

OFFICIAL STATEMENT

New Issue  
Book-Entry Only

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

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

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2021A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2021B Bonds is not excluded from gross income for federal income tax purposes. See "Legal and Tax Information—Tax Matters-2021A Bonds" and "—Tax Matters-2021B Bonds."*

THE CITY OF SEATTLE, WASHINGTON

\$142,860,000

LIMITED TAX GENERAL OBLIGATION  
IMPROVEMENT AND REFUNDING BONDS, 2021A

\$21,170,000

LIMITED TAX GENERAL OBLIGATION  
IMPROVEMENT BONDS, 2021B (TAXABLE)

DATED: DATE OF INITIAL DELIVERY

DUE: DECEMBER 1, AS SHOWN ON PAGES i AND ii

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement and Refunding Bonds, 2021A (the "2021A Bonds"), and Limited Tax General Obligation Improvement Bonds, 2021B (Taxable) (the "2021B Bonds"), as fully registered bonds under a book-entry only system, registered in the name of the Securities Depository. In this Official Statement, the 2021A Bonds and 2021B Bonds together are referred to as the "Bonds," and the term "Series" may refer to either series of the Bonds.

The Depository Trust Company, New York, New York ("DTC"), will act as initial Securities Depository for the Bonds. Individual purchases of the Bonds will be made in Book-Entry Form, in the denomination of \$5,000 or any integral multiple thereof within a maturity of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds. Interest on the Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2021. The principal of and interest on the Bonds are payable by the fiscal agent of the State of Washington (the "Bond Registrar") (currently U.S. Bank National Association), to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "Description of the Bonds—Registration and Book-Entry Form" and in Appendix D.

The 2021A Bonds are being issued (i) to pay or reimburse all or a part of the costs of various elements of the City's capital improvement program, (ii) to carry out a current refunding of certain outstanding general obligations of the City, and (iii) to pay the costs of issuing the 2021A Bonds and the costs of administering the refunding. The 2021B Bonds are being issued to pay or reimburse all or a part of the costs of various elements of the City's capital improvement program and to pay the costs of issuing the 2021B Bonds. See "Use of Proceeds."

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

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

Each Series of the Bonds is offered for delivery by the Purchaser of such Series when, as, and if issued, subject to the approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel. The form of Bond Counsel's approving legal opinion for each Series of the Bonds is attached hereto as Appendix A. Bond Counsel will also act as Disclosure Counsel to the City. It is expected that the Bonds will be available for delivery at DTC's facilities in New York, New York, or delivered to the Bond Registrar on behalf of DTC for closing by Fast Automated Securities Transfer, on or about May 20, 2021.

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

Dated: May 5, 2021

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

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

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

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

*The information set forth in the City’s Comprehensive Annual Financial Report for 2019 (the “Annual Report”), which is included as Appendix B, speaks only as of the date of the Annual Report and is subject to revision or restatement in accordance with applicable accounting principles and procedures. The City specifically disclaims any obligation to update this information except to the extent described under “Continuing Disclosure Agreement.”*

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

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

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

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

**MATURITY SCHEDULE**

**\$142,860,000**

**THE CITY OF SEATTLE, WASHINGTON**

**LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2021A**

| <b>Due<br/>December 1</b> | <b>Amounts</b> | <b>Interest<br/>Rates</b> | <b>Yields</b>        | <b>Prices</b> | <b>CUSIP Numbers</b> |
|---------------------------|----------------|---------------------------|----------------------|---------------|----------------------|
| 2022                      | \$ 5,665,000   | 5.00%                     | 0.09%                | 107.508       | 812627 JY4           |
| 2023                      | 6,060,000      | 5.00%                     | 0.14%                | 112.272       | 812627 JZ1           |
| 2024                      | 8,960,000      | 5.00%                     | 0.26%                | 116.647       | 812627 KA4           |
| 2025                      | 9,935,000      | 5.00%                     | 0.38%                | 120.732       | 812627 KB2           |
| 2026                      | 10,425,000     | 5.00%                     | 0.48%                | 124.639       | 812627 KC0           |
| 2027                      | 10,945,000     | 5.00%                     | 0.63%                | 127.916       | 812627 KD8           |
| 2028                      | 11,495,000     | 5.00%                     | 0.76%                | 130.975       | 812627 KE6           |
| 2029                      | 11,915,000     | 5.00%                     | 0.88%                | 133.787       | 812627 KF3           |
| 2030                      | 8,400,000      | 5.00%                     | 0.97%                | 136.601       | 812627 KG1           |
| 2031                      | 8,815,000      | 5.00%                     | 1.02% <sup>(1)</sup> | 137.855       | 812627 KH9           |
| 2032                      | 4,185,000      | 4.00%                     | 1.08% <sup>(1)</sup> | 127.687       | 812627 KJ5           |
| 2033                      | 4,350,000      | 4.00%                     | 1.13% <sup>(1)</sup> | 127.143       | 812627 KK2           |
| 2034                      | 4,525,000      | 4.00%                     | 1.18% <sup>(1)</sup> | 126.602       | 812627 KL0           |
| 2035                      | 4,705,000      | 4.00%                     | 1.21% <sup>(1)</sup> | 126.278       | 812627 KM8           |
| 2036                      | 4,900,000      | 4.00%                     | 1.26% <sup>(1)</sup> | 125.741       | 812627 KN6           |
| 2037                      | 5,090,000      | 4.00%                     | 1.32% <sup>(1)</sup> | 125.100       | 812627 KP1           |
| 2038                      | 5,300,000      | 4.00%                     | 1.36% <sup>(1)</sup> | 124.675       | 812627 KQ9           |
| 2039                      | 5,510,000      | 4.00%                     | 1.40% <sup>(1)</sup> | 124.251       | 812627 KR7           |
| 2040                      | 5,725,000      | 4.00%                     | 1.44% <sup>(1)</sup> | 123.829       | 812627 KS5           |
| 2041                      | 5,955,000      | 4.00%                     | 1.48% <sup>(1)</sup> | 123.409       | 812627 KT3           |

(1) Calculated to the June 1, 2031, par call date.

**MATURITY SCHEDULE**

**\$21,170,000**

**THE CITY OF SEATTLE, WASHINGTON**

**LIMITED TAX GENERAL OBLIGATION IMPROVEMENT BONDS, 2021B (TAXABLE)**

| <b>Due<br/>December 1</b> | <b>Amounts</b> | <b>Interest<br/>Rates</b> | <b>Yields</b> | <b>Prices</b> | <b>CUSIP Numbers</b> |
|---------------------------|----------------|---------------------------|---------------|---------------|----------------------|
| 2022                      | \$ 1,315,000   | 1.00%                     | 0.15%         | 101.298       | 812627 KUO           |
| 2023                      | 1,325,000      | 1.00%                     | 0.27%         | 101.839       | 812627 KV8           |
| 2024                      | 1,340,000      | 1.00%                     | 0.50%         | 101.747       | 812627 KW6           |
| 2025                      | 1,360,000      | 1.00%                     | 0.75%         | 101.111       | 812627 KX4           |
| 2026                      | 1,370,000      | 1.25%                     | 1.00%         | 101.341       | 812627 KY2           |
| 2027                      | 1,390,000      | 2.00%                     | 1.20%         | 105.010       | 812627 KZ9           |
| 2028                      | 1,410,000      | 2.00%                     | 1.35%         | 104.639       | 812627 LA3           |
| 2029                      | 1,440,000      | 2.00%                     | 1.50%         | 103.989       | 812627 LB1           |
| 2030                      | 1,475,000      | 2.00%                     | 1.60%         | 103.522       | 812627 LC9           |
| 2031                      | 1,500,000      | 1.70%                     | 1.70%         | 100.000       | 812627 LD7           |
| 2032                      | 665,000        | 1.80%                     | 1.80%         | 100.000       | 812627 LE5           |
| 2033                      | 670,000        | 1.90%                     | 1.90%         | 100.000       | 812627 LF2           |
| 2034                      | 685,000        | 2.00%                     | 2.00%         | 100.000       | 812627 LG0           |
| 2035                      | 700,000        | 2.05%                     | 2.10%         | 99.376        | 812627 LH8           |
| 2036                      | 715,000        | 2.15%                     | 2.20%         | 99.344        | 812627 LJ4           |
| 2037                      | 730,000        | 2.20%                     | 2.25%         | 99.312        | 812627 LK1           |
| 2038                      | 745,000        | 2.25%                     | 2.30%         | 99.281        | 812627 LL9           |
| 2039                      | 760,000        | 2.30%                     | 2.35%         | 99.251        | 812627 LM7           |
| 2040                      | 780,000        | 2.35%                     | 2.40%         | 99.223        | 812627 LN5           |
| 2041                      | 795,000        | 2.40%                     | 2.45%         | 99.196        | 812627 LP0           |

**THE CITY OF SEATTLE**

**MAYOR AND CITY COUNCIL**

Jenny A. Durkan

Mayor

**Council Member**

**Term Expiration**

Lorena González

2021

Lisa Herbold

2023

Debora Juarez

2023

Andrew Lewis

2023

Tammy Morales

2023

Teresa Mosqueda

2021

Alex Pedersen

2023

Kshama Sawant

2023

Dan Strauss

2023

**CITY ADMINISTRATION**

Glen M. Lee

Director of Finance

Pete Holmes

City Attorney

**BOND COUNSEL AND DISCLOSURE COUNSEL**

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

**MUNICIPAL ADVISOR**

Piper Sandler & Co.  
Seattle, Washington

**BOND REGISTRAR**

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

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## OFFICIAL STATEMENT

### THE CITY OF SEATTLE, WASHINGTON

|  |  |
|--|--|
| <b>\$142,860,000</b>   | <b>\$21,170,000</b>  |
| <b>LIMITED TAX GENERAL OBLIGATION<br/>IMPROVEMENT AND REFUNDING BONDS, 2021A</b> | <b>LIMITED TAX GENERAL OBLIGATION<br/>IMPROVEMENT BONDS, 2021B (TAXABLE)</b> |

### INTRODUCTION

The purpose of this Official Statement, which includes the cover, inside cover, and appendices, is to set forth certain information concerning The City of Seattle, Washington (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the “State”), in connection with the offering of \$142,860,000 aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2021A (the “2021A Bonds”), and \$21,170,000 aggregate principal amount of its Limited Tax General Obligation Improvement Bonds, 2021B (Taxable) (the “2021B Bonds”). In this Official Statement, the 2021A Bonds and the 2021B Bonds together are referred to as the “Bonds,” and the term “Series” may refer to either series of the Bonds.

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

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

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

*The historical financial data and information presented may not necessarily predict near term trends accurately. Moreover, because of the delay between taxable activity, collections, distribution and reporting, the most recently available data may not capture the full effects of the ongoing pandemic, response, and recovery. Any forecast information speaks only as of the date it was prepared and the reader should exercise caution in relying on such information. Actual results could differ materially. See more specific information set forth throughout this Official Statement and particularly under “City Financial Information—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic” and “Other Considerations—Global Health Emergency Risk and City’s Response to the COVID-19 Pandemic.”*

### DESCRIPTION OF THE BONDS

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

The Bonds are authorized to be issued by the City pursuant to the State Constitution, Titles 35 and 39 of the Revised Code of Washington (“RCW”), and the Seattle City Charter. In addition, the Bonds are authorized by Ordinance 126219, passed by the City Council on November 23, 2020, as amended by Ordinance 126288, passed by

the City Council on March 8, 2021 (as amended, the “Improvement Ordinance”), and Ordinance 125457 passed by the City Council on November 20, 2017 (the “Omnibus Refunding Ordinance”), and together with the Improvement Ordinance, the “Bond Ordinance”), delegating to the Director of the Finance Division of the City’s Department of Finance and Administrative Services (the “Director of Finance”) the authority to execute, on behalf of the City, a certificate of bid award, a pricing certificate (“Pricing Certificate”), and other documents (collectively, the “Bond Documents”) in accordance with the parameters set forth in the Bond Ordinance.

### **Principal Amounts, Dates, Interest Rates, and Maturities**

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

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

### **Registration and Book-Entry Form**

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

*Book-Entry Form.* The Bonds will be held fully immobilized in Book-Entry Form, registered in the name of the Securities Depository (defined in the Bond Documents as the Depository Trust Company, New York, New York (“DTC”), or any successor thereto) in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the accuracy of any records maintained by the Securities Depository or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners under the Bond Ordinance (except such notice as is required to be given by the Bond Registrar to the Securities Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion thereof, may not be transferred except (i) to any successor Securities Depository, (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository’s successor, or (iii) to any person if the Bond is no longer held in Book-Entry Form. For information about DTC and its book-entry system, see Appendix D—Book Entry Transfer System. The City makes no representation as to the accuracy or completeness of the information in Appendix D obtained from DTC. Purchasers of the Bonds should confirm this information with DTC or its participants.

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

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

### **Payment of Bonds**

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

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

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

### **Redemption of Bonds**

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

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

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

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

*Rescission of Notice of Redemption.* In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of the Bonds by giving a notice of rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is rescinded by the Director of Finance will be of no effect, and the Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

### **Purchase**

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

### **Failure to Pay Bonds**

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

### **Refunding or Defeasance of Bonds**

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

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

If the City defeases any 2021B Bonds, such 2021B Bonds may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. See “Legal and Tax Information—Tax Matters-2021B Bonds-Defeasance of 2021B Bonds.”

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

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

The Bonds are not subject to acceleration upon the occurrence of a default. The City, therefore, would be liable only for principal and interest payments as they become due. In the event of multiple defaults in payment of principal of or interest on the Bonds, the Registered Owners would be required to bring a separate action for each such payment not made. This could give rise to a difference in interests between Registered Owners of earlier and later maturing Bonds.

## USE OF PROCEEDS

### Purpose

*2021A Bonds.* The proceeds of the 2021A Bonds will be used (i) to pay or reimburse all or part of the costs of various elements of the City’s capital improvement program, including design, construction, renovation, improvement, or replacement of various capital facilities and street, road, bridge, transportation, and information technology projects of the City (including, without limitation, certain elements of the City’s capital improvement program related to the redevelopment of the central waterfront area (see “—Waterfront Seattle Program”) and the repair of the West Seattle Bridge (see “Other Considerations—West Seattle Bridge”)), all as specified in and subject to change pursuant to the Bond Ordinance, (ii) to carry out a current refunding of certain obligations of the City, as described below under “—Refunding Plan,” and (iii) to pay the costs of issuing the 2021A Bonds and the costs of administering the Refunding Plan.

*2021B Bonds.* The proceeds of the 2021B Bonds will be used (i) to pay or reimburse all or part of the costs of design, construction, renovation, improvement, or replacement of certain elements of the City’s capital improvement program, including certain costs related to the Overlook Walk and other elements of the redevelopment of the central waterfront area (the “Waterfront Seattle Program”), described below, (ii) to provide financing for the replacement and upgrading of electronic signage and reader boards at the Seattle Center, and (iii) to pay the costs of issuing the 2021B Bonds.

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

### Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

|                                   | <u>2021A Bonds</u>    | <u>2021B Bonds</u>   | <u>Total</u>          |
|-----------------------------------|-----------------------|----------------------|-----------------------|
| <b>SOURCES OF FUNDS</b>           |                       |                      |                       |
| Stated Principal Amount of Bonds  | \$ 142,860,000        | \$ 21,170,000        | \$ 164,030,000        |
| Original Issue Premium (Discount) | 37,062,690            | 305,184              | 37,367,875            |
| Total Sources of Funds            | <u>\$ 179,922,690</u> | <u>\$ 21,475,184</u> | <u>\$ 201,397,875</u> |
| <b>USES OF FUNDS</b>              |                       |                      |                       |
| Project Funds Deposit             | \$ 140,716,036        | \$ 21,260,000        | \$ 161,976,036        |
| Escrow Deposit                    | 38,359,017            | -                    | 38,359,017            |
| Costs of Issuance <sup>(1)</sup>  | 847,637               | 215,184              | 1,062,821             |
| Total Uses of Funds               | <u>\$ 179,922,690</u> | <u>\$ 21,475,184</u> | <u>\$ 201,397,875</u> |

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

Totals may not add due to rounding.

### Refunding Plan

A portion of the proceeds of the 2021A Bonds will be used to carry out a current refunding of the outstanding Limited Tax General Obligation Improvement Bonds, 2011 (the “Refunded Bonds”), as shown below, to realize debt service

savings. The Refunded Bonds will be called on the closing date for the 2021A Bonds at the redemption price shown in the table below.

**REFUNDED BONDS**

| Bond Component                                       | Maturity Date | Interest Rate (%) | Par Amount    | Redemption Date | Redemption Price (%) | CUSIP Number |
|--|---------------|-------------------|---------------|-----------------|----------------------|--------------|
| <i>LTGO Improvement Bonds, 2011, Dated 3/16/2011</i> |               |                   |               |                 |                      |              |
| Serial   | 3/1/2022      | 5.000             | \$ 3,115,000  | 5/20/2021       | 100                  | 812626 H69   |
|  | 3/1/2023      | 5.000             | 3,280,000     | 5/20/2021       | 100                  | 812626 H77   |
|  | 3/1/2024      | 5.000             | 3,445,000     | 5/20/2021       | 100                  | 812626 H85   |
|  | 3/1/2025      | 4.000             | 3,605,000     | 5/20/2021       | 100                  | 812626 H93   |
|  | 3/1/2026      | 4.000             | 3,750,000     | 5/20/2021       | 100                  | 812626 J26   |
|  | 3/1/2027      | 4.125             | 3,905,000     | 5/20/2021       | 100                  | 812626 J34   |
|  | 3/1/2028      | 4.250             | 4,070,000     | 5/20/2021       | 100                  | 812626 J42   |
|  | 3/1/2029      | 4.250             | 4,090,000     | 5/20/2021       | 100                  | 812626 J59   |
|  | 3/1/2030      | 4.375             | 4,270,000     | 5/20/2021       | 100                  | 812626 J67   |
|  | 3/1/2031      | 4.500             | 4,460,000     | 5/20/2021       | 100                  | 812626 J75   |
| Total  |               |                   | \$ 37,990,000 |                 |                      |              |

**SECURITY FOR THE BONDS**

The Bonds are general obligations of the City.

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

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

State law does not specify a priority of payment for either voter-approved or nonvoted general obligation indebtedness over other operating expenses. Certain taxes and other money deposited in the City’s governmental funds are restricted by State law and/or voter approval to be used for specific purposes and may not be available to pay debt service on the Bonds. See “General Fund Tax Revenue Sources—Table 8—Voted Levy Lid Lifts in Effect in 2021.” Under the State’s laws and the State Constitution, the excess levies approved by the voters for the purpose of retiring voter-approved general obligation indebtedness may not be diverted to any other purpose. State law notwithstanding, in the context of bankruptcy proceedings there can be no assurance that such restrictions would be observed. The City’s authority to levy and collect taxes is subject to certain limitations, as more fully described under “General Fund Tax Revenue Sources—General Property Taxes.”

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

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

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

## CITY FINANCIAL INFORMATION

The COVID-19 pandemic negatively impacted economic activity and reduced several major General Fund tax revenues from 2019 levels, with those based most directly on economic activity experiencing the greatest impact. The City experienced strong performance among many General Fund revenues in 2019, and anticipated a strong financial year for the General Fund again in 2020. However, the COVID-19 pandemic has caused a significant drop from the expected level for General Fund revenues. This downturn was different from economic downturns experienced by the City in the past in that the economic impacts of the COVID-19 pandemic happened very suddenly, were not anticipated based on any trends in economic activity in prior periods, and impacted many diverse sectors of the economy simultaneously. The effects of the pandemic first became apparent early in 2020. The Governor declared a State of Emergency on February 29, 2020, and on March 23, 2020, issued a “Stay Home—Stay Healthy” Proclamation, ordering residents to self-isolate and practice social distancing and limiting non-essential activities. This led to immediate restrictions and temporary closures within the hospitality industry and the closure of restaurants and retail businesses. The City also implemented a slowing of construction activity until safe health practices could be put in place, further contributing to the economic impact. To support residents and businesses, the City instated a period of free parking and eliminated parking enforcement in the first half of 2020 before moving to reinstate hourly fees for parking at the minimum level allowed by SMC (\$0.50/hour) in July 2020. As a result of these changes, both street parking and commercial parking revenues declined significantly in 2020 over 2019. Revised parking policies remain in effect as of the date of this Official Statement.

Collectively, these events led to a significant reduction in General Fund revenue. Retail sales and use taxes and business taxes, as well as B&O and commercial parking tax, all experienced sharp declines through the remainder of 2020 as a result of the COVID-19 pandemic. While, in light of the pandemic, property taxes were expected to see an increase in payment delinquencies and therefore reduce general expense tax revenue growth, this turned out not to be the case. Total General Fund property tax revenues increased over 2019 levels as had originally been projected in the 2020 Adopted Budget, with an additional \$8 million resulting from a change in year-end accrual methodology. Economic activity is expected to continue to be affected by the pandemic in the near term, with some reopening beginning in the first quarter of 2021. Revenue collections during the continued pandemic remain uncertain and may not necessarily be accurately estimated or forecast by reliance on historical data or trends. See generally “Other Considerations—Global Health Emergency Risk and City’s Response to the COVID-19 Pandemic,” “—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic,” and “—General Fund Tax Revenue Sources.”

### **Management Discussion of Preliminary 2020 Financial Results**

Primarily as a result of the COVID-19 pandemic, the City’s financial performance for the fiscal year 2020, which ended December 31, 2020, was significantly worse than the results anticipated in the 2020 Adopted Budget and in many cases worse than 2019 actuals. A decline in overall economic activity for the City mirrored the economic decline experienced nationally and internationally due to COVID-19. This led to a reduction in many General Fund tax revenue sources and an overall decline in the year over year General Fund balance from 2019 to 2020. At the same time, the City took strong measures to respond to the pandemic, which led to higher-than-anticipated expenditures in many areas of City government. This resulted in a somewhat unique financial situation in which revenues declined while overall expenditures increased, with expenditures supported in large part by federal and State stimulus funding. For more information on steps taken by the City to address COVID-19 in 2020, see “—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic.”

*All Governmental Funds.* Based on preliminary unaudited results, revenues for all governmental funds increased slightly, by 1.8% in 2020 compared to 2019 actuals. Most revenue categories declined significantly in 2020, including taxes supporting all governmental funds, which are the City’s largest source of revenue, and which decreased by 7.1%

compared to 2019 actuals. However, these declines in tax and other revenues were slightly more than offset by increases in revenues in the areas of Grants, Shared Revenue, and Contributions, which increased by 104.1%, and in the area of Charges for Services, which increased by 32.4%, compared to 2019 actuals. The increase in this first category was in large part due to receipt of federal and State COVID-19 stimulus funding, while increases in the second category were primarily due to reimbursements from the Washington State Department of Transportation (“WSDOT”) for work associated with the Alaskan Way projects. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program.” Due to the City’s public health and social service response to the pandemic, expenditures increased in many areas throughout the City. In total, combined expenditures and net transfers out of all governmental funds increased by 9.3%. Some of the largest increases were in the areas of Economic Environment, which increased by 42.9% compared to 2019 actuals, and Health and Human Services, which increased by 24.7% compared to 2019 actuals.

*General Fund.* Revenues to the General Fund decreased by 6.0%, while expenditures and net transfers out of the General Fund increased by 3.9% compared to 2019 actuals. Taxes, which make up the largest share of revenues to the General Fund, decreased by 9.1% in 2020 compared to 2019 actuals. Further description of and the changes in the four largest tax revenue components are shown below under “General Fund Tax Revenue Sources.” A significant decline in non-tax revenues was offset by a 249% increase in Grants, Shared Revenues, and Contributions, due primarily to federal CARES Act funding totaling roughly \$84 million, distributed to the General Fund. See “—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic.” As a result, non-tax revenues increased in 2020 by approximately 3.6% compared to 2019 actuals.

The largest General Fund expenditure component is Public Safety, which increased by 6.0% in 2020 compared to 2019 actuals. For additional discussion of public safety challenges in light of recent protests and calls for expense reduction, see “Other Considerations—Public Safety Funding Considerations and Social Justice Demonstrations.”

In 2019, the General Fund balance increased by \$101.8 million to \$585.0 million. In 2020, the impacts from the pandemic caused expenditures to exceed revenues and the General Fund balance decreased by approximately \$62 million, to a year-end fund balance of about \$523 million.

### **Historical Financial Information Summary**

The following tables provide a comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance for the City’s General Fund and a comparative statement of revenues, expenditures, and changes in fund balance for all of the City’s governmental funds (including General, Transportation, Low-Income Housing, and Debt Service) based on audited figures for the years 2015 through 2019 and unaudited figures for 2020. Notes to Tables 1 through 3 are provided on the pages following the tables.

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

|   | <b>Unaudited</b>      |                       |                          |                   |                   |                   |
|---|-----------------------|-----------------------|--------------------------|-------------------|-------------------|-------------------|
|   | <b>2020</b>           | <b>2019</b>           | <b>2018</b>              | <b>2017</b>       | <b>2016</b>       | <b>2015</b>       |
| <b>Assets</b>   |                       |                       |                          |                   |                   |                   |
| Cash and Equity in Pooled Investments                         | \$ 441,451            | \$ 502,167            | \$ 430,890               | \$ 406,761        | \$ 359,510        | \$ 300,584        |
| Receivables, Net of Allowances                                | 103,980               | 130,860               | 111,271                  | 89,522            | 86,072            | 79,481            |
| Due from Other Funds  | 707                   | 68 <sup>(1)</sup>     | 94,870 <sup>(2)</sup>    | 17,084            | 20,244            | 16,976            |
| Due from Other Governments                                    | 76,965                | 81,597                | 70,399                   | 63,913            | 62,064            | 58,901            |
| Interfund Loans and Advances                                  | 40,900 <sup>(3)</sup> | 1,550                 | 5,700                    | 72                |                   | 12,267            |
| Other Current Assets  | 1,376                 | 1,901                 | 1,729                    | 285               | 352               | 422               |
| Deposits with Vendor  | -                     | -                     | -                        | -                 | -                 | -                 |
| Contracts and Notes-Noncurrent                                | -                     | -                     | -                        | -                 | -                 | -                 |
| <b>Total Assets</b>   | <b>\$ 665,379</b>     | <b>\$ 718,143</b>     | <b>\$ 714,859</b>        | <b>\$ 577,637</b> | <b>\$ 528,242</b> | <b>\$ 468,631</b> |
| Deferred Outflows of Resources                                | -                     | -                     | -                        | -                 | -                 | 7,775             |
| <b>Total Assets and Deferred Outflows</b>                     | <b>\$ 665,379</b>     | <b>\$ 718,143</b>     | <b>\$ 714,859</b>        | <b>\$ 577,637</b> | <b>\$ 528,242</b> | <b>\$ 476,406</b> |
| <b>Liabilities</b>  |                       |                       |                          |                   |                   |                   |
| Accounts Payable  | \$ 65,353             | \$ 62,331             | \$ 63,898                | \$ 34,280         | \$ 36,675         | \$ 35,355         |
| Contracts Payable   | 384                   | 177                   | 159                      | 126               | 86                | 303               |
| Salaries, Benefits, and Taxes Payable                         | 20,029                | 54,967 <sup>(4)</sup> | 103,613 <sup>(4)</sup>   | 29,411            | 27,559            | 24,216            |
| Due to Other Funds  | 11,238                | 673 <sup>(1)</sup>    | 52,476 <sup>(2)</sup>    | 8,183             | 12,839            | 15,193            |
| Due to Other Governments                                      | 466                   | 592                   | 570                      | 2,083             | 2,068             | 2,339             |
| Revenues Collected in Advance                                 | 13,335                | 8,382                 | 6,744                    | 4,160             | 3,496             | 3,024             |
| Interfund Loans and Advances                                  | -                     | 700                   | -                        | -                 | -                 | -                 |
| Other Current Liabilities                                     | 7,641                 | 1,212                 | 340                      | 362               | 617               | 236               |
| Interest Payable  | -                     | -                     | -                        | -                 | -                 | -                 |
| Deposits Payable  | -                     | -                     | -                        | -                 | -                 | -                 |
| Deferred Revenues   | -                     | -                     | -                        | -                 | -                 | -                 |
| <b>Total Liabilities</b>                                      | <b>\$ 118,446</b>     | <b>\$ 129,034</b>     | <b>\$ 227,800</b>        | <b>\$ 78,605</b>  | <b>\$ 83,340</b>  | <b>\$ 80,666</b>  |
| Deferred Inflows of Resources                                 | 23,402                | 4,061                 | 3,793                    | 3,950             | 3,771             | 11,813            |
| <b>Total Liabilities and Deferred Inflows</b>                 | <b>\$ 141,848</b>     | <b>\$ 133,095</b>     | <b>\$ 231,592</b>        | <b>\$ 82,555</b>  | <b>\$ 87,112</b>  | <b>\$ 92,479</b>  |
| <b>Fund Balances</b>  |                       |                       |                          |                   |                   |                   |
| Nonspendable  | \$ 64                 | \$ 74                 | \$ 93                    | \$ 350            | \$ 401            | \$ 474            |
| Restricted  | 263,769               | 250,624               | 215,620 <sup>(5)</sup>   | 181,951           | 155,523           | 136,627           |
| Committed   | 111,960               | 89,595                | 88,794 <sup>(5)(6)</sup> | 131,385           | 102,521           | 97,296            |
| Assigned  | 8,693                 | 20,632                | 26,391                   | 29,172            | 28,646            | 5,767             |
| Unassigned  | 139,045               | 224,123               | 152,368                  | 152,224           | 155,290           | 143,763           |
| <b>Total Fund Balances</b>                                    | <b>\$ 523,531</b>     | <b>\$ 585,048</b>     | <b>\$ 483,266</b>        | <b>\$ 495,082</b> | <b>\$ 442,381</b> | <b>\$ 383,927</b> |
| <b>Total Liabilities, Deferred Inflows, and Fund Balances</b> | <b>\$ 665,379</b>     | <b>\$ 718,143</b>     | <b>\$ 714,859</b>        | <b>\$ 577,637</b> | <b>\$ 529,492</b> | <b>\$ 476,406</b> |

**NOTES TO TABLE:**

- (1) In 2019, settlement between funds occurred prior to year-end. In 2018, this settlement activity occurred after the end of the year.
- (2) Increase in 2018 is due to the City's adoption of the Direct Fund Model which increases accounting activity within the General Fund. See generally "—2018 Implementation of New Accounting Software and Direct Fund Model of Accounting."
- (3) Includes interfund loans from real estate excise tax capital projects funds for the Central Waterfront Improvement Program and an operating loan for the Seattle Center. The loans associated with the Central Waterfront Improvement Program (totaling \$16.4 million) are expected to be repaid in 2021, primarily with bond proceeds. The operating loan for the Seattle Center (\$8.5 million) is expected to be repaid with future operating revenues and is currently authorized through December 31, 2033. Additionally, there was a cash flow loan of \$16 million from the Emergency Fund to the Housing Services Fund that has since been repaid.
- (4) Increase in 2018 is partially due to a one-time retroactive payment of approximately \$65 million associated with the settlement of the Seattle Police Officers Guild ("SPOG") labor contract. Additionally, the City's adoption of the Direct Fund Model increased the accounting activity that is reflected within the General Fund. The 2019 value was larger than usual due to a salary adjustment associated with contract negotiations that were settled in 2019.
- (5) Beginning in 2018, healthcare funds are reported as restricted instead of committed fund balance. This change resulted in a shift between categories of approximately \$30 million in 2018.
- (6) The reduction in the committed portion of the 2018 fund balance is partially due to the City's conversion to the Direct Fund Model and the resulting change in the composition of funds that are attributed to the General Fund.

*Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2020 results*

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

|   | Unaudited                   |                           |                           |                     |                        |                     |
|---|-----------------------------|---------------------------|---------------------------|---------------------|------------------------|---------------------|
|   | 2020                        | 2019                      | 2018                      | 2017                | 2016                   | 2015                |
| <b>Revenues</b>   |                             |                           |                           |                     |                        |                     |
| Taxes   | \$ 1,167,411 <sup>(1)</sup> | \$ 1,283,863              | \$ 1,193,693              | \$ 1,107,598        | \$ 1,047,643           | \$ 987,815          |
| Licenses and Permits                                    | 36,376 <sup>(1)</sup>       | 43,856                    | 45,558                    | 35,462              | 33,059                 | 27,119              |
| Grants, Shared Revenues, and Contributions              | 130,240 <sup>(2)</sup>      | 37,339                    | 45,207                    | 26,908              | 36,533                 | 32,198              |
| Charges for Services                                    | 76,339 <sup>(1)</sup>       | 95,582 <sup>(6)</sup>     | 63,596                    | 69,373              | 61,386                 | 61,637              |
| Fines and Forfeits                                      | 21,282 <sup>(1)</sup>       | 34,529                    | 31,461                    | 30,300              | 32,096                 | 32,769              |
| Concessions, Parking Fees, and Space Rent               | 10,614 <sup>(1)</sup>       | 39,105                    | 39,980                    | 39,155              | 38,856                 | 39,154              |
| Program Income, Interest,<br>and Miscellaneous Revenues | 141,479 <sup>(1)</sup>      | 151,295 <sup>(7)</sup>    | 122,145                   | 95,928              | 80,472                 | 38,041              |
| <b>Total Revenues</b>                                   | <b>\$ 1,583,741</b>         | <b>\$ 1,685,569</b>       | <b>\$ 1,541,640</b>       | <b>\$ 1,404,724</b> | <b>\$ 1,330,045</b>    | <b>\$ 1,218,733</b> |
| <b>Expenditures</b>                                     |                             |                           |                           |                     |                        |                     |
| <b>Current</b>  |                             |                           |                           |                     |                        |                     |
| General Government                                      | \$ 253,321                  | \$ 274,574 <sup>(8)</sup> | \$ 307,028 <sup>(9)</sup> | \$ 258,400          | \$ 232,266             | \$ 202,162          |
| Judicial  | 36,412                      | 35,208                    | 32,892                    | 31,658              | 31,519                 | 29,351              |
| Public Safety   | 786,214                     | 741,670 <sup>(8)</sup>    | 686,865 <sup>(10)</sup>   | 610,762             | 588,834                | 528,582             |
| Physical Environment                                    | 36,465 <sup>(3)</sup>       | 15,527                    | 12,892                    | 15,668              | 13,116                 | 6,292               |
| Transportation  | 55,761                      | 53,808                    | 59,951 <sup>(11)</sup>    | 12,041              | 9,890                  | 9,240               |
| Economic Environment                                    | 184,504 <sup>(4)</sup>      | 146,586 <sup>(8)</sup>    | 103,420 <sup>(12)</sup>   | 31,411              | 31,626                 | 18,885              |
| Health and Human Services                               | 40,594                      | 29,757 <sup>(8)</sup>     | 57,002 <sup>(13)</sup>    | -                   | -                      | 76                  |
| Culture and Recreation                                  | 206,380                     | 191,958                   | 207,162 <sup>(14)</sup>   | 83,033              | 80,620                 | 75,092              |
| <b>Capital Outlay</b>                                   |                             |                           |                           |                     |                        |                     |
| General Government                                      | 310 <sup>(5)</sup>          | 8,821                     | 15,096                    | 15,278              | 12,450                 | 13,495              |
| Public Safety   | 482 <sup>(5)</sup>          | 4,013                     | 902                       | 1,373               | 6,378                  | 3,103               |
| Physical Environment                                    | 6 <sup>(5)</sup>            | -                         | 794                       | -                   | -                      | -                   |
| Transportation  | 4,828 <sup>(5)</sup>        | 23,449                    | 19,704 <sup>(11)</sup>    | -                   | -                      | -                   |
| Economic Environment                                    | - <sup>(5)</sup>            | 875                       | 803                       | 53                  | 7                      | -                   |
| Culture and Recreation                                  | 15,832 <sup>(5)</sup>       | 38,252                    | 43,933                    | 24,222              | 15,044                 | 16,380              |
| <b>Debt Service</b>                                     |                             |                           |                           |                     |                        |                     |
| Principal   | -                           | 5                         | 1                         | 3                   | 2                      | 2                   |
| Interest  | 22                          | -                         | 4                         | 1                   | 1                      | 2                   |
| Bond Issuance Cost                                      | -                           | -                         | -                         | -                   | -                      | -                   |
| Other   | -                           | -                         | -                         | -                   | -                      | -                   |
| <b>Total Expenditures</b>                               | <b>\$ 1,621,131</b>         | <b>\$ 1,564,503</b>       | <b>\$ 1,548,449</b>       | <b>\$ 1,083,903</b> | <b>\$ 1,021,753</b>    | <b>\$ 902,662</b>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures    | \$ (37,390)                 | \$ 121,066                | \$ (6,809)                | \$ 320,821          | \$ 308,292             | \$ 316,071          |
| <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                                 | 8,579                       | -                         | 2,065                     | 7,550               | 96                     | 18,275              |
| Transfers In  | 4,173                       | 10,406                    | 14,305                    | 27,698              | 48,771                 | 21,924              |
| Transfers Out   | (36,980)                    | (29,656)                  | (27,951) <sup>(15)</sup>  | (303,516)           | (318,299)              | (289,603)           |
| <b>Total Other Financing Sources (Uses)</b>             | <b>\$ (24,228)</b>          | <b>\$ (19,250)</b>        | <b>\$ (11,581)</b>        | <b>\$ (268,268)</b> | <b>\$ (269,432)</b>    | <b>\$ (249,404)</b> |
| <b>Net Change in Fund Balance</b>                       | <b>\$ (61,618)</b>          | <b>\$ 101,816</b>         | <b>\$ (18,390)</b>        | <b>\$ 52,553</b>    | <b>\$ 38,860</b>       | <b>\$ 66,667</b>    |
| Fund Balances-Beginning of Year                         | 585,675                     | 483,267                   | 486,396 <sup>(16)</sup>   | 442,382             | 383,927                | 317,135             |
| Restatement/Prior-Year Adjustment                       | (526)                       | (35)                      | 15,261 <sup>(17)</sup>    | 147                 | 19,594 <sup>(18)</sup> | 125                 |
| Fund Balances-Beginning of Year as Restated             | \$ 585,149                  | \$ 483,232                | \$ 501,657                | \$ 442,529          | \$ 403,521             | \$ 317,260          |
| Fund Balances-End of Year                               | \$ 523,531                  | \$ 585,048                | \$ 483,266                | \$ 495,082          | \$ 442,382             | \$ 383,927          |

**NOTES TO TABLE:**

- (1) Revenues declined in 2020 compared to 2019 figures due to a significant reduction in economic activity brought on by the COVID-19 pandemic. See “—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic.”
- (2) Increase in 2020 is primarily due to the receipt of \$84 million from the Coronavirus Relief Fund.
- (3) 2020 amount includes \$19.8 million for grocery vouchers provided as part of the City’s COVID-19 mitigation efforts.
- (4) 2020 amount includes an increase of \$27.3 million related to COVID-19 mitigation efforts, which included hygiene, shelters, housing/rent, food, and small business assistance.
- (5) Most capital spending was deferred in 2020 due to COVID-19.
- (6) Increase in 2019 is partially due to a reconciliation of internal City department fees that are due to the General Fund. See footnotes 11 and 12 to this table.
- (7) Includes one-time sale of City property for \$21.7 million.
- (8) A significant amount of the change from 2018 expenditure levels is a result of more precise methodology for allocating expenditures by purpose.
- (9) Includes expenditures that were previously categorized as Physical Environment, Public Safety, and Transportation expenditures. Includes expenditures that were previously treated as transfers from the General Fund to the Construction and Expenses Fund and Human Services Fund. See footnotes 11 and 12 to this table.
- (10) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by SPOG during the four years since the expiration of the previous union contract in 2014. Additionally, some expenditures that were previously categorized as Public Safety expenditures are now treated as General Government expenditures. See footnotes 11 and 12 to this table.
- (11) Includes expenditures that were previously treated as transfers from the General Fund to the Transportation Fund. Additionally, some expenditures that were previously categorized as Transportation expenditures are now treated as General Government expenditures. See footnotes 11 and 12 to this table.
- (12) Includes expenditures that were previously treated as transfers from the General Fund to the Neighborhood Matching Fund and Human Services Fund. See footnotes 11 and 12 to this table.
- (13) Includes expenditures that were previously treated as transfers from the General Fund to the Department of Education and Early Learning (now partially funded directly by the General Fund) and the Human Services Fund. See footnotes 11 and 12 to this table.
- (14) Includes expenditures that were previously treated as transfers from the General Fund to the Parks Fund and Seattle Center Fund. See footnotes 11 and 12 to this table.
- (15) This reduction is due to items that are now treated as direct expenditures of the General Fund. See footnotes 2, 5, 6, 7, 8, 9, and 10 to this table.
- (16) Change from ending balance in 2017 is due to the City’s conversion to the Direct Fund Model and the resulting change in the composition of funds that are attributed to the General Fund. See generally “—2018 Implementation of New Accounting Software and Direct Fund Model of Accounting.”
- (17) Restatement due to the City’s conversion to the Direct Fund Model and adjustments to accounts receivable.
- (18) Adjustment due to City’s implementation of GASB 73; assets accumulated for the Firefighters’ Pension Fund and the Police Relief and Pension Fund were reported retroactively as assets of the City.

*Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2020 results*

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

|   | Unaudited                   |                            |                           |                            |                    |                        |
|---|-----------------------------|----------------------------|---------------------------|----------------------------|--------------------|------------------------|
|   | 2020                        | 2019                       | 2018                      | 2017                       | 2016               | 2015                   |
| <b>Revenues</b>   |                             |                            |                           |                            |                    |                        |
| Taxes   | \$ 1,619,452 <sup>(2)</sup> | \$ 1,743,744               | \$ 1,607,390              | \$ 1,517,424               | \$ 1,422,194       | \$ 1,233,133           |
| Licenses and Permits                                    | 44,306 <sup>(2)</sup>       | 50,745                     | 55,697                    | 43,674                     | 41,743             | 34,138                 |
| Grants, Shared Revenues, and Contributions              | 343,623 <sup>(3)</sup>      | 168,379                    | 157,092                   | 167,609                    | 166,779            | 162,132                |
| Charges for Services                                    | 353,105 <sup>(4)</sup>      | 266,747                    | 304,218 <sup>(12)</sup>   | 248,711                    | 254,412            | 225,056                |
| Fines and Forfeits                                      | 24,783 <sup>(2)</sup>       | 44,471                     | 45,368                    | 42,971                     | 46,154             | 39,009                 |
| Concessions, Parking Fees, and Space Rent               | 20,380 <sup>(2)</sup>       | 65,417                     | 70,262                    | 71,407                     | 68,798             | 67,444                 |
| Program Income, Interest,<br>and Miscellaneous Revenues | 190,198                     | 209,692 <sup>(9)</sup>     | 155,746 <sup>(12)</sup>   | 118,248                    | 99,369             | 98,215                 |
| <b>Total Revenues</b>                                   | <b>\$2,595,847</b>          | <b>\$2,549,195</b>         | <b>\$2,395,776</b>        | <b>\$2,210,044</b>         | <b>\$2,099,449</b> | <b>\$1,859,127</b>     |
| <b>Expenditures</b>                                     |                             |                            |                           |                            |                    |                        |
| <b>Current</b>  |                             |                            |                           |                            |                    |                        |
| General Government                                      | \$ 257,315                  | \$ 294,816 <sup>(11)</sup> | \$ 330,004                | \$ 321,623 <sup>(17)</sup> | \$ 264,284         | \$ 224,721             |
| Judicial  | 36,412                      | 35,208                     | 32,892                    | 31,658                     | 31,519             | 29,351                 |
| Public Safety   | 786,851                     | 743,448 <sup>(11)</sup>    | 690,650 <sup>(13)</sup>   | 611,790                    | 590,681            | 577,106                |
| Physical Environment                                    | 36,914 <sup>(5)</sup>       | 15,852                     | 13,577                    | 16,130                     | 13,575             | 7,314                  |
| Transportation  | 343,395                     | 368,776 <sup>(11)</sup>    | 334,625 <sup>(14)</sup>   | 195,895                    | 227,666            | 155,689                |
| Economic Environment                                    | 409,442 <sup>(6)</sup>      | 286,589 <sup>(11)</sup>    | 258,243 <sup>(14)</sup>   | 151,462                    | 179,831            | 141,721                |
| Health and Human Services                               | 155,356 <sup>(7)</sup>      | 124,633 <sup>(11)</sup>    | 139,433                   | 120,943                    | 104,209            | 96,268                 |
| Culture and Recreation                                  | 312,177                     | 318,075                    | 317,667                   | 317,961                    | 305,986            | 268,979                |
| <b>Capital Outlay</b>                                   |                             |                            |                           |                            |                    |                        |
| General Government                                      | 11,014                      | 9,039                      | 16,442                    | 55,933                     | 29,342             | 29,958                 |
| Public Safety   | 5,016                       | 4,050                      | 1,031                     | 2,764                      | 21,527             | 13,097                 |
| Physical Environment                                    | 36                          | -                          | 895                       | -                          | -                  | -                      |
| Transportation  | 224,289 <sup>(8)</sup>      | 127,518                    | 111,322                   | 203,447                    | 240,216            | 278,151                |
| Economic Environment                                    | 3,032                       | 875                        | 811                       | 110                        | 7                  | -                      |
| Culture and Recreation                                  | 47,764                      | 70,064                     | 62,201                    | 60,586                     | 47,390             | 35,712                 |
| <b>Debt Service <sup>(1)</sup></b>                      |                             |                            |                           |                            |                    |                        |
| Principal   | 76,996                      | 75,145                     | 80,576                    | 57,883                     | 53,308             | 50,709                 |
| Interest  | 39,347                      | 43,263                     | 43,821                    | 35,551                     | 32,768             | 28,999                 |
| Bond Issuance Cost                                      | 531                         | 232                        | 397                       | 508                        | 627                | 1,946                  |
| Other   | -                           | -                          | -                         | -                          | -                  | -                      |
| <b>Total Expenditures</b>                               | <b>\$2,745,887</b>          | <b>\$2,517,583</b>         | <b>\$2,434,587</b>        | <b>\$2,184,244</b>         | <b>\$2,142,936</b> | <b>\$1,939,721</b>     |
| Excess (Deficiency) of Revenues<br>Over Expenditures    | \$ (150,040)                | \$ 31,612                  | \$ (38,811)               | \$ 25,800                  | \$ (43,487)        | \$ (80,594)            |
| <b>Other Financing Sources (Uses)</b>                   |                             |                            |                           |                            |                    |                        |
| Long-Term Debt Issued                                   | \$ 71,805                   | \$ 39,825                  | \$ 49,975                 | \$ 93,880                  | \$ 145,139         | \$ 350,255             |
| Refunding Debt Issued                                   | -                           | -                          | -                         | -                          | -                  | -                      |
| Premium on Bonds Issued                                 | 14,601                      | 5,053                      | 3,186                     | 10,198                     | 22,177             | 40,113                 |
| Payment to Refunded Bond Escrow Agent                   | (51,381)                    | -                          | -                         | (19,419)                   | (31,909)           | (155,030)              |
| Sales of Capital Assets                                 | 16,107                      | 6,272                      | 4,128                     | 7,704                      | 123                | 19,231                 |
| Transfers In  | 107,313                     | 107,995                    | 104,215                   | 501,504                    | 550,752            | 498,582                |
| Transfers Out   | (73,801)                    | (75,515)                   | (78,011)                  | (498,724)                  | (518,825)          | (501,695)              |
| <b>Total Other Financing Sources (Uses)</b>             | <b>\$ 84,644</b>            | <b>\$ 83,630</b>           | <b>\$ 83,493</b>          | <b>\$ 95,143</b>           | <b>\$ 167,457</b>  | <b>\$ 251,456</b>      |
| Net Change in Fund Balance                              | \$ (65,396)                 | \$ 115,242                 | \$ 44,682                 | \$ 120,943                 | \$ 123,970         | \$ 170,862             |
| Fund Balances-Beginning of Year                         | 1,286,639                   | 1,170,833                  | 1,100,311 <sup>(15)</sup> | 994,245                    | 870,272            | 679,565                |
| Restatement/Prior Year Adjustment                       | (629)                       | (62)                       | 25,837 <sup>(16)</sup>    | 147                        | -                  | 19,845 <sup>(18)</sup> |
| Fund Balances-Beginning of Year as Restated             | \$ 1,286,010                | \$ 1,170,771               | \$ 1,126,148              | \$ 994,392                 | \$ 870,272         | \$ 699,410             |
| Fund Balances-End of Year                               | \$ 1,220,614                | \$ 1,286,013               | \$ 1,170,830              | \$ 1,115,335               | \$ 994,245         | \$ 870,272             |

## NOTES TO TABLE:

- (1) Debt Service in the Other Governmental Fund excludes \$34.4 million of debt service paid in 2016 by the following funds: Fleets and Facilities, Information Technology, Water, Drainage and Wastewater, and Solid Waste. It includes \$1.7 million paid by Local Improvement District No. 6750.
- (2) Revenues declined in 2020 compared to 2019 figures due to a significant reduction in economic activity brought on by the COVID-19 pandemic. See “—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic.”
- (3) Increase in 2020 is primarily due to the receipt of \$131.5 million from the Coronavirus Relief Fund and a federal grant of \$28 million received for the completion of the South Lander Bridge. See “—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic.”
- (4) Increase in 2020 is primarily due to reimbursements received from WSDOT for work performed by the City in connection with the Alaskan Way projects. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program—Waterfront Local Improvement District.”
- (5) 2020 amount includes \$19.8 million for grocery vouchers provided as part of the City’s COVID-19 mitigation efforts.
- (6) 2020 amount includes an increase of \$54.6 million related to COVID-19 mitigation efforts, which included hygiene, shelters, housing/rent, food, and small business assistance.
- (7) 2020 amount includes an increase of \$19.2 million for educational programs, scholarships, and childcare, which were funded with the proceeds of the Families, Education, Preschool and Promise Levy. See “General Fund Tax Revenue Sources—Table 8—Voted Levy Lid Lifts in Effect in 2021.”
- (8) Increase in 2020 was due to construction on the Alaskan Way projects and various bridge projects throughout the City, including the emergency repair to the West Seattle Bridge. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program—Waterfront Local Improvement District” and “Other Considerations—West Seattle Bridge.”
- (9) Includes one-time sale of City property for \$21.7 million and an increase in unrealized gains per GASB 31.
- (10) In 2018 and 2019, the allocation method between current expenditures and expenditures for capital outlay varied from the method utilized in other years. If the same methodology had been used in 2018 and 2019 as in other years, current expenditures would have declined and capital outlay expenditures would have increased by approximately \$46 million and \$37 million in 2018 and 2019, respectively.
- (11) A significant amount of the change from 2018 expenditure levels is a result of a more precise methodology for allocation of expenditures by purpose.
- (12) Increase primarily reflects revenues that in prior years were treated as transfers to the General Fund. See generally “—2018 Implementation of New Accounting Software and Direct Fund Model of Accounting.”
- (13) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by SPOG during the four years since the expiration of the previous union contract in 2014.
- (14) Increase primarily reflects expenditures that in prior years were treated as transfers from the General Fund. See footnote 11 to this table.
- (15) Change from ending balance in 2017 is due to the City’s conversion to the Direct Fund Model and the resulting change in the composition of funds that are attributed to the General Fund. See footnote 3 to this table.
- (16) Restatement due to the City’s conversion to the Direct Fund Model and adjustments to accounts receivable.
- (17) Increase primarily due to the creation of the Division of Homelessness Strategy Investment; expenditures previously spread among different categories.
- (18) Adjustment due to the City’s implementation of GASB 73; assets accumulated for the Firefighters’ Pension Fund and the Police Relief and Pension Fund were reported retroactively as assets of the City.

*Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2020 results*

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

The City completed its transition to a new financial accounting software system in 2018. As part of the implementation of the new system, the City adopted the “Direct Fund Model” of fund accounting, effective for 2018 reporting. This method provides increased transparency for expenditure activity within the City’s primary funds. It also consolidates several non-major governmental funds within the General Fund. The primary result of this change is that items that

were listed prior to 2018 as transfers into or out of the General Fund are reflected for 2018 and subsequent years as direct revenues or expenditures of the General Fund. The major adjustments to the General Fund balance sheet due to this change are reflected as increases to amounts due both to and from other funds within the City. The shift produces few major changes when aggregated at the “all governmental funds” level. Footnotes to Tables 1, 2, and 3 provide an overview of the major impacts on a year-over-year basis due to the City’s shift to the Direct Fund Model.

The City’s 2019 financial audit was released on August 24, 2020, and the City currently expects that the 2021 financial audit will be available in late summer of 2021.

### **Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic**

*City Expense Reductions and Proposed Budgetary Actions.* In 2020, the City implemented certain immediate expense reductions and several avenues for longer-term responses to the current and projected revenue impacts due to COVID-19, including the use of fiscal reserves, as described below. See “Other Considerations—Global Health Emergency Risk and City’s Response to the COVID-19 Pandemic”. The City Budget Office (the “CBO”) worked with City departments to identify cost-saving measures, including identifying and reducing non-essential spending, pausing spending on professional service contracts, and implementing a temporary hiring freeze for positions other than essential services or COVID-19 response personnel through the end of 2020. In addition, spending on non-essential non-COVID-19-related capital projects was curtailed unless otherwise approved by the Mayor’s Office. In 2020, the two primary considerations for capital project delivery were (i) COVID health and safety protocols, ensuring the City’s operations were in line with the Governor’s orders, and (ii) pausing projects that were part of the spending reductions identified as part of the overall reduction strategy. As of the date of this Official Statement, the 2021 Adopted Budget provides authorization for departments to proceed with spending appropriated funds, and these restrictions are no longer in place. In 2021, CBO is continuing to review contracts greater than \$200,000, with approval by CBO required before proceeding with the contract.

The City received federal and State support, including federal CARES Act assistance. The City applied for and has been awarded Federal grants including the following in 2020: Coronavirus Relief Fund (\$131,510,477), State and Local Law Enforcement Assistance Grants (\$1,336,919), and FEMA AFG COVID19 Grant (\$995,140). The City also received the following Federal Entitlement Funds: Community Development Block Grants (\$8,140,205), Homeless Assistance Grants (\$2,830,000), Housing Opportunities for Persons with AIDS (\$426,340), Older Americans Act Funding for Area Agency on Aging (\$2,500,000), HUD Emergency Solutions Grant (\$26,000,000), and Community Services Block Grant (\$239,393). In addition, the City has received State support including a Department of Commerce Emergency Housing Grant (\$13,000,000) and Title XIX (\$146,669). The CBO worked with City departments to identify eligible uses for the federal CARES Act assistance funds, and on August 10, 2020, the City Council passed Ordinance 126130 appropriating \$66,510,477 of the City’s Coronavirus Relief Fund funds for new spending needs and supporting \$65,000,000 of existing appropriation in the area of public safety with Coronavirus Relief Funds, for a total of \$131,510,477. The City Council also passed Ordinances 126106 and 126074 amending the City’s 2020 Adopted Budget and accepting funding from other funding sources. The CBO and the Department of Finance and Administrative Services (“FAS”) are working together to monitor the use of these funds and FAS is submitting all required federal reporting related to Cares and FEMA funds.

In addition to the receipt of federal and State support, the 2020 and 2021 City budgets were balanced by appropriations from unrestricted fund balances, draws on reserve funds, and adoption of a new payroll tax. The new payroll tax, however, is the subject of a legal challenge filed in December 2020. See “—City Payroll Tax.”

In 2011, following the Great Recession, the City adopted significant Revenue Stabilization Fund (“RSF”) funding enhancements, including the required annual deposit of 0.5% of General Fund tax revenues into the RSF. These changes enabled the City to rebuild the RSF reserves that had been spent down in 2009 and 2010. See “The City of Seattle—Fiscal Reserves—Revenue Stabilization Fund.” In response to the COVID-19 pandemic and related economic downturn, the City withdrew \$26.0 million from the RSF in 2020. The 2021 Adopted Budget draws an additional \$25.7 million from the RSF, reducing the reserve balance to \$6.0 million at the end of 2021. The City also withdrew a net \$12.8 million from the EMF during 2020. In 2021, the City anticipates drawing an additional \$18.4 million from the EMF, reducing the reserve balance to \$33.8 million at the end of 2021. In addition, the six-

year financial plan for the General Fund contemplates making larger than required payments to the RSF and EF from 2022 through 2024.

In addition to impacts on the General Fund and other governmental funds, there were and will continue to be COVID-19-related revenue impacts for the City's utility systems. For example, the City's utilities are processing an unprecedented amount of payment plans and applications for the existing utility discount program for customers identified as low-income households. The utilities are monitoring these and other impacts separately. Because some COVID-19 impacts on the utility systems are expected to continue to negatively affect the General Fund utility tax revenues, estimates of reductions in utility tax revenues were incorporated into the October 2020 General Fund forecast.

On March 10, 2021, the U.S. House of Representatives passed the American Rescue Plan Act of 2021, which was signed into law by the President on March 11, 2021. The act will provide \$1.9 trillion in pandemic relief and will provide the City approximately \$239 million in direct funding. See "Other Considerations—Global Health Emergency Risk and City's Response to the COVID-19 Pandemic—CARES Act and Other Federal Assistance."

On April 19, 2021, CBO presented the results of the April economic and revenue forecast to the City Council (a copy of the forecast can be found at <https://seattle.legistar.com/View.ashx?M=F&ID=9324805&GUID=6426ADA4-BCD9-4890-95A3-1016FC28EA40>). The revenue forecast showed modest increases in the General Fund's four primary tax revenue sources from what was assumed in the 2021 Budget, with an overall General Fund revenue improvement of just over \$20 million. See "The City of Seattle—Budgeting and Forecasting."

The Mayor will submit her 2022 budget proposal at the end of September 2021 and it will then be deliberated by the City Council. The City's budget is approved by the City Council and signed by the Mayor, typically in late November. See "The City of Seattle—Budgeting and Forecasting." Additional legislative options for new taxes or increases in existing taxes may be or have been proposed but remain subject to approval by the City Council and the Mayor.

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

## GENERAL FUND TAX REVENUE SOURCES

The following table sets forth a breakdown of General Fund tax revenues for the years 2015 through unaudited 2020:

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

|                                     | <b>Unaudited</b>    |                     |                        |                     |                     |                   |
|-------------------------------------|---------------------|---------------------|------------------------|---------------------|---------------------|-------------------|
|                                     | <b>2020</b>         | <b>2019</b>         | <b>2018</b>            | <b>2017</b>         | <b>2016</b>         | <b>2015</b>       |
| <b>Taxes</b>                        |                     |                     |                        |                     |                     |                   |
| General Property                    | \$ 353,787          | \$ 320,731          | \$ 311,323             | \$ 294,720          | \$ 283,735          | \$ 273,044        |
| Retail Sales and Use <sup>(1)</sup> | 256,019             | 293,469             | 277,686 <sup>(2)</sup> | 254,522             | 238,558             | 221,646           |
| Business                            | 284,311             | 345,323             | 319,893                | 302,371             | 285,723             | 277,947           |
| Excise <sup>(3)</sup>               | 81,374              | 114,296             | 84,222                 | 83,447              | 82,774              | 80,219            |
| Other Taxes <sup>(4)</sup>          | 17,444              | 36,639              | 35,116                 | 12,583              | 10,328              | -                 |
| Interfund Business <sup>(5)</sup>   | 174,476             | 173,404             | 165,453                | 159,955             | 146,525             | 134,959           |
| <b>Total Taxes</b>                  | <b>\$ 1,167,411</b> | <b>\$ 1,283,862</b> | <b>\$ 1,193,693</b>    | <b>\$ 1,107,598</b> | <b>\$ 1,047,643</b> | <b>\$ 987,815</b> |

- (1) Includes voter-approved 0.1% additional retail sales and use tax for transportation purposes, which expired on December 31, 2020, and was renewed effective April 1, 2021. See “—Retail Sales and Use Taxes—Seattle Transportation Benefit District Sales Tax.”
- (2) The City estimates that between \$4 million and \$5 million of the increase in retail sales and use tax in 2018 was from an increase in revenue from remote sellers due to the enactment of the State Marketplace Fairness Act that went into effect on January 1, 2018. See “—Retail Sales and Use Taxes.”
- (3) Includes a vehicle license fee (“VLF”) to fund certain transportation improvements, which expired on December 31, 2020, and was not extended. Includes the short-term rentals tax that was first implemented in 2019. See “—Other Taxes—Short-Term Rentals Tax.” Also reflects an increase in real estate transactions closing in advance of the January 1, 2020, effective date for certain State real estate excise tax rate increases. See “—Real Estate Excise Taxes.”
- (4) Includes the sweetened beverage tax that was first implemented in 2018. See “—Other Taxes—Sweetened Beverage Tax.”
- (5) Business taxes on City-owned utilities. See “—Business Taxes.”

*Source: City of Seattle, Comprehensive Annual Financial Reports, 2015-2019, and Seattle Central Accounting for unaudited 2020 results*

The COVID-19 pandemic had varying levels of impact on the City’s General Fund tax revenue sources, with those based most directly on economic activity seeing sharp declines. Based on preliminary, unaudited year-end 2020 results, the 2020 amounts for the four primary General Fund tax revenues sources (general property taxes, retail sales and use taxes, business taxes, and interfund business taxes) varied from 2019 levels by 10.3%, -12.8%, -17.7%, and 0.6%, respectively. The City cannot predict how long these trends will continue, but did prepare its 2021 Budget assuming that tax revenues most directly tied to economic activity will remain at levels below what was seen in 2019.

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

### General Property Taxes

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

*Authorized Property Taxes.* Under the State’s laws and the State Constitution, property taxes are classified as either “regular” property taxes or “excess” property taxes. The City is authorized to levy both types of taxes. The City adopts a levy ordinance each November, in conjunction with its annual budget process. It submits a levy amount request to the King County Assessor (the “Assessor”), who calculates the levy rate by spreading the levy amount on the tax rolls, following procedures established by the State DOR. The Assessor confirms that the levy is within

applicable statutory and constitutional limitations and makes any necessary reductions before the county treasurer may begin to collect the levy on behalf of the City. See “—Property Tax Collection Procedure” below.

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

*Uniformity Requirement.* Article VII, Section 1, of the State Constitution requires that property taxes be levied at a uniform rate upon the same class of property within the territorial limits of a taxing district levying the tax. The State Constitution also provides that all real estate constitutes a single class, except for certain agricultural properties eligible for special use classification, which may be valued based on current use. It is possible that, because of overlapping taxing district boundaries, the maximum permissible levy might vary within the boundaries of a particular taxing district. In that event, to comply with the constitutional requirement for uniformity of taxation, the lowest permissible rate for any part of the taxing district would be applied to the entire taxing district. See Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2021, for an example of the levy rates of taxing districts that overlap within the City.

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

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

- (i) *City Regular Property Tax Rate Limitations.* The City’s maximum regular property tax levy for general municipal purposes, including the payment of debt service on limited tax general obligation indebtedness, is \$3.375 per \$1,000 of assessed value (RCW 84.52.043). The City also has authority to levy an additional \$0.225 per \$1,000 of assessed value under the “Firefighters’ Pension Fund Levy” (RCW 41.16.060), for a combined maximum levy rate of \$3.60 per \$1,000 of assessed value.

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

Legislation passed in 2019, which became effective for the 2020 tax collection year, extends the authority beyond the date when all beneficiaries of the original legacy programs are deceased, clarifying an ambiguity in the law. However, it requires that levy proceeds be used for other post-employment benefits (“OPEB”) and other benefits for Law Enforcement Officers’ and Fire Fighters’ Retirement System (“LEOFF”) Plan 1 members and beneficiaries before being used for other City purposes. See “The City of Seattle—Pension

Plans.” The City currently uses other available resources to fund its firefighter pension fund and OPEB expenses and does not currently utilize the Firefighters’ Pension Fund Levy authority.

The City’s regular levy rate for collection in 2021 is \$2.16160 per \$1,000 of assessed value. However, \$1.00756 per \$1,000 of this levy rate is statutorily restricted to purposes described in certain levy lid lift ballot measures. See Tables 7 and 8 and the discussion of “levy lid lift” ballot measures under “—Regular Property Tax Amount Increase Limitation” below.

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

The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$3.29608 for the 2021 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$7.02581 for the 2021 tax collection year.

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

- (iii) *Regular Property Tax Amount Increase Limitation.* The regular property tax increase limitation (chapter 84.55 RCW) also limits the amount of any regular levy for any particular year (other than the State’s levies for collection through 2021) to the highest amount that could have been levied in any prior year, multiplied by a specified percentage (the “limit factor”) plus an adjustment for new construction, annexations, certain improvements to property, and State-assessed property. The limit factor is defined as the greater of (a) the lesser of 101% or 100% plus inflation, or (b) if approved by a majority plus one vote of the governing body upon a finding of substantial need, any percentage up to 101%. If a taxing district levies less than its highest allowable levy, the amount not levied still may be included in the base for determining a subsequent year’s maximum amount limitation. The difference between the highest amount that could have been levied in any year and the amount actually levied is sometimes referred to as “banked” levy capacity.

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

effect are shown below in Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2021, and Table 8—Voted Levy Lid Lifts in Effect in 2021.

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

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

The City previously issued \$21,924,640.73 of Local Improvement District No. 6750 Bonds, 2006, of which \$2,545,000 principal amount is outstanding as of December 31, 2020, and guaranteed by the local improvement guaranty fund (the “Guaranty Fund”). The balance in the Guaranty Fund as of December 31, 2020, was \$951,515.

In January 2019, the City Council adopted Ordinance 125760 (the “LID Ordinance”), creating Local Improvement District No. 6751 (the “Waterfront LID”). The City plans to issue local improvement district bonds (the “Waterfront LID Bonds”) secured by the Guaranty Fund before the end of 2021, depending on the timing of finalizing the assessment roll, which is underway. The amount of Waterfront LID Bonds is authorized to be up to \$160 million, plus an amount for costs of issuance and to fund a Guaranty Fund deposit in an amount not to exceed approximately 10% of the par amount of the Waterfront LID Bonds. The actual amount of bonds to be issued will be reduced by the amount of any assessments paid in full prior to issuance. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program—Waterfront Local Improvement District.”

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

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

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

revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals.

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

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

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

State law permits county treasurers, during a state of emergency declared under RCW 43.06.010(12) and 84.56.020(10), on the county treasurer's own motion or at the request of any taxpayer affected by the emergency, to grant extensions of the due date of such property taxes as the county treasurer deems proper. Further, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes. In 2020, following the start of the COVID-19 pandemic, county treasurers in several counties (including the County) exercised this authority to provide temporary extensions of the April 2020 deadline to aid taxpayers affected by the pandemic's economic consequences. The extension delayed distribution by the County to the City of a portion of the first half property tax collections to the City but did not significantly impact collections on an annual basis. See Table 4—General Fund Tax Revenue Sources, and Table 5—City Property Tax Collection Record.

In addition, the State Legislature on April 14, 2021, passed a bill relating to property tax deferral during the COVID-19 pandemic, amending RCW 84.56.020(10) to require county treasurers to grant a deferral of 2021 property tax payments for certain businesses via establishment of a payment plan. In setting terms for the payment plan, the county treasurer must consider cash flow and other impacts on all relevant taxing jurisdictions and prioritize payment plan expenditures to protect scheduled bond payments. If granting the extension results in any taxing jurisdiction being unable to make scheduled bond payments, then a county treasurer may choose not to grant extensions under this legislation. The legislation has passed both houses of the State Legislature and has been delivered to the Governor for signature.

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

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

**TABLE 5  
CITY PROPERTY TAX COLLECTION RECORD**

| <b>Collection Year</b> | <b>Total Assessed Value</b> | <b>Ad Valorem Tax Levy</b> | <b>Tax Collected Year Due<sup>(1)</sup></b> | <b>Total Collected As of 12/31/2020</b> |
|------------------------|-----------------------------|----------------------------|---|---|
| 2021                   | \$ 262,134,061,774          | \$ 586,954,673             | n/a   | n/a                                     |
| 2020                   | 257,958,280,787             | 570,239,595                | 98.52%                                      | 98.52%                                  |
| 2019                   | 244,938,709,301             | 544,009,712                | 98.87%                                      | 99.69%                                  |
| 2018                   | 214,109,064,214             | 503,981,703                | 98.84%                                      | 99.88%                                  |
| 2017                   | 186,325,342,799             | 486,947,806                | 98.71%                                      | 99.97%                                  |
| 2016                   | 163,924,328,611             | 452,827,119                | 98.79%                                      | 100.00%                                 |

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

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

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

| <b>Collection Year</b> | <b>Levy Rates<br/>(per \$1,000 of Assessed Value)</b> |                   |              | <b>Levy Amounts</b>          |                   |                |
|------------------------|---|-------------------|--------------|------------------------------|-------------------|----------------|
|                        | <b>General<sup>(1)</sup></b>                          | <b>UTGO Bonds</b> | <b>Total</b> | <b>General<sup>(1)</sup></b> | <b>UTGO Bonds</b> | <b>Total</b>   |
| 2021                   | 2.16289   | 0.08752           | 2.25041      | \$ 564,190,360               | \$ 22,764,313     | \$ 586,954,673 |
| 2020                   | 2.13204   | 0.08884           | 2.22088      | 547,473,222                  | 22,733,373        | 570,206,595    |
| 2019                   | 2.13558   | 0.09358           | 2.22916      | 521,238,054                  | 22,771,658        | 544,009,712    |
| 2018                   | 2.21919   | 0.14290           | 2.36209      | 473,604,377                  | 30,377,326        | 503,981,703    |
| 2017                   | 2.45735   | 0.16592           | 2.62327      | 456,259,294                  | 30,688,512        | 486,947,806    |

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

Source: King County Department of Assessments

**TABLE 7**  
**REPRESENTATIVE OVERLAPPING LEVY RATES AND CITY-SPECIFIC TAX RATES WITHIN THE CITY<sup>(1)</sup>**  
**COLLECTION YEAR 2021**  
**(Per \$1,000 of Assessed Value)**

| <b>Overlapping Rates Within City of Seattle</b> | <b>2021</b>      |
|---|------------------|
| City of Seattle                                 | \$2.25041        |
| King County                                     | 1.24688          |
| State School Fund <sup>(2)</sup>                | 3.08823          |
| Port of Seattle                                 | 0.11984          |
| Seattle School District No. 1                   | 1.84481          |
| Voted EMS                                       | 0.26499          |
| County Flood Zone                               | 0.08909          |
| Seattle Park District <sup>(3)</sup>            | 0.20986          |
| Sound Transit                                   | 0.19709          |
| <b>Total Within City of Seattle</b>             | <b>\$9.31120</b> |
| <br>  |                  |
| <b>City of Seattle - Specific Rates</b>         |                  |
| Current Expense Base and Pension                | \$1.15533        |
| Voted Lid Lifts                                 |                  |
| Low-Income Housing                              | 0.15871          |
| Families and Education                          | 0.33691          |
| Library   | 0.11794          |
| Transportation                                  | 0.38251          |
| I-122 Election Vouchers                         | 0.01149          |
| <b>Subtotal Voted Lid Lifts</b>                 | <b>\$1.00756</b> |
| Subject to \$3.60 Limit                         | \$2.16289        |
| Voted Bonds                                     | 0.08752          |
| <b>Total City Rates</b>                         | <b>\$2.25041</b> |

- (1) Levy rate paid by taxpayers within the City’s levy code area with the largest assessed value. This table includes both regular and excess property tax levies and cannot be used to determine levy capacity within the \$5.90 or 1% aggregate levy rate limitations described under “General Property Taxes—Regular Property Tax Limitations.”
- (2) The aggregate State School Fund rate includes two levies: State School Fund Part 1, for \$2.01208, and State School Fund Part 2, for \$1.07615. The combined rate of \$3.08823, multiplied by the equalization ratio established by the State DOR for the County for 2021 (87.4%), is equal to a combined State levy rate of \$2.70 per \$1,000 of assessed value for calendar year 2021.
- (3) The Seattle Park District is a metropolitan park district with boundaries coterminous with those of the City. The district is a separate municipal corporation, created pursuant to voter approval in 2014, with its own statutory maximum levy rate of \$0.75 per \$1,000 of assessed value, though the actual levy imposed by the district is constrained under an interlocal agreement between the City and the district. The members of the City Council comprise the governing body of the park district.

Source: King County Department of Assessments

**TABLE 8  
VOTED LEVY LID LIFTS IN EFFECT IN 2021**

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

*Major Property Taxpayers.* The following table presents the property taxpayers within the City with the highest 2020 assessed value for tax collection year 2021.

**TABLE 9  
TEN LARGEST PROPERTY TAXPAYERS IN 2021**

| <b>Taxpayer<sup>(1)</sup></b>                          | <b>Type of Business</b> | <b>Total Assessed<br/>Value<sup>(2)</sup></b> | <b>Percent of<br/>of Total<br/>Assessed Value</b> |
|--|-------------------------|---|---|
| Amazon   | Electronic Commerce     | \$ 3,834,111,495                              | 1.46 %  |
| Union Square Limited Partnership                       | Commercial Real Estate  | 1,160,286,866                                 | 0.44  |
| Ponte Gadea Seattle LLC                                | Commercial Real Estate  | 892,586,000                                   | 0.34  |
| GC Columbia LLC  | Commercial Real Estate  | 851,876,368                                   | 0.32  |
| Acom Development LLC (Amazon)                          | Commercial Real Estate  | 733,799,000                                   | 0.28  |
| Altus Group US Inc.                                    | Commercial Real Estate  | 717,644,300                                   | 0.27  |
| 1201 Tab Owner LLC                                     | Commercial Real Estate  | 699,974,804                                   | 0.27  |
| FSP-RIC LLC  | Commercial Real Estate  | 605,794,823                                   | 0.23  |
| Selig Holdings Co LLC                                  | Commercial Real Estate  | 596,225,300                                   | 0.23  |
| BPP 1420 Fifth Avenue Owner                            | Commercial Real Estate  | 587,026,000                                   | 0.22  |
| Total  |                         | \$ 10,679,324,956                             | 4.07 %  |
| Total City Assessed Value for Tax Collection Year 2021 |                         | \$262,134,061,774                             |   |

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

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

*Source: King County Department of Assessments*

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

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

A sales tax of 10.15% is charged on all gross retail sales in the City. The 10.15% rate is a composite of separate rates for several jurisdictions: 6.5% for the State, 0.85% for the City, 0.15% for the County for general purposes, 1.4% for the County to support public transportation, 0.9% for the Central Puget Sound Regional Transit Authority, 0.1% for the County to support chemical dependency or mental health programs, 0.1% for the support of criminal justice programs within the County, and 0.15% for the City for the Seattle Transportation Benefit District (discussed below under “—Seattle Transportation Benefit District Sales Tax”). The first 10% of the criminal justice tax revenues is allocated to the County. The remaining 90% of the criminal justice tax revenues is allocated to the County and cities within the County based on population. In addition, a portion of the State’s rate (0.0146%) is passed through to the City for affordable housing purposes. See “—State-Shared Sales Tax Revenue for Affordable Housing.”

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

Sales taxes on applicable retail sales are collected by the seller from the consumer. Use taxes are payable by the consumer upon the applicable rendering of service or use of personal property. The County collects any use tax imposed on the use of motor vehicles. Each seller (and the County) is required to hold taxes in trust until remitted to the State DOR, which usually occurs on a monthly basis. The State DOR administers and collects sales and use taxes from sellers, consumers, and the County and makes disbursements to the City on a monthly basis. Disbursements lag two months behind collections. Due to the COVID-19 pandemic, the State DOR has exercised its authority to grant certain extensions of filing and collection deadlines to certain taxpayers, which may further delay disbursements. See “City Financial Information—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic.”

*Taxation of Internet Sales and Marketplace Fairness Act.* The State Marketplace Fairness Act went into effect on January 1, 2018, requiring remote sellers and marketplace facilitators to collect and remit sales and use tax on internet sales.

*State-Shared Sales Tax Revenue for Affordable Housing.* On August 12, 2019, the City Council passed an ordinance enacting the local option tax for affordable housing pursuant to newly enacted State legislation that authorizes cities and counties to impose this additional tax, which is then credited against the State sales tax rate, resulting in no net change to the rate paid by retail consumers. This results in a pass-through of State sales tax revenues to the local jurisdiction, which must be used solely to provide housing or housing-related services to persons whose income is at or below 60% of area median income. The annual amount of the pass-through is capped pursuant to a statutory formula. For the City, the cap in 2020 was \$4,228,362.75 per year for 20 years. The actual amount in 2020 was \$4,011,460.85. The statutory authority for the City to impose the tax expires at the end of the third quarter of 2039 unless extended by future State legislation.

*Seattle Transportation Benefit District Sales Tax.* The City operates the Seattle Transportation Benefit District, which is an additional dedicated funding mechanism for certain transportation purposes under State law. It primarily provides funding to support mass transit services provided by King County Metro. Voters approved an incremental additional sales and use tax of 0.1% in November 2014, which by its terms expired on December 31, 2020. In November 2020, voters renewed and approved an increase in the rate to 0.15%, effective April 1, 2021, through April 1, 2027. The 2020 measure was approved by 80.3% of the voters.

## **Business Taxes**

The City imposes a B&O tax for the act or privilege of engaging in business activities. The City imposes this B&O tax at varying rates, depending on the class of business, based on the value of products, gross proceeds of sales, or gross income of the business, as applicable. Certain businesses are exempted, and deductions and credits are allowed. State law limits the maximum rate at which cities may levy the B&O tax to 0.2%, but cities whose tax rates were higher than this level when the limit was imposed can maintain their current tax rates. Some additional rate increases

are possible within the parameters set by State law, including voter approval. The City's current rates range from 0.215% to 0.415%. The City's tax is in addition to the B&O tax imposed by the State.

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

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

As a result of the impact of COVID-19, taxpayers with taxable income of \$5 million or less were allowed to defer payment of B&O taxes until October 31, 2020. The City is not making adjustments in 2021 to allow taxpayers to defer payments and will return to the regular B&O payment schedule for all taxpayers.

### **Real Estate Excise Taxes**

The City imposes a real estate excise tax of 0.5% on sales of real property in the City. While this revenue is not deposited to the General Fund, the proceeds may be used for qualifying capital projects and, until January 1, 2026, for certain affordable housing purposes. A portion of the revenue is used for the payment of certain of the City's general obligation bonds issued to finance those projects. The City's tax is in addition to the State real estate excise tax.

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

Real estate excise taxes (both State and local portions) are generally collected by county treasurers, except for the tax that applies to the acquisition of controlling interests, which is reported directly to the State DOR. Tax collections were \$72,157,195 in 2020, compared to \$100,933,399 in 2019 and \$76,938,541 in 2018. Collections in 2019 likely reflected a one-time increase in real estate excise tax collections in advance of the January 1, 2020, effective date for the graduated rate schedule for the State real estate excise tax described above. The 2021 Adopted Budget, adopted in October 2021, forecasted tax collections of approximately \$65.4 million in 2021, based on October 2020 forecast data reflecting taxable activity for approximately the first half of 2020 and assuming downturns primarily in commercial real estate transactions. Since then, actual collections for the latter part of 2020 came in much stronger than anticipated.

### **City Payroll Tax**

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

The tax is to be assessed against salaries a company pays to Seattle-based employees. Businesses with total Seattle payrolls below the \$7 million threshold are exempt from the tax; in addition, exemptions from the tax apply to federal and State government entities, grocery stores, and businesses that the City is preempted from taxing under federal or State law.

By its terms, the tax was imposed beginning January 1, 2021, and will sunset on December 31, 2040. Based on City Council estimates, the tax is forecast to raise approximately \$214.3 million in 2021 and over \$200 million in years 2022 and thereafter.

On December 8, 2020, the Seattle Metropolitan Chamber of Commerce challenged the payroll tax in a declaratory judgment lawsuit filed in King County Superior Court. The Chamber contends that the tax is an unconstitutional tax on the right to earn a living. The case presently has a trial date of December 6, 2021, and the parties have entered into an agreed order to bring cross-motions for summary judgment. Oral argument is scheduled for May 28, 2021.

### **Other Taxes**

*Sweetened Beverage Tax.* Since January 1, 2018, the City has taxed sweetened beverages distributed for retail sale in the City at a standard rate of \$0.0175 per ounce. There is a reduced rate of \$0.01 per ounce for certain manufacturers. This tax generated \$24.1 million in 2019 and \$15.7 million in 2020. The 2021 Adopted Budget forecasts revenues of approximately \$20.8 million.

*Short-Term Rentals Tax.* Pursuant to State legislation passed in 2018, the Washington State Convention Center Public Facilities District (a separate municipal corporation with boundaries encompassing all of the County) began imposing and collecting, as of January 1, 2019, a tax at a rate of up to 7% per night on short-term rental activity throughout the County. The State legislation requires the district to pay to the City an amount equal to the portion of revenues from its tax derived from short-term rental activity within the City. Due to steps associated with the remittance of these funds to the City, only the tax associated with the first seven months of activity was received in 2019. The amount paid to the City attributable to 2019 was approximately \$9.40 million. Due to the COVID-19 pandemic, however, short-term rental activity dropped significantly in 2020, producing tax revenue of only \$2.76 million. The 2021 Adopted Budget forecasts revenues from this tax of approximately \$5.8 million.

*New Heating Oil Tax Delayed.* Effective September 1, 2020, the City Council imposed a \$0.236 per gallon tax on heating oil service providers for every gallon of heating oil sold and delivered within the City. The City Council has delayed implementation until July of 2021. This tax is forecast in the 2021 Adopted Budget to generate approximately \$800,000. The revenues will primarily support low-income household oil furnace conversion programs administered by the Office of Sustainability and Environment.

*New Transportation Network Company Tax.* In November 2019, the City Council approved a tax on transportation network companies (“TNC”), such as Uber and Lyft, effective July 1, 2020. The tax of \$0.57 per trip is owed for all rides originating in the City by TNCs with more than 1 million rides per calendar quarter. The City Council has reduced the ride threshold to 200,000 rides per quarter effective October 2020. The first proceeds are not expected until the first quarter of 2021. This tax is forecast in the 2021 Adopted Budget to raise approximately \$5.0 million.

### **Legislative Changes Affecting City Taxing Authority and Limitations**

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

## DEBT INFORMATION

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

### Limitations on Indebtedness

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

*Non-Voted Debt.* The Bonds are issued as non-voted debt. State law provides that the City may, without a vote of the electors, incur general obligation debt in an amount not to exceed 1.5% of the assessed value of all taxable property within the City. The amount of non-voted debt plus the outstanding voter-approved debt for general municipal purposes also is subject to the aggregate debt limitation described below. Non-voted general obligation debt may be issued as follows: (i) pursuant to an ordinance specifying the amount and object of the expenditure of the proceeds, the City Council may borrow money for corporate purposes and issue bonds or notes within the constitutional and statutory limitations on indebtedness, (ii) the City may execute conditional sales contracts for the purchase of real or personal property, and (iii) the City may execute leases with or without an option to purchase.

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

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

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

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

### **Debt Payment Record**

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

### **Future General Obligation Debt Obligations**

The City generally issues limited tax general obligation debt to fund its capital programs on an annual basis. Its next planned issuance of general obligation bonds is likely to occur in the first half of 2022 and, in addition to funding the City's regular capital program, is likely to include funding for emergency repairs to the West Seattle Bridge and capital funding for one or more City-chartered public development authorities and similar entities. Due to the amount of debt that is expected to be issued for the West Seattle Bridge repairs and/or replacement and other infrastructure projects, the City's annual general obligation debt issuance in the next few years will likely be somewhat larger than the annual issuance amounts over the past decade. See "Other Considerations—West Seattle Bridge." Additionally, the City periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

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

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

Table 10 sets forth the computation of the City's estimated legal debt capacity based on debt outstanding as of December 31, 2020, adjusted for the issuance of the Bonds, and a total City assessed value for collection of taxes in 2021 of \$262,134,061,774. Giving effect to the issuance of the Bonds, there remains \$2,370,515,676 of unlimited tax general obligation debt capacity for general purposes and \$3,038,845,215 of limited tax general obligation debt capacity. The tables below show the annual principal and interest due on the Bonds and all outstanding general obligations of the City and the City's net direct and overlapping debt and debt ratios as of December 31, 2020.

**TABLE 10**  
**ESTIMATED LEGAL DEBT CAPACITY<sup>(1)</sup>**  
**(as of December 31, 2020, adjusted for the issuance of the Bonds)**

|  | General Capacity          |  | Special Purpose Capacity                               |   |                                   |
|--|---------------------------|--|--|---|-----------------------------------|
|  | A                         | B                                      | Voter-Approved<br>Open Space and Parks<br>(2.5% of AV) | Voter-Approved<br>Utility Purpose<br>(2.5% of AV) | Total<br>Capacity<br>(7.5% of AV) |
|  | Non-voted<br>(1.5% of AV) | Voted<br>(2.5% of Net,<br>of Column A) |  |   |                                   |
| Assessed Value as of January 27, 2021 <sup>(2)</sup>                 |                           |  |  |   |                                   |
| \$262,134,061,774  |                           |  |  |   |                                   |
| 2.5% of AV   | \$ -                      | \$ 6,553,351,544                       | \$ 6,553,351,544                                       | \$ 6,553,351,544                                  | \$ 19,660,054,633                 |
| 1.5% of AV   | 3,932,010,927             | (3,932,010,927)                        |  |   |                                   |
|  | \$ 3,932,010,927          | \$ 2,621,340,618                       | \$ 6,553,351,544                                       | \$ 6,553,351,544                                  | \$ 19,660,054,633                 |
| Debt Outstanding <sup>(3)</sup>                                      |                           |  |  |   |                                   |
| The 2021A Bonds  | \$ (142,860,000)          | \$ -                                   | \$ -   | \$ -  | \$ (142,860,000)                  |
| The 2021B Bonds  | (21,170,000)              |  |  |   |                                   |
| Outstanding Bonds <sup>(4)</sup>                                     | (619,009,452)             | (251,170,000)                          | -  | -   | (870,179,452)                     |
| Guarantees on PDA Bonds <sup>(5)</sup>                               | (34,325,000)              | -                                      | -  | -   | (34,325,000)                      |
| Public Works Assistance Account Loans <sup>(6)</sup>                 | (10,282,886)              | -                                      | -  | -   | (10,282,886)                      |
| Compensated Absences <sup>(7)</sup>                                  | (88,498,646)              | -                                      | -  | -   | (88,498,646)                      |
| Total Debt Outstanding   | \$ (916,145,984)          | \$ (251,170,000)                       | \$ -   | \$ -  | \$ (1,146,145,984)                |
| Available Net Assets in<br>Redemption and Other Funds <sup>(8)</sup> | \$ 10,806,878             | \$ 345,058                             | \$ -   | \$ -  | \$ 11,151,936                     |
| Compensated Absences for Sick Leave <sup>(7)</sup>                   | 12,173,395                | -                                      | -  | -   | 12,173,395                        |
| Net Debt Outstanding   | \$ (893,165,711)          | \$ (250,824,942)                       | \$ -   | \$ -  | \$ (1,143,990,653)                |
| <b>Legal Debt Margin</b>   | <b>\$ 3,038,845,215</b>   | <b>\$ 2,370,515,676</b>                | <b>\$ 6,553,351,544</b>                                | <b>\$ 6,553,351,544</b>                           | <b>\$ 18,516,063,980</b>          |

**NOTES TO TABLE:**

- (1) Legal debt limits are established in the State Constitution and by statutes, including RCW 39.36.020 and 35.42.200.
- (2) RCW 39.36.015 allows incorporated cities to use the “last assessment for city purposes.” This assessment was issued as of March 25, 2020, for taxes payable in 2020.
- (3) State law and the State Auditor’s Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating legal debt capacity, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.
- (4) Excludes the Refunded Bonds.
- (5) Includes the principal amounts of City-guaranteed bonds issued by the following public development authorities (“PDA”) established by the City: the Seattle Indian Services Commission (“SISC”) and the Museum Development Authority. Under a 2012 Washington State Supreme Court decision, the total principal amount plus the amount of interest due and not yet paid is to be treated as “debt” when calculating the City’s legal debt capacity. Due to lack of clarity in that decision as to how interest should be calculated or when interest should be deemed to accrue, no amount for interest has been included in Table 10. In addition, since May 1, 2015, the City has been advancing funds required to pay debt service under its guaranty of SISC debt. See “Seattle Indian Services Commission Debt Guaranty” below and Appendix B—The City’s 2019 Comprehensive Annual Financial Report—Note 15, Contingencies.
- (6) Includes City obligations to repay loans from the Washington State Public Works Assistance Account. This is a departure from State accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating statutory debt capacity. However, the City’s bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable constitutional debt limits. In 2018, the City entered into another such loan from the Washington State Public Works Assistance Account in the amount of approximately \$10 million. As of December 31, 2020, \$300,000 of this loan has been drawn upon; the remaining \$9.7 million will be drawn upon by the end of 2021 and is not included in the total outstanding as of December 31, 2020.
- (7) The State Auditor’s Office requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt capacity. All compensated absences except the sick leave estimate meet this criterion. The City’s bond counsel does not include compensated absences as debt for the purpose of calculating the City’s debt capacity.
- (8) Excludes available net assets in Guaranty Fund and the Interfund Notes Payable Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin. See “—General Property Taxes—Guaranty Fund Levies.”

*Seattle Indian Services Commission Debt Guaranty.* The SISC issued its Special Obligation Revenue Refunding Bonds, 2004 (the “SISC Bonds”), on November 1, 2004, in the amount of \$5.2 million. The amount outstanding as of December 31, 2020, is \$1.595 million. The SISC Bonds will be fully retired on November 1, 2024. The SISC Bonds include serial maturities and annual mandatory redemption payments on term bonds due on November 1 of each year and bear interest payable on May 1 and November 1 at fixed rates ranging from 4.20% to 4.50%. The SISC Bonds are not subject to acceleration under any circumstances. Pursuant to a Cooperation Agreement between the City and SISC dated March 1, 1994, as amended on September 1, 2004 (the “Cooperation Agreement”), in the event of an insufficiency to make a scheduled payment on any Debt Service Payment Date, the City is obligated to pay an amount necessary to make up such insufficiency. The City’s obligations are unconditional obligations of the City. In 2014, SISC experienced unforeseen conditions that left it unable to fulfill its debt obligations on bonds guaranteed by the City. The City began making payments under the Cooperation Agreement on May 1, 2015, and subsequently has budgeted to pay debt service on SISC Bonds on each May 1 and November 1, in accordance with the City’s unconditional obligation. As of December 31, 2020, remaining scheduled principal and interest payments with respect to the SISC Bonds guaranteed by the City total \$1.595 million and \$183,045, respectively. The City currently expects that it will continue to make the scheduled debt service payments through the life of the SISC Bonds. See Appendix B—The City’s 2019 Comprehensive Annual Financial Report—Note 15, Contingencies.

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

|              | Outstanding <sup>(1)</sup> |                       |                       | The 2021A Bonds       |                      |                       | The 2021B Bonds      |                     |                      | Total                 |
|--------------|----------------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|----------------------|---------------------|----------------------|-----------------------|
|              | Principal                  | Interest              | Total                 | Principal             | Interest             | Total                 | Principal            | Interest            | Total                |                       |
| 2021         | \$ 67,883,356              | \$ 26,035,468         | \$ 93,918,823         | \$ -                  | \$ 3,523,181         | \$ 3,523,181          | \$ -                 | \$ 194,268          | \$ 194,268           | \$ 97,442,004         |
| 2022         | 59,628,257                 | 22,882,103            | 82,510,360            | 5,665,000             | 6,640,550            | 12,305,550            | 1,315,000            | 366,160             | 1,681,160            | 94,815,910            |
| 2023         | 62,433,257                 | 20,263,514            | 82,696,771            | 6,060,000             | 6,357,300            | 12,417,300            | 1,325,000            | 353,010             | 1,678,010            | 95,114,071            |
| 2024         | 63,782,443                 | 17,366,131            | 81,148,573            | 8,960,000             | 6,054,300            | 15,014,300            | 1,340,000            | 339,760             | 1,679,760            | 96,162,873            |
| 2025         | 62,387,443                 | 14,469,839            | 76,857,281            | 9,935,000             | 5,606,300            | 15,541,300            | 1,360,000            | 326,360             | 1,686,360            | 92,398,581            |
| 2026         | 45,992,443                 | 11,540,653            | 57,533,096            | 10,425,000            | 5,109,550            | 15,534,550            | 1,370,000            | 312,760             | 1,682,760            | 73,067,646            |
| 2027         | 34,762,443                 | 9,656,814             | 44,419,257            | 10,945,000            | 4,588,300            | 15,533,300            | 1,390,000            | 295,635             | 1,685,635            | 59,952,557            |
| 2028         | 31,382,443                 | 8,259,803             | 39,642,246            | 11,495,000            | 4,041,050            | 15,536,050            | 1,410,000            | 267,835             | 1,677,835            | 55,178,296            |
| 2029         | 26,120,789                 | 7,007,082             | 33,127,872            | 11,915,000            | 3,466,300            | 15,381,300            | 1,440,000            | 239,635             | 1,679,635            | 48,509,172            |
| 2030         | 25,385,789                 | 5,962,015             | 31,347,805            | 8,400,000             | 2,870,550            | 11,270,550            | 1,475,000            | 210,835             | 1,685,835            | 42,618,355            |
| 2031         | 24,940,789                 | 4,902,387             | 29,843,176            | 8,815,000             | 2,450,550            | 11,265,550            | 1,500,000            | 181,335             | 1,681,335            | 41,108,726            |
| 2032         | 20,615,000                 | 4,040,054             | 24,655,054            | 4,185,000             | 2,009,800            | 6,194,800             | 665,000              | 155,835             | 820,835              | 30,849,854            |
| 2033         | 17,380,000                 | 3,252,136             | 20,632,136            | 4,350,000             | 1,842,400            | 6,192,400             | 670,000              | 143,865             | 813,865              | 26,824,536            |
| 2034         | 16,380,000                 | 2,582,599             | 18,962,599            | 4,525,000             | 1,668,400            | 6,193,400             | 685,000              | 131,135             | 816,135              | 25,155,999            |
| 2035         | 15,000,000                 | 2,006,787             | 17,006,787            | 4,705,000             | 1,487,400            | 6,192,400             | 700,000              | 117,435             | 817,435              | 23,199,187            |
| 2036         | 12,025,000                 | 1,517,653             | 13,542,653            | 4,900,000             | 1,299,200            | 6,199,200             | 715,000              | 103,085             | 818,085              | 19,741,853            |
| 2037         | 8,520,000                  | 1,155,673             | 9,675,673             | 5,090,000             | 1,103,200            | 6,193,200             | 730,000              | 87,713              | 817,713              | 15,868,873            |
| 2038         | 6,350,000                  | 856,076               | 7,206,076             | 5,300,000             | 899,600              | 6,199,600             | 745,000              | 71,653              | 816,653              | 13,405,676            |
| 2039         | 4,405,000                  | 640,095               | 5,045,095             | 5,510,000             | 687,600              | 6,197,600             | 760,000              | 54,890              | 814,890              | 11,242,695            |
| 2040         | 2,275,000                  | 523,700               | 2,798,700             | 5,725,000             | 467,200              | 6,192,200             | 780,000              | 37,410              | 817,410              | 8,990,900             |
| 2041         | 1,385,000                  | 451,400               | 1,836,400             | 5,955,000             | 238,200              | 6,193,200             | 795,000              | 19,080              | 814,080              | 8,029,600             |
| 2042         | 1,440,000                  | 395,900               | 1,835,900             | -                     | -                    | -                     | -                    | -                   | -                    | 1,835,900             |
| 2043         | 1,500,000                  | 338,100               | 1,838,100             | -                     | -                    | -                     | -                    | -                   | -                    | 1,838,100             |
| 2044         | 1,560,000                  | 278,000               | 1,838,000             | -                     | -                    | -                     | -                    | -                   | -                    | 1,838,000             |
| 2045         | 1,625,000                  | 215,400               | 1,840,400             | -                     | -                    | -                     | -                    | -                   | -                    | 1,840,400             |
| 2046         | 1,685,000                  | 150,300               | 1,835,300             | -                     | -                    | -                     | -                    | -                   | -                    | 1,835,300             |
| 2047         | 1,755,000                  | 82,800                | 1,837,800             | -                     | -                    | -                     | -                    | -                   | -                    | 1,837,800             |
| 2048         | 200,000                    | 12,400                | 212,400               | -                     | -                    | -                     | -                    | -                   | -                    | 212,400               |
| 2049         | 210,000                    | 4,200                 | 214,200               | -                     | -                    | -                     | -                    | -                   | -                    | 214,200               |
| <b>Total</b> | <b>\$ 619,009,452</b>      | <b>\$ 166,849,080</b> | <b>\$ 785,858,532</b> | <b>\$ 142,860,000</b> | <b>\$ 62,410,931</b> | <b>\$ 205,270,931</b> | <b>\$ 21,170,000</b> | <b>\$ 4,009,693</b> | <b>\$ 25,179,693</b> | <b>\$ 991,129,463</b> |

(1) Excludes the Refunded Bonds. Includes debt service on Public Works Assistance Account loans, including the full \$10 million 2018 loan from the Washington State Public Works Assistance Account. Does not include City-guarantees or contingent loan agreements with respect to debt issued by City-chartered PDAs. Reflects taxable rates on certain bonds issued as taxable bonds with a federal subsidy, but is not adjusted to reflect the receipt of any federal tax credit subsidy payment associated with those bonds. See “Other Considerations—Federal Policy Risk and Other Federal Funding Considerations.”

**TABLE 12**  
**NET DIRECT AND OVERLAPPING DEBT**

|  |                         |
|--|-------------------------|
| Outstanding Direct Debt <sup>(1)</sup>                 |                         |
| Unlimited Tax General Obligation Bonds                 | \$ 250,824,942          |
| Limited Tax General Obligation Bonds <sup>(2)</sup>    | 619,009,452             |
| The 2021A Bonds  | 142,860,000             |
| The 2021B Bonds  | 21,170,000              |
| Less: Cash and Investments in Debt Service Funds       | (11,151,936)            |
| <b>Net Direct Debt</b>                                 | <b>\$ 1,022,712,458</b> |
|  |                         |
| Estimated Overlapping Debt <sup>(3)</sup>              |                         |
| King County <sup>(4)</sup>                             | \$ 252,976,950          |
| Port of Seattle  | 123,692,063             |
| Seattle School District No. 001                        | 17,879,375              |
| Highline School District No. 401                       | 15,932                  |
| <b>Total Estimated Overlapping Debt</b>                | <b>\$ 394,564,320</b>   |
| <b>Total Net Direct and Estimated Overlapping Debt</b> | <b>\$ 1,417,276,778</b> |

- 
- (1) As of April 23, 2021, adjusted for the issuance of the Bonds.
  - (2) Excludes the Refunded Bonds. Excludes the Public Works Assistance Account loans and City-guarantees or contingent loan agreements with respect to the debt issued by City-chartered PDAs. See Table 10—Estimated Legal Debt Capacity.
  - (3) Allocated to the taxable property within the City according to its share of 2021 total assessed values.
  - (4) Excludes limited tax general obligation indebtedness payable first from other revenues of the County, such as sales tax and sewer revenue.

**TABLE 13**  
**CITY BONDED DEBT RATIOS<sup>(1)</sup>**

|   |                             |
|---|-----------------------------|
| Total City Assessed Value for 2021 Collections <sup>(1)</sup> | \$262,134,061,774           |
| 2020 Population Estimate <sup>(2)</sup>                       | 761,100                     |
| Assessed Valuation <sup>(3)</sup>                             | 100% of True and Fair Value |
| Net Direct Debt to Assessed Value                             | 0.39%                       |
| Net Direct and Overlapping Debt to Assessed Value             | 0.54%                       |
| Per Capita Assessed Value                                     | \$344,415                   |
| Per Capita Net Direct Debt                                    | \$1,344                     |
| Per Capita Net Direct and Overlapping Debt                    | \$1,862                     |
|   |                             |
| Net Direct Debt   | \$1,022,712,458             |
| Net Direct and Overlapping                                    | \$1,417,276,778             |

- 
- (1) Source: King County Assessor.
  - (2) Source: State of Washington Office of Financial Management.
  - (3) See “General Fund Tax Revenue Sources—General Property Taxes—Assessed Value Determination.”

## THE CITY OF SEATTLE

The following provides general information about the City.

### **Municipal Government**

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

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

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

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

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

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

### **Budgeting and Forecasting**

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

*Municipal Budget.* City operations are guided by a budget prepared under the direction of the Mayor by the CBO pursuant to State statute (chapter 35.32A RCW) and based in part on General Fund revenue forecasts prepared by the CBO; this function is transitioning to a new independent forecasting office being created later in 2021. See "—Forecasting." The proposed budget is submitted to the City Council by the Mayor each year not later than 90 days prior to the beginning of the next fiscal year. Currently the fiscal year of the City is January 1 through December 31. The City Council considers the proposed budget, holds public hearings on its contents, and may alter and revise the budget at its discretion, subject to the State requirement that budgeted revenues must at least equal expenditures. The City Council is required to adopt a balanced budget at least 30 days before the beginning of the next fiscal year, which may be amended or supplemented from time to time by ordinance. The Mayor may choose to approve the City Council's budget, veto it, or permit it to become law without the Mayor's signature. The Mayor does not have line-item veto power.

The 2021 budget was adopted on November 23, 2020. The City's adopted General Fund budget was approximately \$1.480 billion in 2020 and \$1.607 billion in 2021.

*Forecasting.* The CBO currently prepares revenue and economic forecasts approximately three times per year. In September of each year, CBO prepares and submits to the City Council a revenue forecast (“August Revenue Update”) with the Mayor’s budget proposal. This is followed by a fall revenue update typically submitted to the City Council in November (“November Revenue Update”) and a spring update (“April Revenue and Budget Update”). The City Council makes budget adjustments as necessary based on information presented in these revenue and budget updates.

The 2021 Adopted Budget appropriated a total of \$480,000 for the initial setup and partial year costs of establishing an independent forecasting office to be created by subsequent ordinance. The appropriation is contingent on passage of the subsequent ordinance, which will be introduced in the summer of 2021. The new independent forecasting office will have the responsibility to develop a regional economic forecast and forecasts for key tax revenues as is currently completed by the City Budget Office. Forecasts from this office will be presented to the Mayor and City Council simultaneously. The office and its manager will be overseen by an oversight board likely consisting of two Councilmembers, the Mayor, and the City’s Finance Director.

### **Fiscal Reserves**

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

Due to the COVID-19 pandemic and related economic downturn, the City’s revenue forecasts have been significantly reduced from prior expectations. Additionally, the City will continue to realize significant expenses to address the pandemic into 2021. Due to the magnitude of the ongoing emergency, it will not be possible for the City to meet the fund balance requirements for the EMF in the near future. City policy was amended in 2020 to require that the City return to making contributions as soon as is practically possible after a severe event requiring deep spending from the reserve.

In response to the ongoing COVID-19 pandemic, the City withdrew a net \$12.8 million from the EMF during 2020. The City anticipates withdrawing a net \$18.4 million from the EMF, reducing the reserve balance to \$33.7 million at the end of 2021.

*Revenue Stabilization Fund.* The City maintains a Revenue Stabilization Fund to be used for revenue stabilization for future City operations and to fund activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in General Fund revenues.

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

The SMC also provides that automatic transfers will be suspended to the extent that the balance in the RSF exceeds 5% of the forecast General Fund tax revenues for the year, and when forecasts underlying the adopted budget anticipate a nominal decline in General Fund revenues, as compared to the revenue forecasts underlying the adopted budget for the fiscal year immediately prior. Automatic transfers remain suspended until positive revenue growth is reflected in

the revenue forecasts underlying the adopted budget and are reinstated at a level of 0.25% of General Fund tax revenues in the first year showing such recovery, followed by 0.50% thereafter.

## **Financial Management**

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

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

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

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

## **Investments**

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

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

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

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

All cash-related transactions for the City, including its utilities, are administered by the Department of Finance and Administrative Services. Investments of temporarily idle cash may be made, according to existing City Council-approved policies, by the Treasury Services Division of the Department of Finance and Administrative Services in securities described above under “Authorized Investments.”

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

As of December 31, 2020, the combined investment portfolios of the City, not including pensions, totaled \$2,545 million at market value. The City’s investment portfolio consists solely of City funds. As of December 31, 2020, the earnings yield on the City’s investment portfolios was 1.49%, and the weighted average maturity of the City’s investment portfolios was 989 days. Approximately 30%, or \$739 million, was invested in securities with maturities of three months or less. The City held no securities with maturities longer than 10 years.

Investments were allocated as follows:

|  |     |
|--|-----|
| U.S. Government Agencies               | 30% |
| State Local Government Investment Pool | 21% |
| U.S. Government <sup>(1)</sup>         | 18% |
| Municipal Bonds                        | 12% |
| U.S. Government Agency Mortgage-Backed | 10% |
| Corporate Bonds                        | 4%  |
| Repurchase Agreements                  | 3%  |
| Supranational                          | 2%  |
| Commercial Paper                       | 0%  |

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

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

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

As of December 31, 2020, the City had outstanding six interfund loans totaling approximately \$56.6 million, in amounts ranging from \$4.1 million to \$29.6 million, including interfund loans for the Waterfront LID improvements to be reimbursed with various revenue sources, including proceeds of the Waterfront LID Bonds. See “Other Considerations—Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program—Waterfront Local Improvement District.”

## **Risk Management**

The City purchases excess liability insurance to address general, automobile, professional, public official, and other exposures. Currently the City’s excess liability policy provides \$35 million limits above a \$6.5 million self-insured retention per occurrence, but coverage excludes partial or complete failure of any of the City’s hydroelectric dams. The City also purchases all risk property insurance, including earthquake and flood perils, that provides up to \$500 million in limits subject to a schedule of deductibles and sublimits. Earthquakes and floods are subject to annual aggregate limits of \$100 million. City hydroelectric generation and transmission equipment and certain other utility systems and equipment are not covered by the property insurance policy. The City purchased cyber insurance in 2019, which coverage includes business interruption, system failure, data asset protection, event management, and privacy and network security liability.

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

### **Pension Plans**

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

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

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

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

*GASB 67/68 Reporting.* Governmental Accounting Standards Board ("GASB") Statements No. 67 ("GASB 67") and 68 ("GASB 68") modified the accounting and financial reporting of pensions by pension plans (GASB 67) and by state and local government employers (GASB 68), but did not alter the funding requirements under State law and City ordinance for members, employers, or the State. The SCERS annual financial statements for the fiscal year ended December 31, 2019, and DRS's Comprehensive Annual Financial Report for LEOFF for the fiscal year ended June 30, 2020, were prepared in accordance with GASB 67. The City's financial statements beginning with the fiscal year ended December 31, 2017, were prepared in accordance with GASB 68. The City's Annual Report is attached as Appendix B.

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

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

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

According to the most recent actuarial valuation (with a valuation date as of January 1, 2020), which was approved by the Board on July 9, 2020 (the “2019 Actuarial Valuation”), there were 7,029 retirees and beneficiaries receiving benefits, and 9,440 active members of SCERS. There are an additional 1,420 terminated employees in SCERS who are vested and entitled to future benefits and another 1,392 who are not vested and not entitled to benefits beyond contributions and accumulated interest. From January 1, 2019, to January 1, 2020, the net number of active members in SCERS increased by 0.6%, the net number of retirees receiving benefits increased by 3.5%, and the net number of vested terminated members increased by 6.6%.

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

**TABLE 14  
PLAN MEMBER DEMOGRAPHIC INFORMATION, SCERS**

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

(1) Includes everyone under the age of 50.

*Source: 2019 Actuarial Valuation*

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

Milliman Consultants and Actuaries, as consulting actuary, has evaluated the funding status of SCERS annually since 2010. The most recent actuarial report, the 2019 Actuarial Valuation (with a valuation date as of January 1, 2020), is available on the City’s website at <http://www.seattle.gov/retirement/about-us/board-of-administration#actuarialreports>. Since 2010, the City has had actuarial valuations prepared annually.

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

**TABLE 15**  
**ACTUARIAL ASSUMPTIONS**

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

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

*Source: 2019, 2018, and 2017 Actuarial Valuations*

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

The following table provides historical plan funding information for SCERS:

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

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

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

*Source: Annual Actuarial Valuation Reports*

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

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

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

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

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

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

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

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

*Source: Seattle Municipal Code; 2020 and 2021 Budgets; Annual Actuarial Valuation Reports*

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

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

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

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

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

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

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

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

*Source: 2019 Actuarial Valuation*

Employer contributions were \$118.4 million in 2019 and \$141.0 million in 2020. The employer share for employees of each of the utility funds is allocated to and paid out of the funds of each respective utility. The significant increase from 2019 to 2020 was primarily due a large amount of retroactive payroll associated with the settlement of previously expired labor contracts.

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

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

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

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

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

(1) In millions.

Source: SCERS Actuarial Valuations

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

| <b>Year</b><br><b>(As of December 31)</b> | <b>One-Year</b><br><b>Annualized Return<sup>(1)</sup></b> |
|---|---|
| 2011                                      | -0.4%   |
| 2012                                      | 12.8%   |
| 2013                                      | 15.0%   |
| 2014                                      | 5.3%  |
| 2015                                      | 0.1%  |
| 2016                                      | 8.4%  |
| 2017                                      | 15.7%   |
| 2018                                      | -3.7%   |
| 2019                                      | 17.2%   |
| 2020                                      | 12.6%   |

(1) Calculated net of fees.

Source: SCERS Annual Reports

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

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

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

Source: SCERS Actuarial Valuations

**TABLE 22**  
**HISTORICAL SCERS DISTRIBUTION: REVISED INVESTMENT CLASS CATEGORIZATION**

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

*Source: SCERS Actuarial Valuations*

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

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

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

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

These pension plans provide retirement benefits, death benefits, and certain medical benefits for eligible active and retired employees. Retirement benefits are determined under chapters 41.18 and 41.26 RCW for the Firefighters’ Pension Fund and under chapters 41.20 and 41.26 RCW for the Police Relief and Pension Fund. As of January 1, 2020, membership in these plans consisted of 590 fire employees and survivors and 658 police employees and survivors. See “Other Post-Employment Benefits” below for a discussion of medical benefits paid to retirees.

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

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

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

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

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

**TABLE 23**  
**LEOFF CONTRIBUTION RATES EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL**  
**(AS OF DECEMBER 31, 2020)**

|          | <b>Plan 1</b>        | <b>Plan 2</b>        |
|----------|----------------------|----------------------|
| Employer | 0.18% <sup>(1)</sup> | 5.33% <sup>(1)</sup> |
| Employee | 0.00                 | 8.59%                |
| State    | N/A                  | 3.44%                |

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

Source: Washington State Department of Retirement Systems

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

According to the Office of the State Actuary's June 30, 2019, valuation, LEOFF had no UAAL. LEOFF Plan 1 had a funded ratio of 141% and LEOFF Plan 2 had a funded ratio of 111%. The assumptions used by the State Actuary in calculating the accrued actuarial assets and liabilities are a 7.5% annual rate of investment return for LEOFF Plan 1 and a 7.4% annual rate of investment return for LEOFF Plan 2, 3.50% general salary increases, 2.75% consumer price index increase, and annual growth in membership of 0.95%. Liabilities were valued using the EANC method and assets were valued using the AVA, which defers a portion of the annual investment gains or losses over a period of up to eight years. As of December 31, 2019, the City reported an asset of \$278.1 million for its proportionate share of the net pension asset as follows: \$70.7 million for LEOFF Plan 1 and \$207.4 million for LEOFF Plan 2.

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

### **Other Post-Employment Benefits**

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

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

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

The City commissions a biennial valuation report on its OPEB liabilities associated with the implicit rate subsidy for health insurance covering employees retiring under the SCERS 1, SCERS 2, or LEOFF plans. The last valuation was based on a measurement date as of January 1, 2020, and was prepared in accordance with GASB 75. It showed the total OPEB liability for the implicit rate subsidy increased to \$63.6 million from \$61.1 million in the prior valuation. The City's GASB 75 annual expense in 2020 was calculated at \$4.5 million, which compares to \$4.7 million in 2019. The valuation of the OPEB liability associated with the City's Firefighters' Pension Fund and Police Relief and Pension Fund is updated annually. The most recent valuations were prepared in accordance with GASB 75. As of December 31, 2019, the total OPEB liability in the City's Firefighters' Pension Fund increased to \$269.9 million from \$268.8 million. The annual OPEB expense for 2019 was \$12.6 million and the estimated benefit payments were \$11.5 million. As of December 31, 2019, the total OPEB liability in the Police Relief and Pension Fund decreased to \$287.1 million from \$297.4 million. The annual OPEB expense for 2019 was \$4.7 million and the estimated benefit payments were \$15.0 million.

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

### **State Paid Family and Medical Leave Insurance**

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

As of January 1, 2019, the City began paying assessments for premiums based on a percentage of wages. The initial rate of this assessment is 0.4% of wages that are subject to the federal social security tax. The City will continue to pay only the employer share of the 2021 assessment (0.147% of Social Security wages) for most employees, estimated

to be \$1,695,000, of which approximately \$748,000 will be paid from the General Fund and \$947,000 will be paid by other enterprise, levy, and internal service funds.

### **State Long-Term Care Services and Supports Benefit Program**

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

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

### **Labor Relations**

This information has been updated as of February 18, 2021, to reflect the engagement of the Labor Relations Unit within the Seattle Department of Human Resources (“Labor Relations”) with union representatives in response to the impacts of the COVID 19 emergency upon the City and the employees in the respective bargaining units. Since the Mayor’s emergency declaration on March 3, 2020, Labor Relations has been actively addressing the impacts of the emergency on the workplace and working conditions of employees. Negotiation of the first Memorandum of Understanding (“MOU”) providing the City with additional flexibility was concluded on May 28, 2020. Most City unions signed except for the sworn Public Safety employees (Police and Fire), Police Dispatchers, and Parking Enforcement Officers. Labor Relations continued to work closely with all of the labor representatives to address the continuing and growing impacts of the pandemic, as well as other social and environmental crises that affected the City and surrounding communities as well as the City’s employees, negotiating additional agreements related to the impacts of the pandemic, including addressing the extension of the COVID 19 MOU, the transition following expiration of the MOU and the end of the federal Families First Coronavirus Response Act. Safety protocols, flexibility for employees directly impacted by school closures and remote learning for their children, and other ongoing and evolving impacts of the pandemic are a topic of regular weekly meetings between Labor Relations staff and all of the bargaining representatives.

As of January 2021, the City had 38 separate departments and offices with approximately 14,673 employees (including 11,550 regular and 3,123 temporary employees). Twenty-five different unions and 52 bargaining units represent the approximately 75% of regular City employees whose employment is governed by 30 different collective bargaining agreements (contracts). In 2021, the new PROTEC Local 17 bargaining unit, representing most Strategic Advisors in the Legislative Department has completed negotiations with the City for its initial collective bargaining agreement, pending adoption by the City Council and Mayor. At least three other new bargaining units are currently in the certification process, all represented by PROTEC Local 17, including a unit of civilian non-managers and a unit of civilian managers, both at the Seattle Police Department (“SPD”), and Strategic Advisors in two smaller departments.

To date, of the 24 contracts that expired on December 31, 2018, all contracts except the Fire Chiefs Local 2898 contract have been extended or concluded through new agreements. The Seattle Parking Enforcement Officers Guild (“SPEOG”) and IAMAW Local 79 (Machinists) agreements were successfully concluded in April and September 2020, respectively, with a new expiration date of December 31, 2021. Also in 2020, the City was in active negotiations

with the Seattle Police Management Association (“SPMA”) for a new agreement to replace the contract that expired December 31, 2019. In March 2020, both SPMA and Fire Chiefs Local 2898 negotiations were put on hiatus for a number of months due to the pandemic. The City and SPMA are currently negotiating a successor agreement. Negotiations have also resumed with Fire Chiefs Local 2898.

Labor Relations is preparing to open negotiations with SPOG for a new contract to replace the current contract, which expired on December 31, 2020, as well as opening negotiations with IBEW Local 77 on three separate contracts: Power Marketers (expired December 31, 2020), Seattle City Light (expired January 22, 2021), and Seattle Department of Transportation (expired January 22, 2021). These unions will continue to operate under their expired contracts as negotiations begin soon.

Looking ahead, 21 labor agreements that are with either part of the Coalition of City Unions or “Coalition-like” unions have contracts expiring on December 31, 2021. These contracts include approximately 61% of the City’s represented employees.

### **Emergency Management and Preparedness**

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

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

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

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

*Climate Change.* There are potential risks to the City associated with changes to the climate over time and from increases in the frequency, timing, and severity of extreme weather events. The City is preparing for a changing climate and the resulting economic, infrastructure, health, and other community impacts by integrating consideration of climate change into decision making and identifying mitigation and adaptation actions to enhance the resilience of services and infrastructure. The City adopted Resolution 31447 in June 2013 adopting a Climate Action Plan to provide long-term planning direction and guide climate protection and adaptation efforts through 2030. In April 2018, the Mayor’s Office and released an updated “Climate Action Plan” that focuses on a set of short- and long-term actions that provide a roadmap for the City to act on the leading contributors of greenhouse gases: transportation and buildings. It builds on prior studies and plans implemented by the Office of Sustainability and the Environment (“OSE”) that detail strategies and actions that can be taken to improve the climate preparedness of City infrastructure and services and to facilitate coordination across City government. The OSE plans include sector-specific strategies for transportation; buildings, and energy (including specific energy consumption and greenhouse gas emissions reduction targets for City buildings); trees and green space; food access; a healthy environment; and environmental justice. In 2019, the City adopted Resolution 31895, committing to creating a “Green New Deal” for the City to address and mitigate the effects of climate change. The City has also developed more specific plans addressing utility operations (including drainage, water supply, solid waste, and the electric system) and community preparedness. The City is

monitoring and will be documenting climate impacts and likely climate risks as they arise and has not yet quantified the impact on the City, its population, or its operations. Over time, the costs could be significant and could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change.

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

## OTHER CONSIDERATIONS

### **Global Health Emergency Risk and City's Response to the COVID-19 Pandemic**

The spread of COVID-19, the illness caused by the novel coronavirus known as SARS-CoV-2, and its variants is continuing to affect local, State, national, and global economic activity and has contributed to the onset of a recession in the United States. In the City, the COVID-19 pandemic is ongoing and has resulted in significant public health emergency response costs. Ongoing impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the City, cancellations of public events, and disruption of the regional and local economy, with corresponding decreases in the City's revenues, including transient occupancy tax revenue, sales tax revenue, and other revenues.

*"Healthy Washington—Roadmap to Recovery" and Phased Reopening Status.* The Governor of the State initially declared a state of emergency on February 29, 2020, and on March 23, 2020, issued Proclamation 20-25, Stay Home—Stay Healthy (the "Proclamation"), ordering residents to self-isolate and practice social distancing and limiting non-essential activities. The Proclamation was extended several times and was amended to include a four-phase approach to reopening access to non-essential activities on a county-by-county basis, as local public health conditions permitted, through 2020. On January 11, 2021, in recognition of progress being made to vaccinate vulnerable populations, the Governor launched a new regional approach for its phased recovery plan called "Healthy Washington—Roadmap to Recovery". There are eight regions defined in the recovery plan with King County, including the City, in the "Puget Sound" region and four metrics in total – two metrics that measure community disease levels (i.e., trends in case rates, test positivity) and two that measure health system capacity (i.e., trends in COVID-19 hospital admission rates, ICU occupancy). As of March 22, 2021, the State is in Phase 3 of the Roadmap to Recovery. Physical distancing and mandatory mask-wearing orders remaining in place; however, Phase 3 allows up to 50% occupancy or 400 people maximum, whichever is lower, for all indoor spaces including restaurants, gyms and fitness centers, and movie theaters. Sports guidance in Phase 3 also changed, with the move to Phase 3 allowing in-person spectators at events for the first time in a year. Spectators are allowed to attend outdoor venues with permanent seating with capacity capped at 25%.

*City Response and Impacts to City Services.* The City has experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic on the residents of the City. The costs include emergency response, support to homeless and vulnerable populations and small businesses, food assistance, and expanded childcare services, among others. The Mayor initially issued a Proclamation of Civil Emergency on March 3, 2020, and by Executive Order has extended various relief programs and implemented a series of programs that support artists, nonprofits, small businesses, workers, and vulnerable populations adversely impacted.

In 2020, working with the Seattle Fire Department, the City launched free public COVID-19 testing sites across the City through a partnership with the University of Washington Laboratory. The Seattle Fire Department currently operates five free testing sites where more than 650,000 tests have been administered as of February 21, 2021. The City continues to address homelessness and housing insecurity caused or exacerbated by the pandemic by implementing moratoriums on residential, small business, and nonprofit evictions and implementing various homelessness prevention measures, including providing rental assistance, utility discount program expansions, and grocery vouchers. As part of its commitment to provide direct assistance to small businesses, in March 2020, the City created and launched the “Small Business Stabilization Fund” to provide grants to micro-businesses and small businesses impacted by the pandemic. Since this initial action, the City’s Office of Economic Development has provided 707 small businesses impacted by COVID-19 with \$10,000 grants as of March 2021. In November 2020, Mayor Durkan announced an additional \$4 million for restaurants and bars—resulting in another 704 businesses receiving \$3,000 grants. In addition, the City continues to obtain and distribute personal protective equipment, support essential workers by opening emergency childcare, expand zoning and permitting flexibility for small businesses to operate curbside pickups and outdoor service, and provide direct rent relief and other assistance to various nonprofit organizations.

With the response to the pandemic expanding to focus on vaccinations, the City is also actively engaging in the State and national efforts to speed vaccination rates and help ensure that vaccinations are available to eligible residents and reaching minority and under-served populations. The City is partnering with the University of Washington and Swedish Medical Center to open and operate mobile, fixed and mass vaccination centers. In March 2021, the City opened two permanent fixed COVID-19 Community Testing and Vaccination Clinics in Rainier Beach and West Seattle, and opened a new fixed vaccination site at North Seattle College. In the same month, in partnership with Swedish Medical Center and First & Goal Inc., the City opened a mass vaccination site at the Lumen Field Event Center. Together, these four City-affiliated fixed vaccination sites are on track to administer nearly 20,000 doses of COVID-19 vaccine each week as of April 2021, with this number expected to grow as vaccine supplies increase.

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

*CARES Act and Other Federal Assistance.* The additional costs incurred to implement these and other measures have been offset in part by the federal and State funds awarded to the City in 2020 and are anticipated to be provided in 2021. On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the “CARES Act”), which provided, among other measures, \$150 billion in financial assistance to states and tribal and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Funds received by the City under the CARES Act have been used to address COVID-19 related expenses incurred by the City but are not available for payment of debt service on the Bonds or to backfill City revenue losses related to COVID-19. For more information on the CARES Act and other federal assistance, see “City Financial Information—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic—City Expense Reductions and Proposed Budgetary Actions.”

On December 27, 2020, the President signed the \$900 billion Coronavirus Response and Relief Supplemental Appropriations Act. Although the act did not provide additional financial assistance to state and local governments, it did extend the deadline (to December 31, 2021) for them to use unspent funds that were previously approved under the CARES Act.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021, which will provide \$1.9 trillion in pandemic relief overall and provide the City with approximately \$239 million for direct local relief. Based on the provisions in the bill, the City will receive 50% of the funding in 2021 (approximately 60 days after the bill was signed) and the other 50% of the funding will be received 12 months later, in 2022. This pandemic relief funding is available for a broad range of uses, including responding directly to the health emergency, addressing its negative economic impacts with assistance to households and small businesses, restoring government services reduced

in response to pandemic-related revenue losses, and making certain necessary infrastructure improvements. The City has not yet published a specific outline for how the funds will be spent, but planning efforts are underway.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown at this time. Notwithstanding the foregoing, the COVID-19 outbreak has not adversely affected the City's ability to pay debt service on the Bonds, and the City does not currently believe that the outbreak will affect its ability to pay debt service on the Bonds going forward. Additional discussion of the City's response to the pandemic and its fiscal impacts on the City is provided under the "City Financial Information—Fiscal Year 2021 Outlook and 2020 Fiscal Impacts of COVID-19 Pandemic."

### **Public Safety Funding Considerations and Social Justice Demonstrations**

The City experienced a high level of social justice demonstrations in 2020, initially inspired by protests across the country responding to the death of George Floyd in Minneapolis and other incidents of violence against and deaths of African Americans, Native Americans, and persons of other racial and ethnic minorities at the hands of police officers.

Peaceful demonstrations in Seattle were marred by incidents of looting, vandalism, and arson that resulted in damage and loss to public and private property. Police, fire, and other City departments deployed additional resources to protect public health and safety. The most high-profile demonstration resulted in the creation of the six-block "Capitol Hill Organized Protest" area ("CHOP"), which began on or about June 8, 2020, when SPD withdrew its personnel from the East Precinct Building in response to rising tensions surrounding the building. The CHOP area and barriers were dismantled on July 1, 2020. During this period, several violent incidents occurred, prompting efforts to remove the protesters. At least two claims have been filed with the City in connection with two deaths that occurred within the CHOP area and one death on Interstate 5 related to the protests, alleging that the City failed to provide appropriate protection for those in the areas. The lawsuits are ongoing as of the date of this Official Statement. Tensions in the area eased in the latter part of 2020; however, protests and demonstrations continued throughout the City off and on through the end of 2020. In addition to property owners, protestors have filed civil rights lawsuits challenging the City's response to the protests. These lawsuits are also ongoing. See, e.g., *Black Lives Matter King County, et al. v. City of Seattle, No. 2:20-civ-00887-RAJ (W.D. Wa)*.

These demonstrations had the effect of placing renewed emphasis on calls to reform the City's approach to public safety. SPD has been engaged in various reform efforts for many years and is currently operating under a 2012 consent decree ("2012 Consent Decree") that was imposed in response to findings by the U.S. Department of Justice ("DOJ") in 2011 outlining a "pattern or practice" of unconstitutional use of force within SPD. In May 2020, the City and DOJ filed a motion and corresponding memorandum to terminate that plan and most provisions of the Consent Decree after a finding by the U.S. District Court for the Western District of Washington that the City had met the comprehensive reform and improvements in SPD operations set forth in the 2012 Consent Decree and the completion of a two-year, Court-approved Sustainment Plan. As a result of the public concerns over SPD's response to the demonstrations, however, the City announced that it would withdraw that petition and continue to operate under the 2012 Consent Decree.

The SPD's 2020 and 2021 budgets were the focus of ongoing discussion and deliberation by the Executive and the City Council in 2020. In mid-2020, SPD leadership and CBO comprehensively analyzed SPD's current services. Based on that analysis, the Mayor proposed a 10% reduction to SPD's remaining budget for that year.

On August 10, 2020, as part of rebalancing the 2020 budget, the City Council passed an ordinance reducing the police force by up to 100 officers, reducing police commander wages, and appropriating funding to community organizations for public safety initiative. On August 12, 2020, in response to these reductions, the Police Chief submitted her resignation. The Deputy Chief of the department was selected by the Mayor to serve as Interim Chief of the department, and he continues to serve in this interim capacity as of the date of this Official Statement.

The SPD 2021 Adopted Budget signed by the Mayor in November 2020 reflects an 11% reduction to SPD's budget as compared to the 2020 Adopted Budget, and a 4.6% reduction in the size of the sworn officer positions, from 1,422 in the 2020 Adopted budget to 1,357 in the 2021 Adopted Budget, which will be realized largely through eliminating vacant positions caused by historic attrition. The 2021 Adopted budget transfers 911, parking enforcement, emergency management, and victim advocacy functions from SPD. During the budget process, the City Council created a new

department called the “Community Safety and Communications Center” to house both parking enforcement and the 911 communications center.

### **West Seattle Bridge**

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

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

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

Since the closure of the Bridge, the City has worked to stabilize the Bridge and mitigate traffic impacts, and evaluated a variety of options for repairing or replacing the Bridge. In November 2020, the Mayor made the decision to repair the Bridge and continue to plan for a future replacement. Since then, SDOT has advanced the Bridge project to 30% Design. Additionally, SDOT has refined the scope and cost of the entire West Seattle Bridge Program (the “Program”). In addition to the Bridge project, the Program includes structural rehabilitation and control systems for the low bridge, multiple projects to facilitate the reconnection of the Bridge with the West Seattle neighborhood, and an updated testing and monitoring system. The current estimated cost for the Program is \$175.3 million, and the full funding plan is still under development. In addition to identified City resources totaling \$108.5 million, the City has secured federal grants totaling \$15.9 million. The City continues to seek additional funding sources, which may include grants and/or direct funding from federal, State, and local partners. The City anticipates finalizing the funding plan by the second or third quarter of 2021, prior to beginning construction on the Bridge.

### **Federal Policy Risk and Other Federal Funding Considerations**

*Federal Sequestration.* The sequestration provisions of the Budget Control Act of 2011 (“Sequestration”) have been in effect since 2013 and are currently scheduled to remain in effect through federal fiscal year (“FFY”) 2029. This results in a slight reduction in the expected subsidy in respect of certain Build America Bonds and Recovery Zone Economic Development Bonds previously issued by the City. The City does not expect Sequestration to materially adversely affect its ability to make debt service payments in the current or future years.

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

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

### **Considerations Related to Alaskan Way Viaduct and Waterfront Seattle Program**

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

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

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

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

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

*Waterfront Seattle Program.* The Waterfront Seattle Program includes or will include various City capital improvements that span the City's central waterfront area from Pioneer Square to Belltown. The overall budget is approximately \$737 million, excluding seawall replacement and utility relocations and upgrades. The major elements of the seawall replacement project were completed in 2017 and were financed primarily with voter-approved bonds; the final portion of that project has been recently completed as part of the Waterfront Seattle Program. The State's contribution for various improvements is expected to be approximately \$207 million, with certain costs still under negotiation, including costs relating to a pedestrian overpass connecting to the State ferry terminal.

The City's funding plan for the remaining approximately \$530 million of the Waterfront Seattle Program (excluding the seawall replacement) includes a mix of funding sources from various City revenues (*e.g.*, commercial parking tax, real estate excise tax), grant funding, approximately \$110 million in private philanthropy (currently being raised by the nonprofit Friends of the Waterfront), and approximately \$160 million in local improvement district assessments from the Waterfront Local Improvement District, described below. The remaining program costs (including expected costs and any unexpected cost overruns) could require the City to issue additional limited tax general obligation bonds or use other available City funds. The various projects (other than the seawall replacement) will be phased, with many elements nearing completion by 2024.

*Waterfront Local Improvement District.* The Waterfront LID will impose and collect special assessments to pay for a portion (approximately \$160 million) of the estimated costs of specific improvements identified in the LID Ordinance, which include the Promenade, Overlook Walk, Pioneer Square Street Improvements, Union Street Pedestrian Connection, Pike/Pine Streetscape Improvements, and Waterfront Park. The process to confirm final assessment amounts is underway. The assessment roll hearing began in February 2020 and the hearing examiner's final decisions were provided to the City Council in February 2021. Following the completion of the assessment roll hearings in April 2021, the City Council will consider an ordinance to confirm the final LID assessments, anticipated to occur in May 2021.

The LID improvements are to be undertaken as part of the Waterfront Seattle Program and are expected to be partially funded by the issuance of Waterfront LID Bonds, which will be payable from the special assessments and will not be

a general obligation of the City. However, they are expected to be secured by the City's Guaranty Fund. See "General Fund Tax Revenue Sources—General Property Taxes—Guaranty Fund Levies." Special assessments will be imposed sufficient to pay or reimburse the City for up to \$160 million of the costs of these improvements, plus the costs of issuing the Waterfront LID Bonds and making a Guaranty Fund deposit. The City plans to issue the Waterfront LID Bonds before the end of 2021, depending on the timing of the finalization of the Waterfront LID assessment roll. Interim financing for the LID improvements is being provided by means of an interfund loan authorized by the City Council.

## **INITIATIVE AND REFERENDUM**

### **State-Wide Measures**

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

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

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

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

### **Local Measures**

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

## **LEGAL AND TAX INFORMATION**

### **No Litigation Relating to the Bonds**

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

### **Other Litigation**

Because of the nature of its activities, the City is subject to certain pending legal actions that arise in the ordinary course of business of running a municipality, including various lawsuits and claims involving claims for money damages. See Appendix B—The City's 2019 Comprehensive Annual Financial Report—Note 15, Contingencies. Based on its past experience and the information currently known, the City has concluded that its ability to pay principal of and interest on the Bonds on a timely basis will not be impaired by the aggregate amount of uninsured liabilities of the City and the timing of any anticipated payments of judgments that might result from suits and claims.

## **Approval of Counsel**

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

## **Limitations on Remedies and Municipal Bankruptcies**

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

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

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

The opinions to be delivered by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to limitations regarding bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, and other similar laws relating to or affecting creditors' rights. Copies of the proposed form of opinion for each Series of the Bonds are set forth in Appendix A.

## **Tax Matters—2021A Bonds**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings, and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2021A Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

The difference between the issue price of a 2021A Bond (the first price at which a substantial amount of the 2021A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the 2021A Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable 2021A Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the 2021A Bond is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2021A Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2021A Bonds to assure that interest (and original issue discount) on the 2021A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original

issue discount) on the 2021A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2021A Bonds. The City will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable 2021A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable 2021A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a 2021A Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2021A Bond to the Beneficial Owner. Purchasers of the 2021A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2021A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2021A Bonds might be affected as a result of such an audit of the 2021A Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2021A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2021A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2021A BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2021A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2021A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2021A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2021A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2021A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2021A BONDS.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Bond Ordinance and the Tax Certificate relating to the 2021A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any 2021A Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the 2021A Bonds is excluded from gross income for federal income tax purposes provided that the City continues to comply with certain requirements of the Code, the ownership of the 2021A Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2021A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2021A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2021A Bonds.

### **Tax Matters—2021B Bonds**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2021B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of Internal Revenue Code of 1986, as amended (the "Code").

With certain exceptions, the difference between the issue price of a 2021B Bond (the first price at which a substantial amount of the 2021B Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a 2021B Bond will increase the Beneficial Owner's basis in the 2021B Bond. Beneficial Owners of the 2021B Bonds should consult their own tax advisors with respect to taking into account any original issue discount on the 2021B Bonds.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a 2021B Bond may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of taxable interest received with respect to the 2021B Bonds), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a 2021B Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2021B Bond to the Beneficial Owner. The Beneficial Owners of the 2021B Bonds that have a basis in the 2021B Bonds that is greater than the principal amount of the 2021B Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the 2021B Bonds, such Bonds might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bond Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the 2021B Bond Owner's adjusted tax basis in such Bond.

The tax discussion set forth above is included for general information only and may not be applicable depending upon a 2021B Bond Owner's particular situation. The ownership and disposal of the 2021B Bonds and the accrual or receipt of interest on the 2021B Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

BEFORE PURCHASING ANY OF THE 2021B BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE 2021B BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.

#### **CONTINUING DISCLOSURE AGREEMENT**

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

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

- (i) Annual financial information and operating data of the type included in this Official Statement as generally described below under "Type of Annual Information Undertaken to be Provided." The timely filing of unaudited financial statements will satisfy the requirements and filing deadlines pertaining to the filing of annual financial statements described below under "Type of Annual Information Undertaken to be Provided," provided that audited financial statements are to be filed if and when they are otherwise prepared and available to the City; and
- (ii) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds:
  - (a) principal and interest payment delinquencies;

- (b) non-payment related defaults, if material;
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (e) substitution of credit or liquidity providers, or their failure to perform;
  - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (g) modifications to rights of holders of the Bonds, if material;
  - (h) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
  - (i) defeasances;
  - (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (k) rating changes;
  - (l) bankruptcy, insolvency, receivership, or similar event of the City, as such “Bankruptcy Events” are defined in the Rule;
  - (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
  - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (o) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and
  - (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.
- (iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

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

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

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

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

incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

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

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

The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the CDA and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended information will include a narrative explanation of the effect of that change on the type of information to be provided.

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

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

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

## **OTHER BOND INFORMATION**

### **Ratings on the Bonds**

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



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

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[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington  
\$142,860,000 Limited Tax General Obligation Improvement and Refunding Bonds, 2021A  
(the “2021A Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced 2021A Bonds, and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us.

The 2021A Bonds are issued by the City pursuant to the laws of the State of Washington, Ordinance 126219, as amended by Ordinance 126288, and Ordinance 125457 (collectively, the “Bond Ordinance”) for general City purposes. The 2021A Bonds are being issued (i) to pay or reimburse all or part of the costs of various elements of the City’s capital improvement program, including design, construction, renovation, improvement, or replacement of various capital facilities and street, road, bridge, transportation, and information technology projects of the City, (ii) to carry out a current refunding of a portion of the City’s outstanding limited tax general obligation bonds and (iii) to pay the costs of issuing the 2021A Bonds and the administrative costs of carrying out the Refunding Plan.

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

Under the Internal Revenue Code of 1986, as amended (the “Code”), the City is required to comply with certain requirements after the date of issuance of the 2021A Bonds in order to maintain the exclusion of the interest on the 2021A Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2021A Bond proceeds and the facilities financed or refinanced with 2021A Bond proceeds, limitations on investing gross proceeds of the 2021A Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the 2021A Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the 2021A Bonds could become taxable retroactive to the date of issuance of the 2021A Bonds. We have not undertaken and do not undertake to monitor the City’s compliance with these requirements.

As of the date of initial delivery of the 2021A Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

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

2. The City has duly authorized and approved the Bond Ordinance, the 2021A Bonds have been duly authorized and executed by the City and the 2021A Bonds are issued in full compliance with the provisions of the Constitution and laws of the State of Washington, the Bond Ordinance and other ordinances and resolutions of the City relating thereto.

3. The 2021A Bonds constitute valid general obligations of the City, payable from tax revenue of the City to be levied within the constitutional and statutory limitations provided by law without the assent of the voters and from such other money as is lawfully available and pledged by the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles if equitable remedies are sought.

4. Assuming compliance by the City after the date of issuance of the 2021A Bonds with applicable requirements of the Code, under existing statutes, regulations, rulings and judicial decisions, the interest on the 2021A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

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

We express no opinion herein concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the 2021A Bonds or otherwise used in connection with the 2021A Bonds.

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

Respectfully submitted,



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[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington  
\$21,170,000 Limited Tax General Obligation Improvement Bonds, 2021B (Taxable)  
(the “2021B Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced 2021B Bonds, and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us.

The 2021B Bonds are issued by the City pursuant to the laws of the State of Washington, and Ordinance 126219, as amended by Ordinance 126288 (together, the “Bond Ordinance”) for general City purposes. The 2021B Bonds are being issued (i) to pay or reimburse all or part of the costs of design, construction, renovation, improvement, or replacement of certain elements of the City’s capital improvement program, namely the Central Waterfront Overlook Walk and other elements of the redevelopment of the central waterfront area, (ii) to provide financing for the replacement upgrading of electronic signage and reader boards at the Seattle Center, and (iii) to pay the costs of issuing the 2021B Bonds.

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

As of the date of initial delivery of the 2021B Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

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

2. The City has duly authorized and approved the Bond Ordinance, the 2021B Bonds have been duly authorized and executed by the City and the 2021B Bonds are issued in full compliance with the provisions of the Constitution and laws of the State of Washington, the Bond Ordinance and other ordinances and resolutions of the City relating thereto.

3. The 2021B Bonds constitute valid general obligations of the City, payable from tax revenue of the City to be levied within the constitutional and statutory limitations provided by law without the assent of the voters and from such other money as is lawfully available and pledged by the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or

The City of Seattle, Washington  
[Date]  
Page 2

other laws affecting creditors' rights and by the application of equitable principles if equitable remedies are sought.

4. The City has declared its intention that interest on the 2021B Bonds not be excludable from gross income for federal income tax purposes.

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

We express no opinion herein concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the 2021B Bonds or otherwise used in connection with the 2021B Bonds.

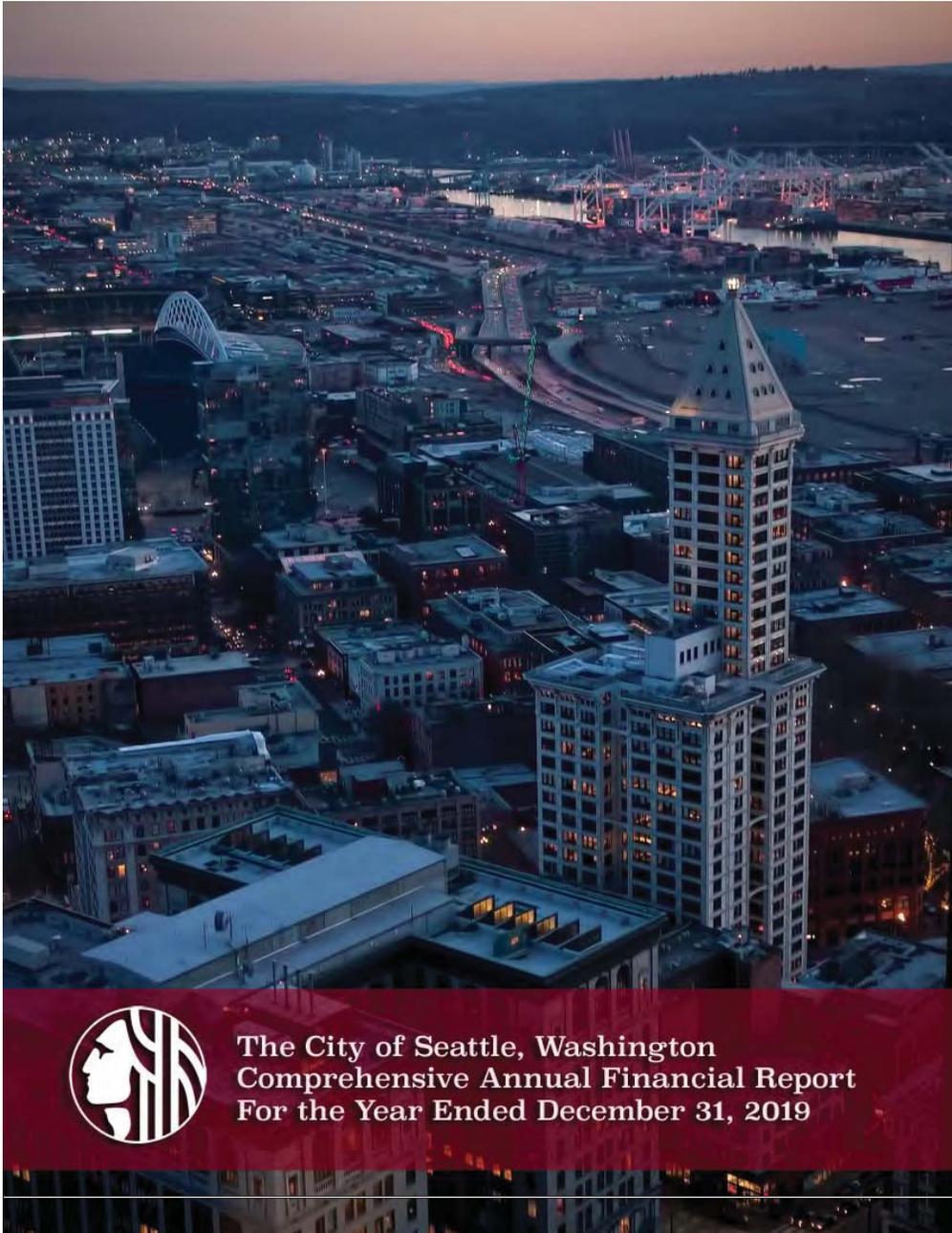
We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

**APPENDIX B**

**THE CITY'S 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

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

# Comprehensive Annual Financial Report

For the Fiscal Year Ended  
December 31, 2019



**City of Seattle**  
**Washington**

Issued by the Department of Finance and Administrative Services

# **Introduction**

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**Comprehensive Annual Financial Report**

For the Year Ended December 31, 2019

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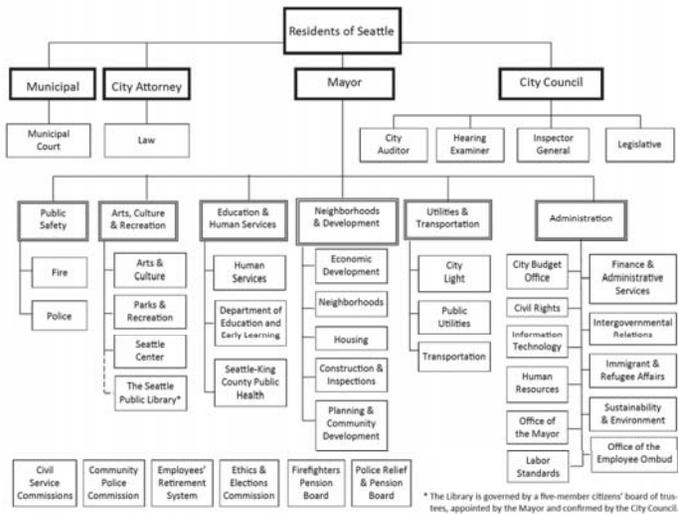
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**CITY ORGANIZATIONAL CHART**



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**OFFICIALS**

**MAYOR AND CITY COUNCIL**

**Jenny A. Durkan**  
**Mayor**

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**City Council**

Lisa Herbold  
District 1

Alex Pedersen  
District 4

Andrew J. Lewis  
District 7

Tammy J. Morales  
District 2

Debora Juarez  
District 5

Teresa Mosqueda  
At-large

Kshama Sawant  
District 3

Dan Strauss  
District 6

M. Lorena González  
At-large



August 21, 2020

The Honorable Mayor and  
Members of the City Council:

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

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

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

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

#### PROFILE OF THE GOVERNMENT

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

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

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

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

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

#### BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

#### NATIONAL AND LOCAL ECONOMY

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

XII

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

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

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

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

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

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

CERTIFICATE OF ACHIEVEMENT

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

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

Sincerely,

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Seattle  
Washington**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

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**City of Seattle**  
**2019 Comprehensive Annual Financial Report**

**Department of Finance and Administrative Services**

Calvin W. Goings, Director

Glen Lee, City Finance Director

**Citywide Accounting and Payroll Division**

Kathleen Organ, Division Director

Ken Knopp, Financial Reporting Manager

Mike Magdaleno, Accounting Operations Manager

Michelle Spruch, Internal Controls & Compliance Manager

Nicholas Devin  
Anna Himichuk  
John Moore  
Steve Spada

Chau Du  
Cam Huynh  
Mena Nguyen

Beau Eiland  
April McCraney  
Parag Santhosh  
Olivia Teo

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**Treasury Services Division**

Teri Allen, Division Director

Gregg Johanson, City Cash Manager

Kellie Craine, Investment Director

**Debt Management Services**

Michael VanDyck, City Debt Manager

**Risk Management Division**

Bruce Hori, Division Director

## **Financial Section**

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

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

August 21, 2020

Mayor and City Council  
City of Seattle  
Seattle, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

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

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

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

**Auditor's Responsibility**

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

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

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

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

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

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

**Opinions**

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

**Matters of Emphasis**

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

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

## **Other Matters**

### ***Prior-Year Comparative Information***

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

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

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

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

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

### ***Supplementary and Other Information***

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

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

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

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

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

Sincerely,



Pat McCarthy  
State Auditor  
Olympia, WA

# **Management's Discussion and Analysis**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

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

#### Fund Financial Statements

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

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

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

## The City of Seattle

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

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

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

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

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

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

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

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

#### Notes to the Financial Statements

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

#### Other Information

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

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

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

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table A-1

CONDENSED STATEMENT OF NET POSITION  
(In Thousands)

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

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

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

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

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

The City of Seattle

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

Table A-2

CONDENSED STATEMENT OF ACTIVITIES  
(In Thousands)

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

## Management's Discussion and Analysis

### Analysis of Changes in Net Position

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

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

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

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

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

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

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

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

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

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

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

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

## The City of Seattle

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

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

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

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

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

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

The Solid Waste Utility realized a \$28.1 million change in net position for 2019, an increase of 74.4% over 2018. Current year operating revenues increased \$19.3 million or 9.4% compared to 2018. The key factors affecting this change included an approximate 4.0% rate increase for residential and commercial garbage and composting services effective April 1, 2019, resulting in a revenue gain of \$10.4 million, made up of \$7.5 million in residential garbage collection and \$2.9 million in commercial collection revenue. There was also a \$0.5 million increase in transfer station revenue. These increases were offset by a \$1.8 million decrease in revenues from fluctuations in pricing of recycling commodities. Additionally, the utility did not reduce revenues with a transfer to the Revenue Stabilization Account (RSA) in 2019, as compared to a \$10.2 million transfer in 2018, as there were sufficient funds in the RSA and per ordinance the utility may contribute to the RSA when operating cash at year-end meets certain targets. Operating expenses in 2019

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## Management's Discussion and Analysis

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increased \$0.1 million (less than 0.1%) compared to 2018. The largest change was a \$1.7 million increase in City and State taxes due to the increase in revenue in 2019. Additional increases included \$1.2 million for personnel benefits, \$0.9 million for salaries and wages and \$0.2 million in services. These increases were offset by decreases of \$2.5 million in supplies and \$1.4 million in other operating expenses. Nonoperating revenues and expenses experienced a net increase of \$3.9 million or 65.2%. Investment income increased \$2.5 million, other non-operating revenue increased \$1.1 million, and interest expense decreased by \$0.4 million.

### FINANCIAL ANALYSIS OF CITY FUNDS

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

#### Governmental Funds

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

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

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

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

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

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

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

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

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

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## The City of Seattle

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

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

#### Proprietary Funds

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

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

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

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

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

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

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

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

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

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

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

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## Management's Discussion and Analysis

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

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

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

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

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

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

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

The largest portion of the Fund's net position (\$448.5 million or 99.3%) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers; consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. In 2019, net investment in capital assets increased \$56.2 million from 2018 due to an increase in capital assets placed in service, net of depreciation offset by the related debt.

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

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

**Solid Waste Fund.** Current assets increased by \$27.9 million or 34.5% from the prior year mostly due to a \$15.5 million increase in unbilled receivables, a \$12.9 million increase in operating cash, and a \$3.0 million increase in accounts receivable, net of allowance for doubtful accounts. These increases were offset by a \$2.9 million decrease in amounts due from other funds and a \$0.6 million decrease in amounts due from other governments. The increase in unbilled receivables was due to the transition from billing in advance to billing in arrears for residential customers during 2019. The increase in operating cash was primarily the result of operating activities. The accounts receivable increase mostly consisted of a \$2.1 million increase in estimated call center reimbursements and an \$0.8 million increase from commercial customers.

Capital assets decreased \$1.9 million or 0.9% over the prior year. This decrease is due to a decrease in depreciation (\$4.9 million), plant in service (\$0.9 million), and other property (\$0.9 million). These decreases are mostly offset by the increase of \$4.8 million in construction in progress, driven mostly by costs for the South Transfer Station Phase 2.

Other assets decreased \$8.6 million (-10.9%) from the prior year. This change consisted of a decrease of \$5.0 million in restricted cash and equity in pooled investments, a decrease of \$3.9 million in accrued landfill closure/post-closure costs, and a decrease of \$0.1

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million in regulatory assets, offset by an increase of \$0.3 million in other noncurrent and regulatory assets. The \$5.0 million change in restricted cash and equity in pooled investments is mostly attributable to the transfers of construction cash to the operating cash for payment of current year projects.

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

Current liabilities increased \$6.4 million or 21.4% from the prior year. This is mostly attributed to an increase in the current portion of accrued landfill closure/post-closure costs of \$7.0 million, accounts payable of \$3.0 million, environmental liabilities due within one year of \$2.1 million, salaries, benefits and payroll taxes payable of \$1.5 million, and taxes payable of \$0.8 million. These increases were mostly offset by a decrease of \$5.1 million in other current liabilities due to the fund transitioning out of billing in advance for residential customers and a \$2.8 million decrease in amounts due to other funds.

Noncurrent and other liabilities decreased \$10.5 million or 3.8% from 2018. This decrease is mostly attributed to a \$9.0 million decrease in the non-current portion of accrued landfill closure/post-closure costs, a decrease of \$8.0 million in Revenue Bonds and related liabilities, and a \$2.4 million decrease in the noncurrent portion of environmental liabilities. These decreases were offset by a \$8.7 million increase in net pension liability and a \$0.2 million increase in compensated absences payable.

Deferred inflows of resources increased by \$0.5 million or 1.3% from 2018 due to an increase of \$0.8 million in the Revenue Stabilization Account as a result of interest earned in 2019 and partially offset by a \$0.3 million decrease attributed to changes in assumptions for pension accounting.

Net position increased \$28.1 million or 74.4% from 2018. A portion of the Fund's net position (\$32.3 million) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers. Consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. During 2019, net position invested in capital assets increased \$0.3 million mainly due to a decrease in debt related to investment in capital.

The primary remaining portion of the Fund's net position (\$33.3 million) represents resources that are unrestricted. The unrestricted portion of net position increased \$27.7 million from the prior year primarily as a result of operating income.

### Fiduciary Funds

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

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

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

## Management’s Discussion and Analysis

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

### Original Budget Compared to Final Budget:

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

### Final Budget Compared to Actual Results:

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

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

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

## CAPITAL ASSETS

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

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

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

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

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

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

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

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

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

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

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

## DEBT ADMINISTRATION

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

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

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

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

**ECONOMIC FACTORS**

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

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

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

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

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

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

**FINANCIAL CONTACT**

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

# Government-wide Financial Statements

## The City of Seattle

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

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

The accompanying notes are an integral part of these financial statements

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**Government-wide Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Government-wide Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

# **Fund Financial Statements**

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## MAJOR GOVERNMENTAL FUNDS

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

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

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

## The City of Seattle

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

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

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

The City of Seattle

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

MAJOR PROPRIETARY FUNDS

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

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

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

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

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

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

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

<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 City of Seattle**

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

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

<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.

**Fund Financial Statements**

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

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

<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

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

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

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

The accompanying notes are an integral part of these financial statements

**The City of Seattle**

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

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

**FIDUCIARY FUNDS**

**PRIVATE-PURPOSE TRUST FUND**

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

**PENSION TRUST FUNDS**

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

**CUSTODIAL FUNDS**

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

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

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

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

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

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

**The City of Seattle**

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**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**December 31, 2019**

*(In Thousands)*

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

The accompanying notes are an integral part of these financial statements

**Fund Financial Statements**

**The City of Seattle**

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

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

# Notes to Financial Statements

The accompanying notes are an integral part of these financial statements

## NOTES TO FINANCIAL STATEMENTS

### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### REPORTING ENTITY

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

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

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

The City presents its component units information in Note 12.

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

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

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## Notes to Financial Statements

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

### ACCOUNTING STANDARDS

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

### BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The amount reported as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bond proceeds; deferred inflows and outflows of resources attributable to capital assets; mortgages; notes; or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints placed on its use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the amount remaining that is not “net investment in capital assets” or “restricted.”

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

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

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

## The City of Seattle

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

### MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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## Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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## The City of Seattle

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

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

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

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

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

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

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

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

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

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

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

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

## Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Two items qualify for reporting in this category – deferred charge on refunding and deferred outflow for pensions and other post-employment benefits (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources for pensions

## The City of Seattle

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Notes to Financial Statements

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

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

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

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

## The City of Seattle

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

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

<sup>2</sup> Resources that cannot be spent due to their form, such as inventory and prepaid items.

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

**BUDGETARY INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**(3) CASH AND INVESTMENTS**

**CASH AND EQUITY IN POOLED INVESTMENTS**

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

**Custodial Credit Risk - Deposits:** The custodial credit risk of deposits is the risk that in the event of bank failure of one of the City's depository institutions, the City's deposits or related collateral securities may not be returned in a timely manner. As of December 31, 2019, the City did not have custodial credit risk. The City's deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) as well as protection provided by the Washington State Public Deposit Protection Commission (PDPC) as established in RCW 39.58. The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks, credit unions, and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC or NCUA by requiring banks, credit unions, and thrifts to pledge securities as collateral.

As of December 31, 2019, the City held \$95,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, is held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

Notes to Financial Statements

CITY TREASURY INVESTMENTS

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

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City’s need for cash.
- A City social policy shall take precedence over furthering the City’s financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.
- All transactions are done on a delivery-versus-payment basis.
- The standard of prudence to be used by investment personnel shall be the “Prudent Investor Rule” promulgated under the Uniform Prudent Investor Act (UPIA) of 1994.
- Investments shall generally be held until maturity except for a security with declining credit may be sold early to minimize the loss of principal; a security swap that would improve the quality, yield, or duration of the portfolio; liquidity needs of the portfolio require that a security be sold early.

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

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

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

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

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

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

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

The City of Seattle

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

The remainder of City’s investments are purchased in the over-the-counter U.S. bond market and accounted for at market value. The City uses market pricing for its over-the-counter investments as provided by its contractual custodial agent, Wells Fargo Institutional Retirement & Trust, and the City’s third-party investment accounting vendor FIS AvantGard LLC. Both Wells Fargo and FIS contract with Interactive Data Pricing and Reference Data, Inc. for securities pricing.

As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Department can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. Valuation adjustments such as for nonperformance risk or inactive markets could cause an instrument to be classified as Level 3 that would otherwise be classified as Level 1 or Level 2.

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

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

Table 3-1

INVESTMENTS AND MATURITIES  
TREASURY RESIDUAL POOLED INVESTMENTS  
(In Thousands)

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

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

## Notes to Financial Statements

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

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

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

The Strategic Portfolio consists of cash that is in excess of known and expected liquidity needs. Accordingly, this portfolio is invested in debt securities with longer maturities than the Operating Portfolio, which is over a market cycle, and is expected to provide a higher return and greater investment income. Consistent with this profile, and for the purpose of comparing duration, yield and total return, the benchmark for the Strategic Portfolio is the Barclays U.S. Government 1-7 year index. The duration of the Strategic Portfolio is targeted between 75% and 125% of the benchmark.

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

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

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

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

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**Concentration Risk.** State statute and the City's Statement of Investment Policy do not stipulate concentration limits for holdings of U.S. Government or U.S. Government Agency Obligations. However, as noted under credit risk, the City's Statement of Investment Policy outlines maximum percentage allocations for municipal securities, commercial paper as well as bank notes and corporate notes.

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

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

**Custodial Credit Risk – Investments.** The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent, Wells Fargo, rather than the trading counterparty or the trading counterparty's trust department or agent. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method. By investment policy, the City maintains a list of approved securities dealers for transacting business. The City also conducts its own due diligence as to the financial wherewithal of its counterparties.

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

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

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

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

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

Notes to Financial Statements

Table 3-3 SCERS' INVESTMENTS  
(In Thousands)

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

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

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

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

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

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

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

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

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

Table 3-6 SCERS' ASSET ALLOCATION

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

**Notes to Financial Statements**

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

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

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

**SECURITIES LENDING TRANSACTIONS**

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

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

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

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2019, the fair value of securities on loan was \$6.9 million. Associated cash collateral totaling \$7.0 million was received. The fair market value of reinvested collateral was \$7.0 million as of December 31, 2019, which includes an unrealized gain totaling \$9,504.

**REVERSE REPURCHASE AGREEMENTS**

RCW 35.39.030 and City investment policy allow the investment of City monies in excess of current City needs in reverse repurchase agreements. At December 31, 2019, the City does not engage in this type of investment strategy.

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

**TAXES RECEIVABLE**

**Property Taxes.** Property taxes are levied by the King County Assessor and collected by the County Finance Director. Assessments are based on 100% of true and fair-market value. They are levied and become a lien on the first day of the levy year. They may be paid in two equal installments if the total amount exceeds \$30. The first half is due on April 30, or else the total amount becomes delinquent on May 1. The balance is due on October 31, becoming delinquent on November 1. Delinquent taxes bear interest at

**The City of Seattle**

the rate of 1% per month until paid and are subject to additional penalties of 3% and another 8% on the total unpaid delinquent balance on June 1 and December 1, respectively. Foreclosure action is commenced on properties when taxes are delinquent for three years.

**Taxing Powers and Limitations.** State law limits the regular property tax rate for general City operations to \$3.60 per \$1,000 of assessed value. This includes \$3.375 for general municipal purposes and an additional \$0.225 for the Firemen's Pension Fund and for general municipal purposes under conditions spelled out in state law. State law limits the annual growth in the City's regular property tax levy to 101%. The growth limit does not count tax revenues from new construction or property remodeled within last year. With simple-majority voter approval, the City can levy additional property taxes above the 101% annual growth limit if the City's regular levy rate per \$1,000 of assessed value does not exceed the \$3.60 limit. Excess tax levies for capital purposes require a 60% approval by voters and do not fall under either of the limits.

The City levied \$1.13 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2019. In addition, the levy included \$1.10 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2019 levy was \$2.23 per \$1,000 of assessed value. Not included in this total was the King County levy for Medic One/Emergency Medical Services, from which the City receives a direct, proportional distribution of proceeds and was \$0.22 per \$1,000 of assessed value in 2019.

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

**Table 4-1  
TAX RECEIVABLES AND REVENUES  
As of and for the Year Ended December 31, 2019  
(In Thousands)**

|                                       | Taxes<br>Receivable | Tax Revenues |
|---------------------------------------|---------------------|--------------|
| Property Taxes                        | \$ 10,373           | \$ 639,986   |
| General Business and Occupation Taxes | 103,824             | 576,581      |
| Totals                                | \$ 114,197          | \$ 1,216,567 |

**INTERFUND TRANSACTIONS**

**Interfund Transfers.** Transfers between funds are used to (1) move revenues from the fund wherein the statute or budget requires them to be collected to the fund wherein the statute or budget requires them to be expended, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) apply unrestricted revenues collected in the General Fund to various programs accounted for in other funds in accordance with budgetary authorizations. The City eliminates or reclassifies transfers between funds in the process of aggregating data for the government-wide statements.

Transfers between governmental funds which were eliminated in the Statement of Activities were as follows:

**Table 4-2  
INTERFUND TRANSFERS  
(In Thousands)**

| Transfers Out              | Transfers In |                  |                |                       |            |
|----------------------------|--------------|------------------|----------------|-----------------------|------------|
|                            | General      | Internal Service | Transportation | Nonmajor Governmental | Total      |
| General Fund               | \$ —         | \$ 51            | \$ 2,119       | \$ 27,486             | \$ 29,656  |
| Internal Service Fund      | 4,000        | —                | —              | 28,531                | 32,531     |
| Transportation             | 515          | —                | —              | 39,453                | 39,968     |
| Nonmajor Governmental Fund | 5,891        | —                | —              | —                     | 5,891      |
| Total Transfers            | \$ 10,406    | \$ 51            | \$ 2,119       | \$ 95,470             | \$ 108,046 |

Notes to Financial Statements

**Interfund Receivables and Payables.** Balances between funds not representative of lending or borrowing arrangements are reported as due to/due from other funds in the balance sheets for governmental funds and statements of net position for proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The table below shows the interfund receivables and payables reported in the fund financial statements at December 31, 2019:

**Table 4-3 Due From and To Other Funds (In Thousands)**

| Due From                   | Due To  |                |                       |        |       |                         |             |                  |           |
|----------------------------|---------|----------------|-----------------------|--------|-------|-------------------------|-------------|------------------|-----------|
|                            | General | Transportation | Nonmajor Governmental | Light  | Water | Drainage and Wastewater | Solid Waste | Internal Service | Total     |
| General Fund               | \$ —    | \$ 52          | \$ 102                | \$ —   | \$ —  | \$ —                    | \$ 516      | \$ —             | \$ 670    |
| Transportation             | 269     | —              | —                     | —      | —     | —                       | —           | —                | 269       |
| Nonmajor Governmental      | —       | 221            | —                     | —      | —     | 163                     | 158         | 8,918            | 9,460     |
| Light                      | —       | —              | —                     | —      | —     | —                       | —           | —                | —         |
| Water                      | —       | —              | —                     | 504    | —     | —                       | —           | —                | 504       |
| Drainage and Wastewater    | —       | —              | —                     | —      | 11    | —                       | —           | —                | 11        |
| Solid Waste                | —       | —              | —                     | —      | —     | —                       | —           | —                | —         |
| Internal Service           | —       | —              | 8,918                 | —      | —     | —                       | —           | —                | 8,918     |
| Total Due from Other Funds | \$ 269  | \$ 273         | \$ 9,020              | \$ 504 | \$ 11 | \$ 163                  | \$ 674      | \$ 8,918         | \$ 19,832 |

**Interfund Advances and Loans.** Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. Interfund debt is recorded in the appropriate funds even though such debt may result in a noncurrent liability for a governmental fund because the debt is not a general obligation of the City.

At December 31, 2019, the following interfund debt was outstanding:

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

| Advances, Notes, and Loans From | Advances, Notes, and Loans To          | Amount   |
|---------------------------------|--|----------|
| General Fund                    | Central Waterfront Improvement Fund    | \$ 1,500 |
| Move Seattle Levy Fund          | Seattle Streetcar Fund                 | 2,000    |
| Information Technology Fund     | Cable Television Franchise Fund        | 700      |
| Emergency Fund                  | Gen. Bond Interest and Redemption Fund | 50       |
| Total City                      |  | \$ 4,250 |

All the above interfund loans were approved by ordinance by the City Council. Repayment of the interfund loan for the Central Waterfront Improvement Fund was extended by City Council until December 31, 2023. The interfund loan to the Seattle Streetcar Fund is to be repaid no later than December 31, 2020. The interfund loan to the Cable Television Franchise Fund is to be repaid no later than December 31, 2020. The advance to the General Bond Interest and Redemption Fund was for the purpose of cash flow and will be paid back in 2020.

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DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Governmental Activities

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

| Deferred Outflows/Inflows of Resources | Governmental Funds | Internal Service Funds | Government-Wide Adjustment | Total      |
|--|--------------------|------------------------|----------------------------|------------|
| Deferred Outflows of Resources         |                    |                        |                            |            |
| Debt Service                           | \$ —               | \$ —                   | \$ 406                     | \$ 406     |
| Pension and OPEB Plans                 | —                  | 92,492                 | 199,135                    | 291,627    |
| Total Deferred Outflows of Resources   | \$ —               | \$ 92,492              | \$ 199,541                 | \$ 292,033 |
| Deferred Inflows of Resources          |                    |                        |                            |            |
| Property Taxes                         | \$ 8,059           | \$ —                   | \$ (8,049)                 | \$ 10      |
| Special Assessment                     | 5,860              | —                      | (1,452)                    | 4,408      |
| Pension and OPEB Plans                 | —                  | 11,428                 | 104,351                    | 115,779    |
| Total Deferred Inflows of Resources    | \$ 13,919          | \$ 11,428              | \$ 94,850                  | \$ 120,197 |

**Debt Service.** The governmental funds loss on debt refunding of \$0.4 million, previously reported as an asset, is now reported as a Deferred Inflow of Resources on the government-wide financial statement and will continue to be amortized as a component of interest expense. Internal service funds' share has been fully amortized.

**Pension and OPEB Plans.** As a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2015, and implementation of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018, the City recognized deferred inflows and outflows of resources related to its pension and OPEB plans. Detailed information about these deferred inflows and outflows of resources for each pension and OPEB plan can be found in Note 11.

**Property Taxes.** For 2019, total taxes outstanding of \$8.0 million were recorded as a tax receivable asset within governmental funds. Unable to meet the revenue recognition criteria, the City's governmental funds recorded the balance of the tax receivable asset as a Deferred Inflow of Resources. The reconciliation of governmental fund financial statements to government-wide financial statements shows an adjustment to remove the deferred inflow of resources recorded by the governmental funds, and to record the tax revenues to the Statement of Activities.

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

Notes to Financial Statements

Business-Type Activities

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

| Deferred Outflows/Inflows of Resources | City Light | Seattle Public Utilities |                         |             |           | Construction & Inspections | Total |
|--|------------|--------------------------|-------------------------|-------------|-----------|----------------------------|-------|
|  |            | Water                    | Drainage and Wastewater | Solid Waste |           |                            |       |
| Deferred Outflows of Resources         |            |                          |                         |             |           |                            |       |
| Pension and OPEB                       | \$ 78,085  | \$ 22,890                | \$ 22,764               | \$ 8,057    | \$ 16,292 | \$ 148,088                 |       |
| Charges on Advance Refunding           | \$ 24,558  | \$ 19,717                | \$ 5,962                | \$ 2,004    | \$ —      | \$ 52,241                  |       |
| Total Deferred Outflows of Resources   | \$ 102,643 | \$ 42,607                | \$ 28,726               | \$ 10,061   | \$ 16,292 | \$ 200,329                 |       |
| Deferred Inflows of Resources          |            |                          |                         |             |           |                            |       |
| Pension and OPEB                       | \$ 29,359  | \$ 8,476                 | \$ 10,209               | \$ 3,027    | \$ 4,696  | \$ 55,767                  |       |
| Revenue Stabilization Account          | 49,145     | 58,870                   | —                       | 37,360      | —         | 145,375                    |       |
| Regulatory Credits                     | 37,668     | —                        | —                       | —           | —         | 37,668                     |       |
| Total Deferred Inflows of Resources    | \$ 116,172 | \$ 67,346                | \$ 10,209               | \$ 40,387   | \$ 4,696  | \$ 238,810                 |       |

**Revenue Stabilization Account.** Funding of Revenue Stabilization Accounts (RSAs) from operating cash effectively defers operating revenues. For City Light the balance of the RSA was \$49.1 million as of December 31, 2019. For Seattle Public Utilities (SPU), the balance of the RSA was \$96.2 million as of December 31, 2019.

**Regulatory Credits.** Regulatory credits are the result of City Light (as affirmed by Seattle City Council Resolution No. 30942) recognizing the effects of reporting the fair value of exchange contracts in future periods for rate-making purposes and maintaining regulatory accounts to spread the accounting impact of these accounting adjustments. For City Light the balance of the credits was \$37.7 million as of December 31, 2019.

(5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

City Light engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve City Light's load obligations and the use of these resources to capture available economic value. City Light makes frequent projections of electric loads at various points in time based on, among other things, estimates of factors such as customer usage and weather, as well as historical data and contract terms. City Light also makes recurring projections of resource availability at these points in time based on variables such as estimates of stream flows, availability of generating units, historic and forward market information, contract terms, and experience. Based on these projections, City Light purchases and sells wholesale electric capacity and energy to match expected resources to expected electric load requirements, and to realize earnings from surplus energy resources. These transactions can be up to 60 months forward. Under these forward contracts, City Light commits to purchase or sell a specified amount of energy at a specified time, or during a specified time in the future. Except for limited intraday and inter-day trading to take advantage of owned hydro storage, City Light does not take market positions in anticipation of generating profit. Energy transactions in response to forecasted seasonal resource and demand variations require approval by City Light's Risk Oversight Council.

It is the City's policy to apply the normal purchase and normal sales exception of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), as appropriate. Certain forward purchase and sale of electricity contracts meet the definition of a derivative instrument but are intended to result in the purchase or sale of electricity delivered and used in the normal course of operations. Accordingly, City Light considers these forward contracts as normal purchases and normal sales

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under GASB 53. These transactions are not required to be recorded at fair value in the financial statements and are presented in the table below for informational purposes only.

The following table presents (in thousands) the aggregate contract amounts, fair value, and unrealized gain (loss) of City Light's commodity derivative instruments qualifying as normal purchases and normal sales on December 31, 2019:

Table 5-1

|           | Aggregate Contract Amount | Aggregate Fair Value | Unrealized Gain (Loss) |
|-----------|---------------------------|----------------------|------------------------|
| Sales     | \$ 8,331.7                | \$ 8,615.4           | \$ (283.7)             |
| Purchases | 696.0                     | 665.7                | 30.4                   |
| Total     | \$ 9,027.7                | \$ 9,281.0           | \$ (253.3)             |

Fair value measurements as of December 31, 2019, used an income valuation technique consisting of KiodeX Forward Curves, which is considered a level 2 input in accordance with GASB 72, *Fair Value Measurement and Application*.

All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB 53. In 2010, the Seattle City Council adopted a resolution granting City Light authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB 53. City Light did not have any such activity for 2019. In addition, the Seattle City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for rate-making purposes, and City Light maintains regulatory accounts to defer the impact of these accounting adjustments in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

**Market Risk.** Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Market risk may also be influenced by the number of active, creditworthy market participants, and to the extent that nonperformance by market participants of their contractual obligations and commitments affects the supply of, or demand for, the commodity. Because City Light is active in the wholesale energy market, it is subject to market risk.

**Credit Risk.** Credit risk relates to the potential losses that City Light would incur as a result of nonperformance by counterparties of their contractual obligations to deliver energy or make financial settlements. Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits are established. City Light seeks to mitigate credit risk by entering into bilateral contracts that specify credit terms and protections against default; applying credit limits and duration criteria to existing and prospective counterparties; and actively monitoring current credit exposures. City Light also seeks assurances of performance through collateral requirements in the form of letters of credit, parent company guarantees, or prepayment.

City Light has concentrations of suppliers and customers in the electric industry including electric utilities; electric generators and transmission providers; financial institutions; and energy marketing and trading companies. In addition, City Light has concentrations of credit risk related to geographic location as it operates in the western United States. These concentrations of counterparties and concentrations of geographic location may impact City Light's overall exposure to credit risk, either positively or negatively, because the counterparties may be similarly affected by changes in conditions.

**Other Operational and Event Risk.** There are other operational and event risks that can affect the supply of the commodity and City Light's operations. Due to City Light's primary reliance on hydroelectric generation, the weather, including springtime snow melt, runoff, and rainfall, can significantly affect City Light's operations. Other risks include regional planned and unplanned generation outages, transmission constraints or disruptions, environmental regulations that influence the availability of generation resources, and overall economic trends.

Notes to Financial Statements

(6) CAPITAL ASSETS

Table 6-1

CHANGES IN CAPITAL ASSETS<sup>a</sup>  
(In Thousands)

|  | Restated<br>Balance<br>January 1 | Additions  | Deletions  | Balance<br>December 31 |
|--|----------------------------------|------------|------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES<sup>b</sup></b>   |                                  |            |            |                        |
| CAPITAL ASSETS NOT BEING DEPRECIATED         |                                  |            |            |                        |
| Land   | \$ 590,659                       | \$ 41,675  | \$ 26,055  | \$ 606,279             |
| Construction in Progress                     | 482,058                          | 284,662    | 196,316    | 570,404                |
| Other Capital Assets                         | 10,456                           | 1,285      | —          | 11,741                 |
| Total Capital Assets Not Being Depreciated   | 1,083,173                        | 327,622    | 222,371    | 1,188,424              |
| CAPITAL ASSETS BEING DEPRECIATED             |                                  |            |            |                        |
| Buildings and Improvements                   | 2,497,344                        | 279,909    | 250,479    | 2,526,774              |
| Machinery and Equipment                      | 480,773                          | 30,488     | 20,401     | 490,860                |
| Infrastructure                               | 2,587,095                        | 53,868     | 102        | 2,640,861              |
| Other Capital Assets                         | 54,093                           | 63,739     | 40,040     | 77,792                 |
| Total Capital Assets Being Depreciated       | 5,619,305                        | 428,004    | 311,022    | 5,736,287              |
| Accumulated Depreciation                     |                                  |            |            |                        |
| Buildings and Improvements                   | 965,369                          | 30,599     | 10,294     | 985,674                |
| Machinery and Equipment                      | 290,103                          | 36,621     | 17,985     | 308,739                |
| Infrastructure                               | 1,025,595                        | 81,410     | —          | 1,107,005              |
| Other Capital Assets                         | 9,900                            | 3,684      | —          | 13,584                 |
| Total Accumulated Depreciation               | 2,290,967                        | 152,314    | 28,279     | 2,415,002              |
| Total Capital Assets Being Depreciated, Net  | 3,328,338                        | 275,690    | 282,743    | 3,321,285              |
| Governmental Activities Capital Assets, Net  | \$ 4,411,511                     | \$ 603,312 | \$ 505,114 | \$ 4,509,709           |
| <b>BUSINESS-TYPE ACTIVITIES</b>              |                                  |            |            |                        |
| CAPITAL ASSETS NOT BEING DEPRECIATED         |                                  |            |            |                        |
| Land   | \$ 265,710                       | \$ 2,424   | \$ —       | \$ 268,134             |
| Construction in Progress                     | 654,173                          | 542,747    | 473,863    | 723,057                |
| Other Capital Assets                         | 10,256                           | 169        | —          | 10,425                 |
| Total Capital Assets Not Being Depreciated   | 930,139                          | 545,340    | 473,863    | 1,001,616              |
| CAPITAL ASSETS BEING DEPRECIATED             |                                  |            |            |                        |
| Plant in Service, Excluding Land             | 8,766,434                        | 454,596    | 113,544    | 9,107,486              |
| Buildings                                    | —                                | —          | —          | 0                      |
| Machinery and Equipment                      | 14,332                           | —          | 13,479     | 853                    |
| Other Capital Assets                         | 26,751                           | 2,075      | 1,337      | 27,489                 |
| Total Capital Assets Being Depreciated       | 8,807,517                        | 456,671    | 128,360    | 9,135,828              |
| Accumulated Depreciation                     |                                  |            |            |                        |
| Plant in Service, Excluding Land             | 3,190,433                        | 247,313    | 114,340    | 3,323,406              |
| Buildings                                    | —                                | —          | —          | —                      |
| Machinery and Equipment                      | 14,298                           | 1          | 13,447     | 852                    |
| Other Capital Assets                         | 2,065                            | 1,405      | 84         | 3,386                  |
| Total Accumulated Depreciation               | 3,206,796                        | 248,719    | 127,871    | 3,327,644              |
| Total Capital Assets Being Depreciated, Net  | 5,600,721                        | 207,952    | 489        | 5,808,184              |
| Business-Type Activities Capital Assets, Net | \$ 6,530,860                     | \$ 753,292 | \$ 474,352 | \$ 6,809,800           |

<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.

The City of Seattle

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION  
(In Thousands)

|   |            |
|---|------------|
| <b>GOVERNMENTAL ACTIVITIES</b>  |            |
| General Government  | \$ 27,894  |
| Public Safety   | 2,016      |
| Transportation  | 87,287     |
| Economic Environment  | —          |
| Culture and Recreation  | 35,116     |
| Subtotal  | 152,314    |
| Capital assets held by internal service funds are charged to the various functions based on their usage of the assets |            |
|   | 54,338     |
| Total Governmental Activities   | \$ 206,652 |
| <b>BUSINESS-TYPE ACTIVITIES</b>   |            |
| Light   | \$ 152,600 |
| Water   | 32,825     |
| Solid Waste   | 11,445     |
| Drainage and Wastewater   | 50,381     |
| Construction and Inspections  | 916        |
| Total Business-Type Activities  | \$ 248,167 |

(7) COMPENSATED ABSENCES

The following table presents accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds as of December 31, 2019.

Table 7-1

COMPENSATED ABSENCES  
(In Thousands)

|                                      |            |
|--------------------------------------|------------|
| <b>Governmental Activities</b>       |            |
| Governmental Funds                   | \$ 98,397  |
| Internal Service Funds               |            |
| Finance and Administrative Services  | 4,798      |
| Information Technology               | 7,701      |
| Total Internal Service Funds         | 110,896    |
| <b>Business-Type Activities</b>      |            |
| Enterprise Funds                     |            |
| Light                                | 18,000     |
| Water                                | 4,811      |
| Drainage and Wastewater              | 4,926      |
| Solid Waste                          | 1,718      |
| Construction and Inspections         | 2,861      |
| Total Enterprise Funds               | 32,316     |
| <b>Pension Trust</b>                 |            |
| Employees' Retirement                | 254        |
| Total Compensated Absences Liability | \$ 143,466 |

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

Notes to Financial Statements

(8) LEASES

CAPITAL LEASES

The City leases certain office equipment under various capital lease agreements. The City's capital lease obligations and related assets were recorded in the appropriate funds and government-wide financial statements. The net capital lease assets shown in the following table reflect those continuing to be financed through capital leases. The minimum capital lease payments reflect the remaining capital obligations on these assets.

Table 8-1 CAPITAL LEASES (In Thousands)

| Net Capital Lease Assets       | Capital Assets          |         |
|--------------------------------|-------------------------|---------|
|                                | Governmental Activities |         |
| Machinery and Equipment        | \$                      | 1,147   |
| Less Accumulated Depreciation  |                         | (1,012) |
| December 31, 2019              | \$                      | 135     |
|                                |                         |         |
| Minimum Capital Lease Payments | Long-Term Liabilities   |         |
|                                | Governmental Activities |         |
| 2019                           | \$                      | 11      |
| Total Minimum Lease Payments   |                         | 11      |
| Less Interest                  |                         | (1)     |
| Principal                      | \$                      | 10      |

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

OPERATING LEASES

**Governmental Activities.** The City, through its Finance and Administrative Services Department's Facilities Operations Division, manages buildings and facilities that are owned by the City and has operating lease commitments on real property owned by private entities. Many lease commitments on private properties are for a term of five years or longer and may be renewed as required by the City tenant departments. The lease agreements show periodic schedules of rental amounts. Facilities Operations Division paid rents of approximately \$8.8 million in 2019 on lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

Seattle Center leases a building for office space and workshop on a type of lease called a "triple net lease" for its Technical Facilities Management. The current lease term expires on July 30, 2020. The lease agreement requires a fixed rent of \$26,000 per month subject to increases on each July 1 by the percentage of change in the Consumer Price Index (CPI) for All Urban Consumers, United States Average for All Items (1982 - 84 = 100) published by the Bureau of Labor Statistics, United States Department of Labor CPI from last published in the preceding year, but not to exceed 5% for any lease year. When the CPI declines, the fixed rent during the succeeding year is the fixed rent during preceding year. All other amounts required by the landlord to be paid by Seattle Center on the lease shall constitute additional rent. On a triple net lease, Seattle Center will pay all impositions on the lease, insurance premiums, utilities, taxes, operating expenses, maintenance charges, repair costs, and other charges, costs, and expenses which arise or may be contemplated during the lease term. Seattle Center paid lease payments of \$0.3 million in 2019. Rents are paid as they become due and payable.

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

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

| Year Ending December 31 | Minimum Lease Payments                 |                |                                  |                              |            |
|-------------------------|--|----------------|----------------------------------|------------------------------|------------|
|                         | Department of Finance & Admin Services | Seattle Center | Department of Parks & Recreation | Department of Transportation | Total      |
| 2020                    | \$ 9,788                               | \$ 411         | \$ 1,034                         | \$ 137                       | \$ 11,370  |
| 2021                    | 10,216                                 | 513            | 1,047                            | 105                          | 11,881     |
| 2022                    | 10,497                                 | 522            | 1,488                            | 64                           | 12,571     |
| 2023                    | 10,765                                 | 533            | 1,016                            | 26                           | 12,340     |
| 2024                    | 11,098                                 | 543            | 1,066                            | —                            | 12,707     |
| 2024-2028               | 60,327                                 | 323            | 6,427                            | —                            | 67,077     |
| Total                   | \$ 112,691                             | \$ 2,845       | \$ 12,078                        | \$ 332                       | \$ 127,946 |

The following schedule shows the composition of total rental expense for all operating leases except those with terms of a month or less that were not renewed during 2019:

|                        | For the Year Ended December 31, 2019 (In Thousands) |
|------------------------|---|
| Minimum Rentals:       | \$ 10,373   |
| Less: Sublease Rentals | (61)  |
|                        | \$ 10,312   |

**Business-Type Activities.** City Light leases office equipment and smaller facilities for various purposes through long-term operating lease agreements. Expense for these operating leases totaled \$1.3 million in 2019.

Seattle Public Utilities has non-cancellable operating lease commitments for real and personal properties for its three funds: Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund. The minimum payments made respectively in 2019 were \$135,718 for the Water Fund; \$131,331 for the Drainage and Wastewater Fund; and \$9,516 for the Solid Waste Fund. Rents are paid as they become due and payable.

Seattle Department of Construction & Inspections leases office equipment for operational purposes. Minimum payments of \$58,184 were made in 2019.

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

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

| Year Ending<br>December 31 | Minimum Payments |        |                          |                |                               |           | Total |
|----------------------------|------------------|--------|--------------------------|----------------|-------------------------------|-----------|-------|
|                            | City<br>Light    | Water  | Drainage &<br>Wastewater | Solid<br>Waste | Construction<br>& Inspections |           |       |
| 2020                       | \$ 1,442         | \$ 44  | \$ 321                   | \$ 6           | \$ 49                         | \$ 1,862  |       |
| 2021                       | 1,493            | 13     | 310                      | 2              | 32                            | 1,850     |       |
| 2022                       | 1,501            | 13     | 318                      | 2              | —                             | 1,834     |       |
| 2023                       | 1,518            | 13     | 326                      | 2              | —                             | 1,859     |       |
| 2024                       | 1,421            | 12     | 334                      | —              | —                             | 1,767     |       |
| 2025 - 2029                | —                | 62     | 1,690                    | —              | —                             | 1,752     |       |
| Total                      | \$ 7,375         | \$ 157 | \$ 3,299                 | \$ 12          | \$ 81                         | \$ 10,924 |       |

LEASE REVENUES – GOVERNMENTAL ACTIVITIES

The Facilities Operations Division collects occupancy charges from the various tenants occupying real property owned or leased by the City. These tenants include other City departments, other government offices, social service agencies, and private businesses. Social service agencies frequently pay occupancy charges at reduced rates in consideration of offsetting benefits accruing to the City as a result of the services they provide to the public. Rental revenues derived from these activities are accounted for in the Finance and Administrative Services Fund, an internal service fund, and are shown in the following table.

Table 8-4 MAJOR SOURCES OF RENTAL INCOME ON REAL PROPERTY MANAGED BY  
FACILITIES OPERATIONS DIVISION  
(In Thousands)

|  | 2019      |
|--|-----------|
| Non-City Property Occupied by City Departments   | \$ 10,518 |
| City-Owned Property Occupied by City Departments | 56,739    |
| City-Owned Property Leased to Non-City Tenants   | 2,279     |
| Total  | \$ 69,536 |

Additionally, the SeaPark Garage and the Seattle Municipal Tower Building generated \$4.64 million total parking revenues in 2019, which were recorded in the Finance and Administrative Services Fund.

(9) LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The City issues general obligation (GO) bonds to provide funding for the acquisition and the construction of major capital facilities. GO bonds have been issued for both governmental and business-type activities, are direct obligations and pledge the full faith and credit of the City. The City issues two types of GO bonds – Limited Tax General Obligation (LTGO) bonds and Unlimited Tax General Obligation (UTGO) bonds.

In July 2019, the City issued \$47.0 million of LTGO bonds, comprised of \$35.9 million of tax-exempt bonds (Series A) and \$11.1 million of taxable bonds (Series B). The Series A bonds mature from November 2019 through May 2049 with an average coupon rate of 4.4%. The Series B bonds mature from November 2019 through May 2039 with an average coupon rate of 2.7%. The proceeds of these LTGO bonds are used to pay all or part of the costs of construction and acquisition of various City capital projects, such as Alaskan Way Corridor, Elliot Bay Seawall, Habitat Beach and various IT projects.

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The original amount of GO bonds issued for which amounts are still outstanding at the end of 2019 was \$1.417 billion. The principal balance of those bonds as of December 31, 2019 was \$943.9 million. The following table presents the individual GO bonds outstanding as of December 31, 2019:

| Table 9-1 GENERAL OBLIGATION BONDS<br>(In Thousands)             |                  | Effective<br>Interest<br>Rate | Original<br>Issuance<br>Amount | Redemptions         |                  | Amounts<br>Outstanding<br>December 31,<br>2019 |                      |
|--|------------------|-------------------------------|--------------------------------|---------------------|------------------|--|----------------------|
| Name and Purpose of Issue  | Issuance<br>Date |                               |                                | Maturity Dates      | 2019             |  | To Date <sup>A</sup> |
| <b>LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED</b>    |                  |                               |                                |                     |                  |  |                      |
| Improvement and Refunding, 2009                                  | 3/25/2009        | 11/2009-5/2034                | 3.574 %                        | \$ 99,860           | \$ 4,620         | \$ 98,970                                      | \$ 890               |
| Improvement and Refunding, 2010, Series A (Taxable) <sup>B</sup> | 3/31/2010        | 8/2010-8/2030                 | 3.039                          | 66,510              | 4,445            | 8,900  | 57,610               |
| Improvement and Refunding, 2010, Series B                        | 3/31/2010        | 8/2010-8/2031                 | 3.125                          | 135,395             | 7,495            | 76,565   | 58,830               |
| Improvement, 2011  | 3/16/2011        | 3/2011-3/2031                 | 3.645                          | 79,185              | 3,470            | 33,755   | 45,430               |
| Improvement and Refunding, 2012                                  | 5/16/2012        | 9/2012-9/2032                 | 2.703                          | 75,590              | 3,660            | 25,840   | 49,750               |
| Improvement and Refunding, 2013 Series A                         | 6/4/2013         | 10/2014-10/2033               | 2.375                          | 42,315              | 1,200            | 23,200   | 19,115               |
| Improvement, 2013 Series B                                       | 6/4/2013         | 1/2014-1/2025                 | 1.427                          | 55,075              | 7,820            | 42,590   | 12,485               |
| Improvement and Refunding, 2014                                  | 4/10/2014        | 11/2014-5/2034                | 2.497                          | 62,770              | 8,385            | 37,745   | 25,025               |
| Improvement and Refunding, 2015 Series A                         | 5/21/2015        | 12/2015-6/2035                | 2.401                          | 160,945             | 13,285           | 34,380   | 126,565              |
| Improvement, 2015 Series B (Taxable)                             | 5/21/2015        | 4/2016-4/2035                 | 3.452                          | 28,175              | 1,155            | 4,545  | 23,630               |
| Improvement and Refunding, 2016 Series A                         | 5/25/2016        | 4/2017-4/2036                 | 2.188                          | 103,660             | 6,435            | 18,380   | 85,280               |
| Improvement, 2016 Series B (Taxable)                             | 5/25/2016        | 4/2017-4/2036                 | 2.801                          | 6,070               | 250              | 745  | 5,325                |
| Improvement, 2017 Series A                                       | 6/14/2017        | 11/2017-11/2047               | 2.964                          | 73,080              | 3,445            | 6,735  | 66,345               |
| Improvement, 2017 Series B (Taxable)                             | 6/14/2017        | 11/2017-11/2037               | 3.038                          | 12,400              | 760              | 1,490  | 10,910               |
| Improvement and Refunding, 2018 Series A                         | 5/22/2018        | 12/2018-12/2038               | 2.705                          | 23,230              | 1,900            | 1,900  | 21,330               |
| Improvement and Refunding, 2018 Series B (Taxable)               | 5/22/2018        | 12/2018-12/2038               | 3.593                          | 26,745              | 1,150            | 1,150  | 25,595               |
| Improvement, 2019 Series A                                       | 7/25/2019        | 11/2019-5/2049                | 2.208                          | 35,870              | —                | —  | 35,870               |
| Improvement, 2019 Series B (Taxable)                             | 7/25/2019        | 11/2019-5/2049                | 2.736                          | 11,100              | —                | —  | 11,100               |
| Total Limited Tax General Obligation Bonds                       |                  |                               |                                | <u>1,097,975</u>    | <u>69,475</u>    | <u>416,890</u>                                 | <u>681,085</u>       |
| <b>UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED</b>     |                  |                               |                                |                     |                  |  |                      |
| Refunding, 2012  | 5/16/2012        | 12/2012-12/2021               | 1.276                          | 46,825              | 5,575            | 34,830   | 11,995               |
| Improvement, 2013  | 6/4/2013         | 12/2014-12/2042               | 3.280                          | 50,000              | 1,080            | 5,925  | 44,075               |
| Improvement, 2014  | 4/10/2014        | 12/2014-12/2043               | 3.672                          | 16,400              | 360              | 1,670  | 14,730               |
| Improvement, 2015  | 5/21/2015        | 12/2016-12/2044               | 3.575                          | 169,135             | 3,355            | 12,485   | 156,650              |
| Improvement and Refunding, 2016                                  | 5/25/2016        | 12/2018-12/2045               | 3.084                          | 36,740              | 715              | 1,395  | 35,345               |
| Total Unlimited Tax General Obligation Bonds                     |                  |                               |                                | <u>319,100</u>      | <u>11,085</u>    | <u>56,305</u>                                  | <u>262,795</u>       |
| Total General Obligation Bonds                                   |                  |                               |                                | <u>\$ 1,417,075</u> | <u>\$ 80,560</u> | <u>\$ 473,195</u>                              | <u>\$ 943,880</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> Issued as direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35% of the total coupon interest payable to investors or buyers of the bonds. However, starting in fiscal year 2014, the subsidy payments have been reduced as a result of sequestration mandated by the U.S Congress. The subsidy cuts are expected to last through fiscal year 2024.

The requirements to amortize the general obligation bonds as of December 31, 2019, are presented in the following table. Debt service for the LTGO bonds is met by transfers generally from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that

Notes to Financial Statements

authorized the bond issuance and were approved by at least 60% of the voters in elections in which the number of voters exceeded 40% of the voters in the most recent election preceding the election to vote on the bond issue.

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

| Year Ending<br>December 31 | Governmental Activities |            | Total        |
|----------------------------|-------------------------|------------|--------------|
|                            | Principal               | Interest   |              |
| 2020                       | \$ 78,010               | \$ 39,910  | \$ 117,920   |
| 2021                       | 80,990                  | 36,288     | 117,278      |
| 2022                       | 69,040                  | 32,733     | 101,773      |
| 2023                       | 68,265                  | 29,639     | 97,904       |
| 2024                       | 70,480                  | 26,434     | 96,914       |
| 2025 - 2029                | 241,035                 | 91,860     | 332,895      |
| 2030 - 2034                | 155,035                 | 51,960     | 206,995      |
| 2035 - 2039                | 99,760                  | 26,800     | 126,560      |
| 2040 - 2044                | 73,650                  | 10,151     | 83,801       |
| 2045 - 2049                | 7,615                   | 550        | 8,165        |
| Total                      | \$ 943,880              | \$ 346,325 | \$ 1,290,205 |

**SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT**

The bonds are special fund obligations of the City, the debt service of which will be paid from collections from related Local Improvement District (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City's LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation of any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The amount of special assessment bonds outstanding at the end of 2019 was \$3.8 million. No bond was issued in 2019.

The following table shows more detail on the outstanding special assessment bonds:

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

| Name and Purpose of Issue                       | Issuance Date | Maturity Dates  | Effective Interest Rate | Original Issuance Amount | Redemptions |           | Amounts Outstanding December 31, 2019 |
|---|---------------|-----------------|-------------------------|--------------------------|-------------|-----------|---------------------------------------|
|   |               |                 |                         |                          | 2019        | To Date   |                                       |
| Local Improvement District No. 6750 Bonds, 2006 | 12/31/2006    | 12/2007-12/2024 | 4.102 %                 | \$ 21,925                | \$ 1,215    | \$ 18,165 | \$ 3,760                              |

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**Local Improvement District No. 6750  
Assessment Collection Information**

| Calendar/Fiscal Year<br>End Dec. 31 | Assessment Installment<br>Payments Billed <sup>a</sup> | Assessment Installment<br>Payments Collected <sup>b</sup> | Unpaid Principal Balance of<br>Assessments <sup>c</sup> | Assessment Installments<br>that are Delinquent <sup>d</sup> |
|-------------------------------------|--|---|---|---|
| 2010                                | \$ 1,202,504   | \$ 2,092,158  | \$ 16,761,182   | \$ 163,623  |
| 2011                                | 1,199,958  | 1,991,483   | 15,535,847  | 152,307   |
| 2012                                | 1,194,120  | 1,900,225   | 14,265,404  | 194,705   |
| 2013                                | 1,189,621  | 2,046,315   | 13,038,066  | 264,692   |
| 2014                                | 1,186,600  | 1,781,162   | 11,819,398  | 249,080   |
| 2015                                | 1,186,600  | 1,996,091   | 10,572,835  | 291,124   |
| 2016                                | 1,148,384  | 1,768,274   | 9,153,197   | 287,510   |
| 2017                                | 1,126,841  | 1,492,796   | 7,854,542   | 359,974   |
| 2018                                | 1,554,199  | 1,561,443   | 7,192,381   | 378,532   |
| 2019                                | 1,451,992  | 1,535,808   | 5,860,549   | 404,063   |

<sup>a</sup> Represents installment payments due and billed in the current calendar year. Source: King County Report SLD270 - "Current Install."  
<sup>b</sup> Represents total amount received in respect of assessments in calendar year, including payments of assessment installments (consisting of both principal and interest) due and billed in current calendar year, plus amounts received as prepayments of outstanding principal balances of unpaid assessments and amounts received in respect of delinquent installments. Source: Seattle Oracle Financial System.  
<sup>c</sup> Represents principal balance of assessments that is outstanding and unpaid, including amounts that are not yet due and payable at year-end. Source: King County Report SLD270 - "Future Install."  
<sup>d</sup> Represents cumulative amount of the principal portion of installment payments that were due and billed in any calendar year, but which remained unpaid at year-end. Source: King County Report SLD270 - "Delinquent Install."

The requirements to amortize the special assessments with governmental commitment as of December 31, 2019, are shown below:

**Table 9-4 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY  
SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT  
(In Thousands)**

| Year Ending<br>December 31 | Principal | Interest | Total    |
|----------------------------|-----------|----------|----------|
| 2020                       | \$ —      | \$ 211   | \$ 211   |
| 2021                       | —         | 211      | 211      |
| 2022                       | —         | 211      | 211      |
| 2023                       | —         | 96       | 96       |
| 2024                       | 3,760     | —        | 3,760    |
| Total                      | \$ 3,760  | \$ 729   | \$ 4,489 |

**NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES**

The Seattle Department of Transportation (SDOT) has outstanding notes drawn in several years from the Washington State's Public Works Trust Loan program. The notes were drawn at varying annual interest rates ranging from 0.5% to 3.0%. The proceeds of the loans support city road and bridge improvements. The City paid \$1.3 million principal and \$0.05 million interest in 2019. The outstanding balance on the notes was \$16.8 million as of December 31, 2019. The following table presents the annual debt service requirements to maturity on the notes as of December 31.

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

| Year Ending December 31 | Principal | Interest | Total    |
|-------------------------|-----------|----------|----------|
| 2020                    | \$ 1,275  | \$ 32    | \$ 1,307 |
| 2021                    | 973       | 19       | 992      |
| 2022                    | 918       | 15       | 933      |
| 2023                    | 918       | 11       | 929      |
| 2024                    | 353       | 7        | 360      |
| 2025 - 2029             | 1,726     | 22       | 1,747    |
| 2030 - 2034             | 632       | 2        | 634      |
| Total                   | \$ 6,795  | \$ 108   | \$ 6,902 |

REVENUE BONDS

The City issues revenue bonds to provide financing for the capital programs of the four utilities – City Light, Water, Drainage and Wastewater, and Solid Waste. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. The original amount of revenue bonds issued for which amounts are still outstanding at the end of 2019 was approximately \$6.0 billion. The outstanding principal balance on December 31, 2019 was \$4.3 billion.

In October 2019, City Light issued \$210.5 million of tax exempt Municipal Light and Power (ML&P) Improvement Revenue Bonds (2019A Bonds) and in November 2019 issued \$140.3 million of tax exempt Municipal Light and Power (ML&P) Refunding Revenue Bonds (2019B Bonds). The 2019A bonds had a coupon interest rate of 5.0% and mature serially from April 1, 2020 through April 1, 2049. The 2019B bonds also had a coupon interest rate of 5.0% and mature serially from February 2021 through February 2026. Proceeds from the 2019A bonds were used to finance certain capital improvement and conservation programs and to make a deposit to the reserve fund. Proceeds from the 2019B bonds were used to refund \$155.8 million of the 2010B bonds.

The following table presents revenue bonds outstanding as of December 31, 2019:

| Name and Purpose of Issue                         | Issuance Date | Maturity Dates | Effective Interest Rate | Original Issuance Amount | Redemptions |                      | Amounts Outstanding December 31, 2019 |
|---|---------------|----------------|-------------------------|--------------------------|-------------|----------------------|---------------------------------------|
|   |               |                |                         |                          | 2019        | To Date <sup>A</sup> |                                       |
|   |               |                |                         |                          |             |                      |                                       |
| <b>MUNICIPAL LIGHT AND POWER (ML&amp;P) BONDS</b> |               |                |                         |                          |             |                      |                                       |
| 2008 Parity                                       | 12/30/2008    | 4/2009-4/2029  | 5.522 %                 | \$ 257,375               | \$ 10,020   | \$ 257,375           | \$ —                                  |
| 2010 Parity, Series A <sup>B</sup>                | 5/26/2010     | 2/2021-2/2040  | 3.566                   | 181,625                  | —           | —                    | 181,625                               |
| 2010 Parity, Series B                             | 5/26/2010     | 2/2011-2/2026  | 3.413                   | 596,870                  | 200,000     | 550,445              | 46,425                                |
| 2010 Parity, Series C <sup>C</sup>                | 5/26/2010     | 2/2011-2/2040  | 3.113                   | 13,275                   | —           | —                    | 13,275                                |
| 2011 Parity, Series A, Refunding                  | 2/8/2011      | 2/2011-2/2036  | 4.544                   | 296,315                  | 11,350      | 238,335              | 57,980                                |
| 2011 Parity, Series B <sup>D</sup>                | 2/8/2011      | 2/2011-2/2027  | 1.957                   | 10,000                   | —           | —                    | 10,000                                |
| 2012 Parity, Series A                             | 7/17/2012     | 6/2041         | 3.148                   | 293,280                  | 13,180      | 80,690               | 212,590                               |
| 2012 Parity, Series C <sup>D</sup>                | 7/17/2012     | 6/2033         | 0.586                   | 43,000                   | —           | —                    | 43,000                                |
| 2013 Parity                                       | 7/9/2013      | 7/2043         | 4.051                   | 190,755                  | 3,475       | 18,845               | 171,910                               |
| 2014 Parity                                       | 11/5/2014     | 9/2044         | 3.098                   | 265,210                  | 18,065      | 66,840               | 198,370                               |

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Table 9-6 REVENUE BONDS (In Thousands) Page 2 of 2

| Name and Purpose of Issue                         | Issuance Date | Maturity Dates  | Effective Interest Rate | Original Issuance Amount | Redemptions |                      | Amounts Outstanding December 31, 2019 |
|---|---------------|-----------------|-------------------------|--------------------------|-------------|----------------------|---------------------------------------|
|   |               |                 |                         |                          | 2019        | To Date <sup>A</sup> |                                       |
| <b>MUNICIPAL LIGHT AND POWER (ML&amp;P) BONDS</b> |               |                 |                         |                          |             |                      |                                       |
| 2015 Parity, Series A                             | 7/9/2015      | 5/2045          | 3.566                   | 171,850                  | 5,965       | 22,855               | 148,995                               |
| 2016 Parity, Series A <sup>D</sup>                | 1/28/2016     | 1/2041          | 1.029                   | 31,870                   | —           | —                    | 31,870                                |
| 2016 Parity, Series B, Refunding                  | 1/28/2016     | 4/2029          | 2.080                   | 116,875                  | —           | 1,535                | 115,340                               |
| 2016 Parity, Series C, Refunding                  | 9/28/2016     | 10/2046         | 2.926                   | 160,815                  | 2,360       | 6,710                | 154,105                               |
| 2018 Parity, Series C, Refunding                  | 9/28/2017     | 9/2047          | 3.160                   | 385,530                  | 4,100       | 9,235                | 376,295                               |
| 2018 Parity, Series A                             | 6/19/2018     | 1/2048          | 3.530                   | 263,755                  | 3,870       | 3,870                | 259,855                               |
| 2018 Parity, Series B-1                           | 9/4/2018      | 5/2045          | 1.77-2.00               | 50,135                   | —           | —                    | 50,135                                |
| 2018 Parity, Series B-2                           | 9/4/2018      | 5/2045          | 1.77-2.00               | 50,135                   | —           | —                    | 50,135                                |
| 2018 Parity, Series C-1                           | 9/4/2018      | 11/2046         | 1.26-2.79               | 49,245                   | 1,435       | 2,065                | 47,180                                |
| 2018 Parity, Series C-2                           | 9/4/2018      | 11/2046         | 1.26-2.79               | 49,245                   | 1,435       | 2,065                | 47,180                                |
| 2019 Parity, Series A                             | 10/16/2019    | 4/2049          | 3.203                   | 210,540                  | —           | —                    | 210,540                               |
| 2019 Parity, Series B                             | 11/5/2019     | 2/2026          | 1.286                   | 140,275                  | —           | —                    | 140,275                               |
| Total Light Bonds                                 |               |                 |                         | 3,827,975                | 275,255     | 1,260,865            | 2,567,110                             |
| <b>MUNICIPAL WATER BONDS</b>                      |               |                 |                         |                          |             |                      |                                       |
| 2010A Parity <sup>A</sup>                         | 1/21/10       | 8/2019-8/2040   | 3.718                   | 109,080                  | 3,360       | 3,360                | 105,720                               |
| 2010B Parity, Refunding                           | 1/21/10       | 8/2010-8/2027   | 3.298                   | 81,760                   | 3,150       | 50,245               | 31,515                                |
| 2012 Parity, Refunding                            | 5/30/12       | 9/2012-9/2034   | 2.631                   | 238,770                  | 12,990      | 71,600               | 167,170                               |
| 2015 Parity, Refunding                            | 6/10/15       | 11/2015-11/2045 | 3.183                   | 340,840                  | 18,460      | 55,815               | 285,025                               |
| 2017 Improvement & Refunding                      | 1/25/17       | 8/2017-8/2046   | 2.992                   | 194,685                  | 5,120       | 10,000               | 184,685                               |
| Total Water Bonds                                 |               |                 |                         | 965,135                  | 43,080      | 191,020              | 774,115                               |
| <b>MUNICIPAL DRAINAGE AND WASTEWATER BONDS</b>    |               |                 |                         |                          |             |                      |                                       |
| 2009 Parity, Series A <sup>B</sup>                | 12/17/09      | 11/2017-11/2039 | 3.538                   | 102,535                  | 3,195       | 9,325                | 93,210                                |
| 2009 Parity, Series B                             | 12/17/09      | 11/2010-11/2027 | 2.907                   | 36,680                   | 975         | 27,115               | 9,565                                 |
| 2012 Parity and Refunding                         | 6/27/12       | 9/2012-9/2042   | 3.327                   | 222,090                  | 8,025       | 50,300               | 171,790                               |
| 2014 Parity and Refunding                         | 6/17/14       | 5/2015-5/2044   | 3.578                   | 133,180                  | 2,110       | 9,705                | 123,475                               |
| 2016 Parity and Refunding                         | 6/22/16       | 10/2016-10/2046 | 2.921                   | 160,910                  | 3,725       | 7,155                | 153,755                               |
| 2017 Improvement & Refunding                      | 6/28/17       | 7/2018-7/2047   | 3.148                   | 234,125                  | 8,395       | 16,315               | 217,810                               |
| Total Drainage and Wastewater Bonds               |               |                 |                         | 889,520                  | 26,425      | 119,915              | 769,605                               |
| <b>MUNICIPAL SOLID WASTE BONDS</b>                |               |                 |                         |                          |             |                      |                                       |
| 2007 Revenue & Refunding                          | 12/12/07      | 02/01/08-33     | 4.505                   | 82,175                   | 415         | 82,175               | —                                     |
| 2011 Revenue                                      | 06/22/11      | 08/01/12-36     | 4.227                   | 45,750                   | 1,375       | 9,140                | 36,610                                |
| 2014 Revenue & Refunding                          | 06/12/14      | 05/01/15-39     | 3.337                   | 95,350                   | 4,025       | 11,660               | 83,690                                |
| 2015 Revenue                                      | 06/25/15      | 02/01/16-40     | 3.650                   | 35,830                   | 885         | 3,165                | 32,665                                |
| 2016 Revenue & Refunding                          | 06/30/16      | 12/01/16-41     | 2.793                   | 35,335                   | 420         | 1,195                | 34,140                                |
| Total Solid Waste Bonds                           |               |                 |                         | 294,440                  | 7,120       | 107,335              | 187,105                               |
| Total Utility Revenue Bonds                       |               |                 |                         | \$ 5,977,070             | \$ 351,880  | \$ 1,679,135         | \$ 4,297,935                          |

<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% 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% of the total coupon interest payable to investors or buyers of the bonds.  
<sup>D</sup> Issued as taxable New Clean Renewable Energy Bonds.  
<sup>E</sup> Interest rates for fixed rate Parity Bonds are the True Interest Costs. Interest rates for variable rate Parity Bonds are the minimum and maximum rates for the reporting year.

**Notes to Financial Statements**

The requirements to amortize the revenue bonds as of December 31, 2019 are presented below:

**Table 9-7** **ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**  
**REVENUE BONDS**  
*(In Thousands)*

| Year Ending<br>December 31 | Light        |              | Water      |            | Drainage and Wastewater |            | Solid Waste |           | Total        |
|----------------------------|--------------|--------------|------------|------------|-------------------------|------------|-------------|-----------|--------------|
|                            | Principal    | Interest     | Principal  | Interest   | Principal               | Interest   | Principal   | Interest  |              |
| 2020                       | \$ 122,545   | \$ 108,667   | \$ 45,625  | \$ 36,100  | \$ 27,575               | \$ 34,274  | \$ 7,045    | \$ 8,405  | \$ 390,236   |
| 2021                       | 119,085      | 105,445      | 46,235     | 33,892     | 27,300                  | 32,996     | 7,400       | 8,045     | 380,398      |
| 2022                       | 118,950      | 99,643       | 48,725     | 31,594     | 28,610                  | 31,651     | 7,775       | 7,668     | 374,616      |
| 2023                       | 121,375      | 93,691       | 50,870     | 29,137     | 28,640                  | 30,229     | 8,170       | 7,271     | 369,383      |
| 2024                       | 125,065      | 87,612       | 44,140     | 26,565     | 30,035                  | 28,880     | 8,590       | 6,854     | 357,741      |
| 2025 - 2029                | 497,160      | 357,486      | 220,945    | 99,661     | 165,420                 | 120,990    | 49,860      | 27,373    | 1,538,895    |
| 2030 - 2034                | 394,515      | 262,906      | 157,590    | 54,897     | 163,370                 | 82,074     | 56,240      | 15,112    | 1,186,704    |
| 2035 - 2039                | 459,805      | 172,960      | 101,745    | 24,840     | 150,940                 | 47,720     | 37,550      | 4,679     | 1,000,239    |
| 2040 - 2044                | 411,355      | 81,686       | 44,165     | 7,548      | 108,210                 | 19,561     | 4,475       | 133       | 677,133      |
| 2045 - 2049                | 197,255      | 17,104       | 14,075     | 736        | 39,505                  | 2,763      | —           | —         | 271,438      |
| Total                      | \$ 2,567,110 | \$ 1,387,200 | \$ 774,115 | \$ 344,970 | \$ 769,605              | \$ 431,138 | \$ 187,105  | \$ 85,540 | \$ 6,546,783 |

**NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES**

Seattle Public Utilities (SPU) has various construction projects that are financed by low-interest loans issued by the State of Washington. The loan agreements require that SPU finance a portion of these projects from other sources. These loans have been used to enhance and protect the City's water, drainage, and wastewater systems.

**Water**

In 2008, the Fund entered into two loan agreements to borrow \$8.1 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5% interest per year and a repayment of 18 to 19 years. Proceeds from these loans were used to finance the Myrtle and Beacon Reservoir projects. As of December 31, 2019, these loans have an outstanding balance of \$2.8 million.

In 2009, the Fund entered into a loan agreement to borrow \$3.0 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5% per annum and payable in 19 years. Proceeds from this loan were used to finance the West Seattle Reservoir project. As of December 31, 2019, this loan has an outstanding balance of \$1.3 million.

Also in 2009, the Fund entered into two loan agreements, totaling \$10.4 million, to borrow from the Washington State Department of Commerce under its Public Works Trust Loan program to be used to finance the Maple Leaf Reservoir project. The first loan, in the amount of \$7.3 million, was funded with resources from the American Recovery and Reinvestment Act of 2009 (ARRA) at 1.0% annual interest and payable in 20 years. The second loan, in the amount of \$3.0 million, bears interest of 1.5% per annum and a repayment period of 20 years. As of December 31, 2019, these loans have an outstanding balance of \$6.4 million.

In 2014, the Fund entered into a loan agreement, totaling \$12.1 million, to borrow from the Washington State Department of Commerce under its Public Work Loan program at 1.5% per annum and payable in 20 years. Proceeds from this loan will be used to finance the Morse Lake Pump project. An initial draw on \$7.3 million was done in 2015. Subsequent draws on \$3.6 million

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were done in 2016. In 2017, an additional draw on \$1.2 million was done, and the Fund entered into the second portion of loan agreements to borrow \$6.1 million. As of December 31, 2019, this loan has an outstanding balance of \$16.3 million.

Amounts paid for all loans in 2019 were \$2.0 million in principal and \$0.4 million in interest. Total loans outstanding as of December 31, 2019 are \$26.8 million. The minimum debt service requirements to maturity are included in Table 9-8.

**Drainage and Wastewater**

During 2004, the Fund entered into a loan agreement to borrow up to \$3.7 million from the Washington State Department of Commerce under the Public Works Trust Loan program for the construction of certain capital improvements. Amounts borrowed under the agreement accrue interest at 0.5% per annum and are to be repaid in 19 annual installments plus interest. Proceeds from this loan were used to finance the Thornton Creek Natural Drainage Systems. As of December 31, 2019, this loan has an outstanding balance of \$1.0 million.

In 2005, the Fund entered into a loan agreement with the Washington State Department of Ecology under its Public Works Trust Loan program to borrow up to \$2.7 million to support the construction of improvements of the High Point Natural Drainage Systems project. Amounts under this agreement accrue interest at 1.5% per annum and are to be repaid in 39 installments. As of December 31, 2019, the loan has an outstanding balance of \$1.4 million.

In 2006, the Fund entered into a loan agreement with the Washington State Department of Commerce under its Public Works Trust Loan program to borrow up to \$2.7 million to support the construction of the South Park Flood Control and Local Drainage program. Amounts borrowed under the agreement accrue interest at 0.5% per annum and are to be repaid over 19 years. As of December 31, 2019, the loan has an outstanding balance of \$1.2 million.

In 2008, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$7.0 million to support the construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5% per annum and are to be repaid over 20 years beginning in 2011. As of December 31, 2019, the loan has an outstanding balance of \$4.0 million.

In 2009, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.2 million to support the Ballard Green Streets project. This loan was funded with resources from the ARRA which provides a 50% forgivable provision. Amounts borrowed under this agreement accrue interest at 2.9% per annum and are to be repaid by December 2020. As of December 31, 2019, the loan has an outstanding balance of \$0.1 million.

In 2011, the Fund was approved for a Public Works Trust Loan of \$4.0 million from the Washington State Department of Commerce for construction and site improvements in the Midvale area of Seattle. Amounts borrowed under this agreement accrue interest at 0.25% per annum and are to be repaid by June 2031. As of December 31, 2019, the loan has an outstanding balance of \$2.5 million.

In 2012, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.9 million to support the design and construction of the storm water facility for the Capitol Hill Water Quality Project. Amounts borrowed under this agreement accrue interest at 2.6% per annum and are to be repaid over 20 years in 39 installments. As of December 31, 2019, the loan has an outstanding balance of \$1.5 million.

In 2017, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$36.4 million for construction of storage facilities to reduce the frequency and volume of Henderson North Combined Sewer Overflow. Amounts borrowed under this agreement accrue interest at 2.4% per annum and are to be repaid by February 2037. The Fund has drawn \$32.0 million in 2017, and \$4.4 million in 2018. As of December 31, 2019, the loan has an outstanding balance of \$33.0 million.

In 2019, The Fund entered into a 20-year loan agreement with the Washington State Department of Ecology to borrow up to \$25.0 million to support the Water Quality Ship Canal Water Quality Project for protecting Lake Washington Ship Canal from combined sewer overflows from Ballard, Fremont, Wallingford, and North Queen Anne. Amounts borrowed under this agreement

Notes to Financial Statements

accrue interest at the rate of 2.0% per annum and estimated initiation of operation date is December 31, 2020. As of December 31, 2019, the Fund had drawn \$0.4 million on the loan.

Amounts paid to all loans in 2019 were \$2.8 million for principal and \$1.0 million for interest. Total loans outstanding as of December 31, 2019 are \$45.0 million. The minimum debt service requirements to maturity are included in Table 9-8.

**Table 9-8 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY  
SEATTLE PUBLIC UTILITIES  
PUBLIC WORKS TRUST LOANS AND OTHER NOTES  
(In Thousands)**

| Year Ending<br>December 31 | Water     |          | Drainage and Wastewater |          | Total     |
|----------------------------|-----------|----------|-------------------------|----------|-----------|
|                            | Principal | Interest | Principal               | Interest |           |
| 2020                       | \$ 2,050  | \$ 378   | \$ 2,793                | \$ 922   | \$ 6,143  |
| 2021                       | 2,050     | 350      | 3,150                   | 884      | 6,434     |
| 2022                       | 2,050     | 321      | 2,817                   | 821      | 6,009     |
| 2023                       | 2,050     | 292      | 2,866                   | 769      | 5,977     |
| 2024                       | 2,050     | 263      | 2,916                   | 716      | 5,945     |
| 2025 - 2029                | 8,395     | 913      | 13,531                  | 2,763    | 25,602    |
| 2030 - 2034                | 5,726     | 414      | 11,343                  | 1,398    | 18,881    |
| 2035 - 2039                | 2,456     | 69       | 5,600                   | 204      | 8,329     |
| Total                      | \$ 26,827 | \$ 3,000 | \$ 45,016               | \$ 8,477 | \$ 83,320 |

The following table shows the long-term liability activities during the year ended December 31, 2019:

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**Table 9-9 CHANGES IN LONG-TERM LIABILITIES <sup>a</sup>  
(In Thousands)**

|   | Beginning<br>Balance | Additions  | Reductions | Ending<br>Balance | Due Within<br>One Year |
|---|----------------------|------------|------------|-------------------|------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>  |                      |            |            |                   |                        |
| Bonds Payable   |                      |            |            |                   |                        |
| General Obligation Bonds  | \$ 977,470           | \$ 46,970  | \$ 80,560  | \$ 943,880        | \$ 78,010              |
| Issuance Premiums and Discounts, Net                                  | 76,649               | 6,208      | 11,310     | 71,547            | —                      |
| Special Assessment Bonds with Governmental<br>Commitment <sup>b</sup> | 4,975                | —          | 1,215      | 3,760             | —                      |
| Total Bonds Payable   | 1,059,094            | 53,178     | 93,085     | 1,019,187         | 78,010                 |
| Notes and Contracts   |                      |            |            |                   |                        |
| Capital Leases  | 35                   | —          | 25         | 10                | 9                      |
| Other Notes and Contracts   | 8,070                | —          | 1,275      | 6,795             | 1,275                  |
| Total Notes and Contracts   | 8,105                | —          | 1,300      | 6,805             | 1,784                  |
| Compensated Absences  | 88,450               | 22,446     | —          | 110,896           | 5,545                  |
| Claims Payable  |                      |            |            |                   |                        |
| General Contamination Cleanup <sup>c</sup>                            | 12,033               | 4,585      | 4,926      | 11,692            | 2,318                  |
| Workers' Compensation   | 30,056               | 2,406      | —          | 32,462            | 13,973                 |
| General Liability   | 61,218               | —          | 9,431      | 51,787            | 11,012                 |
| Health Care Claims  | 4,971                | 10,400     | —          | 15,371            | —                      |
| Total Claims Payable <sup>d</sup>                                     | 108,278              | 17,391     | 14,357     | 111,312           | 27,303                 |
| Arbitrage Rebate Liability  | —                    | —          | —          | —                 | —                      |
| Unfunded Other Post-Employment Benefits                               | 609,519              | —          | 9,177      | 600,342           | —                      |
| Net Pension Liability   | 828,812              | 264,420    | —          | 1,093,232         | —                      |
| Other Noncurrent Liabilities  | 2,381                | —          | 406        | 1,975             | —                      |
| Total Long-Term Liabilities from Governmental Activities              | \$ 2,704,639         | \$ 357,435 | \$ 118,325 | \$ 2,943,749      | \$ 112,142             |
| <b>BUSINESS-TYPE ACTIVITIES</b>                                       |                      |            |            |                   |                        |
| Bonds Payable   |                      |            |            |                   |                        |
| Revenue Bonds   | \$ 4,299,000         | \$ 350,815 | \$ 351,880 | \$ 4,297,935      | \$ 202,790             |
| Issuance Premiums and Discounts, Net                                  | 390,995              | 45,247     | 8,812      | 427,430           | —                      |
| Total Bonds Payable   | 4,689,995            | 396,062    | 360,692    | 4,725,365         | 202,790                |
| Notes and Contracts - Other   | 76,256               | 382        | 4,795      | 71,843            | 4,843                  |
| Compensated Absences  | 29,096               | 3,222      | —          | 32,318            | 2,007                  |
| Claims Payable  |                      |            |            |                   |                        |
| General Contamination Cleanup <sup>c</sup>                            | 301,361              | 12,490     | 5,664      | 308,187           | 7,684                  |
| Workers' Compensation   | 9,662                | 276        | —          | 9,938             | 4,280                  |
| General Liability   | 13,772               | —          | 243        | 13,529            | 2,375                  |
| Total Claims Payable <sup>d</sup>                                     | 324,795              | 12,766     | 5,907      | 331,654           | 14,339                 |
| Unearned Revenues   | 75,096               | 0          | 2,441      | 72,655            | 26,794                 |
| Habitat Conservation Program Liability                                | 6,725                | 355        | —          | 7,080             | 578                    |
| Landfill Closure and Postclosure Costs                                | 24,655               | —          | 2,059      | 22,596            | 8,673                  |
| Unfunded Other Post-Employment Benefits                               | 17,819               | —          | 161        | 17,658            | —                      |
| Net Pension Liability   | 444,197              | 164,716    | —          | 608,913           | —                      |
| Other Noncurrent Liabilities  | 804                  | 327        | —          | 1,131             | —                      |
| Total Long-Term Liabilities from Business-Type Activities             | \$ 5,689,438         | \$ 577,830 | \$ 376,055 | \$ 5,891,213      | \$ 260,024             |

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

<sup>b</sup> The Special Assessment Bonds carry neither premiums nor discounts.

<sup>c</sup> See Note 10, Environmental Liabilities for a detailed discussion.

<sup>d</sup> See Note 15, Contingencies, for a discussion of risk management, environmental, and other matters. The table in Note 16 also includes information on workers' compensation and health care.

**Notes to Financial Statements**

The City's internal service funds predominantly serve governmental funds. For this reason, the above totals in the governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$12.5 million and \$1.3 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities with the exception of the Department of Construction and Inspections (DCI) for general liability. The General Fund pays for DCI's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from City Light. For further discussion on purchased power, see Note 14, Commitments.

**ADVANCE AND CURRENT REFUNDINGS**

In order to lower interest costs the City refunded and defeased certain bonds. To do so, the City issued new refunding bonds to refund certain prior bond issues and also used its own resources to defease certain prior bond issues. In most cases, City resources and the proceeds of refunding bonds are placed in irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds including those refunded are considered defeased, and the corresponding liabilities are not included in the statement of net position. The following paragraph discusses the advance and current refunding activities.

**City Light.** The 2019B bond refunded the 2010B bonds on an advanced refunding basis. The debt service on the 2019B bond requires a cash flow over the life of the bond of \$166.5 million, including \$26.3 million in interest. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2019B bond totaled \$20.6 million and the aggregate economic gain on refunding totaled \$19.4 million at present value. The accounting gain on refunding for the 2019B bonds was \$2.0 million

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

| Name of Issue                 | Issuance Date | Maturity Date | Effective Interest Rate | Original Bond Issuance | LTD Amount Transferred To Trustee | Trustee Redemptions To Date 2019 | Defeased Outstanding December 31, 2019 |
|-------------------------------|---------------|---------------|-------------------------|------------------------|-----------------------------------|----------------------------------|--|
| <b>REVENUE BONDS</b>          |               |               |                         |                        |                                   |                                  |  |
| Municipal Light and Power     |               |               |                         |                        |                                   |                                  |  |
| 2010 Parity, Series B         | 5/26/2010     | 2/2026        | 3.413                   | 596,870                | 187,865                           | —                                | 187,865                                |
| 2011 Parity, Series A         | 2/08/2011     | 2/2036        | 4.544                   | 296,315                | 145,115                           | —                                | 145,115                                |
| Total Refunded/Defeased Bonds |               |               |                         | \$ 893,185             | \$ 332,980                        | \$ —                             | \$ 332,980                             |

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**ARBITRAGE**

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures), the City paid arbitrage rebate of \$0.2 million on its general obligation bonds in 2011 and none thereafter. As of December 31, 2019, the City reported no arbitrage rebate liability on its general obligation bonds and \$0.7 million on its revenue bonds.

**(10) ENVIRONMENTAL LIABILITIES**

The following list of liabilities are split between the Drainage and Wastewater fund and the Solid Waste fund. For purposes of this section all liabilities will be listed in regard to The City of Seattle or The City.

**Duwamish sites.** The U.S. Environmental Protection Agency (EPA) has indicated that it will require the clean-up and remediation of certain Duwamish sites under its Superfund authority. In order to manage the liability, the City has worked with the EPA and other PRPs to complete a Remedial Investigation (RI) and Feasibility Study (FS). On November 2, 2012, the EPA and Ecology approved the Lower Duwamish Waterway Group's FS. The EPA announced their proposed cleanup plan in February 2013 for public comment. The remaining scope of cleanup by potentially responsible parties (PRPs) has been decided by the EPA in the 2014 Record of Decision. The City recorded an estimate of its share of the estimated total cost. Remedial design work began in 2019.

Specific "early action sites" have been cleaned up separately under Administrative Orders on Consent (AOC). The City, together with other PRPs, has completed two early action sites identified during the RI under EPA issued AOC: Slip 4 and T-117.

**East Waterway Site.** In 2006 the EPA issued an AOC for a Supplemental RI and FS for the East Waterway, an operable unit of the Harbor Island Superfund Site. The Port of Seattle (the Port) alone signed the AOC. Both the City and King County signed a Memorandum of Agreement with the Port to participate as cost share partners in the RI/FS work required by the EPA. The RI is complete, and a draft final FS was submitted to EPA in early 2019. The FS identifies a range of alternatives for cleanup construction that range in cost from \$256 million to \$411 million. Once the FS is approved, EPA will then develop a Proposed Plan followed by a Record of Decision. The schedule for release of EPA's Proposed Plan is 2020. The Record of Decision is expected in 2021. Remedial design activities would start in late 2021 at the earliest. The City recorded an estimate of its share of the estimated total cost.

**Gas Works Park Sediment Site.** In April 2002, the Department of Ecology (DOE) named the City and another party, Puget Sound Energy, as PRPs for contamination at the Gas Works Sediments Site in North Lake Union. The City and Puget Sound Energy signed an Agreed Order with the DOE in 2005 to initiate two RIs and FSs for the sediment site – one in the western portion of the site led by the City, and another in the eastern portion of the site led by Puget Sound Energy. Subsequently, in fall of 2012, the City and Puget Sound Energy entered into a Settlement, Release, and Cost Allocation Agreement that puts Puget Sound Energy in the lead for all additional cleanup work at the site; the east-west split is no longer in place. Based on the 2012 Agreement, the City pays for 20% of the Shared Costs incurred by Puget Sound Energy for the cleanup work. The RI and FS include an evaluation of the nature and extent of contamination on the site, an evaluation of multiple alternatives for remediating the sediments and a recommended preferred alternative. Puget Sound Energy collected additional environmental data in 2013 and the draft RI/FS was submitted to DOE in March 2016. A revised draft RI/FS is anticipated to be submitted to DOE in 2020. A Clean-up Action Plan, which is the State of Washington's equivalent to a Record of Decision under the Model Toxics Control Act, is expected in 2021.

**North Boeing Field/Georgetown Steam Plant.** The City, King County, and Boeing signed an Administrative Order issued by Ecology requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the City's Georgetown Steam Plant, and the King County Airport.

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

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contamination in order to continue with the planned construction of the pump station. The cleanup was completed in 2012; however, the City has ongoing monitoring activities it must perform.

**South Park Landfill.** The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (DOE) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. DOE has approved the remediation and re-development on the City-owned portion of the landfill property. That work is in design and construction is scheduled to be completed by 2024. In 2012, the City executed an agreement regarding the developer's interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup. In 2015, the developer completed Ecology-approved interim cleanup action on its portion of the site.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. The Duwamish site cost estimates were adjusted to remove discounting and to record the costs in 2018 dollars. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions.

The City calculated costs on a weighted average basis based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; as new information becomes available, estimates may vary significantly due to price fluctuations, technology advances, or applicable laws or regulations.

The City is pursuing other third parties that may have contributed to the contamination of superfund sites for appropriate cost sharing. Recoveries from other parties for their share of remediation work performed that partially offset the City's estimated environmental liabilities were estimated to be \$2.6 million for the Drainage and Wastewater liabilities and deemed to not be realizable as of December 31, 2019 for the Solid Waste Liabilities. Certain environmental costs were deferred primarily for cleanup estimates of the City's responsibility for the Lower Duwamish Waterway sites and these costs are being amortized and will be recovered through future rates in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The changes in the provision for environmental liability (in thousands) at December 31, 2019 are as follows:

|  |                   |
|--|-------------------|
| Beginning Environmental Liability, Net of Recovery | \$ 313,395        |
| Payments or Amortization                           | (10,590)          |
| Incurring Environmental Liability                  | 17,075            |
| Ending Environmental Liability, Net of Recovery    | <u>\$ 319,880</u> |

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2019 are as follows:

|                                     |                   |
|-------------------------------------|-------------------|
| Environmental Liability, Current    | \$ 10,002         |
| Environmental Liability, Noncurrent | 309,879           |
| Total                               | <u>\$ 319,880</u> |

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

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**(11) PENSIONS, DEFERRED COMPENSATION, AND OTHER POSTEMPLOYMENT BENEFITS**

City employees are covered in one of the following defined benefit pension plans: Seattle City Employees' Retirement System (SCERS), Firemen's Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The first plan (SCERS) is considered part of the City's reporting entity and is reported as pension trust fund. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The State of Washington, through the Department of Retirement Systems (DRS), administers and reports LEOFF Plans 1 and 2. The following table represents the aggregate pension amounts for all plans for the year 2019:

| Table 11-1                     | Aggregate Pension Amounts - All Plans<br>(In Thousands) |
|--------------------------------|---|
| Pension liabilities            | \$ 1,702,145  |
| Pension assets                 | 278,127   |
| Deferred outflows of resources | 426,707   |
| Deferred inflows of resources  | 149,093   |
| Pension expense                | 226,170   |

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**

**Plan Description**

The Seattle City Employees' Retirement System (SCERS) is a cost sharing multiple employer defined benefit public employee retirement plan. SCERS is established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36. SCERS is a pension trust fund of the City.

SCERS is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Human Resources Director, two active members and one retired member of the System who are elected by other SCERS members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City are eligible for membership in SCERS except uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in SCERS when these organizations were formerly City of Seattle departments were allowed to continue their membership (there are currently fewer than 50 members in this category). There are currently 6,792 retirees and beneficiaries receiving benefits, and 9,390 active members of the System. There are 1,332 terminated, vested employees entitled to future benefits, based on the 2018 audited financial report issued by SCERS.

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. SCERS provides post-retirement benefit increases including an automatic 1.5% annual Cost-of-Living Adjustment (COLA) increase and a 65% restoration of purchasing power benefit.

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

**Notes to Financial Statements**

salary based on the highest 60 consecutive months of service. Other changes related to the second tier can be found in the Seattle Municipal Code 4.36.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage.

SCERS issues an independent financial report. A copy of the report is available from the SCERS office, located at 720 Third Avenue, Suite 900, Seattle, WA, 98104. The report can also be requested by telephone at (206) 386-1293 or by accessing the website [http://www.seattle.gov/retirement/annual\\_report.htm](http://www.seattle.gov/retirement/annual_report.htm).

**Summary of Significant Accounting Policies**

**Basis of Accounting.** SCERS is accounted for as a pension trust fund. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from plan net position (including contributions, benefits, and refunds) are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Plan investments, including securities lending transactions as discussed in Note 3, are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

**Contributions and Reserves.** Member and employer contribution rates are established by SMC 4.36. The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Active Tier I members contributed 10.03% of their salaries to the retirement fund in 2018 and the City contributed 15.23%. Active Tier II members contributed 7.00% and the City contributed 14.42% in 2018. There are no long-term contracts for contributions outstanding and currently no legally required reserves.

As of December 31, 2018, SCERS reported total pension liability of \$4.2 billion, plan fiduciary net position of \$2.7 billion, the net pension liability \$1.5 billion, and the funded ratio of 64.14% based on the actuarial valuation as of January 1, 2018.

An actuarial report with valuation date of January 1, 2019, is presently underway, and expected to be available at the Retirement Office after June 1, 2020.

**Information about the Net Pension Liability**

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**Assumptions and Other Inputs.** The City's total pension liability under SCERS was determined by the actuarial valuation as of January 1, 2018, with the results rolled forward to the December 31, 2018 measurement date. The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2017. Actuarial assumptions used were as follows:

- Inflation: 2.75%
- Salary Increases: 3.50%
- Investment rate of return: 7.25% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the RP-2000 mortality tables and using generational project of improvement using Projection Scale AA
- Long-term expected rate of return on pension plan investments: Determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return and target allocation for each major asset class as of December 31, 2018 are summarized in the following table:

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

| Asset Class                 | Long-Term Expected Real Rate of Return | Target Allocation |
|-----------------------------|--|-------------------|
| Equity: Public              | 5.43%                                  | 48.0%             |
| Equity: Private             | 8.40                                   | 9.0               |
| Fixed Income: Core          | 1.62                                   | 16.0              |
| Fixed Income: Credit        | 4.30                                   | 7.0               |
| Real Assets: Real Estate    | 3.90                                   | 12.0              |
| Real Assets: Infrastructure | 4.25                                   | 3.0               |
| Diversifying Strategies     | 4.01                                   | 5.0               |
|                             |  | 100.0%            |

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same time period.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to apply the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be when the discount rate moves one percentage point lower and higher (in thousands):

**Table 11-3 Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

|                       | 1% Lower<br>6.25% | Current<br>Discount Rate<br>7.25% | 1% Higher<br>8.25% |
|-----------------------|-------------------|-----------------------------------|--------------------|
| Net Pension Liability | \$ 2,032,380      | \$ 1,518,484                      | \$ 1,070,322       |

## Notes to Financial Statements

There were no significant changes in assumptions since the last valuation including the inflation rate, growth rate and discount rate.

**Changes in the Net Pension Liability.** On December 31, 2018, SCERS reported the collective net pension liability of \$1.5 billion, of which the City recorded \$1.5 billion for its proportionate share of the collective net pension liability. The City's proportion is based on the City's contributions to the plan. The following table shows the changes in the City's proportionate share of the net pension liability for the year ended December 31, 2018, which was rolled forward to come up with the net pension liability as of December 31, 2019 (in thousands):

**Table 11-4 Schedule of Changes in Net Pension Liability**

|   | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|-------------------------|-----------------------------|-----------------------|
| Balance at December 31, 2017            | \$ 3,958,063            | \$ 2,851,446                | \$ 1,106,617          |
| Changes for the Year                    |                         |                             |                       |
| Service Cost                            | 106,430                 | —                           | 106,430               |
| Interest on Total Pension Liability     | 293,017                 | —                           | 293,017               |
| Effect of Plan Changes                  | —                       | —                           | —                     |
| Effect of Economic/Demographic          | (12,304)                | —                           | (12,304)              |
| Effect of Assumptions Changes or Inputs | 100,014                 | —                           | 100,014               |
| Benefit Payments                        | (190,380)               | (190,380)                   | —                     |
| Refund Contributions                    | (20,278)                | (20,278)                    | —                     |
| Administrative Expenses                 | —                       | (12,198)                    | 12,198                |
| Member Contributions                    | —                       | 76,247                      | (76,247)              |
| Employers Contributions                 | —                       | 117,757                     | (117,757)             |
| Net Investment Income                   | —                       | (106,516)                   | 106,516               |
| Balance at December 31, 2018            | <u>4,234,562</u>        | <u>2,716,078</u>            | <u>1,518,484</u>      |

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

The City recognized its proportionate share of pension expense in the amount of \$193.4 million for 2019. The City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan at December 31, 2019 as follows (in thousands):

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

|   | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Difference Between Expected and Actual Experience   | \$ 541                         | \$ 32,141                     |
| Change of Assumption  | 82,155                         | —                             |
| Net Difference Between Projected and Actual Earnings  | 159,952                        | —                             |
| Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense | 39,562                         | 40,015                        |
| Contributions Made Subsequent to Measurement Date   | 118,121                        | —                             |
| Total   | <u>\$ 400,331</u>              | <u>\$ 72,156</u>              |

## The City of Seattle

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

**Table 11-6 Recognized Pension Plan Expense**

| Year Ended December 31 |           |
|------------------------|-----------|
| 2019                   | \$ 62,229 |
| 2020                   | 28,843    |
| 2021                   | 32,792    |
| 2022                   | 76,820    |
| 2023                   | 9,369     |
| Thereafter             | —         |

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

#### Plan Description

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

Since the effective date of the state LEOFF plan on March 1, 1970, no payroll for employees was covered under these pension plans, and the primary liability for pension benefits for these plans shifted from the City to the state LEOFF. However, the City was still liable for all benefits in pay status at that time plus any future benefits payable to active law enforcement officers and firefighters on March 1, 1970, under the old City plans in excess of current LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plans when payment begins. However, LEOFF retirement benefits increase with the consumer price index (CPI - Seattle) while some City benefits increase with wages of current active members. If wages go up faster than the CPI, the City becomes liable for this residual amount. Due to this leveraging effect, projection of the City's liabilities is especially sensitive to the difference between wage and CPI increase assumptions.

All law enforcement officers and firefighters of the City who served before March 1, 1970, are participants of these pension plans and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Those officers and firefighters hired between March 1, 1970, and September 30, 1977, are not eligible for a supplemental retirement benefit, but may be eligible for disability benefits under these plans. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and fire fighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. As of January 1, 2019, 619 firefighters and surviving spouses and 685 police retirees and surviving spouses met the eligibility requirements. The City fully reimburses the amount of valid claims for medical and hospitalization costs incurred by active members and pre-Medicare retirees. The City also reimburses the full amount of premiums for part B of Medicare for each retiree eligible for Medicare.

The Seattle Firefighters' Pension Board is a five-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Firefighters' Pension Fund. Four staff employees of the board handle all of its operational functions. Staff positions associated with Firefighter's Pension Fund are reflected in the City's position list.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the board handle all of its operational functions. Staff positions associated with Police Relief and Pension are reflected in the City's position list.

**Notes to Financial Statements**

Refer to the Other Postemployment Benefits (OPEB) section of this note for discussion of the City’s implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen’s Pension and Police Relief and Pension plans.

The Firemen’s Pension and Police Relief and Pension benefit provisions are established in the state statute, RCW 41.16, 41.18, and 41.20, and may be amended only by the state legislature. Retirement benefits are determined under RCW 41.18 and 41.26 for Firemen’s Pension and RCW 41.20 and 41.26 for Police Relief and Pension. Medical benefit payments for both plans are based on estimates of current and expected experience.

These pension plans do not issue separate financial reports.

Current membership in Firemen’s Pension and Police Relief and Pension consisted of the following at December 31, 2019:

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

|  | Firemen’s<br>Pension | Police Relief and<br>Pension |
|--|----------------------|------------------------------|
| Retirees and Beneficiaries Receiving Benefits                      | \$ 619               | \$ 685                       |
| Terminated Plan Members Entitled To But Not Yet Receiving Benefits | —                    | —                            |
| Active Plan Members, Vested  | —                    | —                            |
| Active Plan Members, Non-vested                                    | —                    | —                            |

**Summary of Significant Accounting Policies**

**Basis of Accounting.** The City fully implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), in 2017. The City has determined that the Fireman’s Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The City does not collect contributions or hold assets in trust for the Firemen’s Pension and Police Relief and Pension plans. Any monies provided by the City for future benefit payments are not legally protected from creditors and are not dedicated to the provision of pensions to plan members. Per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the plans do not meet the criteria for pension plans administered through trusts. Therefore, the plans are accounted for as part of the General Fund.

The financial statements for the Firemen’s Pension and Police Relief and Pension Funds were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Investments are recorded at fair value as shown in Note 3. Fair value of investments is based on quoted market prices.

**Contributions and Reserves.** Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability (AAL). An actuarial fund was established for the Firemen’s Pension in July 1994 and is discussed in more detail below; the City funds the Police Relief and Pension Fund as benefits become due. Contributions are no longer required from plan members or the City departments they represent. Under state law, partial funding of the Firemen’s Pension Fund may be provided by an annual tax levy of up to \$0.225 per \$1,000 of assessed value of all taxable property of the City. The Firemen’s Pension Fund also receives a share of the state tax on fire insurance premiums. Additional funding through the General Fund adopted budget is provided to both pension funds as necessary. The Police Relief and Pension Fund also receives police auction proceeds of unclaimed property. Administrative costs for the Firemen’s Pension are financed by the General Fund and fire insurance premium tax. Administrative costs for the Police Relief and Pension Fund are financed by police auction proceeds and the General Fund. Contribution rates are not applicable to these plans.

There are no securities held by the City for these pension funds except for the Firemen’s Pension Actuarial Account described below. No loans are provided by the funds to the City or other related parties.

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In July 1994, the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen’s Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions, thus creating the Firemen’s Pension Actuarial Account. In 2006, the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The funding policy does not fund for future medical liabilities. The employer contributions for retiree medical are set equal to the disbursements for medical benefits and administration. All other contributions are considered pension contributions. The market value of the net assets of Firemen’s pension was \$26.7 million as of December 31, 2019. No similar program has been established for the Police Relief and Pension Fund.

The Police Relief and Pension AAL is funded on a pay-as-you-go basis. Annual requirements are funded through the City’s adopted budget, and any budget requirements exceeding the adopted budget are fully covered by supplemental appropriations.

Trend information on employer contributions for the Firemen’s Pension and the Police Relief and Pension plans is presented in the Required Supplementary Information section.

**Information about the Total Pension Liability**

**Assumptions and Other Inputs.** The total pension liability was determined by an actuarial valuation as of the valuation date (January 1, 2019), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2019). Actuarial assumptions used were as follows:

- Inflation: 2.25%
- Salary Increases: 2.75%
- Investment rate of return: 7.25% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the PR-2000 Mortality Table and using generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)

**Discount Rate.** The discount rate used to measure total pension liability was 2.75%. GASB 73 requires the discount rate used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method) to be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years is 2.74% as of December 26, 2019. Rounding this to the nearest 0.25% results in a discount rate of 2.75% as of the December 31, 2019 measurement date.

**Sensitivity of the Total Pension Liability to Changes in the Discount Rate.** The following presents the Total Pension Liability, calculated using the discount rate of 2.75%, as well as what the Total Pension Liability would be when the discount rate moves one percentage point lower and higher (in thousands):

**Table 11-8 Discount Rate Sensitivity of Pension Liability**

|                                | Current Discount Rate |               |                    |
|--------------------------------|-----------------------|---------------|--------------------|
|                                | 1% Lower<br>1.75%     | Rate<br>2.75% | 1% Higher<br>3.75% |
| Firemen’s Pension Plan         | \$ 99,249             | \$ 90,744     | \$ 83,398          |
| Police Relief and Pension Plan | 100,735               | 92,917        | 86,098             |

**Changes in the Total Pension Liability.** At December 31, 2019, the Firemen’s Pension and the Police Relief and Pension plans reported the pension liability of \$90.7 million and \$92.9 million respectively.

Notes to Financial Statements

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

|   | Firemen's Pension | Police Relief and Pension |
|---|-------------------|---------------------------|
| Balance at December 31, 2018            | \$ 85,880         | \$ 80,513                 |
| Changes for the Year                    |                   |                           |
| Service Cost                            | —                 | —                         |
| Interest on Total Pension Liability     | 3,298             | 3,061                     |
| Effect of Plan Changes                  | —                 | —                         |
| Effect of Economic/Demographic          | (525)             | 5,602                     |
| Effect of Assumptions Changes or Inputs | 9,030             | 11,816                    |
| Benefit Payments                        | (6,939)           | (8,075)                   |
| Balance at December 31, 2019            | \$ 90,744         | \$ 92,917                 |

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

For the year ended December 31, 2019, the City recognized an increase of pension expenses in the amount of \$32.3 million for the Firemen's Pension and the Police Relief and Pension plans. On December 31, 2019, there were no deferred outflows of resources or deferred inflows of resources related to these pension plans.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) is administered by the Washington State Department of Retirement Systems (DRS). Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans – Plan 1 and Plan 2 – both of which are cost-sharing, multiple-employer public employee defined benefit retirement plans.

The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The DRS, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each LEOFF plan. The DRS CAFR may be obtained by writing to Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380. It may also be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

| Years of Service | LEOFF Plan 1   |  |
|------------------|----------------|--|
|                  | Percent of FAS |  |
| 20+              | 2.0 %          |  |
| 10 - 19          | 1.5            |  |
| 5 - 9            | 1.0            |  |

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

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LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service based on the highest consecutive 60 months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

**Contributions.** Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute nothing, as long as the plan remains fully funded. LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18% of covered payroll.

LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. The employer rate includes an administrative expense component set at 0.18%. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the plan's Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

LEOFF Plan 2 required contribution rates for 2019 were as follows:

| LEOFF Plan 2 Required Contribution Rates As a Percentage of Covered Payroll |              |              |
|---|--------------|--------------|
| Actual Contribution Rates   | Employer     | Employee     |
| State and local governments   | 5.25%        | 8.75%        |
| Administrative Fee  | 0.18%        | —            |
| <b>Total</b>  | <b>5.43%</b> | <b>8.75%</b> |
| Ports and Universities  | 8.75%        | 8.75%        |
| Administrative Fee  | 0.18%        | —            |
| <b>Total</b>  | <b>8.93%</b> | <b>8.75%</b> |

The City's actual contributions to LEOFF Plan 2 were \$17.1 million for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the State's General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$73 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$10.8 million.

Information about the Total Pension Liability

**Actuarial Assumptions.** The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled

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forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. Actuarial assumptions used were as follows:

- Inflation: 2.75%
- Salary increases: 3.5% plus expectations of salary growth and longevity
- Investment rate of return: 7.4%
- Mortality rates: Based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries (SOA). SOA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- Lowered the valuation interest rate from 7.7% to 7.5% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.5% to 7.4%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, for certain LEOFF 2 medical-related duty disability benefits.

**Discount Rate.** The discount rate used to measure the total pension liability for all DRS plans was 7.4%. To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%). Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

**Long-Term Expected Rate of Return.** The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

**Estimated Rates of Return by Asset Class.** Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Table 11-12 Estimated Rates of Return by Asset Class

| Asset Class     | Target Allocation | % Long-Term Expected Real Rate of Return Arithmetic |
|-----------------|-------------------|---|
| Fixed Income    | 20.0%             | 2.2%  |
| Tangible Assets | 7.0               | 5.1   |
| Real Estate     | 18.0              | 5.8   |
| Global Equity   | 32.0              | 6.3   |
| Private Equity  | 23.0              | 9.3   |
|                 | 100.0%            |   |

**Sensitivity of the Total Pension Liability to Changes in the Discount Rate.** The table below presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.4%, as well as what the City's proportionate share of the

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net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate (in thousands):

Table 11-13 Sensitivity of the Total Pension Liability to Changes in the Discount Rate

|              | Current Discount Rate |           |                     |
|--------------|-----------------------|-----------|---------------------|
|              | 1% Decrease<br>6.4%   | 7.4%      | 1% Increase<br>8.4% |
| LEOFF Plan 1 | \$ 57,814             | \$ 70,673 | \$ 81,775           |
| LEOFF Plan 2 | 38,575                | 207,455   | 345,299             |

**Pension Plan Fiduciary Net Position.** Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

**Pension Asset or Liability.** At December 31, 2019, the City reported a pension asset of \$278.1 million for its proportionate share of the net pension assets (in thousands) as follows:

Table 11-14 City's Proportionate Share of Net Pension Asset

|         | Share in Dollars |         |
|---------|------------------|---------|
|         | LEOFF 1          | LEOFF 2 |
| LEOFF 1 | \$ 70,673        |         |
| LEOFF 2 |                  | 207,455 |
| Total   | \$ 278,128       |         |

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows (in thousands):

Table 11-15 Proportionate Share of Plan 1 and Plan 2 Net Pension Asset

|   | Share in Dollars |            |
|---|------------------|------------|
|   | LEOFF 1          | LEOFF 2    |
| Employer's Proportionate Share  | \$ 70,673        | \$ 207,455 |
| State's Proportionate Share of the net pension asset associated with the Employer | 478,028          | 135,855    |
| Total   | \$ 548,700       | \$ 343,310 |

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

Table 11-16 Proportionate Share of the Collective Net Pension Asset

|         | As of June 30, 2019 |                     |                      |
|---------|---------------------|---------------------|----------------------|
|         | As of June 30, 2019 | As of June 30, 2018 | Change in Proportion |
| LEOFF 1 | 3.57 %              | 3.57 %              | — %                  |
| LEOFF 2 | 8.95 %              | 9.08 %              | (0.13)%              |

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

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LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43% of employer contributions.

The collective net pension asset of LEOFF 1 and 2 was measured as of June 30, 2019, and the actuarial valuation date on which the total pension asset is based was as of June 30, 2018, with update procedures used to roll forward the total pension asset to the measurement date.

**Pension Expense.** For the year ended December 31, 2019, the City recognized its proportionate share of pension expense as follows:

|         | Pension Expense |         |
|---------|-----------------|---------|
| LEOFF 1 | \$              | (3,997) |
| LEOFF 2 |                 | 4,199   |
| Total   | \$              | 202     |

**Deferred Outflows of Resources and Deferred Inflows of Resources.** At December 31, 2019, the City reported its proportionate share of deferred outflows of resources and deferred inflows for each Plan (In Thousands):

|   | LEOFF Plan 1                   |                               | LEOFF Plan 2                   |                               |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|   | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience          | \$ —                           | \$ —                          | \$ 14,928                      | \$ 3,731                      |
| Net difference between projected and actual investment      | —                              | 7,327                         | —                              | 42,535                        |
| Changes of assumptions                                      | —                              | —                             | 342                            | 23,345                        |
| Changes in proportion and differences between contributions | —                              | —                             | 2,445                          | —                             |
| Contributions subsequent to the measurement date            | —                              | —                             | 8,661                          | —                             |
| TOTAL   | \$ —                           | \$ 7,327                      | \$ 26,376                      | \$ 69,611                     |

Deferred outflows of resources related to pensions resulting from the City contributions made after the measurement date but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Year ended December 31: | LEOFF 1    | LEOFF 2     |
|-------------------------|------------|-------------|
| 2020                    | \$ (1,702) | \$ (10,933) |
| 2021                    | (3,751)    | (21,136)    |
| 2022                    | (1,361)    | (9,433)     |
| 2023                    | (513)      | (4,922)     |
| 2024                    | —          | (1,514)     |

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**DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, or unforeseen emergency.

Beginning in 2006 the Deferred Compensation Plan (DCP) was amended to allow separating employees to cash out accrued vacation balances into their DCP accounts. Eligible retiring employees may also cash out up to 35% of their sick leave balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrator, who is under contract with the City to manage the plan. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the plan and its administration.

The City placed the Deferred Compensation Plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The City has little administrative involvement and does not perform the investing function for the plan. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the City employees' Deferred Compensation Plan, created in accordance with IRC 457, is not reported in the financial statements of the City.

**OTHER POSTEMPLOYMENT BENEFITS**

The City has three other postemployment benefits (OPEB) plans – Health Care Blended Premium Subsidy, OPEB benefits under Firemen's Pension, and Police Relief and Pension. In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefit Other Than Pensions* (GASB 75), which concerns the accounting for and disclosure of OPEB. The following table represents the aggregate OPEB amounts for all OPEB plans subject to the requirements of GASB 75 for the year 2019.

|                                | Healthcare Blended Premium Subsidy | Firemen's Pension | Police Relief and Pension | All Plans  |
|--------------------------------|------------------------------------|-------------------|---------------------------|------------|
| OPEB liabilities               | \$ 60,947                          | \$ 269,926        | \$ 287,127                | \$ 618,000 |
| OPEB assets                    | —                                  | —                 | —                         | —          |
| Deferred outflows of resources | 13,008                             | —                 | —                         | 13,008     |
| Deferred inflows of resources  | 20,725                             | —                 | —                         | 20,725     |
| OPEB expenses/expenditures     | 2,183                              | 1,098             | (10,254)                  | (6,973)    |

**Plan Description**

Health Care Blended Premium Subsidy is a single employer defined benefit public employee health care plan. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan or Social Security may

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continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100% of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The City provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City ordinances.

OPEB under Firemen's Pension and Police Relief and Pension Plans - the City's implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen's Pension and Police Relief and Pension plans are single employer defined benefit OPEB plans and provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen's Pension, and RCW 41.20 and 41.26 for Police Relief and Pension and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

On December 31, 2019, the following employees were covered by the benefit terms:

|  | Health Care Blended Premium Subsidy | Firemen's Pension | Police Relief and Pension Plan |
|--|-------------------------------------|-------------------|--------------------------------|
| Inactive employees or beneficiaries currently receiving benefits | 398                                 | 711               | 635                            |
| Inactive employees entitled to but not yet receiving benefits    | —                                   | —                 | —                              |
| Active employees   | 11,823                              | 6                 | 4                              |
| <b>Total</b>   | <b>12,221</b>                       | <b>717</b>        | <b>639</b>                     |

OPEB plans under Firemen's Pension and Police Relief and Pension were closed to new entrants.

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

**Actuarial Methods and Assumptions.** The total OPEB liability for each OPEB plan in their actuarial valuation was determined using the following actuarial assumptions and other inputs:

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| Description                 | Healthcare Blended Premium Subsidy  | Firemen's Pension (LEOFF1)   | Police Relief and Pension (LEOFF1)  |
|-----------------------------|---|--|---|
| Actuarial Valuation Date    | 1/1/2018  | 1/1/2019   | 1/1/2019  |
| Actuarial Cost Method       | Entry Age Normal  | Entry Age Normal   | Entry Age Normal  |
| Inflation rate              | ---   | 2.25%  | 2.25%   |
| Salary Increases            | ---   | 2.75%  | 2.75%   |
| Discount rate               | 4.10%, based on 20-year municipal bond yields   | 2.75%, based on 20-year municipal bond yields  | 2.75%, based on 20-year municipal bond yields   |
| Healthcare cost trend rates | The trend rates were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by the City of Seattle. 7.00% in 2018, decreasing to 6.77% in 2019, and decreasing by varying amounts until 2030 thereafter. | The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing to 5.1% in 2021 through 2022. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter. | The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing by varying amounts until 2028. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter. |
| Mortality rates             | For actives, males: PR-2014 Employees Table for Males, adjusted by 60%; female: PR-2014 Employees Table for Females, adjusted by 95%. For Retirees, males: PR-2014 Healthy Annuitant Males, adjusted by 95%; female: PR-2014 Healthy Annuitant Females, adjusted by 95%. Rates are projected generationally using Scale MP-2014 ultimate rates.                                     | RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).  | RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).   |

For Healthcare Blended Premium Subsidy, the valuation date is January 1, 2018 and the measurement date is January 1, 2019. For Firemen's Pension and Police Relief and Pension, the total OPEB liability was determined by an actuarial valuation as of the valuation date (January 1, 2019), calculated based on the discounted rates above, with the results rolled forward to the measurement date (December 31, 2019) .

The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and a 1% decrease in the discount rates used to measure the total OPEB liability for each plan:

|  | Total OPEB Liability at Rate |              |             |
|--|------------------------------|--------------|-------------|
|  | 1% Decrease                  | Current Rate | 1% Increase |
| City of Seattle Health Care Blended Premium Subsidy Plan | \$ 66,939                    | \$ 60,947    | \$ 55,546   |
| Firemen's Pension Plan                                   | 305,429                      | 269,926      | 240,334     |
| Policy Relief and Pension Plan                           | 323,337                      | 287,127      | 256,868     |

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

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**Table 11-24 Healthcare Cost Trend Rate Sensitivity of OPEB Liability (In Thousands)**

|  | Total OPEB Liability at Rate |              |             |
|--|------------------------------|--------------|-------------|
|  | 1% Decrease                  | Current Rate | 1% Increase |
| City of Seattle Health Care Blended Premium Subsidy Plan | \$ 53,752                    | \$ 60,947    | \$ 69,494   |
| Firemen's Pension Plan                                   | 241,756                      | 269,926      | 302,682     |
| Police Relief and Pension Plan                           | 258,226                      | 287,127      | 320,694     |

**Changes in the Total OPEB Liability.** The City reported a total OPEB liability of \$618.0 million in 2019. Based on the actuarial valuation date of January 1, 2019, details regarding the City of Seattle Health Care Blended Premium Subsidy Plan, Firemen's Pension Plan, and Police Relief and Pension Plan as of December 31, 2019 are shown below:

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

|  | Health Care Blended Premium Subsidy Plan |                   |                                | Total OPEB Liability |
|--|--|-------------------|--------------------------------|----------------------|
|  | Health Care Blended Premium Subsidy Plan | Firemen's Pension | Police Relief and Pension Plan |                      |
| Total OPEB Liability at 1/1/2019                   | \$ 61,130                                | \$ 268,828        | \$ 297,381                     | \$ 627,339           |
| Service costs                                      | 3,842                                    | —                 | —                              | 3,842                |
| Interest   | 2,196                                    | 10,525            | 11,599                         | 24,320               |
| Changes of benefit terms                           | —  | —                 | —                              | —                    |
| Effect of economic/demographic gains or losses     | —  | (7,497)           | (9,511)                        | (17,008)             |
| Differences between expected and actual experience | —  | —                 | —                              | —                    |
| Changes of assumptions                             | (3,887)                                  | 9,583             | 2,637                          | 8,333                |
| Benefit payments                                   | (2,334)                                  | (11,513)          | (14,979)                       | (28,826)             |
| Other changes                                      | —  | —                 | —                              | —                    |
| Total OPEB Liability at 12/31/2019                 | \$ 60,947                                | \$ 269,926        | \$ 287,127                     | \$ 618,000           |

The changes in current year's assumption, such as discount rate, participation rate, resulted in the increase in the OPEB liability for all OPEB plans by \$8.3 million. For Health Care Blended Premium Subsidy, mortality and retirement assumptions for General Service was updated to reflect the most recent assumptions developed in the SCERS 2014 - 2017 investigation of experience report. For OPEB plans under Firemen's Pension and Police Relief and Pension Plan, the effect of economic/demographic losses resulted in the decrease in the OPEB liability by \$17 million.

Service costs estimated for Health Care Blended Premium Subsidy plan in 2019 were \$3.8 million. OPEB plans under Firemen's Pension and Police Relief and Pension Plan was closed to new entrants.

Total interest on OPEB liability estimated for all plans was \$24.3 million in 2019. The total OPEB liability also reduced by \$28.8 million from benefit payments. As a result of the net effect of these changes, the City's OPEB liability decreased by \$9.3 million in 2019.

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

For the year ended December 31, 2019, the City recognized negative OPEB expense of \$6.9 million. The following table presents deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the City at December 31, 2019 for City of Seattle Health Care Blended Premium Subsidy Plan. Firemen's Pension and Police Relief and Pension Plan have no deferred outflow of resources and no deferred inflows of resources.

**Table 11-26 Deferred Outflows/Inflows of Resources Related to OPEB (In Thousands)**

| City of Seattle Health Care Blended Premium Subsidy Plan | Deferred Outflow of Resources | Deferred Inflows of Resources |
|--|-------------------------------|-------------------------------|
| Difference between expected and actual experience        | \$10,523                      | \$—                           |
| Changes of assumptions                                   | —                             | 20,725                        |
| Payments subsequent to the measurement date              | 2,484                         | —                             |
| <b>Total</b>   | <b>\$13,007</b>               | <b>\$20,725</b>               |

Deferred outflows of resources of \$2.4 million resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amount reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense for City of Seattle Health Care Blended Premium Subsidy as follows:

**Table 11-27**

| (In Thousands)        | City of Seattle Health Care Blended Premium Subsidy Plan | Firemen's Pension Plan | Police Relief and Pension Plan |
|-----------------------|--|------------------------|--------------------------------|
| Year End December 31: |  |                        |                                |
| 2020                  | \$(1,370)  | \$—                    | \$—                            |
| 2021                  | (1,370)  | —                      | —                              |
| 2022                  | (1,370)  | —                      | —                              |
| 2023                  | (1,370)  | —                      | —                              |
| 2024                  | (1,370)  | —                      | —                              |
| Thereafter            | (3,354)  | —                      | —                              |

**(12) COMPONENT UNITS**

**DISCRETELY PRESENTED COMPONENT UNITS**

**Seattle Public Library Foundation**

The Seattle Public Library Foundation (the Foundation) is a Washington non-profit corporation, a public charity organized exclusively for educational, charitable, and scientific purposes to benefit and support the Seattle Public Library. The Foundation provides goods, services, and facilities above the tax-based funding of the Seattle Public Library. The Foundation is located in Seattle, governed by a Board of Directors, and possesses all the requisite corporate powers to carry out the purposes for which it was formed.

The City is not financially accountable for the Foundation. The Foundation is considered a nonmajor component unit in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* (GASB 39), and is presented discretely in the City's financial statements because (1) the economic

**Notes to Financial Statements**

resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; and (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

The Foundation reports on a fiscal year-end consistent with the City, the primary government. The Foundation issues its own audited financial statements. To obtain complete audited statements for all years, please contact: The Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, or by telephone at 206-386-4130.

**Seattle Investment Fund LLC**

The Seattle Investment Fund LLC (SIF) was established by Ordinance 123146 for the purpose of implementing the U.S. Treasury Department's New Market Tax Credit (NMTCT) program. The City is its sole and managing member. SIF is a qualified Community Development Entity (CDE) and the Primary Allocatee. Twelve subsidiaries have been established since the program's inception. Detailed information on the program and complete audited financial statements are available by contacting the City's Office of Economic Development at 700 Fifth Avenue, Seattle, WA 98104, or by telephone at 206-684-8090.

SIF is a limited liability corporation in accordance with RCW 35.21.735. It has no employees. Administrative work at SIF is performed by the staff of the City's Office of Economic Development. The members of its Investment Committee and Advisory Board are selected by the Mayor and confirmed by the City Council. The City is not financially accountable for SIF, but under this structure the City may impose its will upon the organization. In accordance with GASB 39, SIF is presented as a nonmajor discrete component unit of the City.

**Table 12-1** **CONDENSED STATEMENT OF NET POSITION**  
**SEATTLE PUBLIC LIBRARY FOUNDATION AND**  
**SEATTLE INVESTMENT FUND LLC**  
**December 31, 2019**  
*(in Thousands)*

|                                  | Discretely Presented Component Units |           |                             |          |           |           |
|----------------------------------|--------------------------------------|-----------|-----------------------------|----------|-----------|-----------|
|                                  | Seattle Public Library Foundation    |           | Seattle Investment Fund LLC |          | Total     |           |
|                                  | 2019                                 | 2018      | 2019                        | 2018     | 2019      | 2018      |
| <b>ASSETS</b>                    |                                      |           |                             |          |           |           |
| Cash and Other Assets            | \$ 2,381                             | \$ 2,726  | \$ 1,248                    | \$ 1,486 | \$ 3,629  | \$ 4,212  |
| Investments                      | 75,430                               | 64,622    | 6                           | 6        | 75,436    | 64,628    |
| Capital Assets, Net              | 14                                   | 18        | —                           | —        | 14        | 18        |
| Total Assets                     | 77,825                               | 67,366    | 1,254                       | 1,492    | 79,079    | 68,858    |
| <b>LIABILITIES</b>               |                                      |           |                             |          |           |           |
| Current Liabilities              | 1,254                                | 1,357     | 7                           | 127      | 1,261     | 1,484     |
| Total Liabilities                | 1,254                                | 1,357     | 7                           | 127      | 1,261     | 1,484     |
| <b>NET POSITION</b>              |                                      |           |                             |          |           |           |
| Net Investment in Capital Assets | 14                                   | 18        | —                           | —        | 14        | 18        |
| Restricted                       | 54,279                               | 47,579    | —                           | —        | 54,279    | 47,579    |
| Unrestricted                     | 22,278                               | 18,413    | 1,246                       | 1,365    | 23,524    | 19,778    |
| Total Net Position               | \$ 76,571                            | \$ 66,010 | \$ 1,246                    | \$ 1,365 | \$ 77,817 | \$ 67,375 |

**The City of Seattle**

**Table 12-2**

**CONDENSED STATEMENT OF ACTIVITIES**  
**SEATTLE PUBLIC LIBRARY FOUNDATION AND**  
**SEATTLE INVESTMENT FUND LLC**  
**For the Year Ended December 31, 2019**  
*(in Thousands)*

|                                    | Discretely Presented Component Units |           |                             |          |           |           |
|------------------------------------|--------------------------------------|-----------|-----------------------------|----------|-----------|-----------|
|                                    | Seattle Public Library Foundation    |           | Seattle Investment Fund LLC |          | Total     |           |
|                                    | 2019                                 | 2018      | 2019                        | 2018     | 2019      | 2018      |
| <b>PROGRAM REVENUES</b>            |                                      |           |                             |          |           |           |
| Contributions/Endowment Gain       | \$ 4,902                             | \$ 4,037  | \$ —                        | \$ —     | \$ 4,902  | \$ 4,037  |
| Placement/Management Fee Income    | —                                    | —         | 301                         | 293      | 301       | 293       |
| Total Program Revenues             | 4,902                                | 4,037     | 301                         | 293      | 5,203     | 4,330     |
| <b>GENERAL REVENUES</b>            |                                      |           |                             |          |           |           |
| Investment Income                  | 11,569                               | (3,613)   | —                           | —        | 11,569    | (3,613)   |
| Total Program Support and Revenues | 16,471                               | 424       | 301                         | 293      | 16,772    | 717       |
| <b>EXPENSES</b>                    |                                      |           |                             |          |           |           |
| Support to Seattle Public Library  | 4,563                                | 5,370     | —                           | —        | 4,563     | 5,370     |
| Management and General             | 770                                  | 725       | 420                         | 291      | 1,190     | 1,016     |
| Fundraising                        | 577                                  | 521       | —                           | —        | 577       | 521       |
| Total Expenses                     | 5,910                                | 6,616     | 420                         | 291      | 6,330     | 6,907     |
| Change in Net Position             | 10,561                               | (6,192)   | (119)                       | 2        | 10,442    | (6,190)   |
| <b>NET POSITION</b>                |                                      |           |                             |          |           |           |
| Net Position - Beginning of Year   | 66,010                               | 72,202    | 1,365                       | 1,363    | 67,375    | 73,565    |
| Net Position - End of Year         | \$ 76,571                            | \$ 66,010 | \$ 1,246                    | \$ 1,365 | \$ 77,817 | \$ 67,375 |

**BLENDED COMPONENT UNIT**

**Seattle Park District**

The Seattle Park District (the District) is a metropolitan park district authorized by Chapter 35.61 of the Revised Code of Washington. The District has the same boundaries as the City. On August 5, 2014, voters in the City approved Proposition 1 to use property taxes collected to provide funding for City parks and recreation including maintaining park lands and facilities, operating community centers and recreation programs, and developing new neighborhood parks on previously acquired sites. The District is governed by the City Council acting ex officio as the District Board. The Seattle Department of Parks and Recreation provides services on behalf of the District under an inter-local agreement between the City and the District.

The District is reported as a special revenue fund in the City's financial statement. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements are available from Seattle Park District, PO Box 34025, Seattle, WA 98124-4025, or by emailing SeattleParkDistrict@Seattle.gov.

(13) JOINT VENTURES

SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL

The Seattle-King County Workforce Development Council (WDC) is a joint venture between the City and King County. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor agency to receive the employment and training funds for the County area. The King County Executive and the Mayor of the City, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, the City and King County who each will be responsible for one half of the disallowed amount. As of December 31, 2019, there are no outstanding program eligibility issues that may lead to a liability for the City.

WDC contracts with the City which provides programs related to the Workforce Innovation and Opportunity Act. WDC paid \$55 dollars to the City during WDC's fiscal year ended June 30, 2019.

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

(14) COMMITMENTS

Financial Guarantees

The City has extended nonexchange financial guarantees in the form of contingent loan agreements with other owner/developers of affordable housing. The City will provide credit support, such as assumption of monthly payments for certain bonds and lines of credit issued by these agencies in the event of financial distress. Any guarantee payments made become liabilities of the guaranteed contract holders to be paid back after regaining financial stability. The City's program, managed by the Office of Housing, currently has loan agreements outstanding of \$697.8 million. These agreements have maturity ranges up to 50 years. All projects are currently self-supporting, and the City has not made any payments pursuant to these agreements. It is unlikely that the City will make any payments in relation to these guarantees based on available information at the end of December 31, 2019 and standards prescribed under GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.

Capital Improvement Program

The City adopted the 2019 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$7.1 billion for the years 2019-2024. The adopted CIP for 2019 was \$1.2 billion, consisting of \$711.6 million for City-owned utilities and \$507.9 million for non-utility departments. The utility allocations are: \$351.4 million for City Light, \$111.5 million for Water, \$229.5 million for Drainage and Wastewater, \$6.4 million for Solid Waste, and \$12.9 million for Seattle Public Utilities' technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

Purchased and Wholesale Power

City Light expenses associated with energy received under long-term purchased power agreements at December 31, 2019 are shown in the following table:

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

|   | 2019            |
|---|-----------------|
| Bonneville Block                                | \$ 162.9        |
| Bonneville Slice                                | —               |
| Lucky Peak, including royalties                 | 8.4             |
| British Columbia - High Ross Agreement          | 13.5            |
| Grant County Public Utility District            | 1.8             |
| Columbia Basin Hydropower                       | 6.0             |
| Bonneville South Fork Tolt billing credit       | (3.4)           |
| Renewable energy - State Line Wind              | 22.6            |
| Renewable energy - other                        | 7.9             |
| Exchanges and loss returns energy at fair value | 2.7             |
| Long-term purchased power booked out            | (6.5)           |
| <b>Total</b>                                    | <b>\$ 215.9</b> |

**Bonneville Power Administration.** The City purchased electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA), under the Block and Slice Power Sales Agreement, a 17-year contract, for the period October 1, 2011 through September 30, 2028. Effective October 1, 2017 there was an amendment to the agreement whereby the City no longer participates as a Slice customer and will now exclusively purchase Block. Block quantities are expected to be recalculated periodically during the term of the contract. Rates will be developed and finalized every two years. Accordingly, certain estimates and assumptions were used in the calculations in the estimated future payments table above.

BPA's Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region's investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court (the Court) rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power Act. To remedy this inconsistency, the Court ruled that refunds be issued to non-IOUs through September 2019. The City received \$4.3 million in billing credits related to the Block and Slice agreement in 2019.

**Lucky Peak.** In 1984, the City entered into a purchase power agreement with four irrigation districts to acquire 100% of the net surplus output of a hydroelectric facility that began commercial operation in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project, and the Federal Energy Regulatory Commission (FERC) license expires in 2030. The agreement, which expires in 2038, obligates the City to pay all ownership and operating costs, including debt service, over the term of the contract, whether the plant is operating or operable.

The City incurred \$8.4 million in 2019, including operations costs and royalty payments to the irrigation districts. The City provided and billed Lucky Peak \$0.3 million for operational and administrative services in 2019. These amounts are recorded as offsets to purchased power expense.

The City's receivables from Lucky Peak were less than \$0.1 million at December 31, 2019. City Light's payables to Lucky Peak were \$1.2 million at December 31, 2019.

## Notes to Financial Statements

**British Columbia-High Ross Agreement.** In 1984, an agreement was reached between the Province of British Columbia and the City under which British Columbia will provide the city with energy equivalent to that which would have resulted from an addition to the height of Ross Dam. Delivery of this energy began in 1986 and is to be received for 80 years. In addition to the direct costs of energy under the agreement, the City incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchased power expense over 35 years through 2035.

**Renewable Energy Purchase and/or Exchanges.** The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires all qualifying utilities in Washington State to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits (RECs) as a percentage of total energy delivered to retail customers. The current annual target is at least 9% for 2019. The city's 2019 resource portfolio was adequate to meet this requirement. Effective for 2020 and beyond, the annual target is 15%.

**Energy Exchange.** Northern California Power Agency (NCPA) and the City executed a long-term Capacity and Energy Exchange Agreement in March 1993. The city delivered energy to NCPA from June through October 15. NCPA returned energy under conditions specified in the contract at a 1.2:1 ratio of exchange power, from November through April. The agreement included financial settlement and termination options.

**Fair Value of Exchange Energy.** During 2019, exchange energy settled deliveries were valued using Dow Jones U.S Daily Electricity Price Indices.

**Estimated Future Payments under Purchased Power, Transmission, and Related Contracts.** The City's estimated payments for purchased power and transmission, Renewable Energy Credits (RECs) and other contracts for the period from 2020 through 2065, undiscounted, are shown in the following table:

Table 14-2

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

| Year Ending<br>December 31   | Estimated<br>Payments <sup>A</sup> |
|------------------------------|------------------------------------|
| 2020                         | \$ 286.2                           |
| 2021                         | 266.3                              |
| 2022                         | 254.8                              |
| 2023                         | 255.4                              |
| 2024                         | 261.8                              |
| 2025-2029                    | 841.0                              |
| Thereafter<br>(through 2065) | 182.1                              |
| Total                        | <u>\$ 2,347.6</u>                  |

<sup>A</sup> 2019 includes estimated REP recoveries from BPA.

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

<sup>C</sup> BPA transmission contract expires July 31, 2025. BPA Block and Slice contract expires September 30, 2028.

### Other Regulatory Commitments

**Federal Energy Regulatory Commission (FERC) Fees.** Estimated Federal land use and administrative fees related to hydroelectric licenses total \$99.1 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, when their existing FERC licenses expire. The estimated portion of Boundary fees

## The City of Seattle

is included through 2055, the year the current license issued by FERC expires. The Boundary FERC license and related issues are discussed below.

**New Boundary License.** The City's FERC license for the Boundary Project was re-issued on March 20, 2013 with a 42-year life and a total cost of \$48.6 million. The terms and conditions of the new license were evaluated, and the Department continues the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management.

As part of the license renewal process, the City negotiated a settlement with external parties such as owners of other hydroelectric projects, Indian tribes, conservation groups and other government agencies. The settlements sought to preserve the City's operational flexibility at Boundary Dam while providing for natural resource protection, mitigation and enhancement measures.

The cost projections for such mitigation over the expected 42-year life of the license, included in the city's license application, were estimated to be \$398.2 million adjusted to 2019 dollars, of which \$92.7 million were expended through 2019. Projected mitigation cost estimates are subject to revision as more information becomes available.

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

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2019, to be \$138.0 million, of which \$133.4 million had been expended through 2019. Total South Fork Tolt license mitigation costs were estimated at \$2.0 million, of which \$1.6 million were expended through 2019. In addition to the costs listed for South Fork Tolt mitigation, the license and associated settlement agreements required certain other actions related to wildlife studies and wetland mitigation for which no set dollar amount was listed. Requirements for these actions have been met, and no further expenditures need to be incurred for these items.

Capital improvement, other deferred costs, and operations and maintenance costs are included in the estimates related to the settlement agreements for both licenses. Amounts estimated are adjusted to 2019 dollars. The City's labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

Hydroelectric projects must satisfy the requirements of the Endangered Species Act (ESA) and the Clean Water Act in order to obtain a FERC license. ESA and related issues are discussed below.

**Endangered Species.** Several fish species that inhabit waters where hydroelectric projects are owned by the City, or where the city purchases power, have been listed under the ESA as threatened or endangered. Although the species were listed after FERC licenses were issued for all City hydroelectric projects, the ESA listings still affect operations of the city's Boundary, Skagit, Tolt, and Cedar Falls hydroelectric projects.

Federal Regulations in response to the listing of species affect flow in the entire Columbia River system. As a result of these regulations, the City's power generation at its Boundary Project is reduced in the fall and winter when the region experiences its highest sustained energy demand. The Boundary Project's firm capability is also reduced.

The City, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. The City is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and watershed groups for bull trout, Chinook salmon, and steelhead in the South Fork Tolt and Skagit Watersheds. The ESA Early Action program is authorized by City Council but is separate from any current FERC license requirements. The program includes habitat acquisition, management, and restoration. The ESA Early Action has been successful in protecting listed species. Total costs for the city's share of the Early Action program from inception in 1999 through December 31, 2019 are estimated to be \$15.9 million. \$2.0 million has been allocated for the program in the 2020 budget.

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## Notes to Financial Statements

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**Project Impact Payments.** Effective August 2010, the City renewed its contract with Pend Oreille County and committed to pay a total of \$19.0 million over 10 years ending in 2019 to Pend Oreille County for impacts on county governments from the operations of the city's hydroelectric projects. Effective February 2009, the City renewed its contract with Whatcom County committing to pay a total of \$15.8 million over 15 years ending in 2023. The payments compensate the counties and certain school districts and towns located in these counties, for loss of revenues and additional financial burdens associated with the projects. The Boundary Project, located on the Pend Oreille River, affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The impact payments made in 2019 totaled \$1.9 million to Pend Oreille County and \$1.1 million to Whatcom County.

**Habitat Conservation Program Liability.** Seattle Public Utilities (SPU) has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the Habitat Conservation Plan (HCP) is to protect all species of concern that may be affected by the operations of SPU and City Light in the Cedar River Watershed, while allowing the City to continue to provide high quality drinking water to the region. The federal government has accepted the HCP. The total cost of implementing the HCP is expected to be \$114.4 million (in 2019 dollars) over a period of 50 years (from the year 2000 through the year 2050).

Expenditures are being funded from a combination of the City's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2019 is \$94.4 million. The remaining \$20.0 million to complete the HCP is comprised of a \$7.1 million liability and an estimate of \$12.9 million for construction and operating commitments. The construction activities will add to the city's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expensed as incurred.

**Distribution System Reservoirs.** The City is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying six reservoirs is expected to be approximately \$231.7 million through the year 2022; costs beyond 2022 are not estimable as of the date of this report. As of December 31, 2019, total cumulative costs incurred were \$168.3 million.

**Wholesale Water Supply Contracts.** The City has wholesale contracts with Cascade Water Alliance (CWA) and twenty individual water districts and municipalities. Seventeen wholesale customers have full and partial requirements contracts which obligate the City to meet the wholesale customers' demand that is not already met by their independent sources of supply. Two wholesale customers (including CWA) have block contracts which obligate the City to provide water up to a combined maximum of 41.85 MGD per year. Two other wholesale customers have emergency intertie agreements and do not purchase water from Seattle on a regular basis. The CWA contract expires in 2063 while other wholesale contracts expire in 2062.

The City also has a contract with the City of North Bend to provide untreated water supply up to an average annual amount of 1.1 MGD through 2066 for use in supplementing stream flows.

**Wastewater Disposal Agreement.** The City has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division (the Division), which expires in 2036. The monthly wastewater disposal charge paid to the Division is based on the Division's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. Payments made by the City were \$165,796,390 for fiscal year 2019.

**Contractual Obligations.** The City contracts with private companies for the collection of residential and commercial garbage, yard waste, food waste, and recycling. Independent vendors supplement these City services with large scale recycling and food waste for business customers. Effective April 1, 2019, the City began new service contracts with Waste Management and Recology of King County for residential and commercial collection. The contracts are scheduled to end on March 31, 2029, with City options to extend to March 2031 and March 2033. Total payments under these contracts for residential and commercial collection were \$80,585,666 in 2019.

In 1990, the City entered into a contract with Waste Management of Washington, Inc., (formerly known as Washington Waste Systems) for rail-haul and disposal of non-recyclable City waste. This contract is scheduled to end on March 31, 2028, however the City may terminate this contract at its option without cause on March 31, 2024. Total payments under the terms of this contract for waste disposal were \$15,279,836 in 2019.

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Effective April 1, 2014, the City entered into contracts with PacifiClean Environmental of Washington, LLC and Lenz Enterprises, Inc. to process yard and food waste into marketable products. The Lenz Enterprise contract is scheduled to end on March 31, 2020, with options to extend in two-year increments up to March 31, 2024, at the City's discretion. The City terminated the services with PacifiClean effective August 31, 2017, due to failed operations, prior to the end of the original contract term. The City awarded a new contract to Cedar Grove Composting, effective September 1, 2017, to provide additional services. The Cedar Grove Contract will end March 31, 2020, with City options to extend the contract up to March 31, 2024. Total payments under the terms of these contracts were \$4,534,016 in 2019.

Effective April 1, 2016, the City commenced a contract for recycling processing with Rabanco, Ltd. The company is responsible for processing recyclables and marketing those commodities. The City may, at its option, extend the contract in three year increments up to March 31, 2027. Total payments, net of recycling revenue, were \$5,285,545 in **Error! Reference source not found.**

**Landfill Closure and Post-closure Care.** In prior years, the City delivered its refuse to two leased disposal sites: the Midway and Kent-Highlands landfills. After signing the original lease agreement, federal and state requirements for closure of landfill sites were enacted. The City stopped disposing of municipal waste in the Midway site in 1983 and in the Kent-Highlands site in 1986.

At December 31, 2019, accrued landfill closure and post-closure costs consist primarily of monitoring, maintenance, and estimated construction costs related to I-5 improvement projects. It is the City Council's policy to include the City's share of all landfill closure and post-closure costs in the revenue requirements used to set future solid waste rates. Therefore, the City uses regulatory accounting and total estimated landfill closure and post-closure care costs are accrued and also reflected as future costs in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from Solid Waste Fund rate payers and will be fully amortized in 2024. Actual costs for closure and post-closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and accrued when identified. Landfill closure costs were fully amortized in 2009 and landfill post-closure costs will continue to amortize until 2024.

## (15) CONTINGENCIES

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

In addition, the City purchases excess general liability insurance coverage on a year to year basis. The City's self-insured retention for each claim involving general liability is limited to \$6.5 million per occurrence of such claims through May 2020. Effective June 1, 2019 through May 2020 the City's excess liability insurance limits were \$100 million. In 2019 the City purchased \$50 million in cyber insurance. Coverage includes business interruption, system failure, data asset protection, event management, privacy and network security liability.

The City also purchased an all-risk comprehensive property insurance policy that provides \$500 million in limits, subject to various deductible levels depending upon the assets and value of the building. This includes \$100 million in earthquake and flood limits. Hydroelectric and other utility producing, and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, aviation, marine and hull, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment of commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities, as necessary.

In 2019, the City purchased one annuity contract for \$0.6 million to resolve litigation. The City did not receive any large liability settlements in 2019 nor settled any claims exceeding coverage.

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## Notes to Financial Statements

Claims liabilities are based on the estimated ultimate cost of settling claims, which include case reserve estimates and incurred but not reported (IBNR) claims. Liabilities for lawsuits and other claims are assessed and projected annually using historical claims, lawsuit data, and current reserves. The Seattle Department of Human Resources estimates case reserves for workers' compensation using statistical techniques and historical experience. In 2019 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care as of year-end 2018. The total undiscounted IBNR amount was \$39.8 million in 2019, increased by \$9.6 million from prior year.

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

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in 2019. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed for the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Workers' compensation and general liabilities recorded in the financial statements are discounted at 2.0% for 2019, the City's 2018 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 2.381% for 2019, the City's 2019 average annual rate of return on investments. The total discounted liability at December 31, 2019, was \$123.1 million consisting of \$65.3 million for general liability, \$15.4 million for health care, and \$42.4 million for workers' compensation.

**Table 15-1**  
**RECONCILIATION OF CHANGES IN**  
**AGGREGATE LIABILITIES FOR CLAIMS**  
*(In Thousands)*

|  | General Liability | Health Care      | Workers'<br>Compensation | Total City        |
|--|-------------------|------------------|--------------------------|-------------------|
| <b>UNDISCOUNTED</b>  |                   |                  |                          |                   |
| Balance - Beginning of Fiscal Year                                   | \$ 81,436         | \$ 5,069         | \$ 41,680                | \$ 128,185        |
| Less Payments and Expenses During the Year                           | (19,211)          | (241,487)        | (21,154)                 | (281,852)         |
| Plus Claims and Changes in Estimates                                 | 9,665             | 252,155          | 24,331                   | 286,151           |
| Balance - End of Fiscal Year   | <u>\$ 71,890</u>  | <u>\$ 15,737</u> | <u>\$ 44,857</u>         | <u>\$ 132,484</u> |
| <b>UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b>        |                   |                  |                          |                   |
| Governmental Activities  | \$ 56,664         | \$ 15,737        | \$ 34,341                | \$ 106,742        |
| Business-Type Activities   | 15,213            | —                | 10,514                   | 25,727            |
| Fiduciary Activities   | 13                | —                | 2                        | 15                |
| Balance - End of Fiscal Year   | <u>\$ 71,890</u>  | <u>\$ 15,737</u> | <u>\$ 44,857</u>         | <u>\$ 132,484</u> |
| <b>DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF</b> |                   |                  |                          |                   |
| Governmental Activities  | \$ 51,491         | \$ 15,371        | \$ 32,462                | \$ 99,324         |
| Business-Type Activities   | 13,825            | —                | 9,938                    | 23,763            |
| Fiduciary Activities   | 12                | —                | 2                        | 14                |
| Balance - End of Fiscal Year   | <u>\$ 65,328</u>  | <u>\$ 15,371</u> | <u>\$ 42,402</u>         | <u>\$ 123,101</u> |

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

**Deien v. City** – Plaintiff brings a purported class action against the City based on billing practices associated with the Department's transition to advance meters. No class has been certified and the City's ultimate liability is indeterminate.

**Overby v. City, Haynes, and Wilson** – Plaintiff Overby alleges that he is a victim of age and disability discrimination and retaliation. The case arises from asserted occupational exposure to contaminants at the City's Skagit generation facility. The plaintiff asserts that the City and the individual defendants mistreated him following such exposure. An adverse result could include awards of compensatory damages and attorneys' fees. The City's ultimate liability is indeterminate.

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

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

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

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

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

The City's outstanding Section 108 loan balance as of December 31, 2019 is \$7.5 million. BEDI grant funds amount to \$0.5 million and are used as a loan loss reserve.

### GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has guaranteed the certain bonds issued by public development authorities chartered by the City which are not component units of the City. The guarantees extend through the life of the bonds. If these public development authorities have insufficient funds to make scheduled debt payments of the principal of and interest on these guaranteed bonds, the City is obligated to transfer sufficient funds to make the payment. Public development authorities for whom the City has made all or part of a debt service payment shall reimburse the City for all money drawn on their behalf.

**Museum Development Authority.** Special obligation refunding bonds-Series 2014 were issued on April 29, 2014, in the amount of \$44.4 million. The outstanding amount owed as of December 31, 2019 was \$34.9 million. The bonds will be fully retired by April 1, 2031.

**Seattle Chinatown-International District Preservation and Development Authority.** Refunding bonds were issued on September 26, 2007, in the amount of \$7.4 million. The outstanding amount owed as of December 31, 2019, was \$3.6 million. The bonds will be fully retired by August 1, 2026.

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**Notes to Financial Statements**

**Seattle Indian Services Commission.** Special obligation revenue refunding bonds were issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31, 2019 is \$1.95 million. The bonds will be fully retired on November 1, 2024.

**Event Notice Relating to Seattle Indian Services Commission.** In 2014 the Seattle Indian Services Commission (the Commission) experienced unforeseen conditions that left it unable to fulfill its debt obligations on bonds guaranteed by the City. Due to the interruption and suspension of the Commission's pledged revenues for debt service the City is now obligated to temporarily service the Commission's debt.

Since fiscal year 2015, the City's Adopted Budget has included provisions to service the Commission's guaranteed bonds per the City's unconditional obligation, and the City has transferred funds on behalf of the Commission to service the principal and interest on its special obligation refunding bonds issued in 2004.

As of December 31, 2019, the Commission's remaining principal and interest amounts guaranteed by the City are \$1.95 million and \$0.14 million, respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (2.381%), the City has recognized a liability of \$2.08 million in the Government-wide Financial Statements. Until the Commission's revenue conditions improve the City will continue to make the scheduled debt payments through the life of the bonds, with a final maturity date of November 1, 2024.

**The City of Seattle**

**(16) TAX ABATEMENTS**

**Table 16-1**  
**Page 1 of 2**

**Tax Abatement Programs**  
**For the Year Ended December 31, 2019**  
**(In Thousands)**

|  | Primary Government   | Other Governments   |   |   |   |  |
|--|--|---|---|---|---|--|
|  | City of Seattle  | King County   |   | State of Washington   |   |  |
|  | Multifamily Property Tax Exemption   | Historic Properties Incentives  | Current Use   | Single-family Dwelling Improvement  | High Technology   | Data Center Server Equipment and Power Infrastructure  |
| <b>1) Purpose of program</b>                                   | Supports mixed-income residential development in the urban centers to ensure affordability as the community grows  | Encourages maintenance, improvement and preservation of privately owned historic landmarks  | Provides incentives to landowners to voluntarily preserve open space, farmland or forestland  | Provides temporary relief from tax increases caused by major additions or remodels to single-family dwellings | Encourages the creation of high-wage, high-skilled jobs in Washington   | Supports immediate investments in technology facilities and resulting employment   |
| <b>2) Tax being abated</b>                                     | Real Property Tax  | Real Property Tax   | Real Property Tax   | Real Property Tax   | Sales and Use Tax   | Sales and Use Tax  |
| <b>3) Authority under which abatements agreements are made</b> | SMC Chapter 5.73<br>RCW Chapter 84.14  | RCW Chapter 84.26<br>RCW 84.26.020(2)<br>RCW 84.26.050(2)   | RCW 84.33.130<br>RCW 84.34.010  | RCW 84.36.400   | RCW Chapter 82.63   | RCW 82.08.986<br>RCW 82.12.986   |
| <b>4) Criteria to be eligible to receive abatement</b>         | Property owner must set aside 20-25% of the homes as income- and rent-restricted and enter a legally binding agreement with the City detailing the affordability requirements and other stipulations for compliance with the program | The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation; (3) be rehabilitated at a cost equal to 25% or more of pre-improvement assessed value within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board | Property must be enrolled as: (1) Open space with points awarded per the Public Benefit Rating System (PBRS) by resource category (2) Timber land if 5-20 acres are manageable forestland, zoned RA, F or A, and devoted primarily to growth, harvest and management of forest crops for commercial purposes per an approved forest stewardship plan (3) Farm and agricultural land if used to produce livestock or agricultural commodities for commercial purposes (4) Forestland if more than 20 acres are primarily devoted to the growth and harvest of timber | Property to be improved must be a single-family dwelling  | Purchases must be for the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology | Within 6 years of exemption issued, net employment at the data center facility must increase by a minimum of 35 positions or 3 positions per 20,000 square feet or less of space; positions must be new permanent employment positions requiring 40 hours of weekly work, or equivalent, and receiving a wage equivalent to or greater than 150% of the per capita personal income of the county in which the data center is located |

Notes to Financial Statements

Table 16-1  
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Tax Abatement Programs  
For the Year Ended December 31, 2019  
(In Thousands)

|   | Primary Government   |   | Other Governments   |   |  |   |
|---|--|---|---|---|--|---|
|   | City of Seattle  |   | King County   |   | State of Washington  |   |
|   | Multifamily Property Tax Exemption   | Historic Properties Incentives  | Current Use   | Single-family Dwelling Improvement  | High Technology  | Data Center Server Equipment and Power Infrastructure   |
| 5) How recipients' taxes are reduced                                | Exemption from property tax assessments, by participating in the program, property owners commit to a compliance period in return for a tax exemption period.  | Reduction to assessed value subject to property tax for 10 years  | Reduction to assessed value subject to property tax   | Improvement value not added to assessed value subject to property tax for 3 years   | Deferral and ultimate waiver of sales and use taxes when purchasing machinery and equipment, subject to annual certification for up to 7 years   | Waiver of sales and use taxes when goods and services are purchased by the qualifying business or tenant  |
| 6) How amount of abatement is determined                            | Equal to the taxes on the entire appraised value of the property's residential improvements  | Based on a special valuation  | Difference between "current use" assessed value and "highest and best use" assessed value that would otherwise apply to the property            | Equal to 100% of the additional property tax due to the increase in assessed value from the improvements, not to exceed 30% of the pre-improvement value of the structure | Equal to the taxes otherwise applicable to the goods and services  | Equal to the taxes otherwise applicable to the goods and services   |
| 7) Provisions for recapturing abated taxes                          | If a property fails to comply with affordability restriction, the City Director of Housing may cancel the tax exemption, and the County Assessor may impose fines, collect back taxes, and charge interest on back taxes | When property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, additional taxes, applicable penalties and interest are collected | When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected | None  | If the project is used for any other purpose at any time during the 8-year certification period, the business must immediately repay a portion of the deferred taxes, determined by a sliding scale ranging from 100% recapture in year 1 to 12.5% in year 8 | All previously exempted sales and use tax are immediately due and payable for a qualifying business or tenant that does not meet these requirements |
| 8) Types of commitments made by the City other than to reduce taxes | None   | None  | None  | None  | None   | None  |
| 9) Gross amount of reduced City revenues                            | \$ 11  | \$ 1,034  | \$ 46   | \$ 117  | \$ 16,767  | \$ 233  |
|   | Total Revenue Reduction  |   |   |   |  | \$ 18,208   |

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

The City of Seattle

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

Effective January 1, 2019, pursuant to City ordinance, the Fiber Leasing Fund has been consolidated into the Information Technology Fund. Prior year's financial statements were not restated.

In 2019, the City determined that the unamortized bond premium liability related to the 2017 and 2018 bond issuances to the Information Technology Fund, should not be accounted for in the Internal Service Funds as the original bond receipts are properly accounted for in the General Fund. As a result, the Internal Service Funds' beginning net position increased by \$1.3 million.

In 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which established specific criteria for identifying activities that should be reported as fiduciary activities. With this implementation, the City recognized five bank accounts held in a custodial capacity for external customers that met the criteria and are disclosed in Table G-2. The total of these custodial accounts were \$5.7 million cash. The primary balances of these accounts are the Seattle Police evidence and Municipal court restitution and bail monies. No restatements of prior year financials were necessary with this implementation.

(18) SUBSEQUENT EVENTS

CORONAVIRUS GLOBAL PANDEMIC (COVID-19)

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this filing, the City of Seattle remains operational, but specific processes and revenues have been affected by this pandemic. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which disruption may materially impact our financial position, results of operation and cash flows in fiscal year 2020.

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**Required  
Supplementary Information**

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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.

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**Required Supplementary Information**

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**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2019**  
**(In Thousands)**

|  | Budgeted Amounts |                  | Actual           | Variance         |
|--|------------------|------------------|------------------|------------------|
|  | Original         | Final            |                  |                  |
| <b>REVENUES</b>  |                  |                  |                  |                  |
| Taxes  |                  |                  |                  |                  |
| General Property Taxes   | \$ 320,118       | \$ 320,118       | \$ 320,731       | \$ 613           |
| Retail Sales and Use Taxes   | 286,586          | 286,586          | 293,469          | 6,883            |
| Business Taxes   | 336,520          | 336,520          | 345,323          | 8,803            |
| Excise Taxes   | 97,774           | 97,774           | 114,296          | 16,522           |
| Other Taxes  | 32,688           | 32,688           | 36,639           | 3,951            |
| Interfund Business Taxes   | <u>170,111</u>   | <u>170,111</u>   | <u>173,404</u>   | <u>3,293</u>     |
| Total Taxes  | 1,243,797        | 1,243,797        | 1,283,862        | 40,065           |
| Licenses and Permits   | 36,349           | 36,349           | 43,856           | 7,507            |
| Grants, Shared Revenues, and Contributions                                 | 28,187           | 28,187           | 37,339           | 9,152            |
| Charges for Services   | 70,790           | 70,790           | 95,582           | 24,792           |
| Fines and Forfeits   | 26,414           | 26,414           | 34,529           | 8,115            |
| Parking Fees and Space Rent  | 41,424           | 41,424           | 39,105           | (2,319)          |
| Program Income, Interest, and Miscellaneous Revenues                       | <u>286,436</u>   | <u>286,436</u>   | <u>151,295</u>   | <u>(135,141)</u> |
| Total Revenues   | 1,733,397        | 1,733,397        | 1,685,568        | (47,829)         |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |                  |                  |                  |                  |
| Current  |                  |                  |                  |                  |
| General Government   | 489,520          | 521,715          | 274,574          | 247,141          |
| Judicial   | 34,760           | 36,370           | 35,208           | (1,162)          |
| Public Safety  | 742,727          | 775,171          | 741,670          | (33,501)         |
| Physical Environment   | 13,840           | 17,266           | 15,527           | (1,739)          |
| Transportation   | 56,807           | 58,541           | 53,808           | 4,733            |
| Economic Environment   | 149,957          | 180,576          | 146,586          | (33,990)         |
| Health and Human Services  | 34,065           | 40,540           | 29,757           | (10,783)         |
| Culture and Recreation   | 185,857          | 204,129          | 191,957          | 12,172           |
| Capital Outlay   |                  |                  |                  |                  |
| General Government   | 23,194           | 13,375           | 8,821            | (4,554)          |
| Public Safety  | —                | 2,209            | 4,013            | 1,804            |
| Physical Environment   | —                | 12               | —                | (12)             |
| Transportation   | 18,836           | 22,012           | 23,449           | 1,437            |
| Economic Environment   | —                | 33               | 875              | 842              |
| Culture and Recreation   | 44,446           | 36,968           | 38,252           | 1,284            |
| Debt Service   |                  |                  |                  |                  |
| Principal  | —                | —                | 5                | 5                |
| Interest   | —                | —                | —                | —                |
| Total Expenditures and Encumbrances  | <u>1,794,010</u> | <u>1,908,917</u> | <u>1,564,502</u> | <u>344,415</u>   |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | (60,613)         | (175,520)        | 121,066          | (392,244)        |

**The City of Seattle**

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**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2019**  
**(In Thousands)**

|  |                     |                     |                   |                     |
|--|---------------------|---------------------|-------------------|---------------------|
| <b>OTHER FINANCING SOURCES (USES)</b>                              |                     |                     |                   |                     |
| Sales of Capital Assets  | 1,819               | 1,819               | —                 | (1,819)             |
| Transfers In   | 22,845              | 22,845              | 10,406            | (12,439)            |
| Transfers Out  | <u>(105,770)</u>    | <u>(123,915)</u>    | <u>(79,656)</u>   | <u>94,259</u>       |
| Total Other Financing Sources (Uses)                               | <u>(81,106)</u>     | <u>(99,251)</u>     | <u>(19,250)</u>   | <u>80,001</u>       |
| Net Change in Fund Balance   | \$ <u>(141,719)</u> | \$ <u>(274,771)</u> | 101,816           | \$ <u>(312,243)</u> |
| Budgetary Fund Balance - Beginning of Year                         |                     |                     | 483,266           |                     |
| Net Change in Encumbrances   |                     |                     | (49,100)          |                     |
| Net Change in Unappropriable Reserves                              |                     |                     | <u>(263,612)</u>  |                     |
| Budgetary Fund Balance - End of Year                               |                     |                     | 272,371           |                     |
| Adjustments to Conform to Generally Accepted Accounting Principles |                     |                     |                   |                     |
| Reserves Not Available for Appropriation                           |                     |                     | 250,624           |                     |
| Encumbrances   |                     |                     | 62,054            |                     |
| Reimbursements   |                     |                     |                   |                     |
| Budgeted as Revenues   |                     |                     | 238,616           |                     |
| Budgeted as Expenditures   |                     |                     | (238,616)         |                     |
| GASB Statement No. 54 Reporting Adjustment                         |                     |                     |                   |                     |
| Fund Balance (GAAP) - End of Year                                  |                     |                     | <u>\$ 585,048</u> |                     |

**Required Supplementary Information**

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**TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Budgeted Amounts |                | Actual         | Variance        |
|--|------------------|----------------|----------------|-----------------|
|  | Original         | Final          |                |                 |
| <b>REVENUES</b>  |                  |                |                |                 |
| Taxes  |                  |                |                |                 |
| General Property Taxes   | \$ 99,262        | \$ 99,262      | \$ 100,277     | \$ 1,015        |
| Retail Sales and Use Taxes   | —                | —              | —              | —               |
| Business Taxes   | 47,010           | 47,010         | 49,232         | 2,222           |
| Excise Taxes   | —                | —              | —              | —               |
| Other Taxes  | —                | —              | 2              | 2               |
| Interfund Business Taxes   | —                | —              | —              | —               |
| Total Taxes  | 146,272          | 146,272        | 149,511        | 3,239           |
| Licenses and Permits   | 9,552            | 9,552          | 6,889          | (2,663)         |
| Grants, Shared Revenues, and Contributions                                 | 67,464           | 67,464         | 39,742         | (27,722)        |
| Charges for Services   | 145,957          | 145,957        | 85,849         | (60,108)        |
| Fines and Forfeits   | 18               | 18             | 176            | 158             |
| Parking Fees and Space Rent  | —                | —              | 272            | 272             |
| Program Income, Interest, and Miscellaneous Revenues                       | —                | —              | 4,664          | 4,664           |
| <b>Total Revenues</b>  | <b>369,263</b>   | <b>369,263</b> | <b>287,103</b> | <b>(82,161)</b> |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |                  |                |                |                 |
| Current  |                  |                |                |                 |
| General Government   | —                | —              | —              | —               |
| Judicial   | —                | —              | —              | —               |
| Public Safety  | —                | —              | —              | —               |
| Physical Environment   | —                | —              | —              | —               |
| Transportation   | 211,087          | 223,040        | 207,355        | 15,685          |
| Economic Environment   | —                | —              | —              | —               |
| Health and Human Services  | —                | —              | —              | —               |
| Culture and Recreation   | —                | —              | —              | —               |
| Capital Outlay   |                  |                |                |                 |
| General Government   | —                | —              | —              | —               |
| Public Safety  | —                | —              | —              | —               |
| Transportation   | 198,861          | 105,579        | 89,505         | 16,074          |
| Economic Environment   | —                | —              | —              | —               |
| Culture and Recreation   | —                | —              | —              | —               |
| Debt Service   |                  |                |                |                 |
| Principal  | 31,643           | 31,643         | 1,275          | 30,368          |
| Interest   | —                | —              | 45             | (45)            |
| Bond Issuance Cost   | —                | —              | —              | —               |
| Other  | —                | —              | —              | —               |
| <b>Total Expenditures and Encumbrances</b>                                 | <b>441,591</b>   | <b>360,262</b> | <b>298,180</b> | <b>62,082</b>   |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | (72,328)         | 9,001          | (11,077)       | (144,242)       |

**The City of Seattle**

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**TRANSPORTATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  |                    |                  |                  |                    |
|--|--------------------|------------------|------------------|--------------------|
| <b>OTHER FINANCING SOURCES (USES)</b>                              |                    |                  |                  |                    |
| Long-term Debt Issued  | —                  | —                | —                | —                  |
| Sales of Capital Assets  | —                  | 20,245           | 6,199            | 14,046             |
| Transfers In   | —                  | —                | 2,119            | (2,119)            |
| Transfers Out  | —                  | (3,500)          | (39,968)         | 36,468             |
| <b>Total Other Financing Sources (Uses)</b>                        | <b>—</b>           | <b>16,745</b>    | <b>(31,650)</b>  | <b>48,395</b>      |
| <b>Net Change in Fund Balance</b>                                  | <b>\$ (72,328)</b> | <b>\$ 25,746</b> | <b>(42,727)</b>  | <b>\$ (95,847)</b> |
| Budgetary Fund Balance - Beginning of Year                         |                    |                  | 99,643           |                    |
| Net Change in Encumbrances   |                    |                  | (30,525)         |                    |
| Net Change in Unappropriable Reserves                              |                    |                  | (50,362)         |                    |
| <b>Budgetary Fund Balance - End of Year</b>                        |                    |                  | <b>(20,268)</b>  |                    |
| Adjustments to Conform to Generally Accepted Accounting Principles |                    |                  |                  |                    |
| Reserves Not Available for Appropriation                           |                    |                  | 57,052           |                    |
| Encumbrances   |                    |                  | 31,894           |                    |
| Reimbursements   |                    |                  | —                |                    |
| Budgeted as Revenues   |                    |                  | —                |                    |
| Budgeted as Expenditures   |                    |                  | —                |                    |
| <b>Fund Balance (GAAP) - End of Year</b>                           |                    |                  | <b>\$ 68,678</b> |                    |

**Required Supplementary Information**

**PENSION AND OPEB PLAN INFORMATION**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Firemen's and Police Relief and Pension funds are both pension plans that fail to meet the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). Therefore, Firemen's and Police Relief and Pension funds are accounted for in accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The required supplementary information (C3) reports the long-term actuarial data on the Schedule of Funding Progress and Schedule of Employer Contributions as of the plans' reporting dates for the past 10 consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11.

Under GASB 68, the City's cost-sharing multiple-employer plans are the Seattle City Employees' Retirement System (SCERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF1) and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2). As required by GASB 68, the required supplementary information (C4, C5) reports a 10 year Schedule of Proportionate Share of the Net Pension Liability as of the plan's measurement date of the collective net pension liability, and a 10 year Schedule of Employer Contribution as of the City's most recent fiscal year-end, for each pension plan separately.

In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires a schedule of changes in total OPEB liability and related ratios for each of the 10 most recent fiscal years as required supplementary information. The schedule separately presents the required information for each OPEB plan (C6).

**The City of Seattle**

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS**  
**December 31, 2019**  
**Last Ten Fiscal Years <sup>A</sup>**  
**(In Thousands)**

**Police Relief and Pension Fund**

| Year Ended  | 2019      | 2018      | 2017      | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-----------|-----------|-----------|------|------|------|------|------|------|------|
| Service Cost                                      | \$ —      | \$ —      | \$ —      | N/A  |
| Interest on total pension liability               | 3,061     | 3,024     | 3,401     | N/A  |
| Effect of plan changes                            | —         | —         | —         | N/A  |
| Effect of economic/demographic gains or (losses)  | 5,602     | 2,569     | —         | N/A  |
| Effect of assumption changes or inputs            | 11,816    | (4,809)   | 1,689     | N/A  |
| Benefit payments                                  | (8,075)   | (13,227)  | (5,593)   | N/A  |
| Net change in pension liability                   | 12,404    | (12,443)  | (503)     | N/A  |
| Total pension liability, beginning                | 80,513    | 92,956    | 93,459    | N/A  |
| Total pension liability, ending                   | \$ 92,917 | \$ 80,513 | \$ 92,956 | N/A  |
| Covered payroll <sup>B</sup>                      | —         | —         | —         | N/A  |
| Total pension liability as a % of covered payroll | N/A       | N/A       | N/A       | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  |

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

<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**Firefighters' Pension Fund**

| Year Ended  | 2019      | 2018      | 2017      | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-----------|-----------|-----------|------|------|------|------|------|------|------|
| Service Cost                                      | \$ —      | \$ —      | N/A       | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  |
| Interest on total pension liability               | 3,298     | 3,325     | 3,623     | N/A  |
| Effect of plan changes                            | —         | —         | —         | N/A  |
| Effect of economic/demographic gains or (losses)  | (525)     | (2,082)   | —         | N/A  |
| Effect of assumption changes or inputs            | 9,030     | (6,739)   | 2,118     | N/A  |
| Benefit payments                                  | (6,939)   | (7,197)   | (7,485)   | N/A  |
| Net change in pension liability                   | 4,864     | (12,693)  | (1,744)   | N/A  |
| Total pension liability, beginning                | 85,880    | 98,573    | 100,317   | N/A  |
| Total pension liability, ending                   | \$ 90,744 | \$ 85,880 | \$ 98,573 | N/A  |
| Covered payroll <sup>B</sup>                      | —         | —         | N/A       | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  |
| Total pension liability as a % of covered payroll | N/A       | N/A       | N/A       | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  | N/A  |

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

<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**Required Supplementary Information**

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**PENSION PLAN INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
Seattle City Employees' Retirement System  
December 31, 2019  
Last Ten Fiscal Years <sup>A</sup>  
(In Thousands)**

|  | 2019        | 2018        | 2017        | 2016        | 2015        |
|--|-------------|-------------|-------------|-------------|-------------|
| Employer's proportion of the net pension liability (asset)                                     | 99.95%      | 99.95%      | 99.93%      | 99.91%      | 0.9989      |
| Employer's proportionate share of the net pension liability                                    | \$1,518,484 | \$1,106,617 | \$1,304,140 | \$1,297,983 | \$1,106,800 |
| Covered payroll <sup>B</sup>   | \$774,235   | \$728,094   | \$708,562   | \$638,354   | \$626,403   |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll | 196.13%     | 151.99%     | 184.05%     | 203.33%     | 176.69      |
| Plan fiduciary net position as a percentage of the total pension liability                     | 64.14%      | 72.04%      | 65.60%      | 64.03%      | 67.70%      |
|  | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> |
| Employer's proportion of the net pension liability (asset)                                     | N/A         | N/A         | N/A         | N/A         | N/A         |
| Employer's proportionate share of the net pension liability                                    | N/A         | N/A         | N/A         | N/A         | N/A         |
| Covered payroll <sup>B</sup>   | N/A         | N/A         | N/A         | N/A         | N/A         |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll | N/A         | N/A         | N/A         | N/A         | N/A         |
| Plan fiduciary net position as a percentage of the total pension liability                     | N/A         | N/A         | N/A         | N/A         | N/A         |

<sup>A</sup> This schedule will be built prospectively until it contains ten years of data.  
<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**The City of Seattle**

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**PENSION PLAN INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1  
June 30, 2019  
Last Ten Fiscal Years <sup>A</sup>  
(In Thousands)**

|  | 2019        | 2018        | 2017        | 2016        | 2015        |
|--|-------------|-------------|-------------|-------------|-------------|
| Employer's proportion of the net pension liability (asset)                                     | 3.58%       | 3.57%       | 3.55%       | 3.55%       | 3.55%       |
| Employer's proportionate share of the net pension liability                                    | \$70,673    | \$64,885    | \$53,981    | \$36,619    | \$42,771    |
| Covered payroll <sup>B</sup>   | \$992       | \$1,391     | \$2,023     | \$2,542     | \$3,930     |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll | 7,127.78%   | 4,664.63%   | 2,668.36%   | 1,440.33%   | 1,088.29%   |
| Plan fiduciary net position as a percentage of the total pension liability                     | 148.78%     | 144.42%     | 135.96%     | 123.74%     | 127.36%     |
|  | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> | <b>2010</b> |
| Employer's proportion of the net pension liability (asset)                                     | 3.55%       | N/A         | N/A         | N/A         | N/A         |
| Employer's proportionate share of the net pension liability                                    | \$43,065    | N/A         | N/A         | N/A         | N/A         |
| Covered payroll <sup>B</sup>   | \$4,905     | N/A         | N/A         | N/A         | N/A         |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll | 878.02%     | N/A         | N/A         | N/A         | N/A         |
| Plan fiduciary net position as a percentage of the total pension liability                     | 126.91%     | N/A         | N/A         | N/A         | N/A         |

<sup>A</sup> This schedule will be built prospectively until it contains ten years of data.  
<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**Required Supplementary Information**

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2**  
**June 30, 2019**  
**Last Ten Fiscal Years <sup>A</sup>**  
**(In Thousands)**

|  | 2019      | 2018      | 2017      | 2016      | 2015      |
|--|-----------|-----------|-----------|-----------|-----------|
| Employer's proportion of the net pension liability (asset)   | 8.95%     | 9.08%     | 9.17%     | 9.36%     | 9.31%     |
| Employer's proportionate share of the net pension asset  | \$207,455 | \$184,326 | \$127,282 | \$54,486  | \$95,637  |
| LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer | 135,855   | 119,348   | 82,565    | 35,523    | 64,124    |
| Total  | \$343,310 | \$303,674 | \$209,847 | \$90,009  | \$159,761 |
| Covered payroll <sup>B</sup>   | \$313,037 | \$294,033 | \$283,991 | \$273,333 | \$268,461 |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll             | 66.27%    | 62.69%    | 44.82%    | 19.93%    | 35.62%    |
| Plan fiduciary net position as a percentage of the total pension asset                                     | 119.43%   | 118.5%    | 113.36%   | 106.04%   | 111.67%   |
|  | 2014      | 2013      | 2012      | 2011      | 2010      |
| Employer's proportion of the net pension liability (asset)   | 9.40%     | N/A       | N/A       | N/A       | N/A       |
| Employer's proportionate share of the net pension asset  | \$125,076 | N/A       | N/A       | N/A       | N/A       |
| LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer | 82,876    | N/A       | N/A       | N/A       | N/A       |
| Total  | \$207,952 | N/A       | N/A       | N/A       | N/A       |
| Covered payroll <sup>B</sup>   | \$255,273 | N/A       | N/A       | N/A       | N/A       |
| Employer's proportionate share of the net pension liability as a percentage of covered payroll             | 49.00%    | N/A       | N/A       | N/A       | N/A       |
| Plan fiduciary net position as a percentage of the total pension asset                                     | 116.75%   | N/A       | N/A       | N/A       | N/A       |

<sup>A</sup> This schedule will be built prospectively until it contains ten years of data.  
<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**The City of Seattle**

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**PENSION PLAN INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Seattle City Employees' Retirement System**  
**December 31, 2018**  
**Last Ten Fiscal Years <sup>A</sup>**  
**(In Thousands)**

|  | 2019      | 2018      | 2017      | 2016      | 2015      |
|--|-----------|-----------|-----------|-----------|-----------|
| Contractually required employer contributions  | \$117,490 | \$111,742 | \$107,900 | \$100,614 | \$89,363  |
| Contributions in relation to the statutorily or contractually required contributions | 118,393   | 111,742   | 108,500   | 100,614   | 89,363    |
| Contribution deficiency (excess)   | \$(903)   | \$ —      | \$(600)   | \$ —      | \$ —      |
| Covered payroll <sup>B</sup>   | \$783,740 | \$774,235 | \$708,562 | \$638,354 | \$626,403 |
| Contributions as a percentage of covered payroll                                     | 15.11%    | 14.43%    | 15.31%    | 15.76%    | 14.27%    |
|  | 2014      | 2013      | 2012      | 2011      | 2010      |
| Contractually required employer contributions  | N/A       | N/A       | N/A       | N/A       | N/A       |
| Contributions in relation to the statutorily or contractually required contributions | N/A       | N/A       | N/A       | N/A       | N/A       |
| Contribution deficiency (excess)   | N/A       | N/A       | N/A       | N/A       | N/A       |
| Covered payroll <sup>B</sup>   | N/A       | N/A       | N/A       | N/A       | N/A       |
| Contributions as a percentage of covered payroll                                     | N/A       | N/A       | N/A       | N/A       | N/A       |

<sup>A</sup> This schedule will be built prospectively until it contains ten years of data.  
<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**Required Supplementary Information**

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**PENSION PLAN INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1  
December 31, 2019  
Last Ten Fiscal Years <sup>A</sup>  
(In Thousands)**

|   | 2019  | 2018    | 2017    | 2016    | 2015    |
|---|-------|---------|---------|---------|---------|
| Statutorily or contractually required contributions <sup>C</sup>                                  | \$ —  | \$ —    | \$ —    | \$ —    | \$ —    |
| Contributions in relation to the statutorily or contractually required contributions <sup>C</sup> | —     | —       | —       | —       | —       |
| Contribution deficiency (excess)  | —     | —       | —       | —       | —       |
| Covered payroll <sup>B</sup>  | \$971 | \$1,165 | \$2,023 | \$2,542 | \$3,930 |
| Contributions as a percentage of covered payroll  | \$ —  | \$ —    | \$ —    | \$ —    | \$ —    |
|   | 2014  | 2013    | 2012    | 2011    | 2010    |
| Statutorily or contractually required contributions <sup>C</sup>                                  | \$ —  | \$ —    | \$ —    | \$ —    | \$ —    |
| Contributions in relation to the statutorily or contractually required contributions <sup>C</sup> | —     | —       | —       | —       | —       |
| Contribution deficiency (excess)  | —     | —       | —       | —       | —       |
| Covered payroll <sup>B</sup>  | 4,905 | N/A     | N/A     | N/A     | N/A     |
| Contributions as a percentage of covered payroll  | \$ —  | \$ —    | \$ —    | \$ —    | \$ —    |

<sup>A</sup> This schedule will be built prospectively until it contains ten years of data.  
<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.  
<sup>C</sup> LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation.

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**PENSION PLAN INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2  
December 31, 2019  
Last Ten Fiscal Years <sup>A</sup>  
(In Thousands)**

|  | 2019      | 2018      | 2017      | 2016      | 2015      |
|--|-----------|-----------|-----------|-----------|-----------|
| Statutorily or contractually required contributions                                  | \$17,126  | \$16,243  | \$15,300  | \$14,332  | \$13,638  |
| Contributions in relation to the statutorily or contractually required contributions | 17,126    | 16,243    | 15,300    | 14,332    | 13,638    |
| Contribution deficiency (excess)   | \$ —      | \$ —      | \$ —      | \$ —      | \$ —      |
| Covered payroll <sup>B</sup>   | \$326,188 | \$299,193 | \$283,991 | \$273,333 | \$268,461 |
| Contributions as a percentage of covered payroll                                     | 5.25%     | 5.43%     | 5.23%     | 5.24%     | 5.08%     |
|  | 2014      | 2013      | 2012      | 2011      | 2010      |
| Statutorily or contractually required contributions                                  | \$13,249  | N/A       | N/A       | N/A       | N/A       |
| Contributions in relation to the statutorily or contractually required contributions | 13,249    | N/A       | N/A       | N/A       | N/A       |
| Contribution deficiency (excess)   | \$ —      | N/A       | N/A       | N/A       | N/A       |
| Covered payroll <sup>B</sup>   | \$255,273 | N/A       | N/A       | N/A       | N/A       |
| Contributions as a percentage of covered payroll                                     | 5.19%     | N/A       | N/A       | N/A       | N/A       |

<sup>A</sup> This schedule will be built prospectively until it contains ten years of data.  
<sup>B</sup> Covered payroll is the payroll on which contributions to a pension plan are based.

**Required Supplementary Information**

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**OPEB INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**City of Seattle Health Care Blended Premium Subsidy Plan**  
**December 31, 2019**  
**Last Ten Fiscal Years <sup>A</sup>**  
**(In Thousands)**

|   | 2019         | 2018         | 2017 | 2016 | 2015 |
|---|--------------|--------------|------|------|------|
| Total OPEB liability – beginning                        | \$ 61,130    | \$ 65,648    | N/A  | N/A  | N/A  |
| Service cost  | 3,842        | 3,822        | N/A  | N/A  | N/A  |
| Interest  | 2,195        | 2,583        | N/A  | N/A  | N/A  |
| Changes in benefit terms                                | —            | —            | N/A  | N/A  | N/A  |
| Differences between expected and actual experience      |              | 13,492       | N/A  | N/A  | N/A  |
| Effect of economic/demographic gains or losses          |              |              | N/A  | N/A  | N/A  |
| Changes of assumptions                                  | (3,887)      | (22,126)     | N/A  | N/A  | N/A  |
| Benefit payments  | (2,334)      | (2,289)      | N/A  | N/A  | N/A  |
| Other changes   | —            | —            | N/A  | N/A  | N/A  |
| Total OPEB liability – ending                           | \$ 60,947    | \$ 61,130    | N/A  | N/A  | N/A  |
| Covered-employee payroll                                | \$ 1,015,097 | \$ 1,015,097 | N/A  | N/A  | N/A  |
| Total OPEB liability as a % of covered-employee payroll | 6.00%        | 6.02%        | N/A  | N/A  | N/A  |
|   | 2014         | 2013         | 2012 | 2011 | 2010 |
| Total OPEB liability - beginning                        | N/A          | N/A          | N/A  | N/A  | N/A  |
| Service cost  | N/A          | N/A          | N/A  | N/A  | N/A  |
| Interest  | N/A          | N/A          | N/A  | N/A  | N/A  |
| Changes in benefit terms                                | N/A          | N/A          | N/A  | N/A  | N/A  |
| Differences between expected and actual experience      | N/A          | N/A          | N/A  | N/A  | N/A  |
| Effect of economic/demographic gains or losses          | N/A          | N/A          | N/A  | N/A  | N/A  |
| Changes of assumptions                                  | N/A          | N/A          | N/A  | N/A  | N/A  |
| Benefit payments  | N/A          | N/A          | N/A  | N/A  | N/A  |
| Other changes   | N/A          | N/A          | N/A  | N/A  | N/A  |
| Total OPEB liability - ending                           | N/A          | N/A          | N/A  | N/A  | N/A  |
| Covered-employee payroll                                | N/A          | N/A          | N/A  | N/A  | N/A  |
| Total OPEB liability as a % of covered-employee payroll | N/A          | N/A          | N/A  | N/A  | N/A  |

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

<sup>B</sup> Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)

**The City of Seattle**

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**OPEB INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 Fire Employees**  
**LEOFF 1 Fire Employees**  
**December 31, 2019**  
**Last Ten Fiscal Years <sup>A</sup>**  
**(In Thousands)**

|   | 2019       | 2018     | 2017 | 2016 | 2015 |
|---|------------|----------|------|------|------|
| Total OPEB liability - beginning                        | \$ 268,828 | 287,302  | N/A  | N/A  | N/A  |
| Service cost  | —          | —        | N/A  | N/A  | N/A  |
| Interest  | 10,525     | 9,855    | N/A  | N/A  | N/A  |
| Changes in benefit terms                                | —          | —        | N/A  | N/A  | N/A  |
| Differences between expected and actual experience      | —          | —        | N/A  | N/A  | N/A  |
| Effect of economic/demographic gains or losses          | (7,497)    | —        | N/A  | N/A  | N/A  |
| Changes of assumptions                                  | 9,583      | (16,786) | N/A  | N/A  | N/A  |
| Benefit payments  | (11,513)   | (11,543) | N/A  | N/A  | N/A  |
| Other changes   | —          | —        | N/A  | N/A  | N/A  |
| Total OPEB liability - ending                           | \$ 269,926 | 268,828  | N/A  | N/A  | N/A  |
| Covered-employee payroll                                | —          | —        | N/A  | N/A  | N/A  |
| Total OPEB liability as a % of covered-employee payroll | N/A        | N/A      | N/A  | N/A  | N/A  |
|   | 2014       | 2013     | 2012 | 2011 | 2010 |
| Total OPEB liability - beginning                        | N/A        | N/A      | N/A  | N/A  | N/A  |
| Service cost  | N/A        | N/A      | N/A  | N/A  | N/A  |
| Interest  | N/A        | N/A      | N/A  | N/A  | N/A  |
| Changes in benefit terms                                | N/A        | N/A      | N/A  | N/A  | N/A  |
| Differences between expected and actual experience      | N/A        | N/A      | N/A  | N/A  | N/A  |
| Effect of economic/demographic gains or losses          | N/A        | N/A      | N/A  | N/A  | N/A  |
| Changes of assumptions                                  | N/A        | N/A      | N/A  | N/A  | N/A  |
| Benefit payments  | N/A        | N/A      | N/A  | N/A  | N/A  |
| Other changes   | N/A        | N/A      | N/A  | N/A  | N/A  |
| Total OPEB liability - ending                           | N/A        | N/A      | N/A  | N/A  | N/A  |
| Covered-employee payroll                                | N/A        | N/A      | N/A  | N/A  | N/A  |
| Total OPEB liability as a % of covered-employee payroll | N/A        | N/A      | N/A  | N/A  | N/A  |

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

*No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.*

**Required Supplementary Information**

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**OPEB INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**City of Seattle Retiree Medical and Long-Term Care Benefits for**  
**LEOFF 1 and Escalator Employees**  
**December 31, 2019**  
**Last Ten Fiscal Years <sup>A</sup>**  
**(In Thousands)**

|   | 2019              | 2018              | 2017        | 2016        | 2015        |
|---|-------------------|-------------------|-------------|-------------|-------------|
| Total OPEB liability - beginning                        | \$ 297,381        | \$ 318,682        | N/A         | N/A         | N/A         |
| Service cost  | —                 | —                 | N/A         | N/A         | N/A         |
| Interest  | 11,599            | 10,903            | N/A         | N/A         | N/A         |
| Changes in benefit terms                                | —                 | —                 | N/A         | N/A         | N/A         |
| Differences between expected and actual experience      | —                 | —                 | N/A         | N/A         | N/A         |
| Effect of economic/demographic gains or losses          | (9,511)           | —                 | N/A         | N/A         | N/A         |
| Changes of assumptions                                  | 2,637             | (17,731)          | N/A         | N/A         | N/A         |
| Benefit payments  | (14,979)          | (14,472)          | N/A         | N/A         | N/A         |
| Other changes   | —                 | —                 | N/A         | N/A         | N/A         |
| <b>Total OPEB liability - ending</b>                    | <b>\$ 287,127</b> | <b>\$ 297,382</b> | <b>N/A</b>  | <b>N/A</b>  | <b>N/A</b>  |
| Covered-employee payroll                                | —                 | —                 | N/A         | N/A         | N/A         |
| Total OPEB liability as a % of covered-employee payroll | N/A               | N/A               | N/A         | N/A         | N/A         |
|   | <b>2014</b>       | <b>2013</b>       | <b>2012</b> | <b>2011</b> | <b>2010</b> |
| Total OPEB liability - beginning                        | N/A               | N/A               | N/A         | N/A         | N/A         |
| Service cost  | N/A               | N/A               | N/A         | N/A         | N/A         |
| Interest  | N/A               | N/A               | N/A         | N/A         | N/A         |
| Changes in benefit terms                                | N/A               | N/A               | N/A         | N/A         | N/A         |
| Differences between expected and actual experience      | N/A               | N/A               | N/A         | N/A         | N/A         |
| Effect of economic/demographic gains or losses          | N/A               | N/A               | N/A         | N/A         | N/A         |
| Changes of assumptions                                  | N/A               | N/A               | N/A         | N/A         | N/A         |
| Benefit payments  | N/A               | N/A               | N/A         | N/A         | N/A         |
| Other changes   | N/A               | N/A               | N/A         | N/A         | N/A         |
| <b>Total OPEB liability - ending</b>                    | <b>N/A</b>        | <b>N/A</b>        | <b>N/A</b>  | <b>N/A</b>  | <b>N/A</b>  |
| Covered-employee payroll                                | N/A               | N/A               | N/A         | N/A         | N/A         |
| Total OPEB liability as a % of covered-employee payroll | N/A               | N/A               | N/A         | N/A         | N/A         |

<sup>A</sup>This schedule will be built prospectively until it contains ten years of data.  
 No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

# Combining Statements and Other Supplementary Information

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## **Nonmajor Governmental Funds**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

The **Parks and Recreation Fund** accounts for the operation of the City's parks system. The fund continues to receive monies for charter revenues as required by the City Charter. Required charter revenue to the fund is 10% of all business and occupation taxes, related fines, penalties, and other licenses. In 2009, the City changed the charter revenue allocation from direct method of allocating 10% actual revenue receipts periodically to an indirect method of transferring a fixed amount from the General Fund as adopted by the City Council each year. At the end of each year, an analysis is performed to ensure that Park and Recreation Fund receives monies equal to or exceeding the 10% charter revenue requirement. Transfers-in are recognized for these cash transfers in this fund. The fund also receives usage fees. The Park Capital Projects Fund was merged to this Fund in 2018. See Note 17 for restatements as a result of fund conversion in 2018.

The **Seattle Streetcar Fund** accounts for payments to King County, based on certain formulas, for operating and maintaining the City's streetcar. The fund is supported by revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations, or gifts; property sales proceeds or other monies per City ordinance.

The **Key Arena Settlement Proceeds Fund** accounts for all proceeds received pursuant to the settlement of the Key Arena litigation which shall be used and applied in accordance with appropriations by the City Council.

The **Pike Place Market Renovation Fund** accounts for the proceeds of a six-year tax levy (Market Levy) approved by the voters in 2008 received on behalf of the Pike Place Market Preservation and Development Authority (PPMPDA) to pay for the cost of renovating the Pike Place Market owned by PPMPDA under the Levy Proceeds Agreement by and between the City and PPMPDA. It also accounts for the proceeds of bonds issued in part by the 2009, 2010, and 2011 Multipurpose Long-Term General Obligation Bond as temporary financing for the Pike Place Market renovation, whose bonds and interest are being paid from the Market Levy proceeds at bond maturity and interest payment dates.

The **Seattle Center Fund** accounts for the operations of the Seattle Center. The Center is a 74-acre convention, performance, and family entertainment complex on the site of the 1962 Seattle World's Fair.

The **Wheelchair Accessible Service Fund** accounts for the collection and distribution of a 10-cent per ride surcharge for all rides originating in the City of Seattle with Transportation Network Companies, non-wheelchair-accessible taxis and for-hire companies. The funds are used to help owners and operators of wheelchair accessible taxi services offset higher operational and maintenance costs.

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

The **Human Services Operating Fund** accounts for grants and General Fund monies for programs to aid low-income persons, youths, and the elderly.

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

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

The **Education and Development Services Fund** accounts for a seven-year levy approved by the voters in 1997, in 2004, and again in 2011 to provide educational and developmental services to supplement the basic education activities financed by the State of Washington.

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## Nonmajor Governmental Funds

The **Preschool Levy 2014 Fund** accounts for the proceeds of a four-year tax levy approved by voters in 2014; the funding will provide high-quality preschool services for low-income Seattle children as Seattle Preschool Program.

The **2012 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2012, providing support for library services which include maintaining hours and access, increasing the size and quality of library collections for both new book titles and digital media, technology replacements and upgrades, and regular maintenance and major repairs.

The **School Zone Fixed Automated Cameras Fund** accounts for revenues generated from the use of school zone fixed automated cameras to enforce the school zone speed limits and improve safety for schoolchildren and other pedestrians.

The **Seattle Metropolitan Parks District Fund** is a blended component unit of the City and reported as a special revenue fund in the City's financial statements. See Note 12 for details. It accounts for the independent taxing district created through voter approval and governed by the City Council. The purpose of the district is to fund maintenance, operations, and improvements of parks, community centers, pools and other recreation facilities and programs through its power to levy and impose various taxes and fees.

The **Business Improvement Areas Fund** accounts for monies that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **Transportation Benefit District Fund** accounts for the independent taxing district created and governed by the City Council. The purpose of the district is to fund transportation improvements within the boundaries of the City through an imposed \$20 vehicle registration fee.

The **Families, Education, Preschool and Promise Levy Fund** accounts for the proceeds of a seven-year levy approved by the voters in 2018; the funding will provide education services designed to improve access to early learning and high-quality preschool, K-12 school and community-based investments, K-12 school health, and post-secondary and job readiness opportunities for Seattle students.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least 1% of the total cost of City capital construction projects. The City uses these monies to buy visual arts.

The **General Donations and Gift Trust Fund** holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, K-9 corps, climate action, and rescue of prostituted children.

### DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives monies from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives monies from the General Fund and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

The **Interfund Notes Payable - Local Improvement Districts (LIDs) Fund** accounts for the payments of interest and principal on interfund notes payable to the Cumulative Reserve reported in the General Fund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** receives surpluses and guarantees faithful compliance of bond covenants on completed or defeased LID bond funds. When required, it shall be funded by excess general property tax levies or by the General Fund. The City is legally obliged to maintain a fund level at 10% of net outstanding LID debt.

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## The City of Seattle

### CAPITAL PROJECTS FUNDS

The **Public Safety Facilities and Equipment Fund** was established in December 1990 to account for the improvement of public safety equipment. The fund has received monies from the Cumulative Reserve Fund as well as Limited Tax General Obligation Bonds over the years. I.

The **Shoreline Park Improvement Fund** accounts for Local Improvement subprogram monies for shoreline and beach park improvements that were received as METRO mitigation grants related to the expansion of the West Point sewage treatment plant.

The **Community Improvement Fund** accounts for monies from community improvement contributions by METRO for public improvements in the Alki and Discovery Park areas to mitigate negative construction impacts in those communities.

The **Park Mitigation and Remediation Fund** account for monies received for development, renovation or improvements to Department of Parks and Recreation properties related to implementing the Arboretum Mitigation Plan to address impacts from the State's SR 520, I-5 To Medina: Bridge Replacement and HOV Project.

The **Open Spaces and Trails Bond Fund** was established in 1989. It accounts for \$41.8 million which is Seattle's portion of the King County general obligation bond issued to finance the preservation of greenbelts, natural areas, other undeveloped open spaces, and to acquire and develop recreational trails within the City.

The **Seattle Center and Parks Multipurpose Levy Fund** was established to account for the 8-year \$72 million property tax levy approved by voters in 1999 for improvements to the Seattle Center Opera House, replacement of the Flag Pavilion with a new Festivals Pavilion, and the construction and remodeling of community centers. It also accounts for the 8-year \$129.2 million property tax levy approved by the voters in 2000 for improving maintenance and programs of existing parks, including the Woodland Park Zoo; acquiring, developing, and maintaining new neighborhood parks, green spaces, playfields, trails, and boulevards; and recreational programming for funding safe out-of-school and senior activities.

The **Seattle Center Redevelopment/Parks Community Center Fund** was established in 1991 to provide partial funding for certain needed improvements to the Seattle Center and full City funding for certain improvements to selected community centers..

The **Municipal Civic Center Fund** was established in 1998 to account for the planning, design, and construction of the new Municipal Courthouse and police headquarters, the new City Hall, Key Tower major improvements, and other capital projects relating to the Civic Center.

The **2003 Fire Facilities Fund** was established to account for the 9-year additional property tax levy of \$167.2 million approved by the voters. The purpose of the levy is to pay all or part of the cost of neighborhood fire stations, support facilities, marine apparatus, emergency preparedness, and other emergency response facilities.

The **Garage Proceeds Disposition Fund** was established in 2016 to collect sale proceeds of the Pacific Place Garage, with the intention of repaying the original bonds issued to acquire and operate the garage.

The **Local Improvement Fund, District No. 6750** was established in 2006 to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district.

The **2008 Multipurpose Long-Term General Obligation Bond Fund** was established in 2007 to account for capital costs related to the South Rainier Street Grade Separation, Spokane Street Viaduct, Mercer Corridor, and King Street Multimodal Terminal projects. Initial funds for these projects were provided from interfund loans to be repaid from proceeds of limited tax general obligation bonds issued in 2008 by the City. The bond ordinance finally allocated the bond proceeds to the King Street Multimodal Terminal, Bridge Seismic, Rehabilitation and Replacement, Pay Stations, Fire Station projects, and the South Lake Union Property Proceeds Account.

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## Nonmajor Governmental Funds

The **2009 Multipurpose Long-Term General Obligation Bond Fund** was established in 2008 to account for the proceeds of the bonds issued in March 2009 to provide funding for the costs of capital projects including the Alaskan Way Viaduct/Seawall, North Precinct, Northgate Land, Northgate Park, Rainer Beach Community Center, Trails, Bridge Rehabilitation, King and Spokane Streets projects, and the Municipal Jail.

The **2010 Multipurpose Long-Term General Obligation Bond Fund** was established in 2010 to account for the proceeds of the bonds issued in March 2010 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation, Bridge Seismic Retrofit, Mercer Corridor-South Lake Union, Mercer Corridor West, King Street Station Multimodal Terminal, Alaskan Way Viaduct, Parking Pay Stations, Pike Place Market Renovation, Golf Course Improvements, and Tier-1 Storage Area Network.

The **2011 Multipurpose Long-Term General Obligation Bond Fund** was established in 2011 to account for the proceeds of the bonds issued in March 2011 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation and Seismic Retrofit, Parking and Program Management, Facility Energy Retrofits, Rainier Beach Community Center, King Street Station Multimodal Terminal, Seattle Center Renovations, Pike Place Market Renovation, Golf Course Improvements, and Alaskan Way Viaduct and Seawall.

The **2012 Multipurpose Long-Term General Obligation Bond Fund** was established in 2012 to account for the proceeds of the bonds issued in May 2012 to provide funding for the costs of capital projects relating to Bridge Seismic Retrofit, the Mercer Corridor-South Lake Union, Mercer Corridor West, Linden Avenue North, Alaskan Way Viaduct Seawall, Alaskan Way Viaduct Parking and Program Management, Rainier Beach Community Center, Magnuson Park Building 30, and Library Information Technology Systems.

The **2013 Multipurpose Long-Term General Obligation Bond Fund** was established in 2013 to account for the proceeds of bonds issued in June 2013 to provide funding for the costs of capital projects relating to Transportation Infrastructure, Recreational and Public Safety facilities, and Information Technology Systems.

The **Alaskan Way Seawall Construction Fund** was established in 2013 to account for the issuance of and sale of unlimited tax general obligation bonds and bond anticipation notes, and authorized loans of resources from various City funds, to pay all or part of the costs of the design, construction, renovation, improvement and replacement of the Alaskan Way Seawall and associated public infrastructure.

The **Central Waterfront Improvement Fund** was established in 2012 to account for capital costs related to the Alaskan Way Viaduct and Seawall Replacement Program, including costs associated with the design and construction of the Central Waterfront component, costs for city administration, and costs eligible for financing by a future Local Improvement District. The fund shall receive all revenues including, but not limited to, revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations or gifts; property sales proceeds; and other monies as authorized by the City Council.

The **2013 King County Parks Levy Fund** was established in 2013 to account for the issuance and sale of limited tax general obligation bonds to pay all or part of the City's capital improvement program, to refinance certain outstanding bonds of the Pike Place Market Preservation and Development Authority and the Seattle-Chinatown-International District Preservation and Development Authority, improvements to Benaroya Hall and to pay the cost of issuance of the bonds.

The **2014 Multipurpose Long-Term General Obligation Bond Fund** was established in 2014 to pay all or part of the cost of various City's capital improvement programs and other City purposes, to carry out the refunding for the Pike Place Market Preservation and Development Authority and the Seattle-Chinatown-International District Preservation and Development Authority, to pay the costs of the Benaroya Hall Music Center projects, and to pay other general obligation Bonds.

The **2015 Multipurpose Long-Term General Obligation Bond Fund** was established in 2014 to account for the proceeds of the issuance of bonds to provide funding for the City's capital projects such as King Street Station, Bridge Seismic Refits, Fire Station Projects, Mercer Corridor projects, and other capital projects.

The **2016 Multipurpose Long-Term General Obligation Bond Fund** was established in 2015 to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to provide a contribution to the Pike Place market Preservation and Development Authority for the financing of certain improvements, and to pay the costs of issuance of the bonds.

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## The City of Seattle

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

The **2018 Multipurpose Long-Term General Obligation Bond Fund** was established in 2017 to pay all or part of the costs of various elements of the City's capital improvement program such as Low Income Housing, Alaska Way Corridor, Financial IT Upgrades, Municipal Court IT Upgrades, and other City purposes approved by ordinance.

The **2019 Multipurpose Long-Term General Obligation Bond Fund** was established in 2018 to pay all or part of the costs of various elements of the City's capital improvement program such as Elliot Bay Seawall, Seattle Municipal Tower Chiller, Seattle Police IT Infrastructure, Low Income Housing and other City purposes approved by ordinance.

### PERMANENT FUNDS

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

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

**Nonmajor Governmental Funds**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SUMMARY BY FUND TYPE  
December 31, 2019  
(In Thousands)**

|  | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Permanent Funds | 2019              | Comparative Totals 2018 |
|--|-----------------------|--------------------|------------------------|-----------------|-------------------|-------------------------|
| <b>ASSETS</b>  |                       |                    |                        |                 |                   |                         |
| Cash and Equity in Pooled Investments                                      | \$ 552,710            | \$ 11,863          | \$ 69,034              | \$ 1,981        | \$ 635,588        | \$ 648,890              |
| Receivables, Net of Allowances   | 20,557                | 481                | 6,549                  | 3               | 27,590            | 36,565                  |
| Due from Other Funds   | 288                   | —                  | 8,919                  | —               | 9,207             | 49,000                  |
| Due from Other Governments   | 44,204                | —                  | 134                    | —               | 44,338            | 26,131                  |
| Interfund Loans and Advances   | —                     | —                  | —                      | —               | —                 | 8,000                   |
| Other Current Assets   | 661                   | —                  | 5                      | —               | 666               | 686                     |
| <b>Total Assets</b>  | <b>618,420</b>        | <b>12,344</b>      | <b>84,641</b>          | <b>1,984</b>    | <b>717,389</b>    | <b>769,272</b>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |                       |                    |                        |                 |                   |                         |
|  | —                     | —                  | —                      | —               | —                 | —                       |
| <b>Total Assets and Deferred Outflows of Resources</b>                     | <b>\$ 618,420</b>     | <b>\$ 12,344</b>   | <b>\$ 84,641</b>       | <b>\$ 1,984</b> | <b>\$ 717,389</b> | <b>\$ 769,272</b>       |
| <b>LIABILITIES</b>   |                       |                    |                        |                 |                   |                         |
| Accounts Payable   | \$ 12,055             | \$ —               | \$ 2,225               | \$ —            | \$ 14,280         | \$ 21,288               |
| Contracts Payable  | 447                   | —                  | 5                      | —               | 452               | 401                     |
| Salaries, Benefits, and Taxes Payable                                      | 12,017                | —                  | 113                    | —               | 12,130            | 6,736                   |
| Due to Other Funds   | 684                   | —                  | 8,918                  | —               | 9,602             | 100,532                 |
| Due to Other Governments   | 5,198                 | —                  | —                      | —               | 5,198             | 5,198                   |
| Revenues Collected in Advance  | 10,212                | —                  | 104                    | —               | 10,316            | 9,171                   |
| Interfund Loans and Advances   | 2,000                 | 50                 | 1,500                  | —               | 3,550             | 30,290                  |
| Other Current Liabilities  | 20,862                | —                  | 86                     | —               | 20,948            | 10,026                  |
| <b>Total Liabilities</b>   | <b>63,475</b>         | <b>50</b>          | <b>12,951</b>          | <b>—</b>        | <b>76,476</b>     | <b>183,642</b>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                       |                    |                        |                 |                   |                         |
|  | 2,373                 | 391                | 5,862                  | —               | 8,626             | 9,499                   |
| <b>FUND BALANCES</b>   |                       |                    |                        |                 |                   |                         |
| Nonspendable   | 740                   | —                  | —                      | 2,050           | 2,790             | 2,790                   |
| Restricted   | 538,641               | 11,903             | 67,586                 | 106             | 618,236           | 564,282                 |
| Committed  | 5,154                 | —                  | —                      | —               | 5,154             | 12,742                  |
| Assigned   | 10,844                | —                  | —                      | —               | 10,844            | 12,915                  |
| Unassigned   | (2,807)               | —                  | (1,758)                | (172)           | (4,737)           | (16,598)                |
| <b>Total Fund Balances</b>   | <b>552,572</b>        | <b>11,903</b>      | <b>65,828</b>          | <b>1,984</b>    | <b>632,287</b>    | <b>576,131</b>          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 618,420</b>     | <b>\$ 12,344</b>   | <b>\$ 84,641</b>       | <b>\$ 1,984</b> | <b>\$ 717,389</b> | <b>\$ 769,272</b>       |

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**The City of Seattle**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2019  
(In Thousands)**

|  | Parks and Recreation | Seattle Streetcar | Key Arena Settlement Proceeds | Pike Place Market Renovation | Seattle Center  | Wheelchair Accessibility |
|--|----------------------|-------------------|-------------------------------|------------------------------|-----------------|--------------------------|
| <b>ASSETS</b>  |                      |                   |                               |                              |                 |                          |
| Cash and Equity in Pooled Investments                                      | \$ 33,760            | \$ 70             | \$ —                          | \$ 396                       | \$ 2,493        | \$ 6,737                 |
| Receivables, Net of Allowances   | 9,697                | 49                | —                             | 10                           | 3,540           | 723                      |
| Due from Other Funds   | —                    | —                 | —                             | —                            | —               | —                        |
| Due from Other Governments   | 1,133                | 76                | —                             | —                            | —               | —                        |
| Interfund Loans and Advances   | —                    | —                 | —                             | —                            | —               | —                        |
| Other Current Assets   | 409                  | —                 | —                             | —                            | 252             | —                        |
| <b>Total Assets</b>  | <b>44,999</b>        | <b>195</b>        | <b>—</b>                      | <b>406</b>                   | <b>6,285</b>    | <b>7,460</b>             |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |                      |                   |                               |                              |                 |                          |
|  | —                    | —                 | —                             | —                            | —               | —                        |
| <b>Total Assets and Deferred Outflows of Resources</b>                     | <b>\$ 44,999</b>     | <b>\$ 195</b>     | <b>\$ —</b>                   | <b>\$ 406</b>                | <b>\$ 6,285</b> | <b>\$ 7,460</b>          |
| <b>LIABILITIES</b>   |                      |                   |                               |                              |                 |                          |
| Accounts Payable   | \$ 3,578             | \$ 41             | \$ —                          | \$ —                         | \$ 428          | \$ 29                    |
| Contracts Payable  | 412                  | —                 | —                             | —                            | —               | —                        |
| Salaries, Benefits, and Taxes Payable                                      | 6,554                | 11                | —                             | —                            | 2,238           | 11                       |
| Due to Other Funds   | —                    | —                 | —                             | —                            | —               | —                        |
| Due to Other Governments   | —                    | —                 | —                             | —                            | —               | —                        |
| Revenues Collected in Advance  | 440                  | 950               | —                             | —                            | 1,466           | —                        |
| Interfund Loans and Advances   | —                    | 2,000             | —                             | —                            | —               | —                        |
| Other Current Liabilities  | 11,523               | —                 | —                             | —                            | 20              | —                        |
| <b>Total Liabilities</b>   | <b>22,507</b>        | <b>3,002</b>      | <b>—</b>                      | <b>—</b>                     | <b>4,152</b>    | <b>40</b>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                      |                   |                               |                              |                 |                          |
|  | (61)                 | —                 | —                             | 9                            | —               | —                        |
| <b>FUND BALANCES</b>   |                      |                   |                               |                              |                 |                          |
| Nonspendable   | 466                  | —                 | —                             | —                            | 274             | —                        |
| Restricted   | 14,042               | —                 | —                             | 397                          | 1,859           | 7,420                    |
| Committed  | —                    | —                 | —                             | —                            | —               | —                        |
| Assigned   | 8,045                | —                 | —                             | —                            | —               | —                        |
| Unassigned   | —                    | (2,807)           | —                             | —                            | —               | —                        |
| <b>Total Fund Balances</b>   | <b>22,553</b>        | <b>(2,807)</b>    | <b>—</b>                      | <b>397</b>                   | <b>2,133</b>    | <b>7,420</b>             |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 44,999</b>     | <b>\$ 195</b>     | <b>\$ —</b>                   | <b>\$ 406</b>                | <b>\$ 6,285</b> | <b>\$ 7,460</b>          |

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**Nonmajor Governmental Funds**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2019  
(In Thousands)**

|  | Election<br>Vouchers Fund | Human Service<br>Operating | Low-Income<br>Housing | Office of<br>Housing | Education and<br>Development<br>Services | Preschool Levy<br>2014 |
|--|---------------------------|----------------------------|-----------------------|----------------------|--|------------------------|
| <b>ASSETS</b>  |                           |                            |                       |                      |  |                        |
| Cash and Equity in Pooled Investments                                      | \$ 4,805                  | \$ 2,571                   | \$ 251,244            | \$ 5,472             | \$ 26,929                                | \$ 9,785               |
| Receivables, Net of Allowances   | 55                        | 646                        | 1,742                 | 413                  | 303                                      | 253                    |
| Due from Other Funds   | —                         | 185                        | —                     | —                    | —  | —                      |
| Due from Other Governments   | —                         | 26,553                     | 3,770                 | 1,734                | —  | —                      |
| Interfund Loans and Advances   | —                         | —                          | —                     | —                    | —  | —                      |
| Other Current Assets   | —                         | —                          | —                     | —                    | —  | —                      |
| <b>Total Assets</b>  | <b>4,860</b>              | <b>29,955</b>              | <b>256,756</b>        | <b>7,619</b>         | <b>27,232</b>                            | <b>10,038</b>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |                           |                            |                       |                      |  |                        |
| Total Assets and Deferred Outflows of Resources                            | \$ 4,860                  | \$ 29,955                  | \$ 256,756            | \$ 7,619             | \$ 27,232                                | \$ 10,038              |
| <b>LIABILITIES</b>   |                           |                            |                       |                      |  |                        |
| Accounts Payable   | \$ 13                     | \$ (1,817)                 | \$ 2,305              | \$ 29                | \$ 446                                   | \$ 326                 |
| Contracts Payable  | 33                        | —                          | —                     | —                    | —  | —                      |
| Salaries, Benefits, and Taxes Payable                                      | —                         | 1,223                      | —                     | 451                  | 55                                       | 50                     |
| Due to Other Funds   | —                         | 463                        | —                     | —                    | —  | —                      |
| Due to Other Governments   | —                         | 5,198                      | —                     | —                    | —  | —                      |
| Revenues Collected in Advance  | —                         | 7,356                      | —                     | —                    | —  | —                      |
| Interfund Loans and Advances   | —                         | —                          | —                     | —                    | —  | —                      |
| Other Current Liabilities  | —                         | 4,974                      | 47                    | 4,298                | —  | —                      |
| <b>Total Liabilities</b>   | <b>46</b>                 | <b>17,397</b>              | <b>2,352</b>          | <b>4,778</b>         | <b>501</b>                               | <b>376</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       | <b>35</b>                 | <b>—</b>                   | <b>473</b>            | <b>42</b>            | <b>179</b>                               | <b>(7)</b>             |
| <b>FUND BALANCES</b>   |                           |                            |                       |                      |  |                        |
| Nonspendable   | —                         | —                          | —                     | —                    | —  | —                      |
| Restricted   | —                         | 12,183                     | 253,931               | —                    | 26,552                                   | 9,669                  |
| Committed  | 4,779                     | 375                        | —                     | —                    | —  | —                      |
| Assigned   | —                         | —                          | —                     | 2,799                | —  | —                      |
| Unassigned   | —                         | —                          | —                     | —                    | —  | —                      |
| <b>Total Fund Balances</b>   | <b>4,779</b>              | <b>12,558</b>              | <b>253,931</b>        | <b>2,799</b>         | <b>26,552</b>                            | <b>9,669</b>           |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 4,860</b>           | <b>\$ 29,955</b>           | <b>\$ 256,756</b>     | <b>\$ 7,619</b>      | <b>\$ 27,232</b>                         | <b>\$ 10,038</b>       |

**The City of Seattle**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2019  
(In Thousands)**

|  | 2012 Library<br>Levy | School Zone<br>Automatic<br>Camera Fund | Metropolitan<br>Parks District | Business<br>Improvement<br>Areas | Transportatio<br>n Benefit<br>District | Families,<br>Education,<br>Preschool and<br>Promise Levy |
|--|----------------------|---|--------------------------------|----------------------------------|--|--|
| <b>ASSETS</b>  |                      |   |                                |                                  |  |  |
| Cash and Equity in Pooled Investments                                      | \$ 7,070             | \$ 10,842                               | \$ 54,056                      | \$ 6,974                         | \$ 37,108                              | \$ 73,777  |
| Receivables, Net of Allowances   | 377                  | 23                                      | 1,256                          | 12                               | 79                                     | 1,274  |
| Due from Other Funds   | —                    | 1                                       | —                              | —                                | —                                      | 102  |
| Due from Other Governments   | —                    | —                                       | —                              | —                                | 10,938                                 | —  |
| Interfund Loans and Advances   | —                    | —                                       | —                              | —                                | —                                      | —  |
| Other Current Assets   | —                    | —                                       | —                              | —                                | —                                      | —  |
| <b>Total Assets</b>  | <b>7,447</b>         | <b>10,866</b>                           | <b>55,312</b>                  | <b>6,986</b>                     | <b>48,125</b>                          | <b>75,153</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |                      |   |                                |                                  |  |  |
| Total Assets and Deferred Outflows of Resources                            | \$ 7,447             | \$ 10,866                               | \$ 55,312                      | \$ 6,986                         | \$ 48,125                              | \$ 75,153  |
| <b>LIABILITIES</b>   |                      |   |                                |                                  |  |  |
| Accounts Payable   | \$ 634               | \$ 19                                   | \$ 2,438                       | \$ 1,193                         | \$ —                                   | \$ 2,283   |
| Contracts Payable  | —                    | —                                       | 2                              | —                                | —                                      | —  |
| Salaries, Benefits, and Taxes Payable                                      | 303                  | 57                                      | 526                            | —                                | 118                                    | 321  |
| Due to Other Funds   | —                    | —                                       | —                              | —                                | 221                                    | —  |
| Due to Other Governments   | —                    | —                                       | —                              | —                                | —                                      | —  |
| Revenues Collected in Advance  | —                    | —                                       | —                              | —                                | —                                      | —  |
| Interfund Loans and Advances   | —                    | —                                       | —                              | —                                | —                                      | —  |
| Other Current Liabilities  | —                    | —                                       | —                              | —                                | —                                      | —  |
| <b>Total Liabilities</b>   | <b>937</b>           | <b>76</b>                               | <b>2,966</b>                   | <b>1,193</b>                     | <b>339</b>                             | <b>2,604</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       | <b>297</b>           | <b>—</b>                                | <b>576</b>                     | <b>—</b>                         | <b>—</b>                               | <b>830</b>   |
| <b>FUND BALANCES</b>   |                      |   |                                |                                  |  |  |
| Nonspendable   | —                    | —                                       | —                              | —                                | —                                      | —  |
| Restricted   | 6,213                | 10,790                                  | 51,770                         | 5,793                            | 47,786                                 | 71,719   |
| Committed  | —                    | —                                       | —                              | —                                | —                                      | —  |
| Assigned   | —                    | —                                       | —                              | —                                | —                                      | —  |
| Unassigned   | —                    | —                                       | —                              | —                                | —                                      | —  |
| <b>Total Fund Balances</b>   | <b>6,213</b>         | <b>10,790</b>                           | <b>51,770</b>                  | <b>5,793</b>                     | <b>47,786</b>                          | <b>71,719</b>  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 7,447</b>      | <b>\$ 10,866</b>                        | <b>\$ 55,312</b>               | <b>\$ 6,986</b>                  | <b>\$ 48,125</b>                       | <b>\$ 75,153</b>   |

**Nonmajor Governmental Funds**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
December 31, 2019  
(In Thousands)**

|   | General Trust | Municipal Arts | General Donation and Gift Trust | 2019           | Comparative Totals 2018 |
|---|---------------|----------------|---------------------------------|----------------|-------------------------|
| <b>ASSETS</b>   |               |                |                                 |                |                         |
| Cash and Equity in Pooled Investments                               | \$ 3,639      | \$ 11,698      | \$ 3,284                        | \$ 552,710     | \$ 545,989              |
| Receivables, Net of Allowances                                      | 6             | 19             | 80                              | 20,557         | 28,208                  |
| Due from Other Funds  | —             | —              | —                               | 288            | 38,682                  |
| Due from Other Governments  | —             | —              | —                               | 44,204         | 25,805                  |
| Interfund Loans and Advances  | —             | —              | —                               | —              | —                       |
| Other Current Assets  | —             | —              | —                               | 661            | 686                     |
| <b>Total Assets</b>   | <b>3,645</b>  | <b>11,717</b>  | <b>3,364</b>                    | <b>618,420</b> | <b>639,370</b>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |               |                |                                 |                |                         |
| Total Assets and Deferred Outflows of Resources                     | \$ 3,645      | \$ 11,717      | \$ 3,364                        | \$ 618,420     | \$ 639,370              |
| <b>LIABILITIES</b>  |               |                |                                 |                |                         |
| Accounts Payable  | \$ 10         | \$ 45          | \$ 55                           | \$ 12,055      | \$ 20,349               |
| Contracts Payable   | —             | —              | —                               | 447            | 397                     |
| Salaries, Benefits, and Taxes Payable                               | 1             | 95             | 3                               | 12,017         | 6,725                   |
| Due to Other Funds  | —             | —              | —                               | 684            | 72,109                  |
| Due to Other Governments  | —             | —              | —                               | 5,198          | 5,198                   |
| Revenues Collected in Advance                                       | —             | —              | —                               | 10,212         | 9,066                   |
| Interfund Loans and Advances  | —             | —              | —                               | 2,000          | 8,289                   |
| Other Current Liabilities   | —             | —              | —                               | 20,862         | 9,940                   |
| <b>Total Liabilities</b>  | <b>11</b>     | <b>140</b>     | <b>58</b>                       | <b>63,475</b>  | <b>132,073</b>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |               |                |                                 |                |                         |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 3,645      | \$ 11,717      | \$ 3,364                        | \$ 618,420     | \$ 639,370              |
| <b>FUND BALANCES</b>  |               |                |                                 |                |                         |
| Nonspendable  | —             | —              | —                               | 740            | 740                     |
| Restricted  | 3,634         | 11,577         | 3,306                           | 538,641        | 482,220                 |
| Committed   | —             | —              | —                               | 5,154          | 12,742                  |
| Assigned  | —             | —              | —                               | 10,844         | 12,915                  |
| Unassigned  | —             | —              | —                               | (2,807)        | (3,195)                 |
| <b>Total Fund Balances</b>  | <b>3,634</b>  | <b>11,577</b>  | <b>3,306</b>                    | <b>552,572</b> | <b>505,422</b>          |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 3,645      | \$ 11,717      | \$ 3,364                        | \$ 618,420     | \$ 639,370              |

**The City of Seattle**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE  
December 31, 2019  
(In Thousands)**

|   | General Bond Interest and Redemption | Interfund Notes Payable Local Improvement Districts | Local Improvement Guaranty | 2019          | Comparative Totals 2018 |
|---|--------------------------------------|---|----------------------------|---------------|-------------------------|
| <b>ASSETS</b>   |                                      |   |                            |               |                         |
| Cash and Equity in Pooled Investments                               | \$ 10,911                            | \$ 9  | \$ 943                     | \$ 11,863     | \$ 11,596               |
| Receivables, Net of Allowances                                      | 479                                  | —   | 2                          | 481           | 470                     |
| Due from Other Funds  | —                                    | —   | —                          | —             | 26                      |
| Due from Other Governments  | —                                    | —   | —                          | —             | —                       |
| Interfund Loans and Advances  | —                                    | —   | —                          | —             | —                       |
| Other Current Assets  | —                                    | —   | —                          | —             | —                       |
| <b>Total Assets</b>   | <b>11,390</b>                        | <b>9</b>  | <b>945</b>                 | <b>12,344</b> | <b>12,092</b>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |                                      |   |                            |               |                         |
| Total Assets and Deferred Outflows of Resources                     | \$ 11,390                            | \$ 9  | \$ 945                     | \$ 12,344     | \$ 12,092               |
| <b>LIABILITIES</b>  |                                      |   |                            |               |                         |
| Accounts Payable  | \$ —                                 | \$ —  | \$ —                       | \$ —          | \$ —                    |
| Contracts Payable   | —                                    | —   | —                          | —             | —                       |
| Salaries, Benefits, and Taxes Payable                               | —                                    | —   | —                          | —             | —                       |
| Due to Other Funds  | —                                    | —   | —                          | —             | 35                      |
| Due to Other Governments  | —                                    | —   | —                          | —             | —                       |
| Revenues Collected in Advance                                       | —                                    | —   | —                          | —             | —                       |
| Interfund Loans and Advances  | 50                                   | —   | —                          | 50            | —                       |
| Other Current Liabilities   | —                                    | —   | —                          | —             | —                       |
| <b>Total Liabilities</b>  | <b>50</b>                            | <b>—</b>  | <b>—</b>                   | <b>50</b>     | <b>35</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                                      |   |                            |               |                         |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 11,390                            | \$ 9  | \$ 945                     | \$ 12,344     | \$ 12,092               |
| <b>FUND BALANCES</b>  |                                      |   |                            |               |                         |
| Nonspendable  | —                                    | —   | —                          | —             | —                       |
| Restricted  | 10,949                               | 9   | 945                        | 11,903        | 11,694                  |
| Committed   | —                                    | —   | —                          | —             | —                       |
| Assigned  | —                                    | —   | —                          | —             | —                       |
| Unassigned  | —                                    | —   | —                          | —             | —                       |
| <b>Total Fund Balances</b>  | <b>10,949</b>                        | <b>9</b>  | <b>945</b>                 | <b>11,903</b> | <b>11,694</b>           |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 11,390                            | \$ 9  | \$ 945                     | \$ 12,344     | \$ 12,092               |

**Nonmajor Governmental Funds**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2019  
(In Thousands)**

|  | Public Safety<br>Facilities and<br>Equipment | Shoreline Park<br>Improvement | Community<br>Improvement | Park<br>Mitigation<br>Remediation | Open Spaces<br>and Trails Bond | Seattle Center<br>and Parks<br>Multipurpose<br>Levy |
|--|--|-------------------------------|--------------------------|-----------------------------------|--------------------------------|---|
| <b>ASSETS</b>  |  |                               |                          |                                   |                                |   |
| Cash and Equity in Pooled Investments                                      | \$ 539                                       | \$ 10                         | \$ 2                     | \$ 3,398                          | \$ 25                          | \$ 15,399   |
| Receivables, Net of Allowances   | 1  | —                             | —                        | 6                                 | —                              | 27  |
| Due from Other Funds   | —  | —                             | —                        | —                                 | —                              | —   |
| Due from Other Governments   | —  | —                             | —                        | 134                               | —                              | —   |
| Interfund Loans and Advances   | —  | —                             | —                        | —                                 | —                              | —   |
| Other Current Assets   | —  | —                             | —                        | —                                 | —                              | —   |
| <b>Total Assets</b>  | <b>540</b>                                   | <b>10</b>                     | <b>2</b>                 | <b>3,538</b>                      | <b>25</b>                      | <b>15,426</b>                                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |  |                               |                          |                                   |                                |   |
|  | —  | —                             | —                        | —                                 | —                              | —   |
| <b>Total Assets and Deferred Outflows of Resources</b>                     | <b>\$ 540</b>                                | <b>\$ 10</b>                  | <b>\$ 2</b>              | <b>\$ 3,538</b>                   | <b>\$ 25</b>                   | <b>\$ 15,426</b>                                    |
| <b>LIABILITIES</b>   |  |                               |                          |                                   |                                |   |
| Accounts Payable   | \$ —   | \$ —                          | \$ —                     | \$ 136                            | \$ —                           | \$ 370  |
| Contracts Payable  | —  | —                             | —                        | —                                 | —                              | —   |
| Salaries, Benefits, and Taxes Payable                                      | —  | —                             | —                        | 3                                 | —                              | 15  |
| Due to Other Funds   | —  | —                             | —                        | —                                 | —                              | —   |
| Due to Other Governments   | —  | —                             | —                        | —                                 | —                              | —   |
| Revenues Collected in Advance  | —  | —                             | —                        | —                                 | —                              | 64  |
| Interfund Loans and Advances   | —  | —                             | —                        | —                                 | —                              | —   |
| Other Current Liabilities  | —  | —                             | —                        | —                                 | —                              | —   |
| <b>Total Liabilities</b>   | <b>—</b>                                     | <b>—</b>                      | <b>—</b>                 | <b>139</b>                        | <b>—</b>                       | <b>449</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |  |                               |                          |                                   |                                |   |
|  | —  | —                             | —                        | —                                 | —                              | 1   |
| <b>FUND BALANCES</b>   |  |                               |                          |                                   |                                |   |
| Nonspendable   | —  | —                             | —                        | —                                 | —                              | —   |
| Restricted   | 540  | 10                            | 2                        | 3,399                             | 25                             | 14,976  |
| Committed  | —  | —                             | —                        | —                                 | —                              | —   |
| Assigned   | —  | —                             | —                        | —                                 | —                              | —   |
| Unassigned   | —  | —                             | —                        | —                                 | —                              | —   |
| <b>Total Fund Balances</b>   | <b>540</b>                                   | <b>10</b>                     | <b>2</b>                 | <b>3,399</b>                      | <b>25</b>                      | <b>14,976</b>                                       |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 540</b>                                | <b>\$ 10</b>                  | <b>\$ 2</b>              | <b>\$ 3,538</b>                   | <b>\$ 25</b>                   | <b>\$ 15,426</b>                                    |

**The City of Seattle**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2019  
(In Thousands)**

|  | Seattle Center<br>Redevelopment<br>Parks<br>Community<br>Center | Municipal Civic<br>Center | 2003<br>Fire<br>Facilities | Garage<br>Proceeds<br>Disposition<br>Fund | Local<br>Improvement,<br>District<br>No. 6750 | 2008<br>Multipurpose<br>Long-Term<br>General<br>Obligation |
|--|---|---------------------------|----------------------------|---|---|--|
| <b>ASSETS</b>  |   |                           |                            |   |   |  |
| Cash and Equity in Pooled Investments                                      | \$ 2,500  | \$ 1,024                  | \$ 481                     | \$ 391                                    | \$ 259  | \$ 36  |
| Receivables, Net of Allowances   | 4   | 2                         | 1                          | 1   | 6,267   | —  |
| Due from Other Funds   | —   | —                         | —                          | —   | —   | —  |
| Due from Other Governments   | —   | —                         | —                          | —   | —   | —  |
| Interfund Loans and Advances   | —   | —                         | —                          | —   | —   | —  |
| Other Current Assets   | —   | —                         | 4                          | —   | —   | —  |
| <b>Total Assets</b>  | <b>2,504</b>  | <b>1,026</b>              | <b>486</b>                 | <b>392</b>                                | <b>6,526</b>                                  | <b>36</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |   |                           |                            |   |   |  |
|  | —   | —                         | —                          | —   | —   | —  |
| <b>Total Assets and Deferred Outflows of Resources</b>                     | <b>\$ 2,504</b>   | <b>\$ 1,026</b>           | <b>\$ 486</b>              | <b>\$ 392</b>                             | <b>\$ 6,526</b>                               | <b>\$ 36</b>   |
| <b>LIABILITIES</b>   |   |                           |                            |   |   |  |
| Accounts Payable   | \$ —  | \$ —                      | \$ —                       | \$ —                                      | \$ —  | \$ —   |
| Contracts Payable  | —   | —                         | —                          | —   | —   | —  |
| Salaries, Benefits, and Taxes Payable                                      | 13  | —                         | 1                          | —   | —   | —  |
| Due to Other Funds   | —   | —                         | —                          | —   | —   | —  |
| Due to Other Governments   | —   | —                         | —                          | —   | —   | —  |
| Revenues Collected in Advance  | —   | —                         | —                          | —   | —   | —  |
| Interfund Loans and Advances   | —   | —                         | —                          | —   | —   | —  |
| Other Current Liabilities  | —   | —                         | —                          | —   | —   | —  |
| <b>Total Liabilities</b>   | <b>13</b>   | <b>—</b>                  | <b>1</b>                   | <b>—</b>                                  | <b>—</b>                                      | <b>—</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |   |                           |                            |   |   |  |
|  | —   | —                         | —                          | —   | 5,861   | —  |
| <b>FUND BALANCES</b>   |   |                           |                            |   |   |  |
| Nonspendable   | —   | —                         | —                          | —   | —   | —  |
| Restricted   | 2,491   | 1,026                     | 485                        | 392                                       | 665   | 36   |
| Committed  | —   | —                         | —                          | —   | —   | —  |
| Assigned   | —   | —                         | —                          | —   | —   | —  |
| Unassigned   | —   | —                         | —                          | —   | —   | —  |
| <b>Total Fund Balances</b>   | <b>2,491</b>  | <b>1,026</b>              | <b>485</b>                 | <b>392</b>                                | <b>665</b>                                    | <b>36</b>  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 2,504</b>   | <b>\$ 1,026</b>           | <b>\$ 486</b>              | <b>\$ 392</b>                             | <b>\$ 6,526</b>                               | <b>\$ 36</b>   |

**Nonmajor Governmental Funds**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2019  
(In Thousands)**

|   | 2009<br>Multipurpose<br>Long-Term<br>General<br>Obligation | 2010<br>Multipurpose<br>Long-Term<br>General<br>Obligation | 2011<br>Multipurpose<br>Long-Term<br>General<br>Obligation | 2012<br>Multipurpose<br>Long-Term<br>General<br>Obligation | 2013<br>Multipurpose<br>Long-Term<br>General<br>Obligation | Alaskan<br>Way<br>Seawall<br>Construction |
|---|--|--|--|--|--|---|
| <b>ASSETS</b>   |  |  |  |  |  |   |
| Cash and Equity in Pooled Investments                               | \$ —   | \$ 71  | \$ 332   | \$ 232   | \$ 131   | \$ 2,503                                  |
| Receivables, Net of Allowances                                      | —  | —  | 1  | —  | —  | 4   |
| Due from Other Funds  | —  | —  | —  | —  | —  | 1   |
| Due from Other Governments  | —  | —  | —  | —  | —  | —   |
| Interfund Loans and Advances  | —  | —  | —  | —  | —  | —   |
| Other Current Assets  | —  | —  | —  | —  | —  | —   |
| <b>Total Assets</b>   | <b>—</b>   | <b>71</b>  | <b>333</b>   | <b>232</b>   | <b>131</b>   | <b>2,508</b>                              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>                                  |
| Total Assets and Deferred Outflows of Resources                     | \$ —   | \$ 71  | \$ 333   | \$ 232   | \$ 131   | \$ 2,508                                  |
| <b>LIABILITIES</b>  |  |  |  |  |  |   |
| Accounts Payable  | \$ —   | \$ —   | \$ —   | \$ —   | \$ —   | \$ —                                      |
| Contracts Payable   | —  | —  | —  | —  | 5  | —   |
| Salaries, Benefits, and Taxes Payable                               | —  | —  | —  | —  | 3  | 1   |
| Due to Other Funds  | —  | —  | —  | —  | —  | —   |
| Due to Other Governments  | —  | —  | —  | —  | —  | —   |
| Revenues Collected in Advance                                       | —  | —  | —  | —  | —  | —   |
| Interfund Loans and Advances  | —  | —  | —  | —  | —  | —   |
| Other Current Liabilities   | —  | —  | —  | —  | —  | —   |
| <b>Total Liabilities</b>  | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>8</b>   | <b>1</b>                                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>                                  |
| <b>FUND BALANCES</b>  |  |  |  |  |  |   |
| Nonspendable  | —  | —  | —  | —  | —  | —   |
| Restricted  | —  | 71   | 333  | 232  | 123  | 2,507                                     |
| Committed   | —  | —  | —  | —  | —  | —   |
| Assigned  | —  | —  | —  | —  | —  | —   |
| Unassigned  | —  | —  | —  | —  | —  | —   |
| <b>Total Fund Balances</b>  | <b>—</b>   | <b>71</b>  | <b>333</b>   | <b>232</b>   | <b>123</b>   | <b>2,507</b>                              |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ —   | \$ 71  | \$ 333   | \$ 232   | \$ 131   | \$ 2,508                                  |

**The City of Seattle**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2019  
(In Thousands)**

|   | Central<br>Waterfront<br>Improvement | 2013 King<br>County Parks<br>Levy Fund | 2014<br>Long-Term<br>General<br>Obligation<br>Bond | 2015<br>Multipurpose<br>Long-Term<br>General<br>Obligation | 2016<br>Multipurpose<br>Long-Term<br>General<br>Obligation | 2017<br>Multipurpose<br>Long-Term<br>General<br>Obligation |
|---|--------------------------------------|--|--|--|--|--|
| <b>ASSETS</b>   |                                      |  |  |  |  |  |
| Cash and Equity in Pooled Investments                               | \$ 46                                | \$ 4,898                               | \$ 141   | \$ 1,285   | \$ 2,095   | \$ 10,032  |
| Receivables, Net of Allowances                                      | 54                                   | 9                                      | —  | 2  | 7  | 103  |
| Due from Other Funds  | —                                    | —                                      | —  | —  | —  | —  |
| Due from Other Governments  | —                                    | —                                      | —  | —  | —  | —  |
| Interfund Loans and Advances  | —                                    | —                                      | —  | —  | —  | —  |
| Other Current Assets  | —                                    | —                                      | —  | —  | 1  | —  |
| <b>Total Assets</b>   | <b>100</b>                           | <b>4,907</b>                           | <b>141</b>   | <b>1,287</b>   | <b>2,103</b>   | <b>10,135</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>—</b>                             | <b>—</b>                               | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   |
| Total Assets and Deferred Outflows of Resources                     | \$ 100                               | \$ 4,907                               | \$ 141   | \$ 1,287   | \$ 2,103   | \$ 10,135  |
| <b>LIABILITIES</b>  |                                      |  |  |  |  |  |
| Accounts Payable  | \$ 283                               | \$ 66                                  | \$ —   | \$ —   | \$ —   | \$ 1   |
| Contracts Payable   | —                                    | —                                      | —  | —  | —  | —  |
| Salaries, Benefits, and Taxes Payable                               | 35                                   | —                                      | —  | —  | 2  | 10   |
| Due to Other Funds  | —                                    | —                                      | —  | —  | —  | —  |
| Due to Other Governments  | —                                    | —                                      | —  | —  | —  | —  |
| Revenues Collected in Advance                                       | 40                                   | —                                      | —  | —  | —  | —  |
| Interfund Loans and Advances  | 1,500                                | —                                      | —  | —  | —  | —  |
| Other Current Liabilities   | —                                    | —                                      | —  | —  | —  | 86   |
| <b>Total Liabilities</b>  | <b>1,858</b>                         | <b>66</b>                              | <b>—</b>   | <b>—</b>   | <b>2</b>   | <b>97</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                | <b>—</b>                             | <b>—</b>                               | <b>—</b>   | <b>—</b>   | <b>—</b>   | <b>—</b>   |
| <b>FUND BALANCES</b>  |                                      |  |  |  |  |  |
| Nonspendable  | —                                    | —                                      | —  | —  | —  | —  |
| Restricted  | —                                    | 4,841                                  | 141  | 1,287  | 2,101  | 10,038   |
| Committed   | —                                    | —                                      | —  | —  | —  | —  |
| Assigned  | —                                    | —                                      | —  | —  | —  | —  |
| Unassigned  | (1,758)                              | —                                      | —  | —  | —  | —  |
| <b>Total Fund Balances</b>  | <b>(1,758)</b>                       | <b>4,841</b>                           | <b>141</b>   | <b>1,287</b>   | <b>2,101</b>   | <b>10,038</b>  |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 100                               | \$ 4,907                               | \$ 141   | \$ 1,287   | \$ 2,103   | \$ 10,135  |

**Nonmajor Governmental Funds**

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**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS  
December 31, 2019  
(In Thousands)**

|   | 2018 Multipurpose<br>Long Term General<br>Obligation Bond<br>Fund | 2019 Multipurpose<br>Long Term General<br>Obligation Bond<br>Fund | 2019          | 2018           |
|---|---|---|---------------|----------------|
| <b>ASSETS</b>   |   |   |               |                |
| Cash and Equity in Pooled Investments                               | \$ 5,729  | \$ 17,475   | \$ 69,034     | \$ 89,084      |
| Receivables, Net of Allowances                                      | 8   | 52  | 6,549         | 7,887          |
| Due from Other Funds  | —   | 9,360   | 9,361         | 10,282         |
| Due from Other Governments  | —   | —   | 134           | 326            |
| Interfund Loans and Advances  | —   | —   | —             | 8,000          |
| Other Current Assets  | —   | —   | 5             | —              |
| <b>Total Assets</b>   | <b>5,737</b>  | <b>26,887</b>   | <b>85,083</b> | <b>115,579</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |   |   |               |                |
| Total Assets and Deferred Outflows of Resources                     | \$ 5,737  | \$ 26,887   | \$ 85,083     | \$ 1,287       |
| <b>LIABILITIES</b>  |   |   |               |                |
| Accounts Payable  | \$ —  | \$ 1,369  | \$ 2,225      | \$ 938         |
| Contracts Payable   | —   | —   | 5             | 5              |
| Salaries, Benefits, and Taxes Payable                               | 13  | 17  | 113           | 10             |
| Due to Other Funds  | 442   | 8,918   | 9,360         | 28,382         |
| Due to Other Governments  | —   | —   | —             | —              |
| Revenues Collected in Advance                                       | —   | —   | 104           | 104            |
| Interfund Loans and Advances  | —   | —   | 1,500         | 22,001         |
| Other Current Liabilities   | —   | —   | 86            | 86             |
| <b>Total Liabilities</b>  | <b>455</b>  | <b>10,304</b>   | <b>13,393</b> | <b>51,526</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |   |   |               |                |
| Total Assets and Deferred Inflows of Resources, and Fund Balances   | \$ 5,737  | \$ 26,887   | \$ 85,083     | \$ 115,579     |
| <b>FUND BALANCES</b>  |   |   |               |                |
| Nonspendable  | —   | —   | —             | —              |
| Restricted  | 5,282   | 16,583  | 67,586        | 70,194         |
| Committed   | —   | —   | —             | —              |
| Assigned  | —   | —   | —             | —              |
| Unassigned  | —   | —   | (1,758)       | (13,403)       |
| <b>Total Fund Balances</b>  | <b>5,282</b>  | <b>16,583</b>   | <b>65,828</b> | <b>56,791</b>  |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 5,737  | \$ 26,887   | \$ 85,083     | \$ 115,579     |

**The City of Seattle**

D-5

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

|   | H. H.<br>Dearborn | Beach<br>Maintenance<br>Trust | 2019         | Comparative<br>Totals<br>2018 |
|---|-------------------|-------------------------------|--------------|-------------------------------|
| <b>ASSETS</b>   |                   |                               |              |                               |
| Cash and Equity in Pooled Investments                               | \$ 156            | \$ 1,825                      | \$ 1,981     | \$ 2,221                      |
| Receivables, Net of Allowances                                      | —                 | 3                             | 3            | —                             |
| Due from Other Funds  | —                 | —                             | —            | 8                             |
| Due from Other Governments  | —                 | —                             | —            | —                             |
| Interfund Loans and Advances  | —                 | —                             | —            | —                             |
| Other Current Assets  | —                 | —                             | —            | —                             |
| <b>Total Assets</b>   | <b>156</b>        | <b>1,828</b>                  | <b>1,984</b> | <b>2,229</b>                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                               |                   |                               |              |                               |
| Total Assets and Deferred Outflows of Resources                     | \$ 156            | \$ 1,828                      | \$ 1,984     | \$ 2,229                      |
| <b>LIABILITIES</b>  |                   |                               |              |                               |
| Accounts Payable  | \$ —              | \$ —                          | \$ —         | \$ —                          |
| Contracts Payable   | —                 | —                             | —            | —                             |
| Salaries, Benefits, and Taxes Payable                               | —                 | —                             | —            | —                             |
| Due to Other Funds  | —                 | —                             | —            | 4                             |
| Due to Other Governments  | —                 | —                             | —            | —                             |
| Revenues Collected in Advance                                       | —                 | —                             | —            | —                             |
| Interfund Loans and Advances  | —                 | —                             | —            | —                             |
| Other Current Liabilities   | —                 | —                             | —            | —                             |
| <b>Total Liabilities</b>  | <b>—</b>          | <b>—</b>                      | <b>—</b>     | <b>4</b>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                   |                               |              |                               |
| Total Assets and Deferred Inflows of Resources, and Fund Balances   | \$ 156            | \$ 1,828                      | \$ 1,984     | \$ 2,229                      |
| <b>FUND BALANCES</b>  |                   |                               |              |                               |
| Nonspendable  | 50                | 2,000                         | 2,050        | 2,050                         |
| Restricted  | 106               | —                             | 106          | 175                           |
| Committed   | —                 | —                             | —            | —                             |
| Assigned  | —                 | —                             | —            | —                             |
| Unassigned  | —                 | (172)                         | (172)        | —                             |
| <b>Total Fund Balances</b>  | <b>156</b>        | <b>1,828</b>                  | <b>1,984</b> | <b>2,225</b>                  |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 156            | \$ 1,828                      | \$ 1,984     | \$ 2,229                      |

**Nonmajor Governmental Funds**

| D-6 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES<br>IN FUND BALANCES<br>NONMAJOR GOVERNMENTAL FUNDS<br>SUMMARY BY FUND TYPE<br>For the Year Ended December 31, 2019<br>(In Thousands) |                             |                          |                              |                    |                |                               |
|---|-----------------------------|--------------------------|------------------------------|--------------------|----------------|-------------------------------|
|   | Special<br>Revenue<br>Funds | Debt<br>Service<br>Funds | Capital<br>Projects<br>Funds | Permanent<br>Funds | 2019           | Comparative<br>Totals<br>2018 |
| <b>REVENUES</b>   |                             |                          |                              |                    |                |                               |
| Taxes   | \$ 287,796                  | \$ 22,574                | \$ 1                         | \$ —               | \$ 310,371     | \$ 271,934                    |
| Licenses and Permits  | —                           | —                        | —                            | —                  | —              | 2,033                         |
| Grants, Shared Revenues, and Contributions  | 73,047                      | 1,422                    | 16,829                       | —                  | 91,298         | 84,058                        |
| Charges for Services  | 84,958                      | —                        | 358                          | —                  | 85,316         | 125,451                       |
| Fines and Forfeits  | 9,744                       | —                        | 22                           | —                  | 9,766          | 13,579                        |
| Parking Fees and Space Rent   | 25,051                      | 347                      | 642                          | —                  | 26,040         | 30,218                        |
| Program Income, Interest, and Miscellaneous Revenues  | 48,076                      | 1,395                    | 4,176                        | 86                 | 53,733         | 32,678                        |
| <b>Total Revenues</b>   | <b>528,672</b>              | <b>25,738</b>            | <b>22,028</b>                | <b>86</b>          | <b>576,524</b> | <b>559,951</b>                |
| <b>EXPENDITURES</b>   |                             |                          |                              |                    |                |                               |
| Current   |                             |                          |                              |                    |                |                               |
| General Government  | 6,534                       | —                        | 13,708                       | —                  | 20,242         | 22,975                        |
| Public Safety   | 1,723                       | —                        | 55                           | —                  | 1,778          | 3,785                         |
| Physical Environment  | 325                         | —                        | —                            | —                  | 325            | 686                           |
| Transportation  | 96,973                      | —                        | 10,640                       | —                  | 107,613        | 86,392                        |
| Economic Environment  | 134,358                     | —                        | 5,645                        | —                  | 140,003        | 154,822                       |
| Health and Human Services   | 94,876                      | —                        | —                            | —                  | 94,876         | 82,431                        |
| Culture and Recreation  | 119,433                     | —                        | 6,682                        | 2                  | 126,117        | 110,505                       |
| Capital Outlay  | —                           | —                        | —                            | —                  | —              | —                             |
| General Government  | —                           | —                        | 218                          | —                  | 218            | 1,346                         |
| Public Safety   | 20                          | —                        | 17                           | —                  | 37             | 129                           |
| Physical Environment  | —                           | —                        | —                            | —                  | —              | 101                           |
| Transportation  | 4,709                       | —                        | 9,855                        | —                  | 14,564         | 17,889                        |
| Economic Environment  | —                           | —                        | —                            | —                  | —              | 8                             |
| Culture and Recreation  | 24,446                      | —                        | 7,041                        | 325                | 31,812         | 18,269                        |
| Debt Service  | —                           | —                        | —                            | —                  | —              | —                             |
| Principal   | 4                           | 72,646                   | 1,215                        | —                  | 73,865         | 79,220                        |
| Interest  | —                           | 41,678                   | 1,540                        | —                  | 43,218         | 43,758                        |
| Bond Issuance Cost  | 3                           | —                        | 229                          | —                  | 232            | 397                           |
| <b>Total Expenditures</b>   | <b>483,404</b>              | <b>114,324</b>           | <b>56,845</b>                | <b>327</b>         | <b>654,900</b> | <b>622,713</b>                |
| Excess (Deficiency) of Revenues over Expenditures   | 45,268                      | (88,586)                 | (34,817)                     | (241)              | (78,376)       | (62,762)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                             |                          |                              |                    |                |                               |
| Long-Term Debt Issued   | —                           | —                        | 39,825                       | —                  | 39,825         | 49,975                        |
| Premium on Bonds Issued   | —                           | —                        | 5,053                        | —                  | 5,053          | 3,186                         |
| Payment to Refunded Bond Escrow Agent   | —                           | —                        | —                            | —                  | —              | —                             |
| Sales of Capital Assets   | 73                          | —                        | —                            | —                  | 73             | —                             |
| Transfers In  | 9,444                       | 88,795                   | 964                          | —                  | 99,203         | 89,910                        |
| Transfers Out   | (7,635)                     | —                        | (1,989)                      | —                  | (9,624)        | (18,220)                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>1,882</b>                | <b>88,795</b>            | <b>43,853</b>                | <b>—</b>           | <b>134,530</b> | <b>124,851</b>                |
| Net Change in Fund Balance  | 47,150                      | 209                      | 9,036                        | (241)              | 56,154         | 62,089                        |
| Fund Balances - Beginning of Year   | 505,423                     | 11,694                   | 56,792                       | 2,225              | 576,134        | 510,307                       |
| Restatements/Prior-Year Adjustments   | (1)                         | —                        | —                            | —                  | (1)            | 3,735                         |
| Fund Balances - Beginning of Year as Restated   | 505,422                     | 11,694                   | 56,792                       | 2,225              | 576,133        | 514,042                       |
| Fund Balances - End of Year   | \$ 552,842                  | \$ 11,903                | \$ 65,828                    | \$ 1,984           | \$ 632,572     | \$ 576,131                    |

**The City of Seattle**

| D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES<br>IN FUND BALANCES<br>NONMAJOR GOVERNMENTAL FUNDS<br>SPECIAL REVENUE<br>For the Year Ended December 31, 2019<br>(In Thousands) |                         |                      |                                     |                                    |                   |                             |
|--|-------------------------|----------------------|-------------------------------------|------------------------------------|-------------------|-----------------------------|
|  | Parks and<br>Recreation | Seattle<br>Streetcar | Key Arena<br>Settlement<br>Proceeds | Pike Place<br>Market<br>Renovation | Seattle<br>Center | Wheelchair<br>Accessibility |
| <b>REVENUES</b>  |                         |                      |                                     |                                    |                   |                             |
| Taxes  | \$ —                    | \$ —                 | \$ —                                | \$ —                               | \$ —              | \$ —                        |
| Licenses and Permits   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Grants, Shared Revenues, and Contributions   | 3,532                   | 546                  | —                                   | —                                  | —                 | —                           |
| Charges for Services   | 27,825                  | 8,824                | —                                   | —                                  | 4,454             | 2,919                       |
| Fines and Forfeits   | 1                       | —                    | —                                   | —                                  | —                 | —                           |
| Parking Fees and Space Rent  | 9,977                   | 89                   | —                                   | —                                  | 14,985            | —                           |
| Program Income, Interest, and Miscellaneous Revenues   | 13,526                  | (5)                  | —                                   | 16                                 | 1,215             | 241                         |
| <b>Total Revenues</b>  | <b>54,861</b>           | <b>9,454</b>         | <b>—</b>                            | <b>16</b>                          | <b>20,654</b>     | <b>3,160</b>                |
| <b>EXPENDITURES</b>  |                         |                      |                                     |                                    |                   |                             |
| Current  |                         |                      |                                     |                                    |                   |                             |
| General Government   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Public Safety  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Physical Environment   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Transportation   | —                       | 18,168               | —                                   | —                                  | —                 | —                           |
| Economic Environment   | —                       | —                    | —                                   | —                                  | —                 | 869                         |
| Health and Human Services  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Culture and Recreation   | 40,298                  | —                    | —                                   | —                                  | 24,316            | —                           |
| Capital Outlay   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| General Government   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Public Safety  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Physical Environment   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Transportation   | —                       | 10                   | —                                   | —                                  | —                 | —                           |
| Economic Environment   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Culture and Recreation   | 422                     | —                    | —                                   | —                                  | 18                | —                           |
| Debt Service   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Principal  | —                       | —                    | —                                   | —                                  | 4                 | —                           |
| Interest   | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Bond Issuance Cost   | —                       | —                    | —                                   | —                                  | 3                 | —                           |
| <b>Total Expenditures</b>  | <b>40,720</b>           | <b>18,178</b>        | <b>—</b>                            | <b>—</b>                           | <b>24,341</b>     | <b>869</b>                  |
| Excess (Deficiency) of Revenues over Expenditures  | 14,141                  | (8,724)              | —                                   | 16                                 | (3,716)           | 2,291                       |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                         |                      |                                     |                                    |                   |                             |
| Long-Term Debt Issued  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Premium on Bonds Issued  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Payment to Refunded Bond Escrow Agent  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Sales of Capital Assets  | 3                       | —                    | —                                   | —                                  | 70                | —                           |
| Transfers In   | 102                     | 9,112                | —                                   | —                                  | 202               | —                           |
| Transfers Out  | (1,265)                 | —                    | —                                   | —                                  | (479)             | —                           |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(1,160)</b>          | <b>9,112</b>         | <b>—</b>                            | <b>—</b>                           | <b>(149)</b>      | <b>—</b>                    |
| Net Change in Fund Balance   | 12,981                  | 388                  | —                                   | 16                                 | (3,894)           | 2,291                       |
| Fund Balances - Beginning of Year  | 9,572                   | (3,195)              | —                                   | 381                                | 6,027             | 5,129                       |
| Restatements/Prior-Year Adjustments  | —                       | —                    | —                                   | —                                  | —                 | —                           |
| Fund Balances - Beginning of Year as Restated  | 9,572                   | (3,195)              | —                                   | 381                                | 6,027             | 5,129                       |
| Fund Balances - End of Year  | \$ 22,553               | \$ (2,807)           | \$ —                                | \$ 397                             | \$ 2,133          | \$ 7,420                    |

**Nonmajor Governmental Funds**

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**Page 2 of 4**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**  
**For the Year Ended December 31, 2019**  
*(In Thousands)*

|  | Election<br>Vouchers Fund | Human Service<br>Operating | Low-Income<br>Housing | Office of<br>Housing | Education and<br>Development<br>Services | Preschool Levy<br>2014 |
|--|---------------------------|----------------------------|-----------------------|----------------------|--|------------------------|
| <b>REVENUES</b>                                      |                           |                            |                       |                      |  |                        |
| Taxes  | \$ 2,976                  | \$ —                       | \$ 35,834             | \$ 3,579             | \$ 311                                   | \$ 140                 |
| Licenses and Permits                                 | —                         | —                          | —                     | —                    | —  | —                      |
| Grants, Shared Revenues, and Contributions           | —                         | 64,162                     | 2,680                 | 1,309                | —  | —                      |
| Charges for Services                                 | —                         | 1,042                      | 31,882                | 2,833                | —  | 556                    |
| Fines and Forfeits                                   | —                         | 86                         | —                     | —                    | —  | —                      |
| Parking Fees and Space Rent                          | —                         | —                          | —                     | —                    | —  | —                      |
| Program Income, Interest, and Miscellaneous Revenues | 206                       | 4,460                      | 17,274                | 166                  | 1,555                                    | 628                    |
| <b>Total Revenues</b>                                | <b>3,182</b>              | <b>69,750</b>              | <b>87,670</b>         | <b>7,887</b>         | <b>1,866</b>                             | <b>1,324</b>           |
| <b>EXPENDITURES</b>                                  |                           |                            |                       |                      |  |                        |
| <b>Current</b>                                       |                           |                            |                       |                      |  |                        |
| General Government                                   | 3,888                     | 2,646                      | —                     | —                    | —  | —                      |
| Public Safety  | —                         | 573                        | —                     | —                    | —  | —                      |
| Physical Environment                                 | —                         | —                          | —                     | —                    | —  | —                      |
| Transportation                                       | —                         | —                          | —                     | —                    | —  | —                      |
| Economic Environment                                 | —                         | 34,010                     | 68,643                | 7,201                | —  | —                      |
| Health and Human Services                            | —                         | 37,624                     | —                     | —                    | 28,344                                   | 13,630                 |
| Culture and Recreation                               | —                         | —                          | —                     | —                    | —  | 1                      |
| <b>Capital Outlay</b>                                |                           |                            |                       |                      |  |                        |
| General Government                                   | —                         | —                          | —                     | —                    | —  | —                      |
| Public Safety  | —                         | —                          | —                     | —                    | —  | —                      |
| Physical Environment                                 | —                         | —                          | —                     | —                    | —  | —                      |
| Transportation                                       | —                         | —                          | —                     | —                    | —  | —                      |
| Economic Environment                                 | —                         | —                          | —                     | —                    | —  | —                      |
| Culture and Recreation                               | —                         | —                          | —                     | —                    | —  | —                      |
| <b>Debt Service</b>                                  |                           |                            |                       |                      |  |                        |
| Principal  | —                         | —                          | —                     | —                    | —  | —                      |
| Interest   | —                         | —                          | —                     | —                    | —  | —                      |
| Bond Issuance Cost                                   | —                         | —                          | —                     | —                    | —  | —                      |
| <b>Total Expenditures</b>                            | <b>3,888</b>              | <b>74,853</b>              | <b>68,643</b>         | <b>7,201</b>         | <b>28,344</b>                            | <b>13,631</b>          |
| Excess (Deficiency) of Revenues over Expenditures    | (706)                     | (5,103)                    | 19,027                | 686                  | (26,478)                                 | (12,307)               |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                           |                            |                       |                      |  |                        |
| Long-Term Debt Issued                                | —                         | —                          | —                     | —                    | —  | —                      |
| Premium on Bonds Issued                              | —                         | —                          | —                     | —                    | —  | —                      |
| Payment to Refunded Bond Escrow Agent                | —                         | —                          | —                     | —                    | —  | —                      |
| Sales of Capital Assets                              | —                         | —                          | —                     | —                    | —  | —                      |
| Transfers In   | —                         | —                          | —                     | —                    | —  | —                      |
| Transfers Out  | —                         | —                          | —                     | —                    | —  | —                      |
| <b>Total Other Financing Sources (Uses)</b>          | <b>—</b>                  | <b>—</b>                   | <b>—</b>              | <b>—</b>             | <b>—</b>                                 | <b>—</b>               |
| <b>Net Change in Fund Balance</b>                    | <b>(706)</b>              | <b>(5,103)</b>             | <b>19,027</b>         | <b>686</b>           | <b>(26,478)</b>                          | <b>(12,307)</b>        |
| Fund Balances - Beginning of Year                    | 5,485                     | 17,661                     | 234,904               | 2,113                | 53,030                                   | 21,976                 |
| Restatements/Prior-Year Adjustments                  | —                         | —                          | —                     | —                    | —  | —                      |
| Fund Balances - Beginning of Year as Restated        | 5,485                     | 17,661                     | 234,904               | 2,113                | 53,030                                   | 21,976                 |
| Fund Balances - End of Year                          | \$ 4,779                  | \$ 12,558                  | \$ 253,931            | \$ 2,799             | \$ 26,552                                | \$ 9,669               |

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**The City of Seattle**

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**Page 3 of 4**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**  
**For the Year Ended December 31, 2019**  
*(In Thousands)*

|  | 2012 Library<br>Levy | School Zone<br>Automatic<br>Camera Fund | Metropolitan<br>Parks District | Business<br>Improvement<br>Areas | Transportation<br>Benefit District | Families,<br>Education<br>Promise Levy |
|--|----------------------|---|--------------------------------|----------------------------------|------------------------------------|--|
| <b>REVENUES</b>                                      |                      |   |                                |                                  |                                    |  |
| Taxes  | \$ 17,908            | \$ —                                    | \$ 52,058                      | \$ 25,712                        | \$ 64,832                          | \$ 84,446                              |
| Licenses and Permits                                 | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Grants, Shared Revenues, and Contributions           | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Charges for Services                                 | —                    | —                                       | —                              | —                                | (1)                                | 923                                    |
| Fines and Forfeits                                   | —                    | 9,657                                   | —                              | —                                | —                                  | —                                      |
| Parking Fees and Space Rent                          | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Program Income, Interest, and Miscellaneous Revenues | 328                  | 601                                     | 2,809                          | 298                              | 2,026                              | 1,628                                  |
| <b>Total Revenues</b>                                | <b>18,236</b>        | <b>10,258</b>                           | <b>54,867</b>                  | <b>26,010</b>                    | <b>66,857</b>                      | <b>86,997</b>                          |
| <b>EXPENDITURES</b>                                  |                      |   |                                |                                  |                                    |  |
| <b>Current</b>                                       |                      |   |                                |                                  |                                    |  |
| General Government                                   | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Public Safety  | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Physical Environment                                 | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Transportation                                       | —                    | 8,945                                   | —                              | —                                | 69,860                             | —                                      |
| Economic Environment                                 | —                    | —                                       | —                              | 23,630                           | —                                  | —                                      |
| Health and Human Services                            | —                    | —                                       | —                              | —                                | —                                  | 15,278                                 |
| Culture and Recreation                               | 12,309               | —                                       | 39,414                         | —                                | —                                  | —                                      |
| <b>Capital Outlay</b>                                |                      |   |                                |                                  |                                    |  |
| General Government                                   | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Public Safety  | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Physical Environment                                 | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Transportation                                       | —                    | 3,298                                   | —                              | —                                | 1,401                              | —                                      |
| Economic Environment                                 | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Culture and Recreation                               | 909                  | —                                       | 22,999                         | —                                | —                                  | —                                      |
| <b>Debt Service</b>                                  |                      |   |                                |                                  |                                    |  |
| Principal  | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Interest   | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Bond Issuance Cost                                   | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| <b>Total Expenditures</b>                            | <b>13,218</b>        | <b>12,243</b>                           | <b>62,413</b>                  | <b>23,630</b>                    | <b>71,261</b>                      | <b>15,278</b>                          |
| Excess (Deficiency) of Revenues over Expenditures    | 5,018                | (1,985)                                 | (7,546)                        | 2,380                            | (4,404)                            | 71,719                                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                      |   |                                |                                  |                                    |  |
| Long-Term Debt Issued                                | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Premium on Bonds Issued                              | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Payment to Refunded Bond Escrow Agent                | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Sales of Capital Assets                              | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Transfers In   | —                    | —                                       | —                              | —                                | —                                  | —                                      |
| Transfers Out  | (4,973)              | (918)                                   | —                              | —                                | —                                  | —                                      |
| <b>Total Other Financing Sources (Uses)</b>          | <b>(4,973)</b>       | <b>(918)</b>                            | <b>—</b>                       | <b>—</b>                         | <b>—</b>                           | <b>—</b>                               |
| <b>Net Change in Fund Balance</b>                    | <b>45</b>            | <b>(2,903)</b>                          | <b>(7,546)</b>                 | <b>2,380</b>                     | <b>(4,404)</b>                     | <b>71,719</b>                          |
| Fund Balances - Beginning of Year                    | 6,168                | 13,693                                  | 59,316                         | 3,413                            | 52,191                             | —                                      |
| Restatements/Prior-Year Adjustments                  | —                    | —                                       | —                              | —                                | (1)                                | —                                      |
| Fund Balances - Beginning of Year as Restated        | 6,168                | 13,693                                  | 59,316                         | 3,413                            | 52,190                             | —                                      |
| Fund Balances - End of Year                          | \$ 6,213             | \$ 10,790                               | \$ 51,770                      | \$ 5,793                         | \$ 47,786                          | \$ 71,719                              |

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**Nonmajor Governmental Funds**

**D-7**  
**Page 4 of 4**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE**  
**For the Year Ended December 31, 2019**  
*(In Thousands)*

|  | General Trust   | Municipal Arts   | General Donation and Gift Trust | 2019              | Comparative Totals 2018 |
|--|-----------------|------------------|---------------------------------|-------------------|-------------------------|
| <b>REVENUES</b>                                      |                 |                  |                                 |                   |                         |
| Taxes  | \$ —            | \$ —             | \$ —                            | \$ 287,796        | \$ 241,806              |
| Licenses and Permits                                 | —               | —                | —                               | —                 | —                       |
| Grants, Shared Revenues, and Contributions           | 625             | —                | 193                             | 73,047            | 78,555                  |
| Charges for Services                                 | —               | 3,701            | —                               | 84,958            | 122,383                 |
| Fines and Forfeits                                   | —               | —                | —                               | 9,744             | 13,540                  |
| Parking Fees and Space Rent                          | —               | —                | —                               | 25,051            | 29,723                  |
| Program Income, Interest, and Miscellaneous Revenues | 144             | 452              | 508                             | 48,076            | 28,105                  |
| <b>Total Revenues</b>                                | <b>769</b>      | <b>4,153</b>     | <b>701</b>                      | <b>528,672</b>    | <b>514,112</b>          |
| <b>EXPENDITURES</b>                                  |                 |                  |                                 |                   |                         |
| <b>Current</b>                                       |                 |                  |                                 |                   |                         |
| General Government                                   | —               | —                | —                               | 6,534             | 13,875                  |
| Public Safety  | 456             | —                | 694                             | 1,723             | 2,992                   |
| Physical Environment                                 | —               | —                | 325                             | 325               | —                       |
| Transportation                                       | —               | —                | —                               | 96,973            | 67,757                  |
| Economic Environment                                 | —               | —                | 5                               | 134,358           | 141,065                 |
| Health and Human Services                            | —               | —                | —                               | 94,876            | 82,431                  |
| Culture and Recreation                               | 2               | 3,089            | 4                               | 119,433           | 107,528                 |
| <b>Capital Outlay</b>                                |                 |                  |                                 |                   |                         |
| General Government                                   | —               | —                | —                               | —                 | —                       |
| Public Safety  | —               | —                | 20                              | 20                | 12                      |
| Physical Environment                                 | —               | —                | —                               | —                 | —                       |
| Transportation                                       | —               | —                | —                               | 4,709             | 5,144                   |
| Economic Environment                                 | —               | —                | —                               | —                 | 7                       |
| Culture and Recreation                               | 98              | —                | —                               | 24,446            | 10,083                  |
| <b>Debt Service</b>                                  |                 |                  |                                 |                   |                         |
| Principal  | —               | —                | —                               | 4                 | 10                      |
| Interest   | —               | —                | —                               | —                 | 677                     |
| Bond Issuance Cost                                   | —               | —                | —                               | 3                 | —                       |
| <b>Total Expenditures</b>                            | <b>556</b>      | <b>3,089</b>     | <b>1,048</b>                    | <b>483,404</b>    | <b>431,581</b>          |
| Excess (Deficiency) of Revenues over Expenditures    | 213             | 1,064            | (347)                           | 45,239            | 82,531                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                 |                  |                                 |                   |                         |
| Long-Term Debt Issued                                | —               | —                | —                               | —                 | —                       |
| Premium on Bonds Issued                              | —               | —                | —                               | —                 | —                       |
| Payment to Refunded Bond Escrow Agent                | —               | —                | —                               | —                 | —                       |
| Sales of Capital Assets                              | —               | —                | —                               | 73                | —                       |
| Transfers In   | 28              | —                | —                               | 9,444             | 1,473                   |
| Transfers Out  | —               | —                | —                               | (7,635)           | (6,873)                 |
| <b>Total Other Financing Sources (Uses)</b>          | <b>28</b>       | <b>—</b>         | <b>—</b>                        | <b>1,882</b>      | <b>(5,400)</b>          |
| Net Change in Fund Balance                           | 241             | 1,064            | (347)                           | 47,150            | 77,131                  |
| Fund Balances - Beginning of Year                    | 3,393           | 10,513           | 3,653                           | 505,423           | 424,543                 |
| Restatements/Prior-Year Adjustments                  | —               | —                | —                               | (1)               | 3,749                   |
| <b>Fund Balances - Beginning of Year as Restated</b> | <b>3,393</b>    | <b>10,513</b>    | <b>3,653</b>                    | <b>505,422</b>    | <b>428,292</b>          |
| <b>Fund Balances - End of Year</b>                   | <b>\$ 3,634</b> | <b>\$ 11,577</b> | <b>\$ 3,306</b>                 | <b>\$ 552,572</b> | <b>\$ 505,422</b>       |

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**The City of Seattle**

**D-8**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DEBT SERVICE**  
**For the Year Ended December 31, 2019**  
*(In Thousands)*

|  | General Bond Interest and Redemption | Interfund Notes Payable - Local Improvement Districts | Local Improvement Guaranty | 2019             | Comparative Totals 2018 |
|--|--------------------------------------|---|----------------------------|------------------|-------------------------|
| <b>REVENUES</b>                                      |                                      |   |                            |                  |                         |
| Taxes  | \$ 22,574                            | \$ —  | \$ —                       | \$ 22,574        | \$ 30,125               |
| Licenses and Permits                                 | —                                    | —   | —                          | —                | —                       |
| Grants, Shared Revenues, and Contributions           | 1,422                                | —   | —                          | 1,422            | 503                     |
| Charges for Services                                 | —                                    | —   | —                          | —                | —                       |
| Fines and Forfeits                                   | —                                    | —   | —                          | —                | —                       |
| Parking Fees and Space Rent                          | 347                                  | —   | —                          | 347              | 349                     |
| Program Income, Interest, and Miscellaneous Revenues | 1,357                                | 1   | 37                         | 1,395            | 2,205                   |
| <b>Total Revenues</b>                                | <b>25,700</b>                        | <b>1</b>  | <b>37</b>                  | <b>25,738</b>    | <b>33,182</b>           |
| <b>EXPENDITURES</b>                                  |                                      |   |                            |                  |                         |
| <b>Current</b>                                       |                                      |   |                            |                  |                         |
| General Government                                   | —                                    | —   | —                          | —                | —                       |
| Public Safety  | —                                    | —   | —                          | —                | —                       |
| Physical Environment                                 | —                                    | —   | —                          | —                | —                       |
| Transportation                                       | —                                    | —   | —                          | —                | —                       |
| Economic Environment                                 | —                                    | —   | —                          | —                | —                       |
| Health and Human Services                            | —                                    | —   | —                          | —                | —                       |
| Culture and Recreation                               | —                                    | —   | —                          | —                | —                       |
| <b>Capital Outlay</b>                                |                                      |   |                            |                  |                         |
| General Government                                   | —                                    | —   | —                          | —                | —                       |
| Public Safety  | —                                    | —   | —                          | —                | —                       |
| Physical Environment                                 | —                                    | —   | —                          | —                | —                       |
| Transportation                                       | —                                    | —   | —                          | —                | —                       |
| Economic Environment                                 | —                                    | —   | —                          | —                | —                       |
| Health and Human Services                            | —                                    | —   | —                          | —                | —                       |
| Culture and Recreation                               | —                                    | —   | —                          | —                | —                       |
| <b>Debt Service</b>                                  |                                      |   |                            |                  |                         |
| Principal  | 72,646                               | —   | —                          | 72,646           | 78,110                  |
| Interest   | 41,678                               | —   | —                          | 41,678           | 42,824                  |
| Bond Issuance Cost                                   | —                                    | —   | —                          | —                | —                       |
| <b>Total Expenditures</b>                            | <b>114,324</b>                       | <b>—</b>  | <b>—</b>                   | <b>114,324</b>   | <b>120,934</b>          |
| Excess (Deficiency) of Revenues over Expenditures    | (88,624)                             | 1   | 37                         | (88,586)         | (87,752)                |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                      |   |                            |                  |                         |
| Long-Term Debt Issued                                | —                                    | —   | —                          | —                | —                       |
| Premium on Bonds Issued                              | —                                    | —   | —                          | —                | —                       |
| Payment to Refunded Bond Escrow Agent                | —                                    | —   | —                          | —                | —                       |
| Sales of Capital Assets                              | —                                    | —   | —                          | —                | —                       |
| Transfers In   | 88,795                               | —   | —                          | 88,795           | 88,156                  |
| Transfers Out  | —                                    | —   | —                          | —                | —                       |
| <b>Total Other Financing Sources (Uses)</b>          | <b>88,795</b>                        | <b>—</b>  | <b>—</b>                   | <b>88,795</b>    | <b>88,156</b>           |
| Net Change in Fund Balance                           | 171                                  | 1   | 37                         | 209              | 404                     |
| Fund Balances - Beginning of Year                    | 10,778                               | 8   | 908                        | 11,694           | 11,290                  |
| <b>Fund Balances - End of Year</b>                   | <b>\$ 10,949</b>                     | <b>\$ 9</b>   | <b>\$ 945</b>              | <b>\$ 11,903</b> | <b>\$ 11,694</b>        |

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**Nonmajor Governmental Funds**

| D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES<br>Page 1 of 5   |  |                               |                          |                                   |                                |   |
|---|--|-------------------------------|--------------------------|-----------------------------------|--------------------------------|---|
| IN FUND BALANCES<br>NONMAJOR GOVERNMENTAL FUNDS<br>CAPITAL PROJECTS<br>For the Year Ended December 31, 2019<br>(In Thousands) |  |                               |                          |                                   |                                |   |
|   | Public Safety<br>Facilities and<br>Equipment | Shoreline Park<br>Improvement | Community<br>Improvement | Park<br>Mitigation<br>Remediation | Open Spaces<br>and Trails Bond | Seattle Center<br>and Parks<br>Multipurpose<br>Levy |
| <b>REVENUES</b>   |  |                               |                          |                                   |                                |   |
| Taxes   | \$ —   | \$ —                          | \$ —                     | \$ —                              | \$ —                           | \$ 1  |
| Licenses and Permits  | —  | —                             | —                        | —                                 | —                              | —   |
| Grants, Shared Revenues, and Contributions  | —  | —                             | —                        | 134                               | —                              | 589   |
| Charges for Services  | —  | —                             | —                        | —                                 | —                              | —   |
| Fines and Forfeits  | —  | —                             | —                        | —                                 | —                              | —   |
| Parking Fees and Space Rent   | —  | —                             | —                        | —                                 | —                              | —   |
| Program Income, Interest, and Miscellaneous Revenues  | 39   | —                             | —                        | 226                               | 1                              | 867   |
| <b>Total Revenues</b>   | <b>39</b>                                    | <b>—</b>                      | <b>—</b>                 | <b>360</b>                        | <b>1</b>                       | <b>1,457</b>  |
| <b>EXPENDITURES</b>   |  |                               |                          |                                   |                                |   |
| Current   |  |                               |                          |                                   |                                |   |
| General Government  | —  | —                             | —                        | 56                                | —                              | 121   |
| Public Safety   | —  | —                             | —                        | —                                 | —                              | —   |
| Physical Environment  | —  | —                             | —                        | —                                 | —                              | —   |
| Transportation  | —  | —                             | —                        | —                                 | —                              | 2   |
| Economic Environment  | —  | —                             | —                        | —                                 | —                              | —   |
| Health and Human Services   | —  | —                             | —                        | —                                 | —                              | —   |
| Culture and Recreation  | —  | —                             | —                        | 663                               | —                              | 704   |
| Capital Outlay  |  |                               |                          |                                   |                                |   |
| General Government  | —  | —                             | —                        | —                                 | —                              | 218   |
| Public Safety   | —  | —                             | —                        | —                                 | —                              | —   |
| Physical Environment  | —  | —                             | —                        | —                                 | —                              | —   |
| Transportation  | —  | —                             | —                        | —                                 | —                              | 1   |
| Economic Environment  | —  | —                             | —                        | —                                 | —                              | —   |
| Culture and Recreation  | —  | —                             | —                        | 4,327                             | —                              | 2,050   |
| Debt Service  |  |                               |                          |                                   |                                |   |
| Principal   | —  | —                             | —                        | —                                 | —                              | —   |
| Interest  | —  | —                             | —                        | —                                 | —                              | —   |
| Bond Issuance Cost  | —  | —                             | —                        | —                                 | —                              | —   |
| <b>Total Expenditures</b>   | <b>—</b>                                     | <b>—</b>                      | <b>—</b>                 | <b>5,046</b>                      | <b>—</b>                       | <b>3,081</b>  |
| Excess (Deficiency) of Revenues over Expenditures   | 39   | —                             | —                        | (4,686)                           | 1                              | (1,639)   |
| <b>OTHER FINANCING SOURCES (USES)</b>   |  |                               |                          |                                   |                                |   |
| Long-Term Debt Issued   | —  | —                             | —                        | —                                 | —                              | —   |
| Premium on Bonds Issued   | —  | —                             | —                        | —                                 | —                              | —   |
| Payment to Refunded Bond Escrow Agent   | —  | —                             | —                        | —                                 | —                              | —   |
| Sales of Capital Assets   | —  | —                             | —                        | —                                 | —                              | —   |
| Transfers In  | —  | —                             | —                        | —                                 | —                              | —   |
| Transfers Out   | —  | —                             | —                        | —                                 | —                              | —   |
| <b>Total Other Financing Sources (Uses)</b>   | <b>—</b>                                     | <b>—</b>                      | <b>—</b>                 | <b>—</b>                          | <b>—</b>                       | <b>—</b>  |
| Net Change in Fund Balance  | 39   | —                             | —                        | (4,686)                           | 1                              | (1,639)   |
| Fund Balances - Beginning of Year   | 501  | 10                            | 2                        | 8,085                             | 24                             | 16,615  |
| Restatements/Prior-Year Adjustments   | —  | —                             | —                        | —                                 | —                              | —   |
| Fund Balances - Beginning of Year as Restated   | 501  | 10                            | 2                        | 8,085                             | 24                             | 16,615  |
| Fund Balances - End of Year   | \$ 540                                       | \$ 10                         | \$ 2                     | \$ 3,399                          | \$ 25                          | \$ 14,976   |

**The City of Seattle**

| D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES<br>Page 2 of 5   |  |                           |                            |   |   |  |
|---|--|---------------------------|----------------------------|---|---|--|
| IN FUND BALANCES<br>NONMAJOR GOVERNMENTAL FUNDS<br>CAPITAL PROJECTS<br>For the Year Ended December 31, 2019<br>(In Thousands) |  |                           |                            |   |   |  |
|   | Seattle Center<br>Redevelopme<br>nt and Parks<br>Community<br>Center | Municipal<br>Civic Center | 2003<br>Fire<br>Facilities | Garage<br>Proceeds<br>Disposition<br>Fund | Local<br>Improvement,<br>District<br>No. 6750 | 2008<br>Long-Term<br>General<br>Obligation<br>Bond |
| <b>REVENUES</b>   |  |                           |                            |   |   |  |
| Taxes   | \$ —   | \$ —                      | \$ —                       | \$ —                                      | \$ —  | \$ —   |
| Licenses and Permits  | —  | —                         | —                          | —   | —   | —  |
| Grants, Shared Revenues, and Contributions  | 290  | —                         | —                          | —   | 1,250   | —  |
| Charges for Services  | —  | —                         | —                          | —   | —   | —  |
| Fines and Forfeits  | —  | —                         | —                          | —   | 22  | —  |
| Parking Fees and Space Rent   | —  | —                         | —                          | —   | —   | —  |
| Program Income, Interest, and Miscellaneous Revenues  | 99   | 41                        | 22                         | 16  | 303   | 1  |
| <b>Total Revenues</b>   | <b>389</b>   | <b>41</b>                 | <b>22</b>                  | <b>16</b>                                 | <b>1,575</b>                                  | <b>1</b>   |
| <b>EXPENDITURES</b>   |  |                           |                            |   |   |  |
| Current   |  |                           |                            |   |   |  |
| General Government  | 5  | —                         | 52                         | —   | —   | —  |
| Public Safety   | —  | —                         | 15                         | —   | —   | —  |
| Physical Environment  | —  | —                         | —                          | —   | —   | —  |
| Economic Environment  | —  | —                         | —                          | —   | —   | —  |
| Health and Human Services   | —  | —                         | —                          | —   | —   | —  |
| Culture and Recreation  | 636  | —                         | —                          | —   | —   | —  |
| Capital Outlay  |  |                           |                            |   |   |  |
| General Government  | —  | —                         | —                          | —   | —   | —  |
| Public Safety   | —  | —                         | —                          | —   | —   | —  |
| Physical Environment  | —  | —                         | —                          | —   | —   | —  |
| Transportation  | —  | —                         | —                          | —   | —   | —  |
| Economic Environment  | —  | —                         | —                          | —   | —   | —  |
| Culture and Recreation  | 130  | —                         | —                          | —   | —   | —  |
| Debt Service  |  |                           |                            |   |   |  |
| Principal   | —  | —                         | —                          | —   | 1,215   | —  |
| Interest  | —  | —                         | —                          | —   | 211   | —  |
| Bond Issuance Cost  | —  | —                         | —                          | —   | —   | —  |
| <b>Total Expenditures</b>   | <b>771</b>   | <b>—</b>                  | <b>67</b>                  | <b>—</b>                                  | <b>1,426</b>                                  | <b>—</b>   |
| Excess (Deficiency) of Revenues over Expenditures   | (382)  | 41                        | (45)                       | 16  | 149   | 1  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |  |                           |                            |   |   |  |
| Long-Term Debt Issued   | —  | —                         | —                          | —   | —   | —  |
| Premium on Bonds Issued   | —  | —                         | —                          | —   | —   | —  |
| Payment to Refunded Bond Escrow Agent   | —  | —                         | —                          | —   | —   | —  |
| Sales of Capital Assets   | —  | —                         | —                          | —   | —   | —  |
| Transfers In  | 506  | —                         | —                          | —   | —   | —  |
| Transfers Out   | —  | —                         | —                          | —   | —   | —  |
| <b>Total Other Financing Sources (Uses)</b>   | <b>506</b>   | <b>—</b>                  | <b>—</b>                   | <b>—</b>                                  | <b>—</b>                                      | <b>—</b>   |
| Net Change in Fund Balance  | 124  | 41                        | (45)                       | 16  | 149   | 1  |
| Fund Balances - Beginning of Year   | 2,367  | 985                       | 530                        | 376                                       | 516   | 35   |
| Restatements/Prior-Year Adjustments   | —  | —                         | —                          | —   | —   | —  |
| Fund Balances - Beginning of Year as Restated   | 2,367  | 985                       | 530                        | 376                                       | 516   | 35   |
| Fund Balances - End of Year   | \$ 2,491   | \$ 1,026                  | \$ 485                     | \$ 392                                    | \$ 665  | \$ 36  |

**Nonmajor Governmental Funds**

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

|  | 2009<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2010<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2011<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2012<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2013<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | Alaskan<br>Way<br>Seawall<br>Construction |
|--|---|---|---|---|---|---|
| <b>REVENUES</b>                                      |   |   |   |   |   |   |
| Taxes  | \$ —  | \$ —  | \$ —  | \$ —  | \$ —  | \$ —                                      |
| Licenses and Permits                                 | —   | —   | —   | —   | —   | —   |
| Grants, Shared Revenues, and Contributions           | —   | —   | —   | —   | —   | —   |
| Charges for Services                                 | —   | —   | —   | —   | —   | —   |
| Fines and Forfeits                                   | —   | —   | —   | —   | —   | —   |
| Parking Fees and Space Rent                          | —   | —   | —   | —   | —   | —   |
| Program Income, Interest, and Miscellaneous Revenues | —   | 3   | 14  | 9   | 4   | 131                                       |
| <b>Total Revenues</b>                                | <b>—</b>  | <b>3</b>  | <b>14</b>   | <b>9</b>  | <b>4</b>  | <b>131</b>                                |
| <b>EXPENDITURES</b>                                  |   |   |   |   |   |   |
| <b>Current</b>                                       |   |   |   |   |   |   |
| General Government                                   | —   | —   | 23  | 1   | —   | 1   |
| Public Safety  | —   | —   | —   | —   | —   | —   |
| Physical Environment                                 | —   | —   | —   | —   | —   | —   |
| Transportation                                       | —   | —   | —   | —   | —   | 158                                       |
| Economic Environment                                 | —   | —   | —   | —   | —   | —   |
| Health and Human Services                            | —   | —   | —   | —   | —   | —   |
| Culture and Recreation                               | —   | —   | —   | —   | —   | 1,403                                     |
| <b>Capital Outlay</b>                                |   |   |   |   |   |   |
| General Government                                   | —   | —   | —   | —   | —   | —   |
| Public Safety  | —   | —   | —   | —   | —   | —   |
| Physical Environment                                 | —   | —   | —   | —   | —   | —   |
| Transportation                                       | —   | —   | —   | —   | —   | 633                                       |
| Economic Environment                                 | —   | —   | —   | —   | —   | —   |
| Culture and Recreation                               | —   | —   | —   | —   | —   | (565)                                     |
| <b>Debt Service</b>                                  |   |   |   |   |   |   |
| Principal  | —   | —   | —   | —   | —   | —   |
| Interest   | —   | —   | —   | —   | —   | —   |
| Bond Issuance Cost                                   | —   | —   | —   | —   | —   | —   |
| <b>Total Expenditures</b>                            | <b>—</b>  | <b>—</b>  | <b>23</b>   | <b>1</b>  | <b>—</b>  | <b>1,630</b>                              |
| Excess (Deficiency) of Revenues over Expenditures    | —   | 3   | (9)   | 8   | 4   | (1,499)                                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |   |   |   |   |   |   |
| Long-Term Debt Issued                                | —   | —   | —   | —   | —   | —   |
| Premium on Bonds Issued                              | —   | —   | —   | —   | —   | —   |
| Payment to Refunded Bond Escrow Agent                | —   | —   | —   | —   | —   | —   |
| Sales of Capital Assets                              | —   | —   | —   | —   | —   | —   |
| Transfers In   | —   | —   | —   | —   | —   | —   |
| Transfers Out  | —   | —   | —   | —   | —   | —   |
| <b>Total Other Financing Sources (Uses)</b>          | <b>—</b>  | <b>—</b>  | <b>—</b>  | <b>—</b>  | <b>—</b>  | <b>—</b>                                  |
| <b>Net Change in Fund Balance</b>                    | <b>—</b>  | <b>3</b>  | <b>(9)</b>  | <b>8</b>  | <b>4</b>  | <b>(1,499)</b>                            |
| Fund Balances - Beginning of Year                    | —   | 68  | 342   | 224   | 119   | 4,006                                     |
| Restatements/Prior-Year Adjustments                  | —   | —   | —   | —   | —   | —   |
| Fund Balances - Beginning of Year as Restated        | —   | 68  | 342   | 224   | 119   | 4,006                                     |
| Fund Balances - End of Year                          | \$ —  | \$ 71   | \$ 333  | \$ 232  | \$ 123  | \$ 2,507                                  |

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**The City of Seattle**

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

|  | Central<br>Waterfront<br>Improvement | 2013 King<br>County Parks<br>Levy Fund | 2014<br>Long-Term<br>General<br>Obligation Bond | 2015<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2016<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2017<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond |
|--|--------------------------------------|--|---|---|---|---|
| <b>REVENUES</b>                                      |                                      |  |   |   |   |   |
| Taxes  | \$ —                                 | \$ —                                   | \$ —  | \$ —  | \$ —  | \$ —  |
| Licenses and Permits                                 | —                                    | —                                      | —   | —   | —   | —   |
| Grants, Shared Revenues, and Contributions           | 12,300                               | 2,266                                  | —   | —   | —   | —   |
| Charges for Services                                 | 358                                  | —                                      | —   | —   | —   | —   |
| Fines and Forfeits                                   | —                                    | —                                      | —   | —   | —   | —   |
| Parking Fees and Space Rent                          | 642                                  | —                                      | —   | —   | —   | —   |
| Program Income, Interest, and Miscellaneous Revenues | 451                                  | 208                                    | 6   | 55  | 200   | 440   |
| <b>Total Revenues</b>                                | <b>13,751</b>                        | <b>2,474</b>                           | <b>6</b>  | <b>55</b>   | <b>200</b>  | <b>440</b>  |
| <b>EXPENDITURES</b>                                  |                                      |  |   |   |   |   |
| <b>Current</b>                                       |                                      |  |   |   |   |   |
| General Government                                   | 1,569                                | —                                      | —   | 86  | 231   | 10  |
| Public Safety  | —                                    | —                                      | —   | —   | 28  | 12  |
| Physical Environment                                 | —                                    | —                                      | —   | —   | —   | —   |
| Transportation                                       | (2,782)                              | —                                      | —   | 128   | 800   | 1,280   |
| Economic Environment                                 | —                                    | —                                      | —   | —   | —   | —   |
| Health and Human Services                            | —                                    | —                                      | —   | —   | —   | —   |
| Culture and Recreation                               | 2,601                                | 667                                    | —   | 8   | —   | —   |
| <b>Capital Outlay</b>                                |                                      |  |   |   |   |   |
| General Government                                   | —                                    | —                                      | —   | —   | —   | —   |
| Public Safety  | —                                    | —                                      | —   | —   | 17  | —   |
| Physical Environment                                 | —                                    | —                                      | —   | —   | —   | —   |
| Transportation                                       | 347                                  | —                                      | —   | 122   | 2,472   | 538   |
| Economic Environment                                 | —                                    | —                                      | —   | —   | —   | —   |
| Culture and Recreation                               | 371                                  | 728                                    | —   | —   | —   | —   |
| <b>Debt Service</b>                                  |                                      |  |   |   |   |   |
| Principal  | —                                    | —                                      | —   | —   | —   | —   |
| Interest   | —                                    | —                                      | —   | —   | —   | —   |
| Bond Issuance Cost                                   | —                                    | —                                      | —   | —   | —   | —   |
| <b>Total Expenditures</b>                            | <b>2,106</b>                         | <b>1,395</b>                           | <b>—</b>  | <b>344</b>  | <b>3,548</b>  | <b>1,840</b>  |
| Excess (Deficiency) of Revenues over Expenditures    | 11,645                               | 1,079                                  | 6   | (289)   | (3,348)   | (1,400)   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                      |  |   |   |   |   |
| Long-Term Debt Issued                                | —                                    | —                                      | —   | —   | —   | —   |
| Premium on Bonds Issued                              | —                                    | —                                      | —   | —   | —   | —   |
| Payment to Refunded Bond Escrow Agent                | —                                    | —                                      | —   | —   | —   | —   |
| Sales of Capital Assets                              | —                                    | —                                      | —   | —   | —   | —   |
| Transfers In   | —                                    | —                                      | —   | —   | —   | —   |
| Transfers Out  | —                                    | (1,531)                                | —   | —   | (458)   | —   |
| <b>Total Other Financing Sources (Uses)</b>          | <b>—</b>                             | <b>(1,531)</b>                         | <b>—</b>  | <b>—</b>  | <b>(458)</b>  | <b>—</b>  |
| <b>Net Change in Fund Balance</b>                    | <b>11,645</b>                        | <b>(452)</b>                           | <b>6</b>  | <b>(289)</b>  | <b>(3,806)</b>  | <b>(1,400)</b>  |
| Fund Balances - Beginning of Year                    | (13,403)                             | 5,293                                  | 135   | 1,576   | 5,907   | 11,438  |
| Restatements/Prior-Year Adjustments                  | —                                    | —                                      | —   | —   | —   | —   |
| Fund Balances - Beginning of Year as Restated        | (13,403)                             | 5,293                                  | 135   | 1,576   | 5,907   | 11,438  |
| Fund Balances - End of Year                          | \$ (1,758)                           | \$ 4,841                               | \$ 141  | \$ 1,287  | \$ 2,101  | \$ 10,038   |

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**Nonmajor Governmental Funds**

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
 Page 5 of 5 **IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**CAPITAL PROJECTS**  
 For the Year Ended December 31, 2019  
*(In Thousands)*

|  | 2018 Multipurpose<br>Long-Term General<br>Obligation Bond | 2019<br>Multipurpose<br>Long-Term<br>General<br>Obligation Bond | 2019          | Comparative<br>Totals<br>2018 |
|--|---|---|---------------|-------------------------------|
| <b>REVENUES</b>                                      |   |   |               |                               |
| Taxes  | \$ —  | \$ —  | \$ 1          | \$ 4                          |
| Licenses and Permits                                 | —   | —   | —             | 2,033                         |
| Grants, Shared Revenues, and Contributions           | —   | —   | 16,829        | 5,000                         |
| Charges for Services                                 | —   | —   | 358           | 3,069                         |
| Fines and Forfeits                                   | —   | —   | 22            | 39                            |
| Parking Fees and Space Rent                          | —   | —   | 642           | 146                           |
| Program Income, Interest, and Miscellaneous Revenues | 397   | 643   | 4,176         | 2,324                         |
| <b>Total Revenues</b>                                | <b>397</b>  | <b>643</b>  | <b>22,028</b> | <b>12,615</b>                 |
| <b>EXPENDITURES</b>                                  |   |   |               |                               |
| Current  |   |   |               |                               |
| General Government                                   | 94  | 11,459  | 13,708        | 9,100                         |
| Public Safety  | —   | —   | 55            | 793                           |
| Physical Environment                                 | —   | —   | —             | 686                           |
| Transportation                                       | 2,094   | 8,960   | 10,640        | 18,635                        |
| Economic Environment                                 | 4,115   | 1,530   | 5,645         | 13,757                        |
| Health and Human Services                            | —   | —   | —             | —                             |
| Culture and Recreation                               | —   | —   | 6,682         | 2,975                         |
| Capital Outlay                                       |   |   |               |                               |
| General Government                                   | —   | —   | 218           | 1,346                         |
| Public Safety  | —   | —   | 17            | 117                           |
| Physical Environment                                 | —   | —   | —             | 101                           |
| Transportation                                       | 311   | 5,431   | 9,855         | 12,745                        |
| Economic Environment                                 | —   | —   | —             | 1                             |
| Culture and Recreation                               | —   | —   | 7,041         | 8,161                         |
| Debt Service   |   |   |               |                               |
| Principal  | —   | —   | 1,215         | 1,100                         |
| Interest   | —   | 1,329   | 1,540         | 257                           |
| Bond Issuance Cost                                   | —   | 229   | 229           | 397                           |
| <b>Total Expenditures</b>                            | <b>6,614</b>  | <b>28,938</b>   | <b>56,845</b> | <b>70,171</b>                 |
| Excess (Deficiency) of Revenues over Expenditures    | (6,217)   | (28,295)  | (34,817)      | (57,556)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |   |   |               |                               |
| Long-Term Debt Issued                                | —   | 39,825  | 39,825        | 49,975                        |
| Premium on Bonds Issued                              | —   | 5,053   | 5,053         | 3,186                         |
| Payment to Refunded Bond Escrow Agent                | —   | —   | —             | —                             |
| Sales of Capital Assets                              | —   | —   | —             | —                             |
| Transfers In   | 458   | —   | 964           | 281                           |
| Transfers Out  | —   | —   | (1,989)       | (11,347)                      |
| <b>Total Other Financing Sources (Uses)</b>          | <b>458</b>  | <b>44,878</b>   | <b>43,853</b> | <b>42,095</b>                 |
| Net Change in Fund Balance                           | (5,759)   | 16,583  | 9,036         | (15,461)                      |
| Fund Balances - Beginning of Year                    | 11,041  | —   | 56,791        | 72,266                        |
| Restatements/Prior-Year Adjustments                  | —   | —   | 1             | (14)                          |
| <b>Fund Balances - Beginning of Year as Restated</b> | <b>11,041</b>   | <b>—</b>  | <b>56,792</b> | <b>72,252</b>                 |

**The City of Seattle**

Fund Balances - End of Year

|          |           |           |           |
|----------|-----------|-----------|-----------|
| \$ 5,282 | \$ 16,583 | \$ 65,828 | \$ 56,791 |
|----------|-----------|-----------|-----------|

D-10 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**PERMANENT**  
 For the Year Ended December 31, 2019  
*(In Thousands)*

|  | H. H. Dearborn | Beach<br>Maintenance<br>Trust | 2019            | Comparative<br>Totals<br>2018 |
|--|----------------|-------------------------------|-----------------|-------------------------------|
| <b>REVENUES</b>                                      |                |                               |                 |                               |
| Taxes  | \$ —           | \$ —                          | \$ —            | \$ —                          |
| Licenses and Permits                                 | —              | —                             | —               | —                             |
| Grants, Shared Revenues, and Contributions           | —              | —                             | —               | —                             |
| Charges for Services                                 | —              | —                             | —               | —                             |
| Fines and Forfeits                                   | —              | —                             | —               | —                             |
| Parking Fees and Space Rent                          | —              | —                             | —               | —                             |
| Program Income, Interest, and Miscellaneous Revenues | 6              | 80                            | 86              | 44                            |
| <b>Total Revenues</b>                                | <b>6</b>       | <b>80</b>                     | <b>86</b>       | <b>44</b>                     |
| <b>EXPENDITURES</b>                                  |                |                               |                 |                               |
| Current  |                |                               |                 |                               |
| General Government                                   | —              | —                             | —               | —                             |
| Public Safety  | —              | —                             | —               | —                             |
| Physical Environment                                 | —              | —                             | —               | —                             |
| Transportation                                       | —              | —                             | —               | —                             |
| Economic Environment                                 | —              | —                             | —               | —                             |
| Health and Human Services                            | —              | —                             | —               | —                             |
| Culture and Recreation                               | —              | 2                             | 2               | 2                             |
| Capital Outlay                                       |                |                               |                 |                               |
| General Government                                   | —              | —                             | —               | —                             |
| Public Safety  | —              | —                             | —               | —                             |
| Physical Environment                                 | —              | —                             | —               | —                             |
| Transportation                                       | —              | —                             | —               | —                             |
| Economic Environment                                 | —              | —                             | —               | —                             |
| Culture and Recreation                               | —              | 325                           | 325             | 25                            |
| Debt Service   |                |                               |                 |                               |
| Principal  | —              | —                             | —               | —                             |
| Interest   | —              | —                             | —               | —                             |
| Bond Issuance Cost                                   | —              | —                             | —               | —                             |
| <b>Total Expenditures</b>                            | <b>—</b>       | <b>327</b>                    | <b>327</b>      | <b>27</b>                     |
| Excess (Deficiency) of Revenues over Expenditures    | 6              | (247)                         | (241)           | 17                            |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                |                               |                 |                               |
| Long-Term Debt Issued                                | —              | —                             | —               | —                             |
| Premium on Bonds Issued                              | —              | —                             | —               | —                             |
| Payment to Refunded Bond Escrow Agent                | —              | —                             | —               | —                             |
| Sales of Capital Assets                              | —              | —                             | —               | —                             |
| Transfers In   | —              | —                             | —               | —                             |
| Transfers Out  | —              | —                             | —               | —                             |
| <b>Total Other Financing Sources (Uses)</b>          | <b>—</b>       | <b>—</b>                      | <b>—</b>        | <b>—</b>                      |
| Net Change in Fund Balance                           | 6              | (247)                         | (241)           | 17                            |
| Fund Balances - Beginning of Year                    | 150            | 2,075                         | 2,225           | 2,208                         |
| <b>Fund Balances - End of Year</b>                   | <b>\$ 156</b>  | <b>\$ 1,828</b>               | <b>\$ 1,984</b> | <b>\$ 2,225</b>               |

**Budget to Actual**

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**Budget to Actual**

| D-11<br>Page 1 of 4                                  | GENERAL FUND<br>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN<br>FUND BALANCE - BUDGET AND ACTUAL<br>For the Year Ended December 31, 2019<br>(In Thousands) |            |              |          |
|--|---|------------|--------------|----------|
|  | Final<br>Budget   | Actual     | Encumbrances | Variance |
| <b>REVENUES</b>                                      |   |            |              |          |
| Taxes  |   |            |              |          |
| General Property Taxes                               | \$ 320,118  | \$ 320,731 | \$ —         | \$ 613   |
| Retail Sales and Use Taxes                           | 286,586   | 293,469    | —            | 6,883    |
| Business Taxes                                       | 336,520   | 345,323    | —            | 8,803    |
| Excise Taxes   | 97,774  | 114,296    | —            | 16,522   |
| Other Taxes  | 32,688  | 36,639     | —            | 3,951    |
| Interfund Business Taxes                             | 170,111   | 173,404    | —            | 3,293    |
| Total Taxes  | 1,243,797   | 1,283,862  | —            | 40,065   |
| Licenses and Permits                                 | 36,349  | 50,331     | —            | 13,982   |
| Grants, Shared Revenues, and Contributions           | 28,187  | 37,339     | —            | 9,152    |
| Charges for Services                                 | 70,790  | 95,582     | —            | 24,792   |
| Fines and Forfeits                                   | 26,414  | 34,529     | —            | 8,115    |
| Parking Fees and Space Rent                          | 41,424  | 39,105     | —            | (2,319)  |
| Program Income, Interest, and Miscellaneous Revenues | 286,436   | 383,436    | —            | 97,000   |
| Total Revenues                                       | 1,733,397   | 1,924,184  | —            | 190,787  |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                 |   |            |              |          |
| CITY AUDITOR   | 3,941   | 2,863      | 188          | 890      |
| CITY BUDGET OFFICE                                   | 7,742   | 7,203      | 205          | 334      |
| CIVIL SERVICE COMMISSIONS                            | 505   | 469        | —            | 36       |
| CRIMINAL JUSTICE                                     |   |            |              |          |
| Jail Services  | 18,546  | 17,895     | —            | 651      |
| Indigent Defense Services                            | 9,610   | 9,169      | —            | 441      |
| Total Criminal Justice                               | 28,156  | 27,064     | —            | 1,092    |
| ETHICS AND ELECTIONS                                 | 1,050   | 966        | 50           | 34       |
| EXECUTIVE  |   |            |              |          |
| Sustainability and Environment                       | 11,311  | 10,163     | 319          | 829      |
| Mayor's Office                                       | 7,833   | 6,996      | 7            | 830      |
| Economic Development                                 | 13,613  | 12,259     | 1,129        | 225      |
| Intergovernmental Relations                          | 2,963   | 2,831      | —            | 132      |
| Immigrant and Refugee Affairs                        | 5,436   | 4,374      | 401          | 661      |
| Community Police Commission                          | 1,659   | 1,543      | 40           | 76       |
| Civil Rights   | 5,348   | 4,924      | 187          | 237      |
| Employee Ombudsman                                   | 517   | 347        | —            | 170      |
| Planning and Community Development                   | 28,542  | 10,686     | 3,898        | 13,958   |
| Total Executive                                      | 77,222  | 54,123     | 5,981        | 17,118   |
| FINANCE AND ADMINISTRATIVE SERVICES                  | 8,148   | 18,136     | 19,459       | (29,447) |

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**The City of Seattle**

| D-11<br>Page 2 of 4                     | GENERAL FUND<br>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN<br>FUND BALANCE - BUDGET AND ACTUAL<br>For the Year Ended December 31, 2019<br>(In Thousands) |           |              |            |
|---|---|-----------|--------------|------------|
|   | Final<br>Budget   | Actual    | Encumbrances | Variance   |
| <b>FINANCE GENERAL</b>                  |   |           |              |            |
| Appropriations to Special Purpose Funds | \$ 68,174   | \$ 74,725 | \$ —         | \$ (6,551) |
| Reserves                                | 43,004  | 37,937    | —            | 5,067      |
| Support to Operating Funds              | 307,395   | 296,640   | —            | 10,755     |
| Total Finance General                   | 418,573   | 409,302   | —            | 9,271      |
| <b>FIRE</b>                             |   |           |              |            |
| Administration                          | 41,107  | 40,332    | —            | 775        |
| Operations                              | 199,209   | 176,414   | —            | 22,795     |
| Fire Prevention                         | 9,669   | 9,668     | —            | 1          |
| Total Fire Department                   | 249,985   | 226,414   | —            | 23,571     |
| HEARING EXAMINER                        | 1,000   | 947       | 10           | 43         |
| <b>LAW</b>                              |   |           |              |            |
| Administration                          | 10,652  | 9,668     | 8            | 976        |
| Civil Law                               | 14,153  | 13,701    | 37           | 415        |
| Criminal Prosecution                    | 8,328   | 7,993     | 83           | 252        |
| Precinct Liaison                        | 783   | 697       | —            | 86         |
| Total Law Department                    | 33,916  | 32,059    | 128          | 1,729      |
| LEGISLATIVE                             | 17,973  | 16,635    | 118          | 1,220      |
| LIBRARY                                 | 78,705  | 74,379    | 429          | 3,897      |
| <b>MUNICIPAL COURT</b>                  |   |           |              |            |
| Court Operations                        | 16,217  | 15,785    | —            | 432        |
| Corporate Services                      | 14,566  | 13,854    | —            | 712        |
| Court Compliance                        | 5,588   | 5,569     | —            | 19         |
| Total Municipal Court                   | 36,371  | 35,208    | —            | 1,163      |
| <b>NEIGHBORHOODS</b>                    |   |           |              |            |
| Director's Office                       | 3,893   | 3,737     | 22           | 134        |
| Community Building                      | 7,572   | 5,090     | 1,089        | 1,393      |
| Total Neighborhoods Department          | 11,465  | 8,827     | 1,111        | 1,527      |

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**Budget to Actual**

|   | GENERAL FUND   |                |              |            |
|---|----------------|----------------|--------------|------------|
|   | Final Budget   | Actual         | Encumbrances | Variance   |
| <b>D-11</b>   |                |                |              |            |
| <b>Page 3 of 4</b>  |                |                |              |            |
| <b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL</b> |                |                |              |            |
| <b>For the Year Ended December 31, 2019</b>   |                |                |              |            |
| <b>(In Thousands)</b>   |                |                |              |            |
| HUMAN RESOURCES   |                |                |              |            |
| Leadership and Administration   | \$ 1,281       | \$ 643         | \$ —         | \$ 638     |
| HR Services   | 19,951         | 19,659         | 13           | 279        |
| <b>Total Human Resources Department</b>   | <b>21,232</b>  | <b>20,302</b>  | <b>13</b>    | <b>917</b> |
| POLICE  |                |                |              |            |
| Chief of Police   | 10,918         | 11,131         | —            | (213)      |
| Professional Accountability   | 4,206          | 4,206          | —            | —          |
| Chief of Staff Program  | 77,760         | 77,760         | —            | —          |
| Deputy Chief Operations   | 7,954          | 7,769          | —            | 185        |
| Special Operations Bureau   | 60,595         | 60,723         | —            | (128)      |
| Professional Standards Program  | 3,584          | 3,516          | —            | 68         |
| West Precinct Patrol  | 35,952         | 35,944         | —            | 8          |
| North Precinct Patrol   | 38,070         | 38,059         | —            | 11         |
| South Precinct Patrol   | 21,210         | 21,209         | —            | 1          |
| East Precinct Patrol  | 27,829         | 27,812         | —            | 17         |
| Southwest Precinct Patrol   | 18,351         | 18,344         | —            | 7          |
| Criminal Investigation Administration   | 13,892         | 13,892         | —            | —          |
| Violent Crimes Investigation  | 9,800          | 9,799          | —            | 1          |
| Narcotics Investigation   | 6,078          | 6,071          | —            | 7          |
| Coordinated Criminal Investigations   | 10,071         | 9,934          | —            | 137        |
| Special Victims Program   | 8,022          | 8,022          | —            | —          |
| Field Support   | 43,822         | 43,814         | —            | 8          |
| <b>Total Police Department</b>  | <b>398,114</b> | <b>398,005</b> | <b>—</b>     | <b>109</b> |
| JUDGMENTS/CLAIMS  | 35,020         | 19,211         | —            | 15,809     |
| ARTS ACCOUNT  | 14,660         | 10,969         | 3,526        | 165        |
| CABLE TELEVISION FRANCHISE  | 9,518          | 9,518          | —            | —          |
| CUMULATIVE RESERVE  |                |                |              |            |
| Real Estate Excise Tax I  | 26,481         | 25,989         | —            | 492        |
| Real Estate Excise Tax II   | 33,400         | 32,905         | —            | 495        |
| Capital Projects Asset Preservation   | 4,794          | 4,812          | —            | (18)       |
| Capital Projects Street Vacation  | —              | —              | —            | —          |
| Unrestricted  | 7,765          | 7,748          | —            | 17         |
| <b>Total Cumulative Reserve</b>   | <b>72,440</b>  | <b>71,454</b>  | <b>—</b>     | <b>986</b> |

**The City of Seattle**

|   | GENERAL FUND        |                  |                    |                   |
|---|---------------------|------------------|--------------------|-------------------|
|   | Final Budget        | Actual           | Encumbrances       | Variance          |
| <b>D-11</b>   |                     |                  |                    |                   |
| <b>Page 4 of 4</b>  |                     |                  |                    |                   |
| <b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL</b> |                     |                  |                    |                   |
| <b>For the Year Ended December 31, 2019</b>   |                     |                  |                    |                   |
| <b>(In Thousands)</b>   |                     |                  |                    |                   |
| NEIGHBORHOOD MATCHING   | \$ 5,017            | \$ 4,206         | \$ 750             | \$ 61             |
| TRANSIT BENEFIT   | 6,663               | 6,480            | —                  | 183               |
| INSPECTOR GENERAL FOR PUBLIC SAFETY   | 1,892               | 1,700            | 59                 | 133               |
| OFFICE OF LABOR STANDARDS   | 8,281               | 6,107            | 638                | 1,536             |
| EDUCATION AND EARLY LEARNING  | 23,952              | 13,190           | 29,166             | (18,404)          |
| CONSUMER PROTECTION   | 12,473              | 8,838            | 192                | 3,443             |
| SEATTLE ANIMAL SHELTER  | 5,955               | 5,352            | —                  | 603               |
| INDUSTRIAL INSURANCE  | 23,380              | 21,154           | 13                 | 2,213             |
| UNEMPLOYMENT COMPENSATION   | 2,330               | 2,261            | 18                 | 51                |
| HEALTH CARE   | 240,054             | 243,205          | —                  | (3,151)           |
| GROUP TERM LIFE INSURANCE   | 6,515               | 6,466            | —                  | 49                |
| FIREMEN'S PENSION   | 20,712              | 17,748           | —                  | 2,964             |
| POLICE RELIEF AND PENSION   | 25,957              | 22,357           | —                  | 3,600             |
| <b>Total Expenditures and Encumbrances</b>  | <b>1,908,917</b>    | <b>1,803,118</b> | <b>62,054</b>      | <b>43,745</b>     |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances                  | (175,520)           | 121,066          | (62,054)           | 234,532           |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                  |                    |                   |
| Sales of Capital Assets   | 1,819               | —                | —                  | (1,819)           |
| Transfers In  | 22,845              | 10,406           | —                  | (12,439)          |
| Transfers Out   | (123,915)           | (29,656)         | —                  | 94,259            |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(99,251)</b>     | <b>(19,250)</b>  | <b>—</b>           | <b>80,001</b>     |
| <b>Net Change in Fund Balance</b>   | <b>\$ (274,771)</b> | <b>101,816</b>   | <b>\$ (62,054)</b> | <b>\$ 314,533</b> |
| Fund Balance - Beginning of Year as Restated  |                     | 483,232          |                    |                   |
| Fund Balance - End of Year  |                     | \$ 585,048       |                    |                   |

**Budget to Actual**

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**TRANSPORTATION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | <b>Final</b>  |               |                     |                 |
|--|---------------|---------------|---------------------|-----------------|
|  | <b>Budget</b> | <b>Actual</b> | <b>Encumbrances</b> | <b>Variance</b> |
| <b>REVENUES</b>  |               |               |                     |                 |
| Taxes  |               |               |                     |                 |
| General Property Taxes   | \$ 99,262     | \$ 100,277    | \$ —                | \$ 1,015        |
| Retail Sales and Use Taxes   | —             | —             | —                   | \$ —            |
| Business Taxes   | 47,010        | 49,232        | —                   | 2,222           |
| Other Taxes  | —             | 2             | —                   | 2               |
| Total Taxes  | 146,272       | 149,511       | —                   | 3,239           |
| Licenses and Permits   | 9,552         | 6,889         | —                   | (2,663)         |
| Grants, Shared Revenues, and Contributions                                 | 67,464        | 39,742        | —                   | (27,722)        |
| Charges for Services   | 145,957       | 85,849        | —                   | (60,108)        |
| Fines and Forfeits   | 18            | 176           | —                   | 158             |
| Parking Fees and Space Rent  | —             | 272           | —                   | 272             |
| Program Income, Interest, and Miscellaneous Revenues                       | —             | 4,664         | —                   | 4,664           |
| Total Revenues   | 369,263       | 287,102       | —                   | (82,161)        |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |               |               |                     |                 |
| Bridges and Structures   | 42,905        | 21,777        | 3,132               | 17,996          |
| Mobility Operations  | 36,591        | 23,025        | 2,895               | 10,671          |
| Right-of-Way Management  | 37,720        | 31,749        | 187                 | 5,784           |
| Street Maintenance   | 28,755        | 31,858        | 3                   | (3,106)         |
| Department Management  | 194           | 2,307         | 830                 | (2,943)         |
| General Expense  | 31,643        | 1,320         | —                   | 30,323          |
| Major Maintenance/Replacement  | 70,792        | 70,792        | 7,599               | (7,599)         |
| Major Projects   | 8,473         | 8,473         | 4,982               | (4,982)         |
| Mobility Capital   | 103,188       | 103,175       | 12,266              | (12,253)        |
| Total Expenditures and Encumbrances  | 360,261       | 294,476       | 31,894              | 33,891          |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | 9,002         | (7,374)       | (31,894)            | (48,270)        |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |               |               |                     |                 |
| Sales of Capital Assets  | 20,245        | 6,199         | —                   | (14,046)        |
| Transfers In   | —             | 1,026         | —                   | 1,026           |
| Transfers Out  | (3,500)       | (38,875)      | —                   | (35,375)        |
| Total Other Financing Sources (Uses)                                       | 16,745        | (31,650)      | —                   | (48,395)        |
| Net Change in Fund Balance   | \$ 25,747     | (39,024)      | \$ (31,894)         | \$ (96,665)     |
| Fund Balance - Beginning of Year   |               | 111,432       |                     |                 |
| Restatements/Prior-Year Adjustments  |               | (26)          |                     |                 |
| Non-budgetary Revenues/(Expenditures)                                      |               | (3,704)       |                     |                 |
| Fund Balance - End of Year   |               | \$ 68,678     |                     |                 |

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**The City of Seattle**

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**LOW- INCOME HOUSING FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | <b>Final</b>  |               |                     |                 |
|--|---------------|---------------|---------------------|-----------------|
|  | <b>Budget</b> | <b>Actual</b> | <b>Encumbrances</b> | <b>Variance</b> |
| <b>REVENUES</b>  |               |               |                     |                 |
| General Property Taxes   | \$ 37,862     | \$ 35,834     | \$ —                | \$ (2,028)      |
| Grants, Shared Revenues, and Contributions                                 | 7,333         | 2,680         | —                   | (4,653)         |
| Charges for Services   | 18,000        | 31,882        | —                   | 13,882          |
| Program Income, Interest, and Miscellaneous Revenues                       | 6,000         | 17,274        | —                   | 11,274          |
| Total Revenues   | 69,195        | 87,670        | —                   | 18,475          |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |               |               |                     |                 |
| Homeownership and Substainability  | 18,304        | 5,237         | 3,454               | 9,613           |
| Multifamily Housing  | 220,171       | 63,406        | 78,168              | 78,597          |
| Total Expenditures and Encumbrances  | 238,475       | 68,643        | 81,622              | 88,210          |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | (169,280)     | 19,027        | (81,622)            | (69,735)        |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |               |               |                     |                 |
| Sales of Capital Assets  | —             | —             | —                   | —               |
| Transfers In   | —             | —             | —                   | —               |
| Transfers Out  | —             | —             | —                   | —               |
| Total Other Financing Sources (Uses)                                       | —             | —             | —                   | —               |
| Net Change in Fund Balance   | \$ (169,280)  | 19,027        | \$ (81,622)         | \$ (69,735)     |
| Fund Balance - Beginning of Year   |               | 234,904       |                     |                 |
| Fund Balance - End of Year   |               | \$ 253,931    |                     |                 |

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**Budget to Actual**

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**PARKS AND RECREATION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Final              |                |                   |                  |
|--|--------------------|----------------|-------------------|------------------|
|  | Budget             | Actual         | Encumbrances      | Variance         |
| <b>REVENUES</b>  |                    |                |                   |                  |
| Taxes  | \$ —               | \$ —           | \$ —              | \$ —             |
| Licenses and Permits   | —                  | —              | —                 | —                |
| Grants, Shared Revenues, and Contributions                                 | 5,235              | 3,532          | —                 | (1,703)          |
| Charges for Services   | 32,290             | 27,825         | —                 | (4,465)          |
| Fines and Forfeits   | —                  | 1              | —                 | 1                |
| Parking Fees and Space Rent  | 6,877              | 9,977          | —                 | 3,100            |
| Program Income, Interest, and Miscellaneous Revenues                       | 891                | 13,526         | —                 | 12,635           |
| <b>Total Revenues</b>  | <b>45,293</b>      | <b>54,861</b>  | <b>—</b>          | <b>9,568</b>     |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |                    |                |                   |                  |
| Cost Center M&R  | 5,231              | 5,220          | —                 | 11               |
| Leadership and Administration  | 3,251              | 1,323          | 348               | 1,580            |
| Department-wide Programs   | 1,552              | 1,467          | 14                | 71               |
| Parks & Open Space   | 3,301              | 3,300          | —                 | 1                |
| Recreation Facility Programs   | 10,902             | 10,147         | 75                | 680              |
| Golf Course Programs   | 12,608             | 11,662         | 2                 | 944              |
| Seattle Conservation Corps   | 3,246              | 3,233          | —                 | 13               |
| Zoo and Aquarium Programs  | 104                | 6              | —                 | 98               |
| 2008 Parks Levy  | —                  | —              | —                 | —                |
| Building for the Future – CIP  | 9,980              | 969            | 706               | 8,305            |
| Debt and Special Funding   | 272                | 100            | —                 | 172              |
| Fix It First – CIP   | 9,411              | 1,633          | 237               | 7,541            |
| Maintaining Parks & Facilities   | —                  | —              | —                 | —                |
| SRS20 Mitigation   | —                  | —              | —                 | —                |
| <b>Total Expenditures and Encumbrances</b>                                 | <b>59,858</b>      | <b>39,060</b>  | <b>1,382</b>      | <b>19,416</b>    |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | (14,565)           | 15,801         | (1,382)           | 28,984           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                    |                |                   |                  |
| Sales of Capital Assets  | —                  | 3              | —                 | 3                |
| Transfers In   | —                  | 102            | —                 | 102              |
| Transfers Out  | —                  | (1,265)        | —                 | (1,265)          |
| <b>Total Other Financing Sources (Uses)</b>                                | <b>—</b>           | <b>(1,160)</b> | <b>—</b>          | <b>1,160</b>     |
| <b>Net Change in Fund Balance</b>  | <b>\$ (14,565)</b> | <b>14,641</b>  | <b>\$ (1,382)</b> | <b>\$ 27,824</b> |
| Fund Balance - Beginning of Year   | —                  | 9,572          | —                 | —                |
| Restatements/Prior-Year Adjustments  | —                  | —              | —                 | —                |
| Non-budgetary Revenues/(Expenditures)                                      | —                  | (1,660)        | —                 | —                |
| <b>Fund Balance - End of Year</b>  | <b>\$ —</b>        | <b>22,553</b>  | <b>—</b>          | <b>—</b>         |

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**The City of Seattle**

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**SEATTLE CENTER FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Final             |                |              |                   |
|--|-------------------|----------------|--------------|-------------------|
|  | Budget            | Actual         | Encumbrances | Variance          |
| <b>REVENUES</b>  |                   |                |              |                   |
| Grants, Shared Revenues, and Contributions                                 | 1,255             | —              | —            | (1,255)           |
| Charges for Services   | 3,697             | 4,425          | —            | 728               |
| Parking Fees and Space Rent  | 16,666            | 14,985         | —            | (1,681)           |
| Program Income, Interest, and Miscellaneous Revenues                       | 61                | 1,215          | —            | 1,154             |
| <b>Total Revenues</b>  | <b>21,679</b>     | <b>20,625</b>  | <b>—</b>     | <b>(1,054)</b>    |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |                   |                |              |                   |
| Building and Campus Improvements   | 1,007             | 194            | —            | 813               |
| Campus   | 13,530            | 13,495         | —            | 35                |
| Leadership and Administration  | 5,933             | 5,443          | —            | 490               |
| Monorail Rehabilitation  | 3,160             | 16             | 14           | 3,130             |
| McCaw Hall   | 4,721             | 5,193          | —            | (472)             |
| <b>Total Expenditures and Encumbrances</b>                                 | <b>28,351</b>     | <b>24,341</b>  | <b>14</b>    | <b>3,996</b>      |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | (6,672)           | (3,716)        | (14)         | (2,942)           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                   |                |              |                   |
| Sales of Capital Assets  | —                 | 70             | —            | 70                |
| Transfers In   | —                 | 231            | —            | 231               |
| Transfers Out  | (465)             | (479)          | —            | (14)              |
| <b>Total Other Financing Sources (Uses)</b>                                | <b>(465)</b>      | <b>(178)</b>   | <b>—</b>     | <b>287</b>        |
| <b>Net Change in Fund Balance</b>  | <b>\$ (7,137)</b> | <b>(3,894)</b> | <b>(14)</b>  | <b>\$ (2,655)</b> |
| Fund Balance - Beginning of Year   | —                 | 6,027          | —            | —                 |
| <b>Fund Balance - End of Year</b>  | <b>\$ —</b>       | <b>2,133</b>   | <b>—</b>     | <b>—</b>          |

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**Budget to Actual**

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**HUMAN SERVICE OPERATING FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Final<br>Budget | Actual           | Encumbrances | Variance          |
|--|-----------------|------------------|--------------|-------------------|
| <b>REVENUES</b>  |                 |                  |              |                   |
| Grants, Shared Revenues, and Contributions                                 | 70,333          | 64,162           | —            | (6,171)           |
| Charges for Services   | 4,447           | 1,042            | —            | (3,405)           |
| Fines and Forfeits   | —               | 86               | —            | 86                |
| Program Income, Interest, and Miscellaneous Revenues                       | —               | 4,460            | —            | 4,460             |
| <b>Total Revenues</b>  | <b>74,780</b>   | <b>69,750</b>    | <b>—</b>     | <b>(5,030)</b>    |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |                 |                  |              |                   |
| Supporting Affordability and Livability                                    | 11,173          | 12,201           | —            | (1,028)           |
| Preparing Youth for Success  | 676             | 536              | —            | 140               |
| Addressing Homelessness  | 21,127          | 22,367           | —            | (1,240)           |
| Supporting Safe Communities  | 619             | 561              | —            | 58                |
| Leadership and Administration  | 3,311           | 2,710            | —            | 601               |
| Promoting Healthy Aging  | 37,384          | 36,446           | —            | 938               |
| Promoting Public Health  | 33              | 32               | —            | 1                 |
| <b>Total Expenditures and Encumbrances</b>                                 | <b>74,323</b>   | <b>74,853</b>    | <b>—</b>     | <b>(530)</b>      |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | 457             | (5,103)          | —            | (4,500)           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                 |                  |              |                   |
| Sales of Capital Assets  | —               | —                | —            | —                 |
| Transfers In   | —               | —                | —            | —                 |
| Transfers Out  | —               | —                | —            | —                 |
| <b>Total Other Financing Sources (Uses)</b>                                | <b>—</b>        | <b>—</b>         | <b>—</b>     | <b>—</b>          |
| <b>Net Change in Fund Balance</b>  | <b>\$ 457</b>   | <b>(5,103)</b>   | <b>\$ —</b>  | <b>\$ (4,500)</b> |
| Fund Balance - Beginning of Year   |                 | 17,661           |              |                   |
| Fund Balance - End of Year   |                 | <b>\$ 12,558</b> |              |                   |

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**The City of Seattle**

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**OFFICE OF HOUSING FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Final<br>Budget   | Actual          | Encumbrances    | Variance          |
|--|-------------------|-----------------|-----------------|-------------------|
| <b>REVENUES</b>  |                   |                 |                 |                   |
| General Property Taxes   | \$ 3,566          | \$ 3,579        | \$ —            | \$ 13             |
| Grants, Shared Revenues, and Contributions                                 | 1,388             | 1,309           | —               | (79)              |
| Charges for Services   | 3,325             | 2,833           | —               | (492)             |
| Program Income, Interest, and Miscellaneous Revenues                       | —                 | 166             | —               | 166               |
| <b>Total Revenues</b>  | <b>8,279</b>      | <b>7,887</b>    | <b>—</b>        | <b>(392)</b>      |
| <b>EXPENDITURES AND ENCUMBRANCES</b>                                       |                   |                 |                 |                   |
| Leadership and Administration  | 4,545             | 3,985           | 100             | 460               |
| Homeownership and Substainability  | 2,924             | 1,808           | —               | 1,116             |
| Multifamily Housing  | 1,837             | 1,408           | —               | 429               |
| <b>Total Expenditures and Encumbrances</b>                                 | <b>9,306</b>      | <b>7,201</b>    | <b>100</b>      | <b>2,005</b>      |
| Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances | (1,027)           | 686             | (100)           | (2,397)           |
| <b>OTHER FINANCING SOURCES (USES)</b>                                      |                   |                 |                 |                   |
| Sales of Capital Assets  | —                 | —               | —               | —                 |
| Transfers In   | —                 | —               | —               | —                 |
| Transfers Out  | —                 | —               | —               | —                 |
| <b>Total Other Financing Sources (Uses)</b>                                | <b>—</b>          | <b>—</b>        | <b>—</b>        | <b>—</b>          |
| <b>Net Change in Fund Balance</b>  | <b>\$ (1,027)</b> | <b>686</b>      | <b>\$ (100)</b> | <b>\$ (2,397)</b> |
| Fund Balance - Beginning of Year   |                   | 2,113           |                 |                   |
| Fund Balance - End of Year   |                   | <b>\$ 2,799</b> |                 |                   |

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**Budget to Actual**

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**Nonmajor Enterprise Funds**

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**NONMAJOR ENTERPRISE FUNDS**

The **Construction and Inspections Fund** accounts for building permit fees and monies from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

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**Nonmajor Enterprise Funds**

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Page 1 of 2  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2019  
(In Thousands)

|  | Construction and Inspections |                            |
|--|------------------------------|----------------------------|
|  | 2019                         | Comparative Totals<br>2018 |
| <b>ASSETS</b>                                    |                              |                            |
| <b>Current Assets</b>                            |                              |                            |
| Operating Cash and Equity in Pooled Investments  | \$ 117,536                   | \$ 96,169                  |
| Receivables, Net of Allowances                   |                              |                            |
| Accounts   | 1,237                        | 1,766                      |
| Interest and Dividends                           | 27                           | 33                         |
| Due from Other Funds                             | 198                          | 3,557                      |
| Due from Other Governments                       | 469                          | 183                        |
| Prepayments and Other Current Assets             | 2                            | 1                          |
| Total Current Assets                             | 119,469                      | 101,709                    |
| <b>Noncurrent Assets</b>                         |                              |                            |
| Restricted Cash and Equity in Pooled Investments | 16                           | 41                         |
| Capital Assets                                   |                              |                            |
| Machinery and Equipment                          | 852                          | 14,332                     |
| Less Accumulated Depreciation                    | (852)                        | (14,298)                   |
| Other Capital Assets                             | 9,407                        | 8,884                      |
| Less Accumulated Depreciation                    | (2,107)                      | (702)                      |
| Total Noncurrent Assets                          | 7,316                        | 8,257                      |
| Total Assets                                     | 126,785                      | 109,966                    |
| <b>DEFERED OUTFLOWS OF RESOURCES</b>             |                              |                            |
|  | 16,292                       | 5,627                      |
| Total Assets and Deferred Outflows of Resources  | \$ 143,077                   | \$ 115,593                 |

**The City of Seattle**

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Page 2 of 2  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
December 31, 2019  
(In Thousands)

|  | Construction and Inspections |                            |
|--|------------------------------|----------------------------|
|  | 2019                         | Comparative Totals<br>2018 |
| <b>LIABILITIES</b>   |                              |                            |
| <b>Current Liabilities</b>   |                              |                            |
| Accounts Payable   | \$ 275                       | \$ 336                     |
| Salaries, Benefits, and Payroll Taxes Payable                      | 4,373                        | 2,338                      |
| Compensated Absences Payable                                       | 143                          | 212                        |
| Due to Other Funds   | —                            | 1,334                      |
| Due to Other Governments   | —                            | (4)                        |
| Claims Payable   | 61                           | 86                         |
| Other Current Liabilities  | 55                           | 159                        |
| Total Current Liabilities  | 4,907                        | 4,461                      |
| <b>Noncurrent Liabilities</b>                                      |                              |                            |
| Compensated Absences Payable                                       | 2,718                        | 2,576                      |
| Claims Payable   | 78                           | 114                        |
| Vendor and Other Deposits Payable                                  | 16                           | 41                         |
| Unearned Revenues and Other Credits                                | 32,017                       | 27,686                     |
| Unfunded Other Post-Employment Benefits                            | 2,011                        | 1,996                      |
| Net Pension Liability  | 66,239                       | 48,605                     |
| Other Noncurrent Liabilities                                       | 28                           | (37)                       |
| Total Noncurrent Liabilities                                       | 103,107                      | 80,980                     |
| Total Liabilities  | 108,014                      | 85,441                     |
| <b>DEFERED INFLOWS OF RESOURCES</b>                                |                              |                            |
|  | 4,696                        | 9,251                      |
| <b>NET POSITION</b>  |                              |                            |
| Net Investment in Capital Assets                                   | 7,299                        | 8,215                      |
| Unrestricted   | 23,068                       | 12,686                     |
| Total Net Position   | 30,367                       | 20,901                     |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 143,077                   | \$ 115,593                 |

**Nonmajor Enterprise Funds**

E-2 **COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2019  
(In Thousands)**

|   | Construction and Inspections |                            |
|---|------------------------------|----------------------------|
|   | 2019                         | Comparative Totals<br>2018 |
| <b>OPERATING REVENUES</b>   |                              |                            |
| Charges for Services and Other Fees                                 | \$ 78,743                    | \$ 73,927                  |
| <b>OPERATING EXPENSES</b>   |                              |                            |
| Operations and Maintenance  | 58,285                       | 33,186                     |
| General and Administrative  | 14,383                       | 30,369                     |
| Depreciation and Amortization                                       | 916                          | 708                        |
| Total Operating Expenses  | 73,584                       | 64,263                     |
| Operating Income (Loss)   | 5,159                        | 9,664                      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                             |                              |                            |
| Investment and Interest Income                                      | 4,296                        | 1,672                      |
| Interest Expense  | (11)                         | (19)                       |
| Contributions and Grants  | 22                           | —                          |
| Total Nonoperating Revenues (Expenses)                              | 4,307                        | 1,653                      |
| Income (Loss) Before Capital Contributions and Grants and Transfers | 9,466                        | 11,317                     |
| Change in Net Position  | 9,466                        | 11,317                     |
| Net Position - Beginning of Year                                    | 20,901                       | 9,737                      |
| Prior-Year Adjustment   | —                            | (153)                      |
| Net Position - Beginning of Year as Restated                        | 20,901                       | 9,584                      |
| Net Position - End of Year  | \$ 30,367                    | \$ 20,901                  |

**The City of Seattle**

E-3 **COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Construction and Inspections |                            |
|--|------------------------------|----------------------------|
|  | 2019                         | Comparative Totals<br>2018 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                              |                            |
| Cash Received from Customers                                     | \$ 88,252                    | \$ 75,609                  |
| Cash Paid to Suppliers   | (21,888)                     | (37,642)                   |
| Cash Paid to Employees   | (47,481)                     | (27,413)                   |
| Net Cash from Operating Activities                               | 18,883                       | 10,554                     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>           |                              |                            |
| Operating Grants   | 23                           | —                          |
| Net Cash from Noncapital Financing Activities                    | 23                           | —                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                              |                            |
| Capital Expenses and Other Charges Paid                          | —                            | 238                        |
| Net Cash from Capital and Related Financing Activities           | —                            | 238                        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                              |                            |
| Interest and Investment Income                                   | 2,436                        | 1,672                      |
| Net Increase (Decrease) in Cash and Equity in Pooled Investments | 21,342                       | 12,464                     |
| <b>CASH AND EQUITY IN POOLED INVESTMENTS</b>                     |                              |                            |
| Beginning of Year  | 96,210                       | 83,746                     |
| End of Year  | \$ 117,552                   | \$ 96,210                  |
| <b>CASH AT THE END OF THE YEAR CONSISTS OF</b>                   |                              |                            |
| Operating Cash and Equity in Pooled Investments                  | \$ 117,536                   | \$ 96,169                  |
| Noncurrent Restricted Cash and Equity in Pooled Investments      | 16                           | 41                         |
| Total Cash at the End of the Year                                | \$ 117,552                   | \$ 96,210                  |

## Nonmajor Enterprise Funds

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Page 2 of 2

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

|   | Construction and Inspections |                            |
|---|------------------------------|----------------------------|
|   | 2019                         | Comparative Totals<br>2018 |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>            |                              |                            |
| Operating Income (Loss)   | \$ 5,159                     | \$ 9,664                   |
| <b>Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities</b> |                              |                            |
| Depreciation and Amortization   | 916                          | 708                        |
| Other Operating Expenses  | (11)                         | (469)                      |
| Nonoperating Revenues and Expenses  | 1,860                        | —                          |
| <b>Changes in Operating Assets and Liabilities</b>  |                              |                            |
| Accounts Receivable   | 535                          | (711)                      |
| Due from Other Funds  | 3,359                        | (2,449)                    |
| Due from Other Governments  | (287)                        | 215                        |
| Accounts Payable  | (62)                         | 97                         |
| Salaries, Benefits, and Payroll Taxes Payable   | 2,035                        | 270                        |
| Compensated Absences Payable  | 74                           | (107)                      |
| Due to Other Funds  | (1,334)                      | (938)                      |
| Due to Other Governments  | 4                            | (4)                        |
| Claims Payable  | (61)                         | (244)                      |
| Unearned Revenues   | 4,331                        | 4,626                      |
| Other Assets and Liabilities  | 2,365                        | (104)                      |
| Total Adjustments   | 13,724                       | 890                        |
| Net Cash from Operating Activities  | \$ 18,883                    | \$ 10,554                  |

## Internal Service Funds

**INTERNAL SERVICE FUNDS**

The **Finance and Administrative Services Fund** accounts for support services to other City departments in the areas of financial services, business technology, contracting and purchasing services, fleet management; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management. Additional services provided for the City are regulatory services and operations, and the customer service bureau.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services. Pursuant to Section 7 of the Ordinance 125724, effective January 1, 2019, the Fiber Leasing Fund, established pursuant to Ordinance 123931, has been consolidated into the Information Technology Fund.

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**Internal Service Funds**

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**Page 1 of 2**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2019**  
*(In Thousands)*

|  | Finance and Administrative Services | Information Technology | 2019                | Comparative Totals 2018 |
|--|-------------------------------------|------------------------|---------------------|-------------------------|
| <b>ASSETS</b>  |                                     |                        |                     |                         |
| <b>Current Assets</b>                                  |                                     |                        |                     |                         |
| Cash and Equity in Pooled Investments                  | \$ 26,587                           | \$ 1,397               | \$ 27,984           | \$ 5,863                |
| Restricted Cash and Equity in Pooled Investments       | 17,035                              | —                      | 17,035              | 10,217                  |
| Receivables, Net of Allowances                         |                                     |                        |                     |                         |
| Accounts   | 97                                  | 423                    | 520                 | 1,117                   |
| Interest and Dividends                                 | 1                                   | —                      | 1                   | 2                       |
| Unbilled   | 20                                  | —                      | 20                  | 20                      |
| Due from Other Funds                                   | 65                                  | 8,853                  | 8,918               | 27,004                  |
| Due from Other Governments                             | 108                                 | 4                      | 112                 | 89                      |
| Materials and Supplies Inventory                       | 2,380                               | 2,415                  | 4,795               | 3,901                   |
| Interfund Loans and Advances                           | —                                   | 700                    | 700                 | —                       |
| Prepayments and Other Current Assets                   | 13                                  | 8,396                  | 8,409               | 5,254                   |
| <b>Total Current Assets</b>                            | <b>46,306</b>                       | <b>22,188</b>          | <b>68,494</b>       | <b>53,467</b>           |
| <b>Noncurrent Assets</b>                               |                                     |                        |                     |                         |
| Restricted Cash and Equity in Pooled Investments       | 2,226                               | 101,004                | 103,230             | 86,677                  |
| Capital Assets   |                                     |                        |                     |                         |
| Land and Land Rights                                   | 101,718                             | —                      | 101,718             | 108,855                 |
| Buildings and Improvements                             | 768,120                             | 2,002                  | 770,122             | 771,099                 |
| Less Accumulated Depreciation                          | (296,384)                           | (150)                  | (296,534)           | (278,847)               |
| Machinery and Equipment                                | 203,758                             | 82,260                 | 286,018             | 280,801                 |
| Less Accumulated Depreciation                          | (107,083)                           | (56,302)               | (163,385)           | (150,225)               |
| Construction in Progress                               | 6,582                               | 28,725                 | 35,307              | 26,136                  |
| Other Capital Assets, Net                              | 35,719                              | 12,112                 | 47,831              | 40,820                  |
| <b>Total Noncurrent Assets</b>                         | <b>714,656</b>                      | <b>169,651</b>         | <b>884,307</b>      | <b>885,316</b>          |
| <b>Total Assets</b>                                    | <b>760,962</b>                      | <b>191,839</b>         | <b>952,801</b>      | <b>938,783</b>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  | <b>22,448</b>                       | <b>70,044</b>          | <b>92,492</b>       | <b>67,190</b>           |
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>\$ 783,410</b>                   | <b>\$ 261,883</b>      | <b>\$ 1,045,293</b> | <b>\$ 1,005,973</b>     |

**The City of Seattle**

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**Page 2 of 2**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2019**  
*(In Thousands)*

|  | Finance and Administrative Services | Information Technology | 2019                | Comparative Totals 2018 |
|--|-------------------------------------|------------------------|---------------------|-------------------------|
| <b>LIABILITIES</b>   |                                     |                        |                     |                         |
| <b>Current Liabilities</b>   |                                     |                        |                     |                         |
| Accounts Payable   | \$ 9,062                            | \$ 7,471               | \$ 16,533           | \$ 14,979               |
| Salaries, Benefits, and Payroll Taxes Payable                                  | 4,971                               | 7,621                  | 12,592              | 7,789                   |
| Due to Other Funds   | —                                   | 8,918                  | 8,918               | 8,762                   |
| Interest Payable   | 1,698                               | 153                    | 1,851               | 2,037                   |
| Taxes Payable  | 76                                  | 37                     | 113                 | 100                     |
| Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year | 17,464                              | 3,980                  | 21,444              | 27,687                  |
| Claims Payable   | 505                                 | 35                     | 540                 | 560                     |
| Compensated Absences Payable   | 240                                 | 385                    | 625                 | 901                     |
| Other Current Liabilities  | 11                                  | 767                    | 778                 | 75                      |
| <b>Total Current Liabilities</b>   | <b>34,027</b>                       | <b>29,367</b>          | <b>63,394</b>       | <b>62,890</b>           |
| <b>Noncurrent Liabilities</b>  |                                     |                        |                     |                         |
| Compensated Absences Payable   | 4,558                               | 7,315                  | 11,873              | 10,949                  |
| Claims Payable   | 674                                 | 46                     | 720                 | 746                     |
| Vendor and Other Deposits Payable  | 333                                 | —                      | 333                 | 352                     |
| General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other | 170,257                             | 17,149                 | 187,406             | 200,062                 |
| Unfunded Other Post-Employment Benefits  | 2,877                               | 3,322                  | 6,199               | 6,354                   |
| Net Pension Liability  | 93,737                              | 133,238                | 226,975             | 166,740                 |
| <b>Total Noncurrent Liabilities</b>  | <b>272,436</b>                      | <b>161,070</b>         | <b>433,506</b>      | <b>385,203</b>          |
| <b>Total Liabilities</b>   | <b>306,463</b>                      | <b>190,437</b>         | <b>496,900</b>      | <b>448,093</b>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>   | <b>7,428</b>                        | <b>4,000</b>           | <b>11,428</b>       | <b>22,630</b>           |
| <b>NET POSITION</b>  |                                     |                        |                     |                         |
| Net Investment in Capital Assets   | 524,709                             | 52,401                 | 577,110             | 576,788                 |
| Unrestricted   | (55,190)                            | 15,045                 | (40,145)            | (41,538)                |
| <b>Total Net Position</b>  | <b>469,519</b>                      | <b>67,446</b>          | <b>536,965</b>      | <b>535,250</b>          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>      | <b>\$ 783,410</b>                   | <b>\$ 261,883</b>      | <b>\$ 1,045,293</b> | <b>\$ 1,005,973</b>     |

**Internal Service Funds**

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

|  | Finance<br>and<br>Administrative<br>Services | Information<br>Technology | 2019       | Comparative<br>Totals<br>2018 |
|--|--|---------------------------|------------|-------------------------------|
| <b>OPERATING REVENUES</b>                                    |  |                           |            |                               |
| Charges for Services   | \$ 75,783                                    | \$ 227,694                | \$ 303,477 | \$ 294,753                    |
| Rents, Parking, and Concessions                              | 114,025                                      | —                         | 114,025    | 106,742                       |
| Total Operating Revenues                                     | 189,808                                      | 227,694                   | 417,502    | 401,495                       |
| <b>OPERATING EXPENSES</b>                                    |  |                           |            |                               |
| Operations and Maintenance                                   | 78,469                                       | 177,249                   | 255,718    | 260,594                       |
| General and Administrative                                   | 28,961                                       | 35,844                    | 64,805     | 45,074                        |
| City Business and Occupation Taxes                           | 4  | —                         | 4          | 4                             |
| Other Taxes  | 206  | 1                         | 207        | 865                           |
| Depreciation and Amortization                                | 41,489                                       | 10,285                    | 51,774     | 48,472                        |
| Total Operating Expenses                                     | 149,130                                      | 223,379                   | 372,509    | 355,009                       |
| Operating Income (Loss)                                      | 40,678                                       | 4,315                     | 44,993     | 46,486                        |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                      |  |                           |            |                               |
| Investment and Interest Income                               | 1,257  | 3,876                     | 5,133      | 1,765                         |
| Interest Expense   | (7,933)                                      | (1,653)                   | (9,586)    | (9,338)                       |
| Amortization of Bonds Premiums                               | 2,621  | 902                       | 3,523      | 3,533                         |
| Amortization of Refunding Loss                               | —  | —                         | —          | (1,818)                       |
| Bond Issuance Costs  | —  | (45)                      | (45)       | (27)                          |
| Gain (Loss) on Sale of Capital Assets                        | (6,798)                                      | (4)                       | (6,802)    | 14,911                        |
| Others, Net  | 256  | —                         | 256        | —                             |
| Total Nonoperating Revenues (Expenses)                       | (10,597)                                     | 3,076                     | (7,521)    | 9,026                         |
| Income (Loss) Before<br>Contributions, Grants, and Transfers | 30,081                                       | 7,391                     | 37,472     | 55,512                        |
| Capital Contributions and Grants                             | (4,507)                                      | —                         | (4,507)    | 66,305                        |
| Transfers In   | 51   | —                         | 51         | 6,546                         |
| Transfers Out  | (32,531)                                     | —                         | (32,531)   | (32,750)                      |
| Change in Net Position                                       | (6,906)                                      | 7,391                     | 485        | 95,613                        |
| Net Position - Beginning of Year                             | 476,425                                      | 58,825                    | 535,250    | 441,654                       |
| Prior-Year Adjustment  | —  | 1,230                     | 1,230      | (2,017)                       |
| Net Position - Beginning of Year as Restated                 | 476,425                                      | 60,055                    | 536,480    | 439,637                       |
| Net Position - End of Year                                   | \$ 469,519                                   | \$ 67,446                 | \$ 536,965 | \$ 535,250                    |

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**The City of Seattle**

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Page 1 of 2

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

|   | Finance<br>and<br>Administrative<br>Services | Information<br>Technology | 2019       | Comparative<br>Totals<br>2018 |
|---|--|---------------------------|------------|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |  |                           |            |                               |
| Cash Received from Customers  | \$ 210,410                                   | \$ 225,600                | \$ 436,010 | \$ 393,623                    |
| Cash Paid to Suppliers  | (50,189)                                     | (60,736)                  | (110,925)  | (118,750)                     |
| Cash Paid to Employees  | (56,332)                                     | (127,118)                 | (183,450)  | (166,840)                     |
| Cash Paid for Taxes   | (187)  | (1)                       | (188)      | (863)                         |
| Net Cash from Operating Activities                                  | 103,702                                      | 37,745                    | 141,447    | 107,170                       |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>              |  |                           |            |                               |
| Loans Provided to Other Funds                                       | —  | 700                       | 700        | 51                            |
| Operating Grants and Contributions Received                         | —  | —                         | —          | 584                           |
| Transfers In  | 51   | —                         | 51         | 6,546                         |
| Transfers Out   | (32,531)                                     | —                         | (32,531)   | (32,750)                      |
| Net Cash from Noncapital Financing Activities                       | (32,480)                                     | 700                       | (31,780)   | (25,569)                      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>     |  |                           |            |                               |
| Proceeds from Long-Term Debt  | —  | 9,073                     | 9,073      | —                             |
| Principal Payments on Long-Term Debt                                | (20,407)                                     | (7,280)                   | (27,687)   | (21,796)                      |
| Capital Fees and Grants Received                                    | (2,621)                                      | —                         | (2,621)    | 65,721                        |
| Capital Expenses and Other Charges Paid                             | (13,387)                                     | (25,348)                  | (38,735)   | (118,712)                     |
| Interest Paid on Long-Term Debt                                     | (8,123)                                      | (1,648)                   | (9,771)    | (9,795)                       |
| Debt Issuance Costs   | —  | (45)                      | (45)       | (27)                          |
| Proceeds from Sale of Capital Assets                                | 339  | —                         | 339        | 14,936                        |
| Net Cash from Capital and Related Financing Activities              | (44,199)                                     | (25,248)                  | (69,447)   | (69,673)                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |  |                           |            |                               |
| Interest and Investment Income (Loss)                               | 1,258  | 4,013                     | 5,271      | 1,763                         |
| Net Increase (Decrease) in Cash and<br>Equity in Pooled Investments | 28,281                                       | 17,210                    | 45,491     | 13,691                        |
| <b>CASH AND EQUITY IN POOLED INVESTMENTS</b>                        |  |                           |            |                               |
| Beginning of Year as Restated (a)                                   | 17,567                                       | 85,191                    | 102,758    | 89,066                        |
| End of Year   | \$ 45,848                                    | \$ 102,401                | \$ 148,249 | \$ 102,757                    |
| <b>CASH AT THE END OF THE YEAR CONSISTS OF</b>                      |  |                           |            |                               |
| Current Assets Cash and Equity in Pooled Investments                | \$ 26,587                                    | \$ 1,397                  | \$ 27,984  | \$ 5,863                      |
| Current Restricted Cash and Equity in Pooled Investments            | 17,035                                       | —                         | 17,035     | 10,217                        |
| Noncurrent Restricted Cash and Equity in<br>Pooled Investments      | 2,226  | 101,004                   | 103,230    | 86,677                        |
| Total Cash at the End of the Year                                   | \$ 45,848                                    | \$ 102,401                | \$ 148,249 | \$ 102,757                    |

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**Internal Service Funds**

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

|   | Finance<br>and<br>Administrative<br>Services | Information<br>Technology | 2019              | Comparative<br>Totals<br>2018 |
|---|--|---------------------------|-------------------|-------------------------------|
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>        |  |                           |                   |                               |
| Operating Income (Loss)   | \$ 40,678                                    | \$ 4,276                  | \$ 44,954         | \$ 46,486                     |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities</b> |  |                           |                   |                               |
| Depreciation and Amortization   | 41,489                                       | 10,285                    | 51,774            | 48,472                        |
| Other Operating Expenses  | 4,582  | 38,242                    | 42,824            | 7,149                         |
| <b>Changes in Operating Assets and Liabilities</b>  |  |                           |                   |                               |
| Accounts Receivable   | (64)   | 911                       | 847               | (1,361)                       |
| Unbilled Receivables  | —  | —                         | —                 | 17                            |
| Due from Other Funds  | 20,688                                       | (3,688)                   | 17,000            | (7,169)                       |
| Due from Other Governments  | (22)   | —                         | (22)              | 11                            |
| Materials and Supplies Inventory  | (221)  | (674)                     | (895)             | 456                           |
| Accounts Payable  | 1,064  | 490                       | 1,554             | 872                           |
| Salaries, Benefits, and Payroll Taxes Payable   | 2,252  | 2,551                     | 4,803             | 441                           |
| Compensated Absences Payable  | 192  | 457                       | 649               | (1,404)                       |
| Due to Other Funds  | (6,833)                                      | 6,990                     | 157               | 6,120                         |
| Claims Payable  | 1  | (47)                      | (46)              | (194)                         |
| Taxes Payable   | 23   | (10)                      | 13                | 25                            |
| Other Assets and Liabilities  | (127)  | (22,038)                  | (22,165)          | 7,249                         |
| <b>Total Adjustments</b>  | <b>63,024</b>                                | <b>33,469</b>             | <b>96,493</b>     | <b>60,684</b>                 |
| <b>Net Cash from Operating Activities</b>   | <b>\$ 103,702</b>                            | <b>\$ 37,745</b>          | <b>\$ 141,447</b> | <b>\$ 107,170</b>             |
| <b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>                                   |  |                           |                   |                               |
| Amortization of Debt Related Costs, Net   | 2,621  | 858                       | 3,479             | 1,688                         |

**Fiduciary Funds**

The City of Seattle

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COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
December 31, 2019  
(In Thousands)

|   | Employees' Retirement |              |
|---|-----------------------|--------------|
|   | Comparative totals    |              |
|   | 2019                  | 2018         |
| <b>ASSETS</b>                                   |                       |              |
| Cash and Equity in Pooled Investments           | \$ —                  | \$ 4,893     |
| Short-Term Investments                          | 52,036                | 56,938       |
| Receivables                                     |                       |              |
| Members   | 321                   | 4,689        |
| Employers                                       | 11,628                | 6,299        |
| Interest and Dividends                          | 4,482                 | 4,602        |
| Sales Proceeds                                  | 157,096               | 78,453       |
| Other   | —                     | —            |
| Total Receivables                               | 173,527               | 94,043       |
| Investments at Fair Value                       |                       |              |
| Fixed Income                                    | 832,701               | 795,614      |
| Equity  | 1,925,924             | 1,569,484    |
| Real Estate                                     | 365,646               | 336,398      |
| Alternative Investments                         | —                     | 54,123       |
| Total Investments at Fair Value                 | 3,124,271             | 2,755,619    |
| Securities Lending Collateral                   | 7,023                 | 4,835        |
|   | 782                   | —            |
| Total Assets                                    | 3,357,639             | 2,916,328    |
| <b>LIABILITIES</b>                              |                       |              |
| Accounts Payable and Other Liabilities          | 4,012                 | 4,434        |
| Securities Lending Collateral                   | 7,013                 | 4,820        |
| Investment Commitments Payable                  | 196,750               | 189,636      |
| Total Liabilities                               | 207,775               | 198,890      |
| Net Position Held in Trust for Pension Benefits | \$ 3,149,864          | \$ 2,717,438 |

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**Fiduciary Funds**

G-2

**COMBINING STATEMENT OF CHANGES  
IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
For the Year Ended December 31, 2019  
(In Thousands)**

|  | Employees' Retirement |                            |
|--|-----------------------|----------------------------|
|  | 2019                  | Comparative totals<br>2018 |
| <b>ADDITIONS</b>   |                       |                            |
| Contributions  |                       |                            |
| Employer   | \$ 119,171            | \$ 117,816                 |
| Plan Member  | 75,261                | 76,285                     |
| Total Contributions  | 194,432               | 194,101                    |
| Investment Income  |                       |                            |
| From Investment Activities                                   |                       |                            |
| Net Appreciation (Depreciation) in Fair Value of Investments | 426,968               | (132,318)                  |
| Interest   | 17,410                | 17,458                     |
| Dividends  | 20,647                | 20,629                     |
| Total Investment Activities Income                           | 465,025               | (94,231)                   |
| Investment Activities Expenses                               |                       |                            |
| Investment Management Fees                                   | 13,971                | 10,890                     |
| Investment Consultant Fees                                   | —                     | 295                        |
| Investment Custodial Fees                                    | —                     | 1,214                      |
| Total Investment Activities Expenses                         | 13,971                | 12,399                     |
| Net Income from Investment Activities                        | 451,054               | (106,630)                  |
| From Securities Lending Activities                           |                       |                            |
| Securities Lending Income                                    | 200                   | 205                        |
| Borrower Rebates   | (3)                   | (127)                      |
| Total Securities Lending Income                              | 197                   | 78                         |
| Securities Lending Expenses                                  |                       |                            |
| Management Fees  | 49                    | 18                         |
| Total Securities Lending Expenses                            | 49                    | 18                         |
| Net Income from Securities Lending Activities                | 148                   | 60                         |
| Total Net Investment Income                                  | 451,202               | (106,570)                  |
| Other Income   | 14,566                | —                          |
| Total Additions  | 660,200               | 87,531                     |
| <b>DEDUCTIONS</b>  |                       |                            |
| Benefits   | 203,413               | 190,475                    |
| Refund of Contributions                                      | 15,189                | 20,288                     |
| Administrative Expense                                       | 9,171                 | 12,205                     |
| Total Deductions   | 227,773               | 222,968                    |
| Change in Net Position                                       | 432,427               | (135,437)                  |
| Net Position - Beginning of Year                             | 2,717,437             | 2,852,873                  |
| Net Position - End of Year                                   | \$ 3,149,864          | \$ 2,717,436               |

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**The City of Seattle**

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Page 1 of 2

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
CUSTODIAL FUNDS  
For the Year Ended December 31, 2019  
(In Thousands)**

|   | Balance<br>January 1<br>Restated | Additions  | Deductions | Balance<br>December 31 |
|---|----------------------------------|------------|------------|------------------------|
| <b>GUARANTY DEPOSITS FUND</b>                 |                                  |            |            |                        |
| <b>Assets</b>                                 |                                  |            |            |                        |
| Cash  | \$ 14,823                        | \$ 3,464   | \$ 2,076   | \$ 16,211              |
| Total Assets                                  | \$ 14,823                        | \$ 3,464   | \$ 2,076   | \$ 16,211              |
| <b>Liabilities</b>                            |                                  |            |            |                        |
| Deposits Payable                              | \$ 14,823                        | \$ 3,595   | \$ 2,207   | \$ 16,211              |
| Total Liabilities                             | \$ 14,823                        | \$ 3,595   | \$ 2,207   | \$ 16,211              |
| <b>PAYROLL WITHHOLDING FUND</b>               |                                  |            |            |                        |
| <b>Assets</b>                                 |                                  |            |            |                        |
| Cash  | \$ 2,029                         | \$ 616     | \$ 40      | \$ 2,605               |
| Accounts Receivable                           | 1                                | 9          | 10         | -                      |
| Total Assets                                  | \$ 2,030                         | \$ 624     | \$ 50      | \$ 2,605               |
| <b>Liabilities</b>                            |                                  |            |            |                        |
| Accounts Payable                              | \$ 23                            | \$ 439,978 | \$ 428,357 | \$ 11,644              |
| Salaries, Benefits, and Payroll Taxes Payable | (907)                            | 356,091    | 364,244    | (9,060)                |
| Claims/Judgments Payable                      | 2,914                            | —          | 2,893      | 21                     |
| Total Liabilities                             | \$ 2,030                         | \$ 796,069 | \$ 795,494 | \$ 2,605               |
| <b>REGULATORY AGENCY FUND</b>                 |                                  |            |            |                        |
| <b>Assets</b>                                 |                                  |            |            |                        |
| Cash  | \$ 1,752                         | \$ 3,662   | \$ 2,713   | \$ 2,701               |
| Accounts Receivable                           | 7                                | 382        | 383        | 6                      |
| Total Assets                                  | \$ 1,759                         | \$ 4,044   | \$ 3,096   | \$ 2,707               |
| <b>Liabilities</b>                            |                                  |            |            |                        |
| Accounts Payable                              | \$ 1,759                         | \$ 6,399   | \$ 5,451   | \$ 2,707               |
| Salaries, Benefits, and Payroll Taxes Payable | —                                | —          | —          | —                      |
| Deposits Payable                              | —                                | —          | —          | —                      |
| Claims/Judgments Payable                      | —                                | —          | —          | —                      |
| Total Liabilities                             | \$ 1,759                         | \$ 6,399   | \$ 5,451   | \$ 2,707               |

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**Fiduciary Funds**

G-3 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 Page 2 of 2 CUSTODIAL FUNDS  
For the Year Ended December 31, 2019  
(In Thousands)

|   | Balance<br>January 1<br>Restated | Additions         | Deductions        | Balance<br>December 31 |
|---|----------------------------------|-------------------|-------------------|------------------------|
| <b>FILE LOCAL AGENCY FUND</b>                 |                                  |                   |                   |                        |
| <b>Assets</b>                                 |                                  |                   |                   |                        |
| Cash  | \$ (44)                          | \$ 457            | \$ 452            | \$ (39)                |
| Accounts Receivable                           | 116                              | 2,397             | 2,404             | 109                    |
| Total Assets                                  | <u>\$ 72</u>                     | <u>\$ 2,854</u>   | <u>\$ 2,856</u>   | <u>\$ 70</u>           |
| <b>Liabilities</b>                            |                                  |                   |                   |                        |
| Accounts Payable                              | \$ 72                            | \$ 355            | \$ 357            | \$ 70                  |
| Total Liabilities                             | <u>\$ 72</u>                     | <u>\$ 355</u>     | <u>\$ 357</u>     | <u>\$ 70</u>           |
| <b>CUSTODIAL FUND</b>                         |                                  |                   |                   |                        |
| <b>Assets</b>                                 |                                  |                   |                   |                        |
| Cash and Equity in Pooled Investments         | \$ —                             | \$ 5,806          | \$ 93             | \$ 5,713               |
| Due From Other Funds                          | —                                | 105               | 105               | —                      |
| Total Assets                                  | <u>\$ —</u>                      | <u>\$ 5,910</u>   | <u>\$ 197</u>     | <u>\$ 5,713</u>        |
| <b>Liabilities</b>                            |                                  |                   |                   |                        |
| Due To Other Funds                            | \$ —                             | \$ 35             | \$ 35             | \$ —                   |
| Custodial Accounts-Other                      | —                                | 5,783             | 70                | 5,713                  |
| Total Liabilities                             | <u>\$ —</u>                      | <u>\$ 5,818</u>   | <u>\$ 105</u>     | <u>\$ 5,713</u>        |
| <b>TOTALS - ALL CUSTODIAL FUNDS</b>           |                                  |                   |                   |                        |
| <b>Assets</b>                                 |                                  |                   |                   |                        |
| Cash and Equity in Pooled Investments         | \$ 18,560                        | \$ 14,005         | \$ 5,374          | \$ 27,191              |
| Accounts Receivable                           | 124                              | 2,788             | 2,797             | 115                    |
| Due From Other Funds                          |                                  | 115               | 115               |                        |
| Total Assets                                  | <u>\$ 18,684</u>                 | <u>\$ 16,908</u>  | <u>\$ 8,286</u>   | <u>\$ 27,306</u>       |
| <b>Liabilities</b>                            |                                  |                   |                   |                        |
| Accounts Payable and Other Liabilities        | \$ 1,843                         | \$ 452,254        | \$ 433,985        | \$ 20,112              |
| Salaries, Benefits, and Payroll Taxes Payable | (896)                            | 356,353           | 364,495           | (9,038)                |
| Deposits Payable                              | 14,823                           | 3,595             | 2,207             | 16,211                 |
| Due To Other Funds                            |                                  | 35                | 35                |                        |
| Claims/Judgments Payable                      | 2,914                            | —                 | 2,893             | 21                     |
| Total Liabilities                             | <u>\$ 18,684</u>                 | <u>\$ 812,237</u> | <u>\$ 803,615</u> | <u>\$ 27,306</u>       |

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# Statistics

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Statistics

STATISTICAL INFORMATION

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

**Financial Trends.** These tables contain information to help the reader understand how the City's financial performance and well-being have changed over time.

- S-1 Net Position by Component
- S-2 Changes in Net Position
- S-3 Fund Balances of Governmental Funds
- S-4 Changes in Fund Balances of Governmental Funds

**Revenue Capacity.** These tables contain information to help the reader assess the City's most significant local revenue sources.

- S-5 Tax Revenues by Source
- S-6 Assessed Value and Estimated Actual Value of Taxable Property
- S-7 Direct and Overlapping Property Tax Rates
- S-8 Principal Property Taxpayers
- S-9 Principal Revenue Sources
- S-10 Property Tax Levies and Collections

**Debt Capacity.** These tables contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- S-11 Ratios of Outstanding Debt by Type
- S-12 Ratios of Net General Bonded Debt Outstanding
- S-13 Direct and Overlapping Governmental Activities Debt
- S-14 Legal Debt Margin Information
- S-15 Pledged-Revenue Coverage

**Demographic and Economic Information.** These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- S-16 Demographic and Economic Statistics
- S-17 Principal Industries

**Operating Information.** These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- S-18 Full-Time-Equivalent City Government Employees by Department/Office
- S-19 Operating Indicators by Department/Office
- S-20 Capital Asset Statistics by Department/Office

The City of Seattle

Table S-1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

|   | 2019         | 2018         | 2017         | 2016         | 2015         |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>GOVERNMENTAL ACTIVITIES</b>              |              |              |              |              |              |
| Net Investment in Capital Assets            | \$ 3,501,410 | \$ 3,382,301 | 3,365,060    | 3,269,646    | \$ 3,144,486 |
| Restricted                                  | 927,952      | 865,915      | 694,502      | 625,046      | 556,406      |
| Unrestricted                                | (1,048,812)  | (1,059,864)  | (565,925)    | (392,023)    | (379,114)    |
| Total Governmental Activities Net Position  | 3,380,550    | 3,188,352    | 3,493,637    | 3,502,669    | 3,321,778    |
| <b>BUSINESS-TYPE ACTIVITIES</b>             |              |              |              |              |              |
| Net Investment in Capital Assets            | 2,668,365    | 2,462,768    | 2,280,370    | 2,186,129    | 1,915,893    |
| Restricted                                  | 60,692       | 88,151       | 85,527       | 59,575       | 59,194       |
| Unrestricted                                | 107,070      | (14,029)     | (121,280)    | (231,495)    | (153,822)    |
| Total Business-Type Activities Net Position | 2,836,127    | 2,536,890    | 2,244,617    | 2,014,209    | 1,821,265    |
| <b>PRIMARY GOVERNMENT</b>                   |              |              |              |              |              |
| Net Investment in Capital Assets            | 6,169,775    | 5,845,069    | 5,645,430    | 5,455,755    | 5,060,379    |
| Restricted                                  | 988,644      | 954,066      | 780,029      | 684,621      | 615,600      |
| Unrestricted                                | (941,742)    | (1,073,893)  | (687,205)    | (623,518)    | (532,936)    |
| Total Primary Government Net Position       | \$ 6,216,677 | \$ 5,752,242 | \$ 5,738,254 | \$ 5,516,878 | \$ 5,143,043 |
| <b>2014 2013 2012 2011 2010</b>             |              |              |              |              |              |
| <b>GOVERNMENTAL ACTIVITIES</b>              |              |              |              |              |              |
| Net Investment in Capital Assets            | \$ 3,085,306 | 2,880,124    | \$ 2,783,738 | \$ 2,627,462 | \$ 2,513,808 |
| Restricted                                  | 448,935      | 460,885      | 404,454      | 419,675      | 372,289      |
| Unrestricted                                | (16,363)     | 36,212       | (35,593)     | (101,021)    | (98,786)     |
| Total Governmental Activities Net Position  | 3,517,878    | 3,377,221    | 3,154,599    | 2,946,116    | 2,787,311    |
| <b>BUSINESS-TYPE ACTIVITIES</b>             |              |              |              |              |              |
| Net Investment in Capital Assets            | 1,750,495    | 1,508,831    | 1,391,130    | 1,243,622    | 1,228,030    |
| Restricted                                  | 58,039       | 57,404       | 56,210       | 81,904       | 79,372       |
| Unrestricted                                | 253,427      | 274,388      | 215,405      | 205,493      | 106,013      |
| Total Business-Type Activities Net Position | 2,061,961    | 1,840,623    | 1,662,745    | 1,531,019    | 1,413,415    |
| <b>PRIMARY GOVERNMENT</b>                   |              |              |              |              |              |
| Net Investment in Capital Assets            | 4,835,801    | 4,388,955    | 4,174,868    | 3,871,084    | 3,741,838    |
| Restricted                                  | 506,974      | 518,289      | 462,664      | 501,579      | 451,661      |
| Unrestricted                                | 237,064      | 310,600      | 179,812      | 104,472      | 7,227        |
| Total Primary Government Net Position       | \$ 5,579,839 | \$ 5,217,844 | \$ 4,817,344 | \$ 4,477,135 | \$ 4,200,726 |

<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 2009.

Statistics

Table S-2  
Page 1 of 4

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

|   | 2019        | 2018        | 2017        | 2016        | 2015        |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>EXPENSES</b>                                 |             |             |             |             |             |
| <b>Governmental Activities</b>                  |             |             |             |             |             |
| General Government                              | \$ 316,015  | \$ 173,424  | \$ 222,089  | \$ 247,400  | \$ 208,638  |
| Judicial  | 30,941      | 31,666      | 32,075      | 32,025      | 28,477      |
| Public Safety                                   | 660,167     | 678,857     | 577,738     | 576,208     | 531,523     |
| Physical Environment                            | 13,595      | 12,932      | 15,539      | 12,558      | 4,351       |
| Transportation                                  | 332,082     | 307,433     | 387,724     | 271,601     | 221,443     |
| Economic Environment                            | 265,933     | 251,711     | 147,005     | 175,133     | 138,878     |
| Health and Human Services                       | 110,814     | 138,252     | 119,463     | 104,687     | 94,122      |
| Culture and Recreation                          | 271,245     | 311,875     | 364,425     | 330,984     | 286,395     |
| Interest on Long-Term Debt                      | 44,794      | 46,915      | 47,777      | 42,942      | 32,694      |
| Total Governmental Activities Expenses          | 2,045,601   | 1,953,065   | 1,910,835   | 1,793,538   | 1,546,521   |
| <b>Business-Type Activities</b>                 |             |             |             |             |             |
| Light   | 959,811     | 891,783     | 914,785     | 853,871     | 837,860     |
| Water   | 252,550     | 241,847     | 235,142     | 225,678     | 228,241     |
| Drainage and Wastewater                         | 393,410     | 379,919     | 363,682     | 332,686     | 316,487     |
| Solid Waste                                     | 200,958     | 201,387     | 192,062     | 167,132     | 173,312     |
| Construction and Inspections                    | 73,102      | 62,994      | 72,914      | 64,248      | 64,673      |
| Downtown Parking Garage                         | —           | —           | —           | 5,222       | 7,401       |
| Fiber Leasing                                   | —           | —           | 36          | 8           | 35          |
| Total Business-Type Activities Expenses         | 1,879,831   | 1,777,930   | 1,778,621   | 1,648,845   | 1,628,009   |
| Total Primary Government Expenses               | 3,925,432   | 3,730,995   | 3,689,456   | 3,442,383   | 3,174,530   |
| <b>PROGRAM REVENUES</b>                         |             |             |             |             |             |
| <b>Governmental Activities</b>                  |             |             |             |             |             |
| Charges for Services                            |             |             |             |             |             |
| General Government                              | 58,056      | 80,074      | 119,548     | 109,478     | 104,651     |
| Judicial  | 29,555      | 27,339      | 27,555      | 29,578      | 30,030      |
| Public Safety                                   | 30,815      | 36,048      | 28,669      | 24,472      | 26,227      |
| Physical Environment                            | 5,020       | 4,771       | 10          | 13          | 16          |
| Transportation                                  | 142,151     | 175,404     | 77,958      | 70,878      | 67,948      |
| Economic Environment                            | 63,100      | 74,755      | 53,196      | 36,464      | 41,875      |
| Health and Human Services                       | 1,571       | 1,006       | 745         | 525         | 64          |
| Culture and Recreation                          | 57,771      | 69,307      | 82,133      | 75,832      | 70,360      |
| Operating Grants and Contributions              | 179,266     | 152,736     | 130,777     | 134,856     | 136,981     |
| Capital Grants and Contributions                | 1,763       | 15,547      | 36,161      | 31,076      | 29,358      |
| Total Governmental Activities Program Revenues  | 569,068     | 636,987     | 556,752     | 513,172     | 507,510     |
| <b>Business-Type Activities</b>                 |             |             |             |             |             |
| Charges for Services                            |             |             |             |             |             |
| Light   | 1,079,399   | 991,585     | 987,812     | 901,276     | 880,788     |
| Water   | 281,008     | 280,019     | 262,777     | 251,244     | 251,977     |
| Drainage and Wastewater                         | 454,382     | 416,482     | 396,283     | 371,040     | 359,839     |
| Solid Waste                                     | 224,965     | 203,367     | 203,038     | 177,061     | 174,365     |
| Planning and Development                        | 78,743      | 73,927      | 72,595      | 79,246      | 65,278      |
| Downtown Parking Garage                         | —           | —           | —           | 5,355       | 7,885       |
| Fiber Leasing                                   | —           | —           | 8           | 8           | 12          |
| Operating Grants and Contributions              | 7,120       | 10,616      | 1,834       | 4,583       | 7,088       |
| Capital Grants and Contributions                | 71,782      | 90,351      | 70,020      | 86,997      | 60,115      |
| Total Business-Type Activities Program Revenues | 2,197,399   | 2,066,347   | 1,994,367   | 1,876,810   | 1,807,347   |
| Total Primary Government Program Revenues       | 2,766,467   | 2,703,334   | 2,551,119   | 2,389,982   | 2,314,857   |
| <b>NET (EXPENSE) REVENUE</b>                    |             |             |             |             |             |
| Governmental Activities                         | (1,476,533) | (1,316,078) | (1,354,083) | (1,280,367) | (1,039,011) |
| Business-Type Activities                        | 317,593     | 288,417     | 215,746     | 227,966     | 179,318     |
| Total Primary Government Net Expense            | (1,158,940) | (1,027,661) | (1,138,337) | (1,052,401) | (859,693)   |

The City of Seattle

Table S-2  
Page 2 of 4

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

|   | 2014        | 2013       | 2012       | 2011       | 2010       |
|---|-------------|------------|------------|------------|------------|
| <b>EXPENSES</b>                                 |             |            |            |            |            |
| <b>Governmental Activities</b>                  |             |            |            |            |            |
| General Government                              | \$ 189,034  | \$ 161,041 | \$ 164,040 | \$ 179,498 | \$ 182,058 |
| Judicial  | 28,874      | 33,517     | 26,121     | 25,623     | 26,298     |
| Public Safety                                   | 568,843     | 515,129    | 475,747    | 471,205    | 476,861    |
| Physical Environment                            | 5,853       | 10,740     | 6,357      | 10,697     | 8,346      |
| Transportation                                  | 222,199     | 165,742    | 133,511    | 111,038    | 122,376    |
| Economic Environment                            | 138,169     | 125,911    | 125,917    | 101,242    | 119,595    |
| Health and Human Services                       | 76,562      | 71,256     | 65,266     | 71,399     | 72,680     |
| Culture and Recreation                          | 275,566     | 267,043    | 239,003    | 245,671    | 258,639    |
| Interest on Long-Term Debt                      | 31,170      | 26,417     | 39,998     | 40,425     | 38,929     |
| Total Governmental Activities Expenses          | 1,536,270   | 1,376,076  | 1,275,960  | 1,256,798  | 1,305,782  |
| <b>Business-Type Activities</b>                 |             |            |            |            |            |
| Light   | 798,161     | 780,930    | 731,459    | 723,665    | 730,758    |
| Water   | 221,944     | 215,600    | 203,610    | 198,929    | 209,554    |
| Drainage and Wastewater                         | 298,633     | 290,147    | 272,423    | 269,224    | 245,589    |
| Solid Waste                                     | 159,501     | 156,653    | 150,115    | 149,157    | 141,852    |
| Construction and Inspections                    | 58,304      | 53,080     | 46,542     | 44,087     | 47,699     |
| Downtown Parking Garage                         | 7,458       | 8,159      | 7,701      | 7,740      | 7,648      |
| Fiber Leasing                                   | 27          | 54         | —          | —          | —          |
| Total Business-Type Activities Expenses         | 1,544,028   | 1,504,623  | 1,411,850  | 1,392,802  | 1,383,100  |
| Total Primary Government Expenses               | 3,080,298   | 2,880,699  | 2,687,810  | 2,649,600  | 2,688,882  |
| <b>PROGRAM REVENUES</b>                         |             |            |            |            |            |
| <b>Governmental Activities</b>                  |             |            |            |            |            |
| Charges for Services                            |             |            |            |            |            |
| General Government                              | 91,011      | 85,923     | 79,048     | 73,960     | 60,333     |
| Judicial  | 31,256      | 40,545     | 33,748     | 33,048     | 31,078     |
| Public Safety                                   | 25,733      | 19,245     | 19,277     | 18,939     | 18,848     |
| Physical Environment                            | 78          | 47         | —          | 2          | 1,985      |
| Transportation                                  | 101,074     | 100,830    | 81,972     | 64,331     | 55,680     |
| Economic Environment                            | 35,776      | 12,250     | 7,303      | 7,299      | 4,419      |
| Health and Human Services                       | 10          | 8          | —          | 1,276      | 9          |
| Culture and Recreation                          | 72,873      | 67,116     | 53,450     | 50,273     | 54,886     |
| Operating Grants and Contributions              | 123,986     | 135,407    | 130,377    | 136,679    | 118,619    |
| Capital Grants and Contributions                | 37,895      | 42,468     | 48,092     | 47,503     | 56,377     |
| Total Governmental Activities Program Revenues  | 519,692     | 503,839    | 453,267    | 433,310    | 402,234    |
| <b>Business-Type Activities</b>                 |             |            |            |            |            |
| Charges for Services                            |             |            |            |            |            |
| Light   | 883,149     | 839,767    | 797,445    | 769,316    | 729,650    |
| Water   | 242,786     | 235,114    | 213,164    | 194,342    | 194,987    |
| Drainage and Wastewater                         | 337,882     | 329,386    | 297,443    | 274,553    | 245,959    |
| Solid Waste                                     | 157,495     | 159,741    | 156,927    | 154,159    | 146,944    |
| Planning and Development                        | 56,743      | 48,016     | 40,869     | 35,087     | 28,627     |
| Downtown Parking Garage                         | 7,434       | 7,019      | 6,588      | 5,937      | 6,580      |
| Fiber Leasing                                   | 16          | 75         | —          | —          | —          |
| Operating Grants and Contributions              | 6,155       | 7,055      | 6,749      | 5,518      | 5,953      |
| Capital Grants and Contributions                | 48,129      | 63,760     | 48,438     | 51,522     | 41,846     |
| Total Business-Type Activities Program Revenues | 1,739,789   | 1,689,933  | 1,567,623  | 1,490,434  | 1,400,546  |
| Total Primary Government Program Revenues       | 2,259,481   | 2,193,772  | 2,020,890  | 1,923,744  | 1,802,780  |
| <b>NET (EXPENSE) REVENUE</b>                    |             |            |            |            |            |
| Governmental Activities                         | (1,016,578) | (872,237)  | (822,693)  | (823,488)  | (903,548)  |
| Business-Type Activities                        | 195,761     | 185,310    | 155,773    | 97,632     | 17,446     |
| Total Primary Government Net Expense            | (820,817)   | (686,927)  | (666,920)  | (725,856)  | (886,102)  |

Statistics

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

|  | 2019       | 2018       | 2017       | 2016       | 2015       |
|--|------------|------------|------------|------------|------------|
| <b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b> |            |            |            |            |            |
| <i>Governmental Activities</i>                       |            |            |            |            |            |
| Taxes  |            |            |            |            |            |
| Property Taxes                                       | \$ 640,828 | \$ 597,349 | \$ 582,622 | \$ 542,854 | \$ 420,691 |
| Sales Taxes  | 324,392    | 306,587    | 280,963    | 263,285    | 239,189    |
| Business Taxes                                       | 569,680    | 539,045    | 516,881    | 482,850    | 454,086    |
| Excise Taxes   | 149,058    | 106,861    | 115,674    | 114,627    | 101,098    |
| Other Taxes and Revenues                             | 80,542     | 36,000     | 22,032     | 19,009     | 17,733     |
| Penalties and Interest on Delinquent Taxes           | —          | —          | —          | —          | —          |
| Unrestricted Investment Earnings (Loss)              | 1          | 1,765      | 18,339     | 9,080      | 9,202      |
| Gain (Loss) on Sale of Capital Assets                | (44,620)   | 7,990      | 7,633)     | (191)      | 9,071      |
| Transfers  | —          | —          | (5,317)    | 15,469     | (8,931)    |
| Total Governmental Activities                        | 1,719,881  | 1,595,597  | 1,538,827  | 1,446,983  | 1,242,139  |
| <i>Business-Type Activities</i>                      |            |            |            |            |            |
| Unrestricted Investment Earnings                     | 52,530     | 28,012     | 18,046     | 12,806     | 13,938     |
| Gain on Sale of Capital Assets                       | 774        | 753        | (83)       | 48,101     | 2,767      |
| Special Item - Environmental Remediation             | (8,902)    | (40,700)   | (9,619)    | (66,187)   | (4,975)    |
| Transfers  | 13,177     | 17,137     | 6,321      | (15,469)   | 8,931      |
| Total Business-Type Activities                       | 57,579     | 5,202      | 14,665     | (20,749)   | 20,661     |
| Total Primary Government                             | 1,777,460  | 1,600,799  | 1,553,492  | 1,426,234  | 1,176,472  |
| <b>CHANGES IN NET POSITION</b>                       |            |            |            |            |            |
| Governmental Activities                              | 243,363    | 279,519    | 184,744    | 166,616    | 203,128    |
| Business-Type Activities                             | 375,172    | 293,619    | 230,411    | 207,217    | 199,998    |
| Total Primary Government                             | \$ 618,520 | \$ 573,138 | \$ 415,155 | \$ 373,833 | \$ 403,126 |

The City of Seattle

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

|  | 2014       | 2013       | 2012       | 2011       | 2010       |
|--|------------|------------|------------|------------|------------|
| <b>GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS</b> |            |            |            |            |            |
| <i>Governmental Activities</i>                       |            |            |            |            |            |
| Taxes  |            |            |            |            |            |
| Property Taxes                                       | \$ 431,458 | \$ 423,927 | \$ 412,872 | \$ 397,288 | \$ 391,798 |
| Sales Taxes  | 199,735    | 181,171    | 169,681    | 158,582    | 146,970    |
| Business Taxes                                       | 431,437    | 408,913    | 358,931    | 339,703    | 331,570    |
| Excise Taxes   | 65,364     | 61,524     | 54,637     | 35,203     | 28,815     |
| Other Taxes and Revenues                             | 16,771     | 11,240     | 44,352     | 39,014     | 31,119     |
| Penalties and Interest on Delinquent Taxes           | 4,091      | 3,596      | 2,795      | 3,240      | 3,475      |
| Unrestricted Investment Earnings (Loss)              | 11,791     | (1,663)    | 6,458      | 5,536      | 4,685      |
| Gain (Loss) on Sale of Capital Assets                | 1,761      | 17,012     | 1,502      | 14,224     | 40,095     |
| Transfers  | (11,512)   | (10,861)   | (10,095)   | (9,373)    | (10,100)   |
| Total Governmental Activities                        | 1,150,896  | 1,094,859  | 1,041,133  | 983,417    | 968,427    |
| <i>Business-Type Activities</i>                      |            |            |            |            |            |
| Unrestricted Investment Earnings                     | 16,254     | 4,204      | 11,789     | 11,078     | 8,796      |
| Gain on Sale of Capital Assets                       | 2,759      | 1,672      | 619        | 924        | 198        |
| Special Item - Environmental Remediation             | (4,949)    | (24,169)   | (37,066)   | 538        | (1,948)    |
| Transfers  | 11,512     | 10,861     | 10,095     | 9,373      | 10,100     |
| Total Business-Type Activities                       | 25,576     | (7,432)    | (14,563)   | 21,913     | 17,146     |
| Total Primary Government                             | 1,176,472  | 1,087,427  | 1,026,570  | 1,005,330  | 985,573    |
| <b>CHANGES IN NET POSITION</b>                       |            |            |            |            |            |
| Governmental Activities                              | 134,318    | 222,622    | 218,440    | 159,929    | 64,879     |
| Business-Type Activities                             | 221,337    | 177,878    | 141,210    | 119,545    | 34,592     |
| Total Primary Government                             | \$ 355,655 | \$ 400,500 | \$ 359,650 | \$ 279,474 | \$ 99,471  |



Statistics

**Table S-4** CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 Page 2 of 2 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (In Thousands)

|  | 2014             | 2013             | 2012             | 2011             | 2010             |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>REVENUES</b>  |                  |                  |                  |                  |                  |
| Taxes  | \$ 1,149,119     | 1,083,499        | \$ 1,044,608     | \$ 973,181       | \$ 933,641       |
| Licenses and Permits   | 30,093           | 27,135           | 25,238           | 22,966           | 26,514           |
| Grants, Shared Revenues, and Contributions                     | 161,361          | 184,784          | 177,775          | 167,813          | 179,842          |
| Charges for Services   | 221,187          | 200,847          | 182,595          | 167,644          | 171,509          |
| Fines and Forfeits   | 37,142           | 41,107           | 34,340           | 34,066           | 32,300           |
| Parking Fees and Space Rent                                    | 63,891           | 62,463           | 57,107           | 51,004           | 46,858           |
| Program Income, Interest, and Miscellaneous Revenues           | 86,757           | 45,462           | 43,649           | 39,706           | 26,037           |
| <b>Total Revenues</b>  | <b>1,749,550</b> | <b>1,645,297</b> | <b>1,565,312</b> | <b>1,456,380</b> | <b>1,416,701</b> |
| <b>EXPENDITURES</b>  |                  |                  |                  |                  |                  |
| <b>Current</b>   |                  |                  |                  |                  |                  |
| General Government   | 204,662          | 191,829          | 180,187          | 193,697          | 203,607          |
| Judicial   | 29,158           | 27,642           | 26,654           | 25,855           | 26,300           |
| Public Safety  | 525,778          | 494,011          | 461,235          | 451,734          | 445,002          |
| Physical Environment   | 7,409            | 11,935           | 7,748            | 11,190           | 9,058            |
| Transportation   | 114,737          | 97,676           | 92,212           | 90,966           | 93,381           |
| Economic Environment   | 140,079          | 128,644          | 128,711          | 106,234          | 123,430          |
| Health and Human Services                                      | 78,024           | 73,151           | 67,103           | 73,100           | 73,956           |
| Culture and Recreation   | 245,358          | 231,694          | 216,508          | 211,523          | 233,284          |
| <b>Capital Outlay</b>  |                  |                  |                  |                  |                  |
| General Government   | 35,599           | 22,220           | 10,684           | 13,862           | 16,799           |
| Judicial   | —                | —                | —                | —                | —                |
| Public Safety  | 25,161           | 21,100           | 27,743           | 8,320            | 21,815           |
| Physical Environment   | —                | —                | —                | —                | —                |
| Transportation   | 278,550          | 234,188          | 228,272          | 167,590          | 169,636          |
| Economic Environment   | 7                | —                | 69               | —                | 5                |
| Culture and Recreation   | 55,132           | 85,690           | 55,507           | 50,383           | 63,521           |
| <b>Debt Service</b>  |                  |                  |                  |                  |                  |
| Principal  | 61,745           | 56,194           | 53,523           | 47,909           | 45,826           |
| Advance Refunding to Escrow                                    | —                | —                | —                | —                | —                |
| Interest   | 26,571           | 26,206           | 25,339           | 26,754           | 24,596           |
| Bond Issuance Cost   | 259              | 822              | 258              | 369              | 1,303            |
| Other  | —                | —                | 305              | —                | —                |
| <b>Total Expenditures</b>                                      | <b>1,828,229</b> | <b>1,703,002</b> | <b>1,582,058</b> | <b>1,479,486</b> | <b>1,551,519</b> |
| Excess (Deficiency) of Revenues over Expenditures              | (78,679)         | (57,705)         | (16,746)         | (23,106)         | (134,818)        |
| <b>OTHER FINANCING SOURCES (USES)</b>                          |                  |                  |                  |                  |                  |
| Long-Term Debt Issued  | 50,455           | 101,115          | 108,085          | 79,433           | 85,325           |
| Refunding Debt Issued  | —                | 43,945           | 0                | 0                | 115,185          |
| Premium on Bonds Issued  | 4,150            | 9,377            | 21,140           | 5,181            | 13,270           |
| Capital Leases Issued  | —                | —                | —                | —                | —                |
| Payment to Refunded Bond Escrow Agent                          | —                | (44,503)         | (91,574)         | 0                | (125,170)        |
| Sales of Capital Assets  | 2,129            | 22,904           | 2,282            | 41,161           | 21,310           |
| Transfers In   | 442,666          | 375,772          | 334,611          | 292,224          | 298,519          |
| Transfers Out  | (448,410)        | (381,986)        | (342,571)        | (297,597)        | (304,618)        |
| <b>Total Other Financing Sources (Uses)</b>                    | <b>50,990</b>    | <b>126,624</b>   | <b>31,973</b>    | <b>120,402</b>   | <b>103,821</b>   |
| Net Change in Fund Balance                                     | \$ (27,689)      | \$ 68,919        | \$ 15,227        | \$ 97,296        | \$ (30,997)      |
| <b>Debt Service as a Percentage of Noncapital Expenditures</b> | <b>5.93 %</b>    | <b>6.26 %</b>    | <b>5.91 %</b>    | <b>5.28 %</b>    | <b>5.28 %</b>    |

The City of Seattle

**Table S-5** TAX REVENUES BY SOURCE  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)  
 (In Thousands)

| Year | General Property Tax | Retail Sales and Use Tax | Business Tax | Excise Tax | Other Taxes | Total Taxes |
|------|----------------------|--------------------------|--------------|------------|-------------|-------------|
| 2010 | \$ 391,692           | \$ 146,970               | \$ 331,570   | \$ 28,815  | \$ 34,594   | \$ 933,641  |
| 2011 | 397,439              | 158,582                  | 339,703      | 35,203     | 42,254      | 973,181     |
| 2012 | 420,763              | 169,681                  | 358,931      | 54,637     | 44,352      | 1,048,364   |
| 2013 | 423,928              | 181,171                  | 408,913      | 61,525     | 11,240      | 1,086,777   |
| 2014 | 431,458              | 199,735                  | 431,437      | 65,364     | 16,771      | 1,144,764   |
| 2015 | 420,691              | 239,189                  | 454,086      | 101,098    | 17,733      | 1,232,797   |
| 2016 | 542,854              | 263,285                  | 482,850      | 114,627    | 19,009      | 1,422,625   |
| 2017 | 582,622              | 280,963                  | 516,881      | 115,674    | 22,032      | 1,518,172   |
| 2018 | 597,949              | 306,587                  | 539,906      | 139,347    | 23,601      | 1,607,390   |
| 2019 | 640,075              | 324,302                  | 579,312      | 166,348    | 33,708      | 1,743,746   |

**Table S-6** ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

| Fiscal Year | Assessed and Estimated Actual Value <sup>A</sup><br>(In Thousands) |                   |                    | Total Direct Tax Rate | Average Annual Growth | Assessed Value Per Capita |
|-------------|--|-------------------|--------------------|-----------------------|-----------------------|---------------------------|
|             | Real Property  | Personal Property | Total <sup>B</sup> |                       |                       |                           |
| 2010        | \$ 118,370,062   | \$ 5,314,253      | \$ 123,684,315     | 2.925 %               | (10.26) %             | \$ 203.208                |
| 2011        | 114,979,131  | 5,137,695         | 120,116,826        | 3.061                 | (2.88)                | 196.237                   |
| 2012        | 111,723,359  | 5,073,531         | 116,796,890        | 3.276                 | (2.76)                | 189.452                   |
| 2013        | 111,788,855  | 5,206,658         | 116,995,513        | 3.286                 | 0.17                  | 186.715                   |
| 2014        | 122,999,095  | 5,206,658         | 128,205,753        | 3.048                 | 9.58                  | 200.165                   |
| 2015        | 139,229,729  | 5,284,205         | 144,513,934        | 2.624                 | 12.72                 | 218.167                   |
| 2016        | 157,548,324  | 5,757,604         | 163,305,928        | 3.067                 | 13.00                 | 237.778                   |
| 2017        | 180,363,081  | 5,962,261         | 186,325,342        | 2.899                 | 14.10                 | 261.070                   |
| 2018        | 208,104,882  | 6,004,182         | 214,109,064        | 2.362                 | 14.91                 | 293.139                   |
| 2019        | 238,336,064  | 6,602,645         | 244,938,709        | 2.229                 | 14.40                 | 327.765                   |

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

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

Statistics

Table S-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES <sup>A</sup>  
Last Ten Fiscal Years  
(In Mills or Dollars per Thousand of Assessed Value)

| Year of Levy | City of Seattle |                       |                    |            | Overlapping |                     |        |                 | Total  | Dollars Levied <sup>C</sup><br>(\$1,000) | Annual Growth |
|--------------|-----------------|-----------------------|--------------------|------------|-------------|---------------------|--------|-----------------|--------|--|---------------|
|              | General Fund    | Special Revenue Funds | Debt Service Funds | City Total | State       | County <sup>B</sup> | School | Port of Seattle |        |  |               |
| 2010         | 1.784           | 1.005                 | 0.136              | 2.925      | 2.222       | 1.694               | 1.985  | 0.216           | 9.042  | \$1,118,329                              | 1.8 %         |
| 2011         | 1.875           | 1.038                 | 0.148              | 3.061      | 2.280       | 1.751               | 2.342  | 0.224           | 9.658  | 1,160,092                                | 3.7           |
| 2012         | 1.968           | 1.161                 | 0.147              | 3.276      | 2.422       | 1.837               | 2.400  | 0.230           | 10.165 | 1,187,240                                | 2.3           |
| 2013         | 1.902           | 1.246                 | 0.138              | 3.286      | 2.567       | 1.976               | 2.447  | 0.233           | 10.509 | 1,229,506                                | 3.6           |
| 2014         | 1.801           | 1.107                 | 0.140              | 3.048      | 2.470       | 2.008               | 2.549  | 0.215           | 10.290 | 1,319,452                                | 7.3           |
| 2015         | 1.625           | 0.868                 | 0.130              | 2.623      | 2.285       | 1.789               | 2.391  | 0.189           | 9.277  | 1,345,016                                | 1.9           |
| 2016         | 1.468           | 1.421                 | 0.178              | 3.067      | 2.168       | 1.892               | 2.188  | 0.170           | 9.485  | 1,554,926                                | 15.6          |
| 2017         | 1.346           | 1.387                 | 0.166              | 2.899      | 2.032       | 2.013               | 2.151  | 0.153           | 9.248  | 1,723,142                                | 10.8          |
| 2018         | 1.245           | 1.208                 | 0.143              | 2.596      | 2.918       | 1.901               | 2.012  | 0.135           | 9.562  | 2,040,443                                | 31.2          |
| 2019         | 1.126           | 1.223                 | 0.094              | 2.443      | 2.629       | 1.740               | 1.350  | 0.123           | 8.285  | 2,024,879                                | 17.5          |

<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, Flood Zone levy, and Sound Transit3 are included in the County's tax levy rate. EMS rate is 0.263, Flood Zone levy is 0.117, and Sound Transit3 is 0.250 in 2017.

<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>       | 2019   |                                  |      | 2010   |                                  |      |
|-----------------------------|--|----------------------------------|------|--|----------------------------------|------|
|                             | Assessed Valuation <sup>F</sup><br>(In Millions) | Percentage of Assessed Valuation | Rank | Assessed Valuation <sup>F</sup><br>(In Millions) | Percentage of Assessed Valuation | Rank |
| Amazon                      | \$ 3,252.3                                       | 1.26 %                           | 1    |  |                                  |      |
| Union Square Limited        | 1,170.3  | 0.45                             | 2    | \$ 427.5   | 0.35 %                           | 2    |
| GC Columbia LLC             | 858.3  | 0.33                             | 3    | 298.2  | 0.24                             | 5    |
| Ponte Gadea Seattle LLC     | 832.8  | 0.32                             | 4    |  |                                  |      |
| Altus Group US Inc          | 748.3  | 0.29                             | 5    |  |                                  |      |
| Acorn Development LLC       | 710.4  | 0.28                             | 6    |  |                                  |      |
| 1201 Tab Owner LLC          | 699.2  | 0.27                             | 7    | 353.7  | 0.29                             | 4    |
| Selig Holdings Co. LLC      | 579.4  | 0.22                             | 8    | 249.8  | 0.20                             | 7    |
| BPP 1420 Fifth Avenue Owner | 578.0  | 0.22                             | 9    |  |                                  |      |
| FSP-RIC LLC                 | 575.8  | 0.22                             | 10   |  |                                  |      |
| The Boeing Company          |  |                                  |      | 483.7  | 0.39                             | 1    |
| Qwest Corporation, Inc.     |  |                                  |      | 427.2  | 0.35                             | 3    |
| City Centre Associates JV   |  |                                  |      | 269.8  | 0.22                             | 6    |
| Puget Sound Energy/Gas      |  |                                  |      | 237.6  | 0.19                             | 8    |
| Starbucks                   |  |                                  |      | 215.1  | 0.17                             | 9    |
| 999 Third Avenue Property   |  |                                  |      | 207.4  | 0.17                             | 10   |

<sup>D</sup> Source: King County Assessor

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

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

The City of Seattle

Table S-9 PRINCIPAL REVENUE SOURCES  
Current Year and Nine Years Ago  
(In Thousands)

| Customer Name                     | CITY LIGHT <sup>A</sup> |                    |      |                   |                    |      |
|-----------------------------------|-------------------------|--------------------|------|-------------------|--------------------|------|
|                                   | 2019                    |                    |      | 2010 <sup>D</sup> |                    |      |
|                                   | Amount                  | Percent of Revenue | Rank | Amount            | Percent of Revenue | Rank |
| University of Washington          | \$ 28,626               | 3.05%              | 1    | \$ 19,989         | 3.20%              | 1    |
| NUCOR                             | 22,168                  | 2.36               | 2    | 19,117            | 3.06               | 2    |
| Boeing BCAG                       | 13,417                  | 1.43               | 3    | 14,364            | 2.30               | 3    |
| King County <sup>B</sup>          | 11,057                  | 1.18               | 4    | 5,469             | 0.88               | 6    |
| Sabey Corporation                 | 10,918                  | 1.16               | 5    | 11,511            | 1.84               | 5    |
| City of Seattle                   | 6,656                   | 0.71               | 6    | 14,193            | 2.27               | 4    |
| Ardagh Glass                      | 6,042                   | 0.64               | 7    | —                 | —                  | —    |
| 2001 Sixth LLC                    | 5,701                   | 0.61               | 8    | 4,746             | 0.76               | 9    |
| Martin Selig                      | 5,655                   | 0.60               | 9    | —                 | —                  | —    |
| Century Link                      | 5,201                   | 0.55               | 10   | —                 | —                  | —    |
| Saint Gobain                      |                         |                    |      | 5,233             | 0.84               | 7    |
| US Government                     |                         |                    |      | 4,823             | 0.77               | 8    |
| Unico Properties/Union Square Ltd |                         |                    |      | 4,319             | 0.69               | 10   |
| Total Top Ten                     | \$ 115,341              | 12.29%             |      | \$ 85,764         | 16.61%             |      |

<sup>A</sup> City Light billing records.

<sup>B</sup> Revenue for King County included Metro Transit due to the merger of King County and Metro Transit in 2004.

| Customer Name                       | WATER <sup>C</sup> |                    |      |                   |                    |      |
|-------------------------------------|--------------------|--------------------|------|-------------------|--------------------|------|
|                                     | 2019               |                    |      | 2010 <sup>D</sup> |                    |      |
|                                     | Amount             | Percent of Revenue | Rank | Amount            | Percent of Revenue | Rank |
| Cascade Water Alliance              | \$ 24,087          | 8.57%              | 1    | \$ 19,280         | 10.62%             | 1    |
| Northshore Utility District         | 6,152              | 2.19               | 2    | 5,081             | 2.80               | 2    |
| Highline Water District             | 4,755              | 1.69               | 3    | 3,113             | 1.72               | 3    |
| University of Washington            | 4,698              | 1.67               | 4    | 2,670             | 1.47               | 4    |
| City of Seattle                     | 4,321              | 1.54               | 5    | 2,209             | 1.22               | 7    |
| Soos Creek Water and Sewer District | 3,677              | 1.31               | 6    | 2,606             | 1.44               | 5    |
| Woodinville Water District          | 3,494              | 1.24               | 7    | 2,553             | 1.41               | 6    |
| Port of Seattle                     | 3,297              | 1.17               | 8    | 2,144             | 1.18               | 8    |
| Seattle Housing Authority           | 2,602              | 0.93               | 9    | 1,166             | 0.64               | 10   |
| King County Water District #20      | 2,341              | 0.83               | 10   | 1,781             | 0.98               | 9    |
| Total Top Ten                       | \$ 59,424          | 21.14%             |      | \$ 42,603         | 23.48%             |      |

<sup>C</sup> Source: Seattle Public Utilities billing records.

<sup>D</sup> Using data from the 2010 CAFR.

Statistics

Table S-9  
Page 2 of 2

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

| Customer Name                     | DRAINAGE AND WASTEWATER <sup>A</sup> |                    |      |                   |                    |      |
|-----------------------------------|--------------------------------------|--------------------|------|-------------------|--------------------|------|
|                                   | 2019                                 |                    |      | 2010 <sup>B</sup> |                    |      |
|                                   | Amount                               | Percent of Revenue | Rank | Amount            | Percent of Revenue | Rank |
| City of Seattle                   | \$ 13,271                            | 2.94%              | 1    | \$ 5,707          | 2.29%              | 2    |
| University of Washington          | 12,313                               | 2.73               | 2    | 6,183             | 2.48               | 1    |
| Seattle Housing Authority         | 6,597                                | 1.46               | 3    | 2,848             | 1.14               | 4    |
| King County                       | 5,723                                | 1.27               | 4    | 1,137             | 0.46               | 6    |
| Seattle Public Schools            | 3,179                                | 0.71               | 5    | 1,836             | 0.74               | 5    |
| Equity Residential Prop.          | 2,604                                | 0.58               | 6    | —                 | —                  | —    |
| Marriott International Inc.       | 2,469                                | 0.55               | 7    | —                 | —                  | —    |
| BNSF Railway                      | 2,347                                | 0.52               | 8    | 845               | 0.34               | 7    |
| Port of Seattle                   | 1,612                                | 0.36               | 9    | 3,193             | 1.28               | 3    |
| Hyatt                             | 1,472                                | 0.33               | 10   | —                 | —                  | —    |
| King County Facilities Management |                                      |                    |      | 823               | 0.33               | 8    |
| Harborview Medical Center         |                                      |                    |      | 736               | 0.29               | 9    |
| The Boeing Company                |                                      |                    |      | 728               | 0.29               | 10   |
| Total Top Ten                     | \$ 51,587                            | 11.44              |      | \$ 24,036         | 9.64%              |      |

<sup>A</sup> Source: Seattle Public Utilities billing records.

<sup>B</sup> Using data from the 2010 CAFR.

| Customer Name              | SOLID WASTE <sup>C</sup> |                    |      |                   |                    |      |
|----------------------------|--------------------------|--------------------|------|-------------------|--------------------|------|
|                            | 2019                     |                    |      | 2010 <sup>D</sup> |                    |      |
|                            | Amount                   | Percent of Revenue | Rank | Amount            | Percent of Revenue | Rank |
| City of Seattle            | \$ 1,167                 | 0.52%              | 1    | \$ 876            | 0.59%              | 1    |
| Starbucks                  | 912                      | 0.40               | 2    | 608               | 0.41               | 3    |
| Goodwill Industries        | 874                      | 0.39               | 3    | 494               | 0.33               | 5    |
| Swedish Medical Group      | 789                      | 0.35               | 4    | 421               | 0.29               | 8    |
| Fred Meyer/QFC             | 728                      | 0.32               | 5    | 865               | 0.59               | 2    |
| Seattle Housing Authority  | 596                      | 0.26               | 6    | 527               | 0.36               | 4    |
| Pike Place Market          | 582                      | 0.26               | 7    | 384               | 0.26               | 9    |
| King County                | 580                      | 0.26               | 8    | —                 | —                  | —    |
| Marriott International Inc | 576                      | 0.26               | 9    | —                 | —                  | —    |
| Seattle Pacific University | 490                      | 0.22               | 10   | —                 | —                  | —    |
| Seattle Public Schools     |                          |                    |      | 442               | 0.30               | 6    |
| University of Washington   |                          |                    |      | 438               | 0.30               | 7    |
| Safeway                    |                          |                    |      | 357               | 0.24               | 10   |
| Total Top Ten              | \$ 7,294                 | 3.24%              |      | \$ 5,412          | 3.67%              |      |

<sup>C</sup> Source: Seattle Public Utilities billing records.

<sup>D</sup> Using data from the 2010 CAFR.

The City of Seattle

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

| Fiscal Year | Original Levy  | Adjusted Levy <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 |
| 2010        | \$ 396,716,770 | \$ 394,203,623             | \$ 387,023,382                               | 98.18%                      | \$ 64,404                      | \$ 394,268,027   | \$ 7,244,878           | \$ 394,268,260            | 100.00%                |
| 2011        | 401,332,061    | 399,082,252                | 392,544,843                                  | 98.36                       | (161,086)                      | 398,921,166      | 6,446,943              | 398,991,786               | 100.00                 |
| 2012        | 417,706,022    | 415,720,650                | 408,919,797                                  | 98.36                       | (73,090)                       | 415,647,560      | 6,767,041              | 415,686,838               | 100.00                 |
| 2013        | 419,470,830    | 418,268,214                | 411,963,480                                  | 98.49                       | 93,701                         | 418,361,915      | 6,307,712              | 418,271,192               | 99.98                  |
| 2014        | 433,746,570    | 432,690,228                | 426,568,295                                  | 98.59                       | (19,463)                       | 432,670,765      | 5,671,722              | 432,240,016               | 99.90                  |
| 2015        | 422,711,554    | 421,442,544                | 416,061,811                                  | 98.72                       | 103,024                        | 421,545,568      | 5,487,383              | 421,549,193               | 100.00                 |
| 2016        | 498,949,892    | 496,251,074                | 490,199,608                                  | 98.78                       | 206,670                        | 496,457,744      | 6,218,594              | 496,418,202               | 99.99                  |
| 2017        | 535,789,356    | 533,119,015                | 526,236,155                                  | 98.71                       | (326,481)                      | 532,792,534      | 5,838,297              | 532,074,452               | 99.87                  |
| 2018        | 555,089,567    | 551,976,978                | 545,540,134                                  | 98.83                       | 108,928                        | 552,085,905      | 5,053,129              | 550,593,262               | 99.73                  |
| 2019        | 597,158,303    | 592,637,211                | 585,964,241                                  | 98.87                       | —                              | 592,637,211      | —                      | 585,964,241               | 98.87                  |

<sup>A</sup> Source King County Treasurer's Office.

Statistics

Table S-11 RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years (In Thousands, except Per Capita)

| Governmental Activities |                          |  |                              |                          |                     |                |
|-------------------------|--------------------------|--|------------------------------|--------------------------|---------------------|----------------|
| Fiscal Year             | General Obligation Bonds | Premiums, Discounts, and Other Adjustments | Net General Obligation Bonds | Special Assessment Bonds | Notes and Contracts | Capital Leases |
| 2010                    | 801,695                  | 37,260                                     | 838,955                      | 15,735                   | 16,582              | 14             |
| 2011                    | 822,110                  | 38,185                                     | 860,295                      | 14,305                   | 14,662              | 10             |
| 2012                    | 772,950                  | 56,070                                     | 829,020                      | 13,005                   | 18,748              | 6              |
| 2013                    | 809,060                  | 53,919                                     | 862,979                      | 13,005                   | 16,631              | 2              |
| 2014                    | 816,060                  | 55,218                                     | 871,278                      | 10,395                   | 14,580              | 105            |
| 2015                    | 965,310                  | 81,337                                     | 1,046,647                    | 8,825                    | 12,668              | 151            |
| 2016                    | 1,008,895                | 91,032                                     | 1,099,927                    | 7,505                    | 10,945              | 158            |
| 2017                    | 1,012,535                | 82,416                                     | 1,094,951                    | 6,075                    | 9,425               | 105            |
| 2018                    | 977,470                  | 76,649                                     | 1,054,119                    | 4,975                    | 8,070               | 35             |
| 2019                    | 943,880                  | 71,547                                     | 1,015,427                    | 3,760                    | 6,795               | 10             |

| Business-Type Activities |                          |                       |             |                               |                   |  |
|--------------------------|--------------------------|-----------------------|-------------|-------------------------------|-------------------|--|
| Fiscal Year              | General Obligation Bonds | Light and Power Bonds | Water Bonds | Drainage and Wastewater Bonds | Solid Waste Bonds | Net General Obligation Bonds and Revenue Bonds |
| 2010                     | 62,093                   | 1,536,775             | 1,006,300   | 499,785                       | 78,491            | 3,303,095                                      |
| 2011                     | 60,846                   | 1,680,095             | 977,160     | 486,610                       | 122,165           | 3,453,339                                      |
| 2012                     | 59,589                   | 1,778,600             | 919,640     | 540,495                       | 119,205           | 3,639,285                                      |
| 2013                     | 58,327                   | 1,863,325             | 887,010     | 525,280                       | 115,875           | 3,664,824                                      |
| 2014                     | 56,470                   | 1,903,845             | 853,465     | 618,895                       | 166,875           | 3,848,945                                      |
| 2015                     | 53,520                   | 2,070,780             | 851,565     | 600,680                       | 197,810           | 4,055,428                                      |
| 2016                     | —                        | 2,118,085             | 809,950     | 673,920                       | 207,545           | 4,141,100                                      |
| 2017                     | —                        | 2,345,490             | 858,215     | 821,255                       | 201,000           | 4,623,874                                      |
| 2018                     | —                        | 2,491,550             | 817,195     | 796,030                       | 194,225           | 4,689,995                                      |
| 2019                     | —                        | 2,567,110             | 774,115     | 769,605                       | 187,105           | 4,725,365                                      |

| Business-Type Activities |                     | Primary Government |  |                 |
|--------------------------|---------------------|--------------------|--|-----------------|
| Fiscal Year              | Notes and Contracts | Total              | Percentage of Personal Income <sup>A</sup> | Debt Per Capita |
| 2010                     | 34,107              | 4,208,488          | 14.50                                      | 6,914           |
| 2011                     | 36,222              | 4,378,833          | 14.60                                      | 7,154           |
| 2012                     | 34,753              | 4,534,817          | 12.04                                      | 7,356           |
| 2013                     | 35,606              | 4,593,047          | 11.42                                      | 7,330           |
| 2014                     | 33,889              | 4,779,192          | 11.94                                      | 7,462           |
| 2015                     | 38,907              | 5,162,626          | 11.84                                      | 7,794           |
| 2016                     | 40,133              | 5,299,768          | 11.06                                      | 7,717           |
| 2017                     | 77,026              | 5,811,456          | 10.85                                      | 8,143           |
| 2018                     | 76,256              | 5,833,450          | 10.70                                      | 7,987           |
| 2019                     | 71,843              | 5,824,119          | N/A  | 7,794           |

<sup>A</sup> Personal income data is not available for 2019.

The City of Seattle

Table S-12 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

| Fiscal Year | Governmental Activities                                     |   |  |   | Per Capita |
|-------------|---|---|--|---|------------|
|             | General Bonded Debt Outstanding <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> |            |
| 2010        | 801,695   | 9,804   | 829,151  | 0.67 %  | 1,362      |
| 2011        | 822,110   | 9,653   | 850,642  | 0.73  | 1,390      |
| 2012        | 772,950   | 9,719   | 819,301  | 0.70  | 1,329      |
| 2013        | 809,060   | 9,775   | 853,204  | 0.67  | 1,362      |
| 2014        | 816,060   | 10,131  | 861,147  | 0.59  | 1,344      |
| 2015        | 965,310   | 10,672  | 1,035,975  | 0.63  | 1,564      |
| 2016        | 1,008,895   | 10,511  | 1,089,416  | 0.58  | 1,586      |
| 2017        | 1,012,535   | 10,392  | 1,084,559  | 0.00  | 1,520      |
| 2018        | 977,470   | 10,778  | 1,043,341  | 0.43  | 1,428      |
| 2019        | 943,880   | 10,949  | 1,051,427  | 0.39  | 1,390      |

| Fiscal Year | Business-Type Activities                                    |   |  |   | Per Capita |
|-------------|---|---|--|---|------------|
|             | General Bonded Debt Outstanding <sup>B</sup> (In Thousands) | Premiums, Discounts, and Other Adjustments (In Thousands) | Net General Bonded Debt Outstanding (In Thousands) | Percentage of Actual Taxable Value of Property <sup>A</sup> |            |
| 2010        | 62,093  | 3,564   | 65,657   | 0.05 %  | 108        |
| 2011        | 60,846  | 3,366   | 64,212   | 0.05  | 105        |
| 2012        | 59,589  | 3,168   | 62,757   | 0.05  | 102        |
| 2013        | 58,327  | 2,970   | 61,297   | 0.05  | 98         |
| 2014        | 56,470  | 2,772   | 59,242   | 0.04  | 92         |
| 2015        | 53,520  | 2,574   | 56,094   | 0.03  | 85         |
| 2016        | —   | —   | —  | —   | —          |
| 2017        | —   | —   | —  | —   | —          |
| 2018        | —   | —   | —  | —   | —          |
| 2019        | —   | —   | —  | —   | —          |

| Fiscal Year | Business-Type Activities                    |  | Percentage of Debt Service to Net Operating Income |
|-------------|---|--|--|
|             | Annual Debt Service Payments (In Thousands) | Net Operating Income <sup>C</sup> (In Thousands) |  |
| 2010        | 4,578                                       | 4,097  | 111.74 %   |
| 2011        | 4,520                                       | 3,282  | 137.72   |
| 2012        | 4,438                                       | 3,866  | 114.80   |
| 2013        | 4,337                                       | 3,863  | 112.27   |
| 2014        | 4,796                                       | 4,634  | 103.50   |
| 2015        | 5,773                                       | 4,843  | 119.20   |
| 2016        | 2,007                                       | 3,337  | 60.14  |
| 2017        | —   | —  | —  |
| 2018        | —   | —  | —  |
| 2019        | —   | —  | —  |

| Fiscal Year | Primary Government  |   |                                     |
|-------------|---|---|-------------------------------------|
|             | General Bonded Debt Outstanding <sup>B</sup> (In Thousands) | Externally Restricted Fund Balance (In Thousands) | Net General Bonded Debt Outstanding |
| 2010        | 904,612   | 9,804   | 894,808                             |
| 2011        | 924,507   | 9,653   | 914,854                             |
| 2012        | 891,777   | 9,719   | 882,058                             |
| 2013        | 924,276   | 9,775   | 914,501                             |
| 2014        | 930,520   | 10,131  | 920,389                             |
| 2015        | 1,102,741   | 10,672  | 1,092,069                           |
| 2016        | 1,099,927   | 10,511  | 1,089,416                           |
| 2017        | 1,094,951   | 10,392  | 1,084,559                           |
| 2018        | 1,054,119   | 10,778  | 1,043,341                           |
| 2019        | 1,015,427   | 10,949  | 1,004,478                           |

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

<sup>C</sup> Excludes amortization.

Statistics

Table S-13

DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
December 31, 2019

| Governmental Unit                      | Net Debt Outstanding (In Thousands) | Percentage Applicable to Seattle <sup>A</sup> | Amount Applicable to Seattle (In Thousands) |
|--|-------------------------------------|---|---|
| <b>Debt Repaid with Property Taxes</b> |                                     |   |   |
| King County <sup>B</sup>               | 729,191                             | 40.38%  | 294,447                                     |
| Port of Seattle                        | 335,470                             | 40.38   | 135,463                                     |
| Seattle School District No. 001        | 20,200                              | 99.57   | 20,113                                      |
| Highline School District No. 401       | 428,728                             | 0.01  | 43  |
| Subtotal Overlapping Debt              | 1,513,589                           |   | 450,066                                     |
| City of Seattle Direct Debt            | 943,880                             | 100.00%                                       | 943,880                                     |
| Total Direct and Overlapping Debt      | \$ 2,457,469                        |   | \$ 1,393,946                                |

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

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

The City of Seattle

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) |                          |
| Latest Certified Assessed Value                         | \$244,938,709,301 <sup>B</sup>        |   |  |   |                          |
| 2.50% of Assessed Value                                 | \$ —                                  | \$ 6,123,467,733                        | \$ 6,123,467,733                               | \$ 6,123,467,733                          | \$ 18,370,403,198        |
| 1.50% of Assessed Value                                 | 3,674,080,640                         | (3,674,080,640)                         | —  | —   | —                        |
|   | 3,674,080,640                         | 2,449,387,093                           | 6,123,467,733                                  | 6,123,467,733                             | 18,370,403,198           |
| Statutory Debt Limit Less Debt Outstanding <sup>E</sup> |                                       |   |  |   |                          |
| Bonds   | (681,085,000)                         | (262,795,000)                           | —  | —   | (943,880,000)            |
| Guarantee on PDA Bonds <sup>D</sup>                     | (36,870,000)                          | —                                       | —  | —   | (36,870,000)             |
| Public Works Trust Fund Loans <sup>F</sup>              | (6,794,740)                           | —                                       | —  | —   | (6,794,740)              |
| Compensated Absences <sup>F</sup>                       | (98,397,323)                          | —                                       | —  | —   | (98,397,323)             |
| Total Debt Outstanding                                  | (823,147,063)                         | (262,795,000)                           | —  | —   | (1,085,942,063)          |
| Add:  |                                       |   |  |   |                          |
| Available Net Position In Redemption Funds <sup>G</sup> | 10,914,950                            | 33,723                                  | —  | —   | 10,948,673               |
| Compensated Absences for Sick Leave <sup>F</sup>        | 38,108,438                            | —                                       | —  | —   | 38,108,438               |
| Net Debt Outstanding                                    | (774,123,675)                         | (262,761,277)                           | —  | —   | (1,036,884,952)          |
| <b>LEGAL DEBT MARGIN</b>                                | <b>\$ 2,899,956,965</b>               | <b>\$ 2,186,625,816</b>                 | <b>\$ 6,123,467,733</b>                        | <b>\$ 6,123,467,733</b>                   | <b>\$ 17,333,518,246</b> |

| Fiscal Year | Debt Limit       | Total Net Debt Applicable to Limit | Legal Debt Margin | Percentage of Net Debt to Debt Limit |
|-------------|------------------|------------------------------------|-------------------|--------------------------------------|
| 2010        | \$ 9,008,761,941 | \$ 1,005,384,736                   | \$ 8,003,377,205  | 11.16%                               |
| 2011        | 8,812,740,984    | 1,019,769,381                      | 7,792,971,603     | 11.57                                |
| 2012        | 8,826,489,180    | 986,832,122                        | 7,839,657,058     | 11.18                                |
| 2013        | 9,661,067,622    | 1,010,440,022                      | 8,650,627,600     | 10.46                                |
| 2014        | 10,881,878,356   | 1,011,446,510                      | 9,870,431,846     | 9.29                                 |
| 2015        | 12,294,324,646   | 1,150,053,778                      | 11,144,270,868    | 9.35                                 |
| 2016        | 13,974,400,710   | 1,127,451,915                      | 12,846,948,795    | 8.07                                 |
| 2017        | 16,058,179,816   | 1,127,407,620                      | 14,930,772,196    | 7.02                                 |
| 2018        | 16,058,179,816   | 1,082,362,532                      | 17,288,040,666    | 5.89                                 |
| 2019        | 18,370,403,198   | 1,036,884,952                      | 17,333,518,246    | 5.44                                 |

<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% of assessed value of taxable property without a vote of the people, and a total of 2.5% (statutory) and 5.0% (constitutional) of assessed value of taxable property for general municipal purposes with a vote of the people.

<sup>B</sup> RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of February 25, 2019 for taxes payable in 2019.

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

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

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

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

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

Statistics

Table S-15 PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years (In Thousands)

| Fiscal Year | CITY LIGHT PARITY AND JUNIOR LIEN BONDS <sup>A</sup> |                         | Net Available                    |         | Junior Lien Bonds |           | Parity Bonds |           | Coverage |
|-------------|--|-------------------------|----------------------------------|---------|-------------------|-----------|--------------|-----------|----------|
|             | Utility Service Charges                              | Less Operating Expenses | Adjustments to Operating Revenue | Revenue | Interest          | Principal | Interest     | Principal |          |
| 2010        | 702,053  | 491,641                 | —                                | 210,412 | —                 | —         | 51,012       | 67,360    | 1.78     |
| 2011        | 754,391  | 484,529                 | —                                | 269,862 | —                 | —         | 85,038       | 61,650    | 1.84     |
| 2012        | 795,238  | 489,098                 | —                                | 306,140 | —                 | —         | 80,129       | 88,995    | 1.81     |
| 2013        | 833,834  | 514,269                 | —                                | 319,565 | —                 | —         | 80,960       | 91,840    | 1.85     |
| 2014        | 872,836  | 531,464                 | —                                | 341,372 | —                 | —         | 85,086       | 99,670    | 1.85     |
| 2015        | 873,650  | 567,058                 | —                                | 306,592 | 250               | —         | 84,408       | 104,915   | 1.62     |
| 2016        | 903,175  | 795,766                 | 224,519                          | 331,928 | 1,038             | —         | 88,060       | 107,850   | 1.69     |
| 2017        | 989,710  | 852,469                 | 239,552                          | 376,793 | 2,479             | —         | 875,775      | 111,230   | 0.38     |
| 2018        | 991,614  | 823,238                 | 220,032                          | 388,408 | 3,986             | 1,260     | 90,206       | 116,975   | 1.83     |
| 2019        | 1,079,424  | 873,269                 | 256,501                          | 462,656 | 3,679             | 2,870     | 97,696       | 116,540   | 2.10     |

| Fiscal Year | WATER <sup>B</sup>      |                         | Net Available |          | Debt Service |      | Coverage |
|-------------|-------------------------|-------------------------|---------------|----------|--------------|------|----------|
|             | Utility Service Charges | Less Operating Expenses | Revenue       | Interest | Principal    |      |          |
| 2010        | 195,204                 | 79,487                  | 115,717       | 47,325   | 25,425       | 1.59 |          |
| 2011        | 194,573                 | 78,141                  | 116,432       | 49,412   | 29,140       | 1.48 |          |
| 2012        | 215,474                 | 78,339                  | 135,135       | 47,245   | 31,425       | 1.72 |          |
| 2013        | 235,594                 | 89,291                  | 146,303       | 44,793   | 32,630       | 1.89 |          |
| 2014        | 242,947                 | 94,500                  | 148,447       | 43,369   | 33,545       | 1.93 |          |
| 2015        | 251,977                 | 97,937                  | 154,040       | 45,343   | 37,330       | 1.86 |          |
| 2016        | 251,364                 | 106,063                 | 145,301       | 40,348   | 41,615       | 1.77 |          |
| 2017        | 262,896                 | 108,333                 | 154,563       | 40,479   | 39,345       | 1.94 |          |
| 2018        | 282,286                 | 98,459                  | 183,827       | 40,276   | 41,020       | 2.26 |          |
| 2019        | 281,008                 | 113,901                 | 167,107       | 38,260   | 43,080       | 2.07 |          |

| Fiscal Year | DRAINAGE AND WASTEWATER <sup>C</sup> |                         | Net Available |          | Debt Service |      | Coverage |
|-------------|--------------------------------------|-------------------------|---------------|----------|--------------|------|----------|
|             | Utility Service Charges              | Less Operating Expenses | Revenue       | Interest | Principal    |      |          |
| 2010        | 349,734                              | 188,250                 | 61,484        | 17,234   | 12,541       | 2.06 |          |
| 2011        | 278,957                              | 196,454                 | 82,503        | 12,129   | 17,379       | 2.80 |          |
| 2012        | 304,002                              | 199,592                 | 104,410       | 18,017   | 12,472       | 3.42 |          |
| 2013        | 333,760                              | 213,918                 | 119,842       | 18,113   | 12,011       | 3.98 |          |
| 2014        | 342,000                              | 216,415                 | 125,585       | 26,466   | 15,825       | 2.97 |          |
| 2015        | 363,779                              | 230,290                 | 133,489       | 29,156   | 18,215       | 2.82 |          |
| 2016        | 375,041                              | 246,488                 | 128,553       | 28,561   | 19,080       | 2.70 |          |
| 2017        | 400,284                              | 259,173                 | 141,111       | 30,934   | 21,570       | 2.69 |          |
| 2018        | 419,876                              | 258,852                 | 161,024       | 36,901   | 25,225       | 2.59 |          |
| 2019        | 454,382                              | 268,650                 | 185,732       | 35,581   | 26,425       | 3.03 |          |

| Fiscal Year | SOLID WASTE <sup>D</sup> |                         | Net Available |          | Debt Service |      | Coverage |
|-------------|--------------------------|-------------------------|---------------|----------|--------------|------|----------|
|             | Utility Service Charges  | Less Operating Expenses | Revenue       | Interest | Principal    |      |          |
| 2010        | 146,980                  | 118,270                 | 28,710        | 3,865    | 1,980        | 4.91 |          |
| 2011        | 154,200                  | 121,558                 | 32,642        | 3,773    | 2,075        | 5.58 |          |
| 2012        | 156,927                  | 121,980                 | 34,947        | 6,079    | 2,960        | 3.87 |          |
| 2013        | 159,742                  | 125,991                 | 33,751        | 5,708    | 3,330        | 3.73 |          |
| 2014        | 157,498                  | 122,948                 | 34,550        | 6,976    | 3,495        | 3.30 |          |
| 2015        | 174,788                  | 131,138                 | 43,650        | 7,732    | 4,895        | 3.46 |          |
| 2016        | 183,666                  | 139,731                 | 43,935        | 9,448    | 5,750        | 2.89 |          |
| 2017        | 209,644                  | 146,641                 | 63,003        | 9,419    | 6,545        | 3.95 |          |
| 2018        | 205,634                  | 150,595                 | 55,039        | 9,103    | 6,775        | 3.47 |          |
| 2019        | 224,965                  | 150,737                 | 74,228        | 8,757    | 7,120        | 4.75 |          |

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

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Table S-16 DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

| Year | Population <sup>A</sup> |         | Total Personal Income <sup>B</sup> (In Thousands) |                                    | Per Capita Income <sup>B</sup> |                                    | King County Average Annual Unemployment Rate <sup>D</sup> |
|------|-------------------------|---------|---|------------------------------------|--------------------------------|------------------------------------|---|
|      | King County             | Seattle | King County                                       | Metropolitan Division <sup>C</sup> | King County                    | Metropolitan Division <sup>C</sup> |   |
| 2010 | 1,933,400               | 608,660 | \$ 112,234,690                                    | \$ 140,402,380                     | \$ 58,050                      | \$ 51,370                          | 8.8%  |
| 2011 | 1,942,600               | 612,100 | 120,055,100                                       | 149,916,738                        | 61,801                         | 53,931                             | 8.1   |
| 2012 | 1,957,000               | 616,500 | 132,840,302                                       | 164,223,321                        | 67,880                         | 52,627                             | 6.8   |
| 2013 | 1,981,900               | 626,600 | 135,079,092                                       | 167,113,851                        | 68,156                         | 55,190                             | 8.1   |
| 2014 | 2,017,250               | 640,500 | 143,260,986                                       | 177,417,334                        | 71,018                         | 62,481                             | 5.0   |
| 2015 | 2,052,800               | 662,400 | 153,554,091                                       | 190,187,027                        | 74,802                         | 65,817                             | 4.1   |
| 2016 | 2,105,100               | 686,800 | 166,006,277                                       | 205,002,309                        | 78,859                         | 69,786                             | 3.9   |
| 2017 | 2,153,700               | 713,700 | 182,495,475                                       | 224,504,700                        | 84,736                         | 75,078                             | 3.7   |
| 2018 | 2,190,200               | 730,400 | 201,962,200                                       | 247,505,087                        | 83,324                         | 81,201                             | 3.5   |
| 2019 | 2,226,300               | 747,300 | NA  | NA                                 | NA                             | NA                                 | 3.0   |

- A As of April 1. Source: Washington State Office of Financial Management, "2019 Population Cities, Towns and Counties" estimates only.
- B Source: U. S. Bureau of Economic Analysis. 2019 Personal Income not yet available.
- C Source: U. S. Bureau of Economic Analysis includes Seattle, Tacoma, and Bellevue.
- D Source: Washington State Employment Security Department, January 28, 2020

Table S-17 PRINCIPAL INDUSTRIES <sup>A,B</sup> Current Year and Nine Years Ago

| Industry                              | 2019                |                          |      | 2010 <sup>C</sup>   |                          |      |
|---------------------------------------|---------------------|--------------------------|------|---------------------|--------------------------|------|
|                                       | Number of Employees | Percentage of Employment | Rank | Number of Employees | Percentage of Employment | Rank |
| Professional and Business Services    | 238,500             | 16.2 %                   | 1    | 176,800             | 15.4 %                   | 1    |
| Educational and health services       | 189,600             | 12.9                     | 2    | 152,800             | 13.3                     | 3    |
| Government (federal, state and local) | 175,700             | 12.0                     | 3    | 167,000             | 14.5                     | 2    |
| Retail Trade                          | 162,300             | 11.1                     | 4    | 105,900             | 9.2                      | 5    |
| Leisure and Hospitality               | 147,900             | 10.1                     | 5    | 108,700             | 9.5                      | 4    |
| Information                           | 121,200             | 8.3                      | 6    | 79,400              | 6.9                      | 7    |
| Manufacturing                         | 106,400             | 7.2                      | 7    | 98,300              | 8.6                      | 6    |
| Construction                          | 79,900              | 5.4                      | 8    | 49,700              | 4.3                      | 10   |
| Financial Activities                  | 75,200              | 5.1                      | 9    | 68,700              | 6.0                      | 8    |
| Wholesale Trade                       | 64,100              | 4.4                      | 10   | 58,000              | 5.0                      | 9    |
| Total Top Ten Industries              | 1,360,800           | 92.7 %                   |      | 1,065,300           | 92.7 %                   |      |

- A Source: Washington Employment Security Department Labor Market and Economic Analysis.
- B Data is provided for King County, which includes the Seattle Metropolitan Area
- C Industry categories for the historical comparison have been updated to match the categories currently used by the Washington Employment Security Department Labor Market and Economic Analysis and are provided by them.

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FULL-TIME-EQUIVALENT<sup>A</sup>  
CITY GOVERNMENT EMPLOYEES  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2019             | 2018             | 2017             | 2016             | 2015             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>PUBLIC SAFETY</b>  |                  |                  |                  |                  |                  |
| Community Police Commission                                     | 9.00             | 9.00             | 4.00             | 4.00             | 4.00             |
| Fire  | 1,167.05         | 1,158.55         | 1,155.55         | 1,167.55         | 1,162.55         |
| Firemen's Pension Board   | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             |
| Law   | 196.10           | 191.60           | 183.60           | 177.10           | 173.60           |
| Municipal Court   | 215.10           | 215.10           | 213.10           | 214.10           | 213.60           |
| Police  | 2,172.35         | 2,156.85         | 2,095.35         | 2,033.35         | 2,018.35         |
| Police Relief and Pension Board                                 | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             |
| Public Safety   | —                | —                | —                | —                | —                |
| <b>ARTS, CULTURE, AND RECREATION</b>                            |                  |                  |                  |                  |                  |
| Arts and Cultural Affairs                                       | 35.09            | 34.59            | 31.09            | 29.09            | 31.59            |
| Library   | 556.10           | 556.10           | 556.10           | 556.10           | 558.40           |
| Parks and Recreation  | 927.40           | 922.24           | 913.01           | 916.68           | 908.35           |
| Seattle Center  | 228.73           | 242.73           | 241.73           | 241.13           | 241.13           |
| <b>HEALTH AND HUMAN SERVICES</b>                                |                  |                  |                  |                  |                  |
| Human Services  | 382.25           | 365.75           | 328.00           | 331.60           | 327.60           |
| Educational and Developmental Services Levy                     | —                | —                | —                | —                | —                |
| Department of Education and Early Learning                      | 98.00            | 75.00            | 58.50            | 54.00            | 52.50            |
| <b>NEIGHBORHOODS AND DEVELOPMENT</b>                            |                  |                  |                  |                  |                  |
| Economic Development  | 35.50            | 35.50            | 35.50            | 31.00            | 27.50            |
| Housing   | 45.00            | 44.50            | 42.50            | 43.50            | 43.50            |
| Neighborhoods   | 49.50            | 53.50            | 53.00            | 47.00            | 40.00            |
| Neighborhood Matching Subfund                                   | 9.00             | 9.00             | 9.00             | 8.00             | 8.00             |
| Seattle Department of Construction and Inspections <sup>‡</sup> | 412.00           | 406.00           | 405.30           | 404.30           | 417.50           |
| Office of Planning and Community Development <sup>‡</sup>       | 44.00            | 45.50            | 46.50            | 45.00            | —                |
| <b>UTILITIES AND TRANSPORTATION</b>                             |                  |                  |                  |                  |                  |
| City Light  | 1,791.30         | 1,816.80         | 1,779.80         | 1,868.30         | 1,861.30         |
| Seattle Public Utilities  | 1,414.55         | 1,398.55         | 1,359.05         | 1,460.05         | 1,438.05         |
| Transportation  | 931.50           | 918.50           | 885.50           | 844.00           | 794.00           |
| <b>ADMINISTRATION</b>   |                  |                  |                  |                  |                  |
| City Auditor  | 10.00            | 10.00            | 9.50             | 9.50             | 9.50             |
| City Budget   | 36.00            | 40.50            | 35.00            | 35.00            | 33.00            |
| Civil Rights  | 31.00            | 28.00            | 27.25            | 34.25            | 31.25            |
| Civil Service Commission  | 2.00             | 2.60             | 2.60             | 2.60             | 2.60             |
| Employees' Retirement System                                    | 23.00            | 21.00            | 21.00            | 20.00            | 20.00            |
| Ethics and Elections Commission                                 | 5.90             | 5.90             | 5.90             | 4.90             | 5.20             |
| Finance and Administrative Services <sup>‡</sup>                | 589.50           | 625.00           | 625.00           | 641.50           | 625.00           |
| Hearing Examiner  | 4.63             | 4.63             | 4.63             | 4.63             | 4.63             |
| Immigrant and Refugee Affairs                                   | 9.50             | 9.00             | 9.50             | 9.50             | 7.00             |
| Information Technology  | 680.60           | 667.60           | 659.60           | 205.00           | 198.25           |
| Intergovernmental Relations                                     | 10.00            | 10.50            | 10.50            | 10.50            | 11.50            |
| Legislative   | 100.50           | 99.00            | 99.00            | 90.00            | 88.50            |
| Mayor   | 37.50            | 37.50            | 44.00            | 44.00            | 35.50            |
| Department of Human Resources <sup>‡</sup>                      | 154.00           | 158.50           | 158.75           | 148.25           | 143.55           |
| Office of the Employee Ombud <sup>‡</sup>                       | 3.00             | —                | —                | —                | —                |
| Office of Inspector General <sup>‡</sup>                        | 4.00             | —                | —                | —                | —                |
| Office of Labor Standard  | 23.00            | —                | —                | —                | —                |
| Sustainability and Environment                                  | 26.50            | 26.50            | 19.50            | 17.25            | 15.25            |
| <b>Total Full-Time Equivalents</b>                              | <b>12,477.15</b> | <b>12,408.59</b> | <b>12,134.91</b> | <b>11,759.73</b> | <b>11,559.25</b> |

<sup>A</sup> Source - City of Seattle Adopted Budget.

<sup>B</sup> The departments of Executive Administration, Finance, and Fleets and Facilities were merged to create the Department of Finance and Administrative Services in 2010.

<sup>C</sup> The Office of the Employee Ombud was created in 2019.

<sup>D</sup> Personnel was renamed the Seattle Department of Human Resources in 2014.

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

<sup>F</sup> The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

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FULL-TIME-EQUIVALENT<sup>A</sup>  
CITY GOVERNMENT EMPLOYEES  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2014             | 2013             | 2012             | 2011             | 2010             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>PUBLIC SAFETY</b>  |                  |                  |                  |                  |                  |
| Community Police Commission                                     | 3.00             | —                | —                | —                | —                |
| Fire  | 1,151.55         | 1,150.55         | 1,152.55         | 1,151.55         | 1,155.55         |
| Firemen's Pension Board   | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             |
| Law   | 169.60           | 169.60           | 159.10           | 160.60           | 155.10           |
| Municipal Court   | 213.10           | 212.60           | 214.10           | 214.10           | 222.10           |
| Police  | 1,999.35         | 1,947.35         | 1,930.85         | 1,934.85         | 1,922.25         |
| Police Relief and Pension Board                                 | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             |
| Public Safety   | —                | —                | —                | 1.00             | 1.00             |
| <b>ARTS, CULTURE, AND RECREATION</b>                            |                  |                  |                  |                  |                  |
| Arts and Cultural Affairs                                       | 30.84            | 28.09            | 19.85            | 20.60            | 23.10            |
| Library   | 558.40           | 558.40           | 509.00           | 503.20           | 511.82           |
| Parks and Recreation  | 888.45           | 853.57           | 863.09           | 890.89           | 1,002.49         |
| Seattle Center  | 242.66           | 241.62           | 245.12           | 245.12           | 257.77           |
| <b>HEALTH AND HUMAN SERVICES</b>                                |                  |                  |                  |                  |                  |
| Human Services  | 344.60           | 341.35           | 316.10           | 322.60           | 326.35           |
| Educational and Developmental Services Levy                     | 9.00             | 9.00             | 9.00             | —                | —                |
| Department of Education and Early Learning                      | —                | —                | —                | —                | —                |
| <b>NEIGHBORHOODS AND DEVELOPMENT</b>                            |                  |                  |                  |                  |                  |
| Economic Development  | 25.50            | 22.50            | 24.00            | 22.00            | 20.00            |
| Housing   | 37.00            | 37.50            | 37.50            | 38.50            | 40.50            |
| Neighborhoods   | 46.00            | 42.50            | 40.50            | 74.75            | 86.50            |
| Neighborhood Matching Subfund                                   | 7.00             | 6.00             | 6.00             | —                | —                |
| Seattle Department of Construction and Inspections <sup>‡</sup> | 406.00           | 397.25           | 393.26           | 398.01           | 409.00           |
| Office of Planning and Community Development <sup>‡</sup>       | —                | —                | —                | —                | —                |
| <b>UTILITIES AND TRANSPORTATION</b>                             |                  |                  |                  |                  |                  |
| City Light  | 1,857.25         | 1,830.25         | 1,810.50         | 1,810.50         | 1,839.10         |
| Seattle Public Utilities  | 1,446.55         | 1,401.05         | 1,411.05         | 1,420.75         | 1,449.25         |
| Transportation  | 793.00           | 727.50           | 721.00           | 768.50           | 792.00           |
| <b>ADMINISTRATION</b>   |                  |                  |                  |                  |                  |
| City Auditor  | 9.50             | 9.50             | 9.00             | 8.00             | 8.00             |
| City Budget   | 29.50            | 28.50            | 27.50            | 28.50            | —                |
| Civil Rights  | 23.50            | 23.00            | 22.50            | 21.50            | 22.50            |
| Civil Service Commission  | 2.60             | 2.60             | —                | 1.80             | 1.80             |
| Employees' Retirement System                                    | 20.00            | 18.00            | 18.00            | 15.50            | 15.50            |
| Ethics and Elections Commission                                 | 6.20             | 6.20             | 5.20             | 5.20             | 5.20             |
| Finance and Administrative Services <sup>‡</sup>                | 602.25           | 528.75           | 521.75           | 523.75           | 579.00           |
| Hearing Examiner  | 4.63             | 4.63             | 4.63             | 4.63             | 4.63             |
| Immigrant and Refugee Affairs                                   | 3.00             | 3.00             | 2.00             | —                | —                |
| Information Technology  | 194.25           | 192.25           | 190.25           | 195.00           | 205.00           |
| Intergovernmental Relations                                     | 10.50            | 10.50            | 10.50            | 11.50            | 11.50            |
| Legislative   | 86.50            | 86.50            | 86.00            | 86.00            | 89.00            |
| Mayor   | 28.50            | 28.50            | 28.50            | 28.50            | 28.50            |
| Department of Human Resources <sup>‡</sup>                      | 92.75            | 103.75           | 103.25           | 104.25           | 115.00           |
| Office of the Employee Ombud <sup>‡</sup>                       | —                | —                | —                | —                | —                |
| Office of Inspector General <sup>‡</sup>                        | —                | —                | —                | —                | —                |
| Office of Labor Standard  | —                | —                | —                | —                | —                |
| Sustainability and Environment                                  | 12.00            | 10.00            | 14.75            | 11.00            | 8.00             |
| <b>Total Full-Time Equivalents</b>                              | <b>11,361.53</b> | <b>11,039.36</b> | <b>10,913.40</b> | <b>11,029.65</b> | <b>11,314.51</b> |

<sup>A</sup> Source - City of Seattle Adopted Budget.

<sup>B</sup> The departments of Executive Administration, Finance, and Fleets and Facilities were merged to create the Department of Finance and Administrative Services in 2010.

<sup>C</sup> The Office of the Employee Ombud was created for 2019.

<sup>D</sup> Personnel was renamed the Seattle Department of Human Resources in 2014.

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

<sup>F</sup> The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

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OPERATING INDICATORS <sup>A</sup>  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2019             | 2018             | 2017             | 2016             | 2015             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>PUBLIC SAFETY</b>                                |                  |                  |                  |                  |                  |
| <b>Fire</b>   |                  |                  |                  |                  |                  |
| Property fire loss                                  |                  |                  |                  |                  |                  |
| Total City  | \$ 17,758,107    | \$ 22,140,431    | \$ 26,002,865    | \$ 25,799,733    | \$ 22,636,220    |
| Per capita  | \$ 23.76         | \$ 30.31         | \$ 36.47         | \$ 37.57         | \$ 34.18         |
| <b>Police</b>                                       |                  |                  |                  |                  |                  |
| Municipal Court filings and citations               |                  |                  |                  |                  |                  |
| Non-traffic criminal filings                        | 8,092            | 8,327            | 8,218            | 7,161            | 7,387            |
| Traffic criminal filings                            | 575              | 629              | 619              | 660              | 678              |
| DUI filings   | 1,439            | 1,444            | 1,255            | 1,269            | 1,099            |
| Non-traffic infraction filings                      | 1,865            | 1,846            | 3,173            | 4,019            | 4,710            |
| Traffic infraction filings                          | 27,442           | 27,004           | 32,854           | 34,401           | 47,931           |
| Parking infractions                                 | 547,117          | 542,859          | 583,360          | 600,188          | 518,624          |
| <b>ARTS, CULTURE, AND RECREATION</b>                |                  |                  |                  |                  |                  |
| <b>Library</b>                                      |                  |                  |                  |                  |                  |
| Library cards in force                              | 396,658          | 369,698          | 383,236          | 378,222          | 373,898          |
| <b>Parks and Recreation</b>                         |                  |                  |                  |                  |                  |
| Park use permits issued                             |                  |                  |                  |                  |                  |
| Number  | 830              | 806              | 841              | 766              | 744              |
| Amount  | \$ 1,250,792     | \$ 273,387       | \$ 600,817       | \$ 538,945       | \$ 616,102       |
| Facility use permits issued including pools         |                  |                  |                  |                  |                  |
| Number  | 19,677           | 21,209           | 25,935           | 25,935           | 24,405           |
| Amount  | \$ 9,167,354     | \$ 4,306,075     | \$ 9,061,570     | \$ 8,193,741     | \$ 7,359,133     |
| Facility use permits issued excluding pools         |                  |                  |                  |                  |                  |
| Number  | 18,896           | 20,585           | 24,902           | 25,275           | 23,750           |
| Amount  | \$ 8,429,776     | \$ 3,555,031     | \$ 8,329,343     | \$ 7,505,445     | \$ 6,683,724     |
| Picnic permits issued                               |                  |                  |                  |                  |                  |
| Number  | 3,547            | 3,466            | 3,920            | 4,245            | 4,323            |
| Amount  | \$ 721,178       | \$ 391,156       | \$ 427,769       | \$ 421,821       | \$ 422,861       |
| Ball field usage                                    |                  |                  |                  |                  |                  |
| Scheduled hours                                     | 124,506          | 191,010          | 198,082          | 186,021          | 147,311          |
| Amount  | \$ 4,124,294     | \$ 3,454,407     | \$ 3,496,685     | \$ 2,803,130     | \$ 2,662,171     |
| Weddings  |                  |                  |                  |                  |                  |
| Number  | 230              | 216              | 228              | 234              | 269              |
| Amount  | \$ 158,364       | \$ 93,520        | \$ 97,738        | \$ 96,314        | \$ 104,265       |
| <b>NEIGHBORHOODS AND DEVELOPMENT</b>                |                  |                  |                  |                  |                  |
| <b>Construction and Inspections</b>                 |                  |                  |                  |                  |                  |
| Permits   |                  |                  |                  |                  |                  |
| Number issued                                       | 10,505           | 10,027           | 10,444           | 14,261           | 17,666           |
| Value of issued permits                             | \$ 4,603,329,257 | \$ 3,959,949,752 | \$ 5,088,196,449 | \$ 3,732,939,162 | \$ 3,945,738,487 |
| <b>UTILITIES</b>                                    |                  |                  |                  |                  |                  |
| <b>City Light</b>                                   |                  |                  |                  |                  |                  |
| Customers   | 470,380          | 461,500          | 454,500          | 447,332          | 422,809          |
| Operating revenues                                  | \$ 1,079,423,815 | \$ 991,613,793   | \$ 989,710,419   | \$ 903,174,831   | \$ 882,856,777   |
| <b>Water</b>  |                  |                  |                  |                  |                  |
| Population served                                   | 1,511,000        | 1,506,000        | 1,478,000        | 1,433,200        | 1,403,600        |
| Billed water consumption, daily average, in gallons | 115,114,247      | 118,411,885      | 118,402,270      | 115,447,224      | 118,900,570      |
| Operating revenues                                  | \$ 281,008,043   | \$ 282,286,898   | \$ 262,896,454   | \$ 251,363,807   | \$ 251,977,342   |
| <b>Drainage and Wastewater</b>                      |                  |                  |                  |                  |                  |
| Operating revenues                                  | \$ 454,381,864   | \$ 419,875,848   | \$ 400,284,279   | \$ 375,041,044   | \$ 363,778,513   |
| <b>Solid Waste</b>                                  |                  |                  |                  |                  |                  |
| Customers   |                  |                  |                  |                  |                  |
| Residential garbage customers                       | 168,945          | 166,935          | 165,482          | 181,940          | 164,381          |
| Residential dumpsters customers                     | 195,188          | 188,290          | 181,545          | 156,527          | 146,201          |
| Commercial garbage customers                        | 8,556            | 8,023            | 8,082            | 8,096            | 8,145            |
| Operating revenues                                  | \$ 224,965,227   | \$ 205,633,975   | \$ 209,643,613   | \$ 183,666,276   | \$ 174,787,770   |

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

The City of Seattle

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OPERATING INDICATORS <sup>A</sup>  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2014             | 2013             | 2012             | 2011             | 2010             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>PUBLIC SAFETY</b>                                |                  |                  |                  |                  |                  |
| <b>Fire</b>   |                  |                  |                  |                  |                  |
| Property fire loss                                  |                  |                  |                  |                  |                  |
| Total City  | \$ 16,571,652    | \$ 8,887,550     | \$ 11,340,687    | \$ 11,476,891    | \$ 11,021,455    |
| Per capita  | \$ 25.87         | \$ 14.18         | \$ 18.40         | \$ 18.86         | \$ 18.11         |
| <b>Police</b>                                       |                  |                  |                  |                  |                  |
| Municipal Court filings and citations               |                  |                  |                  |                  |                  |
| Non-traffic criminal filings                        | 6,674            | 7,573            | 8,162            | 8,481            | 9,908            |
| Traffic criminal filings                            | 802              | 1,048            | 953              | 1,109            | 4,752            |
| DUI filings   | 1,074            | 1,111            | 1,369            | 1,667            | 1,343            |
| Non-traffic infraction filings                      | 2,182            | 2,190            | 3,122            | 4,787            | 5,501            |
| Traffic infraction filings                          | 41,467           | 42,091           | 36,872           | 46,136           | 55,108           |
| Parking infractions                                 | 527,782          | 631,388          | 578,507          | 580,841          | 600,543          |
| <b>ARTS, CULTURE, AND RECREATION</b>                |                  |                  |                  |                  |                  |
| <b>Library</b>                                      |                  |                  |                  |                  |                  |
| Library cards in force                              | 464,787          | 458,644          | 453,000          | 456,534          | 502,903          |
| <b>Parks and Recreation</b>                         |                  |                  |                  |                  |                  |
| Park use permits issued                             |                  |                  |                  |                  |                  |
| Number  | 759              | 651              | 646              | 670              | 614              |
| Amount  | \$ 615,073       | \$ 511,114       | \$ 493,691       | \$ 454,327       | \$ 302,690       |
| Facility use permits issued including pools         |                  |                  |                  |                  |                  |
| Number  | 24,543           | 24,740           | 25,944           | 26,051           | 27,384           |
| Amount  | \$ 7,278,825     | \$ 6,973,400     | \$ 6,502,337     | \$ 6,147,176     | \$ 5,014,973     |
| Facility use permits issued excluding pools         |                  |                  |                  |                  |                  |
| Number  | 23,749           | 24,182           | 25,353           | 25,472           | 26,661           |
| Amount  | \$ 6,543,601     | \$ 6,313,899     | \$ 5,935,997     | \$ 5,573,454     | \$ 4,480,703     |
| Picnic permits issued                               |                  |                  |                  |                  |                  |
| Number  | 4,027            | 3,967            | 3,664            | 3,463            | 3,658            |
| Amount  | \$ 386,272       | \$ 381,309       | \$ 363,842       | \$ 345,209       | \$ 303,075       |
| Ball field usage                                    |                  |                  |                  |                  |                  |
| Scheduled hours                                     | 170,014          | 161,571          | 147,142          | 128,352          | 125,891          |
| Amount  | \$ 2,797,013     | \$ 2,477,333     | \$ 2,668,292     | \$ 2,480,476     | \$ 1,909,705     |
| Weddings  |                  |                  |                  |                  |                  |
| Number  | 254              | 258              | 250              | 233              | 272              |
| Amount  | \$ 89,486        | \$ 94,845        | \$ 94,295        | \$ 80,900        | \$ 89,350        |
| <b>NEIGHBORHOODS AND DEVELOPMENT</b>                |                  |                  |                  |                  |                  |
| <b>Construction and Inspections</b>                 |                  |                  |                  |                  |                  |
| Permits   |                  |                  |                  |                  |                  |
| Number issued                                       | 12,047           | 8,350            | 7,316            | 7,075            | 6,287            |
| Value of issued permits                             | \$ 3,789,737,682 | \$ 3,064,690,426 | \$ 2,450,807,519 | \$ 2,144,525,229 | \$ 1,582,129,040 |
| <b>UTILITIES</b>                                    |                  |                  |                  |                  |                  |
| <b>City Light</b>                                   |                  |                  |                  |                  |                  |
| Customers   | 415,056          | 408,055          | 402,608          | 400,351          | 398,858          |
| Operating revenues                                  | \$ 886,443,525   | \$ 842,229,890   | \$ 800,273,311   | \$ 771,464,570   | \$ 732,977,819   |
| <b>Water</b>  |                  |                  |                  |                  |                  |
| Population served                                   | 1,336,700        | 1,326,000        | 1,314,932        | 1,303,847        | 1,292,994        |
| Billed water consumption, daily average, in gallons | 113,863,391      | 113,107,019      | 112,036,939      | 110,200,000      | 110,424,484      |
| Operating revenues                                  | \$ 242,946,509   | \$ 235,593,735   | \$ 213,474,169   | \$ 194,572,652   | \$ 195,203,465   |
| <b>Drainage and Wastewater</b>                      |                  |                  |                  |                  |                  |
| Operating revenues                                  | \$ 341,999,940   | \$ 333,760,233   | \$ 304,001,717   | \$ 278,956,907   | \$ 249,733,795   |
| <b>Solid Waste</b>                                  |                  |                  |                  |                  |                  |
| Customers   |                  |                  |                  |                  |                  |
| Residential garbage customers                       | 160,063          | 163,413          | 164,241          | 166,637          | 165,541          |
| Residential dumpsters customers                     | 142,035          | 135,499          | 129,761          | 127,678          | 126,593          |
| Commercial garbage customers                        | 8,168            | 8,156            | 8,148            | 8,179            | 8,248            |
| Operating revenues                                  | \$ 157,497,819   | \$ 159,741,503   | \$ 156,926,774   | \$ 154,200,068   | \$ 150,905,931   |

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

Statistics

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CAPITAL ASSET STATISTICS <sup>A</sup>  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2019       | 2018       | 2017       | 2016       | 2015       |
|---|------------|------------|------------|------------|------------|
| <b>PUBLIC SAFETY</b>  |            |            |            |            |            |
| <b>Fire</b>   |            |            |            |            |            |
| Boats   | 9          | 7          | 7          | 6          | 7          |
| Fire-fighting apparatus   | 224        | 221        | 214        | 216        | 216        |
| Stations  | 33         | 33         | 33         | 33         | 33         |
| Training towers   | 6          | 6          | 6          | 6          | 2          |
| Alarm center  | 1          | 1          | 1          | 1          | 1          |
| Utility shop  | 1          | 1          | 1          | 1          | 1          |
| <b>Police</b>   |            |            |            |            |            |
| Precincts   | 5          | 5          | 5          | 5          | 5          |
| Detached units  | 7          | 7          | 7          | 7          | 7          |
| Vehicles  |            |            |            |            |            |
| Patrol cars   | 328        | 369        | 302        | 280        | 280        |
| Motorcycles   | 35         | 40         | 37         | 37         | 37         |
| Scooters  | 55         | 70         | 53         | 71         | 80         |
| Trucks, vans, minibuses   | 87         | 89         | 91         | 89         | 91         |
| Automobiles   | 205        | 248        | 236        | 213        | 196        |
| Patrol boats  | 12         | 12         | 10         | 10         | 10         |
| Bicycles  | 162        | 154        | 154        | 154        | 154        |
| Horses  | 7          | 7          | 7          | 5          | 7          |
| <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,<br>newspapers, and magazines - circulated | 12,565,554 | 11,622,522 | 11,689,659 | 11,544,047 | 11,744,881 |
| Collection, print and non-print   | 2,404,513  | 2,368,793  | 2,235,370  | 2,181,399  | 2,214,169  |
| <b>Parks and Recreation</b>   |            |            |            |            |            |
| Major parks   | 19         | 14         | 14         | 14         | 14         |
| Open space acres acquired since 1989  | 859        | 738        | 734        | 731        | 731        |
| Total acreage   | 6,423      | 6,372      | 6,369      | 6,367      | 6,367      |
| Children's play areas   | 153        | 160        | 160        | 160        | 158        |
| Neighborhood playgrounds  | 148        | 39         | 39         | 39         | 40         |
| Community playfields  | 51         | 42         | 42         | 42         | 38         |
| Community recreation centers  | 26         | 27         | 27         | 27         | 27         |
| Visual and performing arts centers  | 6          | 5          | 5          | 5          | 5          |
| Theaters  | —          | 1          | 1          | 1          | 1          |
| Community indoor swimming pools   | 8          | 8          | 8          | 8          | 8          |
| Outdoor heated pools (one saltwater)  | 2          | 2          | 2          | 2          | 2          |
| Boulevards  | 25         | 18         | 18         | 18         | 18         |
| Golf courses (includes one pitch and putt)                                  | 5          | 5          | 5          | 5          | 5          |
| Squares, plazas, triangles  | 106        | 64         | 64         | 64         | 64         |
| Viewpoints  | 16         | 11         | 11         | 11         | 11         |
| Bathing beaches (life-guarded)  | 9          | 9          | 9          | 9          | 9          |
| Bathing beaches   | —          | 9          | 9          | 9          | 9          |
| Aquarium specimens on exhibit <sup>B</sup>                                  | —          | —          | —          | —          | —          |

A All figures are supplied by the named departments.  
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.  
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

The City of Seattle

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CAPITAL ASSET STATISTICS <sup>A</sup>  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2014       | 2013       | 2012       | 2011       | 2010       |
|---|------------|------------|------------|------------|------------|
| <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,<br>newspapers, and magazines - circulated | 11,435,302 | 10,932,677 | 11,376,194 | 11,914,050 | 10,025,029 |
| Collection, print and non-print   | 2,435,520  | 2,403,693  | 2,280,511  | 2,294,601  | 2,446,355  |
| <b>Parks and Recreation</b>   |            |            |            |            |            |
| Major parks   | 14         | 14         | 14         | 13         | 13         |
| Open space acres acquired since 1989  | 711        | 695        | 665        | 663        | 654        |
| Total acreage   | 6,298      | 6,251      | 6,188      | 6,185      | 6,171      |
| Children's play areas   | 138        | 136        | 135        | 133        | 131        |
| Neighborhood playgrounds  | 43         | 41         | 40         | 38         | 38         |
| Community playfields  | 38         | 38         | 38         | 38         | 33         |
| Community recreation centers  | 25         | 24         | 26         | 26         | 26         |
| Visual and performing arts centers  | 5          | 6          | 6          | 6          | 6          |
| Theaters  | 1          | 2          | 2          | 2          | 2          |
| Community indoor swimming pools   | 8          | 8          | 8          | 8          | 8          |
| Outdoor heated pools (one saltwater)  | 2          | 2          | 2          | 2          | 2          |
| Boulevards  | 18         | 18         | 18         | 18         | 18         |
| Golf courses (includes one pitch and putt)                                  | 5          | 5          | 5          | 5          | 5          |
| Squares, plazas, triangles  | 64         | 64         | 64         | 64         | 62         |
| Viewpoints  | 11         | 11         | 11         | 9          | 8          |
| Bathing beaches (life-guarded)  | 9          | 9          | 9          | 9          | 9          |
| Bathing beaches   | 9          | 9          | 9          | 9          | 9          |
| Aquarium specimens on exhibit <sup>B</sup>                                  | —          | 0          | 0          | 10,588     | 10,216     |

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 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.  
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

Statistics

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CAPITAL ASSET STATISTICS <sup>A</sup>  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2019      | 2018      | 2017      | 2016      | 2015      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>UTILITIES AND TRANSPORTATION</b>                             |           |           |           |           |           |
| <b>City Light</b>   |           |           |           |           |           |
| Plant capacity (KW)   | 2,006,580 | 2,058,100 | 2,014,100 | 2,014,100 | 1,975,100 |
| Peak load (KW) <sup>c</sup>                                     | 1,806,000 | 1,870,000 | 1,785,000 | 1,689,000 | 1,866,792 |
| Total system load (1,000 KWh) <sup>c</sup>                      | 9,536,574 | 9,973,100 | 9,696,583 | 9,687,222 | 9,911,624 |
| Meters  | 475,457   | 454,712   | 445,625   | 430,148   | 422,613   |
| <b>Water</b>  |           |           |           |           |           |
| Reservoirs, standpipes, tanks                                   | 29        | 29        | 29        | 29        | 29        |
| Fire hydrants   | 18,664    | 18,664    | 18,664    | 18,000    | 18,000    |
| Water mains   |           |           |           |           |           |
| Supply, in miles  | 198       | 193       | 198       | 193       | 193       |
| Water storage, in thousand gallons                              | 326,100   | 325,350   | 326,100   | 354,500   | 354,500   |
| Meters  | 197,747   | 195,331   | 194,580   | 192,633   | 191,403   |
| <b>Drainage and Wastewater</b>                                  |           |           |           |           |           |
| Combined sewers, life-to-date, in miles                         | 474       | 474       | 473       | 475       | 474       |
| Sanitary sewers, life-to-date, in miles                         | 946       | 948       | 949       | 947       | 947       |
| Storm drains, life-to-date, in miles                            | 486       | 486       | 485       | 483       | 481       |
| Pumping stations  | 67        | 67        | 67        | 68        | 68        |
| <b>Solid Waste</b>  |           |           |           |           |           |
| Transfer stations   | 2         | 2         | 2         | 2         | 2         |
| <b>Transportation</b>   |           |           |           |           |           |
| Arterial streets, in lane-miles (12 ft)                         | 1,548     | 1,548     | 1,548     | 1,547     | 1,547     |
| Non-arterial streets (paved and unpaved), in lane-miles (12 ft) | 2,396     | 2,396     | 2,396     | 2,407     | 2,407     |
| Sidewalks, in miles   | 2,294     | 2,238     | 2,326     | 2,303     | 2,230     |
| Stairways   | 502       | 498       | 498       | 492       | 509       |
| Length of stairways, in feet                                    | 34,869    | 34,923    | 34,923    | 35,653    | 36,269    |
| Number of stairway treads                                       | 23,555    | 23,585    | 23,585    | 23,503    | 23,344    |
| Street trees  |           |           |           |           |           |
| City-maintained   | 41,000    | 41,000    | 41,000    | 41,000    | 41,000    |
| Maintained by property owners                                   | 150,000   | 150,000   | 150,000   | 150,000   | 125,000   |
| Total platted streets, in centerline miles                      | 1,675     | 1,675     | 1,675     | 1,677     | 1,677     |
| Traffic signals   | 1,106     | 1,085     | 1,077     | 1,071     | 1,041     |
| Parking meters  |           |           |           |           |           |
| Downtown  | —         | —         | —         | —         | —         |
| Outlying  | —         | —         | —         | —         | —         |
| Parking pay stations  |           |           |           |           |           |
| Downtown  | 646       | 690       | 689       | 880       | 892       |
| Outlying  | 866       | 950       | 1,006     | 1,141     | 1,112     |
| Bridges (movable) - City-owned and -operated                    | 4         | 4         | 4         | 4         | 4         |
| Bridges (fixed)   |           |           |           |           |           |
| City maintenance  | 120       | 98        | 96        | 96        | 93        |
| Partial City maintenance  | 40        | 40        | 51        | 51        | 54        |
| Retaining walls/seawalls  | 613       | 593       | 587       | 582       | 580       |

A All figures are supplied by the named departments.  
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.  
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

The City of Seattle

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CAPITAL ASSET STATISTICS <sup>A</sup>  
BY DEPARTMENT/OFFICE  
Last Ten Fiscal Years

|   | 2014       | 2013       | 2012       | 2011      | 2010       |
|---|------------|------------|------------|-----------|------------|
| <b>UTILITIES AND TRANSPORTATION</b>                             |            |            |            |           |            |
| <b>City Light</b>   |            |            |            |           |            |
| Plant capacity (KW)   | 1,991,600  | 1,991,600  | 1,920,700  | 1,920,700 | 1,920,700  |
| Peak load (KW) <sup>c</sup>                                     | 1,840,792  | 1,804,708  | 1,748,833  | 1,846,708 | 1,859,875  |
| Total system load (1,000 KWh) <sup>c</sup>                      | 10,048,700 | 10,082,024 | 10,202,992 | 9,910,754 | 10,182,404 |
| Meters  | 406,274    | 407,614    | 406,195    | 402,854   | 394,455    |
| <b>Water</b>  |            |            |            |           |            |
| Reservoirs, standpipes, tanks                                   | 26         | 27         | 27         | 27        | 30         |
| Fire hydrants   | 18,655     | 18,550     | 18,503     | 18,473    | 18,436     |
| Water mains   |            |            |            |           |            |
| Supply, in miles  | 182        | 182        | 187        | 187       | 224        |
| Water storage, in thousand gallons                              | 398,369    | 338,869    | 338,869    | 302,880   | 370,000    |
| Meters  | 187,159    | 188,883    | 188,457    | 188,226   | 187,154    |
| <b>Drainage and Wastewater</b>                                  |            |            |            |           |            |
| Combined sewers, life-to-date, in miles                         | 472        | 471        | 471        | 472       | 473        |
| Sanitary sewers, life-to-date, in miles                         | 949        | 948        | 957        | 956       | 958        |
| Storm drains, life-to-date, in miles                            | 479        | 474        | 473        | 470       | 473        |
| Pumping stations  | 67         | 67         | 66         | 67        | 65         |
| <b>Solid Waste</b>  |            |            |            |           |            |
| Transfer stations   | 2          | 2          | 2          | 2         | 2          |
| <b>Transportation</b>   |            |            |            |           |            |
| Arterial streets, in lane-miles (12 ft)                         | 1,540      | 1,540      | 1,537      | 1,531     | 1,531      |
| Non-arterial streets (paved and unpaved), in lane-miles (12 ft) | 2,412      | 2,412      | 2,411      | 2,412     | 2,412      |
| Sidewalks, in miles   | 2,230      | 2,256      | 2,262      | 2,262     | 2,258      |
| Stairways   | 505        | 507        | 507        | 498       | 494        |
| Length of stairways, in feet                                    | 35,112     | 35,122     | 35,061     | 35,181    | 35,215     |
| Number of stairway treads                                       | 24,050     | 24,050     | 24,009     | 23,950    | 23,666     |
| Street trees  |            |            |            |           |            |
| City-maintained   | 41,000     | 41,000     | 40,000     | 40,000    | 40,000     |
| Maintained by property owners                                   | 125,000    | 125,000    | 125,000    | 125,000   | 125,000    |
| Total platted streets, in centerline miles                      | 1,677      | 1,677      | 1,666      | 1,666     | 1,666      |
| Traffic signals   | 1,070      | 1,060      | 1,053      | 1,040     | 1,030      |
| Parking meters  |            |            |            |           |            |
| Downtown  | 6          | 93         | 231        | 941       | 941        |
| Outlying  | 4          | 26         | 85         | 97        | 97         |
| Parking pay stations  |            |            |            |           |            |
| Downtown  | 961        | 973        | 998        | 856       | 850        |
| Outlying  | 1,174      | 1,198      | 1,227      | 1,315     | 1,127      |
| Bridges (movable) - City-owned and -operated                    | 4          | 4          | 4          | 4         | 4          |
| Bridges (fixed)   |            |            |            |           |            |
| City maintenance  | 99         | 95         | 90         | 88        | 88         |
| Partial City maintenance  | 32         | 44         | 44         | 54        | 55         |
| Retaining walls/seawalls  | 592        | 592        | 592        | 592       | 582        |

A All figures are supplied by the named departments.  
 B As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.  
 C Effective 2014, total loads are presented versus net loads to align with industry practice. Accordingly, prior years have been revised.

**APPENDIX C**  
**DEMOGRAPHIC AND ECONOMIC INFORMATION**

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## DEMOGRAPHIC AND ECONOMIC INFORMATION

Seattle is the largest city in the Pacific Northwest, serves as the County seat and is the center of the County’s economic activity. King County is the largest county in the State in population, number of cities and employment, and the twelfth most populous county in the United States. Of the State’s population, nearly 30% reside in the County, and of the County’s population, 34% live in the City of Seattle.

### Population

Historical and current population figures for the State of Washington, the County, the City, and the unincorporated areas of the County are given below.

| POPULATION          |            |             |         |
|---------------------|------------|-------------|---------|
| Year                | Washington | King County | Seattle |
| 1980 <sup>(1)</sup> | 4,130,163  | 1,269,749   | 493,846 |
| 1990 <sup>(1)</sup> | 4,866,692  | 1,507,319   | 516,259 |
| 2000 <sup>(1)</sup> | 5,894,121  | 1,737,034   | 563,374 |
| 2010 <sup>(1)</sup> | 6,724,540  | 1,931,249   | 608,660 |
| 2011 <sup>(2)</sup> | 6,767,900  | 1,942,600   | 612,100 |
| 2012 <sup>(2)</sup> | 6,817,770  | 1,957,000   | 616,500 |
| 2013 <sup>(2)</sup> | 6,882,400  | 1,981,900   | 626,600 |
| 2014 <sup>(2)</sup> | 6,968,170  | 2,017,250   | 640,500 |
| 2015 <sup>(2)</sup> | 7,061,410  | 2,052,800   | 662,400 |
| 2016 <sup>(2)</sup> | 7,183,700  | 2,105,000   | 686,800 |
| 2017 <sup>(2)</sup> | 7,310,300  | 2,153,700   | 713,700 |
| 2018 <sup>(2)</sup> | 7,427,570  | 2,190,200   | 730,400 |
| 2019 <sup>(2)</sup> | 7,546,410  | 2,226,300   | 747,300 |
| 2020 <sup>(2)</sup> | 7,656,200  | 2,260,800   | 761,100 |

(1) Source: U.S. Department of Commerce, Bureau of Census

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

### Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Division, the County, the State, and the United States.

| PER CAPITA INCOME   |           |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|-----------|
|                     | 2015      | 2016      | 2017      | 2018      | 2019      |
| Seattle MD          | \$ 68,792 | \$ 71,903 | \$ 75,973 | \$ 81,201 | \$ 85,284 |
| King County         | 76,122    | 79,742    | 84,542    | 90,438    | 94,974    |
| State of Washington | 53,840    | 55,884    | 58,550    | 62,026    | 64,758    |
| United States       | 48,978    | 49,870    | 51,885    | 54,446    | 56,490    |

Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce

## Construction

The table below lists the value of housing construction for which building permits have been issued within the City. The value of public construction is not included in this table.

### CITY OF SEATTLE RESIDENTIAL BUILDING PERMIT VALUES

| Year                | New Single Family Units |             | New Multi-Family Units |               | Total Value(\$) |
|---------------------|-------------------------|-------------|------------------------|---------------|-----------------|
|                     | Number                  | Value(\$)   | Number                 | Value(\$)     |                 |
| 2015                | 810                     | 215,818,201 | 10,530                 | 1,684,630,374 | 1,900,448,575   |
| 2016                | 797                     | 216,693,139 | 9,202                  | 1,242,951,877 | 1,459,645,016   |
| 2017                | 593                     | 162,452,219 | 9,294                  | 1,562,063,391 | 1,724,515,610   |
| 2018                | 523                     | 141,737,845 | 7,395                  | 892,514,843   | 1,034,252,688   |
| 2019                | 507                     | 139,195,045 | 10,277                 | 1,554,462,494 | 1,693,657,539   |
| 2020                | 256                     | 111,540,297 | 6,082                  | 824,236,830   | 935,777,127     |
| 2020 <sup>(1)</sup> | 77                      | 21,401,002  | 1,162                  | 156,933,494   | 178,334,496     |
| 2021 <sup>(1)</sup> | 37                      | 15,904,494  | 1,619                  | 203,821,469   | 219,725,963     |

(1) Estimates with imputations through February.

Source: U.S. Bureau of the Census

## Retail Activity

The following tables present information on taxable retail sales in King County and the City.

### THE CITY OF SEATTLE AND KING COUNTY TAXABLE RETAIL SALES

| Year                | King County      | City of Seattle  |
|---------------------|------------------|------------------|
| 2015                | \$54,890,159,770 | \$22,407,443,037 |
| 2016                | 59,530,882,870   | 24,287,539,378   |
| 2017                | 62,910,608,935   | 26,005,147,210   |
| 2018                | 69,018,354,390   | 28,292,069,881   |
| 2019                | 72,785,180,223   | 29,953,200,188   |
| 2019 <sup>(1)</sup> | 53,511,071,448   | 21,962,409,065   |
| 2020 <sup>(1)</sup> | 48,349,134,083   | 18,863,518,272   |

(1) Through third quarter.

Source: Quarterly Business Review, Washington State Department of Revenue

## Employment

The following table presents total employment in Washington State as of December 31, 2019 (unless otherwise noted) for certain major employers in the Puget Sound area.

### PUGET SOUND MAJOR EMPLOYERS

| <b>Employer</b>                  | <b>Employees</b>      |
|----------------------------------|-----------------------|
| The Boeing Company               | 71,800 <sup>(1)</sup> |
| Amazon.com Inc.                  | 60,000 <sup>(2)</sup> |
| Microsoft Corp.                  | 55,100                |
| Joint Base Lewis-McChord         | 54,000 <sup>(3)</sup> |
| University of Washington Seattle | 46,800                |
| Providence Health & Services     | 43,000 <sup>(4)</sup> |
| Safeway Inc. & Albertsons LLC    | 21,300 <sup>(4)</sup> |
| Wal-Mart Stores, Inc.            | 19,400                |
| Costco Wholesale Corp.           | 18,000                |
| MultiCare Health System          | 17,200                |
| Fred Meyer Stores                | 16,200                |
| King County Government           | 15,900                |
| City of Seattle                  | 15,800                |
| Starbucks Corp.                  | 14,000                |
| CHI Franciscan Health            | 12,500                |
| Seattle Public Schools           | 11,900                |
| Kaiser Permanente                | 10,000                |
| Alaska Air Group Inc.            | 9,600                 |
| Nordstrom, Inc.                  | 9,200                 |
| Virginia Mason Health System     | 9,100                 |

- (1) Since the date of this table, Boeing has faced financial stress and has significantly reduced its companywide workforce through a combination of buyouts and layoffs and the shift of 787 production out of the State. The State's economic and revenue forecast released in March 2021 expected that aerospace employment in the State (including Boeing and other employers) will be 29,800 lower in December 2021 than January 2020. The State estimates that about 19,000 of these job losses occurred prior to February 2021 and an additional 10,700 jobs will be lost during the remainder of 2021.
- (2) Amazon reports more than 60,000 employees but does not provide an exact count. As a result of the layoffs described in footnote (1), it is expected that Amazon is currently the largest employer in the region.
- (3) 40,000 are service members and 14,000 are civilian employees.
- (4) As of May 2019.

Source: *Puget Sound Business Journal*, Publication Date June 19, 2020

**KING COUNTY**  
**RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT**  
**AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT<sup>(1)</sup>**

|                                      | <b>Annual Average</b> |             |             |             |             |
|--------------------------------------|-----------------------|-------------|-------------|-------------|-------------|
|                                      | <b>2016</b>           | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
| Civilian Labor Force                 | 1,184,240             | 1,213,744   | 1,238,090   | 1,264,754   | 1,290,480   |
| Total Employment                     | 1,134,979             | 1,167,122   | 1,194,955   | 1,224,648   | 1,254,638   |
| Total Unemployment                   | 49,261                | 46,622      | 43,135      | 40,106      | 35,842      |
| Percent of Labor Force               | 4.2%                  | 3.8%        | 3.5%        | 3.2%        | 2.8%        |
| <br>                                 |                       |             |             |             |             |
| <b>NAICS INDUSTRY</b>                | <b>2016</b>           | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
| Total Nonfarm                        | 1,356,900             | 1,397,408   | 1,431,933   | 1,467,817   | 1,385,242   |
| Total Private                        | 1,178,800             | 1,216,542   | 1,254,317   | 1,292,433   | 1,213,908   |
| Goods Producing                      | 177,250               | 177,733     | 181,550     | 186,058     | 172,317     |
| Mining and Logging                   | 525                   | 533         | 500         | 500         | 467         |
| Construction                         | 71,217                | 74,342      | 78,108      | 79,533      | 76,675      |
| Manufacturing                        | 105,525               | 102,867     | 102,925     | 106,000     | 95,133      |
| Service Providing                    | 1,179,650             | 1,219,675   | 1,250,383   | 1,281,758   | 1,212,925   |
| Trade, Transportation, and Utilities | 254,142               | 268,325     | 274,642     | 280,933     | 276,200     |
| Information                          | 96,200                | 102,883     | 111,017     | 121,633     | 128,017     |
| Financial Activities                 | 70,642                | 71,450      | 73,708      | 75,267      | 72,567      |
| Professional and Business Services   | 222,750               | 227,792     | 233,092     | 238,875     | 234,883     |
| Educational and Health Services      | 174,042               | 179,142     | 185,842     | 189,592     | 180,558     |
| Leisure and Hospitality              | 135,683               | 140,775     | 145,050     | 146,833     | 101,442     |
| Other Services                       | 48,092                | 48,442      | 49,417      | 53,242      | 47,925      |
| Government                           | 178,100               | 180,867     | 177,617     | 175,383     | 171,333     |
| Workers in Labor/Management Disputes | 0                     | 0           | 0           | 0           | 0           |
|                                      |                       |             |             |             |             |
|                                      | <b>Mar. 2021</b>      |             |             |             |             |
| Civilian Labor Force                 | 1,309,159             |             |             |             |             |
| Total Employment                     | 1,238,061             |             |             |             |             |
| Total Unemployment                   | 71,098                |             |             |             |             |
| Percent of Labor Force               | 5.4%                  |             |             |             |             |

(1) Columns may not add to totals due to rounding.

Source: Washington State Employment Security Department.

**APPENDIX D**  
**BOOK-ENTRY TRANSFER SYSTEM**

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## BOOK-ENTRY TRANSFER SYSTEM

*The following information has been provided by DTC. The City makes no representation as to the accuracy or completeness thereof. Purchasers of the Bonds (the "Beneficial Owners") should confirm the following with DTC or its participants (the "Participants").*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners

may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

*The following information has been provided by the City.*

The City and the Bond Registrar may treat DTC (or its nominee) as the sole and exclusive Registered Owner of the Bonds registered in such name for the purposes of payment of the principal of, premium, if any, or interest with respect to those Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners of Bonds under the Bond Ordinance, registering the transfer of Bonds, obtaining any consent or other action to be taken by Registered Owners of Bonds, and for all other purposes whatsoever; and the City and the Bond Registrar shall not be affected by any notice to the contrary. The City and the Bond Registrar shall not have any responsibility or obligation to any direct or indirect DTC participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the Bond Register as being a Registered Owner of Bonds, with respect to: (i) the Bonds; (ii) any records maintained by DTC or any such participant; (iii) the payment by DTC or such participant of any amount in respect of the principal of, premium, if any, or interest with respect to the Bonds; (iv) any notice which is permitted or required to be given to Registered Owners of Bonds under the Bond Ordinance; (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner of the Bonds.