportation's expenditures totaled \$321.8 million for 2013, up \$12.0 million or 3.9 percent from 2012. The Transportation Fund's other financing sources contributed \$109.8 million of additional resources in 2013.

The **Low-Income Housing Fund**, a special revenue fund and one of the major governmental funds of the City, manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for seven-year housing levies approved by voters, most recently in 2009. The 2013 fund balance of \$81.2 million reflects a decrease of \$1.3 million from 2012. Revenues from 2012 to 2013 increased by \$2.2 million or 7.4 percent. The fund's expenditures decreased by \$5.8 million or 16.0 percent year over year. The decrease in expenditures is attributed to the cyclical nature of the fund. Multifamily construction projects can span several years from acquisition to final construction. Further driving the variations is the cyclical nature of downtown construction and their associated costs.

In 2013 the other **special revenue funds** (SRF) reported a \$16.5 million increase in fund balance. SRF expenditures increased \$20.7 million to \$341.5 million for 2013, although this was mirrored by a rise in program revenues of \$19.8 million to \$225.1 million. Overall the deficiency of revenues over expenditures slightly increases from \$115.5 million in 2012, to \$116.4 million in 2013. The inability of revenues to cover expenditures is supplemented by other financing sources and uses which contributed \$132.8 million of resources in 2013 and was the driving factor behind the increase in fund balance.

## Management's Discussion and Analysis

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The fund balance in the **capital projects funds** decreased \$10.4 million or 6.8 percent from \$152.2 million to \$141.8 million at the end of 2013. The decrease is due mainly to the City's effort to accelerate capital spending from the multipurpose long-term general obligation bond funds. The fund balance in the capital projects funds is all restricted for the City's capital improvement programs. The 2008 to 2012 Multipurpose Long-Term General Obligation Bond funds expended approximately 59.3 percent or \$48.5 million of their combined fund balance, while the 2013 Multipurpose and Alaska Way Seawall Construction funds added \$48.4 million of fund balance in their first year of financial reporting.

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

	<b>General</b>	<b>Judgment/ Claims</b>	<b>Municipal Jail</b>	<b>Arts Account</b>	<b>Cable Television Franchise</b>
<b>Revenues</b>					
Taxes	\$ 818,057	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	14,114	-	-	-	7,891
Grants, Shared Revenues, and Contributions	40,354	-	-	-	-
Charges for Services	41,477	7,632	-	-	-
Fines and Forfeits	39,471	-	-	-	17
Parking Fees and Space Rent	37,649	-	-	73	-
Program Income, Interest, and Miscellaneous Revenues	2,006	101	(1)	-	(19)
<b>Total Revenues</b>	<b>993,128</b>	<b>7,733</b>	<b>(1)</b>	<b>73</b>	<b>7,889</b>
<b>Expenditures</b>	<b>707,437</b>	<b>10,378</b>	<b>-</b>	<b>5,186</b>	<b>8,447</b>
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	-	-	-	-	900
Transfers In (Out)	(283,965)	(65)	(1,000)	4,803	(190)
<b>Total Other Financing Sources and Uses</b>	<b>(283,965)</b>	<b>(65)</b>	<b>(1,000)</b>	<b>4,803</b>	<b>710</b>
<b>Fund Balances</b>					
Nonspendable	46	-	-	-	-
Restricted	380	-	-	-	867
Committed	6,977	14,640	-	578	3,954
Assigned	2,451	-	1,671	-	-
Unassigned	47,989	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ 57,843</b>	<b>\$ 14,640</b>	<b>\$ 1,671</b>	<b>\$ 578</b>	<b>\$ 4,821</b>

	<b>Cumulative Reserve</b>	<b>Neighborhood Matching</b>	<b>Bluefield Habitat Maintenance</b>	<b>Development Rights</b>	<b>Emergency</b>
<b>Revenues</b>					
Taxes	\$ 48,407	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Grants, Shared Revenues, and Contributions	2,686	-	-	-	-
Charges for Services	1,232	-	-	-	-
Fines and Forfeits	-	-	-	-	-
Parking Fees and Space Rent	340	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	934	-	(1)	-	-
<b>Total Revenues</b>	<b>53,599</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>	<b>36,142</b>	<b>2,605</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	21,848	-	-	-	-
Transfers In (Out)	(11,140)	2,891	-	-	(68)
<b>Total Other Financing Sources and Uses</b>	<b>10,708</b>	<b>2,891</b>	<b>-</b>	<b>-</b>	<b>(68)</b>
<b>Fund Balances</b>					
Nonspendable	2	-	-	-	-
Restricted	61,793	-	-	-	-
Committed	15,909	4,511	205	22	-
Assigned	-	-	-	-	-
Unassigned	30,397	-	-	-	42,060
<b>Total Fund Balances</b>	<b>\$ 108,101</b>	<b>\$ 4,511</b>	<b>\$ 205</b>	<b>\$ 22</b>	<b>\$ 42,060</b>

# Management's Discussion and Analysis

**Table A-4**

**REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**

**GENERAL FUND SUBFUNDS (continued)**

*(In Thousands)*

	Transit Benefit	Special Employment Program	Industrial Insurance	Unemployment Compensation	Health Care
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Grants, Shared Revenues, and Contributions	-	-	-	-	-
Charges for Services	-	38	-	-	-
Fines and Forfeits	-	-	-	-	-
Parking Fees and Space Rent	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	-	-	-	-	23,223
<b>Total Revenues</b>	-	38	-	-	23,223
<b>Expenditures</b>	-	35	932	659	14,767
<b>Other Financing Sources and Uses</b>					
Sales of Capital Assets	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-
<b>Total Other Financing Sources and Uses</b>	-	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	-	-	307	-	-
Restricted	-	-	-	-	24,771
Committed	-	122	4,556	1,814	28,996
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	\$ -	\$ 122	\$ 4,863	\$ 1,814	\$ 53,767

	Group Term Life Insurance	Library <sup>a</sup>	Total General Fund	
			2013	2012
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 866,464	\$ 846,011
Licenses and Permits	-	-	22,005	20,672
Grants, Shared Revenues, and Contributions	-	5,143	48,183	43,669
Charges for Services	-	208	50,587	51,388
Fines and Forfeits	-	1,555	41,043	34,243
Parking Fees and Space Rent	-	485	38,547	35,369
Program Income, Interest, and Miscellaneous Revenues	5,068	35	31,346	29,909
<b>Total Revenues</b>	5,068	7,426	1,098,175	1,061,261
<b>Expenditures</b>	5,068	63,928	855,584	772,904
<b>Other Financing Sources and Uses</b>				
Sales of Capital Assets	-	-	22,748	754
Transfers In (Out)	-	57,363	(231,371)	(218,894)
<b>Total Other Financing Sources and Uses</b>	-	57,363	(208,623)	(218,140)
<b>Fund Balances</b>				
Nonspendable	-	20	375	555
Restricted	-	11,848	99,659	82,520
Committed	425	446	83,155	79,508
Assigned	-	1,203	5,325	6,417
Unassigned	-	-	120,446	105,992
<b>Total Fund Balances</b>	\$ 425	\$ 13,517	\$ 308,960	\$ 274,992

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

## 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 \$112.7 million in 2013 compared to \$104.0 million in 2012, an increase of \$8.7 million (8.4 percent). Higher retail power sales, RSA unearned revenue transferred-in, power related revenues, and capital contributions added to the positive change in net position. These were partially offset by higher expenses for generation, customer service, administrative and general, taxes, depreciation, and interest, and lower investment earnings.

Net cash provided by operating activities decreased by \$13.8 million to \$229.7 million in 2013, compared to \$243.5 million in 2012. In combination with other cash activities, net operating cash increased by \$37.5 million to \$193.8 million in 2013. Restricted assets decreased by \$48.7 million to \$227.0 million in 2013, compared to \$275.7 million in 2012. This decrease was the result of reductions to the rate stabilization and construction accounts, offset by increases to the bond reserve and debt service accounts.

Capital assets, net of accumulated depreciation and amortization, were \$2.541 billion and \$2.352 billion in 2013 and 2012, a net increase of \$188.9 million. The majority of the Utilities' capital asset additions were in the hydroelectric production, transmission and distribution systems. The net increase in capital assets was partially offset by a \$52.7 million increase in accumulated depreciation and amortization.

Total liabilities were \$2.209 billion in 2013 and \$2.106 billion in 2012, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payables were \$1.870 billion in 2013 and \$1.792 billion in 2012. In July 2013, the Utility issued a total of \$190.8 million of revenue and refunding revenue bonds. Interest expense related to these bonds was \$89.0 million in 2013 and \$85.1 million in 2012.

City Light's total net position was \$1.154 billion in 2013 and \$1.042 billion in 2012.

**Water Utility.** The Utility realized an operating income of \$59.0 million in 2013 compared to \$49.8 million in 2012. Operating revenues increased by \$22.1 million and operating expenses increased by \$12.8 million between 2013 and 2012. The Utility realized a net income of \$28.1 million in 2013 compared to net income of \$20.7 million in 2012. The net income in 2013 was primarily due to increases in all services, offset by related operating expenses.

Net cash provided by operating activities increased to \$116.8 million in 2013 from \$103.2 million in 2012, an increase of \$13.6 million. Total operating and restricted cash and investments were \$94.6 million in 2013 compared to \$85.4 million in 2012, an increase of \$9.2 million. This increase in cash and investments was primarily due to increased customer receipts partially offset by additional operating payments, debt service payments, and capital investments.

Utility plant, net of accumulated depreciation, and other capital assets for the year ended December 31, 2013, amounted to \$1.197 billion, a decrease of \$8.1 million in 2013. Capital outlays of \$37.8 million were offset by depreciation expenses of \$49.9 million.

The Water Utility had \$887.0 million in outstanding revenue bonds in 2013 compared to \$919.6 million at year end 2012. The decrease was due to principal payments.

The Water Utility's total net position was \$361.5 million in 2013 and \$333.3 million in 2012.

**Drainage and Wastewater Utility.** The Utility realized an operating income of \$58.6 million in 2013 compared to \$45.3 million in 2012. Operating revenues increased by \$29.8 million and operating expenses increased by \$16.4 million between 2013 and 2012. The Utility realized a net income of \$24.6 million in 2013 and \$0.8 million in 2012. The increase in net income is the result of increased revenues and expenses caused by rate increases.

Net cash provided by operating activities increased to \$79.2 million compared to \$72.6 million in 2012. Total operating and restricted cash and investments were \$122.4 million in 2013 compared to \$160.7 million in 2012. The \$38.3 million to capital outlays and debt service principal and interest payments.

Utility plant, net of accumulated depreciation, and other capital assets increased to \$765.5 million in 2013 from \$699.1 million in 2012, an increase of \$66.4 million. Capital outlays of \$87.2 million were offset by depreciation expense of \$21.3 million.

The Drainage and Wastewater Utility had \$525.3 million outstanding revenue and refunding bond liabilities in 2013, as compared to \$540.5 million in 2012. Total liabilities, including revenue bonds, were \$705.5 million in 2013 and \$714.5 million in 2012.

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# Management's Discussion and Analysis

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Total net position for the Drainage and Wastewater Utility was \$295.6 million in 2013 and \$271.0 million in 2012.

**Solid Waste Utility.** The Utility realized an operating income of \$7.5 million in 2013 compared to \$9.4 million in 2012. Operating revenues increased by \$2.8 million and operating expenses increased by \$4.8 million between 2013 and 2012. The Utility realized a net income of \$3.3 million in 2013 compared to \$7.7 million in 2012. The net income in 2013 was primarily due to a rate increase effective January 2013 offset by increased interest expense.

Net cash provided by operating activities increased to \$19.6 million in 2013 compared to \$13.9 million in 2012. Total operating and restricted cash and investments were \$33.3 million in 2013 and \$32.3 million in 2012. The \$1.0 million increase in operating and restricted cash and investments is primarily due to capital outlays and debt service payments offsetting cash provided by operating activities.

The Solid Waste Utility had \$115.9 million outstanding revenue bond liabilities in 2013 compared to \$119.2 million in 2012. The decline was due to \$3.3 million of principal payments paid in 2013.

Total net position for the Solid Waste Utility was \$32.3 million in 2013 and \$29.0 million in 2012.

## Fiduciary Funds

The City maintains fiduciary funds for the assets of the Seattle City Employees' Retirement System (SCERS), the Firemen's Pension Fund, the Police Relief and Pension Fund, the S.L. Denny Private Purpose Trust, and various agency funds. The net position of the combined fiduciary funds at the end of 2013 is \$2.233 billion; SCERS represents 99.3 percent of this amount.

SCERS assets held in trust for the payment of future benefits do not exceed the estimate of actuarially accrued liabilities as of December 31, 2013. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$263.2 million (13.2 percent) during 2013. For year ending 2013 the member and employer contributions totaled \$137.4 million; income from investment activity totaled \$289.8 million. Total investment activity expense and benefit payment for 2013 increased by \$1.3 million and \$7.3 million, respectively. In 2013 the net increase in the number of retirees receiving benefits was 2.9 percent.

At December 31, 2013, the net positions of assets held in trust in the Firemen's Pension Fund and the Police Relief and Pension Fund for the payment of future benefits were \$12.7 million and \$3.2 million, respectively.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

City Council passed the 2013 Adopted Budget (Ordinance 124058) authorizing a \$4.066 billion budget for the City's annual operations. The General Subfund accounted for 23.3 percent or \$948.6 million of the total budget. When considering additional budgets for general support transferred and other subfund expenditures reporting within the General Fund's presentation, 2013's total appropriation budget for the General Fund is \$1.347 billion, 33.1 percent of the City's total budget.

The General Fund's 2013 revised appropriation budget differed from the original budget due to supplemental appropriations approved by the City Council during the year and carryforward budgets from the prior year. The revised budget for the General Fund was \$1.429 billion, a 6.2 percent increase over Council's adopted budget.

The most significant budget activities are described below:

- At year-end 2013 actual expenditures and transfers of \$1.275 billion were \$154.9 million less than budgeted. Of this amount \$119.8 million of the budget will be carried over into 2014 to cover outstanding encumbrances, grants, and capital spending.
- The overall change in the General Fund's carryforward budget from 2013 to 2014 decreased 3.3 percent, from \$123.8 million to \$119.8 million. The majority of the 2013's carryforward budget is within the General Subfund, 23.4 percent, the Real Estate Excise Tax (REET I and REET II) Cumulative Reserve Subfunds at 31.1 percent, and the Unrestricted Cumulative Reserve Subfund accounts for 28.5 percent of the total balance.
- The total appropriation budget for the REET I and REET II Cumulative Reserve Subfunds, which includes expenditures and transfers, was \$73.1 million. Approximately 48.9 percent, \$35.8 million of the budget was expended in 2013. The carryforward budget balance for the REET I and REET II Cumulative Reserve Subfunds funds is \$37.2 million and will be used capital appropriations in 2014.

- City Council authorized an additional \$82.6 million of supplemental appropriations for 2013. \$44.0 million were revisions for the general subfunds; 70.0 percent of these budget revisions applied directly to the Seattle Police Department, 6.0 percent for the Seattle Fire Department, 7.0 percent to Finance General, and 3.0 percent to the executive offices.
- In 2013 the total revised budget for grant projects within the General Fund totaled \$62.3 million. The adopted budget provided \$7.2 million in additional grant resources and \$40.3 million of budget was carryforward from 2012. \$14.7 million of additional grant funding was authorized through supplemental ordinances by the City Council. This includes \$7.3 million for the Seattle Police Department to fund 16 additional projects and \$2.4 million for the Seattle Fire Department to fund 6 additional grant projects.
- The costs of the City's general government functions reported within the General Fund were 5.9 percent higher than reported in 2012, increasing \$19.7 million to \$354.0 million for 2013. Of this total budget 93.8 percent is appropriated for current expenditures. The 2013 combined budget increased 4.6 percent and actual expenditures increased 7.4 percent from 2012. Approximately 91.1 percent of \$387.5 million in budget resources for current expenditures was consumed in 2013.
- The General Fund's budget for the public safety function increased 4.9 percent in 2013. The costs or current expenditures and capital outlay totaled \$502.8 million, consuming 95.7 percent of the total resources budgeted for 2013, of which 97.9 percent is for current operations and 2.1 percent on capital outlay. The 7.8 percent year over year increase in actual expenditures totaling \$36.4 million outpaced the budgeted increase of \$22.3 million. This reflects the accelerated spending and completion of long-term projects with carryforward budget balances, like the 2013 completion of the Fire Department's Chief Seattle Fire Boat. Detailed information on the City's two major public safety departments follows:
  - The Police Department's 2013 final budget was \$310.1 million, a 7.3 percent increase from the 2012 budget level. The Department expended 95.2 percent of its budget during the year, with actual expenditures increasing 9.5 percent, from \$269.6 million in 2012 to \$295.1 million in 2013. Patrol operations were budgeted at \$120.9 million for all five city precincts, a 6.2 percent increase over 2012's budget. Patrol operations for 2013 consumed 99.9 percent of the budgeted resources and accounted for 42.0 percent of the entire Department's annual operating costs. Of the remaining budget, \$11.3 million will carryforward into 2014 for grant purposes.
  - The Fire Department's 2013 final budget was \$184.1 million, remaining relatively unchanged from the 2012 budget level of \$183.8 million. The Department expended 97.1 percent of its budget during the year, with actual expenditures increasing 4.9 percent, from \$170.1 million in 2012 to \$178.4 million in 2013. Fire Operations for 2013 consumed 99.9 percent of the \$141.7 million in budgeted resources and accounted for 76.9 percent of the entire Department's annual operating costs. Of the remaining budget, \$5.7 million will carryforward into 2014 for grant purposes.
- For 2013 the General Fund reports actual revenues of \$1.261 billion, 3.4 percent, or \$41.1 million larger than 2012's total balance, and within 0.8 percent of the \$1.251 billion budgeted. A driving factor for the year over year increase in revenues is from the City's tax collection. 2013's total tax revenues of \$866.5 million were \$18.9 million over budget, and \$20.4 million or 2.4 percent higher than reported in 2012. Revenue reported for grants and contributions was \$43.0 million, only 64.4 percent of the budgeted \$66.8 million, which is expected due to grant awards that span multiple years where remaining budgets are carried over to the following year.



# Management's Discussion and Analysis

## CAPITAL ASSETS

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

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

	Governmental Activities		Business-Type Activities		Total	
		Restated				Restated
	2013	2012	2013	2012	2013	2012
Land	\$ 542,837	\$ 537,723	\$ 159,031	\$ 155,063	\$ 701,868	\$ 692,786
Plant in Service, Excluding Land	-	-	4,066,335	3,908,086	4,066,335	3,908,086
Buildings and Improvements	1,587,242	1,559,633	30,066	32,070	1,617,308	1,591,703
Machinery and Equipment	125,766	115,960	1,471	1,604	127,237	117,564
Infrastructure	1,068,908	1,004,595	-	-	1,068,908	1,004,595
Construction in Progress	384,137	307,994	345,097	258,587	729,234	566,581
Other Capital Assets	15,491	14,129	81,738	76,572	97,229	90,701
Total Capital Assets	<u>\$ 3,724,381</u>	<u>\$ 3,540,034</u>	<u>\$ 4,683,738</u>	<u>\$ 4,431,982</u>	<u>\$ 8,408,119</u>	<u>\$ 7,972,016</u>

Capital assets, net of depreciation, for governmental activities increased by \$184.3 million in 2013. The main increase is attributable to the following:

- The Department of Transportation capitalized \$117.4 million for various infrastructure assets (roads, bridges, sidewalks, signs, illuminations, and others). Construction in progress decreased \$64.8 million over last year.
- The Department of Parks and Recreation spent \$7.1 million in the improvement of Building 11 at Magnuson Park and capitalized \$15.6 million for various community parks improvements and renovations.

Capital assets, net of depreciation, for business-type activities increased by \$247.8 million in 2013. Major increases included the following:

- City Light capital assets, net of accumulated depreciation, increased by \$184.8 million in 2013. This increase was primarily comprised of \$119.5 million for distribution plant assets.
- Drainage and Wastewater Utility net capital assets increased by \$66.3 million compared to last year. Major capital asset placed in service was for the completion of storm-water detention pond and the construction of swales in the Cascade Neighborhood.
- Solid Waste Utility net capital assets increased by \$4.3 million for the year ended December 31, 2013 due to the completion of the new South Transfer Station and IT infrastructure upgrades.
- Water Utility net capital assets decreased by \$8.2 million compared to last year. Major decreases included are new assets placed in service, \$37.9 million, accumulated depreciation, \$45.1 million, and retirement of capital assets, \$1.0 million.

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

## DEBT ADMINISTRATION

At the end of the fiscal year 2013 the City had \$4.259 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.190 billion in 2012. This represents an increase of approximately \$68.4 million (1.6 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, unchanged. In 2013 LTGO and UTGO bonds were issued to finance various capital improvement projects including Seawall, Fire Facilities, North Precinct, Golf, Rainier Beach Community Center, Magnuson Park Building and various IT projects. Additionally, the part of the taxable 2013 LTGO bonds proceeds was used for the partial refunding of the 2004 LTGO bonds.

The City also issued revenue bonds: \$190.8 million for the Light Fund to finance certain capital improvements and conservation programs. The City's bond ratings remained similar to the ratings for the previous year. The City's UTGO bonds are rated Aaa by Moody's Investors Service (Moody's), AAA by Fitch Ratings (Fitch), and AAA by Standard &

Poor's (S&P), which are the highest possible ratings. The City's LTGO bonds are rated Aa1 by Moody's, AA+ by Fitch, and AAA by S&P. In addition, the City's utilities have very high ratings for revenue debt, reflecting sound finances and good management.

The City's limited and unlimited general obligation debt is capped at 7.5 percent of assessed value by state law. The 2013 assessed value of taxable properties based on the latest report for the City is \$128.8 billion. At the end of 2013 the net outstanding general obligation debt of the City that includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.035 billion, well below the limit of \$9.661 billion, rendering the City's legal debt margin of \$8.651 billion. Within the 7.5 percent limitation, state law restricts outstanding LTGO bonds to 1.5 percent of assessed value. At year-end 2013 the LTGO net outstanding debt was \$887.0 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 \$102.0 million (\$76.0 million for governmental activities and \$26.0 million for business-type activities) at the end of the year. In addition, City utilities and Department of Parks and Recreation recognized a combined \$121.7 million in estimated environmental liabilities. Other obligations were accrued for compensation absences for sick leave and other notes and contracts. The other notes and contracts included draws from the State's Public Works Trust Loan (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 statements.

## ECONOMIC FACTORS

U.S. Economy. 2013 was a year of modest economic growth as the U.S. economy continued its slow recovery from the Great Recession of 2008-2009. Although the recovery has been sluggish when compared to most other recoveries, it has been typical of recoveries from recessions caused by financial crises, which tend to be weak and protracted. Leading the recovery has been business investment in equipment and software, a rise in exports which has boosted the manufacturing sector, and a modest upturn in consumption. Housing has finally turned around, and is now a modest contributor to growth instead of a drag on it.

The economy entered 2013 with significant fiscal headwinds from federal government policies that took effect on January 1, 2013. These included the expiration of the two percent payroll tax cut, the expiration of the Bush income tax cuts for high income taxpayers, and an increase in the capital gains tax rate. In addition sequester driven spending cuts went into effect in March 2013. The combined impact of this fiscal tightening is estimated at 1.0 percent to 1.5 percent of gross domestic product (GDP).

The economy was also hampered by an unexpected mid-year increase in interest rates that slowed the nascent housing recovery and a 17-day shutdown of the federal government in October. Despite these headwinds, the economy managed a 1.9 percent increase in GDP in 2013 and added 2.3 million jobs during the year. As of December 2013 the economy had created 7.7 million jobs during the recovery, replacing 89.0 percent of the jobs lost during the recession.

Looking to the future, economists expect growth to pick up in 2014, aided in part by a strengthening housing recovery and a significant drop in fiscal drag from 2013 levels, and to continue improving in 2015 and 2016. Risks to this relatively optimistic forecast come largely from outside of the U.S. They include a slowing of growth and possible financial crisis in China, continued weakness in the Eurozone, and an escalation of the confrontation with Russia over the Ukraine.

Seattle Metro Area Economy. The Seattle metro area has rebounded from the recession at a much quicker pace than the nation as a whole. Through December 2013, Seattle metro area (King and Snohomish Counties) employment was up 10.1 percent from its post-recession low in February 2010, compared to a 6.0 percent gain in U.S. employment over the same period. Areas of strength during the recovery have included aerospace, software publishing, professional, scientific, and technical services, health services, and mail order and internet retail.

Aerospace provided a big lift to the local economy during the early stages of the recovery, adding 14,000 jobs in 2011 and 2012. However, aerospace employment peaked in November 2011 and has declined by 2,000 jobs since then. Despite this modest drop in employment, in 2013 the Boeing Company, the region's largest employer, delivered a record 648 jets and booked orders for 1,355 new planes. At the end of 2013 Boeing had a record backlog of 5,080 planes on order. This represents 7.8 years of production at 2013 levels.

During the early stages of the recovery, the city of Seattle was one of the fastest growing areas in the Puget Sound Region, in part because of a surge in construction focused largely in multi-family housing. At the end of 2013, there were over 13,000 new housing units under construction in Seattle, the highest level in at least 25 years. The construction boom generated a 28.7 percent increase in sales tax revenue from construction activity in 2012 and a 9.3 percent gain in 2013. A key driver of the recent growth in Seattle, including the growth in construction activity, has been Amazon, which has been

## Management's Discussion and Analysis

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hiring aggressively for several years. Amazon now occupies 3.2 million square feet of office space in Seattle's South Lake Union neighborhood.

With the recent upturn in aerospace employment now behind us, regional employment growth is predicted to slow going forward, with 2013 expected to be the peak year for employment growth (at 2.8 percent) during the current cycle. The Puget Sound Economic Forecaster predicts that employment growth will average a modest 1.8 percent per year over the next five years. Personal income growth is forecast to range between five and five-and-a-half percent, which is approximately three percent per year faster than the rate of inflation.

General Subfund. In 2013, general government revenues and other financing sources into the General Subfund totaled approximately \$1.138 billion, of which \$22.7 million is a one-time sale of capital assets. General Subfund revenues and other financing sources are projected to be \$1.005 billion in 2014 and \$1.027 billion in 2015.

In 2013 total Seattle tax revenue increased by 2.8 percent from 2012 levels. Retail sales tax revenue increased by 6.6 percent in 2013, led by construction, business and professional services, and accommodation and food services. The B&O tax experienced a more modest revenue increase of 4.3 percent, a figure which masks the healthy 6.7 percent growth of the B&O tax base in 2013. Countering the growth of the tax base was a steep decline in revenue associated with economic activity that had occurred in prior years, largely in the form of audit payments, refunds, and late payments. The City expects revenue growth in 2014 and 2015 of 5.2 percent and 4.3 percent for the sales tax and 6.5 percent and 5.2 percent for the B&O tax.

### 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 206-386-9124).



# **Government-wide Financial Statements**

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# Government-wide Financial Statements

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## STATEMENT OF NET POSITION

Page 1 of 3

December 31, 2013

(In Thousands)

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2013	Restated 2012	
	<b>ASSETS</b>				
<i>Current Assets</i>					
Operating Cash and Equity in Pooled Investments	\$ 676,312	\$ 345,663	\$ 1,021,975	\$ 862,661	\$ 4,142
Restricted Cash and Equity in Pooled Investments	17,166	10	17,176	19,203	-
Investments	-	-	-	-	61,162
Receivables, Net of Allowances	96,013	223,433	319,446	299,065	-
Internal Balances	21,829	(21,829)	-	-	-
Due from Other Governments	117,167	7,688	124,855	130,836	-
Inventories	3,030	38,139	41,169	36,962	-
Prepaid and Other Current Assets	2,213	616	2,829	2,057	-
<b>Total Current Assets</b>	<b>933,730</b>	<b>593,720</b>	<b>1,527,450</b>	<b>1,350,784</b>	<b>65,304</b>
<i>Noncurrent Assets</i>					
Restricted Cash and Equity in Pooled Investments	29,417	353,103	382,520	485,213	-
Contracts and Notes	3,080	1,731	4,811	5,285	-
Conservation Costs, Net	-	246,312	246,312	237,463	-
Landfill Closure and Postclosure Costs, Net	-	14,741	14,741	16,081	-
Environmental Costs and Recoveries	-	34,098	34,098	42,930	-
Net Pension Asset	16,238	-	16,238	16,599	-
Regulatory Asset	-	19,741	19,741	23,068	-
Other Charges and Noncurrent Assets	-	109,961	109,961	104,733	-
Capital Assets, Net of Accumulated Depreciation					
Land and Land Rights	542,837	159,031	701,868	692,786	-
Plant in Service, Excluding Land	-	4,066,335	4,066,335	3,908,086	-
Buildings and Improvements	1,587,242	30,066	1,617,308	1,591,703	-
Machinery and Equipment	125,766	1,471	127,237	117,564	3
Infrastructure	1,068,908	-	1,068,908	1,004,595	-
Construction in Progress	384,137	345,097	729,234	566,581	-
Other Capital Assets	15,491	81,738	97,229	90,701	-
<b>Total Noncurrent Assets</b>	<b>3,773,116</b>	<b>5,463,425</b>	<b>9,236,541</b>	<b>8,903,388</b>	<b>3</b>
<b>Total Assets</b>	<b>4,706,846</b>	<b>6,057,145</b>	<b>10,763,991</b>	<b>10,254,172</b>	<b>65,307</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	436,014	52,371	488,385	468,731	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,142,860</b>	<b>\$ 6,109,516</b>	<b>\$ 11,252,376</b>	<b>\$ 10,722,903</b>	<b>\$ 65,307</b>

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

## STATEMENT OF NET POSITION

December 31, 2013

(In Thousands)

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2013	Restated 2012	
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	\$ 117,904	\$ 79,131	\$ 197,035	\$ 178,849	\$ 1,988
Salaries, Benefits, and Taxes Payable	29,119	13,799	42,918	34,574	-
Contracts Payable	11,066	-	11,066	10,814	-
Due to Other Governments	7,382	11,693	19,075	18,688	-
Interest Payable	9,433	59,656	69,089	70,397	-
Taxes Payable	32	12,231	12,263	11,521	-
Deposits Payable	482	-	482	651	-
Unearned Revenues	8,530	22,367	30,897	31,198	-
Current Portion of Long-Term Debt					
Bonds Payable	72,170	154,392	226,562	208,137	-
Compensated Absences Payable	19,575	3,197	22,772	23,524	-
Notes and Contracts Payable	2,053	2,241	4,294	4,348	-
Claims Payable	21,059	23,633	44,692	44,864	-
Habitat Conservation Program Liability	-	805	805	1,164	-
Landfill Closure and Postclosure Liability	-	987	987	1,398	-
Other Current Liabilities	2,102	3,954	6,056	7,898	-
Total Current Liabilities	300,907	388,086	688,993	648,025	1,988
<i>Noncurrent Liabilities</i>					
Bonds Payable, Net of					
Unamortized Premiums, Discounts, and Other	790,809	3,510,432	4,301,241	4,256,697	-
Bond Interest Payable	-	-	-	593	-
Special Assessment Bonds with Governmental Commitment	13,005	-	13,005	13,005	-
Compensated Absences Payable	69,211	28,363	97,574	90,979	-
Claims Payable	54,917	123,194	178,111	173,682	-
Notes and Contracts Payable	15,514	33,364	48,878	49,163	-
Landfill Closure and Postclosure Liability	-	15,974	15,974	17,219	-
Vendor Deposits Payable	213	601	814	224	-
Habitat Conservation Program Liability	-	5,425	5,425	5,747	-
Unearned Revenues	-	20,687	20,687	16,469	-
Arbitrage Rebate Liability	12	-	12	17	-
Unfunded Other Post Employment Benefits	74,172	14,771	88,943	76,120	-
Other Noncurrent Liabilities	2	2,660	2,662	8,835	-
Total Noncurrent Liabilities	1,017,855	3,755,471	4,773,326	4,708,750	-
Total Liabilities	1,318,762	4,143,557	5,462,319	5,356,775	1,988
<b>DEFERRED INFLOWS OF RESOURCES</b>	446,877	125,336	572,213	548,784	-

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



# Government-wide Financial Statements

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## STATEMENT OF NET POSITION

Page 3 of 3

December 31, 2013

(In Thousands)

	Primary Government		Comparative Totals		Component Units
	Governmental Activities	Business-Type Activities	2013	Restated 2012	
	<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 2,880,124	\$ 1,508,831	\$ 4,388,955	\$ 4,174,868	\$ 3
Restricted for					
Debt Service	15,629	-	15,629	10,666	-
Capital Projects	212,930	-	212,930	202,898	69
Rate Stabilization Account	-	25,000	25,000	25,000	-
Education and Development Services	39,388	-	39,388	28,540	16,182
Special Deposits	-	(441)	(441)	723	-
Conservation and Environmental Costs	-	7,157	7,157	6,560	-
Bonneville Power Administration Projects	-	443	443	448	-
External Infrastructure Costs	-	7,131	7,131	7,182	-
Muckleshoot Settlement	-	166	166	240	-
Other Charges	-	17,948	17,948	16,057	-
Health Care Reserve	24,772	-	24,772	19,951	-
Transportation Programs	27,330	-	27,330	24,313	-
Low-Income Housing Programs	79,264	-	79,264	75,344	-
Other Purposes	59,431	-	59,431	42,692	-
Nonexpendable	2,141	-	2,141	2,050	27,429
Unrestricted	36,212	274,388	310,600	179,812	19,636
Total Net Position	3,377,221	1,840,623	5,217,844	4,817,344	63,319
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,142,860	\$ 6,109,516	\$ 11,252,376	\$ 10,722,903	\$ 65,307

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

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2013**  
*(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	\$ 178,434	\$ (17,393)	\$ 85,923	\$ 15,206	\$ -
Judicial	33,517	-	40,545	160	-
Public Safety	514,002	1,127	19,245	27,413	638
Physical Environment	10,740	-	47	8,187	-
Transportation	161,433	4,309	100,830	13,209	39,009
Economic Environment	125,191	-	12,250	31,674	1,355
Health and Human Services	71,256	-	8	32,683	-
Culture and Recreation	267,043	-	67,116	6,875	1,466
Interest on Long-Term Debt	26,417	-	-	-	-
Total Governmental Activities	1,388,033	(11,957)	325,964	135,407	42,468
<b>BUSINESS-TYPE ACTIVITIES</b>					
Light	776,636	4,294	839,767	3,184	49,696
Water	213,400	2,200	235,114	803	7,518
Drainage and Wastewater	288,097	2,050	329,386	1,975	6,546
Solid Waste	155,902	751	159,741	592	-
Planning and Development	50,418	2,662	48,016	501	-
Downtown Parking Garage	8,159	-	7,019	-	-
Fiber Leasing	54	-	75	-	-
Total Business-Type Activities	1,492,666	11,957	1,619,118	7,055	63,760
Total Government-Wide Activities	\$ 2,880,699	\$ -	\$ 1,945,082	\$ 142,462	\$ 106,228
<b>COMPONENT UNITS</b>	\$ 9,332	\$ -	\$ 204	\$ 6,254	\$ -

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

# Government-wide Financial Statements

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## STATEMENT OF ACTIVITIES

Page 2 of 2

For the Year Ended December 31, 2013

(In Thousands)

	Net Revenue (Expense) and Changes in Net Position				
	Primary Government		Comparative Totals		
	Governmental Activities	Business-Type Activities	2013	Restated 2012	Component Units
<b>GOVERNMENTAL ACTIVITIES</b>					
General Government	\$ (59,912)	\$ -	\$ (59,912)	\$ (68,975)	
Judicial	7,188	-	7,188	7,785	
Public Safety	(467,833)	-	(467,833)	(429,864)	
Physical Environment	(2,506)	-	(2,506)	(1,718)	
Transportation	(12,694)	-	(12,694)	656	
Economic Environment	(79,912)	-	(79,912)	(81,835)	
Health and Human Services	(38,565)	-	(38,565)	(34,049)	
Culture and Recreation	(191,586)	-	(191,586)	(174,696)	
Interest on Long-Term Debt	(26,417)	-	(26,417)	(39,998)	
Total Governmental Activities	(872,237)	-	(872,237)	(822,694)	
<b>BUSINESS-TYPE ACTIVITIES</b>					
Light	-	111,717	111,717	100,627	
Water	-	27,835	27,835	18,481	
Drainage and Wastewater	-	47,760	47,760	35,334	
Solid Waste	-	3,680	3,680	7,566	
Planning and Development	-	(4,563)	(4,563)	(5,122)	
Downtown Parking Garage	-	(1,140)	(1,140)	(1,112)	
Fiber Leasing	-	21	21	-	
Total Business-Type Activities	-	185,310	185,310	155,774	
Total Government-Wide Activities	(872,237)	185,310	(686,927)	(666,920)	
<b>COMPONENT UNITS</b>					\$ (2,874)
General Revenues					
Property Taxes	423,927	-	423,927	412,872	-
Sales Taxes	181,171	-	181,171	169,681	-
Business Taxes	408,913	-	408,913	358,931	-
Excise Taxes	61,524	-	61,524	54,637	-
Other Taxes	11,240	-	11,240	44,352	-
Penalties and Interest on Delinquent Taxes	3,596	-	3,596	2,795	-
Unrestricted Investment Earnings (Loss)	(1,663)	4,204	2,541	18,247	7,900
Gain on Sale of Capital Assets	17,012	1,672	18,684	2,121	-
Special Item - Environmental Remediation	-	(24,169)	(24,169)	(37,066)	-
Transfers	(10,861)	10,861	-	-	-
Total General Revenues (Loss), Special Item, and Transfers	1,094,859	(7,432)	1,087,427	1,026,570	7,900
Changes in Net Position	222,622	177,878	400,500	359,650	5,026
Net Position - Beginning of Year	3,154,599	1,662,745	4,817,344	4,477,135	58,293
Prior-Year Adjustments	-	-	-	(19,441)	-
Net Position - Beginning of Year as Restated	3,154,599	1,662,745	4,817,344	4,457,694	58,293
Net Position - End of Year	\$ 3,377,221	\$ 1,840,623	\$ 5,217,844	\$ 4,817,344	\$ 63,319

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



# **Fund Financial Statements**

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## MAJOR GOVERNMENTAL FUNDS

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

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

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

The **Low-Income Housing Fund** manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for a seven-year housing levy approved by the voters in 2009 to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income tenants in Seattle. Operating costs in the administration of the levy are accounted for in the Office of Housing Fund, a nonmajor special revenue fund.

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

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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2013**  
*(In Thousands)*

	<b>General</b>	<b>Transportation</b>	<b>Low-Income Housing</b>
<b>ASSETS</b>			
Cash and Equity in Pooled Investments	\$ 237,739	\$ 32,937	\$ 81,423
Receivables, Net of Allowances			
Taxes	60,526	3,191	454
Accounts	5,698	2,267	104
Contracts and Notes	238	-	-
Special Assessments	-	-	-
Interest and Dividends	(635)	192	51
Unbilled and Others	39	210	-
Due from Other Funds	17,365	30,310	190
Interfund Loans	-	-	-
Due from Other Governments	55,719	45,233	205
Inventories	-	-	-
Prepaid and Other Current Assets	320	1,343	-
Deposits With Vendor	2	-	-
Advances to Other Funds	5,545	-	-
Charges and Other Assets	-	-	-
	382,556	115,683	82,427
<b>Total Assets</b>	<b>382,556</b>	<b>115,683</b>	<b>82,427</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,771</b>	<b>-</b>	<b>383,980</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 390,327</b>	<b>\$ 115,683</b>	<b>\$ 466,407</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 40,767	\$ 25,805	\$ 746
Contracts Payable	184	8,556	-
Due to Other Funds	4,080	1,904	107
Due to Other Governments	2,313	-	-
Salaries, Benefits, and Taxes Payable	18,831	2,618	-
Interest Payable	4	22	-
Deposits Payable	(85)	271	76
Revenue Collected/Billed in Advance - Current	1,468	2,159	-
Other Current Liabilities	1,796	-	-
Advances from Other Funds	-	-	-
	69,358	41,335	929
<b>Total Liabilities</b>	<b>69,358</b>	<b>41,335</b>	<b>929</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>12,009</b>	<b>685</b>	<b>384,321</b>

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



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**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2013  
(In Thousands)**

	<u>Other Governmental</u>	<u>Comparative Totals</u>	
		<u>2013</u>	<u>Restated 2012</u>
<b>ASSETS</b>			
Cash and Equity in Pooled Investments	\$ 297,184	\$ 649,283	\$ 568,457
Receivables, Net of Allowances			
Taxes	2,144	66,315	67,043
Accounts	5,407	13,476	13,946
Contracts and Notes	-	238	-
Special Assessments	13,546	13,546	13,303
Interest and Dividends	204	(188)	382
Unbilled and Others	1,253	1,502	3,569
Due from Other Funds	6,096	53,961	35,950
Interfund Loans	-	-	850
Due from Other Governments	15,456	116,613	120,670
Inventories	535	535	553
Prepaid and Other Current Assets	-	1,663	741
Deposits With Vendor	-	2	2
Advances to Other Funds	-	5,545	4,881
Charges and Other Assets	-	-	4
	<hr/>	<hr/>	<hr/>
Total Assets	341,825	922,491	830,351
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<hr/>	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 385,041	\$ 1,357,458	\$ 1,239,548
<b>LIABILITIES</b>			
Accounts Payable	\$ 29,831	\$ 97,149	\$ 85,001
Contracts Payable	2,326	11,066	8,315
Due to Other Funds	35,948	42,039	28,484
Due to Other Governments	5,064	7,377	8,208
Salaries, Benefits, and Taxes Payable	4,849	26,298	20,962
Interest Payable	8	34	778
Deposits Payable	220	482	651
Revenue Collected/Billed in Advance - Current	4,904	8,531	11,219
Other Current Liabilities	261	2,057	3,274
Advances from Other Funds	195	195	2,550
	<hr/>	<hr/>	<hr/>
Total Liabilities	83,606	195,228	169,442
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<hr/>	<hr/>	<hr/>
	57,962	454,977	431,772

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2013  
*(In Thousands)*

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 375	\$ 1,345	\$ -
Restricted	99,659	27,330	79,264
Committed	83,155	44,988	1,893
Assigned	5,325	-	-
Unassigned	120,446	-	-
Total Fund Balance	<u>308,960</u>	<u>73,663</u>	<u>81,157</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 390,327</u>	<u>\$ 115,683</u>	<u>\$ 466,407</u>

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

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**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2013  
(In Thousands)**

	<u>Other Governmental</u>	<u>Comparative Totals</u>	
		<u>2013</u>	<u>Restated 2012</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 2,614	\$ 4,334	\$ 3,173
Restricted	252,578	458,831	404,404
Committed	2,948	132,984	119,756
Assigned	7,661	12,986	19,000
Unassigned	<u>(22,328)</u>	<u>98,118</u>	<u>92,001</u>
Total Fund Balance	<u>243,473</u>	707,253	638,334
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 385,041</u>		
 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.		3,037,868	2,877,051
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		3,406	(4,072)
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.		479,993	450,090
Net pension asset net of pension obligations		16,239	16,599
Deferred inflows and outflows of resources		8,985	9,425
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		(21,972)	(22,038)
Accrued Interest Payable		(6,227)	(7,106)
Current Portion of Long-Term Debt		(57,081)	(49,223)
Compensated Absences Payable		(18,951)	(19,987)
General Obligation Bonds Payable		(511,835)	(477,939)
Less Bond Discount and Premium		(41,290)	(43,138)
Special Assessment Bonds		(13,005)	(13,005)
Notes and Other Long-Term Liabilities		(17,567)	(19,007)
Compensated Absences - Long-Term		(63,658)	(58,206)
Claims Payable - Long-Term		(35,063)	(36,487)
Workers' Compensation		(18,427)	(16,127)
Arbitrage		(12)	(17)
Unfunded Other Post Employment Benefits		(71,435)	(62,048)
MOHAI Liabilities		-	(8,500)
Net Adjustments		<u>2,669,968</u>	<u>2,516,265</u>
Net Position of Governmental Activities		<u>\$ 3,377,221</u>	<u>\$ 3,154,599</u>

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

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## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 1 of 2

### IN FUND BALANCES

#### GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>
<b>REVENUES</b>			
Taxes	\$ 866,464	\$ 75,816	\$ 17,952
Licenses and Permits	22,005	5,130	-
Grants, Shared Revenues, and Contributions	48,183	51,755	2,088
Charges for Services	50,587	102,475	810
Fines and Forfeits	41,043	8	-
Parking Fees and Space Rent	38,547	70	-
Program Income, Interest, and Miscellaneous Revenues	31,346	122	11,072
Total Revenues	1,098,175	235,376	31,922
<b>EXPENDITURES</b>			
Current			
General Government	178,403	-	-
Judicial	27,642	-	-
Public Safety	492,509	-	-
Physical Environment	11,318	-	-
Transportation	11,321	85,296	-
Economic Environment	19,157	-	30,631
Health and Human Services	63	-	-
Culture and Recreation	69,559	-	-
Capital Outlay			
General Government	5,043	-	-
Public Safety	10,275	-	-
Transportation	-	234,188	-
Economic Environment	-	-	-
Culture and Recreation	30,290	-	-
Debt Service			
Principal	4	2,112	-
Interest	-	183	-
Bond Issuance Cost	-	-	-
Other	-	-	-
Total Expenditures	855,584	321,779	30,631
Excess (Deficiency) of Revenues over Expenditures	242,591	(86,403)	1,291
<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	22,748	54	-
Transfers In	16,762	133,703	-
Transfers Out	(248,133)	(24,739)	-
Total Other Financing Sources (Uses)	(208,623)	109,018	-
Net Change in Fund Balance	33,968	22,615	1,291
Fund Balances - Beginning of Year	274,992	51,048	79,866
Fund Balances - End of Year	<u>\$ 308,960</u>	<u>\$ 73,663</u>	<u>\$ 81,157</u>

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

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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**

Page 2 of 2

**IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	<b>Other Governmental</b>	<b>Comparative Totals</b>	
		<b>2013</b>	<b>2012</b>
<b>REVENUES</b>			
Taxes	\$ 123,267	\$ 1,083,499	\$ 1,044,608
Licenses and Permits	-	27,135	25,238
Grants, Shared Revenues, and Contributions	82,758	184,784	177,775
Charges for Services	46,975	200,847	182,595
Fines and Forfeits	56	41,107	34,340
Parking Fees and Space Rent	23,846	62,463	57,107
Program Income, Interest, and Miscellaneous Revenues	2,922	45,462	43,649
	<hr/>	<hr/>	<hr/>
Total Revenues	279,824	1,645,297	1,565,312
<b>EXPENDITURES</b>			
Current			
General Government	13,426	191,829	180,187
Judicial	-	27,642	26,654
Public Safety	1,502	494,011	461,235
Physical Environment	617	11,935	7,748
Transportation	1,059	97,676	92,212
Economic Environment	78,856	128,644	128,711
Health and Human Services	73,088	73,151	67,103
Culture and Recreation	162,135	231,694	216,508
Capital Outlay			
General Government	17,177	22,220	10,684
Public Safety	10,825	21,100	27,743
Transportation	-	234,188	228,272
Economic Environment	-	-	69
Culture and Recreation	55,400	85,690	55,507
Debt Service			
Principal	54,078	56,194	53,523
Interest	26,023	26,206	25,339
Bond Issuance Cost	822	822	258
Other	-	-	305
	<hr/>	<hr/>	<hr/>
Total Expenditures	495,008	1,703,002	1,582,058
Excess (Deficiency) of Revenues over Expenditures	(215,184)	(57,705)	(16,746)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	101,115	101,115	108,085
Refunding Debt Issued	43,945	43,945	-
Premium on Bonds Issued	9,377	9,377	21,140
Payment to Refunded Bond Escrow Agent	(44,503)	(44,503)	(91,574)
Sales of Capital Assets	102	22,904	2,282
Transfers In	225,307	375,772	334,611
Transfers Out	(109,114)	(381,986)	(342,571)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	226,229	126,624	31,973
Net Change in Fund Balance	11,045	68,919	15,227
Fund Balances - Beginning of Year	232,428	638,334	623,107
	<hr/>	<hr/>	<hr/>
Fund Balances - End of Year	\$ 243,473	\$ 707,253	\$ 638,334

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, 2013  
(In Thousands)**

	<u>Comparative Totals</u>	
	<u>2013</u>	<u>Restated 2012</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 68,919	\$ 15,227
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense:		
Depreciation expense for the year	(107,705)	(103,733)
Capital outlay reported as expenditures	312,501	322,916
Retirement and sale of capital assets	(5,891)	(4,628)
Capital assets received as donations	310	78
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	7,800	(7,635)
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	(101,115)	(26,835)
Premium on general obligation bonds	(9,377)	(21,140)
Proceeds from bond refunding	(43,945)	(75,250)
Principal payments bonds/notes	56,194	53,523
Bond interest	10,244	(2,914)
Remittance to refunding escrow using refunding proceeds	44,504	91,574
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	(4,417)	608
Injury and damage claims	1,832	13,047
Workers' compensation	(2,750)	(1,000)
Arbitrage	5	27
Unfunded OPEB liabilities	(9,387)	(4,378)
Net pension asset	(360)	(31,078)
Environmental liability	(568)	(326)
MOHAI liability	8,500	-
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	(4,491)	(4,595)
Net revenue of internal service funds activities reported with governmental activities	1,819	4,952
Change in Net Position of Governmental Activities	<u>\$ 222,622</u>	<u>\$ 218,440</u>

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

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2013

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2013	Restated 2012	2013	Restated 2012
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 193,769	\$ 156,305	\$ 28,901	\$ 12,461
Restricted Cash and Equity in Pooled Investments	-	-	10	10
Receivables, Net of Allowances				
Accounts	61,511	62,481	13,899	15,049
Interest and Dividends	-	224	895	1,126
Unbilled	78,837	71,015	13,965	11,500
Energy Contracts, Notes, and Other Contracts	-	-	120	115
Due from Other Funds	26	865	704	238
Due from Other Governments	2,464	2,860	1,510	742
Materials and Supplies Inventory	32,020	29,085	5,072	4,169
Prepayments and Other Current Assets	492	675	72	133
Total Current Assets	369,119	323,510	65,148	45,543
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	227,038	275,697	65,689	72,929
Notes and Contracts Receivable	-	-	521	645
Conservation Costs, Net	214,280	201,081	32,032	36,382
Landfill Closure and Postclosure Costs, Net	-	-	-	-
Environmental Costs and Recoveries	37,116	27,766	-	-
External Infrastructure Costs	-	-	-	-
Regulatory Asset	-	-	12,211	13,801
Other Charges	49,625	50,099	5,627	3,117
Capital Assets				
Land and Land Rights	68,188	65,123	43,269	42,911
Plant in Service, Excluding Land	3,795,314	3,593,397	1,773,792	1,741,105
Less Accumulated Depreciation	(1,563,905)	(1,511,169)	(646,741)	(603,283)
Buildings and Improvements	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Machinery and Equipment	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Construction in Progress	164,051	132,370	25,343	23,359
Other Property, Net	77,322	72,474	1,184	933
Total Noncurrent Assets	3,069,029	2,906,838	1,312,927	1,331,899
Total Assets	3,438,148	3,230,348	1,378,075	1,377,442
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	26,012	29,966	20,165	21,416
Total Assets and Deferred Outflows of Resources	\$ 3,464,160	\$ 3,260,314	\$ 1,398,240	\$ 1,398,858

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



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**STATEMENT OF NET POSITION**

Page 2 of 12

**PROPRIETARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 74,503	\$ 60,208	\$ 20,863	\$ 21,224
Restricted Cash and Equity in Pooled Investments	-	-	-	-
Receivables, Net of Allowances				
Accounts	21,171	17,434	13,068	12,255
Interest and Dividends	448	122	21	15
Unbilled	18,043	16,728	411	321
Energy Contracts, Notes, and Other Contracts	49	47	-	-
Due from Other Funds	1,015	680	287	250
Due from Other Governments	2,267	4,853	932	924
Materials and Supplies Inventory	939	828	108	148
Prepayments and Other Current Assets	35	45	18	134
	118,470	100,945	35,708	35,271
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	47,873	100,443	12,456	11,055
Notes and Contracts Receivable	1,210	1,260	-	-
Conservation Costs, Net	-	-	-	-
Landfill Closure and Postclosure Costs, Net	-	-	14,741	16,081
Environmental Costs and Recoveries	4,850	23,189	-	-
External Infrastructure Costs	19,617	20,223	-	-
Regulatory Asset	3,543	3,702	3,987	5,565
Other Charges	34,026	30,215	1,066	1,074
Capital Assets				
Land and Land Rights	19,475	19,583	15,218	14,565
Plant in Service, Excluding Land	902,671	861,228	149,171	145,168
Less Accumulated Depreciation	(286,172)	(265,807)	(57,795)	(52,553)
Buildings and Improvements	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Machinery and Equipment	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Construction in Progress	128,552	83,224	24,554	19,634
Other Property, Net	970	903	2,262	2,262
	876,615	878,163	165,660	162,851
Total Current Assets	118,470	100,945	35,708	35,271
Total Noncurrent Assets	876,615	878,163	165,660	162,851
Total Assets	995,085	979,108	201,368	198,122
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	6,054	6,428	139	163
Total Assets and Deferred Outflows of Resources	\$ 1,001,139	\$ 985,536	\$ 201,507	\$ 198,285

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2013**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 27,628	\$ 19,226	\$ 345,664	\$ 269,424
Restricted Cash and Equity in Pooled Investments	-	-	10	10
Receivables, Net of Allowances				
Accounts	976	657	110,625	107,876
Interest and Dividends	17	9	1,381	1,496
Unbilled	-	-	111,256	99,564
Energy Contracts, Notes, and Other Contracts	-	-	169	162
Due from Other Funds	1,067	812	3,099	2,845
Due from Other Governments	517	432	7,690	9,811
Materials and Supplies Inventory	-	-	38,139	34,230
Prepayments and Other Current Assets	-	3	617	990
Total Current Assets	30,205	21,139	618,650	526,408
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	47	8	353,103	460,132
Notes and Contracts Receivable	-	-	1,731	1,905
Conservation Costs, Net	-	-	246,312	237,463
Landfill Closure and Postclosure Costs, Net	-	-	14,741	16,081
Environmental Costs and Recoveries	-	-	41,966	50,955
External Infrastructure Costs	-	-	19,617	20,223
Regulatory Asset	-	-	19,741	23,068
Other Charges	-	-	90,344	84,505
Capital Assets				
Land and Land Rights	12,881	12,881	159,031	155,063
Plant in Service, Excluding Land	-	-	6,620,948	6,340,898
Less Accumulated Depreciation	-	-	(2,554,613)	(2,432,812)
Buildings and Improvements	60,132	60,131	60,132	60,131
Less Accumulated Depreciation	(30,066)	(28,061)	(30,066)	(28,061)
Machinery and Equipment	14,821	14,980	14,821	14,980
Less Accumulated Depreciation	(13,350)	(13,376)	(13,350)	(13,376)
Construction in Progress	2,597	-	345,097	258,587
Other Property, Net	-	-	81,738	76,572
Total Noncurrent Assets	47,062	46,563	5,471,293	5,326,314
Total Assets	77,267	67,702	6,089,943	5,852,722
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	-	-	52,370	57,973
Total Assets and Deferred Outflows of Resources	\$ 77,267	\$ 67,702	\$ 6,142,313	\$ 5,910,695

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

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**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2013</b>	<b>Restated 2012</b>
<b>ASSETS</b>		
<i>Current Assets</i>		
Operating Cash and Equity in Pooled Investments	\$ 27,029	\$ 24,779
Restricted Cash and Equity in Pooled Investments	17,166	19,193
Receivables, Net of Allowances		
Accounts	216	99
Interest and Dividends	47	34
Unbilled	251	4
Energy Contracts, Notes, and Other Contracts	-	-
Due from Other Funds	5,997	6,986
Due from Other Governments	554	355
Materials and Supplies Inventory	2,495	2,179
Prepayments and Other Current Assets	547	324
	<hr/>	<hr/>
Total Current Assets	54,302	53,953
<i>Noncurrent Assets</i>		
Restricted Cash and Equity in Pooled Investments	29,417	25,081
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	95,996	95,996
Plant in Service, Excluding Land	-	-
Less Accumulated Depreciation	-	-
Buildings and Improvements	700,310	662,945
Less Accumulated Depreciation	(195,212)	(179,433)
Machinery and Equipment	208,675	203,592
Less Accumulated Depreciation	(125,456)	(120,263)
Construction in Progress	2,202	147
Other Property, Net	-	-
	<hr/>	<hr/>
Total Noncurrent Assets	715,932	688,065
Total Assets	770,234	742,018
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	161	28
Total Assets and Deferred Outflows of Resources	<hr/> <b>\$ 770,395</b>	<hr/> <b>\$ 742,046</b>

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2013

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2013	Restated 2012	2013	Restated 2012
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 59,622	\$ 58,266	\$ 6,681	\$ 5,705
Salaries, Benefits, and Payroll Taxes Payable	7,457	6,300	2,100	1,741
Compensated Absences Payable	2,003	1,882	427	405
Due to Other Funds	9,721	7,791	4,093	4,000
Due to Other Governments	-	-	69	-
Interest Payable	32,096	29,516	16,779	17,446
Taxes Payable	10,519	10,198	705	611
General Obligation Bonds Due Within One Year	-	-	-	-
Revenue Bonds Due Within One Year	99,670	91,840	33,545	32,630
Claims Payable	17,083	16,294	1,203	1,313
Notes and Contracts Payable	-	-	1,125	1,188
Habitat Conservation Program Liability	-	-	805	1,164
Landfill Closure and Postclosure Liability	-	-	-	-
Unearned Revenues	12,921	9,465	1,567	2,107
Other Current Liabilities	3,513	2,520	-	102
Total Current Liabilities	254,605	234,072	69,099	68,412
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	-	-	-	-
Compensated Absences Payable	15,509	15,055	4,428	4,317
Claims Payable	54,868	53,542	3,673	3,811
Public Works Trust Loan	-	-	16,121	15,881
Landfill Closure and Postclosure Liability	-	-	-	-
Vendor and Other Deposits Payable	-	-	18	18
Habitat Conservation Program Liability	-	-	5,425	5,747
Unearned Revenues	6,275	6,000	337	358
Unfunded Other Post Employment Benefits	7,582	6,079	2,552	2,086
Other Noncurrent Liabilities	124	119	76	25
General Obligation Bonds, Due Serially	-	-	-	-
Less Bonds Due Within One Year	-	-	-	-
Bond Discount and Premium, Net	-	-	-	-
Bond Interest Payable	-	-	-	-
Revenue Bonds	1,863,325	1,778,600	887,010	919,640
Less Bonds Due Within One Year	(99,670)	(91,840)	(33,545)	(32,630)
Bond Discount and Premium, Net	106,653	104,717	62,092	65,416
Total Noncurrent Liabilities	1,954,666	1,872,272	948,187	984,669
Total Liabilities	2,209,271	2,106,344	1,017,286	1,053,081
<b>DEFERRED INFLOWS OF RESOURCES</b>	100,672	112,470	19,418	12,433

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

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**STATEMENT OF NET POSITION**

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**PROPRIETARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 11,945	\$ 11,125	\$ 8,906	\$ 8,338
Salaries, Benefits, and Payroll Taxes Payable	2,188	1,703	731	610
Compensated Absences Payable	398	377	146	138
Due to Other Funds	5,536	4,858	1,661	922
Due to Other Governments	11,624	10,443	-	-
Interest Payable	6,935	7,113	2,337	2,403
Taxes Payable	334	289	592	289
General Obligation Bonds Due Within One Year	-	-	-	-
Revenue Bonds Due Within One Year	15,825	15,215	3,495	3,330
Claims Payable	3,727	4,138	1,566	2,069
Notes and Contracts Payable	1,116	1,085	-	-
Habitat Conservation Program Liability	-	-	-	-
Landfill Closure and Postclosure Liability	-	-	987	1,398
Unearned Revenues	3,570	2,647	4,309	5,758
Other Current Liabilities	440	453	-	-
	63,638	59,446	24,730	25,255
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	-	-	-	-
Compensated Absences Payable	4,126	4,023	1,509	1,472
Claims Payable	70,158	67,719	723	744
Public Works Trust Loan	17,243	16,609	-	-
Landfill Closure and Postclosure Liability	-	-	15,974	17,219
Vendor and Other Deposits Payable	536	33	-	-
Habitat Conservation Program Liability	-	-	-	-
Unearned Revenues	-	-	-	-
Unfunded Other Post Employment Benefits	2,379	1,944	870	711
Other Noncurrent Liabilities	104	209	2,356	2,297
General Obligation Bonds, Due Serially	-	-	-	-
Less Bonds Due Within One Year	-	-	-	-
Bond Discount and Premium, Net	-	-	-	-
Bond Interest Payable	-	-	-	-
Revenue Bonds	525,280	540,495	115,875	119,205
Less Bonds Due Within One Year	(15,825)	(15,215)	(3,495)	(3,330)
Bond Discount and Premium, Net	37,866	39,262	5,425	5,681
	641,867	655,079	139,237	143,999
Total Liabilities	705,505	714,525	163,967	169,254
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	5,247	-

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2013

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2013	Restated 2012	2013	Restated 2012
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 2,823	\$ 1,950	\$ 89,977	\$ 85,384
Salaries, Benefits, and Payroll Taxes Payable	1,323	1,055	13,799	11,409
Compensated Absences Payable	224	203	3,198	3,005
Due to Other Funds	379	296	21,390	17,867
Due to Other Governments	-	-	11,693	10,443
Interest Payable	1,509	2,100	59,656	58,578
Taxes Payable	81	88	12,231	11,475
General Obligation Bonds Due Within One Year	1,857	1,262	1,857	1,262
Revenue Bonds Due Within One Year	-	-	152,535	143,015
Claims Payable	54	53	23,633	23,867
Notes and Contracts Payable	-	-	2,241	2,273
Habitat Conservation Program Liability	-	-	805	1,164
Landfill Closure and Postclosure Liability	-	-	987	1,398
Unearned Revenues	-	-	22,367	19,977
Other Current Liabilities	-	-	3,953	3,075
Total Current Liabilities	8,250	7,007	420,322	394,192
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	5,050	3,181	5,050	3,181
Compensated Absences Payable	2,792	2,553	28,364	27,420
Claims Payable	128	118	129,550	125,934
Public Works Trust Loan	-	-	33,364	32,490
Landfill Closure and Postclosure Liability	-	-	15,974	17,219
Vendor and Other Deposits Payable	47	8	601	59
Habitat Conservation Program Liability	-	-	5,425	5,747
Unearned Revenues	14,075	10,110	20,687	16,468
Unfunded Other Post Employment Benefits	1,388	1,092	14,771	11,912
Other Noncurrent Liabilities	-	-	2,660	2,650
General Obligation Bonds, Due Serially	58,327	59,589	58,327	59,589
Less Bonds Due Within One Year	(1,857)	(1,262)	(1,857)	(1,262)
Bond Discount and Premium, Net	2,970	3,209	2,970	3,209
Bond Interest Payable	-	593	-	593
Revenue Bonds	-	-	3,391,490	3,357,940
Less Bonds Due Within One Year	-	-	(152,535)	(143,015)
Bond Discount and Premium, Net	-	-	212,036	215,076
Total Noncurrent Liabilities	82,920	79,191	3,766,877	3,735,210
Total Liabilities	91,170	86,198	4,187,199	4,129,402
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	125,337	124,903

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

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2013</b>	<b>Restated 2012</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 9,108	\$ 8,345
Salaries, Benefits, and Payroll Taxes Payable	2,821	2,202
Compensated Absences Payable	624	533
Due to Other Funds	446	513
Due to Other Governments	6	37
Interest Payable	3,172	3,935
Taxes Payable	32	46
General Obligation Bonds Due Within One Year	15,089	14,637
Revenue Bonds Due Within One Year	-	-
Claims Payable	598	578
Notes and Contracts Payable	-	-
Habitat Conservation Program Liability	-	-
Landfill Closure and Postclosure Liability	-	-
Unearned Revenues	-	-
Other Current Liabilities	45	1,549
Total Current Liabilities	31,941	32,375
<i>Noncurrent Liabilities</i>		
Advances from Other Funds/Interfund Notes Payable	-	-
Compensated Absences Payable	5,553	5,352
Claims Payable	1,427	1,281
Public Works Trust Loan	-	-
Landfill Closure and Postclosure Liability	-	-
Vendor and Other Deposits Payable	213	165
Habitat Conservation Program Liability	-	-
Unearned Revenues	-	-
Unfunded Other Post Employment Benefits	2,737	2,160
Other Noncurrent Liabilities	2	185
General Obligation Bonds, Due Serially	240,143	245,788
Less Bonds Due Within One Year	(15,089)	(14,637)
Bond Discount and Premium, Net	12,629	12,932
Bond Interest Payable	-	-
Revenue Bonds	-	-
Less Bonds Due Within One Year	-	-
Bond Discount and Premium, Net	-	-
Total Noncurrent Liabilities	247,615	253,226
Total Liabilities	279,556	285,601
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-

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

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2013  
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2013	Restated 2012	2013	Restated 2012
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 906,092	\$ 832,772	\$ 327,187	\$ 317,267
Restricted for				
Rate Stabilization Account	25,000	25,000	-	-
Special Deposits and Other	(441)	723	-	-
Conservation and Environmental Costs	-	-	7,157	6,560
Bonneville Power Administration Projects	-	-	443	448
External Infrastructure Costs	-	-	-	-
Muckleshoot Settlement	-	-	166	240
Other Charges	-	-	4,408	4,028
Unrestricted	223,566	183,005	22,175	4,801
Total Net Position	1,154,217	1,041,500	361,536	333,344
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,464,160	\$ 3,260,314	\$ 1,398,240	\$ 1,398,858

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



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**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 271,756	\$ 242,182	\$ 18,080	\$ 15,153
Restricted for				
Rate Stabilization Account	-	-	-	-
Special Deposits and Other	-	-	-	-
Conservation and Environmental Costs	-	-	-	-
Bonneville Power Administration Projects	-	-	-	-
External Infrastructure Costs	7,131	7,182	-	-
Muckleshoot Settlement	-	-	-	-
Other Charges	13,393	11,775	147	254
Unrestricted	3,354	9,872	14,066	13,624
Total Net Position	295,634	271,011	32,293	29,031
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,001,139	\$ 985,536	\$ 201,507	\$ 198,285

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2013**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ (14,283)	\$ (16,244)	\$ 1,508,832	\$ 1,391,130
Restricted for				
Rate Stabilization Account	-	-	25,000	25,000
Special Deposits and Other	-	-	(441)	723
Conservation and Environmental Costs	-	-	7,157	6,560
Bonneville Power Administration Projects	-	-	443	448
External Infrastructure Costs	-	-	7,131	7,182
Muckleshoot Settlement	-	-	166	240
Other Charges	-	-	17,948	16,057
Unrestricted	380	(2,252)	263,541	209,050
Total Net Position	<u>(13,903)</u>	<u>(18,496)</u>	<u>1,829,777</u>	<u>1,656,390</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 77,267</u>	<u>\$ 67,702</u>	<u>\$ 6,142,313</u>	<u>\$ 5,910,695</u>
Total Net Position as above			\$ 1,829,777	\$ 1,656,390
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			<u>10,846</u>	<u>6,355</u>
Net Position of Business-Type Activities			<u>\$ 1,840,623</u>	<u>\$ 1,662,745</u>

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

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**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2013</b>	<b>Restated 2012</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 435,506	\$ 404,494
Restricted for		
Rate Stabilization Account	-	-
Special Deposits and Other	-	-
Conservation and Environmental Costs	-	-
Bonneville Power Administration Projects	-	-
External Infrastructure Costs	-	-
Muckleshoot Settlement	-	-
Other Charges	-	-
Unrestricted	55,333	51,951
Total Net Position	490,839	456,445
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 770,395	\$ 742,046

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, 2013  
(In Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>L i g h t</b>		<b>W a t e r</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 842,230	\$ 800,273	\$ 235,594	\$ 213,474
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	203,126	204,133	-	-
Short-Term Wholesale Power Purchases	19,759	11,764	-	-
Generation	39,957	32,289	-	-
Transmission	48,213	46,979	-	-
Distribution	59,568	60,855	-	-
Conservation and Other Power Expenses	47,872	38,851	-	-
Pre-Capital Planning and Development	-	-	1,085	1,038
Utility Systems Management	-	-	13,889	13,739
Field Operations	-	-	30,007	24,332
Project Delivery	-	-	4,563	4,865
Customer Services	39,177	31,296	7,609	7,383
Wastewater Treatment	-	-	-	-
Solid Waste Collection	-	-	-	-
Operations and Maintenance	-	-	-	-
General and Administrative	71,751	66,114	31,658	29,623
City Business and Occupation Taxes	42,806	40,928	28,776	25,938
Other Taxes	36,515	33,957	9,036	8,064
Amortization of Landfill and Postclosure Costs	-	-	-	-
Depreciation and Other Amortization	102,262	94,810	49,909	48,706
Total Operating Expenses	711,006	661,976	176,532	163,688
Operating Income (Loss)	131,224	138,297	59,062	49,786
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	805	5,217	1,536	2,842
Interest Expense	(85,176)	(81,567)	(43,396)	(44,650)
Amortization of Bonds Premiums and Discounts, Net	11,339	10,201	3,324	2,719
Amortization of Refunding Loss	(4,246)	(4,709)	(1,251)	(1,273)
Bond Issuance Costs	(1,225)	(2,715)	-	-
Gain (Loss) on Sale of Capital Assets	2,201	182	(309)	273
Contributions and Grants	3,184	2,838	803	544
Others, Net	4,915	4,465	905	2,042
Total Nonoperating Revenues (Expenses)	(68,203)	(66,088)	(38,388)	(37,503)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	63,021	72,209	20,674	12,283
Capital Contributions and Grants	49,696	31,803	7,518	8,383
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Environmental Remediation	-	-	-	-
Change in Net Position	112,717	104,012	28,192	20,666
Net Position - Beginning of Year	1,041,500	946,781	333,344	312,678
Prior-Year Adjustment	-	(9,293)	-	-
Net Position - Beginning of Year as Restated	1,041,500	937,488	333,344	312,678
Net Position - End of Year	\$ 1,154,217	\$ 1,041,500	\$ 361,536	\$ 333,344

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, 2013**

*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 333,760	\$ 304,002	\$ 159,742	\$ 156,927
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	-	-	-	-
Short-Term Wholesale Power Purchases	-	-	-	-
Generation	-	-	-	-
Transmission	-	-	-	-
Distribution	-	-	-	-
Conservation and Other Power Expenses	-	-	-	-
Pre-Capital Planning and Development	2,335	2,101	86	94
Utility Systems Management	10,546	17,304	2,256	3,082
Field Operations	27,177	19,588	7,644	7,533
Project Delivery	10,020	12,363	691	819
Customer Services	4,109	6,056	5,649	5,726
Wastewater Treatment	139,434	125,744	-	-
Solid Waste Collection	-	-	95,325	91,786
Operations and Maintenance	-	-	-	-
General and Administrative	17,046	14,692	12,190	11,192
City Business and Occupation Taxes	38,852	35,375	16,839	15,538
Other Taxes	4,340	4,172	2,934	2,666
Amortization of Landfill and Postclosure Costs	-	-	1,340	1,358
Depreciation and Other Amortization	21,254	21,289	7,318	7,703
Total Operating Expenses	275,113	258,684	152,272	147,497
Operating Income (Loss)	58,647	45,318	7,470	9,430
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	2,010	3,270	(72)	296
Interest Expense	(21,361)	(21,704)	(5,226)	(2,891)
Amortization of Bonds Premiums and Discounts, Net	1,396	897	256	256
Amortization of Refunding Loss	(374)	(324)	(23)	(23)
Bond Issuance Costs	-	-	-	-
Gain (Loss) on Sale of Capital Assets	(168)	41	(52)	133
Contributions and Grants	1,975	2,062	592	754
Others, Net	121	6	317	(282)
Total Nonoperating Revenues (Expenses)	(16,401)	(15,752)	(4,208)	(1,757)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	42,246	29,566	3,262	7,673
Capital Contributions and Grants	6,546	8,252	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Environmental Remediation	(24,169)	(37,066)	-	-
Change in Net Position	24,623	752	3,262	7,673
Net Position - Beginning of Year	271,011	270,259	29,031	21,358
Prior-Year Adjustment	-	-	-	-
Net Position - Beginning of Year as Restated	271,011	270,259	29,031	21,358
Net Position - End of Year	\$ 295,634	\$ 271,011	\$ 32,293	\$ 29,031

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, 2013  
(In Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>OPERATING REVENUES</b>				
Charges for Services and Other Revenues	\$ 56,311	\$ 48,734	\$ 1,627,637	\$ 1,523,410
<b>OPERATING EXPENSES</b>				
Long-Term Purchased Power	-	-	203,126	204,133
Short-Term Wholesale Power Purchases	-	-	19,759	11,764
Generation	-	-	39,957	32,289
Transmission	-	-	48,213	46,979
Distribution	-	-	59,568	60,855
Conservation and Other Power Expenses	-	-	47,872	38,851
Pre-Capital Planning and Development	-	-	3,506	3,233
Utility Systems Management	-	-	26,691	34,125
Field Operations	-	-	64,828	51,453
Project Delivery	-	-	15,274	18,047
Customer Services	-	-	56,544	50,461
Wastewater Treatment	-	-	139,434	125,744
Solid Waste Collection	-	-	95,325	91,786
Operations and Maintenance	46,850	39,082	46,850	39,082
General and Administrative	10,648	10,944	143,293	132,565
City Business and Occupation Taxes	15	14	127,288	117,793
Other Taxes	33	31	52,858	48,890
Amortization of Landfill and Postclosure Costs	-	-	1,340	1,358
Depreciation and Other Amortization	2,622	2,972	183,365	175,480
Total Operating Expenses	60,168	53,043	1,375,091	1,284,888
Operating Income (Loss)	(3,857)	(4,309)	252,546	238,522
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	(75)	164	4,204	11,789
Interest Expense	(3,074)	(3,182)	(158,233)	(153,994)
Amortization of Bonds Premiums and Discounts, Net	238	203	16,553	14,276
Amortization of Refunding Loss	-	-	(5,894)	(6,329)
Bond Issuance Costs	-	-	(1,225)	(2,715)
Gain (Loss) on Sale of Capital Assets	-	(10)	1,672	619
Contributions and Grants	501	551	7,055	6,749
Others, Net	-	-	6,258	6,231
Total Nonoperating Revenues (Expenses)	(2,410)	(2,274)	(129,610)	(123,374)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	(6,267)	(6,583)	122,936	115,148
Capital Contributions and Grants	-	-	63,760	48,438
Transfers In	10,860	10,095	10,860	10,095
Transfers Out	-	-	-	-
Environmental Remediation	-	-	(24,169)	(37,066)
Change in Net Position	4,593	3,512	173,387	136,615
Net Position - Beginning of Year	(18,496)	(21,817)	1,656,390	1,529,259
Prior-Year Adjustment	-	(191)	-	(9,484)
Net Position - Beginning of Year as Restated	(18,496)	(22,008)	1,656,390	1,519,775
Net Position - End of Year	\$ (13,903)	\$ (18,496)	1,829,777	1,656,390
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			10,846	6,355
Net Position of Business-Type Activities			\$ 1,840,623	\$ 1,662,745
Change in Net Position as above			\$ 173,387	\$ 136,615
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			4,491	4,595
Adjusted Change in Net Position of Business-Type Activities			\$ 177,878	\$ 141,210

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, 2013  
(In Thousands)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<u>2013</u>	<u>Restated 2012</u>
<b>OPERATING REVENUES</b>		
Charges for Services and Other Revenues	\$ 204,295	\$ 198,187
<b>OPERATING EXPENSES</b>		
Long-Term Purchased Power	-	-
Short-Term Wholesale Power Purchases	-	-
Generation	-	-
Transmission	-	-
Distribution	-	-
Conservation and Other Power Expenses	-	-
Pre-Capital Planning and Development	-	-
Utility Systems Management	-	-
Field Operations	-	-
Project Delivery	-	-
Customer Services	-	-
Wastewater Treatment	-	-
Solid Waste Collection	-	-
Operations and Maintenance	136,686	131,902
General and Administrative	17,741	15,105
City Business and Occupation Taxes	4	4
Other Taxes	411	342
Amortization of Landfill and Postclosure Costs	-	-
Depreciation and Other Amortization	33,877	34,667
Total Operating Expenses	<u>188,719</u>	<u>182,020</u>
Operating Income (Loss)	15,576	16,167
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment and Interest Income	(154)	612
Interest Expense	(9,744)	(11,576)
Amortization of Bonds Premiums and Discounts, Net	(63)	1,227
Amortization of Refunding Loss	(80)	(217)
Bond Issuance Costs	(63)	(99)
Gain (Loss) on Sale of Capital Assets	896	(5)
Contributions and Grants	795	1,678
Others, Net	8	27
Total Nonoperating Revenues (Expenses)	<u>(8,405)</u>	<u>(8,353)</u>
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	7,171	7,814
Capital Contributions and Grants	31,873	15,533
Transfers In	-	1,864
Transfers Out	(4,650)	(4,000)
Environmental Remediation	-	-
Change in Net Position	<u>34,394</u>	<u>21,211</u>
Net Position - Beginning of Year	456,445	436,132
Prior-Year Adjustment	-	(898)
Net Position - Beginning of Year as Restated	<u>456,445</u>	<u>435,234</u>
Net Position - End of Year	<u>\$ 490,839</u>	<u>\$ 456,445</u>

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Light</b>		<b>Water</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 814,227	\$ 786,874	\$ 240,904	\$ 218,394
Cash Paid to Suppliers	(335,199)	(304,866)	(29,818)	(24,593)
Cash Paid to Employees	(170,131)	(162,965)	(56,625)	(57,023)
Cash Paid for Taxes	(79,245)	(75,530)	(37,631)	(33,573)
Net Cash from Operating Activities	229,652	243,513	116,830	103,205
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants Received	1,761	2,915	833	539
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Receipts for Energy Conservation Augmentation	3,602	7,477	-	-
Payments for Energy Conservation Augmentation	(30,992)	(24,136)	-	-
Proceeds from Interfund Loans	-	-	-	-
Principal Payments on Interfund Loans	-	-	-	-
Loans Provided to Other Funds	-	-	-	-
Payments for Environmental Liabilities	-	-	-	-
Net Cash from Noncapital Financing Activities	(25,629)	(13,744)	833	539
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	204,412	387,564	1,413	284,588
Principal Payments on Long-Term Debt and Refunding	(91,840)	(88,995)	(33,873)	(313,407)
Capital Expenditures and Other Charges Paid	(261,255)	(252,121)	(38,279)	(43,230)
Interest Paid on Long-Term Debt	(86,120)	(84,748)	(43,128)	(45,291)
Capital Fees and Grants Received	33,120	33,733	5,393	5,160
Payment to Trustee for Defeased Bonds	(15,153)	(170,493)	-	-
Interest Received for Suburban Infrastructure Improvements	1,821	1,298	-	-
Debt Issuance Costs	(1,225)	(2,715)	-	(1,384)
Proceeds from Sale of Capital Assets	2,096	140	287	448
Net Cash from Capital and Related Financing Activities	(214,144)	(176,337)	(108,187)	(113,116)
<b>CASH FLOWS FROM INVESTING ACTIVITIES <sup>a</sup></b>				
Interest and Investment Income (Loss)	(1,074)	3,972	(276)	644
Net Cash from Investing Activities	(1,074)	3,972	(276)	644
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(11,195)	57,404	9,200	(8,728)
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	432,002	374,598	85,400	94,128
End of Year	\$ 420,807	\$ 432,002	\$ 94,600	\$ 85,400
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 193,769	\$ 156,305	\$ 28,901	\$ 12,461
Current Restricted Cash and Equity in Pooled Investments	-	-	10	10
Noncurrent Restricted Cash and Equity in Pooled Investments	227,038	275,697	65,689	72,929
Total Cash at the End of the Year	\$ 420,807	\$ 432,002	\$ 94,600	\$ 85,400

<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**

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**PROPRIETARY FUNDS**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 329,790	\$ 308,773	\$ 167,646	\$ 160,233
Cash Paid to Suppliers	(156,950)	(148,169)	(108,635)	(109,592)
Cash Paid to Employees	(50,923)	(48,798)	(20,673)	(18,587)
Cash Paid for Taxes	(42,716)	(39,186)	(18,757)	(18,108)
Net Cash from Operating Activities	79,201	72,620	19,581	13,946
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants Received	1,946	1,702	896	340
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Receipts for Energy Conservation Augmentation	-	-	-	-
Payments for Energy Conservation Augmentation	-	-	-	-
Proceeds from Interfund Loans	-	-	-	-
Principal Payments on Interfund Loans	-	-	-	-
Loans Provided to Other Funds	-	-	-	-
Payments for Environmental Liabilities	(1,903)	(1,001)	-	-
Net Cash from Noncapital Financing Activities	43	701	896	340
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	1,740	255,886	-	-
Principal Payments on Long-Term Debt and Refunding	(16,310)	(173,902)	(3,330)	(2,960)
Capital Expenditures and Other Charges Paid	(83,635)	(56,117)	(10,523)	(14,696)
Interest Paid on Long-Term Debt	(24,204)	(22,492)	(5,709)	(6,081)
Capital Fees and Grants Received	4,381	3,106	-	-
Payment to Trustee for Defeased Bonds	-	-	-	-
Interest Received for Suburban Infrastructure Improvements	-	-	-	-
Debt Issuance Costs	-	(1,573)	-	(171)
Proceeds from Sale of Capital Assets	644	44	203	133
Net Cash from Capital and Related Financing Activities	(117,384)	4,952	(19,359)	(23,775)
<b>CASH FLOWS FROM INVESTING ACTIVITIES <sup>a</sup></b>				
Interest and Investment Income (Loss)	(135)	1,329	(78)	311
Net Cash from Investing Activities	(135)	1,329	(78)	311
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(38,275)	79,602	1,040	(9,178)
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	160,651	81,049	32,279	41,457
End of Year	\$ 122,376	\$ 160,651	\$ 33,319	\$ 32,279
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 74,503	\$ 60,208	\$ 20,863	\$ 21,224
Current Restricted Cash and Equity in Pooled Investments	-	-	-	-
Noncurrent Restricted Cash and Equity in Pooled Investments	47,873	100,443	12,456	11,055
Total Cash at the End of the Year	\$ 122,376	\$ 160,651	\$ 33,319	\$ 32,279

<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, 2013**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 61,225	\$ 49,760	\$ 1,613,792	\$ 1,524,034
Cash Paid to Suppliers	(26,087)	(24,050)	(656,689)	(611,270)
Cash Paid to Employees	(29,619)	(25,108)	(327,971)	(312,481)
Cash Paid for Taxes	(1,609)	(1,457)	(179,958)	(167,854)
Net Cash from Operating Activities	3,910	(855)	449,174	432,429
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants Received	435	509	5,871	6,005
Transfers In	10,860	10,095	10,860	10,095
Transfers Out	-	-	-	-
Receipts for Energy Conservation Augmentation	-	-	3,602	7,477
Payments for Energy Conservation Augmentation	-	-	(30,992)	(24,136)
Proceeds from Interfund Loans	5,101	3,181	5,101	3,181
Principal Payments on Interfund Loans	(3,181)	(2,250)	(3,181)	(2,250)
Loans Provided to Other Funds	-	-	-	-
Payments for Environmental Liabilities	-	-	(1,903)	(1,001)
Net Cash from Noncapital Financing Activities	13,215	11,535	(10,642)	(629)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Bonds and Other Long-Term Debt	-	-	207,565	928,038
Principal Payments on Long-Term Debt and Refunding	(1,262)	(1,257)	(146,615)	(580,521)
Capital Expenditures and Other Charges Paid	(3,081)	(7)	(396,773)	(366,171)
Interest Paid on Long-Term Debt	(4,259)	(4,094)	(163,420)	(162,706)
Capital Fees and Grants Received	-	-	42,894	41,999
Payment to Trustee for Defeased Bonds	-	-	(15,153)	(170,493)
Interest Received for Suburban Infrastructure Improvements	-	-	1,821	1,298
Debt Issuance Costs	-	-	(1,225)	(5,843)
Proceeds from Sale of Capital Assets	-	-	3,230	765
Net Cash from Capital and Related Financing Activities	(8,602)	(5,358)	(467,676)	(313,634)
<b>CASH FLOWS FROM INVESTING ACTIVITIES <sup>a</sup></b>				
Interest and Investment Income (Loss)	(82)	164	(1,645)	6,420
Net Cash from Investing Activities	(82)	164	(1,645)	6,420
Net Increase (Decrease) in Cash and Equity in Pooled Investments	8,441	5,486	(30,789)	124,586
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	19,234	13,748	729,566	604,980
End of Year	\$ 27,675	\$ 19,234	\$ 698,777	\$ 729,566
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 27,628	\$ 19,226	\$ 345,664	\$ 269,424
Current Restricted Cash and Equity in Pooled Investments	-	-	10	10
Noncurrent Restricted Cash and Equity in Pooled Investments	47	8	353,103	460,132
Total Cash at the End of the Year	\$ 27,675	\$ 19,234	\$ 698,777	\$ 729,566

<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, 2013  
(In Thousands)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 204,801	\$ 197,887
Cash Paid to Suppliers	(80,414)	(72,718)
Cash Paid to Employees	(73,900)	(73,760)
Cash Paid for Taxes	(429)	(380)
Net Cash from Operating Activities	50,058	51,029
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating Grants Received	794	1,678
Transfers In	-	1,864
Transfers Out	(4,650)	(4,000)
Receipts for Energy Conservation Augmentation	-	-
Payments for Energy Conservation Augmentation	-	-
Proceeds from Interfund Loans	-	-
Principal Payments on Interfund Loans	-	-
Loans Provided to Other Funds	(50)	-
Payments for Environmental Liabilities	-	-
Net Cash from Noncapital Financing Activities	(3,906)	(458)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Sale of Bonds and Other Long-Term Debt	2,643	-
Principal Payments on Long-Term Debt and Refunding	(14,637)	(16,002)
Capital Expenditures and Other Charges Paid	(19,778)	(10,534)
Interest Paid on Long-Term Debt	(10,506)	(12,086)
Capital Fees and Grants Received	-	55
Payment to Trustee for Defeased Bonds	-	-
Interest Received for Suburban Infrastructure Improvements	-	-
Debt Issuance Costs	(63)	-
Proceeds from Sale of Capital Assets	915	(5)
Net Cash from Capital and Related Financing Activities	(41,426)	(38,572)
<b>CASH FLOWS FROM INVESTING ACTIVITIES <sup>a</sup></b>		
Interest and Investment Income (Loss)	(167)	620
Net Cash from Investing Activities	(167)	620
Net Increase (Decrease) in Cash and Equity in Pooled Investments	4,559	12,619
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>		
Beginning of Year	69,053	56,434
End of Year	\$ 73,612	\$ 69,053
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>		
Operating Cash and Equity in Pooled Investments	\$ 27,029	\$ 24,779
Current Restricted Cash and Equity in Pooled Investments	17,166	19,193
Noncurrent Restricted Cash and Equity in Pooled Investments	29,417	25,081
Total Cash at the End of the Year	\$ 73,612	\$ 69,053

<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, 2013**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>L i g h t</b>		<b>W a t e r</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 131,224	\$ 138,297	\$ 59,062	\$ 49,786
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	123,825	114,689	49,909	48,706
Nonoperating Revenues and Expenses	4,852	-	2,549	3,192
Changes in Operating Assets and Liabilities				
Accounts Receivable	970	(2,086)	1,149	(1,517)
Unbilled Receivables	(7,822)	867	(2,466)	(552)
Other Receivables	408	2,023	-	(279)
Due from Other Funds	840	(54)	(467)	673
Due from Other Governments	396	(3,968)	(579)	(241)
Materials and Supplies Inventory	(2,936)	(1,850)	(903)	(348)
Accounts Payable	(3,101)	7,673	977	578
Salaries, Benefits, and Payroll Taxes Payable	2,660	1,107	360	275
Compensated Absences Payable	574	751	133	(27)
Due to Other Funds	1,930	515	93	(553)
Due to Other Governments	-	-	69	-
Claims Payable	2,115	16,712	(247)	(470)
Taxes Payable	321	661	94	87
Unearned Revenues	-	-	(141)	214
Other Assets and Liabilities	(8,319)	(18,605)	253	185
Rate Stabilization	(18,285)	(13,219)	6,985	3,496
Total Adjustments	<u>98,428</u>	<u>105,216</u>	<u>57,768</u>	<u>53,419</u>
Net Cash from Operating Activities	<u>\$ 229,652</u>	<u>\$ 243,513</u>	<u>\$ 116,830</u>	<u>\$ 103,205</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 22,283	\$ 528	\$ 1,901	\$ 3,476
Amortization of Debt Related Costs, Net	7,094	5,498	-	-
Change in Valuation of Power Exchange Assets or Liabilities	(673)	334	-	-
Allowance for Funds Used During Construction	3,815	3,524	-	-
Power Exchange Revenues	5,245	3,964	-	-
Power Exchange Expenses	(4,994)	(4,204)	-	-
Power Revenue Netted against Power Expenses	6,465	4,812	-	-
Power Expense Netted against Power Revenues	(14,884)	(10,063)	-	-
Settlement from Nextel	-	-	-	-
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 24,351</u>	<u>\$ 4,393</u>	<u>\$ 1,901</u>	<u>\$ 3,476</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, 2013  
(In Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Drainage and Wastewater</b>		<b>Solid Waste</b>	
	<b>2013</b>	<b>Restated 2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 58,647	\$ 45,318	\$ 7,470	\$ 9,430
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	21,254	21,289	7,318	7,703
Nonoperating Revenues and Expenses	1,269	2,428	919	412
Changes in Operating Assets and Liabilities				
Accounts Receivable	(3,736)	2,517	(814)	(554)
Unbilled Receivables	(1,315)	(814)	(90)	51
Other Receivables	-	-	-	-
Due from Other Funds	(335)	1,190	(37)	(191)
Due from Other Governments	1,080	(190)	(311)	430
Materials and Supplies Inventory	(111)	(258)	41	(6)
Accounts Payable	820	2,487	567	(2,333)
Salaries, Benefits, and Payroll Taxes Payable	485	302	121	76
Compensated Absences Payable	124	(25)	45	(9)
Due to Other Funds	678	161	739	(308)
Due to Other Governments	1,181	104	-	-
Claims Payable	(1,897)	(1,968)	25	(19)
Taxes Payable	45	42	303	95
Unearned Revenues	-	-	-	-
Other Assets and Liabilities	1,012	37	(1,962)	(831)
Rate Stabilization	-	-	5,247	-
Total Adjustments	20,554	27,302	12,111	4,516
Net Cash from Operating Activities	\$ 79,201	\$ 72,620	\$ 19,581	\$ 13,946
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 4,521	\$ 1,983	\$ -	\$ -
Amortization of Debt Related Costs, Net	-	-	-	-
Change in Valuation of Power Exchange Assets or Liabilities	-	-	-	-
Allowance for Funds Used During Construction	-	-	-	-
Power Exchange Revenues	-	-	-	-
Power Exchange Expenses	-	-	-	-
Power Revenue Netted against Power Expenses	-	-	-	-
Power Expense Netted against Power Revenues	-	-	-	-
Settlement from Nextel	-	-	-	-
Total Noncash Investing, Capital, and Financing Activities	\$ 4,521	\$ 1,983	\$ -	\$ -

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Nonmajor Funds</b>		<b>Comparative Totals</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>Restated 2012</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (3,857)	\$ (4,309)	\$ 252,546	\$ 238,522
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	2,622	2,973	204,928	195,360
Nonoperating Revenues and Expenses	-	-	9,589	6,032
Changes in Operating Assets and Liabilities				
Accounts Receivable	(255)	280	(2,686)	(1,360)
Unbilled Receivables	-	33	(11,693)	(415)
Other Receivables	-	-	408	1,744
Due from Other Funds	(255)	(289)	(254)	1,329
Due from Other Governments	(84)	74	502	(3,895)
Materials and Supplies Inventory	-	-	(3,909)	(2,462)
Accounts Payable	873	532	136	8,937
Salaries, Benefits, and Payroll Taxes Payable	268	202	3,894	1,962
Compensated Absences Payable	259	36	1,135	726
Due to Other Funds	33	76	3,473	(109)
Due to Other Governments	-	-	1,250	104
Claims Payable	11	2	7	14,257
Taxes Payable	(7)	15	756	900
Unearned Revenues	3,965	(513)	3,824	(299)
Other Assets and Liabilities	337	33	(8,679)	(19,181)
Rate Stabilization	-	-	(6,053)	(9,723)
Total Adjustments	<u>7,767</u>	<u>3,454</u>	<u>196,628</u>	<u>193,907</u>
Net Cash from Operating Activities	<u>\$ 3,910</u>	<u>\$ (855)</u>	<u>\$ 449,174</u>	<u>\$ 432,429</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ -	\$ -	\$ 28,705	\$ 5,987
Amortization of Debt Related Costs, Net	-	-	7,094	5,498
Change in Valuation of Power Exchange Assets or Liabilities	-	-	(673)	334
Allowance for Funds Used During Construction	-	-	3,815	3,524
Power Exchange Revenues	-	-	5,245	3,964
Power Exchange Expenses	-	-	(4,994)	(4,204)
Power Revenue Netted against Power Expenses	-	-	6,465	4,812
Power Expense Netted against Power Revenues	-	-	(14,884)	(10,063)
Settlement from Nextel	-	-	-	-
Total Noncash Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,773</u>	<u>\$ 9,852</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, 2013  
(In Thousands)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2013</b>	<b>2012</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 15,576	\$ 16,167
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>		
Depreciation and Amortization	33,877	34,667
Nonoperating Revenues and Expenses	2	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	(117)	636
Unbilled Receivables	(247)	80
Other Receivables	-	-
Due from Other Funds	1,038	(1,212)
Due from Other Governments	(199)	236
Materials and Supplies Inventory	(316)	192
Accounts Payable	763	(681)
Salaries, Benefits, and Payroll Taxes Payable	619	312
Compensated Absences Payable	291	74
Due to Other Funds	(67)	2
Due to Other Governments	(31)	29
Claims Payable	166	49
Taxes Payable	(13)	(35)
Unearned Revenues	-	-
Other Assets and Liabilities	(1,284)	513
Rate Stabilization	-	-
Total Adjustments	34,482	34,862
Net Cash from Operating Activities	\$ 50,058	\$ 51,029
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
In-Kind Capital Contributions	\$ 31,873	\$ 15,478
Amortization of Debt Related Costs, Net	(143)	1,010
Change in Valuation of Power Exchange Assets or Liabilities	-	-
Allowance for Funds Used During Construction	-	-
Power Exchange Revenues	-	-
Power Exchange Expenses	-	-
Power Revenue Netted against Power Expenses	-	-
Power Expense Netted against Power Revenues	-	-
Settlement from Nextel	5	27
Total Noncash Investing, Capital, and Financing Activities	\$ 31,735	\$ 16,515

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.

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



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**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**December 31, 2013**

*(In Thousands)*

	<u>Pension Trust Funds</u>	<u>S. L. Denny Private-Purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and Equity in Pooled Investments	\$ 11,274	\$ 212	\$ 10,857
Short-Term Investments	42,433	-	-
Securities Lending Collateral	13,595	-	-
Investments at Fair Value			
U.S. Government Obligations	170,501	-	-
Mortgage-Backed Securities	115,344	-	-
Government Related and Other	63,253	-	-
Domestic Corporate Bonds	168,108	-	-
Domestic Stocks	707,110	-	-
International Stocks	624,912	-	-
Real Estate	231,617	-	-
Alternative/Venture Capital	106,263	-	-
Total Investments at Fair Value	2,187,108	-	-
Receivables			
Members	2,737	-	-
Employers	2,992	-	40
Other	748	-	-
Interest and Dividends	4,178	-	-
Sales Proceeds	5,727	-	-
Total Receivables	16,382	-	40
Total Assets	2,270,792	212	10,897
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	4,854	-	666
Salaries, Benefits, and Payroll Taxes Payable	-	-	2,291
Deposits Payable	-	-	7,929
Claims/Judgments Payable	-	-	11
Securities Lending Collateral	16,750	-	-
Investment Commitments Payable	16,347	-	-
Total Liabilities	37,951	-	10,897
Net Position Held in Trust for Pension Benefits and Other Purposes	<u>\$ 2,232,841</u>	<u>\$ 212</u>	<u>\$ -</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	<u>Pension Trust Funds</u>	<u>S.L. Denny Private-Purpose Trust</u>
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 113,083	\$ -
Plan Member	<u>60,343</u>	<u>-</u>
Total Contributions	173,426	-
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	267,395	-
Interest	9,355	-
Dividends	<u>22,364</u>	<u>-</u>
Total Investment Activities Income	299,114	-
Investment Activities Expenses		
Investment Management Fees	7,606	-
Investment Consultant Fees	499	-
Investment Custodial Fees	<u>284</u>	<u>-</u>
Total Investment Activities Expenses	<u>8,389</u>	<u>-</u>
Net Income from Investment Activities	290,725	-
From Securities Lending Activities		
Securities Lending Income	12	-
Borrower Rebates	<u>64</u>	<u>-</u>
Total Securities Lending Income	76	-
Securities Lending Expenses		
Management Fees	<u>19</u>	<u>-</u>
Total Securities Lending Expenses	<u>19</u>	<u>-</u>
Net Income from Securities Lending Activities	<u>57</u>	<u>-</u>
Total Net Investment Income	290,782	-
Other Income	<u>606</u>	<u>-</u>
Total Additions	464,814	-
<b>DEDUCTIONS</b>		
Benefits	179,484	-
Refund of Contributions	15,278	-
Administrative Expense	<u>6,214</u>	<u>-</u>
Total Deductions	<u>200,976</u>	<u>-</u>
Change in Net Position	263,838	-
Net Position - Beginning of Year	<u>1,969,003</u>	<u>212</u>
Net Position - End of Year	<u>\$ 2,232,841</u>	<u>\$ 212</u>

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

# **Notes to Financial Statements**

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# NOTES TO FINANCIAL STATEMENTS

## December 31, 2013

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

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

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

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

In 2012, the City implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Service Concession Arrangements were identified within the City's governmental funds, reported on the government-wide financial statements with additional disclosures reported in Note 14.

In 2012, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Implementation of GASB Statement No. 62 did not have a significant impact on the City's financial statements.

In 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Revised language on the face of the financial statements and throughout this report reflects the requirements of this Statement.

## 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, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints placed on net position use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the amounts remaining that are not “net investment in capital assets” or “restricted.”

### Statement of Activities

The Statement of Activities displays the degree to which the direct expenses of a given function or segment is funded by program revenues. Direct expenses are those that are clearly identifiable to a specific function. Direct expenses include depreciation on capital assets that are clearly associated with a given function. In general, expenses related to personnel functions are reported as indirect expenses. Program revenues are revenues derived directly from the program itself. These revenues include (1) charges for services, (2) grants and contributions, and (3) capital grants and contributions. Taxes and other revenues not included as program revenues are reported as general revenues.

Interfund activity within governmental funds of the City is eliminated, except for the effect of services provided by the business-type activities, 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. These activities are supported by various ordinances and levies dating back to 1981.

The City reports the following major proprietary funds:

The **Light Fund** accounts for operating the City's electric utility which owns and operates generating, transmission, and distribution facilities. The Light Fund supplies electricity to approximately 408,000 customers in the Seattle area as well as to other city agencies.

The **Water Fund** accounts for operating the City's water utility. The Water Fund maintains more than 182 miles of water supply mains and 339 million gallons of distribution storage capacity in the Cedar and Tolt Rivers and Highline Well Field watersheds. The distribution system serves a population of about 1.4 million people.

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

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

Additionally, the City reports the following fund types:

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

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

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

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

The City uses **agency funds** to report assets that are held in a custodial relationship. Agency funds are not used to support the government's own programs and so these funds are excluded from the government-wide financial statements. The City reports the following as agency funds: Guaranty Deposits, Payroll Withholding, Multifamily Rental Housing Improvement, Salary, Voucher, and Pass-Through Grants Funds.

## MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

### Government-wide Financial Statements

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



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

Expenditures are recorded when the liability is incurred except for interest on long-term debt, judgments and claims, workers' compensation, and compensated absences, which are recorded when paid.

## Proprietary Fund Financial Statements

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

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

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

## Fiduciary Fund Financial Statements

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

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

## Prior-Year Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City of Seattle's financial statements for the year ended December 31, 2012, 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, postemployment benefits, and other contingencies. Actual results may differ from those estimates.

## BUDGETS AND BUDGETARY ACCOUNTING

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

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

### Cash and Investments

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

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

Under the City's investment policy all temporary cash surpluses are invested, either directly or through a "sweep account." Pooled investments are reported on the combined balance sheets as Cash and Equity in Pooled Investments. Interest earned on the pooled investments is prorated to individual funds at the end of each month on the basis of their average daily cash balances during the month when interest was earned.

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

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

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

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City's need for cash.
- Investment decisions should further the City's social policies established by ordinance or policy resolutions of the City Council.
- A City social policy shall take precedence over furthering the City's financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.
- Securities purchased shall have a maximum maturity of fifteen years, and the average maturity of all securities shall be less than five years.
- All transactions are done on a delivery-versus-payment basis.

- The standard of prudence to be used by investment personnel shall be the “Prudent Person Rule” and will be applied in the context of managing an overall portfolio.
- Securities shall not be purchased with trading or speculation as the dominant criterion for the selection of the security.

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

## Receivables

Customer accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. Notes and contracts receivable arise from a written agreement or contract with private individuals or organizations. Receivables are shown net of allowances for uncollectible accounts.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/due from other funds.

## Inventories and Supplies

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

## Capital Assets

The City classifies assets with an estimated useful life in excess of one year as capital assets. As a general rule, items with an initial individual cost of \$5,000 or more are capitalized. Additionally, construction in progress can be declared: complete, held for future use, or abandon. Associated costs related to these declarations are reclassified as: capital assets, assets held for future use, or expense, respectively. Furthermore, the cost of renewals and betterments are capitalized, while the cost of current maintenance and repairs are immediately expensed.

Governmental infrastructure assets include long-lived capital assets, such as roads, bridges, and tunnels that normally can be preserved for a significantly greater number of years than most capital assets. Estimated historical costs are established based on the City’s street reports to the state. Works of art are valued at historical cost. In cases where the historical cost is not available, the method used is “backtrending,” i.e., deflating the current replacement cost using the appropriate price index. Donated capital assets are valued at their estimated fair market value at the time of donation. For proprietary funds, contributions of capital assets are reported under Capital Contributions and Grants in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

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. Cost 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 at retirement or termination is 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 16).

## 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 before revenue recognition criteria are met as well as amounts recorded as receivables, which under the modified accrual basis of accounting, are measurable but not yet available. Unearned revenues consist primarily of delinquent property taxes, contracts, mortgages receivable, grant funds received in advance of expenditures, portions of local improvement districts special assessments that are due in succeeding years in governmental funds, and the amounts loaned by the Housing and Community Development Revenue Sharing Fund, a special revenue fund, under authorized federal loan programs.

## Fund Balances

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

- Nonspendable fund balances are either not in spendable form or are legally or contractually required to remain intact;
- Restricted fund balances are restricted for specific purposes by the enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments;
- Committed fund balances can only be used for specific purposes ordained by the City Council. The Council can by ordinance establish, modify, or rescind constraints on committed fund balances;
- Assigned fund balances are constraints imposed by City Management for specific purposes. These constraints are authorized, through the budgeting process, by the Director of the City Budget Office in accordance with SMC 3.14.100. Fund balances of special revenue funds that are neither considered restricted or committed are considered an assigned fund balance; and
- Unassigned fund balances represent balances that are available for any purpose. These balances are only reported in the City's General Fund unless a deficit occurs in any other fund.

# The City of Seattle

A summary of governmental fund balances at December 31, 2013, is as follows:

**Table 1-1** **GOVERNMENTAL FUND BALANCES <sup>a</sup>**  
(In Thousands)

<u>Fund Balances</u>	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>	<u>Other Governmental</u>	<u>Total</u>
Nonspendable					
Petty Cash	\$ 52	\$ 2	\$ -	\$ 29	\$ 83
Prepaid Items and Advances	323	1,343	-	-	1,666
Inventory	-	-	-	535	535
Permanent Funds	-	-	-	2,050	2,050
Restricted					
General	379	-	-	-	379
Capital and Continuing Programs	61,794	-	-	151,134	212,928
Health Care Reserve	24,771	-	-	-	24,771
Library	11,848	-	-	4,912	16,760
Transportation	-	27,330	-	1,731	29,061
Low-Income Housing	-	-	79,264	-	79,264
Human Services	-	-	-	2,091	2,091
Seattle Center	-	-	-	9,470	9,470
Parks and Recreation	-	-	-	82	82
Debt Service	-	-	-	15,629	15,629
Municipal Arts	-	-	-	5,788	5,788
Educational and Developmental Services	-	-	-	39,388	39,388
Pike Place Market Renovation	-	-	-	4,901	4,901
Business Improvement Areas	-	-	-	3,235	3,235
Legal Settlement	-	-	-	428	428
Cable Television Franchise	866	-	-	-	866
Block Grants	-	-	-	1,553	1,553
General Trust	-	-	-	7,555	7,555
General Donation and Gift Trusts	-	-	-	4,683	4,683
Committed					
General	6,978	-	-	-	6,978
Capital and Continuing Programs	15,909	-	-	-	15,909
Municipal Arts	577	-	-	-	577
Health Care Reserve	28,996	-	-	-	28,996
Employee Benefit Trust Funds	6,917	-	-	-	6,917
Library	447	-	-	-	447
Cable Television Franchise	3,954	-	-	-	3,954
Judgement and Claims	14,640	-	-	-	14,640
Transportation	-	44,988	-	-	44,988
Neighborhood Matching	4,511	-	-	-	4,511
Bluefield Habitat Maintenance	205	-	-	-	205
Development Rights	22	-	-	-	22
Low-Income Housing	-	-	1,893	-	1,893
Human Services	-	-	-	1,519	1,519
Seattle Center	-	-	-	1,429	1,429
Assigned					
General	2,450	-	-	-	2,450
Municipal Jail	1,671	-	-	-	1,671
Library	1,203	-	-	-	1,203
Office of Housing	-	-	-	1,578	1,578
Human Services	-	-	-	2,234	2,234
Parks and Recreation	-	-	-	3,850	3,850
Unassigned					
General	47,989	-	-	-	47,989
Rate Stabilization Account	30,397	-	-	-	30,397
Emergency Subfund	42,060	-	-	-	42,060
Permanent Funds	-	-	-	(16)	(16)
Central Waterfront Improvement	-	-	-	(9,340)	(9,340)
Seattle Streetcar	-	-	-	(3,820)	(3,820)
Seattle Center	-	-	-	(9,152)	(9,152)
<b>Total</b>	<b>\$ 308,959</b>	<b>\$ 73,663</b>	<b>\$ 81,157</b>	<b>\$ 243,476</b>	<b>\$ 707,255</b>

<sup>a</sup> Some amounts may have rounding differences with Balance Sheet.

**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 2013, the RSA reported an ending fund balance of \$30.4 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 2013, the Emergency Subfund reported an ending fund balance of \$42.1 million.

**(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. 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, multiyear appropriations made for capital projects, grants, or endowments.

**Table 2-1**

**APPROPRIATION CHANGES – GENERAL FUND**

*(In Thousands)*

	<b>2013</b>
Annual Budget	\$ 1,233,266
Carryovers	
Encumbrances	3,727
Continuing Appropriations	120,123
Budget Revisions	82,597
Total Budget	\$ 1,439,713

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 multiyear 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 reappropriate 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 \$500,000. 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 Downtown Parking Garage Fund reported a net position deficit of \$26.5 million at December 31, 2013, a decrease of \$1.3 million in net position from the prior year. This is attributed to the insufficiency of revenues to fully cover its operating expenses that include annual depreciation of \$2.0 million and annual interest expenses on debt service of \$3.1 million. The fund was provided interfund loan of \$5.0 million to cover negative cash at the end of December 31, 2013 compared to \$3.2 million in 2012. Ordinance 124123 authorized cash loan of not more than \$5.0 million was amended with Ordinance 124348 to authorize the cash loan up to \$9.5 million that maybe provided to Downtown Parking Garage Fund to cover negative cash. Facilities Operating Division is evaluating ways to increase revenues and decrease expenses. We expect the net position deficit will continue because operating revenues are not designed to cover depreciation expense.

The Seattle Streetcar Fund 10810 had a deficit fund balance of \$3.8 million as of December 31, 2013. The fund was created by Ordinance 122424 in 2007 and later amended in 2009 by Ordinance 123102 to increase the allowable amount of the interfund loan from the City's Consolidated Residual Cash Pool to \$3.7 million. This loan is to be repaid no later than December 31, 2018 from the sale of surplus property, grants, donations, transfers, and other monies as authorized by ordinance.

The Central Waterfront Improvement Fund had a deficit fund balance of \$9.3 million at December 31, 2013. Ordinance 123142 created this fund with specific intent that multiple partnerships, both intergovernmental and private be established for funding the urgent and necessary repairs to the Seawall and other infrastructure along the Waterfront. In recognition of this urgency Ordinance 124345 which superseded Ordinances 123761 and 124033 permits this fund to use up to \$31.2 million at any one time from the City's cash pool. This loan is to be repaid no later than December 31, 2016 from grants, donations, transfers, and other monies as authorized by ordinance.



### **(3) CASH AND INVESTMENTS**

#### **CASH AND EQUITY IN POOLED INVESTMENTS**

Per Seattle Municipal Code, SMC 5.06.010 Investment Authority, the Director of Finance and Administrative Services (FAS) is authorized to invest all 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, 2013, 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, 2013, the City held \$95,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

#### **CITY TREASURY INVESTMENTS**

Note 1 describes the investment policies of the City. Banks or trust companies acting as the City's agents hold all of the City's investments in the City's name. As of December 31, 2013, the City's investment pool held the following investments.

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

Investments	Fair Value as of December 31, 2013	Weighted Average Maturity (Days)
Repurchase Agreements	\$ 44,756	2
U.S. Treasury and U.S. Government-Backed Securities	227,660	902
U.S. Government Agency Securities	666,790	880
U.S. Government Agency Mortgage-Backed Securities	186,841	2,077
Commercial Paper	154,963	47
Municipal Bonds	156,813	818
Total	\$ 1,437,823	
Weighted Average Maturity of the City's Pooled Investments		915

**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. The City's investment policy limits the maturity of individual securities to fifteen years and limits the weighted average maturity of the total investment portfolio to no longer than five years which mitigates interest rate risk.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City mitigates credit risk in many ways as described below.

By state statutes and investment policy, the City may purchase securities that carry the highest credit ratings issued by Moody's Investors Service, Standard & Poor's, and/or Fitch Ratings. Securities purchased must have the following ratings at the time of purchase: Securities backed by issuers with long-term credit ratings of Aaa, Aa1, and Aa2 by Moody's Investors Service; AAA, AA+, and AA by Standard & Poor's; and AAA, AA+, and AA by Fitch Ratings; and securities

backed by issuers having short-term ratings of MIG1, VMIG1, and P1 by Moody’s Investors Service; A1+ and A1 by Standard & Poor’s; and F1 and F1+ by Fitch Ratings.

The City invests in U.S. Treasury securities which are considered free of credit risk, and in securities backed by the full faith and credit of the U.S. government, such as bonds issued by the Department of Housing and Urban Development (HUD). The City also invests in securities issued by U.S. government sponsored enterprises including Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank. Material credit risk in the City’s investment portfolio resides in its holdings of commercial paper and municipal securities. In accordance with state statutes and its internal investment policy, the City manages that credit risk by purchasing securities backed by issuers having long-term and short-term credit ratings as noted above. The City also subscribes to asset-backed commercial paper research from Moody’s Investors Service and Fitch Ratings, conducts internal due diligence of commercial paper and municipal issuers, and maintains an “approved list” of commercial paper issuers based upon internal and external credit research.

**Concentration Risk.** Concentration risk is the risk of loss attributed to the magnitude of investments in a single issuer. In accordance with its investment policy and state statutes, the City manages concentration risk by limiting its investments in any one issuer as follows: 10 percent of the portfolio per bank for certificates of deposit or bankers’ acceptances; and 5 percent per commercial paper or municipal bond issuer. U.S. government agency collateralized mortgage obligations and pass-through securities are limited to a maximum asset allocation of 25 percent of the total portfolio. The City is not limited in its allocation to obligations of: the U.S. government, U.S. government agencies, or corporations wholly owned by the U.S. government.

**Table 3-2**

**CONCENTRATION OF CREDIT RISK**

*(In Thousands)*

Issuer	Fair Value	Percent of Total Investments
Federal Home Loan Mortgage Corporation (Freddie Mac)	\$ 393,130	27 %
Federal National Mortgage Association (Fannie Mae)	329,390	23
Federal Home Loan Bank	86,498	6

**Custodial Credit Risk – Investments.** The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City’s contractual custodial agent, BNY Mellon, and not by the counterparty or the counterparty’s trust department or agent. Additionally, the City mitigates counterparty risk by settling its trades delivery-versus-payment through the City’s contractual custodial agent.

The City mitigates counterparty custodial risk from repurchase agreements by using a third-party custodian for tri-party repos. The City conforms with the industry standard requiring execution of a master repurchase agreement with each counterparty prior to transacting a repurchase agreement, execution of a third-party custodial agreement between the City, the broker, and the clearing bank, before transacting a third-party repurchase agreement, and over-collateralizing by a minimum of 102 percent. By investment policy, the underlying securities the City is willing to accept as collateral must have the highest credit ratings of at least two NRSROs. Throughout 2013, the collateral underlying the City’s repurchase agreements excluded securities other than U.S. Treasury, agencies, and agency mortgage-backed pass-throughs.

By investment policy, the City maintains a list of approved securities dealers for transacting business. For repurchase agreements, the City transacts only with large primary dealers with investment grade credit ratings provided by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). The City also conducts its own due diligence as to the financial wherewithal of its counterparties.

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

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

Investments of the Seattle City Employees' Retirement System are accounted for in the Employees' Retirement Fund, a fiduciary fund which is not included in the Citywide financial statements because its resources belong to the retirement system and do not support City programs.

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

**Table 3-3** **SCERS' INVESTMENTS**  
*(In Thousands)*

Investments	Amount
U.S. Government Obligations	\$ 170,501
Domestic Corporate Bonds	168,108
Other Fixed Income	178,597
Domestic Stocks	697,755
International Stocks	624,912
Real Estate	231,758
Alternative Investments	106,263
Total	\$ 2,177,894

**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
U.S. Government					
Treasuries, Notes, and Bonds	\$ 122,317	\$ 611	\$ 36,786	\$ 49,301	\$ 35,619
Treasury Inflation-Protected Securities	37,842	-	-	30,323	7,519
Agencies	4,679	-	1,804	845	2,030
Municipal	4,455	-	391	1,640	2,424
Mortgage-Backed					
Government Pass-Throughs	76,560	-	29,645	3,608	43,307
Corporate Pass-Throughs	12,795	-	-	-	12,795
Government Collateralized Mortgage Obligations	17,224	-	3,269	637	13,318
Corporate					
Bonds	129,671	13,437	55,416	43,032	17,786
Asset-Backed	16,419	-	6,841	3,307	6,271
Private Placements	23,547	1,720	13,829	1,091	6,907
Foreign Sovereign					
Bonds	63,364	1,262	23,326	27,092	11,684
Total Portfolio	\$ 508,873	\$ 17,030	\$ 171,307	\$ 160,876	\$ 159,660

**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	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
U.S. Government								
Treasury Notes and Bonds	\$ -	\$ 104,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,637
Treasury Inflation-Protected Securities	-	21,566	-	-	-	-	-	16,276
Agencies	-	4,663	-	-	-	-	-	15
Municipal	793	668	1,712	-	-	-	-	1,282
Mortgage-Backed								
Government Pass-Throughs	-	38,159	-	-	-	-	-	38,403
Corporate Pass-Throughs	1,850	570	1,281	1,975	165	-	-	6,954
Government CMO's	218	12,077	872	681	1,652	244	970	510
Corporate								
Bonds	666	9,460	42,601	36,484	2,779	-	-	37,681
Asset-Backed	6,525	2,967	266	162	432	1,049	904	4,115
Private Placements	2,579	3,819	5,365	5,592	68	-	394	5,730
Foreign Sovereign								
Bonds	5,923	3,145	3,023	1,957	600	-	-	48,716
Total Portfolio	\$ 18,554	\$ 201,774	\$ 55,120	\$ 46,851	\$ 5,696	\$ 1,293	\$ 2,268	\$ 177,319

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

Asset Class	Actual	Target
Cash and Cash Equivalents	0.4 %	0.0 %
Equities		
Domestic	32.4	31.0
International	28.0	27.0
Fixed Income	21.1	20.0
Alternative	7.7	10.0
Real Estate	10.4	12.0
Total	100.0 %	100.0 %

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

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

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates that will adversely impact the fair value of an investment. SCERS' currency risk exposure or exchange rate risk primarily resides within the international equity holdings. SCERS' investment managers maintain adequately diversified portfolios to limit foreign currency and security risk.

**SECURITIES LENDING TRANSACTIONS**

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

Under the authority of RCW 41.28.005 and the SMC 4.36.130, the Seattle City Employees' Retirement System Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions whereby securities are lent for the purpose of generating additional income to SCERS. Gross income from securities lending transactions of SCERS as well as the various fees paid to the institution that oversees the lending activity is reported in the fund's operating statements. Assets and liabilities include the value of the collateral that is being held.

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

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2013, SCERS has no credit risk exposure to borrowers; amounts owed to borrowers exceed the amount the borrower owes.

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

Type of Securities Lent	2013		2012	
	Fair Values of Securities Lent	Collateral	Fair Values of Securities Lent	Collateral
U.S. Government and Agencies	\$ 14,906	\$ 15,247	\$ 5,264	\$ 5,374
U.S. Corporate Fixed Income	1,461	1,503	470	481
U.S. Equities	-	-	7,349	7,550
Total Securities Lent	\$ 16,367	\$ 16,750	\$ 13,083	\$ 13,405
<b>Collateral</b>				
	<b>2013</b>		<b>2012</b>	
Repurchase Agreements	\$ 13,052		\$ 9,580	
Asset-Backed Securities	1,267		1,395	
Payable/Receivable	2,431		2,430	
Total Collateral	\$ 16,750		\$ 13,405	
Fair Value of Collateral Held	\$ 13,595		\$ 10,153	

**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)*

	<b>December 31 2013 Revenues</b>	<b>December 31 2013 Receivables</b>
Property Taxes	\$ 423,928	\$ 8,979
General Business and Occupation Taxes	408,913	55,077
Totals	<u>\$ 832,841</u>	<u>\$ 64,056</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 \$1.90 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2013. In addition, the levy included \$1.38 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2013 levy was \$3.28 per \$1,000 of assessed value. Not included in this total is the levy for Medic One/Emergency Medical Services, which was renewed by voters at election in November 2007 at \$0.30 per \$1,000 of assessed value and remained at \$0.30 per \$1,000 of assessed value in 2013.

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, 2013, 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
General	Drainage and Wastewater	\$ 3,699
	Nonmajor Enterprise	23
	Nonmajor Governmental	5,927
	Internal Service	136
	Fiduciary	23
	Transportation	48
	Light	4,041
	Solid Waste	1,184
	Water	2,285
		Total General Fund
Transportation	Drainage and Wastewater	425
	Nonmajor Enterprise	105
	General	681
	Nonmajor Governmental	25,159
	Internal Service	46
	Light	3,023
	Solid Waste	89
	Water	783
	Total Transportation Fund	30,311
Light	General	4
	Nonmajor Governmental	1
	Internal Service	5
	Fiduciary	8
	Water	8
	Total Light Fund <sup>b</sup>	26
Water	Drainage and Wastewater	307
	General	9
	Internal Service	2
	Transportation	47
	Light	317
	Solid Waste	23
	Total Water Fund	705
Low-Income Housing	Light	190
		Total Low-Income Housing Fund
Solid Waste	General	6
	Nonmajor Governmental	22
	Internal Service	1
	Light	115
	Water	142
	Total Solid Waste Fund	286
Drainage and Wastewater	Nonmajor Enterprise	21
	General	11
	Nonmajor Governmental	49
	Internal Service	1
	Transportation	360
	Light	421
	Solid Waste	6
	Water	146
	Total Drainage and Wastewater Fund	1,015

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

<sup>b</sup> Some amounts vary from the Statement of Net Position due to differential classification within the proprietary funds.

**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	\$ 255
	General	916
	Nonmajor Governmental	3,866
	Internal Service	147
	Fiduciary	1
	Low-Income Housing	107
	Transportation	314
	Light	365
	Solid Waste	97
	Water	28
	Total Nonmajor Governmental Funds	6,096
Fiduciary	General	23
	Internal Service	2
	Light	16
	Total Fiduciary Funds	41
Nonmajor Enterprise	Drainage and Wastewater	265
	General	267
	Nonmajor Governmental	39
	Internal Service	7
	Transportation	42
	Light	435
	Solid Waste	9
	Water	1
	Total Nonmajor Enterprise Funds	1,065
Internal Service	Drainage and Wastewater	370
	Nonmajor Enterprise	230
	General	2,134
	Nonmajor Governmental	850
	Internal Service	102
	Fiduciary	1
	Transportation	889
	Light	791
	Solid Waste	102
	Water	527
	Total Internal Service Funds	5,996
Grand Total		<u>\$ 63,097</u>

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

The balances in Table 4-2 resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, and (3) payments between funds were made.



**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	Seattle Center Fund Seattle City Employees' Retirement Fund Downtown Parking Garage Fund	\$ 193 300 <u>5,050</u>
Total City		\$ 5,543

The interfund loans for the Seattle Center and the Downtown Parking Garage have been approved by the City Council through ordinance. The Seattle Center's loan was approved by Ordinances 123644 and 124031 and is due to current economic conditions that prevent the Seattle Center's cash receipts from being sufficient to maintain a consistent positive cash balance. The Downtown Parking Garage's loan was authorized by Ordinances 123694 and 124123 and is to be repaid by December 31, 2014 either from operating revenues of the Garage or the General Fund. The loan to the Seattle City Employees' Retirement System was necessitated by the implementation of a more aggressive investment strategy for 2013 that resulted in a higher balance remaining in investments instead of being held in cash. The policy will be adjusted to maximize investments and maintain a positive cash balance. The loan was only for one day and did not require a special ordinance.

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

Transfers In	Transfers Out				Total
	General	Internal Service	Nonmajor Governmental	Transportation	
General Fund	\$ -	\$ 4,000	\$ 12,762	\$ -	\$ 16,762
Nonmajor Enterprise	10,860	-	-	-	10,860
Nonmajor Governmental	183,694	650	16,225	24,739	225,308
Transportation	53,580	-	80,124	-	133,704
Total Transfers	\$ 248,134	\$ 4,650	\$ 109,111	\$ 24,739	\$ 386,634

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 Housing Loan Guarantees	\$ 7,771	\$ -	\$ 383,980	\$ 43,216	\$ 434,967
Total Deferred Outflows of Resources	\$ 7,771	\$ -	\$ 383,980	\$ 43,216	\$ 434,967
Deferred Inflows of Resources Housing Loan Guarantees Property Taxes Special Assessment	\$ 7,771 4,238 -	\$ - 685 -	\$ 383,980 341 -	\$ 43,216 1,610 13,136	\$ 434,967 6,874 13,136
Total Deferred Inflows of Resources	\$ 12,009	\$ 685	\$ 384,321	\$ 57,962	\$ 454,977

## Housing Loan Guarantees

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

## Special Assessment

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

## Debt Service

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

## Property Taxes

For 2013 total taxes outstanding of \$6.9 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.

**Table 4-6** **DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**  
**GOVERNMENTAL ACTIVITIES**  
*(In Thousands)*

Deferred Outflows/Inflows of Resources	Governmental Funds	Internal Service Funds	Government-Wide Adjustment	Total
Deferred Outflows of Resources				
Housing Loan Guarantees	\$ 434,967	\$ -	\$ -	\$ 434,967
Debt Service	-	161	884	1,045
<b>Total Deferred Outflows of Resources</b>	<b>\$ 434,967</b>	<b>\$ 161</b>	<b>\$ 884</b>	<b>\$ 436,012</b>
Deferred Inflows of Resources				
Housing Loan Guarantees	\$ 434,967	\$ -	\$ -	\$ 434,967
Property Taxes	6,874	-	(6,874)	-
Special Assessment	13,136	-	(1,226)	11,910
<b>Total Deferred Inflows of Resources</b>	<b>\$ 454,977</b>	<b>\$ -</b>	<b>\$ (8,100)</b>	<b>\$ 446,877</b>

**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			Total
		Water	Drainage and Wastewater	Solid Waste	
Deferred Outflows of Resources					
Charges on Advance Refunding	\$ 26,012	\$ 20,165	\$ 6,054	\$ 139	\$ 52,370
<b>Total Deferred Outflows of Resources</b>	<b>\$ 26,012</b>	<b>\$ 20,165</b>	<b>\$ 6,054</b>	<b>\$ 139</b>	<b>\$ 52,370</b>
Deferred Inflows of Resources					
Revenue Stabilization Account	\$ 84,986	\$ 19,418	\$ -	\$ 5,247	\$ 109,651
Regulatory Credits	15,686	-	-	-	15,686
<b>Total Deferred Inflows of Resources</b>	<b>\$ 100,672</b>	<b>\$ 19,418</b>	<b>\$ -</b>	<b>\$ 5,247</b>	<b>\$ 125,337</b>

**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 \$85.0 million and \$103.3 million for 2013 and 2012, respectively. For the Seattle Public Utilities the balance of the RSA was \$24.7 million and \$12.4 million for 2013 and 2012, 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 \$15.7 million and \$9.2 million for 2013 and 2012, 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 streamflows, availability of generating units, historic and forward market information, contract terms, and experience. On the basis of these projections, SCL purchases and sells wholesale electric capacity and energy to match expected resources to expected electric load requirements and to realize earnings from surplus energy resources. These transactions can be up to 24 months forward. Under these forward contracts, SCL commits to purchase or sell a specified amount of energy at a specified time, or during a specified time in the future. Except for limited intraday and interday trading to take advantage of owned hydro storage, SCL does not take market positions in anticipation of generating revenue. Energy transactions in response to forecasted seasonal resource and demand variations require approval by SCL's Risk Oversight Council.

It is the City's policy to apply the normal purchase and normal sales exception of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as appropriate. Certain forward purchase and sale of electricity contracts in SCL meet the definition of a derivative instrument, but are intended to result in the purchase or sale of electricity delivered and used in the normal course of operations. Accordingly, SCL considers these forward contracts as normal purchases and normal sales under GASB Statement No. 53. These transactions are not required to be recorded at fair value in the financial statements.

# The City of Seattle

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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:

Year 2013	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 19.4	\$ 22.4	\$ (3.0)
Purchases	1.5	1.7	0.2
Total	<u>\$ 20.9</u>	<u>\$ 24.1</u>	<u>\$ (2.8)</u>
Year 2012	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 28.5	\$ 26.4	\$ 2.1
Purchases	8.7	8.0	(0.7)
Total	<u>\$ 37.2</u>	<u>\$ 34.4</u>	<u>\$ 1.4</u>

Fair value measurements at December 31, 2013 and 2012 used an income valuation technique consisting of Kiorex Forward Curves and Platts M2M Power Curves respectively, and interest rates from HIS Global Insight that are used to calculate discount rates.

All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB Statement No. 53. In 2010, the City Council adopted a resolution granting SCL authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB Statement No. 53. SCL did not have any such activity for 2013 and 2012. 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	\$ 537,722	\$ 5,886	\$ 771	\$ 542,837
Construction in Progress	307,994	299,608	224,013	383,589
Total Capital Assets Not Being Depreciated	845,716	305,494	224,784	926,426
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,202,072	126,204	48,061	2,280,215
Machinery and Equipment	319,870	44,324	25,703	338,491
Infrastructure	1,672,909	117,420	-	1,790,329
Other Capital Assets	15,911	1,546	-	17,457
Total Capital Assets Being Depreciated	4,210,762	289,494	73,764	4,426,492
Accumulated Depreciation				
Buildings and Improvements	642,439	55,560	5,021	692,978
Machinery and Equipment	203,908	32,785	24,523	212,170
Infrastructure	668,314	53,107	-	721,421
Other Capital Assets	1,781	185	-	1,966
Total Accumulated Depreciation	1,516,442	141,637	29,544	1,628,535
Total Capital Assets Being Depreciated, Net	2,694,320	147,857	44,220	2,797,957
Governmental Activities Capital Assets, Net	<u>\$ 3,540,036</u>	<u>\$ 453,351</u>	<u>\$ 269,004</u>	<u>\$ 3,724,383</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 155,062	\$ 4,621	\$ 653	\$ 159,030
Construction in Progress	258,585	400,487	317,893	341,179
Other Capital Assets	4,098	319	-	4,417
Total Capital Assets Not Being Depreciated	417,745	405,427	318,546	504,626
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	6,340,899	316,621	36,571	6,620,949
Buildings	60,131	-	-	60,131
Machinery and Equipment	14,980	484	644	14,820
Other Capital Assets	75,433	13,510	9,397	79,546
Total Capital Assets Being Depreciated	6,491,443	330,615	46,612	6,775,446
Accumulated Depreciation				
Plant in Service, Excluding Land	2,432,811	181,792	59,990	2,554,613
Buildings	28,060	2,004	-	30,064
Machinery and Equipment	13,377	616	644	13,349
Other Capital Assets	2,959	124	858	2,225
Total Accumulated Depreciation	2,477,207	184,536	61,492	2,600,251
Total Capital Assets Being Depreciated, Net	4,014,236	146,079	(14,880)	4,175,195
Business-Type Activities Capital Assets, Net	<u>\$ 4,431,981</u>	<u>\$ 551,506</u>	<u>\$ 303,666</u>	<u>\$ 4,679,821</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	\$ 4,567
Public Safety	9,524
Transportation	54,593
Economic Environment	23
Culture and Recreation	38,997
Subtotal	107,704
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	33,933
Total Governmental Activities	\$ 141,637

BUSINESS-TYPE ACTIVITIES

Light	\$ 109,842
Water	45,085
Solid Waste	6,332
Drainage and Wastewater	20,657
Planning and Development	611
Parking Garage	2,009
Total Business-Type Activities	\$ 184,536

(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 2013 and 2012. The tables present the accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds at the end of 2013 and 2012.

GOVERNMENTAL ACTIVITIES

Governmental Funds

Unpaid compensated absences associated with governmental fund operations of \$82.6 million and \$78.1 million at December 31, 2013 and 2012, respectively, have been recorded in the government-wide financial statements. These amounts include unpaid holiday, compensatory, merit, and furlough time of \$17.7 million and \$16.2 million at the end of 2013 and 2012, respectively; accumulated unpaid vacation pay of \$51.2 million and \$48.5 million at the end of 2013 and 2012, respectively; and the balance for sick leave (estimated based on the termination method) of \$13.7 million and \$13.4 million at December 31, 2013 and 2012, respectively.

Internal Service Funds

Table 7-1

COMPENSATED ABSENCES IN INTERNAL SERVICE FUNDS

(In Thousands)

	2013	2012
Finance and Administrative Services	\$ 4,435	\$ 4,148
Information Technology	1,741	1,737
Totals	\$ 6,176	\$ 5,885

**BUSINESS-TYPE ACTIVITIES**

**Enterprise Funds**

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

	<b>2013</b>	<b>2012</b>
Light	\$ 17,512	\$ 16,616
Water	4,854	4,722
Drainage and Wastewater	4,524	4,400
Solid Waste	1,655	1,610
Planning and Development	3,015	2,756
Totals	\$ 31,560	\$ 30,104

**PENSION TRUST FUNDS**

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

	<b>2013</b>	<b>2012</b>
Employees' Retirement	\$ 127	\$ 111
Firemen's Pension	73	64
Police Relief and Pension	60	54
Totals	\$ 260	\$ 229

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	\$ 20
Less Accumulated Depreciation	<u>(18)</u>
December 31, 2013	<u>\$ 2</u>
<u>Minimum Capital Lease Payments</u>	<u>Long-Term Liabilities Governmental Activities</u>
2014	<u>\$ 2</u>
Total Minimum Lease Payments	2
Less Interest	<u>-</u>
Principal	<u>\$ 2</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 \$4.6 million in 2013 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 but was renewed for another five years with new expiration date of July 30, 2015. The renewed lease agreement requires a fixed rent of \$23,420 per month subject to increases on each July 1 beginning in 2011 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 rent in the amount of \$318,382 in 2013 on the lease. Rents are paid as they become due and payable.



Minimum payments under the leases are:

**Table 8-2** **OPERATING LEASE COMMITMENTS**  
**GOVERNMENTAL ACTIVITIES**  
*(In Thousands)*

<u>Year Ending December 31</u>	<u>Minimum Lease Payments</u>		
	<u>Facilities Operations</u>	<u>Seattle Center</u>	<u>Total</u>
2014	\$ 3,679	\$ 308	\$ 3,987
2015	3,097	181	3,278
2016	1,572	-	1,572
2017	1,029	-	1,029
2018	132	-	132
2019	44	-	44
Total	\$ 9,553	\$ 489	\$ 10,042

**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 \$1.3 million in both 2013 and 2012.

The 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 2013 and 2012 were: \$365,844 and \$393,513 for the Water Fund; \$100,325 and \$110,248 for the Drainage and Wastewater Fund, and \$192,417 and \$183,979 for the Solid Waste Fund. Rents are paid as they become due and payable.

Minimum payments under the leases are:

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

<u>Year Ending December 31</u>	<u>Minimum Payments</u>				
	<u>City Light</u>	<u>Water</u>	<u>Drainage &amp; Wastewater</u>	<u>Solid Waste</u>	<u>Total</u>
2014	\$ 1.0	\$ 0.4	\$ 0.1	\$ 0.2	\$ 1.7
2015	1.1	0.4	0.1	0.2	1.8
2016	1.0	0.3	0.1	0.2	1.6
2017	0.9	0.1	-	-	1.0
2018	0.1	0.1	-	-	0.2
2019 - 2023	-	0.2	0.1	-	0.3
2024 - 2028	-	0.1	-	-	0.1
Total	\$ 4.1	\$ 1.6	\$ 0.4	\$ 0.6	\$ 6.7

## 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)*

	<u>2013</u>	<u>2012</u>
Non-City Property Occupied by City Departments	\$ 5.1	\$ 5.2
City-Owned Property Occupied by City Departments	52.5	51.4
City-Owned Property Leased to Non-City Tenants	<u>2.4</u>	<u>2.6</u>
Total	<u>\$ 60.0</u>	<u>\$ 59.2</u>

Additionally, in 2013 the SeaPark Garage and the Seattle Municipal Tower Building generated \$2.7 million total parking revenues, which were recorded in the Finance and Administrative Services Fund.

Also, in 2013 the City recognized \$7.0 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 2013 was \$1.321 billion. The amount of bonds outstanding at December 31, 2013 was \$867.4 million. The following paragraphs discuss the general obligation bonds issued and refunded/defeased during 2013.

In June 2013, the City issued the following series of General Obligation Bonds: (1) \$42.3 million LTGO Improvement Bonds, 2013A. The bonds mature from October 2014 through October 2033 with an average coupon rate of 3.6 percent; (2) \$55.1 million LTGO Improvement Bonds, 2013B (Taxable), which matures from January 2014 through January 2025 with an average coupon rate of 1.3 percent; and (3) \$50.0 million UTGO Improvement Bonds, 2013, fully amortizing in December 2042 with an average coupon rate of 4.1 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 Seawall, Fire Facilities, North Precinct, Golf, Rainier Beach Community Center, Magnuson Park Building, and various IT projects. In addition, the part of the taxable 2013B LTGO bonds proceeds was used for the partial refunding of the 2004 LTGO bonds.

City had no short-term general obligation debt at the end of 2013.

# Notes to Financial Statements

The following table presents the individual general obligation bonds outstanding as of December 31, 2013, 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
					2013	To Date <sup>a</sup>	
<b>LIMITED TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED</b>							
Deferred Interest Parking Garage, 1998, Series E	11/12/98	12/15/01-14	4.714 %	\$ 13,042	\$ 1,262	\$ 12,345	\$ 697 <sup>b</sup>
Various Purpose and Refunding, 2003	02/26/03	08/01/04-23	3.469	60,855	1,175	60,855	-
Refunding, 2004	05/24/04	07/01/04-20	4.118	91,805	49,055	84,975	6,830
Various Purpose and Refunding, 2005	03/23/05	08/01/05-28	4.167	129,540	6,075	79,005	50,535
Various Purpose and Refunding, 2006	04/26/06	03/01/07-26	4.254	24,905	1,430	11,235	13,670
Various Purpose and Refunding, 2007	05/02/07	10/01/07-28	4.251	95,550	2,495	15,505	80,045
Various Purpose and Refunding, 2008	07/02/08	12/01/08-28	4.398	139,830	7,880	34,675	105,155
Various Purpose and Refunding, 2009	03/25/09	11/01/09-05/01/34	3.574	99,860	12,040	39,860	60,000
Improvement and Refunding, 2010, Series A <sup>c</sup>	03/31/10	08/01/10-30	4.394	66,510	-	-	66,510
Improvement and Refunding, 2010, Series B	03/31/10	08/01/10-31	4.394	135,395	9,500	19,160	116,235
Various Purpose, 2011	03/16/11	03/01/11-31	4.431	79,185	7,545	10,105	69,080
Various Purpose and Refunding, 2012	05/16/12	09/01/12-32	4.603	75,590	2,540	2,760	72,830
Improvement, 2013, Series A	06/04/13	10/01/14-33	3.617	42,315	-	-	42,315
Improvement and Refunding, 2013, Series B	06/04/13	01/01/14-25	1.341	55,075	-	-	55,075
Total Limited Tax General Obligation Bonds				1,109,457	100,997	370,480	738,977
<b>UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED</b>							
Refunding-Variou s UTGO Bonds, 1998, Series A	03/17/98	09/01/98-17	4.470	53,865	875	52,835	1,030
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	6,305	25,355	35,515
Refunding-Variou s UTGO Bonds, 2012	05/16/12	12/01/12-21	4.603	46,825	4,365	4,960	41,865
Improvement, 2013	06/04/13	12/01/14-42	4.110	50,000	-	-	50,000
Total Unlimited Tax General Obligation Bonds				211,560	11,545	83,150	128,410
Total General Obligation Bonds				<u>\$ 1,321,017</u>	<u>\$ 112,542</u>	<u>\$ 453,630</u>	<u>\$ 867,387</u>

<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> The accreted value of the outstanding bonds as of December 31, 2013, is \$1,482,661.40. The difference is also recognized as long-term accrued interest in the Downtown Parking Garage Fund, an enterprise fund, where the bond outstanding is also recorded.

<sup>c</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.

The requirements to amortize the general obligation bonds as of December 31, 2013, 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	
2014	\$ 71,473	\$ 34,477	\$ 1,857	\$ 3,739	\$ 111,546
2015	58,902	31,753	2,950	2,823	96,428
2016	59,590	29,325	3,280	2,676	94,871
2017	61,255	26,843	3,630	2,512	94,240
2018	59,675	24,170	4,010	2,331	90,186
2019 - 2023	243,030	85,522	26,625	8,223	363,400
2024 - 2028	170,495	35,043	15,975	1,455	222,968
2029 - 2033	61,945	10,202	-	-	72,147
2034 - 2038	11,840	3,583	-	-	15,423
2039 - 2042	10,855	1,107	-	-	11,962
Total	<u>\$ 809,060</u>	<u>\$ 282,025</u>	<u>\$ 58,327</u>	<u>\$ 23,759</u>	<u>\$ 1,173,171</u>

**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 2013 was \$13.0 million. There were no new bond issues in 2013.

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
					2013	To Date	
Local Improvement District No. 6750 Bonds, 2006	09/13/06	12/15/07-26	4.102	\$ 21,925	\$ -	\$ 8,920	\$ 13,005

The requirements to amortize the special assessments with governmental commitment as of December 31, 2013, 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
2014	\$ -	\$ 537	\$ 537
2015	-	537	537
2016	-	537	537
2017	-	537	537
2018	-	537	537
2019 - 2023	-	2,148	2,148
2024 - 2026	13,005	1,611	14,616
Total	<u>\$ 13,005</u>	<u>\$ 6,444</u>	<u>\$ 19,449</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 \$2.1 million and \$0.2 million in principal and interest, respectively, in 2013. The outstanding balance on the notes at December 31, 2013, is \$16.6 million. The following table presents the annual debt service requirements to maturity on the notes as of the end of 2013.

**Table 9-5 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY  
SEATTLE DEPARTMENT OF TRANSPORTATION  
PUBLIC WORKS TRUST LOAN NOTES  
(In Thousands)**

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,051	\$ 155	\$ 2,206
2015	1,912	126	2,038
2016	1,723	101	1,824
2017	1,519	78	1,597
2018	1,355	59	1,414
2019 - 2023	5,360	122	5,482
2024 - 2028	1,762	26	1,788
2029 - 2033	947	5	952
Total	<u>\$ 16,629</u>	<u>\$ 672</u>	<u>\$ 17,301</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 2013 was approximately \$4.505 billion. The total outstanding amount at December 31, 2013, was \$3.391 billion. During 2013 an additional \$190.8 million of revenue bonds were issued.

**City Light**

On July 9, 2013, the City issued \$190.8 million Municipal Light and Power Improvement and Refunding Revenue Bonds (Parity) to advance refund \$14.2 million of the outstanding 2004 bond series and finance certain capital improvements to the City’s light system. Also \$2.4 million was used to make a deposit to the Reserve Fund. Further discussion on the advance refunding is shown in the Advance and Current Refunding sections of this note.

The business-type funds had no short-term debt at December 31, 2013.

# The City of Seattle

The following table presents the individual revenue bonds outstanding as of December 31, 2013, and other pertinent information on each outstanding bond issue.

**Table 9-6**

## REVENUE BONDS

(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rates	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2013	To Date <sup>a</sup>	
<b>MUNICIPAL LIGHT AND POWER (ML&amp;P) BONDS</b>							
2003 Parity, Refunding	08/20/03	11/01/04-28	3.517	\$ 251,850	\$ 4,410	\$ 251,850	\$ -
2004 Parity	12/23/04	08/01/05-29	4.159	284,855	32,485	143,780	141,075
2008 Parity	12/30/08	04/01/09-29	5.522	257,375	14,500	56,235	201,140
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	41,880	86,730	510,140
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	4,555	18,290	278,025
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	3,770	3,770	289,510
2012 Parity, Series B, Refunding	07/17/12	12/01/14	0.750	9,355	4,430	4,575	4,780
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	-	-	190,755
Total Light Bonds				2,428,555	106,030	565,230	1,863,325
<b>MUNICIPAL WATER BONDS</b>							
2003 Parity, Refunding	05/12/03	09/01/03-33	4.083	271,320	9,265	255,100	16,220
2004 Parity	10/25/04	09/01/05-34	4.580	84,750	1,870	82,790	1,960
2005 Parity, Refunding	12/28/05	09/01/06-29	4.482	138,040	5,050	24,910	113,130
2006 Parity, Refunding	10/23/06	02/01/08-37	4.424	189,970	4,865	21,820	168,150
2008 Parity, Refunding	12/15/08	08/01/09-38	4.978	205,080	5,190	25,065	180,015
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	5,130	18,370	63,390
2012 Parity, Refunding	05/30/12	09/01/12-34	2.631	238,770	1,260	3,705	235,065
Total Water Bonds				1,318,770	32,630	431,760	887,010
<b>MUNICIPAL DRAINAGE AND WASTEWATER BONDS</b>							
2004 Parity	10/28/04	09/01/05-34	4.583	62,010	1,390	53,140	8,870
2006 Refunding	11/01/06	02/01/07-37	4.423	121,765	4,090	21,650	100,115
2008 Parity	04/16/08	06/01/09-38	4.830	84,645	1,575	7,285	77,360
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	3,360	13,455	23,225
2012 Parity & Refunding	06/27/12	09/01/12-42	3.327	222,090	4,800	8,915	213,175
Total Drainage and Wastewater Bonds				629,725	15,215	104,445	525,280
<b>SOLID WASTE BONDS</b>							
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505	82,175	2,295	10,240	71,935
2011 Revenue	06/22/11	08/01/12-36	4.227	45,750	1,035	1,810	43,940
Total Solid Waste Bonds				127,925	3,330	12,050	115,875
Total Utility Revenue Bonds				\$ 4,504,975	\$ 157,205	\$ 1,113,485	\$ 3,391,490

<sup>a</sup> Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.

<sup>b</sup> Issued as taxable direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receives a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds.

<sup>c</sup> Issued as taxable Recovery Zone Economic Development Bonds, a third type of Build America Bonds which provides for a deeper federal subsidy through a refundable tax credit paid to state or local governmental issuers in an amount equal to 45 percent of the total coupon interest payable to investors or buyers of the bonds.

<sup>d</sup> Issued as taxable New Clean Renewable Energy Bonds.

The requirements to amortize the revenue bonds as of December 31, 2013, 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	
2014	\$ 99,670	\$ 90,136	\$ 33,545	\$ 43,369	\$ 15,825	\$ 25,282	\$ 3,495	\$ 5,549	\$ 316,871
2015	101,800	85,444	35,015	41,836	16,415	24,620	3,665	5,372	314,167
2016	100,455	80,394	36,700	40,126	17,220	23,899	3,855	5,185	307,834
2017	101,625	75,337	38,450	38,334	18,070	23,124	4,045	4,989	303,974
2018	102,225	70,500	40,315	36,455	18,905	22,252	4,260	4,783	299,695
2019 - 2023	490,590	278,923	228,295	150,521	102,510	96,859	22,850	20,621	1,391,169
2024 - 2028	386,205	160,946	212,460	93,715	114,185	70,687	28,730	14,317	1,081,245
2029 - 2033	192,830	91,893	156,465	47,512	105,810	41,868	36,285	6,772	679,435
2034 - 2038	182,400	45,575	91,845	16,435	90,805	17,433	8,690	883	454,066
2039 - 2043	105,525	10,076	13,920	1,237	25,535	2,304	-	-	158,597
Total	<u>\$ 1,863,325</u>	<u>\$ 989,224</u>	<u>\$ 887,010</u>	<u>\$ 509,540</u>	<u>\$ 525,280</u>	<u>\$ 348,328</u>	<u>\$ 115,875</u>	<u>\$ 68,471</u>	<u>\$ 5,307,053</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 and Wastewater Fund utilize these loans to enhance and protect the City’s water, drainage, and wastewater systems.

**Water**

In 2008, the Fund entered into a loan agreement to borrow \$8.1 million from the same program at 1.5 percent interest per year and a repayment period of 17 to 18 years. Proceeds from this loan were used to finance the Myrtle and Beacon Reservoir projects. As of December 31, 2013, this loan has an outstanding balance of \$5.4 million.

In 2009, the Fund entered into a loan agreement to borrow \$3.0 million from the same program at 1.5 percent per annum and payable in 18 years. Proceeds from this loan were used to finance the West Seattle Reservoir project. As of December 31, 2013, this loan has an outstanding balance of \$2.2 million.

Also in 2009, the Fund entered into two loan agreements to borrow, totaling \$9.0 million, from the same program to be used to finance the Maple Lead 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, 2013, these loans have an outstanding balance of \$9.6 million.

Amounts paid for all loans in 2013 totaled \$1.2 million and \$234 thousand, in principal and interest, respectively. The combined outstanding balance of the loans at December 31, 2013 is \$17.2 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 its 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 20 annual installments plus interest. Proceeds from this loan were used to finance the Thornton Creek Natural Drainage Systems. As of December 31, 2013, this loan has an outstanding balance of \$2.2 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, 2013, the loan has an outstanding balance of \$2.2 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 20 years. As of December 31, 2013, the loan has an outstanding balance of \$2.4 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 2010. As of December 31, 2013, the loan has an outstanding balance of \$6.1 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. In 2010, the Fund borrowed \$0.7 million of which \$0.4 million is forgivable. More draw downs are anticipated in the future. As of December 31, 2013, the loan has an outstanding balance of \$0.5 million.

In 2011, the Fund was approved for a public works trust fund 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. In 2013, the Fund made an additional draw of \$426 thousand. As of December 31, 2013, the loan has an outstanding balance of \$3.8 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, 2013, the loan has an outstanding balance of \$1.3 million.

Amounts paid to all loans in 2013 totaled \$1.1 million in principal and approximately \$191 thousand in interest. Total loans outstanding as of December 31, 2013 are \$18.4 million. The minimum debt service requirements to maturity are included in Table 9-8.

**Table 9-8**

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

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2014	\$ 1,125	\$ 224	\$ 1,116	\$ 167	\$ 2,632
2015	1,125	209	1,162	208	2,704
2016	1,125	194	1,189	179	2,687
2017	1,125	179	1,199	165	2,668
2018	1,125	163	1,210	153	2,651
2019 - 2023	5,625	593	5,989	568	12,775
2024 - 2028	4,367	230	4,713	271	9,581
2029 - 2033	1,629	39	1,737	49	3,454
2034 - 2038	-	-	44	1	45
<b>Total</b>	<b>\$ 17,246</b>	<b>\$ 1,831</b>	<b>\$ 18,359</b>	<b>\$ 1,761</b>	<b>\$ 39,197</b>



# Notes to Financial Statements

The following table shows the long-term liability activities during the year ended December 31, 2013.

**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	\$ 772,950	\$ 147,390	\$ 111,280	\$ 809,060	\$ 72,170
Issuance Premiums and Discounts, Net	56,070	9,692	11,843	53,919	-
Special Assessment Bonds with Governmental Commitment <sup>b</sup>	13,005	-	-	13,005	-
Total Bonds Payable	842,025	157,082	123,123	875,984	72,170
Notes and Contracts					
Capital Leases	6	-	4	2	2
Other Notes and Contracts	18,742	-	2,111	16,631	2,051
Total Notes and Contracts	18,748	-	2,115	16,633	2,053
Environmental Liability <sup>c</sup>					
General Contamination Cleanup	259	675	-	934	-
Compensated Absences	84,078	4,708	-	88,786	19,575
Claims Payable					
Workers' Compensation	25,258	2,916	-	28,174	8,320
General Liability	47,387	-	2,612	44,775	12,739
Health Care Claims	2,248	779	-	3,027	-
Total Claims Payable <sup>d</sup>	74,893	3,695	2,612	75,976	21,059
Arbitrage Rebate Liability	17	-	5	12	-
Unfunded Other Post Employment Benefits	64,208	9,964	-	74,172	-
Other Noncurrent Liabilities	6,350	-	6,134	216	-
Total Long-Term Liabilities from Governmental Activities	<u>\$ 1,090,578</u>	<u>\$ 176,124</u>	<u>\$ 133,989</u>	<u>\$ 1,132,713</u>	<u>\$ 114,857</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds Payable					
General Obligation Bonds	\$ 59,589	\$ -	\$ 1,262	\$ 58,327	\$ 1,857
Revenue Bonds	3,357,940	190,755	157,205	3,391,490	152,535
Issuance Premiums and Discounts, Net	218,285	-	3,278	215,007	-
Total Bonds Payable	3,635,814	190,755	161,745	3,664,824	154,392
Notes and Contracts - Other	34,763	843	-	35,606	2,241
Environmental Liability <sup>c</sup>					
General Contamination Cleanup	115,388	5,371	-	120,759	17,134
Compensated Absences	30,425	1,135	-	31,560	3,197
Claims Payable					
Workers' Compensation	9,637	1,137	-	10,774	3,182
General Liability	18,369	-	3,075	15,294	3,317
Total Claims Payable <sup>d</sup>	28,006	1,137	3,075	26,068	6,499
Unearned Revenues	16,469	4,218	-	20,687	-
Habitat Conservation Program Liability	6,911	-	681	6,230	805
Landfill Closure and Postclosure Costs	18,617	-	1,656	16,961	987
Unfunded Other Post Employment Benefits	11,912	2,858	-	14,770	-
Other Noncurrent Liabilities	2,711	550	-	3,261	-
Total Long-Term Liabilities from Business-Type Activities	<u>\$ 3,901,016</u>	<u>\$ 206,867</u>	<u>\$ 167,157</u>	<u>\$ 3,940,726</u>	<u>\$ 185,255</u>

<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 16, 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 \$3.2 million and \$2.0 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities, with the exception of the Department of Planning and Development (DPD) for general liability. The General Fund pays for DPD's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from the Light Fund. For further discussion on purchased power, see Note 15, 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 refundings that occurred in 2013.

### **General Government**

The portion of the \$55.1 million LTGO Improvement Bonds, 2013B, issued by the City on June 4, 2013, were used partially to refund 2004 LTGO Refunding of 1996 A for \$42.6 million. The aggregate total debt service on the refunded bonds requires a cash flow of \$51.2 million, including \$8.7 million in interest. The aggregate total debt service on the refunding bonds requires a cash flow of \$45.9 million, including interest of \$1.9 million. The difference between the cash flows required to service the old and the new debt and complete the refunding totaled approximately \$5.3 million, and the aggregate economic gain amounted to approximately \$4.1 million at net present value.

### **City Light**

The refunding portion of the \$203.5 million in 2013 provided both new money to the Department and advance refunded \$14.2 million of the outstanding 2004 bond series. In addition to advance refunding a portion of the 2004 bond series, the Bonds were issued to finance certain capital improvements and conversation programs for the Light System of the City of Seattle and to make a deposit to the Reserve fund of \$2.4 million.

The refunding resulted in the recognition of a loss on refunding of \$800 thousand, and the economic gain totaled \$700 thousand at net present value. The arbitrage yield for the bonds is 3.91 percent. The debt service for the 2013 bonds requires a cash flow over the life of the bonds of \$352.2 million, including \$161.4 million in interest. The difference between the cash flows required to service the old and new debt and to complete the refunding totaled \$1.4 million.

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	Amount Transferred To Trustee	Trustee Redemptions To Date 2013	Defeased Outstanding December 31
<b>GENERAL OBLIGATION BONDS</b>							
Limited Tax (Non-Voted)							
Various Purpose and Refunding, 2003, Defeased 4/4/07	02/26/03	08/01/04-23	3.469 %	\$ 48,480	\$ 2,715	\$ 2,715	\$ -
Various Purpose and Refunding, 2003, Defeased 8/30/07					3,180	3,180	-
Various Purpose and Refunding, 2003, Defeased 12/17/08					6,480	6,480	-
Various Purpose and Refunding, 2003, Refunded 5/16/12					5,320	5,320	-
Refunding, 2004, Refunded 6/4/13	05/24/04	07/01/04-20	4.118	91,805	42,565	-	42,565
Various Purpose and Refunding, 2005, Refunded 5/16/12	03/23/05	08/01/05-28	4.603	129,540	20,160	-	20,160
<b>REVENUE BONDS</b>							
Municipal Light and Power							
2003 Parity, Refunding, Refunded 7/17/12	08/20/03	11/01/04-28	4.440	251,850	121,435	121,435	-
2004 Parity, Refunded 7/17/12	12/23/04	08/01/05-29	4.230	284,855	41,750	-	41,750
Municipal Water							
2003 Parity Refunding, Refunded 5/30/12	05/12/03	12/31/03-33	4.083	271,320	151,340	151,340	-
2004 Parity, Refunded 5/30/12	10/25/04	09/01/05-34	4.580	84,750	68,125	-	68,125
Municipal Drainage and Wastewater							
2004 Parity, Refunded 6/27/12	10/28/04	09/01/05-34	4.583	62,010	42,540	-	42,540
Total Refunded/Defeased Bonds				<u>\$ 1,224,610</u>	<u>\$ 505,610</u>	<u>\$ 290,470</u>	<u>\$ 215,140</u>

**ARBITRAGE**

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures), the City paid arbitrage rebate of \$19 thousand on its general obligation bonds in 2011 and none in 2012. As of December 31, 2013, arbitrage rebate liability on general obligation bonds and revenue bonds are \$12 thousand and none, respectively.

## (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. The City is one of four parties who are conducting a remedial investigation and feasibility study that will delineate cleanup actions. The EPA approved the remedial investigation report. The City's ultimate liability is indeterminate.
- The Lower Duwamish Waterway Superfund Site. In 2001, the EPA designated this site as a federal Superfund site for contaminated sediments. The City's involvement is attributable to its land ownership/use of property along the river. The City is one of four parties who signed an Administrative Order on Consent (AOC) with the EPA and Washington State Department of Ecology (DOE) to conduct a remedial investigation and feasibility study to prepare a site remedy. The EPA approved the feasibility study in November 2012. In February 2013, the EPA issued the Proposed Plan for cleanup of the Lower Duwamish Waterway Superfund Site indicating EPA's preferred alternative cleanup with an estimated cost of \$305.0 million. The Proposed Plan is subject to public comment. At this time, the cost of certain additional undefined requirements by the EPA is unknown. 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 selected an allocator. The development of the allocation process agreement is ongoing. Parties participating in the allocation process will share the cost of the allocator and the process.

- 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. 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 two 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. One set of remedial investigation and feasibility study reports 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 second remedial investigation is expected to be completed in 2014 followed by the feasibility study in 2015. A Clean-up Action Plan is expected from the DOE in about 2016.
- 7th Avenue South Pump Station. The City acquired land in the South Park area of Seattle to construct the 7th Avenue South Pump Station. The land was determined to be contaminated subsequent to the purchase. The City has voluntarily agreed to clean up the contamination in order to continue with the planned construction of the pump station. The cleanup was completed in 2012.
- South Park. The City and a private developer are under an Agreed Order with the DOE to perform a remedial investigation and feasibility study and to draft a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. The City and developer submitted a draft remedial investigation and feasibility study report in April 2012 and are negotiating with DOE to finalize the report and move forward to draft a Cleanup Action Plan. DOE has approved an interim cleanup action by the developer on his portion of site property to take place in 2014. In 2012, the City executed an agreement regarding the developer's interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. Costs were calculated on a weighted average that was based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; as new information becomes available, estimates may vary significantly due to price fluctuations, technology advances, or applicable laws or regulations.

The City is aggressively pursuing other third parties that may have contributed to the contamination of the sites noted above. The City's estimate for realized recoveries was \$0.1 million and \$0.7 million, at December 31, 2013 and 2012, 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 and \$0.5 million, at December 31, 2013 and 2012, respectively.

The changes in the provision for environmental liability (in millions) at December 31, 2013 and 2012 are as follows:

	2013	2012
Beginning Environmental Liability, Net of Recovery	\$ 115.7	\$ 34.7
Payments or Amortization	(4.9)	(8.6)
Incurred Environmental Liability	10.9	89.6
Ending Environmental Liability, Net of Recovery	\$ 121.7	\$ 115.7

The provision for environmental liability (in millions) included in current and noncurrent liability at December 31, 2013 and 2012, is as follows:

	2013	2012
Environmental Liability, Current	\$ 17.1	\$ 16.7
Environmental Liability, Noncurrent	104.6	99.0
Total	\$ 121.7	\$ 115.7

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.

Table 11-1

PENSION PLAN INFORMATION

	Employees' Retirement	Firemen's Pension	Police Relief and Pension	LEOFF Plan 1	LEOFF Plan 2
Actuarial Valuation Date	1/1/2013	1/1/2013	1/1/2013	6/30/2012	6/30/2012
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Frozen Initial Liability	Aggregate <sup>a</sup>
Asset Valuation Method	5-Year Smoothing Method	Fair Value	Fair Value	8-Year Graded Smoothed Fair Value <sup>b</sup>	8-Year Graded Smoothed Fair Value <sup>b</sup>
Amortization Method	Level %	Level \$	Level \$	Level % <sup>c</sup>	N/A
Amortization Period	Does Not Amortize <sup>d</sup>	30.0 years	30.0 years	12.0 years	N/A
Amortization Approach	Open	Open	Closed	Closed	Open
Actuarial Assumptions					
Inflation Rate (CPI)	3.50%	2.50% <sup>e</sup>	2.50% <sup>e</sup>	3.00%	3.00%
Investment Rate of Return	7.75%	3.75%	3.75%	7.90%	7.50%
Projected Salary Increases - General	4.00%	3.25% <sup>e</sup>	3.25% <sup>e</sup>	3.75%	3.75% <sup>f</sup>
Projected Salary Increases - Step Merit	N/A	N/A	N/A	Varies <sup>f</sup>	Varies <sup>f</sup>
Postretirement Benefit Increases	1.50%	2.50% <sup>g</sup>	2.50% <sup>g</sup>	3.00%	3.00%

<sup>a</sup> The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

<sup>b</sup> The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last eight years or, if fewer, the completed years since adoption.

<sup>c</sup> Funding is Level %; GASB is Level \$.

<sup>d</sup> As of the January 1, 2013 valuation, the Contribution Rate of 22.92% is not sufficient to amortize the UAAL based on the 2013 valuation over the maximum allowable period of 30 years. Please refer to the complete actuarial study available from SCERS for details.

<sup>e</sup> Long-term assumption.

<sup>f</sup> For specific information, please refer to the 2012 Actuarial Valuation Report issued by the Washington Office of the State Actuary.

<sup>g</sup> Other post benefits increase at the same rate as the CPI and the CPI is assumed to increase in the loan term at the rate of 2.5% per annum.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a single-employer defined-benefit public employee retirement system established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36.

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, 2013:

Retirees and Beneficiaries Receiving Benefits	5,880
Terminated Plan Members Entitled To But Not Yet Receiving Benefits, Vested	1,170
Active Plan Members, Vested and Non-vested	8,604

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2 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

#### 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. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. All investments, with the exception of real estate and private equity, are valued based on closing market prices or broker quotes. Securities not having a quoted market price have been valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investments is based on estimated current values and independent appraisals. The fair value of private equities are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values. 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 biennial actuarial valuations.

Actuarially determined contribution rates for 2012 were 10.03 percent for members and 11.01 percent for the employer. Plan member and employer contributions for 2012 are \$57,086,346 and \$62,515,432, respectively. There are no long-term contracts for contributions outstanding and no legally required reserves.

Historically, actuarial studies for SCERS were determined through biennial actuarial valuations. Beginning in 2010, actuarial studies are performed annually. The valuation date of the latest study is January 1, 2013, and covers calendar year 2012. Based on this valuation, the Actuarial Value of Assets (AVA) is \$1.920 billion; the Actuarial Accrued Liability (AAL) is \$3.025 billion; the Unfunded Actuarial Accrued Liability (UAAL) is \$1.105 billion; and the Funded Ratio was 63.5 percent.

An actuarial study with valuation date of January 1, 2014, is presently underway, and expected to be available at the Retirement Office after July 1, 2014.

# The City of Seattle

The three-year trend information (in thousands) is presented directly below. The Annual Pension Cost (APC) and Net Pension Obligation (NPO) for years ending 2012 and 2011 are presented in Table 11-2.

Fiscal Year Ending December 31	Annual Pension Cost (APC)	Total Employer Contribution	Percentage of APC Contributed	Net Pension Obligation (NPO)
2010	\$ 93,924	\$ 45,225	48 %	\$ (29,167)
2011	72,346	50,301	70	(7,122)
2012	67,062	62,515	93	(2,575)

Annual pension cost (APC) and net pension obligation (NPO) (in thousands) were:

Fiscal Year Ending December 31	Annual Required Contribution (ARC) at End of Year	Interest on NPO	ARC Adjustment	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Beginning Balance	NPO Ending Balance
2012	\$67,228	\$(552)	\$385	\$67,062	\$62,515	\$4,547	\$(7,122)	\$(2,575)

Seattle City Employees' Retirement System's net pension asset decreased from \$7.1 million to \$2.6 million, a decrease of \$4.5 million as calculated in the following table.

**Table 11-2 ANNUAL PENSION COST AND NET PENSION OBLIGATION  
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
For the Year Ended December 31, 2012  
(In Thousands)**

	2012		2011	
Total Normal Cost Rate	14.99	%	15.19	%
Employee Contribution Rate	10.03		9.03	
Employer Normal Cost Rate	4.96		6.16	
Total Employer Contribution Rate <sup>a</sup>	11.01	%	9.03	%
Amortization Payment Rate	6.05		2.87	
Amortization Period (Year)	Does Not Amortize		Does Not Amortize	
GASB 27 Amortization Rate	6.88		6.95	
Total Annual Required Contribution (ARC) Rate <sup>b</sup>	11.84		13.11	
Covered Employee Payroll <sup>c</sup>	\$ 567,806		\$ 557,046	
ARC	\$ 67,228		\$ 73,028	
Interest on Net Pension Obligation (NPO)	(552)		(2,260)	
Adjustment to ARC	385		1,578	
Annual Pension Cost (APC)	\$ 67,062		\$ 72,346	
Employer Contribution	\$ 62,515		\$ 50,301	
Change in NPO	\$ 4,547		\$ 22,045	
NPO at Beginning of Year	(7,122)		(29,167)	
NPO at End of Year	\$ (2,575)		\$ (7,122)	

<sup>a</sup> Beginning with the January 1, 2013 actuarial valuation report, GASB calculations take into account the lag between determination of the actuarial contribution rate and the date of expected contribution rate. For example, the January 1, 2011 valuation calculates the contribution rate beginning January 1 2012. The change was made due to SCER's new funding policy, adopted in 2011, to contribute the actuarially determined contribution rate.

<sup>b</sup> If the amortization period determined by the actual contribution rate exceeds the maximum amortization period required by GASB Statement No. 27, the ARC is determined using an amortization of the funding excess over 30 years.

<sup>c</sup> Covered payroll includes compensation paid to all active employees on which contributions were made in the year preceding the valuation date.



The funded status of the Plan as of the latest valuation study is presented below (in thousands). The Required Supplementary Information section, C-4, Pension Plan Information Schedule of Funding Progress, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AAL.

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
\$1,920,100	\$3,025,300	\$1,105,000	63.5%	\$567,806	194.6%

Authority to change benefit and contribution rates rests with the City Council. City ordinance does not permit a reduction in the employer contribution rate to less than the employee rate. Trend information on SCERS employer contribution is shown in the Required Supplementary Information section, C-5.

The City's contracts with all labor unions that represent members of SCERS describe how contribution rates would be changed in the event higher contributions are needed to improve the financial status of the Employees' Retirement Fund. If a contribution rate increase is needed, the City intends to apply the same formula to non-represented employees. As described in Seattle Municipal Code 4.36.110, the City will match the match the normal contributions made by members. The City will also contribute, in excess of these matching contributions, the actuarially determined contributions necessary to guarantee benefits payable.

## **FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**

### **Plan Description**

The Firemen's Pension and the Police Relief and Pension Funds are single-employer defined-benefit pension plans that were established by the City in compliance with the requirements of the Revised Code of Washington (RCW) 41.18 and 41.20.

Since the effective date of the state LEOFF 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 920 fire and 964 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 \$9.5 million in 2012 and \$10.2 million in 2011; and for Police Relief and Pension, \$11.8 million in 2012 and \$11.7 million in 2011.

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, 2013:

	Firemen’s Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	748	769
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	-	-
Active Plan Members, Vested	27	21
Active Plan Members, Non-vested	-	-

These pension plans do not issue separate financial reports.

## Summary of Significant Accounting Policies

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, 2014, are presently underway and will be available at the Police and Fire Pension offices after July 1, 2014.

Three-year trend information (in thousands) for the Firemen’s Pension and the Police Relief and Pension Funds as of the January 1, 2013, actuarial valuation are:

Retirement System	Fiscal Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
Firemen’s Pension Fund	2010	\$ 8,098	90 %	\$ (5,723)
	2011	7,333	113	(6,652)
	2012	7,491	138	(9,479)
Police Relief and Pension Fund	2010	7,872	125	(167)
	2011	8,537	131	(2,825)
	2012	6,956	120	(4,184)

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.

## Notes to Financial Statements

The funded status of the plans at the last valuation date is presented below (in thousands). The Required Supplementary Information section, C-4, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AAL.

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
Firemen's Pension Fund	\$12,943	\$106,424	\$ 93,481	12.0%	N/A	N/A
Police Relief and Pension Fund	4,625	104,729	100,104	4.0	N/A	N/A

In July 1994 the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions to fully fund all retirement benefit liabilities by December 31, 2018. In 2006 the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The level contributions were set aside in the Firemen's Pension Actuarial Account with a fund balance of \$9.7 million as of December 31, 2012. 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, 2012, based on the actuarial valuation as of January 1, 2013, was \$106.4 million for Firemen's Pension and \$104.7 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 \$9.5 million net pension asset at December 31, 2012. The net pension obligation of the Police Relief and Pension Fund is a \$4.2 million net pension asset at December 31, 2012.

**Table 11-3** **ANNUAL PENSION COST AND NET PENSION OBLIGATION**  
**FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**  
**For the Year Ended December 31, 2012**

*(In Thousands)*

	Firemen's Pension			Police Relief and Pension		
	2012	2011	2010	2012	2011	2010
Annual Required Contribution (ARC)						
Annual Normal Cost - Beginning of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of UAAL - Beginning of Year	7,103	6,940	7,668	6,630	8,206	7,602
Interest to End of Year <sup>a</sup>	284	278	307	265	328	304
ARC at End of Year	7,387	7,218	7,975	6,895	8,534	7,906
Interest on NPO	(266)	(229)	(263)	(113)	(7)	72
Adjustment to ARC	370	344	386	174	10	(106)
Annual Pension Cost (APC)	7,491	7,333	8,098	6,956	8,537	7,872
Employer Contribution <sup>b</sup>	10,318	8,262	7,255	8,315	11,195	9,842
Change in NPO	(2,827)	(929)	843	(1,359)	(2,658)	(1,970)
NPO at Beginning of Year	(6,652)	(5,723)	(6,566)	(2,825)	(167)	1,803
NPO at End of Year	<u>\$ (9,479)</u>	<u>\$ (6,652)</u>	<u>\$ (5,723)</u>	<u>\$ (4,184)</u>	<u>\$ (2,825)</u>	<u>\$ (167)</u>

<sup>a</sup> The assumed interest rate is 4.0% for all years; it is net of investment expenses.

<sup>b</sup> Beginning in 2009, administrative expenses paid by the fund are subtracted from employer contributions.

Following are the Firemen's Pension and the Police Relief and Pension financial statements for fiscal year ending December 31, 2013.

Table 11-4

**STATEMENT OF FIDUCIARY NET POSITION  
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**

**December 31, 2013**

*(In Thousands)*

	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 6,688	\$ 4,544	\$ 11,232	\$ 18,133
Investments at Fair Value				
Domestic Stocks	6,923	-	6,923	-
Receivables				
Due from Other Funds	-	-	-	1,125
Other	345	403	748	712
Interest and Dividends	6	-	6	433
Total Receivables	<u>351</u>	<u>403</u>	<u>754</u>	<u>2,270</u>
Total Assets	13,962	4,947	18,909	20,403
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	<u>1,231</u>	<u>1,745</u>	<u>2,976</u>	<u>2,835</u>
Total Liabilities	<u>1,231</u>	<u>1,745</u>	<u>2,976</u>	<u>2,835</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 12,731</u>	<u>\$ 3,202</u>	<u>\$ 15,933</u>	<u>\$ 17,568</u>

**Table 11-5**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	Defined Benefit		Postemployment Healthcare		2013	2012
	Firemen's Pension	Police Relief and Pension	Firemen's Pension	Police Relief and Pension		
<b>ADDITIONS</b>						
Contributions Employer	\$ 7,123	\$ 7,016	\$ 9,899	\$ 11,972	\$ 36,010	\$ 39,062
Investment Income						
From Investment Activities						
Net Appreciation (Depreciation) in Fair Value of Investments	(49)	-	-	-	(49)	17
Interest	977	-	-	-	977	76
Dividends	36	-	-	-	36	-
Total Net Investment Income	964	-	-	-	964	93
Other Income	-	606	-	-	606	2,043
Total Additions	8,087	7,622	9,899	11,972	37,580	41,198
<b>DEDUCTIONS</b>						
Benefits	7,661	8,528	9,899	11,972	38,060	37,084
Administrative Expense	638	517	-	-	1,155	1,169
Total Deductions	8,299	9,045	9,899	11,972	39,215	38,253
Change in Net Position	(212)	(1,423)	-	-	(1,635)	2,945
Net Position - Beginning of Year	12,943	4,625	-	-	17,568	14,623
Net Position - End of Year	<u>\$ 12,731</u>	<u>\$ 3,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,933</u>	<u>\$ 17,568</u>

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM (LEOFF)  
PLANS 1 AND 2**

**Plan Description**

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined-benefit plans. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977, are Plan 2 members.

LEOFF was established in 1970 by the state legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers and fire fighters. Membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included prospectively effective July 27, 2003, being an exception. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the legislature. LEOFF retirement benefit provisions are established in state statute and may be amended only by the state legislature. The Washington State Department of Retirement Systems (DRS) administers LEOFF.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to Plans 1 and Plan 2 accrue interest at a rate specified by DRS. During fiscal year 2012 the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

# The City of Seattle

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Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with 5 years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is 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 10 years of service. A cost-of-living allowance is granted, indexed to the Seattle Consumer Price Index. LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. The credit can only be purchased at the time of retirement and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance.

Plan 2 retirement benefits are vested after an employee completes 5 years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service or at the age of 53 with 5 years of service, with an allowance of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months). Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted, indexed to the Seattle Consumer Price Index, capped at 3 percent annually.

Plan 1 provides death and disability benefits. Death benefits for Plan 1 members on active duty consist of the following: (1) if eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) if no eligible spouse, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60-percent limitation of FAS. In addition, a one time duty-related death benefit is provided to beneficiary or the estate of a LEOFF Plan 1 member.

Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53 unless the disability is duty-related and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

Plan 2 members who leave service because of a line-of-duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, Plan 2 members who leave service because of a line-of-duty disability may be eligible to receive a retirement allowance of at least 10 percent of final average salary and two percent per year of service beyond 5 years. The first 10 percent of the FAS is not subject to federal income tax.

The following changes to the LEOFF plans are the result of recent years' legislation:

Effective June 10, 2010:

- House Bill 1679 provides that the payment of medical insurance premiums for qualifying LEOFF Plan 2 and WSPRS members who are catastrophically disabled in the line of duty, and their spouses and dependent children will now be made for LEOFF Plan 2 members and for WSPRS members.
- House Bill 2196 provides that PERS Plan 1 members who retired on or after January 1, 1998, can use any service transferred from LEOFF Plan 1 to qualify for military service credit at no cost.
- House Bill 2519 gives additional benefits are provided to survivors of police officers, fire fighters, and state patrol officers killed in the line of duty.
- Senate Bill 6453 provides that shared leave can now be treated as reportable compensation for LEOFF Plan 2 members. Earnings can be used in the calculation of a member's benefit and service credit will be earned according to hours reported.

Effective July 1, 2011:

- Department of Retirement Systems is required to include the qualifying foregone compensation that occurred during the 2011-2013 biennium in the benefits calculation of retiring government employees in LEOFF2, PERS, PSERS, SERS, TRS and WSPRS.

Effective June 7, 2012:

- Engrossed House Bill 2771 amends the retirement statutes to clarify that governmental contractors are not employers under the system, unless otherwise qualifying, and that the determination of whether an employee/employer relationship has been established shall be based solely on the relationship between the contracted employee and the governmental employer. Applicable to LEOFF, PERS, PSERS, SERS, and TRS.
- Senate Bill 6134 changes the initial timeline to transfer service credit under RCW 41.26.435 from June 30, 2014, to June 30, 2012. Applicable to LEOFF 2.

Effective July 28, 2013:

- Substitute House Bill 1868 allows catastrophically disabled LEOFF 2 members to be reimbursed for premiums of medical insurance other than those which are provided by the employer, COBRA, or Medicare A and/or B. The reimbursement is limited to payments made after June 20, 2013 that do not exceed the premium reimbursement amounts authorized by COBRA.

Effective January 1, 2014:

- Engrossed Second Substitute Senate Bill 5688 provides that domestic partners registered with the state will be treated the same as married spouses, to the extent that treatment is not in conflict with federal law. The bill's effective date is January 1, 2014.

There were no other material changes in benefit provisions for the fiscal year ended June 30, 2013. LEOFF pension benefit provisions have been established by RCW 41.26.

There are 51 participating employers in LEOFF Plan 1 and 374 participating employers in Plan 2 as of June 30, 2013. Membership in LEOFF consisted of the following as of the latest actuarial valuation date of June 30, 2012:

	Plan 1	Plan 2
Retirees and Beneficiaries Receiving Benefits	7,845	2,344
Terminated Members Entitled To But Not Yet Receiving Benefits	-	689
Active Plan Members, Vested	186	14,087
Active Plan Members, Nonvested	-	2,633
Total	8,031	19,753

All law enforcement officers and fire fighters of the City of Seattle participate in LEOFF. Current active members (vested and non-vested) are 50 under Plan 1 and 2,233 under Plan 2.

DRS prepares an independent financial report. A copy of the report that includes financial statements and required supplementary information for LEOFF may be obtained by writing to Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380; by calling 360-664-7000 in Olympia or 1-800-547-6657; or by accessing their website at <http://www.drs.wa.gov>.

## Summary of Significant Accounting Policies

LEOFF plans are accounted for in pension trust funds of DRS using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from national security exchanges and security pricing services or by the respective fund managers for securities that are not

actively traded. Privately held mortgages are valued at cost which approximates fair market value. Certain pension trust fund investments, including real estate and private equity, are valued based on appraisals or by independent advisors. LEOFF pension plans contain no single investment (other than any issued or explicitly guaranteed by the U.S. government, or involving mutual funds or investment pools) that comprised more than five percent of DRS's net investments at the end of fiscal year 2013.

## Contributions and Reserves

### Funding Policy

The state legislature establishes laws pertaining to the creation and administration of LEOFF plans. Plan members together with their employers and the state provide funding for all costs of the system based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Plan 2 Retirement Board in accordance with RCW 41.45. All employers are required to contribute at the level required by state law.

Required contribution rates for cities (expressed as a percentage of current year covered payroll) at the close of fiscal year 2013 are as follows:

	LEOFF Actual Contribution Rates	
	Plan 1	Plan 2
Employer (includes an administrative expense rate of 0.16 percent)	0.16 %	5.24 %
Employee	-	8.46
State of Washington Contributions	-	3.38

Administration of the LEOFF plans was funded by an employer rate of 0.16 percent of employee salaries.

The state legislature has the ability, by means of a special funding arrangement, to appropriate money from the state general fund to supplement the current service liability and fund the prior service costs of Plans 1 and 2 in accordance with the requirements of the Pension Funding Council and LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For fiscal year 2013 the state contributed \$54.2 million to LEOFF Plan 2.

### Employer Contributions Required and Paid

LEOFF annual required contributions (in millions) and percentage contributed in accordance with the funding policy were:

Year	Plan 1		Plan 2	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2011	\$ -	N/A	\$ 84.0	157 %
2012	-	N/A	97.3	137
2013	-	N/A	94.7	144

The City of Seattle required and actual contributions (in thousands) are shown in the following table. Percentages contributed are not available.

	Plan 1	Plan 2
2011	\$ 12	\$ 11,728
2012	10	12,454
2013	9	12,912

There are no long-term contracts for contributions under the LEOFF retirement plans.



**Reserves**

**Member Reserves.** The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded. Member reserves (in thousands) were:

	June 30, 2013	June 30, 2012
Plan 1	\$ 27,340	\$ 33,351
Plan 2	2,136,678	1,997,577

**Benefit Reserves.** The benefit reserves reflect the funded liability associated with all retired members. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses. Benefit reserves (in thousands) were:

	June 30, 2013	June 30, 2012
Plan 1	\$ 5,112,449	\$ 4,869,838
Plan 2	5,494,917	4,642,917

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans.

**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. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan or Social Security may continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100 percent of the premium based on blended rates which were established by including the experience of retirees with the experience of active

employees for underwriting purposes. The City provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City ordinances.

Firemen's Pension and Police Relief and Pension Plans. The Firemen's Pension and Police Relief and Pension plans provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen's Pension, and RCW 41.20 and 41.26 for Police Relief and Pension, and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

## Annual OPEB Cost and Net OPEB Obligation

The amount of expected contributions and change in net obligation for the City of Seattle Healthcare Blended Premium Subsidy is based on an actuarial valuation date of January 1, 2012; this valuation is performed on alternate years. The actuarial valuation date of January 1, 2012 also included disclosure information for 2011 which was based on the January 1, 2010 valuation. The amount of expected contributions and changes in net obligation for Firemen's Pension and Police Pension and Relief are based on an actuarial valuation date of January 1, 2013, which covers the last three years prior to the valuation date.

**Table 11-6 ANNUAL OPEB COST AND NET OPEB OBLIGATION**

	<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	\$ 8,064,000	\$ 13,665,296	\$ 16,137,310	\$ 37,866,606
Interest on Net OPEB Obligation	1,340,000	799,685	663,419	2,803,104
Adjustment to Annual Required Contribution	(1,969,000)	(1,111,680)	(1,020,835)	(4,101,515)
Annual OPEB Cost (Expense)	7,435,000	13,353,301	15,779,894	36,568,195
Expected Contribution (Employer-Paid Benefits)	2,441,000	9,470,923	11,832,943	23,744,866
Increase in Net OPEB Obligation	4,994,000	3,882,378	3,946,951	12,823,329
Net OPEB Obligation – Beginning of Year	34,548,000	19,992,129	16,585,463	71,125,592
Net OPEB Obligation – End of Year	<u>\$ 39,542,000</u>	<u>\$ 23,874,507</u>	<u>\$ 20,532,414</u>	<u>\$ 83,948,921</u>

The City's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for each plan based on an actuarial valuation of January 1, 2012, for Healthcare Blended Premium Subsidy and January 1, 2013, for Firemen's Pension (LEOFF1) and Police Relief and Pension (LEOFF1) are displayed below for the last three years. The January 1, 2012 valuation for the Healthcare Blended Premium Subsidy also included disclosure information for January 1, 2011 based on the January 1, 2010 valuation.

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare Blended Premium Subsidy	12/31/2009	\$ 10,368,000	30.9%	\$ 27,612,000
	12/31/2010	10,825,000	35.9	34,548,000
	12/31/2011	7,435,000	32.9	39,542,000
Firemen's Pension (LEOFF1)	12/31/2010	14,674,740	71.0	15,387,992
	12/31/2011	14,796,251	69.0	19,992,129
	12/31/2012	13,353,301	71.0	23,874,507
Police Relief and Pension (LEOFF1)	12/31/2010	16,025,887	75.0	12,157,319
	12/31/2011	16,087,490	72.0	16,585,463
	12/31/2012	15,779,894	75.0	20,532,414

**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. The January 1, 2012 valuation for the Healthcare Blended Premium Subsidy also included disclosure information for 2011 based on the January 1, 2010 valuation. 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	1/1/2010	-	\$ 93,519	\$ 93,519	-	\$869,116	10.8%
	1/1/2011	-	99,394	99,394	-	866,207	11.5
	1/1/2012	-	74,729	74,729	-	891,552	8.4
Firemen's Pension (LEOFF1)	1/1/2011	-	241,443	241,443	-	N/A	N/A
	1/1/2012	-	236,301	236,301	-	N/A	N/A
	1/1/2013	-	266,522	266,522	-	N/A	N/A
Police Relief and Pension (LEOFF1)	1/1/2010	-	261,040	261,040	-	N/A	N/A
	1/1/2012	-	252,098	252,098	-	N/A	N/A
	1/1/2013	-	295,990	295,990	-	N/A	N/A

**Actuarial Methods and Assumptions**

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 11-7**

**OPEB INFORMATION**

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2012	1/1/2013	1/1/2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level amount over past and future service	30-year, open as of 1/1/2012	30-year, closed as of 1/1/2007
Remaining Amortization Period	30 years	30 years	24 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	3.88%	3.75%	3.75%
Medical Inflation		7.5%, grading down to 4.3% in 2082 and beyond.	7.5%, grading down to 4.3% in 2082 and beyond.
Traditional and Preventive Plans	9.0%		
Group Health Standard and Deductible Plans	8.5%		
Long-Term Care Inflation Rate	N/A	4.75%	4.75%
Dental Inflation Rate	N/A	Minimum of 5.0 % of medical inflation.	Minimum of 5.0% of medical inflation.
Participation/Service Retirement	40% of actives who retire are assumed to participate.	All actives are assumed to retire at the valuation date.	All actives are assumed to retire at the valuation date.
Mortality	LEOFF employees are based on the actuarial RP-2000 Combined Healthy Table with male ages set back one year and female ages set forward one year. Rates are projected using 50% of Scale AA to 2019 (LEOFF 1) or 2034 (LEOFF 2). For general service active employees are based on RP-2000 Table for Males with ages set back three years and RP-2000 Table for Females with ages set back three years. General service retired employees are based on RP2000 Combined Healthy Males with ages set back one year and RP-2000 Combined Healthy Females with ages set back one year. Rates are generations for both males and females using Projection Scale AA.	For active and service-retired members, RP-2000 Mortality Table (combined healthy) project to 2019 using 50% of Project Scale AA, with ages set back one year for males and forward one year for females. For disabled members, RP-2000 Mortality Table (combined healthy) projected to 2019 using 50% of Project Scale AA, with ages set forward two years.	For active and service-retired members, RP-2000 Mortality Table (combined healthy) project to 2019 using 50% of Project Scale AA, with ages set back one year for males and forward one year for females. For disabled members, RP-2000 Mortality Table (combined healthy) projected to 2019 using 50% of Project Scale AA, with ages set forward two years.
Marital Status	60% 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

**Table 11-7**

**OPEB INFORMATION (continued)**

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Assumptions (continued):			
Morbidity Factors		N/A	N/A
Traditional Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 128.05 for retirees and 142.17 for spouses.		
Preventive Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 127.61% and 142.06%.		
	For the above two plans, because the retirees' spouses pay a lower premium for their health care coverage than the retirees, the net cost to the City for the spouse coverage is greater than for a retiree of the same gender and age. The morbidity factors were adjusted to reflect this discrepancy.		
Group Health Standard and Deductible Plans	The average medical claim for the Group Health Standard & Deductible plans is based on an average loss ratio (claim vs. premium) of 147.08% for retirees and spouses.		
Other Considerations	Active employees with current spouse and/or dependent coverage are assumed to elect the same plan and coverage. After retirement, it is assumed that children will have aged off of coverage and will have \$0 liability.	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: Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, phone 206-386-4130.

## Seattle Investment Fund LLC

The Seattle Investment Fund LLC (SIF) was established by Ordinance 123146 for the purpose of implementing the U.S. Treasury Department's New Market Tax Credit (NMTC) program. The City is its sole and managing member. SIF is a qualified Community Development Entity (CDE) and the Primary Allocatee. Nine subsidiaries have been established since the program's inception. Financial results presented herewith for 2013 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, 2013**

*(In Thousands)*

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Cash and Other Assets	\$ 3,484	\$ 3,191	\$ 658	\$ 1,242	\$ 4,142	\$ 4,433
Investments	61,157	56,080	5	5	61,162	56,085
Capital Assets, Net	<u>3</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>4</u>
Total Assets	64,644	59,275	663	1,247	65,307	60,522
<b>LIABILITIES</b>						
Current Liabilities	<u>1,940</u>	<u>2,035</u>	<u>48</u>	<u>194</u>	<u>1,988</u>	<u>2,229</u>
Total Liabilities	1,940	2,035	48	194	1,988	2,229
<b>NET POSITION</b>						
Net Investment in Capital Assets	3	4	-	-	3	4
Restricted	43,680	38,960	-	-	43,680	38,960
Unrestricted	<u>19,021</u>	<u>18,276</u>	<u>615</u>	<u>1,053</u>	<u>19,636</u>	<u>19,329</u>
Total Net Position	<u>\$ 62,704</u>	<u>\$ 57,240</u>	<u>\$ 615</u>	<u>\$ 1,053</u>	<u>\$ 63,319</u>	<u>\$ 58,293</u>

**Table 12-2**

**CONDENSED STATEMENT OF ACTIVITIES  
SEATTLE PUBLIC LIBRARY FOUNDATION AND  
SEATTLE INVESTMENT FUND LLC  
For the Year Ended December 31, 2013  
(In Thousands)**

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2013	2012	2013	2012	2013	2012
<b>PROGRAM REVENUES</b>						
Contributions/Endowment Gain	\$ 6,254	\$ 4,705	\$ 204	\$ -	\$ 6,458	\$ 4,705
Placement/Management Fee Income	-	-	-	841	-	841
Total Program Revenues	6,254	4,705	204	841	6,458	5,546
<b>GENERAL REVENUES</b>						
Investment Income	7,900	5,737	-	-	7,900	5,737
Total Program Support and Revenues	14,154	10,442	204	841	14,358	11,283
<b>EXPENSES</b>						
Support to Seattle Public Library	7,936	4,138	-	-	7,936	4,138
Management and General	455	572	642	430	1,097	1,002
Fundraising	299	248	-	-	299	248
Total Expenses	8,690	4,958	642	430	9,332	5,388
Change in Net Position	5,464	5,484	(438)	411	5,026	5,895
<b>NET POSITION</b>						
Net Position - Beginning of Year	57,240	51,756	1,053	642	58,293	52,398
Net Position - End of Year	<u>\$ 62,704</u>	<u>\$ 57,240</u>	<u>\$ 615</u>	<u>\$ 1,053</u>	<u>\$ 63,319</u>	<u>\$ 58,293</u>

**Fiduciary-Type Component Units**

Firemen's Pension Fund and the Police Relief and Pension Fund are determined to be nonmajor discrete component units (GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*). In accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures - an amendment of GASB Statement No. 25 and No. 27*, these funds are reported in Note 11, Pensions, Deferred Compensation, and Other Postemployment Benefits, and in the Fiduciary Funds section.

## BLENDING 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. The STBD is governed by the Seattle City Council members acting in an ex-officio capacity, and maintains no employees. STBD's sole purpose is to finance the City's transportation improvements and although it is a legally separate entity, the operations of STBD are so closely related to those of the City that it is reported as if it were part of the primary government.

The Seattle Transportation Benefit District is reported as a special revenue fund in the City's financial statements. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements for the STBD are available from Seattle City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, WA 98104 or by calling 206-233-5005.

## (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 pass-through agency to receive the employment and training funds for the Seattle-King 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, 2013, 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 2013, WDC paid \$1.1 million to the City of Seattle.

The WDC issues independent financial statements that may be obtained from its offices at 2003 Western Avenue, Suite 250, Seattle, WA 98121-2162, by accessing its website at <http://www.seakingwdc.org/reports/reports-publications.html>, or by telephone at 206-448-0474.

## (14) SERVICE CONCESSION ARRANGEMENTS

In 2012, the City disclosed the public-private agreements it was involved in that met the criteria of a Service Concession Arrangement (SCA) under GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. For 2013, the City revisited its analysis to identify new and/or ongoing Service Concession Arrangements based on the requirements of the statement. Significant consideration, one of the required criteria of an SCA, is considered 1 percent of the City's previously reported Net Position applied independently to Governmental and Business-Type activities. In 2013, the City was not involved in any Service Concession Arrangements meeting the established criteria.



**(15) COMMITMENTS**

**GENERAL**

**Capital Improvement Program**

The City adopted the 2013-2014 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$5.015 billion for the years 2013-2018. The adopted CIP for 2013 was \$774.9 million, consisting of \$454.6 million for City-owned utilities and \$320.3 million for nonutility departments. The utility allocations are: \$282.7 million for City Light, \$49.8 million for Water, \$87.3 million for Drainage and Wastewater, \$11.1 million for Solid Waste, and \$23.7 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, 2013 and 2012 are shown in the following table.

**Table 15-1** **LONG-TERM PURCHASED POWER**  
(In Millions)

	<u>2013</u>	<u>2012</u>
Bonneville Block	\$ 70.1	\$ 69.2
Bonneville Slice	80.0	80.1
Lucky Peak, including royalties	5.2	7.2
British Columbia - High Ross Agreement	13.4	13.4
Grant County Public Utility District	3.0	3.0
Grand Coulee Project Hydro Authority	5.5	5.4
Bonneville South Fork Tolt billing credit	(3.3)	(3.3)
Renewable energy - State Line Wind	23.8	24.3
Renewable energy - other	4.5	4.4
Exchanges and loss returns energy at fair value	9.2	5.7
Long-term purchased power booked out	<u>(8.3)</u>	<u>(5.3)</u>
Total	<u>\$ 203.1</u>	<u>\$ 204.1</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 3.62763 percent and the previous fiscal year was 3.63323 percent. The cost of Slice power is based on SCL’s same percentage of the expected costs of the System and is subject to true-up adjustments based on actual costs with specified exceptions.

Bonneville’s Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region’s investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court (the Court) rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power Act. SCL received \$5.7 million in both 2013 and 2012 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 and \$0.5 million for services in 2013 and 2012, respectively. These amounts are recorded as offsets to purchased power expense. SCL paid \$3.2 million and \$3.4 million for energy from Lucky Peak in 2013 and 2012, respectively.

SCL's receivables from Lucky Peak were less than \$0.1 million at December 31, 2013 and 2012, respectively. SCL's payables to Lucky Peak were \$0.4 million and \$0.5 million at December 31, 2013 and 2012, 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 2013 and 2012 resource portfolio met the 3 percent target. Long-term renewable purchase or exchange agreements were executed with the Sacramento Municipal Utility District in 2007, Waste Management Renewable Energy, LLC in 2009, the existing Stateline Wind Project contract, assigned to JP Morgan in 2010, and the King County Wastewater Treatment Division in 2010.

## ***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, 2013 and 2012, 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 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 2014 through 2065, undiscounted, are shown in the following table.

**Table 15-2** **ESTIMATED FUTURE PAYMENTS UNDER  
PURCHASED POWER, TRANSMISSION, AND RELATED CONTRACTS**  
*(In Millions)*

Year Ending December 31	Estimated Payments <sup>a</sup>
2014	\$ 279.6
2015	289.4
2016	303.9
2017	308.7
2018	327.5
2019 - 2023	1,764.8
2024 - 2028 <sup>b, c</sup>	1,562.4
2029 - 2033	115.9
2034 - 2038 <sup>d</sup>	90.6
2039 - 2043	32.2
2044 - 2048	37.4
2049 - 2065	38.9
Total	\$ 5,151.3

<sup>a</sup> 2014 to 2019 includes estimated REP recoveries from BPA.

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

<sup>c</sup> BPA Block and Slice contract expires September 30, 2028.

<sup>d</sup> Lucky Peak contract expires September 30, 2038.

### ***Federal Energy Regulatory Commission Fees***

Estimated Federal land use and administrative fees related to hydroelectric licenses total \$271.1 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, at which time their current FERC licenses expire. The estimated portion of Boundary fees is included through 2055, the year in which the current license issued by FERC expires. The current Boundary FERC license and related issues are discussed below.

### ***New Boundary License***

SCL's FERC license for the Boundary Project expired on September 30, 2011 and a new license was issued on March 20, 2013 with 42 year life for the total cost of \$48.6 million. The terms and conditions of the new license have been evaluated. SCL has moved on from license evaluation to license implementation process that 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 \$395.0 million adjusted to 2013 dollars, of which \$8.0 million were expended through 2013. Projected mitigation cost estimates are subject to revision as more information becomes available.

## *Skagit and South Fork Tolt Licensing Mitigation and Compliance*

In 1995, the FERC issued a license for operation of the Skagit hydroelectric facilities through April 30, 2025. On July 20, 1989, the FERC license for operation of the South Fork Tolt hydroelectric facilities through July 19, 2029, became effective. As a condition for both of these licenses, SCL has taken and will continue to take required mitigating and compliance measures.

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2013, to be \$125.7 million, of which \$107.8 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 2013. 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 2013 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 the Department's share of the Early Action program from inception in 1999 through December 31, 2013 are estimated to be \$7.5 million. \$0.6 million has been allocated for the program in the 2014 budget.

## *Project Impact Payments*

Effective August 2010, SCL renewed its contract with Pend Oreille County and committed to pay a total of \$19.0 million over 10 years ending in 2019 to Pend Oreille County for impacts on county governments from the operations of SCL's hydroelectric projects. Effective February 2009, the Department renewed its contract with Whatcom County committing to pay a total of \$15.8 million over 15 years ending in 2023. The payments compensate the counties and certain school districts and towns located in these counties, for loss of revenues and additional financial burdens associated with the projects. The Boundary Project, located on the Pend Oreille River, affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The impact payments totaled \$2.4 million and \$1.6 million to Pend Oreille County, and \$1.0 million and \$1.0 million to Whatcom County in 2013 and 2012, 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 \$106.8 million (in 2013 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 2013 is \$76.2 million. The remaining \$30.6 million to complete the HCP is comprised of a \$6.2 million liability and an estimate of \$24.4 million for construction and operating commitments. The construction activities will add to SPU's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expenses as incurred.

### *Distribution System Reservoirs*

SPU is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying five reservoirs is expected to be approximately \$143.7 million through the year 2016; costs beyond 2016 are not estimable as of the date of this report. As of December 31, 2013 and 2012, total cumulative costs incurred were \$140.9 million and \$139.1 million, respectively.

### *Wholesale Water Supply Contracts*

In 2011 SPU signed new water supply contracts with eight wholesale customers whose contracts were to expire January 31, 2011. Six of the customers signed full or partial requirements contracts that are very similar to the full and partial requirements contracts already in place with the majority of SPU's wholesale customers. These new full and partial requirements contracts do not change SPU's obligation to supply water. All eight of these new contracts expire December 31, 2062.

## **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 \$137.7 million and \$124.5 million for fiscal years 2013 and 2012, respectively.

## **Solid Waste Fund**

### *Contractual Obligations*

SPU contracts with private companies for the collection of residential and commercial garbage, yard waste, and recycling. These contracts cover (1) the collection and delivery of waste to transfer stations, (2) the subsequent disposal of solid waste, (3) the processing of yard waste, and (4) the processing of recyclables.

Effective March 30, 2009 SPU entered into new contracts with Waste Management and CleanScapes for residential and commercial collection. The contracts are scheduled to end on March 31, 2019. Total payments under these contracts for residential and commercial collection in 2013 and 2012 were \$74.7 million and \$71.5 million, respectively.

In 1990, SPU signed a 38-year contract with Washington Waste Systems (WWS) for the disposal of non-recyclable City waste. Through various renegotiations the contract price was reduced to \$39.65 per ton at March 31, 2009. The contract price is adjusted based on a formula driven by the Consumer Price Index resulting in the current rate of \$41.63 per ton. The Fund paid WWS \$13.3 million and \$13.1 million under this contract in 2013 and 2012, respectively.

The City also has negotiated a long-term yard waste processing contract with Cedar Grove Composting, Inc. (CGC). The first opt-out date on the disposal contract was extended to March 29, 2009, in exchange for price reductions every two years beginning in 2003. The City renegotiated a new long-term yard waste processing contract with CGC in 2008, which became effective March 30, 2009 and the current tonnage rate is \$27.88 per ton. The first opt-out date under the contract occurred on March 30, 2013 at which time CGC agreed to a one-year extension of the contract expiring on March 30, 2014. The City has negotiated new contracts with two yard waste contractors unrelated to CGC and those long-term contracts are effective April 1, 2014. Total payments to CGC in 2013 and 2012 were \$2.7 million and \$2.6 million, respectively.

Effective April 1, 2009, the City commenced a new contract for recycling processing with Rabanco, LTD. The company is responsible for processing recyclables, including food waste, from both commercial and residential customers. The new contract includes the collection of compostable materials, which is a service not originally provided by the City. 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. Total payment for recycling processing in 2013 and 2012 were \$2.4 million and \$2.3 million, respectively.

## *Landfill Closure and Post-closure Care*

SPU delivered its refuse to two leased disposal sites: Midway (until 1983) and Kent-Highlands (until 1986) landfills. Current federal and state laws hold SPU accountable for certain cost related to closure and post closure of those landfill sites. In accordance with Generally Accepted Accounting Principles, total estimated landfill closure and post-closure care costs are accrued and reflected as a future costs. Pursuant to the City's policies, 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. At December 31, 2013, accrued landfill closure and post-closure costs consisted primarily of monitoring, maintenance, and repair costs. Landfill closure costs were fully amortized in 2009 and landfill post-closure costs will continue to amortize until 2024.

## **(16) 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.

Since January 1, 1999, the City obtained excess general liability insurance coverage for occurrences on or after said date which covers losses over \$2.5 million per occurrence self-insured retention, with a \$25.0 million limit per occurrence and in the aggregate. Starting February 1, 2002 through 2006, the City's excess general liability insurance covers losses over \$5.0 million per occurrence self-insured retention, with a \$25.0 million limit per occurrence and in the aggregate. In June 2007 the limit was increased to \$30.0 million over a \$5.0 million self-insured retention. In June 2009 the self-insured retention was increased from \$5.0 million to \$6.5 million. Beginning in June 2011 the limit was increased to \$40.0 million over a \$6.5 million self-insured retention.

The City also purchased an all-risk comprehensive property insurance policy that provides \$500.0 million in limits, subject to various deductible levels depending upon the type of asset and value of the building. This includes \$100.0 million in earthquake and flood limits. Hydroelectric and other utility producing and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment of commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities as necessary.

The City did not purchase annuity contracts in 2013 to resolve litigation. No structured settlements were entered into by the City in 2013. No large liability settlements were received in 2013. No settlements made in 2013, 2012, or 2011 were in excess of insurance coverage.

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 Personnel Department estimates case reserves for workers' compensation using statistical techniques and historical experience. In 2013 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, and other claims at year-end 2012 and for health care as of year-end 2013. The total undiscounted IBNR amount remained relatively stable in 2013, the IBNR amount was \$34.8 million in 2013 and \$35.1 million in 2012, a decrease of \$0.3 million.

Estimated claims expenditures are budgeted by the individual governmental and proprietary funds. Actual workers' compensation claims are processed by the General Fund and reimbursed by the funds that incurred them. Operating funds pay health care premiums to the General Fund, and the latter pays for all actual health care costs. The General Fund initially pays for lawsuits, claims, and related expenses and then receives reimbursements from City Light, Water, Drainage and Wastewater, Solid Waste, and the retirement funds.

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.3 million in 2013 and \$0.4 million in 2012. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed for the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Claim liabilities recorded in the financial statements are discounted at 0.675 percent for 2013 and 0.784 percent for 2012, the City's average annual rates of return on investments. The total discounted liability at December 31, 2013, was \$102.0 million consisting of \$60.1 million for general liability, \$3.0 million for health care, and \$38.9 million for workers' compensation.

**Table 16-1** **RECONCILIATION OF CHANGES IN  
AGGREGATE LIABILITIES FOR CLAIMS**  
*(In Thousands)*

	General Liability		Health Care		Workers' Compensation		Total City	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>UNDISCOUNTED</b>								
Balance - Beginning of Fiscal Year	\$ 67,732	\$ 84,223	\$ 2,265	\$ 1,778	\$ 36,024	\$ 34,481	\$ 106,021	\$ 120,482
Less Payments and Expenses								
During the Year	(16,589)	(10,092)	(134,747)	(105,068)	(12,954)	(12,628)	(164,290)	(127,788)
Plus Claims and Changes in Estimates	10,516	(6,399)	135,529	105,555	17,015	14,171	163,060	113,327
Balance - End of Fiscal Year	<u>\$ 61,659</u>	<u>\$ 67,732</u>	<u>\$ 3,047</u>	<u>\$ 2,265</u>	<u>\$ 40,085</u>	<u>\$ 36,024</u>	<u>\$ 104,791</u>	<u>\$ 106,021</u>
<b>UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>								
Governmental Activities	\$ 45,960	\$ 48,811	\$ 3,047	\$ 2,265	\$ 28,997	\$ 26,075	\$ 78,004	\$ 77,151
Business-Type Activities	15,699	18,921	-	-	11,088	9,949	26,787	28,870
Fiduciary Activities	-	-	-	-	-	-	-	-
Balance - End of Fiscal Year	<u>\$ 61,659</u>	<u>\$ 67,732</u>	<u>\$ 3,047</u>	<u>\$ 2,265</u>	<u>\$ 40,085</u>	<u>\$ 36,024</u>	<u>\$ 104,791</u>	<u>\$ 106,021</u>
<b>DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>								
Governmental Activities	\$ 44,776	\$ 47,387	\$ 3,027	\$ 2,248	\$ 28,174	\$ 25,258	\$ 75,977	\$ 74,893
Business-Type Activities	15,294	18,369	-	-	10,774	9,637	26,068	28,006
Fiduciary Activities	-	-	-	-	-	-	-	-
Balance - End of Fiscal Year	<u>\$ 60,070</u>	<u>\$ 65,756</u>	<u>\$ 3,027</u>	<u>\$ 2,248</u>	<u>\$ 38,948</u>	<u>\$ 34,895</u>	<u>\$ 102,045</u>	<u>\$ 102,899</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 the proceeding before the Federal Energy Regulatory Commission (FERC) various public and private California entities sought refunds in markets that had been created by the State of California. City Light had sold energy in one of these markets. In February 2011 the City agreed to a settlement, which was eventually approved by the trial court and FERC. Under the settlement, the City resolved this matter for \$9.0 million, none of which was immediately paid by the City. As part of the settlement, the City assigned its accounts receivable from the California Independent System 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 City Light recovering monies in the Pacific Northwest Refund Case, discussed below. To date, the City has received \$2.6 million in payments in the Pacific Northwest Refund Case, half of which has been paid to the California parties pursuant to the settlement.

**Pacific Northwest Refund Case and Appeal.** In the 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. Two witnesses provided testimony on behalf of the City, and were cross-examined by the sellers. FERC has received the parties closing briefs and the City is awaiting the preliminary ruling from the trial judge. Prior to the FERC trial, the City settled refund claims with twelve entities, with a combined total settlement amount of \$2.6 million. During the middle of the FERC trial, the City also reached a settlement with Powerex Corp for \$2.0 million. The Powerex settlement was subsequently approved by FERC on March 7, 2014.

- **City Light Boundary Unit 55 Delay Claims.** The City entered into a generator rebuild contract with Toshiba International Corporation for Units 55 and 56 at the City's Boundary Hydroelectric Project. The rebuild contract specified a turnover date of March 29, 2013 for Unit 55. Toshiba was materially late on a number of matters, which

triggered liquidated damage claims under the contract with Toshiba. The liquidated damages clause allows for \$11 thousand per day, and the City has made liquidated damages claims against Toshiba for the period of March 29, 2013 through July 17, 2013. These claims total \$1.2 million and are currently being negotiated with Toshiba. The ultimate recovery amount is indeterminable as of the date of this note.

- **Utility Tax Refund.** A wireless telecommunications subsidiary company served dozens of cities in Washington including Seattle. In November 2010 the company made utility tax refund requests. Pursuant to the refund requests, a lawsuit was filed in King County Superior Court against more than 100 cities in April 2012 appealing the cities' denial or failure to respond. The City of Seattle was not a defendant in the initial complaint, but was added with some other cities in August 2012. The lawsuit arises from its parent company being sued in a class action for improperly charging its customers for local utility taxes on wireless internet services. Those services may not have been taxable. As part of the settlement of the class action lawsuit, the parent company was required to present refund claims to the cities; the claim against the City of Seattle is approximately \$5.0 million. In May 2013, the court granted motions to dismiss Seattle and most other cities. However, the City is continuing an audit of the company and after the conclusion of the audit, it is likely that the company will refile the lawsuit against Seattle and the other cities that have not settled. The likelihood of a material adverse outcome in this matter cannot be predicted.
- **Public Records Request Claim.** The parent company of a local television station in Seattle made public records request to the Seattle Police Department for in-car videos. On summary judgment, the court held that the City properly withheld the actual videos so there were no associated penalties. However, the court also ruled that the City wrongfully denied access to the Coban database and awarded a total penalty of \$88 thousand. The company appealed and oral argument was heard by the Washington Supreme Court in May 2013. Decision is pending. The City cannot predict whether a material adverse outcome will occur.
- **Leaks and Cracks in Reservoirs.** The City discovered leaks and cracks in various reservoirs. Discussions with the designer have commenced to determine the cause of the leaks and cracks. Costs of repairs and/or damages are expected to exceed the material amount. The amount is indeterminable as of the date of this note.

There may be other litigation or claims involving alleged substantial sums of money owing; however, the prospect of material adverse outcomes therein is remote. Other than the aforementioned cases and the claim liabilities recorded in the financial statements, there were and are no outstanding material judgments against the City.

## **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 108 LOAN PROGRAM**

The City of Seattle participates in the HUD Section 108 loan program. In the Section 108 program HUD obtains funds from private investors at a very low cost (i.e., low interest rate). Low-cost funds are available because HUD guarantees repayment to the private investors. HUD, in turn, provides the low-cost funds to jurisdictions nationwide including the City of Seattle. The City re-lends the funds to private borrowers. HUD deposits the funds directly with the City's loan servicing agent, the Bank of New York. The Bank of New York disburses funds on behalf of the City to the private borrowers.

The Brownfields Economic Development Initiative Grant (BEDI) program is a federal grant that is directly linked to the Section 108 loan program. The City uses BEDI grant funds as a loan loss reserve and interest subsidy on Section 108 loans. The U.S. Treasury deposits the grant funds with the City. The City then disburses the grant funds to the loan servicing agent.

Pursuant to RCW 35.21.735 the City is expressly authorized to participate in the Section 108 loan program. The state statute and the City's contracts/agreements with HUD clarify that the City never pledges its full faith and credit. Future block grant funds are pledged to HUD in the event of borrower default. Each loan is secured by a deed of trust and/or bank-issued letter of credit that provides the City with security in the event of borrower default. Additionally, the BEDI grant funds may be used by the City to protect against loan default.

On December 31, 2013, twelve projects remained outstanding with a combined total amount of \$29.5 million. BEDI grant funds amount to \$3.75 million, of which a portion is being held as loan loss reserves.

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

The City has contingent liability for the following bonds issued by public development authorities chartered by the City which are not component units of the City:

### ***Museum Development Authority***

Special obligation bonds issued on November 16, 2005, in the amount of \$60,720,000, of which \$51,450,000 was outstanding at December 31, 2013. The bonds will be fully retired by April 1, 2031.



### ***Pike Place Market Preservation and Development Authority***

Special obligation refunding bonds issued on March 28, 2002, in the amount of \$5,925,000 of which \$3,145,000 was outstanding on December 31, 2013. The bonds will be fully retired on November 1, 2017.

### ***Seattle Chinatown-International District Preservation and Development Authority***

Special obligation bonds, Series A, issued on December 12, 2002, in the amount of \$7,700,000. The outstanding amount at December 31, 2013, was \$2,480,000. The bonds will be fully retired by October 1, 2032.

Special obligation bonds, Series B, issued on December 12, 2002, in the amount of \$2,790,000. The outstanding amount at December 31, 2013, was \$2,235,000. The bonds will be fully retired by October 1, 2032.

Special obligation refunding bonds issued on September 26, 2007, in the amount of \$7,355,000. The outstanding amount at December 31, 2013, was \$5,810,000. The bonds will be fully retired by August 1, 2026.

### ***Seattle Indian Services Commission***

Special obligation refunding bonds issued on March 28, 2002, in the amount of \$3,710,000. The amount outstanding at December 31, 2013, was \$1,330,000. The bonds will be fully retired on November 1, 2017.

Special obligation revenue refunding bonds issued on November 1, 2004, in the amount of \$5,210,000, of which \$3,805,000 was outstanding as of December 31, 2013. The bonds will be fully retired on November 1, 2024.

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

Effective January 1, 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify certain items previously reported as assets to be segregated as deferred outflows of resources, and certain items previously reported as liabilities to be segregated as deferred inflows of resources. This statement's impact on the City's comparative financial presentation is detailed below.

### **GOVERNMENTAL ACTIVITIES**

The governmental funds' implementation of GASB Statement No. 65 resulted in: (1) reclassification of 2012's Deferred Revenues liability totaling \$432.0 million. Of the \$12.1 million reported in the General Fund's balance, \$4.4 million remained a liability, with \$1.6 million adjusted to Revenues Collected/Billed in Advance, and \$2.8 million to Other Current Liabilities. The remaining General Fund balance of \$7.7 million is reclassified to the Deferred Inflows of Resources. The Transportation Fund's 2012 Deferred Revenues balance of \$4.1 million continues to report as a liability and is reclassified to Revenues Collected/Billed in Advance. Additional balances within the Low-Income Housing Fund, the Housing and Community Development Revenue Sharing Fund, and the Human Services Operating Fund totaling \$401.5 million for are reclassified to Deferred Inflows of Resources due to their relations to the housing loan guarantee programs. An additional \$13.0 million reported as Deferred Revenues within the nonmajor governmental funds for the Local Improvement District 6750 Fund was reclassified to Deferred Inflows of Resources with the associated assets recorded as taxes receivable; (2) reclassification of 2012's Contracts and Notes asset balances. The General Fund's balance of \$7.7 million relates to a housing loan guarantee program within the Cumulative Reserve Subfunds and is reclassified to Deferred Outflows of Resources. Additional balances within the Low-Income Housing Fund, the Housing and Community Development Revenue Sharing Fund, and the Human Services Operating Fund totaling \$401.5 million for 2012 also relate to housing loan guarantees and have been reclassified to Deferred Outflows of Resources; and (3) the recognition of a \$7.8 million asset for property taxes receivable was recorded within the City's governmental funds for 2012. Although unable to meet the revenue recognition criteria the balance was recorded as a Deferred Inflows of Resources, with no net impact on the governmental fund balance.

Implementation of GASB Statement No. 65 for the government-wide presentation resulted in the following changes to the governmental activities: (1) \$4.4 million reduction in 2012 beginning balance of net position for governmental activities due to the retro adjustment to the 2011 unamortized bond issuance costs; (2) \$76 thousand decrease in interest on long-term debt, representing the difference between the 2012 bond issuance costs and 2012 amortization of the unamortized bond issuance costs; (3) gain/loss on refunding debt of \$1.5 million previously reported as a Noncurrent Assets was reclassified as Deferred Outflows of Resources; (4) adjustment of 2011 unamortized bond issuance costs, resulting in reductions of 2012 ending balances of net position in the amount of \$904 thousand in the internal service funds, and \$179 thousand in the

Downtown Parking Garage Fund; and (5) a \$7.8 million adjustment to the balance of Deferred Inflows to recognize the additional tax revenue that was reported as a Deferred Inflows of Resources.

Additional prior-period adjustments for governmental activities unrelated to GASB Statement No. 65's implementation include: (1) general obligation bonds liability recorded in the Finance and Administrative Services Fund was overstated by \$805 thousand, which resulted in a prior-period adjustment in 2013 to accurately reflect the liability; (2) the 2012 accrual of property taxes receivable and tax revenue recorded in our government-wide presentation was overstated by \$6.5 million, the correction results in a reduction of the year-end receivable and net position; and (3) the City recently discovered transportation infrastructure assets had been underreported \$19.8 million since 2001 (roads \$11.7 million, signals and illuminations \$6.2 million, and others transportation assets of \$1.9 million). Net of the \$11.4 million in accumulated depreciation, this single adjustment to assets contributes \$8.4 million to the City's net position. Asset corrections were also made to accurately reflect a retirement of a \$3.8 million asset, net of \$3.3 million in depreciation; the adjustment to net position totals \$593 thousand. An update to the balance of construction in progress also shifted \$2.5 million from the Statement of Net Position to the Statement of Activities. Additional corrections within general government and public safety functions were also made to align the general ledger and asset management systems, these changes decreased net position \$1.1 million. The overall impact from capital activity adjustments positively impacted the City's net position \$4.3 million.

## **BUSINESS-TYPE ACTIVITIES**

SCL's implementation of GASB Statement No. 65 resulted in: (1) Loss on Advanced Refunding of \$26.0 million and \$30.0 million, for 2013 and 2012, respectively, was reclassified as a Deferred Outflows of Resources from a contra-liability component of Revenue Bonds; (2) Deferred Revenue - Rate Stabilization Account of \$85.0 million and \$103.3 million, for 2013 and 2012, respectively, was reclassified as a Deferred Inflows of Resources; (3) Deferred Credits of \$15.7 million and \$9.2 million, for 2013 and 2012, respectively, were reclassified as Deferred Inflows of Resources from Current Liabilities; and (4) Unamortized Bond Issue Costs, Net, which had previously been recorded as a component of Noncurrent Assets and amortized over the life of the bonds, are now expensed as Nonoperating Expense in the period incurred. This resulted in an additional \$10.9 million expense and reduction of net position for 2012.

SPU's implementation of GASB Statement No. 65 resulted in: (1) Water Fund reclassifying Loss on Advanced Refunding of \$20.2 million and \$21.4 million, for 2013 and 2012, respectively, as a Deferred Outflows of Resources from a contra-liability component of Revenue Bonds; (2) Water Fund reclassifying Deferred Revenue - Rate Stabilization Account of \$19.4 million and \$12.4 million, for 2013 and 2012, respectively, as a Deferred Inflows of Resources; (3) Drainage and Wastewater Fund reclassifying Loss on Advanced Refunding of \$6.1 million and \$6.4 million, for 2013 and 2012, respectively, as a Deferred Outflows of Resources from a contra-liability component of Revenue Bonds; and (4) Solid Waste Fund reclassifying Loss on Advanced Refunding of \$139 thousand and \$163 thousand, for 2013 and 2012, respectively, as a Deferred Outflows of Resources from a contra-liability component of Revenue Bonds.

## **(18) SUBSEQUENT EVENTS**

On February 2, 2014 City Council passed Ordinance 124429 authorizing a restatement of the guarantee and reimbursement agreement between the City and the Museum Development Authority. The original agreement obligated the City to guarantee the indebtedness of the Museum Development Authority's 2005 bond issue of \$60.7 million. On April 29, 2014, the Museum Development Authority completed a refunding of their 2005 bonds by issuing \$44.4 million of the special obligation bonds. The City's obligation to guarantee the indebtedness of the Museum Development Authority transfers from the original 2005 bond issue to the current 2014 refunding bond issue.

On April 10, 2014, pursuant to City Ordinances 124125 and 124341 the City issued (1) \$62.7 million of Limited Tax General Obligation (LTGO) Improvement Bonds with an average coupon rate of 4.330 percent and a final maturity of May 1, 2034; and (2) \$16.4 million of Unlimited Tax General Obligation (UTGO) Improvement Bonds with an average coupon rate of 4.004 percent and a final maturity of December 1, 2043.

On June 4, 2014, pursuant to City Council Resolution 31528 the City resolved to issue \$95.4 million of Solid Waste Revenue and Refunding Bonds with an average coupon rate of 4.520 percent and a final maturity of May 1, 2039.

# **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, 2013**  
*(In Thousands)*

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 261,000	\$ 261,000	\$ 252,682	\$ (8,318)
Retail Sales and Use Taxes	172,207	172,207	181,171	8,964
Business Taxes	251,973	251,973	251,373	(600)
Excise Taxes	41,521	41,521	54,159	12,638
Other Taxes	-	-	3,468	3,468
Interfund Business Taxes	120,806	120,806	123,611	2,805
Total Taxes	847,507	847,507	866,464	18,957
Licenses and Permits	24,226	24,226	22,005	(2,221)
Grants, Shared Revenues, and Contributions	54,083	66,775	43,040	(23,735)
Charges for Services	51,021	54,143	50,379	(3,764)
Fines and Forfeits	33,856	33,856	39,488	5,632
Parking Fees and Space Rent	34,939	34,939	38,062	3,123
Program Income, Interest, and Miscellaneous Revenues	189,406	189,406	201,911	12,505
<b>Total Revenues</b>	<b>1,235,038</b>	<b>1,250,852</b>	<b>1,261,349</b>	<b>10,497</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
General Government	378,225	387,535	352,950	34,585
Judicial	27,507	27,823	27,642	181
Public Safety	468,162	499,501	492,509	6,992
Physical Environment	3,859	5,325	11,318	(5,993)
Transportation	14,972	14,972	11,321	3,651
Economic Environment	20,489	25,576	19,157	6,419
Health and Human Services	-	92	63	29
Culture and Recreation	50,032	70,230	27,897	42,333
Capital Outlay				
General Government	25,468	25,493	1,095	24,398
Public Safety	22,118	25,484	10,275	15,209
Physical Environment	8,059	8,059	-	8,059
Transportation	5,504	5,504	-	5,504
Economic Environment	5,544	522	-	522
Culture and Recreation	14,292	14,292	8,029	6,263
Debt Service				
Interest	1,026	1,026	-	1,026
<b>Total Expenditures and Encumbrances</b>	<b>1,045,257</b>	<b>1,111,434</b>	<b>962,256</b>	<b>149,178</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	189,781	139,418	299,093	159,675
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	12,295	26,600	22,748	(3,852)
Transfers In	19,987	26,404	23,462	(2,942)
Transfers Out	(301,861)	(318,279)	(312,196)	6,083
<b>Total Other Financing Sources (Uses)</b>	<b>(269,579)</b>	<b>(265,275)</b>	<b>(265,986)</b>	<b>(711)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (79,798)</b>	<b>\$ (125,857)</b>	<b>33,107</b>	<b>\$ 158,964</b>
Budgetary Fund Balance - Beginning of Year			184,266	
Net Change in Encumbrances			668	
Net Change in Unappropriable Reserves			(9,201)	
<b>Budgetary Fund Balance - End of Year</b>			<b>208,840</b>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			83,543	
Encumbrances			3,060	
Reimbursements				
Budgeted as Revenues			170,599	
Budgeted as Expenditures			(170,599)	
GASB Statement No. 54 Reporting Adjustment				
Library Fund Balances			13,517	
<b>Fund Balance (GAAP) - End of Year</b>			<b>\$ 308,960</b>	

# Required Supplementary Information

C-2

**TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 41,487	\$ 41,487	\$ 41,774	\$ 287
Business Taxes	31,291	31,291	33,930	2,639
Other Taxes	-	-	112	112
Total Taxes	<u>72,778</u>	<u>72,778</u>	<u>75,816</u>	<u>3,038</u>
Licenses and Permits	7,893	7,893	5,130	(2,763)
Grants, Shared Revenues, and Contributions	55,217	55,217	51,755	(3,462)
Charges for Services	53,892	53,892	102,475	48,583
Fines and Forfeits	-	-	8	8
Parking Fees and Space Rent	-	-	70	70
Program Income, Interest, and Miscellaneous Revenues	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>
Total Revenues	189,780	189,780	235,376	45,596
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
Transportation	92,969	97,281	86,111	11,170
Capital Outlay				
Transportation	424,422	439,965	234,188	205,777
Debt Service				
Principal	2,313	2,313	2,112	201
Interest	<u>-</u>	<u>-</u>	<u>183</u>	<u>(183)</u>
Total Expenditures and Encumbrances	<u>519,704</u>	<u>539,559</u>	<u>322,594</u>	<u>216,965</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(329,924)	(349,779)	(87,218)	262,561
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	-	-	54	54
Transfers In	141,965	141,965	133,703	(8,262)
Transfers Out	<u>(25,633)</u>	<u>(25,633)</u>	<u>(24,739)</u>	<u>894</u>
Total Other Financing Sources (Uses)	<u>116,332</u>	<u>116,332</u>	<u>109,018</u>	<u>(7,314)</u>
Net Change in Fund Balance	<u>\$ (213,592)</u>	<u>\$ (233,447)</u>	21,800	<u>\$ 255,247</u>
Budgetary Fund Balance - Beginning of Year			2,891	
Net Change in Encumbrances			815	
Net Change in Unappropriable Reserves			<u>(31,680)</u>	
Budgetary Fund Balance - End of Year			(6,174)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			<u>79,837</u>	
Fund Balance (GAAP) - End of Year			<u>\$ 73,663</u>	

C-3

**LOW-INCOME HOUSING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General Property Taxes	\$ 18,994	\$ 18,994	\$ 17,952	\$ (1,042)
Grants, Shared Revenues, and Contributions	14,370	13,094	2,088	(11,006)
Charges for Services	4,639	4,664	810	(3,854)
Program Income, Interest, and Miscellaneous Revenues	29,037	29,037	11,072	(17,965)
Total Revenues	67,040	65,789	31,922	(33,867)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Current				
Economic Environment	132,276	131,024	30,631	100,393
Total Expenditures and Encumbrances	132,276	131,024	30,631	100,393
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(65,236)	(65,235)	1,291	66,526
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	15	15	-	(15)
Total Other Financing Sources (Uses)	15	15	-	(15)
Net Change in Fund Balance	<u>\$ (65,221)</u>	<u>\$ (65,220)</u>	1,291	<u>\$ 66,511</u>
Budgetary Fund Balance - Beginning of Year			(9,366)	
Net Change in Unappropriable Reserves			(5,588)	
Budgetary Fund Balance - End of Year			(13,663)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			94,820	
Fund Balance (GAAP) - End of Year			<u>\$ 81,157</u>	



**PENSION PLAN INFORMATION**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Defined benefit pension plans are required to provide two schedules of long-term actuarial data, 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.

PENSION PLAN INFORMATION  
SCHEDULE OF FUNDING PROGRESS

December 31, 2013

(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 <sup>c</sup>	UAAL as a Percentage of Covered Payroll
Seattle City Employees' Retirement System (SCERS)	2006	\$ 1,791,800	\$ 2,017,500	\$ 225,800	88.8 %	\$ 447,000	50.5 %
	2008	2,119,400	2,294,600	175,200	92.4	501,900	34.9
	2010	1,645,300	2,653,800	1,008,500	62.0	580,900	173.6
	2011	2,013,700	2,709,000	695,400	74.3	563,200	123.5
	2012	1,954,300	2,859,300	905,000	68.3	557,000	162.5
	2013	1,920,100	3,025,300	1,105,000	63.5 <sup>d</sup>	567,806	194.6
Firemen's Pension Fund	2008	9,005	168,384	159,379	5.0	N/A	N/A
	2009	11,498	141,621	130,123	8.0	N/A	N/A
	2010	13,273	143,499	130,226	9.0	N/A	N/A
	2011	11,430	126,794	115,364	9.0	N/A	N/A
	2012	10,877	138,611	127,734	8.0	N/A	N/A
	2013	12,943	106,424	93,481	12.0	N/A	N/A
Police Relief and Pension Fund	2008	805	138,897	138,092	1.0	N/A	N/A
	2009	423	132,118 <sup>e</sup>	131,695 <sup>e</sup>	0.0	N/A	N/A
	2010	280	129,393	129,113	0.0	N/A	N/A
	2011	1,105	137,497	136,392	1.0	N/A	N/A
	2012	3,746	111,458	107,712	3.0	N/A	N/A
	2013	4,625	104,729	100,104	4.0	N/A	N/A

<sup>a</sup> Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method for SCERS, Firemen's Pension, and Police Relief and Pension.

<sup>b</sup> Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.

<sup>c</sup> Covered payroll includes compensation paid to all active employees on which contributions are calculated. Not applicable for Firemen's Pension and Police Relief and Pension plans. These plans primarily cover inactive participants and there are no current member contributions.

<sup>d</sup> The funding ratio had been 63.5%, based on previous, January 1, 2013 actuarial valuation. The increase in the funding ratio is due mainly to the adoption of the asset smoothing method.

<sup>e</sup> Reflects a \$514,000 actuarial adjustment for the 2009 AAL and UAAL.

# Required Supplementary Information

C-5

## PENSION PLAN INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2013

(In Thousands)

Retirement System	Fiscal Year Ending December 31	Covered Employee Payroll <sup>a</sup>	Actual Employer Contribution <sup>b</sup>	Actual Employer Contribution Percentage <sup>b</sup>	Annual Required Contribution (ARC) <sup>c</sup>	Percentage of ARC Contributed
<b>Seattle City Employees' Retirement System (SCERS)</b>	2007	\$ 501,900	\$ 40,300	8.03 %	8.03 %	100 %
	2008	570,530	45,814	8.03	8.03	100
	2009	580,948	46,650	8.03	8.03	100
	2010	563,198	45,225	8.03	17.00	47
	2011	557,000	50,301	9.03	13.11	69
	2012 <sup>d</sup>	567,806	62,515	11.01	11.84	93
<b>Firemen's Pension Fund</b>	2007 <sup>e</sup>	N/A	8,633	N/A	\$ 9,533	91
	2008	N/A	15,027	N/A	10,673	141
	2009	N/A	11,422	N/A	8,266	138
	2010	N/A	7,255	N/A	7,975	91
	2011	N/A	8,262	N/A	7,218	114
	2012	N/A	10,318	N/A	7,387	140
<b>Police Relief and Pension Fund</b>	2007 <sup>e</sup>	N/A	5,885	N/A	\$ 7,783	76
	2008	N/A	9,723	N/A	9,248	105
	2009	N/A	7,939	N/A	8,635	95
	2010	N/A	9,843	N/A	7,907	124
	2011	N/A	11,195	N/A	8,534	131
	2012	N/A	8,315	N/A	6,895	121

<sup>a</sup> Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll for SCERS. Not applicable to the Firemen's Pension and Police Relief and Pension because these plans primarily cover inactive participants and there are no current member contributions.

<sup>b</sup> The actual and required employer contributions for SCERS are expressed as a percentage of payroll after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.

<sup>c</sup> The City makes employer contributions as a percentage of actual payroll for SCERS as set in City ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the ARC is equal to the actual dollar amount of the employer contributions. The City ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate.

<sup>d</sup> The latest actuarial valuation for SCERS was completed as of January 1, 2013.

<sup>e</sup> Projected benefit payments and liabilities increased significantly between the 2005 actuarial valuation and the valuation completed in 2007. The primary contributing factor was the change in actuarial assumptions to reflect that long-run wages were expected to increase faster than the Consumer Price Index.



**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 **Park 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 **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 **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 **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 **Transportation Bond Fund** was established in 1997 to account for part of the proceeds of a limited tax general obligation bond issue in the amount of \$9.5 million for designated transportation programs and projects (Ordinances 118503 and 118528).

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 **City Facilities Renovation and Improvement Fund** received \$22.2 million of unlimited tax general obligation bond proceeds under the 1-2-3 Bond/Levy Program approved by voters in September 1984. It provides funds to renovate libraries, fire stations, Seattle Center facilities, harbor patrol stations, and other facilities (Ordinance 111717).

The **Conservation Futures Fund** was established in 1990 to account for the proceeds from the Conservation Futures Levy which are allocated to the City by King County and for the City's matching amounts. The funds are to acquire suitable greenbelt areas for conserving and enhancing the quality of the environment (Ordinances 114763, 114978, and 116908).

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).

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## Nonmajor Governmental Funds

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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 **South Police Stations Fund** was established in 1999 to account for moneys to be used for the design of the new South Police Station and modification of existing stations (Ordinance 119432).

The **Public Safety Information Technology Fund** was established in 1999 to account for part of the proceeds from the sale of limited tax general obligation bonds for the purpose of acquiring public safety information technology (Ordinance 119630).

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 **2003 Long-Term General Obligation Project Fund** was established to account for the proceeds of bonds issued in February 2003 to provide funding for Seattle Center's Roof and Structural Repairs, Park 90/5 Facility Earthquake Repair, and the SR519 and Alaskan Way Viaduct/Seawall Projects of the Seattle Department of Transportation (Ordinance 120979).

The **2006 Multipurpose Long-Term General Obligation Bond Fund** was established to account for up to \$24.1 million proceeds of limited tax general obligation bonds issued in 2006 for funding for the costs of the Viaduct, Pier 59, Mercer Corridor, and South Lake Union Streetcar projects; as well as for the refinancing of earthquake repair costs of the Park 90/5 Facility (Ordinance 121982).

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 **2007 Multipurpose Long-Term General Obligation Bond Fund** was established in 2006 to account for the acquisition of real property in the Northgate area for future general municipal purposes and for the costs of improvements to the Seattle Aquarium. Funds for these projects were initially provided from interfund loans to be repaid from future proceeds of limited tax general obligation bonds to be issued by the City (Ordinance 122121). The other part of the proceeds of the bond issue (Ordinance 122286) provided funding for the Parking Pay Stations, Alaska Tunnel/Seawall, Monorail Rehabilitation projects and the Zoo Garage construction.

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).

## PERMANENT FUNDS

The **H. H. Dearborn Fund** holds a \$50,000 nonexpendable gift to the City. The investment income is available for charitable purposes.

The **Beach Maintenance Trust Fund** received \$2.0 million appropriated from the City's Shoreline Park Improvement Fund. The earnings on this fund are used solely to maintain public beaches in Seattle.

# Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SUMMARY BY FUND TYPE  
December 31, 2013  
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2013	Restated 2012
<b>ASSETS</b>						
Cash and Equity in Pooled Investments	\$ 106,513	\$ 15,544	\$ 173,004	\$ 2,123	\$ 297,184	\$ 265,985
Receivables, Net of Allowances						
Taxes	1,193	347	604	-	2,144	2,827
Accounts	5,407	-	-	-	5,407	8,345
Special Assessments	-	-	13,546	-	13,546	13,303
Interest and Dividends	86	4	113	1	204	152
Unbilled and Others	1,253	-	-	-	1,253	1,249
Due from Other Funds	5,982	-	114	-	6,096	7,119
Due from Other Governments	15,448	-	8	-	15,456	13,858
Inventories	535	-	-	-	535	553
Prepaid and Other Current Assets	-	-	-	-	-	10
Charges and Other Assets	-	-	-	-	-	4
<b>Total Assets</b>	<b>136,417</b>	<b>15,895</b>	<b>187,389</b>	<b>2,124</b>	<b>341,825</b>	<b>313,405</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	43,216	-	-	-	43,216	43,973
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 179,633</b>	<b>\$ 15,895</b>	<b>\$ 187,389</b>	<b>\$ 2,124</b>	<b>\$ 385,041</b>	<b>\$ 357,378</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 25,297	\$ -	\$ 4,534	\$ -	\$ 29,831	\$ 26,557
Contracts Payable	630	-	1,696	-	2,326	1,739
Due to Other Funds	10,951	-	24,997	-	35,948	20,795
Due to Other Governments	5,021	-	43	-	5,064	5,328
Salaries, Benefits, and Taxes Payable	4,849	-	-	-	4,849	4,099
Interest Payable	4	-	4	-	8	2
Deposits Payable	206	-	14	-	220	160
Revenue Collected/Billed in Advance - Current	4,189	-	715	-	4,904	4,284
Other Current Liabilities	261	-	-	-	261	230
Advances from Other Funds	195	-	-	-	195	2,550
<b>Total Liabilities</b>	<b>51,603</b>	<b>-</b>	<b>32,003</b>	<b>-</b>	<b>83,606</b>	<b>65,744</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	44,104	266	13,592	-	57,962	59,206
<b>FUND BALANCES</b>						
Nonspendable	564	-	-	2,050	2,614	2,400
Restricted	85,725	15,629	151,134	90	252,578	222,227
Committed	2,948	-	-	-	2,948	9,209
Assigned	7,661	-	-	-	7,661	12,583
Unassigned	(12,972)	-	(9,340)	(16)	(22,328)	(13,991)
<b>Total Fund Balances</b>	<b>83,926</b>	<b>15,629</b>	<b>141,794</b>	<b>2,124</b>	<b>243,473</b>	<b>232,428</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 179,633</b>	<b>\$ 15,895</b>	<b>\$ 187,389</b>	<b>\$ 2,124</b>	<b>\$ 385,041</b>	<b>\$ 357,378</b>

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE

December 31, 2013

(In Thousands)

	Park and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 5,721	\$ 396	\$ 428	\$ 4,829
Receivables, Net of Allowances				
Taxes	-	1	-	274
Accounts	2,174	-	-	-
Interest and Dividends	1	-	-	3
Unbilled and Others	223	-	-	-
Due from Other Funds	3,889	-	-	-
Due from Other Governments	222	103	-	-
Inventories	302	-	-	-
Prepaid and Other Current Assets	-	-	-	-
Total Assets	12,532	500	428	5,106
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Assets and Deferred Outflows of Resources	\$ 12,532	\$ 500	\$ 428	\$ 5,106
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,700	\$ -	\$ -	\$ -
Contracts Payable	630	-	-	-
Due to Other Funds	704	4,318	1	-
Due to Other Governments	-	-	-	-
Salaries, Benefits, and Taxes Payable	2,559	-	-	-
Interest Payable	2	2	-	-
Deposits Payable	202	-	-	-
Revenue Collected/Billed in Advance - Current	1,232	-	-	-
Other Current Liabilities	261	-	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	8,290	4,320	1	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	-	-	-	205
<b>FUND BALANCES</b>				
Nonspendable	311	-	-	-
Restricted	81	-	427	4,901
Committed	-	-	-	-
Assigned	3,850	-	-	-
Unassigned	-	(3,820)	-	-
Total Fund Balances	4,242	(3,820)	427	4,901
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,532	\$ 500	\$ 428	\$ 5,106

# Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2013  
(In Thousands)**

	<b>Seattle Center</b>	<b>Human Services Operating</b>	<b>Office of Housing</b>	<b>Housing and Community Development Revenue Sharing</b>
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 421	\$ 16,994	\$ 1,211	\$ 1,632
Receivables, Net of Allowances				
Taxes	-	-	-	-
Accounts	3,006	13	76	41
Interest and Dividends	24	6	-	1
Unbilled and Others	1,027	3	-	-
Due from Other Funds	67	999	242	121
Due from Other Governments	-	12,348	479	1,693
Inventories	233	-	-	-
Prepaid and Other Current Assets	-	-	-	-
	4,778	30,363	2,008	3,488
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	474	-	42,742
Total Assets and Deferred Outflows of Resources	\$ 4,778	\$ 30,837	\$ 2,008	\$ 46,230
<b>LIABILITIES</b>				
Accounts Payable	\$ 541	\$ 16,144	\$ 16	\$ 1,094
Contracts Payable	-	-	-	-
Due to Other Funds	203	316	255	767
Due to Other Governments	-	5,021	-	-
Salaries, Benefits, and Taxes Payable	1,077	948	131	-
Interest Payable	-	-	-	-
Deposits Payable	3	-	1	-
Revenue Collected/Billed in Advance - Current	759	2,091	27	74
Other Current Liabilities	-	-	-	-
Advances from Other Funds	195	-	-	-
	2,778	24,520	430	1,935
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	474	-	42,742
<b>FUND BALANCES</b>				
Nonspendable	253	-	-	-
Restricted	9,470	2,091	-	1,553
Committed	1,429	1,519	-	-
Assigned	-	2,233	1,578	-
Unassigned	(9,152)	-	-	-
	2,000	5,843	1,578	1,553
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,778	\$ 30,837	\$ 2,008	\$ 46,230

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**  
**December 31, 2013**  
*(In Thousands)*

	<b>Education and Development Services</b>	<b>2012 Library Levy</b>	<b>Business Improvement Areas</b>	<b>Seattle Transportation Benefit District</b>
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 43,065	\$ 8,518	\$ 4,090	\$ 1,367
Receivables, Net of Allowances				
Taxes	669	249	-	-
Accounts	-	-	-	-
Interest and Dividends	28	8	3	1
Unbilled and Others	-	-	-	-
Due from Other Funds	177	-	-	2
Due from Other Governments	-	-	-	603
Inventories	-	-	-	-
Prepaid and Other Current Assets	-	-	-	-
Total Assets	<u>43,939</u>	<u>8,775</u>	<u>4,093</u>	<u>1,973</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Assets and Deferred Outflows of Resources	<u>\$ 43,939</u>	<u>\$ 8,775</u>	<u>\$ 4,093</u>	<u>\$ 1,973</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,653	\$ 15	\$ 858	\$ -
Contracts Payable	-	-	-	-
Due to Other Funds	345	3,658	-	242
Due to Other Governments	-	-	-	-
Salaries, Benefits, and Taxes Payable	52	8	-	-
Interest Payable	-	-	-	-
Deposits Payable	-	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	-
Other Current Liabilities	-	-	-	-
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>4,050</u>	<u>3,681</u>	<u>858</u>	<u>242</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>501</u>	<u>182</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	39,388	4,912	3,235	1,731
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>39,388</u>	<u>4,912</u>	<u>3,235</u>	<u>1,731</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 43,939</u>	<u>\$ 8,775</u>	<u>\$ 4,093</u>	<u>\$ 1,973</u>



# Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2013  
(In Thousands)**

				Comparative Totals	
	General Trust	Municipal Arts	General Donations and Gift Trust	2013	Restated 2012
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 7,541	\$ 5,608	\$ 4,692	\$ 106,513	\$ 84,139
Receivables, Net of Allowances					
Taxes	-	-	-	1,193	956
Accounts	-	-	97	5,407	8,329
Interest and Dividends	5	3	3	86	63
Unbilled and Others	-	-	-	1,253	1,231
Due from Other Funds	175	281	29	5,982	2,569
Due from Other Governments	-	-	-	15,448	12,575
Inventories	-	-	-	535	553
Prepaid and Other Current Assets	-	-	-	-	10
<b>Total Assets</b>	<b>7,721</b>	<b>5,892</b>	<b>4,821</b>	<b>136,417</b>	<b>110,425</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	43,216	43,973
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,721</b>	<b>\$ 5,892</b>	<b>\$ 4,821</b>	<b>\$ 179,633</b>	<b>\$ 154,398</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 111	\$ 65	\$ 100	\$ 25,297	\$ 20,479
Contracts Payable	-	-	-	630	592
Due to Other Funds	18	9	115	10,951	6,097
Due to Other Governments	-	-	-	5,021	5,277
Salaries, Benefits, and Taxes Payable	37	30	7	4,849	4,086
Interest Payable	-	-	-	4	2
Deposits Payable	-	-	-	206	146
Revenue Collected/Billed in Advance - Current	-	-	6	4,189	3,153
Other Current Liabilities	-	-	-	261	230
Advances from Other Funds	-	-	-	195	1,700
<b>Total Liabilities</b>	<b>166</b>	<b>104</b>	<b>228</b>	<b>51,603</b>	<b>41,762</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	-	-	-	44,104	45,188
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	564	350
Restricted	7,555	5,788	4,593	85,725	57,769
Committed	-	-	-	2,948	9,209
Assigned	-	-	-	7,661	12,583
Unassigned	-	-	-	(12,972)	(12,463)
<b>Total Fund Balances</b>	<b>7,555</b>	<b>5,788</b>	<b>4,593</b>	<b>83,926</b>	<b>67,448</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,721</b>	<b>\$ 5,892</b>	<b>\$ 4,821</b>	<b>\$ 179,633</b>	<b>\$ 154,398</b>

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**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DEBT SERVICE**  
**December 31, 2013**  
*(In Thousands)*

	General Bond Interest and Redemption	Interfund Notes Payable – Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2013	Restated 2012
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 14,690	\$ 8	\$ 846	\$ 15,544	\$ 10,510
Receivables, Net of Allowances					
Taxes	347	-	-	347	418
Interest and Dividends	4	-	-	4	1
Due from Other Funds	-	-	-	-	97
Due from Other Governments	-	-	-	-	12
Charges and Other Assets	-	-	-	-	4
Total Assets	15,041	8	846	15,895	11,042
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 15,041</u>	<u>\$ 8</u>	<u>\$ 846</u>	<u>\$ 15,895</u>	<u>\$ 11,042</u>
<b>LIABILITIES</b>					
Due to Other Governments	\$ -	\$ -	\$ -	\$ -	\$ 45
Total Liabilities	-	-	-	-	45
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	266	-	-	266	331
<b>FUND BALANCES</b>					
Restricted	14,775	8	846	15,629	10,666
Total Fund Balances	<u>14,775</u>	<u>8</u>	<u>846</u>	<u>15,629</u>	<u>10,666</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,041</u>	<u>\$ 8</u>	<u>\$ 846</u>	<u>\$ 15,895</u>	<u>\$ 11,042</u>

# Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
**December 31, 2013**  
*(In Thousands)*

	<u>Transportation Bond</u>	<u>Public Safety Facilities and Equipment</u>	<u>Shoreline Park Improvement</u>	<u>Community Improvement</u>	<u>Park Mitigation and Remediation</u>
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 6	\$ 379	\$ 547	\$ 50	\$ 7,657
Receivables, Net of Allowances					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Interest and Dividends	-	-	-	-	5
Unbilled and Others	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Total Assets	<u>6</u>	<u>379</u>	<u>547</u>	<u>50</u>	<u>7,662</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 6</u>	<u>\$ 379</u>	<u>\$ 547</u>	<u>\$ 50</u>	<u>\$ 7,662</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 84	\$ -	\$ 23
Contracts Payable	-	-	-	-	-
Due to Other Funds	-	-	4	-	1
Due to Other Governments	-	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>24</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	-	-	-	-	-
<b>FUND BALANCES</b>					
Restricted	6	379	459	50	7,638
Unassigned	-	-	-	-	-
Total Fund Balances	<u>6</u>	<u>379</u>	<u>459</u>	<u>50</u>	<u>7,638</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6</u>	<u>\$ 379</u>	<u>\$ 547</u>	<u>\$ 50</u>	<u>\$ 7,662</u>

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
**December 31, 2013**  
*(In Thousands)*

	<b>City Facilities Renovation and Improvement</b>	<b>Conservation Futures</b>	<b>Open Spaces and Trails Bond</b>	<b>Seattle Center and Parks Multipurpose Levy</b>	<b>Seattle Center Redevelopment/ Parks Community Center</b>
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 88	\$ 31	\$ 59	\$ 40,183	\$ 1,409
Receivables, Net of Allowances					
Taxes	-	-	-	535	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Interest and Dividends	-	-	-	26	1
Unbilled and Others	-	-	-	-	-
Due from Other Funds	-	-	-	7	25
Due from Other Governments	-	-	-	8	-
Total Assets	<u>88</u>	<u>31</u>	<u>59</u>	<u>40,759</u>	<u>1,435</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Assets and Deferred Outflows of Resources	<u>\$ 88</u>	<u>\$ 31</u>	<u>\$ 59</u>	<u>\$ 40,759</u>	<u>\$ 1,435</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 672	\$ 57
Contracts Payable	-	-	-	-	-
Due to Other Funds	-	-	-	250	3
Due to Other Governments	-	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	715	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,637</u>	<u>60</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>401</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	88	31	59	38,721	1,375
Unassigned	-	-	-	-	-
Total Fund Balances	<u>88</u>	<u>31</u>	<u>59</u>	<u>38,721</u>	<u>1,375</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 88</u>	<u>\$ 31</u>	<u>\$ 59</u>	<u>\$ 40,759</u>	<u>\$ 1,435</u>

# Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2013  
(In Thousands)**

	<b>Municipal Civic Center</b>	<b>South Police Stations</b>	<b>Public Safety Information Technology</b>	<b>2003 Fire Facilities</b>	<b>2003 Long-Term General Obligation Project</b>
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 1,292	\$ 2	\$ 535	\$ 19,152	\$ 11
Receivables, Net of Allowances					
Taxes	-	-	-	69	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Interest and Dividends	1	-	-	13	-
Unbilled and Others	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
<b>Total Assets</b>	<b>1,293</b>	<b>2</b>	<b>535</b>	<b>19,234</b>	<b>11</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,293</b>	<b>\$ 2</b>	<b>\$ 535</b>	<b>\$ 19,234</b>	<b>\$ 11</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,857	\$ -
Contracts Payable	-	-	-	438	-
Due to Other Funds	-	-	-	99	-
Due to Other Governments	-	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	14	-
Revenue Collected/Billed in Advance - Current	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,408</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	-	-	-	55	-
<b>FUND BALANCES</b>					
Restricted	1,293	2	535	16,771	11
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,293</b>	<b>2</b>	<b>535</b>	<b>16,771</b>	<b>11</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,293</b>	<b>\$ 2</b>	<b>\$ 535</b>	<b>\$ 19,234</b>	<b>\$ 11</b>

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
**December 31, 2013**  
*(In Thousands)*

	2006 Multipurpose Long-Term General Obligation Bond	Local Improvement, District No. 6750	2007 Multipurpose Long-Term General Obligation Bond	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 64	\$ 1,449	\$ 12	\$ 2,970	\$ 2,219
Receivables, Net of Allowances					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	13,546	-	-	-
Interest and Dividends	-	1	-	3	1
Unbilled and Others	-	-	-	-	-
Due from Other Funds	-	-	-	3	-
Due from Other Governments	-	-	-	-	-
Total Assets	64	14,996	12	2,976	2,220
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Total Assets and Deferred Outflows of Resources	<u>\$ 64</u>	<u>\$ 14,996</u>	<u>\$ 12</u>	<u>\$ 2,976</u>	<u>\$ 2,220</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	89	649
Due to Other Funds	-	-	-	1,145	69
Due to Other Governments	-	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	-	-	-	1,234	718
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	-	13,136	-	-	-
<b>FUND BALANCES</b>					
Restricted	64	1,860	12	1,742	1,502
Unassigned	-	-	-	-	-
Total Fund Balances	64	1,860	12	1,742	1,502
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 64</u>	<u>\$ 14,996</u>	<u>\$ 12</u>	<u>\$ 2,976</u>	<u>\$ 2,220</u>

# Nonmajor Governmental Funds

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## COMBINING BALANCE SHEET

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### NONMAJOR GOVERNMENTAL FUNDS

#### CAPITAL PROJECTS

December 31, 2013

(In Thousands)

	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 6,443	\$ 15,674	\$ 10,000	\$ 30,507	\$ 31,883
Receivables, Net of Allowances					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Special Assessments	-	-	-	-	-
Interest and Dividends	4	10	7	20	21
Unbilled and Others	-	-	-	-	-
Due from Other Funds	2	43	-	9	24
Due from Other Governments	-	-	-	-	-
Total Assets	6,449	15,727	10,007	30,536	31,928
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 6,449</u>	<u>\$ 15,727</u>	<u>\$ 10,007</u>	<u>\$ 30,536</u>	<u>\$ 31,928</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 10	\$ 40	\$ 1,791	\$ -
Contracts Payable	80	21	-	419	-
Due to Other Funds	722	1,120	54	3,876	7,935
Due to Other Governments	-	-	-	43	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Total Liabilities	802	1,151	94	6,129	7,935
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	-	-	-	-	-
<b>FUND BALANCES</b>					
Restricted	5,647	14,576	9,913	24,407	23,993
Unassigned	-	-	-	-	-
Total Fund Balances	5,647	14,576	9,913	24,407	23,993
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,449</u>	<u>\$ 15,727</u>	<u>\$ 10,007</u>	<u>\$ 30,536</u>	<u>\$ 31,928</u>

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
**December 31, 2013**  
*(In Thousands)*

	<b>Central Waterfront Improvement</b>	<b>Comparative Totals</b>	
		<b>2013</b>	<b>Restated 2012</b>
<b>ASSETS</b>			
Cash and Equity in Pooled Investments	\$ 382	\$ 173,004	\$ 169,169
Receivables, Net of Allowances			
Taxes	-	604	1,453
Accounts	-	-	16
Special Assessments	-	13,546	13,303
Interest and Dividends	-	113	87
Unbilled and Others	-	-	18
Due from Other Funds	1	114	4,453
Due from Other Governments	-	8	1,271
Total Assets	<u>383</u>	<u>187,389</u>	<u>189,770</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 383</u>	<u>\$ 187,389</u>	<u>\$ 189,770</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 4,534	\$ 6,076
Contracts Payable	-	1,696	1,147
Due to Other Funds	9,719	24,997	14,694
Due to Other Governments	-	43	6
Salaries, Benefits, and Taxes Payable	-	-	13
Interest Payable	4	4	-
Deposits Payable	-	14	14
Revenue Collected/Billed in Advance - Current	-	715	1,131
Advances from Other Funds	-	-	850
Total Liabilities	<u>9,723</u>	<u>32,003</u>	<u>23,931</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	13,592	13,687
<b>FUND BALANCES</b>			
Restricted	-	151,134	153,680
Unassigned	(9,340)	(9,340)	(1,528)
Total Fund Balances	<u>(9,340)</u>	<u>141,794</u>	<u>152,152</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 383</u>	<u>\$ 187,389</u>	<u>\$ 189,770</u>



# Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
PERMANENT  
December 31, 2013  
(In Thousands)**

	<u>H. H. Dearborn</u>	<u>Beach Maintenance Trust</u>	<u>Comparative Totals</u>	
			<u>2013</u>	<u>2012</u>
<b>ASSETS</b>				
Cash and Equity in Pooled Investments	\$ 140	\$ 1,983	\$ 2,123	\$ 2,167
Receivables, Net of Allowances Interest and Dividends	-	1	1	1
Total Assets	140	1,984	2,124	2,168
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Assets and Deferred Outflows of Resources	<u>\$ 140</u>	<u>\$ 1,984</u>	<u>\$ 2,124</u>	<u>\$ 2,168</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 2
Due to Other Funds	-	-	-	4
Total Liabilities	-	-	-	6
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	50	2,000	2,050	2,050
Restricted	90	-	90	112
Unassigned	-	(16)	(16)	-
Total Fund Balances	140	1,984	2,124	2,162
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 140</u>	<u>\$ 1,984</u>	<u>\$ 2,124</u>	<u>\$ 2,168</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SUMMARY BY FUND TYPE**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2013	2012
<b>REVENUES</b>						
Taxes	\$ 82,985	\$ 15,930	\$ 24,352	\$ -	\$ 123,267	\$ 108,167
Grants, Shared Revenues, and Contributions	69,637	1,020	12,101	-	82,758	76,851
Charges for Services	46,975	-	-	-	46,975	52,636
Fines and Forfeits	56	-	-	-	56	70
Parking Fees and Space Rent	23,523	323	-	-	23,846	21,656
Program Income, Interest, and Miscellaneous Revenues	2,005	571	351	(5)	2,922	7,514
<b>Total Revenues</b>	<b>225,181</b>	<b>17,844</b>	<b>36,804</b>	<b>(5)</b>	<b>279,824</b>	<b>266,894</b>
<b>EXPENDITURES</b>						
Current						
General Government	13,426	-	-	-	13,426	17,447
Public Safety	1,502	-	-	-	1,502	2,278
Physical Environment	617	-	-	-	617	420
Transportation	1,059	-	-	-	1,059	739
Economic Environment	78,856	-	-	-	78,856	74,605
Health and Human Services	73,088	-	-	-	73,088	67,103
Culture and Recreation	162,135	-	-	-	162,135	156,796
Capital Outlay						
General Government	-	-	17,177	-	17,177	5,042
Public Safety	-	-	10,825	-	10,825	20,286
Transportation	-	-	-	-	-	10
Culture and Recreation	10,872	-	44,505	23	55,400	40,831
Debt Service						
Principal	-	54,078	-	-	54,078	51,600
Interest	-	25,486	537	-	26,023	25,133
Bond Issuance Cost	-	290	532	-	822	258
Other	-	-	-	-	-	305
<b>Total Expenditures</b>	<b>341,555</b>	<b>79,854</b>	<b>73,576</b>	<b>23</b>	<b>495,008</b>	<b>462,853</b>
Excess (Deficiency) of Revenues over Expenditures	(116,374)	(62,010)	(36,772)	(28)	(215,184)	(195,959)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	-	4,929	96,186	-	101,115	102,085
Refunding Debt Issued	-	43,945	-	-	43,945	-
Premium on Bonds Issued	-	557	8,820	-	9,377	21,140
Payment to Refunded Bond Escrow Agent	-	(44,503)	-	-	(44,503)	(91,574)
Sales of Capital Assets	102	-	-	-	102	1,408
Transfers In	163,012	62,045	250	-	225,307	204,437
Transfers Out	(30,262)	-	(78,842)	(10)	(109,114)	(79,422)
<b>Total Other Financing Sources (Uses)</b>	<b>132,852</b>	<b>66,973</b>	<b>26,414</b>	<b>(10)</b>	<b>226,229</b>	<b>158,074</b>
Net Change in Fund Balance	16,478	4,963	(10,358)	(38)	11,045	(37,885)
Fund Balances - Beginning of Year	67,448	10,666	152,152	2,162	232,428	270,313
Fund Balances - End of Year	\$ 83,926	\$ 15,629	\$ 141,794	\$ 2,124	\$ 243,473	\$ 232,428

# Nonmajor Governmental Funds

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## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 1 of 4

### IN FUND BALANCES

### NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE

For the Year Ended December 31, 2013

(In Thousands)

	Park and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 12,490
Grants, Shared Revenues, and Contributions	193	463	-	-
Charges for Services	34,700	164	-	-
Fines and Forfeits	1	-	-	-
Parking Fees and Space Rent	5,834	-	-	-
Program Income, Interest, and Miscellaneous Revenues	184	(26)	-	(31)
Total Revenues	40,912	601	-	12,459
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	230
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	1,054	-	-
Economic Environment	-	-	-	-
Health and Human Services	-	-	-	-
Culture and Recreation	125,262	-	23	-
Capital Outlay				
Public Safety	-	-	-	-
Culture and Recreation	7,480	-	52	-
Total Expenditures	132,742	1,054	75	230
Excess (Deficiency) of Revenues over Expenditures	(91,830)	(453)	(75)	12,229
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	102	-	-	-
Transfers In	90,484	-	-	-
Transfers Out	(2,993)	-	-	(8,955)
Total Other Financing Sources (Uses)	87,593	-	-	(8,955)
Net Change in Fund Balance	(4,237)	(453)	(75)	3,274
Fund Balances - Beginning of Year	8,479	(3,367)	502	1,627
Fund Balances - End of Year	\$ 4,242	\$ (3,820)	\$ 427	\$ 4,901

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 Page 2 of 4  
 IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE  
 For the Year Ended December 31, 2013  
 (In Thousands)

	Seattle Center	Human Services Operating	Office of Housing	Housing and Community Development Revenue Sharing
<b>REVENUES</b>				
Taxes	\$ -	\$ 935	\$ 1,810	\$ -
Grants, Shared Revenues, and Contributions	15	50,959	1,749	11,715
Charges for Services	6,639	1,233	955	-
Fines and Forfeits	-	55	-	-
Parking Fees and Space Rent	17,662	-	27	-
Program Income, Interest, and Miscellaneous Revenues	305	835	128	672
Total Revenues	24,621	54,017	4,669	12,387
<b>EXPENDITURES</b>				
Current				
General Government	-	13,196	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Economic Environment	-	48,781	5,022	11,971
Health and Human Services	-	51,541	-	-
Culture and Recreation	35,868	-	-	-
Capital Outlay				
Public Safety	-	-	-	-
Culture and Recreation	49	-	-	422
Total Expenditures	35,917	113,518	5,022	12,393
Excess (Deficiency) of Revenues over Expenditures	(11,296)	(59,501)	(353)	(6)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	-	-	-	-
Transfers In	12,836	59,668	-	-
Transfers Out	(135)	-	-	-
Total Other Financing Sources (Uses)	12,701	59,668	-	-
Net Change in Fund Balance	1,405	167	(353)	(6)
Fund Balances - Beginning of Year	595	5,676	1,931	1,559
Fund Balances - End of Year	\$ 2,000	\$ 5,843	\$ 1,578	\$ 1,553

# Nonmajor Governmental Funds

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## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 3 of 4

### IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE

For the Year Ended December 31, 2013

(In Thousands)

	Education and Development Services	2012 Library Levy	Business Improvement Areas	Seattle Transportation Benefit District
<b>REVENUES</b>				
Taxes	\$ 32,325	\$ 16,825	\$ 11,234	\$ 7,366
Grants, Shared Revenues, and Contributions	177	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Parking Fees and Space Rent	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	(114)	(8)	17	3
	32,388	16,817	11,251	7,369
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	5
Economic Environment	-	-	12,809	-
Health and Human Services	21,540	-	-	-
Culture and Recreation	-	863	-	-
Capital Outlay	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	-
	21,540	863	12,809	5
Total Expenditures	21,540	863	12,809	5
Excess (Deficiency) of Revenues over Expenditures	10,848	15,954	(1,558)	7,364
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(11,042)	-	(7,125)
	-	(11,042)	-	(7,125)
Total Other Financing Sources (Uses)	-	(11,042)	-	(7,125)
Net Change in Fund Balance	10,848	4,912	(1,558)	239
Fund Balances - Beginning of Year	28,540	-	4,793	1,492
Fund Balances - End of Year	\$ 39,388	\$ 4,912	\$ 3,235	\$ 1,731

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 Page 4 of 4 IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE  
 For the Year Ended December 31, 2013  
 (In Thousands)

	General Trust	Municipal Arts	General Donations and Gift Trust	Comparative Totals	
				2013	2012
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 82,985	\$ 59,544
Grants, Shared Revenues, and Contributions	4,366	-	-	69,637	67,374
Charges for Services	-	1,990	1,294	46,975	52,632
Fines and Forfeits	-	-	-	56	70
Parking Fees and Space Rent	-	-	-	23,523	21,350
Program Income, Interest, and Miscellaneous Revenues	(18)	(5)	63	2,005	4,372
Total Revenues	4,348	1,985	1,357	225,181	205,342
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	13,426	17,447
Public Safety	869	-	633	1,502	2,278
Physical Environment	-	-	617	617	420
Transportation	-	-	-	1,059	739
Economic Environment	-	-	273	78,856	74,605
Health and Human Services	-	-	7	73,088	67,103
Culture and Recreation	-	-	119	162,135	156,796
Capital Outlay					
Public Safety	-	-	-	-	267
Culture and Recreation	97	2,772	-	10,872	1,165
Total Expenditures	966	2,772	1,649	341,555	320,820
Excess (Deficiency) of Revenues over Expenditures	3,382	(787)	(292)	(116,374)	(115,478)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sales of Capital Assets	-	-	-	102	56
Transfers In	24	-	-	163,012	147,749
Transfers Out	(10)	-	(2)	(30,262)	(11,336)
Total Other Financing Sources (Uses)	14	-	(2)	132,852	136,469
Net Change in Fund Balance	3,396	(787)	(294)	16,478	20,991
Fund Balances - Beginning of Year	4,159	6,575	4,887	67,448	46,457
Fund Balances - End of Year	\$ 7,555	\$ 5,788	\$ 4,593	\$ 83,926	\$ 67,448

# Nonmajor Governmental Funds

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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, 2013

(In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable – Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2013	2012
<b>REVENUES</b>					
Taxes	\$ 15,930	\$ -	\$ -	\$ 15,930	\$ 16,908
Grants, Shared Revenues, and Contributions	1,020	-	-	1,020	1,044
Parking Fees and Space Rent	323	-	-	323	306
Program Income, Interest, and Miscellaneous Revenues	571	-	-	571	572
<b>Total Revenues</b>	<b>17,844</b>	<b>-</b>	<b>-</b>	<b>17,844</b>	<b>18,830</b>
<b>EXPENDITURES</b>					
Debt Service					
Principal	54,078	-	-	54,078	50,300
Interest	25,486	-	-	25,486	24,546
Bond Issuance Cost	290	-	-	290	-
Other	-	-	-	-	305
<b>Total Expenditures</b>	<b>79,854</b>	<b>-</b>	<b>-</b>	<b>79,854</b>	<b>75,151</b>
Excess (Deficiency) of Revenues over Expenditures	(62,010)	-	-	(62,010)	(56,321)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	4,929	-	-	4,929	75,250
Refunding Debt Issued	43,945	-	-	43,945	-
Premium on Bonds Issued	557	-	-	557	16,324
Payment to Refunded Bond Escrow Agent	(44,503)	-	-	(44,503)	(91,574)
Transfers In	62,045	-	-	62,045	56,488
<b>Total Other Financing Sources (Uses)</b>	<b>66,973</b>	<b>-</b>	<b>-</b>	<b>66,973</b>	<b>56,488</b>
Net Change in Fund Balance	4,963	-	-	4,963	167
Fund Balances - Beginning of Year	9,812	8	846	10,666	10,499
Fund Balances - End of Year	<b>\$ 14,775</b>	<b>\$ 8</b>	<b>\$ 846</b>	<b>\$ 15,629</b>	<b>\$ 10,666</b>

D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 Page 1 of 6 IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS  
 For the Year Ended December 31, 2013  
 (In Thousands)

	Transportation Bond	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation and Remediation
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	-	-	-	-	7,810
Charges for Services	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	-	19	(1)	-	2
Total Revenues	-	19	(1)	-	7,812
<b>EXPENDITURES</b>					
Capital Outlay					
General Government	-	-	-	-	-
Public Safety	-	99	-	-	-
Transportation	-	-	-	-	-
Culture and Recreation	-	-	578	-	174
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	-	99	578	-	174
Excess (Deficiency) of Revenues over Expenditures	-	(80)	(579)	-	7,638
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	-	(80)	(579)	-	7,638
Fund Balances - Beginning of Year	6	459	1,038	50	-
Fund Balances - End of Year	\$ 6	\$ 379	\$ 459	\$ 50	\$ 7,638



# Nonmajor Governmental Funds

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## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 2 of 6

### IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS

For the Year Ended December 31, 2013

(In Thousands)

	City Facilities Renovation and Improvement	Conservation Futures	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment/ Parks Community Center
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 24,233	\$ -
Grants, Shared Revenues, and Contributions	-	-	-	2,020	250
Charges for Services	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	-	-	-	(92)	(4)
Total Revenues	-	-	-	26,161	246
<b>EXPENDITURES</b>					
Capital Outlay					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Recreation	-	-	63	26,633	732
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	-	-	63	26,633	732
Excess (Deficiency) of Revenues over Expenditures	-	-	(63)	(472)	(486)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	250
Transfers Out	-	-	-	(192)	-
Total Other Financing Sources (Uses)	-	-	-	(192)	250
Net Change in Fund Balance	-	-	(63)	(664)	(236)
Fund Balances - Beginning of Year	88	31	122	39,385	1,611
Fund Balances - End of Year	<u>\$ 88</u>	<u>\$ 31</u>	<u>\$ 59</u>	<u>\$ 38,721</u>	<u>\$ 1,375</u>

IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS

For the Year Ended December 31, 2013

(In Thousands)

	Municipal Civic Center	South Police Stations	Public Safety Information Technology	2003 Fire Facilities	2003 Long-Term General Obligation Project
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 98	\$ -
Grants, Shared Revenues, and Contributions	-	-	-	639	-
Charges for Services	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	(3)	-	-	(49)	-
Total Revenues	(3)	-	-	688	-
<b>EXPENDITURES</b>					
Capital Outlay					
General Government	1	-	-	-	-
Public Safety	-	-	-	10,726	-
Transportation	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	1	-	-	10,726	-
Excess (Deficiency) of Revenues over Expenditures	(4)	-	-	(10,038)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	(4)	-	-	(10,038)	-
Fund Balances - Beginning of Year	1,297	2	535	26,809	11
Fund Balances - End of Year	<u>\$ 1,293</u>	<u>\$ 2</u>	<u>\$ 535</u>	<u>\$ 16,771</u>	<u>\$ 11</u>

# Nonmajor Governmental Funds

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## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 4 of 6

### IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS

For the Year Ended December 31, 2013

(In Thousands)

	2006 Multipurpose Long-Term General Obligation Bond	Local Improvement, District No. 6750	2007 Multipurpose Long-Term General Obligation Bond	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond
<b>REVENUES</b>					
Taxes	\$ -	\$ 21	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	-	1,382	-	-	-
Charges for Services	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	-	638	(1)	(2)	(7)
Total Revenues	-	2,041	(1)	(2)	(7)
<b>EXPENDITURES</b>					
Capital Outlay					
General Government	-	-	-	1,521	243
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Recreation	-	-	-	-	1,253
Debt Service					
Principal	-	-	-	-	-
Interest	-	537	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	-	537	-	1,521	1,496
Excess (Deficiency) of Revenues over Expenditures	-	1,504	(1)	(1,523)	(1,503)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Sales of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(4,739)	(243)
Total Other Financing Sources (Uses)	-	-	-	(4,739)	(243)
Net Change in Fund Balance	-	1,504	(1)	(6,262)	(1,746)
Fund Balances - Beginning of Year	64	356	13	8,004	3,248
Fund Balances - End of Year	\$ 64	\$ 1,860	\$ 12	\$ 1,742	\$ 1,502

**D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 Page 5 of 6 IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS  
 For the Year Ended December 31, 2013  
 (In Thousands)**

	<b>2010 Multipurpose Long-Term General Obligation Bond</b>	<b>2011 Multipurpose Long-Term General Obligation Bond</b>	<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>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	-	-	-	-	-
Charges for Services	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	(28)	28	(46)	(45)	(36)
<b>Total Revenues</b>	<b>(28)</b>	<b>28</b>	<b>(46)</b>	<b>(45)</b>	<b>(36)</b>
<b>EXPENDITURES</b>					
Capital Outlay					
General Government	1,152	48	-	14,212	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Culture and Recreation	76	337	4,701	9,958	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	370	162
<b>Total Expenditures</b>	<b>1,228</b>	<b>385</b>	<b>4,701</b>	<b>24,540</b>	<b>162</b>
Excess (Deficiency) of Revenues over Expenditures	(1,256)	(357)	(4,747)	(24,585)	(198)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	-	-	-	51,115	45,071
Premium on Bonds Issued	-	-	-	3,727	5,093
Sales of Capital Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(3,921)	(26,428)	(3,706)	(5,850)	(25,973)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,921)</b>	<b>(26,428)</b>	<b>(3,706)</b>	<b>48,992</b>	<b>24,191</b>
Net Change in Fund Balance	(5,177)	(26,785)	(8,453)	24,407	23,993
Fund Balances - Beginning of Year	10,824	41,361	18,366	-	-
Fund Balances - End of Year	<u>\$ 5,647</u>	<u>\$ 14,576</u>	<u>\$ 9,913</u>	<u>\$ 24,407</u>	<u>\$ 23,993</u>

# Nonmajor Governmental Funds

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## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 6 of 6

### IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS

For the Year Ended December 31, 2013

(In Thousands)

	Central Waterfront Improvement	Comparative Totals	
		2013	2012
<b>REVENUES</b>			
Taxes	\$ -	\$ 24,352	\$ 31,715
Grants, Shared Revenues, and Contributions	-	12,101	8,433
Charges for Services	-	-	4
Program Income, Interest, and Miscellaneous Revenues	(22)	351	2,549
Total Revenues	(22)	36,804	42,701
<b>EXPENDITURES</b>			
Capital Outlay			
General Government	-	17,177	5,042
Public Safety	-	10,825	20,019
Transportation	-	-	10
Culture and Recreation	-	44,505	39,647
Debt Service			
Principal	-	-	1,300
Interest	-	537	587
Bond Issuance Cost	-	532	258
Total Expenditures	-	73,576	66,863
Excess (Deficiency) of Revenues over Expenditures	(22)	(36,772)	(24,162)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	-	96,186	26,835
Premium on Bonds Issued	-	8,820	4,816
Sales of Capital Assets	-	-	1,352
Transfers In	-	250	200
Transfers Out	(7,790)	(78,842)	(68,076)
Total Other Financing Sources (Uses)	(7,790)	26,414	(34,873)
Net Change in Fund Balance	(7,812)	(10,358)	(59,035)
Fund Balances - Beginning of Year	(1,528)	152,152	211,187
Fund Balances - End of Year	\$ (9,340)	\$ 141,794	\$ 152,152

**D-10 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
PERMANENT  
For the Year Ended December 31, 2013  
(In Thousands)**

	<u>H. H. Dearborn</u>	<u>Beach Maintenance Trust</u>	<u>Comparative Totals</u>	
			<u>2013</u>	<u>2012</u>
<b>REVENUES</b>				
Program Income, Interest, and Miscellaneous Revenues	\$ -	\$ (5)	\$ (5)	\$ 21
Total Revenues	-	(5)	(5)	21
<b>EXPENDITURES</b>				
Capital Outlay Culture and Recreation	-	23	23	19
Total Expenditures	-	23	23	19
Excess (Deficiency) of Revenues over Expenditures	-	(28)	(28)	2
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(10)	-	(10)	(10)
Total Other Financing Sources (Uses)	(10)	-	(10)	(10)
Net Change in Fund Balance	(10)	(28)	(38)	(8)
Fund Balances - Beginning of Year	150	2,012	2,162	2,170
Fund Balances - End of Year	\$ 140	\$ 1,984	\$ 2,124	\$ 2,162

## **Budget and Actual**

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**GENERAL FUND**

Page 1 of 4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 261,000	\$ 252,682	\$ -	\$ (8,318)
Retail Sales and Use Taxes	172,207	181,171	-	8,964
Business Taxes	251,973	251,373	-	(600)
Excise Taxes	41,521	54,159	-	12,638
Other Taxes	-	3,468	-	3,468
Interfund Business Taxes	120,806	123,611	-	2,805
Total Taxes	<u>847,507</u>	<u>866,464</u>	-	18,957
Licenses and Permits	24,226	22,005	-	(2,221)
Grants, Shared Revenues, and Contributions	66,775	43,040	-	(23,735)
Charges for Services	54,143	50,379	-	(3,764)
Fines and Forfeits	33,856	39,488	-	5,632
Parking Fees and Space Rent	34,939	38,062	-	3,123
Program Income, Interest, and Miscellaneous Revenues	<u>189,406</u>	<u>201,911</u>	-	12,505
Total Revenues	1,250,852	1,261,349	-	10,497
<b>EXPENDITURES AND ENCUMBRANCES</b>				
CITY AUDITOR	2,044	1,446	411	187
CITY BUDGET OFFICE	4,268	4,039	-	229
CIVIL SERVICE COMMISSIONS	373	319	-	54
<b>CRIMINAL JUSTICE</b>				
Jail Services	16,109	14,462	-	1,647
Indigent Defense Services	<u>6,383</u>	<u>5,668</u>	-	715
Total Criminal Justice	22,492	20,130	-	2,362
ETHICS AND ELECTIONS	931	851	-	80
<b>EXECUTIVE</b>				
Sustainability and Environment	11,824	9,774	896	1,154
Mayor's Office	3,943	3,785	26	132
Economic Development	7,551	6,305	394	852
Intergovernmental Relations	2,100	1,953	-	147
Immigrant and Refugee Affairs	456	406	-	50
Community Police Commission	563	439	59	65
Civil Rights	<u>2,883</u>	<u>2,815</u>	-	68
Total Executive	29,320	25,477	1,375	2,468
FINANCE AND ADMINISTRATIVE SERVICES	222	150	42	30

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2013

(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
FINANCE GENERAL				
Appropriations to Special Purpose Funds	\$ 32,185	\$ 31,871	\$ -	\$ 314
Reserves	47,776	29,870	519	17,387
Support to Operating Funds	37,149	37,138	-	11
Transferred Programs	637	544	93	-
Support to Parks Capital Expenditures	1	1	-	-
Total Finance General	117,748	99,424	612	17,712
FIRE				
Administration	7,880	7,480	98	302
Resource Management	11,075	11,073	(7)	9
Operations	141,710	141,574	106	30
Fire Prevention	6,949	6,908	-	41
Grants and Reimbursables	16,433	11,707	1,068	3,658
Total Department	184,047	178,742	1,265	4,040
HEARING EXAMINER	665	624	-	41
LAW				
Administration	1,963	1,957	-	6
Civil Law	11,458	11,106	-	352
Criminal Prosecution	6,618	6,491	-	127
Precinct Liaison	547	448	-	99
Total Department	20,586	20,002	-	584
LEGISLATIVE	13,101	11,870	421	810
LIBRARY	86	66	-	20
MUNICIPAL COURT				
Court Operations	16,111	16,094	-	17
Corporate Services	6,369	6,206	-	163
Court Compliance	5,344	5,342	-	2
Total Department	27,824	27,642	-	182
NEIGHBORHOODS				
Director's Office	470	445	6	19
Customer Service and Operations	1,422	1,389	-	33
Community Building	3,530	3,412	36	82
Office for Education	92	63	29	-
Youth Violence Prevention	5,522	4,563	474	485
Total Department	11,036	9,872	545	619

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**GENERAL FUND**

Page 3 of 4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**

**FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>PERSONNEL</b>				
Employment and Training	\$ 2,913	\$ 2,877	\$ -	\$ 36
Employee Health Services	2,962	2,947	-	15
Citywide Personnel	2,649	2,620	-	29
Labor Relations and Class Compensation	3,451	3,220	-	231
<b>Total Department</b>	<b>11,975</b>	<b>11,664</b>	<b>-</b>	<b>311</b>
<b>POLICE</b>				
Chief of Police	27,791	15,951	1,543	10,297
Professional Accountability	2,012	1,993	-	19
Chief of Staff Program	26,649	26,400	40	209
Deputy Chief Operations	2,301	2,267	-	34
Special Operations Bureau	53,683	51,815	12	1,856
Patrol Operations Program	1,408	1,402	-	6
West Precinct Patrol	30,288	30,245	-	43
North Precinct Patrol	32,745	32,722	-	23
South Precinct Patrol	17,683	17,659	-	24
East Precinct Patrol	24,244	24,217	-	27
Southwest Precinct Patrol	16,023	16,017	-	6
Criminal Investigation Administration	8,061	8,035	-	26
Violent Crimes Investigation	8,241	8,216	-	25
Narcotics Investigation	5,059	4,993	-	66
Coordinated Criminal Investigations	4,726	4,723	-	3
Special Victims Program	6,447	6,423	-	24
Field Support	42,755	42,041	62	652
<b>Total Department</b>	<b>310,116</b>	<b>295,119</b>	<b>1,657</b>	<b>13,340</b>
<b>JUDGMENTS/CLAIMS</b>				
Judgments and Claims	16,425	10,378	-	6,047
<b>Total Judgments/Claims</b>	<b>16,425</b>	<b>10,378</b>	<b>-</b>	<b>6,047</b>
<b>ARTS ACCOUNT</b>	<b>5,763</b>	<b>5,186</b>	<b>573</b>	<b>4</b>
<b>CABLE TELEVISION FRANCHISE</b>	<b>8,447</b>	<b>8,447</b>	<b>-</b>	<b>-</b>
<b>CUMULATIVE RESERVE</b>				
Real Estate Excise Tax I	35,814	7,961	5,035	22,818
Real Estate Excise Tax II	16,307	8,029	901	7,377
Capital Projects Asset Preservation	10,407	2,079	835	7,493
Capital Projects Street Vacation	2,764	-	-	2,764
Unrestricted	53,920	18,073	677	35,170
<b>Total Cumulative Reserve</b>	<b>119,212</b>	<b>36,142</b>	<b>7,448</b>	<b>75,622</b>

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2013  
(In Thousands)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
NEIGHBORHOOD MATCHING	\$ 7,116	\$ 2,605	\$ 1,285	\$ 3,226
EMERGENCY	68	-	-	68
TRANSIT BENEFIT	4,900	4,537	-	363
SPECIAL EMPLOYMENT	200	35	-	165
INDUSTRIAL INSURANCE	18,330	15,697	434	2,199
UNEMPLOYMENT COMPENSATION	1,301	1,301	3	(3)
HEALTH CARE	166,726	164,689	190	1,847
GROUP TERM LIFE INSURANCE	<u>6,112</u>	<u>5,802</u>	<u>-</u>	<u>310</u>
Total Expenditures and Encumbrances	<u>1,111,434</u>	<u>962,256</u>	<u>16,261</u>	<u>132,917</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	139,418	299,093	(16,261)	143,414
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	26,600	22,748	-	(3,852)
Transfers In	26,404	23,462	-	(2,942)
Transfers Out	<u>(318,279)</u>	<u>(312,196)</u>	<u>-</u>	<u>6,083</u>
Total Other Financing Sources (Uses)	<u>(265,275)</u>	<u>(265,986)</u>	<u>-</u>	<u>(711)</u>
Net Change in Fund Balance	<u>\$ (125,857)</u>	33,107	<u>\$ (16,261)</u>	<u>\$ 142,703</u>
Fund Balance - Beginning of Year		<u>262,336</u>		
Fund Balance - End of Year		<u>\$ 295,443</u>		

D-12

**TRANSPORTATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Taxes				
General Property Taxes	\$ 41,487	\$ 41,774	\$ -	\$ 287
Business Taxes	31,291	33,930	-	2,639
Other Taxes	-	112	-	112
Total Taxes	<u>72,778</u>	<u>75,816</u>	-	3,038
Licenses and Permits	7,893	5,130	-	(2,763)
Grants, Shared Revenues, and Contributions	55,217	51,755	-	(3,462)
Charges for Services	53,892	102,475	-	48,583
Fines and Forfeits	-	8	-	8
Parking Fees and Space Rent	-	70	-	70
Program Income, Interest, and Miscellaneous Revenues	-	122	-	122
Total Revenues	189,780	235,376	-	45,596
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Bridges and Structures	7,576	7,405	21	150
Engineering Services	1,990	1,664	120	206
Mobility Operations	41,164	34,440	604	6,120
Right-of-Way Management	14,598	14,576	-	22
Street Maintenance	23,800	19,809	-	3,991
Urban Forestry	4,911	4,784	-	127
Department Management	1,192	(155)	70	1,277
General Expense	5,287	5,069	-	218
Major Maintenance/Replacement	102,822	56,597	-	46,225
Major Projects	237,970	142,249	-	95,721
Mobility Capital	98,250	35,341	-	62,909
Total Expenditures and Encumbrances	<u>539,560</u>	<u>321,779</u>	815	216,966
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(349,780)	(86,403)	(815)	262,562
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	-	54	-	54
Transfers In	141,964	133,703	-	(8,261)
Transfers Out	(25,633)	(24,739)	-	894
Total Other Financing Sources (Uses)	<u>116,331</u>	<u>109,018</u>	-	(7,313)
Net Change in Fund Balance	<u>\$ (233,449)</u>	22,615	<u>\$ (815)</u>	<u>\$ 255,249</u>
Fund Balance - Beginning of Year		<u>51,048</u>		
Fund Balance - End of Year		<u>\$ 73,663</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, 2013**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
General Property Taxes	\$ 18,994	\$ 17,952	\$ -	\$ (1,042)
Grants, Shared Revenues, and Contributions	13,094	2,088	-	(11,006)
Charges for Services	4,664	810	-	(3,854)
Program Income, Interest, and Miscellaneous Revenues	<u>29,037</u>	<u>11,072</u>	<u>-</u>	<u>(17,965)</u>
Total Revenues	65,789	31,922	-	(33,867)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Community Development	46	-	-	46
Administration and Management	13,881	941	-	12,940
Multifamily Production and Preservation	97,373	22,370	24,435	50,568
Single Family	<u>19,724</u>	<u>7,320</u>	<u>2,954</u>	<u>9,450</u>
Total Expenditures and Encumbrances	<u>131,024</u>	<u>30,631</u>	<u>27,389</u>	<u>73,004</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(65,235)	1,291	(27,389)	39,137
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	<u>15</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
Total Other Financing Sources (Uses)	<u>15</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
Net Change in Fund Balance	<u>\$ (65,220)</u>	<u>1,291</u>	<u>\$ (27,389)</u>	<u>\$ 39,122</u>
Fund Balance - Beginning of Year		<u>79,866</u>		
Fund Balance - End of Year		<u>\$ 81,157</u>		

D-14

**PARK AND RECREATION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ 258	\$ 193	\$ -	\$ (65)
Charges for Services	34,677	34,700	-	23
Fines and Forfeits	-	1	-	1
Parking Fees and Space Rent	5,119	5,834	-	715
Program Income, Interest, and Miscellaneous Revenues	233	184	-	(49)
Total Revenues	40,287	40,912	-	625
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Gasworks Park Contamination Remediation	79	23	-	56
Swimming, Boating, and Aquatics	8,474	8,460	-	14
Recreation Facilities and Programs	23,545	23,486	58	1
Facility and Structure Maintenance	14,943	14,744	98	101
Park Cleaning, Landscaping, and Restoration	29,350	29,214	1	135
Seattle Conservation Corps	4,134	3,273	40	821
Seattle Aquarium	3,340	2,953	-	387
Woodland Park Zoo	6,730	6,728	-	2
Planning, Development, and Acquisition	5,760	5,373	-	387
Judgments and Claims	546	546	-	-
Finance and Administration	7,624	7,598	25	1
Policy Direction and Leadership	13,164	13,355	41	(232)
Golf	8,363	8,640	-	(277)
Environmental Learning and Programs	1,463	1,401	-	62
Natural Resources Management	7,136	6,948	144	44
Total Expenditures and Encumbrances	134,651	132,742	407	1,502
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(94,364)	(91,830)	(407)	2,127
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Capital Assets	-	102	-	102
Transfers In	91,461	90,484	-	(977)
Transfers Out	(3,484)	(2,993)	-	491
Total Other Financing Sources (Uses)	87,977	87,593	-	(384)
Net Change in Fund Balance	\$ (6,387)	(4,237)	\$ (407)	\$ 1,743
Fund Balance - Beginning of Year		8,479		
Fund Balance - End of Year		\$ 4,242		

D-15

**LIBRARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ 6,133	\$ 5,143	\$ -	\$ (990)
Charges for Services	409	208	-	(201)
Fines and Forfeits	1,564	1,555	-	(9)
Parking Fees and Space Rent	482	485	-	3
Program Income, Interest, and Miscellaneous Revenues	246	35	-	(211)
<b>Total Revenues</b>	<b>8,834</b>	<b>7,426</b>	<b>-</b>	<b>(1,408)</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Administrative Services	9,573	8,904	58	611
City Librarian's Office	836	829	-	7
Library Capital Improvements	144	136	-	8
Library Services	45,185	43,780	-	1,405
Grants, Trusts, and Memorials	11,607	4,890	-	6,717
Bunn Projects - Principal and Interest	1,880	50	-	1,830
Information Technology	5,445	4,169	-	1,276
Human Resources	1,179	1,170	-	9
<b>Total Expenditures and Encumbrances</b>	<b>75,849</b>	<b>63,928</b>	<b>58</b>	<b>11,863</b>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(67,015)	(56,502)	(58)	10,455
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	60,311	57,939	-	(2,372)
Transfers Out	(432)	(576)	-	(144)
<b>Total Other Financing Sources (Uses)</b>	<b>59,879</b>	<b>57,363</b>	<b>-</b>	<b>(2,516)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (7,136)</b>	<b>861</b>	<b>\$ (58)</b>	<b>\$ 7,939</b>
Fund Balance - Beginning of Year		12,656		
Fund Balance - End of Year		<u>\$ 13,517</u>		



D-16

**SEATTLE CENTER FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>REVENUES</b>				
Grants, Shared Revenues, and Contributions	\$ -	\$ 15	\$ -	\$ 15
Charges for Services	9,030	6,639	-	(2,391)
Parking Fees and Space Rent	14,057	17,662	-	3,605
Program Income, Interest, and Miscellaneous Revenues	(520)	305	-	825
	22,567	24,621	-	2,054
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Access	1,209	1,182	-	27
Administration	6,893	6,793	-	100
Cultural Facilities	221	141	-	80
Commercial Events	892	710	-	182
Festivals	1,482	1,204	-	278
Campus Grounds	11,679	14,064	-	(2,385)
Judgments and Claims	588	588	-	-
Key Arena	6,517	5,571	-	946
McCaw Hall	4,475	3,675	-	800
Community Programs	2,060	1,989	-	71
	36,016	35,917	-	99
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(13,449)	(11,296)	-	2,153
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	12,966	12,836	-	(130)
Transfers Out	(135)	(135)	-	-
	12,831	12,701	-	(130)
Net Change in Fund Balance	\$ (618)	1,405	\$ -	\$ 2,023
Fund Balance - Beginning of Year		595		
Fund Balance - End of Year		\$ 2,000		

D-17

**HUMAN SERVICES OPERATING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2013**  
*(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	55,728	50,959	-	(4,769)
Charges for Services	1,399	1,233	-	(166)
Fines and Forfeits	(101)	55	-	156
Program Income, Interest, and Miscellaneous Revenues	71	835	-	764
Total Revenues	<u>58,032</u>	<u>54,017</u>	<u>-</u>	<u>(4,015)</u>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Youth and Family Empowerment	21,188	20,388	-	800
Transitional Living and Support	38,201	28,396	617	9,188
Aging and Disability Services	35,628	33,171	-	2,457
Leadership and Administration	9,291	8,468	218	605
Public Health Services	12,818	12,729	-	89
Community Support and Self-Sufficiency	12,151	10,366	-	1,785
Total Expenditures and Encumbrances	<u>129,277</u>	<u>113,518</u>	<u>835</u>	<u>14,924</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(71,245)	(59,501)	(835)	10,909
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	59,176	59,668	-	492
Net Change in Fund Balance	<u>\$ (12,069)</u>	<u>167</u>	<u>\$ (835)</u>	<u>\$ 11,401</u>
Fund Balance - Beginning of Year		<u>5,676</u>		
Fund Balance - End of Year		<u>\$ 5,843</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, 2013**  
*(In Thousands)*

	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance</b>
<b>REVENUES</b>				
General Property Taxes	\$ 1,875	\$ 1,810	\$ -	\$ (65)
Grants, Shared Revenues, and Contributions	2,994	1,749	-	(1,245)
Charges for Services	764	955	-	191
Parking Fees and Space Rent	27	27	-	-
Program Income, Interest, and Miscellaneous Revenues	274	128	-	(146)
Total Revenues	5,934	4,669	-	(1,265)
<b>EXPENDITURES AND ENCUMBRANCES</b>				
Office of Housing	4,829	4,394	22	413
HUD Challenge Grant	2,761	628	173	1,960
Total Expenditures and Encumbrances	7,590	5,022	195	2,373
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(1,656)	(353)	(195)	1,108
Net Change in Fund Balance	\$ (1,656)	(353)	\$ (195)	\$ 1,108
Fund Balance - Beginning of Year		1,931		
Fund Balance - End of Year		\$ 1,578		



**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, 2013  
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2013	2012	2013	Restated 2012
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 27,573	\$ 19,134	\$ 38	\$ 92
Receivables, Net of Allowances				
Accounts	849	632	58	25
Interest and Dividends	17	9	-	-
Due from Other Funds	1,067	812	-	-
Due from Other Governments	517	432	-	-
Prepayments and Other Current Assets	-	3	-	-
Total Current Assets	30,023	21,022	96	117
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	47	8	-	-
Capital Assets				
Land and Land Rights	-	-	12,881	12,881
Buildings and Improvements	-	-	60,132	60,131
Less Accumulated Depreciation	-	-	(30,066)	(28,061)
Machinery and Equipment	14,388	14,329	433	651
Less Accumulated Depreciation	(13,337)	(12,725)	(13)	(651)
Construction in Progress	2,597	-	-	-
Total Noncurrent Assets	3,695	1,612	43,367	44,951
Total Assets	33,718	22,634	43,463	45,068
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Assets and Deferred Outflows of Resources	\$ 33,718	\$ 22,634	\$ 43,463	\$ 45,068



# Nonmajor Enterprise Funds

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## COMBINING STATEMENT OF NET POSITION

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### NONMAJOR ENTERPRISE FUNDS

December 31, 2013

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2013	2012	2013	Restated 2012
<b>ASSETS</b>				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 17	\$ -	\$ 27,628	\$ 19,226
Receivables, Net of Allowances				
Accounts	69	-	976	657
Interest and Dividends	-	-	17	9
Due from Other Funds	-	-	1,067	812
Due from Other Governments	-	-	517	432
Prepayments and Other Current Assets	-	-	-	3
Total Current Assets	86	-	30,205	21,139
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	-	-	47	8
Capital Assets				
Land and Land Rights	-	-	12,881	12,881
Buildings and Improvements	-	-	60,132	60,131
Less Accumulated Depreciation	-	-	(30,066)	(28,061)
Machinery and Equipment	-	-	14,821	14,980
Less Accumulated Depreciation	-	-	(13,350)	(13,376)
Construction in Progress	-	-	2,597	-
Total Noncurrent Assets	-	-	47,062	46,563
Total Assets	86	-	77,267	67,702
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Assets and Deferred Outflows of Resources	\$ 86	\$ -	\$ 77,267	\$ 67,702

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

December 31, 2013

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2013	2012	2013	Restated 2012
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 888	\$ 398	\$ 1,935	\$ 1,552
Salaries, Benefits, and Payroll Taxes Payable	1,323	1,055	-	-
Compensated Absences Payable	224	203	-	-
Due to Other Funds	180	158	135	138
Bond Interest Payable	-	-	1,509	2,100
Taxes Payable	-	-	81	88
General Obligation Bonds Due Within One Year	-	-	1,857	1,262
Claims Payable	54	53	-	-
Total Current Liabilities	2,669	1,867	5,517	5,140
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	2,792	2,553	-	-
Claims Payable	128	118	-	-
Vendor and Other Deposits Payable	47	8	-	-
General Obligation Bonds, Due Serially	-	-	58,327	59,589
Less Bonds Due Within One Year	-	-	(1,857)	(1,262)
Bond Discount and Premium, Net	-	-	2,970	3,209
Bond Interest Payable	-	-	-	593
Unearned Revenues	14,075	10,110	-	-
Unfunded Other Post Employment Benefits	1,388	1,092	-	-
Advances from Other Funds	-	-	5,050	3,181
Total Noncurrent Liabilities	18,430	13,881	64,490	65,310
Total Liabilities	21,099	15,748	70,007	70,450
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,648	1,603	(17,931)	(17,847)
Unrestricted	8,971	5,283	(8,613)	(7,535)
Total Net Position	12,619	6,886	(26,544)	(25,382)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 33,718	\$ 22,634	\$ 43,463	\$ 45,068

# Nonmajor Enterprise Funds

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## COMBINING STATEMENT OF NET POSITION

Page 4 of 4

### NONMAJOR ENTERPRISE FUNDS

December 31, 2013

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2013	2012	2013	Restated 2012
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ -	\$ -	\$ 2,823	\$ 1,950
Salaries, Benefits, and Payroll Taxes Payable	-	-	1,323	1,055
Compensated Absences Payable	-	-	224	203
Due to Other Funds	64	-	379	296
Bond Interest Payable	-	-	1,509	2,100
Taxes Payable	-	-	81	88
General Obligation Bonds Due Within One Year	-	-	1,857	1,262
Claims Payable	-	-	54	53
Total Current Liabilities	64	-	8,250	7,007
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	-	-	2,792	2,553
Claims Payable	-	-	128	118
Vendor and Other Deposits Payable	-	-	47	8
General Obligation Bonds, Due Serially	-	-	58,327	59,589
Less Bonds Due Within One Year	-	-	(1,857)	(1,262)
Bond Discount and Premium, Net	-	-	2,970	3,209
Bond Interest Payable	-	-	-	593
Unearned Revenues	-	-	14,075	10,110
Unfunded Other Post Employment Benefits	-	-	1,388	1,092
Advances from Other Funds	-	-	5,050	3,181
Total Noncurrent Liabilities	-	-	82,920	79,191
Total Liabilities	64	-	91,170	86,198
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	-	(14,283)	(16,244)
Unrestricted	22	-	380	(2,252)
Total Net Position	22	-	(13,903)	(18,496)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 86	\$ -	\$ 77,267	\$ 67,702

**IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	Planning and Development		Downtown Parking Garage	
	2013	2012	2013	Restated 2012
<b>OPERATING REVENUES</b>				
Charges for Services and Other Fees	\$ 49,217	\$ 42,146	\$ 7,019	\$ 6,588
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	43,510	36,406	3,287	2,676
General and Administrative	10,648	10,944	-	-
City Business and Occupation Taxes	-	-	15	14
Other Taxes	-	-	33	31
Depreciation and Amortization	612	968	2,010	2,004
Total Operating Expenses	54,770	48,318	5,345	4,725
Operating Income (Loss)	(5,553)	(6,172)	1,674	1,863
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	(75)	164	-	-
Interest Expense	-	-	(3,074)	(3,182)
Amortization of Bonds Premiums	-	-	238	203
Gain (Loss) on Sale of Capital Assets	-	(10)	-	-
Contributions and Grants	501	551	-	-
Total Nonoperating Revenues (Expenses)	426	705	(2,836)	(2,979)
Income (Loss) Before Capital Contributions and Grants and Transfers	(5,127)	(5,467)	(1,162)	(1,116)
Transfers In	10,860	10,095	-	-
Change in Net Position	5,733	4,628	(1,162)	(1,116)
Net Position - Beginning of Year	6,886	2,258	(25,382)	(24,075)
Prior-Year Adjustment	-	-	-	(191)
Net Position - Beginning of Year as Restated	6,886	2,258	(25,382)	(24,266)
Net Position - End of Year	\$ 12,619	\$ 6,886	\$ (26,544)	\$ (25,382)

# Nonmajor Enterprise Funds

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## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

Page 2 of 2

### IN FUND NET POSITION

#### NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2013	2012	2013	Restated 2012
<b>OPERATING REVENUES</b>				
Charges for Services and Other Fees	\$ 75	\$ -	\$ 56,311	\$ 48,734
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	53	-	46,850	39,082
General and Administrative	-	-	10,648	10,944
City Business and Occupation Taxes	-	-	15	14
Other Taxes	-	-	33	31
Depreciation and Amortization	-	-	2,622	2,972
Total Operating Expenses	53	-	60,168	53,043
Operating Income (Loss)	22	-	(3,857)	(4,309)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	-	-	(75)	164
Interest Expense	-	-	(3,074)	(3,182)
Amortization of Bonds Premiums	-	-	238	203
Gain (Loss) on Sale of Capital Assets	-	-	-	(10)
Contributions and Grants	-	-	501	551
Total Nonoperating Revenues (Expenses)	-	-	(2,410)	(2,274)
Income (Loss) Before Capital Contributions and Grants and Transfers	22	-	(6,267)	(6,583)
Transfers In	-	-	10,860	10,095
Change in Net Position	22	-	4,593	3,512
Net Position - Beginning of Year	-	-	(18,496)	(21,817)
Prior-Year Adjustment	-	-	-	(191)
Net Position - Beginning of Year as Restated	-	-	(18,496)	(22,008)
Net Position - End of Year	\$ 22	\$ -	\$ (13,903)	\$ (18,496)

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2013	2012	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 52,690	\$ 41,652	\$ 8,529	\$ 8,108
Cash Paid to Suppliers	(23,158)	(21,901)	(2,898)	(2,149)
Cash Paid to Employees	(29,611)	(25,108)	-	-
Cash Paid for Taxes	-	-	(1,609)	(1,457)
Net Cash from Operating Activities	(79)	(5,357)	4,022	4,502
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	435	509	-	-
Transfers In	10,860	10,095	-	-
Proceeds from Interfund Loans	-	-	5,051	3,181
Principal Payments on Interfund Loans	-	-	(3,181)	(2,250)
Net Cash from Noncapital Financing Activities	11,295	10,604	1,870	931
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Long-Term Debt	-	-	(1,262)	(1,257)
Capital Expenditures	(2,656)	(7)	(425)	-
Interest Paid on Long-Term Debt	-	-	(4,259)	(4,094)
Net Cash from Capital and Related Financing Activities	(2,656)	(7)	(5,946)	(5,351)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	(82)	164	-	-
Net Increase (Decrease) in Cash and Equity in Pooled Investments	8,478	5,404	(54)	82
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	19,142	13,738	92	10
End of Year	\$ 27,620	\$ 19,142	\$ 38	\$ 92
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 27,573	\$ 19,134	\$ 38	\$ 92
Noncurrent Restricted Cash and Equity in Pooled Investments	47	8	-	-
Total Cash at the End of the Year	\$ 27,620	\$ 19,142	\$ 38	\$ 92

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## COMBINING STATEMENT OF CASH FLOWS

Page 2 of 4

### NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2013	2012	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 6	\$ -	\$ 61,225	\$ 49,760
Cash Paid to Suppliers	(31)	-	(26,087)	(24,050)
Cash Paid to Employees	(8)	-	(29,619)	(25,108)
Cash Paid for Taxes	-	-	(1,609)	(1,457)
Net Cash from Operating Activities	(33)	-	3,910	(855)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Grants	-	-	435	509
Transfers In	-	-	10,860	10,095
Proceeds from Interfund Loans	50	-	5,101	3,181
Principal Payments on Interfund Loans	-	-	(3,181)	(2,250)
Net Cash from Noncapital Financing Activities	50	-	13,215	11,535
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Long-Term Debt	-	-	(1,262)	(1,257)
Capital Expenditures	-	-	(3,081)	(7)
Interest Paid on Long-Term Debt	-	-	(4,259)	(4,094)
Net Cash from Capital and Related Financing Activities	-	-	(8,602)	(5,358)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	-	-	(82)	164
Net Increase (Decrease) in Cash and Equity in Pooled Investments	17	-	8,441	5,486
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	-	-	19,234	13,748
End of Year	\$ 17	\$ -	\$ 27,675	\$ 19,234
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Operating Cash and Equity in Pooled Investments	\$ 17	\$ -	\$ 27,628	\$ 19,226
Noncurrent Restricted Cash and Equity in Pooled Investments	-	-	47	8
Total Cash at the End of the Year	\$ 17	\$ -	\$ 27,675	\$ 19,234

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2013	2012	2013	2012
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (5,553)	\$ (6,172)	\$ 1,674	\$ 1,863
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	612	969	2,010	2,004
Changes in Operating Assets and Liabilities				
Accounts Receivable	(152)	200	(34)	80
Unbilled Receivables	-	33	-	-
Due from Other Funds	(254)	(289)	(1)	-
Due from Other Governments	(84)	74	-	-
Accounts Payable	490	34	383	498
Salaries, Benefits, and Payroll Taxes Payable	268	202	-	-
Compensated Absences Payable	259	36	-	-
Due to Other Funds	22	34	(3)	42
Claims Payable	11	2	-	-
Taxes Payable	-	-	(7)	15
Unearned Revenues	3,965	(513)	-	-
Other Assets and Liabilities	337	33	-	-
Total Adjustments	5,474	815	2,348	2,639
Net Cash from Operating Activities	\$ (79)	\$ (5,357)	\$ 4,022	\$ 4,502



# Nonmajor Enterprise Funds

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## COMBINING STATEMENT OF CASH FLOWS

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### NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Fiber Leasing		Comparative Totals	
	2013	2012	2013	2012
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 22	\$ -	\$ (3,857)	\$ (4,309)
<b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	-	-	2,622	2,973
Changes in Operating Assets and Liabilities				
Accounts Receivable	(69)	-	(255)	280
Unbilled Receivables	-	-	-	33
Due from Other Funds	-	-	(255)	(289)
Due from Other Governments	-	-	(84)	74
Accounts Payable	-	-	873	532
Salaries, Benefits, and Payroll Taxes Payable	-	-	268	202
Compensated Absences Payable	-	-	259	36
Due to Other Funds	14	-	33	76
Claims Payable	-	-	11	2
Taxes Payable	-	-	(7)	15
Unearned Revenues	-	-	3,965	(513)
Other Assets and Liabilities	-	-	337	33
Total Adjustments	(55)	-	7,767	3,454
Net Cash from Operating Activities	\$ (33)	\$ -	\$ 3,910	\$ (855)



# **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, 2013

(In Thousands)

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2013	Restated 2012
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Equity in Pooled Investments	\$ 26,802	\$ 227	\$ 27,029	\$ 24,779
Restricted Cash and Equity in Pooled Investments	17,166	-	17,166	19,193
Receivables, Net of Allowances				
Accounts	179	37	216	99
Interest and Dividends	30	17	47	34
Unbilled	251	-	251	4
Due from Other Funds	5,096	901	5,997	6,986
Due from Other Governments	14	540	554	355
Materials and Supplies Inventory	2,194	301	2,495	2,179
Prepayments and Other	199	348	547	324
Total Current Assets	51,931	2,371	54,302	53,953
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	2,057	27,360	29,417	25,081
Capital Assets				
Land and Land Rights	95,996	-	95,996	95,996
Buildings and Improvements	700,213	97	700,310	662,945
Less Accumulated Depreciation	(195,204)	(8)	(195,212)	(179,433)
Machinery and Equipment	155,113	53,562	208,675	203,592
Less Accumulated Depreciation	(94,805)	(30,651)	(125,456)	(120,263)
Construction in Progress	392	1,810	2,202	147
Total Noncurrent Assets	663,762	52,170	715,932	688,065
Total Assets	715,693	54,541	770,234	742,018
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	161	-	161	28
Total Assets and Deferred Outflows of Resources	\$ 715,854	\$ 54,541	\$ 770,395	\$ 742,046

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**COMBINING STATEMENT OF NET POSITION**

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**INTERNAL SERVICE FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Finance and Administrative Services</b>	<b>Information Technology</b>	<b>Comparative Totals</b>	
			<b>2013</b>	<b>Restated 2012</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 6,195	\$ 2,913	\$ 9,108	\$ 8,345
Salaries, Benefits, and Payroll Taxes Payable	1,986	835	2,821	2,202
Due to Other Funds	326	120	446	513
Due to Other Governments	6	-	6	37
Interest Payable	3,152	20	3,172	3,935
Taxes Payable	30	2	32	46
Current Portion of Long-Term Debt				
General Obligation Bonds Due Within One Year	14,884	205	15,089	14,637
Claims Payable	579	19	598	578
Compensated Absences Payable	361	263	624	533
Other Current Liabilities	10	35	45	1,549
<b>Total Current Liabilities</b>	<b>27,529</b>	<b>4,412</b>	<b>31,941</b>	<b>32,375</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	4,075	1,478	5,553	5,352
Claims Payable	1,383	44	1,427	1,281
Vendor and Other Deposits Payable	213	-	213	165
General Obligation Bonds, Due Serially	237,813	2,330	240,143	245,788
Less Bonds Due Within One Year	(14,884)	(205)	(15,089)	(14,637)
Bond Discount and Premium	12,345	284	12,629	12,932
Unfunded Other Post Employment Benefits	1,933	804	2,737	2,160
Other Noncurrent Liabilities	2	-	2	185
<b>Total Noncurrent Liabilities</b>	<b>242,880</b>	<b>4,735</b>	<b>247,615</b>	<b>253,226</b>
<b>Total Liabilities</b>	<b>270,409</b>	<b>9,147</b>	<b>279,556</b>	<b>285,601</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	411,708	23,798	435,506	404,494
Unrestricted	33,737	21,596	55,333	51,951
<b>Total Net Position</b>	<b>445,445</b>	<b>45,394</b>	<b>490,839</b>	<b>456,445</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 715,854</b>	<b>\$ 54,541</b>	<b>\$ 770,395</b>	<b>\$ 742,046</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2013  
(In Thousands)**

	<b>Finance and Administrative Services</b>		<b>Comparative Totals</b>	
			<b>Information Technology</b>	<b>2013</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 67,549	\$ 49,721	\$ 117,270	\$ 111,659
Rents, Parking, and Concessions	87,025	-	87,025	86,528
Total Operating Revenues	154,574	49,721	204,295	198,187
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	100,047	36,639	136,686	131,902
General and Administrative	9,498	8,243	17,741	15,105
City Business and Occupation Taxes	4	-	4	4
Other Taxes	410	1	411	342
Depreciation and Amortization	27,868	6,009	33,877	34,667
Total Operating Expenses	137,827	50,892	188,719	182,020
Operating Income (Loss)	16,747	(1,171)	15,576	16,167
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment and Interest Income	(95)	(59)	(154)	612
Interest Expense	(9,656)	(88)	(9,744)	(11,576)
Amortization of Bonds Premiums	(150)	87	(63)	1,227
Amortization of Refunding Loss	(80)	-	(80)	(217)
Bond Issuance Costs	(44)	(19)	(63)	(99)
Gain (Loss) on Sale of Capital Assets	910	(14)	896	(5)
Contributions and Grants	13	782	795	1,678
Others, Net	-	8	8	27
Total Nonoperating Revenues (Expenses)	(9,102)	697	(8,405)	(8,353)
Income (Loss) Before Contributions, Grants, and Transfers	7,645	(474)	7,171	7,814
Capital Contributions and Grants	31,873	-	31,873	15,533
Transfers In	-	-	-	1,864
Transfers Out	(4,650)	-	(4,650)	(4,000)
Change in Net Position	34,868	(474)	34,394	21,211
Net Position - Beginning of Year	410,577	45,868	456,445	436,132
Prior-Year Adjustment	-	-	-	(898)
Net Position - Beginning of Year as Restated	410,577	45,868	456,445	435,234
Net Position - End of Year	<u>\$ 445,445</u>	<u>\$ 45,394</u>	<u>\$ 490,839</u>	<u>\$ 456,445</u>



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**COMBINING STATEMENT OF CASH FLOWS**

Page 1 of 2

**INTERNAL SERVICE FUNDS**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	<b>Finance and Administrative Services</b>	<b>Information Technology</b>	<b>Comparative Totals</b>	
			<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 154,352	\$ 50,449	\$ 204,801	\$ 197,887
Cash Paid to Suppliers	(60,783)	(19,631)	(80,414)	(72,718)
Cash Paid to Employees	(49,258)	(24,642)	(73,900)	(73,760)
Cash Paid for Taxes	(420)	(9)	(429)	(380)
	43,891	6,167	50,058	51,029
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Loans Provided to Other Funds	-	(50)	(50)	-
Operating Grants and Contributions Received	12	782	794	1,678
Transfers In	-	-	-	1,864
Transfers Out	(4,650)	-	(4,650)	(4,000)
	(4,638)	732	(3,906)	(458)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Long-Term Debt	-	2,643	2,643	-
Principal Payments on Long-Term Debt	(12,497)	(2,140)	(14,637)	(16,002)
Capital Fees and Grants Received	-	-	-	55
Capital Expenditures and Other Charges Paid	(12,606)	(7,172)	(19,778)	(10,534)
Interest Paid on Long-Term Debt	(10,414)	(92)	(10,506)	(12,086)
Debt Issuance Costs	(44)	(19)	(63)	-
Proceeds from Sale of Capital Assets	910	5	915	(5)
	(34,651)	(6,775)	(41,426)	(38,572)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Investment Income (Loss)	(105)	(62)	(167)	620
Net Increase (Decrease) in Cash and Equity in Pooled Investments	4,497	62	4,559	12,619
<b>CASH AND EQUITY IN POOLED INVESTMENTS</b>				
Beginning of Year	41,528	27,525	69,053	56,434
End of Year	\$ 46,025	\$ 27,587	\$ 73,612	\$ 69,053
<b>CASH AT THE END OF THE YEAR CONSISTS OF</b>				
Current Assets Cash and Equity in Pooled Investments	\$ 26,802	\$ 227	\$ 27,029	\$ 24,779
Current Restricted Cash and Equity in Pooled Investments	17,166	-	17,166	19,193
Noncurrent Restricted Cash and Equity in Pooled Investments	2,057	27,360	29,417	25,081
	\$ 46,025	\$ 27,587	\$ 73,612	\$ 69,053

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2013	2012
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 16,747	\$ (1,171)	\$ 15,576	\$ 16,167
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities</b>				
Depreciation and Amortization	27,868	6,009	33,877	34,667
Nonoperating Revenues and Expenses	-	2	2	-
Changes in Operating Assets and Liabilities				
Accounts Receivable	(131)	14	(117)	636
Unbilled Receivables	(247)	-	(247)	80
Due from Other Funds	43	995	1,038	(1,212)
Due from Other Governments	113	(312)	(199)	236
Materials and Supplies Inventory	(332)	16	(316)	192
Accounts Payable	361	402	763	(681)
Salaries, Benefits, and Payroll Taxes Payable	492	127	619	312
Compensated Absences Payable	287	4	291	74
Due to Other Funds	(10)	(57)	(67)	2
Due to Other Governments	(31)	-	(31)	29
Claims Payable	164	2	166	49
Taxes Payable	(6)	(7)	(13)	(35)
Other Assets and Liabilities	(1,427)	143	(1,284)	513
Total Adjustments	27,144	7,338	34,482	34,862
Net Cash from Operating Activities	<u>\$ 43,891</u>	<u>\$ 6,167</u>	<u>\$ 50,058</u>	<u>\$ 51,029</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
In-Kind Capital Contributions	\$ 31,873	\$ -	\$ 31,873	\$ 15,478
Amortization of Debt Related Costs, Net	(230)	87	(143)	1,010
Settlement from Nextel	-	5	5	27

# **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.

The **Firemen's Pension Fund** receives General Fund contributions and a portion of the state-levied fire insurance premium tax. These moneys pay for fire fighters' medical and pension benefits which are not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

The **Police Relief and Pension Fund** receives support almost entirely from the General Fund. The General Fund contributions pay for sworn police personnel's medical and pension benefits which are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

**AGENCY FUNDS**

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

The **Payroll Withholding Fund** receives City contributions and/or employee deductions for payroll taxes, such as Social Security (FICA), Medicare, and federal income tax; state retirement (LEOFF); savings bonds; and dependent child care. The contributions and deductions are paid to federal and state agencies and to other City funds.

The **Multifamily Rental Housing Improvement Fund** (MRHF) accounts for monies arising from a settlement agreement, and duly ordered by the Superior Court of the State of Washington to be administered by the City. Disbursements are made, upon approval of the MRHF Committee, to improve building maintenance for the multifamily rental housing stock in the City; and to provide educational services and resources on landlord and tenant rights and responsibilities.

The **Salary Fund** pays salaries to all active City employees. The funds that record the expenditures transfer moneys into this fund.

The **Voucher Fund** pays for all expenditures of the City except payroll, retirement benefits, and certain payments made by check or wire transfer. The funds that record the expenditures transfer moneys into this fund.

The **Pass-Through Grants Fund** was established in 2006 to account for grants which are the equivalent of pure cash conduits. The City has no administrative and no direct involvement with the grant programs.



G-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**PENSION TRUST FUNDS**

**December 31, 2013**

*(In Thousands)*

	<b>Employees' Retirement</b>	<b>Firemen's Pension</b>	<b>Police Relief and Pension</b>	<b>Comparative Totals</b>	
				<b>2013</b>	<b>2012</b>
<b>ASSETS</b>					
Cash and Equity in Pooled Investments	\$ 42	\$ 6,688	\$ 4,544	\$ 11,274	\$ 21,577
Short-Term Investments	42,433	-	-	42,433	47,639
Securities Lending Collateral	13,595	-	-	13,595	10,155
Investments at Fair Value					
U.S. Government Obligations	170,501	-	-	170,501	97,032
Mortgage-Backed Securities	115,344	-	-	115,344	150,552
Government Related and Other	63,253	-	-	63,253	113,394
Domestic Corporate Bonds	168,108	-	-	168,108	20,593
Domestic Stocks	700,187	6,923	-	707,110	581,330
International Stocks	624,912	-	-	624,912	554,959
Real Estate	231,617	-	-	231,617	216,761
Alternative/Venture Capital	106,263	-	-	106,263	179,703
Total Investments at Fair Value	2,180,185	6,923	-	2,187,108	1,914,324
Receivables					
Members	2,737	-	-	2,737	2,453
Employers	2,992	-	-	2,992	2,230
Due from Other Funds	-	-	-	-	1,125
Other	-	345	403	748	712
Interest and Dividends	4,172	6	-	4,178	2,758
Sales Proceeds	5,727	-	-	5,727	3,087
Total Receivables	15,628	351	403	16,382	12,365
Total Assets	2,251,883	13,962	4,947	2,270,792	2,006,060
<b>LIABILITIES</b>					
Accounts Payable and Other Liabilities	1,878	1,231	1,745	4,854	4,502
Securities Lending Collateral	16,750	-	-	16,750	13,405
Investment Commitments Payable	16,347	-	-	16,347	19,150
Total Liabilities	34,975	1,231	1,745	37,951	37,057
Net Position Held in Trust for Pension Benefits	\$ 2,216,908	\$ 12,731	\$ 3,202	\$ 2,232,841	\$ 1,969,003

**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
For the Year Ended December 31, 2013  
(In Thousands)**

	<u>Employees' Retirement</u>	<u>Defined Benefit Firemen's Pension</u>	<u>Police Relief and Pension</u>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 77,073	\$ 7,123	\$ 7,016
Plan Member	60,343	-	-
Total Contributions	137,416	7,123	7,016
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	267,444	(49)	-
Interest	8,378	977	-
Dividends	22,328	36	-
Total Investment Activities Income	298,150	964	-
Investment Activities Expenses			
Investment Management Fees	7,606	-	-
Investment Consultant Fees	499	-	-
Investment Custodial Fees	284	-	-
Total Investment Activities Expenses	8,389	-	-
Net Income from Investment Activities	289,761	964	-
From Securities Lending Activities			
Securities Lending Income	12	-	-
Borrower Rebates	64	-	-
Total Securities Lending Income	76	-	-
Securities Lending Expenses			
Management Fees	19	-	-
Total Securities Lending Expenses	19	-	-
Net Income from Securities Lending Activities	57	-	-
Total Net Investment Income	289,818	964	-
Other Income	-	-	606
Total Additions	427,234	8,087	7,622
<b>DEDUCTIONS</b>			
Benefits	141,424	7,661	8,528
Refund of Contributions	15,278	-	-
Administrative Expense	5,059	638	517
Total Deductions	161,761	8,299	9,045
Change in Net Position	265,473	(212)	(1,423)
Net Position - Beginning of Year	1,951,435	12,943	4,625
Net Position - End of Year	<u>\$ 2,216,908</u>	<u>\$ 12,731</u>	<u>\$ 3,202</u>



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**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
For the Year Ended December 31, 2013  
(In Thousands)**

	<u>Postemployment Healthcare</u>		<u>Comparative Totals</u>	
	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>2013</u>	<u>2012</u>
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 9,899	\$ 11,972	\$ 113,083	\$ 101,578
Plan Member	-	-	60,343	57,086
Total Contributions	9,899	11,972	173,426	158,664
Investment Income				
From Investment Activities				
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	267,395	204,271
Interest	-	-	9,355	9,858
Dividends	-	-	22,364	23,654
Total Investment Activities Income	-	-	299,114	237,783
Investment Activities Expenses				
Investment Management Fees	-	-	7,606	6,314
Investment Consultant Fees	-	-	499	499
Investment Custodial Fees	-	-	284	250
Total Investment Activities Expenses	-	-	8,389	7,063
Net Income from Investment Activities	-	-	290,725	230,720
From Securities Lending Activities				
Securities Lending Income	-	-	12	16
Borrower Rebates	-	-	64	83
Total Securities Lending Income	-	-	76	99
Securities Lending Expenses				
Management Fees	-	-	19	25
Total Securities Lending Expenses	-	-	19	25
Net Income from Securities Lending Activities	-	-	57	74
Total Net Investment Income	-	-	290,782	230,794
Other Income	-	-	606	2,044
Total Additions	9,899	11,972	464,814	391,502
<b>DEDUCTIONS</b>				
Benefits	9,899	11,972	179,484	171,219
Refund of Contributions	-	-	15,278	14,914
Administrative Expense	-	-	6,214	4,513
Total Deductions	9,899	11,972	200,976	190,646
Change in Net Position	-	-	263,838	200,856
Net Position - Beginning of Year	-	-	1,969,003	1,768,147
Net Position - End of Year	\$ -	\$ -	\$ 2,232,841	\$ 1,969,003

AGENCY FUNDS

For the Year Ended December 31, 2013

(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
<b>GUARANTY DEPOSITS FUND</b>				
<i>Assets</i>				
Cash	\$ 7,686	\$ 12,812	\$ 12,600	\$ 7,898
Total Assets	<u>\$ 7,686</u>	<u>\$ 12,812</u>	<u>\$ 12,600</u>	<u>\$ 7,898</u>
<i>Liabilities</i>				
Deposits Payable	\$ 7,686	\$ 9,652	\$ 9,440	\$ 7,898
Total Liabilities	<u>\$ 7,686</u>	<u>\$ 9,652</u>	<u>\$ 9,440</u>	<u>\$ 7,898</u>
<b>PAYROLL WITHHOLDING FUND</b>				
<i>Assets</i>				
Cash	\$ 3,481	\$ 271,859	\$ 272,978	\$ 2,362
Total Assets	<u>\$ 3,481</u>	<u>\$ 271,859</u>	<u>\$ 272,978</u>	<u>\$ 2,362</u>
<i>Liabilities</i>				
Accounts Payable	\$ 166	\$ 220	\$ 229	\$ 157
Salaries, Benefits, and Payroll Taxes Payable	3,305	271,717	272,828	2,194
Claims/Judgments Payable	10	1	-	11
Total Liabilities	<u>\$ 3,481</u>	<u>\$ 271,938</u>	<u>\$ 273,057</u>	<u>\$ 2,362</u>
<b>MULTIFAMILY RENTAL HOUSING IMPROVEMENT FUND</b>				
<i>Assets</i>				
Cash	\$ 169	\$ -	\$ 138	\$ 31
Total Assets	<u>\$ 169</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 31</u>
<i>Liabilities</i>				
Deposits Payable	\$ 169	\$ -	\$ 138	\$ 31
Total Liabilities	<u>\$ 169</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 31</u>
<b>SALARY FUND</b>				
<i>Assets</i>				
Cash	\$ (11)	\$ 625,169	\$ 625,101	\$ 57
Accounts Receivable	123	42	125	40
Total Assets	<u>\$ 112</u>	<u>\$ 625,211</u>	<u>\$ 625,226</u>	<u>\$ 97</u>
<i>Liabilities</i>				
Accounts Payable	\$ -	\$ 608,102	\$ 608,102	\$ -
Salaries, Benefits, and Payroll Taxes Payable	112	26,117	26,132	97
Total Liabilities	<u>\$ 112</u>	<u>\$ 634,219</u>	<u>\$ 634,234</u>	<u>\$ 97</u>

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**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

Page 2 of 2

**AGENCY FUNDS**

**For the Year Ended December 31, 2013**

*(In Thousands)*

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b>VOUCHER FUND</b>				
<i>Assets</i>				
Cash	\$ 1,000	\$ 3,309,081	\$ 3,309,572	\$ 509
Total Assets	\$ 1,000	\$ 3,309,081	\$ 3,309,572	\$ 509
<i>Liabilities</i>				
Accounts Payable	\$ 1,000	\$ 3,328,923	\$ 3,329,414	\$ 509
Total Liabilities	\$ 1,000	\$ 3,328,923	\$ 3,329,414	\$ 509
<b>PASS-THROUGH GRANTS FUND</b>				
<i>Assets</i>				
Cash	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ -	\$ -	\$ -	\$ -
<i>Liabilities</i>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -
<b>TOTALS - ALL AGENCY FUNDS</b>				
<i>Assets</i>				
Cash and Equity in Pooled Investments	\$ 12,325	\$ 4,218,921	\$ 4,220,389	\$ 10,857
Accounts Receivable	123	42	125	40
Total Assets	\$ 12,448	\$ 4,218,963	\$ 4,220,514	\$ 10,897
<i>Liabilities</i>				
Accounts Payable	\$ 1,166	\$ 3,937,245	\$ 3,937,745	\$ 666
Salaries, Benefits, and Payroll Taxes Payable	3,417	297,834	298,960	2,291
Deposits Payable	7,855	9,652	9,578	7,929
Claims/Judgments Payable	10	1	-	11
Total Liabilities	\$ 12,448	\$ 4,244,732	\$ 4,246,283	\$ 10,897



# **Capital Assets**

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H-1

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

**SCHEDULE BY SOURCE**

**December 31, 2013**

*(In Thousands)*

	<b>2013</b>	<b>Restated 2012</b>
<b>CAPITAL ASSETS</b>		
Land	\$ 446,842	\$ 441,727
Buildings	873,801	852,995
Improvements Other than Buildings	706,105	686,133
Equipment	129,816	116,279
Infrastructure	1,790,329	1,672,909
Construction in Progress	381,387	307,847
Other Capital Assets	17,457	15,911
Total Capital Assets	\$ 4,345,737	\$ 4,093,801
<b>INVESTMENT IN CAPITAL ASSETS FROM</b>		
General Fund	\$ 297,855	\$ 278,712
Special Revenue Funds	3,000,955	2,796,459
Capital Project Funds	941,675	913,687
Donations	105,252	104,943
Total Investment in Capital Assets	\$ 4,345,737	\$ 4,093,801

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

### SCHEDULE BY FUNCTION

December 31, 2013

*(In Thousands)*

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>
General Government	\$ 22,604	\$ 103,365	\$ 151
Security of Persons and Property	-	-	-
Transportation	116,828	63,839	181
Economic Environment	910	-	-
Judicial	-	-	-
Culture and Recreation	<u>306,500</u>	<u>706,597</u>	<u>705,773</u>
Total	<u>\$ 446,842</u>	<u>\$ 873,801</u>	<u>\$ 706,105</u>



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

Page 2 of 2

**SCHEDULE BY FUNCTION**

**December 31, 2013**

*(In Thousands)*

	<b>Equipment</b>	<b>Infrastructure</b>	<b>Other Capital Assets</b>	<b>Total</b>
General Government	\$ 27,071	\$ -	\$ -	\$ 153,191
Security of Persons and Property	72,578	-	-	72,578
Transportation	11,324	1,790,329	1,580	1,984,081
Economic Environment	95	-	-	1,005
Judicial	82	-	-	82
Culture and Recreation	18,666	-	15,877	1,753,413
Total	\$ 129,816	\$ 1,790,329	\$ 17,457	3,964,350
Construction in Progress				381,387
Total Investment in Capital Assets				\$ 4,345,737

**H-3 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**For the Year Ended December 31, 2013**  
*(In Thousands)*

	<u>Restated Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
General Government	\$ 154,794	\$ 6	\$ 1,609	\$ 153,191
Security of Persons and Property	53,595	24,393	5,410	72,578
Transportation	1,840,608	143,498	25	1,984,081
Economic Environment	1,005	-	-	1,005
Judicial	82	-	-	82
Culture and Recreation	<u>1,735,870</u>	<u>33,879</u>	<u>16,336</u>	<u>1,753,413</u>
Total	3,785,954	201,776	23,380	3,964,350
Construction in Progress	<u>307,847</u>	<u>297,515</u>	<u>223,975</u>	<u>381,387</u>
Total Investment in Capital Assets	<u>\$ 4,093,801</u>	<u>\$ 499,291</u>	<u>\$ 247,355</u>	<u>\$ 4,345,737</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 <sup>a</sup>**

**Last Ten Fiscal Years**  
*(Accrual Basis of Accounting)*  
*(In Thousands)*

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 2,880,124	\$ 2,783,738	\$ 2,627,462	\$ 2,513,808	\$ 2,350,564
Restricted	460,885	406,454	419,675	372,289	225,157
Unrestricted	<u>36,212</u>	<u>(35,593)</u>	<u>(101,021)</u>	<u>(98,786)</u>	<u>146,711</u>
Total Governmental Activities Net Position	\$ 3,377,221	\$ 3,154,599	\$ 2,946,116	\$ 2,787,311	\$ 2,722,432
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 1,508,831	\$ 1,391,130	\$ 1,243,622	\$ 1,228,030	\$ 1,257,195
Restricted	57,404	56,210	81,904	79,372	71,801
Unrestricted	<u>274,388</u>	<u>215,405</u>	<u>205,493</u>	<u>106,013</u>	<u>49,827</u>
Total Business-Type Activities Net Position	\$ 1,840,623	\$ 1,662,745	\$ 1,531,019	\$ 1,413,415	\$ 1,378,823
<b>PRIMARY GOVERNMENT</b>					
Net Investment in Capital Assets	\$ 4,388,955	\$ 4,174,868	\$ 3,871,084	\$ 3,741,838	\$ 3,607,759
Restricted	518,289	462,664	501,579	451,661	296,958
Unrestricted	<u>310,600</u>	<u>179,812</u>	<u>104,472</u>	<u>7,227</u>	<u>196,538</u>
Total Primary Government Net Position	<u>\$ 5,217,844</u>	<u>\$ 4,817,344</u>	<u>\$ 4,477,135</u>	<u>\$ 4,200,726</u>	<u>\$ 4,101,255</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 2,184,161	\$ 2,011,575	\$ 1,825,203	\$ 1,679,338	\$ 1,584,694
Restricted	271,204	194,618	183,340	142,509	101,326
Unrestricted	<u>194,962</u>	<u>322,784</u>	<u>273,696</u>	<u>211,426</u>	<u>137,995</u>
Total Governmental Activities Net Position	\$ 2,650,327	\$ 2,528,977	\$ 2,282,239	\$ 2,033,273	\$ 1,824,015
<b>BUSINESS-TYPE ACTIVITIES</b>					
Net Investment in Capital Assets	\$ 1,128,319	\$ 967,028	\$ 813,091	\$ 664,469	\$ 641,015
Restricted	63,913	48,561	59,161	147,980	114,795
Unrestricted	<u>166,634</u>	<u>195,226</u>	<u>234,582</u>	<u>125,159</u>	<u>90,616</u>
Total Business-Type Activities Net Position	\$ 1,358,866	\$ 1,210,815	\$ 1,106,834	\$ 937,608	\$ 846,426
<b>PRIMARY GOVERNMENT</b>					
Net Investment in Capital Assets	\$ 3,312,480	\$ 2,978,603	\$ 2,638,294	\$ 2,343,807	\$ 2,225,709
Restricted	335,117	243,179	242,501	290,489	216,121
Unrestricted	<u>361,596</u>	<u>518,010</u>	<u>508,278</u>	<u>336,585</u>	<u>228,611</u>
Total Primary Government Net Position	<u>\$ 4,009,193</u>	<u>\$ 3,739,792</u>	<u>\$ 3,389,073</u>	<u>\$ 2,970,881</u>	<u>\$ 2,670,441</u>

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

Table S-2  
Page 1 of 4

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

	2013	2012	2011	2010	2009
<b>EXPENSES</b>					
<i>Governmental Activities</i>					
General Government	\$ 161,041	\$ 164,040	\$ 179,498	\$ 182,058	\$ 106,732
Judicial	33,517	26,121	25,623	26,298	27,526
Public Safety	515,129	475,747	471,205	476,861	473,527
Physical Environment	10,740	6,357	10,697	8,346	32,543
Transportation	165,742	133,511	111,038	122,376	137,015
Economic Environment	125,191	125,917	101,242	119,595	98,940
Health and Human Services	71,256	65,266	71,399	72,680	75,788
Culture and Recreation	267,043	239,003	245,671	258,639	249,160
Interest on Long-Term Debt	26,417	39,998	40,425	38,929	36,825
Total Governmental Activities Expenses	1,376,076	1,275,960	1,256,798	1,305,782	1,238,056
<i>Business-Type Activities</i>					
Light	780,930	731,459	723,665	730,758	733,405
Water	215,600	203,610	198,929	209,554	200,921
Drainage and Wastewater	290,147	272,423	269,224	245,589	244,295
Solid Waste	156,653	150,115	149,157	141,852	145,526
Planning and Development	53,080	46,542	44,087	47,699	55,954
Downtown Parking Garage	8,159	7,701	7,740	7,648	7,824
Fiber Leasing	54	-	-	-	-
Total Business-Type Activities Expenses	1,504,623	1,411,850	1,392,802	1,383,100	1,387,925
Total Primary Government Expenses	2,880,699	2,687,810	2,649,600	2,688,882	2,625,981
<b>PROGRAM REVENUES</b>					
<i>Governmental Activities</i>					
Charges for Services					
General Government	85,923	79,048	73,960	60,333	58,127
Judicial	40,545	33,748	33,048	31,078	28,376
Public Safety	19,245	19,277	18,939	18,848	22,740
Physical Environment	47	-	2	1,985	1,745
Transportation	100,830	81,972	64,331	55,680	62,230
Economic Environment	12,250	7,303	7,299	4,419	11,922
Health and Human Services	8	-	1,276	9	9
Culture and Recreation	67,116	53,450	50,273	54,886	58,977
Operating Grants and Contributions	135,407	130,377	136,679	118,619	104,382
Capital Grants and Contributions	42,468	48,092	47,503	56,377	36,834
Total Governmental Activities Program Revenues	503,839	453,267	433,310	402,234	385,342
<i>Business-Type Activities</i>					
Charges for Services					
Light	839,767	797,445	769,316	729,650	717,775
Water	235,114	213,164	194,342	194,987	190,283
Drainage and Wastewater	329,386	297,443	274,553	245,959	244,773
Solid Waste	159,741	156,927	154,159	146,944	135,393
Planning and Development	48,016	40,869	35,087	28,627	33,379
Downtown Parking Garage	7,019	6,588	5,937	6,580	6,862
Fiber Leasing	75	-	-	-	-
Operating Grants and Contributions	7,055	6,749	5,518	5,953	4,789
Capital Grants and Contributions	63,760	48,438	51,522	41,846	59,983
Total Business-Type Activities Program Revenues	1,689,933	1,567,623	1,490,434	1,400,546	1,393,237
Total Primary Government Program Revenues	2,193,772	2,020,890	1,923,744	1,802,780	1,778,579
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	(872,237)	(822,693)	(823,488)	(903,548)	(852,714)
Business-Type Activities	185,310	155,773	97,632	17,446	5,312
Total Primary Government Net Expense	(686,927)	(666,920)	(725,856)	(886,102)	(847,402)

**Table S-2**  
**Page 2 of 4**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>EXPENSES</b>					
<b>Governmental Activities</b>					
General Government	\$ 143,855	\$ 103,323	\$ 128,758	\$ 102,362	\$ 104,281
Judicial	26,762	24,030	20,344	18,429	19,169
Public Safety	455,701	396,669	354,083	325,416	322,244
Physical Environment	7,707	9,991	7,331	6,614	5,530
Transportation	127,872	124,493	87,610	87,542	88,606
Economic Environment	104,660	98,337	78,957	91,060	78,455
Health and Human Services	69,181	63,276	56,904	56,572	51,565
Culture and Recreation	257,578	224,455	215,081	199,169	196,280
Interest on Long-Term Debt	39,336	34,048	35,399	39,539	41,499
Total Governmental Activities Expenses	<u>1,232,652</u>	<u>1,078,622</u>	<u>984,467</u>	<u>926,703</u>	<u>907,629</u>
<b>Business-Type Activities</b>					
Light	791,837	764,786	699,164	683,476	772,827
Water	180,855	169,631	161,943	148,992	127,865
Drainage and Wastewater	231,318	225,833	199,378	178,447	168,689
Solid Waste	120,941	119,714	114,527	110,044	112,920
Planning and Development	56,882	56,139	50,203	43,487	45,320
Downtown Parking Garage	8,545	8,336	8,035	8,414	8,421
Fiber Leasing	-	-	-	-	-
Total Business-Type Activities Expenses	<u>1,390,378</u>	<u>1,344,439</u>	<u>1,233,250</u>	<u>1,172,860</u>	<u>1,236,042</u>
Total Primary Government Expenses	2,623,030	2,423,061	2,217,717	2,099,563	2,143,671
<b>PROGRAM REVENUES</b>					
<b>Governmental Activities</b>					
Charges for Services					
General Government	102,697	69,636	51,071	47,054	43,857
Judicial	22,032	19,851	17,852	16,794	18,162
Public Safety	16,254	21,850	14,422	12,788	10,372
Physical Environment	1,632	1,660	1,587	1,220	1,064
Transportation	44,093	28,860	25,306	28,936	17,970
Economic Environment	17,440	25,100	7,519	12,765	11,072
Health and Human Services	12	17	62	4	5
Culture and Recreation	59,586	57,283	62,768	50,192	49,925
Operating Grants and Contributions	95,236	93,184	93,850	93,656	86,701
Capital Grants and Contributions	31,527	31,577	52,174	66,991	55,051
Total Governmental Activities Program Revenues	<u>390,509</u>	<u>349,018</u>	<u>326,611</u>	<u>330,400</u>	<u>294,179</u>
<b>Business-Type Activities</b>					
Charges for Services					
Light	872,099	829,679	817,310	733,865	763,793
Water	163,996	159,967	153,171	145,865	141,305
Drainage and Wastewater	216,957	201,139	186,118	175,782	162,126
Solid Waste	124,353	121,913	112,474	111,228	115,144
Planning and Development	42,929	49,471	44,655	37,695	32,449
Downtown Parking Garage	6,530	6,805	6,608	6,180	6,185
Fiber Leasing	-	-	-	-	-
Operating Grants and Contributions	4,099	6,208	2,412	2,973	2,618
Capital Grants and Contributions	81,425	53,063	49,437	30,750	21,014
Total Business-Type Activities Program Revenues	<u>1,512,388</u>	<u>1,428,245</u>	<u>1,372,185</u>	<u>1,244,338</u>	<u>1,244,634</u>
Total Primary Government Program Revenues	1,902,897	1,777,263	1,698,796	1,574,738	1,538,813
<b>NET (EXPENSE) REVENUE</b>					
Governmental Activities	(842,143)	(729,604)	(657,856)	(596,303)	(613,450)
Business-Type Activities	122,010	83,806	138,935	71,478	8,592
Total Primary Government Net Expense	<u>(720,133)</u>	<u>(645,798)</u>	<u>(518,921)</u>	<u>(524,825)</u>	<u>(604,858)</u>



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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b>					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 423,927	\$ 412,872	\$ 397,288	\$ 391,798	\$ 388,341
Sales Taxes	181,171	169,681	158,582	146,970	150,515
Business Taxes	408,913	358,931	339,703	331,570	329,572
Excise Taxes	61,524	54,637	35,203	28,815	27,710
Other Taxes	11,240	44,352	39,014	31,119	28,582
Penalties and Interest on Delinquent Taxes	3,596	2,795	3,240	3,475	3,867
Unrestricted Investment Earnings (Loss)	(1,663)	6,458	5,536	4,685	8,898
Gain (Loss) on Sale of Capital Assets	17,012	1,502	14,224	40,095	(2,422)
Transfers	(10,861)	(10,095)	(9,373)	(10,100)	(10,245)
Total Governmental Activities	<u>1,094,859</u>	<u>1,041,133</u>	<u>983,417</u>	<u>968,427</u>	<u>924,818</u>
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	4,204	11,789	11,078	8,796	4,837
Gain on Sale of Capital Assets	1,672	619	924	198	4,495
Special Item - Environmental Remediation	(24,169)	(37,066)	538	(1,948)	(4,289)
Transfers	10,861	10,095	9,373	10,100	10,245
Total Business-Type Activities	<u>(7,432)</u>	<u>(14,563)</u>	<u>21,913</u>	<u>17,146</u>	<u>15,288</u>
Total Primary Government	1,087,427	1,026,570	1,005,330	985,573	940,106
<b>CHANGES IN NET POSITION</b>					
Governmental Activities	222,622	218,440	159,929	64,879	72,104
Business-Type Activities	177,878	141,210	119,545	34,592	20,600
Total Primary Government	<u>\$ 400,500</u>	<u>\$ 359,650</u>	<u>\$ 279,474</u>	<u>\$ 99,471</u>	<u>\$ 92,704</u>

Table S-2  
Page 4 of 4

CHANGES IN NET POSITION  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(In Thousands)

	2008	2007	2006	2005	2004
<b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b>					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 368,515	\$ 359,651	\$ 318,490	\$ 311,613	\$ 296,789
Sales Taxes	171,917	171,846	155,311	146,060	130,961
Business Taxes	330,369	332,238	311,015	280,139	253,733
Excise Taxes	36,091	76,918	58,397	55,507	43,766
Other Taxes	25,395	12,765	4,929	4,636	4,196
Penalties and Interest on Delinquent Taxes	2,410	4,276	3,349	2,125	1,941
Unrestricted Investment Earnings (Loss)	24,140	33,155	22,021	10,288	5,366
Gain (Loss) on Sale of Capital Assets	15,461	891	35,353	2,921	2,296
Transfers	(10,803)	(10,612)	(9,260)	(8,456)	(9,738)
Total Governmental Activities	963,495	981,128	899,605	804,833	729,310
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	13,530	19,106	16,241	10,811	4,269
Gain on Sale of Capital Assets	1,708	276	1,823	438	2,100
Special Item - Environmental Remediation	-	-	-	-	-
Transfers	10,803	10,612	9,260	8,456	9,738
Total Business-Type Activities	26,041	29,994	27,324	19,705	16,107
Total Primary Government	989,536	1,011,122	926,929	824,538	745,417
<b>CHANGES IN NET POSITION</b>					
Governmental Activities	121,352	251,524	241,749	208,530	115,860
Business-Type Activities	148,051	113,800	166,259	91,183	24,699
Total Primary Government	\$ 269,403	\$ 365,324	\$ 408,008	\$ 299,713	\$ 140,559

**Table S-3** **FUND BALANCES OF GOVERNMENTAL FUNDS <sup>a</sup>**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(In Thousands)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>GENERAL FUND</b>					
Nonspendable	\$ 375	\$ 555	\$ 572	\$ 401	\$ -
Restricted	99,659	82,520	58,917	63,695	-
Committed	83,155	79,508	58,713	44,240	-
Assigned	5,325	6,417	6,808	17,958	-
Unassigned	120,446	105,992	79,765	53,147	-
Reserved	-	-	-	-	78,835
Unreserved	-	-	-	-	118,611
Total General Fund	<u>\$ 308,960</u>	<u>\$ 274,992</u>	<u>\$ 204,775</u>	<u>\$ 179,441</u>	<u>\$ 197,446</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Nonspendable	\$ 3,959	\$ 2,618	\$ 2,714	\$ 2,447	\$ -
Restricted	359,172	321,884	358,710	306,545	-
Committed	49,829	40,248	60,156	41,379	-
Assigned	7,661	12,583	8,816	7,910	-
Unassigned	(22,328)	(13,991)	(12,064)	(11,911)	-
Reserved	-	-	-	-	319,104
Unreserved, Reported in	-	-	-	-	40,157
Special Revenue Funds	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-
Permanent Funds	-	-	-	-	101
Total All Other Governmental Funds	<u>\$ 398,293</u>	<u>\$ 363,342</u>	<u>\$ 418,332</u>	<u>\$ 346,370</u>	<u>\$ 359,362</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>GENERAL FUND</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	140,325	129,350	91,018	95,855	91,507
Unreserved	131,085	197,678	150,280	107,817	40,669
Total General Fund	<u>\$ 271,410</u>	<u>\$ 327,028</u>	<u>\$ 241,298</u>	<u>\$ 203,672</u>	<u>\$ 132,176</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	261,463	226,965	218,682	185,917	185,176
Unreserved, Reported in	96,337	39,589	41,694	31,368	18,391
Special Revenue Funds	-	(1,846)	(3,125)	-	(3,138)
Capital Projects Funds	-	83	-	-	19
Permanent Funds	121	-	-	-	-
Total All Other Governmental Funds	<u>\$ 357,921</u>	<u>\$ 264,791</u>	<u>\$ 257,251</u>	<u>\$ 217,285</u>	<u>\$ 200,448</u>

<sup>a</sup> 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)*

	2013	2012	2011	2010	2009
<b>REVENUES</b>					
Taxes	\$ 1,083,499	\$ 1,044,608	\$ 973,181	\$ 933,641	\$ 927,287
Licenses and Permits	27,135	25,238	22,966	26,514	28,298
Grants, Shared Revenues, and Contributions	184,784	177,775	167,813	179,842	173,231
Charges for Services	200,847	182,595	167,644	171,509	157,081
Fines and Forfeits	41,107	34,340	34,066	32,300	29,645
Parking Fees and Space Rent	62,463	57,107	51,004	46,858	42,404
Program Income, Interest, and Miscellaneous Revenues	45,462	43,649	39,706	26,037	34,011
<b>Total Revenues</b>	<b>1,645,297</b>	<b>1,565,312</b>	<b>1,456,380</b>	<b>1,416,701</b>	<b>1,391,957</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	191,829	180,187	193,697	203,607	202,974
Judicial	27,642	26,654	25,855	26,300	26,812
Public Safety	494,011	461,235	451,734	445,002	431,413
Physical Environment	11,935	7,748	11,190	9,058	16,528
Transportation	97,676	92,212	90,966	93,381	111,531
Economic Environment	128,644	128,711	106,234	123,430	103,462
Health and Human Services	73,151	67,103	73,100	73,956	76,471
Culture and Recreation	231,694	216,508	211,523	233,284	223,340
<b>Capital Outlay</b>					
General Government	22,220	10,684	13,862	16,799	24,651
Judicial	-	-	-	-	-
Public Safety	21,100	27,743	8,320	21,815	20,781
Physical Environment	-	-	-	-	-
Transportation	234,188	228,272	167,590	169,636	179,231
Economic Environment	-	69	-	5	28
Culture and Recreation	85,690	55,507	50,383	63,521	72,905
<b>Debt Service</b>					
Principal	56,194	53,523	47,909	45,826	43,064
Advance Refunding to Escrow	-	-	-	-	6
Interest	26,206	25,339	26,754	24,596	24,191
Bond Issuance Cost	822	258	369	1,303	727
Other	-	305	-	-	-
<b>Total Expenditures</b>	<b>1,703,002</b>	<b>1,582,058</b>	<b>1,479,486</b>	<b>1,551,519</b>	<b>1,558,115</b>
Excess (Deficiency) of Revenues over Expenditures	(57,705)	(16,746)	(23,106)	(134,818)	(166,158)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	101,115	108,085	79,433	85,325	87,810
Refunding Debt Issued	43,945	-	-	115,185	4,390
Premium on Bonds Issued	9,377	21,140	5,181	13,270	8,152
Capital Leases Issued	-	-	-	-	20
Payment to Refunded Bond Escrow Agent	(44,503)	(91,574)	-	(125,170)	(4,735)
Sales of Capital Assets	22,904	2,282	41,161	21,310	624
Transfers In	375,772	334,611	292,224	298,519	371,345
Transfers Out	(381,986)	(342,571)	(297,597)	(304,618)	(373,971)
<b>Total Other Financing Sources (Uses)</b>	<b>126,624</b>	<b>31,973</b>	<b>120,402</b>	<b>103,821</b>	<b>93,635</b>
<b>Net Change in Fund Balance</b>	<b>\$ 68,919</b>	<b>\$ 15,227</b>	<b>\$ 97,296</b>	<b>\$ (30,997)</b>	<b>\$ (72,523)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	5.93%	6.26%	5.91%	5.28%	5.28%

**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)**

	2008	2007	2006	2005	2004
<b>REVENUES</b>					
Taxes	\$ 934,544	\$ 957,242	\$ 851,366	\$ 799,928	\$ 731,373
Licenses and Permits	29,091	33,439	28,348	25,612	19,028
Grants, Shared Revenues, and Contributions	133,772	130,869	158,922	155,130	140,551
Charges for Services	142,797	149,049	125,245	127,436	112,690
Fines and Forfeits	25,572	22,701	21,230	19,759	20,795
Parking Fees and Space Rent	37,961	38,029	44,742	42,703	49,548
Program Income, Interest, and Miscellaneous Revenues	102,077	81,200	46,892	68,968	32,497
<b>Total Revenues</b>	1,405,814	1,412,529	1,276,745	1,239,536	1,106,482
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	195,947	154,672	160,282	136,309	135,100
Judicial	26,584	24,142	20,569	19,229	19,057
Public Safety	421,105	377,367	352,395	333,548	310,112
Physical Environment	8,454	10,752	7,574	6,902	5,814
Transportation	107,532	95,474	82,612	94,806	69,448
Economic Environment	109,903	103,350	83,327	95,186	82,525
Health and Human Services	70,032	64,490	58,723	57,017	51,177
Culture and Recreation	215,458	199,214	191,618	181,318	182,128
<b>Capital Outlay</b>					
General Government	12,953	16,823	42,691	36,885	50,014
Judicial	-	-	-	6	-
Public Safety	12,643	38,345	3,928	4,829	5,804
Physical Environment	5	10	-	-	-
Transportation	100,636	105,079	80,913	61,555	43,788
Economic Environment	22	270	16	-	-
Culture and Recreation	72,322	88,641	85,438	77,023	97,426
<b>Debt Service</b>					
Principal	51,855	61,236	71,672	92,198	50,736
Advance Refunding to Escrow	35,152	6,270	-	9,596	4,558
Interest	35,738	34,923	37,599	36,462	40,254
Bond Issuance Cost	632	256	380	438	799
Other	-	-	177	40	160
<b>Total Expenditures</b>	1,476,973	1,381,314	1,279,914	1,243,347	1,148,900
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(71,159)	31,215	(3,169)	(3,811)	(42,418)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	84,960	36,365	49,635	60,840	-
Refunding Debt Issued	54,870	60,870	2,195	71,450	91,805
Premium on Bonds Issued	7,545	4,178	378	7,837	4,322
Capital Leases Issued	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(56,920)	(62,535)	(2,253)	(75,412)	(92,833)
Sales of Capital Assets	408	4,348	35,756	27,218	2,980
Transfers In	350,078	306,914	282,578	290,069	231,518
Transfers Out	(332,266)	(288,087)	(287,529)	(289,857)	(242,663)
<b>Total Other Financing Sources (Uses)</b>	108,675	62,053	80,760	92,145	(4,871)
<b>Net Change in Fund Balance</b>	\$ 37,516	\$ 93,268	\$ 77,591	\$ 88,334	\$ (47,289)
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	6.72%	8.39%	10.16%	11.98%	9.45%

Table S-5

**TAX REVENUES BY SOURCE**  
**Last Ten Fiscal Years**  
*(Modified Accrual Basis of Accounting)*  
*(In Thousands)*

<b>Year</b>	<b>General Property Tax</b>	<b>Retail Sales and Use Tax</b>	<b>Business Tax</b>	<b>Excise Tax</b>	<b>Other Taxes</b>	<b>Total Taxes</b>
2004	\$ 296,775	\$ 130,961	\$ 253,733	\$ 43,766	\$ 6,137	\$ 731,372
2005	311,461	146,060	280,163	55,507	6,737	799,928
2006	318,366	155,311	311,015	58,572	8,103	851,367
2007	359,651	171,846	332,238	76,918	16,589	957,242
2008	368,362	171,917	332,779	36,091	25,395	934,544
2009	387,041	150,515	329,572	27,710	32,449	927,287
2010	391,692	146,970	331,570	28,815	34,594	933,641
2011	397,439	158,582	339,703	35,203	42,254	973,181
2012	420,763	169,681	358,931	54,637	44,352	1,048,364
2013	423,928	181,171	408,913	61,525	11,240	1,086,777

Table S-6

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Assessed and Estimated Actual Value <sup>a</sup> (In Thousands)</b>			<b>Total Direct Tax Rate</b>	<b>Average Annual Growth</b>	<b>Assessed Value Per Capita</b>
	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>			
2004	\$ 79,724,601	\$ 4,213,495	\$ 83,938,096	\$ 3.597	4.75 %	\$ 146,591
2005	84,157,435	4,120,671	88,278,106	3.585	5.17	154,063
2006	91,625,334	4,081,299	95,706,633	3.378	8.41	165,382
2007	101,522,467	4,686,021	106,208,488	3.221	10.97	181,312
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)	202,099
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)	189,451
2013	111,788,855	5,206,658	116,995,513	3.286	0.17	186,715

<sup>a</sup> Real property has been assessed at 100 percent of estimated actual value.

**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			
2004	2.402	0.880	0.315	3.597	2.757	1.431	2.360	0.254	10.399	\$ 872,872	5.7 %
2005	2.351	0.933	0.301	3.585	2.690	1.382	2.302	0.253	10.212	901,496	3.3
2006	2.230	0.870	0.278	3.378	2.498	1.329	2.192	0.233	9.630	921,573	2.2
2007	1.878	1.091	0.252	3.221	2.325	1.496	2.006	0.232	9.280	985,615	6.9
2008	1.697	0.904	0.173	2.774	2.132	1.663	1.895	0.224	8.688	1,056,632	7.2
2009	1.551	0.896	0.134	2.581	1.963	1.513	1.718	0.197	7.972	1,098,723	4.0
2010	1.784	1.005	0.136	2.925	2.222	1.694	1.985	0.216	9.042	1,118,329	2.0
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

<sup>a</sup> Source: King County Assessor and City of Seattle Budget Office.

<sup>b</sup> For the purposes of this table the City's share of the Countywide Emergency Medical Service (EMS) levy is included in the County's tax levy rate. EMS rate is 0.300 in 2013.

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

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

Taxpayer <sup>e</sup>	2013			2004		
	Assessed Valuation <sup>f</sup> (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation <sup>f</sup> (In Millions)	Percentage of Assessed Valuation	Rank
Union Square Limited Partnership	\$ 570.5	0.44 %	1	\$ 373.6	0.42 %	3
1201 Tab Owner LLC (formerly Wright Runstad)	436.4	0.33	2	265.2	0.30	7
FSP-RIC LLC (formerly Northwestern Mutual Life Ins.)	418.0	0.32	3			
The Boeing Company	399.8	0.31	4	330.6	0.37	5
City Centre Associates JV	365.1	0.28	5	226.7	0.26	9
Columbia Center Property	312.8	0.24	6			
Martin Selig	274.8	0.21	7	325.3	0.37	6
Puget Sound Energy-Gas/Electric	247.1	0.19	8	172.9	0.20	10
Seattle Sheraton	236.6	0.18	9			
Qwest Corporation	236.3	0.18	10	607.5	0.69	1
EOP Northwest Properties				387.0	0.44	2
Bank of America				366.7	0.42	4
Starwood Hotel & Resorts (Westin Hotel)				236.6	0.27	8

<sup>d</sup> Source: King County Assessor.

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

<sup>f</sup> Assessed valuations for taxes collected in the succeeding year.

**Table S-9**  
**Page 1 of 2**

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

CITY LIGHT <sup>a</sup>						
Customer Name	2013			2004		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 20,370	2.95 %	1	\$ 15,217	2.63 %	2
Nucor Corporation	20,097	2.91	2	16,281	2.81	1
City of Seattle	19,479	2.82	3	6,014	1.04	6
Boeing Company	14,336	2.08	4	13,774	2.38	3
King County <sup>b</sup>	10,024	1.45	5			
International Gateway/Sabey	9,666	1.40	6			
US Government	6,654	0.96	7	6,670	1.15	5
2001 Sixth LLC	6,154	0.89	8			
Saint Gobain	5,611	0.81	9	7,577	1.31	4
Swedish Hospital	4,238	0.61	10	4,832	0.83	7
Unico Properties/Union Square Ltd.				4,196	0.72	8
Equity Office Properties				4,141	0.72	9
Martin Selig Properties				3,388	0.59	10
Total Top Ten	<u>\$ 116,629</u>	<u>16.88 %</u>		<u>\$ 82,090</u>	<u>14.18 %</u>	

<sup>a</sup> Source: 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.

WATER <sup>c</sup>						
Customer Name	2013			2006 <sup>d</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 24,101	10.23 %	1	\$ 14,148	15.41 %	1
Northshore Utility District	4,967	2.11	2	4,351	4.74	2
Highline Water District	3,640	1.55	3	3,385	3.69	3
Woodinville Water District	3,596	1.53	4	2,141	2.33	6
Soos Creek Water and Sewer District	3,375	1.43	5	3,357	3.66	4
University of Washington	3,314	1.41	6	2,076	2.26	7
City of Seattle	3,193	1.36	7	2,297	2.50	5
Port of Seattle	2,572	1.09	8	1,583	1.72	10
City of Mercer Island	2,395	1.02	9			
King County Water District #20	2,354	1.00	10	1,866	2.03	8
Cedar River Water & Sewer District				1,784	1.94	9
Total Top Ten	<u>\$ 53,507</u>	<u>22.73 %</u>		<u>\$ 36,988</u>	<u>40.28 %</u>	

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

<sup>d</sup> Using 2006 data, the latest and closest available in 2006 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>					
	2013			2006 <sup>b</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 7,713	2.35 %	1	\$ 5,020	3.88 %	1
City of Seattle	7,213	2.19	2	3,469	2.68	2
Port of Seattle	4,788	1.46	3	1,883	1.46	3
Seattle Housing Authority	3,937	1.20	4	1,845	1.43	4
King County	2,909	0.89	5	1,522	1.18	5
Seattle Public Schools	2,399	0.73	6	1,312	1.01	6
BNSF Railway Co.	1,226	0.37	7	507	0.39	10
Darigold	1,081	0.33	8			
Swedish Medical Center	954	0.29	9	651	0.50	8
Virginia Mason	901	0.27	10			
Boeing Commercial Airplane Group				712	0.55	7
Harborview Medical Center				556	0.43	9
Total Top Ten	\$ 33,121	10.08 %		\$ 17,477	13.51 %	

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

<sup>b</sup> Using 2006 data, the latest and closest available in 2006 CAFR.

Customer Name	SOLID WASTE <sup>c</sup>					
	2013			2006 <sup>d</sup>		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 910	0.57 %	1	\$ 474	0.42 %	1
Fred Meyer/QFC	831	0.52	2			
Starbucks	649	0.41	3			
Goodwill Industries	648	0.41	4	287	0.26	3
Seattle Housing Authority	531	0.33	5	323	0.29	2
Swedish Medical Center	453	0.28	6	222	0.20	5
Pike Place Market	417	0.26	7	211	0.19	6
Vigor Marine	395	0.25	8			
University of Washington	389	0.24	9			
Safeway	334	0.21	10			
VW Vender Haul				243	0.22	4
Harbor View Environmental Services				198	0.18	7
Virginia Mason Hospital				182	0.16	8
Associated Grocers				152	0.14	9
Pacific Place				150	0.13	10
Total Top Ten	\$ 5,557	3.48 %		\$ 2,442	2.19 %	

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

<sup>d</sup> Using 2006 data, the latest and closest available in 2006 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
2004	\$ 300,255,001	\$ 297,969,060	\$ 292,541,786	98.18 %	\$ (77,498)	\$ 297,891,562	\$ 786,490	\$ 293,328,276	98.47 %	
2005	314,357,618	313,008,315	307,392,432	98.21	(164,595)	312,843,720	1,407,361	308,799,793	98.71	
2006	321,085,515	320,407,560	314,611,894	98.19	(278,157)	320,129,403	5,541,771	320,153,665	100.01	
2007	361,810,037	360,253,854	354,036,495	98.27	(185,735)	360,068,119	5,939,228	359,975,723	99.97	
2008	371,971,172	370,579,618	363,923,901	98.20	(45,352)	370,534,266	6,501,973	370,425,874	99.97	
2009	391,665,366	389,564,212	382,220,305	98.11	(89,111)	389,475,101	7,207,572	389,427,877	99.99	
2010	396,716,770	394,203,623	387,023,382	98.18	97,995	394,301,618	7,140,512	394,163,894	99.97	
2011	401,332,061	399,082,252	392,544,843	98.36	(112,527)	398,969,725	5,658,032	398,202,875	99.81	
2012	417,706,022	415,720,650	408,919,797	98.36	(84,496)	415,636,154	5,000,446	413,920,243	99.59	
2013	419,470,830	418,268,215	411,963,480	98.49	-	418,268,215	-	411,963,480	98.49	

<sup>a</sup> Net of initial adjustments in year of levy.

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	
2004	\$ 835,020	\$ 9,433	\$ 844,453	\$ -	\$ 21,233	\$ 62	
2005	794,075	15,249	809,324	-	21,890	29	
2006	746,365	13,992	760,357	21,925	24,494	15	
2007	720,025	16,540	736,565	20,545	21,923	3	
2008	721,160	22,222	743,382	19,205	19,738	-	
2009	771,065	27,622	798,687	17,705	18,854	18	
2010	801,695	37,260	838,955	15,735	16,582	14	
2011	822,110	38,185	860,295	14,305	14,662	10	
2012	772,950	56,070	829,020	13,005	18,748	6	
2013	809,060	53,919	862,979	13,005	16,631	2	

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
2004	\$ 72,174	\$ 1,537,246	\$ 795,635	\$ 301,195	\$ 25,460	\$ 58,491	\$ 2,790,201
2005	71,124	1,472,650	776,790	294,870	21,495	61,080	2,698,009
2006	70,023	1,409,215	861,670	334,625	17,325	70,489	2,763,347
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

Business-Type Activities			
Solid Waste Revenue			
Fiscal Year	Anticipation Notes	Notes and Contracts	
2004	\$ 7,976	\$ 1,832	
2005	11,976	14,781	
2006	23,576	10,942	
2007	-	7,048	
2008	-	20,240	
2009	-	23,861	
2010	-	34,107	
2011	-	36,222	
2012	-	34,753	
2013	-	35,606	

Primary Government				
Fiscal Year	Total	Percentage of Personal Income <sup>a</sup>	Debt Per Capita	Total Personal Income <sup>a</sup>
2004	\$ 3,665,757	14.15 %	\$ 6,243	\$ 25,905,569
2005	3,556,009	13.75	6,009	25,857,198
2006	3,604,656	12.84	6,022	28,079,681
2007	3,525,675	11.33	5,813	31,104,558
2008	3,985,320	13.84	6,493	28,803,559
2009	3,872,142	13.26	6,200	29,201,816
2010	4,208,488	14.50	6,537	29,019,204
2011	4,378,833	14.60	6,802	29,987,391
2012	4,534,817	12.04	6,879	37,652,394
2013	4,593,047	N/A	6,901	N/A

<sup>a</sup> Personal income data is not available for 2013.

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
2004	\$ 835,020	\$ 14,252	\$ 820,768	0.99 %	\$ 1,458
2005	794,075	12,428	781,647	0.90	1,386
2006	746,365	15,724	730,641	0.78	1,290
2007	720,025	15,216	704,809	0.68	1,228
2008	721,160	14,288	706,872	0.59	1,216
2009	771,065	11,220	759,845	0.56	1,281
2010	801,695	9,804	791,891	0.65	1,310
2011	822,110	9,653	812,457	0.70	1,343
2012	772,950	9,719	763,231	0.66	1,254
2013	809,060	9,775	799,285	0.63	1,291

Business-Type Activities					
Fiscal Year	General Bonded Debt Outstanding <sup>b</sup> (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
2004	\$ 72,174	\$ -	\$ 72,174	0.09 %	\$ 126
2005	71,124	-	71,124	0.08	124
2006	70,023	-	70,023	0.07	121
2007	65,702	-	65,702	0.06	112
2008	64,524	-	64,524	0.05	109
2009	63,319	-	63,319	0.05	105
2010	62,093	-	62,093	0.05	101
2011	60,846	-	60,846	0.05	99
2012	59,589	-	59,589	0.05	97
2013	58,327	-	58,327	0.05	93

Business-Type Activities			
Fiscal Year	Annual Debt Service Payments	Net Operating Income <sup>c</sup>	Percentage of Debt Service to Net Operating Income <sup>c</sup>
2004	\$ 4,859	\$ 4,174	116.41 %
2005	4,885	4,154	117.60
2006	4,907	4,462	109.97
2007	5,151	4,599	112.00
2008	4,654	4,119	112.99
2009	4,625	4,351	106.30
2010	4,578	4,097	111.74
2011	4,520	3,282	137.72
2012	4,438	3,866	114.80
2013	4,337	3,863	112.27

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)
2004	\$ 907,194	\$ 14,252	\$ 892,942
2005	865,199	12,428	852,771
2006	816,388	15,724	800,664
2007	785,727	15,216	770,511
2008	785,684	14,288	771,396
2009	834,384	11,220	823,164
2010	863,788	9,804	853,984
2011	882,956	9,653	873,303
2012	832,539	9,719	822,820
2013	867,387	9,775	857,612

<sup>a</sup> Starting in 2011, estimated actual value of taxable property in the succeeding year is used for calculation.

<sup>b</sup> General obligation bond debt service for the Downtown Parking Garage is being paid for by user fee revenues derived from the garage. The ultimate recourse for the payment of these bonds remains with the City's General Fund.

<sup>c</sup> Excludes amortization.

Table S-13

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
December 31, 2013**

<u>Governmental Unit</u>	<u>Net Debt Outstanding (In Thousands)</u>	<u>Percentage Applicable to Seattle <sup>a</sup></u>	<u>Amount Applicable to Seattle (In Thousands)</u>
<b>Debt Repaid with Property Taxes</b>			
King County <sup>b</sup>	\$ 813,680	37.81 %	\$ 307,652
Port of Seattle	283,815	37.81	107,310
Seattle School District No. 001	47,519	99.36	47,215
Highline School District No. 401	<u>263,630</u>	0.01	<u>26</u>
Subtotal Overlapping Debt	1,408,644		462,203
City of Seattle Direct Debt	<u>892,617</u>	100.00	<u>892,617</u>
Total Direct and Overlapping Debt	<u>\$ 2,301,261</u>		<u>\$ 1,354,820</u>

<sup>a</sup> Percentage rates were provided by King County except for City of Seattle.

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

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 - \$128,814,234,965 <sup>b</sup></b>					
2.50% of Assessed Value	\$ -	\$ 3,220,355,874	\$ 3,220,355,874	\$ 3,220,355,874	\$ 9,661,067,622
1.50% of Assessed Value	1,932,216,524	(1,932,216,524)	-	-	-
	1,932,216,524	1,288,139,350	3,220,355,874	3,220,355,874	9,661,067,622
<b>Statutory Debt Limit Less Debt Outstanding <sup>c</sup></b>					
Bonds	(739,762,662) <sup>d</sup>	(128,410,000)	-	-	(868,172,662)
Guarantee on PDA Bonds <sup>e</sup>	(70,255,000)	-	-	-	(70,255,000)
Contingent Loans <sup>f</sup>	(5,805,000)	-	-	-	(5,805,000)
Public Works Trust Fund Loans <sup>g</sup>	(16,630,724)	-	-	-	(16,630,724)
Compensated Absences <sup>h</sup>	(74,334,707)	-	-	-	(74,334,707)
Total Debt Outstanding	(906,788,093)	(128,410,000)	-	-	(1,035,198,093)
Add:					
Available Net Position In Redemption Funds <sup>i</sup>	9,774,732	5,000,285	-	-	14,775,017
Compensated Absences for Sick Leave <sup>h</sup>	9,983,054	-	-	-	9,983,054
Net Debt Outstanding	(887,030,307)	(123,409,715)	-	-	(1,010,440,022)
<b>LEGAL DEBT MARGIN</b>	<b>\$ 1,045,186,218</b>	<b>\$ 1,164,729,634</b>	<b>\$ 3,220,355,874</b>	<b>\$ 3,220,355,874</b>	<b>\$ 8,650,627,600</b>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2004	\$ 6,620,857,929	\$ 978,203,235	\$ 5,642,354,694	14.77 %
2005	7,177,997,496	992,974,845	6,185,022,651	13.83
2006	7,965,636,558	943,898,454	7,021,738,104	11.85
2007	9,121,584,801	923,986,450	8,197,598,351	10.13
2008	10,337,314,041	925,481,168	9,411,832,873	8.95
2009	9,276,323,568	976,777,408	8,299,546,160	10.53
2010	9,008,761,941	1,005,384,736	8,003,377,205	11.16
2011	8,812,740,984	1,019,769,381	7,792,971,603	11.57
2012	8,826,489,180	986,832,122	7,839,657,058	11.18
2013	9,661,067,622	1,010,440,022	8,650,627,600	10.46

<sup>a</sup> Legal debt limits are established by the state constitution and by statutes, including RCW 39.36.020 and 35.42.200. The prescribed limits prohibit the City's debt from exceeding 1.5 percent of assessed value of taxable property without a vote of the people, and a total of 2.5 percent (statutory) and 5.0 percent (constitutional) of assessed value of taxable property for general municipal purposes with a vote of the people.

<sup>b</sup> RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of January 22, 2014 for taxes payable in 2013.

<sup>c</sup> State law and the State Auditor's Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating the legal debt margin, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.

<sup>d</sup> \$1,482,661, the accreted value of the 1998, Series E, bonds as of December 31, 2013, and not its par value outstanding of \$696,920, is recognized in this table.

<sup>e</sup> The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority, the Pike Place Market Preservation and Development Authority, the Seattle-Chinatown International District Preservation Development Authority, and the Seattle Indian Service Commission.

<sup>f</sup> Contingent loan supporting the Washington State Housing Finance Commission Multifamily Revenue Bonds (Lowman Building Project), Series 2004.

<sup>g</sup> Includes City Obligations to repay loans from the Washington State Public Works Assistance Account despite accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating debt capacity. However, the City's bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable statutory and constitutional debt limits.

<sup>h</sup> The State Auditor requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt margin. All compensated absences except the sick leave estimate meet this criterion. The City's bond counsel does include compensated absences as debt for the purpose of calculating the City's debt capacity.

<sup>i</sup> Does not include available net position in the Local Improvement Guaranty Fund, Interfund Notes Payable Fund, and Local Improvement District No. 6750 Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

Table S-15

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS <sup>a</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2004	\$ 775,245	\$ 579,866	\$ 195,379	\$ 73,668	\$ 49,705	1.58
2005	749,289	500,372	248,917	68,932	64,596	1.86
2006	835,005	512,882	322,123	72,408	63,435	2.37
2007	783,775	527,353	256,422	69,858	66,755	1.88
2008	798,108	519,471	278,637	65,218	70,460	2.05
2009	690,760	491,065	199,695	70,514	74,350	1.38
2010	702,053	491,641	210,412	51,012	67,360	1.78
2011	754,391	484,529	269,862	85,038	61,650	1.84
2012	795,238	489,099	306,139	80,129	88,995	1.81
2013	833,834	514,269	319,565	80,960	91,840	1.85

WATER <sup>b</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2004	\$ 141,313	\$ 54,806	\$ 86,507	\$ 31,891	\$ 19,200	1.69
2005	146,119	55,026	91,093	34,347	19,970	1.68
2006	155,175	64,312	90,863	31,030	21,490	1.73
2007	160,161	67,058	93,103	35,030	17,185	1.78
2008	164,405	81,909	82,496	36,266	19,985	1.47
2009	191,370	76,073	115,297	41,883	28,495	1.64
2010	195,204	79,487	115,717	47,325	25,425	1.59
2011	194,573	78,141	116,432	49,412	29,140	1.48
2012	213,474	78,339	135,135	47,245	31,425	1.72
2013	235,594	89,291	146,303	44,793	32,630	1.89

DRAINAGE AND WASTEWATER <sup>c</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2004	\$ 162,118	\$ 123,369	\$ 38,749	\$ 7,987	\$ 9,689	2.19
2005	176,482	126,763	49,719	8,055	10,168	2.73
2006	186,832	141,866	44,966	8,049	10,794	2.39
2007	202,408	164,246	38,162	7,824	10,849	2.04
2008	224,109	167,338	56,771	9,872	13,401	2.44
2009	250,194	183,127	67,067	17,102	12,915	2.23
2010	249,734	188,250	61,484	17,234	12,541	2.06
2011	278,957	196,454	82,503	12,129	17,379	2.80
2012	304,002	199,592	104,410	18,017	12,472	3.42
2013	333,760	213,918	119,842	18,113	12,011	3.98

SOLID WASTE <sup>d</sup>						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
2004	\$ 112,168	\$ 86,457	\$ 25,711	\$ 1,580	\$ 3,770	4.81
2005	111,231	86,768	24,463	1,382	3,965	4.58
2006	112,474	89,980	22,494	1,175	4,170	4.21
2007	121,931	93,562	28,369	978	4,390	5.28
2008	124,353	90,616	33,737	3,048	4,690	4.36
2009	135,641	116,262	19,379	4,206	6,535	1.80
2010	146,980	118,270	28,710	3,865	1,980	4.91
2011	154,200	121,558	32,642	3,773	2,075	5.58
2012	156,927	121,980	34,947	6,079	2,960	3.87
2013	159,742	125,991	33,751	5,708	3,330	3.73

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> 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.

<sup>d</sup> Debt service requirements for outstanding bond anticipation notes (BAN) were not included in calculating bond coverage ratio. There were outstanding BANS in 2003-2006. Operating expenses does 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>		Per Capita Income <sup>b</sup>		Median Age King County <sup>d</sup>	Public School Enrollment <sup>e</sup>	King County Average Annual Unemployment Rate <sup>f</sup>
	King County	Seattle	King County	Region PMSA <sup>c</sup>			%
2004	1,788,300	572,600	\$ 49,533	\$ 45,122	36.60	46,418	4.6 %
2005	1,808,300	573,000	49,488	45,680	36.83	46,239	4.8
2006	1,835,300	578,700	53,488	49,275	36.93	45,654	4.2
2007	1,861,300	586,200	57,710	53,061	36.97	45,262	3.7
2008	1,884,200	592,800	58,141	53,999	37.00	45,574	4.3
2009	1,909,300	602,000	53,933	50,644	37.08	45,944	7.9
2010	1,933,400	608,660	54,927	51,370	37.05	47,008	8.8
2011	1,942,600	612,100	57,837	53,931	37.40	48,496	8.1
2012	1,957,000	616,500	60,090	52,267	37.72	49,864	6.8
2013	1,981,900	626,600	N/A	N/A	37.70	51,010	8.1

<sup>a</sup> As of April 1. Source: Washington State Office of Financial Management, "2013 Population Trends for Washington State" estimates only.

<sup>b</sup> Source: U. S. Bureau of Economic Analysis.

<sup>c</sup> Source: U. S. Bureau of Economic Analysis includes Seattle, Bellevue, and Everett.

<sup>d</sup> Source: Washington State Office of Financial Management.

<sup>e</sup> Source: Seattle Public Schools.

<sup>f</sup> Source: Washington State Employment Security Department, February 4, 2014.

Table S-17

## PRINCIPAL INDUSTRIES <sup>gh</sup>

### Current Year and Nine Years Ago

Industry	2013			2004		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	224,525	14.9 %	1	181,717	13.5 %	1
Educational and Health Services	193,167	12.8	2	152,950	11.3	2
Manufacturing	171,050	11.4	3	145,433	10.8	3
Retail Trade	153,583	10.2	4	140,258	10.4	4
Leisure and Hospitality	145,050	9.6	5	122,967	9.1	5
Total Local Government	119,092	7.9	6	113,733	8.4	6
Information	88,350	5.9	7	72,633	5.4	9
Financial Activities	83,258	5.5	8	91,482	6.8	7
Construction	71,467	4.7	9	76,650	5.7	8
Wholesale Trade	68,758	4.6	10	67,350	5.0	10
Total Top Ten Industries	1,318,300	87.5 %		1,165,173	86.4 %	

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

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



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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>PUBLIC SAFETY</b>					
Fire	1,150.55	1,152.55	1,151.55	1,155.55	1,163.05
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	159.10	160.60	155.10	156.10	154.10
Municipal Court	212.60	214.10	214.10	222.10	235.60
Police	1,947.35	1,930.85	1,934.85	1,922.25	1,859.75
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	-	-	1.00	1.00	1.00
<b>ARTS, CULTURE, AND RECREATION</b>					
Arts and Cultural Affairs	28.09	19.85	20.60	23.10	25.10
Library	558.40	509.00	503.20	511.82	527.46
Parks and Recreation	853.57	863.09	890.89	1,002.49	1,002.90
Seattle Center	241.62	245.12	245.12	257.77	271.53
<b>HEALTH AND HUMAN SERVICES</b>					
Human Services	341.35	316.10	322.60	326.35	337.85
Educational and Developmental Services Levy	9.00	9.00	-	-	-
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
Economic Development	22.50	24.00	22.00	20.00	19.50
Housing	37.50	37.50	38.50	40.50	41.00
Neighborhoods	42.50	40.50	74.75	86.50	88.00
Neighborhood Matching Subfund	6.00	6.00	-	-	-
Planning and Development	397.25	393.26	398.01	409.00	437.00
<b>UTILITIES AND TRANSPORTATION</b>					
City Light	1,830.25	1,810.50	1,810.50	1,839.10	1,881.83
Seattle Public Utilities	1,401.05	1,411.05	1,420.75	1,449.25	1,481.00
Transportation	727.50	721.00	768.50	792.00	798.50
<b>ADMINISTRATION</b>					
City Auditor	9.50	9.00	8.00	8.00	8.00
City Budget	28.50	27.50	28.50	-	36.00
Civil Rights	23.00	22.50	21.50	22.50	22.50
Civil Service Commission	2.60	-	1.80	1.80	1.80
Employees' Retirement System	18.00	18.00	15.50	15.50	15.50
Ethics and Elections Commission	6.20	5.20	5.20	5.20	5.20
Finance and Administrative Services <sup>b</sup>	528.75	521.75	523.75	579.00	601.00
Hearing Examiner	4.63	4.63	4.63	4.63	4.75
Immigrant and Refugee Affairs	3.00	2.00	-	-	-
Information Technology	192.25	190.25	195.00	205.00	216.00
Intergovernmental Relations	10.50	10.50	11.50	11.50	10.50
Legislative	86.50	86.00	86.00	89.00	88.00
Mayor	28.50	28.50	28.50	28.50	24.50
Personnel	103.75	103.25	104.25	115.00	128.00
Policy and Management <sup>c</sup>	-	-	-	-	18.00
Sustainability and Environment	10.00	14.75	11.00	8.00	7.00
<b>Total Full-Time Equivalents</b>	<u>11,028.86</u>	<u>10,914.90</u>	<u>11,024.15</u>	<u>11,315.51</u>	<u>11,518.92</u>

<sup>a</sup> Source: City of Seattle Adopted Budgets.

<sup>b</sup> Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created the Department of Finance and Administrative Services in 2010.

<sup>c</sup> The Office of Policy and Management was disbanded in 2010. The Full-Time-Equivalents (FTEs) were transferred to the Office of the Mayor, Department of Executive Administration, Department of Neighborhoods, Legislative Department, and Seattle Fire Department. Three FTEs were abrogated.

**Table S-18**

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>PUBLIC SAFETY</b>					
Fire	1,163.05	1,146.05	1,142.80	1,127.05	1,117.00
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	155.10	152.10	147.60	137.60	146.10
Municipal Court	234.60	235.60	234.60	226.10	229.35
Police	1,851.75	1,851.25	1,840.25	1,805.75	1,823.75
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	25.10	24.10	23.10	22.10	19.85
Library	533.41	529.03	506.17	478.56	452.31
Parks and Recreation	1,002.95	989.45	979.44	941.75	940.72
Seattle Center	278.30	278.30	264.80	253.90	284.82
<b>HEALTH AND HUMAN SERVICES</b>					
Human Services	323.85	323.60	314.85	305.10	324.35
Educational and Developmental Services Levy	-	-	-	-	-
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
Economic Development	24.60	10.50	21.60	21.00	23.00
Housing	41.50	41.75	41.75	41.75	43.25
Neighborhoods	87.00	85.00	86.50	86.25	87.00
Neighborhood Matching Subfund	-	-	-	-	-
Planning and Development	441.00	434.00	394.50	374.00	370.25
<b>UTILITIES AND TRANSPORTATION</b>					
City Light	1,821.33	1,752.33	1,752.10	1,734.10	1,778.10
Seattle Public Utilities	1,458.06	1,367.94	1,402.40	1,399.40	1,392.90
Transportation	778.00	675.50	642.25	622.50	631.50
<b>ADMINISTRATION</b>					
City Auditor	9.00	9.00	9.00	9.00	11.00
City Budget	38.00	-	-	-	-
Civil Rights	22.50	22.50	22.50	22.50	21.50
Civil Service Commission	1.80	1.80	1.60	1.60	1.60
Employees' Retirement System	14.50	14.50	12.50	12.50	13.50
Ethics and Elections Commission	5.20	5.20	5.20	5.20	5.20
Finance and Administrative Services <sup>b</sup>	597.00	588.50	579.50	562.95	594.45
Hearing Examiner	4.75	4.50	4.50	4.90	4.90
Immigrant and Refugee Affairs	-	-	-	-	-
Information Technology	217.00	216.00	203.50	191.50	190.50
Intergovernmental Relations	10.50	10.50	10.50	10.50	11.50
Legislative	88.00	87.00	85.00	83.70	81.70
Mayor	25.50	24.50	22.50	22.50	23.50
Personnel	123.50	121.50	105.00	101.50	128.00
Policy and Management <sup>c</sup>	18.50	18.50	16.00	15.00	16.00
Sustainability and Environment	7.00	6.00	5.00	4.00	4.00
<b>Total Full-Time Equivalents</b>	<u>11,410.35</u>	<u>11,034.50</u>	<u>10,885.01</u>	<u>10,632.26</u>	<u>10,779.60</u>

<sup>a</sup> Source: City of Seattle Adopted Budgets.

<sup>b</sup> Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created the Department of Finance and Administrative Services in 2010.

<sup>c</sup> The Office of Policy and Management was disbanded in 2010. The Full-Time-Equivalents (FTEs) were transferred to the Office of the Mayor, Department of Executive Administration, Department of Neighborhoods, Legislative Department, and Seattle Fire Department. Three FTEs were abrogated.

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**OPERATING INDICATORS  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years**

	2013	2012	2011	2010	2009
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Property fire loss					
Total City	\$8,887,550	\$11,340,687	\$11,476,891	\$11,021,455	\$22,217,971
Per capita	\$14.18	\$18.40	\$18.86	\$18.11	\$36.91
<b>Police</b>					
Municipal Court filings and citations					
Non-traffic criminal filings	7,573	8,162	8,481	9,908	10,724
Traffic criminal filings	1,048	953	1,109	4,752	5,344
DUI filings	1,111	1,369	1,667	1,343	1,422
Non-traffic infraction filings	2,190	3,122	4,787	5,501	6,111
Traffic infraction filings	42,091	36,872	46,136	55,108	57,960
Parking infractions	631,388	578,507	580,841	600,543	568,616
<b>ARTS, CULTURE, AND RECREATION</b>					
<b>Library</b>					
Library cards in force	458,644	453,000	456,534	502,903	465,325
<b>Parks and Recreation</b>					
Park use permits issued					
Number	651	646	670	614	639
Amount	\$511,114	\$493,691	\$454,327	\$302,690	\$204,527
Facility use permits issued including pools					
Number	24,740	25,944	26,051	27,384	26,922
Amount	\$6,973,400	\$6,502,337	\$6,147,176	\$5,014,973	\$4,957,236
Facility use permits issued excluding pools					
Number	24,182	25,353	25,472	26,661	26,190
Amount	\$6,313,899	\$5,935,997	\$5,573,454	\$4,480,703	\$4,469,322
Picnic permits issued					
Number	3,967	3,664	3,463	3,658	3,547
Amount	\$381,309	\$363,842	\$345,209	\$303,075	\$249,110
Ball field usage					
Scheduled hours	161,571	147,142	128,352	125,891	161,937
Amount	\$2,477,333	\$2,668,292	\$2,480,476	\$1,909,705	\$1,457,708
Weddings					
Number	258	250	233	272	268
Amount	\$94,845	\$94,295	\$80,900	\$89,350	\$91,238
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
<b>Planning and Development</b>					
Permits					
Number issued	8,350	7,316	7,075	6,287	5,917
Value of issued permits	\$3,064,690,426	\$2,450,807,519	\$2,144,525,229	\$1,582,129,040	\$1,987,486,066
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Customers	408,055	402,608	400,351	398,858	394,731
Operating revenues	\$842,229,890	\$800,273,311	\$771,464,570	\$732,977,819	\$723,128,042
<b>Water</b>					
Population served	1,326,000	1,314,932	1,303,847	1,292,994	1,280,557
Billed water consumption, daily average, in gallons	113,107,019	112,036,939	110,200,000	110,424,484	122,038,356
Operating revenues	\$235,593,735	\$213,474,169	\$194,572,652	\$195,203,465	\$191,369,588
<b>Drainage and Wastewater</b>					
Operating revenues	\$333,760,233	\$304,001,717	\$278,956,907	\$249,733,795	\$250,194,607
<b>Solid Waste</b>					
Customers					
Residential garbage customers	163,413	164,241	166,637	165,541	167,047
Residential dumpsters customers	135,499	129,761	127,678	126,593	127,971
Commercial garbage customers	8,156	8,148	8,179	8,248	8,462
Operating revenues	\$159,741,503	\$156,926,774	\$154,200,068	\$150,905,931	\$135,641,160

Table S-19

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**OPERATING INDICATORS  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years**

	2008	2007	2006	2005	2004
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Property fire loss					
Total City	\$16,351,377	\$17,664,500	\$18,340,656	\$16,657,222	\$45,790,140
Per capita	\$27.52	\$32.76	\$31.69	\$29.13	\$80.07
<b>Police</b>					
Municipal Court filings and citations					
Non-traffic criminal filings	9,461	12,003	12,882	12,098	10,704
Traffic criminal filings	5,124	5,100	4,156	2,098	N/A
DUI filings	1,167	1,390	1,496	1,437	N/A
Non-traffic infraction filings	6,437	7,880	7,310	7,416	6,715
Traffic infraction filings	69,949	74,490	59,828	59,120	56,556
Parking infractions	477,024	430,240	385,852	438,303	505,790
<b>ARTS, CULTURE, AND RECREATION</b>					
<b>Library</b>					
Library cards in force	432,790	448,104	403,415	454,990	386,127
<b>Parks and Recreation</b>					
Park use permits issued					
Number	599	529	667	649	658
Amount	\$212,403	\$75,459	\$217,782	\$229,420	\$371,419
Facility use permits issued including pools					
Number	24,977	23,487	N/A	N/A	N/A
Amount	\$2,571,854	\$2,374,230	N/A	N/A	N/A
Facility use permits issued excluding pools					
Number	23,577	22,113	2,314	N/A	N/A
Amount	\$2,127,367	\$1,997,402	\$790,551	\$567,975	\$377,523
Picnic permits issued					
Number	3,420	3,469	3,253	3,273	3,028
Amount	\$228,965	\$229,715	\$220,595	\$218,045	\$194,404
Ball field usage					
Scheduled hours	147,911	145,481	144,760	142,360	147,482
Amount	\$1,444,393	\$1,600,578	\$1,413,035	\$1,474,107	\$1,236,699
Weddings					
Number	235	254	238	197	165
Amount	\$80,955	\$87,900	\$82,079	\$69,670	\$36,770
<b>NEIGHBORHOODS AND DEVELOPMENT</b>					
<b>Planning and Development</b>					
Permits					
Number issued	7,890	8,865	8,576	7,178	7,209
Value of issued permits	\$2,580,055,297	\$3,097,812,568	\$2,021,878,195	\$1,681,651,482	\$1,597,232,563
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Customers	387,715	383,127	379,230	375,869	372,818
Operating revenues	\$877,392,652	\$832,524,784	\$831,810,233	\$748,552,561	\$777,918,589
<b>Water</b>					
Population served	1,265,878	1,251,998	1,236,849	1,221,601	1,216,705
Billed water consumption, daily average, in gallons	117,406,451	120,690,060	124,955,842	118,854,138	127,725,423
Operating revenues	\$164,405,030	\$160,161,307	\$155,175,008	\$146,118,856	\$141,313,235
<b>Drainage and Wastewater</b>					
Operating revenues	\$224,109,335	\$202,407,690	\$186,832,412	\$176,482,071	\$162,117,805
<b>Solid Waste</b>					
Customers					
Residential garbage customers	166,914	166,052	165,551	165,561	163,977
Residential dumpsters customers	122,503	119,667	117,899	115,838	155,581
Commercial garbage customers	9,747	8,505	8,481	8,697	8,618
Operating revenues	\$124,353,043	\$121,930,923	\$112,474,339	\$111,230,835	\$112,167,705

Table S-20

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**CAPITAL ASSET STATISTICS  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years**

	2013	2012	2011	2010	2009
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Boats	6	3	3	3	3
Fire-fighting apparatus	184	164	163	162	162
Stations	33	33	33	33	33
Training towers	2	2	2	2	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
<b>Police</b>					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	272	273	270	270	270
Motorcycles	37	37	37	37	37
Scooters	75	73	67	63	58
Trucks, vans, minibuses	89	87	88	86	84
Automobiles	194	194	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	146
Horses	7	7	7	8	8
<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	11,856,180	11,435,302	10,932,677	11,376,194	11,914,050
Collection, print and non-print	2,377,231	2,435,520	2,403,693	2,280,511	2,294,601
<b>Parks and Recreation</b>					
Major parks	14	14	14	14	13
Open space acres acquired since 1989	718	711	695	665	663
Total acreage	6,314	6,298	6,251	6,188	6,185
Children's play areas	150	138	136	135	133
Neighborhood playgrounds	40	43	41	40	38
Community playfields	38	38	38	38	38
Community recreation centers	27	25	24	26	26
Visual and performing arts centers	5	5	6	6	6
Theaters	1	1	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	64
Viewpoints	11	11	11	11	9
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit <sup>a</sup>	-	-	-	-	10,588

<sup>a</sup> As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

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## CAPITAL ASSET STATISTICS

### BY DEPARTMENT/OFFICE

#### Last Ten Fiscal Years

	2008	2007	2006	2005	2004
<b>PUBLIC SAFETY</b>					
<b>Fire</b>					
Boats	3	2	2	2	2
Fire-fighting apparatus	162	163	163	163	163
Stations	33	33	33	33	33
Training towers	2	1	1	1	1
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
<b>Police</b>					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	270	265	252	252	252
Motorcycles	37	45	50	48	48
Scooters	58	50	53	55	58
Trucks, vans, minibuses	84	81	81	79	69
Automobiles	194	197	194	189	187
Patrol boats	10	10	10	9	7
Bicycles	146	137	137	137	126
Horses	8	8	8	8	9
<b>ARTS, CULTURE AND RECREATION</b>					
<b>Library</b>					
Central and branch libraries	27	24	24	24	24
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	10,025,029	9,085,490	8,661,263	7,449,761	6,575,866
Collection, print and non-print	2,446,355	2,352,381	2,273,440	2,173,903	1,889,599
<b>Parks and Recreation</b>					
Major parks	13	13	13	13	13
Open space acres acquired since 1989	654	638	630	630	630
Total acreage	6,171	6,155	6,036	6,036	6,036
Children's play areas	131	130	130	130	130
Neighborhood playgrounds	38	38	38	38	38
Community playfields	33	33	33	33	33
Community recreation centers	26	26	26	25	25
Visual and performing arts centers	6	6	6	6	6
Theaters	2	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	62	62	62	62	62
Viewpoints	8	8	8	8	8
Bathing beaches (life-guarded)	9	9	9	9	7
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit <sup>a</sup>	10,216	10,655	10,655	14,600	14,577

<sup>a</sup> As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

Table S-20  
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**CAPITAL ASSET STATISTICS**  
**BY DEPARTMENT/OFFICE**  
**Last Ten Fiscal Years**

	2013	2012	2011	2010	2009
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Plant capacity (KW)	1,911,600	1,991,600	1,991,600	1,920,700	1,920,700
Maximum system load (KW)	1,831,672	1,796,728	1,739,238	1,841,255	1,858,735
Total system energy (1,000 KW) (firm load)	10,003,772	10,016,469	10,121,611	9,865,376	10,139,898
Meters	415,850	406,274	407,614	406,195	402,854
<b>Water</b>					
Reservoirs, standpipes, tanks	26	26	27	27	27
Fire hydrants	19,000	18,655	18,550	18,503	18,473
Water mains					
Supply, in miles	193	182	182	187	187
Water storage, in thousand gallons	354,500	398,369	338,869	338,869	302,880
Meters	190,416	187,159	188,883	188,457	188,226
<b>Drainage and Wastewater</b>					
Combined sewers, life-to-date, in miles	474	472	471	471	472
Sanitary sewers, life-to-date, in miles	947	949	948	957	956
Storm drains, life-to-date, in miles	481	479	474	473	470
Pumping stations	68	67	67	66	67
<b>Solid Waste</b>					
Transfer stations	2	2	2	2	2
<b>Transportation</b>					
Arterial streets, in miles	1,540	1,540	1,540	1,537	1,531
Non-arterial streets (paved and unpaved), in miles	2,412	2,412	2,412	2,411	2,412
Sidewalks, in miles	2,230	2,230	2,256	2,262	2,262
Stairways	509	505	507	507	498
Length of stairways, in feet	35,172	35,112	35,122	35,061	35,181
Number of stairway treads	24,056	24,050	24,050	24,009	23,950
Street trees					
City-maintained	41,000	41,000	41,000	40,000	40,000
Maintained by property owners	125,000	125,000	125,000	125,000	125,000
Total platted streets, in miles	1,677	1,677	1,677	1,666	1,666
Traffic signals	1,043	1,070	1,060	1,053	1,040
Parking meters					
Downtown	-	6	93	231	941
Outlying	-	4	26	85	97
Parking pay stations					
Downtown <sup>b</sup>	827	961	973	998	856
Outlying <sup>b</sup>	1,214	1,174	1,198	1,227	1,315
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	89	99	95	90	88
Partial City maintenance	54	32	44	44	54
Retaining walls/seawalls	614	592	592	592	592

<sup>b</sup> City redefined areas starting in 2008.

Table S-20

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## CAPITAL ASSET STATISTICS

### BY DEPARTMENT/OFFICE

#### Last Ten Fiscal Years

	2008	2007	2006	2005	2004
<b>UTILITIES AND TRANSPORTATION</b>					
<b>City Light</b>					
Plant capacity (KW)	1,920,700	1,920,700	1,920,700	1,920,700	1,920,700
Maximum system load (KW)	1,900,878	1,767,805	1,822,342	1,714,080	1,798,926
Total system energy (1,000 KW) (firm load)	10,323,915	10,203,415	9,990,486	9,703,046	9,560,928
Meters	394,455	391,022	385,621	382,436	379,599
<b>Water</b>					
Reservoirs, standpipes, tanks	30	30	29	38	68
Fire hydrants	18,436	18,398	18,347	18,475	18,762
Water mains					
Supply, in miles	224	182	182	181	181
Water storage, in thousand gallons	370,000	377,080	377,080	494,080	494,080
Meters	187,154	185,395	183,699	182,037	181,038
<b>Drainage and Wastewater</b>					
Combined sewers, life-to-date, in miles	473	444	444	464	451
Sanitary sewers, life-to-date, in miles	958	985	985	968	972
Storm drains, life-to-date, in miles	473	472	472	474	467
Pumping stations	65	68	68	68	68
<b>Solid Waste</b>					
Transfer stations	2	2	2	2	2
<b>Transportation</b>					
Arterial streets, in miles	1,531	1,531	1,534	1,534	1,534
Non-arterial streets (paved and unpaved), in miles	2,412	2,412	2,412	2,412	2,412
Sidewalks, in miles	2,258	2,256	1,956	1,956	1,954
Stairways	494	482	482	482	479
Length of stairways, in feet	35,215	34,775	34,643	34,643	33,683
Number of stairway treads	23,666	23,407	23,211	23,211	22,471
Street trees					
City-maintained	40,000	35,000	34,000	34,000	34,000
Maintained by property owners	125,000	105,000	100,000	100,000	100,000
Total platted streets, in miles	1,666	1,666	1,666	1,666	1,666
Traffic signals	1,030	1,001	991	1,000	1,000
Parking meters					
Downtown	941	700	747	2,819	4,298
Outlying	97	300	353	904	1,967
Parking pay stations					
Downtown <sup>b</sup>	850	1,215	925	758	500
Outlying <sup>b</sup>	1,127	630	565	318	N/A
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	88	88	84	84	85
Partial City maintenance	55	55	55	61	58
Retaining walls/seawalls	582	582	582	582	561

<sup>b</sup> City redefined areas starting in 2008.



MISCELLANEOUS STATISTICS  
December 31, 2013 - Unless Otherwise Indicated

**CITY GOVERNMENT**

Date of incorporation	December 2, 1869
Present charter adopted	March 12, 1946
Form: Mayor-Council (Nonpartisan)	

**GEOGRAPHICAL DATA**

Location:	
Between Puget Sound and Lake Washington	
125 nautical miles from Pacific Ocean	
110 miles south of Canadian border	
Altitude:	
Sea level	521 feet
Average elevation	10 feet
Land area	83.1 square miles
Climate	
Temperature	
30-year average, mean annual	52.4
January 2013 average high	47.5
January 2013 average low	30.0
July 2013 average high	77.0
July 2013 average low	61.5
Rainfall	
30-year average, in inches	37.41
2013-in inches	32.56

**POPULATION**

Year	City of Seattle	Seattle Metropolitan Area <sup>ab</sup>
1940	368,302	N/A
1950	467,591	844,572
1960	557,087	1,107,203
1970	530,831	1,424,611
1980	493,846	1,607,618
1990	516,259	1,972,947
2000	563,374	2,279,100
2001	568,100	2,376,900
2002	570,800	2,402,300
2003	571,900	2,416,800
2004	572,600	2,433,100
2005	573,000	2,464,100
2006	578,700	2,507,100
2007	586,200	2,547,600
2008	592,800	2,580,800
2009	602,000	2,613,600
2010	608,660	2,644,500
2011	612,100	2,659,600
2012	616,500	2,679,900
2013	626,600	2,712,400
King County		1,981,900
Percentage in Seattle		31.6%

<sup>a</sup> Source: Washington State Office of Financial Management.

<sup>b</sup> Based on population in King and Snohomish Counties.

**ELECTIONS (November 5)**

Active registered voters	410,572
Percentage voted last general election	53.46
Total voted	219,496

**PENSION BENEFICIARIES**

Employees' Retirement	5,880
Firemen's Pension	747
Police Pension	1,007

**VITAL STATISTICS**

Rates per thousand of residents	
Births (2012)	12.8
Deaths (2012)	6.9

**PUBLIC EDUCATION (2013-14 School Year)**

Enrollment (October 1)	51,010
Teachers and other certified employees (October 1)	3,780
School programs	
Regular elementary programs	59
Regular middle school programs	9
Regular high school programs	12
K-8 school programs	10
Alternative/Non-traditional school programs	5
Total number of school programs	95

**PROPERTY TAXES**

Assessed valuation (January 2013)	\$117,886,533,416
Tax levy (City)	\$390,707,880

**EXAMPLE – PROPERTY TAX ASSESSMENTS**

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

Property Tax Levied By	Dollars per Thousand	Tax Due
City of Seattle	\$3.28556	\$1,143.37
Emergency Medical Services	0.30000	104.40
State of Washington	2.56720	893.39
School District No. 1	2.44752	851.74
King County	1.54051	536.10
Port of Seattle	0.23324	81.17
King County Ferry District	0.00378	1.32
King County Flood Control Zone	0.13210	45.97
Totals	\$10.50991	\$3,657.45

**PORT OF SEATTLE**

**Bonded Indebtedness**

General obligation bonds	\$ 283,815,000
Revenue bonds	2,691,175,000
Passenger facility charges bonds	146,395,000
Commercial Paper	42,655,000

**Waterfront (mileage)**

Salt water	13.4
Fresh water	0.7

**Value of Land Facilities**

Waterfront	\$2,175,427,723
Sea-Tac International Airport	\$5,202,027,399

**Marine Container Facilities/Capacities**

4 container terminals with 11 berths covering 526 acres  
1.59 million TEU's (20-ft. equivalent unit containers)  
1 grain facility, 1 general cargo facility, 1 barge terminal  
2 cruise terminals

**Sea-Tac International Airport**

Scheduled passenger airlines	24
Cargo airlines	3
Charter airlines	4
Loading bridges	74

**2013 Port Activity (in millions)**

Import	\$21,167
Export	\$7,374

**City of Seattle**  
**2013 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:**

Jacqui Anderson  
Fon Chang  
Cam Huynh  
Scott Leong  
Hannah Mitchell-Shapiro  
Jake Yoon

**Senior Accountants:**

Conrad Magbalot  
Mena Nguyen

**Accountant:**

Grace Chou

**Sr. Management Systems Analyst:**

Steve Spada

**Management Systems Analyst:**

Marie Tschirgi