

SALE DATE: MAY 3, 2022
SALE TIME: 7:45 A.M., PACIFIC TIME

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 22, 2022

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 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. See "Legal and Tax Information—Tax Matters."

\$151,305,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A

DATED: DATE OF INITIAL DELIVERY

DUE: SEPTEMBER 1, AS SHOWN ON PAGE i

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement and Refunding Bonds, 2022A (the "Bonds"), as fully registered bonds under a book-entry only system, registered in the name of the Securities Depository.

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 March 1 and September 1, beginning September 1, 2022. The principal of and interest on the Bonds are payable by the fiscal agent of the State of Washington (the "Bond Registrar") (currently U.S. Bank Trust Company, National Association), to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "Description of the Bonds—Registration and Book-Entry Form" and in Appendix D.

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

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

The Bonds are general obligations of the City. For so long as any of the 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.

The Bonds are offered for delivery by the Purchaser 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 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 18, 2022.

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

Dated: _____

(1) Preliminary, subject to change.

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

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

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

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

The information set forth in the City’s Annual Comprehensive Financial Report (the “Annual Report”) for 2020, which is included as Appendix B, speaks only as of the date of the Annual Report and is subject to revision or restatement in accordance with applicable accounting principles and procedures. The City specifically disclaims any obligation to update this information except to the extent described under “Continuing Disclosure Agreement.”

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

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP number for a specific maturity is subject to change after the issuance of the Bonds. The City takes no responsibility for the accuracy of the CUSIP numbers.

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

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

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

MATURITY SCHEDULE

\$151,305,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A

Due September 1	Amounts ⁽¹⁾	Interest Rates	Yields	Prices	CUSIP Numbers
2022	\$ 4,125,000				
2023	10,545,000				
2024	12,010,000				
2025	12,170,000				
2026	10,315,000				
2027	10,720,000				
2028	10,765,000				
2029	11,190,000				
2030	11,755,000				
2031	7,270,000				
2032	7,640,000				
2033	3,510,000 ⁽²⁾				
2034	3,680,000 ⁽²⁾				
2035	3,865,000 ⁽²⁾				
2036	4,015,000 ⁽²⁾				
2037	4,180,000 ⁽²⁾				
2038	4,350,000 ⁽²⁾				
2039	4,525,000 ⁽²⁾				
2040	4,700,000 ⁽²⁾				
2041	4,890,000 ⁽²⁾				
2042	5,085,000 ⁽²⁾				

(1) Preliminary, subject to change.

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

THE CITY OF SEATTLE

MAYOR AND CITY COUNCIL

Bruce A. Harrell

Mayor

Council Member

Term Expiration

Lisa Herbold

2023

Debora Juarez

2023

Andrew Lewis

2023

Tammy Morales

2023

Teresa Mosqueda

2025

Sara Nelson

2025

Alex Pedersen

2023

Kshama Sawant

2023

Dan Strauss

2023

CITY ADMINISTRATION

Glen M. Lee

Director of Finance

Ann Davison

City Attorney

BOND COUNSEL AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

Piper Sandler & Co.
Seattle, Washington

BOND REGISTRAR

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

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OFFICIAL NOTICE OF BOND SALE

\$151,305,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A

Electronic bids for the purchase of The City of Seattle Limited Tax General Obligation Improvement and Refunding Bonds, 2022A (the “Bonds”), will be received by the Director of Finance of The City of Seattle, Washington (the “City”), via the BiDCOMP/Parity Electronic Bid Submission System (“Parity”), in the manner described below, on

MAY 3, 2022, NO LATER THAN 7:45 A.M., PACIFIC TIME,

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

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

No bid for the Bonds will be accepted after the cut-off time for receiving bids, as specified above. Each bidder (and not the City) is responsible for the timely electronic delivery of its bid. The official time will be determined by the City and not by any bidder or Parity. All proper bids received with respect to the Bonds will be considered and acted on by the City’s Director of Finance, pursuant to a delegation of authority by the City Council. The winning bid for the Bonds is expected to be awarded by 1:30 p.m., Pacific Time, on May 3, 2022, by the Director of Finance upon execution and delivery to the winning bidder of a certificate of bid award for the Bonds (a “Certificate of Bid Award”) in substantially the form attached to this Official Notice of Bond Sale as Exhibit 1.

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

Modification, Cancellation, Postponement

The City may modify the terms of this Official Notice of Bond Sale prior to the sale date to change the principal amounts or the redemption or other provisions, or to increase or decrease the total principal amount or the amounts of individual maturities of Bonds. Notice of any such modification will be provided to Parity on or before May 2, 2022, and it is the bidder’s responsibility to check for any such modification prior to submitting its bid.

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

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

(1) Preliminary, subject to change.

CONTACT INFORMATION

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

DESCRIPTION OF THE BONDS

Bond Details

The Bonds will be dated the date of their initial delivery. Interest on the Bonds is payable semiannually on each March 1 and September 1, beginning September 1, 2022.

Registration and Book-Entry Form

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

Election of Maturities

The successful bidder for the Bonds shall designate whether some or all of the principal amounts of the Bonds maturing on and after September 1, 2033, shall be retired as shown in the table below as serial bonds maturing in such year or as mandatory redemption requirements of Term Bonds maturing in the years specified by the bidder. Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(September 1)	Installments ⁽¹⁾	(September 1)	Installments ⁽¹⁾
2022	\$ 4,125,000	2033	\$ 3,510,000 ⁽²⁾
2023	10,545,000	2034	3,680,000 ⁽²⁾
2024	12,010,000	2035	3,865,000 ⁽²⁾
2025	12,170,000	2036	4,015,000 ⁽²⁾
2026	10,315,000	2037	4,180,000 ⁽²⁾
2027	10,720,000	2038	4,350,000 ⁽²⁾
2028	10,765,000	2039	4,525,000 ⁽²⁾
2029	11,190,000	2040	4,700,000 ⁽²⁾
2030	11,755,000	2041	4,890,000 ⁽²⁾
2031	7,270,000	2042	5,085,000 ⁽²⁾
2032	7,640,000		

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

Redemption

Optional Redemption. The Bonds maturing on and before September 1, 2032, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the Bonds maturing on and after September 1, 2033, prior to their stated maturity dates at any time on or after September 1, 2032, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption. See “Description of the Bonds—Redemption of Bonds—Optional Redemption” in the Preliminary Official Statement.

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

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

Purpose

The Bonds are being issued (i) to pay or reimburse all or a part of the costs of various elements of the City’s capital improvement program, (ii) if market conditions are favorable, to carry out a current refunding of certain obligations of the City, and (iii) to pay the costs of issuing the Bonds and, if applicable, the costs of administering the refunding. See “Use of Proceeds” in the Preliminary Official Statement.

Security

The Bonds are general obligations of the City.

For so long as any of the 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 City’s authority relating to tax collections and expenditures is more fully described in the Preliminary Official Statement.

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

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

BIDDING INFORMATION AND AWARD

Bidders are invited to submit bids for the purchase of the Bonds, fixing the interest rate or rates that the Bonds will bear. No more than one interest rate may be fixed for any one maturity of the Bonds.

Interest rates included as part of a bid for the Bonds shall be in multiples of 1/8 or 1/20 of 1%, or any combination thereof. No bid will be considered for the Bonds that is less than an amount equal to 103.5% of the stated principal amount of the Bonds nor more than an amount equal to 112% of the stated principal amount of the Bonds. For the Bonds maturing on September 1 in the years 2022, 2023, and 2029 through 2042, the interest rate must be no higher than 5.00%. For the Bonds maturing on September 1 in the years 2024 through and including 2028, the interest rate must be no higher than 4.00%. For the Bonds maturing on and after September 1, 2033, the interest rate must be no lower than 4.00%.

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

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

Bidding Process

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

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

Good Faith Deposit

The winning bid for the Bonds must be backed by a good faith deposit in the amount of \$1,500,000. The good faith deposit must be paid by federal funds wire transfer within 90 minutes after verbal notice from the City to the apparent successful bidder for the Bonds. Wiring instructions will be provided to the apparent successful bidder at the time of the notice from the City.

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

Award

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

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

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

Adjustment of Principal Amounts and Bid Price After Receipt of Bids

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

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

Issue Price Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

- (iv) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

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

Insurance

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

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

Ratings

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

DELIVERY

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

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

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

Legal Opinion

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

CUSIP Numbers

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

The City's Municipal Advisor is responsible for obtaining CUSIP numbers for the Bonds. The charge of the CUSIP Service Bureau the Bonds will be paid by the successful bidder.

OTHER INFORMATION

Continuing Disclosure Agreement

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

Preliminary Official Statement

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

By submitting the successful bid for the Bonds, the successful bidder's designated representative agrees:

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

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

Official Statement

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

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

DATED at Seattle, Washington, this 22rd day of April, 2022.

/s/ Glen M. Lee

Glen M. Lee
Director of Finance

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

**THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A**

With respect to the above-captioned bonds (the “Bonds”), the Director of Finance of The City of Seattle, Washington (the “City”), as the Designated Representative authorized to act on behalf of the City pursuant to Ordinance 126479 and Ordinance 125457 (together, the “Bond Ordinance”), certifies as follows:

1. In accordance with the Bond Ordinance, an Official Notice of Bond Sale dated April 22, 2022, has been prepared and distributed, and on May 3, 2022, bids for the purchase of the Bonds were received and reviewed in accordance with the Official Notice of Bond Sale.
2. The sale of the Bonds is hereby awarded to _____ (the “Purchaser”), the Purchaser’s bid being the best responsive bid determined by the method of calculation set forth in the Official Notice of Bond Sale as follows:

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

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

Maturity Dates, Principal Amounts, Interest Rates and Prices

Due September 1	Amount	Interest Rate	Price	Due September 1	Amount	Interest Rate	Price
2022				2033			
2023				2034			
2024				2035			
2025				2036			
2026				2037			
2027				2038			
2028				2039			
2029				2040			
2030				2041			
2031				2042			
2032							

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

Redemption Provisions

Optional Redemption. The Bonds maturing on September 1 in the years 2022 through 2032, inclusive, are not subject to redemption prior to their stated maturity.

The Bonds maturing on or after September 1, 2033, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after September 1, 2032, at a price equal to 100% of the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

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

Mandatory Redemption Years	Mandatory Redemption Amounts	Mandatory Redemption Years	Mandatory Redemption Amounts
20__	\$	20__	\$
20__		20__	
20__		20__	
20__ ⁽¹⁾		20__ ⁽¹⁾	

(1) Term Bond maturity.

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

THE CITY OF SEATTLE

By: _____

Glen M. Lee, Director of Finance

Date: _____ Time: _____

Acknowledged by:
[PURCHASER]

By: _____

Name: _____

Title: _____

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

\$151,305,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A

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

Reasonably Expected Initial Offering Price

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

Defined Terms

- (i) *Maturity* means Bonds having the same maturity date and credit and payment terms.
- (ii) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (iii) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds, as evidenced by the award of the bid submitted pursuant to the Official Notice of Bond Sale. The Sale Date of the Bonds is May 3, 2022.
- (iv) *Underwriter* means (a) [SHORT NAME OF UNDERWRITER], as the winning bidder to purchase the Bonds (and any person that agrees pursuant to a written contract with [SHORT NAME OF UNDERWRITER] as the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

Dated: [ISSUE DATE]

[UNDERWRITER]

By: _____

Name: _____

(1) Preliminary, subject to change.

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

\$151,305,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A

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

Sale of the General Rule Maturities

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

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

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

Defined Terms

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

(1) Preliminary, subject to change.

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

- (vii) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 3, 2022.
- (viii) *Underwriter* means (a) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

Dated: [ISSUE DATE]

[NAME OF UNDERWRITER/REPRESENTATIVE]

By: _____

Name: _____

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PRELIMINARY OFFICIAL STATEMENT

\$151,305,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2022A

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 \$151,305,000⁽¹⁾ aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2022A (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 the Bonds. Appendix B is the City’s Annual Comprehensive Financial Report (the “Annual Report”) for 2020. 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.

Some of the information presented reflects time periods affected by the COVID-19 pandemic, which began in early 2020 and is ongoing. Historical data may not necessarily predict near-term trends accurately. See more specific information set forth throughout this Official Statement and particularly under “City Financial Information—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic” and “Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic.”

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

DESCRIPTION OF THE BONDS

Authorization for the Bonds

The Bonds are authorized to be issued by the City pursuant to the State Constitution, Titles 35 and 39 of the Revised Code of Washington (“RCW”), and the Seattle City Charter. In addition, the Bonds are authorized by Ordinance 126479, passed by the City Council on November 22, 2021 (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,

(1) Preliminary, subject to change.

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 September 1 in the years and amounts set forth on page i of this Official Statement.

Interest on the Bonds is payable semiannually on each March 1 and September 1, beginning September 1, 2022, at the rates set forth on page i of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Registration and Book-Entry Form

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

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

Termination of Book-Entry System. Upon the resignation of the Securities Depository from its functions as depository, or upon a determination by the Director of Finance to discontinue utilizing the then-current Securities Depository, the 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 maturing on and before September 1, 2032, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the Bonds maturing on and after September 1, 2033, prior to their stated maturity dates at any time on or after September 1, 2032, 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 maturity or maturities to be redeemed. If less than all of the principal amount of a maturity is to be redeemed and the Bonds are held in Book-Entry Form, the portion of such maturity to be redeemed will be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Bonds are not then held in Book-Entry Form, the portion of such maturity to be redeemed will be selected by the Bond Registrar at random in such manner as the Bond Registrar determines.

All or a portion of the principal amount of any 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.

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

The proceeds of the 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 (the “Waterfront Seattle Program), including certain improvements to the City-owned Seattle Aquarium facility, and the repair of the West Seattle Bridge (see “Other Considerations—Infrastructure and Capital Projects”)), all as specified in and subject to change pursuant to the Bond Ordinance, (ii) if market conditions are favorable, to carry out a current refunding of certain obligations of the City, as described below under “—Refunding Plan,” and (iii) to pay the costs of issuing the Bonds and, if applicable, the costs of administering the Refunding Plan.

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

SOURCES OF FUNDS

Stated Principal Amount of Bonds
Original Issue Premium (Discount)
Cash Contribution Toward Redemption of Refunded Bonds
Total Sources of Funds

USES OF FUNDS

Project Fund Deposits
Redemption of Refunded Bonds
Costs of Issuance ⁽¹⁾
Total Uses of Funds

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

Totals may not add due to rounding.

Refunding Plan

If market conditions are favorable, a portion of the proceeds of the Bonds will be used to carry out a current refunding of the outstanding Limited Tax General Obligation Improvement and Refunding Bonds, 2012 (the “Refunding Candidates”), as shown below, to realize debt service savings. The Refunding Candidates that are refunded with the proceeds of the Bonds will be identified in the Bond Documents as the “Refunded Bonds.” The Refunding Candidates will be called on the closing date for the Bonds at a redemption price of 100%, as shown in the table below.

REFUNDING CANDIDATES⁽¹⁾

Bond Component	Maturity Date	Interest Rate (%)	Par Amount	Redemption Date	Redemption Price (%)	CUSIP Number
<i>LTGO Improvement and Refunding Bonds, 2012, Dated 5/16/2012</i>						
Serial	9/1/2022	5.00	\$ 4,240,000	5/18/2022	100	812626 M48
	9/1/2023	5.00	4,120,000	5/18/2022	100	812626 M55
	9/1/2024	5.00	5,405,000	5/18/2022	100	812626 M63
	9/1/2025	5.00	5,345,000	5/18/2022	100	812626 M71
	9/1/2026	5.00	3,160,000	5/18/2022	100	812626 M89
	9/1/2027	3.00	3,315,000	5/18/2022	100	812626 M97
	9/1/2028	4.00	3,015,000	5/18/2022	100	812626 N21
	9/1/2029	4.00	3,135,000	5/18/2022	100	812626 N39
	9/1/2030	4.00	3,255,000	5/18/2022	100	812626 N47
	9/1/2031	4.00	3,375,000	5/18/2022	100	812626 N54
	9/1/2032	4.00	3,525,000	5/18/2022	100	812626 N62
Total			<u>\$ 41,890,000</u>			

(1) Preliminary, subject to change.

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 2022." 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 City’s financial performance has been and continues to be affected by the ongoing COVID-19 pandemic. Historical information presented below that covers the period from 2020 onward has primarily been affected and may not be indicative of future results. See generally “Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic,” “—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic,” and “—General Fund Tax Revenue Sources.”

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

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

Management Discussion of Preliminary 2021 Financial Results

As businesses and individuals continued to adjust their behavior in response to the ongoing COVID-19 pandemic, the City’s overall financial performance for the fiscal year 2021, which ended December 31, 2021, improved significantly from 2020 results. Many major revenue streams for the City exceeded 2019 pre-pandemic levels (see “General Fund Tax Revenue Sources”). However, activity related to vehicle and foot traffic in the City’s downtown core, while improving, remains at levels well below pre-pandemic peaks. Examples of revenues that are still significantly impacted compared to 2019 pre-pandemic levels include: parking meters (down 71.2%), court fines (down 47.4%), and admissions tax (down 16.7%), which are General Operating Fund revenues, and commercial parking tax (down 42.0%) and short-term rental tax (down 11.6%), which are revenues to funds outside of the General Fund. While these revenue streams are forecast to improve, a full recovery to 2019 levels will require increased activity in the downtown core and the timing for such an increase is still uncertain. See “—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic.”

All Governmental Funds. Based on preliminary unaudited results, revenues for all governmental funds increased by 19.1% in 2021 compared to 2020 actuals. Most revenue categories increased significantly in 2021 as economic activity rebounded from the lows of the pandemic. The revenue increase was led by taxes supporting all governmental funds, which are the City’s largest source of governmental revenue and which increased by 28.7% compared to 2020 actuals. More than half of this increase was due to revenue collected from the City’s new Payroll Expense Tax. See “General Fund Tax Revenue Sources—Payroll Expense Tax.” Revenue from Grants, Shared Revenue, and Contributions increased by 17.6% in 2021 due primarily to continued receipt of federal and State COVID-19 stimulus funding. See “—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic.” Revenue from Fines and Forfeits and Parking Fees and Space Rent increased by 32.4% and 31.0%, respectively, in 2021 compared to 2020 due to a general increase in economic activity. Program Income, Interest, and Miscellaneous Revenues decreased by 31.0% in 2021. This is due primarily to the swing in unrealized gains and losses on fund balances as a result of a significant drop in interest rates in 2020 followed by rising interest rates in 2021.

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 7.9%. Some of the largest increases were in the areas of General Government, Economic Environment, and Health and Human Services, which increased by 43.8%, 27.3%, and 20.5%, respectively, compared to 2020 actuals.

General Fund. Revenues to the General Fund increased by 25.4%, while expenditures and net transfers out of the General Fund increased by 7.4% compared to 2020 actuals. Taxes, which make up the largest share of revenues to the General Fund, increased by 38.5% in 2021 compared to 2020 actuals. The majority of this increase was due to revenue collected from the City's new Payroll Expense Tax. See "General Fund Tax Revenue Sources—Payroll Expense Tax." Further description of and the changes in the four largest tax revenue components are shown below under "General Fund Tax Revenue Sources." Non-tax revenues declined by 10.8% compared to 2020 actuals. The majority of this was due to a \$37.9 million reduction in Grants, Shared Revenues, and Contributions. As mentioned previously, federal grant funding to the City actually increased in 2021. However, the share distributed to the General Fund was lower than in 2020, albeit still significantly above levels seen prior to 2020. See "—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic."

The largest General Fund expenditure component is Public Safety, which decreased by 1.5% in 2021 compared to 2020 actuals. For additional discussion of public safety challenges and efforts to achieve expense reduction, see "Other Considerations—Public Safety Funding Considerations and Protests."

In 2020, the impacts from the COVID-19 pandemic caused General Fund expenditures to exceed revenues and the General Fund balance decreased by \$71 million, to a year-end balance of \$515 million. In 2021, the receipt of tax revenues in excess of forecasted amounts, expense reduction efforts, and delays in expenditures for some new programs initially included in the 2021 Budget all contributed to an increase in the General Fund balance to a preliminary unaudited figure of \$717 million. Some portion of this balance may be reappropriated to support expenditures in 2022 and in future years for programs originally included in the 2021 Budget.

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 2016 through 2020 and unaudited figures for 2021. Notes to Tables 1 through 3 are provided on the pages following the tables.

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

	Unaudited					
	2021	2020	2019	2018	2017	2016
Assets						
Cash and Equity in Pooled Investments	\$ 423,315	\$ 441,451	\$ 502,167	\$ 430,890	\$ 406,761	\$ 359,510
Receivables, Net of Allowances	395,167 ⁽¹⁾	104,735	130,860	111,271	89,522	86,072
Due from Other Funds	3,785	46	68 ⁽²⁾	94,870 ⁽³⁾	17,084	20,244
Due from Other Governments	73,144	76,957	81,597	70,399	63,913	62,064
Interfund Loans and Advances	110,500 ⁽⁴⁾	40,900 ⁽⁴⁾	1,550	5,700	72	1,250
Other Current Assets	7,249	1,375	1,901	1,729	285	352
Total Assets	\$ 1,013,160	\$ 665,464	\$ 718,143	\$ 714,859	\$ 577,637	\$ 529,492
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows	\$ 1,013,160	\$ 665,464	\$ 718,143	\$ 714,859	\$ 577,637	\$ 529,492
Liabilities						
Accounts Payable	\$ 84,725	\$ 65,396	\$ 62,331	\$ 63,898	\$ 34,280	\$ 36,675
Contracts Payable	172	384	177	159	126	86
Salaries, Benefits, and Taxes Payable	20,358	20,028	54,967 ⁽⁵⁾	103,613 ⁽⁵⁾	29,411	27,559
Due to Other Funds	-	11,240	673 ⁽²⁾	52,476 ⁽³⁾	8,183	12,839
Due to Other Governments	2,842	466	592	570	2,083	2,068
Revenues Collected in Advance	13,188	13,335	8,382	6,744	4,160	3,496
Interfund Loans and Advances ⁽⁴⁾	160,000	-	700	-	-	-
Other Current Liabilities	9,410	7,641	1,212	340	362	617
Total Liabilities	\$ 290,695	\$ 118,490	\$ 129,034	\$ 227,800	\$ 78,605	\$ 83,340
Deferred Inflows of Resources	5,081	32,376	4,061	3,793	3,950	3,771
Total Liabilities and Deferred Inflows	\$ 295,776	\$ 150,866	\$ 133,095	\$ 231,592	\$ 82,555	\$ 87,112
Fund Balances						
Nonspendable	\$ 75	\$ 65	\$ 74	\$ 93	\$ 350	\$ 401
Restricted	297,580	263,769	250,624	215,620 ⁽⁶⁾	181,951	155,523
Committed	113,977	112,000	89,595	88,794 ⁽⁶⁾⁽⁷⁾	131,385	102,521
Assigned	10,607	8,693	20,632	26,391	29,172	28,646
Unassigned	295,145 ⁽⁸⁾	130,071	224,123	152,368	152,224	155,290
Total Fund Balances	\$ 717,384	\$ 514,598	\$ 585,048	\$ 483,266	\$ 495,082	\$ 442,381
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 1,013,160	\$ 665,464	\$ 718,143	\$ 714,859	\$ 577,637	\$ 529,492

Notes to Table 1 are on the following page.

NOTES TO TABLE:

- (1) The increase in receivables in 2021 reflects revenue to be received under the City's new Payroll Expense Tax, which was effective January 2021 but not received until January 2022. See "General Fund Tax Revenue Sources—Payroll Expense Tax."
- (2) In 2019, settlement between funds occurred prior to year-end. In 2018, this settlement activity occurred after the end of the year.
- (3) 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."
- (4) In 2020, 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) were repaid in 2021 with prepaid assessment funds. 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 an interfund loan of \$16 million from the Emergency Fund to the Housing Services Fund that has since been repaid. In 2021, interfund loans receivable (assets) included loans to the General Operating Fund and for the Seattle Center. The total interfund loan to the General Operating Fund can be seen in interfund loans payable (liabilities), \$95.0 million of which was borrowed from other funds within the General Fund. An extension of the due date for Payroll Expense Tax payments applicable to 2021 until January 31, 2022, resulted in a cash flow delay to the General Operating Fund. This loan was repaid in March 2022 with only accrued interest still outstanding. The remaining \$15.5 million in interfund loans receivable (assets) consist of the operating loan for the Seattle Center discussed above.
- (5) 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.
- (6) 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.
- (7) 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.
- (8) The unassigned fund balance in 2021 includes balances due to delays in expenditures for some new programs initially included in the 2021 Budget. Some portion of this balance may be reappropriated as expenditures for 2022 and beyond for those programs originally included in the 2021 Budget.

Source: City of Seattle, Annual Reports, 2016-2020, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2021 results

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

	Unaudited 2021	2020	2019	2018	2017	2016
Revenues						
Taxes	\$1,604,160 ⁽¹⁾	\$1,158,438 ⁽²⁾	\$1,283,863	\$1,193,693	\$1,107,598	\$1,047,643
Licenses and Permits	39,467	36,376 ⁽²⁾	43,856	45,558	35,462	33,059
Grants, Shared Revenues, and Contributions	92,356 ⁽³⁾	130,239 ⁽³⁾	37,339	45,207	26,908	36,533
Charges for Services	81,734	76,339 ⁽²⁾	95,582 ⁽⁷⁾	63,596	69,373	61,386
Fines and Forfeits	22,402	21,285 ⁽²⁾	34,529	31,461	30,300	32,096
Concessions, Parking Fees, and Space Rent	11,195	10,614 ⁽²⁾	39,105	39,980	39,155	38,856
Program Income, Interest, and Miscellaneous Revenues	124,402	141,690 ⁽²⁾	151,295 ⁽⁸⁾	122,145	95,928	80,472
Total Revenues	\$1,975,716	\$1,574,981	\$1,685,569	\$1,541,640	\$1,404,724	\$1,330,045
Expenditures						
Current						
General Government	\$ 323,109 ⁽⁴⁾	\$ 253,631	\$ 274,574 ⁽⁹⁾	\$ 307,028 ⁽¹⁰⁾	\$ 258,400	\$ 232,266
Judicial	38,176	36,412	35,208	32,892	31,658	31,519
Public Safety	774,534	786,214	741,670 ⁽⁹⁾	686,865 ⁽¹¹⁾	610,762	588,834
Physical Environment	25,230	36,465 ⁽⁵⁾	15,527	12,892	15,668	13,116
Transportation	76,318	55,761	53,808	59,951 ⁽¹²⁾	12,041	9,890
Economic Environment	212,425 ⁽⁶⁾	184,504 ⁽⁶⁾	146,586 ⁽⁹⁾	103,420 ⁽¹³⁾	31,411	31,626
Health and Human Services	47,141	40,594	29,757 ⁽⁹⁾	57,002 ⁽¹⁴⁾	-	-
Culture and Recreation	197,656	206,395	191,958	207,162 ⁽¹⁵⁾	83,033	80,620
Capital Outlay						
General Government	115	-	8,821	15,096	15,278	12,450
Public Safety	2,672	482	4,013	902	1,373	6,378
Physical Environment	(166)	6	-	794	-	-
Transportation	5,521	4,828	23,449	19,704 ⁽¹²⁾	-	-
Economic Environment	-	-	875	803	53	7
Culture and Recreation	17,315	15,817	38,252	43,933	24,222	15,044
Debt Service						
Principal	-	-	5	1	3	2
Interest	-	22	-	4	1	1
Bond Issuance Cost	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditures	\$1,720,046	\$1,621,131	\$1,564,503	\$1,548,449	\$1,083,903	\$1,021,753
Excess (Deficiency) of Revenues Over Expenditures	\$ 255,670	\$ (46,150)	\$ 121,066	\$ (6,809)	\$ 320,821	\$ 308,292
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on Bonds Issued	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-
Sales of Capital Assets	3,775	8,579	-	2,065	7,550	96
Transfers In	5,126	4,000	10,406	14,305	27,698	48,771
Transfers Out	(62,014)	(36,980)	(29,656)	(27,951) ⁽¹⁶⁾	(303,516)	(318,299)
Total Other Financing Sources (Uses)	\$ (53,113)	\$ (24,401)	\$ (19,250)	\$ (11,581)	\$ (268,268)	\$ (269,432)
Net Change in Fund Balance	\$ 202,557	\$ (70,551)	\$ 101,816	\$ (18,390)	\$ 52,553	\$ 38,860
Fund Balances-Beginning of Year	514,598	585,047	483,267	486,396 ⁽¹⁷⁾	442,382	383,927
Restatement/Prior-Year Adjustment	229	103	(35)	15,261 ⁽¹⁸⁾	147	19,594 ⁽¹⁹⁾
Fund Balances-Beginning of Year as Restated	\$ 514,827	\$ 585,150	\$ 483,232	\$ 501,657	\$ 442,529	\$ 403,521
Fund Balances-End of Year	\$ 717,384	\$ 514,598	\$ 585,048	\$ 483,266	\$ 495,082	\$ 442,382

Notes to Table 2 are on the following page.

NOTES TO TABLE:

- (1) Approximately \$248 million of the increase in 2021 tax revenue was due to revenue collected from the City's new Payroll Expense Tax. See "General Fund Tax Revenue Sources—Payroll Expense Tax."
- (2) Revenues declined in 2020 compared to 2019 figures due to a significant reduction in economic activity brought on by the COVID-19 pandemic.
- (3) The increase above 2019 levels is largely due to direct federal grants related to COVID-19 response and recovery. For 2020, \$84.6 million was received from the Coronavirus Relief Fund, and in 2021, \$18.9 million was received from the Coronavirus Relief Fund and \$26.7 million was received from Coronavirus State and Local Fiscal Recovery Funds. See "—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic" and "Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic."
- (4) Increase in 2021 includes \$27.7 million related to COVID-19 response and recovery, \$24.4 million in increased City employee medical claims, and \$8.5 million related to jail services costs returning to pre-2020 levels.
- (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 \$27.3 million related to COVID-19 mitigation efforts, which included hygiene, shelters, housing/rent, food, and small business assistance. The increase in 2021 primarily reflects COVID-19 response and recovery efforts including shelters, housing/rent, and small business assistance.
- (7) 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.
- (8) Includes one-time sale of City property for \$21.7 million.
- (9) A significant amount of the change from 2018 expenditure levels is a result of more precise methodology for allocating expenditures by purpose.
- (10) Includes expenditures that were previously categorized as Physical Environment, Public Safety, and Transportation expenditures. Includes expenditures that were previously treated as transfers from the General Fund to the Construction and Expenses Fund and Human Services Fund. See footnotes 11 and 12 to this table.
- (11) Increase primarily reflects one-time retroactive payment of approximately \$65 million representing salary increases and related pension benefits accrued by employees represented by 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.
- (12) 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.
- (13) Includes expenditures that were previously treated as transfers from the General Fund to the Neighborhood Matching Fund and Human Services Fund.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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."
- (18) Restatement due to the City's conversion to the Direct Fund Model and adjustments to accounts receivable.
- (19) 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, Annual Reports, 2016-2020, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2021 results

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

	Unaudited 2021	2020	2019	2018	2017	2016
Revenues						
Taxes	\$2,062,095 ⁽¹⁾	\$1,601,753 ⁽³⁾	\$1,743,744	\$1,607,390	\$1,517,424	\$1,422,194
Licenses and Permits	47,636	44,306 ⁽³⁾	50,745	55,697	43,674	41,743
Grants, Shared Revenues, and Contributions	404,607 ⁽⁴⁾	344,046 ⁽⁴⁾	168,379	157,092	167,609	166,779
Charges for Services	369,200	353,106 ⁽⁵⁾	266,747	304,218 ⁽¹³⁾	248,711	254,412
Fines and Forfeits	32,806	24,786 ⁽³⁾	44,471	45,368	42,971	46,154
Concessions, Parking Fees, and Space Rent	26,701	20,380 ⁽³⁾	65,417	70,262	71,407	68,798
Program Income, Interest, and Miscellaneous Revenues	134,543	195,119	209,692 ⁽¹⁰⁾	155,746 ⁽¹⁴⁾	118,248	99,369
Total Revenues	\$3,077,588	\$2,583,496	\$2,549,195	\$2,395,776	\$2,210,044	\$2,099,449
Expenditures						
Current						
General Government	\$ 370,489	\$ 257,625	\$ 294,816 ⁽¹²⁾	\$ 330,004	\$ 321,623 ⁽¹⁸⁾	\$ 264,284
Judicial	38,176	36,412	35,208	32,892	31,658	31,519
Public Safety	778,684	786,851	743,448 ⁽¹²⁾	690,650 ⁽¹⁴⁾	611,790	590,681
Physical Environment	25,581	36,914 ⁽⁶⁾	15,852	13,577	16,130	13,575
Transportation	361,216	343,819	368,776 ⁽¹²⁾	334,625 ⁽¹⁵⁾	195,895	227,666
Economic Environment	521,349 ⁽⁷⁾	409,442 ⁽⁷⁾	286,589 ⁽¹²⁾	258,243 ⁽¹⁵⁾	151,462	179,831
Health and Human Services	187,206	155,356 ⁽⁸⁾	124,633 ⁽¹²⁾	139,433	120,943	104,209
Culture and Recreation	325,361	312,900	318,075 ⁽¹¹⁾	317,667 ⁽¹¹⁾	317,961	305,986
Capital Outlay						
General Government	115	3,823	9,039	16,442	55,933	29,342
Public Safety	2,890	5,055	4,050	1,031	2,764	21,527
Physical Environment	(166)	43	-	895	-	-
Transportation	164,842 ⁽⁹⁾	231,124 ⁽⁹⁾	127,518	111,322	203,447	240,216
Economic Environment	-	3,032	875	811	110	7
Culture and Recreation	52,211	47,041	70,064	62,201	60,586	47,390
Debt Service ⁽⁴⁾						
Principal	79,026	76,996	75,145	80,576	57,883	53,308
Interest	40,047	39,347	43,263	43,821	35,551	32,768
Bond Issuance Cost	1,127	531	232	397	508	627
Other	-	-	-	-	-	-
Total Expenditures	\$2,948,154	\$2,746,311	\$2,517,583	\$2,434,587	\$2,184,244	\$2,142,936
Excess (Deficiency) of Revenues Over Expenditures	\$ 129,434	\$ (162,815)	\$ 31,612	\$ (38,811)	\$ 25,800	\$ (43,487)
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ 240,105	\$ 71,805	\$ 39,825	\$ 49,975	\$ 93,880	\$ 145,139
Premium on Bonds Issued	34,115	14,601	5,053	3,186	10,198	22,177
Payment to Refunded Bond Escrow Agent	(38,359)	(51,381)	-	-	(19,419)	(31,909)
Capital Leases and Installment	11	-	-	-	-	-
Sales of Capital Assets	7,592	16,107	6,272	4,128	7,704	123
Transfers In	30,937	102,429	107,995	104,215	501,504	550,752
Transfers Out	(15,814)	(73,801)	(75,515)	(78,011)	(498,724)	(518,825)
Total Other Financing Sources (Uses)	\$ 258,587	\$ 79,760	\$ 83,630	\$ 83,493	\$ 95,143	\$ 167,457
Net Change in Fund Balance	\$ 388,021	\$ (83,055)	\$ 115,242	\$ 44,682	\$ 120,943	\$ 123,970
Fund Balances-Beginning of Year	1,202,955	1,286,639	1,170,833	1,100,311 ⁽¹⁶⁾	994,245	870,272
Restatement/Prior Year Adjustment	229	(629)	(62)	25,837 ⁽¹⁷⁾	147	-
Fund Balances-Beginning of Year as Restated	\$1,203,184	\$1,286,010	\$1,170,771	\$1,126,148	\$ 994,392	\$ 870,272
Fund Balances-End of Year	\$1,591,205	\$1,202,954	\$1,286,013	\$1,170,830	\$1,115,335	\$ 994,245

Notes to Table 3 are on the following page.

NOTES TO TABLE:

- (1) Approximately \$248 million of the increase in 2021 tax revenue was due to revenue collected from the City's new Payroll Expense Tax. See "General Fund Tax Revenue Sources—Payroll Expense Tax."
- (2) 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.
- (3) 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 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic."
- (4) The increase above 2019 levels is largely due to direct federal grants related to COVID-19 response and recovery. See "—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic" and "Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic."
- (5) 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—Infrastructure and Capital Projects."
- (6) 2020 amount includes \$19.8 million for grocery vouchers provided as part of the City's COVID-19 mitigation efforts.
- (7) 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. The increase in 2021 primarily reflects COVID-19 response and recovery efforts including shelters, housing/rent, and small business assistance.
- (8) 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."
- (9) Increases in 2021 and 2020 were primarily due to construction on the Alaskan Way projects and various bridge projects throughout the City, including the emergency repair to the West Seattle Bridge. See "Other Considerations—Infrastructure and Capital Projects."
- (10) Includes one-time sale of City property for \$21.7 million and an increase in unrealized gains per GASB 31.
- (11) 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.
- (12) A significant amount of the change from 2018 expenditure levels is a result of a more precise methodology for allocation of expenditures by purpose.
- (13) 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."
- (14) 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.
- (15) Increase primarily reflects expenditures that in prior years were treated as transfers from the General Fund. See footnote 11 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 footnote 3 to this table.
- (17) Restatement due to the City's conversion to the Direct Fund Model and adjustments to accounts receivable.
- (18) Increase primarily due to the creation of the Division of Homelessness Strategy Investment; expenditures previously spread among different categories.

Source: City of Seattle, Annual Reports, 2016-2020, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2021 results

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

The City completed its transition to a new financial accounting software system in 2018. As part of the implementation of the new system, the City adopted the "Direct Fund Model" of fund accounting, effective for 2018 reporting. This method provides increased transparency for expenditure activity within the City's primary funds. It also consolidates several non-major governmental funds within the General Fund. Items that were listed prior to 2018 as transfers into or out of the General Fund are reflected for 2018 and subsequent years as direct revenues or expenditures of the

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

The City’s 2020 financial audit was released on June 30, 2021, and the City currently expects that the 2021 financial audit will be available in mid-summer of 2022.

Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic

The Local Economy and City Revenues. In 2020, due to the revenue impacts resulting from COVID-19, the City implemented certain immediate expense reductions and several strategies for longer-term response, including the use of fiscal reserves as described below. COVID-19 remains a dominant influence on the local economy. While the dramatic drop in employment and overall economic activity experienced in 2020 has eased, the recovery has been uneven in terms of its impact on different sectors within the economy. Locally, the leisure and hospitality sector was showing signs of recovery through 2021. However, the recovery of this sector and the “return-to-office” plans of major local employers were set back due to the emergence of the COVID-19 Omicron variant in late 2021. See “Other Considerations—Global Health Emergency Risk and City’s Response to the COVID-19 Pandemic”.

At the same time, the City’s revenues for 2021 and forecasts for 2022 highlight the significant positive impacts of the stimulus provided by the federal government. The fiscal stimulus has had the intended effect of promoting activity across the economy. Consumer spending returned more quickly than had been expected and this led to material increases in the City’s largest tax revenue streams in 2021, including increases in both sales and B&O taxes of \$21.8 million and \$49.2 million, respectively, above their original forecasts.

Federal Stimulus. In addition to over \$187 million in federal grants and State support received by the City in 2020, the City was awarded federal funds totaling over \$322 million in 2021 and 2022, including: Coronavirus State and Local Fiscal Recovery (“CLFR”) Funds (\$232.3 million in two equal tranches); Emergency Rental Assistance (“ERA1” and “ERA2”) Funds (\$51.5 million total); HOME Investment Partnership Funds (\$12.3 million); USDOT Small Starts Projects Grant (\$10.9 million); and additional federal grants totaling \$15.3 million for supportive services for older adults, transportation, home energy assistance, and other programs intended to aid communities particularly impacted by the pandemic.

The largest source of federal funds, the CLFR funds, are flexible in that they can be used to replace lost public sector revenue to provide government services, respond to public health and negative economic impacts of the pandemic, provide premium pay for essential workers, and invest in certain infrastructure. While similar in many aspects to the federal Coronavirus Relief Funds which were intended to meet relatively short-term needs, CLFR funds provide more general fiscal relief over a broader timeline. The City Council accepted the first tranche of CLFR funds in June 2021 in an amendment to the 2021 Adopted Budget and the second tranche in November 2021, incorporated within the 2022 Adopted Budget. The City’s planned use of these flexible federal funds includes \$67.6 million to maintain ongoing fire and emergency medical services staffing and support reopening public buildings; \$61.1 million in basic needs assistance, childcare access, and other community supports; \$60.9 million in affordable housing investments, emergency shelter, and related services; \$34.5 million in small business and community grants, workforce training, and other economic recovery efforts; and \$8.2 million in mental health and community safety programs. These funds must be obligated by December 31, 2024, and expended by December 31, 2026.

The City has also received \$16.5 million from the Federal Emergency Management Agency for reimbursement of eligible direct costs of the City’s pandemic response, with an estimated additional \$24.7 million in requests in process or review as of March 18, 2022. See “Other Considerations—Global Health Emergency Risk and COVID-19 Pandemic.”

Payroll Expense Tax. In addition to the receipt of federal and State support, the 2021 City budget was balanced by appropriations from unrestricted fund balances, draws on reserve funds, and adoption of a new Payroll Expense Tax. The Payroll Expense Tax, implemented in 2021, is performing strongly with initial receipts from the tax collected in the early months of 2022. While the revenue forecast for this new tax was adjusted downwards in November 2021 to \$200 million, initial receipts collected for 2021 in early 2022 exceeded budget forecasts, coming in at \$248.1 million. This new Payroll Expense Tax, however, continues to be the subject of a legal challenge. While the challenge was dismissed in June 2021 in King County Superior Court, an appeal was filed in the State Court of Appeals the following month and oral arguments were heard on April 15, 2022. A decision is expected within six months and any decision could be appealed to the State Supreme Court. See “General Fund Tax Revenue Sources—Payroll Expense Tax.”

Reserves. As part of the response to the COVID-19 pandemic and related economic downturn, the City withdrew a net \$51.7 million in 2020 and 2021 from the Revenue Stabilization Fund (“RSF”), reducing the RSF reserve balance to \$6.0 million at the end of 2021. The City also withdrew a net \$31.3 million from the Emergency Fund (“EMF”), reducing the EMF balance to \$33.7 million at the end of 2021. In 2011, following the Great Recession, the City adopted 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 following use of the reserves in 2009 and 2010. Current law requires an automatic transfer of 50% of the ending General Operating 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 to the RSF. As a result, based on this automatic transfer mechanism, the City is transferring \$56 million to the RSF in 2022, based on the 2021 year-end position of the General Operating Fund. The City does not plan to draw on reserves in 2022. The City plans to fund combined RSF and Emergency Fund together to \$130 million by year-end 2024. See “The City of Seattle—Fiscal Reserves.”

On April 8, 2022, the Forecast Office presented the results of the April economic and revenue forecast to the Forecast Council. The forecast shows projected revenues to the General Operating Fund from selected economically sensitive tax sources coming in \$32.5 million (4.8%) higher than what was assumed in the 2022 budget. Notably, the forecast also includes a projected increase of \$43.6 million (18.6%) in the Payroll Expense Tax and a projected increase of \$11.7 million (13.3%) in the Real Estate Excise Tax over the amounts assumed in the 2022 budget. A copy of the forecast can be found at <https://www.seattle.gov/economic-and-revenue-forecasts/meeting-information/materials>. The new independent Forecast Office has responsibility for developing a regional economic forecast and forecasts for key tax revenues, as was previously done by the CBO. See “The City of Seattle—Budgeting and Forecasting.”

The Mayor will submit his 2023 budget proposal at the end of September 2022. The City Council will then deliberate and may modify the proposal. The City’s budget is adopted by ordinance pursuant to State law and the City’s Charter. Typically, adoption occurs in late November after the budget is approved by the City Council and signed by the Mayor. See “The City of Seattle—Budgeting and Forecasting.” Additional legislative options for new taxes or increases in existing taxes may be or have been proposed but remain subject to approval by the City Council and the Mayor.

The evolving COVID-19 pandemic situation will continue to be monitored, and any changes in federal funding will be 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 2016 through unaudited 2021:

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

	Unaudited 2021	2020	2019	2018	2017	2016
Taxes						
General Property	\$ 363,688	\$ 344,813 ⁽⁶⁾	\$ 320,731	\$ 311,323	\$ 294,720	\$ 283,735
Retail Sales and Use ⁽¹⁾	301,031	256,019	293,469	277,686 ⁽²⁾	254,522	238,558
Business	613,179 ⁽³⁾	284,311	345,323	319,893	302,371	285,723
Excise ⁽⁴⁾	123,658	81,374 ⁽⁶⁾	114,296	84,222	83,447	82,774
Other Taxes ⁽⁵⁾	27,463	17,444 ⁽⁶⁾	36,639	35,116	12,583	10,328
Interfund Business ⁽⁷⁾	175,142	174,476	173,404	165,453	159,955	146,525
Total Taxes	<u>\$ 1,604,161</u>	<u>\$ 1,158,438</u>	<u>\$ 1,283,862</u>	<u>\$ 1,193,693</u>	<u>\$ 1,107,598</u>	<u>\$ 1,047,643</u>

- (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 approximately \$248.1 million from the Payroll Expense Tax that was first implemented in 2021. See “—Payroll Expense Tax.”
- (4) The figure for 2019 reflects a one-time increase in real estate excise tax collections in advance of the January 1, 2020, effective date for certain State real estate excise tax rate increases. The increase in 2021 reflects rapid growth in regional property prices, high residential sales activity, and several large commercial property sales. See “—Real Estate Excise Taxes.” Also includes a vehicle license fee to fund certain transportation improvements that expired on December 31, 2020, and was not extended. Includes the short-term rentals tax that was first implemented in 2019. See “—Other Taxes—Short-Term Rentals Tax.”
- (5) Includes the sweetened beverage tax that was first implemented in 2018. See “—Other Taxes—Sweetened Beverage Tax.”
- (6) This number is correct and is different from what is shown in the 2020 Annual Report, which was an error.
- (7) Business taxes on City-owned utilities. See “—Business Taxes.”

Source: City of Seattle, Annual Reports, 2016-2020, and Citywide Accounting Services, Department of Finance and Administrative Services, for unaudited 2021 results

The ongoing recovery from 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 rebounding significantly from 2020’s depressed levels. Based on preliminary, unaudited year-end 2021 results, the 2021 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 2020 levels by 5.5%, 17.6%, 115.7%, and 0.4%, respectively. The majority of the increase in business taxes was due to \$248.1 million received from the City’s new Payroll Expense Tax. See “—Payroll Expense Tax.” Without this new tax included, business taxes increased by 28.4% in 2021 compared to the amount collected in 2020.

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

General Property Taxes

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

Authorized Property Taxes. Under the State’s laws and the State Constitution, property taxes are classified as either “regular” property taxes or “excess” property taxes. The City is authorized to levy both types of taxes. The City typically adopts a levy ordinance each November, in conjunction with its annual budget process. It then submits a levy amount request to the King County Assessor (the “Assessor”), who calculates the levy rate by spreading the levy amount on the tax rolls, following procedures established by the State Department of Revenue (“DOR”). The Assessor confirms that the levy is within applicable statutory and constitutional limitations and makes any necessary reductions before the county treasurer may begin to collect the levy on behalf of the City. See “—Property Tax Collection Procedure” below.

- (i) *Regular Property Taxes.* Regular property taxes are subject to constitutional and statutory limitations as to rates and amounts and commonly are imposed by taxing districts for general municipal purposes, although certain statutes authorize additional regular levies or levy increases for specified limited purposes. General purpose levies may be used for the payment of debt service on limited tax general obligation indebtedness such as the Bonds, but State law does not prioritize use of property tax levies for this purpose over any other. In general, regular property taxes for general purposes do not require voter approval, though certain statutes authorizing limited purpose levies may require voter approval. Certain tax limitations may be exceeded upon voter approval.
- (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 2022, 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 2022 is \$2.10681 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 6, 7, and 8 and the discussion of “levy lid lift” ballot measures under “—Regular Property Tax Amount Increase Limitation” below.

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

The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$3.4991 for the 2022 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$6.8329 for the 2022 tax collection year.

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

- (iii) *Regular Property Tax Amount Increase Limitation.* The regular property tax increase limitation (chapter 84.55 RCW) also limits the amount of any regular levy for any particular year (other than the State’s levies for collection through 2021) to the highest amount that could have been levied in any prior year, multiplied by a specified percentage (the “limit factor”) plus an adjustment for new construction, annexations, certain improvements to property, 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 either indefinitely or for a limited period. Tax receipts from the incremental increase may be (but are not required to be) restricted in the ballot proposition to satisfy a limited purpose. A levy lid lift will not increase the levy if it would cause the taxing district’s levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The City has several levy lid lifts that have been approved by the voters and are currently in effect. The incremental tax rates for the levy lid lifts currently in effect are shown below in Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2022, and Table 8—Voted Levy Lid Lifts in Effect in 2022.

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 has bonds outstanding for two local improvement districts. The City previously issued approximately \$21.9 million of Local Improvement District No. 6750 Bonds, 2006, of which \$1.1 million principal amount is outstanding as of December 31, 2021, and is guaranteed by the local improvement guaranty fund (the “Guaranty Fund”).

In January 2019, the City Council adopted Ordinance 125760, creating Local Improvement District No. 6751 (the “Waterfront LID”). In October 2021, the City issued approximately \$97.4 million of Local Improvement District No. 6751 Bonds (the “Waterfront LID Bonds”), which are also secured by the Guaranty Fund. The full principal amount of the Waterfront LID Bonds remains outstanding as of the date of this Preliminary Official Statement.

The balance in the Guaranty Fund, which secures the bonds issued by both local improvement districts, was approximately \$8.7 million as of December 31, 2021. See “Other Considerations—Infrastructure and Capital Projects.”

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

Assessed Value Determination. The Assessor determines the value of all real and personal property throughout 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 impact collections on an annual basis. See Table 4—General Fund Tax Revenue Sources, and Table 5—City Property Tax Collection Record.

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

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

TABLE 5
CITY PROPERTY TAX COLLECTION RECORD

Collection Year	Total Assessed Value	Ad Valorem Tax Levy	Tax Collected Year Due ⁽¹⁾	Total Collected As of 12/31/2021
2022	\$ 276,293,453,116	\$ 595,518,889	n/a	n/a
2021	262,134,061,774	586,954,673	98.55%	98.55%
2020	257,958,280,787	570,239,595	98.52%	99.63%
2019	244,938,709,301	544,009,712	98.87%	99.86%
2018	214,109,064,214	503,981,703	98.84%	100.00%
2017	186,325,342,799	486,947,806	98.71%	99.99%

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

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

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

Collection Year	Levy Rates (per \$1,000 of Assessed Value)			Levy Amounts		
	General ⁽¹⁾	UTGO Bonds	Total	General ⁽¹⁾	UTGO Bonds	Total
2022	2.10681	0.05954	2.16635	\$ 579,208,844	\$ 16,310,045	\$ 595,518,889
2021	2.16289	0.08752	2.25041	564,190,360	22,764,313	586,954,673
2020	2.13204	0.08884	2.22088	547,473,222	22,733,373	570,206,595
2019	2.13558	0.09358	2.22916	521,238,054	22,771,658	544,009,712
2018	2.21919	0.14290	2.36209	473,604,377	30,377,326	503,981,703

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

Source: King County Department of Assessments

TABLE 7
REPRESENTATIVE OVERLAPPING LEVY RATES AND CITY-SPECIFIC TAX RATES WITHIN THE CITY⁽¹⁾
COLLECTION YEAR 2022
(Per \$1,000 of Assessed Value)

Overlapping Rates Within City of Seattle	2022
City of Seattle	\$2.16635
King County	1.22827
State School Fund	2.81695
Port of Seattle	0.11258
Seattle School District No. 1	1.78728
Voted EMS	0.24841
County Flood Zone	0.08146
Seattle Park District ⁽²⁾	0.20401
Sound Transit	0.18409
Total Within City of Seattle	\$8.82940
City of Seattle - Specific Rates	
Current Expense Base and Pension	\$1.14274
Voted Lid Lifts	
Low-Income Housing	0.15055
Families and Education	0.32306
Library	0.11309
Transportation	0.36647
I-122 Election Vouchers	0.01090
Subtotal Voted Lid Lifts	\$0.96407
Subject to \$3.60 Limit	\$2.10681
Voted Bonds	0.05954
Total City Rates	\$2.16635

- (1) Levy rate paid by taxpayers within the City's levy code area with the largest assessed value. This table includes both regular and excess property tax levies and cannot be used to determine levy capacity within the \$5.90 or 1% aggregate levy rate limitations described under "General Property Taxes—Regular Property Tax Limitations."
- (2) The Seattle Park District is a metropolitan park district with boundaries coterminous with those of the City. The district is a separate municipal corporation, created pursuant to voter approval in 2014, with its own statutory maximum levy rate of \$0.75 per \$1,000 of assessed value, though the actual levy imposed by the district is constrained under an interlocal agreement between the City and the district. The members of the City Council comprise the governing body of the park district.

Source: King County Department of Assessments

TABLE 8
VOTED LEVY LID LIFTS IN EFFECT IN 2022

Lid Lifts	Term	Amount Expected to be Raised Over Levy Period
Library	2020-2026	\$ 219,100,000
Transportation	2016-2025	930,000,000
I-122 Election Vouchers	2016-2025	30,000,000
Low-Income Housing	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 2021 assessed value for tax collection year 2022.

TABLE 9
TEN LARGEST PROPERTY TAXPAYERS IN 2022

Taxpayer⁽¹⁾	Type of Business	Total Assessed Value⁽²⁾	Percent of of Total Assessed Value
Amazon	Electronic Commerce	\$ 3,399,725,882	1.23 %
Union Square Limited Partnership	Commercial Real Estate	1,113,714,866	0.40
Ponte Gadea Seattle LLC	Commercial Real Estate	872,244,000	0.32
GC Columbia LLC	Commercial Real Estate	820,125,758	0.30
Onni Properties	Commercial Real Estate	754,480,320	0.27
BPP 1420 Fifth Avenue Owner	Commercial Real Estate	576,639,000	0.21
FSP-RIC LLC	Commercial Real Estate	572,499,823	0.21
HS 2U Owner LLC	Commercial Real Estate	514,496,609	0.19
Madison Centre LLC	Commercial Real Estate	504,177,678	0.18
Cruise LLC	Commercial Real Estate	480,445,462	0.17
Total		\$ 9,608,549,398	3.48 %
Total City Assessed Value for Tax Collection Year 2022		\$ 276,293,453,116	

(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 2022 Outlook and 2021 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 at a fixed level pursuant to a statutory formula. For the City, this amount is \$4,228,362.75 per state fiscal year. The statutory authority for the City to impose the tax expires at the end of the third quarter of 2039 unless extended by future State legislation. The actual amount received in the City’s 2021 fiscal year was \$4,796,122. Unlike the City, the State fiscal year begins on July 1 and ends on June 30 of the following calendar year. Distributions of State shared revenues such as these begin on July 1 of each year and cease for the remainder of the State fiscal year if at any time the City’s distribution meets the cap. As a result, it is possible for the City to receive an amount larger than the cap within its fiscal year beginning January 1 and ending December 31.

Seattle Transportation Benefit District Sales Tax. The City operates the Seattle Transportation Benefit District, which is an additional dedicated funding mechanism for certain transportation purposes under State law. It primarily provides funding to support mass transit services provided by King County Metro. Voters approved an incremental additional sales and use tax of 0.1% in November 2014, which by its terms expired on December 31, 2020. In November 2020, 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 0.222% to 0.427%. The City's tax is in addition to the B&O tax imposed by the State.

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

The City imposes a utility B&O tax on the City-owned electric utility at the 6% maximum rate permitted under State law without a vote of the electors and a utility B&O tax on the City-owned drainage utility at the rate of 11.5%, on the City-owned solid waste utility at the rate of 14.2%, on the City-owned wastewater utility at the rate of 12%, and on the City-owned water utility at the rate of 15.54%. Under the City Charter, a City-owned utility may pay taxes to the City only if sufficient revenue is available after paying debt service and the cost of necessary betterments and replacements for the current year. These taxes are categorized as Interfund Business in Table 4.

Payroll Expense Tax

On July 6, 2020 the City Council approved a new City-wide Payroll Expense Tax effective January 1, 2021. Beginning January 1, 2021, the City imposed the Payroll Expense Tax on companies with annual payroll expenses exceeding \$7 million and in that initial year, businesses consolidated quarterly filing information and reported and paid on a single tax return due January 31, 2022. For 2022 and going forward, the Payroll Expense Tax will be reported and paid on a quarterly basis. Initial receipts from the tax collected in early 2022 based on the January 31, 2022, tax return date are being accrued to 2021 and are reflected in the City's 2021 Annual Report. 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 Payroll Expense Tax is to be assessed against salaries a company pays to Seattle-based employees. Exemptions from the Payroll Expense Tax apply to federal and State government entities, grocery stores, and businesses that the City is preempted from taxing under federal or State law. By its terms, the tax will sunset on December 31, 2040.

When the 2021 Budget was adopted, the tax was forecast to raise approximately \$214.3 million in 2021, \$235 million in 2022, and more than \$250 million in years 2023-2025. However, without a track record or specific data to accurately predict revenues, the original forecast was particularly speculative. The actual receipts received in January 2022 for calendar year 2021 totaled approximately \$248.1 million, exceeding the original forecast by about \$34 million. These initial proceeds are being directed to continue existing services supported by the General Fund or expand services supporting low-income neighborhoods and communities. In 2022 and subsequent years, revenues are intended to be allocated to affordable housing, local business and workforce support, community development, and projects supporting a transition to clean energy.

Legal Challenge Still Pending. On December 8, 2020, the Seattle Metropolitan Chamber of Commerce (the "Chamber") challenged the Payroll Expense 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 tax was upheld on June 4, 2021, by the Court, which ruled that the City's Payroll Expense Tax is a valid excise tax on business under the authority granted to cities by the Washington State Constitution and statutes. On July 2, 2021, the Chamber filed an appeal of this decision in the Washington State Court of Appeals. All briefs to the appellate court have since been filed. Oral arguments are expected to occur in spring 2022 with a decision expected about six months later.

Real Estate Excise Taxes

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

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

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, 2023 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 \$112.2 million in 2021, \$72.2 million in 2020, \$100.9 million in 2019, and \$76.9 million 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 2022 Adopted Budget, adopted in November 2021, forecasted tax collections of approximately \$88.0 million in 2022, based on November 2021 forecast data. Since then, actual collections for the latter part of 2021 came in much stronger than anticipated, due to rapid growth in regional property prices, high residential sales activity, and several large commercial property sales.

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 \$15.7 million in 2020 and \$21.2 million in 2021. The 2022 Adopted Budget forecasts revenues of approximately \$20.4 million which are deposited into the Sweetened Beverage Tax Fund, which is rolled up into the General Fund for purposes of the City’s Annual Report. Revenues generated by the sweetened beverage tax are restricted to being used to fund educational, early childhood health, and food access programs.

Short-Term Rentals Tax. Pursuant to State legislation passed in 2018, the Washington State Convention Center Public Facilities District (a separate municipal corporation with boundaries encompassing all of the County) began imposing and collecting, as of January 1, 2019, a tax at a rate of up to 7% per night on short-term rental activity throughout the County. The State legislation requires the district to pay to the City an amount equal to the portion of revenues from its tax derived from short-term rental activity within the City. Due to 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, short-term rental activity dropped significantly in 2020, and produced tax revenue of only \$2.8 million in 2020 but rebounded to \$6.1 million in 2021. The 2022 Adopted Budget forecasts revenues from this tax of approximately \$9.8 million. Since 2020, revenues from this tax have been deposited into the Short-Term Rentals Tax Fund, which is rolled up into the General Fund for purposes of the City’s Annual Report. Revenues generated by the short-term rentals tax are restricted to being used to support the City’s Equitable Development Initiative, which promotes equitable access to housing, jobs, education, parks, cultural expression, healthy food, and other community needs and amenities, and also provide funding for permanent supportive housing.

Heating Oil Tax. Effective September 1, 2020, the City Council imposed a \$0.236 per gallon tax on heating oil service providers for every gallon of heating oil sold and delivered within the City. The City Council delayed implementation

until January 2023. The eventual revenues will be deposited directly to the General Operating Fund and be used primarily to support low-income household oil furnace conversion programs administered by the City's Office of Sustainability and Environment.

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. First proceeds were collected in 2021 and produced \$6.3 million compared to a revised November forecast of \$5.6 million in 2021. Forecasts for 2022 total \$9.1 million. Revenues from this tax are deposited directly to the General Operating Fund and may be used for housing and transportation projects.

The State recently enacted legislation that goes into effect on June 9, 2022, concerning the rights and obligations of TNCs and TNC drivers. Although the State law preempts regulation and taxation of TNCs and TNC drivers when enacted, the legislation includes an exception applicable to the City that will allow this tax and the City's regulations to continue. However, the tax cannot be increased unless it can be demonstrated that these revenues are insufficient to enforce the City's TNC regulations. Furthermore, an additional provision applicable to the City requires that local TNC taxes used to fund a driver conflict resolution center must be reduced by \$0.15 per trip beginning January 1, 2023, to offset an equivalent fee to fund a comparable service administered by the State.

Legislative Changes Affecting City Taxing Authority and Limitations

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

DEBT INFORMATION

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

Limitations on Indebtedness

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

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

Future General Obligation Debt Obligations

The City generally issues limited tax general obligation debt to fund its capital programs on an annual basis, with the next planned issuance of general obligation bonds likely to occur in the first half of 2023. In addition to funding the City's regular capital program, including facility projects such as Fire Station 31, the 2023 issuance will include projects related to the Waterfront Seattle Program, including the City-owned Seattle Aquarium facility (see "Other Considerations—Infrastructure and Capital Projects"), and a number of information technology-related projects, including the Human Capital Management System. Additionally, during the 2022 budget process, the City Council approved the issuance of \$100 million in bonds to fund transportation infrastructure repair and improvements. The process of identifying projects to be funded through this program has begun but the amount and timing of related bond issuance is uncertain, with the initial issuance not expected until 2023 at the earliest.

The City's annual general obligation debt issuance in the next few years is expected to be in line with, or potentially larger than, the average annual issuance amounts over the past decade, depending on the extent to which additional repair and/or replacement projects are included in future issuances. The City also periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

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

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, 2021, adjusted for the issuance of the Bonds, and a total City assessed value for collection of taxes in 2022 of approximately \$276.3 billion. Giving effect to the issuance of the Bonds, there remains approximately \$2.5 billion of unlimited tax general obligation debt capacity for general purposes and approximately \$3.2 billion of limited tax general obligation debt capacity. The tables below show the annual principal and interest due on the Bonds and all outstanding general obligations of the City and the City's net direct and overlapping debt and debt ratios as of December 31, 2021.

TABLE 10
ESTIMATED LEGAL DEBT CAPACITY⁽¹⁾
(as of December 31, 2021, adjusted for the issuance of the Bonds)

Assessed Value as of February 8, 2022 ⁽²⁾ \$276,293,453,116	General Capacity		Special Purpose Capacity		
	A	B	Voter-Approved Open Space and Parks (2.5% of AV)	Voter-Approved Utility Purpose (2.5% of AV)	Total Capacity (7.5% of AV)
	Non-voted (1.5% of AV)	Voted (2.5% of Net, of Column A)			
2.5% of AV	\$ -	\$ 6,907,336,328	\$ 6,907,336,328	\$ 6,907,336,328	\$ 20,722,008,984
1.5% of AV	4,144,401,797	(4,144,401,797)			
	\$ 4,144,401,797	\$ 2,762,934,531	\$ 6,907,336,328	\$ 6,907,336,328	\$ 20,722,008,984
Debt Outstanding ⁽³⁾					
The Bonds ⁽⁴⁾	\$ (112,365,000)	\$ -	\$ -	\$ -	\$ (112,365,000)
Outstanding Bonds ⁽⁵⁾	(701,610,000)	(238,965,000)	-	-	(940,575,000)
Guarantees on PDA Bonds ⁽⁶⁾	(31,650,000)	-	-	-	(31,650,000)
Public Works Assistance Account Loans ⁽⁷⁾	(14,264,754)				(14,264,754)
Compensated Absences ⁽⁸⁾	(73,297,852)	-	-	-	(73,297,852)
Total Debt Outstanding	\$ (933,187,606)	\$ (238,965,000)	\$ -	\$ -	\$ (1,172,152,606)
Available Net Assets in Redemption and Other Funds ⁽⁹⁾	\$ 9,683,757	\$ -	\$ -	\$ -	\$ 9,683,757
Compensated Absences for Sick Leave ⁽⁸⁾	11,815,257	-	-	-	11,815,257
Net Debt Outstanding	\$ (911,688,592)	\$ (238,965,000)	\$ -	\$ -	\$ (1,150,653,592)
Legal Debt Margin	\$ 3,232,713,205	\$ 2,523,969,531	\$ 6,907,336,328	\$ 6,907,336,328	\$ 19,571,355,392

Notes to Table 10 are on the following page.

NOTES TO TABLE:

- (1) Legal debt limits are established in the State Constitution and by statutes, including RCW 39.36.020 and 35.42.200.
- (2) RCW 39.36.015 allows incorporated cities to use the “last assessment for city purposes.” This assessment was issued as of February 9, 2022, for taxes payable in 2022.
- (3) State law and the State Auditor’s Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating legal debt capacity, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.
- (4) Preliminary, subject to change. Par amount of the new-money portion of the Bonds only.
- (5) Includes the Refunding Candidates. Does not include Public Works Assistance Account loans.
- (6) Includes the principal amounts of City-guaranteed bonds issued by the following public development authorities (“PDA”) established by the City: the Seattle Indian Services Commission (“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 2020 Annual Comprehensive Financial Report—Note 15, Contingencies.
- (7) Includes City obligations to repay loans from the Washington State Public Works Assistance Account. This is a departure from State accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating statutory debt capacity. However, the City’s bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable constitutional debt limits. 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, 2021, the entirety of this loan had been drawn upon.
- (8) The State Auditor’s Office requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt capacity. All compensated absences except the sick leave estimate meet this criterion. The City’s bond counsel does not include compensated absences as debt for the purpose of calculating the City’s debt capacity.
- (9) Excludes available net assets in Guaranty Fund and the Interfund Notes Payable Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin. See “—General Property Taxes—Guaranty Fund Levies.”

Seattle Indian Services Commission Debt Guaranty. The 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, 2021, was \$1.225 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 a fixed rate of 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, 2021, remaining scheduled principal and interest payments with respect to the SISC Bonds guaranteed by the City total \$1.225 million and \$111,825, 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 2020 Annual Comprehensive Financial Report—Note 15, Contingencies.

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

	Outstanding ⁽¹⁾			The Bonds ⁽²⁾			Total
	Principal	Interest	Total	Principal	Interest	Total	
2022	\$ 65,190,000	\$ 29,716,554	\$ 94,906,554	\$ -	\$ 1,398,883	\$ 1,398,883	\$ 96,305,437
2023	68,400,000	26,813,668	95,213,668	6,550,000	4,889,300	11,439,300	106,652,968
2024	73,230,000	23,612,136	96,842,136	6,880,000	4,561,800	11,441,800	108,283,936
2025	72,830,000	20,263,717	93,093,717	7,155,000	4,286,600	11,441,600	104,535,317
2026	56,935,000	16,833,454	73,768,454	7,455,000	4,000,400	11,455,400	85,223,854
2027	46,245,000	14,420,512	60,665,512	7,745,000	3,702,200	11,447,200	72,112,712
2028	43,435,000	12,457,724	55,892,724	8,050,000	3,392,400	11,442,400	67,335,124
2029	38,660,000	10,611,326	49,271,326	8,370,000	3,070,400	11,440,400	60,711,726
2030	34,445,000	8,950,799	43,395,799	8,795,000	2,651,900	11,446,900	54,842,699
2031	34,440,000	7,450,760	41,890,760	4,180,000	2,212,150	6,392,150	48,282,910
2032	24,965,000	6,131,267	31,096,267	4,385,000	2,003,150	6,388,150	37,484,417
2033	21,900,000	5,172,278	27,072,278	3,510,000	1,783,900	5,293,900	32,366,178
2034	21,090,000	4,324,311	25,414,311	3,680,000	1,608,400	5,288,400	30,702,711
2035	19,905,000	3,562,099	23,467,099	3,865,000	1,424,400	5,289,400	28,756,499
2036	17,140,000	2,878,715	20,018,715	4,015,000	1,269,800	5,284,800	25,303,515
2037	13,840,000	2,313,663	16,153,663	4,180,000	1,109,200	5,289,200	21,442,863
2038	11,895,000	1,802,706	13,697,706	4,350,000	942,000	5,292,000	18,989,706
2039	10,175,000	1,366,263	11,541,263	4,525,000	768,000	5,293,000	16,834,263
2040	8,780,000	1,028,310	9,808,310	4,700,000	587,000	5,287,000	15,095,310
2041	8,135,000	708,680	8,843,680	4,890,000	399,000	5,289,000	14,132,680
2042	1,440,000	395,900	1,835,900	5,085,000	203,400	5,288,400	7,124,300
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
Total	\$ 701,610,000	\$ 201,896,040	\$ 903,506,040	\$ 112,365,000	\$ 46,264,283	\$ 158,629,283	\$1,062,135,323

- (1) Includes the Refunding Candidates. Does not include 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.”
- (2) Preliminary, subject to change. Reflects the par amount of the new-money portion of the Bonds only. Assumes the Bonds are sold at a premium, bearing interest at rates of 4% to 5%.

TABLE 12
NET DIRECT AND OVERLAPPING DEBT

Outstanding Direct Debt ⁽¹⁾	
Unlimited Tax General Obligation Bonds	\$ 238,965,000
Limited Tax General Obligation Bonds ⁽²⁾	701,610,000
The Bonds	112,365,000
Less: Cash and Investments in Debt Service Funds	<u>(9,683,757)</u>
Net Direct Debt	\$ 1,043,256,243
Estimated Overlapping Debt ⁽³⁾	
King County ⁽⁴⁾	\$ 410,249,810
Port of Seattle	107,590,152
Seattle School District No. 001	15,271,966
Highline School District No. 401	<u>15,059</u>
Total Estimated Overlapping Debt	\$ 533,126,986
Total Net Direct and Estimated Overlapping Debt	<u>\$ 1,576,383,229</u>

- (1) As of April 22, 2022, adjusted for the issuance of the Bonds.
- (2) Includes the Refunding Candidates. Excludes the Public Works Assistance Account loans and City-guarantees or contingent loan agreements with respect to the debt issued by City-chartered PDAs. See Table 10—Estimated Legal Debt Capacity.
- (3) Allocated to the taxable property within the City according to its share of 2022 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⁽¹⁾

Total City Assessed Value for 2022 Collections ⁽¹⁾	\$276,293,453,116
2021 Population Estimate ⁽²⁾	742,400
Assessed Valuation ⁽³⁾	100% of True and Fair Value
Net Direct Debt to Assessed Value	0.38%
Net Direct and Overlapping Debt to Assessed Value	0.57%
Per Capita Assessed Value	\$372,163
Per Capita Net Direct Debt	\$1,405
Per Capita Net Direct and Overlapping Debt	\$2,123
Net Direct Debt	\$1,043,256,243
Net Direct and Overlapping	\$1,576,383,229

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

THE CITY OF SEATTLE

The following provides general information about the City.

Municipal Government

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

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

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

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

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

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

Budgeting and Forecasting

The City Budget Office. The CBO is within the executive branch and the Budget Director is appointed by the Mayor. 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.

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). In prior years, the City's annual budget has been based in part on General Fund revenue forecasts prepared by the CBO; in 2022 much of the forecasting function transitions to the Office of Economic and Revenue Forecasts. See "—The Office of Economic and Revenue Forecasts." The CBO will continue to be responsible for coordinating with departments to forecast and project all other General Fund revenues, including a variety of excise taxes and public utility taxes, license and service fees, fines, inter- and intra-governmental charges, transfers and shared revenues, grants, interest earnings, and other lesser revenue items.

The proposed budget is submitted to the City Council by the Mayor each year not later than 90 days prior to the beginning of the next fiscal year. Currently the fiscal year of the City is January 1 through December 31. The City Council considers the proposed budget, holds public hearings on its contents, and may alter and revise the budget at its discretion, subject to the State requirement that budgeted revenues must at least equal expenditures. The City Council is required to adopt a balanced budget at least 30 days before the beginning of the next fiscal year, which may be amended or supplemented from time to time by ordinance. The Mayor may choose to approve the City Council's

budget, veto it, or permit it to become law without the Mayor's signature. The Mayor does not have line-item veto power.

The Office of Economic and Revenue Forecasts. The Forecast Office was created in July 2021, pursuant to Ordinance 126395. The Forecast Office provides an independent source for the economic and revenue forecasts that underlie the City's annual budget process. The Forecast Office reports to the Economic and Revenue Forecast Council (the "Forecast Council"), which includes equal representation from the Legislative and Executive branches of City government. The following elected and appointed officials (or their designees) comprise the Forecast Council: the Mayor, the Director of Finance, the Council President, and the Chair of the City Council Finance Committee. The Forecast Council selects one member to serve as Chair of the Forecast Council annually.

The Forecast Office is tasked with preparing three revenue forecasts each year, to be delivered in April, August, and November. The forecasts that are developed by the Director of the Forecast Office and approved by the Forecast Council serve as the official City economic and revenue forecasts and as the basis for the estimates of revenues described in State statutes governing budgeting. The Mayor or City Council has the authority to deviate from the official forecasts.

Forecasts informing the City's annual budget proposals through 2022 were performed by the CBO. Beginning with the April 2022 Revenue and Budget Update and the 2023 budget cycle, the forecasting function is now performed by the Forecast Office, including forecasting the largest and most economically-dependent general government revenue sources, including sales tax, B&O tax, property tax, private utility taxes, and the new Payroll Expense Tax. The CBO will continue to be responsible for coordinating with departments to forecast and project all other General Fund revenues, including a variety of excise taxes and public utility taxes, license and service fees, fines, inter- and intra-governmental charges, transfers and shared revenues, grants, interest earnings, and other lesser revenue items.

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

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). 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 2022 budget was adopted by Ordinance 126490, passed by the City Council on November 22, 2021. The City's adopted General Operating Fund budget was approximately \$1.607 billion in 2021 and is approximately \$1.585 billion in 2022.

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 were significantly reduced from prior expectations. Additionally, the City will continue to realize significant expenses to address response and recovery through 2022. 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 2021 to require that the City return to making contributions to satisfy the target balance within a period of five years, or sooner if practically possible after a severe event requiring deep or multi-year spending from the reserve.

In response to the ongoing COVID-19 pandemic, the City withdrew a net \$12.8 million from the EMF in 2020 and an additional net \$18.5 million in 2021. These uses reduced the EMF reserve balance to \$33.7 million at the end of 2021. Improving economic conditions are expected to allow for the replenishment of reserves to begin in 2022.

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

Certain required transfers into and restrictions on expenditures from the RSF are set forth in the Seattle Municipal Code (“SMC”). All expenditures from the RSF require an ordinance, adopted following consideration of projections and recommendations for at least partial replenishment within four years. The RSF is funded by (i) one-time transfers authorized by ordinance, (ii) automatic annual transfers of 0.50% of forecast General Operating Fund tax revenues, and (iii) upon completion of fiscal year accounting, automatic transfer of 50% of the ending balance in the General Operating Fund, less encumbrances, carryforwards as authorized by ordinance or State law, and planned reserve amounts reflected in the adopted budget, that is in excess of the latest revised estimate of the unreserved ending fund balance for that closed fiscal year (as published in the adopted budget). The phrase “tax revenues” means all tax revenues deposited into the General Operating Fund, including but not limited to tax revenue from the regular property tax levy, business and occupation tax, utility business taxes, the portion of admissions tax not dedicated to the Arts and Culture Fund, leasehold excise tax, gambling taxes, and sales and use taxes. See “City Financial Information—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic—Reserves.”

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

In response to the ongoing COVID-19 pandemic, the City withdrew a net \$26.0 million from the RSF in 2020 and made an additional net withdrawal of \$25.7 million in 2021. These uses reduced the RSF reserve balance to \$6.0 million at the end of 2021. Based on the automatic transfer mechanism described above, the City will make a deposit of \$56 million to the RSF in 2022.

The City does not plan to draw on either of the reserves in 2022. The City plans to fund the combined RSF and Emergency Fund to \$130 million by year-end 2024.

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

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, 2021, the City Treasury's pooled investment portfolio, which excludes pensions, totaled \$2,821 million market value. The City's investment portfolio consists solely of City funds. As of December 31, 2021, the annualized earnings yield of the City's investment portfolio was 1.20% for the month and 1.36% for the year. As of December 31, 2021, the weighted average maturity of the City's investments was 786 days. Approximately 27%, or \$759 million, was invested in securities with maturities of three months or less.

Investments were allocated as follows, by market value:

U.S. Government Agencies	26%
U.S. Government ⁽¹⁾	26%
State Local Government Investment Pool	20%
U.S. Government Agency Mortgage-Backed	13%
Municipal Bonds	7%
Repurchase Agreements	4%
Corporate Bonds	3%
Supranational	1%
Commercial Paper	0%

(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, 2021, the City had outstanding three interfund loans totaling approximately \$199.8 million, in amounts ranging from \$15.7 million to \$160.0 million. In accordance with its plan, the largest of these is in the process of full repayment with only accrued interest still outstanding. As of March 18, 2022, the City had outstanding four interfund loans totaling approximately \$54.7 million, in amounts ranging from \$345,000 to \$24.2 million.

Risk Management

The City purchases excess liability insurance to address general, automobile, professional, public official, and other exposures. Currently the City’s excess liability policy provides \$20 million limits above a \$10 million self-insured retention per occurrence, but coverage excludes partial or complete failure of any of the City’s hydroelectric dams. The City also purchases all risk property insurance, including earthquake and flood perils, that provides up to \$500 million in limits subject to a schedule of deductibles and sublimits. Earthquakes and floods are subject to annual aggregate limits of \$100 million. City hydroelectric generation and transmission equipment and certain other utility systems and equipment are not covered by the property insurance policy. In 2019, the City began purchasing cyber insurance to cover business interruption, system failure, data asset protection, event management, and privacy and network security liability.

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

Pension Plans

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

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

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

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

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

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

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

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

According to the most recent actuarial valuation (with a valuation date as of January 1, 2021), which was approved by the Board on July 8, 2021 (the "2020 Actuarial Valuation"), there were 7,123 retirees and beneficiaries receiving benefits, and 9,287 active members of SCERS. There are an additional 1,366 terminated employees in SCERS who are vested and entitled to future benefits and another 1,442 who are not vested and not entitled to benefits beyond contributions and accumulated interest. From January 1, 2020, to January 1, 2021, the net number of active members in SCERS decreased by 1.6%, the net number of retirees receiving benefits increased by 1.3%, and the net number of vested terminated members increased by 7.90%.

Certain demographic data from the 2020 Actuarial Valuation are shown below:

TABLE 14
PLAN MEMBER DEMOGRAPHIC INFORMATION, SCERS

Age Range	Retirees and Beneficiaries Receiving Benefits		Active Employees	
	Number	Percent	Number	Percent
<25	-		80	0.9%
25-39	-		2,488	26.8%
40-49	9 ⁽¹⁾	0.1% ⁽¹⁾	2,399	25.8%
50-59	263	3.7%	2,628	28.3%
60-69	2,373	33.7%	1,538	16.6%
70+	4,390	62.4%	154	1.7%

(1) Includes everyone under the age of 50.

Source: 2020 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 4.36.505E 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, 2020, and December 31, 2019, was transmitted on June 28, 2021, by CliftonLarsonAllen LLP.

Milliman Inc., as consulting actuary, has evaluated the funding status of SCERS annually since 2010. The most recent actuarial report, the 2020 Actuarial Valuation (with a valuation date as of January 1, 2021), is available on the City's website at <http://www.seattle.gov/retirement/about-us/board-of-administration#actuarialreports>.

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. The following summarizes some key assumptions utilized in the 2020 Actuarial Valuation and compares those to the assumptions used in the last three actuarial valuations. In March 2022, the Board reduced the 30-year investment expectation to 6.75% following recommendations in the 2022 Experience Study. This change will be incorporated into the 2021 Actuarial Valuation (with a valuation date as of January 1, 2022), which is expected to be approved by the Board in July 2022. Employer contribution rates are projected to remain about the same over the next several years due to deferred recognition of higher than expected investment returns offset by the impact of lower return expectations for the future. The average employee contribution rate is expected to continue to decline due to the growing proportion of SCERS 2 members.

TABLE 15
ACTUARIAL ASSUMPTIONS

	2020	2019	2018	2017
Investment return	7.25%	7.25%	7.25%	7.50%
Price inflation	2.75%	2.75%	2.75%	3.25%
Wage growth (price inflation plus wage inflation)	3.50%	3.50%	3.50%	4.00%
Expected annual average membership growth	0.50%	0.50%	0.50%	0.50%
Interest on member contributions made on or after January 1, 2012 ⁽¹⁾	4.00%	4.00%	4.00%	4.75%

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

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

As of January 1, 2021 (as set forth in the 2020 Actuarial Valuation), the actuarial value of net assets available for benefits was \$3,345.8 million and the actuarial accrued liability was \$4,673.1 million. An Unfunded Actuarial Accrued Liability (“UAAL”) exists to the extent that actuarial accrued liability exceeds plan assets. Per the 2020 Actuarial Valuation, the UAAL decreased from \$1,370.4 million as of January 1, 2020, to \$1,327.3 million as of January 1, 2021. The funding ratio increased from 68.9% as of January 1, 2020, to 71.6% as of January 1, 2021, which increase was primarily due to a greater than expected investment return. For the year ended December 31, 2020, SCERS assets experienced an investment gain of about 12.6% on a market basis (net of investment expenses), a rate of return greater than the assumed rate of 7.25% for 2020. The result is an actuarial gain on assets for 2020, but only one-fifth of this gain was recognized in the current year actuarial value of assets (“AVA”). 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 2020 return was a positive 10.4% on an actuarial value basis.

The following table provides historical plan funding information for SCERS:

TABLE 16
HISTORICAL SCERS SCHEDULE OF FUNDING PROGRESS ⁽¹⁾
(\$000,000)

Actuarial Valuation Date (January 1)	Actuarial Value of Assets (AVA) ⁽²⁾	Actuarial Accrued Liability (AAL) ⁽³⁾	Unfunded AAL (UAAL)	Funding Ratio	Covered Payroll ⁽⁴⁾	UAAL as % of Covered Payroll
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	188.2%
2017	2,564.1	3,766.4	(1,202.3)	68.1%	708.6	169.7%
2018	2,755.2	3,941.8	(1,186.6)	69.9%	733.3	161.8%
2019	2,877.4	4,216.7	(1,339.3)	68.2%	779.1	171.9%
2020	3,040.7	4,411.1	(1,370.4)	68.9%	819.7	167.2%
2021	3,345.8	4,673.1	(1,327.3)	71.6%	878.2	151.1%

(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 2020 SCERS audited financial statements included a calculation of TPL and NPL based on the actuarial valuation dated as of January 1, 2020, rolled forward using generally accepted actuarial procedures (assuming a 7.25% investment rate of return and 3.50% salary increases) to December 31, 2020, as follows: TPL was calculated to be \$4,620.5 million, plan fiduciary net position (“Plan Net Position”) was calculated to be \$3,641.5 million, and NPL was calculated to be \$979.0 million, for a funding ratio (Plan Net Position as a percentage of TPL) of 78.8%.

SCERS CONTRIBUTION RATES. Member and employer contribution rates for SCERS 1 and SCERS 2 are established separately by SMC 4.36. The SMC provides that the City contribution for SCERS 1 must match

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

The Actuarially Required Contribution ("ARC") rate is based on amortizing the required contribution over 30 years, meaning that the total contribution rate must be sufficient to pay for the costs of benefits earned during the current year, as well as the annual cost of amortizing the plan's UAAL over 30 years. The City Council may from time to time set the amortization period by resolution, and in 2013, it passed a resolution to close the 30-year amortization period for calculating UAAL as of the January 1, 2013, actuarial valuation. As a result, for purposes of the 2020 Actuarial Valuation calculation, a 22-year amortization period was used. This policy may be revised by the City Council in future years. The 2020 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 (beginning Jan. 1)	Employer Rate	Employee Rate	Total Contribution Rate	Total ARC ⁽¹⁾	% of Total ARC Contributed	Total ARC per GASB 27 ⁽²⁾	% of Total ARC Contributed per GASB 27
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% ⁽³⁾	10.03%	25.26%	25.00%	101% ⁽³⁾	N/A	N/A
2019	15.26% ⁽³⁾	9.85% ⁽⁴⁾	25.11%	24.40% ⁽⁵⁾	103% ⁽³⁾	N/A	N/A
2020	16.14%	9.65% ⁽⁴⁾	25.79%	25.79% ⁽⁵⁾	100%	N/A	N/A
2021	16.10%	9.46% ⁽⁴⁾	25.56%	25.56% ⁽⁵⁾	100%	N/A	N/A
2022	16.10% ⁽³⁾	9.35%	25.45%	24.68% ⁽⁵⁾	103% ⁽³⁾	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 a projected increase in future contribution rates.
- (4) Reflects a blended employee contribution rate based on rates for SCERS 1 and SCERS 2 members.
- (5) Since 2019, the ARC reflects a blended normal cost for SCERS 1 and SCERS 2.

Source: Seattle Municipal Code; Annual Budgets; Annual Actuarial Valuation Reports

In 2011, the City Council adopted Resolution 31334, affirming the City's intent to fully fund the annual ARC each year with its budget. See Table 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 24.68% as a percent of payroll beginning in January 1, 2022. This compares to the 25.56% Total ARC in the current year. The employees' share will average 9.35% between SCERS 1 and SCERS 2. The employer's share needed to meet the Total ARC is decreasing from 16.10% to 15.33%. As a result, the City expects to adjust its employer contribution rate for 2022 to 15.33%, in order to meet the projected Total ARC in 2022.

Projected total actuarially required contribution rates for SCERS reported in the 2020 Actuarial Valuation are shown in the table below:

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

Contribution Year⁽¹⁾	Assuming 7.25% Returns	Confidence Range⁽²⁾
2022	15.33%	15.33-15.33
2023	14.67%	13.59-15.78
2024	14.30%	12.01-16.79
2025	13.33%	9.57-17.58
2026	12.80%	7.30-19.19
2027	12.80%	5.23-21.74

(1) Contribution year lags valuation year by one. For example, contribution year 2022 is based on the 2020 Actuarial Valuation (as of January 1, 2021) results, amortized over 22 years beginning in 2021 if the contribution rate change takes place in 2022.

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

Source: 2020 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 \$491.6 million (15.6%) during 2020, including member and employer contributions of \$224.3 million and net gain from investment activity totaling \$516.5 million. Deductions increased by \$8.7 million in 2020, primarily attributed to a \$10.8 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

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

(1) In millions.

Source: SCERS Actuarial Valuations

TABLE 20
SCERS INVESTMENT RETURNS

Year (As of December 31)	One-Year Annualized Return⁽¹⁾
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%
2021	16.8%

(1) Calculated net of fees.

Source: SCERS Annual Report and SCERS Total Fund Performance Summary

Table 21 below shows the historical distribution of SCERS investments for the years 2014-2018. Table 22 shows similar information for the years 2018-2021 under a revised investment class categorization.

TABLE 21
HISTORICAL SCERS DISTRIBUTION OF INVESTMENTS BY CLASS

Investment Categories (January 1)	2018	2017	2016	2015	2014
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%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SCERS Actuarial Valuations

TABLE 22
HISTORICAL SCERS DISTRIBUTION: REVISED INVESTMENT CLASS CATEGORIZATION

Investment Categories (January 1)	2021	2020	2019	2018
Diversifying Strategies	0.0%	0.0%	2.0%	1.9%
Fixed Income	22.7%	26.7%	28.9%	24.6%
Infrastructure	1.5%	1.2%	0.9%	0.4%
Private Equity	13.2%	8.6%	8.1%	5.2%
Public Equity	53.0%	53.1%	48.8%	57.1%
Real Estate	9.7%	10.5%	11.3%	10.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: SCERS Actuarial Valuations

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

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

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 560 fire employees and survivors and 638 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, 2021, use the EANC method and value plan assets at fair value. The actuarial valuation for the firefighters' pension fund uses the following long-term actuarial assumptions: inflation rate (CPI), 2.50%; investment rate of return, 5.00%; and projected salary increases, 3.25%. The actuarial valuation for the Police Relief and Pension Fund uses the following long-term actuarial assumptions: inflation rate (CPI), 2.50%; investment rate of return, 2.00%; and projected salary increases, 3.25%. Postretirement benefit increases are projected based on salary increase assumptions for benefits that increase based on salary and based on CPI assumptions for benefits based on CPI.

Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability of these plans. In 1994, the City established an actuarial fund for the Firefighters' Pension Fund and adopted a policy of fully funding the actuarial accrued liability ("AAL") by the year 2018 (which was subsequently extended to 2028). In accordance with GASB 73, the plan had a TPL of \$114.6 million as of December 31, 2020, an increase of \$23.9 million from the TPL of \$90.1 million as of December 31, 2019. As of the January 1, 2021 valuation, the actuarial value of net assets available for benefits in the Firefighters' Pension Fund was \$29.6 million, and the AAL was \$95.6 million. As a result, the UAAL was \$66.0 million and the funded ratio was 30.9%. In the January 1, 2020, actuarial valuation, the UAAL was \$62.4 million and the funded ratio was 30.0%. The City's employer contribution to the fund in 2020 was \$8.1 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 \$100.5 million as of December 31, 2020, an increase of \$7.6 million from the TPL of \$92.9 million as of December 31, 2019. As of the January 1, 2021 valuation, the actuarial value of net assets available for benefits in the Police Relief and Pension Fund was \$14.3 million, and the actuarial value of future benefits was \$107.3 million. As a result, the unfunded actuarial liability was \$93.0 million and the funded ratio was 13.3%. In the January 1, 2020, actuarial valuation, the unfunded actuarial liability was \$91.1 million and the funded ratio was 8.7%. The City's employer contribution to the fund in 2020 was \$13.9 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 \$17.7 million in 2020 and \$17.1 million in 2019. 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 JULY 1, 2021)

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

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

Source: Washington State Department of Retirement Systems

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

According to the Office of the State Actuary's June 30, 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, 2020, the City reported an asset of \$276.1 million for its proportionate share of the net pension asset as follows: \$67.2 million for LEOFF Plan 1 and \$208.9 million for LEOFF Plan 2.

For additional information, see Note 11 to the City's 2020 Annual Report, which is attached as Appendix C.

Other Post-Employment Benefits

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

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

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

The City commissions a biennial valuation report on its OPEB liabilities associated with the implicit rate subsidy for health insurance covering employees retiring under the SCERS 1, SCERS 2, or LEOFF plans. The last valuation was based on a measurement date as of January 1, 2021, and was prepared in accordance with GASB 75. It showed the total OPEB liability for the implicit rate subsidy increased to \$70.3 million from \$63.6 million in the prior valuation. The City's GASB 75 annual expense in 2021 was calculated at \$4.8 million, which compares to \$4.5 million in 2020. 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, 2020, the total OPEB liability in the City's Firefighters' Pension Fund increased to \$300.9 million from \$269.9 million. The annual OPEB expense for 2020 was \$42.9 million (with \$27.2 million of this increase due to changes to assumptions) and the estimated benefit payments were \$12.0 million. As of December 31, 2020, the total OPEB liability in the Police Relief and Pension Fund increased to \$308.6 million from \$287.1 million. The annual OPEB expense for 2020 was \$37.2 million (with \$26.2 million of this increase due to changes to assumptions) and the estimated benefit payments were \$15.7 million.

For additional information regarding the City's OPEB liability, see Note 11 to the City's 2020 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 workers all workers in the State, including State and local government employees. The Paid Family and Medical Leave program is a State-wide insurance program administered by the State Employment Security Department. It ensures paid leave for workers in the State when they need time off to give or receive care and for pre- and post-deployment time. Eligible workers are those who have worked at least 820 hours (equivalent to 20.5 full-time weeks) in the qualifying period before the leave begins. The program typically covers 12 weeks of leave (up to 18 weeks in certain circumstances). Workers receive up to \$1,327 per week in 2022, depending on their income. The family leave benefit is funded solely by employee premiums while the medical leave benefit is funded by a mix of employer and employee premiums. Assessments for premiums began on January 1, 2019, and benefits became available to be taken starting January 1, 2020.

The City began paying assessments for premiums based on a percentage of wages on January 1, 2019. The initial rate of this assessment was 0.4% of wages that are subject to the federal social security tax. This rate increased to 0.6% on January 1, 2022, in accordance with a formula prescribed in State law, and was largely due to high utilization of the employee-funded family leave benefit. As a result, the employer share of the assessment only increased from 0.147% of Social Security wages to 0.161%. The City will continue to pay only the employer share of the 2022 assessment for most employees, estimated to be \$2.7 million, approximately half of which will be paid from the General Operating Fund and the remainder will be paid by other funds.

State Long-Term Care Services and Supports Benefit Program

In 2019, State legislation created the Long-Term Services and Supports ("LTSS") Trust Program ("WA Cares") to provide certain long-term care benefits to eligible beneficiaries. Benefits will be paid directly to LTSS providers on behalf of eligible beneficiaries. Administration of the LTSS Trust Program is divided among the State's Employment Security Department, Department of Social and Health Services ("DSHS"), Health Care Authority, Office of the State Actuary ("OSA"), the Pension Funding Council ("PFC"), and two new bodies: the LTSS Trust Council and the LTSS Trust Commission.

As originally enacted, the WA Cares Program legislation imposed premiums on participating employees in the State, collected by employers through employee payroll deductions and remitted to the State; there is no employer contribution required under State law. Collection of premiums was scheduled to begin as of January 1, 2022, and benefits were to become available beginning January 1, 2025. On January 27, 2022, Substitute House Bill 1732 ("SHB 1732") was signed into law, delaying implementation of the WA Cares Program by 18 months. Under SHB 1732, collection of premiums is delayed until July 1, 2023, and benefits are to become available beginning July 1, 2026. The delay is intended to provide opportunity for further review and amendment of the law prior to implementation, if necessary.

Premiums are assessed at a rate of 0.58% of each employee's wages within the State, and subject to adjustment every two years by the PFC based on actuarial studies and valuations to be performed by OSA to maintain financial solvency of the LTSS Trust, but not to exceed 0.58%. Employers are required to remit premiums on behalf of all employees other than employees who demonstrate that they have long-term care insurance. There is no employer contribution required under State law. Employees can request to exempt themselves from program participation. As of December 31, 2021, 467,919 exemption requests had been submitted.

Under the originally enacted legislation, all individuals employed in the State may become eligible to receive the benefit when they have paid the LTSS Trust premiums while working at least 500 hours per year for either ten years with at least five years uninterrupted, or three of the last six years. SHB 1732 also provided for partial benefits for certain individuals over age 54. Program participants eligible to receive benefits must have been assessed by DSHS as 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 Consumer Price Index.

Collective bargaining agreements in effect prior to October 2017 are not required to be reopened or to apply the LTSS Trust Program requirements until the existing agreement is reopened, renegotiated, or expires.

Labor Relations

This information reflects 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. Other agreements with unions have been reached since that date. Labor Relations have continued to work closely with all of the labor representatives to address the continuing impacts of the pandemic, along with other social and environmental crises that have affected the City and surrounding communities as well as the City’s employees. Negotiating additional agreements related to the impacts of the pandemic and addressing the Mayor’s vaccination mandate and other ongoing and evolving impacts of the pandemic are topics of regular weekly meetings between Labor Relations staff and all of the bargaining representatives.

In 2021, the new Protec17 bargaining unit, representing 14 Strategic Advisors in the Legislative Department, completed negotiations with the City for its initial collective bargaining agreement, which was subsequently adopted by the City Council and Mayor. Another new bargaining unit completed the certification process, also represented by Protec17, including about 31 Strategic Advisors in three small departments. It also completed negotiations with the City for its initial collective bargaining agreement, which was subsequently adopted by the City Council and Mayor.

As of January 2022, the City had 38 separate departments and offices with approximately 15,178 employees (including 11,287 regular and 3,891 temporary employees). Twenty-five different unions and 56 bargaining units represent the approximately 77% of regular City employees whose employment is governed by 34 different collective bargaining agreements (contracts).

In 2022, the City continues to be in active finalized negotiations with the Seattle Police Management Association (“SPMA”) for a new agreement to replace the contract that expired December 31, 2019. They reached a tentative agreement in early 2022 that, once legislated, will become effective by the end of the second quarter of 2022. In March 2020, both SPMA and Fire Chiefs Local 2898 negotiations were put on hiatus for a number of months due to the pandemic. Agreements on vaccine mandate impacts were reached with all unions except the Seattle Police Officers Guild in September 2021. Several unions have filed unfair labor practices arising out of the vaccine mandate. Those administrative matters are pending before the State’s Public Employment Relations Commission and the City is engaging in mediation with the unions on them.

Labor Relations is preparing to open negotiations with SPOG for a new contract to replace the contract that expired on December 31, 2020. Continuing negotiations with IBEW Local 77 on two separate contracts, Power Marketers (expired December 31, 2020) and Seattle Department of Transportation (expired January 22, 2021), have resulted in tentative agreements for both bargaining units and are also pending legislation. These unions will continue to operate under their expired contracts until negotiations have been completed and the agreements have been formally approved and signed. One new bargaining unit has completed the certification process, represented by WSCCCE Local 21, for Strategic Advisors and Managers at Seattle Public Utilities and is in negotiations.

Looking ahead, 28 labor agreements that are either part of the Coalition of City Unions or “Coalition-like” unions have contracts expiring on December 31, 2022. 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 response and resources during emergencies and disasters through close coordination with City departments and partner agencies. 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 COVID-19 Pandemic.”

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

The City's emergency management program was assessed by a third-party team of emergency management professionals according to the Emergency Management Accreditation Program standards and was accredited in 2016 and reaccredited in 2022.

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

Climate Change

There are potential risks to the City associated with changes to the climate over time and from increases in the frequency, timing, and severity of extreme weather events. The City is preparing for a changing climate and the resulting economic, infrastructure, health, and other community impacts by integrating consideration of climate change into decision making and identifying mitigation and adaptation actions to enhance the resilience of services and infrastructure.

In 2019, the City adopted Resolution 31895, committing to creating a "Green New Deal" for the City to address and mitigate the effects of climate change. The City has also developed more specific plans addressing utility operations (including drainage, water supply, solid waste, and the electric system) and community preparedness. The City is monitoring and will be documenting climate impacts and likely climate risks as they arise and has not quantified potential impacts on the City, its population, or its operations. Over time, the costs could be significant and could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change. The City's Office of Sustainability and Environment ("OSE") coordinates implementation of the Seattle Green New Deal, the Seattle Climate Action Plan, and the Equity and Environment Initiative and plans and implements policies that transition buildings to 100% clean energy and advance zero carbon transportation.

The Green New Deal and climate-related investments in the Duwamish Valley represent climate-focused uses of the Payroll Expense Tax revenues available for 2022. In July 2021, the City Council adopted Ordinance 126393, which established a separate fund to receive Payroll Expense Tax revenues and set out a specific annual spending plan for these revenues for 2022 and beyond. This included formulas that would allocate the revenues between support of the overall General Operating Fund and investments in four priority policy areas: affordable housing; economic recovery and assistance to small businesses, the Green New Deal, and the Equitable Development Initiative. See "General Fund Tax Revenue Sources—Payroll Expense Tax." The City's 2022 Adopted Budget includes \$14.3 million supporting the Green New Deal. This includes \$1.7 million to support conversions from oil-based home heating systems to electric heat pumps and \$4 million in energy-efficient capital improvements in the Georgetown and South Park neighborhoods. This funding also supports workforce development for clean energy jobs, vehicle electrification for industrial enterprises, and a reserve for climate actions that will be guided by recommendations from the Green New Deal Oversight Board. Other investments by the City to address climate change are ongoing.

The City adopted Resolution 31447 in June 2013 adopting a Climate Action Plan to provide long-term planning direction and guide climate protection and adaptation efforts through 2030. In April 2018, the Mayor's Office released an updated "Climate Action Plan" that focuses on a set of short- and long-term actions that provide a roadmap for the City to act on the leading contributors of greenhouse gases: transportation and buildings. This 2018 Climate Action Plan builds on prior studies and plans implemented by the Office of Sustainability and the Environment ("OSE") that detail strategies and actions that can be taken to improve the climate preparedness of City infrastructure and services

and to facilitate coordination across City government. The OSE plans include sector-specific strategies for transportation; buildings, and energy (including specific energy consumption and greenhouse gas emissions reduction targets for City buildings); trees and green space; food access; a healthy environment; and environmental justice. This 2018 Climate Action Plan remains in place as of the date of this Preliminary Official Statement.

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

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

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. It has had cyber security liability insurance coverage since October 2019. See "—Risk Management."

OTHER CONSIDERATIONS

Global Health Emergency Risk and COVID-19 Pandemic

Beginning in early 2020, the spread of COVID-19, the illness caused by the SARS-CoV-2 coronavirus and its variants has impacted economic conditions worldwide and has influenced the local economy as well as the revenues, expenditures, and general financial condition of the City.

The COVID-19 pandemic is ongoing, and the duration and severity of each outbreak and the economic and other actions that may be taken by governmental authorities to contain or treat its impact remain uncertain. Reopening efforts implemented at any time may be reversed whenever conditions warrant. Notwithstanding the foregoing, the COVID-19 pandemic has not affected the City's ability to pay debt service on its outstanding obligations, and the City

does not currently believe that the pandemic will affect its ability to pay future debt service on its outstanding obligations, including the Bonds, going forward.

Public Health Responses. Beginning in March 2020, social distancing, stay-at-home, masking, and vaccination requirements were implemented at various times within the City. These requirements have been adjusted repeatedly throughout the pandemic. Following the recent decline of COVID-19 cases, many public health orders and directives have been rolled back or ended, although businesses and organizations may choose to implement their own policies. Currently, vaccination verification requirements have ended and masking requirements are limited to health and long-term care settings, transportation conveyances and hubs, and correctional facilities. Home test kits are increasingly available and may be requested monthly from the Washington State Department of Health. The City government resumed reopening plans in mid-March 2022.

City Response and Federal Funding Assistance. The City initially experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic and providing testing and vaccination sites. The City continues to address a number of social issues exacerbated by the pandemic, including homelessness, housing insecurity, and financial hardships for nonprofits and small businesses. Certain 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 2021. The City received \$131 million through the Coronavirus Relief Fund through the Coronavirus Aid, Relief, and Economic Stabilization Act (the “CARES Act”) to help navigate the impact of the COVID-19 outbreak, all of which was spent prior to December 31, 2021, as required by the U.S. Department of the Treasury.

The City was also awarded \$232 million of Coronavirus State and Local Fiscal Recovery Funds (“CLFR”) through the American Rescue Plan Act (“ARPA”) of 2021 to help the City recover from the COVID-19 pandemic. In addition to CLFR funding, the City also received other federal grants intended to aid vulnerable populations particularly impacted by the pandemic. See “City Financial Information—Fiscal Year 2022 Outlook and 2021 Fiscal Impacts of COVID-19 Pandemic” for additional detail regarding these funding sources and their planned uses.

Public Safety Funding Considerations and Protests

The City experienced a high level of protest activity in 2020 following the death of George Floyd in Minneapolis. Peaceful demonstrations in Seattle were marred by incidents of looting, vandalism, and arson that resulted in injuries, damage, and loss to public and private property. The City continues to engage in litigation related to the 2020 demonstrations as of the date of this Preliminary Official Statement.

These demonstrations had the effect of placing renewed emphasis on calls to reform the City’s approach to public safety. The Seattle Police Department (“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. As a result of the public concerns over SPD’s response to the demonstrations, the City announced in 2020 that it would withdraw a petition filed in 2020 to terminate that plan, and instead continues to operate under the 2012 Consent Decree.

The SPD budget was the focus of ongoing discussion and deliberation by the Executive and the City Council in 2020. The SPD 2022 Adopted Budget reflects a 2.1% reduction to SPD’s budget as compared to the 2021 Adopted Budget, and an 11.6% reduction in the size of the sworn officer positions, from 1,357 in 2021 to 1,200 in the 2022 Adopted Budget. The 2022 Adopted Budget also builds upon recent efforts to expand the City’s approach to ensuring community safety through programs and approaches that expand beyond a traditional, uniformed police response.

Infrastructure and Capital Projects

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

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

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

Since the closure of the Bridge, the City has worked to stabilize the Bridge, mitigate traffic impacts, and evaluate a variety of options for repairing or replacing the Bridge. In November 2020, the Mayor made the decision to repair the Bridge and continue to plan for a future replacement. Early repairs to stabilize the bridge were completed in December 2020. In May 2021, a contractor was selected to conduct repairs, which are currently underway, and the Bridge is anticipated to reopen in mid-2022. This estimated schedule may be subject to delays due to materials and supplies issues, inflation, or other factors beyond the City's control. When complete, the estimated service life of the repaired Bridge will extend well beyond the life of the Bonds.

Waterfront Seattle Program. The Waterfront Seattle Program is a multi-year effort to plan, design, and ultimately build a new central waterfront for the City, and includes or will include various City capital improvements that span the City's central waterfront area from Pioneer Square to Belltown. The Waterfront Seattle Program has a total budget of approximately \$756 million in the 2022 Adopted Budget. The City's funding plan for this amount includes the State's share of funding totaling \$216 million and 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 the end of 2024.

In 2019, the City formed the Waterfront LID to finance a portion of the improvements included in the Waterfront Seattle Program. Special assessments for the Waterfront LID were imposed in July 2021 sufficient to pay or reimburse the City for up to \$160 million of the costs of these improvements, plus the costs of issuing the Waterfront LID Bonds and making a Guaranty Fund deposit, for a total of approximately \$174 million. Some LID Assessments were prepaid, with those paying in full during the initial 30-day payment period receiving a discount on their assessment, for a total collection and discounted amount of approximately \$77 million. The remaining amount is provided from proceeds of the Bonds. The special assessments are not a general obligation of the City, and are secured by the City's Guaranty Fund. The City issued approximately \$97 million in Waterfront LID Bonds in 2021 which are also secured by the Guaranty Fund. See "General Fund Tax Revenue Sources—General Property Taxes—Guaranty Fund Levies."

Other Federal Funding Opportunities. The City will be applying for federal grants authorized by the Infrastructure Investments and Jobs Act to address infrastructure needs.

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.

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 2020 Annual Comprehensive Financial Report—Note 15, Contingencies. In particular, the City's recently enacted Payroll Expense Tax continues to be the subject of a legal challenge. While the challenge was dismissed in June 2021 in King County Superior Court, an appeal was filed and oral arguments were heard on April 15, 2022, in the Court of Appeals. Any decision could be appealed to the State Supreme Court. See "General Fund Tax Revenue Sources—Payroll Expense Tax."

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 the Bonds is attached hereto as Appendix A. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel and under existing law as of the date of initial delivery of the Bonds. Bond Counsel assumes no obligation to revise or supplement its opinion to reflect

any facts or circumstances that may thereafter come to its attention or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed therein and do not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds.

Limitations on Remedies and Municipal Bankruptcies

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

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

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

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

Tax Matters

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

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

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

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is

not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

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

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

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

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

CONTINUING DISCLOSURE AGREEMENT

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

Annual Financial Information. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (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, 2021. 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, suspended, or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision, suspension, or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Municipal Advisor

The City has retained Piper Sandler & Co., Seattle, Washington, as municipal advisor (the “Municipal Advisor”) in connection with the preparation of the City’s financing plans and with respect to the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make any independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is a full service investment banking firm that provides financial advisory and underwriting services to state and local governmental entities. While under contract to the City, the Municipal Advisor may not participate in the underwriting of any City debt.

Purchaser of the Bonds

The Bonds are being purchased by _____ (the “Purchaser”) at a price of \$ _____ and will be reoffered at a price of \$ _____. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on page i hereof, and such initial offering prices may be changed from time to time by the Purchaser. After the initial public offering, the public offering prices may be varied from time to time.

Conflicts of Interest

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

Official Statement

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

THE CITY OF SEATTLE

By: _____
Glen M. Lee
Director of Finance

APPENDIX A
FORM OF LEGAL OPINION

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Stradling Yocca Carlson & Rauth
A Professional Corporation
601 Union Street, Suite 2424
Seattle, WA 98101
206 829 3000
stradlinglaw.com

[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$_____ Limited Tax General Obligation Improvement and Refunding Bonds, 2022A
(the "Bonds")

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

The Bonds are issued by the City pursuant to the laws of the State of Washington, Ordinance 126479 and Ordinance 125457 (collectively, the "Bond Ordinance") for general City purposes. The Bonds are being issued (i) to pay or reimburse all or part of the costs of various elements of the City's capital improvement program, including design, construction, renovation, improvement, or replacement of various capital facilities and street, road, bridge, transportation, and information technology projects of the City (including, without limitation, certain elements of the City's capital improvement program related to the redevelopment of the central waterfront area, certain improvements to the City-owned Seattle Aquarium facility, and the repair of the West Seattle Bridge), all as specified in and subject to change pursuant to the Bond Ordinance, (ii) to carry out a current refunding of a portion of the City's outstanding limited tax general obligation bonds and (iii) to pay the costs of issuing the 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 Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. We have not undertaken and do not undertake to monitor the City's compliance with these requirements.

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

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

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

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

4. Assuming compliance by the City after the date of issuance of the Bonds with applicable requirements of the Code, under existing statutes, regulations, rulings and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of 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 Bonds or otherwise used in connection with the Bonds.

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

Respectfully submitted,

APPENDIX B

THE CITY'S 2020 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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**The City of Seattle, Washington
Comprehensive Annual Financial Report
For the Year Ended December 31, 2020**



*Cover Image: Island Ferry
Author: Todd Harrison
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Text added to original photograph*

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2020



**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, 2020

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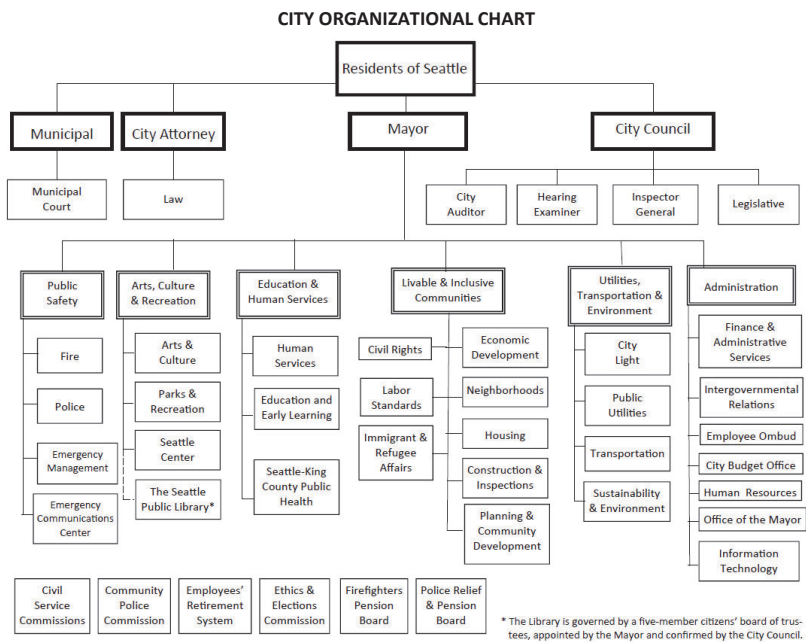
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OFFICIALS

MAYOR AND CITY COUNCIL

Jenny A. Durkan
Mayor

City Council

Lisa Herbold
District 1

Tammy J. Morales
District 2

Kshama Sawant
District 3

Alex Pedersen
District 4

Debora Juarez
District 5

Dan Strauss
District 6

Andrew J. Lewis
District 7

Teresa Mosqueda
At-large

Lorena Gonzalez
At-large

VIII



June 29, 2021

The Honorable Mayor and
Members of the City Council:

I am pleased to submit to you the 2020 Comprehensive Annual Financial Report (Annual Report) of the City of Seattle, Washington. The Department of Finance and Administrative Services prepared this report to present the financial position of the City of Seattle as of December 31, 2020. In addition, the Annual Report describes the results of its operations, the cash flows of its proprietary fund types, and changes in plan net position of its pension and private-purpose trust funds for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State Auditor and the City Charter.

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

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

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

PROFILE OF THE GOVERNMENT

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

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

Page 2
June 29, 2021

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

NATIONAL AND LOCAL ECONOMY

U.S. Economy. The National Bureau of Economic Research (NBER) officially announced on June 8 that a recession began in the U.S. after the economy peaked in February 2020. The 128-month long expansion from June 2009 to February 2020 is the longest on record (since 1854), it is followed by the deepest but most likely also the shortest recession since World War II. In 2020 the U.S. real GDP fell 3.5% and payroll employment by 8.6 million jobs, while the unemployment rate peaked at 14.4% in April 2020. For comparison, real GDP declined by 2.5% and the economy lost 5.9 million jobs in the last recession in 2009; the unemployment rate peaked at 10.6% in January 2010. In the December 2020 Wall Street Journal Economic Forecasting Survey of

62 economists, the median forecast predicts real GDP will reach its pre-recession level in the second half of 2021. Labor market recovery will take longer, as the median forecast for the unemployment rate drops under 5% only at the end of 2022.

In response to the historic economic downturn, the Federal Reserve lowered its benchmark interest rate to 0% to 0.25% in March 2020 and returned to aggressive quantitative easing, increasing its balance sheet by more than \$3 trillion. In the same month, the U.S. Congress passed an astounding \$2.2 trillion economic stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act authorizing cash payments, extra unemployment benefits, relief for businesses, support for the health care sector, and state and local government support. An additional \$900 billion in stimulus was approved as part of the Consolidated Appropriations Act in December 2020.

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

Employment and population growth in the last decade boosted the demand for office space and housing, spurring a construction boom. The value of building permits issued by the City increased from on average \$1.82 billion every year between 2000 and 2009, to on average \$3.33 billion every year between 2011 and 2019. The COVID-19 pandemic has had a large impact on all parts of the economy including real estate markets and property development. Businesses are reevaluating their office and retail space needs, while demand in the housing market shifted to single family homes, away from multifamily housing in densely populated city cores. In 2020, the total value of building permits issued by the City of Seattle fell by 31.1% compared to the 2015 to 2019 average, as investors take a wait and see approach during the pandemic. For comparison, during and immediately after the Great Recession, in 2008 and 2009 the total value of building permits issued was down 20.1% and 24.7% year-over-year respectively. The biggest drop in 2020 occurred for commercial building permits, which accounted for 56.4% of the total value in 2019 and fell by 51.6%, whereas residential permits accounted for 31.5% of total in 2019, but fell by just 4.9%.

The regional labor market downturn caused by the pandemic was sharp, like in the rest of U.S. In February 2020, right before the recession began, the seasonally adjusted unemployment rate in the Seattle MD was just 2.6%, compared to 4.8% in Washington and 3.5% in the U.S. As a result of the stay-at-home orders imposed in March and April, the unemployment rate increased rapidly nationwide and peaked in April 2020, reaching 14.5% in the Seattle MD, 16.3% in Washington and 14.7% in the U.S. Since then, it has declined noticeably, but in December 2020 it was still highly elevated: 7.1% in the Seattle MD area, 7.1% in Washington and 6.7% in the U.S. Leisure and hospitality and manufacturing sectors of the Seattle MD economy were the most affected by the current recession. Representing just 18.9% of total employment in February 2020, these two sectors accounted for 79.2% of jobs lost and not recovered as of December 2020. Collapse in demand for travel and canceled orders have led Boeing to consolidate its two 787 assembly lines into a single location in

South Carolina. Closing the assembly line in Everett where Boeing employs 30,000 workers will have large negative consequences not just for the local aerospace industry, but the local economy as whole.

While the regional economy currently faces big challenges, there are reasons to be cautiously optimistic about the recovery. The Seattle area recovered from both the 1990 and the 2007 recessions much earlier than the U.S. as a whole. Recessions tend to speed up the adoption of new technologies and the current recession has significantly increased the demand for services related to e-commerce, telecommuting and cloud computing. With a much smaller dependence on aerospace manufacturing than in the past and a larger share of technology and e-commerce sector employment, the Seattle area certainly has a large potential for healthy economic growth.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seattle for its comprehensive annual financial report for the fiscal year ended December 31, 2019. 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, 2019

Christopher P. Morill

Executive Director/CEO

City of Seattle

2020 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

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Anna Himichuk

April McCraney

Parag Santhosh

Chau Du

Cam Huynh

John Moore

Beau Eiland

Lindsay Kurosu

Mena Nguyen

Steve Spada

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

Bruce Hori, Division Director

Financial Section



Office of the Washington State Auditor Pat McCarthy

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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, 2020, 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 represent 98 percent, 97 percent and 99 percent, respectively, of the assets, net position, and revenues of business-type activities.
- The Seattle City Employees' Retirement System and Solid Waste fund, which represent 69 percent, 75 percent and 47 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, 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, 2020, 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 18 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 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 Introductory and Statistical 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 June 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat McCarthy".

Pat McCarthy, State Auditor

Olympia, WA

June 29, 2021

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seattle (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2020. We encourage the reader to consider the information presented here in addition to the information presented in the Letter of Transmittal when evaluating the financial statements following this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found beginning on page 22 of this report.

Fund Financial Statements

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

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

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

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

The City maintains numerous governmental funds that are organized according to type (general, special revenue, debt service, capital projects, and permanent funds). The City's major governmental funds are the General Fund and Transportation Fund. Information for the two major governmental funds is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Information for the nonmajor funds is presented in the aggregate. Individual fund data for each of the nonmajor governmental funds is provided as supplementary information in the form of combining statements beginning on page 159.

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, and Drainage and Wastewater funds, which are considered major enterprise funds. Data for nonmajor enterprise funds is presented in the aggregate, and the data for internal service funds are presented in the aggregate as well. Information for each of the nonmajor enterprise funds and internal service funds is provided in the combining statements in this report, starting on page 196.

The basic proprietary fund financial statements begin on page 34 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 53 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 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding the current funding progress for, and employer contributions to, pensions and other post-employment benefits (OPEB), as well as changes in pension and OPEB liabilities. Also included are budgetary comparisons for major governmental funds and funds for which the budget has been legally adopted. The required supplementary information begins on page 136 of this report.

A statistical section provides financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained within the financial statements, notes to the financial statements, and the required supplementary information with the goal of providing the user with a better understanding of the City's economic condition. The Statistical information begins on page 215 of this report.

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and Other Assets	\$ 1,954,102	\$ 1,966,622	\$ 2,227,191	\$ 2,306,604	\$ 4,181,293	\$ 4,273,226
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	4,571,097	4,509,878	7,097,147	6,809,800	11,668,244	11,319,678
Total Assets	6,525,199	6,476,500	9,324,338	9,116,404	15,849,537	15,592,904
DEFERRED OUTFLOWS OF RESOURCES	207,381	292,033	132,667	200,329	340,048	492,362
LIABILITIES						
Current Liabilities	489,352	449,290	497,720	534,599	987,072	983,889
Noncurrent Liabilities	2,707,262	2,818,496	5,469,512	5,632,755	8,176,774	8,451,251
Total Liabilities	3,196,614	3,267,786	5,967,232	6,167,354	9,163,846	9,435,140
DEFERRED INFLOWS OF RESOURCES	210,984	120,197	302,093	237,279	513,077	357,476
NET POSITION						
Net Investment in Capital Assets	3,587,667	3,501,410	2,954,796	2,668,365	6,542,463	6,169,775
Restricted	983,820	927,952	59,693	60,692	1,043,513	988,644
Unrestricted	(1,246,505)	(1,048,812)	173,191	183,043	(1,073,314)	(865,769)
Total Net Position	\$ 3,324,982	\$ 3,380,550	\$ 3,187,680	\$ 2,912,100	\$ 6,512,662	\$ 6,292,650

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 \$6.5 billion at December 31, 2020, an increase of \$204.4 million, or 3%, over fiscal year 2019. Total net position for governmental activities decreased \$55.6 million while total net position for business-type activities increased \$260.0 million. The increase in net position for business-type activities was due to results of operations in 2020. See the analysis of changes in net position below.

Government-wide total current and other assets decreased by \$106.8 million in 2020, which primarily consisted of an increase in due from other governments of \$79.6 million, and decreases in operating cash of \$127.1 million, and net receivables of \$10.5 million. These changes were primarily due to results of the operations in 2020.

The governmental activities net investment in capital assets increased by \$86.3 million and business-type activities increased by \$286.8 million in 2020. This increase was due to the new capital assets additions, less any related debt used to acquire those assets. Compared to 2019, the capital assets net of accumulated depreciation went up by \$61.2 and \$286.6 million. Please refer to Capital Assets section below for the analysis of capital assets year over year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other funding sources, as capital assets cannot be used to liquidate these liabilities.

For governmental activities, total liabilities decreased by \$71.2 million in 2020. For business-type activities, the total liabilities decreased by \$200.1 million. For further explanation on the business-type activity decreases please refer to the Proprietary Funds explanation in the Financial Analysis of City Funds section after Table A-2.

An additional portion of the City's net position, \$1.0 billion, or 16.1%, represents resources that are subject to external restrictions on how they may be used. Compared to 2019, the restricted net position increased by \$54.9 million in 2020, which was primarily due to Library Fund, Department of Education Fund, and two new funds for Sweetened Beverage Taxes and Short-term Rental Taxes (governmental activities). Library Fund reported a net position/fund balance of \$28.6 million in 2020, an increase of \$11.8 million from \$16.8 million in 2019. Department of Education Fund reported a net position/fund balance of \$132.0 million in 2020, an

The City of Seattle

increase \$24.0 million from \$107.9 million in 2019. The new funds reported a net position/fund balance of \$6.4 million and \$4.9 million respectively. The decrease in restricted net position for business-type activities was \$1.0 million and the decrease in unrestricted net position for business-type activities was \$25.8 million. For further explanation on these increases please refer to the Analysis of Changes in Net Position section after Table A-2.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 329,697	\$ 388,039	\$ 2,057,344	\$ 2,118,522	\$ 2,387,041	\$ 2,506,561
Operating Grants and Contributions	372,266	179,266	22,913	7,120	395,179	186,386
Capital Grants and Contributions	8,262	1,763	64,030	71,782	72,292	73,545
General Revenues						
Property Taxes	681,235	640,828	—	—	681,235	640,828
Sales Taxes	287,402	324,392	—	—	287,402	324,392
Business Taxes	479,864	569,680	—	—	479,864	569,680
Excise Taxes	117,845	149,058	—	—	117,845	149,058
Other Revenues	104,193	35,923	59,748	66,481	163,941	102,404
Total Revenues	2,380,764	2,288,949	2,204,035	2,263,905	4,584,799	4,552,854
Expenses						
Governmental Activities						
General Government	346,566	316,015	—	—	346,566	316,015
Judicial	10,565	30,941	—	—	10,565	30,941
Public Safety	757,770	660,167	—	—	757,770	660,167
Physical Environment	35,341	13,595	—	—	35,341	13,595
Transportation	457,259	332,082	—	—	457,259	332,082
Economic Environment	390,442	265,933	—	—	390,442	265,933
Health and Human Services	137,099	110,814	—	—	137,099	110,814
Culture and Recreation	264,000	271,260	—	—	264,000	271,260
Interest on Long-Term Debt	44,707	44,794	—	—	44,707	44,794
Business-Type Activities						
Light	—	—	998,887	959,811	998,887	959,811
Water	—	—	246,617	252,550	246,617	252,550
Drainage and Wastewater	—	—	411,851	393,410	411,851	393,410
Solid Waste	—	—	206,634	200,958	206,634	200,958
Construction & Inspection	—	—	77,029	73,102	77,029	73,102
Total Expenses	2,443,749	2,045,601	1,941,018	1,879,831	4,384,767	3,925,432
Excess Before Special Item and Transfers	(62,985)	243,348	263,017	384,074	200,032	627,422
Special Item - Environmental Remediation Transfers	—	—	(3,065)	(8,902)	(3,065)	(8,902)
Changes in Net Position	(62,985)	243,348	259,952	375,172	196,967	618,520
Net Position - Beginning of Year	3,380,550	3,188,352	2,912,100	2,536,890	6,292,650	5,725,242
Restatements/Prior-Year Adjustments	7,417	(51,150)	—	38	7,417	(51,112)
Net Position - Beginning of Year as Restated	3,387,967	3,137,202	2,912,100	2,536,928	6,300,067	5,674,130
Net Position - End of Year	\$ 3,324,982	\$ 3,380,550	\$ 3,172,052	\$ 2,912,100	\$ 6,497,034	\$ 6,292,650

Management's Discussion and Analysis

Analysis of Changes in Net Position

In 2020, the changes in net position decreased by \$421.6 million, or 68.2%. The factors contributing to the decrease are explained in the following discussion of governmental and business-type activities.

Governmental Activities. The City's revenues for governmental activities were up 4.0%, an increase of \$91.8 million in 2020. The increase in revenues was due to the increase in non-general revenues of \$141.2 million. The City's operating and capital grants and contributions were the significant driver of the increase in revenues, contributing \$199.5 million increase over prior year or 110.2% - offsetting the general revenues and fees for services decreases.

The following table lists the tax revenues ranked by the amount reported in 2020 and the change in each tax revenue from 2019.

2020 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Property Taxes	\$681.2	6.3%	\$40.4
2	Business Taxes	\$479.9	(15.8)%	\$(89.8)
3	Sales Taxes	\$287.4	(11.4)%	\$(37.0)
4	Excise Taxes	\$117.8	(20.9)%	\$(31.2)

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 \$258.0 billion in 2020 compared to \$244.9 billion in 2019.

The City's business taxes include general business taxes and utilities related business taxes. The change in business taxes in 2020 was the direct result of the economic impact of the Corona Virus Pandemic affecting the Seattle region. The business taxes from utilities make up 45.9% of total business tax revenues.

Program revenues supporting the City's governmental activities were \$710.2 million, or 30.3% of the City's revenues for governmental activities. The City's operating grants and contributions are the largest component of reported program revenues and comprise 52.4% of program revenue generated by governmental activities and 15.6% of total revenues. The total operating grants and contributions reported in 2020 was \$372.3 million, a increase of \$199.5 million compared to 2019.

Total expenses for governmental activities were up 19.5 percent, totaling \$398.1 million in 2020. The following table lists the top 5 functions and programs ranked by the size of their 2020 expenses, and highlights the growth in costs between the 2019 and 2020 financial statements.

2020 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$757.8	14.8%	\$97.6
2	Transportation	\$457.3	37.7%	\$125.2
3	Economic Environment	\$390.4	46.8%	\$124.5
4	General Government	\$346.6	9.7%	\$30.6
5	Culture and Recreation	\$264.0	(2.7)%	\$(7.3)

The City's largest governmental expense continues to be the public safety function, totaling \$757.8 million for 2020, contributing 17.4% of all citywide expenses, and 31.0% of expense in the City's governmental activities. The year-over-year changes reflected the changes in operations of the City's various programs, and the increase in general government expenses were mostly attributed to the Covid-19 Pandemic (see note 18) and the CHOP/CHAZ events that happened in June 2020.

The changes in net position for governmental activities decreased by 125.9%, totaling \$306.3 million.

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Business-Type Activities. The change in net position for business-type activities was \$260.0 million, a decrease of 30.7% in 2020. This included the consolidation from internal service funds of \$18.0 million. Key factors for the change are described below.

City Light realized a change in net position of \$202.8 million in 2020, 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 2020, 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 2020.

The Water Utility realized a \$55.9 million change in net position for 2020, an increase of 9.5% from 2019. Operating revenues decreased approximately \$2.4 million (-0.9%) over 2019. The change was mainly driven by a decrease in unbilled revenue of \$1.8 million, utility discount of \$1.0 million, retail water sales of \$0.9 million, tap revenue of \$1.2 million and \$0.3 million of miscellaneous fines and penalties. The decreases were offset by increases of \$0.3 million in municipal utility services and \$2.5 million in rate stabilization account. Operating expenses decreased \$7.2 million (-3.2%) from 2019. Notable factors affecting this change include decreases of \$1.4 million in salaries, wages and benefits, \$2.7 million in services, \$1.8 million in other operating expenses, \$0.6 million in intergovernmental payments and \$0.4 million in depreciation and amortization. Other expenses, net of other revenues increased by \$0.5 million (2.7%) over 2019. The change was primarily due to a decrease in interest and debt service expenses of \$2.8 million. Capital fees, contributions and grants increased by \$2.2 million (27.7%) over 2019. The main factors for the increase are \$3.1 million increase in donations.

The Drainage and Wastewater Utility realized a \$83.8 million change in net position for 2020, an increase of 18.6% over 2019. The current year operating revenues increased by \$5.9 million (1.3%) from 2019. Drainage has additional revenues of \$11.6 million due to an average rate increase of 8.0%. Sewerage has an average rate increase of 7.4% but due to COVID-19, sewer revenue decreased by \$5.8M. Other operating revenues increased by \$0.8 million. The current year operating expenses increased by \$15.2 million (4.1%) from 2019. The increase can be attributed to \$8.7 million increase in Other operating expenses; \$3.1 million increase in intergovernmental payments; \$2.1 million for services and \$1.5 million for depreciation and amortization and 0.3 million in salaries, wages, and personnel benefits. Of the \$8.7 million increase in Other operating expenses, \$7.8 million is due to increase in capital outlays, \$1.2 million due to one time natural resource damage (NRD) settlement, offset by \$0.2 million decrease in other miscellaneous operating expense. For the \$3.1 million increase in intergovernmental payments, it consists of \$1.7 million for city and state taxes and \$1.4 million for wastewater treatment. These increases were offset by a decrease in supplies by \$0.5 million. Nonoperating revenues net expenses in 2020 increased by \$14.6 million as compared to 2019. There was a \$15.3 million increase in contributions and grants, and a \$3.9 million decrease in investment income, while there was a \$3.2 million reduction in interest expense. Environmental remediation expense decreased \$5.8 million as compared to 2019. This significant reduction resulted from changes in estimated costs for remediation management and construction.

Management's Discussion and Analysis

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 2020, the City's governmental funds generated \$2.6 billion in revenues and recorded \$2.75 billion in expenditures. Revenues grew by 1.3%, driven by a \$142 million decrease in tax collections, a \$175 million increase in grants, shared revenues, and contributions, a \$86.4 million increase in charges for services, and a \$45 million decrease in parking fees and space rent. Along with the growth in revenue, expenditures also grew \$228 million, rising 9.1%. There was a 6.5% decrease in the City's governmental fund balance which totals \$1.2 billion at year-end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2020.

The General Fund accounts for 61% of revenues and 59% of total governmental expenditures. The General Fund is the chief operating fund of the City.

The General Fund reported \$1.6 billion total revenue, of which, 73.7% were from tax collections. Tax revenues include property, business, sales and excises taxes. Total tax revenues decreased by 10%, or \$134 million in 2020. See more discussions and analysis of tax revenue in the governmental activities above. Grants, shared revenues, and contributions increased \$92 million compared to 2019. Total revenue decreased 7% in 2020.

The General Fund reported \$1.6 billion total expenditures in 2020, an increase of 3.6% from 2019. The increase in total expenditures was primarily due to an increase in spending for physical environment of \$20.9 million.

The General Fund reported a deficiency of \$54.8 million in 2020 compared to the excess of \$121.1 million in 2019. Fund balance of the General Fund decreased by \$79 million.

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

The Transportation Fund, a special revenue fund, develops, maintains, and operates the transportation system inclusive of streets, bridges, ramps, retaining walls, seawalls, bike trails, streetlights, and other road infrastructure. At the end of the fiscal year the Transportation Fund reports a fund balance of \$52.7 million, 23.3% less than reported for 2019. The \$383.5 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services.

The \$96.4 million increase in revenue was primarily due to the increase in charges for services and Grants. The Transportation Fund reported a total revenue of charges for services in 2020, \$158.6 million, an increase of \$72.8 million from \$85.8 million. The Transportation Fund's expenditures account for 13.6% of all governmental fund expenditures, totaling \$374.3 million for 2020, an increase of \$76.1 million from 2019. The increase was primarily due to more capital spending in 2020 due to the Coronavirus Pandemic (see note 18) and the unexpected bridge repair needed on the West Seattle Bridge which was discovered in March of 2020. The Transportation Fund reported total expenditures for capital outlay of \$165.4 million, an increase of \$75.9 million from 2019 and current transportation expenditures of \$207.5 million, an increase of \$2 million or .1% from 2019.

As a result of increases in total revenue and total expenditures, the Transportation Fund had a excess of revenues over expenditures of \$9.2 million in 2020.

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Proprietary Funds

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

City Light Utility. Capital assets, net of accumulated depreciation and amortization, were \$4.2 billion in 2020, an increase of \$164.8 million over 2019. The new additions of utility plant were \$167.9 million in 2020, including the largest addition of \$88.8 million of distribution plant. The 2020 new additions were partially offset by a \$123.6 million net increase in accumulated depreciation and amortization. Another significant component of capital assets is construction work-in-progress, which increased by \$118.5 million in 2020.

Total liabilities were \$3.4 billion in 2020 and \$3.5 billion in 2019, the majority being revenue bonds payable. The noncurrent portion of the revenue bonds payable increased a net \$12.2 million to \$2.7 billion in 2020 compared to \$2.6 billion in 2019.

City Light's total net position was \$1.8 billion in 2020 and \$1.7 billion in 2019, an increase of \$106.6 million. The financial position of City Light improved year over year.

Water Utility. Current assets increased \$13.0 million or 7.5% from 2019. This is primarily due to increases in operating cash of \$10.7 million and accounts receivable of \$2.8 million. The change in operating cash is primarily due to increased spending for capital assets, of which a certain portion of those costs are reimbursed to operating cash from the bond proceeds. The increase in accounts receivable is mostly due to slower than expected payments from customers due to the COVID 19 pandemic. Capital assets increased \$18.2 million or 1.4% from 2019 mainly due to additions from CWIP.

Other assets decreased \$30.3 million or 18.9% from 2019. The largest portion of the change was due to a decrease in restricted cash and equity in pooled investments of \$29.4 million for spending on capital projects.

Deferred outflows of resources decreased by \$10.9 million or 25.6% from 2019. This change resulted mainly from assumptions related to pension accounting and differences in expected and actual experience in other post-employment benefits (OPEB). Current liabilities decreased \$4.8 million or 5.5% from 2019. This change mostly resulted from decreases of \$1.1 million in accounts payable and \$3.8 m in salaries and benefits payable.

Noncurrent liabilities decreased \$68.0 million or 7.1% over 2019. This decrease is mainly due to principal payments of \$46.2 million in revenue bonds and loans of \$2.0 million and decrease in net pension liability of \$16.4 million and bond premiums of \$4.6 million. These decreases were partially offset by an increase of \$1.1 million in compensated absences payable.

Deferred inflows of resources increased by \$6.9 million or 10.2% from 2019. This increase is mainly due to an increase of \$1.1 million in the revenue stabilization account and \$5.8 million in deferred inflows-pension and OPEB.

Net investment in capital assets was the largest portion of the Fund's net position (\$563.9 million or 87.8%). This amount 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 2020, net investment in capital assets increased \$37.3 million from 2019 primarily from an increase in utility plant and construction in progress. Other contributing factors are decreases in debt and debt related accounts, offset by a decrease in construction cash of \$29.4 million.

The Fund's restricted net position (\$13.2 million or 2.1%) represents resources that are subject to restrictions on how they may be used. Restricted net position increased slightly by \$0.3 million.

Management's Discussion and Analysis

The Fund's unrestricted net position (\$64.7 million or 10.1%) represents resources that are not subject to external restrictions and may be used to meet the Fund's obligations to creditors. This portion increased \$18.3 million in 2020 as compared to 2019 primarily as a result of an increase in operating cash.

Drainage and Wastewater Utility. Current assets decreased \$2.3 million or 0.8% over the prior year primarily due to a \$11.9 million decrease in operating cash and equity in pooled investments and a \$3.3 million decrease in unbilled revenue. These decreases were offset by increases of \$12.9 million in due from other governments. The decrease in operating cash is primarily due to capital spending increase.

Capital assets increased by \$118.6 million or 9.7% from 2019. Construction in progress and other plant assets increased \$150.5 million; the increase is mostly due to infrastructure, rehabilitation, and improvements. This change was offset by \$31.9 million increase in accumulated depreciation.

Other assets decreased by \$51.9 million or 35.4% from 2019. This is mostly attributable to a \$49.9 million reduction in restricted cash and equity in pooled investments used to fund capital projects, a \$3.7 million reduction in other charges, a \$0.3 million reduction in external infrastructure costs and a \$0.3 million reduction in regulatory assets-bond issue costs. The decreases were offset by an increase of \$2.4 million long-term receivable due from another city department.

Deferred outflows of resources decreased by \$9.0 million or 31.3% from 2019. This change resulted mainly from assumptions related to pension accounting and differences in expected and actual experience in other post-employment benefits (OPEB).

Current liabilities increased by \$2.3 million or 3.0% from 2019. This is mostly attributable to a \$5.4 million increase in accounts payable and a \$1.1 million increase in environmental liabilities. This increase was offset by an decrease of \$4.0 million in salaries, benefits and payroll taxes payable, and a \$0.3 million decrease in revenue bonds due within one year.

Noncurrent liabilities decreased by \$37.6 million or 3.3% from 2019. This decrease is mostly attributable to a decrease of \$30.6 million in revenue bonds and related liabilities, a \$19.2 million decrease in net pension liability (Note 9) because of contributions and changes in assumptions, a \$1.2 million decrease in long-term environmental liabilities because of changes in estimates and a 0.4 million decrease in claims payable. The decrease was offset by a \$11.0 million increase in loan debt, a \$1.6 million increase in other noncurrent liabilities and a \$1.1 million increase in compensated absences payable.

Deferred inflow of resources increased by \$6.9 million 79.1% from 2019. 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 (\$532.0 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 2020, net investment in capital assets increased by \$83.4 million from 2019 due to an increase in capital assets placed in service, net of depreciation offset by the related debt.

The Fund's restricted net position (\$21.2 million or 3.9%) represents resources that are subject to restrictions on how they may be used. This portion of net position decreased by \$1.2 million from 2019.

The remaining portion of the Fund's net position (negative \$17.4 million or 3.3%) represents resources that are unrestricted. The unrestricted portion of net position increased by \$1.7 million from the prior year.

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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 Custodial 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 2020 is \$3.65 billion; SCERS represents 99.75% 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, 2020. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$491.6 million, or 15.6%, during 2020. For year ending 2020 the member and employer contributions totaled \$224.3 million; net income from investment activity totaled \$503.7 million. Total benefit payment for 2020 increased by \$10.8 million to \$214.2 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Original Budget Compared to Final Budget. The General Fund's final budget increased \$204 thousand budgeted revenues and other financing sources over the original budget and increased the budgeted expenditures by \$105.4 million from the original budget. The variance in expenditures is mainly due to adjustment made to current expenditures for public safety function, physical environment function, and economic environment function, which together accounting for roughly 100% of the increase. Budget adjustments were made during the year to current expenditures: public safety by \$44.4 million; physical environment by \$20.3 million; transportation by \$(10.7) million; and economic environment by \$53.0 million.

Final Budget Compared to Actual Results. Actual revenue was higher than the final budget by \$21.4 million. The higher amount of actual revenue was driven mainly by grants, shared revenues and contributions; and program income, interest, and miscellaneous revenues from 2019.

Taxes are by far the largest revenue source, all taxes account for 73.7% 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. Grants, Shared Revenues, and Contribution is another significant source of revenue for the general fund with 8.2% of total actual revenues. 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 \$364.4 million less than the final budget. General government accounts for 32.7% of the under expenditures and all other expenditures contributed to the overall under expenditure. For other financing sources, actual sales of capital assets were \$1.7 million higher than the final budget; transfers in was \$78.6 million higher than the final budget; and transfer out was \$3.4 million higher than the final budget.

Management's Discussion and Analysis

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	
	2020	2019	2020	2019	2020	2019
Land	\$ 615,922	\$ 606,279	\$ 281,464	\$ 268,134	\$ 897,386	\$ 874,413
Plant in Service, Excluding Land	—	—	5,863,434	5,784,080	5,863,434	5,784,080
Buildings and Improvements	1,574,286	1,541,100	—	—	1,574,286	1,541,100
Machinery and Equipment	177,668	182,121	1	1	177,669	182,122
Infrastructure	1,608,407	1,533,856	—	—	1,608,407	1,533,856
Construction in Progress	518,269	570,404	917,779	723,057	1,436,048	1,293,461
Other Capital Assets	76,587	75,949	34,471	34,528	111,058	110,477
Total Capital Assets	\$ 4,571,139	\$ 4,509,709	\$ 7,097,149	\$ 6,809,800	\$ 11,668,288	\$ 11,319,509

Capital assets, net of depreciation for governmental activities increased by \$61.4 million. Land, along with Buildings and Improvements increased by \$42.8 million due to completions of large capital projects such as Fire Station 31, ball field turf replacements, pavement restoration projects, and workspace renovations in the Seattle Municipal Tower. Machinery and Equipment along with Infrastructure increased by \$70.2 million primarily due to bridge repairs, trails, roads, and other infrastructure that supports the Bike and Pedestrian Master Plan. Construction in Progress decreased by \$51.1 million primarily due to transportation projects being finalized and capitalized.

Capital assets, net of depreciation for business-type activities increased by \$286.6 million, largely as the result of the following:

City Light's capital assets, net of accumulated depreciation and amortization, increased by \$164.8 million in 2020. Utility plant assets such as the hydroelectric production plant increased by \$15.0 million, transmission plant increased by \$14.3 million, distribution plant increased by \$89.7 million, general plant increased by \$9.6 million, and other intangible assets increased by \$39.3 million. The net increase in utility plant assets was offset by a \$110.8 million net increase in accumulated depreciation and amortization.

The Drainage and Wastewater Fund's net capital assets increased by \$118.6 million in 2020. The increase is primarily due to capital asset additions and enhancements such as pipeline rehabilitations and improvements (\$14.4 million), environmental remediation (\$8.4 million), sewer outfall pipeline and structures improvement (\$4.2 million), pump station improvements (\$14.2 million), and various small construction projects (\$20.6 million).

The Water Fund's net capital assets increased by \$18.2 million in 2020 compared to prior year. Major capital assets placed into service during the year included water infrastructure improvements and rehabilitations (\$21.9 million), Cedar Falls and Lake Youngs facilities improvements (\$4.9 million), and other infrastructure work and technology (\$9.3 million). These additions were offset by current year depreciation.

The Solid Waste Fund's net capital assets decreased by \$14.3 million in 2020 compared to the prior year. Major capital assets placed in service during the year included Utilities Customer Self Service Portal Project (\$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 2020, the City had \$5.6 billion in outstanding bonded debt, net of premiums and discounts, which included general obligation and revenue bonds, comparable to \$5.7 billion in 2019. 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

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Lake Union Streetcar, had an outstanding balance of \$2.5 million. In 2020, the City issued limited tax general obligation (LTGO) bonds to carry out a current refunding of certain obligations of the City and to finance various capital improvement projects, such as the Alaskan Way Corridor, Overlook Walk, chiller replacement and elevator rehabilitation at the Seattle Municipal Tower, and various information technology projects. The City also issued \$198.3 million in revenue bonds for City Light to finance capital improvements and conservation programs.

The City's bond ratings remained unchanged from the previous year. Since 2017, the City's LTGO bonds have been given the highest possible ratings by the three rating agencies. As such, the City's 2020 LTGO bonds were rated Aaa by Moody's Investors Service, AAA by Fitch Ratings, and AAA by Standard & Poor's. In addition, the City's utilities have stellar credit ratings for revenue debt, reflecting sound finances and good management.

The City's limited and unlimited tax general obligation debt is capped at 7.5% of the assessed value of taxable properties by state law. The 2020 assessed value based on the latest report for the City was \$258.0 billion, providing the City a legal debt capacity of \$19.3 billion. At the end of 2020 the net outstanding general obligation debt of the City which includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.004 billion, well below the legal debt capacity, rendering the City's legal debt margin at \$18.3 billion. Within the 7.5% limitation, state law restricts outstanding LTGO bonds to 1.5% of assessed value, which for 2020 was a capacity of \$3.9 billion. At year end 2020 the LTGO net outstanding debt was \$753.0 million.

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

RACE AND SOCIAL JUSTICE INITIATIVE

Since 2004, the City of Seattle's Race and Social Justice Initiative (RSJI) is a citywide effort to end institutional racism and race-based disparities in municipal government. As part of the 2020 Adopted Budget for the city, the following priorities were adopted due to their RSJI impacts:

- **Equitable Development Initiative (EDI)** - This interdepartmental initiative between The Office of Planning and Community Development, Office of Housing, Department of Neighborhoods, Office of Economic Development, Office of Arts and Culture, Office of Civil Rights, the Mayor's Office and the City Budget Office is intended to address historic and market inequities in Seattle's most marginalized communities and neighborhoods with the highest displacement risk and lowest economic opportunities. \$15 million in proceeds obtained the City's sale of the Mercer Megablock will be utilized to create a site acquisition loan fund for EDI projects, with \$500,000 in funding to begin community outreach and engagement, as well as feasibility evaluations for strategic land acquisition. Another \$5.5 million from short-term rental tax revenues and unrestricted cumulative reserve funds will support EDI grant awards, and the adopted budget also includes \$430,000 of federal Community Development Block Grant funding, and \$1.1 million from the General Fund for EDI administration and staff costs.
- **Childcare Assistance Program Expansion** - The Childcare Assistance Program provides financial assistance to low and moderate-income families to pay for childcare, and the adopted budget includes funding via the Sweetened Beverage Tax (SBT).
- **Seattle Youth Employment Program Expansion** - The Seattle Youth Employment Program serves youth that are from vulnerable and historically disadvantaged communities. The expansion from a summer only model to a year-round model increases career navigation, exploration, and skill-building opportunities for youth from these communities.
- **SHA Rental Assistance Program Pilot Extension** - The Seattle Housing Authority Assistance Program analyzes outcomes and practices by race and ethnicity and will arrive at equity recommendations or goals, with RET guidance, by the end of the pilot. HSD established in its 2017 Homelessness Investments RFP that increasing the rates at which Black/African American households maintain permanent housing through a homelessness prevention project can impact the percentages of people that are living unsheltered and interrupt overrepresentation among Black/African-American households in the homeless services system.
- **Mount Baker Family Resource Center** - The adopted budget continues pilot investments in the Mount Baker Family Resource Center. The agencies indicated that the proposed families to be served through the Mount Baker Family Resource Center include families of color who are low income and may have experienced homelessness.
- **Investments to Improve Homeownership Opportunities and Creating ADUs** - The Office of Housing (OH) will invest nearly \$15 million of the proceeds from the sale of the Mercer Properties towards increasing affordable housing. OH will use \$9

Management's Discussion and Analysis

million to improve homeownership opportunities and \$3 million to support the Mayor's goal of nearly doubling the City's portfolio of permanently affordable homes. OH will also use \$2.5 million to pilot a loan program to help low and moderate income families create affordable ADUs.

- Continuation of 2019 Navigation Team Expansion - The Navigation Team addresses public safety and public health concerns by conducting outreach to encampment inhabitants, connecting them to resources, including shelters and tiny house villages and other resources aimed at helping them move toward housing. Field coordinators play a critical role in these operations; they serve as the project manager for site engagements, offer and provide storage to encampment occupants, and work closely with outreach to ensure that unhoused individuals are connected to resources.
- Nurse Call Line / Onsite Nurses at Shelters and Permanent Supportive Housing - The City implemented a nursing hotline, in addition to attaching medical services to the shelter or permanent supportive housing sites to better serve the needs of the unhoused community.
- Additional Staff Capacity for Food Programs - The city provided additional funding to support communities of color that disproportionately suffer from food insecurity alongside local food banks. These food and meal programs are low barrier programs providing low-income families access to food through relevant locations, cultural competency and service delivery.
- Additional Staff to support Utility Discount Program - Two new staff positions will be funded to increase outreach toward for the Utility Discount Program, which serves vulnerable populations in historically underserved areas of the City.
- Arts and Culture Community Outreach and Engagement - The Office of Arts and Culture will receive funding for a Community Outreach and Engagement Manager to provide expanded reach for open grants, calls for artists, professional development opportunities, events, and workshops as it pertains to artists from disadvantaged communities. This new position will also support ARTS' Language Access Plan and other accessibility efforts, maintain grants, maintain the website, and other communications needs.
- Elimination of Library Fines for Overdue Materials - The 2019 Library levy eliminates fines for overdue materials and uses levy resources as a revenue replacement for these funds (\$8 million over a 7 year period) due to disproportionate impact on borrowers from disadvantaged backgrounds.
- Seattle Parks Aquatic Equity Initiatives - The adopted budget repurposes funding to equalize service levels across its 22 wading pools to maintain consistent schedule and service across different communities, eliminate low-income swim fees, and expand lifeguard training programs to better recruit low-income youth from surrounding communities.
- Seattle Parks Outdoors for All Initiative - An additional \$1 million was added to the Parks & Recreation Department's Outdoors for All Initiative, which promotes outdoors recreation for children and adults with disabilities.
- Sidewalk Accessibility and Safety - As part of a ADA consent decree, the City will invest in constructing 1,250 curb ramps annually, increasing accessibility to sidewalks and streets. In addition to curb ramps, the budget includes funding to address sidewalk defects across the City, which will make the sidewalks safer and more accessible.
- School Safety Improvements - The Pedestrian Master Plan and the Safe Routes to School Action Plan prioritize equity in terms of additional capital improvements in neighborhoods that are historically disadvantaged.
- Additional Staffing at the Office of the Employee Ombudsman - The adopted budget includes additional funding for staffing at the Office of Employee Ombudsman, which was created in 2019 to better City employee concerns surrounding racism, sexism, and classism.

ECONOMIC FACTORS

U.S. Economy. The National Bureau of Economic Research (NBER) officially announced on June 8 that a recession began in the U.S. after the economy peaked in February 2020. The 128-month long expansion from June 2009 to February 2020 is the longest on record (since 1854), it is followed by the deepest but most likely also the shortest recession since World War II. In 2020 the U.S. real GDP fell 3.5% and payroll employment by 8.6 million jobs, while the unemployment rate peaked at 14.4% in April 2020. For comparison, real GDP declined by 2.5% and the economy lost 5.9 million jobs in the last recession in 2009; the unemployment rate peaked at 10.6% in January 2010. In the December 2020 Wall Street Journal Economic Forecasting Survey of 62 economists, the median forecast predicts real GDP will reach its pre-recession level in the second half of 2021. Labor market recovery will take longer, as the median forecast for the unemployment rate drops under 5% only at the end of 2022.

In response to the historic economic downturn, the Federal Reserve lowered its benchmark interest rate to 0% to 0.25% in March 2020 and returned to aggressive quantitative easing, increasing its balance sheet by more than \$3 trillion. In the same month, the U.S. Congress passed an astounding \$2.2 trillion economic stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act authorizing cash payments, extra unemployment benefits, relief for businesses, support for the health care sector, and state and

The City of Seattle

local government support. An additional \$900 billion in stimulus was approved as part of the Consolidated Appropriations Act in December 2020.

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

Employment and population growth in the last decade boosted the demand for office space and housing, spurring a construction boom. The value of building permits issued by the City increased from on average \$1.82 billion every year between 2000 and 2009, to on average \$3.33 billion every year between 2011 and 2019. The COVID-19 pandemic has had a large impact on all parts of the economy including real estate markets and property development. Businesses are reevaluating their office and retail space needs, while demand in the housing market shifted to single family homes, away from multifamily housing in densely populated city cores. In 2020, the total value of building permits issued by the City of Seattle fell by 31.1% compared to the 2015 to 2019 average, as investors take a wait and see approach during the pandemic. For comparison, during and immediately after the Great Recession, in 2008 and 2009 the total value of building permits issued was down 20.1% and 24.7% year-over-year respectively. The biggest drop in 2020 occurred for commercial building permits, which accounted for 56.4% of the total value in 2019 and fell by 51.6%, whereas residential permits accounted for 31.5% of total in 2019, but fell by just 4.9%.

The regional labor market downturn caused by the pandemic was sharp, like in the rest of U.S. In February 2020, right before the recession began, the seasonally adjusted unemployment rate in the Seattle MD was just 2.6%, compared to 4.8% in Washington and 3.5% in the U.S. As a result of the stay-at-home orders imposed in March and April, the unemployment rate increased rapidly nationwide and peaked in April 2020, reaching 14.5% in the Seattle MD, 16.3% in Washington and 14.7% in the U.S. Since then, it has declined noticeably, but in December 2020 it was still highly elevated: 7.1% in the Seattle MD area, 7.1% in Washington and 6.7% in the U.S. Leisure and hospitality and manufacturing sectors of the Seattle MD economy were the most affected by the current recession. Representing just 18.9% of total employment in February 2020, these two sectors accounted for 79.2% of jobs lost and not recovered as of December 2020. Collapse in demand for travel and canceled orders have led Boeing to consolidate its two 787 assembly lines into a single location in South Carolina. Closing the assembly line in Everett where Boeing employs 30,000 workers will have large negative consequences not just for the local aerospace industry, but the local economy as whole.

While the regional economy currently faces big challenges, there are reasons to be cautiously optimistic about the recovery. The Seattle area recovered from both the 1990 and the 2007 recessions much earlier than the U.S. as a whole. Recessions tend to speed up the adoption of new technologies and the current recession has significantly increased the demand for services related to e-commerce, telecommuting and cloud computing. With a much smaller dependence on aerospace manufacturing than in the past and a larger share of technology and e-commerce sector employment, the Seattle area certainly has a large potential for healthy economic growth.

FINANCIAL CONTACT

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

Government-wide Financial Statements

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STATEMENT OF NET POSITION December 31, 2020 (In Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	2020	Component Units
ASSETS				
Current Assets				
Operating Cash and Equity in Pooled Investments	\$ 1,249,181	\$ 680,834	\$ 1,930,015	\$ 4,270
Restricted Cash and Equity in Pooled Investments	19,090	—	19,090	
Investments	—	—	—	85,101
Receivables, Net of Allowances	152,819	355,686	508,505	
Internal Balances	(66,014)	66,014	—	
Due from Other Governments	215,482	23,013	238,495	
Inventories	11,433	47,242	58,675	
Prepaid and Other Current Assets	9,852	509	10,361	
Total Current Assets	1,591,843	1,173,298	2,765,141	89,371
Noncurrent Assets				
Restricted Cash and Equity in Pooled Investments	67,067	513,663	580,730	
Contracts and Notes	19,147	2,362	21,509	
Conservation Costs, Net	—	282,900	282,900	
Landfill Closure and Postclosure Costs, Net	—	17,001	17,001	
Environmental Costs and Recoveries	—	119,683	119,683	
Net Pension Asset	276,045	—	276,045	
Regulatory Asset	—	12,414	12,414	
Other Charges and Noncurrent Assets	—	105,870	105,870	
Capital Assets, Net of Accumulated Depreciation				
Land and Land Rights	615,923	281,465	897,388	
Plant in Service, Excluding Land	—	5,864,352	5,864,352	
Buildings and Improvements	1,574,288	—	1,574,288	
Machinery and Equipment	177,617	—	177,617	
Infrastructure	1,608,408	—	1,608,408	
Construction in Progress	518,269	917,779	1,436,048	
Other Capital Assets	76,592	33,551	110,143	10
Total Noncurrent Assets	4,933,356	8,151,040	13,084,396	10
Total Assets	6,525,199	9,324,338	15,849,537	89,381
DEFERRED OUTFLOWS OF RESOURCES				
	207,381	132,667	340,048	
Total Assets and Deferred Outflows of Resources	\$ 6,732,580	\$ 9,457,005	\$ 16,189,585	\$ 89,381

The accompanying notes are an integral part of these financial statements

Government-wide Financial Statements

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STATEMENT OF NET POSITION December 31, 2020 (In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2020	
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 166,656	\$ 108,931	\$ 275,587	\$ 2,739
Salaries, Benefits, and Taxes Payable	31,026	16,057	47,083	
Contracts Payable	2,634	—	2,634	
Due to Other Governments	487	13,852	14,339	
Interest Payable	7,222	59,766	66,988	
Taxes Payable	81	10,168	10,249	
Deposits Payable	—	—	—	
Unearned Revenues	82,005	30,013	112,018	
Current Portion of Long-Term Debt				
Bonds Payable	79,555	198,600	278,155	
Compensated Absences Payable	5,174	2,352	7,526	
Notes and Contracts Payable	1,260	4,902	6,162	
Claims Payable	37,236	10,070	47,306	
Habitat Conservation Program Liability	—	734	734	
Landfill Closure and Postclosure Liability	—	3,780	3,780	
Other Current Liabilities	76,016	38,495	114,511	
Total Current Liabilities	489,352	497,720	987,072	2,739
Noncurrent Liabilities				
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	893,396	4,445,070	5,338,466	
Bond Interest Payable	—	—	—	
Special Assessment Bonds with Governmental Commitment	2,545	—	2,545	
Compensated Absences Payable	98,308	37,268	135,576	
Claims Payable	77,463	316,635	394,098	
Notes and Contracts Payable	9,067	75,929	84,996	
Landfill Closure and Postclosure Liability	—	12,400	12,400	
Vendor Deposits Payable	153	139	292	
Habitat Conservation Program Liability	—	6,329	6,329	
Unearned Revenues	—	51,565	51,565	
Arbitrage Rebate Liability	—	—	—	
Unfunded Other Post Employment Benefits	654,749	18,336	673,085	
Net Pension Liability	970,318	501,102	1,471,420	
Other Noncurrent Liabilities	1,263	4,739	6,002	
Total Noncurrent Liabilities	2,707,262	5,469,512	8,176,774	—
Total Liabilities	3,196,614	5,967,232	9,163,846	2,739
DEFERRED INFLOWS OF RESOURCES				
	210,984	302,093	513,077	

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION December 31, 2020 (In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2020	
NET POSITION				
Net Investment in Capital Assets	\$ 3,587,667	\$ 2,954,796	\$ 6,542,463	\$ 10
Restricted for				
Debt Service	12,141	—	12,141	
Capital Projects	218,034	—	218,034	
Rate Stabilization Account	—	25,000	25,000	
Education and Development Services	131,950	—	131,950	
Special Deposits	—	—	—	
Conservation and Environmental Costs	—	8,107	8,107	
Bonneville Power Administration Projects	—	—	—	
External Infrastructure Costs	—	7,276	7,276	
Muckleshoot Settlement	—	—	—	
Other Charges	—	19,310	19,310	
Health Care Reserve	97,053	—	97,053	
Transportation Programs	98,553	—	98,553	
Low-Income Housing Programs	270,757	—	270,757	
Other Purposes	153,282	—	153,282	59,666
Nonexpendable	2,050	—	2,050	—
Unrestricted	(1,246,505)	173,191	(1,073,314)	26,966
Total Net Position	3,324,982	3,187,680	6,512,662	86,642
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,732,580	\$ 9,457,005	\$ 16,189,585	\$ 89,381

The accompanying notes are an integral part of these financial statements

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STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020 (In Thousands)

Functions/Programs	Program Expense	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 346,566	\$ 91,443	\$ 37,169	\$ 1,625
Judicial	10,565	17,006	199	—
Public Safety	757,770	36,751	93,453	—
Physical Environment	35,341	3,815	10,162	—
Transportation	457,259	46,160	94,213	—
Economic Environment	390,442	94,678	68,991	3,657
Health and Human Services	137,099	537	55,395	—
Culture and Recreation	264,000	39,307	12,684	2,980
Interest on Long-Term Debt	44,707	—	—	—
Total Governmental Activities	2,443,749	329,697	372,266	8,262
BUSINESS-TYPE ACTIVITIES				
Light	998,887	1,015,766	853	53,819
Water	246,617	278,578	—	10,211
Drainage and Wastewater	411,851	460,295	21,686	—
Solid Waste	206,634	224,052	374	—
Planning and Development	77,029	78,653	—	—
Total Business-Type Activities	1,941,018	2,057,344	22,913	64,030
Total Government-Wide Activities	<u>\$ 4,384,767</u>	<u>\$ 2,387,041</u>	<u>\$ 395,179</u>	<u>\$ 72,292</u>
COMPONENT UNITS	\$ 6,541	\$ 98	\$ 5,526	\$ —

The accompanying notes are an integral part of these financial statements

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STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020 (In Thousands)

Net Revenue (Expense) and Changes in Net Position				
Primary Government				Component Units
Governmental Activities	Business-Type Activities	2020		
GOVERNMENTAL ACTIVITIES				
General Government	\$ (216,329)	\$ —	\$ (216,329)	
Judicial	6,640	—	6,640	
Public Safety	(627,566)	—	(627,566)	
Physical Environment	(21,364)	—	(21,364)	
Transportation	(316,886)	—	(316,886)	
Economic Environment	(223,116)	—	(223,116)	
Health and Human Services	(81,167)	—	(81,167)	
Culture and Recreation	(209,029)	—	(209,029)	
Interest on Long-Term Debt	(44,707)	—	(44,707)	
Total Governmental Activities	(1,733,524)	—	(1,733,524)	
BUSINESS-TYPE ACTIVITIES				
Light	—	71,551	71,551	
Water	—	42,172	42,172	
Drainage and Wastewater	—	70,130	70,130	
Solid Waste	—	17,792	17,792	
Planning and Development	—	1,624	1,624	
Total Business-Type Activities	—	203,269	203,269	
Total Government-Wide Activities	(1,733,524)	203,269	(1,530,255)	
COMPONENT UNITS				\$ (917)
General Revenues				
Property Taxes	681,235	—	681,235	
Sales Taxes	287,402	—	287,402	
Business Taxes	479,864	—	479,864	
Excise Taxes	117,845	—	117,845	
Other Taxes	36,398	10,894	47,292	
Penalties and Interest on Delinquent Taxes	—	—	—	
Unrestricted Investment Earnings (Loss)	51,688	47,295	98,983	9,926
Gain on Sale of Capital Assets	16,107	1,559	17,666	
Special Item - Environmental Remediation	—	(3,065)	(3,065)	
Transfers	—	—	—	
Total General Revenues (Loss), Special Item, and Transfers	1,670,539	56,683	1,727,222	9,926
Changes in Net Position	(62,985)	259,952	196,967	9,009
Net Position - Beginning of Year	3,380,550	2,912,100	6,292,650	77,633
Restatements/Prior-Year Adjustments	7,417	—	7,417	—
Net Position - Beginning of Year as Restated	3,387,967	2,912,100	6,300,067	77,633
Net Position - End of Year	\$ 3,324,982	\$ 3,172,052	\$ 6,497,034	\$ 86,642

The accompanying notes are an integral part of these 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.

Fund Financial Statements

Fund Financial Statements

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2020 (In Thousands)

	General Fund	Transportation	Other Governmental	2020
ASSETS				
Cash and Equity in Pooled Investments	\$ 441,451	\$ 101,468	\$ 690,261	\$ 1,233,180
Receivables, Net of Allowances	104,735	12,589	32,555	149,879
Due from Other Funds	46	53	6,808	6,907
Due from Other Governments	76,957	39,262	76,244	192,463
Interfund Loans and Advances	40,900	—	—	40,900
Other Current Assets	1,375	—	577	1,952
Total Assets	665,464	153,372	806,445	1,625,281
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 665,464	\$ 153,372	\$ 806,445	\$ 1,625,281
LIABILITIES				
Accounts Payable	\$ 65,396	\$ 41,819	\$ 33,325	\$ 140,540
Contracts Payable	384	1,856	394	2,634
Salaries, Benefits, and Taxes Payable	20,028	3,018	3,766	26,812
Due to Other Funds	11,240	—	4	11,244
Due to Other Governments	466	—	—	466
Revenues Collected in Advance	13,335	52,554	16,116	82,005
Interfund Loans and Advances	—	—	48,900	48,900
Other Current Liabilities	7,641	1,480	57,420	66,541
Total Liabilities	118,490	100,727	159,925	379,142
DEFERRED INFLOWS OF RESOURCES	32,376	2,600	8,208	43,184
FUND BALANCES				
Nonspendable	\$ 65	\$ —	\$ 2,410	\$ 2,475
Restricted	263,769	50,045	659,398	973,212
Committed	112,000	—	7,373	119,373
Assigned	8,693	—	18,708	27,401
Unassigned	130,071	—	(49,577)	80,494
Total Fund Balances	514,598	50,045	638,312	1,202,955
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 665,464	\$ 153,372	\$ 806,445	\$ 1,625,281

The accompanying notes are an integral part of these financial statements

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2020 (In Thousands)

	2020
Governmental Fund Balance	\$ 1,202,955
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.	\$ 3,790,070
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(14,075)
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.	480,577
Net Pension Asset	276,045
Deferred inflows and outflows of resources	17,287
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	(36,676)
Accrued Interest Payable	(5,599)
Current Portion of Long-Term Debt	(60,029)
Compensated Absences Payable	(4,425)
General Obligation Bonds Payable	(712,930)
Less Bond Discount and Premium	—
Special Assessment Bonds	(2,545)
Net Pension Liability	(784,683)
Notes and Other Long-Term Liabilities	(9,067)
Compensated Absences - Long-Term	(84,073)
Claims Payable - Long-Term	(76,721)
Workers' Compensation	—
Arbitrage	—
Unfunded Other Post Employment Benefits	(648,171)
Other Liabilities	(2,957)
Net Adjustments	2,122,028
Net Position of Governmental Activities	\$ 3,324,983

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

B-4 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020
(In Thousands)

REVENUES	General Fund	Transportation	Other Governmental	2020
Taxes	\$ 1,158,438	\$ 120,855	\$ 322,460	\$ 1,601,753
Licenses and Permits	36,376	7,059	871	44,306
Grants, Shared Revenues, and Contributions	130,239	86,003	127,804	344,046
Charges for Services	76,339	158,575	118,192	353,106
Fines and Forfeits	21,285	161	3,340	24,786
Concessions, Parking Fees and Space Rent	10,614	231	9,535	20,380
Program Income, Interest, and Miscellaneous Revenues	141,690	7,999	45,430	195,119
Total Revenues	1,574,981	380,883	627,632	2,583,496
EXPENDITURES				
Current				
General Government	253,631	—	3,994	257,625
Judicial	36,412	—	—	36,412
Public Safety	786,214	—	637	786,851
Physical Environment	36,465	—	449	36,914
Transportation	55,761	207,542	80,516	343,819
Economic Environment	184,504	—	224,938	409,442
Health and Human Services	40,594	—	114,762	155,356
Culture and Recreation	206,395	—	106,505	312,900
Capital Outlay				
General Government	—	—	3,823	3,823
Public Safety	482	—	4,573	5,055
Physical Environment	6	—	37	43
Transportation	4,828	165,440	60,856	231,124
Economic Environment	—	—	3,032	3,032
Culture and Recreation	15,817	—	31,224	47,041
Debt Service				
Principal	—	1,292	75,704	76,996
Interest	22	33	39,292	39,347
Bond Issuance Cost	—	—	531	531
Other	—	—	—	—
Total Expenditures	1,621,131	374,307	750,873	2,746,311
Excess (Deficiency) of Revenues over Expenditures	(46,150)	6,576	(123,241)	(162,815)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	71,805	71,805
Refunding Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	14,601	14,601
Payment to Refunded Bond Escrow Agent	—	—	(51,381)	(51,381)
Sales of Capital Assets	8,579	7,445	83	16,107
Transfers In	4,000	—	98,429	102,429
Transfers Out	(36,980)	(32,551)	(4,270)	(73,801)
Total Other Financing Sources (Uses)	(24,401)	(25,106)	129,267	79,760
Net Change in Fund Balance	(70,551)	(18,530)	6,026	(83,055)
Fund Balances - Beginning of Year	585,047	68,678	632,286	1,286,011
Restatements/Prior-Year Adjustments	103	(103)	—	—
Fund Balances - Beginning of Year as Restated	585,150	68,575	632,286	1,286,011
Fund Balances - End of Year	\$ 514,598	\$ 50,045	\$ 638,312	\$ 1,202,955

The accompanying notes are an integral part of these financial statements

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The City of Seattle

B-5 RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020
(In Thousands)

	2020
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	\$ (83,055)
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	(143,197)
Capital outlay reported as expenditures	201,440
Retirement and sale of capital assets	165
Capital assets received as donations	2,860
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These are comprised of:	
Unavailable resources - property taxes	2,991
Reduction of long-term receivable	23,019
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and related items:	
Proceeds of general obligation bonds	(26,933)
Premium on general obligation bonds	(4,454)
Proceeds from loans	(4,780)
Principal payments bonds/notes	59,530
Amortization of bond premium	3,817
Amortization of loss on refunding	(534)
Minimum capital lease payments	61
Bond interest payable	223
Remittance to refunding escrow using refunding proceeds	4,621
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	9,899
Injury and damage claims	417
Workers' compensation	(3,848)
Arbitrage	—
Unfunded OPEB liabilities	(127,809)
Environmental liability	88
Loan to agencies	—
Debt guarantee of SISC 2004 bonds	378
Pension Expense - GASB68	64,409
WA State's LEOFF Contribution	—
Other	—
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	16,974
Net revenue of internal service funds activities reported with governmental activities	(59,266)
Change in Net Position of Governmental Activities	\$ (62,984)

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

MAJOR PROPRIETARY FUNDS

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

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

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

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

The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds		
	Light	Water	Drainage and Wastewater
ASSETS			
Current Assets			
Operating Cash and Equity in Pooled Investments	\$ 102,430	\$ 140,763	\$ 218,714
Restricted Cash and Equity in Pooled Investments	—	—	—
Receivables, Net of Allowances			
Accounts	141,344	20,043	29,174
Interest and Dividends	—	1,122	630
Unbilled	87,516	16,517	23,066
Energy Contracts, Notes, and Other Contracts	—	—	—
Due from Other Funds	—	—	5
Due from Other Governments	3,492	885	16,732
Materials and Supplies Inventory	38,018	7,022	1,895
Interfund Loan & Advances	—	—	—
Prepayments and Other Current Assets	286	111	75
Total Current Assets	373,086	186,463	290,291
Noncurrent Assets			
Restricted Cash and Equity in Pooled Investments	324,823	93,098	38,208
Notes and Contracts Receivable	—	—	2,362
Conservation Costs, Net	256,729	26,171	—
Landfill Closure and Postclosure Costs, Net	—	—	—
Environmental Costs and Recoveries	117,062	—	2,621
External Infrastructure Costs	—	—	17,571
Regulatory Asset	—	6,017	4,865
Other Charges	53,271	5,058	29,128
Capital Assets			
Land and Land Rights	153,920	54,017	46,645
Plant in Service, Excluding Land	5,522,067	2,146,527	1,475,449
Less Accumulated Depreciation	(2,102,991)	(908,197)	(440,415)
Buildings and Improvements	—	—	—
Less Accumulated Depreciation	—	—	—
Machinery and Equipment	—	—	—
Less Accumulated Depreciation	—	—	—
Construction in Progress	612,647	43,894	256,896
Other Property, Net	21,510	1,842	2,192
Total Noncurrent Assets	4,959,038	1,468,427	1,435,522
Total Assets	5,332,124	1,654,890	1,725,813
DEFERRED OUTFLOWS OF RESOURCES			
	64,992	31,706	19,743
Total Assets and Deferred Outflows of Resources	\$ 5,397,116	\$ 1,686,596	\$ 1,745,556

Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds	
	Nonmajor Funds	2020
ASSETS		
Current Assets		
Operating Cash and Equity in Pooled Investments	\$ 218,927	\$ 680,834
Restricted Cash and Equity in Pooled Investments		\$ —
Receivables, Net of Allowances		
Accounts	19,524	210,085
Interest and Dividends	358	2,110
Unbilled	16,392	143,491
Energy Contracts, Notes, and Other Contracts		—
Due from Other Funds	—	5
Due from Other Governments	1,904	23,013
Materials and Supplies Inventory	307	47,242
Interfund Loan & Advances	8,000	8,000
Prepayments and Other Current Assets	37	509
Total Current Assets	265,449	1,115,289
Noncurrent Assets		
Restricted Cash and Equity in Pooled Investments	57,534	513,663
Notes and Contracts Receivable		2,362
Conservation Costs, Net		282,900
Landfill Closure and Postclosure Costs, Net	17,001	17,001
Environmental Costs and Recoveries		119,683
External Infrastructure Costs		17,571
Regulatory Asset	1,532	12,414
Other Charges	842	88,299
Capital Assets		
Land and Land Rights	26,883	281,465
Plant in Service, Excluding Land	258,391	9,402,434
Less Accumulated Depreciation	(86,479)	(3,538,082)
Buildings and Improvements	—	—
Less Accumulated Depreciation	—	—
Machinery and Equipment	852	852
Less Accumulated Depreciation	(852)	(852)
Construction in Progress	4,342	917,779
Other Property, Net	8,007	33,551
Total Noncurrent Assets	288,053	8,151,040
Total Assets	553,502	9,266,329
DEFERRED OUTFLOWS OF RESOURCES		
	16,226	132,667
Total Assets and Deferred Outflows of Resources	\$ 569,728	\$ 9,398,996

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2020	
ASSETS		
Current Assets		
Operating Cash and Equity in Pooled Investments	\$ 15,999	
Restricted Cash and Equity in Pooled Investments		19,090
Receivables, Net of Allowances		
Accounts		1,040
Interest and Dividends		126
Unbilled		—
Energy Contracts, Notes, and Other Contracts		—
Due from Other Funds		4,337
Due from Other Governments		—
Materials and Supplies Inventory		9,481
Interfund Loan & Advances		—
Prepayments and Other Current Assets		9,852
Total Current Assets		59,925
Noncurrent Assets		
Restricted Cash and Equity in Pooled Investments		67,067
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		105,997
Plant in Service, Excluding Land		—
Less Accumulated Depreciation		—
Buildings and Improvements		774,719
Less Accumulated Depreciation		(315,363)
Machinery and Equipment		297,362
Less Accumulated Depreciation		(181,013)
Construction in Progress		55,430
Other Property, Net		43,895
Total Noncurrent Assets		848,094
Total Assets		908,019
DEFERRED OUTFLOWS OF RESOURCES		
		58,922
Total Assets and Deferred Outflows of Resources	\$	966,941

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds		
	Light	Water	Drainage and Wastewater
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 60,762	\$ 9,924	\$ 16,445
Salaries, Benefits, and Payroll Taxes Payable	6,282	3,587	3,533
Compensated Absences Payable	1,457	296	303
Due to Other Funds	—	5	—
Due to Other Governments	—	110	13,726
Interest Payable	36,258	10,705	10,774
Taxes Payable	8,144	811	432
General Obligation Bonds Due Within One Year	—	—	—
Revenue Bonds Due Within One Year	117,665	46,235	27,300
Claims Payable	6,445	1,324	1,546
Notes and Contracts Payable	—	2,050	2,852
Habitat Conservation Program Liability	—	734	—
Landfill Closure and Postclosure Liability	—	—	—
Unearned Revenues and Other Credits	24,615	5,398	—
Other Current Liabilities	34,082	125	4,185
Total Current Liabilities	295,710	81,304	81,096
Noncurrent Liabilities			
Advances from Other Funds/Interfund Notes Payable	—	—	—
Compensated Absences Payable	20,264	5,628	5,763
Claims Payable	112,690	3,908	183,054
Public Works Trust Loan	—	22,727	53,202
Landfill Closure and Postclosure Liability	—	—	—
Vendor and Other Deposits Payable	—	—	—
Habitat Conservation Program Liability	—	6,329	—
Unearned Revenues and Other Credits	13,416	—	—
Unfunded Other Post Employment Benefits	8,996	3,015	3,102
Net Pension Liability	265,193	80,221	72,049
Other Noncurrent Liabilities	743	490	3,433
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,694,750	767,000	792,616
Bond Interest Payable	—	—	—
Total Noncurrent Liabilities	3,116,052	889,318	1,113,219
Total Liabilities	3,411,762	970,622	1,194,315
DEFERRED INFLOWS OF RESOURCES	160,922	74,200	15,544

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds	
	Nonmajor Funds	2020
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 21,800	\$ 108,931
Salaries, Benefits, and Payroll Taxes Payable	2,655	16,057
Compensated Absences Payable	296	2,352
Due to Other Funds	—	5
Due to Other Governments	16	13,852
Interest Payable	2,029	59,766
Taxes Payable	781	10,168
General Obligation Bonds Due Within One Year	—	—
Revenue Bonds Due Within One Year	7,400	198,600
Claims Payable	755	10,070
Notes and Contracts Payable	—	4,902
Habitat Conservation Program Liability	—	734
Landfill Closure and Postclosure Liability	3,780	3,780
Unearned Revenues and Other Credits	—	30,013
Other Current Liabilities	103	38,495
Total Current Liabilities	39,615	497,725
Noncurrent Liabilities		
Advances from Other Funds/Interfund Notes Payable	—	—
Compensated Absences Payable	5,613	37,268
Claims Payable	16,983	316,635
Public Works Trust Loan	—	75,929
Landfill Closure and Postclosure Liability	12,400	12,400
Vendor and Other Deposits Payable	139	139
Habitat Conservation Program Liability	—	6,329
Unearned Revenues and Other Credits	38,149	51,565
Unfunded Other Post Employment Benefits	3,223	18,336
Net Pension Liability	83,639	501,102
Other Noncurrent Liabilities	73	4,739
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	190,704	4,445,070
Bond Interest Payable	—	—
Total Noncurrent Liabilities	350,923	5,469,512
Total Liabilities	390,538	5,967,237
DEFERRED INFLOWS OF RESOURCES	51,427	302,093

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Governmental Activities - Internal Service Funds
	2020
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 26,115
Salaries, Benefits, and Payroll Taxes Payable	4,211
Compensated Absences Payable	749
Due to Other Funds	—
Due to Other Governments	21
Interest Payable	1,623
Taxes Payable	81
General Obligation Bonds Due Within One Year	19,526
Revenue Bonds Due Within One Year	—
Claims Payable	560
Notes and Contracts Payable	—
Habitat Conservation Program Liability	—
Landfill Closure and Postclosure Liability	—
Unearned Revenues and Other Credits	—
Other Current Liabilities	9,041
Total Current Liabilities	61,927
Noncurrent Liabilities	
Advances from Other Funds/Interfund Notes Payable	—
Compensated Absences Payable	14,235
Claims Payable	742
Public Works Trust Loan	—
Landfill Closure and Postclosure Liability	—
Vendor and Other Deposits Payable	153
Habitat Conservation Program Liability	—
Unearned Revenues and Other Credits	—
Unfunded Other Post Employment Benefits	6,578
Net Pension Liability	185,635
Other Noncurrent Liabilities	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	180,466
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—
Bond Interest Payable	—
Total Noncurrent Liabilities	387,809
Total Liabilities	449,736
DEFERRED INFLOWS OF RESOURCES	36,628

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds		
	L i g h t	W a t e r	Drainage and Wastewater
NET POSITION			
Net Investment in Capital Assets	1,822,864	563,868	531,962
Restricted for			
Rate Stabilization Account	25,000	—	—
Special Deposits and Other	—	—	—
Conservation and Environmental Costs	—	8,107	—
Bonneville Power Administration Projects	—	—	—
External Infrastructure Costs	—	—	7,276
Muckleshoot Settlement	—	—	—
Other Charges	—	5,123	13,875
Unrestricted	(23,432)	64,676	(17,416)
Total Net Position	1,824,432	641,774	535,697
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 5,397,116</u>	<u>\$ 1,686,596</u>	<u>\$ 1,745,556</u>

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds	
	Nonmajor Funds	2020
NET POSITION		
Net Investment in Capital Assets	36,102	2,954,796
Restricted for		
Rate Stabilization Account	—	25,000
Special Deposits and Other	—	—
Conservation and Environmental Costs	—	8,107
Bonneville Power Administration Projects	—	—
External Infrastructure Costs	—	7,276
Muckleshoot Settlement	—	—
Other Charges	312	19,310
Unrestricted	91,349	115,177
Total Net Position	127,763	3,129,666
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 569,728</u>	<u>\$ 9,398,996</u>
Total Net Position as above		\$ 3,129,666
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds		58,014
Net Position of Business-type Activities		<u>\$ 3,187,680</u>

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2020 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2020	
NET POSITION		
Net Investment in Capital Assets		580,883
Restricted for		
Rate Stabilization Account		—
Special Deposits and Other		—
Conservation and Environmental Costs		—
Bonneville Power Administration Projects		—
External Infrastructure Costs		—
Muckleshoot Settlement		—
Other Charges		—
Unrestricted		(100,306)
Total Net Position		480,577
Total Liabilities, Deferred Inflows of Resources, and Net Position		<u>\$ 966,941</u>

The accompanying notes are an integral part of these financial statements

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds		
	Light	Water	Drainage and Wastewater
OPERATING REVENUES			
Charges for Services and Other Revenues	\$ 1,015,766	\$ 278,578	\$ 460,295
OPERATING EXPENSES			
Salaries, wages and personnel benefits	—	60,887	56,137
Supplies	—	5,671	2,682
Services	—	43,864	45,359
Intergovernmental Payments	—	46,101	229,641
Operations and Maintenance	629,291	—	—
General and Administrative	—	—	—
City Business and Occupation Taxes	—	—	—
Taxes	101,242	—	—
Depreciation and Amortization	149,785	54,486	39,639
Other Operating Expenses	—	2,433	12,479
Total Operating Expenses	880,318	213,442	385,937
Operating Income (Loss)	135,448	65,136	74,358
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	18,073	8,898	11,044
Interest Expense	(93,699)	(30,893)	(22,104)
Amortization of Bonds Premiums and Discounts, Net	—	—	—
Amortization of Refunding Gain (Loss)	—	—	—
Bond Issuance Costs	—	—	—
Gain (Loss) on Sale of Capital Assets	1,559	—	—
Contributions and Grants	853	—	21,686
Others, Net	6,215	2,561	1,939
Total Nonoperating Revenues (Expenses)	(66,999)	(19,434)	12,565
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	68,449	45,702	86,923
Capital Contributions and Grants	53,819	10,211	—
Transfers In	—	—	—
Transfers Out	—	—	—
Environmental Remediation	—	—	(3,065)
Change in Net Position	122,268	55,913	83,858
Net Position - Beginning of Year	1,702,164	585,861	451,839
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	1,702,164	585,861	451,839
Net Position - End of Year	\$ 1,824,432	\$ 641,774	\$ 535,697

The accompanying notes are an integral part of these financial statements

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds	
	Nonmajor Funds	2020
OPERATING REVENUES		
Charges for Services and Other Revenues	\$ 302,705	\$ 2,057,344
OPERATING EXPENSES		
Salaries, wages and personnel benefits	22,425	139,449
Supplies	1,081	9,434
Services	121,757	210,980
Intergovernmental Payments	30,365	306,107
Operations and Maintenance	57,832	687,123
General and Administrative	17,561	17,561
City Business and Occupation Taxes	—	—
Taxes	—	101,242
Depreciation and Amortization	14,813	258,723
Other Operating Expenses	7,462	22,374
Total Operating Expenses	273,296	1,752,993
Operating Income (Loss)	29,409	304,351
NONOPERATING REVENUES (EXPENSES)		
Investment and Interest Income	9,280	47,295
Interest Expense	(7,742)	(154,438)
Amortization of Bonds Premiums and Discounts, Net	—	—
Amortization of Refunding Gain (Loss)	—	—
Bond Issuance Costs	—	—
Gain (Loss) on Sale of Capital Assets	—	1,559
Contributions and Grants	374	22,913
Others, Net	179	10,894
Total Nonoperating Revenues (Expenses)	2,091	(71,777)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	31,500	232,574
Capital Contributions and Grants	—	64,030
Transfers In	—	—
Transfers Out	—	—
Environmental Remediation	—	(3,065)
Change in Net Position	31,500	293,539
Net Position - Beginning of Year	96,263	2,836,127
Prior-Year Adjustment	—	—
Net Position - Beginning of Year as Restated	96,263	2,836,127
Net Position - End of Year	\$ 127,763	3,129,666
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds		58,014
Net Position of Business-Type Activities		\$ 3,187,680
Change in Net Position as above		\$ 293,539
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds		(17,958)
Adjusted Change in Net Position of Business-Type Activities		\$ 275,581

The accompanying notes are an integral part of these financial statements

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Governmental Activities - Internal Service Funds
	<u>2020</u>
OPERATING REVENUES	
Charges for Services and Other Revenues	\$ 370,706
OPERATING EXPENSES	
Salaries, wages and personnel benefits	—
Supplies	—
Services	—
Intergovernmental Payments	—
Operations and Maintenance	295,395
General and Administrative	53,616
City Business and Occupation Taxes	2
Taxes	5
Depreciation and Amortization	53,906
Other Operating Expenses	—
Total Operating Expenses	<u>402,924</u>
Operating Income (Loss)	(32,218)
NONOPERATING REVENUES (EXPENSES)	
Investment and Interest Income	3,436
Interest Expense	(8,388)
Amortization of Bonds Premiums and Discounts, Net	1,152
Amortization of Refunding Gain (Loss)	96
Bond Issuance Costs	—
Gain (Loss) on Sale of Capital Assets	(560)
Contributions and Grants	12,584
Others, Net	<u>(8,252)</u>
Net Nonoperating Revenues (Expenses)	68
Change in Net Position - Before Capital Contributions and Grants, Transfers, and Special Items	(32,150)
Capital Contributions and Grants	4,390
Transfers In	375
Transfers Out	(29,003)
Environmental Remediation	—
Change in Net Position	<u>(56,388)</u>
Net Position - Beginning of Year	536,965
Prior-Year Adjustment	—
Net Position - Beginning of Year as Restated	<u>536,965</u>
Net Position - End of Year	<u>\$ 480,577</u>

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds		
	Light	Water	Drainage & Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 996,408	\$ 280,464	\$ 451,227
Cash Paid to Suppliers	(365,678)	(53,970)	(222,675)
Cash Paid to Employees	(173,167)	(65,778)	(63,398)
Cash Paid for Taxes	(103,364)	(44,317)	(60,823)
Net Cash from Operating Activities	<u>354,199</u>	<u>116,399</u>	<u>104,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal Payments on Long-Term Debt and Interfund Loans	(12,725)	—	—
Interest Paid on Long-Term Debt	(11,000)	—	—
Operating Grants Received	853	5,072	13,152
Transfers In	1,300	—	—
Transfers Out	(46,944)	—	—
Bonneville Receipts for Conservation	6,146	—	—
Payments to Vendors on Behalf of Customers for Conservation	(21,004)	—	—
Loans Provided to Other Funds	—	—	—
Proceeds from Interfund Loans	—	—	—
Payments for Environmental Liabilities	—	—	(3,177)
Net Cash from Noncapital Financing Activities	<u>(83,374)</u>	<u>5,072</u>	<u>9,975</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Bonds and Other Long-Term Debt	248,712	—	—
Principal Payments on Long-Term Debt and Refunding	(109,820)	(42,533)	(11,424)
Capital Expenses and Other Charges Paid	(280,479)	(75,331)	(148,599)
Interest Paid on Long-Term Debt	(94,935)	(34,542)	(34,096)
Capital Fees and Grants Received	224	5,139	8,534
Payment to Trustee for Defeased Bonds	(93,248)	—	—
Interest Received for Suburban Infrastructure Improvements	2,526	—	—
Debt Issuance Costs	(352)	—	—
Proceeds from Sale of Capital Assets	1,559	120	55
Net Cash from Capital and Related Financing Activities	<u>(325,813)</u>	<u>(147,147)</u>	<u>(185,530)</u>
CASH FLOWS FROM INVESTING ACTIVITIES^a			
Interest and Investment Income (Loss)	15,547	6,960	9,422
Net Cash from Investing Activities	<u>15,547</u>	<u>6,960</u>	<u>9,422</u>
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(39,441)	(18,716)	(61,802)
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year	466,694	252,577	318,724
End of Year	<u>\$ 427,253</u>	<u>\$ 233,861</u>	<u>\$ 256,922</u>
CASH AT THE END OF THE YEAR CONSISTS OF			
Operating Cash and Equity in Pooled Investments	\$ 102,430	\$ 140,763	\$ 218,714
Current Restricted Cash and Equity in Pooled Investments	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	324,823	93,098	38,208
Total Cash at the End of the Year	<u>\$ 427,253</u>	<u>\$ 233,861</u>	<u>\$ 256,922</u>

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

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds	
	Nonmajor Funds	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 309,453	\$ 2,037,552
Cash Paid to Suppliers	(149,330)	(791,653)
Cash Paid to Employees	(82,038)	(384,381)
Cash Paid for Taxes	(30,871)	(239,375)
Net Cash from Operating Activities	47,214	622,143
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt and Interfund Loans	—	(12,725)
Interest Paid on Long-Term Debt	—	(11,000)
Operating Grants Received	374	19,451
Transfers In	—	1,300
Transfers Out	—	(46,944)
Bonneville Receipts for Conservation	—	6,146
Payments to Vendors on Behalf of Customers for Conservation	—	(21,004)
Loans Provided to Other Funds	(8,000)	(8,000)
Proceeds from Interfund Loans	—	—
Payments for Environmental Liabilities	—	(3,177)
Net Cash from Noncapital Financing Activities	(7,626)	(75,953)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Other Long-Term Debt	—	248,712
Principal Payments on Long-Term Debt and Refunding	(5,426)	(169,203)
Capital Expenses and Other Charges Paid	(1,439)	(505,848)
Interest Paid on Long-Term Debt	(8,404)	(171,977)
Capital Fees and Grants Received	—	13,897
Payment to Trustee for Defeased Bonds	—	(93,248)
Interest Received for Suburban Infrastructure Improvements	—	2,526
Debt Issuance Costs	—	(352)
Proceeds from Sale of Capital Assets	64	1,798
Net Cash from Capital and Related Financing Activities	(15,205)	(673,695)
CASH FLOWS FROM INVESTING ACTIVITIES^a		
Interest and Investment Income (Loss)	9,334	41,263
Net Cash from Investing Activities	9,334	41,263
Net Increase (Decrease) in Cash and Equity in Pooled Investments	\$ 33,717	\$ (86,242)
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year	242,744	1,280,738
End of Year	<u>\$ 276,461</u>	<u>\$ 1,194,498</u>
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$ 218,928	\$ 680,835
Current Restricted Cash and Equity in Pooled Investments	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	57,533	513,662
Total Cash at the End of the Year	<u>\$ 276,461</u>	<u>\$ 1,194,497</u>

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

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Governmental Activities - Internal Service Funds	
		2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$	381,516
Cash Paid to Suppliers		(155,066)
Cash Paid to Employees		(194,319)
Cash Paid for Taxes		(62)
Net Cash from Operating Activities		32,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt and Interfund Loans		—
Interest Paid on Long-Term Debt		—
Operating Grants Received		12,583
Transfers In		375
Transfers Out		(29,003)
Bonneville Receipts for Conservation		—
Payments to Vendors on Behalf of Customers for Conservation		—
Loans Provided to Other Funds		700
Payments for Environmental Liabilities		—
Net Cash from Noncapital Financing Activities		(15,345)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Other Long-Term Debt		9,375
Principal Payments on Long-Term Debt and Refunding		(21,444)
Capital Expenses and Other Charges Paid		(48,962)
Interest Paid on Long-Term Debt		(8,615)
Capital Fees and Grants Received		8,138
Payment to Trustee for Defeased Bonds		—
Interest Received for Suburban Infrastructure Improvements		—
Debt Issuance Costs		—
Proceeds from Sale of Capital Assets		(4,744)
Net Cash from Capital and Related Financing Activities		(66,252)
CASH FLOWS FROM INVESTING ACTIVITIES^a		
Interest and Investment Income (Loss)		3,436
Net Cash from Investing Activities		3,436
Net Increase (Decrease) in Cash and Equity in Pooled Investments		(46,092)
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year		148,248
End of Year	<u>\$</u>	<u>102,156</u>
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$	15,999
Current Restricted Cash and Equity in Pooled Investments		83,883
Noncurrent Restricted Cash and Equity in Pooled Investments		2,274
Total Cash at the End of the Year	<u>\$</u>	<u>102,156</u>

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

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds		
	Light	Water	Drainage and Wastewater
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 135,448	\$ 65,136	\$ 74,358
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	149,785	54,486	39,639
Depreciation Charged to O&M Accounts	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	32,003	(1,013)	(3,761)
Nonoperating Revenues and Expenses	12,988	2,441	1,884
Changes in Operating Assets and Liabilities			
Accounts Receivable	15,392	(4,941)	(4,594)
Unbilled Receivables	5,092	615	3,348
Other Receivables	(7)	—	—
Due from Other Funds	—	1,905	4,679
Due from Other Governments	—	316	(12,912)
Materials and Supplies Inventory	(4,564)	(108)	(63)
Accounts Payable	(170)	(1,146)	5,369
Salaries, Benefits, and Payroll Taxes Payable	—	(3,762)	(4,045)
Compensated Absences Payable	210	1,113	1,140
Due to Other Funds	—	(341)	(11)
Due to Other Governments	—	110	(103)
Claims Payable	(718)	36	(528)
Taxes Payable	288	(52)	(1)
Unearned Revenues and Other Credits	—	—	—
Other Assets and Liabilities	(14,254)	594	(68)
Rate Stabilization	22,706	1,010	—
Total Adjustments	218,751	51,263	29,973
Net Cash from Operating Activities	<u>\$ 354,199</u>	<u>\$ 116,399</u>	<u>\$ 104,331</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
In-Kind Capital Contributions	\$ 1,774	\$ 4,932	\$ —
Amortization of Debt Related Costs, Net	17,329	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—
Allowance for Funds Used During Construction	—	—	—
Power Exchange Revenues	11,446	—	—
Power Exchange Expenses	(11,446)	—	—
Power Revenue Netted against Power Expenses	5,381	—	—
Power Expense Netted against Power Revenues	(8,960)	—	—
Settlement from Nextel	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 15,524</u>	<u>\$ 4,932</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Business-Type Activities - Enterprise Funds	
	Nonmajor Funds	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 29,409	\$ 304,351
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	14,813	258,723
Depreciation Charged to O&M Accounts	—	—
Amortization of Other Liabilities and Other Operating Expenses	217	27,446
Nonoperating Revenues and Expenses	(41)	17,272
Changes in Operating Assets and Liabilities		
Accounts Receivable	(1,713)	4,144
Unbilled Receivables	(582)	8,473
Other Receivables	—	(7)
Due from Other Funds	2,555	9,139
Due from Other Governments	(287)	(12,883)
Materials and Supplies Inventory	—	(4,735)
Accounts Payable	9,703	13,756
Salaries, Benefits, and Payroll Taxes Payable	(4,271)	(12,078)
Compensated Absences Payable	1,330	3,793
Due to Other Funds	—	(352)
Due to Other Governments	16	23
Claims Payable	54	(1,156)
Taxes Payable	(719)	(484)
Unearned Revenues and Other Credits	6,133	6,133
Other Assets and Liabilities	(9,404)	(23,132)
Rate Stabilization	—	23,716
Total Adjustments	17,804	317,791
Net Cash from Operating Activities	<u>\$ 47,213</u>	<u>\$ 622,142</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
In-Kind Capital Contributions	\$ —	\$ 6,706
Amortization of Debt Related Costs, Net	—	17,329
Change in Valuation of Power Exchange Assets or Liabilities	—	—
Allowance for Funds Used During Construction	—	—
Power Exchange Revenues	—	11,446
Power Exchange Expenses	—	(11,446)
Power Revenue Netted against Power Expenses	—	5,381
Power Expense Netted against Power Revenues	—	(8,960)
Settlement from Nextel	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ 20,456</u>

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Governmental Activities - Internal Service Funds
	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (32,218)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities	
Depreciation and Amortization	53,906
Depreciation Charged to O&M Accounts	—
Amortization of Other Liabilities and Other Operating Expenses	(25,788)
Nonoperating Revenues and Expenses	—
Changes in Operating Assets and Liabilities	
Accounts Receivable	(750)
Unbilled Receivables	20
Other Receivables	—
Due from Other Funds	4,685
Due from Other Governments	112
Materials and Supplies Inventory	(4,686)
Accounts Payable	9,583
Salaries, Benefits, and Payroll Taxes Payable	(8,380)
Compensated Absences Payable	2,485
Due to Other Funds	(8,918)
Due to Other Governments	21
Claims Payable	42
Taxes Payable	(32)
Unearned Revenues and Other Credits	—
Other Assets and Liabilities	41,987
Rate Stabilization	—
Total Adjustments	64,287
Net Cash from Operating Activities	<u>\$ 32,069</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
In-Kind Capital Contributions	\$ —
Amortization of Debt Related Costs, Net	710
Change in Valuation of Power Exchange Assets or Liabilities	—
Allowance for Funds Used During Construction	—
Power Exchange Revenues	—
Power Exchange Expenses	—
Power Revenue Netted against Power Expenses	—
Power Expense Netted against Power Revenues	—
Settlement from Nextel	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 710</u>

The accompanying notes are an integral part of these financial statements

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The City of Seattle

FIDUCIARY FUNDS

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

CUSTODIAL 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 **Regulatory 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 Fund** was established in 2015 to account for revenues and expenditures related to the management of the Washington Multicity Business License and Tax Portal (FileLocal Office). The FileLocal fund 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 organization. The Fund receives revenues from the FileLocal office.

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.

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Fund Financial Statements

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STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS December 31, 2020 (In Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS			
Cash and Equity in Pooled Investments	12,587	245	8,763
Short-Term Investments	174,919	—	
Receivables			
Members	2,917	—	
Employers	3,684	—	4
Interest and Dividends	4,113	—	
Sales Proceeds	309,886	—	
Other	—	—	108
Total Receivables	320,600	—	112
Investments at Fair Value			
Fixed Income	780,094	—	
Equity	2,274,284	—	
Real Estate	331,890	—	
Alternative Investments	49,845	—	
Total Investments at Fair Value	3,436,113	—	—
Securities Lending Collateral	4,478	—	
Prepaid Expenses	793	—	
Total Assets	3,949,490	245	8,875
LIABILITIES			
Accounts Payable and Other Liabilities	3,420	—	108
Salaries, Benefits, and Payroll Taxes Payable	151	—	7
Securities Lending Collateral	4,478	—	
Investment Commitments Payable	299,986	—	
Total Liabilities	308,035	—	115
Net Position Restricted:			
Pensions	3,641,455	—	
Individuals and Organizations	—	245	8,760
Total Net Position	<u>\$ 3,641,455</u>	<u>\$ 245</u>	<u>\$ 8,760</u>

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS			
Contributions			
Employer	\$ 141,418	\$ —	
Plan Member	82,914	—	
Total Contributions	224,332	—	—
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	470,803	9	558
Interest	15,312	—	
Dividends	18,525	—	
Other Investment Income	11,817	—	
Total Investment Activities Income	516,457	9	558
From Securities Lending Activities			
Securities Lending Income	34	—	
Borrower Rebates	51	—	
Total Securities Lending Income	85	—	—
Securities Lending Expenses			
Management Fees	21	—	
Total Securities Lending Expenses	21	—	—
Net Income from Securities Lending Activities	64	—	—
Investment Activity Expenses	12,783	—	
Net Income/(Loss) from Investment Activities	503,738	9	558
Other Income	—	—	1,900
Total Additions	728,070	9	2,458
DEDUCTIONS			
Benefits	214,229	—	
Refund of Contributions	15,029	—	
Administrative Expense	7,221	—	427
Other	—	—	1,671
Total Deductions	236,479	—	2,098
Change in Net Position	491,591	9	360
Net Position - Beginning of Year	3,149,864	236	8,400
Net Position - End of Year	<u>\$ 3,641,455</u>	<u>\$ 245</u>	<u>\$ 8,760</u>

The accompanying notes are an integral part of these financial statements

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Notes to Financial Statements

The City of Seattle

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

The City presents its component units information in Note 12.

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

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

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

Notes to Financial Statements

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

ACCOUNTING STANDARDS

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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 custodial capacity. Fiduciary funds include the Employees’ Retirement Fund, S. L. Denny Fund and custodial funds. The Employees’ Retirement Fund receives employees’ payroll deductions for retirement and the City’s matching contributions. It pays pension benefits to retired City employees. The S. L. Denny Fund, a private-purpose trust, 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 Fund, FileLocal Fund and Custodial Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Notes to Financial Statements

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.

Custodial funds, unlike the other types of fiduciary funds, report only assets and liabilities. Custodial 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. 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.

The City of Seattle

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 fair value.

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

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

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

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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The City of Seattle

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

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

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

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

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

Claims Payable. A liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are discounted at the City's average investment rate of return (see Note 15 Contingencies). Other Accrued Liabilities. Other accrued liabilities include deposits, interest payable on obligations, lease-purchase agreements, and revenues collected in advance.

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

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

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

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

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

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Notes to Financial Statements

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 2020, the RSA reported an ending fund balance of \$37.7 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 2020, the Emergency Fund reported an ending fund balance of \$57.3 million.

A summary of governmental fund balances at December 31, 2020, is as follows:

The City of Seattle

Table 1-1

GOVERNMENTAL FUND BALANCES (In Thousands)

Fund Balances	General	Transportation	Other Governmental	Total
Nonspendable				
Not in spendable form ^a	\$ 65	\$ —	\$ 360	\$ 425
Legally or contractually required to be maintained intact	—	—	2,050	2,050
Restricted				
General	2,085	—	10,198	12,283
Capital and Continuing Programs	145,400	—	72,634	218,034
Library	12,858	—	14,990	27,848
Transportation	—	50,045	45,866	95,911
Low-Income Housing	—	—	269,788	269,788
Sweetened Beverage Tax	6,373	—	—	6,373
Health Care Reserve	97,053	—	—	97,053
Parks and Recreation	—	—	67,051	67,051
Pike Place Market Renovation	—	—	412	412
Wheelchair Accessibility	—	—	7,788	7,788
Short-Term Rental Tax	—	—	4,871	4,871
Human Services	—	—	2,634	2,634
Department of Education	—	—	129,729	129,729
Municipal Arts	—	—	13,347	13,347
Debt Service	—	—	11,558	11,558
General Trust	—	—	5,062	5,062
General Donation and Gift Trusts	—	—	3,358	3,358
Permanent Funds	—	—	112	112
Committed				
General	6,224	—	—	6,224
Capital and Continuing Programs	31,537	—	—	31,537
Judgment and Claims	14,958	—	—	14,958
Cable Television Franchise	873	—	—	873
Standard Labor	2,636	—	—	2,636
Employee Benefit Trust Funds	6,643	—	—	6,643
Election Vouchers	—	—	7,373	7,373
Municipal Arts	5,195	—	—	5,195
Fire and Police Pension	43,934	—	—	43,934
Assigned				
General	8,693	—	—	8,693
Parks and Recreation	—	—	18,089	18,089
Office of Housing	—	—	619	619
Unassigned				
General	46,143	—	—	46,143
Capital and Continuing Programs	—	—	(46,918)	(46,918)
Revenue Stabilization Account	31,741	—	—	31,741
Emergency Subfund	52,199	—	—	52,199
Employee Benefit Trust Funds	(12)	—	—	(12)
Seattle Streetcar	—	—	62	62
Seattle Center	—	—	(2,538)	(2,538)
Permanent Funds	—	—	(183)	(183)
Total	\$ 514,598	\$ 50,045	\$ 638,312	\$ 1,202,955

^a Resource that cannot be spent due to their form, such as inventory and prepaid items.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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

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

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

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

The City Budget Office may approve the transfer of appropriations. The following restrictions to budget transfers within a budget year are imposed by ordinance. Total budget transfers into a BCL may not exceed 10% of its original budgeted allowance, and in no case may they be greater than \$500,000. Total transfers out may not exceed 25% of the original budgeted allowance.

For capital items the affected budget is both the original appropriated budget for the current year and the unexpended budget carried over from prior years. Within a BCL, departments may transfer appropriations without the City Budget Office's approval.

Budgetary Reporting. Budget amounts shown in the financial statements are the authorized amounts, both original and final, as approved for 2020. 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 2021 Limited Tax General Obligation Bond fund reported a deficit fund balance of \$4.4 million as of December 31, 2020. Ordinance 126077 provided the Seattle Department of Construction and Improvement to loan approx. \$8 million from this bond fund for bridge financing of the Fire Station 31 Replacement Project. This loan is the main contributor of the fund deficit. It is anticipated that all funds will be repaid with the proceeds from the sale of limited tax general obligation bonds issued in 2021. The deadline for this repayment is December 31, 2021. At the end of 2021 when the bonds are issued it is expected that there will be no fund deficit.

The 2021 Limited Tax General Obligation Taxable Bond fund reported a deficit fund balance of \$30.5 million as of December 31, 2020. Ordinance 126161 provided the Seattle Department of Construction and Improvement to loan up to \$50 million from this bond fund and Real Estate Excise Tax 2 (REET II) fund to loan up to \$20 million for financing of the West Seattle Bridge Repair Project. These loans are the main contributor of the fund deficit. It is anticipated that all funds will be repaid with the proceeds from the sale of limited tax general obligation taxable bonds issued in 2021. The deadline for this repayment is December 31, 2021. At the end of 2021 after the bonds are issued it is expected that there will be no fund deficit.

The Waterfront Local Improvement District (LID) fund reported a deficit fund balance of \$4 million as of December 31, 2020. During 2020 the Waterfront LID fund had a negative cash balance. Ordinance 125991 provided a loan to the fund to have adequate cash flow and this was taken from the Real Estate Excise Tax 1 (REET I) fund. The ordinance allowed up to \$19 million to be loaned from the REET I fund. Only \$4.4 million was loaned due to continuing costs with LID improvements. The loan will be reimbursed by the issuance of LID bonds during 2021 and all loans allowed from Ordinance 125991 are required to be repaid by December 31, 2021.

The Central Waterfront Improvement Fund reported a deficit fund balance of \$8.6 million as of December 31, 2020. Ordinance 123142 created this fund with specific intent that multiple partnership, both intergovernmental and private be established for funding the urgent and necessary repairs to the Seawall and other infrastructure along the Waterfront. In recognition of this urgency, Ordinance 123761 permits this fund to use up to \$2.4 million at any one time from the City's cash pool. This ordinance was amended by Ordinance 125990 to change the inter-fund loan allowed from the City's Consolidated Residual Cash Pool to be taken from the REET I Capital Project fund at the maximum amount of \$12.2 million. Ordinance 125990 also extended the duration of the inter-fund loan to be repaid no later than December 31, 2023.

The Seattle Center Fund reported a deficit fund balance of \$4.1 million as of December 31, 2020. Ordinance 12618 provides the Seattle Center interfund support up to \$18 million through December 31, 2033. The funds will be provided by the Real Estate Excise Tax 2 (REET II) fund. This money was provided to Seattle Center due to the COVID-19 pandemic. The pandemic prevented any events and gatherings which are essential to the Seattle Center's operations and finances for the majority of 2020. The future revenue from activity of the Seattle Center and newly built arena after the pandemic is over is how the funds are expected to be repaid before 2033.

(3) CASH AND INVESTMENTS

CASH AND EQUITY IN POOLED INVESTMENTS

Per Seattle Municipal Code, SMC 5.06.010 Investment Authority, the Director of Finance and Administrative Services (FAS) is authorized to invest all moneys in the City Treasury. Cash resources of all City funds are combined into a common investment pool that is managed by FAS. Each fund's share of the pooled investments is included in the participating fund's balance sheet under the caption "Cash and Equity in Pooled Investments." The pool operates like a demand deposit account in that all City funds may deposit cash at any time and also withdraw cash up to their respective fund balance out of the pool without prior notice or penalty.

Custodial Credit Risk - Deposits. The custodial credit risk of deposits is the risk that in the event of bank failure of one of the City's depository institutions, the City's deposits or related collateral securities may not be returned in a timely manner. As of December 31, 2020, the City did not have custodial credit risk. The City's deposits are covered by insurance provided by the Federal Deposit

Notes to Financial Statements

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, 2020, the City held \$95,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

CITY TREASURY INVESTMENTS

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

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

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

The City's overnight repurchase agreement with Wells Fargo Bank, N.A. is accounted for at cost.

The City's is authorized by Seattle Municipal Code Section 5.06.010 and Chapter 43.250 of the Revised Code of Washington to participate in the State of Washington Local Government Investment Pool (LGIP), which is managed and operated by the Washington State Treasurer. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee. Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASB 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

The remainder of City's investments are purchased in the over-the-counter U.S. bond market and accounted for at market.

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

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

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

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- 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, 2020, the City's investment pool held the following investments:

Table 3-1

INVESTMENTS AND MATURITIES TREASURY RESIDUAL POOLED INVESTMENTS (In Thousands)

Investments	Value as of December 31, 2020	Fair Value Measurements Using			Measured at Amortize d Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Corporate Bonds	92,746	92,746	—	—	—	509
International Bank for Reconstruction & Development	41,065	41,065	—	—	—	1,654
Local Government Investment Pool	519,690	—	—	—	519,690	1
Municipal Bonds	319,683	—	319,683	—	—	2,597
Repurchase Agreements	72,593	—	—	—	72,593	4
U.S. Government Agency Mortgage-Backed Securities	268,696	—	268,696	—	—	1,616
U.S. Government Agency Securities	760,601	760,601	—	—	—	1,111
U.S. Treasury and U.S. Government-Backed Securities	470,008	470,008	—	—	—	732
Total	<u>\$ 2,545,082</u>	<u>\$1,364,420</u>	<u>\$ 588,379</u>	<u>\$ 0</u>	<u>\$ 592,283</u>	
Weighted Average Maturity of the City's Pooled Investments						1,010

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

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

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

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investments must adhere to state statutes. State statute and the City's Statement of Investment Policy do not stipulate credit quality requirements for U.S. Government or U.S. Government Agency Obligations but provide for minimum credit ratings for investments

Notes to Financial Statements

in municipal bonds, commercial paper and corporate bonds. State statute limits the maximum maturity and percentage allocation of investments in commercial paper and corporate bonds but not for municipals. The City's investment policy limits the maximum percentage allocation that can be invested in municipal bonds, commercial paper and corporate bonds. In addition, commercial paper, and corporate bond purchases must adhere to the investment policies and procedures adopted by the Washington State Investment Board (Policy No. 2.05.500 adopted 3/16/95 and revised again 9/15/16) that includes the following credit and maximum maturity constraints:

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

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

Concentration Risk. State statute and the City's Statement of Investment Policy do not stipulate concentration limits for holdings of U.S. Government or U.S. Government Agency Obligations. However, as noted under credit risk, the City's Statement of Investment Policy outlines maximum percentage allocations for municipal securities, commercial paper as well as corporate bonds.

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

Issuer	Fair Value	Percent of Total Investments
AMAZON.COM INC	\$ 6,547	0.3 %
APPLE INC	34,970	1.4
Federal Farm Credit Bank	519,479	20.4
Federal Home Loan Mortgage Corporation	242,305	9.5
Federal National Mortgage Association	267,513	10.5
International Bank for Reconstruction & Development	41,065	1.6
JOHN DEERE CAPITAL CORP	18,636	0.7
MASTERCARD INC	7,101	0.3
Municipal Bonds	319,683	12.6
PACCAR Financial Corportion	1,991	0.1
Sweep Repo	72,593	2.9
US BANK NA/CINCINNATI OH	23,501	0.9
U.S. Treasury and Government-Backed Securities	470,008	18.5
WASHINGTON STATE TREASURER'S INVESTMENT POOL	519,690	20.4
Total Investments	\$ 2,545,082	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

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of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent, Wells Fargo, rather than the trading counterparty or the trading counterparty's trust department or agent. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method.

By investment policy, the City maintains a list of approved securities dealers for transacting business. The City also conducts its own due diligence as to the financial wherewithal of its counterparties.

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

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

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

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

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

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

The following schedule presents investments categorized according to the fair value hierarchy, and is proceeded with additional information regarding investments measured at the net asset value as of December 31, 2020:

Notes to Financial Statements

Table 3-3

SCERS' INVESTMENTS
(In Thousands)

INVESTMENTS BY FAIR VALUE LEVEL	Fair Value Measurements Using			
	Value as of December 31, 2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Public Equity Securities	\$ 983,639	\$ 983,622	1	\$ 16
Fixed Income Securities	661,744	100,966	560,778	—
Total Investments by fair value level	\$ 1,645,383	\$ 1,084,588	\$ 560,779	\$ 16
INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)				
Fixed Income	\$ 118,350			
Infrastructure	49,845			
Private Equity	454,399			
Public Equity	836,246			
Real Estate	331,890			
Total Investments measured at the NAV	1,790,730			
Total Investments	\$ 3,436,113			
Securities lending collateral	\$ 4,478			

INVESTMENTS	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity	\$ 454,399	\$ 302,305	N/A	N/A
Public Equity	836,246	—	Daily, Monthly	1-60 Days
Fixed Income	118,350		Monthly, N/A	5-30 Days, N/A
Real Estate	331,890		Quarterly, N/A	45 Days, N/A
Infrastructure	49,845		N/A	N/A
Total investments measured at the NAV	\$ 1,790,730	\$ 302,305		

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

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As of December 31, 2020, the fixed income portfolio of the SCERS had the following investment maturities:

Table 3-4

SCERS' FIXED INCOME PORTFOLIO
(In Thousands)

Investment Type	Fair Value	Investment Maturities (In Years)			
		<1	1 - 5	6 - 10	>10
Agencies	\$ 16,035	\$ —	\$ 14,023	\$ 2,012	\$ —
Derivatives	(134)	(13)	6	(127)	0
Asset Backed Security	34,838		15,622	15,347	3,869
Foreign Sovereign	4,728		3,810		918
Corporate Debt	284,150	1,760	96,750	114,526	71,114
Mortgage Backed Security	209,883	—	413	19,297	190,172
Municipal	11,395	—	1,513	5,036	4,846
Treasury Notes and Bonds	100,849	—	38,333	9,044	53,472
Total Fixed Income Securities	\$ 661,744	\$ 1,747	\$ 170,470	\$ 165,135	\$ 324,391
Fixed Income Fund	118,350				
Total Fixed income	\$ 780,094				

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

As of December 31, 2020, 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	\$ 16,035	\$ 16,035	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Derivatives	(134)	—	—	—	—	—	—	—	(134)
Asset Backed Security	34,838	30,231	1,791	866	1,259	—	—	328	363
Corporate Debt	284,150	9,795	14,764	84,137	170,900	1,514	—	1,601	1,439
Foreign Sovereign	4,728		2,342	918					1,468
Mortgage Backed Security	209,883	148,001	—	—	247	—	—	35	61,600
Municipal	11,395	2,131	7,928	1,336	—	—	—	—	—
Treasury Notes and Bonds	100,849	100,849	—	—	—	—	—	—	—
Total Fixed Income Securities	\$ 661,744	\$ 307,042	\$ 26,825	\$ 87,257	\$ 172,406	\$ 1,514	\$ 0	\$ 1,964	\$ 64,736
Fixed Income Funds	118,350								
Total Fixed Income	\$ 780,094								

Notes to Financial Statements

Table 3-6 SCERS' ASSET ALLOCATION

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

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

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

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

SECURITIES LENDING TRANSACTIONS

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

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

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

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2020, the fair value of securities on loan was \$4.7 million. Associated cash collateral totaling \$4.5 million was received. The fair value of reinvested collateral was \$4.5 million as of December 31, 2020.

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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, 2020, the City does not engage in this type of investment strategy.

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

TAXES RECEIVABLE

Property Taxes. Property taxes are levied by the County Assessor and collected by the County Finance Director. Assessments are based on 100 percent of true and fair value. They are levied and become a lien on the first day of the levy year. They may be paid in two equal installments if the total amount exceeds \$30. The first half is due on April 30, or else the total amount becomes delinquent May 1. The balance is due October 31, becoming delinquent November 1. Delinquent taxes bear interest at the rate of one percent per month until paid and are subject to additional penalties of three percent and another eight percent on the total unpaid delinquent balance on June 1 and December 1, respectively. Foreclosure action is commenced on properties when taxes are delinquent for three years.

Taxing Powers and Limitations. State law limits the regular property tax rate for general City operations to \$3.60 per \$1,000 of assessed value. This includes \$3.375 for general municipal purposes and an additional \$0.225 for the Firemen's Pension Fund and for general municipal purposes under conditions spelled out in state law. From 1997 through 2001 state law limited the annual growth in the City's regular property tax levy to the lesser of 106 percent or the annual rate of inflation. The passage of Initiative 747 in November 2001 reduced the 106 percent to 101 percent. In early November 2007, the State Supreme Court upheld a lower court ruling that Initiative 747 was unconstitutional. This decision would have returned the growth limit factor to 106 percent. On November 29, 2007, the legislature, in special session, passed and the governor signed into law language identical to that of Initiative 747. Thus, the limit factor remains 101 percent. The growth limit does not count tax revenues from new construction or property remodeled within the last year. With simple-majority voter approval, the City can levy additional property taxes above the 101 percent annual growth limit, if the City's regular levy rate per \$1,000 of assessed value does not exceed the \$3.60 limit. Excess tax levies for capital purposes require a 60-percent approval by voters and do not fall under either of the limits.

The City levied \$1.12 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2020. In addition, the levy included \$1.10 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2020 levy was \$2.22 per \$1,000 of assessed value. Not included in this total is the King County levy for Medic One/Emergency Medical Services, from which the City receives a direct, proportional distribution of proceeds. This was renewed by voters at election in November 2019 for collection in 2020 at \$0.265 per \$1,000 of assessed value. Further, this doesn't include \$0.21 per \$1,000 of assessed value attributable to the Seattle Metropolitan Park District (SMPD) levy. The SMPD is a separate taxing authority from the City.

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

Table 4-1

TAX RECEIVABLES AND REVENUES As of and for the Year Ended December 31, 2020 (In Thousands)

	Taxes Receivable	Tax Revenues
Property Taxes	\$ 14,192	\$ 681,235
General Business and Occupation Taxes	71,715	479,864
Totals	\$ 85,907	\$ 1,161,099

Notes to Financial Statements

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:

Transfers Out	Transfers In				
	General	Internal Service	Transportation	Nonmajor Governmental	Total
General Fund	\$ —	\$ 375	\$ —	\$ 36,606	\$ 36,981
Internal Service Fund	4,000	—	—	24,999	28,999
Transportation	—	—	—	32,551	32,551
Nonmajor Governmental Fund	—	—	—	4,271	4,271
Total Transfers	\$ 4,000	\$ 375	\$ —	\$ 98,427	\$ 102,802

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.

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The table below shows the interfund receivables and payables reported in the fund financial statements at December 31, 2020:

Due From	Due To								Total
	General	Transportation	Nonmajor Governmental	Light	Water	Drainage and Wastewater	Solid Waste	Internal Service	
General Fund	\$ —	\$ 53	\$ 6,806	\$ —	\$ —	\$ —	\$ —	\$ 4,337	\$ 11,196
Transportation	—	—	—	—	—	—	—	—	—
Nonmajor Governmental	3	—	—	—	—	—	—	—	3
Light	—	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	5	—	—	5
Drainage and Wastewater	—	—	—	—	—	—	—	—	—
Solid Waste	—	—	—	—	—	—	—	—	—
Internal Service	—	—	—	—	—	—	—	—	—
Total Due from Other Funds	\$ 3	\$ 53	\$ 6,806	\$ —	\$ —	\$ 5	\$ —	\$ 4,337	\$ 11,204

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, 2020, the following interfund debt was outstanding:

Advances, Notes, and Loans From	Advances, Notes, and Loans To	Amount
REET I Capital Fund	Waterfront LID #6751	\$ 4,400
REET I Capital Fund	Central Waterfront Improvement Fund	12,000
Emergency Fund	Human Services Fund	16,000
REET II Capital Fund	Seattle Center Fund	8,500
Construction & Inspections Fund	2021 LTGO Bond Fund	8,000
Total City		\$ 48,900

Except for the loan to the Human Services Fund which was made for the purposes of cash flow and was repaid the next day, all the above interfund loans were approved by City Council ordinance. Repayment of the interfund loan for the Central Waterfront Improvement Fund is to be made no later than December 31, 2023, the interfund loan to the Seattle Center Fund is to be repaid no

Notes to Financial Statements

later than December 31, 2033, and the interfund loan to the Local Improvement District #6751 (Waterfront LID Fund) is to be repaid no later than December 31, 2021. The loan to the 2021 LTGO Fund from the Construction and Inspections Fund is to be repaid no later than December 31, 2021 from proceeds of the 2021 LTGO Bonds.

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

Deferred Outflows/Inflows of Resources	Governmental Funds	Internal Service Funds	Government-Wide Adjustment	Total
Deferred Outflows of Resources				
Charges on Advanced Refunding	\$ —	\$ —	\$ 312	\$ 312
Pension and OPEB Plans	—	58,922	148,147	207,069
Total Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ 58,922</u>	<u>\$ 148,459</u>	<u>\$ 207,381</u>
Deferred Inflows of Resources				
Property Taxes	\$ 11,040	\$ —	\$ (11,040)	\$ —
Special Assessment	4,358	—	—	4,358
Charges on Advanced Refunding	—	—	4,059	4,059
Unearned Revenue	27,787	—	—	27,787
Pension and OPEB Plans	—	36,628	138,152	174,780
Total Deferred Inflows of Resources	<u>\$ 43,185</u>	<u>\$ 36,628</u>	<u>\$ 131,171</u>	<u>\$ 210,984</u>

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

Pension and OPEB Plans. As a result of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the City recognizes deferred inflows and outflows of resources related to its pension and OPEB plans. Detailed information about these deferred inflows and outflows of resources for each pension and OPEB plan can be found in Note 11.

Property Taxes. For 2020, total taxes outstanding of \$11.0 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.

The City of Seattle

Business-Type Activities

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

Deferred Outflows/Inflows of Resources	Seattle Public Utilities					Total
	City Light	Water	Drainage and Wastewater	Solid Waste	Construction & Inspections	
Deferred Outflows of Resources						
Pension and OPEB	\$ 44,928	\$ 13,369	\$ 14,148	\$ 4,416	\$ 9,956	\$ 86,817
Charges on Advance Refunding	20,064	18,337	5,595	1,854	—	45,850
Total Deferred Outflows of Resources	<u>\$ 64,992</u>	<u>\$ 31,706</u>	<u>\$ 19,743</u>	<u>\$ 6,270</u>	<u>\$ 9,956</u>	<u>\$ 132,667</u>
Deferred Inflows of Resources						
Pension and OPEB	\$ 48,174	\$ 14,320	\$ 15,544	\$ 4,926	\$ 8,421	\$ 91,385
Revenue Stabilization Account	71,851	59,880	—	38,080	—	169,811
Charges on Advance Refunding	1,377	—	—	—	—	1,377
Other Deferred Inflows	39,520	—	—	—	—	39,520
Total Deferred Inflows of Resources	<u>\$ 160,922</u>	<u>\$ 74,200</u>	<u>\$ 15,544</u>	<u>\$ 43,006</u>	<u>\$ 8,421</u>	<u>\$ 302,093</u>

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 \$71.9 million as of December 31, 2020. For Seattle Public Utilities (SPU), the balance of the RSA was \$98.0 million as of December 31, 2020.

Other Deferred Inflows. This deferral is made up of regulatory credits, which are the result of City Light (as affirmed by Seattle City Council Resolution No. 30942) recognizing the effects of reporting the fair value of exchange contracts in future periods for rate-making purposes and maintaining regulatory accounts to spread the accounting impact of these accounting adjustments. For City Light the balance of the credits was \$40.9 million as of December 31, 2020.

(5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

City Light engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve City Light's load obligations and using these resources to capture available economic value. City Light makes frequent projections of electric loads at various points in time based on, among other things, estimates of factors such as customer usage and weather, as well as historical data and contract terms. City Light also makes recurring projections of resource availability at these points in time based on variables such as estimates of stream flows, availability of generating units, historic and forward market information, contract terms, and experience. Based on these projections, City Light purchases and sells wholesale electric capacity and energy to match expected resources to expected electric load requirements, and to realize earnings from surplus energy resources. These transactions can be up to 60 months forward. Under these forward contracts, City Light commits to purchase or sell a specified amount of energy at a specified time, or during a specified time in the future.

Except for limited intraday and interday trading to take advantage of owned hydro storage, City Light does not take market positions in anticipation of generating profit. Energy transactions in response to forecasted seasonal resource and demand variations require approval by City Light's Risk Oversight Council. In April 2020, SC entered the California ISO Energy Imbalance Market (EIM) which is an energy market system that balances fluctuations in supply and demand by automatically finding lower cost resources to meet real-time power needs and serve consumer demand across the western region. The EIM manages congestion on transmission lines

Notes to Financial Statements

to maintain grid reliability and supports integrating renewable resources. In addition, the EIM makes excess renewable energy available to participating utilities at low cost.

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

The following table presents (in 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, 2020:

Table 5-1

	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 12,964.1	\$ 12,467.9	\$ 496.1
Purchases	—	—	—
Total	\$ 12,964.1	\$ 12,467.9	\$ 496.1

Fair value measurements as of December 31, 2020, used an income valuation technique consisting of Kiode Forward Curves, which is considered a level 2 input in accordance with GASB 72, Fair Value Measurement and Application. All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB Statement No. 53. In 2010, the Seattle City Council adopted a resolution granting City Light authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB Statement No. 53. City Light did not have any such activity for 2020 and 2019. In addition, the Seattle City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for ratemaking purposes, and City Light maintains regulatory accounts to defer the accounting impact of these accounting adjustments in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (see Note 7 Other Assets and Note 17 Deferred Inflows of Resources).

Market Risk. Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Market risk may also be influenced by the number of active, creditworthy market participants, and to the extent that nonperformance by market participants of their contractual obligations and commitments affects the supply of, or demand for, the commodity. Because City Light is active in the wholesale energy market, it is subject to market risk.

Credit Risk. Credit risk relates to the potential losses that City Light would incur as a result of nonperformance by counterparties of their contractual obligations to deliver energy or make financial settlements. Changes in market prices may dramatically alter the size of credit risk with counterparties, even when conservative credit limits are established. City Light seeks to mitigate credit risk by entering into bilateral contracts that specify credit terms and protections against default; applying credit limits and duration criteria to existing and prospective counterparties; and actively monitoring current credit exposures. City Light also seeks assurances of performance through collateral requirements in the form of letters of credit, parent company guarantees, or prepayment.

City Light has concentrations of suppliers and customers in the electric industry including electric utilities; electric generators and transmission providers; financial institutions; and energy marketing and trading companies. In addition, City Light has concentrations of credit risk related to geographic location as it operates in the western United States. These concentrations of counterparties and concentrations of geographic location may impact City Light's overall exposure to credit risk, either positively or negatively, because the counterparties may be similarly affected by changes in conditions.

Other Operational and Event Risk. There are other operational and event risks that can affect the supply of the commodity and City Light's operations. Due to City Light's primary reliance on hydroelectric generation, the weather, including springtime snow melt,

The City of Seattle

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^a

(In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
GOVERNMENTAL ACTIVITIES^b				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 606,279	\$ 15,229	\$ 5,586	\$ 615,922
Construction in Progress	570,404	414,166	466,301	518,269
Other Capital Assets	11,741	180		11,921
Total Capital Assets Not Being Depreciated	1,188,424	429,575	471,887	1,146,112
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,526,774	106,548	3,398	2,629,924
Machinery and Equipment	490,860	29,851	10,316	510,395
Infrastructure	2,640,861	170,353	12,611	2,798,603
Other Capital Assets	77,792	10,796	373	88,215
Total Capital Assets Being Depreciated	5,736,287	317,548	26,698	6,027,137
Accumulated Depreciation				
Buildings and Improvements	985,674	70,333	369	1,055,638
Machinery and Equipment	308,739	33,573	9,585	332,727
Infrastructure	1,107,005	83,191		1,190,196
Other Capital Assets	13,584	10,215	250	23,549
Total Accumulated Depreciation	2,415,002	197,312	10,204	2,602,110
Total Capital Assets Being Depreciated, Net	3,321,285	120,236	16,494	3,425,027
Governmental Activities Capital Assets, Net	\$ 4,509,709	\$ 549,811	\$ 488,381	\$ 4,571,139
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 268,134	\$ 13,330		\$ 281,464
Construction in Progress	723,057	564,660	369,938	917,779
Other Capital Assets	10,425	86		10,511
Total Capital Assets Not Being Depreciated	1,001,616	578,076	369,938	1,209,754
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	9,107,486	326,911	32,882	9,401,515
Buildings				0
Machinery and Equipment	853			853
Other Capital Assets	27,489	3,915	3,135	28,269
Total Capital Assets Being Depreciated	9,135,828	330,826	36,017	9,430,637
Accumulated Depreciation				
Plant in Service, Excluding Land	3,323,406	252,804	38,129	3,538,081
Buildings				0
Machinery and Equipment	852			852
Other Capital Assets	3,386	923		4,309
Total Accumulated Depreciation	3,327,644	253,727	38,129	3,543,242
Total Capital Assets Being Depreciated, Net	5,808,184	77,099	(2,112)	5,887,395
Business-Type Activities Capital Assets, Net	\$ 6,809,800	\$ 655,175	\$ 367,826	\$ 7,097,149

^a Some amounts may have rounding differences with Statement of Net Position.

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

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Table 6-2

DEPRECIATION EXPENSE BY FUNCTION

(In Thousands)

GOVERNMENTAL ACTIVITIES		
General Government	\$	40,709
Public Safety		2
Transportation		10,395
Economic Environment		1,319
Culture and Recreation		91,026
Subtotal		143,451
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets		
		53,861
Total Governmental Activities	\$	197,312
BUSINESS-TYPE ACTIVITIES		
Light	\$	157,888
Water		50,393
Solid Waste		10,700
Drainage and Wastewater		33,823
Planning and Development		923
Parking Garage		0
Total Business-Type Activities	\$	253,727

(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, 2020.

Table 7-1		COMPENSATED ABSENCES (In Thousands)	
Governmental Activities			
Governmental Funds	\$	88,499	
Internal Service Funds			
Finance and Administrative Services		5,786	
Information Technology		9,197	
Total Internal Service Funds			103,482
Business-Type Activities			
Enterprise Funds			
Light		21,720	
Water		5,925	
Drainage and Wastewater		6,066	
Solid Waste		2,116	
Construction and Inspection		3,793	
Total Enterprise Funds			39,620
Pension Trust			
Employees' Retirement			315
Total Compensated Absences Liability	\$		143,417

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

(8) LEASES

CAPITAL LEASES

The City leases certain office equipment under various capital lease agreements. The City's capital lease obligations and related assets were recorded in the appropriate funds and government-wide financial statements. The net capital lease assets shown in the following table reflect those continuing to be financed through capital leases. The minimum capital lease payments reflect the remaining capital obligations on these assets.

Table 8-1		Capital Leases (In Thousands)	
		Capital Assets Governmental Activities	Capital Assets Business-Type Activities
Machinery and Equipment	\$	574	235
Less Accumulated Depreciation	\$	(535)	(115)
December 31, 2020	\$	39	120
Long-Term Liabilities			
Minimum Capital Lease Payments		Governmental Activities	Business-Type Activities
2021	\$	22	64
2022	\$	20	33
2023	\$	1	33
2024		\$	22
2025			
Total Minimum Lease Payments	\$	43	152
Less Interest	\$	(12)	(27)
Principal	\$	31	125

The outstanding principal portion of the minimum capital lease payments is also presented in Table 9-10 of Note 9, Long-Term Debt.

OPERATING LEASES

Governmental Activities. The City, through its Finance and Administrative Services Department's Facilities Operations Division, manages buildings and facilities that are owned by the City and has operating lease commitments on real property owned by private entities. Many lease commitments on private properties are for a term of five years or longer and may be renewed as required by the City tenant departments. The lease agreements show periodic schedules of rental amounts. Facilities Operations Division paid rents of approximately \$10.1 million in 2020 on lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

Seattle Center leases a building for office space and workshop on a type of lease called a "triple net lease" for its Technical Facilities Management. The current lease term expired on July 30, 2020, but was renewed through July 31, 2025. The lease agreement requires a fixed rent of approximately \$42,000 per month subject to increases on each July 1 by the percentage of change in the Consumer Price Index (CPI) for All Urban Consumers, United States Average for All Items (1982 - 84 = 100) published by the Bureau of Labor Statistics, United States Department of Labor CPI from last published in the preceding year, but not to exceed 5% for any lease year. When the CPI declines, the fixed rent during the succeeding year is the fixed rent during preceding year. All other amounts required by the landlord to be paid by Seattle Center on the lease shall constitute additional rent. On a triple net lease, Seattle Center will pay all impositions on the lease, insurance premiums, utilities, taxes, operating expenses, maintenance charges, repair costs, and other charges, costs, and expenses which arise or may be contemplated during the lease term. Seattle Center paid lease payments of \$0.4 million in 2020. Rents are paid as they become due and payable.

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

Notes to Financial Statements

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

Minimum Lease Payments					
Year Ending December 31	Department of Finance & Admin Services	Seattle Center	Department of Parks & Recreation	Department of Transportation	Total
2021	\$ 10,786	\$ 506	\$ 1,051	\$ 104	\$ 12,447
2022	10,969	516	1,037	64	12,586
2023	10,796	527	1,019	29	12,371
2024	11,119	537	1,066	—	12,722
2025	11,392	320	1,221	—	12,933
2026-2030	60,193	—	6,587	—	66,780
Total	<u>\$ 115,255</u>	<u>\$ 2,406</u>	<u>\$ 11,981</u>	<u>\$ 197</u>	<u>\$ 129,839</u>

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 2020:

For the Year Ended December 31, 2020	
<i>(In Thousand)</i>	
Minimum Rentals:	\$ 11,860
Less: Sublease Rentals	<u>(15)</u>
	<u>\$ 11,845</u>

The City of Seattle

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 \$1.5 million in 2020.

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 2020 were \$152,345 for the Water Fund; \$364,107 for the Drainage and Wastewater Fund; and \$9,660 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 \$54,528 were made in 2020.

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

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

Minimum Payments						
Year Ending December 31	City Light	Water	Drainage & Wastewater	Solid Waste	Construction & Inspections	Total
2021	1,601	155	373	10	64	\$ 2,203
2022	1,510	155	381	10	33	2,089
2023	1,526	155	389	2	22	2,094
2024	1,424	155	397	—	—	1,976
2025	—	46	362	—	—	408
2026 - 2030	—	50	1,349	—	—	1,399
Total	<u>\$ 6,061</u>	<u>\$ 716</u>	<u>\$ 3,251</u>	<u>\$ 22</u>	<u>\$ 119</u>	<u>\$ 10,169</u>

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)

	2020
Non-City Property Occupied by City Departments	\$ 12,417
City-Owned Property Occupied by City Departments	55,820
City-Owned Property Leased to Non-City Tenants	<u>1,819</u>
Total	<u>\$ 70,056</u>

Additionally, the SeaPark Garage and the Seattle Municipal Tower Building generated \$3.34 million total parking revenues in 2020, which were recorded in the Finance and Administrative Services Fund.

Notes to Financial Statements

(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 September 2020, the City issued \$79.6 million of LTGO tax-exempt improvement and refunding bonds which mature from August 2021 through August 2040. The bonds were issued with an average coupon rate of 4.0%. Proceeds of the bonds will be used to pay all or part of the costs of construction and acquisition of various City capital projects, such as the Alaskan Way Corridor and Overlook Walk, chiller replacement and elevator rehabilitation at the Seattle Municipal Tower, and various information technology projects. A portion of the proceeds was used to fully refund the remaining \$50.9 million of 2010B LTGO improvement and refunding Build America bonds. As a result of the refunding, the City reduced total debt service requirements by \$8.3 million resulting in an economic gain of \$8.2 million.

The original amount of GO bonds issued for which amounts are still outstanding at the end of 2020 was \$1.497 billion. The principal balance of those bonds as of December 31, 2020 was \$894.0 million. The following table presents the individual GO bonds outstanding as of December 31, 2020:

GENERAL OBLIGATION BONDS							
(In Thousands)							
Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	Redemptions		Bonds Outstanding
					2020	To Date ^a	December 31, 2020
LIMIT TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
2009 Improvement and Refunding	03/25/09	5/1/2034	3.574 %	\$ 99,860	\$ 890	\$ 99,860	\$ —
2010 Improvement and Refunding, Series A	03/31/10	8/1/2030	3.039	66,510	5,250	14,150	52,360
2010 Improvement and Refunding, Series B ^a	03/31/10	8/1/2031	3.125	135,395	58,830	135,395	—
2011 Improvement	03/16/11	3/1/2031	3.650	79,185	3,640	37,395	41,790
2012 Improvement and Refunding	05/16/12	9/1/2032	2.688	75,590	3,835	29,675	45,915
2013 Improvement, Series A	06/04/13	10/1/2033	2.375	42,315	1,240	24,440	17,875
2013 Improvement and Refunding, Series B (Taxable)	06/04/13	1/1/2025	1.427	55,075	7,595	50,185	4,890
2014 Improvement and Refunding	04/10/14	5/1/2034	2.497	62,770	1,830	39,575	23,195
2015 Improvement and Refunding, Series A	05/21/15	6/1/2035	2.401	160,945	13,085	47,465	113,480
2015 Improvement, Series B (Taxable)	05/21/15	4/1/2035	3.452	28,175	1,175	5,720	22,455
2016 Improvement and Refunding, Series A	05/25/16	4/1/2036	2.188	103,660	9,770	28,150	75,510
2016 Improvement, Series B (Taxable)	05/25/16	4/1/2036	2.801	6,070	255	1,000	5,070
2017 Improvement, Series A	06/14/17	11/1/2047	2.964	73,080	3,630	10,365	62,715
2017 Improvement and Refunding, Series B (Taxable)	6/14/2017	11/1/2037	3.038	12,400	790	2,280	10,120
2018 Improvement, Series A	5/22/2018	12/1/2038	2.705	23,230	2,000	3,900	19,330
2018 Improvement, Series B (Taxable)	5/22/2018	12/1/2038	3.594	26,745	1,190	2,340	24,405
2019 Improvement, Series A	8/8/2019	5/1/2049	2.208	35,870	2,345	2,345	33,525
2019 Improvement, Series B (Taxable)	8/8/2019	5/1/2039	2.736	11,100	440	440	10,660
2020 Improvement and Refunding, Series A	9/22/2020	8/1/2040	0.930	79,625	—	—	79,625
Total Limited Tax General Obligation Bonds				\$ 1,177,600	\$ 117,790	\$ 534,680	\$ 642,920

The City of Seattle

Table 9-1

GENERAL OBLIGATION BONDS (continued)

(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	Redemptions		Bonds Outstanding
					2020	To Date ^a	December 31, 2020
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
2012 Refunding	05/16/12	12/1/2021	1.276 %	\$ 46,825	\$ 5,850	\$ 40,680	\$ 6,145
2013 Improvement	06/04/13	12/1/2042	0.033	50,000	1,135	7,060	42,940
2014 Improvement	04/10/14	12/1/2043	0.037	16,400	370	2,040	14,360
2015 Improvement	05/21/15	12/1/2044	0.036	169,135	3,520	16,005	153,130
2016 Improvement	05/25/16	12/1/2045	0.031	36,740	750	2,145	34,595
Total Unlimited Tax General Obligation Bonds				\$ 319,100	\$ 11,625	\$ 67,930	\$ 251,170
Total General Obligation Bonds				\$ 1,496,700	\$ 129,415	\$ 602,610	\$ 894,090

^a Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that had outstanding balances at the beginning of the year.

^b Issued as direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds. However, starting in fiscal year 2014, the subsidy payments have been reduced as a result of sequestration mandated by the U.S. Congress. The subsidy cuts are expected to last through fiscal year 2024.

The requirements to amortize the general obligation bonds as of December 31, 2020, are presented in the following table. Debt service for the LTGO bonds is met by transfers from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that authorized the bond issuance and were approved by at least 60% of voters. In such cases, the number of voters approving the bond issuance and tax levy must exceed 40% of the voters in the most recent election preceding the vote on the bonds.

Table 9-2
ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS

(In Thousands)

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2021	\$ 79,555	\$ 37,420	\$ 116,975
2022	67,685	34,266	101,951
2023	70,975	31,182	102,157
2024	73,390	27,795	101,185
2025	72,510	24,399	96,909
2026 - 2030	221,625	84,535	306,160
2031 - 2035	147,595	46,474	194,069
2036 - 2040	94,395	23,314	117,709
2041 - 2045	62,510	7,205	69,715
2046 - 2049	3,850	249	4,099
Total	\$ 894,090	\$ 316,839	\$ 1,210,929

Notes to Financial Statements

SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The City is obligated to make payment on special assessment bonds, the debt service of which is paid from collections of related Local Improvement District (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City's LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation of any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The City redeemed \$1.2 million of special assessment bonds in 2020, and the amount of bonds outstanding at the end of 2020 was \$2.5 million, all of which represents the remaining principal on bonds issued for the South Lake Union LID 6750.

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

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

Name of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Issuance Amount	Redemptions		Bonds Outstanding December 31, 2020
					2020	To Date	
Local Improvement District No. 6750 Bonds, 2006	12/13/06	12/15/2026	4.102 %	\$ 21,925	\$ 1,215	\$ 19,380	\$ 2,545

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

Calendar/Fiscal Year End Dec. 31	Installment Payments Billed ^A	Installment Payments Collected ^B	Unpaid Principal Balance of Assessments ^C	Installments that are Delinquent ^D
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
2020	1,388,604	1,337,357	4,357,624	398,015

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

^B Represents total amount received in respect of assessments in calendar year, including payments of assessment installments (consisting of both principal and interest) due and billed in current calendar year, plus amounts received as prepayments of outstanding principal balances of unpaid assessments and amounts received in respect of delinquent installments.

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

^D Represents cumulative amount of the principal portion of installment payments that were due and billed in any calendar year, but which remained unpaid at year-end.

The City of Seattle

The requirements to amortize the special assessments with governmental commitment as of December 31, 2020 are shown below:

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

Year Ending December 31	Principal	Interest	Total
2021	\$ —	\$ 109	\$ 109
2022	—	109	109
2023	—	109	109
2024	—	109	109
2025	—	108	108
2026 - 2026	2,545	108	2,653
Total	\$ 2,545	\$ 652	\$ 3,197

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding loans drawn in several years from the Washington State Public Works Trust Fund loan program. The loans were drawn at varying annual interest rates ranging from 0.25% to 3.0%. The proceeds of the loans support city road and bridge improvements. The City paid \$1.3 million principal and \$33 thousand interest in 2020. The outstanding balance on the loans was \$10.3 million as of December 31, 2020. The following table presents the annual debt service requirements to maturity on the loans as of December 31.

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

December 31	Principal	Interest	Total
2021	\$ 1,238	\$ 83	\$ 1,321
2022	1,183	90	1,273
2023	1,183	81	1,264
2024	617	73	690
2025	617	68	685
2026 - 2030	3,012	258	3,270
2031 - 2035	1,639	133	1,772
2036 - 2038	794	26	820
Total	\$ 10,283	\$ 812	\$ 11,095

Notes to Financial Statements

REVENUE BONDS

The City issues revenue bonds to provide financing for the capital programs of the four utilities – City Light, Water, Drainage and Wastewater, and Solid Waste. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. The original amount of revenue bonds issued for which amounts were still outstanding at the end of 2020 was approximately \$5.7 billion. The outstanding principal balance on December 31, 2020, was \$4.1 billion.

The following table presents revenue bonds outstanding as of December 31, 2020:

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rates ¹	Original Amount	Redemptions		Bonds Outstanding December 31, 2020
					2020	To Date ^A	
MUNICIPAL LIGHT AND POWER BONDS							
2010 Improvement, Series A ^A	05/26/10	2/1/2040	0.036	181,625	—	—	181,625
2010 Improvement and Refunding, Series B	05/26/10	2/1/2026	0.034	596,870	46,425	596,870	—
2010 Improvement, Series C ^C	05/26/10	2/1/2040	0.031	13,275	—	—	13,275
2011 Improvement and Refunding, Series A	02/08/11	2/1/2036	0.045	296,315	11,930	250,265	46,050
2011 Improvement, Series B ^B	02/08/11	2/1/2027	0.020	10,000	—	—	10,000
2012 Improvement and Refunding, Series A	07/17/12	6/1/2041	0.031	293,280	53,295	133,985	159,295
2012 Improvement, Series C ^D	07/17/12	06/01/33	0.006	43,000	—	—	43,000
2013 Improvement and Refunding	07/09/13	07/01/43	0.041	190,755	53,570	72,415	118,340
2014 Improvement and Refunding	11/05/14	09/01/44	0.031	265,210	13,395	80,235	184,975
2015 Improvement, Series A	07/09/15	05/01/45	0.036	171,850	5,760	28,615	143,235
2016 Improvement, Series A ^D	01/28/16	01/01/41	0.010	31,870	—	—	31,870
2016 Refunding, Series B	01/28/16	04/01/29	0.021	116,875	10,295	11,830	105,045
2016 Improvement and Refunding, Series C	09/28/16	10/01/46	0.029	160,815	2,480	9,190	151,625
2017 Improvement and Refunding, Series C	09/28/17	09/01/47	0.032	385,530	4,310	13,545	371,985
2018 Improvement, Series A	06/19/18	01/01/48	0.035	263,755	4,450	8,320	255,435
2018 Refunding, Series B-1 ^G	09/04/18	05/01/45	0.37 - 5.49%	50,135	—	—	50,135
2018 Refunding, Series B-2 ^G	09/04/18	05/01/45	0.37 - 5.49%	50,135	—	—	50,135
2018 Refunding, Series C-1 ^G	09/04/18	11/01/46	0.28 - 5.69%	49,245	1,240	3,305	45,940
2018 Refunding, Series C-2 ^G	09/04/18	11/01/46	0.28 - 5.69%	49,245	1,240	3,305	45,940
2019 Improvement, Series A	10/16/19	04/01/49	0.032	210,540	3,520	3,520	207,020
2019 Refunding, Series B	11/05/19	02/01/26	0.013	140,275	—	—	140,275
2020 Improvement, Series A ^F	08/05/20	07/01/50	0.021	198,305	—	—	198,305
Total Light and Power Bonds				\$ 3,768,905	\$ 211,910	\$1,215,400	\$ 2,553,505

^a Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that had outstanding balances at the beginning of the year.

^b Issued as taxable direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds. However, starting in fiscal year 2014, the subsidy payments have been reduced as a result of sequestration mandated by the U.S. Congress. The subsidy cuts are expected to last through fiscal year 2024.

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

^d Issued as taxable direct-pay New Clean Renewable Energy Bonds, treated as "specified tax credit bonds" for which the City will be allowed a credit payable by the United States Treasury equal to all or a portion of interest payable on each payment date, subject to sequestration mandated by the U.S. Congress.

^e Interest rates for fixed rate Bonds are the True Interest Costs. Interest rates for variable rate Bonds are the minimum and maximum rates for the reporting year.

The City of Seattle

Table 9-7
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REVENUE BONDS (In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rates ^a	Original Amount	Redemptions		Bonds Outstanding
					2020	To Date ^a	December 31, 2020
MUNICIPAL WATER BONDS							
2010 Improvement, Series A ^a	01/21/10	8/1/2040	0.037	109,080	3,465	6,825	102,255
2010 Improvement and Refunding, Series B	01/21/10	8/1/2027	0.033	81,760	3,300	53,545	28,215
2012 Refunding	05/30/12	9/1/2034	0.026	238,770	13,695	85,295	153,475
2015 Improvement and Refunding	06/10/15	11/1/2045	0.032	340,840	19,780	75,595	265,245
2017 Improvement and Refunding	01/25/17	8/1/2046	0.030	194,685	5,385	15,385	179,300
Total Water Bonds				965,135	45,625	236,645	728,490
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2009 Improvement, Series A ^a	12/17/09	11/1/2039	3.538	102,535	3,290	12,615	89,920
2009 Improvement and Refunding, Series B	12/17/09	11/1/2027	2.907	36,680	1,020	28,135	8,545
2012 Improvement and Refunding	06/27/12	9/1/2042	3.327	222,090	8,435	58,735	163,355
2014 Improvement and Refunding	07/10/14	5/1/2044	3.578	133,180	5,725	15,430	117,750
2016 Improvement and Refunding	06/22/16	10/1/2046	2.921	160,910	3,910	11,065	149,845
2017 Improvement and Refunding	06/28/17	7/1/2047	3.148	234,125	5,195	21,510	212,615
Total Drainage and Wastewater Bonds				889,520	27,575	147,490	742,030
MUNICIPAL SOLID WASTE BONDS							
2011 Improvement	06/22/11	8/1/2036	4.227	45,750	1,445	10,585	35,165
2014 Improvement and Refunding	06/12/14	5/1/2039	3.337	95,350	4,230	15,890	79,460
2015 Improvement	06/25/15	2/1/2040	3.650	35,830	930	4,095	31,735
2016 Improvement and Refunding	06/30/16	12/1/2041	2.793	35,335	440	1,635	33,700
Total Solid Waste Bonds				212,265	7,045	32,205	180,060
Total Utility Revenue Bonds				\$ 5,835,825	\$ 292,155	\$1,631,740	\$ 4,204,085

^a Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that had outstanding balances at the beginning of the year.

^b Issued as taxable direct-pay Build America Bonds, created under Section 1531 of the American Recovery and Reinvestment Act of 2009 whereby state or local governmental issuers of this type of bonds receive a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds. However, starting in fiscal year 2014, the subsidy payments have been reduced as a result of sequestration mandated by the U.S. Congress. The subsidy cuts are expected to last through fiscal year 2024.

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

^d Issued as taxable direct-pay New Clean Renewable Energy Bonds, treated as "specified tax credit bonds" for which the City will be allowed a credit payable by the United States Treasury equal to all or a portion of interest payable on each payment date, subject to sequestration mandated by the U.S. Congress.

^e Interest rates for fixed rate Bonds are the True Interest Costs. Interest rates for variable rate Bonds are the minimum and maximum rates for the reporting year.

Notes to Financial Statements

The requirements to amortize the revenue bonds as of December 31, 2020 are presented below:

Table 9-8
ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS
(In Thousands)

Year Ending December 31	Light		Water		Drainage and Wastewater		Solid Waste		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 117,665	\$ 106,033	\$ 46,235	\$ 33,892	\$ 27,300	\$ 32,996	\$ 7,400	\$ 8,045	\$ 379,566
2022	121,005	101,157	48,725	31,594	28,610	31,651	7,775	7,668	378,185
2023	123,530	95,135	50,870	29,137	28,640	30,229	8,170	7,271	372,982
2024	127,330	88,975	44,140	26,565	30,035	28,800	8,590	6,854	361,289
2025	117,390	82,603	46,300	24,319	31,495	27,298	9,035	6,416	344,856
2026 - 2030	464,345	342,677	207,840	89,409	166,965	113,160	52,060	24,969	1,461,425
2031 - 2035	424,945	253,000	146,600	47,817	159,920	74,777	53,705	12,762	1,173,526
2036 - 2040	490,530	160,897	93,470	20,270	143,300	41,264	32,240	3,128	985,099
2041 - 2045	403,065	72,562	38,575	5,637	100,745	15,321	1,085	22	637,012
2046 - 2050	163,700	13,504	5,735	229	25,020	1,289	—	—	209,477
Total	<u>\$ 2,553,505</u>	<u>\$ 1,316,543</u>	<u>\$ 728,490</u>	<u>\$ 308,869</u>	<u>\$ 742,030</u>	<u>\$ 396,785</u>	<u>\$ 180,060</u>	<u>\$ 77,135</u>	<u>\$ 6,303,417</u>

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

Seattle Public Utilities (SPU) has various construction projects that are financed by low-interest loans issued by the State of Washington. The loan agreements require that SPU finance a portion of these projects from other sources. These loans, drawn at annual interest rates ranging from 0.25% to 2.9%, have been used to enhance and protect the City's water, drainage, and wastewater systems.

In April 2020, SPU entered into a 34-year loan agreement with the US Environmental Protection Agency pursuant to the Water Infrastructure Finance and Innovation Act (WIFIA). The WIFIA program provides long-term, low-cost supplemental loans for regionally and nationally significant projects. Per the loan, SPU will borrow up to \$192.2 million to support the Ship Canal Water Quality Project, which protects the Lake Washington Ship Canal from combined sewer overflows originating from the Ballard, Fremont, Wallingford, and North Queen Anne neighborhoods. Amounts borrowed under the loan agreement will accrue interest at the rate of 1.01% per year. SPU plans to begin drawing on the loan in early 2022.

Also in 2020, SPU entered into a 20-year loan agreement with the Washington State Department of Commerce Public Works Board to borrow \$10.0 million for drainage and wastewater improvements on Pearl Street. Amounts borrowed will accrue interest at the rate of 1.58% per year. During 2020, SPU received \$1.6 million in proceeds from the loan.

Amounts paid on all loans in 2020 were \$4.8 million for principal and \$1.3 million for interest. The outstanding balance on the loans as of December 31, 2020, was \$80.8 million. The annual debt service requirements to maturity are provided in the following table.

The City of Seattle

Table 9-9
ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SEATTLE PUBLIC UTILITIES
PUBLIC WORKS TRUST LOAN AND OTHER NOTES
(In Thousands)

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2021	\$ 2,050	\$ 349	\$ 2,769	\$ 873	\$ 6,041
2022	2,050	321	3,765	821	6,957
2023	2,050	292	4,400	935	7,677
2024	2,050	263	4,479	716	7,508
2025	2,050	234	4,215	662	7,161
2026 - 2030	7,637	796	18,919	2,485	29,837
2031 - 2035	5,359	334	14,108	1,135	20,936
2036 - 2040	1,531	32	3,400	82	5,045
Total	<u>\$ 24,777</u>	<u>\$ 2,621</u>	<u>\$ 56,055</u>	<u>\$ 7,709</u>	<u>\$ 91,162</u>

Notes to Financial Statements

Table 9-10 **CHANGES IN LONG-TERM LIABILITIES ^A**
(In Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable					
General Obligation Bonds	\$ 943,880	\$ 79,625	\$ 129,415	\$ 894,090	\$ 79,555
Issuance Premiums and Discounts, Net	71,547	16,157	8,843	78,861	—
Special Assessment Bonds with Governmental Commitment ^B	3,760	—	1,215	2,545	—
Total Bonds Payable	1,019,187	95,782	139,473	975,496	79,555
Notes and Contracts					
Capital Leases	10	64	30	44	22
Other Notes and Contracts	6,795	4,780	1,292	10,283	1,238
Total Notes and Contracts	6,805	4,844	1,322	10,327	1,260
Compensated Absences	110,896	89,552	96,966	103,482	5,174
Claims Payable					
General Contamination Cleanup ^C	11,693	4,787	4,875	11,605	125
Workers' Compensation	32,462	13,591	9,700	36,353	12,213
General Liability	51,787	10,226	8,250	53,763	11,920
Health Care Claims	15,371	254,276	256,669	12,978	12,978
Total Claims Payable ^D	111,313	282,880	279,494	114,699	37,236
Arbitrage Rebate Liability	—	—	—	—	—
Unfunded Other Post Employment Benefits	600,342	54,407	—	654,749	—
Net Pension Liability	1,093,232	—	122,914	970,318	—
Other Noncurrent Liabilities	1,975	—	278	1,697	434
Total Long-Term Liabilities from Governmental Activities	\$ 2,943,750	\$ 527,465	\$ 640,447	\$ 2,830,768	\$ 123,659
BUSINESS-TYPE ACTIVITIES					
Bonds Payable	—	—	—	\$ —	—
Revenue Bonds	4,297,935	198,305	292,155	4,204,085	198,600
Issuance Premiums and Discounts, Net	427,431	51,031	38,876	439,586	—
Total Bonds Payable	4,725,366	249,336	331,031	4,643,671	198,600
Notes and Contracts					
Capital Leases	—	172	48	124	52
Other Notes and Contracts	71,843	13,832	4,843	80,832	4,819
Total Notes and Contracts	71,843	14,004	4,891	80,956	4,871
Compensated Absences	32,316	41,453	34,149	39,620	2,352
Claims Payable					
General Contamination Cleanup ^C	308,187	—	4,007	304,180	5,519
Workers' Compensation	9,938	2,436	1,681	10,693	4,621
General Liability	13,529	3,735	2,621	14,643	2,741
Total Claims Payable ^D	331,654	6,171	8,309	329,516	12,881
Unearned Revenues	72,655	1,651,246	1,642,114	81,787	30,014
Habitat Conservation Program Liability	7,080	146	164	7,062	734
Landfill Closure and Postclosure Costs	22,596	4,727	11,143	16,180	3,780
Arbitrage Rebate Liability	743	—	—	743	—
Unfunded Other Post Employment Benefits	17,658	679	—	18,337	—
Net Pension Liability	608,913	—	107,811	501,102	—
Other Noncurrent Liabilities	387	3,585	258	3,714	—
Total Long-Term Liabilities from Business-Type Activities	\$ 5,891,211	\$ 1,971,347	\$ 2,139,870	\$ 5,722,688	\$ 253,232

^A Some amounts may have rounding differences with the Statement of Net Position.

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^B The Special Assessment Bonds carry neither premiums nor discounts.

^C See Note 10, Environmental Liabilities for a detailed discussion.

^D See Note 15, Contingencies, for a discussion of risk management, environmental, and other matters. The table in Note 16 also includes information on workers' compensation and health care.

The City's internal service funds predominantly serve governmental funds. For this reason, the above totals for governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$15.0 million and \$1.0 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust fund loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities with the exception of the Department of Construction and Inspections (DCI) for general liability. The General Fund pays for DCI's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from City Light. For further discussion on purchased power, see Note 14, Commitments.

ADVANCE AND CURRENT REFUNDINGS

To lower interest costs, the City may on occasion refund and defease certain bonds by issuing new refunding bonds and/or using existing resources to repay certain outstanding bond issues prior to their original maturity dates. In most cases, City resources and the proceeds of refunding bonds are deposited into irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds are considered defeased, and the corresponding liabilities are not included in the statement of net position.

In July 2020, the City used existing resources to repay the remaining \$0.5 million principal balance of 2009 limited tax general obligation (LTGO) bonds. The 2009 bonds were partially refunded in 2016, and the remaining portion of the bonds was due to be paid in May 2021. Early redemption resulted in a small savings for interest expense.

In September 2020, the City refunded and defeased in substance \$50.9 million of outstanding 2010 Series B limited tax general obligation (LTGO) bonds, carrying an average interest rate of 3.9%, with \$42.2 million of 2020 LTGO bonds issued at an average interest rate of 4.4%. The City deposited bond proceeds of \$51.7 million with an escrow agent, comprised of the par value of the new bonds and an additional \$9.5 million in original issue premiums. The escrow agent used the proceeds to pay issue costs of \$0.3 million and purchase state and local government securities of \$51.4 million to provide for repayment of the old bonds at their October 2020 call date. The difference between the reacquisition price and carrying amount of the old bonds resulted in a refunding gain of \$3.7 million which will be amortized over the life of the old bonds through 2031.

In November 2020, the City used existing resources to refund and defease in substance \$89.4 million of Light and Power revenue bonds, which included \$39.4 million of 2012 Series A bonds and \$49.9 million of 2013 bonds. The City deposited cash resources of \$100.0 million with an escrow agent, and the agent used the proceeds to pay issue costs and purchase open market securities totaling \$99.9 million to provide for repayment of the old bonds at their call dates through June 2023. The difference between the reacquisition price and carrying amount of the old bonds resulted in a refunding loss of \$2.8 million which will be amortized over the remaining life of the refunded bonds.

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

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Table 9-11

REFUNDED/DEFEASED BONDS (In Thousands)

Name of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2020	Defeated Outstanding December 31, 2020
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
2009 Improvement and Refunding	03/25/09	5/1/2031	3.574 %	\$ 99,860	\$ 455	\$ 455	\$ —
2010 Improvement and Refunding, Series B	03/31/10	8/1/2031	3.125	135,395	50,950	50,950	—
REVENUE BONDS							
Municipal Light and Power							
2010 Improvement and Refunding, Series B	05/26/10	02/01/26	3.413	596,870	187,865	187,865	—
2011 Improvement and Refunding, Series A	02/08/11	02/01/36	4.544	296,315	145,115	—	145,115
2012 Improvement and Refunding, Series A	07/17/12	06/01/41	3.148	293,280	39,445	—	39,445
2013 Improvement and Refunding	07/09/13	07/01/43	4.051	190,755	49,920	—	49,920
Municipal Water							
N/A							
Municipal Drainage and Wastewater							
N/A							
Municipal Solid Waste							
N/A							
Total Refunded/Defeated Bonds				<u>\$ 1,612,475</u>	<u>\$ 473,750</u>	<u>\$ 239,270</u>	<u>\$ 234,480</u>

ARBITRAGE

The City reviews arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. Such reviews are conducted when bonds have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures). As of December 31, 2020, 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.

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Specific "early action sites" have been cleaned up separately under Administrative Orders on Consent (AOC). The City, together with other PRPs, has completed two early action sites identified during the RI under EPA issued AOC: Slip 4 and T-117.

East Waterway Site. In 2006 the EPA issued an AOC for a Supplemental RI and FS for the East Waterway, an operable unit of the Harbor Island Superfund Site. The Port of Seattle (the Port) alone signed the AOC. Both the City and King County signed a Memorandum of Agreement with the Port to participate as cost share partners in the RI/FS work required by the EPA. The RI and FS are complete. The FS identifies a range of alternatives for cleanup construction that range in cost from \$256 million to \$411 million (2016 dollars). EPA is currently developing the Proposed Plan, which will be followed by a Record of Decision. The schedule for release of EPA's Proposed Plan is spring 2021. The Record of Decision is expected in late 2021 or early 2022. Remedial design activities would start in late 2022 at the earliest. The Fund 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 late 2021. A Clean-up Action Plan, which is the State's equivalent to a Record of Decision under the Model Toxics Control Act, is expected in 2022.

North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing have signed an Administrative Order with the DOE requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the Georgetown Steam Plant, and the King County Airport. A RI is currently in preparation.

7th Avenue South Pump Station. The City acquired land in the South Park area of Seattle to construct the 7th Ave South Pump Station. The land was determined to be contaminated subsequent to the purchase. The City has voluntarily agreed to clean up the contamination in order to continue with the planned construction of the pump station. The cleanup was completed in 2012; however, the City has ongoing monitoring activities it must perform.

Terminal 108. EPA notified the City in 2019 that it is a Potentially Responsible Party (PRP) for a site adjacent to the Lower Duwamish Waterway that is known as Terminal 108 or T108. The City's potential liability arises from a former sewage treatment plant that was located there. Other PRPs include the Port of Seattle, which is the current owner of the site, King County, the United States and several private entities. The PRPs are negotiating the terms of an agreed Administrative Order with EPA and a cost-sharing agreement among themselves. The Department's ultimate liability is indeterminate.

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

South Park Landfill. The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (Ecology) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. Previously the City was advancing a design based on an Interim Action Workplan approved by Ecology. The City delayed the project to re-define the project scope. The delay caused the City to fall behind the schedule in the Consent Decree and Ecology has determined that the City must amend the existing Consent Decree and Cleanup Action

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Plan to reflect the revised project and new timeline. At the same time two additional parties will be added to the Consent Decreed, King County and Kenyon Business Park.

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

In 2012, the City executed an agreement regarding the developer's interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup. In 2015, the developer completed Ecology-approved interim cleanup action on its portion of the site.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB 49. For most of the sites, estimated outlays were based on current cost and no adjustments were made for discounting or inflation. The Duwamish site cost estimates were adjusted to remove discounting and to record the costs in 2018 dollars. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. Costs were calculated on a weighted average that was based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; however, as new information becomes available, estimates may vary significantly due to price fluctuations, technological advances, or applicable laws.

The City is pursuing other third parties that may have contributed to the contamination of the sites noted. The City's estimated environmental liabilities were estimated to be \$2.6 million as of December 31, 2020 and \$2.6 million as of December 31, 2019.

The changes in the provision for environmental liability (in thousands) at December 31, 2020 are as follows:

	2020
Beginning Environmental Liability, Net of Recovery	\$ 319,880
Payments or Amortization	(8,221)
Incurred Environmental Liability	4,125
Ending Environmental Liability, Net of Recovery	<u>\$ 315,784</u>

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2020 are as follows:

	2020
Environmental Liability, Current	\$ 5,643
Environmental Liability, Noncurrent	310,141
Total	<u>\$ 315,784</u>

Information on the City's environmental liability is also presented in Table 9-10 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 funds. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The State of Washington, through the Department of Retirement Systems (DRS), administers and reports LEOFF Plans 1 and 2. The following table represents the aggregate pension amounts for all plans for the year 2019:

Table 11-1	Aggregate Pension Amounts - All Plans (In Thousands)
Pension liabilities	\$ 1,471,420
Pension assets	276,045
Deferred outflows of resources	275,703
Deferred inflows of resources	241,367
Pension expense	776,952

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM (SCERS)

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a cost sharing multiple employer defined benefit public employee retirement plan. SCERS is established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36. SCERS is a pension trust fund of the City.

SCERS is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Human Resources Director, two active members and one retired member of the System who are elected by other SCERS members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City are eligible for membership in SCERS except uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in SCERS when these organizations were formerly City of Seattle departments were allowed to continue their membership (there are currently fewer than 50 members in this category). There are currently 7,029 retirees and beneficiaries receiving benefits, and 9,440 active members of the System. There are 1,420 terminated, vested employees entitled to future benefits, based on the 2019 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.

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The City of Seattle adopted a second tier (Tier II) for the System in 2016. Starting January 1, 2017, new eligible employees join this second tier. Tier II is a defined benefit plan much like the original tier but has a lower contribution rate for members and calculates final average salary based on the highest 60 consecutive months of service. Other changes related to the second tier can be found in the Seattle Municipal Code 4.36.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage.

SCERS issues an independent financial report. A copy of the report is available from the SCERS office, located at 720 Third Avenue, Suite 900, Seattle, WA, 98104. The report can also be requested by telephone at (206) 386-1293 or by accessing the website http://www.seattle.gov/retirement/annual_report.htm.

Summary of Significant Accounting Policies

Basis of Accounting. SCERS is accounted for as a pension trust fund. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from plan net position (including contributions, benefits, and refunds) are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Plan investments, including securities lending transactions as discussed in Note 3, are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

Contributions and Reserves. Member and employer contribution rates are established by SMC 4.36. The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Active Tier I members contributed 10.03% of their salaries to the retirement fund in 2019 and the City contributed 14.55%. Active Tier II members contributed 7.00% and the City contributed 14.42% in 2019. There are no long-term contracts for contributions outstanding and currently no legally required reserves.

As of December 31, 2019, SCERS reported total pension liability of \$4.4 billion, plan fiduciary net position of \$3.1 billion, the net pension liability \$1.3 billion, and the funded ratio of 71.48% based on the actuarial valuation as of January 1, 2019.

An actuarial report with valuation date of January 1, 2020, is presently underway, and expected to be available at the Retirement Office after June 1, 2021.

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Information about the Net Pension Liability

Assumptions and Other Inputs. The City's total pension liability under SCERS was determined by the actuarial valuation as of January 1, 2019, with the results rolled forward to the December 31, 2019 measurement date. The actuarial assumptions were based on the Investigation of Experience study performed in 2018, which were adopted for use in the January 1, 2019 actuarial valuation. 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: Various rates based on RP-2014 mortality tables and using generation projection of improvement using MP-2014 Ultimate project scale. See the 2018 Investigation of Experience report for details.
- Long-term expected rate of return on pension plan investments: Determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return and target allocation for each major asset class as of December 31, 2019 are summarized in the following table:

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	4.77%	48.0%
Equity: Private	7.96	9.0
Fixed Income: Core	0.67	16.0
Fixed Income: Credit	3.66	7.0
Real Assets: Real Estate	3.76	12.0
Real Assets: Infrastructure	3.95	3.0
Diversifying Strategies	N/A	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 was projected at 2.75% for the same time periods.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to apply the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contribution will be made at rates equal to the difference between 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):

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Table 11-3 Sensitivity of the Net Pension Liability to Changes in the

	1% Lower	Current Discount Rate	1% Higher
	6.25 %	7.25 %	8.25 %
Net Pension Liability	\$ 1,798,146	\$ 1,256,338	\$ 802,843

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, 2019, SCERS reported the collective net pension liability of \$1.3 billion, of which the City recorded \$1.3 billion for its proportionate share of the collective net pension liability. The City's proportion is based on the City's contributions to the plan. The following table shows the changes in the City's proportionate share of the net pension liability for the year ended December 31, 2019, which was rolled forward to come up with the net pension liability as of December 31, 2020 (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, 2018	4,234,562	2,716,078	1,518,484
Changes for the Year			
Service Cost	106,835	—	106,835
Interest on Total Pension Liability	303,059	—	303,059
Effect of Plan Changes	—	—	—
Effect of Economic/ Demographic	(21,424)	—	(21,424)
Effect of Assumptions Changes or Inputs	—	—	—
Benefit Payments	(203,332)	(203,332)	—
Refund Contributions	(15,183)	(15,183)	—
Administrative Expenses	—	(9,164)	9,164
Member Contributions	—	75,230	(75,230)
Employers Contributions	—	119,123	(119,123)
Net Investment Income	—	465,578	(465,578)
Balance at December 31, 2019	\$ 4,404,517	\$ 3,148,330	\$ 1,256,187

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

The City recognized its proportionate share of pension expense in the amount of \$152.5 million for 2020. The City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan at December 31, 2020 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	\$ 180	\$ 40,852
Change of Assumption	64,301	—
Net Difference Between Projected and Actual Earnings	—	108,987
Contributions and Proportionate Share of Pension Expense	32,287	32,635
Contributions Made Subsequent to Measurement Date	141,029	—
Total	\$ 237,797	\$ 182,474

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	
2020	\$ (28,964)
2021	(25,015)
2022	19,019
2023	(48,440)
2024	(2,306)
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

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accordance with state statutes and City ordinances to active and retired members from the City. As of January 1, 2020, 590 firefighters and surviving spouses and 658 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.

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, 2020:

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

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	590	658
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.

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The financial statements for the Firemen's Pension and Police Relief and Pension Funds were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Investments are recorded at fair value as shown in Note 3. Fair value of investments is based on quoted market prices.

Contributions and Reserves. Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability (AAL). An actuarial fund was established for the Firemen's Pension in July 1994 and is discussed in more detail below; the City funds the Police Relief and Pension Fund as benefits become due. Contributions are no longer required from plan members or the City departments they represent. Under state law, partial funding of the Firemen's Pension Fund may be provided by an annual tax levy of up to \$0.225 per \$1,000 of assessed value of all taxable property of the City. The Firemen's Pension Fund also receives a share of the state tax on fire insurance premiums. Additional funding through the General Fund adopted budget is provided to both pension funds as necessary. The Police Relief and Pension Fund also receives police auction proceeds of unclaimed property. Administrative costs for the Firemen's Pension are financed by the General Fund and fire insurance premium tax. Administrative costs for the Police Relief and Pension Fund are financed by police auction proceeds and the General Fund. Contribution rates are not applicable to these plans.

There are no securities held by the City for these pension funds except for the Firemen's Pension Actuarial Account described below. No loans are provided by the funds to the City or other related parties.

In July 1994, the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions, thus creating the Firemen's Pension Actuarial Account. In 2006, the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The funding policy does not fund for future medical liabilities. The employer contributions for retiree medical are set equal to the disbursements for medical benefits and administration. All other contributions are considered pension contributions. The fair value of the net assets of Firemen's pension was \$29.6 million as of December 31, 2020. No similar program has been established for the Police Relief and Pension Fund.

The Total Pension Liability (TPL) as of December 31, 2020, based on the actuarial valuation as of January 1, 2020, was \$114.6 million for Firemen's Pension and \$100.5 million for Police Relief and Pension. The Police Relief and Pension AAL is funded on a pay-as-you-go basis. Annual requirements are funded through the City's adopted budget, and any budget requirements exceeding the adopted budget are fully covered by supplemental appropriations.

Trend information on employer contributions for the Firemen's Pension and the Police Relief and Pension plans is presented in the Required Supplementary Information section.

Information about the Total Pension Liability

Assumptions and Other Inputs. The total pension liability was determined by an actuarial valuation as of the valuation date (January 1, 2020), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2020). Actuarial assumptions used were as follows:

- Inflation: 2.25%
- Salary Increases: 3.0%
- Investment rate of return: 2.0% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the RP-2000 Mortality Table and using generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)

Discount Rate. The discount rate used to measure total pension liability was 2.0%. GASB 73 requires the discount rate used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method) to be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years is

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2.12% as of December 31, 2020. Rounding this to the nearest 1/4% results in a discount rate of 2.00% as of the December 31, 2020 measurement date.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The following presents the Total Pension Liability, calculated using the discount rate of 2.00%, as well as what the Total Pension Liability would be when the discount rate moves one percentage point lower and higher (in thousands):

Table 11-8 Discount Rate Sensitivity of Pension Liability

	1% Lower 1.00%	Current Discount Rate 2.00%	1% Higher 3.00%
Fireman's Pension Plan	\$ 125,884	\$ 114,601	\$ 104,891
Police Relief and Pension Plan	109,610	100,482	92,577

Changes in the Total Pension Liability. At December 31, 2020, the Firemen's Pension and the Police Relief and Pension plans reported the pension liability of \$114.6 million and \$100.5 million respectively.

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

	Firemen's Pension	Police Relief and Pension
Balance at December 31, 2019	\$ 90,744	\$ 92,917
Changes for the Year		
Service Cost	—	—
Interest on Total Pension Liability	2,383	2,446
Effect of Plan Changes	—	—
Effect of Economic/Demographic gains or losses	15,595	(1,144)
Effect of Assumptions Changes or Inputs	13,867	14,260
Benefit Payments	(7,988)	(7,997)
Balance at December 31, 2020	<u>\$ 114,601</u>	<u>\$ 100,482</u>

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

For the year ended December 31, 2020, the City recognized an increase of pension expenses in the amount of \$47.4 million for the Firemen's Pension and the Police Relief and Pension plans. On December 31, 2020, 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.

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The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The DRS, a department within the primary government of the State of Washington, issues a publicly available annual financial report (AFR) that includes financial statements and required supplementary information for each LEOFF plan. The DRS AFR may be obtained by writing to Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380. It may also be downloaded from the DRS website at www.drs.wa.gov.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

LEOFF Plan 1	
Years of Service	Percent of FAS
20+	2.0 %
10 - 19	1.5
5 - 9	1.0

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions: Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute nothing, as long as the plan remains fully funded. LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2020. Employers paid only the administrative expense of 0.18% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service based on the highest consecutive 60 months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also 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: LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18%. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the plan's Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.44% in 2020.

LEOFF Plan 2 required contribution rates for 2020 were as follows:

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Table 11-11

LEOFF Plan 2 Required Contribution Rates As a Percentage of Covered Payroll

Actual Contribution Rates	Employer	Employee
State and local governments	5.15%	8.59%
Administrative Fee	0.18%	—
Total	5.33%	8.59%
Ports and Universities	8.59%	8.59%
Administrative Fee	0.18%	—
Total	8.77%	8.59%

The City's actual contributions to LEOFF Plan 2 were \$17.7 million for the year ended December 31, 2020.

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, 2020, the state contributed \$76,297,643 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$12,806,891.

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 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Experience Study and the 2019 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. Actuarial assumptions used were as follows:

- Inflation: 2.75% total economic inflation
- Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.4%
- Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.

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

Discount Rate. The discount rate used to measure the total pension liability for all DRS plans was 7.4%. To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%). Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return. The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Table 11-12 Estimated Rates of Return by Asset Class

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	100%	

Sensitivity of the Total Pension Liability/(Asset) to Changes in the Discount Rate. The table below presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.4%, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate (in thousands):

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Table 11-13 Sensitivity of Net Pension Assets to Changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	6.4%	7.4%	8.4%
LEOFF Plan 1	\$ 54,691	\$ 67,192	\$ 78,008
LEOFF Plan 2	4,135	208,853	376,476

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, 2020, the City reported a pension asset of \$276.1 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	\$ 67,192
LEOFF 2	208,853
Total	<u>\$ 276,045</u>

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows (in thousands):

Table 11-15 Proportionate Share of Plant 1 and Plan 2 Net Pension Asset

	Share in Dollars	
	LEOFF 1	LEOFF 2
Employer's Proportionate Share	\$ 67,192	\$ 208,853
State's Proportionate Share of the net pension asset associated with the Employer	454,486	133,546
Total	<u>\$ 521,678</u>	<u>\$ 342,399</u>

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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

	2020 As of June 30, 2020	2019 As of June 30, 2019	Change in Proportion
LEOFF 1	3.56 %	3.57 %	(0.01)%
LEOFF 2	10.24 %	8.95 %	1.29 %

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2020, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2020, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense. For the year ended December 31, 2020, the City recognized its proportionate share of pension expense as follows:

Table 11-17 Pension Expense

LEOFF 1	\$ (3,143)
LEOFF 2	<u>(13,968)</u>
Total	\$ (17,111)

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Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (In Thousands):

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

	LEOFF 1		LEOFF 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 28,898	\$ 3,704
Net difference between projected and actual investment earnings on pension plan investments	—	703	—	2,328
Changes of assumptions	—	—	303	32,340
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	2,176	19,881
Contributions subsequent to the measurement date	—	—	8,733	—
TOTAL	\$ —	\$ 703	\$ 40,110	\$ 58,253

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):

Table 11-19 Recognized Pension Plan Expense

Year ended December 31:	LEOFF 1	LEOFF 2
2021	\$ (2,509)	\$ (17,198)
2022	(131)	(3,817)
2023	713	1,340
2024	1,224	5,237
2025	—	(3,155)

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

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balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrator, which is under contract with the City to manage the plan. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections.

The City placed the Deferred Compensation Plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

The City has little administrative involvement and does not perform the investing function for the plan. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the City employees' Deferred Compensation Plan, created in accordance with IRC 457, is not reported in the financial statements of the City.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City has three other postemployment benefits (OPEB) plans – Health Care Blended Premium Subsidy, OPEB benefits under Firemen's Pension, and Police Relief and Pension. In 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting of Postemployment Benefit Other Than Pensions (GASB 75), which concerns the accounting for and disclosure of OPEB. The following table represents the aggregate OPEB amounts for all OPEB plans subject to the requirements of GASB 75 for the year 2020.

Table 11-20 Aggregate OPEB amounts for all OPEB plans subject to GASB 75 (In Thousands)

	Healthcare Blended Premium Subsidy	Firemen's Pension	Police Relief and Pension	All Plans
OPEB liabilities	\$ 63,624	\$ 300,862	\$ 308,600	\$ 673,086
OPEB assets	0	0	0	0
Deferred outflows of resources	18,183	0	0	18,183
Deferred inflows of resources	24,799	—	—	24,799
OPEB expenses/ expenditures	1,576	30,936	21,472	53,984

Plan Description

Health Care Blended Premium Subsidy is a single employer defined benefit public employee health care plan. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan or Social Security may continue their health coverage through the City with same coverage

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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, 2020, the following employees were covered by the benefit terms:

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

	Health Care Blended Premium Subsidy	Firemen's Pension	Police Relief and Pension Plan
Inactive employees or beneficiaries currently receiving benefits	466	682	608
Inactive employees entitled to but not yet receiving benefits	—	—	—
Active employees	11,853	4	3
Total	12,319	686	611

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.

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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:

Table 11-22 OTHER POST-EMPLOYMENT BENEFITS
Actuarial Assumptions

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2020	1/1/2020	1/1/2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation rate	---	2.25%	2.25%
Salary Increases	---	3.00	3.00
Discount rate	2.74%, based on 20-year municipal bond yields	2.00%, based on 20-year municipal bond yields	2.00%, 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).
Others		Effective January 1, 2020, the long-term care policy has been expanded to include a \$150 per day coverage for assisted living, including basic room and board.	

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The following table presents the sensitivity of total OPEB liability calculation to a 1 percent increase and a 1 percent decrease in the discount rates used to measure the total OPEB liability for each plan:

Table 11-23 Discount 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	69,468	63,624	58,286
Firemen's Pension Plan	341,037	300,862	267,399
Police Relief and Pension Plan	347,844	308,600	275,816

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

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	\$ 56,599	\$ 63,624	\$ 71,961
Firemen's Pension Plan	269,404	300,862	337,395
Police Relief and Pension Plan	277,622	308,600	344,531

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Changes in the Total OPEB Liability. The City reported a total OPEB liability of \$673.1 million in 2020. Based on the actuarial valuation date of January 1, 2020, 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, 2020 are shown below:

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

	Health Care Blended Premium Subsidy Plan	Firemen's Pension	Police Relief and Pension Plan	Total OPEB Liability
Total OPEB Liability at 1/1/2020	\$ 60,947	\$ 269,926	\$ 287,127	\$ 618,000
Service costs	3,379	—	—	3,379
Interest	2,587	7,260	7,682	17,529
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	6,957	—	—	6,957
Effect of plan changes	—	7,800	—	7,800
Effect of economic/demographic gains or losses	—	580	3,290	3,870
Changes of assumptions	(7,761)	27,249	26,184	45,672
Benefit payments	(2,484)	(11,954)	(15,683)	(30,121)
Other changes	—	—	—	—
Total OPEB Liability at 12/31/2020	\$ 63,625	\$ 300,861	\$ 308,600	\$ 673,086

The changes in current year's assumption, such as discount rate, participation rate and other factors resulted in the increase in the OPEB liability for all OPEB plans by \$55.1 million.

Health Care Blended Premium Subsidy: Dependent coverage percentage assumption changed from 35% to 25%. Mortality and retirement assumptions for LEOFF was updated to reflect the most recent assumptions developed in the Washington State 2013-2018 Demographic Experience Study Report. The trend assumptions on medical claims and retiree premiums were updated to reflect the expected increase on future medical costs, as well as the permanent repeal of the excise tax on high-cost plans (a.k.a. "The Cadillac tax") originally imposed by the Affordable Care Act in 2010. Discount rate changed from 3.44% to 2.74%.

Firemen's Pension: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2020, calculated based on the discount rate of 2.00%, and then projected to the measurement date of December 31, 2020. The December 31, 2020 financial reporting reflects new coverage of \$150 per day for assisted living, including basic room and board.

Police Relief and Pension Fund: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2020, calculated based on the discount rate of 2.00%, and then projected to the measurement date of December 31, 2020. There have been no significant changes between the valuation date and fiscal year ends.

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

Notes to Financial Statements

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$54.0 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, 2020 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)

	Deferred Outflow of Resources	Deferred Inflows of Resources
City of Seattle Health Care Blended Premium Subsidy Plan		
Difference between expected and actual experience	\$ 15,249	\$ —
Changes of assumptions	—	24,799
Payments subsequent to the measurement date	2,934	—
Total	\$ 18,183	\$ 24,799
Firemen's Pension Plan		
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	\$ —	\$ —
Police Relief and Pension Plan		
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Payments subsequent to the measurement date	—	—
Total	\$ —	\$ —
All Plans		
Difference between expected and actual experience	\$ 15,249	\$ —
Changes of assumptions	—	24,799
Payments subsequent to the measurement date	2,934	—
Total	\$ 18,183	\$ 24,799

The City of Seattle

Deferred outflows of resources of \$2.9 million resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. Other amount reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense for City of Seattle Health Care Blended Premium Subsidy as follows:

Table 11-27 Recognized OPEB Expense
(In Thousands)

	Blended Premium Subsidy Plan	Firemen's Pension Plan	Police Relief and Pension Plan
Year End December 31:			
2021	\$ (1,456)	\$ —	\$ —
2022	(1,456)	—	—
2023	(1,456)	—	—
2024	(1,456)	—	—
2025	(1,456)	—	—
Thereafter	(2,270)	—	—

(12) COMPONENT UNITS

DISCRETELY PRESENTED COMPONENT UNITS

Seattle Public Library Foundation

The Seattle Public Library Foundation (the Foundation) is a Washington non-profit corporation, a public charity organized exclusively for educational, charitable, and scientific purposes to benefit and support the Seattle Public Library. The Foundation provides goods, services, and facilities above the tax-based funding of the Seattle Public Library. The Foundation is located in Seattle, governed by a Board of Directors, and possesses all the requisite corporate powers to carry out the purposes for which it was formed.

The City is not financially accountable for the Foundation. The Foundation is considered a nonmajor component unit in accordance with GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14 (GASB 39), and is presented discretely in the City's financial statements because (1) the economic resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; and (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

The Foundation reports on a fiscal year-end consistent with the City, the primary government. The Foundation issues its own audited financial statements. To obtain complete audited annual financial reports, please contact: The Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, or by telephone at 206-386-4130.

Seattle Investment Fund LLC

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

Notes to Financial Statements

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, 2020
(In Thousands)

	Discretely Presented Component Units		
	Seattle Public Library Foundation	Seattle Investment Fund LLC	Total
ASSETS			
Cash and Other Assets	\$ 3,400	\$ 870	\$ 4,270
Investments	84,937	164	85,101
Capital Assets, Net	10	—	10
Total Assets	88,347	1,034	89,381
LIABILITIES			
Current Liabilities	2,552	187	2,739
Total Liabilities	2,552	187	2,739
NET POSITION			
Net Investment in Capital Assets	10	—	10
Restricted	59,666	—	59,666
Unrestricted	26,119	847	26,966
Total Net Position	\$ 85,795	\$ 847	\$ 86,642

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Table 12-2

CONDENSED STATEMENT OF ACTIVITIES SEATTLE PUBLIC LIBRARY FOUNDATION AND SEATTLE INVESTMENT FUND LLC

For the Year Ended December 31, 2020
(In Thousands)

	Discretely Presented Component Units		
	Seattle Public Library Foundation	Seattle Investment Fund LLC	Total
PROGRAM REVENUES			
Contributions/Endowment Gain	\$ 5,526	\$ —	\$ 5,526
Placement/Management Fee Income	—	98	98
Total Program Revenues	5,526	98	5,624
GENERAL REVENUES			
Investment Income	9,926	—	9,926
Total Program Support and Revenues	15,452	98	15,550
EXPENSES			
Support to Seattle Public Library	5,018	—	5,018
Management and General	668	313	981
Fundraising	542	—	542
Total Expenses	6,228	313	6,541
Change in Net Position	9,224	(215)	9,009
NET POSITION			
Net Position - Beginning of Year	76,571	1,062	77,633
Net Position - End of Year	\$ 85,795	\$ 847	\$ 86,642

BLENDED COMPONENT UNIT

Seattle Park District

The Seattle Park District (the District) is a metropolitan park district authorized by Chapter 35.61 of the Revised Code of Washington. The District has the same boundaries as the City. On August 5, 2014, voters in the City approved Proposition 1 to use property taxes collected to provide funding for City parks and recreation including maintaining park lands and facilities, operating community centers and recreation programs, and developing new neighborhood parks on previously acquired sites. The District is governed by the City Council acting ex officio as the District Board. The Seattle Department of Parks and Recreation provides services on behalf of the District under an inter-local agreement between the City and the District.

The District is reported as a special revenue fund in the City's financial statement. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements are available from Seattle Park District, PO Box 34025, Seattle, WA 98124-4025, or by emailing SeattleParkDistrict@Seattle.gov.

(13) JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**

The Seattle-King County Workforce Development Council (WDC) is a joint venture between the City and King County. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor agency to receive the employment and training funds for the County area. The King County Executive and the Mayor of the City, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, the City and King County who each will be responsible for one half of the disallowed amount. As of December 31, 2020, 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 \$56 dollars to the City during WDC's fiscal year ended June 30, 2020.

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

KING COUNTY REGIONAL HOMELESSNESS AUTHORITY

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

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

PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR

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

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

(14) COMMITMENTS**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 \$809.0 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, 2020 and standards prescribed under GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.

Capital Improvement Program

The City adopted the 2020 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$7.2 billion for the years 2020-2025. The adopted CIP for 2020 was \$1.4 billion, consisting of \$794.5 million for City-owned utilities and \$584.7 million for non-utility departments. The utility allocations are: \$378.1 million for City Light, \$115.5 million for Water, \$270 million for Drainage and Wastewater, and \$30.9 million for Solid Waste. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

Purchased and Wholesale Power

City Light expenses associated with energy received under long-term purchased power agreements at December 31, 2020 are shown in the following table:

Table 14-1		LONG-TERM PURCHASED POWER	
		<i>(In Millions)</i>	
		2020	
Bonneville Block	\$	161.1	
Bonneville Slice		—	
Lucky Peak, including royalties		6.7	
British Columbia - High Ross Agreement		13.4	
Grant County Public Utility District		1.2	
Columbia Basin Hydropower		7.9	
Bonneville South Fork Tolt billing credit		(3.4)	
Renewable energy - State Line Wind		26.3	
Renewable energy - other		7.9	
Exchanges and loss returns energy at fair value		1.9	
Long-term purchased power booked out		(6.4)	
Total	\$	<u>216.6</u>	

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.

Notes to Financial Statements

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 \$6.7 million and \$8.4 million in 2020 and 2019, respectively, including operations costs and royalty payments to the irrigation districts. The City provided and billed Lucky Peak \$0.3 million for operational and administrative services in both 2020 and 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, 2020. The City's payables to Lucky Peak were \$0.8 million at December 31, 2020.

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 with more than 25,000 customers to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits (RECs) as a percentage of total energy delivered to retail customers. The annual target is at least 15% for 2020 and 9% for 2019. The law also has a compliance option for utilities with declining load to spend 1% of revenue requirements on eligible RECs and/or resources. The City met the requirements of the compliance option in both 2020 and 2019.

Fair Value of Exchange Energy. During 2020, exchange energy settled deliveries were valued using Dow Jones U.S Daily Electricity Price Indices.

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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 2021 through 2065, undiscounted, are shown in the following table:

Table 14-2

TRANSMISSION, AND RELATED CONTRACTS (In Millions)

Year Ending December 31	Payments ^a
2021	^a \$ 260.8
2022	236.4
2023	237.8
2024	246
2025	^b 216.9
2026-2030	^c 600.8
Thereafter (through 2065)	161.3
Total	<u>\$ 1,960.0</u>

a Stateline wind agreement expires December 31, 2021

b Bonneville transmission agreement expires July 31, 2025

c Bonneville Block & Slice agreement expires September 30, 2028

Other Regulatory Commitments

Federal Energy Regulatory Commission (FERC) Fees. Estimated Federal land use and administrative fees related to hydroelectric licenses total \$166.0 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, when their existing FERC licenses expire. The estimated portion of Boundary fees is included through 2055, the year the current license issued by FERC expires. The Boundary FERC license and related issues are discussed below.

New Boundary License. The City's FERC license for the Boundary Project was re-issued on March 20, 2013 with a 42-year life and a total cost of \$48.6 million. The terms and conditions of the new license have been evaluated and the City continues the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management. As part of the license renewal process, the City negotiated a settlement with external parties such as owners of other hydroelectric projects, Indian tribes, conservation groups and other government agencies. The settlements sought to preserve the City's operational flexibility at Boundary Dam while providing for natural resource protection, mitigation and enhancement measures.

The cost projections for such mitigation over the expected 42-year life of the license, included in the City's license application, were estimated to be \$356.8 million adjusted to 2020 dollars, of which \$101.6 million were expended through 2020. Projected mitigation cost estimates are subject to revision as more information becomes available.

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

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2020, to be \$147.1 million, of which \$138.2 million had been expended. Total South Fork Tolt license mitigation costs were estimated at \$2.1 million, of which \$1.9 million were expended through 2020. 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.

Notes to Financial Statements

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 2020 dollars. City labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

Hydroelectric projects must satisfy the requirements of the Endangered Species Act (ESA) and the Clean Water Act in order to obtain a FERC license. ESA and related issues are discussed below.

Endangered Species. Several fish species that inhabit waters where hydroelectric projects are owned by the City, or where the City purchases power, have been listed under the ESA as threatened or endangered. Although the species were listed after FERC licenses were issued for all of the City's hydroelectric projects, the ESA listings still affect operations of the City's Boundary, Skagit, Tolt, and Cedar Falls hydroelectric projects.

Federal Regulations in response to the listing of species affect flow in the entire Columbia River system. As a result of these regulations, the City's power generation at its Boundary Project is reduced in the fall and winter when the region experiences its highest sustained energy demand. The Boundary Project's firm capability is also reduced.

The City, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. The City is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and watershed groups for bull trout, Chinook salmon, and steelhead in the South Fork Tolt and Skagit Watersheds. The ESA Early Action program is authorized by City Council but is separate from any current FERC license requirements. The program includes habitat acquisition, management and restoration. The ESA Early Action has been successful in protecting listed species. Total costs for the City's share of the Early Action program from inception in 1999 through December 31, 2020 are estimated to be \$17.2 million, and \$1.8 million has been allocated for the program in the 2021 budget.

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. This contract was renewed in May 2020 with the City agreeing to pay \$29.8 million over 10 years ending in 2029. 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 totaled \$2.7 million to Pend Oreille County in 2020 and \$1.9 million in 2019, and \$1.2 million to Whatcom County in 2020 and \$1.1 million in 2019.

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 SCL 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 \$115.5 million (in 2020 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 2020 is \$100.1 million. The remaining \$15.4 million to complete the HCP is comprised of an \$7.1 million liability and an estimate of \$8.3 million for construction and operating commitments. The construction activities will add to the City's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expensed as incurred.

Distribution System Reservoirs. The City is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs. The total cost of burying six reservoirs is expected to be approximately \$224.1 million through the year 2025; costs beyond 2025 are not estimable as of the date of this report. As of December 31, 2020, total cumulative costs incurred were \$168.9 million.

Wholesale Water Supply Contracts. The City has wholesale contracts with Cascade Water Alliance (CWA) and nineteen individual water districts and municipalities. Sixteen wholesale customers have full and partial requirements contracts

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which obligate the City to meet the wholesale customers' demand that is not already met by their independent sources of supply. The full and partial requirements contracts include amendment periods where the parties may opt to review and change certain contract terms and conditions in effective as of 2022 and 2042. The review process is being undertaken in 2021. Two wholesale customers (including CWA) have block contracts which obligate the City to provide water up to a combined maximum of 41.85 MGD per year. Two other wholesale customers have emergency intertie agreements and do not purchase water from Seattle on a regular basis. CWA contract expires in 2063 while other wholesale contracts expire in 2062.

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 \$167,490,395 and \$165,796,390 for fiscal years 2020 and 2019, respectively.

Contractual Obligations. The City contracts with Waste Management and Recology of King County for the collection of residential and commercial garbage, yard waste, food waste, and recycling. In addition, a few independent vendors provide large scale recycling and food waste for business customers. The collection contracts began in 2019 and are scheduled to end on March 31, 2029, with City options to extend to March 2031 and March 2033. Total payments under these contracts for residential and commercial collection were \$81,606,668 in 2020.

The City contracts with Waste Management of Washington, Inc. (formerly known as Washington Waste Systems), for rail-haul and disposal of non-recyclable City waste. The disposal contract began in 1990 and is scheduled to end on March 31, 2028, however the City may terminate this contract at its option without cause on March 31, 2024. Total payments under the terms of this contract for waste disposal were \$14,638,711 in 2020.

The City contracts with Lenz Enterprises, Inc., and Cedar Grove Composting, Inc. to process yard and food waste into marketable products. The Lenz processing contract began in 2014 and the Cedar Grove processing contract began in 2017. Both contracts are scheduled to end on March 31, 2022, with City options to extend to March 31, 2024. Total payments under the terms of these contracts were \$4,962,701 in 2020.

The City contracts with Rabanco, LTD., to process recyclables and marketing those commodities. The Rabanco processing contract began in 2016 and is scheduled to end on March 31, 2024, with a City option to extend to March 31, 2027. Total payments, net of recycling revenue, were \$5,194,417 in 2020.

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, 2020, accrued landfill closure and post closure costs consist primarily of monitoring, maintenance, and estimated construction costs related to I-5 improvement projects. It is the City Council's policy to include the City's share of all landfill closure and post closure costs in the revenue requirements used to set future solid waste rates. Therefore, the City uses regulatory accounting and total estimated landfill closure and post closure care costs are accrued and also reflected as a future costs in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers and will be fully amortized in 2030. Actual costs for closure and post closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and accrued when identified. Landfill closure costs were fully amortized in 2009 and landfill postclosure costs will continue to amortize until 2030.

Notes to Financial Statements

(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 2021. Effective June 1, 2020 through May 2021 the City's excess liability insurance limits were \$35 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 \$500.0 million in limits, subject to various deductible levels depending upon the assets and value of the building. This includes \$100 million in earthquake and flood limits. Hydroelectric and other utility producing, and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, aviation, marine and hull, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities, as necessary.

The City did not purchase any annuity contracts, did not receive any large liability settlements nor settled any claims exceeding coverage in 2020.

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 2020, the City's independent actuaries estimated the ultimate settlement costs for lawsuits, workers' compensation, and other claims at year-end 2019, and health care claims at year-end 2020. The total undiscounted IBNR amount was \$39.6 million in 2020, decreased by \$0.2 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 \$0.04 million in 2020. 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 2.360 percent for 2020, the City's 2019 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 2.004 percent for 2020, the City's 2020 average annual rate of return on investments. The total discounted liability at December 31, 2020, was \$128.4 million consisting of \$68.4 million for general liability, \$13 million for health care, and \$47 million for workers' compensation.

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The City of Seattle

Table 15-1

RECONCILIATION OF CHANGES IN AGGREGATE LIABILITIES FOR CLAIMS (In Thousands)

	General Liability	Health Care	Workers' Compensation	Total City
	2020	2020	2020	2020
UNDISCOUNTED				
Balance - Beginning of Fiscal Year	\$ 71,890	\$ 15,737	\$ 44,857	\$ 132,484
Less Payments and Expenses During the Year	(10,871)	(256,669)	(11,381)	(278,921)
Plus Claims and Changes in Estimates	15,537	254,170	16,779	286,486
Balance - End of Fiscal Year	<u>\$ 76,556</u>	<u>\$ 13,238</u>	<u>\$ 50,255</u>	<u>\$ 140,049</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 60,160	\$ 13,238	\$ 38,831	\$ 112,229
Business-Type Activities	16,385	—	11,422	27,807
Fiduciary Activities	11	—	2	13
Balance - End of Fiscal Year	<u>\$ 76,556</u>	<u>\$ 13,238</u>	<u>\$ 50,255</u>	<u>\$ 140,049</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 53,763	\$ 12,978	\$ 36,353	\$ 103,094
Business-Type Activities	14,643	—	10,693	25,336
Fiduciary Activities	10	—	2	12
Balance - End of Fiscal Year	<u>\$ 68,416</u>	<u>\$ 12,978</u>	<u>\$ 47,048</u>	<u>\$ 128,442</u>

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

Deien v. City – Plaintiff brings a purported class action against the Department based on the Department's billing practices associated with the Department's transition to advanced meters. No class has been certified and any ultimate liability is indeterminate.

Dixon v. City and 3 "John Doe" defendants – Plaintiff Dixon alleges that he is a victim of discrimination and retaliation based on race, color, and engaging in protected activities. The plaintiff includes allegations under federal anti-discrimination laws, as well as under state tort law. The Department is seeking removal of the case to federal court. An adverse result could include awards of compensatory damages and attorneys' fees. The Department'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.

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Notes to Financial Statements

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, 2020 is \$7.1 million. BEDI grant funds amount to \$0.5 million and are used as a loan loss reserve.

GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has guaranteed certain bonds issued by public development authorities chartered by the City which are not component units of the City. The guarantees extend through the life of the bonds. If any of these public development authorities have insufficient funds to make scheduled debt payments of the principal and interest on the guaranteed bonds, the City is obligated to transfer sufficient funds to make the payments. Public development authorities for which the City has made all or part of a debt service payment shall reimburse the City for all money drawn on their behalf.

Museum Development Authority. Special obligation refunding bonds were issued on April 29, 2014, in the amount of \$44.4 million. The outstanding amount owed as of December 31, 2020, was \$32.7 million. The bonds will be fully retired by April 1, 2031.

Seattle Indian Services Commission. Special obligation refunding bonds were issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31, 2020, was \$1.6 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, 2020, the Commission's remaining principal and interest amounts guaranteed by the City are \$1.6 million and \$0.2 million, respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (2.004%), the City has recognized a liability of \$1.7 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, 2020 (In Thousands)					
	Primary Government	Other Governments				
	City of Seattle	King County		State of Washington		
	Multifamily Property Tax Exemption	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology	Data Center Server Equipment and Power Infrastructure
1) Purpose of program.	Supports mixed-income residential development in the urban centers to ensure affordability as the community grows	Encourages maintenance, improvement and preservation of privately owned historic landmarks	Provides incentives to landowners to voluntarily preserve open space, farmland or forestland	Provides temporary relief from tax increases caused by major additions or remodels to single-family dwellings	Encourages the creation of high-wage, high-skilled jobs in Washington	Supports immediate investments in technology facilities and resulting employment
2) Tax being abated.	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax	Sales and Use Tax	Sales and Use Tax
3) Authority under which abatement agreements are entered into.	SMC Chapter 5.73 Chapter 84.14	RCW Chapter 84.26 RCW 84.26.020(2) 84.26.050(2)	RCW 84.33.130 RCW 84.34.010	RCW 84.36.400	RCW Chapter 82.63	RCW 82.08.986 RCW 82.12.986
4) Criteria to be eligible to receive abatement.	Property owner must set aside 20-25 percent of the homes as income- and rent-restricted and enter a legally binding agreement with the City detailing the affordability requirements and other stipulations for compliance with the program	The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation; (3) be rehabilitated at a cost equal to 25 percent or more of pre-improvement assessed value within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board	Property must be enrolled as: (1) Open space with points awarded per the Public Benefit Rating Systems (PBRS) by resource category (2) Timber land if 5 to 20 acres are manageable forestland, zoned RA, F or A and devoted primarily to the growth, harvest and management of forest crops for commercial purposes per an approved forest stewardship plan (3) Farm and agricultural land if used to produce livestock or agricultural commodities for commercial purposes (4) Forestland if more than 20 acres are primarily devoted to the growth and harvest of timber	Property to be improved must be a single-family dwelling	Purchases must be for the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology	Within 6 years of exemption issued, net employment at the data center facility must increase by a minimum of 35 positions or 3 positions per 20,000 square feet or less of space; positions must be new permanent employment positions requiring 40 hours of weekly work, or equivalent, and receiving a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the data center is located

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.

**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.

Required Supplementary Information

Required Supplementary Information

C-1 (Page 1 of 2)	GENERAL FUND			
	SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN			
	FUND BALANCES - BUDGET AND ACTUAL			
	For the Year Ended December 31, 2020			
	(In Thousands)			
REVENUES	Budgeted Amounts		Actual	Variance
	Original	Final		
Taxes				
General Property Taxes	\$ 345,079	\$ 345,079	\$ 336,086	\$ (8,993)
Retail Sales and Use Taxes	300,206	300,206	256,019	(44,187)
Business Taxes	344,487	344,487	284,311	(60,176)
Excise Taxes	88,933	88,933	97,049	8,116
Other Taxes	21,236	21,236	1,770	(19,466)
Interfund Business Taxes	179,642	179,642	174,476	(5,166)
Total Taxes	1,279,583	1,279,583	1,149,711	(129,872)
Licenses and Permits	36,517	36,517	38,431	1,914
Grants, Shared Revenues, and Contributions	41,552	41,756	130,239	88,483
Charges for Services	75,025	75,025	76,339	1,314
Fines and Forfeits	28,293	28,293	21,284	(7,009)
Parking Fees and Space Rent	39,387	39,387	10,614	(28,773)
Program Income, Interest, and Miscellaneous Revenues	308,869	308,869	388,434	79,565
Total Revenues	1,809,226	1,809,430	1,815,052	5,622
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	613,146	619,853	502,400	117,453
Judicial	36,307	36,777	36,412	365
Public Safety	789,814	834,194	786,214	47,980
Physical Environment	19,298	39,624	36,465	3,159
Transportation	86,098	75,370	55,761	19,609
Economic Environment	197,577	250,571	184,504	66,067
Health and Human Services	41,851	48,130	40,594	7,536
Culture and Recreation	268,593	270,774	208,241	62,533
Capital Outlay				
General Government	11,285	9,453	—	9,453
Public Safety	5,433	5,296	482	4,814
Physical Environment	—	—	6	(6)
Transportation	10,882	5,681	4,828	853
Economic Environment	—	—	—	—
Culture and Recreation	55,040	38,700	15,817	22,883
Debt Service				

The City of Seattle

C-1 (Page 2 of 2)	GENERAL FUND			
	SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN			
	FUND BALANCES - BUDGET AND ACTUAL			
	For the Year Ended December 31, 2020			
	(In Thousands)			
Principal	4,130	10,430	—	10,430
Interest	—	—	22	(22)
Bond Issuance Costs	—	—	—	—
Other	—	—	—	—
Total Expenditures and Encumbrances	2,139,454	2,244,853	1,871,746	373,107
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(330,228)	(435,423)	(56,694)	378,729
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Refunding Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	6,865	6,865	8,579	1,714
Transfers In	70,550	70,550	148,959	78,409
Transfers Out	(122,150)	(185,325)	(181,939)	3,386
Total Other Financing Sources (Uses)	(44,735)	(107,910)	(24,401)	83,509
Net Change in Fund Balance	\$ (374,963)	\$ (543,333)	(81,095)	\$ 462,238
Budgetary Fund Balance - Beginning of Year			585,048	
Net Change in Encumbrances			29,668	
Net Change in Unappropriable Reserves			(325,721)	
Budgetary Fund Balance - End of Year			207,900	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			263,769	
Encumbrances			32,386	
Reimbursements				
Budgeted as Revenues			247,073	
Budgeted as Expenditures			(247,073)	
GASB Statement No. 54 Reporting Adjustment				
Fund Balance (GAAP) - End of Year			\$ 504,054	

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, 2020
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 103,237	\$ 103,237	\$ 104,144	\$ 907
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	45,596	45,596	19,353	(26,243)
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Interfund Business Taxes	—	—	—	—
Total Taxes	148,833	148,833	123,497	(25,336)
Licenses and Permits	7,860	7,860	7,059	(801)
Grants, Shared Revenues, and Contributions	76,278	76,278	86,003	9,725
Charges for Services	187,660	187,660	158,575	(29,085)
Fines and Forfeits	—	—	161	161
Parking Fees and Space Rent	—	—	231	231
Program Income, Interest, and Miscellaneous Revenues	1,550	1,550	7,999	6,449
Total Revenues	422,181	422,181	383,525	(38,656)
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	209,795	219,920	207,542	12,378
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	287,767	203,934	165,440	38,494
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	34,293	27,993	1,292	26,701
Interest	—	—	33	(33)
Bond Issuance Cost	—	—	—	—
Other	—	—	—	—
Total Expenditures and Encumbrances	531,855	451,847	374,307	77,540
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(109,674)	(29,666)	9,218	38,884

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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, 2020
(In Thousands)

OTHER FINANCING SOURCES (USES)				
Long-term Debt Issued	—	3,242	—	(3,242)
Refunding Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	54,715	7,445	(47,270)
Transfers In	—	—	—	—
Transfers Out	—	(1,000)	(32,551)	(31,551)
Total Other Financing Sources (Uses)	—	56,957	(25,106)	(82,063)
Net Change in Fund Balance	<u>\$ (109,674)</u>	<u>\$ 27,291</u>	<u>(15,888)</u>	<u>\$ (43,179)</u>
Budgetary Fund Balance - Beginning of Year			(20,268)	
Net Change in Encumbrances			26,140	
Net Change in Unappropriable Reserves			(4,152)	
Budgetary Fund Balance - End of Year			<u>(14,168)</u>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			61,204	
Encumbrances			5,754	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Prior Year Adjustments			(103)	
Fund Balance (GAAP) - End of Year			<u>\$ 52,687</u>	

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Required Supplementary Information

PENSION AND OPEB PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Firemen's and Police Relief and Pension funds are both pension plans that fail to meet the requirements of GASB Statement No. 68. Therefore, Firemen's and Police Relief and Pension funds are accounted for in accordance with GASB Statement No. 73. The required supplementary information (C3) reports the long-term actuarial data on the Schedule of Funding Progress and Schedule of Employer Contributions as of the plans' reporting dates for the past 10 consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11.

Under GASB Statement No. 68, the City's cost-sharing multiple-employer plans are the Seattle City Employees' Retirement System (SCERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF1) and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2). As required by GASB Statement No. 68 the required supplementary information (C4, C5) reports a 10 year Schedule of Proportionate Share of the Net Pension Liability as of the plan's measurement date of the collective net pension liability, and a 10 year Schedule of Employer Contribution as of the City's most recent fiscal year-end, for each pension plan separately.

In 2018, the City implemented GASB Statement No. 75, which requires a schedule of changes in total OPEB liability and related ratios for each of the 10 most recent fiscal years as required supplementary information. The schedule separately presents the required information for each OPEB plan (C6).

The City of Seattle

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PENSION PLAN INFORMATION

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

December 31, 2020

(In Thousands)

Police Relief and Pension Fund

Year Ended	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Service Cost	\$—	\$—	\$—	\$—	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,446	3,061	3,024	3,401	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(1,144)	5,602	2,569	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	14,260	11,816	(4,809)	1,689	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,997)	(8,075)	(13,227)	(5,593)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	7,564	12,404	(12,443)	(503)	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	92,917	80,513	92,956	93,459	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	<u>\$100,482</u>	<u>\$92,917</u>	<u>\$80,513</u>	<u>\$92,956</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	—	—	—	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

Firefighters' Pension Fund

Year Ended	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Service Cost	\$—	\$—	\$—	\$—	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	2,383	3,298	3,325	3,623	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	15,595	(525)	(2,082)	0	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	13,867	9,030	(6,739)	2,118	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,988)	(6,939)	(7,197)	(7,485)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	23,857	4,864	(12,693)	(1,744)	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	90,744	85,880	98,573	100,317	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	<u>\$114,601</u>	<u>\$90,744</u>	<u>\$85,880</u>	<u>\$98,573</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	—	—	—	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

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

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, 2020
(In Thousands)

	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	99.96%	99.95%	99.95%	99.93%	99.91%
Employer's proportionate share of the net pension liability	\$1,256,338	\$1,518,484	\$1,106,617	\$1,304,140	\$1,297,983
Covered payroll	\$783,740	\$774,235	\$728,094	\$708,562	\$638,354
Employer's proportionate share of the net pension liability as a percentage of covered payroll	160.3%	196.13%	151.99%	184.05%	203.33%
Plan fiduciary net position as a percentage of the total pension liability	71.48%	64.14%	72.04%	65.6%	64.03%
	2015	2014	2013	2012	2011
Employer's proportion of the net pension liability (asset)	99.89%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	\$1,106,800	N/A	N/A	N/A	N/A
Covered payroll	\$626,403	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	176.69%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	67.7%	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

Valuation Timing: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.

Methods and assumptions used to determine contribution rates are:

Actuarial Cost Method: Individual Entry Age Normal

Amortization method: Level percent

Remaining amortization period: Closed 30 years as of January 1, 2013 Valuation

Asset valuation method: 5 years smoothed, non-asymptotic, none corridor

Inflation: 2.75%

Investment rate of return: 7.25%

Cost of Living Adjustments: Annual compounding COLA of 1.5% assumed

Mortality: Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014

Ultimate projection scale.

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, 2020
(In Thousands)

	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	3.56%	3.58%	3.57%	3.55%	3.55%
Employer's proportionate share of the net pension liability	\$67,192	\$70,673	\$64,885	\$53,981	\$36,619
Covered payroll	\$924	\$992	\$1,391	\$2,023	\$2,542
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7,274.37%	7,127.78%	4,664.63%	2,668.36%	1,440.33%
Plan fiduciary net position as a percentage of the total pension liability	146.88%	148.78%	144.42%	135.96%	123.74%
	2015	2014	2013	2012	2,011
Employer's proportion of the net pension liability (asset)	3.55%	3.55%	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	\$42,771	\$43,065	N/A	N/A	N/A
Covered payroll	\$3,930	\$4,905	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	1,088.29%	877.98%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	127.36%	126.91%	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2019 with the results rolled forward to June 30, 2020 using the following actuarial assumptions:

Inflation: 2.75% total economic inflation; 3.50% salary inflation

Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity

Investment rate of return: 7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is... active, retiree, or survivor).

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

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, 2020
(In Thousands)

	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	10.24%	8.95%	9.08%	9.17%	9.36%
Employer's proportionate share of the net pension asset	\$208,853	\$207,455	\$184,326	\$127,282	\$54,486
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	133,546	135,855	119,348	82,565	35,523
Total	\$342,398	\$343,310	\$303,674	\$209,847	\$90,012
Covered payroll	\$345,171	\$313,037	\$294,033	\$283,991	\$273,333
Employer's proportionate share of the net pension liability as a percentage of covered payroll	60.51%	66.27%	62.69%	44.82%	19.94%
Plan fiduciary net position as a percentage of the total pension asset	115.83%	119.43%	118.5%	113.36%	106.04%
	2015	2014	2013	2012	2011
Employer's proportion of the net pension liability (asset)	9.31%	9.4%	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	\$95,637	\$125,076	N/A	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	64,124	82,876	N/A	N/A	N/A
Total	\$159,761	\$207,952	N/A	N/A	N/A
Covered payroll	\$268,461	\$255,273	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	35.62%	49%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	111.67%	116.75%	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2019 with the results rolled forward to June 30, 2020 using the following actuarial assumptions:

Inflation: 2.75% total economic inflation; 3.50% salary inflation

Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity

Investment rate of return: 7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is... active, retiree, or survivor).

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Seattle City Employees' Retirement System
December 31, 2019
(In Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily or Contractually required employer contributions	\$ 118,892	\$ 117,490	\$ 111,742	\$ 107,900	\$ 100,614	\$ 89,363	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	141,029	118,393	111,742	108,500	100,614	89,363	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ (22,137)	\$ (903)	\$ —	\$ (600)	\$ —	\$ —	N/A	N/A	N/A	N/A
Covered payroll	\$ 875,457	\$ 783,740	\$ 774,235	\$ 708,562	\$ 638,354	\$ 626,403	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.11%	15.11%	14.43%	15.31%	15.76%	14.27%	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

Valuation Timing: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.

Methods and assumptions used to determine contribution rates are:

Actuarial Cost Method: Individual Entry Age Normal

Amortization method: Level percent

Remaining amortization period: Closed 30 years as of January 1, 2013 Valuation

Asset valuation method: 5 years smoothed, non-asymptotic, none corridor

Inflation: 2.75%

Investment rate of return: 7.25%

Cost of Living Adjustments: Annual compounding COLA of 1.5% assumed

Mortality: Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale.

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, 2020
(In Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily or contractually required contributions ^a	\$—	\$—	\$—	\$—	\$—	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions ^b	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	\$697	\$971	\$1,165	\$2,023	\$2,542	\$3,930	\$4,905	N/A	N/A	N/A
Contributions as a percentage of covered payroll	—%	—%	—%	—%	—%	N/A	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2019 with the results rolled forward to June 30, 2020 using the following actuarial assumptions:

Inflation: 2.75% total economic inflation; 3.50% salary inflation

Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity

Investment rate of return: 7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is...active, retiree, or survivor).

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
December 31, 2020
(In Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statutorily or contractually required contributions	\$17,706	\$17,126	\$16,243	\$15,300	\$14,332	\$13,638	\$13,249	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	17,706	17,126	16,243	15,300	14,332	13,638	13,249	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	\$349,172	\$326,188	\$299,193	\$283,991	\$273,333	\$268,461	\$255,273	N/A	N/A	N/A
Contributions as a percentage of covered payroll	5.07%	5.25%	5.43%	5.39%	5.24%	5.08%	5.19%	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2019 with the results rolled forward to June 30, 2020 using the following actuarial assumptions:

Inflation: 2.75% total economic inflation; 3.50% salary inflation

Salary increases: in addition to the base 3.5% salary inflation assumption, salaries are also expected to grow by promotions and longevity

Investment rate of return: 7.40%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is...active, retiree, or survivor).

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study.

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Health Care Blended Premium Subsidy Plan
December 31, 2020
(In Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability - beginning	\$ 60,947	\$ 61,130	\$ 65,648	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service cost	3,379	3,842	3,822	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	2,587	2,195	2,583	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	6,957	—	13,492	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(7,761)	(3,887)	(22,126)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(2,484)	(2,334)	(2,289)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 63,625</u>	<u>\$ 60,945</u>	<u>\$ 61,130</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	\$ 1,124,692	\$ 1,015,097	\$ 1,015,097	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	5.66%	6.00%	6.02%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

Notes to Schedule:

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Method and assumptions used to determine OPEB liability for fiscal year end 2020 are:

Valuation Method: Entry Age Normal actuarial cost method

Discount rate: 2.74%

Dependent coverage percentage assumption: 25%

Mortality and retirement assumptions for LEOFF was updated to reflect the most recent assumptions developed in the Washington State 2013-2018 Demographic Experience Study Report

The trend assumptions on medical claims and retiree premiums were updated to reflect the expected increase on future medical costs, as well as the permanent repeal of the excise tax on high-cost plans (a.k.a. "The Cadillac tax") originally imposed by the Affordable Care Act in 2010.

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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
December 31, 2020
(In Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability - beginning	\$ 269,926	\$ 268,828	\$ 287,302	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service cost	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	7,260	10,525	9,855	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	7,800	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	580	(7,497)	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	27,249	9,583	(16,786)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(11,954)	(11,513)	(11,543)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 300,861</u>	<u>\$ 269,926</u>	<u>\$ 268,828</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

Notes to Schedule:

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Method and assumptions used to determine OPEB liability for fiscal year end 2020 are:

Valuation Method: Entry Age Normal actuarial cost method

Discount rate: 2.0%

Valuation of assets are carried on a fair-value basis.

Mortality assumptions used are based on the 2007-2012 Experience Study for the LEOFF Retirement System prepared by the Office of the State Actuary.

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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, 2020
(In Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability - beginning	\$ 287,127	\$ 297,381	\$318,682	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Service cost	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	7,682	11,599	10,903	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	3,290	(9,511)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	26,184	2,637	(17,731)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(15,683)	(14,979)	(14,472)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 308,600</u>	<u>\$ 287,127</u>	<u>\$297,382</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

Notes to Schedule:

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Method and assumptions used to determine OPEB liability for fiscal year end 2020 are:

Valuation Method: Entry Age Normal actuarial cost method

Discount rate: 2.0%

Valuation of assets are carried on a fair-value basis.

Mortality assumptions used are based on the 2007-2012 Experience Study for the LEOFF Retirement System prepared by the Office of the State Actuary.

Combining Statements and Other Supplementary Information

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The **Parks and Recreation Fund** accounts for the operation of the City's parks system. The fund continues to receive monies for charter revenues as required by the City Charter. Required charter revenue to the fund is 10% of all business and occupation taxes, related fines, penalties, and other licenses. In 2009, the City changed the charter revenue allocation from direct method of allocating 10% actual revenue receipts periodically to an indirect method of transferring a fixed amount from the General Fund as adopted by the City Council each year. At the end of each year, an analysis is performed to ensure that Park and Recreation Fund receives monies equal to or exceeding the 10% charter revenue requirement. Transfers-in are recognized for these cash transfers in this fund. The fund also receives usage fees. The Park Capital Projects Fund was merged to this Fund in 2018.

The **Seattle Streetcar Fund** accounts for payments to King County, based on certain formulas, for operating and maintaining the City's streetcar. The fund is supported by revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations, or gifts; property sales proceeds or other monies per City ordinance.

The **Key Arena Settlement Proceeds Fund** accounts for all proceeds received pursuant to the settlement of the Key Arena litigation which shall be used and applied in accordance with appropriations by the City Council.

The **Pike Place Market Renovation Fund** accounts for the proceeds of a six-year tax levy (Market Levy) approved by the voters in 2008 received on behalf of the Pike Place Market Preservation and Development Authority (PPMPDA) to pay for the cost of renovating the Pike Place Market owned by PPMPDA under the Levy Proceeds Agreement by and between the City and PPMPDA. It also accounts for the proceeds of bonds issued in part by the 2009, 2010, and 2011 Multipurpose Long-Term General Obligation Bond as temporary financing for the Pike Place Market renovation, whose bonds and interest are being paid from the Market Levy proceeds at bond maturity and interest payment dates.

The **Seattle Center Fund** accounts for the operations of the Seattle Center. The Center is a 74-acre convention, performance, and family entertainment complex on the site of the 1962 Seattle World's Fair.

The **Wheelchair Accessible Service Fund** accounts for the collection and distribution of a 10-cent per ride surcharge for all rides originating in the City of Seattle with Transportation Network Companies, non-wheelchair-accessible taxis and for-hire companies. The funds are used to help owners and operators of wheelchair accessible taxi services offset higher operational and maintenance costs.

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

The **Human Services Operating Fund** accounts for grants and General Fund monies for programs to aid low-income persons, youths, and the elderly.

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

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

Nonmajor Governmental Funds

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.

The **Preschool Levy 2014 Fund** accounts for the proceeds of a four-year tax levy approved by voters in 2014; the funding will provide high-quality preschool services for low-income Seattle children as Seattle Preschool Program.

The **Families, Education, Preschool and Promise Levy Fund** accounts for the proceeds of a seven-year levy approved by the voters in 2018; the funding will provide education services designed to improve access to early learning and high-quality preschool, K-12 school and community-based investments, K-12 school health, and post-secondary and job readiness opportunities for Seattle students.

The **2012 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2012, providing support for library services which include maintaining hours and access, increasing the size and quality of library collections for both new book titles and digital media, technology replacements and upgrades, and regular maintenance and major repairs.

The **2019 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2019, for the purpose of sustaining investments in Library operating hours, collections, technology and maintenance while expanding access to opportunity through additional hours, Library materials, technology and undertaking seismic retrofits of three Library facilities.

The **School Zone Fixed Automated Cameras Fund** accounts for revenues generated from the use of school zone fixed automated cameras to enforce the school zone speed limits and improve safety for schoolchildren and other pedestrians.

The **Seattle Metropolitan Parks District Fund** is a blended component unit of the City and reported as a special revenue fund in the City's financial statements. See Note 12 for details. It accounts for the independent taxing district created through voter approval and governed by the City Council. The purpose of the district is to fund maintenance, operations, and improvements of parks, community centers, pools and other recreation facilities and programs through its power to levy and impose various taxes and fees.

The **Business Improvement Areas Fund** accounts for monies that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **Transportation Benefit District Fund** accounts for the independent taxing district created and governed by the City Council. The purpose of the district is to fund transportation improvements within the boundaries of the City through an imposed \$20 vehicle registration fee.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least 1% of the total cost of City capital construction projects. The City uses these monies to buy visual arts.

The **General Donations and Gift Trust Fund** (GDFT) holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, K-9 corps, climate action, and rescue of prostituted children. A new fund Covid-19 Donation Fund (within the GDFT funds) was created in 2020 for the depositing of donations, gifts, and grants related to the City's of Seattle's response to the Covid-19 pandemic.

The **Short-Term Rental Tax Fund** accounts for revenues collected from the Washington State Convention Center Public Facilities District from short-term rentals in Seattle. These revenues are used to support investments in affordable housing programs and community initiated equitable development projects.

The City of Seattle

DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives monies from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives monies from the General Fund and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

The **Interfund Notes Payable - Local Improvement Districts (LIDs) Fund** accounts for the payments of interest and principal on interfund notes payable to the Cumulative Reserve reported in the General Fund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** holds funds necessary to guaranty required debt service payments on LID bonds. The funds are also permitted by law to be used to enforce, foreclose upon, and protect assessment liens and to support assessment deferrals for qualifying economically-disadvantaged property owners. The City's LID bond covenants require the City to maintain a minimum balance in the Local Improvement Guaranty Fund and the City is authorized to levy a special property tax (that is in addition to and not subject to the limitations on its regular property tax levy) to maintain that minimum balance and to replenish any draws on the Guaranty Fund. The City is also permitted, but not required, to use General Fund resources for this purpose. The City is prohibited by statute from withdrawing funds (except for the purposes described above) in an amount that would cause the balance to fall below 10% of net outstanding LID debt.

CAPITAL PROJECTS FUNDS

The **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.

Nonmajor Governmental Funds

The **2003 Fire Facilities Fund** was established to account for the 9-year additional property tax levy of \$167.2 million approved by the voters. The purpose of the levy is to pay all or part of the cost of neighborhood fire stations, support facilities, marine apparatus, emergency preparedness, and other emergency response facilities.

The **Garage Proceeds Disposition Fund** was established in 2016 to collect sale proceeds of the Pacific Place Garage, with the intention of repaying the original bonds issued to acquire and operate the garage.

The **Local Improvement Fund, District Nos. 6750 & 6751** were established in 2006 and 2019 respectively. LID Fund No. 6750 was established to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district. LID Fund No. 6751 was established to account for improvements on the Seattle Waterfront.

The **2008 Multipurpose Long-Term General Obligation Bond Fund** was established in 2007 to account for capital costs related to the South Rainier Street Grade Separation, Spokane Street Viaduct, Mercer Corridor, and King Street Multimodal Terminal projects. Initial funds for these projects were provided from interfund loans to be repaid from proceeds of limited tax general obligation bonds issued in 2008 by the City. The bond ordinance finally allocated the bond proceeds to the King Street Multimodal Terminal, Bridge Seismic, Rehabilitation and Replacement, Pay Stations, Fire Station projects, and the South Lake Union Property Proceeds Account.

The **2009 Multipurpose Long-Term General Obligation Bond Fund** was established in 2008 to account for the proceeds of the bonds issued in March 2009 to provide funding for the costs of capital projects including the Alaskan Way Viaduct/Seawall, North Precinct, Northgate Land, Northgate Park, Rainier Beach Community Center, Trails, Bridge Rehabilitation, King and Spokane Streets projects, and the Municipal Jail.

The **2010 Multipurpose Long-Term General Obligation Bond Fund** was established in 2010 to account for the proceeds of the bonds issued in March 2010 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation, Bridge Seismic Retrofit, Mercer Corridor-South Lake Union, Mercer Corridor West, King Street Station Multimodal Terminal, Alaskan Way Viaduct, Parking Pay Stations, Pike Place Market Renovation, Golf Course Improvements, and Tier-1 Storage Area Network.

The **2011 Multipurpose Long-Term General Obligation Bond Fund** was established in 2011 to account for the proceeds of the bonds issued in March 2011 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation and Seismic Retrofit, Parking and Program Management, Facility Energy Retrofits, Rainier Beach Community Center, King Street Station Multimodal Terminal, Seattle Center Renovations, Pike Place Market Renovation, Golf Course Improvements, and Alaska Way Viaduct and Seawall.

The **2012 Multipurpose Long-Term General Obligation Bond Fund** was established in 2012 to account for the proceeds of the bonds issued in May 2012 to provide funding for the costs of capital projects relating to Bridge Seismic Retrofit, the Mercer Corridor-South Lake Union, Mercer Corridor West, Linden Avenue North, Alaskan Way Viaduct Seawall, Alaskan Way Viaduct Parking and Program Management, Rainier Beach Community Center, Magnuson Park Building 30, and Library Information Technology Systems. The **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,

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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.

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

The **2018 Multipurpose Long-Term General Obligation Bond Fund** was established in 2017 to pay all or part of the costs of various elements of the City's capital improvement program such as Low Income Housing, Alaska Way Corridor, Financial IT Upgrades, Municipal Court IT Upgrades, and other City purposes approved by ordinance.

The **2019 Multipurpose Long-Term General Obligation Bond Fund** was established in 2018 to pay all or part of the costs of various elements of the City's capital improvement program such as Elliot Bay Seawall, Seattle Municipal Tower Chiller, Seattle Police IT Infrastructure, Low Income Housing and other City purposes approved by ordinance.

The **2020 Multipurpose Long-Term General Obligation Bond Fund** was established in 2019 to pay all or part of the costs of various elements of the City's capital improvement program such as the Alaskan Way Corridor, Criminal Justice IT systems, Low Income Housing, SMT renovations, and other City purposes approved by ordinance.

The **2021 Multipurpose Long-Term General Obligation Bond Fund** was established in 2020 to pay all or part of the costs of various elements of the City's capital improvement program such as the West Seattle Bridge response, Fire Station 31, Data & Telephone Infrastructure, various Transportation Projects, and other City purposes approved by ordinance.

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, 2020 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2020
ASSETS					
Cash and Equity in Pooled Investments	\$ 599,184	\$ 11,608	\$ 77,492	\$ 1,977	\$ 690,261
Receivables, Net of Allowances	27,083	509	4,961	2	32,555
Due from Other Funds	6,808	—	—	—	6,808
Due from Other Governments	76,244	—	—	—	76,244
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	577	—	—	—	577
Total Assets	709,896	12,117	82,453	1,979	806,445
DEFERRED OUTFLOWS OF RESOURCES					
—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 709,896	\$ 12,117	\$ 82,453	\$ 1,979	\$ 806,445
LIABILITIES					
Accounts Payable	\$ 32,442	\$ —	\$ 883	\$ —	\$ 33,325
Contracts Payable	388	—	6	—	394
Salaries, Benefits, and Taxes Payable	3,760	—	6	—	3,766
Due to Other Funds	4	—	—	—	4
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	16,012	—	104	—	16,116
Interfund Loans and Advances	24,500	—	24,400	—	48,900
Other Current Liabilities	30,442	—	26,978	—	57,420
Total Liabilities	107,548	—	52,377	—	159,925
DEFERRED INFLOWS OF RESOURCES					
3,289	3,289	559	4,360	—	8,208
FUND BALANCES					
Nonspendable	360	—	—	2,050	2,410
Restricted	575,094	11,558	72,634	112	659,398
Committed	7,373	—	—	—	7,373
Assigned	18,708	—	—	—	18,708
Unassigned	(2,476)	—	(46,918)	(183)	(49,577)
Total Fund Balances	599,059	11,558	25,716	1,979	638,312
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 709,896	\$ 12,117	\$ 82,453	\$ 1,979	\$ 806,445

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2020 (In Thousands)

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
ASSETS						
Cash and Equity in Pooled Investments	\$ 46,648	\$ 1,703	\$ —	\$ 412	\$ 6,108	\$ 7,649
Receivables, Net of Allowances	9,189	37	—	1	1,380	157
Due from Other Funds	—	—	—	—	15	—
Due from Other Governments	613	—	—	—	480	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	333	—	—	—	244	—
Total Assets	56,783	1,740	—	413	8,227	7,806
DEFERRED OUTFLOWS OF RESOURCES						
—	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 56,783	\$ 1,740	\$ —	\$ 413	\$ 8,227	\$ 7,806
LIABILITIES						
Accounts Payable	\$ 3,200	\$ 725	\$ —	\$ —	\$ 431	\$ 16
Contracts Payable	388	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	2,085	3	—	—	619	2
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	392	950	—	—	664	—
Interfund Loans and Advances	—	—	—	—	8,500	—
Other Current Liabilities	8,880	—	—	—	15	—
Total Liabilities	14,945	1,678	—	—	10,229	18
DEFERRED INFLOWS OF RESOURCES						
202	202	—	—	1	536	—
FUND BALANCES						
Nonspendable	360	—	—	—	—	—
Restricted	23,187	—	—	412	—	7,788
Committed	—	—	—	—	—	—
Assigned	18,089	—	—	—	—	—
Unassigned	—	62	—	—	(2,538)	—
Total Fund Balances	41,636	62	—	412	(2,538)	7,788
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 56,783	\$ 1,740	\$ —	\$ 413	\$ 8,227	\$ 7,806

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Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2020 (In Thousands)

	Election Vouchers Fund	Human Service Operating	Low-Income Housing	Office Of Housing	Education and Development Services	Preschool Levy 2014
ASSETS						
Cash and Equity in Pooled Investments	\$ 7,509	\$ 120	\$ 256,853	\$ 3,783	\$ 22,713	\$ 9,145
Receivables, Net of Allowances	71	5,014	5,063	606	28	19
Due from Other Funds	—	2,845	3,945	—	—	—
Due from Other Governments	—	57,105	8,452	2,524	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	7,580	65,084	274,313	6,913	22,741	9,164
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 7,580	\$ 65,084	\$ 274,313	\$ 6,913	\$ 22,741	\$ 9,164
LIABILITIES						
Accounts Payable	\$ 126	\$ 16,265	\$ 5,982	\$ 77	\$ —	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	6	621	—	140	(17)	(21)
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	14,006	—	—	—	—
Interfund Loans and Advances	—	16,000	—	—	—	—
Other Current Liabilities	—	15,558	43	5,946	—	—
Total Liabilities	132	62,450	6,025	6,163	(17)	(21)
DEFERRED INFLOWS OF RESOURCES	75	—	(1,500)	131	22	8
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	2,634	269,788	—	22,736	9,177
Committed	7,373	—	—	—	—	—
Assigned	—	—	—	619	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	7,373	2,634	269,788	619	22,736	9,177
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,580	\$ 65,084	\$ 274,313	\$ 6,913	\$ 22,741	\$ 9,164

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2020 (In Thousands)

	Education	2012 Library Levy	2019 Library Levy	Automatic Camera Fund	Metropolitan Parks District	Improvement Areas
ASSETS						
Cash and Equity in Pooled Investments	\$ 101,359	\$ 5,015	\$ 10,635	\$ 3,747	\$ 44,474	\$ 10,956
Receivables, Net of Allowances	2,131	103	480	6	1,216	13
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	103,490	5,118	11,115	3,753	45,690	10,969
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 103,490	\$ 5,118	\$ 11,115	\$ 3,753	\$ 45,690	\$ 10,969
LIABILITIES						
Accounts Payable	\$ 3,291	\$ 95	\$ 384	\$ —	\$ 896	\$ 771
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	246	(14)	31	30	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	3,537	81	415	30	896	771
DEFERRED INFLOWS OF RESOURCES	2,137	30	717	—	930	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	97,816	5,007	9,983	3,723	43,864	10,198
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	97,816	5,007	9,983	3,723	43,864	10,198
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 103,490	\$ 5,118	\$ 11,115	\$ 3,753	\$ 45,690	\$ 10,969

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2020

(In Thousands)

	Transportation Benefit District	General Trust	Municipal Arts	Donation and Gift Trust	Short-Term Rental Tax	2020
ASSETS						
Cash and Equity in Pooled Investments	\$ 35,023	\$ 4,777	\$ 13,159	\$ 3,359	\$ 4,037	\$ 599,184
Receivables, Net of Allowances	52	291	217	23	986	27,083
Due from Other Funds	—	—	—	3	—	6,808
Due from Other Governments	7,070	—	—	—	—	76,244
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	577
Total Assets	42,145	5,068	13,376	3,385	5,023	709,896
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 42,145	\$ 5,068	\$ 13,376	\$ 3,385	\$ 5,023	\$ 709,896
LIABILITIES						
Accounts Payable	\$ 2	\$ 6	\$ 4	\$ 19	\$ 152	\$ 32,442
Contracts Payable	—	—	—	—	—	388
Salaries, Benefits, and Taxes Payable	—	—	25	4	—	3,760
Due to Other Funds	—	—	—	4	—	4
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	16,012
Interfund Loans and Advances	—	—	—	—	—	24,500
Other Current Liabilities	—	—	—	—	—	30,442
Total Liabilities	2	6	29	27	152	107,548
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	3,289
FUND BALANCES						
Nonspendable	—	—	—	—	—	360
Restricted	42,143	5,062	13,347	3,358	4,871	575,094
Committed	—	—	—	—	—	7,373
Assigned	—	—	—	—	—	18,708
Unassigned	—	—	—	—	—	(2,476)
Total Fund Balances	42,143	5,062	13,347	3,358	4,871	599,059
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 42,145	\$ 5,068	\$ 13,376	\$ 3,385	\$ 5,023	\$ 709,896

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE December 31, 2020 (In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	2020
ASSETS				
Cash and Equity in Pooled Investments	\$ 10,620	\$ 9	\$ 979	\$ 11,608
Receivables, Net of Allowances	508	—	1	509
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
Total Assets	11,128	9	980	12,117
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 11,128	\$ 9	\$ 980	\$ 12,117
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Due to Other Funds	—	—	—	—
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Liabilities	—	—	—	—
Total Liabilities	—	—	—	—
DEFERRED INFLOWS OF RESOURCES	559	—	—	559
FUND BALANCES				
Nonspendable	—	—	—	—
Restricted	10,569	9	980	11,558
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	10,569	9	980	11,558
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,128	\$ 9	\$ 980	\$ 12,117

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2020 (In Thousands)

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy
ASSETS						
Cash and Equity in Pooled Investments	\$ 559	\$ 10	\$ 2	\$ 1,160	\$ 26	\$ 11,699
Receivables, Net of Allowances	1	—	—	2	—	14
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	560	10	2	1,162	26	11,713
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 560	\$ 10	\$ 2	\$ 1,162	\$ 26	\$ 11,713
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (167)
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	(1)	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	64
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	(2)	—	(103)
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	2
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	560	10	2	1,164	26	11,814
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	560	10	2	1,164	26	11,814
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 560	\$ 10	\$ 2	\$ 1,162	\$ 26	\$ 11,713

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2020 (In Thousands)

	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District Nos. 6750 / 6751	2008 Multipurpose Long-Term General Obligation Bond
ASSETS						
Cash and Equity in Pooled Investments	\$ 2,219	\$ 1,063	\$ 138	\$ 406	\$ 598	\$ 38
Receivables, Net of Allowances	3	1	—	—	4,758	—
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	2,222	1,064	138	406	5,356	38
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 2,222	\$ 1,064	\$ 138	\$ 406	\$ 5,356	\$ 38
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	4,400	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	4,400	—
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	4,358	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,222	1,064	138	406	—	38
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	(3,402)	—
Total Fund Balances	2,222	1,064	138	406	(3,402)	38
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,222	\$ 1,064	\$ 138	\$ 406	\$ 5,356	\$ 38

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2020 (In Thousands)

	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction
ASSETS						
Cash and Equity in Pooled Investments	\$ —	\$ 74	\$ 146	\$ 216	\$ 136	\$ 1,021
Receivables, Net of Allowances	—	—	—	—	—	2
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	—	74	146	216	136	1,023
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ 74</u>	<u>\$ 146</u>	<u>\$ 216</u>	<u>\$ 136</u>	<u>\$ 1,023</u>
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	5	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	3	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	8	—
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	74	146	216	128	1,023
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	—	74	146	216	128	1,023
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ —</u>	<u>\$ 74</u>	<u>\$ 146</u>	<u>\$ 216</u>	<u>\$ 136</u>	<u>\$ 1,023</u>

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2020 (In Thousands)

	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond
ASSETS						
Cash and Equity in Pooled Investments	\$ 3,588	\$ 3,914	\$ 146	\$ 1,262	\$ 1,786	\$ 9,652
Receivables, Net of Allowances	9	5	—	2	2	98
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	3,597	3,919	146	1,264	1,788	9,750
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 3,597</u>	<u>\$ 3,919</u>	<u>\$ 146</u>	<u>\$ 1,264</u>	<u>\$ 1,788</u>	<u>\$ 9,750</u>
LIABILITIES						
Accounts Payable	\$ 154	\$ —	\$ —	\$ —	\$ —	\$ 17
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	3	—	—	—	—	1
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	40	—	—	—	—	—
Interfund Loans and Advances	12,000	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	86
Total Liabilities	12,197	—	—	—	—	104
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	3,919	146	1,264	1,788	9,646
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	(8,600)	—	—	—	—	—
Total Fund Balances	(8,600)	3,919	146	1,264	1,788	9,646
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,597</u>	<u>\$ 3,919</u>	<u>\$ 146</u>	<u>\$ 1,264</u>	<u>\$ 1,788</u>	<u>\$ 9,750</u>

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2020 (In Thousands)

	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond	2020 Multipurpose Long-Term General Obligation Bond	2021 Multipurpose Long-Term General Obligation Bond	2020
ASSETS					
Cash and Equity in Pooled Investments	\$ 4,137	\$ 13,866	\$ 19,630	\$ —	\$ 77,492
Receivables, Net of Allowances	5	17	38	4	4,961
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	4,142	13,883	19,668	4	82,453
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 4,142	\$ 13,883	\$ 19,668	\$ 4	\$ 82,453
LIABILITIES					
Accounts Payable	\$ —	\$ 439	\$ 412	\$ 29	\$ 883
Contracts Payable	—	—	—	1	6
Salaries, Benefits, and Taxes Payable	—	—	—	—	6
Due to Other Funds	—	—	—	—	—
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	104
Interfund Loans and Advances	—	—	—	8,000	24,400
Other Current Liabilities	—	—	2	26,890	26,978
Total Liabilities	—	439	414	34,920	52,377
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	4,360
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	4,142	13,444	19,254	—	72,634
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	(34,916)	(46,918)
Total Fund Balances	4,142	13,444	19,254	(34,916)	25,716
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,142	\$ 13,883	\$ 19,668	\$ 4	\$ 82,453

The City of Seattle

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS PERMANENT December 31, 2020 (In Thousands)

	H. H. Dearborn	Beach Maintenance Trust	2020
ASSETS			
Cash and Equity in Pooled Investments	\$ 162	\$ 1,815	\$ 1,977
Receivables, Net of Allowances	—	2	2
Due from Other Funds	—	—	—
Due from Other Governments	—	—	—
Interfund Loans and Advances	—	—	—
Other Current Assets	—	—	—
Total Assets	162	1,817	1,979
DEFERRED OUTFLOWS OF RESOURCES	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 162	\$ 1,817	\$ 1,979
LIABILITIES			
Accounts Payable	\$ —	\$ —	\$ —
Contracts Payable	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—
Due to Other Funds	—	—	—
Due to Other Governments	—	—	—
Revenues Collected in Advance	—	—	—
Interfund Loans and Advances	—	—	—
Other Current Liabilities	—	—	—
Total Liabilities	—	—	—
DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Nonspendable	50	2,000	2,050
Restricted	112	—	112
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	(183)	(183)
Total Fund Balances	162	1,817	1,979
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 162	\$ 1,817	\$ 1,979

Nonmajor Governmental Funds

D-6 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES					
IN FUND BALANCES					
NONMAJOR GOVERNMENTAL FUNDS					
SUMMARY BY FUND TYPE					
For the Year Ended December 31, 2020					
(In Thousands)					
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2020
REVENUES					
Taxes	\$ 300,064	\$ 22,396	\$ —	\$ —	\$ 322,460
Licenses and Permits	871	—	—	—	871
Grants, Shared Revenues, and Contributions	116,135	877	10,792	—	127,804
Charges for Services	117,482	—	710	—	118,192
Fines and Forfeits	3,333	—	7	—	3,340
Parking Fees and Space Rent	9,191	344	—	—	9,535
Program Income, Interest, and Miscellaneous Revenues	41,681	1,512	2,165	72	45,430
Total Revenues	588,757	25,129	13,674	72	627,632
EXPENDITURES					
Current					
General Government	3,994	—	—	—	3,994
Public Safety	637	—	—	—	637
Physical Environment	449	—	—	—	449
Transportation	80,516	—	—	—	80,516
Economic Environment	224,938	—	—	—	224,938
Health and Human Services	114,762	—	—	—	114,762
Culture and Recreation	106,428	—	—	77	106,505
Capital Outlay					
General Government	—	—	3,823	—	3,823
Public Safety	29	—	4,544	—	4,573
Physical Environment	30	—	7	—	37
Transportation	5,044	—	55,812	—	60,856
Economic Environment	—	—	3,032	—	3,032
Culture and Recreation	13,069	—	18,155	—	31,224
Debt Service					
Principal	4	74,485	1,215	—	75,704
Interest	53	39,079	160	—	39,292
Bond Issuance Cost	—	288	243	—	531
Other	—	—	—	—	—
Total Expenditures	549,953	113,852	86,991	77	750,873
Excess (Deficiency) of Revenues over Expenditures	38,804	(88,723)	(73,317)	(5)	(123,241)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	42,215	29,590	—	71,805
Premium on Bonds Issued	—	9,453	5,148	—	14,601
Payment to Refunded Bond Escrow Agent	—	(51,381)	—	—	(51,381)
Sales of Capital Assets	83	—	—	—	83
Transfers In	10,337	88,092	—	—	98,429
Transfers Out	(2,737)	—	(1,533)	—	(4,270)
Total Other Financing Sources (Uses)	7,683	88,379	33,205	—	129,267
Net Change in Fund Balance	46,487	(344)	(40,112)	(5)	6,026
Fund Balances - Beginning of Year	552,572	11,902	65,828	1,984	632,286
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	552,572	11,902	65,828	1,984	632,286
Fund Balances - End of Year	\$ 599,059	\$ 11,558	\$ 25,716	\$ 1,979	\$ 638,312

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D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES						
IN FUND BALANCES						
NONMAJOR GOVERNMENTAL FUNDS						
SPECIAL REVENUE						
For the Year Ended December 31, 2020						
(In Thousands)						
	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	871
Grants, Shared Revenues, and Contributions	1,703	330	—	—	1,287	—
Charges for Services	28,683	8,338	—	—	1,065	—
Fines and Forfeits	1	—	—	—	—	—
Parking Fees and Space Rent	5,239	89	—	—	3,863	—
Program Income, Interest, and Miscellaneous Revenues	1,640	81	—	15	1,456	283
Total Revenues	37,266	8,838	—	15	7,671	1,154
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	11,473	—	—	—	—
Economic Environment	—	—	—	—	—	786
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	18,096	—	—	—	13,226	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	46	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	1,538	—	—	—	1	—
Debt Service						
Principal	—	—	—	—	4	—
Interest	—	—	—	—	53	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	19,634	11,519	—	—	13,284	786
Excess (Deficiency) of Revenues over Expenditures	17,632	(2,681)	—	15	(5,613)	368
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	2,124	5,550	—	—	1,000	—
Transfers Out	(673)	—	—	—	(58)	—
Total Other Financing Sources (Uses)	1,451	5,550	—	—	942	—
Net Change in Fund Balance	19,083	2,869	—	15	(4,671)	368
Fund Balances - Beginning of Year	22,553	(2,807)	—	397	2,133	7,420
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	22,553	(2,807)	—	397	2,133	7,420
Fund Balances - End of Year	\$ 41,636	\$ 62	\$ —	\$ 412	\$ (2,538)	\$ 7,788

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Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2020
(In Thousands)

	Election Vouchers Fund	Human Service Operating	Low-Income Housing	Office Of Housing	Education and Development Services	Preschool Levy 2014
REVENUES						
Taxes	\$ 2,952	\$ —	\$ 42,012	\$ 3,509	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	96,698	11,905	1,065	—	—
Charges for Services	—	—	72,627	941	—	(200)
Fines and Forfeits	—	202	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	269	3,877	25,695	241	783	328
Total Revenues	3,221	100,777	152,239	5,756	783	128
EXPENDITURES						
Current						
General Government	627	2,647	—	—	—	—
Public Safety	—	208	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	61,786	136,382	7,936	—	—
Health and Human Services	—	46,063	—	—	4,599	428
Culture and Recreation	—	—	—	—	—	192
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	627	110,704	136,382	7,936	4,599	620
Excess (Deficiency) of Revenues over Expenditures	2,594	(9,927)	15,857	(2,180)	(3,816)	(492)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	3	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	3	—	—	—	—
Net Change in Fund Balance	2,594	(9,924)	15,857	(2,180)	(3,816)	(492)
Fund Balances - Beginning of Year	4,779	12,558	253,931	2,799	26,552	9,669
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	4,779	12,558	253,931	2,799	26,552	9,669
Fund Balances - End of Year	\$ 7,373	\$ 2,634	\$ 269,788	\$ 619	\$ 22,736	\$ 9,177

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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
SPECIAL REVENUE
For the Year Ended December 31, 2020
(In Thousands)

	Education	2012 Library Levy	2019 Library Levy	Automatic Camera Fund	Metropolitan Parks District	Improvement Areas
REVENUES						
Taxes	\$ 85,353	\$ 190	\$ 29,563	\$ —	\$ 52,880	\$ 20,784
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	737	—	—	—	—	—
Fines and Forfeits	—	—	—	3,130	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	3,679	157	360	141	1,069	441
Total Revenues	89,769	347	29,923	3,271	53,949	21,225
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	6,627	—	—
Economic Environment	—	—	—	—	—	16,819
Health and Human Services	63,672	—	—	—	—	—
Culture and Recreation	—	1,318	19,912	—	50,588	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	3,711	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	235	28	—	11,267	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	63,672	1,553	19,940	10,338	61,855	16,819
Excess (Deficiency) of Revenues over Expenditures	26,097	(1,206)	9,983	(7,067)	(7,906)	4,406
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	26,097	(1,206)	9,983	(7,067)	(7,906)	4,406
Fund Balances - Beginning of Year	71,719	6,213	—	10,790	51,770	5,792
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	71,719	6,213	—	10,790	51,770	5,792
Fund Balances - End of Year	\$ 97,816	\$ 5,007	\$ 9,983	\$ 3,723	\$ 43,864	\$ 10,198

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Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2020
(In Thousands)

	Transportation Benefit District	General Trust	Municipal Arts	General Donation and Gift Trust	Short-Term Rental Tax	2020
REVENUES						
Taxes	\$ 56,502	\$ —	\$ —	\$ —	\$ 6,319	\$ 300,064
Licenses and Permits	—	—	—	—	—	871
Grants, Shared Revenues, and Contributions	—	1,386	442	1,319	—	116,135
Charges for Services	1,558	—	3,733	—	—	117,482
Fines and Forfeits	—	—	—	—	—	3,333
Parking Fees and Space Rent	—	—	—	—	—	9,191
Program Income, Interest, and Miscellaneous Revenues	—	195	503	313	155	41,681
Total Revenues	58,060	1,581	4,678	1,632	6,474	588,757
EXPENDITURES						
Current						
General Government	—	—	—	720	—	3,994
Public Safety	—	182	—	247	—	637
Physical Environment	—	—	—	449	—	449
Transportation	62,416	—	—	—	—	80,516
Economic Environment	—	—	—	1	1,228	224,938
Health and Human Services	—	—	—	—	—	114,762
Culture and Recreation	—	—	2,992	104	—	106,428
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	29	—	29
Physical Environment	—	—	—	30	—	30
Transportation	1,287	—	—	—	—	5,044
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	13,069
Debt Service						
Principal	—	—	—	—	—	4
Interest	—	—	—	—	—	53
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	63,703	182	2,992	1,580	1,228	549,953
Excess (Deficiency) of Revenues over Expenditures	(5,643)	1,399	1,686	52	5,246	38,804
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	83	—	—	83
Transfers In	—	29	—	—	1,631	10,337
Transfers Out	—	—	—	—	(2,006)	(2,737)
Total Other Financing Sources (Uses)	—	29	83	—	(375)	7,683
Net Change in Fund Balance	(5,643)	1,428	1,769	52	4,871	46,487
Fund Balances - Beginning of Year	47,786	3,634	11,578	3,306	—	552,572
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	47,786	3,634	11,578	3,306	—	552,572
Fund Balances - End of Year	\$ 42,143	\$ 5,062	\$ 13,347	\$ 3,358	\$ 4,871	\$ 599,059

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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
DEBT SERVICE
For the Year Ended December 31, 2020
(In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2020
REVENUES				
Taxes	\$ 22,396	\$ —	\$ —	\$ 22,396
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	877	—	—	877
Charges for Services	—	—	—	—
Fines and Forfeits	—	—	—	—
Parking Fees and Space Rent	344	—	—	344
Program Income, Interest, and Miscellaneous Revenues	1,476	—	36	1,512
Total Revenues	25,093	—	36	25,129
EXPENDITURES				
Current				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	74,485	—	—	74,485
Interest	39,079	—	—	39,079
Bond Issuance Cost	288	—	—	288
Total Expenditures	113,852	—	—	113,852
Excess (Deficiency) of Revenues over Expenditures	(88,759)	—	36	(88,723)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	42,215	—	—	42,215
Premium on Bonds Issued	9,453	—	—	9,453
Payment to Refunded Bond Escrow Agent	(51,381)	—	—	(51,381)
Sales of Capital Assets	—	—	—	—
Transfers In	88,092	—	—	88,092
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	88,379	—	—	88,379
Net Change in Fund Balance	(380)	—	36	(344)
Fund Balances - Beginning of Year	10,949	9	944	11,902
Fund Balances - End of Year	\$ 10,569	\$ 9	\$ 980	\$ 11,558

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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, 2020
(In Thousands)

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	(17)
Charges for Services	—	—	—	—	—	491
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	20	—	—	38	1	405
Total Revenues	20	—	—	38	1	879
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Capital Outlay						
General Government	—	—	—	(2)	—	(15)
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	2,275	—	4,056
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	—	—	2,273	—	4,041
Excess (Deficiency) of Revenues over Expenditures	20	—	—	(2,235)	1	(3,162)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	20	—	—	(2,235)	1	(3,162)
Fund Balances - Beginning of Year	540	10	2	3,399	25	14,976
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	540	10	2	3,399	25	14,976
Fund Balances - End of Year	\$ 560	\$ 10	\$ 2	\$ 1,164	\$ 26	\$ 11,814

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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, 2020
(In Thousands)

	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District Nos. 6750 / 6751	2008 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	1,098	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	7	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	79	38	2	14	256	2
Total Revenues	79	38	2	14	1,361	2
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Capital Outlay						
General Government	—	—	342	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	7	—	—	—
Transportation	—	—	—	—	4,053	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	348	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	1,215	—
Interest	—	—	—	—	160	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	348	—	349	—	5,428	—
Excess (Deficiency) of Revenues over Expenditures	(269)	38	(347)	14	(4,067)	2
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	(269)	38	(347)	14	(4,067)	2
Fund Balances - Beginning of Year	2,491	1,026	485	392	665	36
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	2,491	1,026	485	392	665	36
Fund Balances - End of Year	\$ 2,222	\$ 1,064	\$ 138	\$ 406	\$ (3,402)	\$ 38

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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, 2020
(In Thousands)

	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction
REVENUES						
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	5	8	5	43
Total Revenues	—	3	5	8	5	43
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	9	—	—	34
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	183	24	—	1,493
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	—	192	24	—	1,527
Excess (Deficiency) of Revenues over Expenditures	—	3	(187)	(16)	5	(1,484)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	—	3	(187)	(16)	5	(1,484)
Fund Balances - Beginning of Year	—	71	333	232	123	2,507
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	—	71	333	232	123	2,507
Fund Balances - End of Year	\$ —	\$ 74	\$ 146	\$ 216	\$ 128	\$ 1,023

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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, 2020
(In Thousands)

	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	7,500	2,211	—	—	—	—
Charges for Services	239	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	97	132	5	46	51	355
Total Revenues	7,836	2,343	5	46	51	355
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Capital Outlay						
General Government	2,036	—	—	—	231	122
Public Safety	—	—	—	—	1	—
Physical Environment	—	—	—	—	—	—
Transportation	4,598	—	—	69	132	625
Economic Environment	—	—	—	—	—	—
Culture and Recreation	8,044	1,732	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	14,678	1,732	—	69	364	747
Excess (Deficiency) of Revenues over Expenditures	(6,842)	611	5	(23)	(313)	(392)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	(1,533)	—	—	—	—
Total Other Financing Sources (Uses)	—	(1,533)	—	—	—	—
Net Change in Fund Balance	(6,842)	(922)	5	(23)	(313)	(392)
Fund Balances - Beginning of Year	(1,758)	4,841	141	1,287	2,101	10,038
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	(1,758)	4,841	141	1,287	2,101	10,038
Fund Balances - End of Year	\$ (8,600)	\$ 3,919	\$ 146	\$ 1,264	\$ 1,788	\$ 9,646

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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, 2020
(In Thousands)**

	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond	2020 Multipurpose Long-Term General Obligation Bond	2021 Multipurpose Long-Term General Obligation Bond	2020
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	10,792
Charges for Services	—	—	—	(20)	710
Fines and Forfeits	—	—	—	—	7
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	164	568	635	(807)	2,165
Total Revenues	164	568	635	(827)	13,674
EXPENDITURES					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay	—	—	—	—	—
General Government	—	1,109	—	—	3,823
Public Safety	—	—	—	4,543	4,544
Physical Environment	—	—	—	—	7
Transportation	183	687	15,876	29,546	55,812
Economic Environment	1,121	1,911	—	—	3,032
Culture and Recreation	—	—	—	—	18,155
Debt Service	—	—	—	—	—
Principal	—	—	—	—	1,215
Interest	—	—	—	—	160
Bond Issuance Cost	—	—	243	—	243
Total Expenditures	1,304	3,707	16,119	34,089	86,991
Excess (Deficiency) of Revenues over Expenditures	(1,140)	(3,139)	(15,484)	(34,916)	(73,317)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	29,590	—	29,590
Premium on Bonds Issued	—	—	5,148	—	5,148
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	—	—	—	—	(1,533)
Total Other Financing Sources (Uses)	—	—	34,738	—	33,205
Net Change in Fund Balance	(1,140)	(3,139)	19,254	(34,916)	(40,112)
Fund Balances - Beginning of Year	5,282	16,583	—	—	65,828
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	5,282	16,583	—	—	65,828
Fund Balances - End of Year	\$ 4,142	\$ 13,444	\$ 19,254	\$ (34,916)	\$ 25,716

The City of Seattle

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
For the Year Ended December 31, 2020
(In Thousands)**

	H. H. Dearborn	Beach Maintenance Trust	2020
REVENUES			
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	66	72
Total Revenues	6	66	72
EXPENDITURES			
Current			
General Government	—	—	—
Public Safety	—	—	—
Physical Environment	—	—	—
Transportation	—	—	—
Economic Environment	—	—	—
Health and Human Services	—	—	—
Culture and Recreation	—	77	77
Capital Outlay	—	—	—
General Government	—	—	—
Public Safety	—	—	—
Physical Environment	—	—	—
Transportation	—	—	—
Economic Environment	—	—	—
Culture and Recreation	—	—	—
Debt Service	—	—	—
Principal	—	—	—
Interest	—	—	—
Bond Issuance Cost	—	—	—
Total Expenditures	—	77	77
Excess (Deficiency) of Revenues over Expenditures	6	(11)	(5)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	—	—	—
Premium on Bonds Issued	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—
Sales of Capital Assets	—	—	—
Transfers In	—	—	—
Transfers Out	—	—	—
Total Other Financing Sources (Uses)	—	—	—
Net Change in Fund Balance	6	(11)	(5)
Fund Balances - Beginning of Year	156	1,828	1,984
Fund Balances - End of Year	\$ 162	\$ 1,817	\$ 1,979

Budget and Actual

The City of Seattle

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 345,079	\$ 336,086	\$ —	\$ (8,993)
Retail Sales and Use Taxes	300,206	256,019	—	(44,187)
Business Taxes	344,487	284,311	—	(60,176)
Excise Taxes	88,933	97,049	—	8,116
Other Taxes	21,236	1,770	—	(19,466)
Interfund Business Taxes	179,642	174,476	—	(5,166)
Total Taxes	1,279,583	1,149,711	—	(129,872)
Licenses and Permits	36,517	38,431	—	1,914
Grants, Shared Revenues, and Contributions	41,756	130,239	—	88,483
Charges for Services	75,025	76,339	—	1,314
Fines and Forfeits	28,293	21,284	—	(7,009)
Parking Fees and Space Rent	39,387	10,614	—	(28,773)
Program Income, Interest, and Miscellaneous Revenues	308,869	386,709	—	77,840
Total Revenues	1,809,430	1,813,327	—	3,897
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	5,041	3,106	157	1,778
CITY BUDGET OFFICE	7,955	7,782	103	70
CIVIL SERVICE COMMISSIONS	536	507	—	29
CRIMINAL JUSTICE				
Jail Services	8,391	29	—	8,362
Indigent Defense Services	8,482	36	—	8,446
Total Criminal Justice	16,873	65	—	16,808
ETHICS AND ELECTIONS	983	957	—	26
EXECUTIVE				
Sustainability and Environment	33,313	30,325	1,061	1,927
Mayor's Office	7,845	7,447	—	398
Economic Development	23,544	15,871	5,036	2,637
Intergovernmental Relations	3,126	3,075	10	41
Immigrant and Refugee Affairs	14,613	13,608	585	420
Community Police Commission	1,924	1,292	102	530
Civil Rights	6,752	5,365	265	1,122
Planning and Community Development	44,011	14,381	3,322	26,308
Total Executive	135,128	91,364	10,381	33,383
FINANCE AND ADMINISTRATIVE SERVICES	8,735	13,180	763	(5,208)

Budget and Actual

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
FINANCE GENERAL				
Appropriations to Special Purpose Funds	\$ 231,549	\$ 80,250	\$ 5,176	\$ 146,123
Reserves	65,549	32,257	—	33,292
Support to Operating Funds	345,015	312,921	3,874	28,220
Transferred Programs	—	—	—	—
Support to Parks Capital Expenditures	—	—	—	—
Total Finance General	642,113	425,428	9,050	207,635
FIRE				
Administration	40,953	39,111	—	1,842
Resource Management	—	—	—	—
Operations	220,039	208,857	(1,686)	12,868
Fire Prevention	10,364	10,031	—	333
Grants and Reimbursables	—	—	—	—
Total Department	271,356	257,999	(1,686)	15,043
HEARING EXAMINER	998	914	4	80
LAW				
Administration	10,807	10,804	—	3
Civil Law	15,183	14,560	33	590
Criminal Prosecution	8,752	7,996	140	616
Precinct Liaison	846	660	—	186
Total Department	35,588	34,020	173	1,395
LEGISLATIVE	21,278	18,559	2,177	542
LIBRARY	66,595	60,066	164	6,365
MUNICIPAL COURT				
Court Operations	16,614	16,528	—	86
Corporate Services	14,153	14,139	18	(4)
Court Compliance	6,010	5,745	—	265
Total Department	36,777	36,412	18	347
NEIGHBORHOODS				
Director's Office	4,541	4,244	36	261
Customer Service and Operations	—	—	—	—
Community Building	8,325	6,376	1,069	880
Office for Education	—	—	—	—
Youth Violence Prevention	—	—	—	—
Total Department	12,866	10,620	1,105	1,141

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The City of Seattle

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
HUMAN RESOURCES				
Employment and Training	\$ 1,158	\$ 59	\$ —	\$ 1,099
Employee Health Services	23,479	20,788	561	2,130
Citywide Personnel	—	—	—	—
Labor Relations and Class Compensation	—	—	—	—
Total Department	24,637	20,847	561	3,229
POLICE				
Chief of Police	14,843	10,402	121	4,320
Professional Accountability	4,701	4,420	8	273
Chief of Staff Program	77,830	74,247	129	3,454
Deputy Chief Operations	7,908	7,744	—	164
Special Operations Bureau	59,860	51,847	—	8,013
Professional Standards Program	4,164	4,161	—	3
West Precinct Patrol	31,578	31,568	—	10
North Precinct Patrol	36,379	36,379	—	—
South Precinct Patrol	23,730	23,746	—	(16)
East Precinct Patrol	25,378	25,398	—	(20)
Southwest Precinct Patrol	19,824	19,863	—	(39)
Criminal Investigation Administration	63,888	59,271	—	4,617
Violent Crimes Investigation	—	—	—	—
Narcotics Investigation	—	—	—	—
Coordinated Criminal Investigations	—	—	—	—
Special Victims Program	—	—	—	—
Field Support	52,235	52,020	47	168
Total Department	422,318	401,066	305	20,947
JUDGMENTS/CLAIMS	34,720	14,103	—	20,617
ARTS ACCOUNT	14,919	11,827	1,643	1,449
CABLE TELEVISION FRANCHISE	7,343	6,177	—	1,166
CUMULATIVE RESERVE				
Real Estate Excise Tax I	100,666	33,389	—	67,277
Real Estate Excise Tax II	94,762	32,329	—	62,433
Capital Projects Asset Preservation	13,112	5,200	—	7,912
Capital Projects Street Vacation	—	—	—	—
Unrestricted	20,416	2,845	—	17,571
Total Cumulative Reserve	228,956	73,763	—	155,193

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Budget and Actual

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOOD MATCHING	\$ 3,473	\$ 2,581	\$ 873	\$ 19
EMERGENCY	—	—	—	—
TRANSIT BENEFIT	7,113	2,062	—	5,051
Inspector General for Public Safety	2,752	2,085	490	177
Office of Labor Standards	7,445	6,227	253	965
Dept of Education & Early Learning	30,961	21,936	5,831	3,194
Reg Compliance & Consumer Protection	11,200	7,709	—	3,491
Seattle Animal Shelter	6,691	6,101	21	569
INDUSTRIAL INSURANCE	27,070	22,110	—	4,960
UNEMPLOYMENT COMPENSATION	2,548	2,060	—	488
HEALTH CARE	265,695	258,365	—	7,330
GROUP TERM LIFE INSURANCE	6,646	6,454	—	192
FIREMEN'S PENSION	21,258	20,623	—	635
POLICE RELIEF AND PENSION	26,651	20,369	—	6,282
Total Expenditures and Encumbrances	2,415,218	1,867,444	32,386	515,388
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(605,788)	(54,117)	(32,386)	(511,491)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	6,865	8,579	—	1,714
Transfers In	70,550	4,000	—	(66,550)
Transfers Out	(185,325)	(36,980)	—	148,345
Total Other Financing Sources (Uses)	(107,910)	(24,401)	—	83,509
Net Change in Fund Balance	\$ (713,698)	(78,518)	\$ (32,386)	\$ (427,982)
Fund Balance - Beginning of Year as Restated		585,150		
Fund Balance - End of Year		\$ 506,632		

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The City of Seattle

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TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 103,237	\$ 104,144	\$ —	\$ 907
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	45,596	19,353	—	(26,243)
Other Taxes	—	—	—	—
Total Taxes	148,833	123,497	—	(25,336)
Licenses and Permits	7,860	7,059	—	(801)
Grants, Shared Revenues, and Contributions	76,278	86,003	—	9,725
Charges for Services	187,660	158,575	—	(29,085)
Fines and Forfeits	—	161	—	161
Parking Fees and Space Rent	—	231	—	231
Program Income, Interest, and Miscellaneous Revenues	1,550	7,999	—	6,449
Total Revenues	422,181	383,525	—	(38,656)
EXPENDITURES AND ENCUMBRANCES				
Bridges and Structures	64,241	9,088	204	54,949
Streetcar Ops- S Lake Union	—	(1)	—	1
Central Waterfront	41,873	64,241	88	(22,456)
Waterfront and Civic Projects	12,617	11,084	85	1,448
Mobility Operations	33,944	26,903	967	6,074
Right-of-Way Management	39,225	38,715	38	472
Street Maintenance	25,928	25,661	248	19
Department Management	(488)	8,839	252	(9,579)
General Expense	42,143	1,341	—	40,802
Major Maintenance/Replacement	68,897	68,781	1,125	(1,009)
Major Projects	2,028	2,145	162	(279)
Mobility Capital	121,439	120,856	2,585	(2,002)
Total Expenditures and Encumbrances	451,847	377,653	5,754	68,440
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(29,666)	5,872	(5,754)	(107,096)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	54,715	7,445	—	47,270
Long-term Debt Issued	3,242	—	—	3,242
Transfers In	—	—	—	—
Transfers Out	(1,000)	(32,551)	—	31,551
Total Other Financing Sources (Uses)	56,957	(25,106)	—	82,063
Net Change in Fund Balance	\$ 27,291	(19,234)	\$ (5,754)	\$ (25,033)
Fund Balance - Beginning of Year		68,678		
Restatements/Prior-year Adjustments		(103)		
Non-Budgetary Revenues/(Expenditures)		3,346		
Fund Balance - End of Year		\$ 52,687		

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Budget and Actual

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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, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 42,090	\$ 42,012		\$ (78)
Grants, Shared Revenues, and Contributions	8,263	11,905		3,642
Charges for Services	25,200	72,627		47,427
Concessions, Parking Fees and Space Rent	—	—		—
Program Income, Interest, and Miscellaneous Revenues	6,000	25,695		19,695
Total Revenues	81,553	152,239	—	70,686
EXPENDITURES AND ENCUMBRANCES				
Leadership and Administration	—	—	—	—
Homeownership and Sustainability	36,814	6,168		30,646
Multifamily Housing	426,335	130,214		296,121
Total Expenditures and Encumbrances	463,149	136,382	—	326,767
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(381,596)	15,857	—	(256,081)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	19,773	—		19,773
Transfers In	225	—		225
Transfers Out	—	—		—
Total Other Financing Sources (Uses)	19,998	—	—	19,998
Net Change in Fund Balance	<u>\$ (361,598)</u>	15,857	<u>\$ —</u>	<u>\$ (236,083)</u>
Fund Balance - Beginning of Year		253,931		
Fund Balance - End of Year		<u>\$ 269,788</u>		

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The City of Seattle

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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, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—		—
Grants, Shared Revenues, and Contributions	32,123	1,703		(30,420)
Charges for Services	11,615	28,683		17,068
Fines and Forfeits	—	1		1
Parking Fees and Space Rent	6,992	5,239		(1,753)
Program Income, Interest, and Miscellaneous Revenues	891	1,640		749
Total Revenues	51,621	37,266	—	(14,355)
EXPENDITURES AND ENCUMBRANCES				
Parks and Facilities M&R	2,976	2,928		48
Leadership and Administration	1,236	13		1,223
Department-wide Programs	(1,129)	(498)		(631)
Parks & Open Space	243	158		85
Recreation Facility Programs	7,553	3,031		4,522
Golf Course Programs	10,235	9,667		568
Seattle Conservation Corps	3,648	2,542		1,106
Zoo and Aquarium Programs	104	1		103
Building for the Future - CIP	23,222	2,014		21,208
Debt and Special Funding	325	71		254
Fix It First - CIP	23,800	1,366		22,434
Total Expenditures and Encumbrances	72,213	21,293	—	50,920
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(20,592)	15,973	—	(65,275)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—		—
Transfers In	—	2,124		(2,124)
Transfers Out	(665)	(673)		8
Total Other Financing Sources (Uses)	(665)	1,451	—	(2,116)
Net Change in Fund Balance	<u>\$ (21,257)</u>	17,424	<u>\$ —</u>	<u>\$ (67,391)</u>
Fund Balance - Beginning of Year		22,553		
Restatements/Prior-year Adjustments		—		
Non-Budgetary Revenues/(Expenditures)		1,659		
Fund Balance - End of Year		<u>\$ 41,636</u>		

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Budget and Actual

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SEATTLE CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	1,460	1,287		(173)
Charges for Services	1,345	1,065		(280)
Parking Fees and Space Rent	18,556	3,863		(14,693)
Program Income, Interest, and Miscellaneous Revenues	4,281	1,456		(2,825)
Total Revenues	25,642	7,671	—	(17,971)
EXPENDITURES AND ENCUMBRANCES				
Building and Campus Improvements	1,018	146		872
Campus	8,833	7,884		949
Leadership and Administration	4,176	3,409		767
Monorail Rehabilitation	4,399	101		4,298
McCaw Hall	4,043	1,744		2,299
Total Expenditures and Encumbrances	22,469	13,284	—	9,185
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	3,173	(5,613)	—	(27,156)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—		—
Transfers In	—	1,000		(1,000)
Transfers Out	(61)	(58)		(3)
Total Other Financing Sources (Uses)	(61)	942	—	(1,003)
Net Change in Fund Balance	<u>\$ 3,112</u>	<u>(4,671)</u>	<u>\$ —</u>	<u>\$ (28,159)</u>
Fund Balance - Beginning of Year		2,133		
Fund Balance - End of Year		<u>\$ (2,538)</u>		

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The City of Seattle

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HUMAN SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 77,166	\$ 96,698		\$ 19,532
Charges for Services	5,459	—		(5,459)
Fines and Forfeits	—	202		202
Program Income, Interest, and Miscellaneous Revenues	19	3,877		3,858
Total Revenues	82,644	100,777	—	18,133
EXPENDITURES AND ENCUMBRANCES				
Supporting Affordability and Livability	33,835	21,090		12,745
Preparing Youth for Success	24	6		18
Addressing Homelessness	59,220	39,989		19,231
Supporting Safe Communities	1,606	322		1,284
Leadership and Administration	3,829	3,640		189
Promoting Healthy Aging	48,467	45,600		2,867
Promoting Public Health	1,036	57		979
Total Expenditures and Encumbrances	148,017	110,704	—	37,313
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(65,373)	(9,927)	—	(19,180)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—		—
Transfers In	169	3		166
Transfers Out	—	—		—
Total Other Financing Sources (Uses)	169	3	—	166
Net Change in Fund Balance	<u>\$ (65,204)</u>	<u>(9,924)</u>	<u>\$ —</u>	<u>\$ (19,014)</u>
Fund Balance - Beginning of Year		12,558		
Fund Balance - End of Year		<u>\$ 2,634</u>		

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Budget and Actual

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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, 2020
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 3,566	\$ 3,509		\$ (57)
Grants, Shared Revenues, and Contributions	1,605	1,065		(540)
Charges for Services	3,865	941		(2,924)
Program Income, Interest, and Miscellaneous Revenues	—	241		241
Total Revenues	9,036	5,756	—	(3,280)
EXPENDITURES AND ENCUMBRANCES				
Leadership and Administration	6,280	4,336	167	1,777
Homeownership and Sustainability	1,621	2,000		(379)
Multifamily Housing	1,866	1,600		266
Total Expenditures and Encumbrances	9,767	7,936	167	1,664
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(731)	(2,180)	(167)	(4,944)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,227	—		1,227
Transfers In	45	—		45
Transfers Out	—	—		—
Total Other Financing Sources (Uses)	1,272	—	—	1,272
Net Change in Fund Balance	<u>\$ 541</u>	(2,180)	<u>\$ (167)</u>	<u>\$ (3,672)</u>
Fund Balance - Beginning of Year		2,799		
Fund Balance - End of Year		<u>\$ 619</u>		

Nonmajor Enterprise Funds

Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

The **Construction and Inspections Fund** accounts for building permit fees and monies from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

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

The City of Seattle

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COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

December 31, 2020

(In Thousands)

	Construction & Inspections	Solid Waste	Total
ASSETS			
Current Assets			
Operating Cash and Equity in Pooled Investments	\$ 120,884	\$ 98,043	\$ 218,927
Receivables, Net of Allowances			
Accounts	1,144	18,380	19,524
Interest and Dividends	168	190	358
Unbilled	—	16,392	16,392
Due from Other Funds	—	—	—
Due from Other Governments	646	1,258	1,904
Materials and Supplies Inventory	—	307	307
Interfund Loan & Advances	8,000	—	8,000
Prepayments and Other Current Assets	—	37	37
Total Current Assets	130,842	134,607	265,449
Noncurrent Assets			
Restricted Cash and Equity in Pooled Investments	139	57,395	57,534
Landfill Closure and Postclosure Costs, Net	—	17,001	17,001
Regulatory Asset	—	1,532	1,532
Other Charges	—	842	842
Capital Assets			0
Land and Land Rights	—	26,883	26,883
Plant in Service, Excluding Land	—	258,391	258,391
Less Accumulated Depreciation	—	(86,479)	(86,479)
Buildings and Improvements	—	—	—
Less Accumulated Depreciation	—	—	—
Machinery and Equipment	852	—	852
Less Accumulated Depreciation	(852)	—	(852)
Other Capital Assets	9,507	—	9,507
Less Accumulated Depreciation	(3,030)	—	(3,030)
Construction in Progress	—	4,342	4,342
Other Property, Net	—	1,530	1,530
Total Noncurrent Assets	6,616	281,437	288,053
Total Assets	137,458	416,044	553,502
DEFERRED OUTFLOWS OF RESOURCES	9,956	6,270	16,226
Total Assets and Deferred Outflows of Resources	\$ 147,414	\$ 422,314	\$ 569,728

Nonmajor Enterprise Funds

E-1 COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS December 31, 2020 (In Thousands)			
LIABILITIES	Construction & Inspection	Solid Waste	Total
Current Liabilities			
Accounts Payable	\$ 218	\$ 21,582	\$ 21,800
Salaries, Benefits, and Payroll Taxes Payable	1,321	1,334	2,655
Compensated Absences Payable	190	106	296
Due to Other Funds	—	—	—
Due to Other Governments	16	—	16
Interest Payable	—	2,029	2,029
Taxes Payable	—	781	781
Revenue Bonds Due Within One Year	—	7,400	7,400
Claims Payable	95	660	755
Landfill Closure and Postclosure Liability	—	3,780	3,780
Other Current Liabilities	93	10	103
Total Current Liabilities	1,933	37,682	39,615
Noncurrent Liabilities			
Compensated Absences Payable	3,603	2,010	5,613
Claims Payable	124	16,859	16,983
Landfill Closure and Postclosure Liability	—	12,400	12,400
Vendor and Other Deposits Payable	139	—	139
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—
Revenue Bonds Payable, Net of Amortized Premium	—	190,704	190,704
Bond Interest Payable	—	—	—
Unearned Revenues and Other Credits	38,149	—	38,149
Unfunded Other Post Employment Benefits	2,150	1,073	3,223
Net Pension Liability	55,804	27,835	83,639
Advances from Other Funds	—	—	—
Other Noncurrent Liabilities	73	—	73
Total Noncurrent Liabilities	100,042	250,881	350,923
Total Liabilities	101,975	288,563	390,538
DEFERRED INFLOWS OF RESOURCES	8,421	43,006	51,427
NET POSITION			
Net Investment in Capital Assets	6,477	29,625	36,102
Restricted For			
Other Charges	—	312	312
Unrestricted	30,541	60,808	91,349
Total Net Position	37,018	90,745	127,763
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 147,414	\$ 422,314	\$ 569,728

The City of Seattle

E-2 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2020 (In Thousands)			
	Construction & Inspections	Solid Waste	Total
OPERATING REVENUES			
Charges for Services and Other Fees	\$ 78,653	\$ 224,052	\$ 302,705
OPERATING EXPENSES			
Salaries, wages and personnel benefits	—	22,425	22,425
Supplies	—	1,081	1,081
Services	—	121,757	121,757
Intergovernmental Payments	—	30,365	30,365
Operations and Maintenance	57,832	—	57,832
General and Administrative	17,561	—	17,561
City Business and Occupation Taxes	—	—	—
Other Taxes	—	—	—
Depreciation and Amortization	923	13,890	14,813
Other Operating Expenses	—	7,462	7,462
Total Operating Expenses	76,316	196,980	273,296
Operating Income (Loss)	2,337	27,072	29,409
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	4,314	4,966	9,280
Interest Expense	—	(7,742)	(7,742)
Amortization of Bonds Premiums	—	—	—
Amortization of Refunding Gain (Loss)	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—
Contributions and Grants	—	374	374
Others, Net	—	179	179
Total Nonoperating Revenues (Expenses)	4,314	(2,223)	2,091
Income (Loss) Before Capital Contributions and Grants and Transfers	6,651	24,849	31,500
Transfers In	—	—	—
Transfers Out	—	—	—
Change in Net Position	6,651	24,849	31,500
Net Position - Beginning of Year	30,367	65,896	96,263
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	30,367	65,896	96,263
Net Position - End of Year	\$ 37,018	\$ 90,745	\$ 127,763

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Construction & Inspections	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 84,611	\$ 224,842	\$ 309,453
Cash Paid to Suppliers	(21,595)	(127,735)	(149,330)
Cash Paid to Employees	(55,913)	(26,125)	(82,038)
Cash Paid for Taxes	—	(30,871)	(30,871)
Net Cash from Operating Activities	7,103	40,111	47,214
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants	—	374	374
Transfers In	—	—	—
Transfers Out	—	—	—
Loans Provided to Other Funds	(8,000)	—	(8,000)
Proceeds from Interfund Loans	—	—	—
Principal Payments on Interfund Loans	—	—	—
Net Cash from Noncapital Financing Activities	(8,000)	374	(7,626)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Long-Term Debt	—	(5,426)	(5,426)
Capital Expenses and Other Charges Paid	—	(1,439)	(1,439)
Interest Paid on Long-Term Debt	—	(8,404)	(8,404)
Payment to Trustee for Defeased Bonds	—	—	—
Proceeds from Sales of Capital Assets	—	64	64
Net Cash from Capital and Related Financing Activities	—	(15,205)	(15,205)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investment Income (Loss)	4,369	4,965	9,334
Net Increase (Decrease) in Cash and Equity in Pooled Investments	3,472	30,245	33,717
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year	117,552	125,192	242,744
End of Year	<u>\$ 121,024</u>	<u>\$ 155,437</u>	<u>\$ 276,461</u>
CASH AT THE END OF THE YEAR CONSISTS OF			
Operating Cash and Equity in Pooled Investments	\$ 120,885	\$ 98,043	\$ 218,928
Noncurrent Restricted Cash and Equity in Pooled Investments	139	57,394	57,533
Total Cash at the End of the Year	<u>\$ 121,024</u>	<u>\$ 155,437</u>	<u>\$ 276,461</u>

The City of Seattle

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COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Construction & Inspections	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 2,337	\$ 27,072	\$ 29,409
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	923	13,890	14,813
Other Operating Expenses	—	217	217
Nonoperating Revenues and Expenses	(155)	114	(41)
Changes in Operating Assets and Liabilities			
Accounts Receivable	95	(1,808)	(1,713)
Unbilled Receivables	—	(582)	(582)
Due from Other Funds	56	2,499	2,555
Due from Other Governments	(177)	(110)	(287)
Accounts Payable	(57)	9,760	9,703
Salaries, Benefits, and Payroll Taxes Payable	(3,052)	(1,219)	(4,271)
Compensated Absences Payable	932	398	1,330
Due to Other Funds	—	—	—
Due to Other Governments	16	—	16
Claims Payable	80	(26)	54
Taxes Payable	—	(719)	(719)
Unearned Revenues	6,133	—	6,133
Other Assets and Liabilities	(28)	(9,376)	(9,404)
Total Adjustments	4,766	13,038	17,804
Net Cash from Operating Activities	<u>\$ 7,103</u>	<u>\$ 40,110</u>	<u>\$ 47,213</u>

INTERNAL SERVICE FUNDS

The **Finance and Administrative Services Fund** accounts for support services to other City departments in the areas of financial services, business technology, contracting and purchasing services, fleet management; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management. Additional services provided for the City are regulatory services and operations, and the customer service bureau.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services.

Internal Service Funds

Internal Service Funds

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2020
(In Thousands)

	Finance and Administrative Services	Information Technology	2020
ASSETS			
<i>Current Assets</i>			
Cash and Equity in Pooled Investments	\$ 15,999	\$ —	\$ 15,999
Restricted Cash and Equity in Pooled Investments	19,090	—	19,090
Receivables, Net of Allowances			
Accounts	595	445	1,040
Interest and Dividends	44	82	126
Unbilled	—	—	—
Due from Other Funds	3,505	832	4,337
Due from Other Governments	—	—	—
Materials and Supplies Inventory	6,242	3,239	9,481
Interfund Loan & Advances	—	—	—
Prepayments and Other Current Assets	320	9,532	9,852
Total Current Assets	45,795	14,130	59,925
<i>Noncurrent Assets</i>			
Restricted Cash and Equity in Pooled Investments	2,274	64,793	67,067
Capital Assets			
Land and Land Rights	105,997	—	105,997
Buildings and Improvements	767,762	6,957	774,719
Less Accumulated Depreciation	(314,791)	(572)	(315,363)
Machinery and Equipment	212,133	85,229	297,362
Less Accumulated Depreciation	(116,539)	(64,474)	(181,013)
Construction in Progress	10,880	44,550	55,430
Other Capital Assets, Net	31,254	12,641	43,895
Total Noncurrent Assets	698,970	149,124	848,094
Total Assets	744,765	163,254	908,019
DEFERRED OUTFLOWS OF RESOURCES			
	12,947	45,975	58,922
Total Assets and Deferred Outflows of Resources	\$ 757,712	\$ 209,229	\$ 966,941

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2020
(In Thousands)

	Finance and Administrative Services	Information Technology	2020
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	\$ 15,344	\$ 10,771	\$ 26,115
Salaries, Benefits, and Payroll Taxes Payable	1,527	2,684	4,211
Due to Other Funds	—	—	—
Due to Other Governments	21	—	21
Interest Payable	1,380	243	1,623
Taxes Payable	21	60	81
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	16,336	3,190	19,526
Claims Payable	517	43	560
Compensated Absences Payable	289	460	749
Other Current Liabilities	—	9,041	9,041
Total Current Liabilities	35,435	26,492	61,927
<i>Noncurrent Liabilities</i>			
Compensated Absences Payable	5,497	8,738	14,235
Claims Payable	686	56	742
Vendor and Other Deposits Payable	153	—	153
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	157,670	22,796	180,466
Bond Interest Payable	—	—	—
Unfunded Other Post Employment Benefits	3,060	3,518	6,578
Net Pension Liability	72,645	112,990	185,635
Other Noncurrent Liabilities	—	—	—
Total Noncurrent Liabilities	239,711	148,098	387,809
Total Liabilities	275,146	174,590	449,736
DEFERRED INFLOWS OF RESOURCES			
	21,731	14,897	36,628
NET POSITION			
Net Investment in Capital Assets	518,631	62,252	580,883
Unrestricted	(57,796)	(42,510)	(100,306)
Total Net Position	460,835	19,742	480,577
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 757,712	\$ 209,229	\$ 966,941

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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, 2020 (In Thousands)

	Finance and Administrative Services	Information Technology	2020
OPERATING REVENUES			
Charges for Services	\$ 68,455	\$ 191,773	\$ 260,228
Rents, Parking, and Concessions	110,478	—	110,478
Total Operating Revenues	178,933	191,773	370,706
OPERATING EXPENSES			
Operations and Maintenance	85,973	209,422	295,395
General and Administrative	31,730	21,886	53,616
City Business and Occupation Taxes	2	—	2
Taxes	4	1	5
Depreciation and Amortization	40,999	12,907	53,906
Total Operating Expenses	158,708	244,216	402,924
Operating Income (Loss)	20,225	(52,443)	(32,218)
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	1,290	2,146	3,436
Interest Expense	(7,473)	(915)	(8,388)
Amortization of Bonds Premiums	614	538	1,152
Amortization of Refunding Loss	96	—	96
Bond Issuance Costs	—	—	—
Gain (Loss) on Sale of Capital Assets	(465)	(95)	(560)
Contributions and Grants	9,519	3,065	12,584
Others, Net	(8,252)	—	(8,252)
Total Nonoperating Revenues (Expenses)	(4,671)	4,739	68
Income (Loss) Before Contributions, Grants, and Transfers	15,554	(47,704)	(32,150)
Capital Contributions and Grants	4,390	—	4,390
Transfers In	375	—	375
Transfers Out	(29,003)	—	(29,003)
Change in Net Position	(8,684)	(47,704)	(56,388)
Net Position - Beginning of Year	469,519	67,446	536,965
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	469,519	67,446	536,965
Net Position - End of Year	<u>\$ 460,835</u>	<u>\$ 19,742</u>	<u>\$ 480,577</u>

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The City of Seattle

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COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2020 (In Thousands)

	Finance and Administrative Services	Information Technology	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 175,081	\$ 206,435	\$ 381,516
Cash Paid to Suppliers	(54,374)	(100,692)	(155,066)
Cash Paid to Employees	(69,175)	(125,144)	(194,319)
Cash Paid for Taxes	(61)	(1)	(62)
Net Cash from Operating Activities	51,471	(19,402)	32,069
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans Provided to Other Funds	—	700	700
Operating Grants and Contributions Received	9,519	3,064	12,583
Transfers In	375	—	375
Transfers Out	(29,003)	—	(29,003)
Net Cash from Noncapital Financing Activities	(19,109)	3,764	(15,345)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Long-Term Debt	—	9,375	9,375
Principal Payments on Long-Term Debt	(17,464)	(3,980)	(21,444)
Capital Fees and Grants Received	8,138	—	8,138
Capital Expenses and Other Charges Paid	(20,276)	(28,686)	(48,962)
Interest Paid on Long-Term Debt	(7,790)	(825)	(8,615)
Debt Issuance Costs	—	—	—
Proceeds from Sale of Capital Assets	(4,744)	—	(4,744)
Net Cash from Capital and Related Financing Activities	(42,136)	(24,116)	(66,252)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investment Income (Loss)	1,290	2,146	3,436
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(8,484)	(37,608)	(46,092)
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year as Restated (a)	45,847	102,401	148,248
End of Year	<u>\$ 37,363</u>	<u>\$ 64,793</u>	<u>\$ 102,156</u>
CASH AT THE END OF THE YEAR CONSISTS OF			
Current Assets Cash and Equity in Pooled Investments	\$ 15,999	\$ —	\$ 15,999
Current Restricted Cash and Equity in Pooled Investments	19,090	64,793	83,883
Noncurrent Restricted Cash and Equity in Pooled Investments	2,274	—	2,274
Total Cash at the End of the Year	<u>\$ 37,363</u>	<u>\$ 64,793</u>	<u>\$ 102,156</u>

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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, 2020 (In Thousands)

	Finance and Administrative Services	Information Technology	2020
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 20,225	\$ (52,443)	\$ (32,218)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	40,999	12,907	53,906
Other Operating Expenses	(5,540)	(20,248)	(25,788)
Nonoperating Revenues and Expenses	—	—	—
Changes in Operating Assets and Liabilities			
Accounts Receivable	(498)	(252)	(750)
Unbilled Receivables	20	—	20
Due from Other Funds	(3,483)	8,168	4,685
Due from Other Governments	108	4	112
Materials and Supplies Inventory	(3,863)	(823)	(4,686)
Accounts Payable	6,283	3,300	9,583
Salaries, Benefits, and Payroll Taxes Payable	(3,444)	(4,936)	(8,380)
Compensated Absences Payable	988	1,497	2,485
Due to Other Funds	—	(8,918)	(8,918)
Due to Other Governments	21	—	21
Claims Payable	24	18	42
Taxes Payable	(55)	23	(32)
Other Assets and Liabilities	(314)	42,301	41,987
Total Adjustments	31,246	33,041	64,287
Net Cash from Operating Activities	<u>\$ 51,471</u>	<u>\$ (19,402)</u>	<u>\$ 32,069</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
In-Kind Capital Contributions	\$ —	\$ —	\$ —
Amortization of Debt Related Costs, Net	710	—	710

(a) Beginning balance of cash and equity in pooled investments was restated due to certain internal service subfunds combined into general fund as a result of fund conversion in 2018. See Note 17 for more information.

Fiduciary Funds

Fiduciary Funds

G-1 **COMBINING STATEMENT OF FIDUCIARY NET POSITION**
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
December 31, 2020
(In Thousands)

	Employees' Retirement
	<u>2020</u>
ASSETS	
Cash and Equity in Pooled Investments	\$ 12,587
Short-Term Investments	174,919
Receivables	
Members	2,917
Employers	3,684
Interest and Dividends	4,113
Sales Proceeds	309,886
Other	<u>—</u>
Total Receivables	320,600
Investments at Fair Value	
Fixed Income	780,094
Equity	2,274,284
Real Estate	331,890
Alternative Investments	<u>49,845</u>
Total Investments at Fair Value	3,436,113
Securities Lending Collateral	4,478
Prepaid Expenses	<u>793</u>
Total Assets	3,949,490
LIABILITIES	
Accounts Payable and Other Liabilities	3,420
Salaries, Benefits, and Payroll Taxes Payable	151
Securities Lending Collateral	4,478
Investment Commitments Payable	<u>299,986</u>
Total Liabilities	308,035
Net Position Restricted for Pensions	<u>\$ 3,641,455</u>

The City of Seattle

G-2 **COMBINING STATEMENT OF CHANGES**
IN FIDUCIARY NET POSITION
PENSION (and Other Employee Benefit) TRUST FUNDS
For the Year Ended December 31, 2020
(In Thousands)

	Employees' Retirement
	<u>2020</u>
ADDITIONS	
Contributions	
Employer	\$ 141,418
Plan Member	<u>82,914</u>
Total Contributions	224,332
Investment Income	
From Investment Activities	
Net Appreciation (Depreciation) in Fair Value of Investments	470,803
Interest	15,312
Dividends	18,525
Other Investment Income	<u>11,817</u>
Total Investment Activities Income	516,457
From Securities Lending Activities	
Securities Lending Income	34
Borrower Rebates	<u>51</u>
Total Securities Lending Income	85
Securities Lending Expenses	
Management Fees	<u>21</u>
Total Securities Lending Expenses	21
Net Income from Securities Lending Activities	<u>64</u>
Investment Activity Expenses	12,783
Total Net Investment Income	503,738
Other Income	<u>—</u>
Total Additions	728,070
DEDUCTIONS	
Benefits	214,229
Refund of Contributions	15,029
Administrative Expense	7,221
Other	<u>—</u>
Total Deductions	236,479
Change in Net Position	491,591
Net Position - Beginning of Year	<u>3,149,864</u>
Net Position - End of Year	<u>\$ 3,641,455</u>

Fiduciary Funds

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Page 1 of 2
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUNDS
For the Year Ended December 31, 2020
(In Thousands)

	Balance January 1 Restated	Additions	Deductions	Balance December 31
Regulatory Fund				
Assets				
Cash	\$ 2,702	\$ 2,615	\$ 2,092	\$ 3,225
Receivable	\$ 6	\$ 65	\$ 67	\$ 4
Total Assets	<u>\$ 2,708</u>	<u>\$ 2,680</u>	<u>\$ 2,159</u>	<u>\$ 3,229</u>
Liabilities				
Accounts Payable	\$ 11	\$ 1,693	\$ 1,692	\$ 12
Salaries, Benefits, and Payroll Taxes	\$ —	\$ —	\$ —	\$ —
Total Liabilities	<u>\$ 11</u>	<u>\$ 1,693</u>	<u>\$ 1,692</u>	<u>\$ 12</u>
Net Position Restricted for Individuals and Organizations*	\$ 2,697	\$ 987	\$ 467	\$ 3,217
File Local Fund				
Assets				
Cash	\$ (39)	\$ 478	\$ 444	\$ (5)
Receivable	109	438	439	108
Total Assets	<u>\$ 70</u>	<u>\$ 916</u>	<u>\$ 883</u>	<u>\$ 103</u>
Liabilities				
Accounts Payable	\$ 57	\$ 74	\$ 35	\$ 96
Salaries, Benefits, and Payroll Taxes Payable	23	292	308	7
Total Liabilities	<u>\$ 80</u>	<u>\$ 366</u>	<u>\$ 343</u>	<u>\$ 103</u>
Net Position Restricted for Individuals and Organizations*	\$ (10)	\$ 550	\$ 540	\$ —
Custodial Fund				
Assets				
Cash	\$ 5,713	\$ 921	\$ 1,091	\$ 5,543
Receivable	—	—	—	—
Total Assets	<u>\$ 5,713</u>	<u>\$ 921</u>	<u>\$ 1,091</u>	<u>\$ 5,543</u>
Liabilities				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Salaries, Benefits, and Payroll Taxes Payable	—	—	—	—
Total Liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Net Position Restricted for Individuals and Organizations*	\$ 5,713	\$ 921	\$ 1,091	\$ 5,543

As restated, see Note 17.

The City of Seattle

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COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CUSTODIAL FUNDS
For the Year Ended December 31, 2020
(In Thousands)

	Balance January 1 Restated	Additions	Deductions	Balance December 31
TOTALS - ALL CUSTODIAL FUNDS				
Assets				
Cash and Equity in Pooled Investments	\$ 8,376	\$ 4,014	\$ 3,627	\$ 8,763
Receivable	115	503	506	112
Total Assets	<u>\$ 8,491</u>	<u>\$ 4,517</u>	<u>\$ 4,133</u>	<u>\$ 8,875</u>
Liabilities				
Accounts Payable	\$ 68	\$ 1,767	\$ 1,727	\$ 108
Salaries, Benefits, and Payroll Taxes Payable	23	292	308	7
Total Liabilities	<u>\$ 91</u>	<u>\$ 2,059</u>	<u>\$ 2,035</u>	<u>\$ 115</u>
Net Position Restricted for Individuals and Organizations*	<u>\$ 8,400</u>	<u>\$ 2,458</u>	<u>\$ 2,098</u>	<u>\$ 8,760</u>

As restated, see Note 17.

Fiduciary Funds

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COMBINING STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
For the Year Ended December 31, 2020
(In Thousands)

	Regulatory Fund	File Local Fund	Custodial Fund	Total
Additions				
Investment Income	\$ 120	\$ 438	\$ —	\$ 558
Other Additions	\$ 867	\$ 112	\$ 921	\$ 1,900
Total Additions	<u>\$ 987</u>	<u>\$ 550</u>	<u>\$ 921</u>	<u>\$ 2,458</u>
Deductions				
Administrative Expenses	\$ —	\$ 427	\$ —	\$ 427
Other Deductions	\$ 467	\$ 113	\$ 1,091	\$ 1,671
Total Deductions	<u>\$ 467</u>	<u>\$ 540</u>	<u>\$ 1,091</u>	<u>\$ 2,098</u>
Net Change	\$ 520	\$ 10	\$ (170)	\$ 360
Net Position Beginning	\$ 2,697	\$ (10)	\$ 5,713	\$ 8,400
Net Position Ending	\$ 3,217	\$ —	\$ 5,543	\$ 8,760

Statistics

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)

	2020	2019	2018	2017	2016
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,587,667	\$ 3,502,222	\$ 3,382,301	\$ 3,365,060	\$ 3,269,646
Restricted	983,820	927,952	865,915	694,502	625,046
Unrestricted	(1,246,505)	(1,049,624)	(1,059,864)	(565,925)	(392,023)
Total Governmental Activities Net Position	3,324,982	3,380,550	3,188,352	3,493,637	3,502,669
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	2,954,796	2,668,365	2,462,768	2,280,370	2,186,129
Restricted	59,693	60,692	88,151	85,527	59,575
Unrestricted	173,191	183,043	(14,029)	(121,280)	(231,495)
Total Business-Type Activities Net Position	3,187,680	2,912,100	2,536,890	2,244,617	2,014,209
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	6,542,463	6,170,587	5,845,069	5,645,430	5,455,775
Restricted	1,043,513	988,644	954,066	780,029	684,621
Unrestricted	(1,073,314)	(866,581)	(1,073,893)	(687,205)	(623,518)
Total Primary Government Net Position	\$ 6,512,662	\$ 6,292,650	\$ 5,725,242	\$ 5,738,254	\$ 5,516,878
	2015	2014	2013	2012	2011
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,144,486	\$ 3,085,306	\$ 2,880,124	\$ 2,783,738	\$ 2,627,462
Restricted	556,406	448,935	460,885	406,454	419,675
Unrestricted	(379,114)	(16,363)	36,212	(35,593)	(101,021)
Total Governmental Activities Net Position	3,321,778	3,517,878	3,377,221	3,154,599	2,946,116
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	1,915,893	1,750,495	1,508,831	1,391,130	1,243,622
Restricted	59,194	58,039	57,404	56,210	81,904
Unrestricted	(153,822)	253,427	274,388	215,405	205,493
Total Business-Type Activities Net Position	1,821,265	2,061,961	1,840,623	1,662,745	1,531,019
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	5,060,379	4,835,801	4,388,955	4,174,868	3,871,084
Restricted	615,600	506,974	518,289	462,664	501,579
Unrestricted	(532,936)	237,064	310,600	179,812	104,472
Total Primary Government Net Position	\$ 5,143,043	\$ 5,579,839	\$ 5,217,844	\$ 4,817,344	\$ 4,477,135

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

Statistics

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

	2020	2019	2018	2017	2016
EXPENSES					
Governmental Activities					
General Government	\$ 346,566	\$ 316,015	\$ 173,424	\$ 222,089	\$ 247,400
Judicial	10,565	30,941	31,666	32,075	32,025
Public Safety	757,770	660,167	678,857	577,738	576,208
Physical Environment	35,341	13,595	12,932	15,539	12,558
Transportation	457,259	332,082	307,433	384,724	271,601
Economic Environment	390,442	265,933	251,711	147,005	175,133
Health and Human Services	137,099	110,814	138,252	119,463	104,687
Culture and Recreation	264,000	271,260	311,875	364,425	330,984
Interest on Long-Term Debt	44,707	44,794	46,915	47,777	42,942
Total Governmental Activities Expenses	2,443,749	2,045,601	1,953,065	1,910,835	1,793,538
Business-Type Activities					
Light	998,887	959,811	891,783	914,785	853,871
Water	246,617	252,550	241,847	235,142	225,678
Drainage and Wastewater	411,851	393,410	379,919	363,682	332,686
Solid Waste	206,634	200,958	201,387	192,062	167,132
Construction & Inspection	77,029	73,102	62,994	72,914	64,248
Downtown Parking Garage	—	—	—	—	5,222
Fiber Leasing	—	—	—	36	8
Total Business-Type Activities Expenses	1,941,018	1,879,831	1,777,930	1,778,621	1,648,845
Total Primary Government Expenses	4,384,767	3,925,432	3,730,995	3,689,456	3,442,383
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	91,443	58,056	80,074	119,548	109,478
Judicial	17,006	29,555	27,339	27,555	29,578
Public Safety	36,751	30,815	36,048	28,669	24,472
Physical Environment	3,815	5,020	4,771	10	13
Transportation	46,160	142,151	175,404	77,958	70,878
Economic Environment	94,678	63,100	74,755	53,196	36,464
Health and Human Services	537	1,571	1,006	745	525
Culture and Recreation	39,307	57,771	69,307	82,133	75,832
Operating Grants and Contributions	372,266	179,266	152,736	130,777	134,856
Capital Grants and Contributions	8,262	1,763	15,547	36,161	31,076
Total Governmental Activities Program Revenues	710,225	569,068	636,987	556,752	513,172
Business-Type Activities					
Charges for Services					
Light	1,015,766	1,079,399	991,585	987,812	901,276
Water	278,578	281,008	280,019	262,777	251,244
Drainage and Wastewater	460,295	454,382	416,482	396,283	371,040
Solid Waste	224,052	224,965	203,367	203,038	177,061
Construction & Inspection	78,653	78,743	73,927	72,595	79,246
Downtown Parking Garage	—	—	—	—	5,355
Fiber Leasing	—	—	—	8	8
Operating Grants and Contributions	22,913	7,120	10,616	1,834	4,583
Capital Grants and Contributions	64,030	71,782	90,351	70,020	86,997
Total Business-Type Activities Program Revenues	2,144,287	2,197,399	2,066,347	1,994,367	1,876,810
Total Primary Government Program Revenues	2,854,512	2,766,467	2,703,334	2,551,119	2,389,982
NET (EXPENSE) REVENUE					
Governmental Activities	(1,733,524)	(1,476,533)	(1,316,078)	(1,354,083)	(1,280,367)
Business-Type Activities	203,269	317,568	288,417	215,746	227,965
Total Primary Government Net Expense	(1,530,255)	(1,158,965)	(1,027,661)	(1,138,337)	(1,052,402)

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

	2015	2014	2013	2012	2011
EXPENSES					
Governmental Activities					
General Government	\$ 208,638	\$ 189,034	\$ 161,041	\$ 164,040	\$ 179,498
Judicial	28,477	28,874	33,517	26,121	25,623
Public Safety	531,523	568,843	515,129	475,747	471,205
Physical Environment	4,351	5,853	10,740	6,357	10,697
Transportation	221,443	222,199	165,742	133,511	111,038
Economic Environment	138,878	138,169	125,191	125,917	101,242
Health and Human Services	94,122	76,562	71,256	65,266	71,399
Culture and Recreation	286,395	275,566	267,043	239,003	245,671
Interest on Long-Term Debt	32,694	31,170	26,417	39,998	40,425
Total Governmental Activities Expenses	1,546,521	1,536,270	1,376,076	1,275,960	1,256,798
Business-Type Activities					
Light	837,860	798,161	780,930	731,459	723,665
Water	228,241	221,944	215,600	203,610	198,929
Drainage and Wastewater	316,487	298,633	290,147	272,423	269,224
Solid Waste	173,312	159,501	156,653	150,115	149,157
Planning and Development	64,673	58,304	53,080	46,542	44,087
Downtown Parking Garage	7,401	7,458	8,159	7,701	7,740
Fiber Leasing	35	27	54	—	—
Total Business-Type Activities Expenses	1,628,009	1,544,028	1,504,623	1,411,850	1,392,802
Total Primary Government Expenses	3,174,530	3,080,298	2,880,699	2,687,810	2,649,600
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	104,651	91,011	85,923	79,048	73,960
Judicial	30,030	31,256	40,545	33,748	33,048
Public Safety	26,227	25,733	19,245	19,277	18,939
Physical Environment	16	78	47	0	2
Transportation	67,948	101,074	100,830	81,972	64,331
Economic Environment	41,875	35,776	12,250	7,303	7,299
Health and Human Services	64	10	8	—	1,276
Culture and Recreation	70,360	72,873	67,116	53,450	50,273
Operating Grants and Contributions	136,981	123,986	135,407	130,377	136,679
Capital Grants and Contributions	29,358	37,895	42,468	48,092	47,503
Total Governmental Activities Program Revenues	507,510	519,692	503,839	453,267	433,310
Business-Type Activities					
Charges for Services					
Light	880,788	883,149	839,767	797,445	769,316
Water	251,977	242,786	235,114	213,164	194,342
Drainage and Wastewater	359,839	337,882	329,386	297,443	274,553
Solid Waste	174,365	157,495	159,741	156,927	154,159
Planning and Development	65,278	56,743	48,016	40,869	35,087
Downtown Parking Garage	7,885	7,434	7,019	6,588	5,937
Fiber Leasing	12	16	75	—	—
Operating Grants and Contributions	7,088	6,155	7,055	6,749	5,518
Capital Grants and Contributions	60,115	48,129	63,760	48,438	51,522
Total Business-Type Activities Program Revenues	1,807,347	1,739,789	1,689,933	1,567,623	1,490,434
Total Primary Government Program Revenues	2,314,857	2,259,481	2,193,772	2,020,890	1,923,744
NET (EXPENSE) REVENUE					
Governmental Activities	(1,039,011)	(1,016,578)	(872,237)	(822,693)	(823,488)
Business-Type Activities	179,338	195,761	185,310	155,773	97,632
Total Primary Government Net Expense	(859,673)	(820,817)	(686,927)	(666,920)	(725,856)

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

	2020	2019	2018	2017	2016
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 681,235	\$ 640,828	\$ 597,349	\$ 582,622	\$ 542,854
Sales Taxes	287,402	324,392	306,587	280,963	263,285
Business Taxes	479,864	569,680	539,045	516,881	482,850
Excise Taxes	117,845	149,058	106,861	115,674	114,627
Other Taxes and Revenues	36,398	80,542	36,000	22,032	19,009
Penalties and Interest on Delinquent Taxes	—	—	—	—	—
Unrestricted Investment Earnings (Loss)	51,688	1	1,765	18,339	9,080
Gain (Loss) on Sale of Capital Assets	16,107	(44,620)	7,990	7,633	(191)
Transfers	—	—	—	(5,317)	15,469
Total Governmental Activities	1,670,539	1,719,881	1,595,597	1,538,827	1,446,983
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	47,295	52,530	28,012	18,046	12,806
Gain on Sale of Capital Assets	1,559	774	753	(83)	48,101
Special Item - Environmental Remediation	(3,065)	(8,902)	(40,700)	(9,619)	(66,187)
Other Taxes	10,894	13,177	17,137	6,321	(15,469)
Total Business-Type Activities	56,683	57,579	5,202	14,665	(20,749)
Total Primary Government	1,727,222	1,777,460	1,600,799	1,553,492	1,426,234
CHANGES IN NET POSITION					
Governmental Activities	(62,985)	243,348	279,519	184,744	166,616
Business-Type Activities	259,952	375,147	293,619	230,411	207,216
Total Primary Government	\$ 196,967	\$ 618,495	\$ 573,138	\$ 415,155	\$ 373,832

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

	2015	2014	2013	2012	2011
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 420,691	\$ 431,458	\$ 423,927	\$ 412,872	\$ 397,288
Sales Taxes	239,189	199,735	181,171	169,681	158,582
Business Taxes	454,086	431,437	408,913	358,931	339,703
Excise Taxes	101,098	65,364	61,524	54,637	35,203
Other Taxes and Revenues	17,733	16,771	11,240	44,352	39,014
Penalties and Interest on Delinquent Taxes	0	4,091	3,596	2,795	3,240
Unrestricted Investment Earnings (Loss)	9,202	11,791	(1,663)	6,458	5,536
Gain (Loss) on Sale of Capital Assets	9,071	1,761	17,012	1,502	14,224
Transfers	(8,931)	(11,512)	(10,861)	(10,095)	(9,373)
Total Governmental Activities	1,242,139	1,150,896	1,094,859	1,041,133	983,417
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	13,938	16,254	4,204	11,789	11,078
Gain on Sale of Capital Assets	2,767	2,759	1,672	619	924
Special Item - Environmental Remediation	(4,975)	(4,949)	(24,169)	(37,066)	538
Other Taxes	8,931	11,512	10,861	10,095	9,373
Total Business-Type Activities	20,661	25,576	(7,432)	(14,563)	21,913
Total Primary Government	1,262,800	1,176,472	1,087,427	1,026,570	1,005,330
CHANGES IN NET POSITION					
Governmental Activities	203,128	134,318	222,622	218,440	159,929
Business-Type Activities	199,999	221,337	177,878	141,210	119,545
Total Primary Government	\$ 403,127	\$ 355,655	\$ 400,500	\$ 359,650	\$ 279,474

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Table S-3
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2020	2019	2018	2017	2016
GENERAL FUND					
Nondisposable	\$ 65	\$ 74	\$ 93	\$ 350	\$ 401
Restricted	263,769	250,162	215,620	181,950	155,523
Committed	112,000	98,281	88,794	131,386	102,521
Assigned	8,693	20,632	26,391	29,172	28,646
Unassigned	130,071	224,124	152,368	152,225	155,290
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	<u>\$ 514,598</u>	<u>\$ 593,273</u>	<u>\$ 483,266</u>	<u>\$ 495,083</u>	<u>\$ 442,381</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nondisposable	\$ 2,410	\$ 2,790	\$ 2,790	\$ 2,745	\$ 2,740
Restricted	709,443	681,792	682,244	512,551	466,996
Committed	7,373	12,086	57,000	115,265	109,392
Assigned	18,708	15,538	12,915	11,963	9,819
Unassigned	(49,577)	(5,517)	(33,386)	(22,270)	(37,083)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	<u>\$ 688,357</u>	<u>\$ 706,688</u>	<u>\$ 721,563</u>	<u>\$ 620,254</u>	<u>\$ 551,864</u>
	2015	2014	2013	2012	2011
GENERAL FUND					
Nondisposable	\$ 474	\$ 473	\$ 375	\$ 555	\$ 572
Restricted	136,627	99,991	100	82,520	58,917
Committed	116,890	76,493	83	79,508	58,713
Assigned	5,767	5,685	5	6,417	6,808
Unassigned	143,763	134,492	120	105,992	79,765
Reserved	—	—	—	—	0
Unreserved	—	—	—	—	0
Total General Fund	<u>\$ 403,521</u>	<u>\$ 317,134</u>	<u>\$ 683</u>	<u>\$ 274,992</u>	<u>\$ 204,775</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nondisposable	\$ 3,227	\$ 4,224	\$ 3,959	\$ 2,618	\$ 2,714
Restricted	417,732	346,891	359,172	321,884	358,710
Committed	68,947	60,612	49,829	40,248	60,156
Assigned	11,004	9,933	7,661	12,583	8,816
Unassigned	(34,159)	(59,231)	(22,328)	(13,991)	(12,064)
Reserved	—	—	—	—	0
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	0
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	<u>\$ 466,751</u>	<u>\$ 362,429</u>	<u>\$ 398,293</u>	<u>\$ 363,342</u>	<u>\$ 418,332</u>

a Beginning in fiscal year 2010, fund balance categories were changed to conform to the requirements of GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

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Table S-4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
Page 1 of 2
(Modified Accrual Basis of Accounting)
(In Thousands)

	2020	2019	2018	2017	2016
REVENUES					
Taxes	\$ 1,601,753	\$ 1,751,579	\$ 1,607,390	\$ 1,517,412	\$ 1,422,194
Licenses and Permits	44,306	50,746	55,697	43,674	41,743
Grants, Shared Revenues, and Contributions	344,046	195,554	157,092	167,609	166,779
Charges for Services	353,106	266,533	304,218	248,711	254,412
Fines and Forfeits	24,786	44,471	45,368	42,971	46,154
Parking Fees and Space Rent	20,380	65,417	70,262	71,407	68,798
Program Income, Interest, and Miscellaneous Revenues	<u>195,119</u>	<u>211,112</u>	<u>155,746</u>	<u>118,248</u>	<u>99,369</u>
Total Revenues	2,583,496	2,585,414	2,395,773	2,210,032	2,099,449
EXPENDITURES					
Current					
General Government	257,625	293,106	330,004	321,623	264,284
Judicial	36,412	35,208	32,892	31,658	31,519
Public Safety	786,851	743,448	690,650	611,690	590,681
Physical Environment	36,914	15,852	13,577	16,130	13,575
Transportation	343,819	368,776	334,625	195,985	227,666
Economic Environment	409,442	297,472	258,243	151,462	179,831
Health and Human Services	155,356	181,255	139,433	120,943	104,209
Culture and Recreation	312,900	319,278	317,667	317,961	305,986
Capital Outlay					
General Government	3,823	9,040	16,442	55,933	29,342
Judicial	—	—	—	—	—
Public Safety	5,055	4,050	1,031	2,764	21,527
Physical Environment	43	—	895	—	—
Transportation	231,124	127,518	111,322	203,447	240,216
Economic Environment	3,032	875	811	110	7
Culture and Recreation	47,041	85,972	62,201	60,586	47,390
Debt Service					
Principal	76,996	57,371	80,576	57,883	53,308
Advance Refunding to Escrow	—	—	—	—	—
Interest	39,347	36,723	48,821	35,551	32,768
Bond Issuance Cost	531	278	397	508	627
Other	—	15	—	—	—
Total Expenditures	<u>2,746,311</u>	<u>2,576,237</u>	<u>2,439,587</u>	<u>2,184,234</u>	<u>2,142,936</u>
Excess (Deficiency) of Revenues over Expenditures	(162,812)	9,177	(43,814)	25,798	(43,487)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	71,805	54,430	49,975	93,880	145,139
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	14,601	5,633	3,186	10,198	22,177
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	(51,381)	(15,131)	—	(19,419)	(31,909)
Sales of Capital Assets	16,107	8,862	4,128	7,704	123
Transfers In	102,429	141,911	104,215	501,504	550,752
Transfers Out	<u>(73,801)</u>	<u>(89,728)</u>	<u>(78,011)</u>	<u>(498,724)</u>	<u>(518,825)</u>
Total Other Financing Sources (Uses)	<u>79,760</u>	<u>105,977</u>	<u>83,493</u>	<u>95,143</u>	<u>167,457</u>
Net Change in Fund Balance	<u>\$ (83,052)</u>	<u>\$ 115,154</u>	<u>\$ 39,679</u>	<u>\$ 120,941</u>	<u>\$ 123,970</u>
Debt Service as a Percentage of Noncapital Expenditures	4.57 %	4.03 %	5.98 %	4.87 %	5.93 %

Approximately \$8.6 million of charges for services was reclassified to program income for the year of 2017 to compare to 2018 presentation.

Statistics

Table S-4
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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2015	2014	2013	2012	2011
REVENUES					
Taxes	\$ 1,233,134	\$ 1,044,608	\$ 1,083,499	\$ 1,044,608	\$ 973,181
Licenses and Permits	34,137	25,238	27,135	25,238	22,966
Grants, Shared Revenues, and Contributions	162,132	177,775	184,784	177,775	167,813
Charges for Services	225,056	182,595	200,847	182,595	167,644
Fines and Forfeits	39,008	34,340	41,107	34,340	34,066
Parking Fees and Space Rent	67,444	57,107	62,463	57,107	51,004
Program Income, Interest, and Miscellaneous Revenues	98,215	43,649	45,462	43,649	39,706
Total Revenues	1,859,126	1,565,312	1,645,297	1,565,312	1,456,380
EXPENDITURES					
Current					
General Government	224,721	180,187	191,829	180,187	193,697
Judicial	29,352	26,654	27,642	26,654	25,855
Public Safety	577,106	461,235	494,011	461,235	451,734
Physical Environment	7,314	7,748	11,935	7,748	11,190
Transportation	155,690	92,212	97,676	92,212	90,966
Economic Environment	141,722	128,711	128,644	128,711	106,234
Health and Human Services	96,267	67,103	73,151	67,103	73,100
Culture and Recreation	268,977	216,508	231,694	216,508	211,523
Capital Outlay					
General Government	29,959	10,684	22,220	10,684	13,862
Judicial	—	—	—	—	—
Public Safety	13,097	27,743	21,100	27,743	8,320
Physical Environment	—	—	—	—	—
Transportation	278,151	228,272	234,188	228,272	167,590
Economic Environment	—	69	—	69	—
Culture and Recreation	35,712	55,507	85,690	55,507	50,383
Debt Service					
Principal	50,708	53,523	56,194	53,523	47,909
Advance Refunding to Escrow	—	—	—	—	—
Interest	28,998	25,339	26,206	25,339	26,754
Bond Issuance Cost	1,946	258	822	258	369
Other	—	305	—	305	—
Total Expenditures	1,939,720	1,582,058	1,703,002	1,582,058	1,479,486
Excess (Deficiency) of Revenues over Expenditures	(80,594)	(16,746)	(57,705)	(16,746)	(23,106)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	350,255	108,085	101,115	108,085	79,433
Refunding Debt Issued	—	0	43,945	0	0
Premium on Bonds Issued	40,113	21,140	9,377	21,140	5,181
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	(155,030)	(91,574)	(44,503)	(91,574)	0
Sales of Capital Assets	19,231	2,282	22,904	2,282	41,161
Transfers In	498,582	334,611	375,772	334,611	292,224
Transfers Out	(501,695)	(342,571)	(381,986)	(342,571)	(297,597)
Total Other Financing Sources (Uses)	251,456	31,973	126,624	31,973	120,402
Net Change in Fund Balance	\$ 170,862	\$ 15,227	\$ 68,919	\$ 15,227	\$ 97,296
Debt Service as a Percentage of Noncapital Expenditures	6.26 %	5.91 %	5.28 %	5.28 %	6.72 %

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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
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	166,349	33,708	1,743,746
2020	697,753	287,486	479,870	126,087	28,257	1,619,453

Table S-6
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Assessed and Estimated Actual Value ^a (In Thousands)			Total Direct Tax Rate ^c	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total ^b			
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
2020	250,944,649	7,013,631	257,958,280	2.221	5.32	338.928

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

^b Source: King County Assessor.

^c Total Direct Tax Rate includes Total City District Levies of General Fund, Debt Service Funds, & Special Revenue Funds except Seattle Metropolitan Park District 0.20812. See Table S-7 for City of Seattle Direct Rates breakout.

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Table S-7 **DIRECT AND OVERLAPPING PROPERTY TAX RATES ^a**
Last Ten Fiscal Years
(In Mills or Dollars per Thousand of Assessed Value)

Year of Levy	City of Seattle				Overlapping				Dollars Levied ^d (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds ^a	Debt Service Funds	City Total ^c	State	County ^b	School	Port of Seattle		
2011	1.875	1.038	0.148	3.061	2.280	1.751	2.342	0.224	9.658	\$1,160,092
2012	1.968	1.161	0.147	3.276	2.422	1.837	2.400	0.230	10.165	1,187,240
2013	1.902	1.246	0.138	3.286	2.567	1.976	2.447	0.233	10.509	1,229,506
2014	1.801	1.107	0.140	3.048	2.470	2.008	2.549	0.215	10.290	1,319,452
2015	1.625	0.868	0.130	2.623	2.285	1.789	2.391	0.189	9.277	1,345,016
2016	1.468	1.421	0.178	3.067	2.168	1.892	2.188	0.170	9.485	1,554,926
2017	1.346	1.387	0.166	2.899	2.032	2.013	2.151	0.153	9.248	1,723,142
2018	1.245	1.208	0.143	2.596	2.918	1.901	2.012	0.135	9.562	2,040,443
2019	1.126	1.223	0.094	2.443	2.629	1.740	1.350	0.123	8.285	2,024,879
2020	1.117	1.223	0.089	2.429	3.028	1.796	1.857	0.119	9.229	2,370,358

^a Source: King County Assessor and City of Seattle Budget Office.

^b For the purposes of this table the City's share of the Countywide Emergency Medical Service (EMS) levy, Flood Zone levy, and Sound Transit are included in the County's tax levy rate. EMS rate is 0.26500, Flood Zone levy is 0.09199, and Sound Transit is 0.19937 in 2020.

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

^d Inclusion of Special Revenue Fund Seattle Metropolitan Park District SMPD 0.20812 increases City Total rate in comparison to Table S-6. SMPD, a separate taxing authority established by voters, fully supports City of Seattle parks programs.

Table S-8 **PRINCIPAL PROPERTY TAXPAYERS ^d**
Current Year and Nine Years Ago

Taxpayer ^e	2020			2011		
	Assessed Valuation ^f (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^f (In Millions)	Percentage of Assessed Valuation	Rank
Amazon	\$ 3,252.3	1.24 %	1			
Union Square Limited Partnership	1,170.3	0.45	2	\$ 432.8	0.37 %	2
Ponte Gadea Seattle LLC	858.3	0.33	3			
GC Columbia LLC	832.8	0.32	4	277.3	0.24	5
Acorn Development LLC (Amazon)	748.3	0.29	5			
Altus Group US Inc.	710.4	0.27	6			
1201 Tab Owner LLC	699.2	0.27	7	354.1	0.30	4
FSP-RIC LLC	579.4	0.22	8	188.5	0.16	10
Selig Holdings Co. LLC	578.0	0.22	9	246.6	0.21	7
BPP 1420 Fifth Avenue Owner	575.8	0.22	10			
The Boeing Company				457.3	0.39	1
Qwest Corporation, Inc.				429.2	0.37	3
City Center Associates JV				273.2	0.23	6
Puget Sound Energy-Gas/Electric				202.1	0.17	8
Seattle Sheraton				195.2	0.17	9

^d Source: King County Assessor.

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

^f Assessed valuations for taxes collected in the succeeding year.

The City of Seattle

Table S-9 **PRINCIPAL REVENUE SOURCES**
Current Year and Nine Years Ago
(In Thousands)

Customer Name	CITY LIGHT ^a			2011		
	2020			2011		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 31,069,630	3.35%	1	\$ 21,017,290	3.2%	2
NUCOR	26,667,062	2.88	2	21,113,954	3.22	1
Amazon	19,922,477	2.15	3	—	—	—
Boeing	14,375,676	1.55	4	13,931,618	2.12	4
King County b	13,517,387	1.46	5	9,970,433	1.52	6
Sabey Corporation	12,907,550	1.39	6	11,204,864	1.71	5
20001 Sixth LLC	10,342,071	1.12	7	5,098,955	0.78	9
City of Seattle	9,623,450	1.04	8	18,802,754	2.87	3
US Government	8,388,653	0.91	9	—	—	—
Ardagh Glass	6,669,388	0.72	10	—	—	—
Saint Gobain				5,715,328	0.87	8
US Government				6,836,934	1.04	7
Unico Properties/Union Square Ltd				4,471,913	0.68	10
Total Top Ten	\$ 153,483,344	16.57		\$ 118,164,043	18.01	

^a Seattle City Light billing records.

^b Revenue for King County included Metro Transit due to the merger of King County and Metro Transit in 2004.

Customer Name	WATER ^c			2011		
	2020			2011		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 35,763	12.67%	1	\$ 19,318	10.81%	1
Northshore Utility District	6,107	2.16	2	5,093	2.85	2
Highline Water District	5,481	1.94	3	3,456	1.93	5
City of Seattle	4,749	1.68	4	2,632	1.47	6
University of Washington	4,399	1.56	5	2,629	1.47	7
Soos Creek Water and Sewer District	3,609	1.28	6	3,472	1.94	4
Port of Seattle	3,574	1.27	7	1,845	1.03	9
Woodinville Water District	3,472	1.23	8	3,936	2.20	3
Seattle Housing Authority	2,605	0.92	9	—	—	—
King County Water District #20	2,337	0.83	10	2,030	1.14	8
				0	0.00	0
Total Top Ten	\$ 72,096	25.54%		\$ 44,411	24.84%	

^c Source: Seattle Public Utilities (SPU) billing records.

^d Using data from the 2009 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 ^a					
	2020			2011		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 12,580	3.09%	1	\$ 5,667	2.27%	2
University of Washington	10,914	2.68	2	6,378	2.55	1
Seattle Housing Authority	6,141	1.51	3	2,648	1.06	4
King County	3,895	0.96	4	1,487	0.59	6
Seattle Public Schools	3,695	0.91	5	1,822	0.73	5
Equity Residential Prop.	2,534	0.62	6	—	—	—
Marriott International Inc.	2,454	0.60	7	—	—	—
BNSF Railway	2,376	0.58	8	—	—	—
US Federal Government	2,199	0.54	9	—	—	—
Port of Seattle	1,612	0.40	10	—	—	—
Harborview Medical Center				830	0.32	7
Swedish Medical Center				741	0.31	8
VA Medical Center					0.27	9
Total Top Ten	<u>\$ 48,400</u>	<u>11.89%</u>		<u>\$ 19,573</u>	<u>8.10%</u>	

a Source: Seattle Public Utilities (SPU) billing records.

b Using data from the 2009 CAFR.

Customer Name	SOLID WASTE ^c					
	2020			2011		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 0	0.55%	1	\$ 932	0.73%	1
Starbucks	898	0.44	2	—	—	—
Goodwill Industries	842	0.41	3	544	0.43	3
Swedish Medical Group	745	0.36	4	543	0.43	4
Fred Meyer/QFC	659	0.32	5	—	—	—
Pike Place Market	536	0.26	6	458	0.36	6
King County	516	0.25	7	—	—	—
Seattle Pacific University	489	0.24	8	—	—	—
Seattle Housing Authority	484	0.24	9	—	—	—
Safeway	463	0.23	10	—	—	—
University of Washington				461	0.36	5
Value Village				414	0.32	7
Harborview Medical Center				409	0.32	8
				0	0.00	0
				0	0.00	0
Total Top Ten	<u>\$ 5,632</u>	<u>3.30%</u>		<u>\$ 3,761</u>	<u>2.95%</u>	

c Source: Seattle Public Utilities (SPU) billing records.

d Using data from the 2009 CAFR.

The City of Seattle

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years (In Thousands)

Fiscal Year	Original Levy	Adjusted Levy ^a	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	Amount	Percentage of Net Levy
2011	\$401,332	\$399,082	\$392,545	98.36 %	\$(161)	\$398,921	\$6,448		\$398,993	100.00 %
2012	417,706	415,721	408,920	98.36	(74)	415,647	6,769		415,688	100.00
2013	419,471	418,268	411,963	98.49	(9)	418,259	6,330		418,294	100.00
2014	433,747	432,690	426,568	98.59	64	432,754	5,677		432,245	99.88
2015	422,712	421,443	416,062	98.72	95	421,538	5,492		421,553	100.00
2016	498,950	496,251	490,200	98.78	193	496,444	6,268		496,468	100.00
2017	535,789	533,119	526,236	98.71	(306)	532,813	6,400		532,636	99.97
2018	555,090	551,977	545,540	98.83	210	552,187	5,913		551,453	99.87
2019	597,158	592,637	585,964	98.87	271	592,908	11,130		597,095	100.00
2020	638,326	635,874	626,054	98.46	—	635,874	—		626,054	98.46

^a 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
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
2020	894,090	78,861	972,951	2,545	10,283	44
Business-Type Activities						
Revenue Bonds						
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
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
2020	—	2,553,505	728,490	742,030	180,060	4,643,671
Primary Government						
Fiscal Year	Notes and Contracts	Total	Percentage of Personal Income ^A	Debt Per Capita	Total Personal Income ^A	
2011	36,222	4,378,833	14.60%	7,274	29,987,391	
2012	34,753	4,534,817	12.04%	7,450	37,652,394	
2013	35,606	4,593,047	11.42%	7,504	40,204,185	
2014	33,889	4,779,192	11.94%	7,752	40,019,009	
2015	38,907	5,162,626	11.84%	8,239	43,597,181	
2016	40,133	5,299,768	11.06%	8,274	47,929,025	
2017	77,026	5,811,456	10.85%	8,773	53,583,169	
2018	76,256	5,833,450	10.70%	8,494	54,502,448	
2019	71,843	5,823,200	9.98%	8,159	58,343,953	
2020	80,832	5,710,326	N/A	7,503	N/A	

^A Personal income data is not available for 2020.

The City of Seattle

Table S-12

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A	Per Capita
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	0.51	1,520
2018	977,470	10,778	1,043,341	0.43	1,428
2019	943,880	10,949	1,015,427	0.39	1,359
2020	894,090	10,569	962,382	0.37	1,264
Business-Type Activities					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Premiums, Discounts, and Other Adjustments (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A	Per Capita
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	—	—	—	0.00	—
2017	—	—	—	0.00	—
2018	—	—	—	0.00	—
2019	—	—	—	0.00	—
2020	—	—	—	—	—
Business-Type Activities					
Fiscal Year	Annual Debt Service Payments (In Thousands)	Net Operating Income ^C (In Thousands)	Percentage of Debt Service to Net Operating Income		
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	—	—	#DIV/0!		
2018	—	—	#DIV/0!		
2019	—	—	—		
2020	—	—	—		
Primary Government					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)		
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	1,026,376	10,949	1,015,427		
2020	972,951	10,569	962,382		

^a Starting in 2011, estimated actual value of taxable property in the succeeding year is used for calculation.

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

^c Excludes amortization.

Statistics

Table S-13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT December 31, 2020

Governmental Unit	Net Debt Outstanding (In Thousands)	Percentage Applicable to Seattle ^A	Amount Applicable to Seattle (In Thousands)
Debt Repaid with Property Taxes			
King County ^B	684,499	40.15 %	274,826
Port of Seattle	311,175	40.15	124,937
Seattle School District No. 001	17,962	99.56	17,883
Highline School District No. 401	395,099	0.00	—
Subtotal Overlapping Debt	1,408,735		417,646
City of Seattle Direct Debt	985,823	100.00	985,823
Total Direct and Overlapping Debt	<u>\$ 2,394,558</u>		<u>\$ 1,403,469</u>

^A Percentage rates were provided by King County, except for City of Seattle, and were determined by the ratio of assessed valuation of property in the overlapping unit subject to taxation in the reporting unit to the total value of property subject to taxation in the overlapping unit.

^B Excludes proprietary fund debt, public facilities debt financed from special taxes, and hotel and motel tax-financed debt.

The City of Seattle

Table S-14

LEGAL DEBT MARGIN INFORMATION

	General Capacity A		Special Purpose Capacity A		
	Councilmanic (1.5% of Assessed Value)	Voter-Approved (2.5% of Assessed Value)	Open Spaces and Parks (2.5% of Assessed Value)	Utility Purposes (2.5% of Assessed Value)	Total Capacity
Latest Certified Assessed Value \$257,958,280,787 ^D					
2.50% of Assessed Value	\$ —	\$ 6,448,957,020	\$ 6,448,957,020	\$ 6,448,957,020	\$ 19,346,871,060
1.50% of Assessed Value	3,869,374,212	(3,869,374,212)	—	—	—
	3,869,374,212	2,579,582,808	6,448,957,020	6,448,957,020	19,346,871,060
Statutory Debt Limit Less Debt Outstanding ^E					
Bonds	(642,920,000)	(251,170,000)	—	—	(894,090,000)
Guarantee on PDA Bonds ^D		—	—	—	(34,325,000)
Public Works Trust Fund Loans ^F		—	—	—	(10,282,886)
Compensated Absences ^F	(88,498,646)	—	—	—	(88,498,646)
Total Debt Outstanding	(776,026,532)	(251,170,000)	—	—	(1,027,196,532)
Add:					
Available Net Position In Redemption Funds ^G	10,806,878	345,058			11,151,936
Compensated Absences for Sick Leave ^F	12,173,395	—			12,173,395
Net Debt Outstanding	(753,046,259)	(250,824,942)	—	—	(1,003,871,201)
LEGAL DEBT MARGIN	<u>\$ 3,116,327,953</u>	<u>\$ 2,328,757,866</u>	<u>\$ 6,448,957,020</u>	<u>\$ 6,448,957,020</u>	<u>\$ 18,342,999,859</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
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	14,975,817,284	6.74
2019	18,370,403,198	1,036,884,952	17,333,518,246	5.64
2020	19,346,871,060	1,003,871,201	18,342,999,859	5.19

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

^B RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of March 25, 2020 for taxes payable in 2020.

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

^D The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority and the Seattle Indian Service Commission.

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

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

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

Statistics

Table S-15

PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years (In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS ^a							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Adjustments to Operating Revenue	Net Available Revenue	Junior Lien Bonds		Parity Bonds
					Interest	Principal	Coverage
2011	754,391	484,529	—	269,862	—	—	1.84
2012	795,238	489,098	—	306,140	—	—	1.81
2013	833,834	514,269	—	319,565	—	—	1.85
2014	872,836	531,464	—	341,372	—	—	1.85
2015	873,650	567,058	—	306,592	250	—	1.62
2016	903,175	795,766	224,519	331,928	1,038	—	1.69
2017	989,710	852,469	239,552	376,793	2,479	—	0.38
2018	991,614	823,238	220,032	388,408	3,986	1,260	0.00
2019	1,079,424	873,269	256,501	462,656	3,679	2,870	2.10
2020	1,015,766	880,318	250,887	386,335	2,012	2,480	1.73
WATER ^a							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Interest	Principal		
2011	194,573	78,141	116,432	49,412	29,140	1.48	
2012	213,474	78,339	135,135	47,245	31,425	1.72	
2013	235,594	89,291	146,303	44,793	32,630	1.89	
2014	242,947	94,500	148,447	43,369	33,545	1.93	
2015	251,977	97,937	154,040	45,343	37,330	1.86	
2016	251,364	106,063	145,301	40,348	41,615	1.77	
2017	262,896	108,333	154,563	40,479	39,345	1.94	
2018	282,286	98,459	183,827	40,276	41,020	2.26	
2019	281,008	113,901	167,107	38,260	43,080	2.05	
2020	278,578	113,342	165,236	36,100	45,625	2.02	
DRAINAGE AND WASTEWATER ^a							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Interest	Principal		
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	3.00	
2020	460,295	280,362	179,933	34,274	27,575	2.91	
SOLID WASTE ^d							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Interest	Principal		
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	5708	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	4.68	
2020	224,052	156,616	67,436	8,405	7,045	4.36	

- 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.

The City of Seattle

Table S-16

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Year	Population ^a		Total Personal Income ^b (In Thousands)		Per Capita Income ^b		King County Average Annual Unemployment Rate
	King County	Seattle	King County	Metropolitan Division ^a	King County	Metropolitan Division ^a	
2011	1,942,600	612,100	\$ 120,055,100	\$ 149,402,380	\$ 61,801	\$ 51,370	8.8%
2012	1,957,000	616,500	132,840,302	164,223,321	67,880	53,931	8.1
2013	1,981,900	626,600	135,079,092	167,113,851	68,156	52,627	6.8
2014	2,017,250	640,500	143,260,986	177,417,334	71,018	55,190	8.1
2015	2,052,800	662,400	153,554,091	190,187,027	74,802	62,481	5.0
2016	2,105,100	686,800	166,006,277	205,002,309	78,859	65,817	4.1
2017	2,153,700	713,700	182,495,475	224,504,700	84,736	69,786	3.9
2018	2,190,200	730,400	201,962,200	248,656,193	92,212	75,078	3.7
2019	2,226,300	747,300	213,956,690	262,236,521	96,104	85,284	3.7
2020	2,260,800	761,100	NA	NA	NA	NA	7.3

- 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. 2018 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 ^a Current Year and Nine Years Ago

Industry	2018			2009 ^c		
	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.

Statistics

Table S-18
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FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2020	2019	2018	2017	2016
PUBLIC SAFETY					
Community Police Commission	9.00	9.00	9.00	4.00	4.00
Fire	1,168.55	1,167.05	1,158.55	1,155.55	1,167.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	206.10	196.10	191.60	183.60	177.10
Municipal Court	215.10	215.10	215.10	213.10	214.10
Police	2,187.35	2,172.35	2,156.85	2,095.35	2,033.35
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	—	—
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	39.09	35.09	34.59	31.09	29.09
Library	556.10	556.10	556.10	556.10	556.10
Parks and Recreation	939.68	927.40	922.24	913.01	916.68
Seattle Center	225.23	228.73	242.73	241.73	241.13
HEALTH AND HUMAN SERVICES					
Human Services	385.75	382.25	365.75	328.00	331.60
Educational and Developmental Services Levy	—	—	—	—	—
Department of Education and Early Learning	110.50	98.00	75.00	58.50	54.00
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	37.00	35.50	35.50	35.50	31.00
Housing	46.00	45.00	44.50	42.50	43.50
Neighborhoods	65.00	49.50	53.50	53.00	47.00
Neighborhood Matching Subfund	9.00	9.00	9.00	9.00	8.00
Seattle Department of Construction and Inspections ^e	428.50	412.00	406.00	405.30	404.30
Office of Planning and Community Development	45.00	44.00	45.50	46.50	45.00
UTILITIES AND TRANSPORTATION					
City Light	1,792.80	1,791.30	1,816.80	1,779.80	1,868.30
Seattle Public Utilities	1,433.30	1,414.55	1,398.55	1,359.05	1,460.05
Transportation	958.00	931.50	918.50	885.50	844.00
ADMINISTRATION					
City Auditor	10.00	10.00	10.00	9.50	9.50
City Budget	36.00	36.00	40.50	35.00	35.00
Civil Rights	35.00	31.00	28.00	27.25	34.25
Civil Service Commission	2.00	2.00	2.60	2.60	2.60
Employees' Retirement System	23.00	23.00	21.00	21.00	20.00
Ethics and Elections Commission	7.40	5.90	5.90	5.90	4.90
Finance and Administrative Services ^b	610.00	589.50	625.00	625.00	641.50
Hearing Examiner	5.00	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	9.50	9.00	9.50	9.50
Information Technology	701.10	680.60	667.60	659.60	205.00
Intergovernmental Relations	10.00	10.00	10.50	10.50	10.50
Legislative	100.50	100.50	99.00	99.00	90.00
Mayor	39.50	37.50	37.50	44.00	44.00
Department of Human Resources ^d	160.50	154.00	158.50	158.75	148.25
Office of the Employee Ombud	5.00	3.00	—	—	—
Office of Inspector General ^f	13.00	4.00	—	—	—
Office of Labor Standard	28.00	23.00	—	—	—
Sustainability and Environment	29.50	26.50	26.50	19.50	17.25
Total Full-Time Equivalents	12,689.05	12,477.15	12,408.59	12,134.91	11,759.73

^a Source - City of Seattle Adopted Budget.

^b Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created the Department of Finance and Administrative Services in 2010.

^c The Office of the Employee Ombud was created for 2019.

^d Personnel was renamed the Seattle Department of Human Resources in 2014.

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

^f The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

The City of Seattle

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FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2015	2014	2013	2012	2011
PUBLIC SAFETY					
Community Police Commission	4.00	3.00	—	—	—
Fire	1,162.55	1,151.55	1,150.55	1,152.55	1,151.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	173.60	169.60	169.60	159.10	160.60
Municipal Court	213.60	213.10	212.60	214.10	214.10
Police	2,018.35	1,999.35	1,947.35	1,930.85	1,934.85
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	—	1.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	31.59	30.84	28.09	19.85	20.60
Library	558.40	558.40	558.40	509.00	503.20
Parks and Recreation	908.35	888.45	853.57	863.09	890.89
Seattle Center	241.13	242.66	241.62	245.12	245.12
HEALTH AND HUMAN SERVICES					
Human Services	327.60	344.60	341.35	316.10	322.60
Educational and Developmental Services Levy	—	9.00	9.00	9.00	—
Department of Education and Early Learning	52.50	—	—	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	27.50	25.50	22.50	24.00	22.00
Housing	43.50	37.00	37.50	37.50	38.50
Neighborhoods	40.00	46.00	42.50	40.50	74.75
Neighborhood Matching Subfund	8.00	7.00	6.00	6.00	—
Seattle Department of Construction and Inspections ^e	417.50	406.00	397.25	393.26	398.01
Office of Planning and Community Development	—	—	—	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,861.30	1,857.25	1,830.25	1,810.50	1,810.50
Seattle Public Utilities	1,438.05	1,446.55	1,401.05	1,411.05	1,420.75
Transportation	794.00	793.00	727.50	721.00	768.50
ADMINISTRATION					
City Auditor	9.50	9.50	9.50	9.00	8.00
City Budget	33.00	29.50	28.50	27.50	28.50
Civil Rights	31.25	23.50	23.00	22.50	21.50
Civil Service Commission	2.60	2.60	2.60	—	1.80
Employees' Retirement System	20.00	20.00	18.00	18.00	15.50
Ethics and Elections Commission	5.20	6.20	6.20	5.20	5.20
Finance and Administrative Services ^b	625.00	602.25	528.75	521.75	523.75
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	7.00	3.00	3.00	2.00	—
Information Technology	198.25	194.25	192.25	190.25	195.00
Intergovernmental Relations	11.50	10.50	10.50	10.50	11.50
Legislative	88.50	86.50	86.50	86.00	86.00
Mayor	35.50	28.50	28.50	28.50	28.50
Department of Human Resources ^d	143.55	92.75	103.75	103.25	104.25
Office of the Employee Ombud	—	—	—	—	—
Office of Inspector General ^f	—	—	—	—	—
Office of Labor Standard	—	—	—	—	—
Sustainability and Environment	15.25	12.00	10.00	14.75	11.00
Total Full-Time Equivalents	11,559.25	11,361.53	11,039.36	10,913.40	11,029.65

^a Source - City of Seattle Adopted Budget.

^b Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created the Department of Finance and Administrative Services in 2010.

^c The Office of the Employee Ombud was created for 2019.

^d Personnel was renamed the Seattle Department of Human Resources in 2014.

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

^f The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

Statistics

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OPERATING INDICATORS^a BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2020	2019	2018	2017	2016
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 27,166,607	\$ 17,758,107	\$ 22,140,431	\$ 26,002,865	\$ 25,799,733
Per capita	\$ 35.69	\$ 23.76	\$ 30.31	\$ 36.47	\$ 37.57
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	6,044	8,092	8,327	8,218	7,161
Traffic criminal filings	398	575	629	619	660
DUI filings	1,136	1,439	1,444	1,255	1,269
Non-traffic infraction filings	954	1,865	1,846	3,173	4,019
Traffic infraction filings	14,381	27,442	27,004	32,854	34,401
Parking infractions	277,387	547,117	542,859	583,360	600,188
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	378,206	396,658	369,698	383,236	378,222
Parks and Recreation					
Park use permits issued					
Number	108	830	806	841	766
Amount	\$ 95,040	\$ 1,250,792	\$ 273,387	\$ 600,817	\$ 538,945
Facility use permits issued including pools					
Number	9,063	19,677	21,209	25,935	25,935
Amount	\$ 2,290,604	\$ 9,167,354	\$ 4,306,075	\$ 9,061,570	\$ 8,193,741
Facility use permits issued excluding pools					
Number	8,978	18,896	20,585	24,902	25,275
Amount	\$ 2,178,037	\$ 8,429,776	\$ 3,555,031	\$ 8,329,343	\$ 7,505,445
Picnic permits issued					
Number	192	3,547	3,466	3,920	4,245
Amount	\$ 20,740	\$ 721,178	\$ 391,156	\$ 427,769	\$ 421,821
Ball field usage					
Scheduled hours	35,214	124,506	191,010	198,082	186,021
Amount	\$ 1,258,011	\$ 4,124,294	\$ 3,454,407	\$ 3,496,685	\$ 2,803,130
Weddings					
Number	37	230	216	228	234
Amount	\$ 12,485	\$ 158,364	\$ 93,520	\$ 97,738	\$ 96,314
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	8,725	10,505	10,027	10,444	14,261
Value of issued permits	\$ 2,887,867,291	\$ 4,603,329,257	\$ 3,959,949,752	\$ 5,088,196,449	\$ 3,732,939,162
UTILITIES					
City Light					
Customers	477,577	470,380	461,500	454,500	447,332
Operating revenues	\$ 1,015,765,767	\$ 1,079,423,815	\$ 991,613,793	\$ 989,710,419	\$ 903,174,831
Water					
Population served	1,561,000	1,511,000	1,506,000	1,478,000	1,433,200
Billed water consumption, daily average, in gallons	113,259,352	115,114,247	118,411,885	118,402,270	115,447,224
Operating revenues	\$ 278,577,869	\$ 281,008,043	\$ 282,286,898	\$ 262,896,544	\$ 251,363,807
Drainage and Wastewater					
Operating revenues	\$ 460,296,464	\$ 454,381,864	\$ 419,875,848	\$ 400,284,279	\$ 375,041,044
Solid Waste					
Customers					
Residential garbage customers	171,567	168,945	166,935	165,482	181,940
Residential dumpsters customers	201,292	195,188	188,290	181,545	156,527
Commercial garbage customers	8,214	8,556	8,023	8,082	8,096
Operating revenues	\$ 224,052,357	\$ 224,965,227	\$ 205,633,975	\$ 209,643,613	\$ 183,666,276

a All figures are supplied by the named departments.

The City of Seattle

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OPERATING INDICATORS^a BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2015	2014	2013	2012	2011
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 22,636,220	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687	\$ 11,476,891
Per capita	\$ 34.18	\$ 25.87	\$ 14.18	\$ 18.40	\$ 18.86
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	7,387	6,674	7,573	8,162	8,481
Traffic criminal filings	678	802	1,048	953	1,109
DUI filings	1,099	1,074	1,111	1,369	1,667
Non-traffic infraction filings	4,710	2,182	2,190	3,122	4,787
Traffic infraction filings	47,931	41,467	42,091	36,872	46,136
Parking infractions	518,624	527,782	631,388	578,507	580,841
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	373,898	464,787	458,644	453,000	456,534
Parks and Recreation					
Park use permits issued					
Number	744	759	651	646	670
Amount	\$ 616,102	\$ 615,073	\$ 511,114	\$ 493,691	\$ 454,327
Facility use permits issued including pools					
Number	24,405	24,543	24,740	25,944	26,051
Amount	\$ 7,359,133	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337	\$ 6,147,176
Facility use permits issued excluding pools					
Number	23,750	23,749	24,182	25,353	25,472
Amount	\$ 6,683,724	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997	\$ 5,573,454
Picnic permits issued					
Number	4,323	4,027	3,967	3,664	3,463
Amount	\$ 422,861	\$ 386,272	\$ 381,309	\$ 363,842	\$ 345,209
Ball field usage					
Scheduled hours	147,311	170,014	161,571	147,142	128,352
Amount	\$ 2,662,171	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292	\$ 2,480,476
Weddings					
Number	269	254	258	250	233
Amount	\$ 104,265	\$ 89,486	\$ 94,845	\$ 94,295	\$ 80,900
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	17,666	12,047	8,350	7,316	7,075
Value of issued permits	\$ 3,945,738,487	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519	\$ 2,144,525,229
UTILITIES					
City Light					
Customers	422,809	415,056	408,055	402,608	400,351
Operating revenues	\$ 882,856,777	\$ 886,443,525	\$ 842,229,890	\$ 800,273,311	\$ 771,464,570
Water					
Population served	1,403,600	1,336,700	1,326,000	1,314,932	1,303,847
Billed water consumption, daily average, in gallons	118,900,570	113,863,391	113,107,019	112,036,939	110,200,000
Operating revenues	\$ 251,977,342	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169	\$ 194,572,652
Drainage and Wastewater					
Operating revenues	\$ 363,778,513	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717	\$ 278,956,907
Solid Waste					
Customers					
Residential garbage customers	164,381	160,063	163,413	164,241	166,637
Residential dumpsters customers	146,201	142,035	135,499	129,761	127,678
Commercial garbage customers	8,145	8,168	8,156	8,148	8,179
Operating revenues	\$ 174,787,770	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774	\$ 154,200,068

a All figures are supplied by the named departments.

Statistics

Table S-20
Page 1 of 4

CAPITAL ASSET STATISTICS ^a BY DEPARTMENT/OFFICE Last Ten Fiscal Years

PUBLIC SAFETY	2020	2019	2018	2017	2016
Fire					
Boats	9	9	7	7	6
Fire-fighting apparatus	227	224	221	214	216
Stations	33	33	33	33	33
Training towers	6	6	6	6	6
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	6	7	7	7	7
Vehicles					
Patrol cars	324	328	369	302	280
Motorcycles	35	35	40	37	37
Scooters	54	55	70	53	71
Trucks, vans, minibuses	80	87	89	91	89
Automobiles	204	205	248	236	213
Patrol boats	12	12	12	10	10
Bicycles	196	162	154	154	154
Horses	7	7	7	7	5
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Physical and Digital Materials					
Circulated, Downloaded or Streamed	8,801,444	12,565,554	11,622,522	11,689,659	11,544,047
Collection, print and non-print	2,535,149	2,404,513	2,368,793	2,235,370	2,181,399
Parks and Recreation					
Major parks	19	19	14	14	14
Open space acres acquired since 1989	859	859	738	734	731
Total acreage	6,423	6,423	6,372	6,369	6,367
Children's play areas	153	153	160	160	160
Neighborhood playgrounds	148	148	39	39	39
Community playfields	51	51	42	42	42
Community recreation centers	26	26	27	27	27
Visual and performing arts centers	6	6	5	5	5
Theaters	—	0	1	1	1
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	25	25	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	106	106	64	64	64
Viewpoints	16	16	11	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	—	0	9	9	9
Aquarium specimens on exhibit ^b	—	—	—	—	—

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 ^a BY DEPARTMENT/OFFICE Last Ten Fiscal Years

PUBLIC SAFETY	2015	2014	2013	2012	2011
Fire					
Boats	7	6	3	3	3
Fire-fighting apparatus	216	184	164	163	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
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	280	272	273	270	270
Motorcycles	37	37	37	37	37
Scooters	80	75	73	67	63
Trucks, vans, minibuses	91	89	87	88	86
Automobiles	196	194	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	154
Horses	7	7	7	7	8
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Physical and Digital Materials					
Circulated, Downloaded or Streamed	11,744,881	11,435,302	10,932,677	11,376,194	11,914,050
Collection, print and non-print	2,214,169	2,435,520	2,403,693	2,280,511	2,294,601
Parks and Recreation					
Major parks	14	14	14	14	13
Open space acres acquired since 1989	731	711	695	665	663
Total acreage	6,367	6,298	6,251	6,188	6,185
Children's play areas	158	138	136	135	133
Neighborhood playgrounds	40	43	41	40	38
Community playfields	38	38	38	38	38
Community recreation centers	27	25	24	26	26
Visual and performing arts centers	5	5	6	6	6
Theaters	1	1	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	64
Viewpoints	11	11	11	11	9
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit ^b	—	0	0	0	10,588

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.

Statistics

Table S-20
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	CAPITAL ASSET STATISTICS ^a BY DEPARTMENT/OFFICE Last Ten Fiscal Years				
	2020	2019	2018	2017	2016
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	2,006,580	2,006,580	2,058,100	2,014,100	2,014,100
Peak load (KW) ^c	1,757,000	1,806,000	1,870,000	1,785,000	1,689,000
Total system load (1,000 KWh) ^c	9,214,318	9,536,574	9,973,100	9,696,583	9,687,222
Meters	484,305	475,457	454,712	445,625	430,148
Water					
Reservoirs, standpipes, tanks	29	29	29	29	29
Fire hydrants	18,821	18,664	18,664	18,664	18,000
Water mains					
Supply, in miles	198	198	193	198	193
Water storage, in thousand gallons	326,100	326,100	325,350	326,100	354,500
Meters	198,726	197,747	195,331	194,580	192,633
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	474	474	473	475
Sanitary sewers, life-to-date, in miles	946	946	948	949	947
Storm drains, life-to-date, in miles	486	486	486	485	483
Pumping stations	67	67	67	67	68
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,548	1,548	1,548	1,548	1,547
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,396	2,396	2,407
Sidewalks, in miles	2,294	2,294	2,238	2,326	2,303
Stairways	500	502	498	498	492
Length of stairways, in feet	33,554	34,869	34,923	34,923	35,653
Number of stairway treads	22,416	23,555	23,585	23,585	23,503
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	150,000	150,000	150,000	150,000	150,000
Total platted streets, in centerline miles	1,675	1,675	1,675	1,675	1,677
Traffic signals	1,106	1,106	1,085	1,077	1,071
Parking meters					
Downtown	—	—	—	—	—
Outlying	—	—	—	—	—
Parking pay stations					
Downtown	646	646	690	689	880
Outlying	866	866	950	1,006	1,141
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	120	120	98	96	96
Partial City maintenance	40	40	40	51	51
Retaining walls/seawalls	467	613	593	587	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.

The City of Seattle

Table S-20
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	CAPITAL ASSET STATISTICS ^a BY DEPARTMENT/OFFICE Last Ten Fiscal Years				
	2015	2014	2013	2012	2011
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,975,100	1,991,600	1,991,600	1,920,700	1,920,700
Peak load (KW) ^c	1,866,792	1,840,792	1,804,708	1,748,833	1,846,708
Total system load (1,000 KWh) ^c	9,911,624	10,048,700	10,082,024	10,202,992	9,910,754
Meters	422,613	406,274	407,614	406,195	402,854
Water					
Reservoirs, standpipes, tanks	29	26	27	27	27
Fire hydrants	18,000	18,655	18,550	18,503	18,473
Water mains					
Supply, in miles	193	182	182	187	187
Water storage, in thousand gallons	354,500	398,369	338,869	338,869	302,880
Meters	191,403	187,159	188,883	188,457	188,226
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	472	471	471	472
Sanitary sewers, life-to-date, in miles	947	949	948	957	956
Storm drains, life-to-date, in miles	481	479	474	473	470
Pumping stations	68	67	67	66	67
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,547	1,540	1,540	1,537	1,531
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,407	2,412	2,412	2,411	2,412
Sidewalks, in miles	2,230	2,230	2,256	2,262	2,262
Stairways	509	505	507	507	498
Length of stairways, in feet	36,269	35,112	35,122	35,061	35,181
Number of stairway treads	23,344	24,050	24,050	24,009	23,950
Street trees					
City-maintained	41,000	41,000	41,000	40,000	40,000
Maintained by property owners	125,000	125,000	125,000	125,000	125,000
Total platted streets, in centerline miles	1,677	1,677	1,677	1,666	1,666
Traffic signals	1,041	1,070	1,060	1,053	1,040
Parking meters					
Downtown	0	6	93	231	941
Outlying	0	4	26	85	97
Parking pay stations					
Downtown	892	961	973	998	856
Outlying	1,112	1,174	1,198	1,227	1,315
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	93	99	95	90	88
Partial City maintenance	54	32	44	44	54
Retaining walls/seawalls	580	592	592	592	592

a All figures are supplied by the named departments.

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

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

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, 32% live in the City of Seattle.

Population

The most recently released historical and current population counts and estimates for the State of Washington, the County, and the City are given below.

POPULATION			
Year	Washington	King County	Seattle
2012 ⁽¹⁾	6,835,396	1,945,686	614,283
2013 ⁽¹⁾	6,909,666	1,983,550	624,045
2014 ⁽¹⁾	7,005,504	2,021,027	638,784
2015 ⁽¹⁾	7,106,989	2,061,981	660,908
2016 ⁽¹⁾	7,237,661	2,118,958	684,136
2017 ⁽¹⁾	7,344,589	2,149,910	694,513
2018 ⁽¹⁾	7,464,069	2,187,460	707,555
2019 ⁽¹⁾	7,582,481	2,227,755	724,144
2020 ⁽²⁾	7,705,281	2,269,675	737,015
2021 ⁽³⁾	7,766,975	2,287,050	742,400

- (1) Source: State of Washington, Office of Financial Management (“OFM”). Intercensal population estimates are bracketed by the two most recent decennial censuses and are provided by OFM to yield a more consistent series than the original postcensal estimates—see following note.
- (2) Source: U.S. Department of Commerce, Bureau of Census.
- (3) State of Washington, OFM, April 1 Postcensal Estimates of Population (2021 Revised, released November 30, 2021). City postcensal population estimates reference the most recent decennial census count and are updated each year based on changes in housing stock and counts of persons in group quarters facilities.

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					
	2016	2017	2018	2019	2020
Seattle MD	\$ 71,903	\$ 75,973	\$ 81,201	\$ 85,284	\$ 87,452
King County	79,742	84,542	90,438	94,974	96,647
State of Washington	55,884	58,550	62,026	64,758	67,126
United States	49,870	51,885	54,446	56,490	59,510

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(\$)	
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	247	111,343,923	5,479	637,037,156	748,381,079
2021	264	78,231,798	11,716	1,849,751,186	1,927,982,984
2021 ⁽¹⁾	37	15,904,494	1,619	203,821,469	219,725,963
2022 ⁽¹⁾	63	17,274,694	836	161,552,811	178,827,505

(1) Estimated 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
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
2020	66,955,895,952	25,904,879,115
2020 ⁽¹⁾	48,428,134,083	18,863,518,272
2021 ⁽¹⁾	57,372,941,684	21,961,006,124

(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, 2020 (unless otherwise noted) for certain major employers in the Puget Sound area.

PUGET SOUND MAJOR EMPLOYERS

Employer	Employees
Amazon.com	80,000
Microsoft Corp.	57,700
The Boeing Co.	56,900 ⁽¹⁾
Joint Base Lewis-McChord	54,000 ⁽²⁾
University of Washington Seattle	49,500
Providence	43,500
Walmart Inc.	22,100
Costco Wholesale Corp.	20,200
Albertsons Cos. dba Safeway, Haggen, Albertsons	20,000
MultiCare Health System	18,300
Virginia Mason Franciscan Health ⁽³⁾	17,800
King County Government	16,400
Fred Meyer Stores	16,100
City of Seattle	15,200
Starbucks Coffee Co.	14,000
Swedish Health Services	12,700
Seattle Public Schools	11,700
Alaska Air Group Inc.	9,200
Kaiser Permanente	8,200
Seattle Children's Foundation	8,000
T-Mobile USA Inc.	8,000

- (1) In the past couple of years, Boeing has faced financial stress and has significantly reduced its company-wide workforce through a combination of buyouts and layoffs and the shift of 787 production out of the State. The State's quarterly economic and revenue forecast released in September 2021 assumed that Boeing was about three quarters of the way through its announced 31,000 company-wide layoffs, which were assumed to be concentrated in the State.
- (2) 40,000 are service members and 14,000 are civilian employees.
- (3) Virginia Mason and CHI Franciscan Health merged in January 2021.
- (4) Source: City of Seattle (as of January 2022).

Source: *Puget Sound Business Journal*, Publication Date October 8, 2021

KING COUNTY
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT⁽¹⁾

	Annual Average				
	2016	2017	2018	2019	2020
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%
NAICS INDUSTRY	2016	2017	2018	2019	2020
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
	Mar. 2022				
Civilian Labor Force	1,322,510				
Total Employment	1,282,742				
Total Unemployment	39,768				
Percent of Labor Force	3.0%				

(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.

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.