

SALE DATE: JUNE 10, 2025
SALE TIME: 7:45 A.M., PACIFIC TIME

PRELIMINARY OFFICIAL STATEMENT DATED MAY 30, 2025

New Issue
Book-Entry Only

RATINGS

Moody's: Aaa
Standard & Poor's: AAA
Fitch: AAA

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

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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" herein with respect to tax consequences relating to the Bonds.

\$77,410,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2025

DATED: DATE OF INITIAL DELIVERY

DUE: JUNE 1, AS SHOWN ON PAGE i

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement and Refunding Bonds, 2025 (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 June 1 and December 1, beginning December 1, 2025. 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 limited tax 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 has irrevocably pledged 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 respective taxes pledged to the Bonds and the prompt payment of the principal of and interest on the Bonds. The Bonds do not constitute a debt of the State of Washington or any political subdivision thereof other than the City.

The Bonds are offered for delivery by the Purchaser of the Bonds when, as, and if issued, subject to the approving legal opinion of Stradling Yocca Carlson & Rauth LLP, 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 June 26, 2025.

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 2023, 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) 2025 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, any social media account, or any other internet presence referenced herein, in determining whether to purchase the Bonds. Information appearing on any such website, social media account, or other internet presence 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

\$77,410,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2025

Due June 1	Amounts ⁽¹⁾	Interest Rates	Yields	Prices	CUSIP Numbers
2026	\$ 18,975,000				
2027	9,540,000				
2028	8,555,000				
2029	5,630,000				
2030	5,930,000				
2031	4,210,000				
2032	4,430,000				
2033	4,320,000				
2034	2,370,000				
2035	2,475,000				
2036	865,000 ⁽²⁾				
2037	915,000 ⁽²⁾				
2038	960,000 ⁽²⁾				
2039	1,010,000 ⁽²⁾				
2040	1,060,000 ⁽²⁾				
2041	1,115,000 ⁽²⁾				
2042	1,165,000 ⁽²⁾				
2043	1,230,000 ⁽²⁾				
2044	1,295,000 ⁽²⁾				
2045	1,360,000 ⁽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

Term Expiration: 2025

Council Member

Term Expiration

Joy Hollingsworth

2027

Robert Kettle

2027

Cathy Moore

2027

Sara Nelson

2025

Alexis Mercedes Rinck

2025

Maritza Rivera

2027

Rob Saka

2027

Mark Solomon⁽¹⁾

2025

Dan Strauss

2027

CITY ADMINISTRATION

Jamie L. Carnell

Director of Finance

Ann Davison

City Attorney

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Seattle, Washington

MUNICIPAL ADVISOR

Piper Sandler & Co.
Seattle, Washington

BOND REGISTRAR

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

(1) Council Member Solomon is serving on an interim basis pursuant to selection by the City Council to fill a vacant seat in January 2025. In November 2025, Seattle voters will select a Council Member to serve from 2026 until the term expires in 2027.

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OFFICIAL NOTICE OF BOND SALE

\$77,410,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2025

Electronic bids for the purchase of The City of Seattle's Limited Tax General Obligation Improvement and Refunding Bonds, 2025 (the "Bonds"), will be received by the Director of Finance of The City of Seattle, Washington (the "City"), via the S&P Global Parity Electronic Bid Submission System ("Parity"), in the manner described below, on

JUNE 10, 2025, 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 June 10, 2025, by the Director of Finance upon execution and delivery to such winning bidder of a certificate of bid award for the Bonds (the "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 the Bonds. Notice of any such modification will be provided to Parity on or before June 9, 2025, and it is each 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 of this Official Notice of Bond Sale will be communicated through MuniOS, a product of ImageMaster LLC, and 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

Office of City Finance	Kristi Beattie, Director of Debt Management, City of Seattle (206) 233-0026 <i>kristi.beattie@seattle.gov</i>
Municipal Advisor	Rob Shelley, Piper Sandler & Co. (206) 628-2879 <i>robert.shelley@psc.com</i>
Bond Counsel	Alice Ostdiek, Stradling Yocca Carlson & Rauth LLP (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 June 1, and December 1, beginning December 1, 2025.

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 June 1, 2036, 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.

Years (June 1)	Serial Maturities or Amortization Installments ⁽¹⁾	Years (June 1)	Serial Maturities or Amortization Installments ⁽¹⁾
2026	\$ 18,975,000	2036	\$ 865,000 ⁽²⁾
2027	9,540,000	2037	915,000 ⁽²⁾
2028	8,555,000	2038	960,000 ⁽²⁾
2029	5,630,000	2039	1,010,000 ⁽²⁾
2030	5,930,000	2040	1,060,000 ⁽²⁾
2031	4,210,000	2041	1,115,000 ⁽²⁾
2032	4,430,000	2042	1,165,000 ⁽²⁾
2033	4,320,000	2043	1,230,000 ⁽²⁾
2034	2,370,000	2044	1,295,000 ⁽²⁾
2035	2,475,000	2045	1,360,000 ⁽²⁾

- (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 June 1, 2035, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the Bonds maturing on and after June 1, 2036, prior to their stated maturity dates at any time on or after June 1, 2035, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption. As indicated on the schedules above, the 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 outstanding limited tax 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” 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 has irrevocably pledged 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. 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 more than one interest rate may be fixed for any one maturity of the Bonds. No interest rate greater than 5.00% is allowed for any maturity of the Bonds. The interest rate for each maturity of the Bonds maturing on or after June 1, 2036, must be 5.00%.

No bid will be considered for the Bonds that is less than an amount equal to 101.5% of the stated principal amount of the Bonds nor more than an amount equal to 109% of the stated principal amount of the Bonds.

Bids for the Bonds must be unconditional. No bid for less than the entire offering 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 for the Bonds via Parity. By submitting an electronic bid, 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 \$775,000. The good faith deposit must be paid by federal funds wire transfer within 90 minutes after notice from the City's Municipal Advisor 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 for the Bonds shall be retained by the City as security for the performance of the apparent successful bidder and shall be applied to the purchase price of the 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 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 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 on behalf of the City and must provide a good faith deposit as described above. The bid 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's Municipal Advisor 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 for the Bonds must advise the City, as soon as practicable following the notice of award, if any maturity of the Bonds satisfies the 10% test as of the date and time of the award. The City will promptly advise the winning bidder, if practicable, at or before the time of award of the Bonds, which maturities 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 for the Bonds 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 for the Bonds 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 wire, 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 pricing wire.

Further, each bidder confirms that any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the pricing wire, 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 the 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 the 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 respective 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, 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 LLP, 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 certificate from the City regarding the absence of material litigation will be among the required 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 applicable to 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 the successful bidder's bid, in sufficient quantities to permit the 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 Municipal Advisor, 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 MuniOS, a product of ImageMaster, LLC, at <https://www.munios.com>; telephone 800-452-5152. In addition, the Preliminary Official Statement may be obtained upon request to the City’s Director of Debt Management or its 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 30th day of May, 2025.

/s/ Jamie L. Carnell

Jamie L. Carnell
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, 2025**

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 127146 and Ordinance 125457 (together, the “Bond Ordinance”), certifies as follows:

1. In accordance with the Bond Ordinance, an Official Notice of Bond Sale dated May 30, 2025, has been prepared and distributed, and on June 10, 2025, 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:	<u>\$</u>
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 June 1	Amount	Interest Rate	Price	Due June 1	Amount	Interest Rate	Price
2026				2036			
2027				2037			
2028				2038			
2029				2039			
2030				2040			
2031				2041			
2032				2042			
2033				2043			
2034				2044			
2035				2045			

- (1) Term Bonds.
- (2) Priced to call date of June 1, 2035.

Redemption Provisions

Optional Redemption. The Bonds maturing on June 1 in the years 2026 through 2035, inclusive, are not subject to redemption prior to their stated maturity.

The Bonds maturing on or after June 1, 2036, 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 June 1, 2035, 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 June 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: _____

Jamie L. Carnell, 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

\$77,410,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2025

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) On _____, 2025, [SHORT NAME OF UNDERWRITER] won on a competitive basis the right to reoffer the Bonds.
- (ii) 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. [SHORT NAME OF UNDERWRITER] has actually offered each of the Maturities of the Bonds at the Expected Offering Prices to the Public. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.
- (iii) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.
- (iv) 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. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.
- (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 June 10, 2025.
- (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 LLP 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

(1) Preliminary, subject to change.

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: _____

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

\$77,410,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2025

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 having the same maturity date and credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

(1) Preliminary, subject to change.

- (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 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 June 10, 2025.
- (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 LLP, 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: _____

PRELIMINARY OFFICIAL STATEMENT

\$77,410,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2025

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 \$77,410,000⁽¹⁾ aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2025 (the “Bonds”).

Appendix A to this Official Statement includes the form of legal opinion of Stradling Yocca Carlson & Rauth LLP of Seattle, Washington (“Bond Counsel”), for the Bonds. Appendix B is the City’s Annual Comprehensive Financial Report (the “Annual Report”) for 2023. 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.

Certain forecast information provided in this Official Statement was prepared by the City’s Office of Economic and Revenue Forecasts. See “The City of Seattle—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 127146, passed by the City Council on November 21, 2024 (the “Improvement Ordinance”), with respect to the new-money portion of the Bonds, 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”), with respect to the refunding portion of the Bonds, delegating to the Director of the Office of City Finance within the City’s Department of Finance and Administrative Services (the “Director of Finance”) the authority to execute, on behalf of the City, a certificate of bid award, a pricing certificate (“Pricing Certificate”), and other documents (collectively, the “Bond Documents”) in accordance with the parameters set forth in the Bond Ordinance.

(1) Preliminary, subject to change.

Principal Amounts, Dates, Interest Rates, and Maturities

The Bonds will be dated the date of their initial issuance and delivery. The Bonds will mature on June 1 in the years and amounts set forth on page i of this Official Statement. Interest on the Bonds is payable semiannually on each June 1 and December 1, beginning December 1, 2025, 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 Director of Finance 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 June 1, 2035, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the Bonds maturing on and after June 1, 2036, prior to their stated maturity dates at any time on or after June 1, 2035, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Mandatory Redemption. If not redeemed or purchased at the City’s option prior to maturity, the Term Bonds maturing on June 1, _____, will be redeemed, at a price equal to the principal amount thereof plus accrued interest, on June 1 in the years and amounts as follows:

TERM BONDS	
<u>Years</u>	<u>Amounts</u>

(1)

(1) Maturity.

If the City redeems or purchases Term Bonds at the City’s option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their actual redemption or purchase prices) will be credited against the remaining mandatory redemption installment payments for that Term Bond in the manner directed by the Director of Finance. In the absence of direction by the Director of Finance, credit will be allocated to each mandatory redemption installment payment for that Term Bond on a *pro rata* basis.

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 the Bonds. 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 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, 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 all or a portion of the outstanding Limited Tax General Obligation Improvement and Refunding Bonds, 2015A (the "Refunding Candidates"), 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.

Projects in the City's capital improvement program that have been identified in the Bond Ordinance to be funded by proceeds of the Bonds include design, construction, renovation, installation, or improvement of various capital facilities (including fire facilities, Seattle Municipal Tower elevator rehabilitation, Alaskan Way improvements, and the Overlook Walk project, among others); City fleet electric vehicle charging infrastructure; and data, telephone and information technology infrastructure projects of the City. The City has reserved the right to adjust specific projects identified to be funded, as necessary, by amending Exhibit A to the Bond Ordinance.

The Refunding Candidates were issued to pay for or refinance part of the costs of design, construction, renovation, improvement, or replacement of various capital facilities, including, among others, the South Park Bridge, the Alaskan Way Corridor, bridge rehabilitation, fire facilities, and the data center.

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

SOURCES OF FUNDS	
Stated Principal Amount of the Bonds	
Original Issue Premium	
Total Sources of Funds	\$ -
USES OF FUNDS	
Project Fund Deposits	
Deposit to Refunding Escrow	
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 all or a portion of the Refunding Candidates 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 Refunded Bonds will be called on the date and at the price 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, 2015A, Dated 5/21/2015</i>						
Serial	6/1/2026	5.000	\$ 15,270,000	7/28/2025	100	812626 3Y3
	6/1/2027	5.000	5,605,000	7/28/2025	100	812626 3Z0
	6/1/2028	5.000	4,390,000	7/28/2025	100	812626 4A4
	6/1/2029	4.000	1,170,000	7/28/2025	100	812626 4B2
	6/1/2030	4.000	1,220,000	7/28/2025	100	812626 4C0
	6/1/2031	4.000	1,275,000	7/28/2025	100	812626 4D8
	6/1/2032	4.000	1,325,000	7/28/2025	100	812626 4E6
	6/1/2033	4.000	1,375,000	7/28/2025	100	812626 4F3
	6/1/2034	4.000	1,435,000	7/28/2025	100	812626 4G1
	6/1/2035	4.000	1,480,000	7/28/2025	100	812626 4H9
Total			<u>\$ 34,545,000</u>			

(1) Preliminary, subject to change.

Procedure. The City will enter into an Escrow Agreement with U.S. Bank Trust Company, National Association, as Escrow Agent, to provide for the refunding of the Refunded Bonds and the payment of Bond issuance costs. The Escrow Agreement will create an irrevocable trust fund to be held by the Escrow Agent and to be applied solely to the payment of the Refunded Bonds and the payment of Bond issuance costs. The net proceeds of the Bonds deposited with the Escrow Agent to be used to refund the Refunded Bonds will be held in cash or invested in noncallable direct obligations of the United States of America or obligations the payment of which is unconditionally guaranteed by the United States of America (the “Acquired Obligations”) that will mature and bear interest at rates sufficient, together with cash held by the Escrow Agent, to pay the principal of and accrued interest on the Refunded Bonds.

Verification of Calculations. The mathematical accuracy of the computations of the adequacy of the maturing principal amounts of and interest on the Acquired Obligations and cash on deposit to be held by the Refunding Trustee to pay principal of and interest on the Refunded Bonds as described above will be verified by Causey Public Finance, LLC, independent certified public accountant.

SECURITY FOR THE BONDS

The Bonds are general obligations of the City.

For so long as any of the Bonds are outstanding, the City has irrevocably pledged 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 respective 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 2025." 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

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 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 2024 Financial Results

On a preliminary basis, the City's financial performance for the fiscal year ended December 31, 2024, reflects the continued increase in Payroll Expense Tax revenues and the use of accumulated planning reserves (not including the Emergency Fund or Revenue Stabilization Fund reserves) to pay one-time retroactive costs associated with collective bargaining agreements that took effect in 2024.

All Governmental Funds. Based on preliminary unaudited results, revenues for all governmental funds increased by 6.1% in 2024 compared to 2023 actuals. Taxes, which are the City's largest source of governmental revenue, increased by 8.5% in 2024 compared to 2023 actuals and are the primary driver of revenue growth in 2024. This increase is largely due to an increase in Payroll Expense Tax revenues and collections related to the voter-approved affordable housing levy that began collections in 2024 at a level higher than the prior levy that ended in 2023.

Expenditures increased by 12.2% in 2024 compared to 2023 in large part due to retroactive payments associated with the approval of collective bargaining agreements, many of which had expired in prior years. As described in "The City of Seattle—Labor Relations," during 2024 the City approved 26 contracts, including a majority of the City's represented employees. The retroactive amounts paid by the City to employees were concentrated in Public Safety, which contributed to 2024 expenses in this area increasing by 22.7% over 2023. Other areas with large increases include Culture and Recreation, which increased by 10.1%, and Economic Environment, which increased by 7.1%, compared to 2023 actuals.

Capital outlays increased by \$53 million on a one-time basis in 2024 to recognize expenditures related to the transfer of an information technology asset that was developed to support the Municipal Court Information System (“MCIS”) replacement from a proprietary fund into the General Fund. Financing for the development of MCIS was recognized in the proprietary fund throughout its development. This expenditure is offset by an equivalent revenue in Program Income, Interest, and Miscellaneous Revenues. Excluding this one-time event, 2024 revenues and expenditures in all governmental funds increased by 4.6% and 10.5%, respectively, compared to 2023.

General Fund. Revenues to the General Fund increased by 6.8% in total when compared to 2023, due in large part to a 12.8% increase in Payroll Expense Tax revenues collected and a 17.2% increase in public utility taxes. Revenues from taxes, which make up the largest share of revenues to the General Fund, increased by 4.9% in 2024 compared to 2023 (See “—General Fund Tax Revenue Sources”), and non-tax revenues increased by 12.2% compared to 2023 due in large part to the MCIS asset transfer discussed above. Excluding this one-time event, General Fund revenues increased by 4.3% compared to 2023.

Together, Expenditures and Other Financing Sources and Uses, which include net transfers into and from the General Fund, increased by a combined 21.2% compared to 2023 actuals. Expenditures increased by 21.5% compared to 2023 actuals, attributable to growth in all areas of general government expenditures due in large part to the approval and implementation of numerous collective bargaining agreements and related retroactive payments. As the majority of Public Safety expenditures occur in the General Fund, expenditure growth was most pronounced in this area, increasing by 23.4% in 2024 compared to 2023 actuals.

The General Fund balance decreased by approximately \$91 million to \$1.1 billion in 2024, primarily due to the use of planning reserves to pay retroactive costs associated with the approval of bargaining agreements. A portion of the General Fund balance will be used to support expenditures in 2025 and in future years for programs appropriated in previous budgets.

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, Debt Service, and Capital Projects funds) based on audited figures for the years 2019 through 2023 and unaudited figures for 2024. Notes to Tables 1 through 3 are provided on the pages following the tables.

The City’s 2023 financial audit was released on June 28, 2024, and the City currently expects that the 2024 financial audit will be available on or about June 26, 2025.

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

	Unaudited	Audited				
	2024	2023	2022	2021	2020	2019
Assets						
Cash and Equity in Pooled Investments ⁽¹⁾	\$ 875,086	\$ 976,486	\$ 795,453	\$ 423,315	\$ 441,451	\$ 502,167
Receivables, Net of Allowances	277,275	274,468	223,441	395,167 ⁽²⁾	104,735	130,860
Due from Other Funds	4,852	3,378	6,320	3,785	46	68
Due from Other Governments	108,301	72,529	74,204	73,144	76,957	81,597
Interfund Loans and Advances	14,490	14,757	28,431 ⁽³⁾	15,500	40,900 ⁽⁴⁾	1,550
Other Current Assets	24,774	51,951	21,789	7,249	1,375	1,901
Total Assets	\$1,304,778	\$1,393,569	\$1,149,638	\$ 918,160	\$ 665,464	\$ 718,143
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows	\$1,304,778	\$1,393,569	\$1,149,638	\$ 918,160	\$ 665,464	\$ 718,143
Liabilities						
Accounts Payable	\$ 125,858	\$ 137,190	\$ 87,617	\$ 84,725	\$ 65,396	\$ 62,331
Contracts Payable	92	143	81	172	384	177
Salaries, Benefits, and Taxes Payable	3,496	26,321	22,542	20,358	20,028	54,967 ⁽⁵⁾
Due to Other Funds	30,169	17	16	-	11,240	673
Due to Other Governments	4,794	3,331	3,753	2,842	466	592
Revenues Collected in Advance	23,496	18,379	17,581	13,188	13,335	8,382
Interfund Loans and Advances	-	-	-	65,000 ⁽⁶⁾	-	700
Other Current Liabilities	10,148	10,424	6,240	9,410	7,641	1,212
Total Liabilities	\$ 198,053	\$ 195,805	\$ 137,830	\$ 195,695	\$ 118,490	\$ 129,034
Deferred Inflows of Resources	6,556	6,840	5,606	5,081	32,376	4,061
Total Liabilities and Deferred Inflows	\$ 204,609	\$ 202,645	\$ 143,436	\$ 200,776	\$ 150,866	\$ 133,095
Fund Balances⁽⁷⁾						
Nonspendable	\$ 127	\$ 49	\$ 236	\$ 75	\$ 65	\$ 74
Restricted	185,114	209,969	337,318	296,372	263,769	250,624
Committed ⁽⁸⁾	570,558	482,640	236,991	114,846	112,000	89,595
Assigned	108,800	99,394	15,123	10,946	8,693	20,632
Unassigned ⁽⁹⁾	235,570	398,872	416,534	295,145	130,071	224,123
Total Fund Balances	\$1,100,169	\$1,190,924	\$1,006,202	\$ 717,384	\$ 514,598	\$ 585,048
Total Liabilities, Deferred Inflows, and Fund Balances	\$1,304,778	\$1,393,569	\$1,149,638	\$ 918,160	\$ 665,464	\$ 718,143

Notes to Table 1 are on the following page.

NOTES TO TABLE:

- (1) The increases in cash in 2022 through 2024 reflect unexpended Payroll Expense Tax receipts as well as increasing fund balances, including in the Emergency Fund and Revenue Stabilization Fund. See Notes 7 and 9.
- (2) The increase in receivables beginning in 2021 is related to the Payroll Expense Tax that became effective in January 2021. Receivables in 2021 were particularly high as the first collections were not due until January 2022. Beginning in January 2022, payments are due on a quarterly basis ongoing. See “General Fund Tax Revenue Sources—Payroll Expense Tax.”
- (3) Reflects the principal balance as of December 31, 2022, for interfund loans to the Seattle Aquarium of \$13.2 million and an operating loan to the Seattle Center of \$15.3 million. The Seattle Aquarium interfund loan was repaid in 2023. The Seattle Center interfund loan is expected to be repaid with future operating revenues and is currently authorized through December 31, 2033.
- (4) Reflects the principal balance as of December 31, 2020, for interfund loans to the Central Waterfront Improvement Program and an operating loan to the Seattle Center. The Central Waterfront Improvement Program loan balance totaling \$16.4 million was repaid in 2021. The Seattle Center interfund loan balance of \$8.5 million is expected to be repaid with future operating revenues and is currently authorized through December 31, 2033.
- (5) Reflects a salary adjustment associated with contract negotiations that were settled that year.
- (6) Reflects interfund loans to the General Operating Fund and the Transportation Fund in the amounts of \$40 million and \$25 million, respectively, that have since been repaid.
- (7) In 2023, Citywide Accounting Services conducted a review of fund balance classifications per GASB 54, resulting in the reclassification of fund balances for real estate excise taxes from restricted to committed and the reclassification of fund balance for the Emergency Fund from unassigned to assigned. See “General Fund Tax Revenue Sources—Real Estate Excise Taxes” and “The City of Seattle—Fiscal Reserves.”
- (8) Increases in the committed portion of fund balance beginning in 2022 are attributed to Payroll Expense Tax as a result of increasing collections and expenditures supported by these revenues. See “General Fund Tax Revenue Sources—Payroll Expense Tax.”
- (9) The increase in unassigned fund balance in 2021 is due to delays in expenditures for new programs included in prior budgets. Relative to 2021, the increases in unassigned fund balance in 2022 and 2023 are largely attributed to the replenishment of reserves in the General Fund as well as Payroll Expense Tax obligations from 2021 that were not received until after the accrual cutoff in 2022. See “General Fund Tax Revenue Sources—Payroll Expense Tax” and “The City of Seattle—Fiscal Reserves.” The decrease in unassigned fund balance in 2024 is attributable to retroactive payments and salary adjustments associated with contract negotiations that were settled that year.

Source: City of Seattle, Annual Reports, 2019-2023, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2024 results

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

	Unaudited	Audited				
	2024	2023	2022	2021	2020	2019
Revenues						
Taxes	\$1,810,480	\$1,725,326	\$1,718,682	\$1,604,160 ⁽¹⁾	\$1,158,438 ⁽²⁾	\$1,283,863
Licenses and Permits	47,395	49,775	34,685	39,467	36,376	43,856
Grants, Shared Revenues, and Contributions	48,467	61,700	45,325 ⁽³⁾	92,356 ⁽⁴⁾	130,239 ⁽⁴⁾	37,339
Charges for Services	98,239	101,811	90,639	81,734	76,339	95,582
Fines and Forfeits	20,803	29,771	17,318	22,402	21,285	34,529
Concessions, Parking Fees, and Space Rent	35,958	32,938	19,913	11,195	10,614	39,105
Program Income, Interest, and Miscellaneous Revenues	264,812 ⁽⁵⁾	176,948 ⁽⁶⁾	99,144 ⁽⁶⁾	124,402	141,690	151,295
Total Revenues	\$2,326,154	\$2,178,269	\$2,025,706	\$1,975,716	\$1,574,981	\$1,685,569
Expenditures						
Current ⁽⁷⁾						
General Government	\$ 423,637 ⁽⁸⁾	\$ 396,106 ⁽⁸⁾	\$ 283,639	\$ 323,109 ⁽⁹⁾	\$ 253,631	\$ 274,574
Judicial	51,945	43,872	42,263	38,176	36,412	35,208
Public Safety	1,011,737	819,961	806,544	774,534	786,214	741,670
Physical Environment	28,977	22,325	20,406	25,230	36,465 ⁽⁹⁾	15,527
Transportation	94,040	75,653	100,631 ⁽¹⁰⁾	76,318	55,761	53,808
Economic Environment ⁽¹¹⁾	360,179 ⁽¹¹⁾	258,476 ⁽¹²⁾	251,049 ⁽¹²⁾	212,425 ⁽⁹⁾	184,504 ⁽⁹⁾	146,586
Health and Human Services	70,552	68,895	62,295	47,141	40,594	29,757
Culture and Recreation	262,693	245,772	232,236	197,656	206,395	191,958
Capital Outlay						
General Government	-	1	31	115	-	8,821
Judicial	53,392 ⁽⁵⁾	-	-	-	-	-
Public Safety	898	1,427	1,669	2,672	482	4,013
Physical Environment	-	72	8	(166)	6	-
Transportation	6,880	1,536	2,467	5,521	4,828	23,449
Economic Environment	424	5	-	-	-	875
Culture and Recreation	25,221	32,890	17,871	17,315	15,817	38,252
Debt Service						
Principal	-	-	5	-	-	5
Interest	-	-	412	-	22	-
Bond Issuance Cost	-	-	-	-	-	-
Total Expenditures	\$2,390,575	\$1,966,991	\$1,821,526	\$1,720,046	\$1,621,131	\$1,564,503
Excess (Deficiency) of Revenues Over Expenditures	\$ (64,421)	\$ 211,278	\$ 204,180	\$ 255,670	\$ (46,150)	\$ 121,066
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on Bonds Issued	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-
Capital Leases and Installments	(2)	-	-	-	-	-
Sales of Capital Assets	-	-	61,240 ⁽¹³⁾	3,775	8,579	-
Transfers In	25,087	14,667	66,022 ⁽³⁾	5,126	4,000	10,406
Transfers Out	(51,419)	(41,223)	(42,659)	(62,014)	(36,980)	(29,656)
Total Other Financing Sources (Uses)	\$ (26,334)	\$ (26,556)	\$ 84,603	\$ (53,113)	\$ (24,401)	\$ (19,250)
Net Change in Fund Balance	\$ (90,755)	\$ 184,722	\$ 288,783	\$ 202,557	\$ (70,551)	\$ 101,816
Fund Balances-Beginning of Year	1,190,924	1,006,202	717,384	514,598	585,047	483,267
Restatement/Prior-Year Adjustment	-	-	35	229	103	(35)
Fund Balances-Beginning of Year as Restated	\$1,190,924	\$1,006,202	\$ 717,419	\$ 514,827	\$ 585,150	\$ 483,232
Fund Balances-End of Year	\$1,100,169	\$1,190,924	\$1,006,202	\$ 717,384	\$ 514,598	\$ 585,048

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 the introduction of the City’s Payroll Expense Tax. See “General Fund Tax Revenue Sources—Payroll Expense Tax.” For additional detail on General Fund tax revenue growth, see the footnotes to Table 4—General Fund Tax Revenue Sources.
- (2) Decrease in 2020 reflects a significant reduction in economic activity brought on by the COVID-19 pandemic.
- (3) In 2022, \$62.0 million in federal Coronavirus State and Local Fiscal Recovery Funds grants was recognized as a “Transfer In” instead of direct revenue to the General Fund, resulting in a year-over-year reduction in this line item.
- (4) Increases largely reflect direct federal grants related to COVID-19 response and recovery. In 2020, \$84.6 million was received from the Coronavirus Relief Fund. 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 “Other Investment Considerations—Public Health Emergencies.”
- (5) Increase in 2024 is largely attributable to the transfer of MCIS into the General Fund from a proprietary fund. The asset was financed in the proprietary fund during its development.
- (6) Decrease in 2022 and subsequent increase in 2023 is largely due to the net result of unrealized investment gains and losses recognized in accordance with GASB 31.
- (7) Increases across all areas reflect retroactive payments and salary adjustments associated with the approval of numerous collective bargaining agreements in 2024. Related expenditure growth was most pronounced in Public Safety.
- (8) Increase in 2023 reflects a variety of expenditures including \$30.0 million related to multifamily housing supported by Payroll Expense Tax revenues as well as inflationary pressures on self-insured employee medical claims.
- (9) Increase in 2020 and 2021 reflect significant expenditures related to COVID-19 response, mitigation, and recovery.
- (10) Increase in 2022 was due to the transfer of parking enforcement functions from the Seattle Police Department to the Seattle Department of Transportation in 2022 and their subsequent return in 2023.
- (11) Increase in 2024 largely reflects increased expenditures on homelessness services in the General Fund and a shift of affordable housing development expenditures into the General Fund from other governmental funds
- (12) Reflects new expenditure related to multifamily housing supported by Payroll Expense Tax revenues.
- (13) Increase in 2022 largely due to \$60.0 million in proceeds from a one-time sale of surplus property.

Source: City of Seattle, Annual Reports, 2019-2023, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2024 results

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

	Unaudited	Audited				
	2024	2023	2022	2021	2020	2019
Revenues						
Taxes	\$2,503,678 ⁽¹⁾	\$2,306,798 ⁽²⁾	\$2,213,876	\$2,062,095 ⁽³⁾	\$1,601,753 ⁽⁴⁾	\$1,743,744
Licenses and Permits	60,960	63,001	46,060	47,636	44,306	50,745
Grants, Shared Revenues, and Contributions ⁽⁴⁾	318,298	299,258	411,844 ⁽⁵⁾	404,609 ⁽⁵⁾	344,046 ⁽⁵⁾	168,379
Charges for Services ⁽⁶⁾	314,757	373,837	384,691	369,201	353,106	266,747
Fines and Forfeits	32,047	45,487	27,869	32,807	24,786	44,471
Concessions, Parking Fees, and Space Rent	70,822	66,995	48,014	26,701	20,380	65,417
Program Income, Interest, and Miscellaneous Revenues	364,548 ⁽⁷⁾	298,006 ⁽⁸⁾	81,306 ⁽⁸⁾	134,544	195,119	209,692 ⁽⁹⁾
Total Revenues	\$3,665,110	\$3,453,382	\$3,213,660	\$3,077,593	\$2,583,496	\$2,549,195
Expenditures						
Current						⁽¹⁰⁾
General Government	\$ 468,487	\$ 451,021	\$ 319,273	\$ 370,490 ⁽¹¹⁾	\$ 257,625	\$ 294,816
Judicial	51,945	43,872	42,263	38,176	36,412	35,208
Public Safety	1,015,443	827,410	810,522	778,683	786,851	743,448
Physical Environment	29,026	22,762	21,882	25,581	36,914 ⁽¹¹⁾	15,852
Transportation	429,920	409,674	405,416	361,217	343,819	368,776
Economic Environment ⁽¹¹⁾⁽¹²⁾	562,025	524,762	581,278	521,351	409,442	286,589
Health and Human Services	242,336	222,863	203,430	187,207	155,356	124,633
Culture and Recreation	461,456	419,297 ⁽¹³⁾	369,542	325,360	312,900	318,075
Capital Outlay						
General Government	18	8,669	1,972	115	3,823	9,039
Judicial	53,392 ⁽⁷⁾	-	-	-	-	-
Public Safety	972	1,573	1,766	2,890	5,055	4,050
Physical Environment	-	72	8	(166)	43	-
Transportation	199,372	179,831	175,172	164,842	231,124 ⁽¹⁴⁾	127,518
Economic Environment	424	-	-	-	3,032	875
Health and Human Services	-	5	3	-	-	-
Culture and Recreation	93,775	97,559	72,043	52,212	47,041	70,064
Debt Service ⁽¹⁵⁾						
Principal	85,689	78,700	74,504	79,026	76,996	75,145
Interest	41,350	42,547	40,509	40,045	39,347	43,263
Bond Issuance Cost	299	531	888	1,127	531	232
Total Expenditures	\$3,735,929	\$3,331,148	\$3,120,471	\$2,948,156	\$2,746,311	\$2,517,583
Excess (Deficiency) of Revenues Over Expenditures	\$ (70,819)	\$ 122,234	\$ 93,189	\$ 129,437	\$ (162,815)	\$ 31,612
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ 38,980	\$ 93,925	\$ 127,585	\$ 240,105	\$ 71,805	\$ 39,825
Premium on Bonds Issued	4,053	12,430	11,690	34,115	14,601	5,053
Payment to Refunded Bond Escrow Agent	(11,157)	(54,391)	(41,976)	(38,359)	(51,381)	-
Capital Leases and Installment	(4)	(4)	-	11	-	-
Sales of Capital Assets	26	21	134,330 ⁽¹⁶⁾	7,592	16,107	6,272
Transfers In	145,729	128,751	168,268 ⁽¹⁷⁾	118,340	102,429	107,995
Transfers Out	(115,554)	(110,042)	(155,103) ⁽¹⁷⁾	(103,218)	(73,801)	(75,515)
Total Other Financing Sources (Uses)	\$ 62,073	\$ 70,690	\$ 244,794	\$ 258,586	\$ 79,760	\$ 83,630
Net Change in Fund Balance	\$ (8,746)	\$ 192,924	\$ 337,983	\$ 388,023	\$ (83,055)	\$ 115,242
Fund Balances-Beginning of Year	2,122,114	1,929,190	1,591,097	1,202,955	1,286,011	1,170,833
Restatement/Prior Year Adjustment	-	-	110	229	-	(62)
Fund Balances-Beginning of Year as Restated	\$2,122,114	\$1,929,190	\$1,591,207	\$1,203,184	\$1,286,011	\$1,170,771
Fund Balances-End of Year	\$2,113,368	\$2,122,114	\$1,929,190	\$1,591,207	\$1,202,955	\$1,286,013

Notes to Table 3 are on the following page.

NOTES TO TABLE:

- (1) The increase in tax revenues in 2024 is due in part to the voter-approved renewal of a low-income housing levy at a higher rate than the levy it replaced, increasing from \$0.13463 per \$1,000 assessed value in 2023 to \$0.46470 per \$1,000 assessed value in 2024.
- (2) The increase in tax revenues in 2023 is largely due to an increase in the Seattle Metropolitan Parks District levy from \$0.20401 per \$1,000 assessed value in 2022 to \$0.38551 per \$1,000 assessed value in 2023. Additionally, commercial parking tax revenues continued to recover in 2023.
- (3) Approximately \$248 million of the increase in 2021 tax revenue was due to the Payroll Expense Tax that became effective in 2021. See “General Fund Tax Revenue Sources—Payroll Expense Tax.”
- (4) Reflects a significant reduction in economic activity brought on by the COVID-19 pandemic.
- (5) Elevated revenues from 2020 through 2022 include direct federal grants related to COVID-19 response and recovery. See Note 4 to Table 2, above.
- (6) The increase in revenues from 2020 through 2023 is primarily due to reimbursements received from the State Department of Transportation for work performed by the City in connection with the Alaskan Way projects and growth in receipts of mandatory housing affordability (“MHA”) developer contributions. Additionally, starting in 2022, these revenues include reimbursements received from the Central Puget Sound Regional Transit Authority (“Sound Transit”) related to the Madison Bus Rapid Transit project and First Hill Streetcar operations.
- (7) See Note 5 to Table 2 above.
- (8) Decrease in 2022 and increase in 2023 are largely the net result of unrealized investment gains and losses recognized in accordance with GASB 31.
- (9) Includes one-time sale of City property for \$21.7 million and an increase in unrealized gains recognized in accordance with GASB 31.
- (10) In 2019, the allocation method between current expenditures and expenditures for capital outlay varied from the method utilized afterwards. If the current methodology had been used in 2019, current expenditures would have declined and capital outlay expenditures would have increased by approximately \$37 million in 2019.
- (11) Reflects significant expenditures related to COVID-19 response, mitigation, and recovery.
- (12) Includes expenditures supported by revenues from the Payroll Expense Tax that became effective in 2021.
- (13) Primarily reflects increased expenditures for major and routine maintenance and repairs at City parks, recreation facilities, and libraries.
- (14) Increase in 2020 was primarily due to construction on the Alaskan Way projects and various bridge projects throughout the City, including the emergency repairs to the West Seattle Bridge.
- (15) Debt Service in the Other Governmental Funds excludes debt service paid by enterprise funds and the portion of general obligation debt service paid by internal service funds.
- (16) Increase in 2022 due to \$134.3 million in proceeds from a one-time sale of surplus property.
- (17) In 2022, \$62.0 million in federal Coronavirus State and Local Fiscal Recovery Funds was transferred from the Coronavirus Local Fiscal Recovery Fund (special revenue fund) to the General Fund.

Source: City of Seattle, Annual Reports, 2019-2023, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2024 results

Fiscal Year 2025 Outlook Including the April 2025 Forecast

The City weathered the economic downturn of the COVID pandemic relatively well, in part due to the well-diversified revenues available to the City. In 2025, a number of challenges remain as office vacancy rates remain at levels that are higher than pre-pandemic levels, inflation remains elevated, and a number of revenues to the General Fund including sales tax, B&O tax, private utility taxes, as well as real estate excise tax (“REET”) are below 2019 peak levels when adjusted for inflation using Seattle area CPI-U index.

The 2025 Adopted Budget and 2026 Endorsed Budget adopted by the City Council in November 2024 closed a significant shortfall by reducing internal service functions and limiting growth in new programs. In addition, up to \$314.5 million of Payroll Expense Tax revenues is being redirected to the General Operating Fund in 2025 as reflected in the 2025 Adopted Budget, including applying \$229.5 million of current year 2025 Payroll Expense Tax revenues

and \$85.0 million of prior year Payroll Expense Tax balances. See “General Fund Tax Revenue Sources—Payroll Expense Tax.”

Summary of April 2025 Economic and Revenue Forecast. Since 2022, the City has produced economic and revenue forecasts through an independent Office of Economic and Revenue Forecasts (the “Forecast Office”). See “The City of Seattle—Forecasting.” On April 10, 2025, the Forecast Office presented the results of the April economic and revenue forecast to the Economic and Revenue Forecast Council (the “Forecast Council”), which projected a downward revision to revenues to the General Operating Fund from selected economically sensitive tax sources, as well as several other tax revenues that either support the General Operating Fund or provide significant funding for capital improvements including retail sales and use taxes, business and occupation (“B&O”) taxes, the Payroll Expense Tax, REET, and commercial parking taxes. See “General Fund Tax Revenue Sources.” The revenue forecast for these sources is anticipated to total \$1.82 billion in 2025, a 1.1% increase over 2024 preliminary unaudited numbers for 2024, but at a level that is \$89.1 million or 4.7% below the levels assumed when balancing the 2025 Adopted Budget. This shortfall is primarily due to a declining forecast for Payroll Expense Tax revenues. When excluding the Payroll Expense Tax, the April 2025 projections for these revenues declined by \$7.8 million, or 0.5%, since the most recent prior forecast in October 2024. In response to the April 2025 forecast, the City Budget Office (“CBO”) has taken measures to work with departments to slow spending, continue the hiring freeze for most non-public safety personnel, decrease non-essential spending, and increase the review process associated with initiating new consultant contracts.

Additional detail regarding the April 2025 forecast can be found at <https://www.seattle.gov/economic-and-revenue-forecasts/meeting-information/materials>. Also see “The City of Seattle—Forecasting.”

2026 Budget Development Process. In developing the 2026 budget, the City will address changes in the forecasted revenues for 2026 by continuing to examine its lines of business to identify reductions and identify cross-departmental efficiencies and consolidation opportunities. The City will also review all funding sources to maximize flexibility and utilization.

The Mayor expects to submit the 2026 budget proposal at the end of September 2025. The City Council may modify the Mayor’s budget proposal before adopting the 2026 budget, which is expected to occur in late November 2025. 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.” Additional legislative options for new taxes or increases in existing taxes may be proposed subject to approval by the City Council and the Mayor.

Looking to 2026, the City will serve as one of the host cities for the 2026 FIFA World Cup. The City will work with FIFA, the private local organizing committee, and other public entities to prepare for the event. Increased tourism and related activities may lead to one-time revenues for the City, but the City cannot predict the overall economic impact of serving as a World Cup host city.

GENERAL FUND TAX REVENUE SOURCES

The following table sets forth a breakdown of General Fund tax revenues for the years 2019 through unaudited 2024:

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

	2024	2023	2022	Audited 2021	2020	2019
Taxes						
General Property	\$ 379,415	\$ 377,802	\$ 371,765	\$ 363,688	\$ 344,813 ⁽⁵⁾	\$ 320,731
Retail Sales and Use ⁽¹⁾	342,026	341,993	333,101	301,031	256,019	293,469
Business ⁽²⁾	773,512	736,446	688,362	613,178	284,311	345,323
Excise	72,515	56,435	104,397 ⁽⁴⁾	123,658 ⁽⁴⁾	81,374 ⁽⁵⁾⁽⁶⁾	114,296 ⁽⁶⁾
Other Taxes	25,344	26,966	28,208	27,463	17,444 ⁽⁵⁾	36,639
Interfund Business ⁽³⁾	217,668	185,684	192,849	175,142	174,476	173,404
Total Taxes	\$ 1,810,480	\$ 1,725,326	\$ 1,718,682	\$ 1,604,160	\$ 1,158,438	\$ 1,283,862

- (1) Includes voter-approved 0.1% additional retail sales and use tax for transportation purposes. See “—Retail Sales and Use Taxes—Seattle Transportation Benefit District Sales Tax.”
- (2) Includes revenue of \$248.2 million in 2021, \$298.5 million in 2022, \$318.8 million in 2023, and \$360.0 million in 2024 from the Payroll Expense Tax that was implemented in 2021. These figures include approximately \$45.0 million in 2022 and \$3.6 million in 2023 related to revenue from activity that occurred in 2021 but was not received until after the accrual cutoff date in 2022. See “—Payroll Expense Tax.”
- (3) Business taxes on City-owned utilities. See “—Business Taxes.”
- (4) The increased revenues in 2021 and 2022 reflect a period of rapid growth in regional property prices, high residential sales activity, and several large commercial property sales. See “—Real Estate Excise Taxes.”
- (5) These numbers are correct and are different from what is shown in the 2020 Annual Report, which was in error.
- (6) The figures for 2019 and 2020 reflect large real estate transactions that were accelerated into 2019 in advance of the January 1, 2020, effective date for certain State real estate excise tax rate increases. Includes the short-term rentals tax that was first implemented in 2019 for that year only, as revenues in successive years were directed into a new special revenue fund.

Source: City of Seattle, Annual Reports, 2019-2023, and Citywide Accounting Services, Office of City Finance within the Department of Finance and Administrative Services, for unaudited 2024 results

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 Procedures” 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. The Bonds are payable from regular property taxes and other pledged sources, including certain restricted tax revenues to the extent the proceeds of the Bonds finance projects related to those restricted purposes.
- (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 2025, 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 affects the ability of the City to levy regular property taxes at rates sufficient to pay the debt service on its general obligation indebtedness. 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 (chapter 84.52 RCW). 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. This authority extends beyond the date when all beneficiaries of the original legacy programs are deceased. 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 2025 is \$2.63672 per \$1,000 of assessed value. However, \$1.59805 per \$1,000 of the 2025 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 chapter 84.52 RCW 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, certain levies for county hospital purposes, levies by regional transit authorities, and levies resulting from the correction of certain levy errors.

The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$4.29295 for the 2025 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$2.84196 for the 2025 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 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, State-assessed property, and certain increases in assessed value within designated tax increment financing areas. 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 2025, and Table 8—Voted Levy Lid Lifts in Effect in 2025.

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 (“Guaranty Fund”) to secure debt of any local improvement district (“LID”) 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). Any taxes levied for the maintenance of the guaranty fund would be in addition to (and, if need be, in excess of) all statutory and charter limitations.

The City currently has bonds outstanding for one LID. The Local Improvement District No. 6751 Bonds (the “Waterfront LID Bonds”) guaranteed by the Guaranty Fund, mature on November 1, 2043, and are subject to annual interest payments and principal redemptions based on collections of LID assessments. As of December 31, 2024, approximately \$91.3 million principal amount remains outstanding.

The balance in the Guaranty Fund, which secures the Waterfront LID Bonds (and any future LID bonds that may be issued by the City), was approximately \$9.3 million as of December 31, 2024. See “Other Investment Considerations—Certain Major Infrastructure and Capital Projects.”

The City has no current plans to form additional LIDs. However, nothing in State or local law prohibits the City from creating additional LIDs and issuing additional LID debt secured by the Guaranty Fund.

Assessed Value Determination. The Assessor determines the value of all real and personal property throughout King County (the “County”) (including the City) that is subject to *ad valorem* taxation, with the exception of certain public service properties for which values are determined by the State 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 Procedures. 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. The State's Governor also has authority to waive or suspend the application of tax due dates and penalties relating to collection of taxes. Further, the Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes.

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 assessed value and property tax collection record (Table 5), *ad valorem* levy rates (Table 6), and an example of overlapping levy rates for a representative levy code area within the City (Table 7).

TABLE 5
CITY ASSESSED VALUE AND PROPERTY TAX COLLECTION RECORD

Collection Year	Total Assessed Value⁽¹⁾	% Change in Assessed Value	Ad Valorem Tax Levy	Tax Collected Year Due	Total Collected As of 12/31/2024
2025	\$ 299,963,009,621	-0.42%	\$ 798,865,539	n/a	n/a
2024	301,214,631,275	-2.48%	709,166,591	98.60%	98.60%
2023	308,874,491,598	11.79%	610,763,665	97.13%	99.54%
2022	276,293,453,116	5.40%	595,518,889	98.52%	99.82%
2021	262,134,061,774	1.62%	586,954,673	98.55%	99.94%
2020	257,958,280,787	5.32%	570,239,595	98.52%	99.95%

(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		
	Voter-Approved			Voter-Approved		
	General⁽¹⁾	Bonds	Total	General⁽¹⁾	Bonds	Total
2025	2.63672	0.05459	2.69131	\$ 782,702,106	\$ 16,163,434	798,865,539
2024	2.31741	0.05418	2.37159	693,003,126	16,163,465	709,166,591
2023	1.93371	0.05327	1.98698	594,450,982	16,312,683	610,763,665
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

(1) Includes City’s total regular levy (including levy lid lifts). Excludes EMS levy and Seattle Park District levy, which are overlapping levies 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 2025
(Per \$1,000 of Assessed Value)

Overlapping Regular and Excess Levy Rates	
Within the City of Seattle	2025
City of Seattle	\$2.69131
King County	1.36182
State	2.24653
Port of Seattle	0.10196
Seattle School District No. 1	1.88116
EMS Levy	0.22146
County Flood Zone	0.09757
Seattle Park District ⁽²⁾	0.42855
Sound Transit	0.16382
Total Within City of Seattle	\$9.19418
City of Seattle--Purpose-Restricted Components	
Current Expense Base and Pension	\$1.03867
Levy Lid Lifts	1.59805
Total City Regular Levy Rate	\$2.63672
Excess Levy for Voter-Approved Bonds	0.05459
Total City Regular and Excess Levies	\$2.69131

- (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 2025

Lid Lifts	Term	Amount Expected to be Raised Over Levy Period
I-122 Election Vouchers ⁽¹⁾	2016-2025	\$ 30,000,000
Families, Education, Preschool, and Promise ⁽²⁾	2019-2025	619,600,000
Library	2020-2026	219,100,000
Low-Income Housing	2024-2031	970,300,000
Transportation	2025-2032	1,550,000,000

- (1) Legislation regarding renewal of the I-122 Election Vouchers levy was approved by the City Council on April 22, 2025. The measure will be submitted to voters at a special election to be held on August 5, 2025, and is expected to raise \$45 million over ten years if passed.
- (2) The Mayor has proposed the renewal of the expiring Families, Education, Preschool, and Promise (“FEPP”) levy. The proposed levy would raise \$1.3 billion over six years. The City Council will consider this summer whether to place this renewal measure before the voters later this year.

Major Property Taxpayers. The following table presents the property taxpayers within the City with the highest 2024 assessed value for tax collection year 2025.

TABLE 9
TEN LARGEST PROPERTY TAXPAYERS IN 2025

Taxpayer⁽¹⁾	Type of Business	Total Assessed Value⁽²⁾	Percent of of Total Assessed Value
Amazon	Electronic Commerce	\$ 2,582,571,941	0.86 %
Onni Properties	Commercial Real Estate	773,066,810	0.26
Amli Residential Prop LP	Commercial Real Estate	692,784,500	0.23
Union Square Limited Partnership	Commercial Real Estate	575,553,327	0.19
Prologis LP - C/O RE TAX	Commercial Real Estate	558,194,297	0.19
Ponte Gadea Seattle LLC	Commercial Real Estate	483,553,900	0.16
C/O Altus Group	Commercial Real Estate	465,688,800	0.16
GC Columbia LLC	Commercial Real Estate	465,039,060	0.16
Cruise LLC	Commercial Real Estate	445,601,045	0.15
BMR Dexter LLC	Commercial Real Estate	432,277,000	0.14
Total		\$ 7,474,330,680	2.49 %
Total City Assessed Value for Tax Collection Year 2025		\$ 299,963,009,621	

- (1) Includes taxpayers paying real and personal property taxes as property owners. Excludes property owned by governmental entities and excludes taxpayers paying leasehold excise taxes in lieu of property taxes on property leased from state and local government entities.
- (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 10.35% is charged on all taxable retail sales in the City. The 10.35% 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 Sound Transit, 0.9% for the County to support public transportation, 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, 0.1% for the County to support housing services, 0.1% for the County to support cultural access programs, 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.

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.

Retail sales and use tax revenues supporting the General Operating Fund totaled \$340.4 million in preliminary 2024 actuals, an increase of \$1.5 million (0.1%) over 2023 revenues. The April 2025 forecast projected retail sales and use tax revenue to the General Operating Fund in 2025 of \$343.2 million.

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 most recently approved an incremental rate of 0.15% in effect through April 1, 2027, at which point it will require reauthorization by the voters.

Business Taxes

The City imposes a business and occupation 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.

B&O tax revenues totaled \$353.3 million in preliminary 2024 actuals, a decrease of \$3.0 million (-0.8%) from 2023 revenues. The April 2025 forecast projected B&O tax revenue to the General Operating Fund in 2025 of \$368.6 million.

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.

The City also 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 also imposes the same utility B&O tax of 14.2% on commercial solid waste utilities as it does for its City-owned counterpart.

Utility B&O tax revenues totaled \$258.1 million in preliminary 2024 actuals, an increase of \$29.2 million (12.8%) over 2023 revenues. The April 2025 forecast projected utility B&O tax revenues in 2025 of \$247.3 million.

Payroll Expense Tax

Beginning January 1, 2021, the City imposed the Payroll Expense Tax on companies with annual payroll expenses exceeding \$7 million, adjusted annually for consumer price index (“CPI”)-linked inflation. The Payroll Expense Tax is only assessed against salaries that a company pays to Seattle-based employees. No tax is due with respect to employees whose annual salaries are below the minimum threshold. 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.

For 2025, the Payroll Expense Tax applies to businesses with \$8.8 million or more of payroll expense in the City for the past calendar year (2024), and compensation in the City for the current calendar year (2025) paid to at least one employee whose annual compensation is \$189,371 or more. The City Council also authorized increases to the tax rate, effective January 1, 2024.

Payroll Expense Tax is reported and paid on a quarterly basis, except for taxes relating to 2021 activity, which were reported on a single filing due on January 1, 2022, that covered the calendar year 2021. Initial receipts for taxes due in 2021 that were received on or before March 1, 2022, were accrued to 2021 and are reflected in the City’s 2021 Annual Report.

TABLE 10
PAYROLL EXPENSE TAX RATES AND THRESHOLDS
(UPDATED FOR 2025 CPI ADJUSTMENT)

2024 Thresholds	Payroll Expense		
	Less Than \$126.2 Million	\$126.2 Million to \$1,262.5 Million	Greater Than \$1,262.5 Million
Below \$189,371	N/A	N/A	N/A
\$189,371 to \$504,989	0.746%	0.746%	1.492%
\$504,989 or More	1.811%	2.024%	2.557%

Source: Office of City Finance within the Department of Finance and Administrative Services

Payroll Expense Tax revenues totaled \$360.0 million in preliminary 2024 actuals, an increase of \$41.2 million (12.9%) over 2023 revenues. The April 2025 forecast projected revenue from the Payroll Expense Tax revenues in 2025 of \$359.2 million.

Since its inception, by City policy, Payroll Expense Tax revenues have been used for a combination of affordable housing, local business and workforce support, community development, and projects supporting a transition to clean

energy. As part of the 2025 budget, the Executive proposed, and the City Council approved, removing the limitations and restrictions on uses of the Payroll Expense Tax proceeds. The Payroll Expense Tax may now be used for a variety of purposes which include affordable housing, economic development, climate-related investments, and ongoing support for the General Operating Fund. The amount of Payroll Expense Tax support for the General Operating Fund is evaluated annually as part of the City's budget process.

Additional Payroll Expense Tax for Social Housing. In February 2023, Seattle voters approved Initiative 135 which created the Seattle Social Housing Developer Public Development Authority ("Social Housing Developer") to develop, own, and maintain social housing developments in the City. In February 2025, voters subsequently approved Proposition 1A (originally Initiative 137), which imposes an additional tax on payroll expenses for employers doing business in the City to provide funding to the Social Housing Developer. The tax applies a 5% rate on compensation above \$1 million per year paid to Seattle-based employees. This tax became effective beginning January 1, 2025, but initial payments for tax liability incurred in 2025 are not due until January 31, 2026. Taxes due in 2026 onwards will be due quarterly and will be collected in accordance with the general provisions for collecting the Payroll Expense Tax. At least 95% of the new revenue is required under Initiative 135 to be allocated to the Social Housing Developer. An amount up to 5% of the tax revenue, but not exceeding \$2 million per year, may be retained by the City to administer the tax. The City is currently negotiating a tax agreement with the Social Housing Developer expected to be approved prior to commencement of collections. The City also expects to enter into a short-term loan agreement to provide temporary advances for operating expenses during 2025, to be repaid to the City from proceeds of this tax first collected in 2026.

Revenues collected and allocated to the Social Housing Developer will be accounted for in a City fiduciary fund and, as a result, do not appear in discussions of the Payroll Expense Tax or governmental fund expenditures in this Official Statement. See "City Financial Information."

Real Estate Excise Taxes

The City imposes a real estate excise tax of 0.5% on sales of real property in the City, which is levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. 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. REET may also be used for affordable housing and, following passage of HB 1791, effective July 27, 2025, for other designated governmental purposes as well. A portion of REET revenue is internally earmarked to pay City general obligation bond debt service allocated to financing qualifying projects.

In addition to the City REET, the State levies a REET using a graduated rate structure ranging from 1.1% to 3.0% that increases with the value of the real estate being sold.

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 remitted to the City were \$62.7 million in 2024, a \$14.8 million increase (31.0%) over 2023 revenues. The April 2025 forecast projected REET revenue in 2025 of \$65.2 million.

Other Taxes

Commercial Parking Tax. The City imposes a commercial parking tax ("CPT") on every person for parking a motor vehicle in a commercial parking lot within the City. First introduced on July 1, 2007, the proceeds of this tax are used for transportation purposes in accordance with RCW 82.80.070 or transportation improvements in accordance with RCW Chapter 36.73. Although the revenues generated by CPT are received outside of the General Fund, they provide a significant amount of funding for transportation projects as well as debt service related to transportation projects. The current rate imposed is 14.5% of the parking fee paid, effective July 1, 2022. The prior rate imposed was 12.5%.

CPT revenues in 2024 totaled \$50.0 million, declining by \$1.7 million (-3.2%) following a post-pandemic peak in 2023. The April 2025 forecast projected CPT revenue in 2025 of \$51.1 million.

Other Forecasted Taxes. The Forecast Office also produces forecasts for certain additional City taxes—the Admissions Tax, Short-Term Rental Tax, and the Sweetened Beverage Tax. Although the magnitude of revenues generated by these taxes is small relative to the other tax sources discussed above, they serve as indicators of local economic performance, particularly in the hospitality industry. For additional information on these taxes, see sections relating to the CBO and the Forecast Office under “The City of Seattle—Forecasting.”

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 11—Estimated Legal Debt Capacity (note 5).

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 2026. 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, as described above under “Limitations on Indebtedness—City-Guaranteed Debt.” See “Debt Capacity and Debt Service Summaries—Museum Development Authority of Seattle Debt Guarantee.”

Debt Capacity and Debt Service Summaries

Table 11 sets forth the computation of the City’s estimated legal debt capacity based on debt outstanding as of December 31, 2024, adjusted for the issuance of the Bonds, and a total City assessed value for collection of taxes in 2025 of approximately \$300.0 billion. Giving effect to the issuance of the Bonds, there remains approximately \$2.8 billion of unlimited tax general obligation debt capacity for general purposes and approximately \$3.7 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, 2024.

TABLE 11
ESTIMATED LEGAL DEBT CAPACITY⁽¹⁾
(as of December 31, 2024, adjusted for the issuance of the Bonds)

Assessed Value as of February 1, 2025 \$299,963,009,621	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	\$ -	\$ 7,499,075,241	\$ 7,499,075,241	\$ 7,499,075,241	\$ 22,497,225,722
1.5% of AV	4,499,445,144	(4,499,445,144)			
	\$ 4,499,445,144	\$ 2,999,630,096	\$ 7,499,075,241	\$ 7,499,075,241	\$ 22,497,225,722
Debt Outstanding ⁽²⁾					
The Bonds ⁽³⁾	\$ (44,120,000)	\$ -	\$ -	\$ -	\$ (44,120,000)
Outstanding Bonds ⁽⁴⁾	(665,975,000)	(214,240,000)	-	-	(880,215,000)
Guarantees on PDA Bonds ⁽⁵⁾	(18,270,000)	-	-	-	(18,270,000)
Public Works Assistance Account Loans ⁽⁶⁾	(10,423,364)				(10,423,364)
Compensated Absences ⁽⁷⁾	(80,850,794)	-	-	-	(80,850,794)
Total Debt Outstanding	\$ (819,639,158)	\$ (214,240,000)	\$ -	\$ -	\$ (1,033,879,158)
Available Net Assets in Redemption and Other Funds ⁽⁸⁾	\$ 7,066,051	\$ -	\$ -	\$ -	\$ 7,066,051
Compensated Absences for Sick Leave ⁽⁷⁾	8,812,219	-	-	-	8,812,219
Net Debt Outstanding	\$ (803,760,888)	\$ (214,240,000)	\$ -	\$ -	\$ (1,018,000,888)
Legal Debt Margin	\$ 3,695,684,256	\$ 2,785,390,096	\$ 7,499,075,241	\$ 7,499,075,241	\$ 21,479,224,834

Notes to Table 11 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) 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 funds.
- (3) Preliminary, subject to change. Par amount of the new-money portion of the Bonds only.
- (4) Includes the Refunding Candidates.
- (5) Includes the principal amounts of City-guaranteed bonds issued by the Museum Development Authority of Seattle. See "—Museum Development Authority of Seattle Debt Guarantee" below.
- (6) Includes City obligations to repay loans from the Washington State Public Works Assistance Account.
- (7) The State Auditor's Office requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt capacity. All compensated absences except the sick leave estimate meet this criterion. The City's bond counsel does not include compensated absences as debt for the purpose of calculating the City's debt capacity.
- (8) Excludes available net assets in Guaranty Fund and the Interfund Notes Payable Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin. See "—General Property Taxes—Guaranty Fund Levies."

Museum Development Authority of Seattle Debt Guarantee. The Museum Development Authority of Seattle ("MDA") is a public corporation chartered by the City pursuant to RCW 35.21.730 et seq. and Seattle Municipal Code ("SMC") Chapter 3.110 to provide for the management and operation of public art museum facilities. The MDA facilitates the development and operation of public art facilities, including the Seattle Art Museum ("SAM"), Olympic Sculpture Park, and Seattle Asian Art Museum, through agreements with SAM, an independent 501(c)(3) nonprofit corporation.

In 2005, SAM undertook a capital program, in coordination with MDA and the City, to facilitate expansion of the MDA-owned downtown museum facility and Olympic Sculpture Park. As part of this effort, in 2005 the City guaranteed the MDA's issuance of its \$61 million in Special Obligation Bonds, 2005 to support the expansion of the downtown museum facility. The MDA's bonds were subsequently refunded by the issuance of the MDA's Special Obligation Refunding Bonds, 2014, which were most recently refunded by the issuance of the MDA's Special Obligation Refunding Bonds, 2024 (interchangeably and without distinction, the "MDA Bonds"). The MDA Bonds are currently outstanding in the principal amount of \$17.3 million as of April 1, 2025.

Under these arrangements, MDA owns the downtown Seattle Art Museum facility and leases it to SAM (the nonprofit) to operate a public art museum. Lease revenues paid to MDA by SAM are directly applied to pay the debt service on the MDA Bonds. To pay its lease obligations to MDA, SAM relies upon lease revenues it receives by leasing out eight floors of office space that it owns in the office tower located directly above the current downtown Seattle Art Museum facility for future expansion purposes. In conjunction with the issuance of the MDA Bonds, the City committed its full faith and credit to replenish a debt service reserve account if drawn upon to pay debt service through the term of the bonds in 2031, subject to the terms of a Guarantee and Reimbursement Agreement by and among the City, the MDA, SAM, and U.S. Bank Trust Company, National Association, as Bond Trustee and Lockbox Agent (the "Guarantee Agreement").

The Guarantee Agreement was last amended in 2024 (the "Third Amended and Restated Guarantee and Reimbursement Agreement") in connection with the issuance of the MDA Bonds. The terms of the Third Amended and Restated Guarantee and Reimbursement Agreement maintain substantially the same terms and conditions that were provided for in the prior versions of the Guarantee Agreement, including payment of all lease revenues (generated by the leasing of certain office space owned by SAM adjacent to the downtown Seattle Art Museum facility) into a lockbox maintained by U.S. Bank Trust Company, National Association as Lockbox Agent and application of such receipts through a waterfall that provides for the timely payment of debt service on the MDA Bonds, replenishment of various reserve funds, and the reimbursement of the City for advances made (if any) under its guarantee obligation to replenish the debt service reserve account. Excess lease revenues remaining after payment of all amounts required under the Guarantee Agreement are available to SAM for its operations. In addition to holding certain control rights over the lockbox, the City also holds additional security under the Guarantee Agreement to ensure reimbursement by the MDA and SAM, including a minimum coverage requirement for office space lease

revenues; restrictions on tenancy and consent rights over office space lease amendments; negative pledges with respect to the use or encumbrance of office space lease revenues; covenants with respect to maintenance of existence, operations and maintenance of the facility, recordkeeping, and reporting; a deed of trust on the MDA-owned downtown Seattle Art Museum facility; a standby deed of trust on the SAM-owned office space condominium units (which is recorded only upon the occurrence of certain events); and consent rights over additional borrowing by either SAM or MDA. The Third Amended and Restated Guarantee and Reimbursement Agreement provides flexibility to permit the City to consider future requests for consents to additional borrowing, which could include making accommodations with respect to certain security held by the City to ensure reimbursement. Any such future consent involving the release of security held by the City would require the City Council and the Mayor to enact a future ordinance approving of that release in conjunction with a specific additional borrowing request to be presented by SAM or the MDA.

The City is required under State law to treat the outstanding principal of the guaranteed MDA Bonds (or future guaranteed debt issued to refund those bonds) as “debt” of the City for purposes of calculating applicable statutory and constitutional debt limitations. See Table 11. Although the City waived certain requirements of the Guarantee Agreement to assist the MDA following the 2008 financial crisis (which resulted in the loss of Washington Mutual Bank as the tenant under SAM’s office space leases and its replacement with Nordstrom Inc. as the master tenant), the City has never been called upon to make any advance to replenish the debt service reserves in respect of the MDA Bonds.

TABLE 12
SUMMARY OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AS OF DECEMBER 31, 2024

	LTGO						
	UTGO	The Bonds ⁽²⁾					Total
		Outstanding ⁽¹⁾	Principal	Interest	Total	Total ⁽¹⁾	
2025	\$ 16,164,900	\$ 115,036,836	\$ -	\$ 949,806	\$ 949,806	\$ 115,991,700	\$ 132,156,600
2026	16,154,900	95,824,797	3,945,000	2,107,375	6,052,375	101,913,297	118,068,197
2027	16,149,550	82,724,631	4,145,000	1,905,125	6,050,125	88,814,506	104,964,056
2028	16,156,400	77,983,815	4,365,000	1,692,375	6,057,375	84,069,690	100,226,090
2029	16,148,550	71,355,888	4,575,000	1,468,875	6,043,875	77,446,763	93,595,313
2030	16,162,300	65,504,037	4,820,000	1,234,000	6,054,000	71,593,287	87,755,587
2031	16,157,050	58,447,628	3,030,000	1,037,750	4,067,750	62,544,253	78,701,303
2032	16,156,450	41,626,160	3,190,000	882,250	4,072,250	45,726,035	61,882,485
2033	16,154,700	35,038,547	3,020,000	727,000	3,747,000	38,811,922	54,966,622
2034	16,151,100	33,070,861	1,000,000	626,500	1,626,500	34,698,111	50,849,211
2035	16,160,050	30,420,799	1,055,000	575,125	1,630,125	32,051,674	48,211,724
2036	16,155,250	26,967,690	865,000	527,125	1,392,125	28,365,440	44,520,690
2037	16,161,500	23,098,638	915,000	482,625	1,397,625	24,496,763	40,658,263
2038	16,157,500	20,644,081	960,000	435,750	1,395,750	22,040,331	38,197,831
2039	16,152,900	18,478,613	1,010,000	386,500	1,396,500	19,875,613	36,028,513
2040	16,156,800	16,753,535	1,060,000	334,750	1,394,750	18,148,785	34,305,585
2041	16,157,900	15,786,655	1,115,000	280,375	1,395,375	17,187,405	33,345,305
2042	16,155,400	8,789,900	1,165,000	223,375	1,388,375	10,183,400	26,338,800
2043	13,323,400	4,867,975	1,230,000	163,500	1,393,500	6,261,475	19,584,875
2044	12,352,400	3,298,625	1,295,000	100,375	1,395,375	4,694,000	17,046,400
2045	2,225,600	1,840,400	1,360,000	34,000	1,394,000	3,234,400	5,460,000
2046	-	1,835,300	-	-	-	1,835,300	1,835,300
2047	-	1,837,800	-	-	-	1,837,800	1,837,800
2048	-	212,400	-	-	-	212,400	212,400
2049	-	214,200	-	-	-	214,200	214,200
Total	<u>\$ 318,714,600</u>	<u>\$ 851,659,812</u>	<u>\$ 44,120,000</u>	<u>\$ 16,174,556</u>	<u>\$ 60,294,556</u>	<u>\$ 912,248,551</u>	<u>\$ 1,230,963,151</u>

- (1) Preliminary, subject to change. Includes the Refunding Candidates. Does not include debt service on Public Works Assistance Account loans. Does not include City guarantees with respect to debt issued by City-chartered PDAs. Reflects taxable rates on certain “Build America 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 Investment 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 a rate of 5%.

TABLE 13
NET DIRECT AND OVERLAPPING DEBT

Outstanding Direct Debt ⁽¹⁾	
Unlimited Tax General Obligation Bonds	\$ 214,240,000
Limited Tax General Obligation Bonds ⁽²⁾	665,975,000
The Bonds ⁽³⁾	(44,120,000)
Less: Cash and Investments in Debt Service Funds	<u>(7,066,051)</u>
Net Direct Debt	\$ 829,028,949
Estimated Overlapping Debt ⁽⁴⁾	
King County ⁽⁵⁾	\$ 342,968,695
Port of Seattle	153,017,228
Seattle School District No. 001	5,181,048
Highline School District No. 401	<u>20,673</u>
Total Estimated Overlapping Debt	<u>\$ 501,187,643</u>
Total Net Direct and Estimated Overlapping Debt	<u>\$ 1,330,216,592</u>

- (1) As of December 31, 2024.
- (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 11—Estimated Legal Debt Capacity.
- (3) Preliminary, subject to change. Includes the new-money portion only.
- (4) Allocated to the taxable property within the City according to its share of 2025 total assessed values.
- (5) Excludes limited tax general obligation indebtedness payable first from other revenues of the County, such as sales tax and sewer revenue.

TABLE 14
CITY BONDED DEBT RATIOS⁽¹⁾

Total City Assessed Value for 2025 Collections ⁽¹⁾	\$299,963,009,621
2024 Population Estimate ⁽²⁾	797,700
Assessed Valuation ⁽³⁾	100% of True and Fair Value
Net Direct Debt to Assessed Value	0.28%
Net Direct and Estimated Overlapping Debt to Assessed Value	0.44%
Per Capita Assessed Value	\$376,035
Per Capita Net Direct Debt	\$1,039
Per Capita Net Direct and Estimated Overlapping Debt	\$1,668
Net Direct Debt	\$829,028,949
Net Direct and Estimated Overlapping Debt	\$1,330,216,592

- (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.”

Treatment of Tax Credit Subsidy Payments Under the Bond Documents

Tax Credit Subsidy Bond Payments. The City’s Limited Tax General Obligation Improvement Bonds, 2010A (the “2010A Bonds”), were issued as Taxable Build America Bonds—Direct Payment.

Effect of Federal Sequestration on Tax Credit Subsidy Payments. With respect to the City’s outstanding 2010A Bonds, the City is eligible for a tax credit subsidy payment of 35% of each interest payment due. The sequestration provisions of the Budget Control Act of 2011 (“BCA 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 general obligation Build America Bonds (including the 2010A Bonds) previously issued by the City. Since BCA Sequestration began, rates have ranged from 8.7% in FFY 2013 to 5.7% in FFY 2024. The City currently has sufficient cash available in the General Operating Fund to make timely debt service payments through its 2025 budget cycle. The City cannot predict how future federal legislative or budgetary measures could adversely affect the amount of the subsidy payment to the City. The City can give no assurance regarding the level of subsidy payments it will receive in the future, or the likelihood of the further reduction or elimination of the subsidy payments for direct-pay bonds in the event of additional sequestration measures or as a consequence of a federal default on debt payments. The City does not currently expect BCA Sequestration to materially adversely affect its ability to make debt service payments in the current or future years.

In addition, in connection with the 2010A Bonds, the City has an outstanding credit owed to the City that has not been refunded in the amount of \$224,756. As a result of IRS errors and delays in processing of certain payroll taxes due, the IRS initially withheld these amounts from Tax Credit Subsidy payments due to the City. The City has provided the IRS with City payroll tax related documentation that the IRS has indicated would be sufficient to address the prior year errors and credit the funds to the City, but such amounts have not yet been received by the City. The City cannot predict **when these funds may be received** and whether such delays in processing of payments from the IRS could occur in the future.

See also “Other Investment Considerations—Federal Policy Risk and Other Federal Funding Considerations.”

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

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 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 2025 budget was adopted by Ordinance 127156, passed by the City Council on November 21, 2024. The City's adopted General Operating Fund budget was approximately \$1.698 billion in 2024 and is approximately \$1.936 billion in 2025. See "—The City Budget Office."

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 office also provides technical assistance, training, and support to City departments in performing financial functions.

In prior years, the City's annual budget was based in part on revenue forecasts prepared by the CBO; in 2022, much of the forecasting function transitioned to the newly created Office of Economic and Revenue Forecasts. See "—The Office of Economic and Revenue Forecasts." The CBO continues to be responsible for coordinating with departments to forecast and project all other 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.

Additional information on the CBO as well as current and past adopted budgets can be found at the City's website.

Forecasting

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 October. 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 the 2022 budget 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 Payroll Expense Tax. The CBO continues 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 staffs the Forecast Council, develops economic and revenue forecasts, conducts special studies at the request of the Forecast Council, and provides *ad hoc* analytical support on economic and revenue estimation for legislative and executive staff consistent with its work program. Additional information on the Forecast Office, as well as the economic and revenue forecasts produced, can be found at the Forecast Office’s website. See “City Financial Information—Fiscal Year 2025 Outlook Including the April 2025 Forecast.”

Fiscal Reserves

Emergency Fund. Under the authority of RCW 35.32A.060, and as regulated by Ordinance 116642 (amended by Ordinances 117977 and 125492), the City maintains the Emergency Fund (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.

The City’s financial policies for the EMF establish a minimum balance of \$60 million, adjusted each year with the rate of inflation. This policy strikes 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 drew on the EMF and suspended its contributions in 2020 and 2021. In 2021, the City also amended its financial policies to require that after a severe event requiring deep or multi-year spending from the EMF, the City will return to making contributions to satisfy the target balance within a period of five years, or sooner if practically possible.

The EMF had a fund balance of \$65.0 million as of year-end 2019. In response to the COVID-19 pandemic, the City withdrew a net \$31.3 million from the EMF in 2020 and 2021. The City subsequently contributed \$39.2 million to the reserve from 2022 through 2024, resulting in a fund balance in the EMF of \$72.8 million at the end of 2024. In 2025, the City has budgeted to contribute \$12.3 million as part of a plan to fund the EMF to \$85 million by year-end 2025 and fully replenish the reserve according to the policies governing the reserve.

Revenue Stabilization Fund. The City maintains the Revenue Stabilization Fund (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 Operating Fund revenues.

Certain required transfers into and restrictions on expenditures from the RSF are set forth in Chapter 5.80 of the 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.

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.

To respond to the COVID-19 pandemic, the City withdrew a net \$51.7 million from the RSF in 2020 and 2021, reducing the ending fund balance from \$57.8 million at the end of 2019 to \$6.0 million at the end of 2021. Based on the automatic transfer mechanism described above, the City made a deposit of \$55.7 million to the RSF in 2022 and an additional \$6.2 million in 2023 and 2024, resulting in an RSF ending fund balance of \$68.0 million at the end of

2024, an increase of \$16.6 million over pre-pandemic levels. The City's 2025 Adopted Budget plans to fund the RSF to \$68.2 million by year-end 2025.

The combined fund balance of the EMF and the RSF is projected to reach \$159 million by year-end 2026.

Financial Management

City financial management functions are provided by the Office of City Finance within the Department of Finance and Administrative Services. The Director of Finance is a charter position appointed by the Mayor and reporting directly to the Mayor's Office, while being located within 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 Citywide Accounting and Payroll Division of the Office of City Finance within 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 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, Citywide 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 or warrants 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. Under chapter 43.250 RCW, local governments may invest in the Washington State Local Government Investment Pool, managed by the State Treasurer to maximize potential surplus funds while ensuring safety of those funds.

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 Treasury Services Division of the Office of City Finance within the Department of Finance and Administrative Services (“City Treasury”). Investments of temporarily idle cash may be made, according to existing City Council-approved policies, by City Treasury in securities described above under “Authorized Investments.”

State statutes, City ordinances, and Office of City Finance 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, 2024, the City’s pooled investment portfolio, which excludes pensions, totaled \$3.79 billion market value. The City’s investment portfolio consists solely of City funds. As of December 31, 2024, the annualized earnings yield of the City’s investment portfolio was 3.66% for the month and 3.73% for the year. As of December 31, 2024, the weighted average maturity of the City’s investments was 723 days. Approximately 19%, or \$729 million, was invested in securities with maturities of three months or less.

Investments were allocated as follows, by market value:

U.S. Government	51%
U.S. Government Agencies	27%
State and Local Government Investment Pool	12%
Municipal Bonds	3%
Supranational	3%
Corporate Bonds	1%
U.S. Government Agency Mortgage-Backed	1%
Repurchase Agreements	1%
Commercial Paper	1%

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

Interfund Loans. The City is authorized to make interfund loans 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, 2024, the City had outstanding three interfund loans totaling approximately \$39.5 million, including interest, in amounts between \$11.0 million and \$14.5 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 for periods prior to 2017 relates only to SCERS 1.

Additional detail on the existing plans is available from SCERS and DRS on their respective websites.

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 and DRS's Annual Financial Report for LEOFF are prepared in accordance with GASB 67.

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

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

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

According to the most recent actuarial valuation (with a valuation date as of January 1, 2024), which was approved by the Board on June 13, 2024 (the "2023 Actuarial Valuation"), there were 7,616 retirees and beneficiaries receiving

benefits, and 9,740 active members of SCERS. There are an additional 1,724 terminated employees in SCERS who are vested and entitled to future benefits and another 1,943 who are not vested and not entitled to benefits beyond contributions and accumulated interest. From January 1, 2023, to January 1, 2024, the net number of active members in SCERS increased by 4.6%, the net number of retirees receiving benefits increased by 1.3%, and the net number of vested terminated members increased by 4.7%.

Certain demographic data from the 2023 Actuarial Valuation are shown below:

TABLE 15
PLAN MEMBER DEMOGRAPHIC INFORMATION, SCERS

Age Range	Retirees and Beneficiaries Receiving Benefits		Active Employees	
	Number	Percent	Number	Percent
<25	-		138	1.4%
25-39	-		2,772	28.5%
40-49	8 ⁽¹⁾	0.1% ⁽¹⁾	2,601	26.7%
50-59	248	3.3%	2,613	26.8%
60-69	2,245	30.2%	1,478	15.2%
70+	4,927	66.3%	138	1.4%

(1) Includes everyone under the age of 50.

Source: 2023 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 4.36.505.E 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, 2023, and December 31, 2022, was transmitted on June 10, 2024, by CliftonLarsonAllen LLP (the "2023 SCERS Annual Report"). The 2024 SCERS Annual Report is expected to be approved by the Board on July 10, 2025, and, when approved, will be posted on the Board's website.

Milliman Inc., as consulting actuary, has evaluated the funding status of SCERS annually since 2010. The most recent actuarial report, the 2023 Actuarial Valuation (with a valuation date as of January 1, 2024), is available on the City's website.

In March 2022, the Board reduced the 30-year investment expectation to 6.75% following recommendations in the 2022 Experience Study. This change was incorporated into the annual actuarial valuations beginning with the 2021 Actuarial Valuation (with a valuation date as of January 1, 2022). The following summarizes some key assumptions utilized in the 2023 Actuarial Valuation and compares those to the assumptions used in the last six actuarial valuations.

TABLE 16
ACTUARIAL ASSUMPTIONS

	2023	2022	2021	2020	2019	2018	2017
Investment return	6.75%	6.75%	6.75%	7.25%	7.25%	7.25%	7.50%
Price inflation	2.60%	2.60%	2.60%	2.75%	2.75%	2.75%	3.25%
Wage growth (price inflation plus wage inflation)	3.35%	3.35%	3.35%	3.50%	3.50%	3.50%	4.00%
Expected annual average membership growth	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%
Interest on member contributions							
made on or after January 1, 2012 ⁽¹⁾	3.85%	3.85%	3.85%	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: 2017-2023 Actuarial Valuations

As of January 1, 2024 (as set forth in the 2023 Actuarial Valuation), the actuarial value of net assets available for benefits was \$4,143.7 million and the actuarial accrued liability was \$5,470.0 million. An Unfunded Actuarial Accrued Liability (“UAAL”) exists to the extent that actuarial accrued liability exceeds plan assets. Per the 2023 Actuarial Valuation, the UAAL increased from \$1,254.9 million as of January 1, 2023, to \$1,326.3 million as of January 1, 2024. The funding ratio increased from 75.7% as of January 1, 2023, to 75.8% as of January 1, 2024, which increase was primarily due to contributions made to pay down the UAAL and a higher than assumed investment return, but were almost entirely offset by a greater than assumed increase in salaries. For the year ended December 31, 2023, SCERS assets experienced an investment gain of about 11.5% on a market value basis (net of investment expenses), a rate of return that was significantly higher than the assumed rate of 6.75% for 2023. The result is an actuarial gain on assets for 2023, but only one-fifth of this gain was recognized in the current year actuarial value of assets (“AVA”). To improve its ability to manage short-term market volatility, the City has adopted a five-year asset smoothing methodology 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 2023 return was a positive 7.6% on an actuarial value basis.

The following table provides historical plan funding information for SCERS:

TABLE 17
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
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%
2022	3,717.2	4,959.0	(1,241.8)	75.0%	876.4	141.7%
2023	3,903.1	5,158.0	(1,254.9)	75.7%	972.6	129.0%
2024	4,143.7	5,470.0	(1,326.3)	75.8%	1,074.5	123.4%

(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 2023 SCERS audited financial statements included a calculation of TPL and NPL based on the actuarial valuation dated as of January 1, 2023, rolled forward using generally accepted actuarial procedures (assuming a 6.75% investment rate of return and 3.35% salary increases) to December 31, 2023, as follows: TPL was calculated to be \$5,352.3 million, plan fiduciary net position (“Plan Net Position”) was calculated to be \$4,010.6 million, and NPL was calculated to be \$1,341.8 million, for a funding ratio (Plan Net Position as a percentage of TPL) of 74.9%.

SCERS CONTRIBUTION RATES. Member and employer contribution rates for SCERS 1 and SCERS 2 are established separately by Chapter 4.36 SMC. The SMC provides that the City contribution for SCERS 1 must match the normal contributions of SCERS 1 members and does not permit the employer rate to drop below the employee rate. There is no similar restriction in the SMC with respect to SCERS 2. The SMC also requires that the City contribute, in excess of the matching contributions, 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 2023 Actuarial Valuation calculation, a 19-year amortization period was used. This policy may be revised by the City Council in future years. The 2023 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 18
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
2016	15.23%	10.03%	25.26%	25.26%	100%
2017	15.29%	10.03%	25.32%	25.32%	100%
2018	15.23% ⁽²⁾	10.03%	25.26%	25.00%	101% ⁽²⁾
2019	15.26% ⁽²⁾	9.85% ⁽³⁾	25.11%	24.40% ⁽⁴⁾	103% ⁽²⁾
2020	16.14%	9.65% ⁽³⁾	25.79%	25.79% ⁽⁴⁾	100%
2021	16.10%	9.46% ⁽³⁾	25.56%	25.56% ⁽⁴⁾	100%
2022	16.10% ⁽²⁾	9.35% ⁽³⁾	25.45%	24.68% ⁽⁴⁾	103% ⁽²⁾
2023	15.82%	9.24% ⁽³⁾	25.06%	25.06% ⁽⁴⁾	100%
2024	15.17%	8.95% ⁽³⁾	24.12%	24.12% ⁽⁴⁾	100%
2025	15.17%	8.83% ⁽³⁾	24.00%	24.00% ⁽⁴⁾	100%

(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 City contribution rate is intentionally more than the total ARC in these years in an effort to reduce a projected increase in future contribution rates.

(3) Reflects a blended employee contribution rate based on rates for SCERS 1 and SCERS 2 members.

(4) 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 18—Employer and Employee SCERS Contribution Rates and Table 19—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. Therefore, any future increases to pension contribution rates will be reflected in the City's employer contribution.

As indicated in Table 18, the Total ARC is decreasing to 24.00% as a percent of payroll beginning on January 1, 2025. This compares to the 24.12% Total ARC in 2024. The employees' share will average 8.83% between SCERS 1 and SCERS 2 in 2025. The employer's share needed to meet the Total ARC in 2025 will be 15.17%, which is the same as in 2024.

Projected total actuarially required contribution rates for SCERS reported in the 2023 Actuarial Valuation are shown in the table below:

TABLE 19
PROJECTED ACTUARIALLY REQUIRED TOTAL CONTRIBUTION RATES FOR SCERS
BY EMPLOYER AND EMPLOYEE

Contribution Year ⁽¹⁾	Assuming	
	6.75% Returns	Confidence Range ⁽²⁾
2025	15.17%	15.17-15.17
2026	15.21%	13.94-16.29
2027	15.73%	12.14-18.64
2028	16.55%	9.98-21.67
2029	16.26%	8.83-23.91
2030	16.26%	8.83-26.70

(1) Contribution year lags valuation year by one year. For example, contribution year 2025 is based on the 2023 Actuarial Valuation (as of January 1, 2024) results, amortized over 19 years beginning in 2024 if the contribution rate change takes place in 2025.

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

Source: 2023 Actuarial Valuation

Employer contributions for the City were \$145.0 million in 2023 and \$150.4 million in 2024. The employer share for employees of each of the utility funds is allocated to and paid out of the funds of each respective utility.

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

The market value of SCERS's net assets increased by \$371.6 million (10.2%) during 2023, including member and employer contributions of \$235.6 million and net gain from investment activity totaling \$426.3 million. Deductions increased by \$19.0 million in 2023, primarily attributed to a \$14.8 million increase in retiree benefit payments and a \$3.5 million increase in the amount of contributions refunded. For the year ending December 31, 2024, SCERS assets experienced an investment return of 8.7% on a market basis (net of investment expenses), which is above the assumed rate of 6.75%.

Table 20 shows the historical market value of SCERS's assets (as of each December 31). Table 21 shows the historical investment returns on SCERS for the last ten years.

TABLE 20
SCERS MARKET VALUE OF ASSETS

Year (As of December 31)	Market Value of Assets (MVA)⁽¹⁾
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
2021	4,134.8
2022	3,638.9
2023	4,010.6

(1) In millions.

Source: SCERS Actuarial Valuations

TABLE 21
SCERS INVESTMENT RETURNS

Year (As of December 31)	One-Year Annualized Return⁽¹⁾
2015	0.1%
2016	8.4%
2017	15.7%
2018	-3.7%
2019	17.2%
2020	12.6%
2021	16.8%
2022	-9.8%
2023	11.5%
2024	8.7%

(1) Calculated net of fees.

Source: SCERS Annual Reports and SCERS 2024 Q4 Performance Summary

The following table shows the historical distribution of SCERS investments for the years 2020-2024.

TABLE 22
HISTORICAL SCERS DISTRIBUTION OF INVESTMENTS BY CLASS

Investment Categories (January 1)	2024	2023	2022	2021	2020
Fixed Income	24.3%	24.7%	23.8%	22.7%	26.7%
Infrastructure	2.9%	2.5%	1.9%	1.5%	1.2%
Private Equity	14.5%	14.7%	13.5%	13.2%	8.6%
Public Equity	46.8%	44.3%	50.1%	53.0%	53.1%
Real Estate	11.5%	13.7%	10.6%	9.7%	10.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SCERS Actuarial Valuations

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

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

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

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

These pension plans provide retirement benefits, death benefits, and certain medical benefits for eligible active and retired employees. Retirement benefits are determined under chapters 41.18 and 41.26 RCW for the Firefighters’ Pension Fund and under chapters 41.20 and 41.26 RCW for the Police Relief and Pension Fund. As of January 1, 2024, eligible pension beneficiaries consisted of 487 fire employees and survivors and 564 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, 2024, 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, 5.50%; 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, 3.25%; 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 \$78.2 million as of December 31, 2024, a decrease of \$17.6 million from the TPL of \$95.8 million as of December 31, 2023. As of the January 1, 2024, valuation, the market value of net assets available for benefits in the Firefighters' Pension Fund was \$34.6 million, and the AAL was \$77.3 million. As a result, the UAAL was \$42.7 million and the funded ratio was 44.7%. In the January 1, 2023, actuarial valuation, the UAAL was \$56.7 million and the funded ratio was 34.4%. The City's employer contribution to the fund in 2023 was \$5.7 million; there were no current member contributions, as described in the January 1, 2024, actuarial valuation. 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, which is in contrast to the Firefighters' Pension Fund policy of fully funding the AAL. In accordance with GASB 73, the Police Relief and Pension plan had a TPL of \$84.8 million as of December 31, 2024, an increase of \$14.0 million from the TPL of \$70.8 million as of December 31, 2023. As of the January 1, 2024, valuation, the market value of net assets available for benefits in the Police Relief and Pension Fund was \$19.1 million, and the actuarial value of future benefits was \$102.2 million. As a result, the unfunded actuarial liability was \$83.1 million and the funded ratio was 18.7%. In the January 1, 2023, actuarial valuation, the unfunded actuarial liability was \$51.2 million and the funded ratio was 31.6%. The City's employer contribution to the fund in 2023 was \$0.8 million; there were no current member contributions, as described in the January 1, 2024, actuarial valuation. 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 \$17.3 million in 2023 and \$16.8 million in 2022, as described in the City's Annual Comprehensive Financial Report. The following table outlines the current contribution rates of employees and employers under LEOFF.

TABLE 23
LEOFF CONTRIBUTION RATES EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL
(AS OF SEPTEMBER 1, 2024)

	Plan 1	Plan 2
Employer	0.20% ⁽¹⁾	5.32% ⁽¹⁾
Employee	0.00	8.53%
State	N/A	3.41%

(1) Includes a 0.20% 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, 2023, valuation, LEOFF had no UAAL. LEOFF Plan 1 had a funded ratio of 149% and LEOFF Plan 2 had a funded ratio of 102%. The assumptions used by the State Actuary in calculating the accrued actuarial assets and liabilities are a 7.00% annual rate of investment return, 3.25% general salary increases, and 2.75% consumer price index increase. 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, 2023, the City reported an asset of \$290.1 million for its proportionate share of the net pension asset as follows: \$105.9 million for LEOFF Plan 1 and \$184.2 million for LEOFF Plan 2.

For additional information, see Note 11 to the City's 2023 Annual Report, which is attached as Appendix B.

Other Post-Employment Benefits

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

Beginning with the fiscal year 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, 2024, for the City's fiscal year ending December 31, 2024, and was prepared in accordance with GASB 75. It showed the total OPEB liability for the implicit rate subsidy as of December 31, 2024, increased to \$86.8 million from \$50.0 million as of December 31, 2023. The City's GASB 75 annual expense in 2024 was calculated at \$4.5 million, which compares to \$0.9 million in 2023.

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 as of January 1, 2025, in accordance with GASB 75 for the City's fiscal year ending December 31, 2024. As of January 1, 2024, valuations, eligible beneficiaries consisted of 577 fire employees and 482 police employees. As of December 31, 2024, the total OPEB liability in the City's Firefighters' Pension Fund decreased to \$240.7 million from \$255.5 million. The annual OPEB expense for 2024 was \$0.1 million and the estimated benefit payments were \$15.0 million. As of December 31, 2024, the total OPEB liability in the Police Relief and Pension Fund decreased to \$213.2 million from \$235.5 million. The annual OPEB expense for 2024 was \$7.9 million and the estimated benefit payments were \$14.4 million. The decrease in total OPEB liabilities under the City's Firefighters' Pension Fund and the Police Relief and Pension Fund plans were primarily due to an increase in the discount rate used to value future benefits under GASB 75.

For additional information regarding the City's OPEB liability, see Note 11 to the City's 2023 Annual Report, which is attached as Appendix B.

State Paid Family and Medical Leave Insurance

On January 1, 2020, the State became the fifth state in the nation to provide paid family and medical leave benefits to all workers in the State, including State and local government employees. The Paid Family and Medical Leave ("PFML") program is a State-wide insurance program administered by the State Employment Security Department that provides up to 12 to 18 weeks' paid leave for eligible workers to give or receive care. Eligible workers are those who have worked at least 820 hours (equivalent to 20.5 full-time weeks) in the qualifying period before the leave

begins. Benefits range between \$100 and \$1,542 per week, and the maximum benefit is adjusted annually. The program is funded by a mix of employer and employee premiums.

The City pays the employer share of premiums based on a percentage of wages that are subject to the federal Social Security tax. As of January 1, 2024, the rate is 0.92% of gross wages, up to the Social Security taxable wage cap. The City pays only the employer share of the assessment for most employees (estimated to be \$4.6 million in 2025, or 0.28% of gross wages subject to the Social Security cap), approximately half of which will be paid from the General Operating Fund and the remainder of which will be paid by other funds.

State Long-Term Care Services and Supports Benefit Program

The Long-Term Services and Supports (“LTSS”) Trust Program (“WA Cares”) was enacted in 2019 and was adjusted by further legislation in 2021, 2022, 2024, and 2025. The WA Cares program is intended to provide certain long-term care benefits to eligible beneficiaries.

Premiums are imposed on all participating employees in the State. They are collected by employers through employee payroll deductions and remitted to the State; there is no employer contribution required under State law. Assessment of premiums commenced on July 1, 2023, and benefits are to become available beginning July 1, 2026. Premiums are assessed at a rate set by State law and subject to adjustment every two years based on actuarial studies and asset valuations to maintain fund solvency. Self-employed persons may opt into the program. Certain employees (e.g., workers who live out of State, military spouses, workers on non-immigrant visas, and certain veterans with disabilities) may opt out of participation in the program.

Any individual 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. Persons born before 1968 can earn lifetime access to 10% of the full benefit amount for each year they contribute. Program participants eligible to receive benefits must have been assessed by the Department of Social and Health Services with needing assistance with at least three tasks of daily living, must be at least 18 years old, and must reside in the State. There is a lifetime cap of \$36,500 (as of 2026, adjusted annually for inflation) of the benefit for any individual. Beginning July 1, 2026, employees or self-employed persons who have left the State may elect to continue participation in the LTSS Trust Program.

On April 25, 2025, Engrossed Substitute Senate Bill 5291 was approved by both houses of the State Legislature and delivered to the Governor for action. The legislation streamlines administration of the program in the LTSS Trust Commission; adjusts certain exemptions, eligibility requirements, and withdrawal rights; and creates standards for supplemental long-term care insurance policies designed for coverage after program benefits are exhausted. Portions of the bill have an effective date of January 1, 2026, while other portions have effective dates of May 1, 2026, and January 1, 2027. The Governor is expected to act on the legislation on or before May 20, 2025.

Labor Relations

This information reflects the continued engagement of the Labor Relations Unit within Seattle Human Resources (“Labor Relations”) with union representatives. As of April 25, 2025, the City had 41 separate departments and offices with approximately 13,609 employees (including 12,091 regular and 1,518 temporary employees). Approximately 76% of regular City employees represented by 25 unions across 60 bargaining units is governed by 32 different collective bargaining agreements (contracts).

In 2021, multiple unions filed unfair labor practices arising out of the COVID-19 vaccine mandate. All but one of those administrative matters before the State’s Public Employment Relations Commission have been mutually resolved; the last unfair labor practice filed by the Seattle Police Officers’ Guild (“SPOG”) remains unresolved and may go to hearing in 2025. The City is separately addressing several other grievance actions and lawsuits brought against the City related to the vaccine mandate.

During 2024, the City approved 26 contracts including a majority of the City’s represented employees. These include agreements with approximately 25 bargaining units which are either part of the Coalition of City Unions or “Coalition-Like” unions (“Coalition”) retroactively effective to January 1, 2023, and expiring on December 31, 2026. The approved contracts also include interim bargaining agreements with the Seattle Police Management Association

("SPMA") and SPOG that were effective retroactively as of January 1, 2020, and January 1, 2021, respectively, both of which expired on December 31, 2023. Negotiations are ongoing for a new SPMA contract, to become retroactively effective to January 1, 2024. All together, these contracts include a large majority of the City's represented employees. An agreement with IAM Local 79 Machinists, effective retroactively from January 1, 2023, through December 31, 2026, is awaiting City Council approval at this time.

Additionally, the City authorized extension of the same wage increases and benefits provided in the Coalition contracts to virtually all non-represented City employees.

As of the date of this Official Statement, negotiations are ongoing for six bargaining groups with expired contracts, including SPOG, SPMA, IAFF Local 2898 Fire Chiefs, and IBEW Local 77 Transportation. Negotiations on a new agreement with IBEW Local 77 Construction Maintenance Equipment Operators, whose contract expired on December 31, 2024, will begin pending completion of a wage study. These unions will continue to operate under their expired contracts until the agreements have been formally approved and signed. In addition, 11 employee groups are undergoing the Public Employment Relations Commission representation petition process to either join an existing bargaining unit or form a new bargaining unit with its own contract.

In 2024 and 2025, multiple unions filed grievances and unfair labor practices arising out of the City's transition from its previous payroll system, EV5, to the current system, Workday. The City is separately defending a class action lawsuit related to Workday brought on behalf of a putative class of approximately 14,000 employees. The lawsuit is in the very early stages.

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.

OEM prepares for emergencies; coordinates with regional, State, and federal response agencies as well as private sector partners; 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 (including wildfires), 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. The City will next seek accreditation in 2027.

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 in the climate over time and from increases in the frequency, timing, and severity of extreme weather events. Aging infrastructure systems will be more vulnerable to climate-related hazards, as they are less able to mitigate climate-related hazards or cope with extreme events. Extreme events—such as the 2021 heat dome event or the 2022 "king tide" flood event—are likely to continue to occur, leading to cascading and compounding impacts for residents, businesses, and systems. While the City's systems and assets are fairly resilient to the impacts of climate change, the City, including its utilities, is preparing for continued changing climate conditions and the resulting economic, infrastructure, health, and other community impacts by incorporating climate change into its decision making and identifying actions to enhance the resilience of services and infrastructure.

Since 2013, the City has adopted numerous resolutions and taken several executive actions to provide long-term planning direction and guide climate protection and adaptation efforts, address and mitigate the effects of climate change, set expectations for new municipal facilities to meet established green building standards, and direct City departments to work together to prioritize and expand actions that equitably reduce or eliminate greenhouse gas emissions within the transportation sector.

In 2023, the State enacted legislation that updated the State’s planning framework to improve its response to climate change, adding a requirement for many municipalities, including the City, to include a climate change and resiliency element in their comprehensive plans. In accordance with this new policy, the respective section in the Mayor’s recommended draft of the City’s comprehensive plan update includes sub-elements addressing goals and policies to reduce carbon pollution, foster resiliency to the impacts of climate change, and sustain a healthy environment. The comprehensive plan update is currently under deliberation by the City Council and is anticipated to be adopted in mid-2025.

The carbon pollution reduction sub-element incorporates findings from two greenhouse gas inventories: a geography-based inventory conducted by the City every two years to track emissions from transportation, buildings, and waste, and a consumption-based inventory last performed in 2019 in collaboration with the County measuring emissions associated with food and other goods, modes of travel, and residences. The policies recommended in this sub-element seek to attain carbon neutrality by 2050, reduce emissions-generating vehicle trips, expedite the transition to electric vehicles, direct growth such that new jobs and housing reduce carbon pollution, transition buildings to clean energy use, and emphasize waste prevention by supporting a circular economy that keeps resources in use for as long as possible.

The sub-element regarding resilient communities and environment is centered on the Seattle Climate Vulnerability Assessment (the “CVA”), dated June 2023, to provide a document assessing how climate change is already affecting and will continue to affect the community wellbeing, economy, health, infrastructure, and natural systems of the City. The CVA identified that flooding and sea level rise, extreme heat, wildfire smoke, and extreme precipitation will have wide-ranging and interconnected impacts for the City. The policies recommended in this sub-element identify some key, broad areas that the City can invest in to address these risks, including investments in community services such as cooling and clean air centers, access to cooling and air filtration systems for homes and the tree canopy, communities that will be impacted by flooding, research of potential supply chain impacts, monitoring and maintenance of transportation systems, improving grid capacity and resilience, prioritizing water and wastewater systems’ resilience to flooding impact, protecting and expanding the City’s tree canopy, and protecting watersheds and salmon habitats.

Cyber Security and Artificial Intelligence

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 instituted 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 Risk Management Framework. 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 2019. See “—Risk Management.”

The Seattle Public Library (“SPL”), a charter department of the City, became aware of a ransomware event affecting its technology systems on May 25, 2024. SPL quickly engaged cyber security specialists and law enforcement and took its systems fully offline to interrupt and assess the nature of the event. All security remediations are complete

and SPL has increased its security posture by implementing additional protections. This incident will not affect the City's ability to make payments on the Bonds.

Artificial Intelligence ("AI"). Advancements in AI have the potential to expedite and modernize City service provision, but the City must balance the power of these tools with the City's commitments to data privacy, legal obligations, security, and transparency. Seattle IT, working in conjunction with various City departments, external partners, researchers, and subject matter experts, has developed Citywide AI Guiding Principles and an AI Policy for the City, outlining requirements City departments must observe when acquiring and using software that meets the definition of AI. These are implemented by the Responsible AI ("RAI") Program, which continues to operationalize the City's AI Principles through departmental use of AI tools. Building off foundational work of the City's Privacy Program, the RAI Program has instituted and continues to institute, review and update processes, policies, and procedures for evaluating AI systems, assessing risk, and implementing controls leveraging the NIST AI Risk Management Framework. The City cannot anticipate the precise nature of any particular risk that AI may create or the resulting consequences, and cannot guarantee that its RAI Program will mitigate all risks.

OTHER INVESTMENT CONSIDERATIONS

Public Health Emergencies

Pandemics and other widespread public health emergencies can and do arise from time to time and can affect broader economic conditions and the State's financial condition.

Beginning in 2020, the global COVID-19 pandemic negatively affected local, State, national, and global economic activity and had broad and previously unpredicted economic implications that affected the City's financial condition. Actions taken by the City to provide relief resulted in increased costs, a portion of which was subsequently reimbursed with State and federal aid. Future pandemics and other widespread public health emergencies can and do arise from time to time, which could have similarly unpredictable impacts on economic conditions locally and globally, and on the City's financial condition. The City cannot predict the nature or timing of any future pandemics and other public health emergencies that may arise and could impact the local economy or the City's financial condition, nor can the City predict whether federal aid would be made available for response or recovery efforts.

Certain Major Infrastructure and Capital Projects

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 various City capital improvements that span the City's central waterfront area from Pioneer Square to Belltown.

The various projects (other than the seawall replacement, which is complete) are being phased, with many elements nearing completion by the end of 2025. The City's funding plan for the Waterfront Seattle Program includes the State's share of funding and a mix of funding sources from various City revenues (*e.g.*, commercial parking tax, real estate excise tax), grant funding, private philanthropy (currently being raised by the nonprofit Friends of the Waterfront), and local improvement district assessments from the Waterfront Local Improvement District, described below. In the event that these revenue sources are not sufficient, 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 in future years.

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. The special assessments are not a general obligation of the City, and are secured by the City's Guaranty Fund. 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 Waterfront LID Bonds. 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."

Federal Policy Risk and Other Federal Funding Considerations

Federal Policy Risk—In General. Federal policies on the federal debt ceiling, foreign trade and tariffs, immigration, climate change, clean energy, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in dramatic shifts in the level of federal funding for various policy priorities, leading to unpredictability in future federal funding. The City currently expects a heightened level of uncertainty in funding from the federal government over the next several years due to the change in federal administration and is taking steps to monitor the status of federal funding payable to the City. In addition, the City has from time to time been a party to lawsuits challenging policies and/or funding conditions that could negatively impact the City. The City cannot predict with certainty any future changes in federal policy or the potential impact (positive or negative) on any related federal funding the City may or may not receive in the future.

Grant Funding Conditions. The City receives federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies. The City also receives State loans and grants that are funded in part or in whole through federal programs. 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. In addition, a risk exists that funding conditions could be imposed on new or existing grants that reflect federal policy priorities that are inconsistent with City policies, and that such inconsistencies could put certain federal grant funding at risk. In the event of a dispute between the City and funders regarding whether any such conditions are applicable and lawful, the City may not have access to affected funds for the pendency of any legal proceedings, regardless of whether the City ultimately prevails.

The City is monitoring the status of all of its federal funding at this time.

City Exposure to Changes in Federal Funding. The City is working in an uncertain and rapidly changing environment regarding the status of federal funding due to the City. In response to this, the City is working with City departments in 2025 to develop an inventory of its risk exposure to potential changes in federal funding. The City has identified risk in a variety of areas including the City's transportation, human services, affordable housing, public safety and emergency preparedness, and environmental programs. The City estimates that its dependence on direct federal funding in 2025 is approximately \$400 million in total related to grant awards that are either currently active or anticipated to be awarded. Of this amount, \$214 million represents federal funding for City operating programs and \$186 million represents federal funding for City capital projects. In particular, the City estimates that federal funding risk to the General Operating Fund in 2025 is up to approximately \$53 million, which represents awards anticipated in 2025 and amounts awarded in prior years and not yet spent. For comparison purposes, this is roughly 3% of the City's \$1.9 billion General Operating Fund budget. There may be direct or indirect risk as to some of these funds.

Additionally, many of the City's regional governmental partners also receive significant federal resources. Loss of federal funding by those agencies could have indirect fiscal impacts on the City as those agencies may seek financial support from the City. The City is seeking to protect and maintain its federal funding through both legislative advocacy and legal means if and as necessary. Any changes in federal funding will not affect the City's ability to repay the City's bonds.

Federal Shutdown and Debt Limit 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. However, the City can make no assurances that it would not be materially adversely affected by any future shutdown of the federal government. In addition, federal funding received by the City could be at risk in the event that the federal government approaches its statutory debt limit. The City cannot predict whether or to what extent any specific federally funded program could be affected in such an event.

Federal Tax Law Changes. From time to time, there are legislative proposals in Congress and the Internal Revenue Service (the "IRS") for rulemaking activities that could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether future legislation, rules, regulations, or other guidance may be proposed or enacted that would affect the federal tax treatment of interest received on the Bonds. Prospective purchasers of the

Bonds should consult with their own tax advisors regarding any pending or proposed legislation or regulations that would change the federal tax treatment of interest on the Bonds. Risks to the status of federal tax exemption affecting interest on the Bonds are also discussed under “Legal and Tax Information – Tax Matters” below.

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. After two years, the law may be amended or repealed by the City Council in the same manner as other laws.

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 seeking money damages and/or injunctive relief. These pending actions include matters arising under State and federal environmental law. Certain threatened or pending litigation is described in the City’s Annual Report, as of its date. See Appendix B—The City’s 2023 Annual Comprehensive Financial Report—Note 15, Contingencies.

In addition, the City is in the early stages of a lawsuit involving the transition from its previous payroll system to its current system. See “The City of Seattle—Labor Relations.”

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. Certain other threatened or pending litigation is described in the City's Annual Report, as of its date.

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 LLP, 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 does 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 LLP, 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.

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. With respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) on the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

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 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 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 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 (“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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, 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 City, 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 Rule 15c2-12.

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, 2024. 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 identity, 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.

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 _____ at a price of \$_____ and will be reoffered at a price of \$_____. The purchaser of the Bonds (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: _____

Jamie L. Carnell
Director of Finance

APPENDIX A
FORM OF LEGAL OPINION



[Date of Approving Opinion]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$_____ Limited Tax General Obligation Improvement and Refunding Bonds, 2025
(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 127146 and Ordinance 125457 (together, 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, 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, however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Code, interest on the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

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.

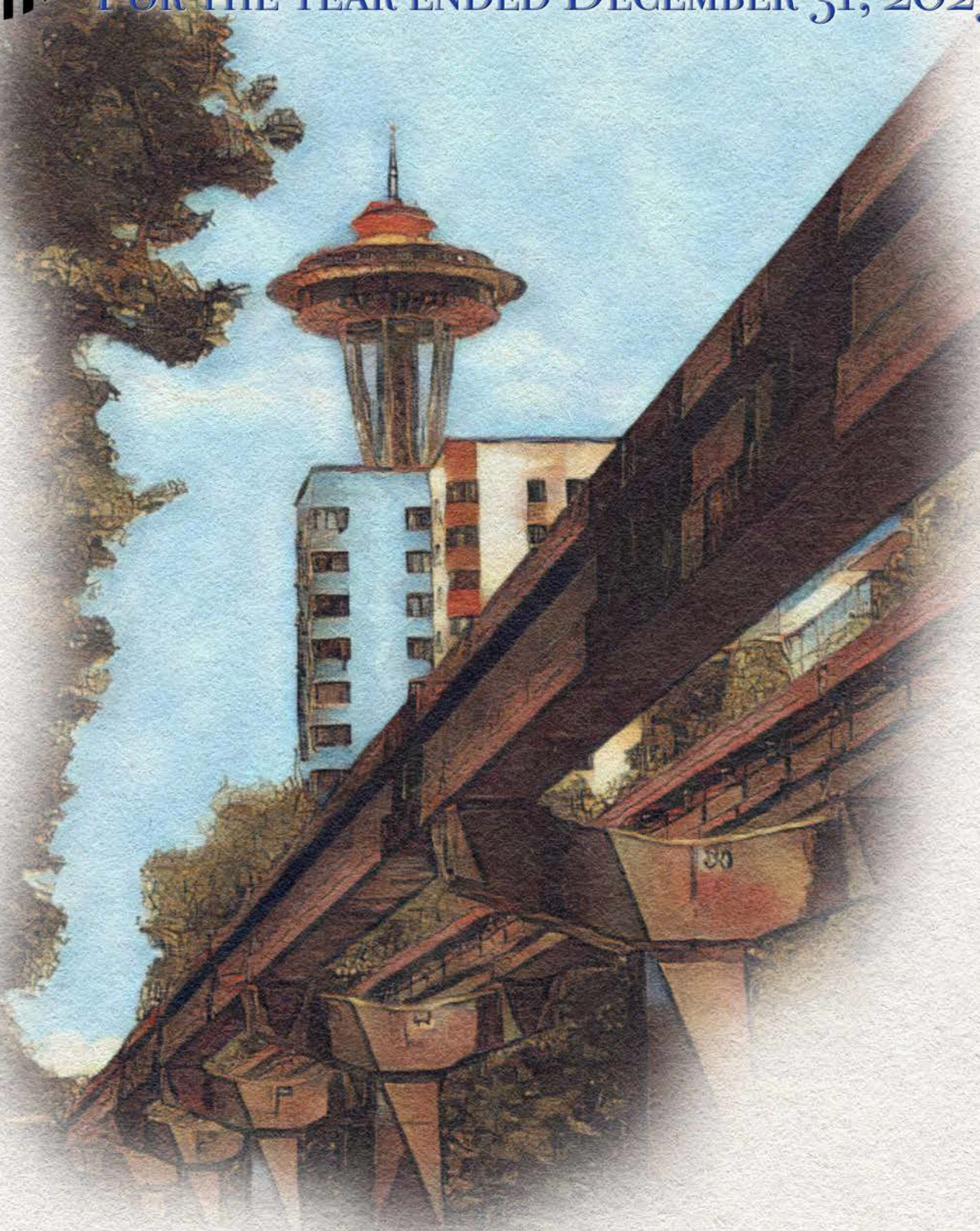
Respectfully submitted,

APPENDIX B

THE CITY'S 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT



THE CITY OF SEATTLE, WASHINGTON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023



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Annual Comprehensive Financial Report

For the Fiscal Year Ended
December 31, 2023



**City of Seattle
Washington**

Issued by the Office of City Finance

Introduction



Annual Comprehensive Financial Report

For the Year Ended December 31, 2023

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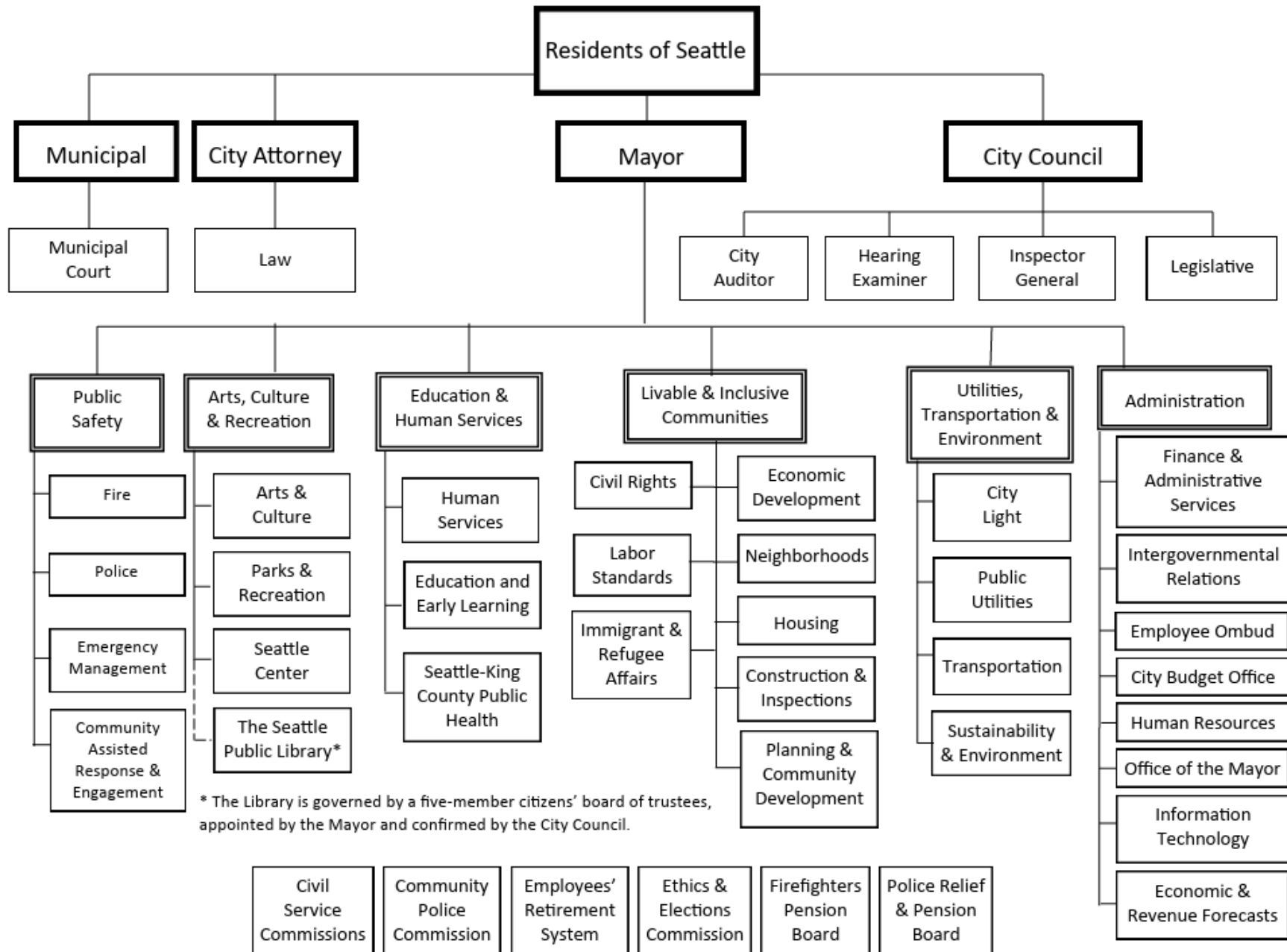
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CITY ORGANIZATIONAL CHART



OFFICIALS

Mayor



Bruce Harrell

City Council



Lisa Herbold
Councilmember

District 1



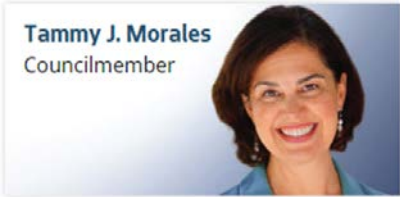
Alex Pedersen
Councilmember

District 4



Andrew J. Lewis
Councilmember

District 7



Tammy J. Morales
Councilmember

District 2



Debora Juarez
Council President

Council President, District 5



Teresa Mosqueda
Councilmember

At-large



Kshama Sawant
Councilmember

District 3



Dan Strauss
Councilmember

District 6



Sara Nelson
Councilmember

At-large



June 27, 2024

The Honorable Mayor,
the City Council
Residents of the City of Seattle

I am pleased to submit to you the 2023 Annual Comprehensive Financial Report (Annual Report) of the City of Seattle, Washington ("the City"). The Office of City Finance prepared this report to present the financial position of the City of Seattle as of December 31, 2023. 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'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

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.

Additional details about the budgetary process can be found in Note 2 of the accompanying financial statements.

NATIONAL AND LOCAL ECONOMY

U.S. Economy. As we entered 2023, the national economic outlook was deteriorating. In an effort to get inflation under control, the Federal Reserve had increased interest rates seven times in 2022, bringing the target rate mid-point from 0.125% to 4.375% in just twelve months. This dramatic monetary tightening did manage to cool down the inflation somewhat from its June 2022 peak of 9.0% to still uncomfortably high

6.4% in December 2022. The prevailing expectation among economists was that the aggressive increase in interest rates necessary to stabilize prices would also induce a brief but mild recession in the first half of 2023. The average for the probability of a recession in the next 12 months among the economists surveyed by Wall Street Journal in January 2023 was 60.8%. S&P Global's January 2023 forecast anticipated that U.S. real GDP would decline by 0.6% through the first half of 2023.

These projections proved overly pessimistic and U.S. economy has demonstrated tremendous resiliency over the past year. Even as interest rates rose further and the federal funds rate target rate mid-point reached 5.375% in July 2023, employment continued to expand as U.S. economy added about 255,000 jobs on average per month in 2023. Real GDP grew by 2.5% in 2023, powered by continued consumer spending that contributed 1.5% to the overall growth. At the same time, inflation has dropped notably to an annual rate of just 3.3% in December 2023.

U.S. economy has thus avoided the recession in 2023 and recession fears are now fading. Looking forward, the expectation is that the Fed's restrictive monetary policy will remain in place through the first half of 2024 and the economic growth will slow down. The December 2023 forecast from S&P Global anticipated that U.S. real GDP will grow 1.5% in 2024 and inflation will further decline to 2.6%. It appears thus that the Federal Reserve is succeeding in its goal of managing the economy toward a soft landing: inflation brought under control without triggering a recession.

Seattle metropolitan area economy. Relative to the economic forecast from October 2022, the regional labor market has outperformed expectations in terms of overall employment growth last year. City's Office of Economic and Revenue Forecasts projected that employment in Seattle Metropolitan Division area (King and Snohomish Counties) would decline by 0.3% in 2023, as the economy was expected to head into a recession in the first half of 2023. But the national economy managed to avoid a downturn and regional employment ended up growing 1.3%. While outperforming expectations, overall regional job growth has however been modest. Moreover, Seattle regional economy has trailed the performance seen at the national level as regional employment grew just 1.3% in 2023 compared to 2.4% in the U.S. as whole, and regional inflation was 5.7% compared to 4.1% at the national level.

There are a couple of factors that have negatively affected the region's recent economic performance. First, over the past two years there was a rather dramatic reversal in the technology sector, which has been a key driver of the region's post-pandemic recovery. Early evidence of this correction could be seen already in the second half of 2022, as announcements of layoffs were accompanied by declining stock prices and in the following months layoffs became common even among the region's largest technology employers. While these layoffs were not unique to Seattle, the technology sector has a disproportionate impact on the Seattle region, relative to the nation as a whole. The rapid growth of tech sector and rising stock prices in 2021 and early 2022 also added significant spending power to the regional economy, the layoffs and stock price correction that followed resulted in a pullback in regional consumer spending as well.

Second, and somewhat related, a slow return to the office has meant that overall economic activity in Seattle's downtown core has been relatively slow to recover as well. Technology and information sectors are in general more remote-friendly than finance and real estate, or professional and business services. As a result Seattle workers have lagged the overall national trends on returning to traditional work locations. This has also led to a persistent reduction in demand for office space and rising office vacancy rates, which combined with high interest rates resulted in slow down of construction activity after a decade of construction boom. By December 2023, seasonally adjusted regional employment in the construction sector has declined 4.8% from its peak in summer 2022.

The regional rate of inflation has been outpacing the national level for much of the post-pandemic period, driven in a significant part by strong income growth and the rapidly increasing cost of housing. In December 2022, the year-over-year change in Seattle area CPI-U was 8.4%, compared to the national level of 6.4%. Since then, regional inflation has cooled down further to just 4.4% in December 2023. In addition to rather stable food and energy prices, a softening in the local residential rental market has been an important factor in this decline, as shelter represents about one third of the overall expenditures accounted for in the regional consumer price index.

Technology sector appears to have stabilized, but the vacancy rates in office real estate market are expected to rise further before they turn around. And while Federal Reserve is expected to pivot to monetary easing in the second half of 2024, interest rates are unlikely to go back to the ultra-low levels of early 2010s. As a result, demand for new construction will remain muted and the regional economy is likely to go through a period of slower growth. This would mark a distinct shift from pre-pandemic trends when the regional economy experienced an extended period of rapid expansion, driven by remarkable growth in the technology sector and sustained construction activity in both the commercial and residential sectors.

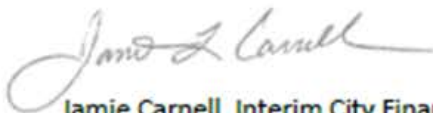
Tax Abatements – The City utilizes both property and sales tax abatements to generate economic growth, residential development, open space preservation and employment through redevelopment and new development in underserved areas. For more details on the specific programs, please see Note 16 in the accompanying financial statements.

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 annual comprehensive financial report for the fiscal year ended December 31, 2022. 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 Office of City Finance and other City departments who contributed to the preparation of this report. Finally, I thank you for your interest and continuing support in planning and conducting the City's financial operations in a responsible manner.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jamie Carnell".

Jamie Carnell, Interim City Finance Director
Office of City Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Seattle
Washington**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

City of Seattle

2023 Annual Comprehensive Financial Report

City Finance Division

Jamie Carnell, City Finance Interim 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

Amanda Barden

Stephen Colgan

Beau Eiland

Anita Lai

John Moore

Navjit Buttar

Bill Coughlin

Anna Himichuk

Tonja Martinez

Mena Nguyen

Steve Spada

Matt Clifford

Nicholas Devin

Lindsay Kurosu

April McCraney

Olga Smith

Treasury Services Division

Jessica Jaeger, Division Director

Susan Yi, Treasury Services Deputy Director

Kevin Tran, Treasury Operations Deputy Director

Debt Management Services

Kristi Beattie, City Debt Manager

Risk Management

Bruce Hori, Division Director

Financial Section





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

June 27, 2024

Mayor and City Council
City of Seattle
Seattle, Washington

Report on Financial Statements

Please find attached our report on the City of Seattle's financial statements.

We are issuing this report for inclusion in the City's annual comprehensive financial report package, which will be issued by the City under the City's own cover.

This report is in addition to our regular financial statement audit report, which will be available on our website and includes the City's basic financial statements.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.



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

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

Mayor and City Council
City of Seattle
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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 then ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

We did not audit the financial statements of:

- The Light, Water, Drainage and Wastewater, and Solid Waste funds, which in aggregate represent 98 percent, 97 percent and 97 percent, respectively, of the assets, net position, and revenues of the business-type activities.
- The Seattle City Employees' Retirement System and Solid Waste fund, which in aggregate represent 66 percent, 75 percent and 35 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units and remaining fund information.

Those statements were audited by other auditors, whose reports 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* and Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinion is not modified with respect to these matters.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are presented for 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2024, 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 black ink, reading "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2024

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, 2023. 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 24 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 165.

The basic governmental funds financial statements can be found beginning on page 32 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 non-major enterprise funds and internal service funds is provided in the combining statements in this report, starting on page 202.

The basic proprietary fund financial statements begin on page 37 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 44 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 48 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 137 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 217 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table A-1

CONDENSED STATEMENT OF NET POSITION

(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and Other Assets	\$ 3,167,628	\$ 2,851,654	\$ 2,721,019	\$ 2,607,584	\$ 5,888,647	\$5,459,238
Capital Assets and Construction in Progress, Net of Accumulated	5,166,360	5,205,819	8,110,014	7,769,807	13,276,374	12,975,626
Total Assets	<u>8,333,988</u>	<u>8,057,473</u>	<u>10,831,033</u>	<u>10,377,391</u>	<u>19,165,021</u>	<u>18,434,864</u>
DEFERRED OUTFLOWS OF	<u>509,521</u>	<u>320,005</u>	<u>235,959</u>	<u>153,205</u>	<u>745,480</u>	<u>473,210</u>
LIABILITIES						
Current Liabilities	590,105	543,942	623,273	591,113	1,213,378	1,135,055
Noncurrent Liabilities	3,176,387	2,781,870	5,811,416	5,381,772	8,987,803	8,163,642
Total Liabilities	<u>3,766,492</u>	<u>3,325,812</u>	<u>6,434,689</u>	<u>5,972,885</u>	<u>10,201,181</u>	<u>9,298,697</u>
DEFERRED INFLOWS OF RESOURCES	<u>388,152</u>	<u>644,282</u>	<u>294,027</u>	<u>466,153</u>	<u>682,179</u>	<u>1,110,435</u>
NET POSITION						
Net Investment in Capital Assets	4,182,369	4,047,172	3,699,843	3,400,264	7,882,212	7,447,436
Restricted	1,237,386	1,203,318	68,932	68,345	1,306,318	1,271,663
Unrestricted	(730,890)	(843,106)	569,501	622,949	(161,389)	(220,157)
Total Net Position	<u>\$ 4,688,865</u>	<u>\$ 4,407,384</u>	<u>\$ 4,338,276</u>	<u>\$ 4,091,558</u>	<u>\$ 9,027,141</u>	<u>\$8,498,942</u>

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 \$9 billion at December 31, 2023, an increase of \$528.2 billion, or 6%, over fiscal year 2022. Total net position for governmental activities increased \$281.5 million while total net position for business-type activities increased \$246.7 million. The increase in net position for business-type activities was due to results of operations in 2023. See the analysis of changes in net position below.

Government-wide total current and other assets increased \$429.4 million in 2023, which primarily consisted of an increase in operating cash of \$168.9 million and right to use lease assets of \$311.1 million. These changes were primarily due to results of the operations in 2023.

The governmental activities net investment in capital assets increased \$135.2 million and business-type activities increased \$299.6 million in 2023. This increase was due to the new capital assets additions, less any related debt used to acquire those assets. Compared to 2022, the capital assets net of accumulated depreciation decreased \$39.5 million for governmental activities and business-type activities increased \$340.2 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 increased \$440.7 million in 2023. For business-type activities, the total liabilities increased \$461.8 million. For further explanation on the business-type activity increases 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, \$1.3 billion, or 14.5%, represents resources that are subject to external restrictions on how they may be used. Compared to 2022, the restricted net position increased \$34.7 million in 2023. The restricted net position for business-type activities increased \$587K and unrestricted net position for business-type activities decreased \$53.4 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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 546,602	\$ 463,947	\$ 2,386,470	\$ 2,392,069	\$ 2,933,072	\$ 2,856,016
Operating Grants and Contributions	275,280	404,561	2,500	11,602	277,780	416,163
Capital Grants and Contributions	11,332	3,370	64,721	88,419	76,053	91,789
General Revenues						
Property Taxes	789,865	713,959	—	—	789,865	713,959
Sales Taxes	399,651	389,892	—	—	399,651	389,892
Business Taxes	973,816	918,872	—	—	973,816	918,872
Excise Taxes	90,603	130,697	—	—	90,603	130,697
Other Revenues	173,908	141,606	71,683	(39,458)	245,591	102,148
Total Revenues	3,261,057	3,166,904	2,525,374	2,452,632	5,786,431	5,619,536
Expenses						
Governmental Activities						
General Government	414,762	185,628	—	—	414,762	185,628
Judicial	42,173	40,680	—	—	42,173	40,680
Public Safety	790,705	663,808	—	—	790,705	663,808
Physical Environment	21,496	(55,663)	—	—	21,496	(55,663)
Transportation	574,206	577,573	—	—	574,206	577,573
Economic Environment	525,550	584,249	—	—	525,550	584,249
Health and Human Services	223,273	161,435	—	—	223,273	161,435
Culture and Recreation	425,733	443,726	—	—	425,733	443,726
Interest on Long-Term Debt	(38,322)	(32,657)	—	—	(38,322)	(32,657)
Business-Type Activities						
Light	—	—	1,138,690	1,005,426	1,138,690	1,005,426
Water	—	—	272,268	242,292	272,268	242,292
Drainage and Wastewater	—	—	475,266	434,016	475,266	434,016
Solid Waste	—	—	230,155	209,977	230,155	209,977
Construction & Inspection	—	—	102,105	81,451	102,105	81,451
Total Expenses	2,979,576	2,568,779	2,218,484	1,973,162	5,198,060	4,541,941
Excess Before Special Item and Transfers	281,481	598,125	306,890	479,470	588,371	1,077,595
Special Item - Environmental Remediation	—	—	(60,172)	—	(60,172)	—
Transfers	—	—	—	—	—	—
Changes in Net Position	281,481	598,125	246,718	479,470	528,199	1,077,595
Net Position - Beginning of Year	4,407,384	3,809,149	4,091,558	3,611,950	8,498,942	7,421,099
Restatements/Prior-Year Adjustments	—	110	—	138	—	248
Net Position - Beginning of Year as Restated	4,407,384	3,809,259	4,091,558	3,612,088	8,498,942	7,421,347
Net Position - End of Year	\$ 4,688,865	\$ 4,407,384	\$ 4,338,276	\$ 4,091,558	\$ 9,027,141	\$ 8,498,942

Analysis of Changes in Net Position

In 2023, the changes in net position decreased by \$549.4 million, or 51.0%. The factors contributing to the increase are explained in the following discussion of governmental and business-type activities.

Governmental Activities. The City's revenues for governmental activities were up 3.0%, an increase of \$94.2 million in 2023. The increase in revenues was due to the increase in general revenues of \$132.8 million, partially offset by a decrease in non-general revenues of \$38.7 million. The City's property taxes were the significant driver of the increase in revenues, contributing \$75.9 million increase over prior year or 10.6%. Business taxes also contributed to the increase in revenue in 2023 with an increase of \$54.9 million, or 6.0%.

The following table lists the tax revenues ranked by the amount reported in 2023 and the change in each tax revenue from 2022.

2023 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Business Taxes	\$ 973.8	6.0 %	\$ 54.9
2	Property Taxes	\$ 789.9	10.6 %	\$ 75.9
3	Sales Taxes	\$ 399.7	2.5 %	\$ 9.8
4	Excise Taxes	\$ 90.6	(30.7)%	\$ (40.1)

The increase in property taxes was due to the increase in the assessed value of property as well as an increase in the Seattle Parks District levy rate. Based on statistical information provided by King County, total assessed value for real property and personal property was \$308.9 billion in 2023 compared to \$276.3 billion in 2022.

The City's business taxes include general business taxes and utilities related business taxes. The change in business taxes in 2023 was due to the economic impact of the Coronavirus pandemic affecting the Seattle region and the continued recovery observed in 2023. The business taxes from utilities make up 22.8% of total business tax revenues.

Program revenues supporting the City's governmental activities were \$833.2 million, or 26.4% of the City's revenues for governmental activities. The City's charges for services are the largest component of reported program revenues and comprise 65.6% of program revenue generated by governmental activities and 17.3% of total revenues. The total charges for services reported in 2023 was \$546.6 million, an increase of \$82.7 million compared to 2022.

Total expenses for governmental activities were up 15.8%, an increase of \$410.8 million in 2023. The following table lists the top 5 functions and programs ranked by the size of their 2023 expenses, and highlights the change in costs between the 2022 and 2023 financial statements.

2023 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$790.7	19.1%	\$126.9
2	Transportation	\$574.2	(0.6)%	\$(3.4)
3	Economic Environment	\$525.6	(10.0)%	\$(58.7)
4	Culture and Recreation	\$425.7	(4.1)%	\$(18.0)
5	General Government	\$414.8	123.4%	\$229.1

The City's largest governmental expense continues to be the public safety function, totaling \$790.7 million for 2023, contributing 15.2% of all citywide expenses, and 26.5% 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 was mostly attributed to the accrual of the annual wage increase.

The changes in net position for governmental activities decreased by \$316.6 million, or 52.9%, year over year. In 2022 there was an increase of \$598.1 million compared to a increase of \$281.5 million for 2023.

Business-Type Activities. The change in net position for business-type activities was \$246.7million, an increase of 6.0% over 2022. This includes the consolidation from internal service funds of \$0.5 million. Key factors for the change are described below.

City Light realized a change in net position of \$125.2 million in 2023, an increase of 5.5% from 2022. The major reasons for the higher net position are higher retail electric sales due to increased consumption, higher fair value adjustment and interest revenue, higher other operating revenues. Offsetting the higher revenues were lower net short-term wholesale power revenues, higher other operating expenses, higher interest expense, lower transfers from the Rate Stabilization Account, and lower capital contributions and grants. Total operating revenues were \$1,190.9 million, an decrease of \$47.8 million or -3.9% from 2022. Retail power revenues at \$1,033.7 million increased \$12.2 million, Short-term wholesale power revenues at \$56.2 million decreased \$41.5 million, Other power-related revenues at \$71.1 million decreased \$5.4 million, Transfers from/(to) RSA at \$9.2 million decreased by \$15.2 million, and Other operating revenues at \$20.7 million increased by \$2.1 million. Operating expenses totaled \$1,053.3 million, an increase of \$129.3 million or 14.0% over 2022. The increase in operating expenses were primarily due to power-related operating expenses at \$470.0 million which were higher by \$60.3 million and short-term wholesale power purchases of \$124.5 million, which increased \$38.3 million from 202, this was due to low hydro generation owing to dry conditions exacerbated by higher than expected retail sales increasing the need to purchase power on the wholesale market at very high market prices.

The Water Utility realized a \$49.5 million change in net position for 2023, an increase of 6.4% from 2022. Operating revenues increased approximately \$10.6 million or 3.7% over 2022. The change was mainly driven by increases in utility services revenue of \$5.0 million and wholesale and commercial services of \$2.8 million and other operating revenue of \$2.8 million. Operating expenses increased \$32.9 million or 14.6% from 2022. Notable factors affecting this change include increases of \$10.9 million in services, \$10.6 million in benefits and \$6.4 million in salaries, and \$3.2 million in other operating expenses. The increase in salaries is largely driven by an accrual for the tentative agreement between the unions and the City. Other expenses, net of other revenues decreased by \$23.3 million or -85.6% over 2022. The change was primarily due to an increase in investment income realized and unrealized of \$17.5 million, and other non operating revenue of of \$3.0 million, and a decrease in interest expense of \$2.8 million. Capital fees, contributions and grants decreased by \$8.8 million or 47.3% over 2022. The main factor for the decrease is an \$8.2million decrease in donations.

The Drainage and Wastewater Utility realized a \$36.5 million change in net position for 2023, an increase of 5.0% over 2022. The current year operating revenues increased \$23.9 million or 4.6% from 2022. This is due to an average rate increase of 3.6% for wastewater and 6.4% for drainage, resulting in additional revenues of \$12.3 million and \$10.6 million, respectively. The current year operating expenses increased \$70.8 million or 18.1% from 2022. The increase is due to a \$24.1 million increase in salaries, wages, and personal benefits, a \$20.5 million increase in intergovernmental payments, a \$15.3 million increase in services, a \$5.4 million increase in supplies, a \$3.2 million increase in other operating expenses, and a \$2.3 million increase in depreciation and amortization. The \$20.5 million increase in intergovernmental payments is mainly due to King County wastewater treatments fee increases and an increase in taxes. Nonoperating revenues net of expenses in 2023 increased \$26.2 million compared to 2022. This increase is mostly due to a \$26.7 million increase in investment income. This was offset by a \$1.5 million decrease in interest expense and a \$1.9 million decrease in other revenue and expenses, net. he Fund had environmental remediation expense of \$60.2 million in 2023 compared to \$32.9 million in 2022, mostly due to updated estimates.

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 2023, the City's governmental funds generated \$3.5 billion in revenues and recorded \$3.3 billion in expenditures. Revenues grew by 7.5%, driven by a \$216.7 million increase in program income and interest and a \$92.9 million increase in tax collections. Along with the growth in revenue, expenditures also grew \$210.7 million, rising 6.8%. There was a 10.0% increase in the City's governmental fund balance which totals \$2.1 billion at year-end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2023.

The General Fund accounts for 63.1% of revenues and 59.0% of total governmental expenditures. The General Fund is the chief operating fund of the City.

The General Fund reported \$2.2 billion total revenue, of which, 79.2% were from tax collections. Tax revenues include property, business, sales and excises taxes. Total tax revenues in the General Fund increased by 0.4%, or \$6.6 million in 2023. See more discussions and analysis of tax revenue in the governmental activities above. Program income and interest revenue increased by \$77.8 million and grants, shared revenues, and contributions increased \$16.4 million compared to 2022. Total General Fund revenue increased 7.5% in 2023.

The General Fund reported \$2.0 billion total expenditures in 2023, an increase of 8.0% from 2022. The increase in total expenditures was primarily due to an increase in spending for general government of \$112.5 million, culture and recreation of \$13.5 million, and public safety of \$13.4 million.

The General Fund reported an excess of \$211.3 million in 2023 compared to the excess of \$204.2 million in 2022. Fund balance of the General Fund increased by \$184.7 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 \$115.1 million, 5.9% more than what was reported for 2022. The \$381.7 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services.

The \$17.1 million decrease in revenue was primarily due to the decrease in grants, shared revenues, and contributions. The Transportation Fund reported a total revenue of grants, shared revenues, and contributions in 2023 of \$49.7 million, an decrease of \$43.6 million from \$93.3 million in 2022. The Transportation Fund's expenditures account for 10.6% of all governmental fund expenditures, totaling \$352.6 million for 2023, an increase of \$10.5 million from 2022. The Transportation Fund reported total expenditures for capital outlay of \$117.5 million, a decrease of \$24.7 million from 2022 and current transportation expenditures of \$233.5 million, an increase of \$14.3 million from 2022.

As a result of increases in total revenue and total expenditures, the Transportation Fund had a excess of revenues over expenditures of \$29.0 million in 2023.

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 \$4.8 billion in 2022, an increase of \$211.2 million over 2022. The new additions of utility plant were \$209.0 million in 2023, including the largest addition of \$158.2 million of

distribution plant. The 2023 new additions were partially offset by a \$124.4 million net increase in accumulated depreciation and amortization. Another significant component of capital assets is construction work-in-progress, which decreased by \$125.1 million in 2023.

Total liabilities increased to \$3.6 billion in 2023 compared to \$3.5 billion in 2022, the majority being revenue bonds payables.

City Light's total net position was \$2.4 billion in 2023 and \$2.3 billion in 2022, an increase of \$125.2 million. The financial position of City Light improved year over year. The major reasons for the higher net position are higher retail electric sales due to increased consumption, higher other operating revenue's, higher fair value adjustment and interest income. Offsetting the higher revenues were lower transfers from the Rate Stabilization Account, lower short-term wholesale power and other power-related revenues, higher operating expenses, and lower capital contributions and grants.

Water Utility. Current assets increased \$14.8 million (10.2%) from 2022. This is primarily due to an increase in operating cash of \$17.3 million, materials and supplies inventory of \$1.8 million, and due from other governments of \$0.9 million, offset by a decrease in accounts receivable of \$5.0 million and unbilled revenue of \$0.4 million. The change in operating cash is primarily due to cash flow from operations and a decrease in accounts receivable.

Capital assets increased \$21.1 million (1.5%) from 2022 mainly due to current year capital spending.

Other assets decreased \$35.5 million (-19.7%) from 2022. The largest portion of the change was due to a decrease in restricted cash and equity in pooled investments of \$41.2 million from the transfer of cash from restricted for construction to operating.

Deferred outflows of resources increased by \$10.6 million (35.2%) from 2022. This change resulted mainly from assumptions related to pension accounting and differences in expected and actual experience in other post-employment benefits.

Current liabilities decreased \$8.2 million (-9.0%) from 2022. The change mostly resulted from decreases of \$6.7 million in revenue bonds due within one year, \$3.4 million in other, and \$3.2 million due to other funds. This was offset by an increase in accounts payable of \$5.2 million.

Noncurrent liabilities decreased \$11.3 million (-1.4%) over 2022. This is mainly from a decrease of \$49.0 million in revenue bonds and bond premiums, due to regular payments, which was offset by an increase of \$37.1 million of net pension liability.

Deferred inflows of resources decreased by \$18.9 million (-24.0%) from 2022. This decrease is mainly due to a decrease of \$23.4 million in pension and other post-employment benefits (OPEB) which was offset by an increase in the rate stabilization account of \$5.1 million.

Net investment in capital assets was the largest portion of the Fund's net position (\$753.7 million or 91.8%). 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 2023, net investment in capital assets increased \$33.4 million from 2022 primarily from an increase in utility plant and construction in progress. Other contributing factors are decreases in debt, debt related accounts, and decrease in construction cash of \$46.4 million as a result construction spending.

The Fund's restricted net position (\$20.9 million or 2.6%) represents resources that are subject to restrictions on how they may be used. Restricted net position increased by \$2.7 million.

The Fund's unrestricted net position (\$46.2 million or 5.6%) represents resources that are not subject to external restrictions and may be used to meet the Fund's obligations to creditors. This portion increased \$13.4 million in 2023 as compared to 2022 primarily as a result of operations.

Drainage and Wastewater Utility. Current assets increased \$73.8 million (20.4%) over the prior year primarily due to increases of \$76.5 million in operating cash and equity in pooled investments. This increase was offset by a decrease of \$2.7 million in due from

other governments. The increase in operating cash and equity in pooled investments is primarily due to the lower percentage of capital projects funded with operating cash.

Capital assets increased \$119.3 million (7.6%) from 2022. Construction in progress and plant assets increased \$150.7 million, other property increased \$0.9 million and land and land rights increased \$0.8 million; the increase is mostly due to investments in infrastructure, rehabilitation, and improvements. The capital asset increase was offset by a \$33.3 million increase in accumulated depreciation.

Other assets increased \$75.6 million (59.2%) from 2022. This is mostly attributable to a \$80.7 million increase in restricted cash and equity in pooled investment, due to the issuance of bonds for construction, and a \$3.6 million decrease in other charges. The decrease was offset by a \$0.4 million increase in environmental costs and recoveries.

Deferred outflows of resources increased \$13.5 million (55.5%) from 2022. This increase is attributable to a \$13.8 million in pension contributions and changes in assumptions related to pension and other post-employment benefits (OPEB). The increase was offset by a \$0.2 million reduction in unamortized loss on refunded debt.

Current liabilities increased \$9.7 million (9.9%) from 2022. This is mostly attributable to a \$3.2 million increase in environmental liabilities, a \$1.6 million increase in accounts payable, a \$1.6 million increase in due to other governments. This increase was offset by a decrease of \$2.1 million in other current liability, and a decrease of \$0.5 million in due to other funds.

Noncurrent liabilities increased \$264.7 million (22.0%) from 2022. This increase is mostly attributable to a \$81.8 million increase in loans, a \$72.3 million increase in revenue bonds and related liabilities, a \$53.9 million increase in environmental liabilities, a \$45.4 million increase in net pension liabilities, a \$10.5 million increase in other noncurrent liabilities, and a \$0.9 million increase in claims payable. These increases were offset by a \$0.4 million decrease in unfunded other post-employment benefits. The environmental liability increase is mainly due from updated estimates.

Deferred inflow of resources decreased \$28.7 million (-61.2%) from 2022. This decrease is mostly due to a \$27.9 million decrease in assumptions related to pension accounting and the difference between expected and actual expense in OPEB.

The largest portion of the Fund's net position (\$725.6 million or 93.9%) 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 2023, net investment in capital assets increased \$31.0 million from 2022 due to an increase in capital assets placed in service, net of depreciation offset by the related debt.

The Fund's restricted net position (\$20.0 million or 2.6%) represents resources that are subject to restrictions on how they may be used. This portion of net position decreased \$1.3 million from 2022.

The remaining portion of the Fund's net position (\$27.0 million or 3.5%) represents resources that are unrestricted. The unrestricted portion of net position increased \$7.0 million from the prior year mainly due to a lower percentage of capital projects funded with operating cash compared to the prior year.

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 a Custodial fund. 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 2023 is 4.02 billion; SCERS represents 99.88% 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, 2023. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$371.6 million, or 10.21%, during 2023. For year ending 2023 the member and employer contributions totaled

\$235.6 million; net income from investment activity totaled \$442.8 million. Total benefit payment for 2023 increased by \$14.7 million to \$249.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

As reported in the budget to actual 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 by \$501 million for budgeted expenditures from the original budget. The increase in allowance for expenditures is mainly due to the adjustments made to the general government by \$114 million, public safety function by \$72 million, economic environment function by \$144 million, and culture and recreation function by \$114 million, which together account for roughly 88% of the increase.

Final Budget Compared to Actual Results. Actual revenue was higher than the final budget by \$276.6 million. The higher amount of actual revenue was driven mainly by taxes, by far the largest revenue source, accounting for 79.2% of total actual revenue. Property taxes, sales taxes, and business taxes (which includes interfund business taxes) are the major sources of budgetary taxes for General Fund. Retail sales and use taxes provide the most opportunity for variability up or down, as it is dependent on spending, which increases or decreases with consumer confidence. Program income, interest, and miscellaneous revenues is another significant source of revenue for the general fund with 8.1% 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 \$667 million less than the final budget. General government accounts for 25.7% of the under expenditures and all other expenditures contributed to the overall under expenditure. In other financing sources, transfers in was \$179 million lower than the final budget and transfer out was \$154 million higher than the final budget.

CAPITAL ASSETS

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

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 626,789	623,083	\$ 285,588	283,949	\$ 912,377	\$ 907,032
Plant in Service, Excluding	—	—	6,461,066	6,273,386	6,461,066	6,273,386
Buildings and Improvements	1,565,141	1,538,313	—	—	1,565,141	1,538,313
Machinery and Equipment	152,936	163,107	—	—	152,936	163,107
Infrastructure	1,675,384	1,663,969	—	—	1,675,384	1,663,969
Construction in Progress	770,184	679,557	1,251,502	1,096,751	2,021,686	1,776,308
Other Capital Assets	66,548	73,286	35,808	34,966	102,356	108,252
Right to Use Assets	309,379	321,800	1,696	1,567	311,075	323,367
Total Capital Assets	<u>\$ 5,166,361</u>	<u>5,063,115</u>	<u>\$ 8,035,660</u>	<u>7,690,619</u>	<u>\$ 13,202,021</u>	<u>\$ 12,753,734</u>

Capital assets, net of depreciation for governmental activities increased by \$103.2 million in 2023. The increase was primarily driven by increases in Buildings and Improvements (\$26.8 million) and in Construction in Progress (\$90.6 million) due to Aquarium Expansions, Telecom Updates, Transportation Improvements, Municipal Court IT and Human Resource IT replacements. These increases were offset against decreases in most other capital asset classes due to reduced project capitalization, asset retirements and increased asset depreciation.

Capital assets, net of depreciation for business-type activities increased by \$345 million in 2023, largely as the result of the following:

City Light's capital assets, net of accumulated depreciation and amortization, increased by \$211.2 million in 2023. Utility plant assets such as the hydroelectric production plant increased by \$34 million, transmission plant increased by \$9.6 million, distribution plant increased by \$158.2 million, general plant increased by \$2.2 million, and other intangible assets increased by \$5 million. The net increase in utility plant assets was offset by a \$124.5 million net increase in accumulated depreciation and amortization. Other Asset categories such as Land and Construction In Progress increase by \$125.9 million.

The Drainage and Wastewater Fund's net capital assets increased by \$119.2 million in 2023. The increase is primarily due to capital asset additions and enhancements such as pipeline rehabilitations and improvements \$68.4 million, South Park stormwater drainage conveyance system \$20.8 million, Natural drainage systems \$5.1 Million, and \$4.7 heavy equipment.

The Water Fund's net capital assets increased by \$21 million in 2023 compared to prior year. Major capital assets placed into service during the year included water infrastructure improvements and rehabilitations \$71.8 million, Tolt & Cedar infrastructure and facility improvements \$6.8 million, heavy equipment \$3.2 million, Cedar Falls power service upgrade \$2.5 million. These additions were offset by current year depreciation and disposals.

The Solid Waste Fund's net capital assets decreased by \$5.5 million in 2023 compared to the prior year. This change is mostly due to a increase in accumulated depreciation \$9 million offset by increases in Plant In Service and Construction in Progress by \$3.5 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 2023, the City had \$5.7 billion in outstanding bonded debt, net of premiums and discounts, which included general obligation and revenue bonds, comparable to \$5.7 billion in 2022. The special assessment bonds the City has issued includes one in 2006, without lending its full faith and credit but obligated in some manner for the design and construction of the South Lake Union Streetcar, had an outstanding balance that was fully repaid and; another in 2021 for Waterfront improvement projects which had an outstanding balance of \$93 million. In 2023, the City issued \$111.9 million in general obligation (GO) bonds to carry out a current refunding of certain obligations of the City and to finance various capital improvement projects, such as transportation and City fleet electric vehicle charging infrastructure; data, telephone and information technology projects of the City; fire facilities; improvements to Seattle Municipal Tower; and certain elements of the City's capital improvement program related to the redevelopment of the Central Waterfront area. The City also issued \$359.5 million and \$97.9 million in revenue bonds to finance certain capital improvements to and conservation programs for City Light and part of the costs of various projects of the City's drainage and wastewater utility, respectively.

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 2023 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 February 1, 2024 assessed value based on the latest report for the City was \$301.2 billion, providing the City a legal debt capacity of \$22.6 billion. At the end of 2023, the net outstanding general obligation debt of the City which includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.0 billion, well below the legal debt capacity, rendering the City's legal debt margin at \$21.6 billion. Within the 7.5% limitation, state law restricts outstanding LTGO bonds to 1.5% of assessed value, which for 2023 was a capacity of \$4.5 billion. At year end 2023, the LTGO net outstanding debt was \$715.4 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 2023 Adopted Budget for the city, the following priorities were funded due to their RSJI impacts:

Arts, Culture and Recreation. Seattle's Mayor's Office allocated \$5,997,973 to enhance youth opportunities, equity, and community engagement. Initiatives include the Youth Opportunity Fund, expanded mentorship and employment programs, equitable park development, inclusive outreach, Seattle Conservation Corps expansion, and funding for Rec N the Streets and the Teen Development Program.

Education and Human Services. Seattle allocated \$18,503,786 to enhance community safety, education equity, and support for underserved populations. Initiatives include child care worker bonuses, equity enhancements for the Seattle Promise program, and culturally specific programming. Safety efforts target gun violence prevention and re-entry programs for BIPOC communities, promoting a more resilient Seattle.

Livable & Inclusive Communities. Seattle prioritizes economic revitalization and equity with a \$37,531,700 investment. Funds support Office of Economic Development programs, workforce integration for immigrants, and increased Equitable Development Initiative funding to mitigate displacement. These efforts aim for a just recovery, fostering equity and inclusion in Seattle's communities.

Public Safety. Seattle allocates \$883,950 to address societal challenges. Funds support domestic violence survivors and enhance police training for empathy and community connections. Initiatives aim for consistent assistance for disadvantaged and immigrant communities, fostering stronger relationships between law enforcement and society.

Utilities and Transportation. Seattle dedicates \$3,188,513 to environmental sustainability and climate justice. Initiatives include the Clean Heat Program offering rebates for transitioning to electric heat pumps, continued support for the Environmental Justice Fund,

and green workforce development in the Duwamish Valley. Efforts target tree canopy equity, greening industrial areas, and reducing carbon emissions.

Administration. Seattle allocates \$838,129 to support the Affordable Seattle program, enhancing the CiviForm application for streamlined access to essential services for low-income residents. Features like multilingual translation aim to reduce barriers and increase efficiency. Collaborations ensure ongoing support and improvements for residents and community-based organizations.

ECONOMIC FACTORS

U.S. Economy. As we entered 2023, the national economic outlook was deteriorating. In an effort to get inflation under control, the Federal Reserve had increased interest rates seven times in 2022, bringing the target rate mid-point from 0.125% to 4.375% in just twelve months. This dramatic monetary tightening did manage to cool down the inflation somewhat from its June 2022 peak of 9.0% to still uncomfortably high 6.4% in December 2022. The prevailing expectation among economists was that the aggressive increase in interest rates necessary to stabilize prices would also induce a brief but mild recession in the first half of 2023. The average for the probability of a recession in the next 12 months among the economists surveyed by Wall Street Journal in January 2023 was 60.8%. S&P Global's January 2023 forecast anticipated that U.S. real GDP would decline by 0.6% through the first half of 2023.

These projections proved overly pessimistic and U.S. economy has demonstrated tremendous resiliency over the past year. Even as interest rates rose further and the federal funds rate target rate mid-point reached 5.375% in July 2023, employment continued to expand as U.S. economy added about 255,000 jobs on average per month in 2023. Real GDP grew by 2.5% in 2023, powered by continued consumer spending that contributed 1.5% to the overall growth. At the same time, inflation has dropped notably to an annual rate of just 3.3% in December 2023.

U.S. economy has thus avoided the recession in 2023 and recession fears are now fading. Looking forward, the expectation is that the Fed's restrictive monetary policy will remain in place through the first half of 2024 and the economic growth will slow down. The December 2023 forecast from S&P Global anticipated that U.S. real GDP will grow 1.5% in 2024 and inflation will further decline to 2.6%. It appears thus that the Federal Reserve is succeeding in its goal of managing the economy toward a soft landing: inflation brought under control without triggering a recession.

Seattle metropolitan area economy. Relative to the economic forecast from October 2022, the regional labor market has outperformed expectations in terms of overall employment growth last year. City's Office of Economic and Revenue Forecasts projected that employment in Seattle Metropolitan Division area (King and Snohomish Counties) would decline by 0.3% in 2023, as the economy was expected to head into a recession in the first half of 2023. But the national economy managed to avoid a downturn and regional employment ended up growing 1.3%. While outperforming expectations, overall regional job growth has however been modest. Moreover, Seattle regional economy has trailed the performance seen at the national level as regional employment grew just 1.3% in 2023 compared to 2.4% in the U.S. as whole, and regional inflation was 5.7% compared to 4.1% at the national level.

There are a couple of factors that have negatively affected the region's recent economic performance. First, over the past two years there was a rather dramatic reversal in the technology sector, which has been a key driver of the region's post-pandemic recovery. Early evidence of this correction could be seen already in the second half of 2022, as announcements of layoffs were accompanied by declining stock prices and in the following months layoffs became common even among the region's largest technology employers. While these layoffs were not unique to Seattle, the technology sector has a disproportionate impact on the Seattle region, relative to the nation as a whole. The rapid growth of tech sector and rising stock prices in 2021 and early 2022 also added significant spending power to the regional economy, the layoffs and stock price correction that followed resulted in a pullback in regional consumer spending as well.

Second, and somewhat related, a slow return to the office has meant that overall economic activity in Seattle's downtown core has been relatively slow to recover as well. Technology and information sectors are in general more remote-friendly than finance and real estate, or professional and business services. As a result Seattle workers have lagged the overall national trends on returning to traditional work locations. This has also led to a persistent reduction in demand for office space and rising office vacancy rates, which combined with high interest rates resulted in slow down of construction activity after a decade of construction boom. By December 2023, seasonally adjusted regional employment in the construction sector has declined 4.8% from its peak in summer 2022.

The regional rate of inflation has been outpacing the national level for much of the post-pandemic period, driven in a significant part by strong income growth and the rapidly increasing cost of housing. In December 2022, the year-over-year change in Seattle area

CPI-U was 8.4%, compared to the national level of 6.4%. Since then, regional inflation has cooled down further to just 4.4% in December 2023. In addition to rather stable food and energy prices, a softening in the local residential rental market has been an important factor in this decline, as shelter represents about one third of the overall expenditures accounted for in the regional consumer price index.

Technology sector appears to have stabilized, but the vacancy rates in office real estate market are expected to rise further before they turn around. And while Federal Reserve is expected to pivot to monetary easing in the second half of 2024, interest rates are unlikely to go back to the ultra-low levels of early 2010s. As a result, demand for new construction will remain muted and the regional economy is likely to go through a period of slower growth. This would mark a distinct shift from pre-pandemic trends when the regional economy experienced an extended period of rapid expansion, driven by remarkable growth in the technology sector and sustained construction activity in both the commercial and residential sectors.

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, City Finance, Citywide Accounting and Payroll Division, P.O. Box 94669, Seattle, WA 98124-4669; Telephone (206) 233-7825; ACFRContact@seattle.gov.

Government-wide Financial Statements



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STATEMENT OF NET POSITION

December 31, 2023

(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2023	
ASSETS				
Current Assets				
Operating Cash and Equity in Pooled Investments	\$ 2,016,160	\$ 1,011,592	\$ 3,027,752	\$ 4,297
Restricted Cash and Equity in Pooled Investments	38,175	—	38,175	—
Investments	—	—	—	93,026
Receivables, Net of Allowances	452,556	429,246	881,802	—
Internal Balances	(101,117)	101,117	—	—
Due from Other Governments	156,339	44,576	200,915	—
Inventories	8,659	69,173	77,832	—
Prepaid and Other Current Assets	67,840	1,151	68,991	—
Short Term Lease Receivable	—	4,752	4,752	—
Total Current Assets	2,638,612	1,661,607	4,300,219	97,323
Noncurrent Assets				
Restricted Cash and Equity in Pooled Investments	57,479	531,839	589,318	—
Contracts and Notes	3,934	351	4,285	—
Conservation Costs, Net	—	282,977	282,977	—
Landfill Closure and Postclosure Costs, Net	—	18,626	18,626	—
Environmental Costs and Recoveries	—	119,956	119,956	—
Net Pension Asset	290,082	—	290,082	—
Regulatory Asset	—	12,139	12,139	—
Other Charges and Noncurrent Assets	—	93,524	93,524	—
Capital Assets, Net of Accumulated Depreciation				
Land and Land Rights	626,789	285,588	912,377	—
Plant in Service, Excluding Land	—	6,461,066	6,461,066	—
Buildings and Improvements	1,565,141	—	1,565,141	—
Machinery and Equipment	152,936	—	152,936	—
Infrastructure	1,675,384	16,692	1,692,076	—
Construction in Progress	770,184	1,251,502	2,021,686	—
Right to Use Lease and Subscription	309,379	1,698	311,077	—
Other Capital Assets	66,547	35,810	102,357	8
Long Term Lease & PPP Receivable	177,521	57,658	235,179	—
Total Noncurrent Assets	5,695,376	9,169,426	14,864,802	8
Total Assets	8,333,988	10,831,033	19,165,021	97,331
DEFERRED OUTFLOWS OF RESOURCES	509,521	235,959	745,480	—
Total Assets and Deferred Outflows of Resources	\$ 8,843,509	\$ 11,066,992	\$ 19,910,501	\$ 97,331

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION

December 31, 2023

(In Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	2023	Component Units
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 267,349	\$ 162,611	\$ 429,960	\$ 1,916
Salaries, Benefits, and Taxes Payable	41,468	15,736	57,204	—
Contracts Payable	1,393	—	1,393	—
Due to Other Governments	5,782	16,122	21,904	—
Interest Payable	7,315	69,797	77,112	—
Taxes Payable	37	23,027	23,064	—
Unearned Revenues	60,461	33,334	93,795	—
Current Portion of Long-Term Debt				
Bonds Payable	91,010	215,920	306,930	—
Compensated Absences Payable	5,072	2,014	7,086	—
Notes and Contracts Payable	991	8,934	9,925	—
Claims Payable	20,560	15,861	36,421	—
Habitat Conservation Program Liability	—	553	553	—
Landfill Closure and Postclosure Liability	—	3,874	3,874	—
Accrued Lease and Subscription Interest	454	14	468	—
Short Term Lease and Subscription Liability	16,888	449	17,337	
Other Current Liabilities	71,325	55,027	126,352	—
Total Current Liabilities	590,105	623,273	1,213,378	1,916
Noncurrent Liabilities				
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	944,690	4,443,541	5,388,231	—
Special Assessment Bonds with Governmental Commitment	92,556		92,556	—
Compensated Absences Payable	96,372	38,247	134,619	—
Claims Payable	116,721	409,660	526,381	—
Notes and Contracts Payable	10,362	236,046	246,408	—
Landfill Closure and Postclosure Liability	—	12,181	12,181	—
Vendor Deposits Payable	587	1	588	—
Habitat Conservation Program Liability	—	7,930	7,930	—
Unearned Revenues	212	37,935	38,147	—
Unfunded Other Post Employment Benefits	526,548	14,505	541,053	—
Net Pension Liability	1,083,293	595,855	1,679,148	—
Long Term Lease and Subscription Liability	305,046	1,379	306,425	
Other Noncurrent Liabilities	—	14,136	14,136	—
Total Noncurrent Liabilities	3,176,387	5,811,416	8,987,803	—
Total Liabilities	3,766,492	6,434,689	10,201,181	1,916
DEFERRED INFLOWS OF RESOURCES				
	388,152	294,027	682,179	—

The accompanying notes are an integral part of these financial statements

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STATEMENT OF NET POSITION
December 31, 2023
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	2023	
NET POSITION				
Net Investment in Capital Assets	\$ 4,182,369	\$ 3,699,843	\$ 7,882,212	\$ 8
Restricted for				
Debt Service	45,491	—	45,491	—
Capital Projects	176,982	—	176,982	—
Revenue Stabilization Account	—	25,000	25,000	—
Education and Development Services	130,504	—	130,504	—
Conservation and Environmental Costs	—	10,446	10,446	—
External Infrastructure Costs	—	8,263	8,263	—
Other Charges	—	25,223	25,223	—
Health Care Reserve	142,228	—	142,228	—
Transportation Programs	94,086	—	94,086	—
Low-Income Housing Programs	176,910	—	176,910	—
Pension	290,082	—	290,082	—
Other Purposes	180,529	—	180,529	65,539
Nonexpendable	574	—	574	—
Unrestricted	(730,890)	569,501	(161,389)	29,868
Total Net Position	4,688,865	4,338,276	9,027,141	95,415
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 8,843,509	 \$ 11,066,992	 \$ 19,910,501	 \$ 97,331

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STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
(In Thousands)

Functions/Programs	Program Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 414,762	\$ 10,277	\$ 33,738	\$ 11,132
Judicial	42,173	23,360	(9,420)	—
Public Safety	790,705	58,018	24,778	—
Physical Environment	21,496	5,208	1,261	—
Transportation	574,206	220,746	78,288	—
Economic Environment	525,550	126,731	56,307	—
Health and Human Services	223,273	4,501	66,845	—
Culture and Recreation	425,733	97,761	23,483	200
Interest on Long-Term Debt	(38,322)	—	—	—
Total Governmental Activities	2,979,576	546,602	275,280	11,332
BUSINESS-TYPE ACTIVITIES				
Light	1,138,690	1,190,910	1,598	43,290
Water	272,268	301,496	—	9,820
Drainage and Wastewater	475,266	542,934	735	11,611
Solid Waste	230,155	267,905	167	—
Construction & Inspection	102,105	83,225	—	—
Total Business-Type Activities	2,218,484	2,386,470	2,500	64,721
Total Government-Wide Activities	\$ 5,198,060	\$ 2,933,072	\$ 277,780	\$ 76,053
COMPONENT UNITS	\$ 6,226	\$ 188	\$ 5,784	\$ —

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STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
(In Thousands)

	Net Revenue (Expense) and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-Type Activities	2023	Component Units
GOVERNMENTAL ACTIVITIES				
General Government	\$ (359,615)	\$ —	\$ (359,615)	
Judicial	(28,233)	—	(28,233)	
Public Safety	(707,909)	—	(707,909)	
Physical Environment	(15,027)	—	(15,027)	
Transportation	(275,172)	—	(275,172)	
Economic Environment	(342,512)	—	(342,512)	
Health and Human Services	(151,927)	—	(151,927)	
Culture and Recreation	(304,289)	—	(304,289)	
Interest on Long-Term Debt	38,322	—	38,322	
Total Governmental Activities	(2,146,362)	—	(2,146,362)	
BUSINESS-TYPE ACTIVITIES				
Light	—	97,108	97,108	
Water	—	39,048	39,048	
Drainage and Wastewater	—	80,014	80,014	
Solid Waste	—	37,917	37,917	
Construction & Inspection	—	(18,880)	(18,880)	
Total Business-Type Activities	—	235,207	235,207	
Total Government-Wide Activities	(2,146,362)	235,207	(1,911,155)	
COMPONENT UNITS				\$ (254)
General Revenues				
Property Taxes	789,865	—	789,865	—
Sales Taxes	399,651	—	399,651	—
Business Taxes	973,816	—	973,816	—
Excise Taxes	90,603	—	90,603	—
Other Taxes	66,608	—	66,608	—
Unrestricted Investment Earnings (Loss)	110,544	71,683	182,227	8,960
Gain on Sale of Capital Assets	(3,244)	—	(3,244)	—
Special Item - Environmental Remediation	—	(60,172)	(60,172)	—
Transfers	—	—	—	—
Total General Revenues (Loss), Special Item, and Transfers	2,427,843	11,511	2,439,354	8,960
Changes in Net Position	281,481	246,718	528,199	8,706
Net Position - Beginning of Year	4,407,384	4,091,558	8,498,942	86,709
Restatements/Prior-Year Adjustments	—	—	—	—
Net Position - Beginning of Year as Restated	4,407,384	4,091,558	8,498,942	86,709
Net Position - End of Year	\$ 4,688,865	\$ 4,338,276	\$ 9,027,141	\$ 95,415

Fund Financial Statements



MAJOR GOVERNMENTAL FUNDS

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

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BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023
(In Thousands)

	General Fund	Transportation	Other Governmental	2023
ASSETS				
Cash and Equity in Pooled Investments	\$ 976,486	\$ 129,101	\$ 874,284	\$ 1,979,871
Receivables, Net of Allowances	274,468	23,992	142,152	440,612
Due from Other Funds	3,378	336	2,797	6,511
Due from Other Governments	72,529	38,412	27,240	138,181
Interfund Loans and Advances	14,757	—	—	14,757
Other Current Assets	51,951	—	1,026	52,977
Total Assets	1,393,569	191,841	1,047,499	2,632,909
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 1,393,569</u>	<u>\$ 191,841</u>	<u>\$ 1,047,499</u>	<u>\$ 2,632,909</u>
LIABILITIES				
Accounts Payable	\$ 137,190	\$ 34,451	\$ 64,710	\$ 236,351
Contracts Payable	143	809	441	1,393
Salaries, Benefits, and Taxes Payable	26,321	4,490	5,473	36,284
Due to Other Funds	17	—	203	220
Due to Other Governments	3,331	—	—	3,331
Revenues Collected in Advance	18,379	10,845	31,237	60,461
Interfund Loans and Advances	—	24,000	14,757	38,757
Other Current Liabilities	10,424	20	20,186	30,630
Total Liabilities	195,805	74,615	137,007	407,427
DEFERRED INFLOWS OF RESOURCES				
	6,840	2,172	94,356	103,368
FUND BALANCES				
Nonspendable	\$ 49	\$ —	\$ 525	\$ 574
Restricted	209,969	93,469	643,292	946,730
Committed	482,640	21,585	12,756	516,981
Assigned	99,394	—	165,570	264,964
Unassigned	398,872	—	(6,007)	392,865
Total Fund Balances	1,190,924	115,054	816,136	2,122,114
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,393,569</u>	<u>\$ 191,841</u>	<u>\$ 1,047,499</u>	<u>\$ 2,632,909</u>

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023
(In Thousands)**

	<u>2023</u>
Governmental Fund Balance	\$ <u>2,122,114</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 4,275,003
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(77,241)
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.	500,986
Net Pension Asset	290,082
Deferred outflows of resources	435,147
Deferred inflows of resources	(254,649)
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	(19,848)
Accrued Interest Payable	(5,293)
Current Portion of Long-Term Debt	(58,543)
Compensated Absences Payable	(4,302)
General Obligation Bonds Payable	(765,176)
Less Bond Discount and Premium	
Special Assessment Bonds	(92,556)
Net Pension Liability	(865,725)
Notes and Other Long-Term Liabilities	(10,362)
Compensated Absences - Long-Term	(81,750)
Claims Payable - Long-Term	(115,758)
Unfunded Other Post Employment Benefits	(521,537)
Other Liabilities	(61,727)
Net Adjustments	<u>2,566,751</u>
Net Position of Governmental Activities	<u>\$ 4,688,865</u>

B-4 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023
(In Thousands)

REVENUES	General Fund	Transportation	Other Governmental	2023
Taxes				
Property Taxes	\$ 377,802	\$ 108,921	\$ 296,173	\$ 782,896
Sales Taxes	341,993	256	57,402	399,651
Business Taxes	922,130	51,686	—	973,816
Excise Taxes	56,435	—	28,773	85,208
Other Taxes	26,966	—	38,261	65,227
Licenses and Permits	49,775	11,926	1,300	63,001
Grants, Shared Revenues, and Contributions	61,700	49,748	187,810	299,258
Charges for Services	101,811	150,275	121,751	373,837
Fines and Forfeits	29,771	3,011	12,705	45,487
Concessions, Parking Fees, and Space Rent	32,938	197	33,860	66,995
Program Income, Interest, and Miscellaneous Revenues	176,948	5,631	115,427	298,006
Total Revenues	2,178,269	381,651	893,462	3,453,382
EXPENDITURES				
Current				
General Government	396,106	6,314	48,601	451,021
Judicial	43,872	—	—	43,872
Public Safety	819,961	—	7,449	827,410
Physical Environment	22,325	—	437	22,762
Transportation	75,653	226,874	107,147	409,674
Economic Environment	258,476	—	266,286	524,762
Health and Human Services	68,895	—	153,968	222,863
Culture and Recreation	245,772	304	173,221	419,297
Capital Outlay				
General Government	1	—	8,668	8,669
Public Safety	1,427	—	146	1,573
Physical Environment	72	—	—	72
Transportation	1,536	117,499	60,796	179,831
Health and Human Services	5	—	—	5
Culture and Recreation	32,890	—	64,669	97,559
Debt Service				
Principal	—	1,655	77,045	78,700
Interest	—	—	42,547	42,547
Bond Issuance Cost	—	—	531	531
Other	—	—	—	—
Total Expenditures	1,966,991	352,646	1,011,511	3,331,148
Excess (Deficiency) of Revenues over Expenditures	211,278	29,005	(118,049)	122,234
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	93,925	93,925
Premium on Bonds Issued	—	—	12,430	12,430
Payment to Refunded Bond Escrow Agent	—	—	(54,391)	(54,391)
Sales of Capital Assets	—	21	—	21
Leases & Installments	—	(4)	—	(4)
Transfers In	14,667	—	114,084	128,751
Transfers Out	(41,223)	(22,656)	(46,163)	(110,042)
Total Other Financing Sources (Uses)	(26,556)	(22,639)	119,885	70,690
Net Change in Fund Balance	184,722	6,366	1,836	192,924
Fund Balances - Beginning of Year	1,006,202	108,688	814,300	1,929,190
Restatements/Prior-Year Adjustments	—	—	—	—
Fund Balances - Beginning of Year as Restated	1,006,202	108,688	814,300	1,929,190
Fund Balances - End of Year	\$ 1,190,924	\$ 115,054	\$ 816,136	\$ 2,122,114

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**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
(In Thousands)**

	<u>2023</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	\$ 192,924
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	(167,287)
Capital outlay reported as expenditures	275,995
Retirement and sale of capital assets	(3,265)
Capital assets received as donations	—
Lease expense for the year	4,019
Lease income for the year	3,745
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	—
Other grant revenues	(10,191)
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	4,092
Premium on general obligation bonds	—
Proceeds from loans	—
Principal payments bonds/notes	—
Amortization of bond premium	6,520
Amortization of loss on refunding	840
Bond interest payable	109
Bond expense	—
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	(515)
Injury and damage claims	(27,216)
Workers' compensation	(6,726)
Total OPEB liability	(57,044)
Environmental liability	78
Debt guarantee of SISC 2004 bonds	443
Pension Expense - GASB68	70,874
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:	
Operating loss (income) allocated to enterprise funds	8,956
Net revenue of internal service funds activities reported with governmental activities	(14,870)
Change in Net Position of Governmental Activities	<u>\$ 281,481</u>

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.

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023
(In Thousands)

	Business-Type Activities Enterprise Funds					Governmental Activities
	L i g h t	W a t e r	Drainage and Wastewater	Nonmajor	2023	Internal Service
ASSETS						
Current Assets						
Operating Cash and Equity in Pooled Investments	\$ 263,240	\$ 106,297	\$ 346,886	\$ 295,169	\$ 1,011,592	\$ 36,289
Restricted Cash and Equity in Pooled Investments	—	—	—	—	—	38,175
Receivables, Net of Allowances						
Accounts	172,677	21,837	35,613	32,703	262,830	1,369
Interest and Dividends	—	777	998	21	1,796	77
Unbilled	95,686	16,971	28,247	18,491	159,395	154
Energy Contracts, Notes, and Other Contracts	—	—	—	—	—	—
Due from Other Funds	1,544	842	1,818	1,021	5,225	406
Due from Other Governments	21,151	2,641	19,302	1,482	44,576	1,941
Materials and Supplies Inventory	55,494	11,329	2,137	213	69,173	8,394
Interfund Loan & Advances	—	—	—	—	—	24,000
Prepayments and Other Current Assets	946	72	34	99	1,151	14,604
Short Term Lease Receivable	4,752	—	—	—	4,752	446
Total Current Assets	615,490	160,766	435,035	349,199	1,560,490	125,855
Noncurrent Assets						
Restricted Cash and Equity in Pooled Investments	225,938	98,741	158,637	48,523	531,839	57,479
Notes and Contracts Receivable	—	—	351	—	351	—
Conservation Costs, Net	255,558	27,419	—	—	282,977	—
Landfill Closure and Postclosure Costs, Net	—	—	—	18,626	18,626	—
Environmental Costs and Recoveries	116,374	—	3,582	—	119,956	—
External Infrastructure Costs	—	—	16,692	—	16,692	—
Regulatory Asset	—	4,867	5,741	1,531	12,139	—
Other Charges	60,375	13,637	18,376	1,136	93,524	—
Capital Assets						
Land and Land Rights	156,760	54,511	47,434	26,883	285,588	110,055
Plant in Service, Excluding Land	6,377,692	2,291,815	1,653,760	251,461	10,574,728	—
Less Accumulated Depreciation	(2,451,535)	(1,034,855)	(530,407)	(96,865)	(4,113,662)	—
Buildings and Improvements	—	—	—	—	—	773,877
Less Accumulated Depreciation	—	—	—	—	—	(370,496)
Machinery and Equipment	—	—	—	713	713	326,471
Less Accumulated Depreciation	—	—	—	(713)	(713)	(222,046)
Construction in Progress	657,016	75,185	513,224	6,077	1,251,502	112,650
Other Property, Net	22,123	2,632	5,807	5,248	35,810	33,766
Long Term Lease Receivable	57,658	—	—	—	57,658	2,192
Long Term PPP Receivable	—	—	—	—	—	12,577
Right to Use Lease and Subscription	—	1,674	924	352	2,950	345,643
Less Right to Use Lease and Subscription Accumulated Amortization	—	(636)	(401)	(215)	(1,252)	(55,811)
Total Noncurrent Assets	5,477,959	1,534,990	1,893,720	262,757	9,169,426	1,126,357
Total Assets	6,093,449	1,695,756	2,328,755	611,956	10,729,916	1,252,212
DEFERRED OUTFLOWS OF RESOURCES						
	113,144	40,819	37,955	44,041	235,959	74,374
Total Assets and Deferred Outflows of Resources	\$ 6,206,593	\$ 1,736,575	\$ 2,366,710	\$ 655,997	\$10,965,875	\$ 1,326,586

The accompanying notes are an integral part of these financial statements

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023
(In Thousands)

Business-Type Activities Enterprise Funds							Governmental Activities
	L i g h t	W a t e r	Drainage and Wastewater	Nonmajor Funds	2023	Internal Service	
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 100,985	\$ 15,922	\$ 23,975	\$ 21,729	\$ 162,611	\$ 30,998	
Salaries, Benefits, and Payroll Taxes Payable	8,352	2,300	2,436	2,648	15,736	5,184	
Compensated Absences Payable	1,067	286	351	310	2,014	770	
Due to Other Funds	—	—	—	—	—	—	
Due to Other Governments	—	133	15,967	22	16,122	2,451	
Interest Payable	44,389	9,438	14,384	1,586	69,797	2,073	
Taxes Payable	20,791	888	378	970	23,027	37	
General Obligation Bonds Due Within One Year	—	—	—	—	—	32,467	
Revenue Bonds Due Within One Year	131,635	44,025	32,100	8,160	215,920	—	
Claims Payable	8,043	1,709	2,908	3,201	15,861	712	
Notes and Contracts Payable	—	2,050	6,884	—	8,934	—	
Habitat Conservation Program Liability	—	553	—	—	553	—	
Landfill Closure and Postclosure Liability	—	—	—	3,874	3,874	—	
Unearned Revenues and Other Credits	28,496	4,838	—	—	33,334	—	
Accrued Lease and Subscription Interest	—	7	7	—	14	403	
Short Term Lease and Subscription Liability	—	228	149	72	449	13,860	
Other Current Liabilities	44,988	1,038	8,179	822	55,027	186	
Total Current Liabilities	388,746	83,415	107,718	43,394	623,273	89,141	
Noncurrent Liabilities							
Advances from Other Funds/Interfund Notes Payable	—	—	—	—	—	—	
Compensated Absences Payable	20,264	5,440	6,664	5,879	38,247	14,622	
Claims Payable	111,179	5,105	275,772	17,604	409,660	963	
Public Works Trust Loan	—	16,577	219,469	—	236,046	—	
Landfill Closure and Postclosure Liability	—	—	—	12,181	12,181	—	
Vendor and Other Deposits Payable	—	—	—	1	1	587	
Habitat Conservation Program Liability	—	7,930	—	—	7,930	—	
Unearned Revenues and Other Credits	7,822	—	—	30,113	37,935	212	
Benefits	6,942	2,436	2,407	2,720	14,505	5,012	
Net Pension Liability	302,618	94,175	90,298	108,764	595,855	217,569	
Other Noncurrent Liabilities	254	817	12,798	267	14,136	—	
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—	—	179,514	
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,783,495	639,047	860,314	160,685	4,443,541	—	
Bond Interest Payable	—	—	—	—	—	—	
Long Term Lease and Subscription Liability	—	876	427	76	1,379	287,845	
Total Noncurrent Liabilities	3,232,574	772,403	1,468,149	338,290	5,811,416	706,324	
Total Liabilities	3,621,320	855,818	1,575,867	381,684	6,434,689	795,465	
DEFERRED INFLOWS OF RESOURCES	169,782	59,936	18,222	46,087	294,027	30,135	

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023
(In Thousands)

	Business-Type Activities Enterprise Funds				2023	Governmental Activities
	L i g h t	W a t e r	Drainage and Wastewater	Nonmajor Funds		Internal Service
NET POSITION						
Net Investment in Capital Assets	2,185,536	753,677	725,636	34,994	3,699,843	847,336
Restricted for						
Revenue Stabilization Account	25,000	—	—	—	25,000	—
Special Deposits and Other	—	—	—	—	—	—
Conservation and Environmental Costs	—	10,446	—	—	10,446	—
Projects	—	—	—	—	—	—
External Infrastructure Costs	—	—	8,263	—	8,263	—
Muckleshoot Settlement	—	—	—	—	—	—
Other Charges	—	10,498	11,750	2,975	25,223	—
Unrestricted	204,955	46,200	26,972	190,257	468,384	(346,350)
Total Net Position	2,415,491	820,821	772,621	228,226	4,237,159	500,986
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,206,593</u>	<u>\$ 1,736,575</u>	<u>\$ 2,366,710</u>	<u>\$ 655,997</u>	<u>\$10,965,875</u>	<u>\$ 1,326,586</u>
Total Net Position as above					\$ 4,237,159	
Adjustment to Reflect the Consolidation of Internal						
Service Fund Activities to Enterprise Funds					101,117	
Net Position of Business-type Activities					<u>\$ 4,338,276</u>	

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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023
(In Thousands)**

	Business-Type Activities Enterprise Funds				Governmental Activities
	Light	Water	Drainage and Wastewater	Nonmajor Funds	Internal Service
OPERATING REVENUES					
Charges for Services and Other Revenues	\$ 1,190,910	\$ 301,496	\$ 542,934	\$ 351,130	\$ 2,386,470
OPERATING EXPENSES					
Salaries, wages and personnel benefits	—	74,910	75,686	97,078	247,674
Supplies	—	8,144	8,661	2,119	18,924
Services	—	58,624	62,621	175,541	296,786
Intergovernmental Payments	—	50,873	262,403	35,657	348,933
Operations and Maintenance	781,536	—	—	—	781,536
Taxes	112,389	—	—	—	112,389
Depreciation and Amortization	159,459	58,434	45,004	14,700	277,597
Other Operating Expenses	—	6,894	8,615	3,685	19,194
Total Operating Expenses	1,053,384	257,879	462,990	328,780	2,103,033
Operating Income (Loss)	137,526	43,617	79,944	22,350	283,437
NONOPERATING REVENUES (EXPENSES)					
Investment and Interest Income	31,177	11,593	17,883	11,030	71,683
Interest Expense	(91,586)	(22,062)	(13,261)	(5,359)	(132,268)
Amortization of Bonds Premiums and Discounts, Net	—	—	—	—	—
Amortization of Refunding Loss	—	—	—	—	—
Bond Issuance Costs	—	—	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—	—
Lease Interest Revenue	—	—	—	—	—
Lease Revenue	—	—	—	—	—
Lease and Subscription Interest Expense	—	(19)	(19)	—	(38)
Lease and Subscription Expense	—	153	187	9	349
Right to Use Lease and Subscription Amortization	—	—	—	(49)	(49)
Contributions and Grants	1,598	—	735	167	2,500
Others, Net	3,153	6,408	(341)	876	10,096
Total Nonoperating Revenues (Expenses)	(55,658)	(3,927)	5,184	6,674	(47,727)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	81,868	39,690	85,128	29,024	235,710
Capital Contributions and Grants	43,290	9,820	11,611	—	64,721
Transfers In	—	—	—	—	—
Transfers Out	—	—	—	—	—
Environmental Remediation	—	—	(60,172)	—	(60,172)
Change in Net Position	125,158	49,510	36,567	29,024	240,259
Net Position - Beginning of Year	2,290,333	771,311	736,054	199,202	3,996,900
Prior-Year Adjustment	—	—	—	—	—
Net Position - Beginning of Year as Restated	2,290,333	771,311	736,054	199,202	3,996,900
Net Position - End of Year	\$ 2,415,491	\$ 820,821	\$ 772,621	\$ 228,226	\$ 4,237,159
Internal Service Fund Activities Related to Enterprise Funds					101,117
Net Position of Business-Type Activities					\$ 4,338,276
Change in Net Position as above					\$ 240,259
Internal Service Fund Activities Related to Enterprise Funds					6,459
Adjusted Change in Net Position of Business-Type Activities					\$ 246,718

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STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023
(In Thousands)

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Light	Water	Drainage and Wastewater	Nonmajor Funds	2023	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	\$ 1,114,529	\$ 311,893	\$ 549,062	\$ 342,394	\$ 2,317,878	\$ 467,739
Cash Paid to Suppliers	(476,949)	(72,597)	(255,496)	(170,803)	(975,845)	(166,448)
Cash Paid to Employees	(155,762)	(73,449)	(73,845)	(97,728)	(400,784)	(187,570)
Cash Paid for Taxes	(106,147)	(47,719)	(72,349)	(38,024)	(264,239)	(4,095)
Net Cash from Operating Activities	375,671	118,128	147,372	35,839	677,010	109,626
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal Payments on Long-Term Debt and Interfund Loans	(12,228)	—	—	—	(12,228)	—
Interest Paid on Long-Term Debt	(10,882)	—	—	—	(10,882)	—
Operating Grants Received	1,598	846	735	167	3,346	258
Transfers In	(1,048)	—	—	—	(1,048)	18,098
Transfers Out	(54,342)	—	—	—	(54,342)	(36,809)
Bonneville Receipts for Conservation	4,716	—	—	—	4,716	—
Payments to Vendors on Behalf of Customers for Conservation	(21,554)	—	—	—	(21,554)	—
Loans Provided to Other Funds	—	—	—	—	—	—
Payments for Environmental Liabilities	—	1	(3,409)	—	(3,408)	—
Net Cash from Noncapital Financing Activities	(93,740)	847	(2,674)	167	(95,400)	(18,453)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Sale of Bonds and Other Long-Term Debt	250,794	—	194,027	—	444,821	—
Principal Payments on Long-Term Debt and Refunding	(115,447)	(52,289)	(33,568)	(7,648)	(208,952)	(8,857)
Capital Expenses and Other Charges Paid	(324,588)	(78,178)	(170,837)	(5,619)	(579,222)	(67,150)
Interest Paid on Long-Term Debt	(102,740)	(29,056)	(32,755)	(6,875)	(171,426)	(9,329)
Capital Fees and Grants Received	277	6,563	37,958	—	44,798	37
Payment to Trustee for Defeased Bonds	(90,448)	—	—	—	(90,448)	—
Interest Received for Suburban Infrastructure Improvements	2,338	—	—	—	2,338	—
Debt Issuance Costs	(707)	—	—	—	(707)	—
Proceeds from Sale of Capital Assets	—	256	1,245	720	2,221	984
Net Cash from Capital and Related Financing Activities	(380,521)	(152,704)	(3,930)	(19,422)	(556,577)	(84,315)
CASH FLOWS FROM INVESTING ACTIVITIES^a						
Interest and Investment Income (Loss)	28,839	9,828	16,406	11,031	66,104	4,536
Net Cash from Investing Activities	28,839	9,828	16,406	11,031	66,104	4,536
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(69,751)	(23,901)	157,174	27,615	91,137	11,394
CASH AND EQUITY IN POOLED INVESTMENTS						
Beginning of Year	558,929	228,938	348,349	316,077	1,452,293	120,549
End of Year	\$ 489,178	\$ 205,037	\$ 505,523	\$ 343,692	\$ 1,543,430	\$ 131,943
CASH AT THE END OF THE YEAR CONSISTS OF						
Operating Cash and Equity in Pooled Investments	\$ 263,240	\$ 106,296	\$ 346,886	\$ 295,169	\$ 1,011,591	\$ 36,289
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—	—	91,091
Noncurrent Restricted Cash and Equity in Pooled Investments	225,938	98,741	158,637	48,523	531,839	4,563
Total Cash at the End of the Year	\$ 489,178	\$ 205,037	\$ 505,523	\$ 343,692	\$ 1,543,430	\$ 131,943

^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.

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STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2023
(In Thousands)

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Light	Water	Drainage and Wastewater	Nonmajor Funds	2023	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 137,526	\$ 43,617	\$ 79,944	\$ 22,350	\$ 283,437	\$ 23,794
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities						
Depreciation and Amortization	159,459	58,434	45,004	14,700	277,597	55,401
Depreciation Charged to O&M Accounts	—	—	—	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	24,765	2,038	3,693	—	30,496	59,428
Nonoperating Revenues and Expenses	21,252	6,277	2,492	35	30,056	—
Changes in Operating Assets and Liabilities						
Accounts Receivable	40,860	5,009	(458)	(7,034)	38,377	61
Unbilled Receivables	14,822	380	1,710	(754)	16,158	—
Other Receivables	(15)	—	—	—	(15)	—
Due from Other Funds	—	(267)	(661)	(1)	(929)	(337)
Due from Other Governments	—	(927)	2,688	318	2,079	349
Materials and Supplies Inventory	(12,944)	(1,758)	155	—	(14,547)	(1,124)
Accounts Payable	(7,677)	5,183	1,596	7,247	6,349	15,773
Salaries, Benefits, and Payroll Taxes Payable	—	88	24	2	114	56
Compensated Absences Payable	20	(116)	150	(391)	(337)	119
Due to Other Funds	—	(3,221)	(550)	(12)	(3,783)	27
Due to Other Governments	—	133	1,580	7	1,720	2,424
Claims Payable	48,375	1,728	919	57	51,079	(2)
Taxes Payable	—	4	(243)	(2,665)	(2,904)	4
Unearned Revenues and Other Credits	—	—	—	(2,795)	(2,795)	—
Other Assets and Liabilities	(41,561)	(3,583)	9,329	4,775	(31,040)	(46,347)
Rate Stabilization	(9,211)	5,109	—	—	(4,102)	—
Total Adjustments	238,145	74,511	67,428	13,489	393,573	85,832
Net Cash from Operating Activities	<u>\$ 375,671</u>	<u>\$ 118,128</u>	<u>\$ 147,372</u>	<u>\$ 35,839</u>	<u>\$ 677,010</u>	<u>\$ 109,626</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
In-Kind Capital Contributions	\$ 182	\$ 2,411	\$ —	\$ —	\$ 2,593	\$ —
Amortization of Debt Related Costs, Net	27,519	—	—	—	27,519	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—	—	—
Allowance for Funds Used During Construction	—	—	—	—	—	—
Power Exchange Revenues	40,144	—	—	—	40,144	—
Power Exchange Expenses	(40,144)	—	—	—	(40,144)	—
Power Revenue Netted against Power Expenses	18,668	—	—	—	18,668	—
Power Expense Netted against Power Revenues	(12,058)	—	—	—	(12,058)	—
Bond Proceeds Deposited into an Escrow Account for Purposes of Refunding	146,500	—	—	—	146,500	—
Change in Fair Value of Long-Term Investments	11,198	4,481	2,381	—	18,060	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 192,009</u>	<u>\$ 6,892</u>	<u>\$ 2,381</u>	<u>\$ —</u>	<u>\$ 201,282</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements

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 FUND

Custodial Fund is 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 **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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STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2023

(In Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Fund
ASSETS			
Cash and Equity in Pooled Investments	330,107	247	4,672
Short-Term Investments	—	—	—
Receivables			
Members	3,084	—	—
Employers	4,750	—	—
Interest and Dividends	8,065	—	—
Sales Proceeds	175,278	—	—
Other	—	1	—
Total Receivables	191,177	1	—
Investments at Fair Value			
Fixed Income	931,236	—	—
Equity	2,349,999	—	—
Real Estate	441,499	—	—
Alternative Investments	110,575	—	—
Total Investments at Fair Value	3,833,309	—	—
Securities Lending Collateral	4,976	—	—
Prepaid Expenses	528	—	—
Total Assets	4,360,097	248	4,672
LIABILITIES			
Accounts Payable and Other Liabilities	5,236	—	—
Salaries, Benefits, and Payroll Taxes Payable	—	—	—
Securities Lending Collateral	4,955	—	—
Investment Commitments Payable	339,347	—	—
Total Liabilities	349,538	—	—
Net Position Restricted:			
Pensions	4,010,559	—	—
Individuals and Organizations	—	248	4,672
Total Net Position	\$ 4,010,559	\$ 248	\$ 4,672

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2023
(In Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Private-Purpose Trust Funds	Custodial Fund
ADDITIONS			
Contributions			
Employer	\$ 150,423	\$ —	\$ —
Plan Member	85,199	—	—
Total Contributions	235,622	—	—
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	366,185		—
Interest	40,561	12	
Dividends	17,631	—	—
Other Investment Income	18,429	—	—
Total Investment Activities Income	442,806	12	—
From Securities Lending Activities			
Securities Lending Income	289	—	—
Borrower Rebates	66	—	—
Total Securities Lending Income	355	—	—
Securities Lending Expenses			
Management Fees	(89)	—	—
Total Securities Lending Expenses	(89)	—	—
Net Income from Securities Lending Activities	266	—	—
Investment Activity Expenses	(16,805)	—	—
Net Income/(Loss) from Investment Activities	426,267	12	—
Other Income	—	—	(27)
Total Additions	661,889	12	(27)
DEDUCTIONS			
Benefits	249,140	—	—
Refund of Contributions	32,706	—	—
Administrative Expense	8,421	—	—
Other	—	—	—
Total Deductions	290,267	—	—
Change in Net Position	371,622	12	(27)
Net Position - Beginning of Year	3,638,937	236	4,699
Net Position - End of Year	\$ 4,010,559	\$ 248	\$ 4,672

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements



NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

The City presents its component units information in Note 12.

Related Organizations. The City is also responsible for appointing the members of the governing body of the following organizations, but the accountability for these organizations 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.

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. Please see Note 13 for more information.

ACCOUNTING STANDARDS

In 2023, the City implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPPs). A PPP is an arrangement in which a government transferor contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

The City also implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). Under this Statement, a government generally should recognize a right-to use subscription asset and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

Statement No. 99, Omnibus 2022, addresses and further clarifies several practice issues, such as requirements related to derivatives, leases, PPPs and SBITAs. The effective periods of Statement No. 99 covered multiple fiscal years. The City implemented the remaining requirements of this statement in the current fiscal year. The City does not have any derivative or hedging instruments as defined by Statement No. 99. For more information on the City's investment instruments, please see Note 3.

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 non-fiduciary 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 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 480,000 customers in the Seattle area as well as to other city agencies.
- The **Water Fund** accounts for operating the City's water utility. The 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.

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 fund. The Employees' Retirement Fund receives employees' payroll deductions for retirement and the City's matching contributions. It pays pension benefits to retired City employees. The S. L. Denny Fund, a private-purpose trust, holds a nonexpendable gift. Investment income is available to aid disabled firemen. custodial fund are not used to support the government's own programs and so these funds are excluded from the government-wide financial statements.

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 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.

The City uses encumbrance accounting. Purchase orders, contracts and other commitments are recorded as encumbrances. Encumbrances at year-end are no longer specifically reported as reservations of fund balances for governmental type funds. They are included in the restricted, committed, or assigned fund balance as defined by GASB Statement No. 54.

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 non-operating 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 non-operating revenues and expenses.

Fiduciary Fund Financial Statements. Financial statements for the pension trust, private-purpose trust, and custodial fund 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.

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.

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 Receivables, Due 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 4.

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 acquisition 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.

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

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

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

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

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

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

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

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

Leases. The City is a lessee on multiple leases. The City recognizes a lease liability and a lease asset at the commencement of the lease term. The lease liability is measured at the present value of payments expected to be made during the noncancellable lease term and uses the discount rate charged by the lessor or the incremental borrowing rate if the discount rate is not known.

The City reduces the lease liability by the principal portion of the payments received and recognizes an outflow of resources for interest on the liability. The lease asset is amortized on a straight-line basis over the lease term.

The City is a lessor on multiple leases. The City recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources are measured at the value of the lease receivable.

The City recognizes interest revenue on the lease receivable and an inflow of resources from the deferred inflows of resources over the term of the lease. The lease receivable is reduced by the principal payments received and the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscription-Based Information Technology Arrangements (SBITAs) are defined as a contract that conveys control of the right to use another party's (the SBITA vendor's) information technology software, alone or in combination with tangible underlying capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction.

The City recognizes a subscription liability and an intangible right-to-use subscription asset at the commencement of the subscription term. The subscription liability is recognized at the net present value of future subscription payments and is adjusted over time by subsequent payments and interest. Future subscription payments are discounted using the City's estimated incremental borrowing rate. Future subscription payments include fixed and/or variable payments, based on the contract between the subscriber and vendor. The subscription asset is initially recorded as the sum of the subscription liability, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term and is subsequently amortized over the life of the subscription.

Public-Private Partnerships (PPP). The City is the transferor in 11 PPP arrangements. The agreements convey to the operators the right to build, expand and/or renovate capital assets and operate and maintain the facility or property. Depending on the contract, the City has the right to approve the type of services the operators may provide and the fees that may be charged by the operators to the public. As per the agreements, the operators provide amenities and facilities which generate revenues for the City and also create valuable business and employment opportunities for the public. In some cases the operator may provide public benefits, such as free admission to the underserved, in lieu of making a cash payment directly to the City.

The PPP Agreements do not contain any upfront payments from the operators nor are there any guarantees or commitments by the City, except for certain agreements where the City pays operating support and maintenance. These payments relate to the maintenance and operation of the underlying asset and are recognized as expenditures as they occur.

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

- Pensions and other post-employment benefits
- Grants received before meeting time requirements, but after all other eligibility requirements have been met
- Unavailable revenue from property taxes, district court receivables and abatement receivables
- Assets transferring to the City at the end of a Public-Private Partnership (PPP) contract term

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 non-current 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 non-current 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.

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.

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.

A summary of governmental fund balances at December 31, 2023, is as follows:

Table 1-1

GOVERNMENTAL FUND BALANCES ^a

(In Thousands)

Fund Balances	General	Transportation	Other Governmental	Total
Nonspendable				
Not in spendable form ^a		\$ —	\$ 475	\$ 475
Legally or contractually required to be maintained intact	—	—	50	50
Nonspendable Subtotal	\$ 49	\$ —	\$ 525	\$ 574
Restricted				
General	3,681	—	19	3,700
Transportation	—	93,469	617	94,086
Animal Services	—	—	1,479	1,479
Arts & Culture	—	—	260	260
Capital & Continuing Programs	—	—	176,982	176,982
Community & Economic Development	292	—	9,080	9,372
Community Outreach	—	—	35	35
Educational & Development Services	—	—	130,504	130,504
Emergency Preparedness	—	—	123	123
Employee Benefits	142,228	—	—	142,228
Fire	35,116	—	388	35,504
General Bond Interest & Redemption	—	—	9,020	9,020
Health & Human Services	—	—	1,576	1,576
Housing Services	—	—	176,910	176,910
Library Purposes	9,552	—	28,105	37,657
Local Improvement District	—	—	9,987	9,987
Parks & Recreation	—	—	97,211	97,211
Police	19,100	—	882	19,982
Endowment	—	—	114	114
Restricted Subtotal	\$ 209,969	\$ 93,469	\$ 643,292	\$ 946,730
Committed				
General	7,434	—	—	7,434
Transportation	—	21,585	—	21,585
Arts & Culture	—	—	12,756	12,756
Capital & Continuing Programs	151,541	—	—	151,541
Community & Economic Development	275,085	—	—	275,085
Employee Benefits	5,121	—	—	5,121
Health & Human Services	8,480	—	—	8,480
Litigation	20,183	—	—	20,183
Revenue Stabilization & Reserve	14,796	—	—	14,796
Committed Subtotal	\$ 482,640	\$ 21,585	\$ 12,756	\$ 516,981
Assigned				
General	12,019	—	—	12,019
Transportation	5	—	89,701	89,706
Arts & Culture	18,480	—	—	18,480
Capital & Continuing Programs	6,041	—	—	6,041
Community & Economic Development	1,629	—	418	2,047
Community Outreach	2,560	—	7,218	9,778
Emergency Preparedness	58,660	—	—	58,660
Health & Human Services	—	—	23,663	23,663
Housing Services	—	—	30,390	30,390
Parks & Recreation	—	—	14,180	14,180
Assigned Subtotal	\$ 99,394	\$ —	\$ 165,570	\$ 264,964
Unassigned				
General	333,543	—	—	333,543
Capital & Continuing Programs	—	—	(4)	(4)
Community & Economic Development	—	—	(54)	(54)
Revenue Stabilization & Reserve	65,329	—	—	65,329
Seattle Center	—	—	(5,949)	(5,949)
Unassigned Subtotal	\$ 398,872	\$ —	\$ (6,007)	\$ 392,865
Total	\$ 1,190,924	\$ 115,054	\$ 816,136	\$ 2,122,114

^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. Examples of the BCL would be "K-12 Programs" and "Post-Secondary Programs" within the Education and Early Learning department or "Inspections" and "Land Use Services" within the Construction & Inspection department.

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 2023. 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 Seattle Center Fund reported a deficit fund balance of \$5.9 million as of December 31, 2023. 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 were essential to the Seattle Center's operations and finances during the majority of 2020 and into 2021 when the pandemic peaked. The future revenues from activity of the Seattle Center and newly built arena is how the funds are expected to be repaid before 2033.

The Coronavirus Local Fiscal Recovery Fund reported a deficit fund balance of \$54,000 as of December 31, 2023. The cause of this deficit is the result of a timing difference between year end closing processes and fund expense reporting deadlines to the U.S. Treasury. Revenues are earned by the fund as their corresponding expenses are reported to the U.S. Treasury on a quarterly basis – which reporting was due before all year end expenses were recorded. The deficit will be removed with first quarter reporting in April 2024.

(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, 2023, the City did not have custodial credit risk. The City's deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) as well as protection provided by the Washington State Public Deposit Protection Commission (PDPC) as established in RCW 39.58. The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks, credit unions, and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC or NCUA by requiring banks, credit unions, and thrifts to pledge securities as collateral.

As of December 31, 2023, the City held \$15,000 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, Principal Financial Services Inc., and the City's third-party investment accounting vendor Clearwater Analytics LLC. Prices are obtained from the City's safekeeping bank, Principal. Principal's primary pricing vendor is Intercontinental Exchange (ICE).

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

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

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

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

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

As of December 31, 2023, 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, 2023	Fair Value Measurements Using			Measured at Amortize d Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Corporate Bonds	\$ 67,267	\$ —	\$ 67,267	\$ —	\$ —	537
Commercial Paper Total	0	—	—	—	—	—
International Bank for Reconstruction & Development	48,924	—	48,924	—	—	247
Local Government Investment Pool	406,431	406,431	—	—	—	—
Municipal Bonds	150,811	—	150,811	—	—	772
Repurchase Agreements	17,297	17,297	—	—	—	9,497
U.S. Government Agency Mortgage-Backed Securities	312,777	—	312,777	—	—	1,754
U.S. Government Agency Securities	1,417,009	—	1,417,009	—	—	404
U.S. Treasury and U.S. Government-Backed Securities	1,240,539	1,240,539	—	—	—	679
Total	<u>\$ 3,661,055</u>	<u>\$1,664,267</u>	<u>\$1,996,788</u>	<u>\$ —</u>	<u>\$ —</u>	
Weighted Average Maturity of the City's Pooled Investments						626

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

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

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

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investments must adhere to state statutes. State statute and the City's Statement of Investment Policy do not stipulate credit quality requirements for U.S. Government or U.S. Government Agency Obligations but provide for minimum credit ratings for investments in municipal bonds, commercial paper and corporate 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	\$ 15,194	0.4 %
APPLE INC	7,408	0.2
FEDERAL AGRICULTURE MORTGAGE CORPORATION	248,019	6.8
FEDERAL FARM CREDIT BANK	291,404	8.0
FEDERAL HOME LOAN BANK	572,730	15.6
FEDERAL HOME LOAN MORTGAGE CORPORATION	287,136	7.8
FEDERAL HOME MORTGAGE SECURITIES	36,784	1.0
FEDERAL NATIONAL MORTGAGE ASSOCIATION	293,713	8.0
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	48,924	1.3
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	22,282	0.6
MUNICIPAL BONDS	150,811	4.1
PITTSBURGH NATIONAL CORPORATION BANK	22,383	0.6
REPURCHASE AGREEMENTS, SWEEP	17,297	0.5
U.S. TREASURY AND GOVERNMENT-BACKED SECURITIES	1,240,539	33.9
WASHINGTON STATE TREASURER'S INVESTMENT POOL	406,431	11.1
Total Investments	<u>\$3,661,055</u>	<u>100.0 %</u>

Custodial Credit Risk - Investments. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent, 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, 2023:

Table 3-3

SCERS' INVESTMENTS

(In Thousands)

INVESTMENTS BY FAIR VALUE LEVEL	Fair Value Measurements Using			
	Value as of December 31, 2023	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Public Equity Securities	\$ 955,295	\$ 955,278	\$ 1	\$ 16
Fixed Income Securities	778,732	150,939	589,006	38,787
Total Investments by fair value level	\$ 1,734,027	\$ 1,106,217	\$ 589,007	\$ 38,803

INVESTMENTS MEASURED AT THE
NET ASSET VALUE (NAV)

Fixed Income	\$ 152,504
Infrastructure	110,575
Private Equity	555,227
Public Equity	839,477
Real Estate	441,499
Total Investments measured at the NAV	2,099,282
Total Investments	\$ 3,833,309
Securities lending collateral	\$ 4,976

INVESTMENTS	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private Equity	\$ 555,227	\$ 355,066	Daily, Quarterly	1 - 90 Days
Public Equity	839,477	—	Daily, Monthly	1 - 60 Days
Fixed Income	152,504	77,828	Daily, N/A	5 Days, N/A
Real Estate	441,499	97,168	Quarterly, N/A	45 Days, N/A
Infrastructure	110,575	33,519	N/A	N/A
Total investments measured at the NAV	\$ 2,099,282	\$ 563,581		

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.

As of December 31, 2023, 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	\$ 12,974	\$ —	\$ 12,061	\$ 913	\$ —
Derivatives	1,404	(778)		922	1,259
Asset Backed Security	34,980	—	22,349	9,538	3,094
Foreign Sovereign	5,898	2,154		859	2,884
Corporate Debt	302,754	10,643	129,547	101,208	61,357
Mortgage Backed Security	265,717	—	2,201	5,454	258,062
Municipal	3,286	—	1,407	807	1,072
Treasury Notes and Bonds	151,720	4,954	41,334	41,714	63,718
Total Fixed Income Securities	\$ 778,733	\$ 16,973	\$ 208,899	\$ 161,415	\$ 391,446
Fixed Income Fund	152,504				
Total Fixed income	\$ 931,237				

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, 2023, 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	\$ 12,974	\$ 12,974							
Derivatives	1,404								1,404
Asset Backed Security	34,980	25,103	6,456	621	362			194	2,245
Corporate Debt	302,754	7,883	8,709	56,236	127,740	35,495	50,865	14,343	1,483
Foreign Sovereign	5,898		789	3,744					1,366
Mortgage Backed Security	265,717	178,804					73		86,840
Municipal	3,286	310	2,214	762					
Treasury Notes and Bonds	151,720	151,720							
Total Fixed Income Securities	\$ 778,733	\$ 376,794	\$ 18,168	\$ 61,363	\$ 128,102	\$ 35,495	\$ 50,938	\$ 14,537	\$ 93,338
Fixed Income Funds	152,504								
Total Fixed Income	\$ 931,237								

Table 3-6 SCERS' ASSET ALLOCATION

Asset Class	Actual	Target Allocation
Public Equity	46.8 %	48.0 %
Private Equity	14.5	11.0
Core Fixed Income	20.3	18.0
Credit Fixed Income	4.0	7.0
Real Estate	11.5	12.0
Infrastructure	2.9	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.

In accordance with SCERS' Investment Policy and RCW 39.59.020, the System participates, through a custodial agent, in a securities lending program whereby securities are lent for the purpose of generating additional income to the System. The System lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities lent, providing a margin against a decline in the market value of the collateral. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income it is due on the securities lent. Cash and U.S. government securities were received as collateral for these loans. The System invests cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the System must return the cash collateral to the borrower upon the expiration of the loan. Gross income from securities lending transactions are recorded in the operating statements as well as the various fees paid to the institution that oversees the lending activity.

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, 2023, the fair value of securities on loan was \$4,806,439. Associated cash collateral totaling \$4,954,916 was received. The fair market value of the reinvested collateral was \$4,975,758 at December 31, 2023.

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, 2023, 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-market value. They are levied and become a lien on the first day of the levy year. They may be paid in two equal installments if the total amount exceeds \$30. The first half is due on April 30, or else the total amount becomes delinquent May 1. The balance is due October 31, becoming delinquent November 1. Delinquent taxes bear interest at the rate of one percent per month until paid and are subject to additional penalties of three percent and another eight percent on the total unpaid delinquent balance on June 1 and December 1, respectively. Foreclosure action is commenced on properties when taxes are delinquent for three years.

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 \$1.06 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2023. In addition, the levy included \$0.92 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2023 levy was \$1.99 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 and decreased to \$0.21 in 2023. Further, this doesn't include \$0.39 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.

Business Taxes. The City's business taxes include general business taxes and utilities related business taxes. The business taxes from utilities make up 21.3% of total business tax revenues.

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, 2023
(In Thousands)

	Taxes Receivable	Tax Revenues
Property Taxes	\$ 19,593	\$ 789,865
Business Taxes	235,267	973,816
Totals	<u>\$ 254,860</u>	<u>\$ 1,763,381</u>

INTERFUND TRANSACTIONS

Interfund Transfers. Transfers between funds are used to (1) move revenues from the fund wherein the statute or budget requires them to be collected to the fund wherein the statute or budget requires them to be expended, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) apply unrestricted revenues collected in the General Fund to various programs accounted for in other funds in accordance with budgetary authorizations. The City eliminates or reclassifies transfers between funds in the process of aggregating data for the government-wide statements.

Transfers between governmental funds which were eliminated in the Statement of Activities were as follows:

Table 4-2

INTERFUND TRANSFERS

(In Thousands)

Transfers Out	Transfers In				Total
	General	Internal Service	Transportation ^a	Nonmajor Governmental	
General Fund	\$ —	\$ 1,030	\$ —	\$ 40,193	\$ 41,223
Internal Service Fund	6,500	—	—	30,309	36,809
Transportation ^a	—	—	—	22,656	22,656
Nonmajor Governmental Fund	8,167	17,068	—	20,927	46,162
Total Transfers	<u>\$ 14,667</u>	<u>\$ 18,098</u>	<u>\$ —</u>	<u>\$ 114,085</u>	<u>\$ 146,850</u>

^a Government-Wide, Transportation Transfers In and Transfers Out net zero. Timing of Budget shift at end of year resulted in visibility of movement.

Interfund Receivables and Payables. Balances between funds not representative of lending or borrowing arrangements are reported as due to/due from other funds in the balance sheets for governmental funds and statements of net position for proprietary funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The table below shows the interfund receivables and payables reported in the fund financial statements at December 31, 2023:

Table 4-3

DUE FROM AND TO OTHER FUNDS
(In Thousands)

Due From	Due To							Total
	General	Major Governmental	Nonmajor Governmental	Light	Water	Drainage and Wastewater	Nonmajor Enterprise	
General Fund	\$ —	\$ —	\$ 49	\$ —	\$ —	\$ —	\$ —	\$ 49
Major Governmental	—	—	—	—	—	—	—	—
Nonmajor Governmental	—	—	—	—	—	—	—	—
Water	—	—	—	—	—	—	—	—
Drainage and Wastewater	—	—	—	—	—	—	—	—
Nonmajor Enterprise	—	—	—	—	—	—	—	—
Total Due from Other Funds	\$ —	\$ —	\$ 49	\$ —	\$ —	\$ —	\$ —	\$ 49

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, 2023, the following interfund debt was outstanding:

Table 4-4

ADVANCES, NOTES, AND LOANS FROM AND TO OTHER FUNDS
(In Thousands)

Advances, Notes, and Loans From	Advances, Notes, and Loans To	Amount
REET II Capital Fund	Seattle Center Fund	14,757
Information Technology Fund	Transportation Fund	24,000
Total City		<u>\$ 38,757</u>

All of the interfund loans were approved by City Council ordinance. Each loan is to be repaid with interest on the loan at the rate of return of the City's Consolidated Cash Pool. The entire principal and interest amount of the loan drawn is intended to be repaid with future tax proceeds and other anticipated revenues.

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	\$ —	\$ —	\$ —	\$ —
Pension and OPEB Plans	—	74,374	435,147	509,521
Total Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ 74,374</u>	<u>\$ 435,147</u>	<u>\$ 509,521</u>
Deferred Inflows of Resources				
Property Taxes	\$ 15,357	\$ —	\$ (17,605)	\$ (2,248)
Special Assessment	87,888	—	(1,452)	86,436
Charges on Advanced Refunding	—	4,106	6,511	10,617
Leases	123	15,825	160,404	176,352
Pension and OPEB Plans	—	10,204	106,791	116,995
Total Deferred Inflows of Resources	<u>\$ 103,368</u>	<u>\$ 30,135</u>	<u>\$ 254,649</u>	<u>\$ 388,152</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 2023, total taxes outstanding 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 and Waterfront Local Improvement District 6751 Funds recorded a deferred inflow of resources which reflects the total expected future collections from the Districts. 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.

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	\$ 103,575	\$ 30,008	\$ 34,317	\$ 9,206	\$ 33,246	\$ 210,352
Charges on Advance Refunding	9,569	10,811	3,638	1,589	—	25,607
Total Deferred Outflows of Resources	<u>\$ 113,144</u>	<u>\$ 40,819</u>	<u>\$ 37,955</u>	<u>\$ 10,795</u>	<u>\$ 33,246</u>	<u>\$ 235,959</u>
Deferred Inflows of Resources						
Pension and OPEB	\$ 17,247	\$ 4,424	\$ 3,978	\$ 1,648	\$ 2,305	\$ 29,602
Revenue Stabilization Account	40,779	47,550	—	40,549	—	128,878
Regulatory Credits	105,527	—	—	—	—	105,527
Charges/Gains on Advance Refunding	6,229	7,962	14,244	1,585	—	30,020
Total Deferred Inflows of Resources	<u>\$ 169,782</u>	<u>\$ 59,936</u>	<u>\$ 18,222</u>	<u>\$ 43,782</u>	<u>2,305</u>	<u>\$ 294,027</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 \$40.8 million as of December 31, 2023. For Seattle Public Utilities (SPU), the balance of the RSA was \$88.1 million as of December 31, 2023, of which \$47.6 million belongs to Water and \$40.5 million belongs to Solid Waste.

Regulatory Credits. 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 \$105.5 million as of December 31, 2023.

(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, City Light 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 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 millions) 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, 2023:

Table 5-1

	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 0.1	\$ 0.1	\$ 0.0
Purchases	3.8	3.8	—
Total	\$ 3.9	\$ 3.9	\$ 0.0

Fair value measurements as of December 31, 2023, 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 2023. 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..

Market Risk. Market risk is, in general, the risk of fluctuation in the market price of the commodity being traded and is influenced primarily by supply and demand. Market risk includes the fluctuation in the market price of associated derivative commodity instruments. Market risk may also be influenced by the number of active, creditworthy market participants, and to the extent that

nonperformance by market participants of their contractual obligations and commitments affects the supply of, or demand for, the commodity. Because City Light is active in the wholesale energy market, it is subject to market risk.

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

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

Other Operational and Event Risk. There are other operational and event risks that can affect the supply of the commodity and City Light's operations. Due to City Light's primary reliance on hydroelectric generation, the weather, including springtime snow melt, runoff, and rainfall, can significantly affect City Light's operations. Other risks include regional planned and unplanned generation outages, transmission constraints or disruptions, environmental regulations that influence the availability of generation resources, and overall economic trends.

(6) CAPITAL ASSETS

Table 6-1

Page 1 of 2

CHANGES IN CAPITAL ASSETS

(In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
GOVERNMENTAL ACTIVITIES ^a				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 623,083	\$ 9,186	5,480	\$ 626,789
Construction in Progress	679,557	358,241	267,614	770,184
Other Capital Assets	13,230	336	3	13,563
Total Capital Assets Not Being Depreciated	1,315,870	367,763	273,097	1,410,536
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,738,521	115,720	9,746	2,844,495
Machinery and Equipment	516,639	25,499	16,201	525,937
Infrastructure	2,886,192	104,823	159	2,990,856
Other Capital Assets	104,184	6,366	0	110,550
Right to Use Lease - Subscription	10,912	9,855	0	20,767
Right to Use Lease - Building	161,203	11,949	—	173,152
Right to Use Lease - Equipment	1,968	787	78	2,677
Right to Use Lease - Land	200,069	—	23,318	176,751
Right to Use Lease - Other	1,889	601	—	2,490
Total Capital Assets Being Depreciated	6,621,577	275,600	49,502	6,847,675
Accumulated Depreciation				
Buildings and Improvements	1,200,208	81,095	1,949	1,279,354
Machinery and Equipment	353,532	34,885	15,416	373,001
Infrastructure	1,222,223	93,277	28	1,315,472
Other Capital Assets	44,128	13,442	5	57,565
Right to Use Lease - Subscription	5,966	1,254	—	7,220
Right to Use Lease - Building	29,135	14,831	—	43,966
Right to Use Lease - Equipment	799	516	39	1,276
Right to Use Lease - Land	13,227	4,317	3,929	13,615
Right to Use Lease - Other	168	213	—	381
Total Accumulated Depreciation	2,869,386	243,830	21,366	3,091,850
Total Capital Assets Being Depreciated, Net	3,752,191	31,770	28,136	3,755,825
Governmental Activities Capital Assets, Net	\$ 5,068,061	\$ 399,533	\$ 301,233	\$ 5,166,361

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

Table 6-1
Page 2 of 2

CHANGES IN CAPITAL ASSETS
(In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 283,949	\$ 1,639	\$ —	\$ 285,588
Construction in Progress	1,096,751	703,461	548,710	1,251,502
Other Capital Assets	8,915	1,052	—	9,967
Total Capital Assets Not Being Depreciated	1,389,615	706,152	548,710	1,547,057
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	10,169,181	458,299	52,752	10,574,728
Buildings				—
Machinery and Equipment	852		139	713
Other Capital Assets	31,967	694	29	32,632
Right to Use Lease - Subscription	898			898
Right to Use Lease - Building	168			168
Right to Use Lease - Equipment	274		4	270
Right to Use Lease - Land	1,613			1,613
Total Capital Assets Being Depreciated	10,204,953	458,993	52,924	10,611,022
Accumulated Depreciation				
Plant in Service, Excluding Land	3,895,795	280,175	62,308	4,113,662
Buildings	0			0
Machinery and Equipment	852		139	713
Other Capital Assets	5,916	875		6,791
Right to Use Lease - Subscription	442			442
Right to Use Lease - Building	73	37		110
Right to Use Lease - Equipment	63	113	3	173
Right to Use Lease - Land	352	176		528
Total Accumulated Depreciation	3,903,493	281,376	62,450	4,122,419
Total Capital Assets Being Depreciated, Net	6,301,460	177,617	(9,526)	6,488,603
Business-Type Activities Capital Assets, Net	\$ 7,691,075	\$ 883,769	\$ 539,184	\$ 8,035,660

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

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION
(In Thousands)

GOVERNMENTAL ACTIVITIES

General Government	\$	11,961
Public Safety		1,852
Transportation		102,561
Economic Environment		1
Culture and Recreation		50,922
Subtotal		<u>167,297</u>
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets		<u>76,533</u>
Total Governmental Activities		<u>243,830</u>

BUSINESS-TYPE ACTIVITIES

Light	\$	174,100
Water		56,598
Solid Waste		11,137
Drainage and Wastewater		38,569
Planning and Development		972
Total Business-Type Activities		<u>281,376</u>

(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, 2023.

Table 7-1

COMPENSATED ABSENCES*(In Thousands)***Governmental Activities**

Governmental Funds	\$	86,051
Internal Service Funds		
Finance and Administrative Services		5,815
Information Technology		9,577
Total Internal Service Funds		<u>15,392</u>

Business-Type Activities

Enterprise Funds		
Light		21,331
Water		5,726
Drainage and Wastewater		7,015
Solid Waste		1,575
Construction and Inspection		4,614
Total Enterprise Funds		<u>40,261</u>

Pension Trust

Employees' Retirement		<u>388</u>
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Total Compensated Absences Liability	\$	<u>142,092</u>
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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

Lease Receivable

The City is a Lessor of various leases, such as parks, museums, gardens, and land with Governmental activities. In the Business-type activities leases are predominantly land used in conjunction with Seattle City Light. These leases have various length terms through 2083. Governmental activities in the City recognized \$9.9M in lease revenue and \$6.0M in interest revenue during the current fiscal year related to these leases. Business-Type activities in the City recognized \$5.2M in lease revenue and \$1.0M in interest revenue during the current fiscal year related to these leases. As of December 31, 2023, the City's lease receivable is \$235.7M and the deferred inflow is \$223.9M.

The schedule below shows future expected rent receipts:

Table 8-1

Lease Receivable (In Thousands)

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 5,596	\$ 5,217	\$ 10,813	\$ 4,752	\$ 1,016	\$ 5,768
2025	5,003	5,152	10,155	4,892	977	5,869
2026	4,696	5,101	9,797	4,872	901	5,773
2027	4,429	5,066	9,495	2,698	843	3,541
2028	4,309	5,046	9,355	2,747	796	3,543
2029 - 2033	17,465	25,906	43,371	14,392	3,241	17,633
2034 - 2038	14,982	27,891	42,873	15,748	1,922	17,670
2039 - 2043	17,119	20,650	37,769	10,216	560	10,776
2044 - 2048	19,600	17,604	37,204	665	158	823
2049 - 2053	29,098	13,530	42,628	643	92	735
2054 - 2058	40,195	7,519	47,714	500	23	523
2059 - 2063	17,705	934	18,639	62	4	66
2064 - 2068	1,654	40	1,694	65	3	68
2069 - 2073	1,343	11	1,354	67	2	69
2074 - 2078	—	—	—	71	1	72
2079 - 2083	—	—	—	20	—	20
Total	<u>\$ 183,194</u>	<u>\$ 139,667</u>	<u>\$ 322,861</u>	<u>\$ 62,410</u>	<u>\$ 10,539</u>	<u>\$ 72,949</u>

Lease Payable

The City is a lessee of various leases for land, buildings, equipment, and air space through fiscal year 2068. Payments are made periodically based on each individual contract term. Payments to principal in 2023 reduced overall liability by \$24.9M. \$4.6M was charged to interest in 2023.

Future principal and interest lease payments as of December 31, 2023 were as follows:

Table 8-2

Lease Payable (In Thousands)

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 14,054	\$ 4,687	\$ 18,741	\$ 273	\$ 5	\$ 278
2025	12,591	4,494	17,085	237	3	240
2026	11,284	4,303	15,587	193	3	196
2027	11,182	4,118	15,300	184	2	186
2028	11,259	3,937	15,196	184	1	185
2029 - 2033	47,154	17,392	64,546	216	1	217
2034 - 2038	43,740	14,116	57,856	—	—	—
2039 - 2043	29,190	11,469	40,659	—	—	—
2044 - 2048	27,092	9,316	36,408	—	—	—
2049 - 2053	28,195	7,369	35,564	—	—	—
2054 - 2058	35,515	5,027	40,542	—	—	—
2059 - 2063	44,934	2,065	46,999	—	—	—
2064 - 2068	4,187	16	4,203	—	—	—
Total	<u>\$ 320,377</u>	<u>\$ 88,309</u>	<u>\$ 408,686</u>	<u>\$ 1,287</u>	<u>\$ 15</u>	<u>\$ 1,302</u>

Subscription Based Information Technology Contracts Payable

The City has entered into 42 qualified SBITA agreements through 2027. Payments are made periodically based on each individual contract term.

	Gross Asset Balance	Accumulated Amortization	Net Asset Balance
Governmental Activities:			
Subscriptions	\$ 20,766	\$ 7,220	\$ 13,547
Total Governmental Activities	<u>\$ 20,766</u>	<u>\$ 7,220</u>	<u>\$ 13,547</u>
Business-Type Activities:			
Subscriptions	\$ 898	\$ 442	\$ 457
Total Governmental Activities	<u>\$ 898</u>	<u>\$ 442</u>	<u>\$ 457</u>

Future principal and interest lease payments as of December 31, 2023 were as follows:

Table 8-3 Subscription Lease Payable (In Thousands)

Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,951	\$ 186	\$ 4,137	\$ 175	\$ 16	\$ 191
2025	2,766	89	2,855	180	11	191
2026	342	12	354	185	6	191
2027	89	2	91	—	—	—
2028	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—
Total	<u>\$ 7,148</u>	<u>\$ 289</u>	<u>\$ 7,437</u>	<u>\$ 540</u>	<u>\$ 33</u>	<u>\$ 573</u>

Subscription payments not included in liability

Variable payments based on future performance of the city, usage of the underlying IT assets, or number of user seats, were not included in the measurement of the subscription liability. Rather, these variable and other payments were recognized as outflows of resources in the period in which the obligation for those payments was incurred. The City had 2 SBITAs with variable payments not included in the measurement of the subscription liability for the fiscal year ended December 31, 2023.

The amount of outflows of resources recognized in the fiscal year ended December 31, 2023 for variable and other payments not previously included in the measurement of the subscription liability are as follows:

	Governmental Activities	Business-Type Activities	Total
Variable Subscription Payments	\$ 498	\$ —	\$ 498
Total Variable Payments	<u>\$ 498</u>	<u>\$ —</u>	<u>\$ 498</u>

Public-Private Partnership Agreements (PPPs)

The City is the transferor in 5 PPP arrangements: 3 contracted at the Department of Parks and Recreation (Parks), one at the Seattle Center Department (Center), and one at the Department of Facilities and Administrative Services (FAS). The agreements convey to the operators the right, either through licenses or permits, to construct capital assets and operate and maintain service concessions. In the Center and FAS agreements, the City has the right to approve the type of services the operators may provide and the fees that may be charged by the operators to the public. In the Parks arrangements, the operator maintains the authority to set fees.

As per the agreements, the operators provide amenities and maintain facilities, which generate revenues for the City and also create business and employment opportunities for the public. Parks operators maintain and provide amenities for the City's zoo, aquarium, and Museum of History and Industry (MOHAI). The Center operator maintains and operates the monorail. The FAS operator maintains and operates Benaroya Hall.

The PPP agreements do not contain any upfront payments from the operators. The City's consideration in these agreements is made up of a percentage of monorail revenue as well as benefits provided to the public by the operators of the zoo, aquarium, MOHAI, and Benaroya Hall. A discount rate of 3.18% was applied to guaranteed future benefits to be received in the Benaroya Hall arrangement. The City through the Parks department makes guaranteed operating support payments to the zoo, aquarium, and MOHAI. These payments totaled \$12.0 million in 2023.

The total net asset value associated with the above PPP arrangements is \$135.0 million and reported within Buildings & Improvements and Machinery & Equipment on the Statement of Net Position. The deferred inflows resulting from such arrangements are \$13.3 million at December 31, 2023. Inflows of resources generated by these arrangements that were not included in the receivable for installment payments total \$9.1 million in 2023.

The City through the Seattle Center department is the transferor in an additional seven PPPs with terms of 30-60 years. While the City will receive a constructed asset at the end of these agreements, a receivable and deferred inflow has not been recorded as the underlying asset is expected to be fully depreciated during the term of the agreement.

(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 June 2023, the City issued \$111.9 million of LTGO tax-exempt improvement and UTGO refunding bonds which mature from November 2023 through November 2043. The bonds were issued with an average coupon rate of 5.000%. 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 Human Capital Management System and the Criminal Justice Info System. A portion of the proceeds was used to fund the Waterfront Operations and Tribal Interpretive Center (\$13.0 million) and Data & Telephone Infrastructure (\$14.0 million). As a result of the refunding debt service, the City reduced total debt service requirements by \$2.8 million resulting in an net present value economic gain.

The original amount of GO bonds issued for which amounts are still outstanding at the end of 2023 was \$1.468 billion. The principal balance of those bonds as of December 31, 2023 was \$936.4 million. The following table presents the individual GO bonds outstanding as of December 31, 2023:

Table 9-1

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GENERAL OBLIGATION BONDS

(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	Redemptions		Bonds Outstanding
					2023	To Date ^A	December 31, 2023
LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Improvement and Refunding, 2010, Series A	03/31/10	8/1/2030	3.039	66,510	11,745	37,960	28,550
Improvement, 2013, Series A	06/04/13	10/1/2033	2.375	42,315	15,255	42,315	—
Improvement and Refunding, 2013, Series B (Taxable)	06/04/13	1/1/2025	1.427	55,075	975	53,055	2,020
Improvement and Refunding, 2014	04/10/14	5/1/2034	2.497	62,770	2,135	45,680	17,090
Improvement and Refunding, 2015, Series A	05/21/15	6/1/2035	2.401	160,945	13,195	98,030	62,915
Improvement, 2015, Series B (Taxable)	05/21/15	4/1/2035	3.452	28,175	1,255	9,400	18,775
Improvement and Refunding, 2016, Series A	05/25/16	4/1/2036	2.188	103,660	6,605	53,345	50,315
Improvement, 2016, Series B (Taxable)	05/25/16	4/1/2036	2.801	6,070	275	1,810	4,260
Improvement, 2017, Series A	06/14/17	11/1/2047	2.964	73,080	4,200	22,375	50,705
Improvement and Refunding, 2017, Series B (Taxable)	06/14/17	11/1/2037	3.038	12,400	835	4,740	7,660
Improvement, 2018, Series A	05/22/18	12/1/2038	2.705	23,230	2,320	10,525	12,705
Improvement, 2018, Series B (Taxable)	05/22/18	12/1/2038	3.594	26,745	1,340	6,215	20,530
Improvement, 2019, Series A	08/08/19	5/1/2049	2.208	35,870	2,720	10,110	25,760
Improvement, 2019, Series B (Taxable)	08/08/19	5/1/2039	2.736	11,100	470	1,820	9,280
Improvement and Refunding, 2020, Series A	09/22/20	8/1/2040	0.930	79,625	7,435	19,230	60,395
Improvement and Refunding, 2021, Series A	05/20/21	12/1/2041	1.570	142,860	6,060	11,725	131,135
Improvement and Refunding, 2021, Series B	05/20/21	12/1/2041	1.880	21,170	1,325	2,640	18,530
Improvement and Refunding, 2022, Series A	05/18/22	9/1/2042	3.122	132,570	9,945	14,065	118,505
Improvement and Refunding, 2023	06/21/23	11/1/2043	3.064	76,310	—	—	76,310
Total Limited Tax General Obligation Bonds				\$ 1,160,480	\$ 88,090	\$ 445,040	\$ 715,440

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
					2023	To Date ^A	December 31, 2023
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
Improvement, 2013	06/04/13	12/1/2042	3.281	50,000	40,500	50,000	—
Improvement, 2014	04/10/14	12/1/2043	3.673	16,400	420	3,245	13,155
Improvement, 2015	05/21/15	12/1/2044	3.575	169,135	4,075	27,655	141,480
Improvement, 2016	05/25/16	12/1/2045	3.084	36,740	870	4,635	32,105
Refunding, 2023	06/21/23	12/1/2042	3.451	35,620	1,360	1,360	34,260
Total Unlimited Tax General Obligation Bonds				\$ 307,895	\$ 47,225	\$ 86,895	\$ 221,000
Total General Obligation Bonds				\$1,468,375	\$ 135,315	\$ 531,935	\$ 936,440

^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, 2023, 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		Total
	Principal	Interest	
2024	\$ 91,010	\$ 40,057	\$ 131,067
2025	91,410	35,922	127,332
2026	76,440	31,666	108,106
2027	66,575	28,418	94,993
2028	64,735	25,530	90,265
2029 - 2033	246,925	88,117	335,042
2034 - 2038	160,630	46,346	206,976
2039 - 2043	117,745	17,577	135,322
2044 - 2048	20,760	1,381	22,141
2049 - 2049	210	4	214
Total	<u>\$ 936,440</u>	<u>\$ 315,018</u>	<u>\$ 1,251,458</u>

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 \$1.7 million of special assessment bonds in 2023, and the amount of bonds outstanding at the end of 2023 was \$92.6 million, all of which represents the remaining principal on 2021 bonds issued for the Waterfront LID 6751.

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	Last	Effective Interest	Original Issuance	Redemptions		Bonds Outstanding
	Date	Maturity	Rate	Amount	2023	To Date	December 31, 2023
Local Improvement District No. 6750 Bonds, 2006	09/16/06	12/15/2026	4.260 %	\$ 21,925	\$ 210	\$ 21,925	\$ —
Local Improvement District No. 6751 Bonds, 2021	11/01/21	11/1/2043	2.584 %	97,361	1,490	4,805	92,556
Total				<u>\$ 119,286</u>	<u>\$ 1,700</u>	<u>\$ 26,730</u>	<u>\$ 92,556</u>

Table 9-4 Local Improvement District 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
Local Improvement District No. 6750 Bonds, 2006				
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	1,122,696	1,561,443	7,192,381	378,532
2019	1,451,992	1,535,808	5,860,549	404,062
2020	1,388,604	1,337,357	4,357,624	398,015
2021	1,340,707	1,395,685	3,072,493	472,106
2022	1,315,819	1,006,455	2,007,591	107,789
2023	1,313,417	1,104,457	1,039,206	118,675
Local Improvement District No. 6751 Bonds, 2021				
2021	—	851,926	96,554,415	—
2022	3,714,714	6,125,452	93,795,289	—
2023	4,102,902	3,947,351	93,046,127	—

^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 requirements to amortize the special assessments with governmental commitment as of December 31, 2023 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
2024	\$ —	\$ 2,890	\$ 2,890
2025	—	2,890	2,890
2026	—	2,890	2,890
2027	—	2,890	2,890
2028	—	2,890	2,890
2029 - 2043	92,556	43,350	135,906
Total	<u>\$ 92,556</u>	<u>\$ 57,800</u>	<u>\$ 150,356</u>

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 \$1.5 million principal and \$0.2 million interest in 2023. The outstanding balance on the loans was \$11.3 million as of December 31, 2023. 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
2024	\$ 991	\$ 171	\$ 1,162
2025	924	139	1,063
2026	924	129	1,053
2027	924	118	1,042
2028	924	108	1,032
2029 - 2033	3,806	384	4,190
2034 - 2038	2,858	142	3,000
Total	<u>\$ 11,351</u>	<u>\$ 1,191</u>	<u>\$ 12,542</u>

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 following table presents revenue bonds outstanding as of December 31, 2023:

Table 9-7
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REVENUE BONDS (In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rates ^E	Original Amount	Redemptions		Bonds Outstanding
					2023	To Date ^A	December 31, 2023
MUNICIPAL LIGHT AND POWER BONDS							
2010 Improvement, Series A ^B	05/26/10	2/1/2040	3.57 %	\$ 181,625	\$ 7,460	\$ 19,265	\$ 162,360
2010 Improvement, Series C ^C	05/26/10	2/1/2040	3.11	13,275	—	—	13,275
2011 Improvement, Series B ^D	02/08/11	2/1/2027	1.96	10,000	—	—	10,000
2012 Improvement and Refunding, Series A	07/17/12	6/1/2041	3.15	293,280	12,420	254,005	39,275
2012 Improvement, Series C ^D	07/17/12	6/1/2033	0.59	43,000	—	—	43,000
2013 Improvement and Refunding	07/09/13	7/1/2043	4.05	190,755	52,475	190,755	—
2014 Improvement and Refunding	11/05/14	09/01/44	3.10	265,210	42,215	169,565	95,645
2015 Improvement, Series A	07/09/15	05/01/45	3.57	171,850	35,360	75,305	96,545
2016 Improvement, Series A ^D	01/28/16	01/01/41	1.03	31,870	—	—	31,870
2016 Refunding, Series B	01/28/16	04/01/29	2.08	116,875	10,335	42,820	74,055
2016 Improvement and Refunding, Series C	09/28/16	10/01/46	2.93	160,815	8,800	41,205	119,610
2017 Improvement and Refunding, Series C	09/28/17	09/01/47	3.16	385,530	48,955	78,735	306,795
2018 Improvement, Series A	06/19/18	01/01/48	3.53	263,755	5,170	23,080	240,675
2018 Refunding, Series C-1 ^G	09/04/18	11/01/46	.28% - 5.69%	49,245	43,810	49,245	—
2018 Refunding, Series C-2 ^G	09/04/18	11/01/46	.28% - 5.69%	49,245	43,810	49,245	—
2019 Improvement, Series A	10/16/19	04/01/49	0.032	210,540	3,595	13,785	196,755
2019 Refunding, Series B	11/05/19	02/01/26	0.013	140,275	24,085	68,790	71,485
2020 Improvement, Series A ^F	08/05/20	07/01/50	0.021	198,305	2,155	6,620	191,685
2021 Parity, Series A	07/15/21	07/01/51	0.025	259,795	8,425	16,755	243,040
2021 Parity, Series B	08/10/21	05/01/45	.27% - .36%	100,620	—	—	100,620
2022 Parity	07/13/22	07/01/52	3.94	257,715	18,180	18,180	239,535
2023 Parity, Series A	07/27/23	03/01/53	3.75	273,625	—	—	273,625
2023 Parity, Series B	10/26/23	11/01/46	2.18% - 4.78%	85,840	—	—	85,840
Total Light and Power Bonds				\$ 3,753,045	\$ 367,250	\$1,117,355	\$ 2,635,690

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

^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 receives a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds.

^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 New Clean Renewable Energy Bonds.

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

^F 2012A and 2013 Bonds were partially defeased in November 2020 and August 2021.

^G 2013 and 2014 Bonds were partially defeased in July 2022.

Table 9-7
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REVENUE BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Last Maturity	Effective Interest Rates ^E	Original Amount	Redemptions		Bonds Outstanding
					2023	To Date ^A	December 31, 2023
MUNICIPAL WATER BONDS							
2010 Improvement, Series A B	01/21/10	08/01/40	3.72 %	\$ 109,080	\$ 3,815	\$ 17,910	\$ 91,170
2012 Refunding	05/30/12	09/01/34	2.63	238,770	—	228,020	10,750
2015 Improvement and Refunding	06/10/15	11/01/45	3.18	340,840	20,015	151,405	189,435
2017 Improvement and Refunding	01/25/17	08/01/46	2.99	194,685	6,230	33,205	161,480
2021 Improvement and Refunding	06/17/21	08/01/34	1.03	82,220	3,395	5,625	76,595
2022 Improvement and Refunding	07/28/22	09/01/52	3.44	93,260	17,305	18,205	75,055
Total Water Bonds				\$ 1,058,855	\$ 50,760	\$ 454,370	\$ 604,485
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2009 Improvement, Series A ^B	12/17/09	11/01/39	3.54 %	\$ 102,535	\$ 3,615	\$ 23,120	\$ 79,415
2014 Improvement and Refunding	07/10/14	05/01/44	3.58	133,180	4,965	48,830	84,350
2016 Improvement and Refunding	06/22/16	10/01/46	2.92	160,910	4,545	24,050	136,860
2017 Improvement and Refunding	06/28/17	07/01/47	3.15	234,125	5,950	38,525	195,600
2021 Improvement and Refunding	05/19/21	09/01/51	2.11	111,010	2,125	4,145	106,865
2022 Improvement and Refunding	06/22/22	09/01/42	2.98	117,165	8,025	18,770	98,395
2023 Improvement and Refunding	06/08/23	02/01/53	4.19	97,940	—	—	97,940
Total Drainage and Wastewater Bonds				956,865	29,225	157,440	799,425
MUNICIPAL SOLID WASTE BONDS							
2014 Improvement and Refunding	06/12/14	05/01/39	3.34 %	\$ 95,350	\$ 4,910	\$ 29,915	\$ 65,435
2015 Improvement	06/25/15	02/01/40	3.65	35,830	1,080	7,185	28,645
2016 Improvement and Refunding	06/30/16	12/01/41	2.79	35,335	510	3,090	32,245
2021 Improvement and Refunding	07/01/21	08/01/36	1.34	25,670	1,260	2,370	23,300
Total Solid Waste Bonds				\$ 192,185	\$ 7,760	\$ 42,560	\$ 149,625
Total Utility Revenue Bonds				\$ 5,960,950	\$ 454,995	\$1,771,725	\$ 4,189,225

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

^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 receives a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds.

^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 New Clean Renewable Energy Bonds.

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

^F 2012A and 2013 Bonds were partially defeased in November 2020 and August 2021.

^G 2013 and 2014 Bonds were partially defeased in July 2022.

The requirements to amortize the revenue bonds as of December 31, 2023 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	
2024	\$ 131,635	\$ 119,075	\$ 44,025	\$ 27,963	\$ 32,100	\$ 35,482	\$ 8,160	\$ 6,478	\$ 404,918
2025	122,790	111,397	46,170	25,723	33,680	33,862	8,585	6,061	388,268
2026	120,400	105,524	44,140	23,447	34,200	32,259	9,020	5,623	374,613
2027	99,540	99,715	42,405	21,286	35,575	30,627	9,470	5,172	343,790
2028	103,190	94,650	40,505	19,123	34,050	28,853	9,935	4,707	335,013
2029 - 2033	458,115	406,222	170,380	70,253	174,435	120,143	56,175	16,240	1,471,963
2034 - 2038	528,580	297,693	118,385	37,444	176,795	81,071	36,950	6,057	1,282,975
2039 - 2043	542,290	178,363	57,130	15,790	142,870	45,533	11,330	449	993,755
2044 - 2048	394,730	74,843	31,735	5,462	96,960	18,805	—	—	622,535
2049 - 2053	134,420	13,785	9,610	1,231	38,760	4,507	—	—	202,313
Total	<u>\$ 2,635,690</u>	<u>\$ 1,501,267</u>	<u>\$ 604,485</u>	<u>\$ 247,722</u>	<u>\$ 799,425</u>	<u>\$ 431,142</u>	<u>\$ 149,625</u>	<u>\$ 50,787</u>	<u>\$ 6,420,143</u>

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

Seattle Public Utilities (SPU) has various construction projects that are financed by low-interest loans issued by the State of Washington. The loan agreements require that SPU finance a portion of these projects from other sources. SPU's Water Fund as well as its Drainage & Wastewater Fund have availed of these loans to enhance and protect the City's water, drainage, and wastewater systems.

Amounts paid for all SPU Water loans in 2023 were \$2.0 million in principal and \$0.3 million in interest. Total loans outstanding as of December 31, 2023, are \$18.6 million. The minimum debt service requirements to maturity are included in Table 9-9.

Amounts paid to all SPU Drainage & Wastewater loans in 2023 were \$4.3 million principal and \$1.4 million in interest. Total loans outstanding as of December 31, 2023, are \$224.0 million. The minimum debt service requirements to maturity are included in Table 9-9.

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	
2024	\$ 2,050	\$ 263	\$ 4,483	\$ 1,581	\$ 8,377
2025	2,050	234	9,922	3,031	15,237
2026	1,825	205	10,849	2,882	15,761
2027	1,613	180	11,002	2,721	15,516
2028	1,453	157	11,158	2,557	15,325
2029 - 2033	6,254	501	55,572	10,296	72,623
2034 - 2038	3,381	120	54,140	6,098	63,739
2039 - 2043	—	—	44,895	2,681	47,576
2044 - 2048	—	—	12,996	698	13,694
2049 - 2053	—	—	6,318	325	6,643
2054 - 2058	—	—	2,617	40	2,657
Total	<u>\$ 18,626</u>	<u>\$ 1,660</u>	<u>\$ 223,952</u>	<u>\$ 32,910</u>	<u>\$ 277,148</u>

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	\$ 959,825	\$ 111,930	\$ 135,301	\$ 936,454	\$ 91,010
Issuance Premiums and Discounts, Net	99,873	14,286	14,913	99,246	11,236
Special Assessment Bonds with Governmental Commitment ^B	94,256	—	1,700	92,556	482
Total Bonds Payable	1,153,954	126,216	151,914	1,128,256	102,728
Notes and Contracts					
Leases	326,704	20,876	42,502	305,078	14,054
Other Notes and Contracts	12,847	—	1,494	11,353	991
Total Notes and Contracts	339,551	20,876	43,996	316,431	15,045
Compensated Absences	100,809	111,911	111,276	101,444	5,072
Claims Payable					
General Contamination Cleanup ^C	11,455	4,581	4,659	11,377	207
Workers' Compensation	40,545	29,608	22,533	47,620	20,353
General Liability	72,271	55,143	27,605	99,809	21,525
Health Care Claims	18,765	309,754	310,076	18,443	18,443
Total Claims Payable ^D	143,036	399,086	364,873	177,249	60,528
Arbitrage Rebate Liability	—	—	—	—	—
Unfunded Other Post Employment Benefits	521,107	521,537	516,096	526,548	—
Net Pension Liability	662,931	420,362	—	1,083,293	—
Other Noncurrent Liabilities	874	—	441	433	433
Total Long-Term Liabilities from Governmental Activities	<u>\$ 2,922,262</u>	<u>\$ 1,599,988</u>	<u>\$ 1,188,596</u>	<u>\$ 3,333,654</u>	<u>\$ 183,806</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
Revenue Bonds	4,186,815	457,405	454,995	4,189,225	215,920
Issuance Premiums and Discounts, Net	466,537	43,283	42,925	466,895	—
Total Bonds Payable	4,653,352	500,688	497,920	4,656,120	215,920
Notes and Contracts					
Leases	1,288	667	462	1,493	273
Other Notes and Contracts	162,688	86,283	6,393	242,578	6,533
Total Notes and Contracts	163,976	86,950	6,855	244,071	6,806
Compensated Absences	41,054	42,431	43,225	40,260	2,013
Claims Payable					
General Contamination Cleanup ^C	312,996	98,793	16,266	395,523	12,768
Workers' Compensation	12,231	7,418	6,372	13,277	5,656
General Liability	19,872	10,800	7,067	23,605	4,319
Total Claims Payable ^D	345,099	117,011	29,705	432,405	22,743
Unearned Revenues	117,043	213,719	259,354	71,408	33,334
Habitat Conservation Program Liability	6,799	2,180	496	8,483	553
Landfill Closure and Postclosure Costs	16,585	1,179	1,710	16,054	3,874
Arbitrage Rebate Liability	213	129	89	253	—
Unfunded Other Post Employment Benefits	16,404	—	1,899	14,505	—
Net Pension Liability	333,396	262,459	—	595,855	—
Other Noncurrent Liabilities	2,897	12,034	1,455	13,476	—
Total Long-Term Liabilities from Business-Type Activities	<u>\$ 5,696,818</u>	<u>\$ 1,238,780</u>	<u>\$ 842,708</u>	<u>\$ 6,092,890</u>	<u>\$ 285,243</u>

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

^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.

Changes in Long-Term Liabilities

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 \$15.4 million and \$1.8 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.

Governmental Type Activity. In June 2023, the City refunded and defeased in substance \$54.4 million of outstanding 2013A Series limited tax general obligation (LTGO) bonds and 2013 Series unlimited tax general obligation (UTGO) bonds. The bonds carried an aggregate average interest rate of 1.2%. The refunding 2023 LTGO and UTGO bonds were issued at an aggregate average interest rate of 3.2%. The City deposited bond proceeds of \$41.0 million for UTGO 2013 and \$14.1 million for LTGO 2013A with an escrow agent, comprised of the par value of the new bonds. This included an additional amount for original issue premiums, \$1.6 million for LTGO and \$5.1 million for UTGO. The escrow agent used the proceeds to pay issue costs of \$156 thousand and purchase state and local government securities to provide for the repayment of old bonds at their September 2023 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 2033.

Business Type Activity. The debt service on the 2023A Bonds requires a cash flow over the life of the bonds of \$463.0 million, including \$189.4 million in interest. The refunding gain on the 2023A Bonds was \$3.6 million and there was no gain or loss on the 2023B Bonds. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2023A Bonds totaled \$4.6 million and the aggregate economic gain on refunding totaled \$3.1 million at present value. Bonds defeased in August 2023 partially refunded certain 2014, 2015A Bonds and 2017C Bonds on an advanced refunding basis. Advance refunding is a refunding in which the refunded issue(s) remains outstanding for a period of more than 90 days after a bond defeasance transaction, the proceeds of which are held in escrow invested in securities and used to pay principal and interest on the refunded issue(s). The source of refunding for the 2014, 2015A and 2017C bonds was from operating cash whereby \$99.1 million of state and local government securities were purchased and placed in escrow to pay principal and interest on the refunded bonds and the accounting gain on refunding for 2023 was \$3.9 million.

The following is a schedule of outstanding bonds that are either refunded or defeased:

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 2023	Defeased Outstanding December 31, 2023
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
2013A Improvement	06/04/13	10/1/2033	2.375	42,315	13,865	13,865	—
Unlimited Tax (Voted)							
2013 Improvement	06/04/13	12/1/2042	3.281	50,000	40,500	40,500	—
REVENUE BONDS							
Municipal Light and Power							
2012 Improvement and Refunding, Series A	07/17/12	06/01/41	3.150	293,280	78,775	78,775	—
2013 Improvement and Refunding	07/09/13	07/01/43	4.050	190,755	156,185	156,185	—
2014 Improvement and Refunding	11/05/14	09/01/44	3.100	265,210	41,465	—	41,465
2015 Improvement and Refunding, Series A	07/09/15	05/01/45	3.570	171,850	29,280	—	29,280
2017 Improvement and Refunding, Series C	09/28/17	09/01/47	3.160	385,530	36,650	—	36,650
Municipal Water							
2012 Improvement and Refunding	05/30/12	49188	2.631	18,750	—	—	18,750
Municipal Drainage and Wastewater							
2014 Improvement and Refunding	07/10/14	52718	3.578	19,235	—	—	19,235
Municipal Solid Waste							
N/A							
Total Refunded/Defeased Bonds				<u>\$ 1,436,925</u>	<u>\$ 396,720</u>	<u>\$ 289,325</u>	<u>\$ 145,380</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, 2023, the City reported no arbitrage rebate liability on its general obligation bonds and \$0.3 million on its revenue bonds.

(10) ENVIRONMENTAL LIABILITIES

The following list of liabilities are split between the City Light fund, 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.

Lower Duwamish Waterway (LDW) Superfund site. The U.S. Environmental Protection Agency (EPA) has indicated that it will require the remediation of the LDW site 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 PRPs has been decided by the EPA in the 2014 Record of Decision. The City recorded an estimate of its share of the estimated total cost. Remedial design work began in 2019.

Specific "early action sites" have been cleaned up separately under Administrative Orders on Consent (AOC). The Fund, together with other PRPs, has completed two early action sites identified during the RI under EPA issued AOC: Slip 4 and T-117.

Terminal 117 Upland & Sediments, Duwamish Waterway Sediments (T-117). The City is responsible for investigation and cleanup of the Port of Seattle Terminal 117 Streets, Upland and Sediments sites, which is an Early Action Area of LDW. The T-117 is not owned by City Light. City Light has been sharing costs with the POS to study and clean-up contaminated sediments at the T-117 EAA. During 2007 the T-117 site was expanded to include the upland parcel adjacent to the sediments and the nearby streets (discussed below). Current PRPs include the City and POS. The POS is the lead on the sediment and upland cleanup. A Settlement Agreement between the City, Malarkey, Sannes and the Duwamish Manufacturing Company, the POS and King County was effective July 30, 2008. The Engineering Evaluation and Cost Analysis (EE/CA) was finalized in 2010 and an Agreed Order was signed June 6, 2011. The clean-up of the sediments and the upland began in May 2013 and was finished in 2015. EPA approval of the final construction closeout and project closeout was received in July 2018. The Long-Term Monitoring and Maintenance Plan (LTMMMP) was approved by EPA in September 2018. Long term monitoring events are completed in accordance with the LTMMMP. An annual report is submitted in March each year. Annual monitoring reports were submitted in 2018, 2019, 2020, 2022, and 2023. The annual monitoring report covering January 1 through December 31, 2023, was submitted to EPA in March 2024. The City recorded a liability of \$3.3 million as of December 31, 2023. The ultimate liability is indeterminate.

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 released their Proposed Plan in 2023. The Record of Decision is expected in late 2024. Remedial design activities would start in late 2025 at the earliest. The City recorded an estimate of its share of the estimated total cost.

Gas Works Park Sediment Site. In April 2002, the Department of Ecology (DOE) named the City and another party, Puget Sound Energy, as PRPs for contamination at the Gas Works Sediments Site in North Lake Union. The City and Puget Sound Energy signed an Agreed Order with the DOE in 2005 to initiate two RIs and FSs for the sediment site: one in the western portion of the site led by the City, and another in the eastern portion of the site led by Puget Sound Energy. Subsequently, in fall of 2012, the City and Puget Sound Energy entered into a Settlement, Release, and Cost Allocation Agreement that puts Puget Sound Energy in the lead for all additional cleanup work at the site and eliminated the eastwest split. Based on the 2012 Agreement, the City pays for 20% of the Shared Costs incurred by Puget Sound Energy for the cleanup work. DOE approved the site RI/FS in January 2023. A Clean-up Action Plan, which is the State's equivalent to a Record of Decision under the Model Toxics Control Act, was developed in 2023 and, will be an exhibit to a Consent Decree for design and construction of the sediment cleanup. The Consent Decree is expected in early 2024.

Terminal 108. EPA notified the City in 2019 that it is a Potentially Responsible Party 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. In 2020, the Port of Seattle, City of Seattle (SPU), and King County entered into an agreed Administrative Order with EPA and a cost-sharing agreement among themselves to complete an Engineering Evaluation and Cost Analysis (EE/CA). Work has begun on the investigative phase of the EE/CA at the T108 site in accordance with the Administrative Order, which will lead to a recommended removal or cleanup action. Preparation of the draft EE/CA report is expected to begin in late 2024 and continue into 2025. Liabilities are estimated through the EE/CA. The City'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. The 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 City'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. SPU delayed the project to re-define the project scope. The delay and scope changes 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 Plan to reflect the revised project and new timeline.

As of March 2023, a redefined scope has been approved by SPU. Amendments to the Consent Decree and Cleanup Action Plan have been drafted. Both documents were scheduled to go out for public comment in November 2023. Following any additional revisions, the documents will be finalized, and the Consent Decree Amendment will be entered following a public comment period. Design of SPU's Project is underway, and construction is anticipated to start in 2025 with completion in 2028.

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. A similar agreement is likely between the City and one additional property owner.

The Harbor Island Superfund Site. In 1983, the U.S. Environmental Protection Agency (EPA or Agency) designated this site as a federal Superfund site. The City and other entities are sharing costs equally for investigating contamination in the East Waterway (EW) alongside Harbor Island. The City of Seattle's (City) share is split between the City's 45% and Seattle Public Utilities (SPU) 55%. The City's involvement stems from its sale of transformers to a company on Harbor Island. The Port of Seattle (POS) is performing the work. EPA approved the RI report in January 2014 and approved the final FS in June 2019. The EPA released the Proposed Plan in April 2023. The next major milestone for the project is EPA's release of the Record of Decision (ROD), which is anticipated in May 2024. The clean-up construction timing and cost estimates will not be known until the Agency identifies a preferred remedy; the final FS has identified a range of costs on which the clean-up estimate is based. The City does not own EW. The City anticipates that EPA will issue a notification letter to Potential Responsible Parties (PRP) informing them of their potential liability for the EW Cleanup. The timing of this notification is unknown. The current EW Group is working to define an allocation or mediation process that will commence once additional PRPs are identified. The City owns property adjacent to the EW but does not own any of the waterway or sediments. The City recorded a liability of \$72.1 million as of December 31, 2023. The ultimate liability is indeterminate.

North Boeing Field/Georgetown Steam Plant (NBF/GTSP). The City, King County, and Boeing signed an Administrative Order issued by the DOE requiring them to investigate and possibly remove contamination in an area that encompasses the NBF, the City's GTSP, and the King County Airport. This site was also the subject of the lawsuit brought by the City against Boeing. Boeing agreed to pay 67% of the costs for DOE's implementation of the current order. The order requires completion and then implementation of a RI and FS. The final RI work plan was issued in November 2013. In January 2015, all parties executed the First Amendment to the NBF/GTSP Agreed Order, making the PLP's responsible for conducting and completing remedial action at the site. The City is responsible for one third of the costs, with City Light's share at 95% and SPU's share at 5%. The draft RI was submitted in June 2016. DOE directed additional investigation in offsite areas following the submittal of RI. The additional investigation and negotiation on RI comments delayed the submittal of the revised draft RI. The revised draft RI was submitted in late 2023.

In 2022, the DOE notified the PRP's that Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) were determined to be hazardous substances under Model Toxic Control Act (MTCA) and additional investigation was necessary to address these potential contaminants. Current activities include negotiations with DOE to determine the scope and schedule for the PFAS investigation and preparation of the revised draft RI report. The FS process will begin following approval of RI which may not occur until the after the PFAS investigation is complete. The timing of the approval is currently unknown. Boeing and the City will each pay 100% of costs for remedial action at their own facilities. Storm drain sampling conducted during the RI revealed the presence of chemicals in the storm lines that drain the GTSP roof. City light agreed with DOE to replace the GTSP roof as an interim action prior to finalization of the RI/FS. Roof replacement began in December 2020 and was completed in early 2021. The City recorded a liability of \$0.8 million as of December 31, 2023. The ultimate liability is indeterminate.

Newhalem. This project is comprised of three sites.

The Ladder Creek Settling Tank. This project is one of three sites within City Light's Skagit River Hydroelectric Project being conducted under a 2019 Settlement Agreement with the National Park Service (NPS). The project is located near Newhalem, WA and is a cleanup of contaminated debris and soil resulting from the incineration of a building structure that covered a large water settling tank during the 2015 Goodell Creek Forest Fire. The removal work was completed in 2018 to comply with CERCLA requirements under a Time Critical Removal Action (TCRA) administered by NPS. The final TCRA Completion Report has been approved, and a final reporting of two years of post-TCRA vegetative restoration monitoring has been approved. NPS will keep the project open while conducting periodic vegetative restoration monitoring through approximately 2025. NPS owns the land.

Newhalem Penstock. This project is the second of three sites within City Light's Skagit River Hydroelectric Project being conducted under the 2019 Settlement Agreement with NPS. The project is also located near Newhalem and includes preparation of an Engineering Evaluation and Cost Analysis (EE/CA) to comply with CERCLA requirements under a Non-time Critical Removal Action administered by NPS. The draft EE/CA was completed in 2022 and the final was approved in 2023, and fully executed in Q1 2024. NPS owns the land.

Diablo Dry Dock. This project is the third of three sites within City Light's Skagit River Hydroelectric Project being conducted under the 2019 Settlement Agreement with NPS. The project is located near Diablo, WA and includes preparation of an EE/CA to comply with CERCLA requirements under a Non-time Critical Removal Action administered by the NPS. GeoSyntec is under a contract to provide City Light with consulting services related to the EE/CA. The first phase of the EE/CA field investigation was completed in October 2023, and the draft and final EE/CA Reports are planned for 2023-2025. NPS owns the land.

The City recorded a liability of \$1.5 million as of December 31, 2023, for all three Skagit sites. The ultimate liability is indeterminate.

Substations. Cleanup activities are being conducted at a number of substation sites. At Magnolia Substation, site assessment performed in 1999 identified Polychlorinated Biphenyl's (PCB's) on two concrete pads located outside of the concrete substation yard. Further evaluation done in 2015 identified pesticide, cadmium, and PCB contamination on the property. The site has a designated Environmental Critical Area along the eastern property line, a steep slope, requiring the cleanup to be permitted with the Seattle Department of Construction and Inspections (SDCI). Cleanup and restoration of most of the site was completed in 2020 and 2021. One small area of contamination was left in place and covered with a protective layer of soil due to desired preservation of an overlying mature tree. Removal of this soil is not currently planned. Soil within an enclosed courtyard on the property is planned for characterization and possible cleanup during 2024. The City recorded a liability of \$0.2 million as of December 31, 2023. The ultimate liability is indeterminate.

Ross Dam. The tunnel that houses a bypass penstock designed to convey water from Ross reservoir beneath Ross Dam is contaminated with metals residues from former coating operations. To prevent their release into Skagit River, work to remove the accumulated sediment in the lower tunnel system was completed in 2023. Due to unanticipated conditions, physical constraints and significant delays caused by the Sourdough Creek wildfire, portions of the upper tunnel could not be addressed during the 2023 work. On-going monitoring of the system and water quality is planned to be implemented in 2024 and 2025. The City recorded a liability of less than \$0.1 million as of December 31, 2023. The City's ultimate liability is indeterminate.

Cedar Falls Lead Abatement. In 2008, lead contamination exceeding State cleanup levels in soil was discovered in several locations along City Light's Cedar Falls penstocks and associated structures during an investigation related to planned seismic upgrades. The penstocks are located in Seattle's Cedar River Municipal Watershed. An assessment of the nature and extent of contamination along the entirety of the Penstock System conducted from 2009 through 2012 determined that, in some locations, soil near the penstocks and bridges contained lead and arsenic above state cleanup standards. Paint coatings in some areas, including three locations directly over the Cedar River, also contained lead and asbestos. Mercury was also discovered in soils in one isolated area. Future project costs include continuing implementation of a Longterm Environmental Management Plan, including several contaminant source removal activities and associated monitoring. City Light owns the penstocks and most associated structures. SPU owns the land. This program currently includes two general areas of work: Overall Penstocks System Environmental Management Plan Implementation and Source Control/Removal projects. Lead-based paint removal and recoating on the three penstock bridges was completed in November 2016 under a public works contract, Upper Truss Bridge bank soil stabilization was completed in spring 2017, a Trestle Bridge contaminated soil stability survey was completed in summer 2019 and Gatehouse lead paint abatement

progressed in 2022 and 2023. Other planned projects and their general timelines include complete Gatehouse lead paint abatement (2024) and Gatehouse mercury soil cleanup (2025). City Light is responsible for 100% of these costs. The City recorded a liability of \$0.4 million as of December 31, 2023. The ultimate liability is indeterminate.

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 2023 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 reflect 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 scope changes, 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 changes in the provision for environmental liability (in thousands) at December 31, 2023 are as follows:

	2023
Beginning Environmental Liability, Net of Recovery	\$ 324,450
Payments or Amortization	(20,263)
Incurred Environmental Liability	102,713
Ending Environmental Liability, Net of Recovery	<u>\$ 406,900</u>

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2023 are as follows:

	2023
Environmental Liability, Current	\$ 12,975
Environmental Liability, Noncurrent	393,925
Total	<u>\$ 406,900</u>

Information on the City's environmental liability is also presented in Table 9-10 of Note 9, Long-Term Debt.

(11) PENSIONS, DEFERRED COMPENSATION, AND OTHER POSTEMPLOYMENT BENEFITS

City employees are covered in one of the following defined benefit pension plans: Seattle City Employees' Retirement System (SCERS), Firemen's Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The first plan(SCERS) is considered part of the City's reporting entity and is reported as pension trust fund. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The State of Washington, through the Department of Retirement Systems (DRS), administers and reports LEOFF Plans 1 and 2. The following table represents the aggregate pension amounts for all plans for the year 2023:

Table 11-1 Aggregate Pension Amounts - All Plans
(In Thousands)

Pension liabilities	\$	1,679,148
Pension assets		290,082
Deferred outflows of resources		706,320
Deferred inflows of resources		111,957
Pension expense		150,498

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 15 active members in this category). There are currently 7,513 retirees and beneficiaries receiving benefits, and 9,309 active members of the System. There are 1,647 terminated, vested employees entitled to future benefits, based on the 2022 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.

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.

Tier I members are those who joined the plan prior to January 1, 2017 and contribute a fixed 10.03% of pay. The City of Seattle adopted a second tier (Tier II) of the System for new eligible employees starting January 1, 2017. And these members contribute 7.00% of pay

Minimum actuarially determined employer contribution rates were 15.33% and 16.10% for 2022 and 2021, respectively. In 2022 and 2021, a blended employer contribution rate of 16.10% was adopted as a combination of a 16.20% rate for Tier I members and 15.72% for Tier II members.

As of December 31, 2022, SCERS reported total pension liability of \$5.1 billion, plan fiduciary net position of \$3.6 billion, the net pension liability 1.5 billion, and the funded ratio of 70.63% based on the actuarial valuation.

An actuarial report with valuation date of January 1, 2023, is presently underway, and expected to be available at the Retirement Office after June 1, 2024.

Information about the Net Pension Liability

Assumptions and Other Inputs. The City's total pension liability as of December 31, 2022 under SCERS was determined by the actuarial valuation as of January 1, 2022, with the results rolled forward to the December 31, 2022 measurement date.

The actuarial assumptions that determined the total pension liability as of December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2021.

Actuarial assumptions used were as follows:

The total pension liability as of December 31, 2022 was determined by actuarial valuations as of January 1, 2022. Generally accepted actuarial techniques were applied to roll forward the total pension liability to December 31, 2022.

The following actuarial cost method and key actuarial assumptions and other inputs were applied to the measurement period of December 31, 2022:

Investment Rate of Return: 6.75% compounded annually, net of expenses

General Wage Increases: 3.35%

Inflation: 2.60%

Actuarial Cost Method: Individual Entry Age Normal

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return and target allocation for each major asset class, effective January 1, 2020 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	4.90%	48.0%
Equity: Private	7.5	11.0
Fixed Income: Core	2.1	18.0
Fixed Income: Credit	5.3	7.0
Real Assets: Real Estate	3.0	12.0
Real Assets: Infrastructure	4.4	4.0
Diversifying Strategies	N/A	—
		100.0%

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 2.60% in 2022.

Discount Rate. The discount rate used to measure the total pension liability was 6.75% for 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions 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 6.75%, as well as what the City's proportionate share of the net pension liability would be when the discount rate moves one percentage point lower and higher (in thousands):

Table 11-3 Sensitivity of the Net Pension Liability to Changes in the

	1% Lower	Current Discount Rate	1% Higher
	5.75 %	6.75 %	7.75 %
Net Pension Liability	\$ 2,160,125	\$ 1,512,547	\$ 970,955

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, 2022, SCERS reported the collective net pension liability of \$1.5 billion, of which the City recorded \$1.5 billion for its proportionate share of the collective net pension liability. The City's proportion is based on the City's contributions to the plan. The following table shows the changes in the City's proportionate share of the net pension liability for the year ended December 31, 2022, which was rolled forward to come up with the net pension liability as of December 31, 2022 (in thousands):

Table 11-4 SCHEDULE OF CHANGES IN NET PENSION LIABILITY^a

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2021	4,961,025	4,132,905	828,120
Changes for the Year			
Service Cost	128,171		128,171
Interest on Total Pension Liability	334,828		334,828
Effect of Plan Changes			—
Effect of Economic/ Demographic	(11,010)		(11,010)
Effect of Assumptions Changes or Inputs			—
Benefit Payments	(234,288)	(234,288)	—
Refund Contributions	(29,204)	(29,204)	—
Administrative Expenses		(7,729)	7,729
Member Contributions		82,921	(82,921)
Employers Contributions		145,321	(145,321)
Net Investment Income		(452,709)	452,709
Balance at December 31, 2022	<u>\$ 5,149,522</u>	<u>\$ 3,637,217</u>	<u>\$ 1,512,305</u>

^a Reported difference between Actuary Report due to Annual Report excluding King County Valuation.

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

The City recognized its proportionate share of pension expense in the amount of \$189.2 million for 2022. The City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan at December 31, 2022 as follows (in thousands):

Table 11-5 Proportionate Share of Deferred Outflows and Inflows of Resources ^a

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,199	\$ 19,811
Change of Assumption	94,245	
Net Difference Between Projected and Actual Earnings	264,132	
Contributions and Proportionate Share of Pension Expense	15,509	15,829
Contributions Made Subsequent to Measurement Date	150,046	
Total	<u>\$ 526,131</u>	<u>\$ 35,640</u>

^a Reported difference between Actuary Report due to Annual Report excluding King County Valuation.

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 ^a

Year Ended December 31

2023	\$ 11,513
2024	57,651
2025	114,772
2026	157,334
2027	(827)
Thereafter	—

^a Reported difference between Actuary Report due to Annual Report excluding King County Valuation.

FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS

Plan Description

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

Since the effective date of the state LEOFF plan on March 1, 1970, no payroll for employees was covered under these pension plans, and the primary liability for pension benefits for these plans shifted from the City to the state LEOFF. However, the City was still liable for all benefits in pay status at that time plus any future benefits payable to active law enforcement officers and firefighters on March 1, 1970, under the old City plans in excess of current LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plans when payment begins. However, LEOFF retirement benefits increase with the consumer price index (CPI - Seattle) while some City benefits increase with wages of current active members. If wages go up faster than the CPI, the City becomes liable for this residual amount. Due to this leveraging effect, projection of the City's liabilities is especially sensitive to the difference between wage and CPI increase assumptions.

All law enforcement officers and firefighters of the City who served before March 1, 1970, are participants of these pension plans and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Those officers and firefighters hired between March 1, 1970, and September 30, 1977, are not eligible for a supplemental retirement benefit, but may be eligible

for disability benefits under these plans. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and fire fighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. As of January 1, 2023, 508 firefighters and surviving spouses and 587 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 not 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, 2023:

Table 11-7 Membership in Firemen's Pension and Police Relief and Pension

	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>
Retirees and Beneficiaries Receiving Benefits	508	587
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 GASB 68's the criteria for pension plans administered through trusts. Therefore, the plans are accounted for as part of the General Fund.

The financial statements for the Firemen's Pension and Police Relief and Pension Funds were prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Investments are recorded at fair value as shown in Note 3. Fair value of investments is based on quoted market prices.

Contributions and Reserves. Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability (AAL). An actuarial fund was established for the Firemen's Pension in July 1994 and is discussed in more detail below; the City funds the Police Relief and Pension Fund as benefits become due. Contributions are no longer required from plan members or the City departments they represent. Under state law, partial funding of the Firemen's Pension Fund may be provided by an annual tax levy of up to \$0.225 per \$1,000 of assessed value of all taxable property of the City. The Firemen's Pension Fund also receives a share of the state tax on fire insurance premiums. Additional funding through the General Fund adopted budget is provided to both pension funds as necessary. The Police Relief and Pension Fund also receives police auction proceeds of unclaimed property. Administrative costs for the Firemen's Pension are financed by the General Fund and fire insurance premium tax. Administrative costs for the Police Relief and Pension Fund are financed by police auction proceeds and the General Fund. Contribution rates are not applicable to these plans.

There are no securities held by the City for these pension funds except for the Firemen's Pension Actuarial Account described below. No loans are provided by the funds to the City or other related parties.

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 \$34.55 million as of December 31, 2023. No similar program has been established for the Police Relief and Pension Fund.

The Total Pension Liability (TPL) as of December 31, 2023, based on the actuarial valuation as of January 1, 2023, was \$95.8 million for Firemen's Pension and \$70.8 million for Police Relief and Pension.

The Police Relief and Pension AAL is funded on a pay-as-you-go basis. Annual requirements are funded through the City's adopted budget, and any budget requirements exceeding the adopted budget are fully covered by supplemental appropriations.

Trend information on employer contributions for the Firemen's Pension and the Police Relief and Pension plans is presented in the Required Supplementary Information section.

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, 2023), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2023). Actuarial assumptions used were as follows:

- a. Inflation: 2.50%
- b. Salary Increases: 3.25%
- c. Investment rate of return: 3.25% compounded annually, net of expenses
- d. Mortality rates: Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates I Projection Scale MP-2017.

Discount Rate. The discount rate used to measure total pension liability was 3.25%. 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 was 3.26% as of December 28, 2023. Rounding this to the nearest 1/4% results in a discount rate of 3.25% as of the December 31, 2023 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 3.25%, 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 2.25%	Current Discount Rate 3.25%	1% Higher 4.25%
Fireman's Pension Plan	\$ 103,641	\$ 95,769	\$ 88,868
Police Relief and Pension Plan	76,595	70,832	65,815

Changes in the Total Pension Liability. At December 31, 2023, the Firemen's Pension and the Police Relief and Pension plans reported the pension liability of \$95.8 million and \$70.8 million respectively.

**Table 11-9 Changes in Total Pension Liability
(In Thousands)**

	Firemen's Pension	Police Relief and Pension
Balance at December 31, 2022	\$ 91,254	\$ 76,721
Changes for the Year		
Service Cost		
Interest on Total Pension Liability	3,218	2,662
Effect of Plan Changes		
Effect of Economic/Demographic gains or losses	7,364	(5,787)
Effect of Assumptions Changes or Inputs	3,566	6,356
Benefit Payments	(9,634)	(9,119)
Balance at December 31, 2023	<u>\$ 95,768</u>	<u>\$ 70,833</u>

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

For the year ended December 31, 2023, the City recognized an increase of pension expenses in the amount of \$14.1 million for the Firemen's Pension and \$3.2 million for the Police Relief Pension plans, respectively. On December 31, 2023, there were no deferred outflows of resources or deferred inflows of resources related to these pension plans.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) is administered by the Washington State Department of Retirement Systems (DRS). Membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans – Plan 1 and Plan 2 – both of which are cost-sharing, multiple-employer public employee defined benefit retirement plans.

The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The DRS, a department within the primary government of the State of Washington, issues a publicly available 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:

Table 11-10		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 zero percent, as long as the plan remains fully funded. LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20% 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 LEOFF Plan 2 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 3.41% in 2023.

LEOFF Plan 2 required contribution rates for 2023 were as follows:

Table 11-11

LEOFF Plan 2 Required Contribution Rates
As a Percentage of Covered Payroll

January - August		
Actual Contribution Rates	Employer	Employee
State and local governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.3%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	8.71%	8.53%
September-December		
Actual Contribution Rates	Employer	Employee
State and local governments	5.12%	8.53%
Administrative Fee	0.20%	—
Total	5.32%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.20%	—
Total	8.73%	8.53%

The City's actual contributions to LEOFF Plan 2 were \$17.3 million for the year ended December 31, 2023.

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, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$11,070,416.

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 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study and the 2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022 to June 30, 2023, 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 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- Investment rate of return: 7.0%
- Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub. H-2010 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 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 the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

Discount Rate. The discount rate used to measure the total pension liability for all DRS plans was 7.0%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 7.0% 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 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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, 2023, 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%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	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 7.0%, 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 (6.0%) or 1-percentage point higher (8.0%) than the current rate (in thousands):

Table 11-13 Sensitivity of Net Pension Assets to Changes in the Discount Rate

	1% Decrease	Current Discount Rate	1% Increase
	6%	7%	8%
LEOFF Plan 1	\$ 93,869	\$ 105,863	\$ 116,263
LEOFF Plan 2	(30,502)	184,220	359,950

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, 2023, the City reported a pension asset of \$290.1 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	\$ 105,863
LEOFF 2	184,220
Total	\$ 290,083

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 Plan 1 and Plan 2 Net Pension Asset

	Share in Dollars	
	LEOFF 1	LEOFF 2
Employer's Proportionate Share	\$ 105,863	\$ 184,220
State's Proportionate Share of the net pension asset associated with the Employer	716,052	117,641
Total	\$ 821,915	\$ 301,861

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

	2023	2022	
	<u>Aas of June 30, 2023</u>	<u>As of June 30, 2022</u>	<u>Change in Proportion</u>
LEOFF 1	3.56 %	3.55 %	0.01 %
LEOFF 2	7.68 %	8.18 %	(0.50)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 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 2023. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2022, 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 2023, 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, 2023, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2023, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense. For the year ended December 31, 2023, the City recognized its proportionate share of pension expense as follows:

Table 11-17	<u>Pension Expense</u>
LEOFF 1	\$ (9,563)
LEOFF 2	<u>(20,098)</u>
Total	\$ (29,661)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, 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	\$ —	\$ —	\$ 75,248	\$ 1,516
Net difference between projected and actual investment earnings on pension plan investments	—	7,020	—	38,980
Changes of assumptions	—	—	47,058	15,132
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	49,185	13,668
Contributions subsequent to the measurement date	—	—	8,697	—
TOTAL	\$ —	\$ 7,020	\$ 180,188	\$ 69,296

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, 2024. 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
2024	\$ (4,813)	\$ (10,952)
2025	(6,040)	(17,246)
2026	3,747	38,222
2027	86	16,614
2028	—	17,499
Thereafter	—	58,059

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, attainment of age 59½, or certain unforeseen emergencies.

As required by law, the assets of the deferred compensation plan are held in trust by an independent committee, and are not subject to control by the City. The City has no ownership or financial interests with respect to the assets of the deferred

compensation plan. Employees participating in the deferred compensation plan control their own plan accounts and make their own investment elections from the options available under the plan.

The independent auditor for the deferred compensation plan has determined that for financial statement purposes, the plan is not considered a component unit of the City of Seattle under GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

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 2023.

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	\$ 50,016	\$ 255,503	\$ 235,535	\$ 541,054
OPEB assets	—	—	—	—
Deferred outflows of resources	13,554	—	—	13,554
Deferred inflows of resources	34,640	—	—	34,640
OPEB expenses/ expenditures	(1,540)	11,728	(2,500)	7,688

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 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, 2023, 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	414	580	482
Inactive employees entitled to but not yet receiving benefits			
Active employees	11,472	3	1
Total	11,886	583	483

OPEB plans under Firemen's Pension and Police Relief and Pension were closed to new entrants.

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Actuarial Methods and Assumptions

The total OPEB liability for each OPEB plan in their actuarial valuation was determined using the following actuarial assumptions and other inputs:

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	1/1/2023	1/1/2023	1/1/2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation rate	---	2.50 %	2.50 %
Salary Increases	---	3.25 %	3.25 %
Discount rate	3.72%, based on 20-year municipal bond yields	3.25%, based on 20-year municipal bond yields	3.25%, based on 20-year municipal bond yields
Healthcare cost trend rates	The health care cost trend assumptions 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 City of Seattle.	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: PubG-2010 Employee Table multiplied by 95%. Retirees: PubG-2010 Retired Mortality Table multiplied by 95%. Disabled: PubG-2010 Disabled Mortality Table multiplied by 95%. Rate are projected generationally using Scale MP-2021 ultimate rates	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017
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.	

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	54,693	50,016	45,779
Firemen's Pension Plan	283,195	255,503	231,879
Police Relief and Pension Plan	260,631	235,535	214,137

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	\$ 44,185	\$ 50,016	\$ 56,959
Firemen's Pension Plan	233,724	255,503	280,216
Police Relief and Pension Plan	215,906	235,535	257,836

Changes in the Total OPEB Liability. The City reported a total OPEB liability of \$541.1 million in 2023. Based on the actuarial valuation date of January 1, 2023, 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, 2023 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 1/1/2023	\$ 55,703	\$ 243,775	\$ 238,035	\$ 537,513
Service costs	3,563			3,563
Interest	1,196	8,888	8,653	18,737
Changes of benefit terms				—
Differences between expected and actual experience				—
Effect of plan changes				—
Effect of economic/demographic gains or losses		5,185	(6,517)	(1,332)
Changes of assumptions	(8,010)	11,309	10,101	13,400
Benefit payments	(2,436)	(13,653)	(14,737)	(30,826)
Other changes				—
Total OPEB Liability at 12/31/2023	<u>\$ 50,016</u>	<u>\$ 255,504</u>	<u>\$ 235,535</u>	<u>\$ 541,055</u>

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 \$5.9 million.

Health Care Blended Premium Subsidy: 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 2.06% as of January 1, 2022 to 3.72% as of January 1, 2023.

Firemen's Pension: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2023, calculated based on the discount rate of 3.25%, and then projected to the measurement date of December 31, 2023. The December 31, 2023 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, 2023, calculated based on the discount rate of 3.25%, and then projected to the measurement date of December 31, 2023. 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of \$7.7 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, 2023 for City of Seattle Health Care Blended Premium Subsidy Plan. Firemen's Pension and Police Relief and Pension Plan have no deferred outflow of resources and no deferred inflows of resources.

Table 11-26 **Deferred Outflows/Inflows of Resources Related to OPEB**
(In Thousands)

City of Seattle Health Care Blended Premium Subsidy Plan	Deferred Outflow of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,557	\$ 12,554
Changes of assumptions	2,542	22,086
Payments subsequent to the measurement date	2,455	
Total	\$ 13,554	\$ 34,640

Deferred outflows of resources of \$.56 million resulting from payments subsequent to the measurement date of the total OPEB liability but before the end of the City's reporting period will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. 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:			
2024	\$ (181)	\$ —	\$ —
2025	(180)	—	—
2026	(131)	—	—
2027	(124)	—	—
2028	(104)	—	—
Thereafter	(138)	—	—

(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 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, 2023

(in Thousands)

	Discretely Presented Component Units		
	Seattle Public Library Foundation	Seattle Investment Fund LLC	Total
ASSETS			
Cash and Other Assets	\$ 2,775	\$ 784	\$ 3,559
Investments	90,973	136	91,109
Capital Assets, Net	10	—	10
Total Assets	93,758	920	94,678
LIABILITIES			
Current Liabilities	2,253	—	2,253
Total Liabilities	2,253	—	2,253
NET POSITION			
Net Investment in Capital Assets	0	—	—
Restricted	62,234	—	62,234
Unrestricted	29,271	920	30,191
Total Net Position	\$ 91,505	\$ 920	\$ 92,425

Table 12-2

CONDENSED STATEMENT OF ACTIVITIES
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC
For the Year Ended December 31, 2023
(In Thousands)

	Discretely Presented Component Units		
	Seattle Public Library Foundation	Seattle Investment Fund LLC	Total
PROGRAM REVENUES			
Contributions/Endowment Gain	\$ 8,277	\$ —	\$ 8,277
Placement/Management Fee Income	—	—	—
Total Program Revenues	8,277	0	8,277
GENERAL REVENUES			
Investment Income	11,038	4	11,042
Total Program Support and Revenues	19,315	4	19,319
EXPENSES			
Support to Seattle Public Library	6,409	—	6,409
Management and General	837	38	875
Fundraising	566	—	566
Total Expenses	7,812	38	7,850
Change in Net Position	11,503	(34)	11,469
NET POSITION			
Net Position - Beginning of Year	80,002	954	80,956
Net Position - End of Year	\$ 91,505	\$ 920	\$ 92,425

BLENDING 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, 2023, 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 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.

OASIS OPEN DEVELOPMENT FOUNDATION, LLC and the OPEN MOBILITY FOUNDATION

OASIS Open Development Foundation, LLC is a national nonprofit organization founded in 1993 as a consortium of vendors and users devoted to developing guidelines for interoperability among products that support the Standard Generalized Markup Language (SGML). In 1998 this work expanded to include a wide variety of open-source projects to advance the fair, transparent development of open-source software and standards through the power of global collaboration and community. It does business in Seattle as the Open Mobility Foundation.

The Foundation is governed by a Board of Directors that consists of public entities that are responsible for managing the public right-of-way. A Seattle Department of Transportation employee serves on the OMF Board of Directors and currently has joint oversight responsibilities for both OMF and SDOT's commercial vehicle permit program. The City does not have any ongoing financial interest or responsibility. as a result, the Open Mobility Foundation is a jointly governed organization.

(14) COMMITMENTS

Encumbrances

The City uses encumbrance accounting under which contracts and other commitments for expenditures are recorded to reserve applicable appropriations.

As of December 31, 2023, the City had the following encumbered amounts:

Table 14-1 **Encumbrances by Fund Category**
(In Millions)

Fund	Encumbrances
General Fund	\$ 135.1
Transportation	13.1
Nonmajor Governmental Funds	334.1
Internal Service Funds	104.1
Nonmajor Enterprise Funds	28.6
Major Enterprise Funds	457.9
Totals	\$ 1,072.9

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 \$1.4 Billion. 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, 2023 and standards prescribed under GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.

Capital Improvement Program

The City adopted the 2023 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$7.45 billion for the years 2023-2028. The adopted CIP for 2023 was \$1.5 billion, consisting of \$862.2 million for City-owned utilities and \$660.8 million for non-utility departments. The utility allocations are: \$484.4 million for City Light, \$114.9 million for Water, \$245.0 million for Drainage and Wastewater, and \$18.0 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, 2023 are shown in the following table:

Table 14-2

LONG-TERM PURCHASED POWER (In Millions)

	2023
Bonneville Block	\$ 138.2
Bonneville Slice	—
Lucky Peak, including royalties	9.5
British Columbia - High Ross Agreement	13.0
Grant County Public Utility District	1.4
Columbia Basin Hydropower	6.0
Bonneville South Fork Tolt billing credit	(3.7)
Renewable energy - State Line Wind	\$ —
Renewable energy - other	5.9
Exchanges and loss returns energy at fair value	5.1
Long-term purchased power booked out	\$ —
Total	<u>\$ 175.4</u>

Bonneville Power Administration. City Light 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.

Lucky Peak. In 1984, City Light 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 City Light to pay all ownership and operating costs, including debt service, over the term of the contract, whether the plant is operating or operable.

City Light incurred \$9.5 million in 2023, including operations costs and royalty payments to the irrigation districts. City Light provided and billed Lucky Peak \$0.3 million for operational and administrative services in 2023. These amounts are recorded as offsets to purchased power expense.

City Light's receivable from Lucky Peak were less than \$0.1 million at December 31, 2023. City Light's payable to Lucky Peak were \$0.0 million at December 31, 2023.

British Columbia-High Ross Agreement. In 1984, an agreement was reached between the Province of British Columbia and City Light under which British Columbia will provide the Department 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 Department 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. The final fixed capital payment was made to BC Hydro in 2020. Operations and maintenance payments will be made through the life of the agreement. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchase power expense over 15 years, from 2021 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 2023. The law also has a compliance option for utilities with declining load to spend 1% of revenue requirements on eligible RECs and/or resources. City Light met the requirements of the compliance option in 2023.

Fair Value of Exchange Energy. During 2023, exchange energy settled deliveries were valued using Dow Jones U.S Daily Electricity Price Indices.

Estimated Future Payments under Purchased Power, Transmission, and Related Contracts. The City's estimated payments for purchased power and transmission, Renewable Energy Credits (RECs) and other contracts for the period from 2023 through 2065, undiscounted, are shown in the following table:

Table 14-3 **TRANSMISSION, AND RELATED CONTRACTS**
(In Millions)

Year Ending December 31	Payments ^a
2024	\$ 270.1
2025	^a 264.9
2026	224.5
2027	221
2028	^b 173.2
2029-2033	205.3
Thereafter (through 2065)	^c 126
Total	<u>\$ 1,485.0</u>

^a Bonneville transmission agreement expires July 31, 2025

^b Bonneville Block & Slice agreement expires September 30, 2028

^c Lucky Peak contract expires September 30, 2038

Other Regulatory Commitments

Federal Energy Regulatory Commission (FERC) Fees. Estimated Federal land use and administrative fees related to hydroelectric licenses total \$140.7 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.

Current Boundary License. City Light'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 City Light 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, City Light 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 City Light'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 City Light's license application, were estimated to be \$410.0 million adjusted to 2023 dollars, of which \$158.3 million were expended through 2023. Projected mitigation cost estimates are subject to revision as more information becomes available.

Skagit and South Fork Tolt Licensing Mitigation and Compliance. In 1995, the FERC issued a license for operation of the Skagit hydroelectric facilities through April 30, 2025. On July 20, 1989, the FERC license for operation of the South Fork Tolt hydroelectric facilities through July 19, 2029, became effective. As a condition for both licenses, City Light 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, 2023, to be \$178.5 million, of which \$172.6 million has been expended. Total South Fork Tolt license mitigation costs were estimated at \$2.5 million, of which \$2.5 million were expended through 2022 for the rest of the life of the license with no additional costs in 2023. In addition to the costs listed for South Fork Tolt mitigation, the license and associated settlement agreements required certain other actions related to wildlife studies and wetland mitigation for which no set dollar amount was listed. Requirements for these actions have been met, and no further expenditures need to be incurred for these items.

Capital improvement, other deferred costs, and operations and maintenance costs are included in the estimates related to the settlement agreements for both licenses. Amounts estimated are adjusted to 2023 dollars. Department 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 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 City Light, or where City Light purchases power, have been listed under the ESA as threatened or endangered. Although the species were listed after FERC licenses were issued for all City Light's hydroelectric projects, the ESA listings still affect operations of City Light'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, City Light'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.

Seattle City Light, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. City Light 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 City Light's share of the Early Action program from inception in 1999 through December 31, 2023, are estimated to be \$19.7 million, and \$1.8 million has been allocated for the program in the 2024 budget.

Project Impact Payments. Effective May 2020, City Light renewed its contract with Pend Oreille County and committed to pay a total of \$29.8 million over 10 years ending in 2029 to Pend Oreille County for impacts on county governments from the operations of City Light's hydroelectric projects. Effective January 2024, City Light renewed its contract with Whatcom County committing to pay annual impact compensation payments subject to an escalator tied to the Consumer Price Index and ending in 2038. 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 \$3.0 million to Pend Oreille County in 2023 and 2022, respectively, and \$1.2 million to Whatcom County in 2023 and 2022, respectively.

Habitat Conservation Program Liability. Seattle Public Utilities (SPU) has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the 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 \$117.8 million (in 2023 dollars) over a period of 50 years (from the year 2000 through the year 2050).

Expenditures are being funded from a combination of the Water Fund's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2023 is \$106.0 million. The remaining \$11.7 million to complete the HCP is comprised of an \$8.5 million liability and an estimate of \$3.2 million for construction and operating commitments. The construction activities will add to the Water Fund'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 Water Fund 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 \$221.6 million through the year 2025; costs beyond 2025 are not estimable as of the date of this report. As of December 31, 2023 and 2022, total cumulative costs incurred were \$181.6 million and \$179.8 million, respectively.

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 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 2022 and 2042. The City and the full and partial requirements Wholesale Customers began the review of certain contract terms in 2021 to determine if any amendments are desired in 2022 under the first amendment period. This review period has been extended by mutual agreement, with potential amendments becoming effective in 2025.

Two wholesale customers (including CWA) have block contracts which obligate the City to provide water up to a combined maximum of 41.85 MGD per year. Two other wholesale customers have emergency intertie agreements and do not purchase water from Seattle on a regular basis. The CWA contract expires in 2063 while other wholesale contracts expire in 2062. In 2020, CWA requested that the City consider selling it additional increments of surplus water that would extend the date at which CWA's block would begin to decline to sometime past 2039. The City's declining block contract does not obligate the City to sell any additional surplus water to CWA or any further extensions, unless by mutual agreement. The City began discussions with CWA in 2022.

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 Wastewater Fund 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 Wastewater's Fund were \$186,991,467 and \$170,521,806 for fiscal years 2023 and 2022, 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 \$94,330,244 in 2023 and \$89,287,310 in 2022.

The City contracts with Waste Management of Washington, Inc. (formerly known as Washington Waste Systems), for rail-haul and disposal of nonrecyclable 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 beginning on March 31, 2024. Total payments under the terms of this contract for waste disposal were \$18,758,472 in 2023 and \$17,011,306 in 2022.

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, 2024. Total payments under the terms of these contracts were \$5,045,159 in 2023 and \$4,570,776 in 2022.

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 \$2,953,319 in 2023 and \$2,096,380 in 2022. This variance resulted from fluctuations in recycling commodity pricing.

Landfill Closure and Post Closure Care. In prior years, the Solid Waste Fund delivered its refuse to two leased disposal sites: the Midway and Kent-Highlands landfills. Subsequent to signing the original lease agreement, federal and state requirements for closure of landfill sites were enacted. The Solid Waste Fund stopped disposing of municipal waste in the Midway site in 1983 and in the Kent-Highlands site in 1986.

As of December 31, 2023, accrued landfill closure and post closure costs consist primarily of monitoring, maintenance, and estimated construction costs related to regional transit and I-5 improvement projects. It is the City Council's policy to include the Solid Waste Fund's share of all landfill closure and post closure costs in the revenue requirements used to set future solid waste rates. Therefore, the Solid Waste Fund uses regulatory accounting and total estimated landfill closure, and post closure care costs are accrued and also reflected as a future cost 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.

(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 \$10 million per occurrence of such claims through May 2024. Effective June 1, 2023, through May 2024 the City's excess liability insurance limits were \$20 million.

In 2023, the City purchased \$15 million in cyber insurance above a \$1 million self-insured retention. 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.

In 2023, the City purchased one annuity contract totaling \$0.1 million to resolve a single lawsuit. The City did not receive any large liability settlements nor settled any claims exceeding coverage in 2023.

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 2023, the City's independent actuaries estimated the ultimate settlement costs for lawsuits, workers' compensation, and other claims at year-end 2022, and health care claims at year-end 2023. The total undiscounted IBNR amount was \$45.9 million in 2023, an increase of \$55.3 million from the prior year.

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

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in 2023. 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 1.80 percent for 2023, the City's 2022 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 2.938 percent for 2023, the City's 2023 average annual rate of return on investments. The total discounted liability at December 31, 2023, was \$202.8 million consisting of \$123.5 million for general liability, \$18.4 million for health care, and \$60.9 million for workers' compensation.

Table 15-1

**RECONCILIATION OF CHANGES IN
AGGREGATE LIABILITIES FOR CLAIMS
(In Thousands)**

	General Liability	Health Care	Workers' Compensation	Total City
UNDISCOUNTED				
Balance - Beginning of Fiscal Year	\$ 100,706	\$ 19,017	\$ 54,550	\$ 174,273
Less Payments and Expenses During the Year	(34,673)	(310,076)	28,905	(315,844)
Plus Claims and Changes in Estimates	68,068	310,044	(19,368)	358,744
Balance - End of Fiscal Year	<u>\$ 134,101</u>	<u>\$ 18,985</u>	<u>\$ 64,087</u>	<u>\$ 217,173</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 108,381	\$ 18,985	\$ 50,113	\$ 177,479
Business-Type Activities	25,632	—	13,972	39,604
Fiduciary Activities	88	—	2	90
Balance - End of Fiscal Year	<u>\$ 134,101</u>	<u>\$ 18,985</u>	<u>\$ 64,087</u>	<u>\$ 217,173</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 99,809	\$ 18,443	\$ 47,620	\$ 165,872
Business-Type Activities	23,605	—	13,277	36,882
Fiduciary Activities	81	—	2	83
Balance - End of Fiscal Year	<u>\$ 123,495</u>	<u>\$ 18,443</u>	<u>\$ 60,899</u>	<u>\$ 202,837</u>

Pending litigations, claims, and other matters are as follows:

1221 Madison Street Owners Association — Claimant alleges that a late December 2020 stair caused the storm drains near its facility to fail causing damages. Current damage allegations are roughly \$1 million. The City's ultimate liability is indeterminate.

Jayme et al. v. City of Seattle — Several plaintiffs, including two former Seattle Public Utility employees, allege they were unlawfully separated from employment with various departments within the City of Seattle when they failed to get a COVID-19 vaccine. On November 20, 2023, the Court granted the City's Motion for Partial Summary Judgment, dismissing all claims except those for discrimination based on religion and failure to accommodate under Title VII and the Washington Law Against Discrimination. The court also denied the plaintiffs' Motion to Amend their 4th Amended Complaint to add new plaintiffs. The matter was filed in King County Superior Court on October 28, 2022, and is currently set for trial on May 20, 2024. Given the number of plaintiffs and the need for extensive discovery, it's likely the trial date will be extended. Further, plaintiffs' counsel have filed another multi-plaintiff lawsuit involving all Jayme plaintiffs, plus other plaintiffs the Court would not allow them to add to the Jayme case. See Rochester v. City, below. It's not yet known whether plaintiffs' counsel will be dismissing the Jayme case and proceeding only with the newly filed

Rochester case. However, as of the date of this writing, both cases are pending in King County Superior Court and it is likely motion practice will occur to eliminate duplicative causes of action. An adverse result could include awards of compensatory damages and attorneys' fees. However, given the uncertainty with vaccine mandate litigation, the filing of the new Rochester case and the need for extensive discovery, the City's ultimate liability is indeterminate at this time.

Providence Healthcare Systems — Claimant alleges that a late December 2020 storm caused the storm drains near its health care facilities to fail causing extensive damage to their facilities. Claimant's current damage claims are in the range of \$2.5 million. The City's ultimate liability is indeterminate.

Rochester et. al v. City of Seattle — A group of plaintiffs, including ten former Seattle Public Utility employees, and twenty-six former City Light employees, allege they were unlawfully separated from employment with various departments within the City of Seattle when they failed to get a COVID-19 vaccine. The matter was filed in King County Superior Court on December 15, 2023, and is currently set for trial on December 16, 2024. However, as of this writing, the City has not yet been served. Given the number of plaintiffs and the need for extensive discovery, it's likely the trial date will be extended. As detailed above, this matter was filed by plaintiffs' counsel in the Jayme case, and includes all the Jayme plaintiffs, plus others the Court would not allow to be added to that matter. It's not yet known whether plaintiffs' counsel will be dismissing the Jayme case and proceeding only with the newly filed Rochester case. However, as of the date of this writing, both cases are pending in King County Superior Court and it's likely motion practice will occur to eliminate duplicative causes of action. Given the uncertainty with vaccine mandate litigation, the still-pending Jayme case and the need for extensive discovery, the City's ultimate liability is indeterminate at this time.

Romulo v. City of Seattle — The plaintiff, a Senior Utility Service Inspector for Seattle Public Utilities, alleges discrimination and harassment (hostile work environment) based on disability, race and/or national origin, failure to accommodate a disability and retaliation. A three-week trial ended in March 2021, which resulted in a defense verdict. Plaintiff appealed to Division One of the Court of Appeals. In November 2022, the Court of Appeals reversed dismissal of the cause of action for a hostile work environment. On April 5, 2023, the Washington Supreme Court denied the Plaintiffs Petition for Review and remanded the case for trial on the remaining cause of action. Trial is currently set for March 4, 2024. The City cannot predict whether a material adverse outcome will occur.

South Park Flooding — The City has received over twenty claims related to the Duwamish River overtopping its banks and flooding businesses and properties in the South Park area of Seattle on December 27, 2022. Several of the claimants allege that the City/County wastewater and stormwater system was a cause of the flooding. The City resolved many claims related to the flooding in 2023. There are still pending claims, and the City's ultimate liability is indeterminate.

Akopyan v. City of Seattle - Plaintiff Estate alleges that City Light failed to adequately light a street in the City of Shoreline. The decedent attempted to cross the North Richmond Beach Road at night on September 2, 2020 and was hit by a car. City Light's ultimate liability is indeterminate.

Brooks-Joseph v. City of Seattle, Seattle City Light, et. al. - Plaintiff alleges discrimination based on race. Gender and age, negligent supervision and retention, wrongful discharge and violation of the Washington State Whistleblower Act. Plaintiff also names City Light employee Britt Luzzi and Seattle Public Utility employee Lourdes Podwall as individual defendants. On October 5, 2023, the court granted the City's Motion for Summary Judgment and dismissed this action. On March 19, 2024, the court denied the plaintiff's Motion for Reconsideration. However, the plaintiff has thirty (30) days to appeal to the 9th Circuit Court of Appeals. An adverse result could be reversal of the summary judgment dismissal and remand for further trial proceedings, which could include awards of compensatory damages and attorneys' fees. At this juncture, City Light's ultimate liability is indeterminate.

Del Castillo v. City of Seattle & Seattle City Light - Plaintiff Del Castillo alleges discrimination and retaliation based on race, national origin and/or disability, as well as claims of a hostile work environment and wrongful discharge in violation of public policy. An adverse result could include awards of compensatory damages and attorneys' fees. Discovery is ongoing and at this juncture, City Light's ultimate liability is indeterminate. Trial is currently set for September 9, 2024 in King County Superior Court.

Longacre, Lowrie – On August 23, 2023, the claimant filed a tort Claim for Damages alleging gender and disability discrimination, hostile work environment, harassment, and whistleblower retaliation. This case was resolved prior to April 30, 2024. The settlement was immaterial to the financial statements.

Margaret Owens Demand Letter - City Light received an attorney demand letter dated March 14, 2024 from a former City Light employee alleging allegations of sexual harassment. As of the date of this letter, a formal claim has not been filed and City Light's ultimate liability is indeterminate.

Monica Jones v. City of Seattle, Seattle City Light, et.al. – Plaintiff Jones alleges religious, racial and age discrimination, violation of public policy against discrimination, disparate impact, failure to accommodate, wage theft, and numerous violations of the Washington Constitution, all resulting from the City's vaccine mandate. On April 4, 2023, the Court dismissed the individual defendants, as they were never properly served by the plaintiff. An adverse result could include awards of compensatory damages and attorneys' fees. Discovery is ongoing and at this juncture, City Light's ultimate liability is indeterminate. The City anticipates filing a Motion for Summary Judgment on April 26, 2024. This matter was filed in federal court in the Western District of Washington and is set for trial on July 29, 2024.

Vaccine Mandate Claims - Several current and former City Light employees have filed tort Claims for Damages related to the City's implementation of a COVID-19 vaccine mandate in October 2021. These claimants allege a variety of claims, including but not limited to discrimination, wrongful discharge, failure to accommodate and violations of the Washington and federal US Constitutions. Each claim is fact specific to the claimant and dependent on evolving public health guidelines and newly emerging case law in response to the pandemic. City Light's ultimate liability is indeterminate; however, an adverse result could include awards of compensatory damages and attorneys' fees.

The following cases from 2022 were resolved:

Deien v. City - Plaintiff brought a purported class action against City Light based on City Light billing practices associated with City Light's transition to advanced meters. On April 4, 2023, the Washington State Court of Appeals approved settlement of this case on a class basis for a \$3.5M payment from the City.

Lavish v. City of Seattle - Plaintiff Lavish alleged he was injured by an electrical arc while attempting to remove a tree near a City power line in 2021. He alleged City negligence caused his injuries. The Plaintiff voluntarily dismissed the City in May of 2023.

Sauk-Suiattle Litigation - In July 2021, the Sauk-Suiattle Indian Tribe (the Tribe) filed the first of three lawsuits against City Light alleging that City Light's operation of the Skagit Hydroelectric Project (the Project) in a manner that de-watered a portion of the Skagit River violates various rights of the Tribe. City Light operates the Project under a thirty-year license from the Federal Energy Regulatory Commission (FERC) granted in 1995. The license allows the de-watering of the Skagit River for a short stretch of the river between the Gorge Dam and the Gorge Powerhouse, and this aspect of the Project has been in place since the 1930s. As of the date of April 30, 2024, all three of these lawsuits are now resolved.

- A. Sauk-Suiattle Litigation — Federal Claim. The initial lawsuit brought by the Tribe was originally filed in Skagit County Superior Court in July 2021. In that suit, the Tribe alleged violations of the Washington and United States constitutions, in addition to the establishing acts of the Territory of Oregon and State of Washington, and other state and federal law, by blocking the passage of fish. The City removed the case to the federal court in the Western District of Washington and moved to dismiss the case. The Tribe moved to remand the case back to Skagit County. Ultimately, the district court denied the Tribe's motion to remand, and then on December 2, 2021, dismissed all of the Tribe's claims. The Tribe appealed this decision to the United States Court of Appeals for the Ninth Circuit (9th Circuit). On December 30, 2022, the 9th Circuit affirmed the district court's dismissal. On January 3, 2023, the Tribe petitioned for rehearing en banc by the 9th Circuit. On January 26, 2023, the 9th Circuit denied the Tribe's petition. On March 28, 2023, the Tribe appealed the 9th Circuit's denial by petitioning for a writ of certiorari in the United States Supreme Court. On October 2, 2023, the Court denied the Tribe's petition for review, which ended the lawsuit in the City's favor.
- B. II. Sauk-Suiattle Litigation - Tribal Court Claim. On January 6, 2022, the Tribe filed its third complaint out of the same set of operative facts. In the Tribal Court, the Tribe makes the following claims: (1) violations of the Tribe's treaty based usufructuary propiely interests through blocking fish passage; (2) that the "blockage of water" constitutes and arbitraly and capricious seizure of salmon habitat and the Tribe's water property rights in violation of the Fourth Amendment; (3) infringement on the Tribe's members religious and cultural practices protected by the American Indian Religious Freedom Act and the First Amendment; and fraud and intentional or negligent infliction of emotional distress. The City first filed a motion to dismiss these claims in January 2022. In February 2022, the City also filed a complaint in federal court in the Western District of Washington seeking to enjoin the Sauk-Suiattle Tribal Court from exercising jurisdiction. Oral argument in the tribal court occurred on May 24, 2022. On July 5, 2022, the district court issued an order staying the City's case until the tribal court has had a full opportunity to determine its own jurisdiction. On November 10, 2022, the judge in the SaukSuiattle Tribal Court dismissed the Tribe's claims against the City finding that it had no jurisdiction. The Tribe appealed this order to the Tribal Court Appeals, with oral argument scheduled for May 2023. Prior to the date of argument, the Parties reached a settlement that dismissed the appeal and vacated the Tribal trial court order. As part of the settlement, the City agreed to dismiss the Federal District Court matter. The litigation has been fully resolved.

- C. III. Sauk-Suiattle Litigation - State Court Claim. The third lawsuit by the Tribe was originally filed in King County Superior Court in September 2021, alleging that City Light was "greenwashing" its operations because it did not allow for fish passage in the stretch of the Skagit River between Gorge Dam and Gorge Powerhouse, and other state law nuisance claims. City Light moved to dismiss this case, which the Court granted on January 14, 2022. The Tribe appealed the dismissal to Division 1 of the Washington State Court of Appeals. On March 6, 2023, the Court of Appeals dismissed all of the Tribe's claims except for two nuisance claims and remanded the case to King County Superior Court for further trial proceedings. The Tribe did not reinstate proceedings, and the parties settled and dismissed the case in February 2024.

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

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

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

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

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

The City's outstanding Section 108 loan balance as of December 31, 2023 is \$3.1 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, 2023, was \$25.5 million. The bonds will become eligible to be refinanced in 2024 to achieve debt service savings, and 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, 2023, was \$0.4 million. The bonds will be fully retired on November 1, 2024.

In 2014, the Seattle Indian Services Commission (SISC) 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 SISC's pledged revenues for debt service, the City was obligated to temporarily provide advances to SISC to service SISC's debt. An Event Notice Relating to Seattle Indian Services Commission was filed with the Municipal Securities Rulemaking Board (MSRB) in 2014 to provide disclosure regarding this event. In 2015, the City began making payments in accordance with the 2004 Cooperation Agreement upon termination of the lease between SISC and the Seattle Indian Health Board. The amount of each advance was treated as a loan to SISC, and beginning in fiscal year 2015 the City's Adopted Budget has included provisions to service SISC's guaranteed bonds per the City's unconditional obligation.

In 2017, the City and SISC entered into a Facility Use Agreement, pursuant to which the City became the new tenant of the Pearl Warren Building for use by the City as a Navigation Center to assist homeless residents of the City, and for other City purposes. Under the terms of this Facility Use Agreement, the City pays to SISC Annual Rent of \$60,000 (used by SISC for its operations) and Monthly Rent equal to 1/6th of the semiannual bond interest payments and 1/12th of the annual bond principal payments due in that year. The Monthly Rent paid by the City to SISC is used to make the debt service payments on the bonds. Since 2017, the Monthly Rent payable by the City to SISC has been and is scheduled to be sufficient to pay the bonds on a current basis. The City has made no additional advances pursuant to the 2004 Cooperation Agreement since the Facility Use Agreement went into effect in 2017.

Further, as “additional consideration” under the 2017 Facility Use Agreement, SISC’s accumulated liability to reimburse the City for the advances made under the 2004 Cooperation Agreement is reduced by \$11,353.45 each month. The accumulated liability totaled \$953,689.54 as of February 1, 2017, and as of December 31, 2023, was reduced to \$11,353.60. SISC’s accumulated liability will be reduced to \$0 prior to the date that the Bonds are scheduled to mature on November 1, 2024.

As of December 31, 2023, the Commission’s remaining principal and interest amounts guaranteed by the City are \$425,000 and \$19,000, respectively. The City expects that the Monthly Rent payments under the 2017 Facility Use Agreement will continue to be sufficient for SISC to make the scheduled debt service payments through the life of the SISC Bonds without the need for additional advances under the 2004 Cooperation Agreement.

(16) TAX ABATEMENTS

Table 16-1

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**Tax Abatement Programs
For the Year Ended December 31, 2023
(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	Multi-Unit Urban Housing Property Tax Exemption	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	Provides property tax exemption to improve residential opportunities in urban centers	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	Real Property Tax	Sales and Use Tax
3) Authority under which abatement agreements are entered into.	SMC Chapter 5.73 RCW Chapter 84.14	RCW Chapter 84.26 RCW 84.26.020(2) RCW 84.26.050(2)	RCW 84.33.130 RCW 84.34.010	RCW 84.36.400	RCW Chapter 82.63	RCW 84.14.020	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	The Property must be located in a targeted residential area, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations, and be completed within three years of the application approval date. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995	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

Table 16-1

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**Tax Abatement Programs
For the Year Ended December 31, 2023
(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	Multi-Unit Urban Housing Property Tax Exemption	Data Center Server Equipment and Power Infrastructure
5) How recipients' taxes are reduced.	Exemption from property tax assessments, by participating in the program, property owners commit to a compliance period in return for a tax exemption period	Reduction to assessed value subject to property tax for 10 years	Reduction to assessed value subject to property tax	Improvement value not added to assessed value subject to property tax for 3 years	Deferred and ultimate waiver of sales and use taxes when purchasing machinery and equipment, subject to annual certification for up to 7 years	Exemption from property tax assessments. The property owner must apply for an exemption certificate before beginning construction and submit an annual report to the state.	Waiver of sales and use taxes when goods and services are purchased by the qualifying business or tenant
6) How amount of abatement is determined.	Equal to the taxes on the entire appraised value of the property's residential improvements	Based on a special valuation	Difference between "current use" assessed value and "highest and best use" assessed value that would otherwise apply to the property	Equal to 100 percent of the additional property tax due to the increase in assessed value from the improvements, not to exceed 30 percent of the pre-improvement value of the structure	Equal to the taxes otherwise applicable to the goods and services	Equal to the taxes on the entire appraised value of the property's residential improvements	Equal to the taxes otherwise applicable to the goods and service
7) Provisions for recapturing abated taxes.	If a property fails to comply with affordability restriction, the City Director of Housing may cancel the tax exemption, and the County Assessor may impose fines, collect back taxes, and charge interest on back taxes	When property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, additional taxes, applicable penalties and interest are collected	When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected	None	If the project is used for any other purpose at any time during the 8-year certification period, the business must immediately repay a portion of the deferred taxes, determined by a sliding scale ranging from 100 percent recapture in the year 1 to 12.5 percent in year 8	If a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements plus a 20 percent penalty and interest	All previously exempted sales and use taxes are immediately due and payable for a qualifying business or tenant that does not meet these requirements
8) Types of commitments made by the City other than to reduce taxes.	None	None	None	None	None	None	None
9) Gross amount of City's revenues being reduced.	\$ 284	\$ 1,343	\$ 54	\$ 18	\$ 11,647	\$ 9,722	\$ —
Total Revenue Reduction							\$ 23,068

^a 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.

Required Supplementary Information



BUDGET COMPARISON SCHEDULES - MAJOR GOVERNMENTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Budget Comparison Schedules are presented on a budgetary basis (Non-GAAP). A reconciliation of the budgetary fund balance to the GAAP fund balance is shown on the face of each schedule.

The budgetary basis of accounting is substantially the same as the modified accrual basis of accounting in all governmental funds except for the treatment of appropriations that do not lapse, those whose budgets were approved by the City Budget Office to carry over to the following year. These appropriations are included with expenditures in the City's budgetary basis of accounting.

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ 380,477	\$ 380,477	\$ 377,802	\$ (2,675)
Sales Taxes	335,112	335,112	341,993	6,881
Business Taxes	586,213	586,213	922,130	335,917
Excise Taxes	7,821	7,821	56,435	48,614
Other Taxes	6,008	6,008	26,966	20,958
Total Taxes	1,315,631	1,315,631	1,725,326	409,695
Licenses and Permits	40,642	40,642	49,775	9,133
Grants, Shared Revenues, and Contributions	37,637	37,637	61,700	24,063
Charges for Services	60,018	60,018	101,811	41,793
Fines and Forfeits	(18,264)	(18,264)	29,771	48,035
Concessions, Parking Fees, and Space Rent	34,782	34,782	32,938	(1,844)
Program Income, Interest, and Miscellaneous Revenues	431,203	431,203	176,948	(254,255)
Total Revenues	1,901,649	1,901,649	2,178,269	276,620
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	2,276	2,914	2,610	(304)
CITY BUDGET OFFICE	8,216	8,474	7,922	(552)
CIVIL RIGHTS OFFICE	7,911	12,296	7,661	(4,635)
CIVIL SERVICE COMMISSIONS	895	993	809	(184)
COMMUNITY POLICE COMMISSION	1,888	1,888	1,796	(92)
COMMUNITY SAFETY	20,523	25,371	22,114	(3,257)
CONSTRUCTION & INSPECTION DEPARTMENT				—
Compliance	9,949	10,101	9,782	(319)
Govt Policy, Safety & Support	1,141	1,296	1,248	(48)
Inspections	250	250	180	(70)
Land Use Services	282	282	203	(79)
ECON & REVENUE FORECASTS DEPARTMENT	702	702	668	(34)
EDUCATION & EARLY LEARNING				
Early Learning	24,532	29,919	22,937	(6,982)
K-12 Programs	3,859	9,123	3,304	(5,819)
Post-Secondary Programs	—	—	—	—
Leadership & Administration	1,327	1,327	1,034	(293)
EMERGENCY MANAGEMENT OFFICE	2,786	6,249	4,086	(2,163)
ETHICS & ELECTIONS COMMISSION	1,276	1,276	1,329	53
FINANCE & ADMINISTRATIVE SERVICES - CAPITAL DEVELOPMENT & CONSTRUCTION MANAGEMENT				
ADA Improvements	900	1,601	750	(851)
Asset Preservation Schedule 1 Facilities	3,150	9,820	4,477	(5,343)
Asset Preservation Schedule 2 Facilities	1,848	4,692	3,601	(1,091)
Garden of Remembrance	—	(146)	—	146
General Govt Facilities	4,576	9,674	2,209	(7,465)
Neighborhood Fire Stations	—	(16,511)	—	16,511
Preliminary Engineering	—	603	304	(299)
Public Safety Facilities - Police	—	4,278	268	(4,010)
Public Safety Facilities - Fire	200	1,458	83	(1,375)
FAS Project Delivery Services	500	500	—	(500)
Information Technology	—	1,471	—	(1,471)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

EXPENDITURES AND ENCUMBRANCES (continued)	Budgeted Amounts			
	Original	Final	Actual	Variance
FINANCE & ADMINISTRATIVE SERVICES - FACILITIES				
Seattle Animal Shelter	—	—	2	2
FAS Oversight - External Proj	—	(15)	—	15
FINANCE & ADMINISTRATIVE SERVICES - FLEETS				
Seattle Animal Shelter	—	—	—	—
FINANCE & ADMINISTRATIVE SERVICES - OTHER SERVICES				
Leadership and Administration	2,620	2,980	2,208	(772)
City Finance	6,461	6,840	5,521	(1,319)
Employee Transit Benefits	4,371	4,371	2,745	(1,626)
FileLocal Agency	468	523	440	(83)
Garden of Remembrance	32	178	—	(178)
Indigent Defense Services	12,606	12,606	10,854	(1,752)
Information Technology	—	3,712	380	(3,332)
Jail Services	21,439	21,439	19,562	(1,877)
Judgment & Claims - Claims	3,524	9,724	3,894	(5,830)
Judgment & Claims - General	88	88	—	(88)
Judgment & Claims - General Liability	—	10,000	—	(10,000)
Judgment & Claims - Litigation	29,182	41,982	30,910	(11,072)
Judgment & Claims - Police Act	8,800	8,800	8,036	(764)
Neighborhood Fire Station	5,274	21,514	—	(21,514)
Oversight - External Projects	1,010	2,779	601	(2,178)
Office of Constituent Services	219	219	160	(59)
General Govt Facilities	—	(725)	—	725
City Services	360	560	272	(288)
City Purchasing & Contracting	—	300	147	(153)
FINANCE & ADMINISTRATIVE SERVICES - REGULATORY COMPLIANCE & CONSUMER PROTECTION	6,775	6,775	5,679	(1,096)
FINANCE & ADMINISTRATIVE SERVICES - SEATTLE ANIMAL SHELTER	5,032	5,222	4,696	(526)
FINANCE GENERAL				
Appropriation to Special Funds	60,482	64,281	59,968	(4,313)
Reserves	55,973	81,402	50,351	(31,051)
FIRE DEPARTMENT				
Fire Prevention	11,719	11,719	11,716	(3)
Leadership & Administration	48,084	48,903	48,786	(117)
Operations	211,484	230,707	223,947	(6,760)
FIREFIGHTERS PENSION	22,973	24,075	21,056	(3,019)
HEARING EXAMINER	1,163	1,163	1,144	(19)
HOUSING OFFICE				
Homeownership & Sustainability	8,794	15,029	2,806	(12,223)
Leadership and Administration	1,623	2,102	1,450	(652)
Multifamily Housing	131,651	195,563	66,567	(128,996)
HUMAN RESOURCES				
GTL/LTD/AD&D Insurance Service	6,663	6,663	6,494	(169)
Health Care Services	325,891	325,891	311,889	(14,002)
HR Services	24,861	24,861	23,849	(1,012)
Industrial Insurance Services	39,642	39,642	47,933	8,291
Leadership & Administration	—	668	180	(488)
Unemployment Services	2,840	2,840	1,569	(1,271)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

EXPENDITURES AND ENCUMBRANCES (continued)	Budgeted Amounts			
	Original	Final	Actual	Variance
HUMAN SERVICES DEPARTMENT				
Addressing Homelessness	98,766	108,222	68,273	(39,949)
Leadership & Administration	12,293	12,403	11,767	(636)
Preparing Youth for Success	15,881	16,224	15,375	(849)
Promoting Healthy Aging	10,822	10,867	10,445	(422)
Promoting Public Health	16,801	18,345	16,320	(2,025)
Supporting Affordability & Livability	24,615	28,264	18,297	(9,967)
Supporting Safe Communities	52,652	55,582	52,228	(3,354)
IMMIGRANT & REFUGEE AFFAIRS	5,063	7,477	5,487	(1,990)
INFORMATION TECHNOLOGY DEPARTMENT				
Cable Franchise	6,943	6,943	6,399	(544)
Frontline Services & Workplace	225	—	—	—
Applications	422	422	200	(222)
INSPECTOR GENERAL FOR PUBLIC SAFETY	3,934	4,752	3,836	(916)
INTERGOVERNMENTAL RELATIONS OFFICE	3,106	3,376	3,375	(1)
LABOR STANDARDS OFFICE	8,433	9,679	8,797	(882)
LAW DEPARTMENT				
Civil	16,604	16,604	16,557	(47)
Criminal	9,843	11,991	11,059	(932)
Leadership & Administration	12,848	12,848	12,770	(78)
Precinct Liaison	728	728	728	—
LEGISLATIVE DEPARTMENT				
Leadership & Administration	5,106	5,356	5,327	(29)
Legislative Department	15,711	16,019	14,232	(1,787)
MAYORS OFFICE	10,406	10,677	9,885	(792)
MUNICIPAL COURTS				
Administration	18,276	19,079	18,802	(277)
Court Compliance	5,060	5,060	5,049	(11)
Court Operations	17,580	17,843	17,735	(108)
NEIGHBORHOODS DEPARTMENT				
Community Building	8,088	11,761	7,998	(3,763)
Community Grants	6,153	11,943	6,156	(5,787)
Leadership & Administration	5,704	5,826	5,466	(360)
OFFICE OF ARTS & CULTURE				
Arts & Cultural Programs	8,251	13,043	10,030	(3,013)
Cultural Space	1,314	4,944	1,036	(3,908)
Leadership & Administration	3,484	3,676	2,634	(1,042)
Public Art	—	—	—	—
OFFICE OF ECONOMIC DEVELOPMENT & SPECIAL EVENTS				
Business Services	23,265	41,559	16,682	(24,877)
Leadership & Administration	4,371	5,451	4,054	(1,397)
OFFICE OF SUSTAINABILITY & THE ENVIRONMENT	29,123	45,394	17,289	(28,105)
OFFICE OF THE EMPLOYEE OMBUDSMEN	1,152	1,152	1,105	(47)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

EXPENDITURES AND ENCUMBRANCES (continued)	Budgeted Amounts			
	Original	Final	Actual	Variance
PARKS & RECREATION				
2008 Parks Levy	—	—	—	—
Building For The Future Program - Construction in Progress	—	11,879	4,585	(7,294)
Debt & Special Funding	86	1,568	843	(725)
Department Wide Programs	3,976	3,976	3,615	(361)
Fix It First Program -Construction in Progress	20,947	80,237	30,474	(49,763)
Leadership & Administration	37,603	36,603	36,699	96
Maintaining Parks & Facilities	—	—	—	—
Parks & Facilities Maintenance & Repairs	56,184	55,934	55,874	(60)
Recreation Facility Programs	15,902	15,902	15,475	(427)
Zoo and Aquarium Programs	3,018	3,268	3,266	(2)
PLANNING & COMMUNITY OFFICE				
Design Commission	679	687	629	(58)
Equitable Development Initiative	20,172	64,936	15,383	(49,553)
Planning & Community Development	10,001	20,097	10,309	(9,788)
POLICE DEPARTMENT				
Administrative Operations/Technical Services	28,640	29,697	28,764	(933)
Chief of Police	14,797	19,669	15,366	(4,303)
Collaborative Policing	12,557	12,557	12,555	(2)
Compliance & Professional Standards	5,176	5,176	5,174	(2)
Criminal Investigations	43,929	52,999	47,007	(5,992)
East Precinct	18,843	18,843	18,843	—
Leadership & Administration	87,116	92,611	90,155	(2,456)
North Precinct	28,184	28,184	28,183	(1)
Office of Police Account	5,484	5,434	5,396	(38)
Patrol Operations	13,477	13,477	13,475	(2)
South Precinct	19,061	19,061	19,060	(1)
Southwest Precinct	14,202	14,202	14,202	—
Special Operations	57,652	70,697	64,873	(5,824)
West Precinct	22,050	22,510	22,509	(1)
POLICE RELIEF & PENSION	26,741	26,741	17,229	(9,512)
SEATTLE CENTER				
Building & Campus Improvements	10,643	26,087	7,817	(18,270)
Campus	8,427	8,499	8,499	—
Leadership & Administration	6,406	6,409	6,409	—
McCaw Hall	714	756	756	—
Monorail Rehabilitation	—	—	—	—
SEATTLE PUBLIC LIBRARY				
Administrative/Support Service	10,353	10,752	10,085	(667)
Capital Improvements	1,948	9,144	6,077	(3,067)
Chief Librarian's Office	559	929	833	(96)
Human Resources	2,479	2,963	2,826	(137)
Institutional & Strategic Advantage	1,206	1,806	1,652	(154)
Leadership & Administration	—	84	57	(27)
Library Program & Services	49,423	54,789	53,578	(1,211)

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
EXPENDITURES AND ENCUMBRANCES (continued)				
SEATTLE PUBLIC UTILITIES				
General Expense	2,032	2,162	2,144	(18)
Leadership & Administration	—	—	(1)	(1)
Utility Service & Operations	25,224	25,791	20,579	(5,212)
TRANSPORTATION DEPARTMENT				
Bridges & Structures	5,255	5,255	5,223	(32)
Central Waterfront	5,013	11,019	4	(11,015)
General Expense	23,014	22,516	8,801	(13,715)
Leadership & Administration	—	—	—	—
Maintenance Operations	12,324	11,784	11,512	(272)
Major Maintenance/Replacement	15,499	25,926	6,883	(19,043)
Major Projects	—	—	—	—
Mobility - Capital	14,886	24,138	5,463	(18,675)
Mobility - Operations	24,690	25,452	25,437	(15)
Parking Enforcement	—	—	—	—
Total Expenditures and Encumbrances	2,410,686	2,911,998	2,245,157	(666,841)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(509,037)	(1,010,349)	(66,888)	943,461
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	—	—	—	—
Leases & Installments	—	—	—	—
Transfers In	193,704	193,704	14,667	(179,037)
Transfers Out	(211,957)	(195,184)	(41,223)	153,961
Total Other Financing Sources (Uses)	(18,253)	(1,480)	(26,556)	(25,076)
Net Change in Fund Balance	\$ (527,290)	\$ (1,011,829)	(93,444)	\$ 918,385
Fund Balance - Beginning of Year			1,006,202	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			278,106	
Fund Balance - End of Year			\$ 1,190,864	

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TRANSPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ 108,359	\$ 108,359	\$ 108,921	\$ 562
Sales Taxes	—	—	256	256
Business Taxes	45,035	45,035	51,686	6,651
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	153,394	153,394	160,863	7,469
Licenses and Permits	11,959	11,959	11,926	(33)
Grants, Shared Revenues, and Contributions	92,140	92,140	49,748	(42,392)
Charges for Services	152,677	152,677	150,275	(2,402)
Fines and Forfeits	1,414	1,414	3,011	1,597
Concessions, Parking Fees, and Space Rent	—	—	197	197
Program Income, Interest, and Miscellaneous Revenues	—	—	5,631	5,631
Total Revenues	411,584	411,584	381,651	(29,933)
EXPENDITURES AND ENCUMBRANCES				
FINANCE & ADMINSTRATIVE SERVICES - FACILITIES	—	—		—
HUMAN RESOURCES				
Industrial Insurance Services	—	—		—
TRANSPORTATION DEPARTMENT				
Bridges & Structures	9,945	10,005	8,136	(1,869)
Central Waterfront	15,240	30,908	22,247	(8,661)
General Expense	29,274	24,311	1,656	(22,655)
Maintenance Operations	34,604	39,849	31,684	(8,165)
Major Maintenance/Replacement	37,112	90,682	39,380	(51,302)
Major Projects	1,922	9,547	2,182	(7,365)
Mobility Operations	28,169	36,600	24,509	(12,091)
ROW Management	47,547	47,524	40,095	(7,429)
Leadership & Administration	—	13,000	8,285	(4,715)
Waterfront & Civic Projects	33,642	33,317	27,319	(5,998)
Mobility - Capital	185,794	283,993	140,530	(143,463)
Parking Enforcement	—	—	—	—
Streetcar Operations - S Lake Union	—	—	—	—
Total Expenditures and Encumbrances	423,249	619,736	346,023	(273,713)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(11,665)	(208,152)	35,628	243,780

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TRANSPORATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
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	—	—	21	21
Leases & Installments	—	—	(4)	(4)
Transfers In	—	—	—	—
Transfers Out	—	—	(22,656)	(22,656)
Total Other Financing Sources (Uses)	—	—	(22,639)	(22,639)
Net Change in Fund Balance	<u>\$ (11,665)</u>	<u>\$ (208,152)</u>	12,989	<u>\$ 221,141</u>
Fund Balance - Beginning of Year			108,688	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(6,623)	
Fund Balance - End of Year			<u>\$ 115,054</u>	

PENSION AND OPEB PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Firemen's and Police Relief and Pension funds are both pension plans that fail to meet the requirements of GASB Statement No. 68. 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).

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PENSION PLAN INFORMATION

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

December 31, 2023

(In Thousands)

Police Relief and Pension Fund

Year Ended	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost				\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
Interest on total pension liability	2,662	1,927	1,927	2,446	3,061	3,024	3,401	N/A	N/A	N/A
Effect of plan changes				—	—	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(5,787)	(353)	2,428	(1,144)	5,602	2,569	—	N/A	N/A	N/A
Effect of assumption changes or inputs	6,356	(17,510)	4,534	14,260	11,816	(4,809)	1,689	N/A	N/A	N/A
Benefit payments	(9,119)	(8,622)	(8,092)	(7,997)	(8,075)	(13,227)	(5,593)	N/A	N/A	N/A
Net change in pension liability	(5,889)	(24,558)	797	7,564	12,404	(12,443)	(503)	N/A	N/A	N/A
Total pension liability, beginning	76,721	101,279	100,482	92,917	80,513	92,956	93,459	N/A	N/A	N/A
Total pension liability, ending	70,832	76,721	101,279	100,482	92,917	80,513	92,956	N/A	N/A	N/A
Covered payroll	—	—	—	—	—	—	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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost				\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
Interest on total pension liability	3,218	2,288	2,205	2,383	3,298	3,325	3,623	N/A	N/A	N/A
Effect of plan changes				—	—	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	7,364	5,273	2,206	15,595	(525)	(2,082)	—	N/A	N/A	N/A
Effect of assumption changes or inputs	3,566	(26,820)	7,583	13,867	9,030	(6,739)	2,118	N/A	N/A	N/A
Benefit payments	(9,634)	(7,782)	(8,299)	(7,988)	(6,939)	(7,197)	(7,485)	N/A	N/A	N/A
Net change in pension liability	4,515	(27,040)	3,693	23,857	4,864	(12,693)	(1,744)	N/A	N/A	N/A
Total pension liability, beginning	91,254	118,294	114,601	90,744	85,880	98,573	100,317	N/A	N/A	N/A
Total pension liability, ending	\$95,769	91,254	118,294	114,601	90,744	85,880	98,573	N/A	N/A	N/A
Covered payroll	—	—	—	—	—	—	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.

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PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Seattle City Employees' Retirement System
December 31, 2023
(In Thousands)

	2023	2022	2021	2020	2019
Employer's proportion of the net pension liability (asset)	99.97%	99.97%	99.96%	99.96%	99.95%
Employer's proportionate share of the net pension liability	\$ 1,512,547	\$ 828,352	\$ 978,647	\$ 978,647	\$ 1,518,484
Covered payroll	\$ 900,233	\$ 863,762	\$ 875,457	\$ 783,740	\$ 774,235
Employer's proportionate share of the net pension liability as a percentage of covered payroll	167.83%	95.9%	111.79%	124.87%	196.13%
Plan fiduciary net position as a percentage of the total pension liability	70.63%	83.31%	78.81%	71.48%	64.14%
	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	99.95%	99.93%	99.91%	99.89%	N/A
Employer's proportionate share of the net pension liability	\$ 1,106,617	\$ 1,304,140	\$ 1,297,983	\$1,106,800	N/A
Covered payroll	\$ 728,094	\$ 708,562	\$ 638,354	\$626,403	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	151.99%	184.05%	203.33%	176.69%	N/A
Plan fiduciary net position as a percentage of the total pension liability	72.04%	65.6%	64.03%	67.7%	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: 2.60%
- Investment rate of return: 6.75%
- 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.

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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, 2023
(In Thousands)

	2023	2022	2021	2020	2019
Employer's proportion of the net pension liability (asset)	3.57%	3.56%	3.57%	3.56%	3.58%
Employer's proportionate share of the net pension liability	\$ 105,863	\$ 102,018	\$ 122,142	\$ 67,192	\$ 70,673
Covered payroll	\$ 472	\$ 534	\$ 574	\$ 924	\$ 992
Employer's proportionate share of the net pension liability as a percentage of covered payroll	22,440%	19,094%	21,293%	7,274.37%	7,127.78%
Plan fiduciary net position as a percentage of the total pension liability	175.99%	169.62%	187.45%	146.88%	148.78%
	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	3.57%	3.55%	3.55%	3.55%	3.55%
Employer's proportionate share of the net pension liability	\$ 64,885	\$ 53,981	\$ 36,619	\$ 42,771	\$ 43,065
Covered payroll	\$ 1,391	\$ 2,023	\$ 2,542	\$ 3,930	\$ 4,905
Employer's proportionate share of the net pension liability as a percentage of covered payroll	4,664.63%	2,668.36%	1,440.33%	1,088.29%	877.98%
Plan fiduciary net position as a percentage of the total pension liability	144.42%	135.96%	123.74%	127.36%	126.91%

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, 2022 with the results rolled forward to June 30, 2023 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- Mortality rates were developed using the Society of Actuaries' Pub. H-2010 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.

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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, 2023
(In Thousands)

	2023	2022	2021	2020	2019
Employer's proportion of the net pension liability (asset)	7.68%	8.18%	8.75%	10.24%	8.95%
Employer's proportionate share of the net pension asset	\$ 184,220	\$ 222,387	\$ 508,394	\$ 208,853	\$ 207,455
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	117,641	144,058	327,969	133,546	135,855
Total	\$ 301,860	\$ 366,445	\$ 836,636	\$ 342,398	\$ 343,310
Covered payroll	\$ 344,561	\$ 327,786	\$ 319,504	\$ 345,171	\$ 313,037
Employer's proportionate share of the net pension liability as a percentage of covered payroll	53%	68%	159%	60.51%	66.27%
Plan fiduciary net position as a percentage of the total pension asset	113.17%	116.09%	142%	115.83%	119.43%
	2018	2017	2016	2015	2014
Employer's proportion of the net pension liability (asset)	9.08%	9.17%	9.36%	9.31%	9.4%
Employer's proportionate share of the net pension asset	\$ 184,326	\$ 127,282	\$ 54,486	\$ 95,637	\$ 125,076
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	119,348	82,565	35,523	64,124	82,876
Total	\$ 303,674	\$ 209,847	\$ 90,012	\$ 159,761	\$ 207,952
Covered payroll	\$ 294,033	\$ 283,991	\$ 273,333	\$ 268,461	\$ 255,273
Employer's proportionate share of the net pension liability as a percentage of covered payroll	62.69%	44.82%	19.94%	35.62%	49%
Plan fiduciary net position as a percentage of the total pension asset	118.5%	113.36%	106.04%	111.67%	116.75%

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, 2022 with the results rolled forward to June 30, 2023 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increase: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub. H-2010 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 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.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Seattle City Employees' Retirement System
December 31, 2022
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or Contractually required employer contributions	\$ 145,159	\$ 139,441	\$ 141,189	\$ 118,892	\$ 117,490	\$ 111,742	\$ 107,900	\$ 100,614	\$ 89,363	N/A
Contributions in relation to the statutorily or contractually required contributions	144,994	139,282	141,029	141,029	118,393	111,742	108,500	100,614	89,363	N/A
Contribution deficiency (excess)	<u>\$ 165</u>	<u>\$ 159</u>	<u>\$ 159</u>	<u>\$ (22,137)</u>	<u>\$ (902)</u>	<u>\$ —</u>	<u>\$ (600)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>N/A</u>
Covered payroll	\$ 900,233	\$ 863,762	\$ 875,457	\$ 875,457	\$ 783,740	\$ 774,235	\$ 708,562	\$ 638,354	\$ 626,403	N/A
Contributions as a percentage of covered payroll	16.11%	16.12%	16.11%	16.11%	15.11%	14.43%	15.31%	15.76%	14.27%	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: 2.60%
- Investment rate of return: 6.75%
- 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.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
December 31, 2023
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions ^b	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	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
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A
Covered payroll	\$ 350	\$ 523	\$ 574	\$ 697	\$ 971	\$ 1,165	\$ 2,023	\$ 2,542	\$ 3,930	\$ 4,905
Contributions as a percentage of covered payroll	—%	—%	—%	—%	—%	—%	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, 2021 with the results rolled forward to June 30, 2022 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation
- Salary increase: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- 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).

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
December 31, 2023
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions	\$ 17,251	\$ 16,835	\$ 17,015	\$ 17,706	\$ 17,126	\$ 16,243	\$ 15,300	\$ 14,332	\$ 13,638	\$ 13,249
Contributions in relation to the statutorily or contractually required contributions	17,251	16,835	17,015	17,706	17,126	16,243	15,300	14,332	13,638	13,249
Contribution deficiency (excess)			\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 330,860	\$ 331,501	\$ 327,156	\$ 349,172	\$ 326,188	\$ 299,193	\$ 283,991	\$ 273,333	\$ 268,461	\$ 255,273
Contributions as a percentage of covered payroll	5.21%	5.08%	5.20%	5.07%	5.25%	5.43%	5.39%	5.24%	5.08%	5.19%

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, 2021 with the results rolled forward to June 30, 2022 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation
- Salary increases: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- 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).

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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, 2023
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability - beginning	\$ 55,703	\$ 70,258	\$ 63,624	\$ 60,947	\$61,130	\$65,648	N/A	N/A	N/A	N/A
Service cost	3,563	4,515	4,015	3,379	3,842	3,822	N/A	N/A	N/A	N/A
Interest	1,196	1,553	1,813	2,587	2,195	2,583	N/A	N/A	N/A	N/A
Changes in benefit terms				—	—	—	N/A	N/A	N/A	N/A
Differences between expected and actual experience		(16,027)		6,957	—	13,492	N/A	N/A	N/A	N/A
Changes of assumptions	(8,010)	(1,556)	3,739	(7,761)	(3,887)	(22,126)	N/A	N/A	N/A	N/A
Benefit payments	(2,436)	(3,040)	(2,934)	(2,484)	(2,334)	(2,289)	N/A	N/A	N/A	N/A
Other changes				—	—	—	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 50,016</u>	<u>\$ 55,703</u>	<u>\$ 70,257</u>	<u>\$ 63,625</u>	<u>\$60,946</u>	<u>\$61,130</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	\$ 1,145,863	\$ 1,145,863	\$ 1,124,692	\$ 1,124,692	\$1,015,097	\$1,015,097	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	4.36%	4.86%	6.25%	5.66%	6.00%	6.02%	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 2023 are:

- Valuation Method: Entry Age Normal actuarial cost method
- Discount rate: 3.72% is used for the January 1, 2023 valuation
- Dependent coverage percentage assumption: 2.5%
- Demographic assumptions for General Service participants were updated to reflect the most recent assumptions developed in Milliman 2018-2021 Demographic Experience Study.
- The trend assumptions on medical claims and retiree premiums were updated to reflect the expected increase on future medical costs.

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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, 2023

(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability - beginning	\$ 243,775	\$ 290,597	\$ 300,862	\$269,926	\$268,828	\$287,302	N/A	N/A	N/A	N/A
Service cost				—	—	—	N/A	N/A	N/A	N/A
Interest	8,887	5,688	5,894	7,260	10,525	9,855	N/A	N/A	N/A	N/A
Changes in benefit terms				—	—	—	N/A	N/A	N/A	N/A
Differences between expected and actual experience				—	—	—	N/A	N/A	N/A	N/A
Effect of plan changes				7,800	—	—	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	5,185	3,074	(2,075)	580	(7,497)	—	N/A	N/A	N/A	N/A
Changes of assumptions	11,309	(43,039)	(1,718)	27,249	9,583	(16,786)	N/A	N/A	N/A	N/A
Benefit payments	(13,653)	(12,545)	(12,365)	(11,954)	(11,513)	(11,543)	N/A	N/A	N/A	N/A
Other changes				—	—	—	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 255,503</u>	<u>\$ 243,775</u>	<u>\$ 290,598</u>	<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>
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 2023 are:

- Valuation Method: Entry Age Normal actuarial cost method
- Discount rate: 3.25%
- Valuation of assets are carried on a market-value basis.
- Mortality: Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.

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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, 2023
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability - beginning	\$ 238,034	\$ 293,685	\$308,600	\$287,127	\$297,381	\$318,682	N/A	N/A	N/A	N/A
Service cost				—	—		N/A	N/A	N/A	N/A
Interest	8,653	5,730	6,012	7,682	11,599	10,903	N/A	N/A	N/A	N/A
Changes in benefit terms				—	—		N/A	N/A	N/A	N/A
Differences between expected and actual experience				—	—		N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(6,517)	(12,669)	(534)	3,290	(9,511)		N/A	N/A	N/A	N/A
Changes of assumptions	10,101	(34,313)	(4,348)	26,184	2,637	(17,731)	N/A	N/A	N/A	N/A
Benefit payments	(14,737)	(14,399)	(16,045)	(15,683)	(14,979)	(14,472)	N/A	N/A	N/A	N/A
Other changes				—	—		N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 235,534</u>	<u>\$ 238,034</u>	<u>\$293,685</u>	<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>
Covered-employee payroll	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	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.

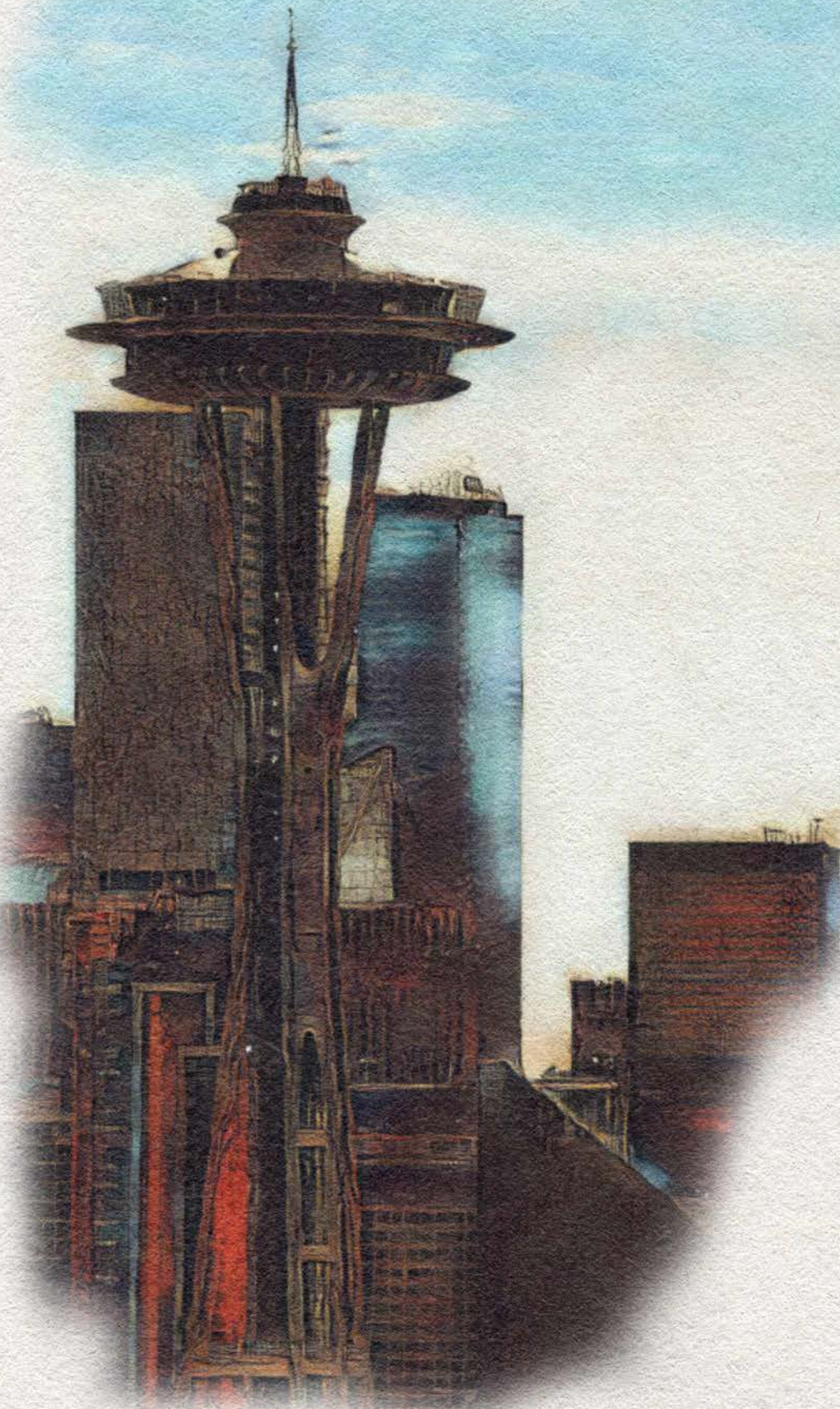
Method and assumptions used to determine OPEB liability for fiscal year end 2023 are:

- Valuation Method: Entry Age Normal actuarial cost method
- Discount rate: 3.25%
- Valuation of assets are carried on a market-value basis.
- Mortality: Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.

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.

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 **Education 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 **Coronavirus Recovery Fund** accounts for amounts received from the federal government, and the related expenses, for relief of the COVID-19 pandemic.

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 **Opioid Settlement Fund** receives proceeds from Washington State's settlement agreement with the nation's three largest opioid distributors. The City expects to receive \$14 million of the \$518 million settlement, with payments received annually over a seventeen-year period. The funds are to be used for opioid remediation, including improving and expanding treatment for opioid use and related disorders, supporting victim recovery efforts through housing and education, supporting first responders, and other efforts to mitigate the effects of the opioid epidemic.

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 **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 **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 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 **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 **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.

The **2022 Multipurpose Long-Term General Obligation Bond Fund** was established in 2021 to pay all or part of the costs of various elements of the City's capital improvement program such as the redevelopment of the central waterfront area, including certain improvements to the City-owned Seattle Aquarium facility, the repair of the West Seattle Bridge, and other City purposes approved by ordinance.

The **2023 Multipurpose Long-Term General Obligation Bond Fund** was established in 2022 to pay all or part of the costs of various elements of the City's capital improvement program such as the Alaskan Way Seawall, park and recreation facilities, police facilities, and fire facilities, information technology projects, a data center, and other City purposes approved by ordinance.

The **Alaskan Way Seawall Construction Fund** was established in 2013 to account for the issuance of and sale of unlimited tax general obligation bonds and bond anticipation notes, and authorized loans of resources from various City funds, to pay all or part of the costs of the design, construction, renovation, improvement and replacement of the Alaskan Way Seawall and associated public infrastructure.

The **Central Waterfront Improvement Fund** was established in 2012 to account for capital costs related to the Alaskan Way Viaduct and Seawall Replacement Program, including costs associated with the design and construction of the Central Waterfront component, costs for city administration, and costs eligible for financing by a future Local Improvement District. The fund shall receive all revenues including, but not limited to, revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations or gifts; property sales proceeds; and other monies as authorized by the City Council.

The **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 **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 **Municipal Civic Center Fund** was established in 1998 to account for the planning, design, and construction of the new Municipal Courthouse and police headquarters, the new City Hall, Key Tower major improvements, and other capital projects relating to the Civic Center.

The **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 **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 **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 **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 **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. As of 2021 the Beach Maintenance fund was rolled into the Shoreline Park Improvement Fund as the funds serve the same purpose for the city.

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.

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SUMMARY BY FUND TYPE
December 31, 2023
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2023
ASSETS					
Cash and Equity in Pooled Investments	\$ 678,209	\$ 18,625	\$ 177,287	\$ 163	\$ 874,284
Receivables, Net of Allowances	53,636	1,894	86,622	—	142,152
Due from Other Funds	2,149	30	617	1	2,797
Due from Other Governments	27,240	—	—	—	27,240
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	1,026	—	—	—	1,026
Total Assets	762,260	20,549	264,526	164	1,047,499
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 762,260	\$ 20,549	\$ 264,526	\$ 164	\$ 1,047,499
LIABILITIES					
Accounts Payable	\$ 63,151	\$ —	\$ 1,559	\$ —	\$ 64,710
Contracts Payable	436	—	5	—	441
Salaries, Benefits, and Taxes Payable	5,426	—	47	—	5,473
Due to Other Funds	200	2	1	—	203
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	31,237	—	—	—	31,237
Interfund Loans and Advances	14,757	—	—	—	14,757
Other Current Liabilities	20,098	—	88	—	20,186
Total Liabilities	135,305	2	1,700	—	137,007
DEFERRED INFLOWS OF RESOURCES					
	6,967	1,540	85,849	—	94,356
FUND BALANCES					
Nonspendable	475	—	—	50	525
Restricted	447,189	19,007	176,982	114	643,292
Committed	12,756	—	—	—	12,756
Assigned	165,570	—	—	—	165,570
Unassigned	(6,002)	—	(5)	—	(6,007)
Total Fund Balances	619,988	19,007	176,977	164	816,136
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 762,260	\$ 20,549	\$ 264,526	\$ 164	\$ 1,047,499

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2023
(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	\$ 47,687	\$ 3,295	\$ —	\$ 416	\$ 8,592	\$ 8,141
Receivables, Net of Allowances	10,045	272	—	1	4,089	316
Due from Other Funds	111	11	—	1	28	25
Due from Other Governments	1,570	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	449	—	—	—	577	—
Total Assets	59,862	3,578	—	418	13,286	8,482
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 59,862</u>	<u>\$ 3,578</u>	<u>\$ —</u>	<u>\$ 418</u>	<u>\$ 13,286</u>	<u>\$ 8,482</u>
LIABILITIES						
Accounts Payable	\$ 10,884	\$ 2	\$ —	\$ —	\$ 1,780	\$ 78
Contracts Payable	436	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	3,165	8	—	—	867	5
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	343	848	—	—	1,268	—
Interfund Loans and Advances	—	—	—	—	14,757	—
Other Current Liabilities	9,113	—	—	—	562	—
Total Liabilities	23,941	858	—	—	19,234	83
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	475	—	—	—	—	—
Restricted	21,266	—	—	—	—	—
Committed	—	—	—	—	—	—
Assigned	14,180	2,720	—	418	—	8,399
Unassigned	—	—	—	—	(5,948)	—
Total Fund Balances	35,921	2,720	—	418	(5,948)	8,399
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,862</u>	<u>\$ 3,578</u>	<u>\$ —</u>	<u>\$ 418</u>	<u>\$ 13,286</u>	<u>\$ 8,482</u>

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2023
(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	\$ 7,169	\$ 8,870	\$ 170,719	\$ 24,871	\$ 13,737	\$ 2,094
Receivables, Net of Allowances	101	26,658	5,146	(3,557)	22	9
Due from Other Funds	22	14	689	70	42	7
Due from Other Governments	—	9,636	4,857	686	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	7,292	45,178	181,411	22,070	13,801	2,110
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 7,292</u>	<u>\$ 45,178</u>	<u>\$ 181,411</u>	<u>\$ 22,070</u>	<u>\$ 13,801</u>	<u>\$ 2,110</u>
LIABILITIES						
Accounts Payable	\$ 4	\$ 20,965	\$ 1,845	\$ 407	\$ —	\$ 83
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	10	570	—	230	—	—
Due to Other Funds	—	—	168	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	2	1,070	869	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	8,377	43	1,628	—	—
Total Liabilities	14	29,914	3,126	3,134	—	83
DEFERRED INFLOWS OF RESOURCES						
	60	—	2,445	71	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	—	175,840	—	13,801	2,027
Committed	—	—	—	—	—	—
Assigned	7,218	15,264	—	18,865	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	7,218	15,264	175,840	18,865	13,801	2,027
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,292</u>	<u>\$ 45,178</u>	<u>\$ 181,411</u>	<u>\$ 22,070</u>	<u>\$ 13,801</u>	<u>\$ 2,110</u>

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2023
(In Thousands)**

	Education	2012 Library Levy	2019 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas
ASSETS						
Cash and Equity in Pooled Investments	\$ 123,473	\$ 1,066	\$ 27,037	\$ 14,892	\$ 77,385	\$ 10,634
Receivables, Net of Allowances	3,770	(58)	1,144	—	2,535	—
Due from Other Funds	384	3	88	40	260	35
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	127,627	1,011	28,269	14,932	80,180	10,669
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 127,627</u>	<u>\$ 1,011</u>	<u>\$ 28,269</u>	<u>\$ 14,932</u>	<u>\$ 80,180</u>	<u>\$ 10,669</u>
LIABILITIES						
Accounts Payable	\$ 10,824	\$ 24	\$ 484	\$ 249	\$ 2,400	\$ 3,577
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	353	(13)	57	5	54	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	1	352	—	—
Total Liabilities	11,177	11	542	606	2,454	3,577
DEFERRED INFLOWS OF RESOURCES						
	1,774	—	621	—	1,996	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	114,676	1,000	27,106	—	75,730	7,092
Committed	—	—	—	—	—	—
Assigned	—	—	—	14,326	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	114,676	1,000	27,106	14,326	75,730	7,092
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 127,627</u>	<u>\$ 1,011</u>	<u>\$ 28,269</u>	<u>\$ 14,932</u>	<u>\$ 80,180</u>	<u>\$ 10,669</u>

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2023
(In Thousands)**

	Transportation Benefit District	General Trust	Municipal Arts	General Donation and Gift Trust	Short-Term Rental Tax	Coronavirus Recovery
ASSETS						
Cash and Equity in Pooled Investments	\$ 62,171	\$ 3,153	\$ 12,818	\$ 3,472	\$ 10,273	\$ 34,655
Receivables, Net of Allowances	—	288	—	153	2,702	—
Due from Other Funds	211	23	39	10	31	—
Due from Other Governments	10,491	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	72,873	3,464	12,857	3,635	13,006	34,655
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 72,873</u>	<u>\$ 3,464</u>	<u>\$ 12,857</u>	<u>\$ 3,635</u>	<u>\$ 13,006</u>	<u>\$ 34,655</u>
LIABILITIES						
Accounts Payable	\$ 206	\$ 14	\$ 61	\$ 13	\$ 1,480	\$ 7,771
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	13	—	40	3	—	59
Due to Other Funds	—	—	—	—	—	32
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	26,837
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	6	—	6	—	10
Total Liabilities	219	20	101	22	1,480	34,709
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	3,444	—	3,613	—	—
Committed	—	—	12,756	—	—	—
Assigned	72,654	—	—	—	11,526	—
Unassigned	—	—	—	—	—	(54)
Total Fund Balances	72,654	3,444	12,756	3,613	11,526	(54)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 72,873</u>	<u>\$ 3,464</u>	<u>\$ 12,857</u>	<u>\$ 3,635</u>	<u>\$ 13,006</u>	<u>\$ 34,655</u>

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2023
(In Thousands)**

	Opioid Settlement Proceed	<u>2023</u>
ASSETS		
Cash and Equity in Pooled Investments	\$ 1,589	\$ 678,209
Receivables, Net of Allowances	—	53,636
Due from Other Funds	5	2,149
Due from Other Governments	—	27,240
Interfund Loans and Advances	—	—
Other Current Assets	—	1,026
	<u>1,594</u>	<u>762,260</u>
Total Assets	1,594	\$ 762,260
DEFERRED OUTFLOWS OF RESOURCES		
	<u>—</u>	<u>—</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,594</u>	<u>\$ 762,260</u>
LIABILITIES		
Accounts Payable	\$ —	\$ 63,151
Contracts Payable	—	436
Salaries, Benefits, and Taxes Payable	—	5,426
Due to Other Funds	—	200
Due to Other Governments	—	—
Revenues Collected in Advance	—	31,237
Interfund Loans and Advances	—	14,757
Other Current Liabilities	—	20,098
	<u>—</u>	<u>135,305</u>
Total Liabilities		<u>\$ 135,305</u>
DEFERRED INFLOWS OF RESOURCES		
	—	6,967
FUND BALANCES		
Nonspendable	—	475
Restricted	1,594	447,189
Committed	—	12,756
Assigned	—	165,570
Unassigned	—	(6,002)
	<u>1,594</u>	<u>619,988</u>
Total Fund Balances	1,594	619,988
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,594</u>	<u>\$ 762,260</u>

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
December 31, 2023
(In Thousands)**

	SEAS Reserve	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	2023
ASSETS					
Cash and Equity in Pooled Investments	\$ —	\$ 8,786	\$ 924	\$ 8,915	\$ 18,625
Receivables, Net of Allowances	—	736	1,158	—	1,894
Due from Other Funds	—	—	3	27	30
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	—	9,522	2,085	8,942	20,549
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ —	\$ 9,522	\$ 2,085	\$ 8,942	\$ 20,549
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	2	—	—	2
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	—	2	—	—	2
DEFERRED INFLOWS OF RESOURCES					
	—	500	1,040	—	1,540
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	—	9,020	1,045	8,942	19,007
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	—	9,020	1,045	8,942	19,007
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ —	\$ 9,522	\$ 2,085	\$ 8,942	\$ 20,549

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2023
(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	\$ 564	\$ 21	\$ 2	\$ 1,399	\$ 26	\$ 4,023
Receivables, Net of Allowances	—	—	—	—	—	2
Due from Other Funds	2	—	—	4	—	13
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	566	21	2	1,403	26	4,038
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 566</u>	<u>\$ 21</u>	<u>\$ 2</u>	<u>\$ 1,403</u>	<u>\$ 26</u>	<u>\$ 4,038</u>
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13
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	—	—	—	—	—	13
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	566	21	2	1,403	26	4,025
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	566	21	2	1,403	26	4,025
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 566</u>	<u>\$ 21</u>	<u>\$ 2</u>	<u>\$ 1,403</u>	<u>\$ 26</u>	<u>\$ 4,038</u>

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2023
(In Thousands)

	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District Nos. 6750	Local Improvement, District Nos. 6751
ASSETS						
Cash and Equity in Pooled Investments	\$ 1,860	\$ 1,072	\$ 131	\$ 8	\$ 90	\$ 45,057
Receivables, Net of Allowances	—	—	—	—	—	86,534
Due from Other Funds	6	3	—	—	—	190
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	1,866	1,075	131	8	90	131,781
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 1,866	\$ 1,075	\$ 131	\$ 8	\$ 90	\$ 131,781
LIABILITIES						
Accounts Payable	\$ 3	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	1	—	—	—	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	4	—	—	—	—	—
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	85,849
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	1,862	1,075	131	8	90	45,932
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	1,862	1,075	131	8	90	45,932
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,866	\$ 1,075	\$ 131	\$ 8	\$ 90	\$ 131,781

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2023
(In Thousands)

	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	Central Waterfront Improvement	2013 King County Parks Levy Fund
ASSETS						
Cash and Equity in Pooled Investments	\$ 3	\$ 31	\$ —	\$ 19	\$ 30,472	\$ 3,478
Receivables, Net of Allowances	—	—	—	—	—	—
Due from Other Funds	—	—	—	—	80	8
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	3	31	—	19	30,552	3,486
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 3</u>	<u>\$ 31</u>	<u>\$ —</u>	<u>\$ 19</u>	<u>\$ 30,552</u>	<u>\$ 3,486</u>
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 40
Contracts Payable	—	—	5	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	2	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	5	—	2	40
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	3	31	—	19	30,550	3,446
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	(5)	—	—	—
Total Fund Balances	3	31	(5)	19	30,550	3,446
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3</u>	<u>\$ 31</u>	<u>\$ —</u>	<u>\$ 19</u>	<u>\$ 30,552</u>	<u>\$ 3,486</u>

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2023
(In Thousands)

	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	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond
ASSETS						
Cash and Equity in Pooled Investments	\$ 73	\$ 552	\$ 924	\$ 5,623	\$ 494	\$ 3,445
Receivables, Net of Allowances	—	—	—	86	—	—
Due from Other Funds	—	2	3	17	2	12
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	73	554	927	5,726	496	3,457
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 73</u>	<u>\$ 554</u>	<u>\$ 927</u>	<u>\$ 5,726</u>	<u>\$ 496</u>	<u>\$ 3,457</u>
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —
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	—	—	—	86	—	—
Total Liabilities	—	—	—	87	—	—
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	73	554	927	5,639	496	3,457
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	73	554	927	5,639	496	3,457
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 73</u>	<u>\$ 554</u>	<u>\$ 927</u>	<u>\$ 5,726</u>	<u>\$ 496</u>	<u>\$ 3,457</u>

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2023
(In Thousands)

	2020 Multipurpose Long-Term General Obligation Bond	2021 Multipurpose Long-Term General Obligation Bond	2022 Multipurpose Long-Term General Obligation Bond	2023 Multipurpose Long-Term General Obligation Bond	2023
ASSETS					
Cash and Equity in Pooled Investments	\$ 386	\$ 17,532	\$ 31,381	\$ 28,621	\$ 177,287
Receivables, Net of Allowances	—	—	—	—	86,622
Due from Other Funds	—	63	107	105	617
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	386	17,595	31,488	28,726	264,526
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 386	\$ 17,595	\$ 31,488	\$ 28,726	\$ 264,526
LIABILITIES					
Accounts Payable	\$ 10	\$ —	\$ 1,432	\$ 60	\$ 1,559
Contracts Payable	—	—	—	—	5
Salaries, Benefits, and Taxes Payable	—	2	40	2	47
Due to Other Funds	1	—	—	—	1
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	2	—	—	—	88
Total Liabilities	13	2	1,472	62	1,700
DEFERRED INFLOWS OF RESOURCES					
	—	—	—	—	85,849
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	373	17,593	30,016	28,664	176,982
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	(5)
Total Fund Balances	373	17,593	30,016	28,664	176,977
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 386	\$ 17,595	\$ 31,488	\$ 28,726	\$ 264,526

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
December 31, 2023
(In Thousands)**

	<u>H. H. Dearborn</u>	<u>2023</u>
ASSETS		
Cash and Equity in Pooled Investments	\$ 163	\$ 163
Receivables, Net of Allowances	—	—
Due from Other Funds	1	1
Due from Other Governments	—	—
Interfund Loans and Advances	—	—
Other Current Assets	—	—
Total Assets	<u>164</u>	<u>164</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>—</u>	<u>—</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 164</u>	<u>\$ 164</u>
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	<u>—</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES	<u>—</u>	<u>—</u>
FUND BALANCES		
Nonspendable	50	50
Restricted	114	114
Committed	—	—
Assigned	—	—
Unassigned	—	—
Total Fund Balances	<u>164</u>	<u>164</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 164</u>	<u>\$ 164</u>

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SUMMARY BY FUND TYPE
For the Year Ended December 31, 2023

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2023
REVENUES					
Taxes					
Property Taxes	\$ 280,085	\$ 16,088	\$ —	\$ —	\$ 296,173
Sales Taxes	57,402	—	—	—	57,402
Excise Taxes	28,773	—	—	—	28,773
Other Taxes	38,261	—	—	—	38,261
Licenses and Permits	1,300	—	—	—	1,300
Grants, Shared Revenues, and Contributions	156,590	1,638	29,582	—	187,810
Charges for Services	121,051	—	700	—	121,751
Fines and Forfeits	12,666	12	27	—	12,705
Concessions, Parking Fees, and Space Rent	33,679	181	—	—	33,860
Program Income, Interest, and Miscellaneous Revenues	79,234	1,595	34,590	8	115,427
Total Revenues	809,041	19,514	64,899	8	893,462
EXPENDITURES					
Current					
General Government	28,764	—	19,837	—	48,601
Public Safety	7,449	—	—	—	7,449
Physical Environment	437	—	—	—	437
Transportation	83,372	—	23,775	—	107,147
Economic Environment	266,286	—	—	—	266,286
Health and Human Services	153,968	—	—	—	153,968
Culture and Recreation	169,350	67	3,804	—	173,221
Capital Outlay					
General Government	—	—	8,668	—	8,668
Public Safety	146	—	—	—	146
Transportation	2,724	—	58,072	—	60,796
Health and Human Services	—	—	—	—	—
Culture and Recreation	38,413	41	26,215	—	64,669
Debt Service					
Principal	—	75,555	1,490	—	77,045
Interest	—	39,621	2,926	—	42,547
Bond Issuance Cost	—	263	268	—	531
Other	—	—	—	—	—
Total Expenditures	750,909	115,547	145,055	—	1,011,511
Excess (Deficiency) of Revenues over Expenditures	58,132	(96,033)	(80,156)	8	(118,049)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	47,995	45,930	—	93,925
Premium on Bonds Issued	—	6,659	5,771	—	12,430
Payment to Refunded Bond Escrow Agent	—	(54,391)	—	—	(54,391)
Sales of Capital Assets	—	—	—	—	—
Leases & Installments	—	—	—	—	—
Transfers In	7,136	96,822	10,126	—	114,084
Transfers Out	(17,850)	—	(28,313)	—	(46,163)
Total Other Financing Sources (Uses)	(10,714)	97,085	33,514	—	119,885
Net Change in Fund Balance	47,418	1,052	(46,642)	8	1,836
Fund Balances - Beginning of Year	572,570	17,955	223,619	156	814,300
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	572,570	17,955	223,619	156	814,300
Fund Balances - End of Year	\$ 619,988	\$ 19,007	\$ 176,977	\$ 164	\$ 816,136

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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, 2023
(In Thousands)**

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Municipal Arts
REVENUES						
Taxes						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Sales Taxes	—	—	—	—	—	—
Excise Taxes	—	—	—	—	—	—
Other Taxes	—	—	—	—	—	—
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	7,337	752	—	—	3,003	—
Charges for Services	35,070	5,162	—	—	6,268	2,744
Fines and Forfeits	1	—	—	—	—	—
Concessions, Parking Fees, and Space Rent	11,132	—	—	—	22,547	—
Program Income, Interest, and Miscellaneous Revenues	3,151	200	—	19	(568)	680
Total Revenues	56,691	6,114	—	19	31,250	3,424
EXPENDITURES						
Current						
General Government	5,380	—	—	—	1,157	58
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	12,362	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	38,623	—	—	—	26,214	4,010
Capital Outlay						
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	27	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	14,301	—	—	—	89	—
Debt Service						
Total Expenditures	58,304	12,389	—	—	27,460	4,068
Excess (Deficiency) of Revenues over Expenditures	(1,613)	(6,275)	—	19	3,790	(644)
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	5,526	—	—	—	78
Transfers Out	(1,151)	—	—	—	(922)	(78)
Total Other Financing Sources (Uses)	(1,151)	5,526	—	—	(922)	—
Net Change in Fund Balance	(2,764)	(749)	—	19	2,868	(644)
Fund Balances - Beginning of Year	38,685	3,469	—	399	(8,816)	13,400
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	38,685	3,469	—	399	(8,816)	13,400
Fund Balances - End of Year	\$ 35,921	\$ 2,720	\$ —	\$ 418	\$ (5,948)	\$ 12,756

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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, 2023
(In Thousands)**

	Wheelchair Access	Short Term Rental Tax	Election Voucher	Coronavirus Recovery	General Trust
REVENUES					
Taxes					
Property Taxes	\$ —	\$ —	\$ 2,973	\$ —	\$ —
Sales Taxes	—	—	—	—	—
Excise Taxes	—	11,402	—	—	—
Other Taxes	—	—	—	—	—
Licenses and Permits	1,300	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	34,224	2,659
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	372	181	377	—	353
Total Revenues	1,672	11,583	3,350	34,224	3,012
EXPENDITURES					
Current					
General Government	1,098	—	3,822	7,498	(15)
Public Safety	—	—	—	88	5,075
Physical Environment	—	—	—	4	—
Transportation	—	—	—	2,755	—
Economic Environment	—	3,702	—	15,402	—
Health and Human Services	—	—	—	(2,131)	—
Culture and Recreation	—	—	—	2,461	—
Capital Outlay					
Public Safety	—	—	—	—	7
Physical Environment	—	—	—	—	—
Transportation	—	—	—	33	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Debt Service					
Total Expenditures	1,098	3,702	3,822	26,110	5,067
Excess (Deficiency) of Revenues over Expenditures	574	7,881	(472)	8,114	(2,055)
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	32
Transfers Out	—	(2,005)	—	(8,168)	—
Total Other Financing Sources (Uses)	—	(2,005)	—	(8,168)	32
Net Change in Fund Balance	574	5,876	(472)	(54)	(2,023)
Fund Balances - Beginning of Year	7,825	5,650	7,690	—	5,467
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	7,825	5,650	7,690	—	5,467
Fund Balances - End of Year	\$ 8,399	\$ 11,526	\$ 7,218	\$ (54)	\$ 3,444

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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, 2023

(In Thousands)

	General Donation & Gift Trust	Human Service Operating	Low-Income Housing	Office Of Housing	Education and Development Services	Preschool Levy 2014
REVENUES						
Taxes						
Property Taxes	\$ —	\$ 669	\$ 36,852	\$ 3,534	\$ 2	\$ 1
Sales Taxes	—	—	4,280	—	—	—
Excise Taxes	—	—	—	—	—	—
Other Taxes	—	—	—	—	—	—
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,018	95,255	11,019	1,323	—	—
Charges for Services	—	2,818	57,481	7,157	—	—
Fines and Forfeits	—	13	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	388	(70)	58,172	1,259	747	195
Total Revenues	1,406	98,685	167,804	13,273	749	196
EXPENDITURES						
Current						
General Government	—	5,151	2,685	1,221	—	—
Public Safety	138	176	—	—	—	—
Physical Environment	433	—	—	—	—	—
Transportation	(43)	—	—	—	—	—
Economic Environment	3	35,656	158,950	9,747	—	—
Health and Human Services	—	55,186	—	185	1,895	1,660
Culture and Recreation	11	—	—	—	—	—
Capital Outlay						
Public Safety	139	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	129
Debt Service						
Total Expenditures	681	96,169	161,635	11,153	1,895	1,789
Excess (Deficiency) of Revenues over Expenditures	725	2,516	6,169	2,120	(1,146)	(1,593)
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	725	2,516	6,169	2,120	(1,146)	(1,593)
Fund Balances - Beginning of Year	2,888	12,748	169,671	16,745	14,947	3,620
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	2,888	12,748	169,671	16,745	14,947	3,620
Fund Balances - End of Year	\$ 3,613	\$ 15,264	\$ 175,840	\$ 18,865	\$ 13,801	\$ 2,027

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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, 2023
(In Thousands)**

	Education	2012 Library Levy	2019 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas
REVENUES						
Taxes						
Property Taxes	\$ 88,571	\$ 1	\$ 31,003	\$ —	\$ 116,479	\$ —
Sales Taxes	—	—	—	—	—	—
Excise Taxes	—	—	—	—	827	—
Other Taxes	—	—	—	—	—	38,261
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	4,352	—	—	—	(1)	—
Fines and Forfeits	—	—	—	12,652	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	5,422	141	1,217	455	1,924	916
Total Revenues	98,345	142	32,220	13,107	119,229	39,177
EXPENDITURES						
Current						
General Government	566	—	91	—	52	—
Public Safety	—	—	—	1,972	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	7,296	—	—
Economic Environment	—	—	—	—	—	42,826
Health and Human Services	97,173	—	—	—	—	—
Culture and Recreation	—	500	26,075	—	71,456	—
Capital Outlay						
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	752	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	1,089	3,965	—	18,840	—
Debt Service						
Total Expenditures	97,739	1,589	30,131	10,020	90,348	42,826
Excess (Deficiency) of Revenues over Expenditures	606	(1,447)	2,089	3,087	28,881	(3,649)
OTHER FINANCING SOURCES (USES)						
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	1,500	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	1,500	—	—
Net Change in Fund Balance	606	(1,447)	2,089	4,587	28,881	(3,649)
Fund Balances - Beginning of Year	114,070	2,447	25,017	9,739	46,849	10,741
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	114,070	2,447	25,017	9,739	46,849	10,741
Fund Balances - End of Year	\$ 114,676	\$ 1,000	\$ 27,106	\$ 14,326	\$ 75,730	\$ 7,092

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2023
(In Thousands)**

	Transportation Benefit District	Opioid Settlement Proceed	2023
REVENUES			
Taxes			
Property Taxes	\$ —	\$ —	\$ 280,085
Sales Taxes	53,122	—	57,402
Excise Taxes	16,544	—	28,773
Other Taxes	—	—	38,261
Licenses and Permits	—	—	1,300
Grants, Shared Revenues, and Contributions	—	—	156,590
Charges for Services	—	—	121,051
Fines and Forfeits	—	—	12,666
Concessions, Parking Fees, and Space Rent	—	—	33,679
Program Income, Interest, and Miscellaneous Revenues	3,167	536	79,234
Total Revenues	72,833	536	809,041
EXPENDITURES			
Current			
General Government	—	—	28,764
Public Safety	—	—	7,449
Physical Environment	—	—	437
Transportation	61,002	—	83,372
Economic Environment	—	—	266,286
Health and Human Services	—	—	153,968
Culture and Recreation	—	—	169,350
Capital Outlay			
Public Safety	—	—	146
Transportation	1,912	—	2,724
Health and Human Services	—	—	—
Culture and Recreation	—	—	38,413
Debt Service			
Total Expenditures	62,914	—	750,909
Excess (Deficiency) of Revenues over Expenditures	9,919	536	58,132
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	—	—	—
Transfers In	—	—	7,136
Transfers Out	(5,526)	—	(17,850)
Total Other Financing Sources (Uses)	(5,526)	—	(10,714)
Net Change in Fund Balance	4,393	536	47,418
Fund Balances - Beginning of Year	68,261	1,058	572,570
Restatements/Prior-Year Adjustments	—	—	—
Fund Balances - Beginning of Year as Restated	68,261	1,058	572,570
Fund Balances - End of Year	\$ 72,654	\$ 1,594	\$ 619,988

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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, 2023
(In Thousands)**

	SEAS Reserve	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2023
REVENUES					
Taxes					
Property Taxes	\$ —	\$ 16,088	\$ —	\$ —	\$ 16,088
Sales Taxes	—	—	—	—	—
Business Taxes	—	—	—	—	—
Excise Taxes	—	—	—	—	—
Other Taxes	—	—	—	—	—
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	627	1,011	—	1,638
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	12	—	12
Concessions, Parking Fees, and Space Rent	—	181	—	—	181
Program Income, Interest, and Miscellaneous Revenues	—	1,095	83	417	1,595
Total Revenues	—	17,991	1,106	417	19,514
EXPENDITURES					
Current					
Culture and Recreation	—	67	—	—	67
Capital Outlay					
Culture and Recreation	—	41	—	—	41
Debt Service					
Principal	—	75,345	210	—	75,555
Interest	—	39,612	9	—	39,621
Bond Issuance Cost	—	263	—	—	263
Other	—	—	—	—	—
Total Expenditures	—	115,328	219	—	115,547
Excess (Deficiency) of Revenues over Expenditures	—	(97,337)	887	417	(96,033)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	47,995	—	—	47,995
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	6,659	—	—	6,659
Payment to Refunded Bond Escrow Agent	—	(54,391)	—	—	(54,391)
Sales of Capital Assets	—	—	—	—	—
Leases & Installments	—	—	—	—	—
Transfers In	—	96,822	—	—	96,822
Transfers Out	—	—	—	—	—
Total Other Financing Sources (Uses)	—	97,085	—	—	97,085
Net Change in Fund Balance	—	(252)	887	417	1,052
Fund Balances - Beginning of Year	—	9,272	158	8,525	17,955
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	—	9,272	158	8,525	17,955
Fund Balances - End of Year	\$ —	\$ 9,020	\$ 1,045	\$ 8,942	\$ 19,007

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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, 2023
(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						
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	700	—	—
Fines and Forfeits	—	—	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	27	3	—	23	1	356
Total Revenues	27	3	—	723	1	356
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Culture and Recreation	—	47	—	9	—	1,222
Capital Outlay						
General Government	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	(3)	—	—	—	1,911
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	44	—	9	—	3,133
Excess (Deficiency) of Revenues over Expenditures	27	(41)	—	714	1	(2,777)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	27	(41)	—	714	1	(2,777)
Fund Balances - Beginning of Year	539	62	2	689	25	6,802
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	539	62	2	689	25	6,802
Fund Balances - End of Year	\$ 566	\$ 21	\$ 2	\$ 1,403	\$ 26	\$ 4,025

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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, 2023
(In Thousands)**

	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Local Improvement, District Nos. 6750	Local Improvement, District Nos. 6751	2011 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes						
Grants, Shared Revenues, and Contributions	200	—	—	—	1,434	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	26	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	96	50	6	4	9,019	—
Total Revenues	296	50	6	4	10,479	—
EXPENDITURES						
Current						
General Government	—	—	7	—	16	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	—	6,238	—
Culture and Recreation	375	—	—	—	11	—
Capital Outlay						
General Government	—	—	—	—	—	—
Transportation	—	—	—	—	32,458	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	13,992	—
Debt Service						
Principal	—	—	—	—	1,490	—
Interest	—	—	—	—	2,926	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	375	—	7	—	57,131	—
Excess (Deficiency) of Revenues over Expenditures	(79)	50	(1)	4	(46,652)	—
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	(10,127)	—
Total Other Financing Sources (Uses)	—	—	—	—	(10,127)	—
Net Change in Fund Balance	(79)	50	(1)	4	(56,779)	—
Fund Balances - Beginning of Year	1,941	1,025	132	86	102,711	3
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	1,941	1,025	132	86	102,711	3
Fund Balances - End of Year	\$ 1,862	\$ 1,075	\$ 131	\$ 90	\$ 45,932	\$ 3

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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, 2023
(In Thousands)**

	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond
REVENUES						
Taxes						
Grants, Shared Revenues, and Contributions	—	—	—	25,000	2,948	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	7	—	—	287	150	8
Total Revenues	7	—	—	25,287	3,098	8
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Transportation	—	—	—	2,072	—	—
Culture and Recreation	19	—	—	65	1,488	—
Capital Outlay						
General Government	—	—	—	—	—	—
Transportation	—	—	—	14,771	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	82	—	—	3,257	458	76
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	101	—	—	20,165	1,946	76
Excess (Deficiency) of Revenues over Expenditures	(94)	—	—	5,122	1,152	(68)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	10,126	—	—
Transfers Out	—	—	—	—	(1,118)	—
Total Other Financing Sources (Uses)	—	—	—	10,126	(1,118)	—
Net Change in Fund Balance	(94)	—	—	15,248	34	(68)
Fund Balances - Beginning of Year	125	(5)	19	15,302	3,412	141
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	125	(5)	19	15,302	3,412	141
Fund Balances - End of Year	\$ 31	\$ (5)	\$ 19	\$ 30,550	\$ 3,446	\$ 73

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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, 2023

(In Thousands)

	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond	2020 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes						
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	1	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	55	82	265	90	216	30
Total Revenues	55	82	265	91	216	30
EXPENDITURES						
Current						
General Government	—	692	—	248	812	—
Public Safety	—	—	—	—	—	—
Transportation	9	—	43	1,046	194	354
Culture and Recreation	9	—	—	—	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Transportation	—	—	3	(65)	(194)	(1)
Culture and Recreation	470	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	488	692	46	1,229	812	353
Excess (Deficiency) of Revenues over Expenditures	(433)	(610)	219	(1,138)	(596)	(323)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	(433)	(610)	219	(1,138)	(596)	(323)
Fund Balances - Beginning of Year	987	1,537	5,420	1,634	4,053	696
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	987	1,537	5,420	1,634	4,053	696
Fund Balances - End of Year	\$ 554	\$ 927	\$ 5,639	\$ 496	\$ 3,457	\$ 373

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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, 2023
(In Thousands)**

	2021 Multipurpose Long-Term General Obligation Bond	2022 Multipurpose Long-Term General Obligation Bond	Garage Proceeds Disposition	2023 Multipurpose Long-Term General Obligation Bond	2023
REVENUES					
Taxes					
Grants, Shared Revenues, and Contributions	—	—	—	—	29,582
Charges for Services	—	—	—	—	700
Fines and Forfeits	—	—	—	—	27
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	1,777	3,206	—	18,832	34,590
Total Revenues	1,777	3,206	—	18,832	64,899
EXPENDITURES					
Current					
General Government	215	15,836	—	2,011	19,837
Public Safety	—	—	—	—	—
Transportation	10,786	3,033	—	—	23,775
Culture and Recreation	550	—	—	9	3,804
Capital Outlay					
General Government	—	—	—	8,668	8,668
Transportation	3,342	7,758	—	—	58,072
Culture and Recreation	(28)	—	—	6,000	26,215
Debt Service					
Principal	—	—	—	—	1,490
Interest	—	—	—	—	2,926
Bond Issuance Cost	—	—	—	268	268
Total Expenditures	14,865	26,627	—	16,956	145,055
Excess (Deficiency) of Revenues over Expenditures	(13,088)	(23,421)	—	1,876	(80,156)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	45,930	45,930
Premium on Bonds Issued	—	—	—	5,771	5,771
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	10,126
Transfers Out	(1,255)	(3,567)	—	(12,246)	(28,313)
Total Other Financing Sources (Uses)	(1,255)	(3,567)	—	39,455	33,514
Net Change in Fund Balance	(14,343)	(26,988)	—	41,331	(46,642)
Fund Balances - Beginning of Year	31,936	57,004	8	(12,667)	223,619
Restatements/Prior-Year Adjustments	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	31,936	57,004	8	(12,667)	223,619
Fund Balances - End of Year	\$ 17,593	\$ 30,016	\$ 8	\$ 28,664	\$ 176,977

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
For the Year Ended December 31, 2023
(In Thousands)**

	<u>H. H. Dearborn</u>	<u>2023</u>
REVENUES		
Program Income, Interest, and Miscellaneous Revenues	\$ 8	\$ 8
Total Revenues	8	8
EXPENDITURES		
Total Expenditures	—	—
Excess (Deficiency) of Revenues over Expenditures	8	8
OTHER FINANCING SOURCES (USES)		
Total Other Financing Sources (Uses)	—	—
Net Change in Fund Balance	8	8
Fund Balances - Beginning of Year	156	156
Restatements/Prior-Year Adjustments	—	—
Fund Balances - Beginning of Year as Restated	156	156
Fund Balances - End of Year	<u>\$ 164</u>	<u>\$ 164</u>

Budget and Actual

--	--



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PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ —	\$ —	\$ —	\$ —
Sales Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	—	—	—	—
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	1,327	1,327	7,337	6,010
Charges for Services	32,288	32,288	35,070	2,782
Fines and Forfeits	—	—	1	1
Concessions, Parking Fees, and Space Rent	8,359	8,359	11,132	2,773
Program Income, Interest, and Miscellaneous Revenues	1,368	1,368	3,151	1,783
Total Revenues	43,342	43,342	56,691	13,349
EXPENDITURES AND ENCUMBRANCES				
CITYWIDE				
Golf Course Programs	—	—	—	—
PARKS & RECREATION				
2008 Parks Levy	—	3,945	—	(3,945)
Building For The Future Program - Construction in Progress	300	32,736	9,749	(22,987)
Debt & Special Funding	1,426	6,358	818	(5,540)
Departmentwide Programs	8,619	8,877	6,960	(1,917)
Fix It First Program - Construction in Progress	913	37,341	6,350	(30,991)
Golf Course Programs	13,666	14,210	14,133	(77)
Leadership & Administration	2,224	2,224	2,201	(23)
Maintaining Parks & Facilities	—	—	—	—
Parks & Facilities - Maintenance & Repairs	3,396	3,396	3,389	(7)
Recreation Facility Programs	9,474	10,152	9,082	(1,070)
SR520 Mitigation	—	—	—	—
Zoo & Aquarium Programs	204	204	180	(24)
Total Expenditures and Encumbrances	40,222	119,443	52,862	(66,581)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	3,120	(76,101)	3,829	79,930

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PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
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	—	—	—	—
Leases & Installments	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	(1,151)	(1,151)
Total Other Financing Sources (Uses)	—	—	(1,151)	(1,151)
Net Change in Fund Balance	<u>\$ 3,120</u>	<u>\$ (76,101)</u>	2,678	<u>\$ 78,779</u>
Fund Balance - Beginning of Year			38,685	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(5,442)	
Fund Balance - End of Year			<u>\$ 35,921</u>	

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SEATTLE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ —	\$ —	\$ —	\$ —
Sales Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	—	—	—	—
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	1,582	1,582	3,003	1,421
Charges for Services	5,448	5,448	6,268	820
Fines and Forfeits	—	—	—	—
Concessions, Parking Fees, and Space Rent	20,072	20,072	22,547	2,475
Program Income, Interest, and Miscellaneous Revenues	804	804	(568)	(1,372)
Total Revenues	27,906	27,906	31,250	3,344
EXPENDITURES AND ENCUMBRANCES				
SEATTLE CENTER				
Building & Campus Improvements	—	4,247	(49)	(4,296)
Campus	16,392	17,738	16,795	(943)
Leadership & Administration	4,112	4,112	5,146	1,034
McCaw Hall	5,443	5,443	4,426	(1,017)
Monorail Rehabilitation	1,255	25,012	631	(24,381)
Waterfront	—	596	511	(85)
Total Expenditures and Encumbrances	27,202	57,148	27,460	(29,688)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	704	(29,242)	3,790	33,032
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	—	—	—	—
Leases & Installments	—	—	—	—
Transfers In	327	—	—	—
Transfers Out	—	—	(922)	(922)
Total Other Financing Sources (Uses)	327	—	(922)	(922)
Net Change in Fund Balance	\$ 1,031	\$ (29,242)	2,868	\$ 32,110
Fund Balance - Beginning of Year			(8,816)	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			—	
Fund Balance - End of Year			\$ (5,948)	

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HUMAN SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ —	\$ —	\$ 669	\$ 669
Sales Taxes	—	—	—	—
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	—	—	669	669
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	78,664	78,664	95,255	16,591
Charges for Services	2,310	2,310	2,818	508
Fines and Forfeits	—	—	13	13
Concessions, Parking Fees, and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	—	(70)	(70)
Total Revenues	80,974	80,974	98,685	17,711
EXPENDITURES AND ENCUMBRANCES				
HUMAN SERVICES DEPARTMENT				
Addressing Homelessness	9,124	34,055	17,230	(16,825)
Preparing Youth for Success	156	100	26	(74)
Promoting Healthy Aging	58,917	94,240	58,668	(35,572)
Promoting Public Health	—	7,009	—	(7,009)
Leadership & Administration	4,294	6,927	4,217	(2,710)
Supporting Affordability & Livability	11,184	31,121	15,435	(15,686)
Supporting Safe Communities	86	1,041	184	(857)
Total Expenditures and Encumbrances	83,761	174,493	95,760	(78,733)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(2,787)	(93,519)	2,925	96,444
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	—	—	—	—
Leases & Installments	—	—	—	—
Transfers In	2,535	2,535	—	(2,535)
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	2,535	2,535	—	(2,535)
Net Change in Fund Balance	\$ (252)	\$ (90,984)	2,925	\$ 93,909
Fund Balance - Beginning of Year			12,748	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(409)	
Fund Balance - End of Year			\$ 15,264	

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LOW-INCOME HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ 37,862	\$ 37,862	\$ 36,852	\$ (1,010)
Sales Taxes	3,500	3,500	4,280	780
Business Taxes	—	—	—	—
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Total Taxes	41,362	41,362	41,132	(230)
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	11,987	11,987	11,019	(968)
Charges for Services	45,900	45,900	57,481	11,581
Fines and Forfeits	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	6,000	6,000	58,172	52,172
Total Revenues	105,249	105,249	167,804	62,555
EXPENDITURES AND ENCUMBRANCES				
HOUSING OFFICE				
Homeownership & Sustainability	12,099	39,808	13,045	(26,763)
Multifamily Housing	86,364	265,900	148,590	(117,310)
Leadership & Administration	867	—	—	—
FIRE DEPARTMENT				
Operations	—	—	—	—
Total Expenditures and Encumbrances	99,330	305,708	161,635	(144,073)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	5,919	(200,459)	6,169	206,628
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	—	—	—	—
Leases & Installments	—	—	—	—
Transfers In	(636)	(636)	—	636
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	(636)	(636)	—	636
Net Change in Fund Balance	\$ 5,283	\$ (201,095)	6,169	\$ 207,264
Fund Balance - Beginning of Year			169,671	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			—	
Fund Balance - End of Year			\$ 175,840	

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OFFICE OF HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023
(In Thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property Taxes	\$ 3,567	\$ 3,567	\$ 3,534	\$ (33)
Sales Taxes			—	—
Business Taxes			—	—
Excise Taxes			—	—
Other Taxes			—	—
Total Taxes	3,567	3,567	3,534	(33)
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	1,655	1,655	1,323	(332)
Charges for Services	6,165	6,165	7,157	992
Fines and Forfeits	—	—	—	—
Concessions, Parking Fees, and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	—	1,259	1,259
Total Revenues	11,387	11,387	13,273	1,886
EXPENDITURES AND ENCUMBRANCES				
HOUSING OFFICE				
Homeownership & Sustainability	2,547	3,450	2,606	(844)
Multifamily Housing	5,414	2,410	6,166	3,756
Leadership & Administration	6,635	8,310	2,381	(5,929)
Total Expenditures and Encumbrances	14,596	14,170	11,153	(3,017)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(3,209)	(2,783)	2,120	4,903
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	—	—	—	—
Leases & Installments	—	—	—	—
Transfers In	71	71	—	(71)
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	71	71	—	(71)
Net Change in Fund Balance	<u>\$ (3,138)</u>	<u>\$ (2,712)</u>	2,120	<u>\$ 4,832</u>
Fund Balance - Beginning of Year			16,745	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			—	
Fund Balance - End of Year			\$ 18,865	

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.

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COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

December 31, 2023

(In Thousands)

	Construction & Inspections	Solid Waste	Total
ASSETS			
<i>Current Assets</i>			
Operating Cash and Equity in Pooled Investments	\$ 96,805	\$ 198,364	\$ 295,169
Receivables, Net of Allowances			
Accounts	3,465	29,238	32,703
Interest and Dividends	21	—	21
Unbilled	—	18,491	18,491
Due from Other Funds	292	729	1,021
Due from Other Governments	375	1,107	1,482
Materials and Supplies Inventory	—	213	213
Interfund Loan & Advances	—	—	—
Prepayments and Other Current Assets	70	29	99
Short Term Lease Receivable	—	—	—
Total Current Assets	101,028	248,171	349,199
<i>Noncurrent Assets</i>			
Restricted Cash and Equity in Pooled Investments	—	48,523	48,523
Landfill Closure and Postclosure Costs, Net	—	18,626	18,626
Regulatory Asset	—	1,531	1,531
Other Charges	—	1,136	1,136
Capital Assets			
Land and Land Rights	—	26,883	26,883
Plant in Service, Excluding Land	—	251,461	251,461
Less Accumulated Depreciation	—	(96,865)	(96,865)
Buildings and Improvements	—	—	—
Less Accumulated Depreciation	—	—	—
Machinery and Equipment	713	—	713
Less Accumulated Depreciation	(713)	—	(713)
Construction in Progress	—	6,077	6,077
Other Property, Net	3,718	1,530	5,248
Long Term Lease Receivable	—	—	—
Long Term PPP Receivable	—	—	—
Right to Use Lease and Subscription	207	145	352
Less Right to Use Lease and Subscription Accumulated Amortization	(138)	(77)	(215)
Total Noncurrent Assets	3,787	258,970	262,757
Total Assets	104,815	507,141	611,956
DEFERRED OUTFLOWS OF RESOURCES	33,246	10,795	44,041
Total Assets and Deferred Outflows of Resources	\$ 138,061	\$ 517,936	\$ 655,997

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COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

December 31, 2023

(In Thousands)

LIABILITIES	Construction & Insepection	Solid Waste	Total
<i>Current Liabilities</i>			
Accounts Payable	\$ 3,660	\$ 18,069	\$ 21,729
Salaries, Benefits, and Payroll Taxes Payable	1,891	757	2,648
Compensated Absences Payable	231	79	310
Due to Other Funds	—	—	—
Due to Other Governments	22	—	22
Interest Payable	—	1,586	1,586
Taxes Payable	—	970	970
Revenue Bonds Due Within One Year	—	8,160	8,160
Claims Payable	95	3,106	3,201
Landfill Closure and Postclosure Liability	—	3,874	3,874
Accrued Lease and Subscription Interest	—	—	—
Short Term Lease and Subscription Liability	40	32	72
Other Current Liabilities	118	704	822
Total Current Liabilities	6,057	37,337	43,394
<i>Noncurrent Liabilities</i>			
Compensated Absences Payable	4,383	1,496	5,879
Claims Payable	126	17,478	17,604
Landfill Closure and Postclosure Liability	—	12,181	12,181
Vendor and Other Deposits Payable	1	—	1
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—
Revenue Bonds Payable, Net of Amortized Premium	—	160,685	160,685
Bond Interest Payable	—	—	—
Unearned Revenues and Other Credits	30,113	—	30,113
Unfunded Other Post Employment Benefits	1,821	899	2,720
Net Pension Liability	78,248	30,516	108,764
Advances from Other Funds	—	—	—
Long Term Lease and Subscription Liability	29	47	76
Other Noncurrent Liabilities	42	225	267
Total Noncurrent Liabilities	114,763	223,527	338,290
Total Liabilities	120,820	260,864	381,684
DEFERRED INFLOWS OF RESOURCES	2,305	43,782	46,087
NET POSITION			
Net Investment in Capital Assets	4,550	30,444	34,994
Restricted For			
Other Charges	—	2,975	2,975
Unrestricted	10,386	179,871	190,257
Total Net Position	14,936	213,290	228,226
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 138,061	\$ 517,936	\$ 655,997

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COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2023
(In Thousands)

	Construction & Inspections	Solid Waste	Total
OPERATING REVENUES			
Charges for Services and Other Revenues	\$ 83,225	\$ 267,905	\$ 351,130
OPERATING EXPENSES			
Salaries, wages and personnel benefits	71,169	25,909	97,078
Supplies	551	1,568	2,119
Services	30,014	145,527	175,541
Intergovernmental Payments	74	35,583	35,657
Other Taxes	—	—	—
Depreciation and Amortization	877	13,823	14,700
Other Operating Expenses	19	3,666	3,685
Total Operating Expenses	102,704	226,076	328,780
Operating Income (Loss)	(19,479)	41,829	22,350
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	2,227	8,803	11,030
Interest Expense	—	(5,359)	(5,359)
Amortization of Bonds Premiums	—	—	—
Amortization of Refunding Gain (Loss)	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—
Lease Interest Revenue	—	—	—
Lease Revenue	—	—	—
Lease and Subscription Interest Expense	—	—	—
Lease and Subscription Expense	9	—	9
Right to Use Lease and Subscription Amortization	(49)	—	(49)
Contributions and Grants	—	167	167
Others, Net	—	876	876
Total Nonoperating Revenues (Expenses)	2,187	4,487	6,674
Income (Loss) Before Capital Contributions and Grants and Transfers	(17,292)	46,316	29,024
Transfers In	—	—	—
Transfers Out	—	—	—
Change in Net Position	(17,292)	46,316	29,024
Net Position - Beginning of Year	32,228	166,974	199,202
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	32,228	166,974	199,202
Net Position - End of Year	\$ 14,936	\$ 213,290	\$ 228,226

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COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2023

(In Thousands)

	Construction & Inspections	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 79,566	\$ 262,828	\$ 342,394
Cash Paid to Suppliers	(27,010)	(143,793)	(170,803)
Cash Paid to Employees	(68,063)	(29,665)	(97,728)
Cash Paid for Taxes	—	(38,024)	(38,024)
Net Cash from Operating Activities	(15,507)	51,346	35,839
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Grants	—	167	167
Transfers In	—	—	—
Transfers Out	—	—	—
Loans Provided to Other Funds	—	—	—
Proceeds from Interfund Loans	—	—	—
Principal Payments on Interfund Loans	—	—	—
Net Cash from Noncapital Financing Activities	—	167	167
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Long-Term Debt	—	(7,648)	(7,648)
Capital Expenses and Other Charges Paid	—	(5,619)	(5,619)
Interest Paid on Long-Term Debt	—	(6,875)	(6,875)
Payment to Trustee for Defeased Bonds	—	—	—
Proceeds from Sales of Capital Assets	—	720	720
Net Cash from Capital and Related Financing Activities	—	(19,422)	(19,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investment Income (Loss)	2,228	8,803	11,031
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(13,279)	40,894	27,615
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year	110,084	205,993	316,077
End of Year	<u>\$ 96,805</u>	<u>\$ 246,887</u>	<u>\$ 343,692</u>
CASH AT THE END OF THE YEAR CONSISTS OF			
Operating Cash and Equity in Pooled Investments	\$ 96,805	\$ 198,364	\$ 295,169
Noncurrent Restricted Cash and Equity in Pooled Investments	—	48,523	48,523
Total Cash at the End of the Year	<u>\$ 96,805</u>	<u>\$ 246,887</u>	<u>\$ 343,692</u>

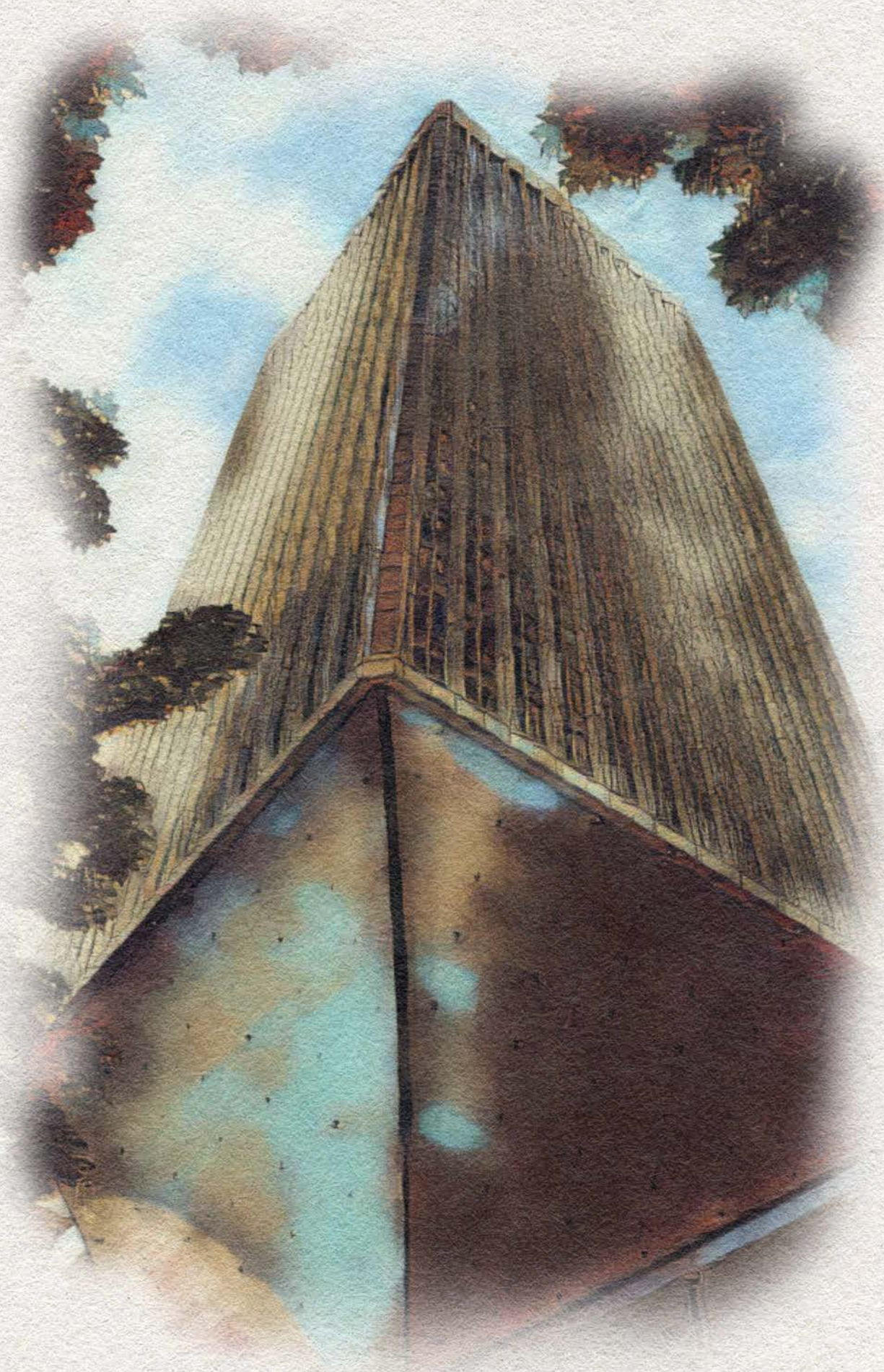
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COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2023
(In Thousands)

	Construction & Inspections	Solid Waste	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (19,479)	\$ 41,829	\$ 22,350
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	877	13,823	14,700
Other Operating Expenses	—	—	—
Nonoperating Revenues and Expenses	(40)	75	35
Changes in Operating Assets and Liabilities			
Accounts Receivable	(1,021)	(6,013)	(7,034)
Unbilled Receivables	—	(754)	(754)
Due from Other Funds	(32)	31	(1)
Due from Other Governments	251	67	318
Accounts Payable	3,245	4,002	7,247
Salaries, Benefits, and Payroll Taxes Payable	(5)	7	2
Compensated Absences Payable	(67)	(324)	(391)
Due to Other Funds	(9)	(3)	(12)
Due to Other Governments	7	—	7
Claims Payable	19	38	57
Taxes Payable	—	(2,665)	(2,665)
Unearned Revenues	(2,795)	—	(2,795)
Other Assets and Liabilities	3,542	1,233	4,775
Total Adjustments	3,972	9,517	13,489
Net Cash from Operating Activities	<u>\$ (15,507)</u>	<u>\$ 51,346</u>	<u>\$ 35,839</u>

Internal Service Funds



INTERNAL SERVICE FUNDS

The **Finance and Administrative Services Fund** accounts for support services to other City departments in the areas of financial services, business technology, contracting and purchasing services, fleet management; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management. Additional services provided for the City are regulatory services and operations, and the customer service bureau.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services.

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2023
(In Thousands)

	Finance and Administrative Services	Information Technology	2023
ASSETS			
Current Assets			
Cash and Equity in Pooled Investments	\$ 36,289	\$ —	\$ 36,289
Restricted Cash and Equity in Pooled Investments	38,175	—	38,175
Receivables, Net of Allowances			
Accounts	910	459	1,369
Interest and Dividends	77	—	77
Unbilled	37	117	154
Due from Other Funds	237	169	406
Due from Other Governments	1,939	2	1,941
Materials and Supplies Inventory	3,611	4,783	8,394
Interfund Loan & Advances	—	24,000	24,000
Prepayments and Other Current Assets	1,673	12,931	14,604
Short Term Lease Receivable	446	—	446
Total Current Assets	83,394	42,461	125,855
Noncurrent Assets			
Restricted Cash and Equity in Pooled Investments	4,563	52,916	57,479
Capital Assets			
Land and Land Rights	110,055	—	110,055
Buildings and Improvements	766,920	6,957	773,877
Less Accumulated Depreciation	(366,451)	(4,045)	(370,496)
Machinery and Equipment	230,169	96,302	326,471
Less Accumulated Depreciation	(143,532)	(78,514)	(222,046)
Construction in Progress	19,181	93,469	112,650
Other Property, Net	17,859	15,907	33,766
Long Term Lease Receivable	2,192	—	2,192
Long Term PPP Receivable	12,577	—	12,577
Right to Use Lease and Subscription	326,179	19,464	345,643
Less Right to Use Lease and Subscription Accumulated Amortization	(47,792)	(8,019)	(55,811)
Total Noncurrent Assets	931,920	194,437	1,126,357
Total Assets	1,015,314	236,898	1,252,212
DEFERRED OUTFLOWS OF RESOURCES	31,176	43,198	74,374
Total Assets and Deferred Outflows of Resources	\$ 1,046,490	\$ 280,096	\$ 1,326,586

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COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

December 31, 2023

(In Thousands)

	Finance and Administrative Services	Information Technology	2023
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 15,243	\$ 15,755	\$ 30,998
Salaries, Benefits, and Payroll Taxes Payable	1,975	3,209	5,184
Due to Other Funds	—	—	—
Due to Other Governments	27	2,424	2,451
Interest Payable	1,641	432	2,073
Taxes Payable	46	(9)	37
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	24,992	7,475	32,467
Claims Payable	677	35	712
Compensated Absences Payable	291	479	770
Accrued Lease and Subscription Interest	361	42	403
Short Term Lease and Subscription Liability	9,835	4,025	13,860
Other Current Liabilities	—	186	186
Total Current Liabilities	55,088	34,053	89,141
Noncurrent Liabilities			
Compensated Absences Payable	5,524	9,098	14,622
Claims Payable	918	45	963
Vendor and Other Deposits Payable	321	266	587
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	134,410	45,104	179,514
Bond Interest Payable	—	—	—
Unfunded Other Post Employment Benefits	2,441	2,571	5,012
Net Pension Liability	91,198	126,371	217,569
Unearned Revenues and Other Credits	212	—	212
Other Noncurrent Liabilities	—	—	—
Long Term Lease and Subscription Liability	284,828	3,017	287,845
Total Noncurrent Liabilities	519,852	186,472	706,324
Total Liabilities	574,940	220,525	795,465
DEFERRED INFLOWS OF RESOURCES			
	22,896	7,239	30,135
NET POSITION			
Net Investment in Capital Assets	749,080	98,256	847,336
Unrestricted	(300,425)	(45,925)	(346,350)
Total Net Position	448,655	52,331	500,986
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,046,491	\$ 280,095	\$ 1,326,586

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2023
(In Thousands)**

	Finance and Administrative Services	Information Technology	2023
OPERATING REVENUES			
Charges for Services and Other Revenues	231,222	237,505	468,727
Total Operating Revenues	231,222	237,505	468,727
OPERATING EXPENSES			
Salaries, wages and personnel benefits	75,677	120,034	195,711
Supplies	26,610	16,581	43,191
Services	69,854	110,726	180,580
Intergovernmental Payments	225	132	357
Taxes	9	1	10
Depreciation and Amortization	41,369	14,032	55,401
Other Operating Expense	(22,193)	(8,124)	(30,317)
Total Operating Expenses	191,551	253,382	444,933
Operating Income (Loss)	39,671	(15,877)	23,794
NONOPERATING REVENUES (EXPENSES)			
Investment and Interest Income	3,654	2,082	5,736
Interest Expense	(7,053)	(7,638)	(14,691)
Amortization of Bonds Premiums	3,741	1,132	4,873
Amortization of Refunding Loss	527	—	527
Bond Issuance Costs	—	—	—
Gain (Loss) on Sale of Capital Assets	(210)	—	(210)
Lease Interest Revenue	507	—	507
Lease Revenue	906	—	906
Lease and Subscription Interest Expense	(4,405)	(234)	(4,639)
Lease and Subscription Expense	15,417	8,836	24,253
Right to Use Lease and Subscription Amortization	(16,564)	(5,505)	(22,069)
Contributions and Grants	231	2	233
Others, Net	(14,256)	5,605	(8,651)
Total Nonoperating Revenues (Expenses)	(17,505)	4,280	(13,225)
Income (Loss) Before			
Contributions, Grants, and Transfers	22,166	(11,597)	10,569
Capital Contributions and Grants	8,687	—	8,687
Transfers In	1,030	17,068	18,098
Transfers Out	(34,309)	(2,500)	(36,809)
Change in Net Position	(2,426)	2,971	545
Net Position - Beginning of Year	451,081	49,360	500,441
Prior-Year Adjustment	—	—	—
Net Position - Beginning of Year as Restated	451,081	49,360	500,441
Net Position - End of Year	\$ 448,655	\$ 52,331	\$ 500,986

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COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

December 31, 2023

(In Thousands)

	Finance and Administrative Services	Information Technology	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 230,198	\$ 237,541	\$ 467,739
Cash Paid to Suppliers	(63,611)	(102,837)	(166,448)
Cash Paid to Employees	(72,337)	(115,233)	(187,570)
Cash Paid for Taxes	(4,094)	(1)	(4,095)
Net Cash from Operating Activities	90,156	19,470	109,626
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans Provided to Other Funds	—	—	—
Operating Grants and Contributions Received	256	2	258
Transfers In	1,030	17,068	18,098
Transfers Out	(34,309)	(2,500)	(36,809)
Net Cash from Noncapital Financing Activities	(33,023)	14,570	(18,453)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Long-Term Debt	—	—	—
Principal Payments on Long-Term Debt	(23,113)	14,256	(8,857)
Capital Fees and Grants Received	37	—	37
Capital Expenses and Other Charges Paid	(26,615)	(40,535)	(67,150)
Interest Paid on Long-Term Debt	(7,196)	(2,133)	(9,329)
Debt Issuance Costs	—	—	—
Proceeds from Sale of Capital Assets	984	—	984
Net Cash from Capital and Related Financing Activities	(55,903)	(28,412)	(84,315)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investment Income (Loss)	2,454	2,082	4,536
Net Increase (Decrease) in Cash and Equity in Pooled Investments	3,684	7,710	11,394
CASH AND EQUITY IN POOLED INVESTMENTS			
Beginning of Year as Restated	75,343	45,206	120,549
End of Year	\$ 79,027	\$ 52,916	131,943
CASH AT THE END OF THE YEAR CONSISTS OF			
Current Assets Cash and Equity in Pooled Investments	\$ 36,289	\$ —	36,289
Current Restricted Cash and Equity in Pooled Investments	38,175	52,916	91,091
Noncurrent Restricted Cash and Equity in Pooled Investments	4,563	—	4,563
Total Cash at the End of the Year	\$ 79,027	\$ 52,916	131,943

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COMBINING STATEMENT OF CASH FLOWS

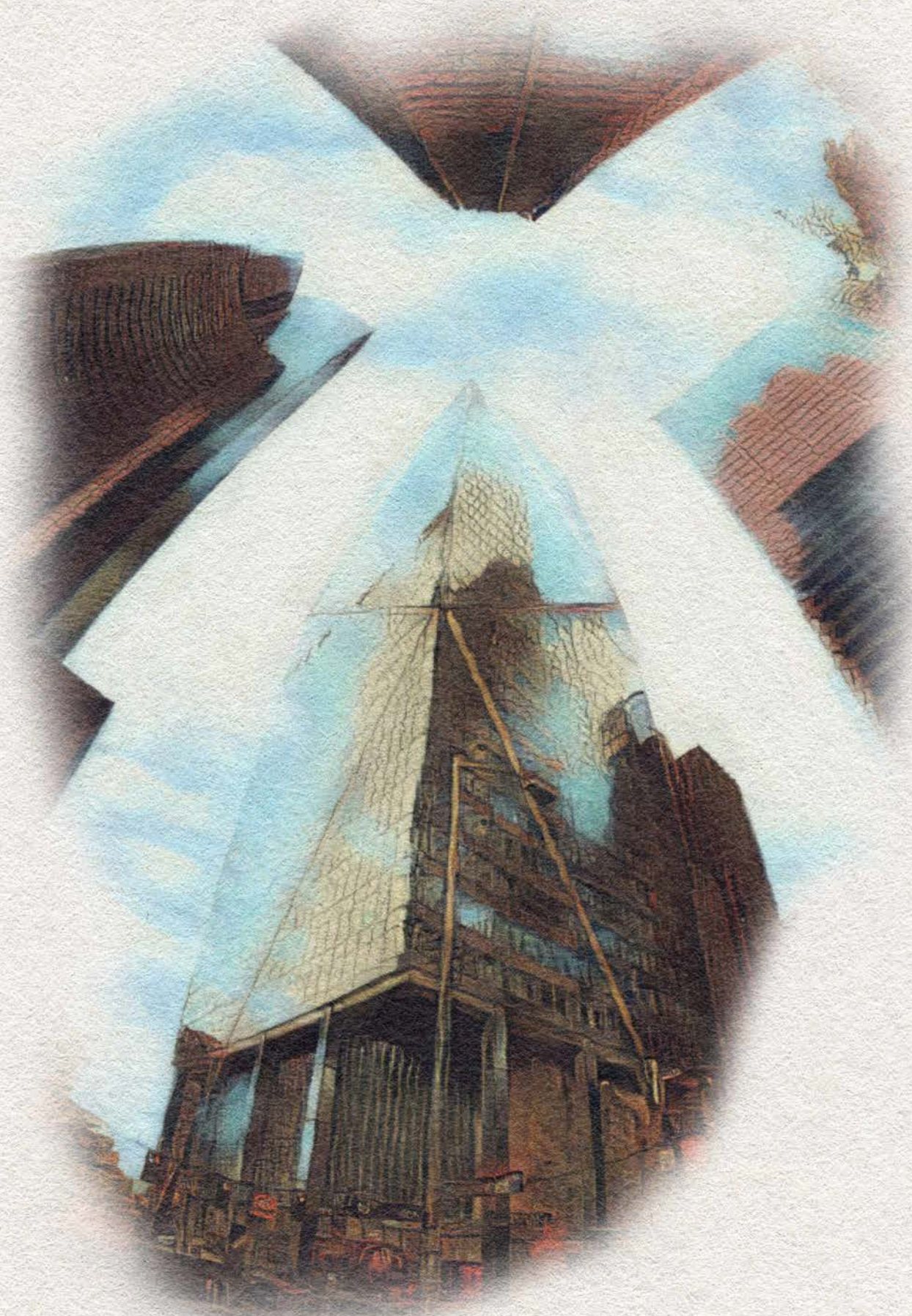
INTERNAL SERVICE FUNDS

December 31, 2023

(In Thousands)

	Finance and Administrative Services	Information Technology	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating Income (Loss)	39,671	(15,877)	23,794
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation and Amortization	41,369	14,032	55,401
Other Operating Expenses	2,655	56,773	59,428
Nonoperating Revenues and Expenses		—	—
Changes in Operating Assets and Liabilities			
Accounts Receivable	167	(106)	61
Unbilled Receivables	—	—	—
Due from Other Funds	(281)	(56)	(337)
Due from Other Governments	351	(2)	349
Materials and Supplies Inventory	(85)	(1,039)	(1,124)
Accounts Payable	6,394	9,379	15,773
Salaries, Benefits, and Payroll Taxes Payable	(17)	73	56
Compensated Absences Payable	(13)	132	119
Due to Other Funds	27	—	27
Due to Other Governments	—	2,424	2,424
Claims Payable	—	(2)	(2)
Taxes Payable	18	(14)	4
Other Assets and Liabilities	(100)	(46,247)	(46,347)
Total Adjustments	50,485	35,347	85,832
Net Cash from Operating Activities	90,156	19,470	109,626
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
In-Kind Capital Contributions		—	—
Amortization of Debt Related Costs, Net		—	—

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

Table S-1

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 4,182,369	\$ 4,047,172	\$ 3,502,222	\$ 3,382,301	\$ 3,365,060
Restricted	1,237,386	1,203,318	927,952	865,915	694,502
Unrestricted	<u>(730,890)</u>	<u>(843,106)</u>	<u>(1,049,624)</u>	<u>(1,059,864)</u>	<u>(565,925)</u>
Total Governmental Activities Net Position	4,688,865	4,407,384	3,380,550	3,188,352	3,493,637
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	3,699,843	3,400,264	2,668,365	2,462,768	2,280,370
Restricted	68,932	68,345	60,692	88,151	85,527
Unrestricted	<u>569,501</u>	<u>528,291</u>	<u>183,043</u>	<u>(14,029)</u>	<u>(121,280)</u>
Total Business-Type Activities Net Position	4,338,276	3,996,900	2,912,100	2,536,890	2,244,617
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	7,882,212	7,447,436	6,170,587	5,845,069	5,645,430
Restricted	1,306,318	1,271,663	988,644	954,066	780,029
Unrestricted	<u>(161,389)</u>	<u>(314,815)</u>	<u>(866,581)</u>	<u>(1,073,893)</u>	<u>(687,205)</u>
Total Primary Government Net Position	<u>\$ 9,027,141</u>	<u>\$ 8,404,284</u>	<u>\$ 6,292,650</u>	<u>\$ 5,725,242</u>	<u>\$ 5,738,254</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,269,646	\$ 3,144,486	\$ 3,085,306	\$ 2,880,124	\$ 2,783,738
Restricted	625,046	556,406	448,935	460,885	406,454
Unrestricted	<u>(392,023)</u>	<u>(379,114)</u>	<u>(16,363)</u>	<u>36,212</u>	<u>(35,593)</u>
Total Governmental Activities Net Position	3,502,669	3,321,778	3,517,878	3,377,221	3,154,599
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	2,186,129	1,915,893	1,750,495	1,509	1,391
Restricted	59,575	59,194	58,039	57	56
Unrestricted	<u>(231,495)</u>	<u>(153,822)</u>	<u>253,427</u>	<u>274</u>	<u>215</u>
Total Business-Type Activities Net Position	2,014,209	1,821,265	2,061,961	1,840	1,662
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	5,455,775	5,060,379	4,835,801	2,881,633	2,785,129
Restricted	684,621	615,600	506,974	460,942	406,510
Unrestricted	<u>(623,518)</u>	<u>(532,936)</u>	<u>237,064</u>	<u>36,486</u>	<u>(35,378)</u>
Total Primary Government Net Position	<u>\$ 5,516,878</u>	<u>\$ 5,143,043</u>	<u>\$ 5,579,839</u>	<u>\$ 3,379,061</u>	<u>\$ 3,156,261</u>

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.

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

	2023	2022	2021	2020	2019
EXPENSES					
Governmental Activities					
General Government	\$ 414,762	\$ 185,628	\$ 346,566	\$ 316,015	\$ 173,424
Judicial	42,173	40,680	10,565	30,941	31,666
Public Safety	790,705	663,808	757,770	660,167	678,857
Physical Environment	21,496	(55,663)	35,341	13,595	12,932
Transportation	574,206	577,573	457,259	332,082	307,433
Economic Environment	525,550	584,249	390,442	265,933	251,711
Health and Human Services	223,273	161,435	137,099	110,814	138,252
Culture and Recreation	425,733	443,726	264,000	271,260	311,875
Interest on Long-Term Debt	(38,322)	(32,657)	44,707	44,794	46,915
Total Governmental Activities Expenses	2,979,576	2,568,779	2,443,749	2,045,601	1,953,065
Business-Type Activities					
Light	1,138,690	1,005,426	998,887	959,811	891,783
Water	272,268	242,292	246,617	252,550	241,847
Drainage and Wastewater	475,266	434,016	411,851	393,410	379,919
Solid Waste	230,155	209,977	206,634	200,958	201,387
Construction & Inspection	102,105	81,451	77,029	73,102	62,994
Downtown Parking Garage	—	—	—	—	—
Fiber Leasing	—	—	—	—	—
Total Business-Type Activities Expenses	2,218,484	1,973,162	1,941,018	1,879,831	1,777,930
Total Primary Government Expenses	5,198,060	4,541,941	4,384,767	3,925,432	3,730,995
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	10,277	21,127	91,443	58,056	80,074
Judicial	23,360	12,570	17,006	29,555	27,339
Public Safety	58,018	48,001	36,751	30,815	36,048
Physical Environment	5,208	4,868	3,815	5,020	4,771
Transportation	220,746	203,430	46,160	142,151	175,404
Economic Environment	126,731	105,406	94,678	63,100	74,755
Health and Human Services	4,501	3,028	537	1,571	1,006
Culture and Recreation	97,761	65,517	39,307	57,771	69,307
Operating Grants and Contributions	275,280	404,561	372,266	179,266	152,736
Capital Grants and Contributions	11,332	3,370	8,262	1,763	15,547
Total Governmental Activities Program Revenues	833,214	871,878	710,225	569,068	636,987
Business-Type Activities					
Charges for Services					
Light	1,190,910	1,238,722	1,015,766	1,079,399	991,585
Water	301,496	290,869	278,578	281,008	280,019
Drainage and Wastewater	542,934	519,029	460,295	454,382	416,482
Solid Waste	267,905	256,809	224,052	224,965	203,367
Construction & Inspection	83,225	86,640	78,653	78,743	73,927
Downtown Parking Garage	—	—	—	—	—
Fiber Leasing	—	—	—	—	—
Operating Grants and Contributions	2,500	11,602	22,913	7,120	10,616
Capital Grants and Contributions	64,721	88,419	64,030	71,782	90,351
Total Business-Type Activities Program Revenues	2,453,691	2,492,090	2,144,287	2,197,399	2,066,347
Total Primary Government Program Revenues	3,286,905	3,363,968	2,854,512	2,766,467	2,703,334
NET (EXPENSE) REVENUE					
Governmental Activities	(2,146,362)	(1,696,901)	(1,733,524)	(1,476,533)	(1,316,078)
Business-Type Activities	235,207	518,928	203,269	317,568	288,417
Total Primary Government Net Expense	(1,911,155)	(1,177,973)	(1,530,255)	(1,158,965)	(1,027,661)

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

	2018	2017	2016	2015	2014
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 222,089	\$ 247,400	\$ 208,638	\$ 189,034	\$ 161,041
Judicial	32,075	32,025	28,477	28,874	33,517
Public Safety	577,738	576,208	531,523	568,843	515,129
Physical Environment	15,539	12,558	4,351	5,853	10,740
Transportation	384,724	271,601	221,443	222,199	165,742
Economic Environment	147,005	175,133	138,878	138,169	125,191
Health and Human Services	119,463	104,687	94,122	76,562	71,256
Culture and Recreation	364,425	330,984	286,395	275,566	267,043
Interest on Long-Term Debt	47,777	42,942	32,694	31,170	26,417
Total Governmental Activities Expenses	1,910,835	1,793,538	1,546,521	1,536,270	1,376,076
<i>Business-Type Activities</i>					
Light	914,785	853,871	837,860	798,161	780,930
Water	235,142	225,678	228,241	221,944	215,600
Drainage and Wastewater	363,682	332,686	316,487	298,633	290,147
Solid Waste	192,062	167,132	173,312	159,501	156,653
Planning and Development	72,914	64,248	64,673	58,304	53,080
Downtown Parking Garage	—	5,222	7,401	7,458	8,159
Fiber Leasing	36	8	35	27	54
Total Business-Type Activities Expenses	1,778,621	1,648,845	1,628,009	1,544,028	1,504,623
Total Primary Government Expenses	3,689,456	3,442,383	3,174,530	3,080,298	2,880,699
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	119,548	109,478	104,651	91,011	85,923
Judicial	27,555	29,578	30,030	31,256	40,545
Public Safety	28,669	24,472	26,227	25,733	19,245
Physical Environment	10	13	16	78	47
Transportation	77,958	70,878	67,948	101,074	100,830
Economic Environment	53,196	36,464	41,875	35,776	12,250
Health and Human Services	745	525	64	10	8
Culture and Recreation	82,133	75,832	70,360	72,873	67,116
Operating Grants and Contributions	130,777	134,856	136,981	123,986	135,407
Capital Grants and Contributions	36,161	31,076	29,358	37,895	42,468
Total Governmental Activities Program Revenues	556,752	513,172	507,510	519,692	503,839
<i>Business-Type Activities</i>					
Charges for Services					
Light	987,812	901,276	880,788	883,149	839,767
Water	262,777	251,244	251,977	242,786	235,114
Drainage and Wastewater	396,283	371,040	359,839	337,882	329,386
Solid Waste	203,038	177,061	174,365	157,495	159,741
Planning and Development	72,595	79,246	65,278	56,743	48,016
Downtown Parking Garage	0	5,355	7,885	7,434	7,019
Fiber Leasing	8	8	12	16	75
Operating Grants and Contributions	1,834	4,583	7,088	6,155	7,055
Capital Grants and Contributions	70,020	86,997	60,115	48,129	63,760
Total Business-Type Activities Program Revenues	1,994,367	1,876,810	1,807,347	1,739,789	1,689,933
Total Primary Government Program Revenues	2,551,119	2,389,982	2,314,857	2,259,481	2,193,772
NET (EXPENSE) REVENUE					
Governmental Activities	(1,354,083)	(1,280,366)	(1,039,011)	(1,016,578)	(872,237)
Business-Type Activities	215,746	227,965	179,338	195,761	185,310
Total Primary Government Net Expense	(1,138,337)	(1,052,401)	(859,673)	(820,817)	(686,927)

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

	2023	2022	2021	2020	2019
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 789,865	\$ 713,959	\$ 681,235	\$ 640,828	\$ 597,349
Sales Taxes	399,651	389,892	287,402	324,392	306,587
Business Taxes	973,816	918,872	479,864	569,680	539,045
Excise Taxes	90,603	130,697	117,845	149,058	106,861
Other Taxes and Revenues	66,608	59,773	36,398	80,542	36,000
Penalties and Interest on Delinquent Taxes	—	—	—	—	—
Unrestricted Investment Earnings (Loss)	110,544	(51,898)	51,688	1	1,765
Gain (Loss) on Sale of Capital Assets	(3,244)	133,731	16,107	(44,620)	7,990
Transfers	—	—	—	—	—
Total Governmental Activities	2,427,843	2,295,026	1,670,539	1,719,881	1,595,597
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	71,683	(39,458)	47,295	52,530	28,012
Gain on Sale of Capital Assets	—	0	1,559	774	753
Special Item - Environmental Remediation	(60,172)	0	(3,065)	(8,902)	(40,700)
Other Taxes	—	0	10,894	13,177	17,137
Total Business-Type Activities	11,511	(39,458)	56,683	57,579	5,202
Total Primary Government	2,439,354	2,255,568	1,727,222	1,777,460	1,600,799
CHANGES IN NET POSITION					
Governmental Activities	281,481	598,125	(62,985)	243,348	279,519
Business-Type Activities	246,890	479,470	259,952	375,147	293,619
Total Primary Government	\$ 528,371	\$ 1,077,595	\$ 196,967	\$ 618,495	\$ 573,138

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

	2018	2017	2016	2015	2014
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 582,622	\$ 542,854	\$ 420,691	\$ 431,458	\$ 423,927
Sales Taxes	280,963	263,285	239,189	199,735	181,171
Business Taxes	516,881	482,850	454,086	431,437	408,913
Excise Taxes	115,674	114,627	101,098	65,364	61,524
Other Taxes and Revenues	22,032	19,009	17,733	16,771	11,240
Penalties and Interest on Delinquent Taxes	—	—	0	4,091	3,596
Unrestricted Investment Earnings (Loss)	18,339	9,080	9,202	11,791	(1,663)
Gain (Loss) on Sale of Capital Assets	7,633	(191)	9,071	1,761	17,012
Transfers	(5,317)	15,469	(8,931)	(11,512)	(10,861)
Total Governmental Activities	1,538,827	1,446,983	1,242,139	1,150,896	1,094,859
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	18,046	12,806	13,938	16,254	4,204
Gain on Sale of Capital Assets	(83)	48,101	2,767	2,759	1,672
Special Item - Environmental Remediation	(9,619)	(66,187)	(4,975)	(4,949)	(24,169)
Other Taxes	6,321	(15,469)	8,931	11,512	10,861
Total Business-Type Activities	14,665	(20,749)	20,661	25,576	(7,432)
Total Primary Government	1,553,492	1,426,234	1,262,800	1,176,472	1,087,427
CHANGES IN NET POSITION					
Governmental Activities	184,744	166,616	203,128	134,318	222,622
Business-Type Activities	230,411	207,216	199,999	221,337	177,878
Total Primary Government	\$ 415,155	\$ 373,832	\$ 403,127	\$ 355,655	\$ 400,500

Table S-3

FUND BALANCE OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

	2023	2022	2021	2020	2019
GENERAL FUND					
Nonspendable	\$ 49	\$ 236	\$ 65	\$ 74	\$ 93
Restricted	209,969	337,318	263,769	250,162	215,620
Committed	482,640	236,991	112,000	98,281	88,794
Assigned	99,394	15,123	8,693	20,632	26,391
Unassigned	398,872	416,534	130,071	224,124	152,368
Total General Fund	<u>\$ 1,190,924</u>	<u>\$ 1,006,202</u>	<u>\$ 514,598</u>	<u>\$ 593,273</u>	<u>\$ 483,266</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 525	\$ 576	\$ 2,410	\$ 2,790	\$ 2,790
Restricted	736,761	865,949	659,398	681,792	682,244
Committed	34,341	42,474	7,373	12,086	57,000
Assigned	165,570	35,477	18,708	15,538	12,915
Unassigned	(6,007)	(21,488)	(49,577)	(5,517)	(33,386)
Total All Other Governmental Funds	<u>\$ 931,190</u>	<u>\$ 688,357</u>	<u>\$ 638,312</u>	<u>\$ 706,689</u>	<u>\$ 721,563</u>
	2018	2017	2016	2015	2014
GENERAL FUND					
Nonspendable	\$ 350	\$ 401	\$ 474	\$ 473	\$ 375
Restricted	181,950	155,523	136,627	99,991	100
Committed	131,386	102,521	116,890	76,493	83
Assigned	29,172	28,646	5,767	5,685	5
Unassigned	152,225	155,290	143,763	134,492	120
Total General Fund	<u>\$ 495,083</u>	<u>\$ 442,381</u>	<u>\$ 403,521</u>	<u>\$ 317,134</u>	<u>\$ 683</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,745	\$ 2,740	\$ 3,227	\$ 4,224	\$ 3,959
Restricted	512,551	466,996	417,732	346,891	359,172
Committed	115,265	109,392	68,947	60,612	49,829
Assigned	11,963	9,819	11,004	9,933	7,661
Unassigned	(22,270)	(37,083)	(34,159)	(59,231)	(22,328)
Total All Other Governmental Funds	<u>\$ 620,254</u>	<u>\$ 551,864</u>	<u>\$ 466,751</u>	<u>\$ 362,429</u>	<u>\$ 398,293</u>

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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2023	2022	2021	2020	2019
REVENUES					
Taxes	\$ 2,306,798	\$ 2,213,876	\$ 1,601,753	\$ 1,751,579	\$ 1,607,390
Licenses and Permits	63,001	46,060	44,306	50,746	55,697
Grants, Shared Revenues, and Contributions	299,258	411,844	344,046	195,554	157,092
Charges for Services	373,837	384,691	353,106	266,533	304,218
Fines and Forfeits	45,487	27,869	24,786	44,471	45,368
Concessions, Parking Fees, and Space Rent	66,995	48,014	20,380	65,417	70,262
Program Income, Interest, and Miscellaneous Revenues	<u>298,006</u>	<u>81,306</u>	<u>195,119</u>	<u>211,112</u>	<u>155,746</u>
Total Revenues	<u>3,453,382</u>	<u>3,213,660</u>	<u>2,583,496</u>	<u>2,585,412</u>	<u>2,395,773</u>
EXPENDITURES					
Current					
General Government	451,021	319,273	257,625	293,106	330,004
Judicial	43,872	42,263	36,412	35,208	32,892
Public Safety	827,410	810,522	786,851	743,448	690,650
Physical Environment	22,762	21,882	36,914	15,852	13,577
Transportation	409,674	405,416	343,819	368,776	334,625
Economic Environment	524,762	581,278	409,442	297,472	258,243
Health and Human Services	222,863	203,430	155,356	181,255	139,433
Culture and Recreation	419,297	369,542	312,900	319,278	317,667
Capital Outlay					
General Government	8,669	1,972	3,823	9,040	16,442
Public Safety	1,573	1,766	5,055	4,050	1,031
Physical Environment	72	8	43	—	895
Transportation	179,831	175,172	231,124	127,518	111,322
Health and Human Services	5	3	3,032	875	811
Culture and Recreation	97,559	72,043	47,041	85,972	62,201
Debt Service					
Principal	78,700	74,504	76,996	57,371	80,576
Interest	42,547	40,509	39,347	36,723	48,821
Bond Issuance Cost	531	888	531	278	397
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>15</u>	<u>—</u>
Total Expenditures	<u>3,331,148</u>	<u>3,120,471</u>	<u>2,746,311</u>	<u>2,576,237</u>	<u>2,439,587</u>
Excess (Deficiency) of					
Revenues over Expenditures	122,234	93,189	(162,815)	9,175	(43,814)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	93,925	127,585	71,805	54,430	49,975
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	12,430	11,690	14,601	5,633	3,186
Payment to Refunded Bond Escrow Agent	(54,391)	(41,976)	(51,381)	(15,131)	—
Sales of Capital Assets	21	134,330	16,107	8,862	4,128
Leases & Installments	(4)				
Transfers In	128,751	168,268	102,429	141,911	104,215
Transfers Out	<u>(110,042)</u>	<u>(155,103)</u>	<u>(73,801)</u>	<u>(89,728)</u>	<u>(78,011)</u>
Total Other Financing Sources (Uses)	<u>70,690</u>	<u>244,794</u>	<u>79,760</u>	<u>105,977</u>	<u>83,493</u>
Net Change in Fund Balance	<u>\$ 192,924</u>	<u>\$ 337,983</u>	<u>\$ (83,055)</u>	<u>\$ 115,152</u>	<u>\$ 39,679</u>
Debt Service as a Percentage of					
Noncapital Expenditures	3.97 %	4.07 %	4.57 %	4.03 %	5.98 %

-Approximately \$8.6 million of charges for services was reclassified to program income for the year of 2017 to compare to 2018 presentation.
-2021 first year reporting Leases & Installments.

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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2018	2017	2016	2015	2014
REVENUES					
Taxes	\$ 1,517,412	\$ 1,422,194	\$ 1,233,134	\$ 1,044,608	\$ 1,083,499
Licenses and Permits	43,674	41,743	34,137	25,238	27,135
Grants, Shared Revenues, and Contributions	167,609	166,779	162,132	177,775	184,784
Charges for Services	248,711	254,412	225,056	182,595	200,847
Fines and Forfeits	42,971	46,154	39,008	34,340	41,107
Concessions, Parking Fees, and Space Rent	71,407	68,798	67,444	57,107	62,463
Program Income, Interest, and Miscellaneous Revenues	118,248	99,369	98,215	43,649	45,462
Total Revenues	2,210,032	2,099,449	1,859,126	1,565,312	1,645,297
EXPENDITURES					
Current					
General Government	321,623	264,284	224,721	180,187	191,829
Judicial	31,658	31,519	29,352	26,654	27,642
Public Safety	611,690	590,681	577,106	461,235	494,011
Physical Environment	16,130	13,575	7,314	7,748	11,935
Transportation	195,985	227,666	155,690	92,212	97,676
Economic Environment	151,462	179,831	141,722	128,711	128,644
Health and Human Services	120,943	104,209	96,267	67,103	73,151
Culture and Recreation	317,961	305,986	268,977	216,508	231,694
Capital Outlay					
General Government	55,933	29,342	29,959	10,684	22,220
Public Safety	2,764	21,527	13,097	27,743	21,100
Physical Environment	—	—	—	—	—
Transportation	203,447	240,216	278,151	228,272	234,188
Health and Human Services	110	7	—	69	—
Culture and Recreation	60,586	47,390	35,712	55,507	85,690
Debt Service					
Principal	57,883	53,308	50,708	53,523	56,194
Interest	35,551	32,768	28,998	25,339	26,206
Bond Issuance Cost	508	627	1,946	258	822
Other	—	—	—	305	—
Total Expenditures	2,184,234	2,142,936	1,939,720	1,582,058	1,703,002
Excess (Deficiency) of					
Revenues over Expenditures	25,798	(43,487)	(80,594)	(16,746)	(57,705)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	93,880	145,139	350,255	108,085	101,115
Refunding Debt Issued	—	—	—	0	43,945
Premium on Bonds Issued	10,198	22,177	40,113	21,140	9,377
Payment to Refunded Bond Escrow Agent	(19,419)	(31,909)	(155,030)	(91,574)	(44,503)
Sales of Capital Assets	7,704	123	19,231	2,282	22,904
Leases & Installments					
Transfers In	501,504	550,752	498,582	334,611	375,772
Transfers Out	(498,724)	(518,825)	(501,695)	(342,571)	(381,986)
Total Other Financing Sources (Uses)	95,143	167,457	251,456	31,973	126,624
Net Change in Fund Balance	\$ 120,941	\$ 123,970	\$ 170,862	\$ 15,227	\$ 68,919
Debt Service as a Percentage of					
Noncapital Expenditures	4.87 %	5.93 %	6.26 %	5.91 %	5.28 %

Table S-5

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

Year	Property Tax	Sales Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
2014	\$ 431,458	\$ 199,735	\$ 431,437	\$ 65,364	\$ 16,771	\$ 1,144,765
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	126,086	28,257	1,619,452
2021	707,382	343,317	816,861	143,424	51,111	2,062,095
2022	714,642	389,893	918,872	130,697	59,773	2,213,877
2023	782,897	399,651	973,816	85,208	65,226	2,306,798

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			
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	350.011
2021	254,699,486	7,434,576	262,134,062	2.250	1.62	353.090
2022	268,802,735	7,490,457	276,293,192	2.166	5.40	362.352
2023	300,331,965	8,542,526	308,874,491	1.987	11.79	396.400

^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 0.20986. See Table S-7 for City of Seattle Direct Rates breakout.

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				Total	Dollars Levied ^c (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds ^d	Debt Service Funds	City Total ^d	State	County ^b	School	Port of Seattle			
2014	1.801	1.107	0.140	3.048	2.470	2.008	2.549	0.215	10.290	\$1,319,452	18.0 %
2015	1.625	0.868	0.130	2.623	2.285	1.789	2.391	0.189	9.277	1,345,016	1.9
2016	1.468	1.421	0.178	3.067	2.168	1.892	2.188	0.170	9.485	1,554,926	15.6
2017	1.346	1.387	0.166	2.899	2.032	2.013	2.151	0.153	9.248	1,723,142	10.8
2018	1.245	1.208	0.143	2.596	2.918	1.901	2.012	0.135	9.562	2,040,443	18.4
2019	1.126	1.223	0.094	2.443	2.629	1.740	1.350	0.123	8.285	2,024,879	(0.8)
2020	1.117	1.223	0.089	2.429	3.028	1.796	1.857	0.119	9.229	2,370,358	17.1
2021	1.155	1.217	0.088	2.460	3.088	1.798	1.845	0.120	9.311	2,430,430	2.5
2022	1.143	1.168	0.060	2.371	2.817	1.742	1.787	0.113	8.830	2,425,450	(0.2)
2023	1.064	1.255	0.053	2.372	2.311	1.522	1.819	0.094	8.118	2,498,786	3.0

^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 ^a
Current Year and Nine Years Ago

Taxpayer ^b	2023			2014		
	Assessed Valuation ^c (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^c (In Millions)	Percentage of Assessed Valuation	Rank
Amazon	\$ 4,041.9	1.31 %	1			
Union Square Limited Partnership	1,123.0	0.36	2	\$ 593.7	41.00 %	1
ONNI Properties LLC	980.2	0.32	3			
Ponte Gadea Seattle LLC	841.4	0.27	4			
GC Columbia LLC	767.7	0.25	5	339.9	23.00	6
Acorn Development LLC (Amazon)	665.2	0.22	6			
1201 Tab Owner LLC	632.2	0.20	7	457.6	32.00	2
Selig Holdings Co. LLC	551.5	0.18	8			
BPP 1420 Fifth Avenue Owner	547.8	0.18	9			
CRUISE LLC	530.3	0.17	10			
The Boeing Company				415.1	29.00	4
FSP-RIC LLC				425.2	29.00	3
City Center Associates JV				377.5	26.00	5
999 Third Avenue Property				284.7	20.00	7
Seattle Sheraton				269.6	19.00	8
Puget Sound Energy-Gas/Electric				258.4	18.00	9

^a Source: King County Assessor.

^b 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.

^c Assessed valuations for taxes collected in the succeeding year.

Table S-9
Page 1 of 2

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

CITY LIGHT ^a						
Customer Name	2023			2014		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 33,039	3.2%	1	\$ 22,147	3.12%	2
NUCOR	29,399	2.84	2	22,457	3.07	1
Amazon	21,145	2.05	3	—	—	
Boeing	17,292	1.67	4	15,999	2.22	4
Sabey Corporation	14,849	1.44	5	10,311	1.43	6
King County b	14,449	1.4	6	10,491	1.46	5
City of Seattle	11,503	1.11	7	19,685	2.73	3
2001 Sixth LLC	10,975	1.06	8	6,290	0.87	8
US Government	8,294	0.8	9	7,073	0.98	7
Unico Properties	7,250	0.7	10	—	—	—
Saint Gobain				6,088	0.84	9
Martin Selig Properties				5,619	0.78	10
Total Top Ten	\$ 168,195	16.27		\$ 126,160	17.5	

^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.

WATER ^c						
Customer Name	2023			2014		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 23,969	7.95%	1	\$ 20,831	8.57%	1
Northshore Utility District	6,016	2.00	2	5,386	2.22	2
Highline Water District	5,049	1.67	3	4,173	1.72	3
City of Seattle	4,862	1.61	4	3,583	1.47	7
University of Washington	4,320	1.43	5	3,615	1.49	6
Woodinville Water District	4,036	1.34	6	3,821	1.57	4
Soos Creek Water and Sewer District	3,882	1.29	7	3,644	1.50	5
Port of Seattle	3,873	1.28	8	2,998	1.23	8
Seattle Housing Authority	3,446	1.14	9			
King County Water District #20	2,716	0.90	10	2,162	0.89	10
City of Mercer Island				2,408	0.99	9
Total Top Ten	\$ 62,169	20.61%		\$ 52,621	21.65%	

^c Source: Seattle Public Utilities (SPU) billing records.

^d Using data from the 2012 ACFR.

Table S-9
Page 2 of 2

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

DRAINAGE AND WASTEWATER ^a

Customer Name	2023			2014		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 12,221	7.00%	1	\$ 8,815	2.64%	1
King County	3,921	2.20%	2	3,235	0.97%	4
Seattle Public Schools	3,834	2.20%	3	1,822	0.55%	6
University of Washington	3,184	1.80%	4	7,934	2.38%	2
BNSF	2,859	1.60%	5	1,351	0.40%	7
Federal Government	1,266	0.70%	6			
Seattle Housing Authority	1,260	0.70%	7	3,203	0.96%	5
Union Pacific	1,079	0.60%	8			
Archdiocese Of Seattle	1,260	0.40%	9			
The Boeing Company		0.40%				
Port of Seattle				5,068	1.52%	3
Darigold				1,093	0.33%	9
Total Top Ten	\$ 30,884	17.60%		\$ 32,521	9.75%	

^a Source: Seattle Public Utilities (SPU) billing records.

^b Using data from the 2012 ACFR.

SOLID WASTE ^c

Customer Name	2023			2014		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,989	0.74%	1	\$ 1,005	0.64%	1
University of Washington	1,536	0.57%	2			
King County	935	0.35%	3	404	0.26%	8
Seattle Housing Authority	891	0.33%	4	541	0.34%	5
Fred Meyer / QFC	675	0.25%	5	803	0.51%	2
Starbucks	630	0.24%	6	704	0.45%	3
Swedish Medical Group	558	0.21%	7	504	0.32%	6
Port Of Seattle	514	0.19%	8			
Amazon	476	0.18%	9			
Seattle Pacific University	465	0.17%	10			
Goodwill Industries				626	0.40%	4
Pike Place Market				437	0.28%	7
Vigor Marine				368	0.23%	10
Total Top Ten	\$ 8,669	3.23%		\$ 5,392	3.43%	

^c Source: Seattle Public Utilities (SPU) billing records.

^d Using data from the 2012 ACFR.

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
2014	\$433,747	\$432,690	\$426,568	98.59 %	\$65	\$432,756	\$5,671	\$432,239	99.88%
2015	422,712	421,443	416,062	98.72	12	421,455	5,373	421,435	100.00
2016	498,950	496,251	490,200	98.78	176	496,427	5,842	496,042	99.92
2017	535,789	533,119	526,236	98.71	(414)	532,705	5,747	531,983	99.86
2018	555,090	551,977	545,540	98.83	105	552,082	1,554	547,095	99.10
2019	597,158	592,637	585,964	98.87	(44)	592,593	5,747	591,711	99.85
2020	638,326	635,874	626,054	98.46	(82)	635,792	7,301	633,355	99.62
2021	656,129	652,231	642,365	98.49	—	652,231	—	642,365	98.49
2022	653,025	661,855	651,490	98.43	—	661,855	—	651,490	98.43
2023	612,552	671,814	660,111	98.26	—	671,814	—	660,111	98.26

^a Source King County Treasurer's Office.

Table S-11

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

Governmental Activities							
Fiscal Year	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Leases	
2014	809,060	53,919	862,979	13,005	16,631	2	
2015	816,060	55,218	871,278	10,395	14,580	105	
2016	965,310	81,337	1,046,647	8,825	12,668	151	
2017	1,008,895	91,032	1,099,927	7,505	10,945	158	
2018	1,012,535	82,416	1,094,951	6,075	9,425	105	
2019	977,470	76,649	1,054,119	4,975	8,070	35	
2020	943,880	71,547	1,015,427	3,760	6,795	10	
2021	894,090	78,861	972,951	2,545	10,283	44	
2022	959,825	99,873	1,059,698	94,256	12,847	327	
2023	936,454	99,246	1,035,700	92,556	11,353	305,078	
Business-Type Activities							
Revenue Bonds							
Fiscal Year	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds and Revenue Bonds
2014	58,327	1,863,325	887,010	525,280	115,875	215,007	3,664,824
2015	56,470	1,903,845	853,465	618,895	166,875	249,395	3,848,945
2016	53,520	2,070,780	851,565	600,680	197,810	281,073	4,055,428
2017	—	2,118,085	809,950	673,920	207,545	331,600	4,141,100
2018	—	2,345,490	858,215	821,255	201,000	397,914	4,623,874
2019	—	2,491,550	817,195	796,030	194,225	390,995	4,689,995
2020	—	2,567,110	774,115	769,605	187,105	427,430	4,725,365
2021	—	2,553,505	728,490	742,030	180,060	439,586	4,643,671
2022	—	2,643,475	655,245	730,710	157,385	466,537	4,653,352
2023	—	2,635,690	604,485	799,425	149,625	466,895	4,656,120
Business-Type Activities			Primary Government				
Fiscal Year	Notes and Contracts	Leases	Total	Percentage of Personal Income ^A	Debt Per Capita	Total Personal Income ^A	
2014	35,606		4,593,047	11.42%	7,330	40,204,185	
2015	33,889		4,779,192	11.94%	7,462	40,019,009	
2016	38,907		5,162,626	11.84%	7,794	43,597,181	
2017	40,133		5,299,768	11.06%	7,717	47,929,025	
2018	77,026		5,811,456	10.85%	8,143	53,583,169	
2019	76,256		5,833,450	10.70%	7,987	54,502,448	
2020	71,843		5,823,200	9.98%	7,792	58,343,953	
2021	80,832		5,710,326	9.33%	7,503	61,207,662	
2022	162,688	1,288	6,309,545	N/A	8,205	N/A	
2023	242,578	1,493	6,343,385	N/A	8,141	N/A	

^A Personal income data is not available for 2021.

Table S-12

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

Governmental Activities					
Fiscal Year	General Bonded Debt Outstanding ^B (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
2014	816,060	10,131	861,147	0.60 %	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	11,152	961,799	0.37	1,264
2021	940,575	9,620	1,033,593	0.37	1,343
2022	959,825	9,272	1,050,426	0.34	1,378
2023	936,454	9,020	1,026,680	0.34	1,318

Business-Type Activities					
Fiscal Year	General Bonded Debt Outstanding ^B (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
2014	56,470	2,772	59,242	0.04 %	92
2015	53,520	2,574	56,094	0.03	85
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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	
2014	4,796	4,634	103.50 %	
2015	5,773	4,843	119.20	
2016	2,007	3,337	60.14	
2017				
2018				
2019				
2020				
2021				
2022				
2023				

Primary Government			
Fiscal Year	General Bonded Debt Outstanding ^B (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)
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	11,152	961,799
2021	1,043,213	9,620	1,033,593
2022	1,059,698	9,272	1,050,426
2023	1,035,700	9,020	1,026,680

^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.

Table S-13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
December 31, 2023**

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	886,503	35.10 %	311,163
Port of Seattle	315,360	35.10	110,691
Seattle School District No. 001	9,189	99.57	9,149
Highline School District No. 401	554,950	0.004	22
Subtotal Overlapping Debt	1,766,002		431,026
City of Seattle Direct Debt	1,444,687	100.00	1,444,687
Total Direct and Overlapping Debt	<u>\$ 3,210,689</u>		<u>\$ 1,875,713</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.

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 \$301,214,631,275 ^B						
2.50% of Assessed Value			\$ 7,530,365,782	\$ 7,530,365,782	\$ 7,530,365,782	\$ 22,591,097,346
1.50% of Assessed Value		4,518,219,469	(4,518,219,469)			—
		4,518,219,469	3,012,146,313	7,530,365,782	7,530,365,782	22,591,097,346
Statutory Debt Limit Less Debt Outstanding ^C						
Bonds		(715,440,000)	(221,000,000)			(936,440,000)
Guarantee on PDA Bonds ^D		(25,890,000)				(25,890,000)
Public Works Trust Fund Loans ^E		(11,353,989)				(11,353,989)
Compensated Absences ^F		(74,939,066)				(74,939,066)
Total Debt Outstanding		(827,623,055)	(221,000,000)	—	—	(1,048,623,055)
Add:						
Available Net Position In Redemption Funds ^G		9,230,192	-169,280			9,060,912
Compensated Absences for Sick Leave ^F		11,112,391				11,112,391
Net Debt Outstanding		(807,280,472)	(221,169,280)	—	—	(1,028,449,752)
LEGAL DEBT MARGIN		\$ 3,710,938,997	\$ 2,790,977,033	\$ 7,530,365,782	\$ 7,530,365,782	\$ 21,562,647,594

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
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
2021	20,722,008,984	1,038,288,592	19,683,720,392	5.01
2022	23,165,586,870	1,055,614,571	22,109,972,299	4.56
2023	22,591,097,346	1,028,449,752	21,562,647,594	4.55

^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 in February 2024 for taxes payable in 2024.

^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.

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		Coverage
					Interest	Principal	Interest	Principal	
2014	872,836	531,464	—	341,372	—	—	85,086	99,670	1.85
2015	873,650	567,058	—	306,592	250	—	84,408	104,915	1.62
2016	903,175	795,766	224,519	331,928	1,038	—	88,060	107,450	1.69
2017	989,710	852,469	239,552	376,793	2,479	—	875,775	111,230	0.38
2018	991,614	823,238	220,032	388,408	3,986	1,260	90,206	116,975	1.83
2019	1,079,424	873,269	256,501	462,656	3,679	2,870	97,696	116,540	2.10
2020	1,015,766	880,318	250,887	386,335	2,012	2,480	98,443	120,065	1.73
2021	1,108,978	891,678	231,716	449,016	0.824	2.11	97,818	115,555	2.07
2022	1,238,615	923,999	253,667	568,283	2.48	2.15	98,476	121.14	2.53
2023	1,190,910	1,053,300	275,000	412,610	6,535	2,240	102,319	125,435	1.74

WATER^b							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Interest	Principal		
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
2021	303,499	116,610	186,889	36,174	46,235		2.27
2022	290,869	109,880	180,989	27,564	50,760		2.32
2023	301,496	150,223	151,273	37,265	44,025		1.88

DRAINAGE AND WASTEWATER^c							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Interest	Principal		
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
2021	502,517	272,205	230,312	33,601	27,300		3.78
2022	519,029	276,329	242,700	33,821	29,225		3.85
2023	542,934	327,238	215,696	29,936	32,100		3.53

SOLID WASTE^d							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Interest	Principal		
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
2021	238,261	152,818	85,443	7,912	7,400		5.58
2022	256,808	161,064	95,744	6,880	7,760		6.54
2023	267,905	167,794	100,111	6,475	8,160		6.90

^a Debt coverage ratios prior to 2005 were based on debt service amounts on parity bonds only; beginning in 2005 the debt service for Junior Lien bonds was included. In 2008, all Junior Lien bonds were redeemed. Starting in 2009, calculation of debt coverage ratios was based again on debt service amounts on parity bonds. Operating expenses do not include interest, depreciation, or amortization expenses, except in 2002, 2003, and 2004 when the effect of \$100 million amortization of deferred power costs were also considered in the calculation of coverage ratio.

^b Operating expenses do not include City public utility taxes, depreciation and amortization, interest paid on revenue bonds, and drawdowns on the Bonneville Power Administration account. Coverage ratio was calculated based on the annual debt service requirement on senior lien bonds only.

^c Debt service coverage ratio was based on average annual debt service. Interest and principal shown were calculated to match the requirements of bond covenants. Operating expenses do not include City utility taxes, depreciation and amortization, interest, and claims.

^d Operating expenses do not include city public utility taxes, depreciation and amortization, interest paid on revenue bonds, amortization of debt expenses and loss, capitalized interest, and amortization of landfill and postclosure costs.

Table S-16

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Year	Population ^a		Total Personal Income ^b (In Thousands)		Per Capita Income ^b		King County Average Annual Unemployment Rate ^d
	King County	Seattle	King County	Metropolitan Division ^c	King County	Metropolitan Division ^c	
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	20,500,230	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	219,805,809	271,512,240	97,225	87,452	3.7
2021	2,293,300	769,500	0	0	0	0	4.3
2022	2,317,000	762,500	—	—	—	—	2.8
2023	2,347,800	779,200	—	—	—	—	3.3

^a As of April 1. Source: Washington State Office of Financial Management, "2023 Population Cities, Towns and Counties" estimates only.

^b Source: U. S. Bureau of Economic Analysis. 2022 Personal Income not yet available.

^c Source: U. S. Bureau of Economic Analysis includes Seattle, Kent, and Bellevue.

^d Source: Washington State Employment Security Department, June 29, 2023

Table S-17

PRINCIPAL INDUSTRIES ^{ab} Current Year and Nine Years Ago

Industry	2023			2014		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Trade, Transportation, and Utilities	245,400	16.2 %	1	235,800	18.6 %	1
Professional and Business Services	320,600	21.2	2	207,700	16.4	2
Educational and health services	201,800	13.3	3	164,200	12.9	4
Government (federal, state and local)	176,100	11.6	4	169,500	13.3	3
Information	135,200	8.9	5	85,900	6.8	7
Leisure and Hospitality	132,700	8.8	6	124,600	9.8	5
Manufacturing	97,500	6.4	7	107,000	8.4	6
Construction	78,500	5.2	8	60,700	4.8	9
Financial Activities	74,100	4.9	9	68,800	5.4	8
Other Services	51,200	3.5	10	45,800	3.6	10
Total Top Ten Industries	1,513,100	100.0 %		1,270,000	100.0 %	

^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.

Table S-18
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FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
PUBLIC SAFETY					
Community Police Commission	9.00	9.00	9.00	9.00	9.00
Fire	1,198.00	1,198.00	1,173.35	1,168.55	1,167.05
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	213.00	213.00	201.60	206.10	196.10
Municipal Court	212.00	217.00	205.85	215.10	215.10
Police	1,825.00	1,780.00	2,020.05	2,187.35	2,172.35
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety and Communications	150.00	—	—	—	—
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	44.00	43.00	39.09	39.09	35.09
Library	713.00	664.00	556.10	556.10	556.10
Parks and Recreation	1,186.00	1,026.00	938.68	939.68	927.40
Seattle Center	242.00	226.00	216.43	225.23	228.73
HEALTH AND HUMAN SERVICES					
Human Services	429.00	401.00	391.75	385.75	382.25
Department of Education and Early Learning	122.00	119.00	110.50	110.50	98.00
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	52.00	40.00	36.00	37.00	35.50
Housing	65.00	52.00	46.00	46.00	45.00
Neighborhoods	74.00	76.00	64.00	65.00	49.50
Neighborhood Matching Subfund	—	—	—	9.00	9.00
Seattle Department of Construction and Inspections ^e	474.00	467.00	430.50	428.50	412.00
Office of Planning and Community Development	51.00	49.00	43.00	45.00	44.00
UTILITIES AND TRANSPORTATION					
City Light	1,813.00	1,808.00	1,792.80	1,792.80	1,791.30
Seattle Public Utilities	1,502.00	1,485.00	1,440.30	1,433.30	1,414.55
Transportation	1,047.00	1,118.00	959.00	958.00	931.50
ADMINISTRATION					
City Auditor	10.00	10.00	10.00	10.00	10.00
City Budget	45.00	43.00	36.00	36.00	36.00
Civil Rights	39.00	39.00	35.50	35.00	31.00
Civil Service Commission	3.00	2.00	2.00	2.00	2.00
Economic and Revenue Forecasts	3.00	2.00	—	—	—
Employees' Retirement System	31.00	27.00	28.00	23.00	23.00
Ethics and Elections Commission	11.00	11.00	7.40	7.40	5.90
Finance and Administrative Services ^b	641.00	626.00	623.00	610.00	589.50
Hearing Examiner	5.00	5.00	5.00	5.00	4.63
Immigrant and Refugee Affairs	13.00	12.00	9.50	9.50	9.50
Information Technology	670.00	659.00	673.10	701.10	680.60
Intergovernmental Relations	10.00	10.00	9.00	10.00	10.00
Legislative	101.00	101.00	100.50	100.50	100.50
Mayor	41.00	40.00	39.50	39.50	37.50
Department of Human Resources ^d	168.00	166.00	111.50	160.50	154.00
Office of Emergency Management	15.00	—	—	—	—
Office of the Employee Ombud	6.00	6.00	4.00	5.00	3.00
Office of Inspector General ^f	19.00	18.00	—	—	—
Office of Labor Standard	36.00	34.00	—	—	—
Sustainability and Environment	40.00	32.00	31.50	29.50	26.50
Total Full-Time Equivalents	13,335.00	12,841.00	12,406.50	12,648.05	12,450.15

Table S-18
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FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
PUBLIC SAFETY					
Community Police Commission	9.00	4.00	4.00	4.00	3.00
Fire	1,158.55	1,155.55	1,167.55	1,162.55	1,151.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	191.60	183.60	177.10	173.60	169.60
Municipal Court	215.10	213.10	214.10	213.60	213.10
Police	2,156.85	2,095.35	2,033.35	2,018.35	1,999.35
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	34.59	31.09	29.09	31.59	30.84
Library	556.10	556.10	556.10	558.40	558.40
Parks and Recreation	922.24	913.01	916.68	908.35	888.45
Seattle Center	242.73	241.73	241.13	241.13	242.66
HEALTH AND HUMAN SERVICES					
Human Services	365.75	328.00	331.60	327.60	344.60
Educational and Developmental Services Levy	—	—	—	—	9.00
Department of Education and Early Learning	75.00	58.50	54.00	52.50	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	35.50	35.50	31.00	27.50	25.50
Housing	44.50	42.50	43.50	43.50	37.00
Neighborhoods	53.50	53.00	47.00	40.00	46.00
Neighborhood Matching Subfund	9.00	9.00	8.00	8.00	7.00
Seattle Department of Construction and Inspections ^e	406.00	405.30	404.30	417.50	406.00
Office of Planning and Community Development	45.50	46.50	45.00	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,816.80	1,779.80	1,868.30	1,861.30	1,857.25
Seattle Public Utilities	1,398.55	1,359.05	1,460.05	1,438.05	1,446.55
Transportation	918.50	885.50	844.00	794.00	793.00
ADMINISTRATION					
City Auditor	10.00	9.50	9.50	9.50	9.50
City Budget	40.50	35.00	35.00	33.00	29.50
Civil Rights	28.00	27.25	34.25	31.25	23.50
Civil Service Commission	2.60	2.60	2.60	2.60	2.60
Employees' Retirement System	21.00	21.00	20.00	20.00	20.00
Ethics and Elections Commission	5.90	5.90	4.90	5.20	6.20
Finance and Administrative Services ^b	625.00	625.00	641.50	625.00	602.25
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.00	9.50	9.50	7.00	3.00
Information Technology	667.60	659.60	205.00	198.25	194.25
Intergovernmental Relations	10.50	10.50	10.50	11.50	10.50
Legislative	99.00	99.00	90.00	88.50	86.50
Mayor	37.50	44.00	44.00	35.50	28.50
Department of Human Resources ^d	158.50	158.75	148.25	143.55	92.75
Sustainability and Environment	26.50	19.50	17.25	15.25	12.00
Total Full-Time Equivalents	12,408.59	12,134.91	11,759.73	11,559.25	11,361.53

^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.

Table S-19
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OPERATING INDICATORS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 17,067,426	\$ 14,625,091	\$ 18,029,648	\$ 27,166,607	\$ 17,758,107
Per capita	\$ 22.78	\$ 19.18	\$ 24.46	\$ 35.69	\$ 23.76
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	4,067	4,966	6,044	6,044	8,092
Traffic criminal filings	136	115	398	398	575
DUI filings	880	751	1,136	1,136	1,439
Non-traffic infraction filings	797	646	954	954	1,865
Traffic infraction filings	4,732	3,872	14,381	14,381	27,442
Parking infractions	530,494	509,267	277,387	277,387	547,117
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	372,802	343,827	346,206	378,206	396,658
Parks and Recreation					
Park use permits issued					
Number	858	716	491	108	830
Amount	\$ 1,029,767	\$ 602,600	\$ 345,992	\$ 95,040	\$ 1,250,792
Facility use permits issued including pools					
Number	17,928	10,637	9,943	9063	19677
Amount	\$ 2,403,892	\$ 1,959,513	\$ 1,199,184	\$ 2,290,604	\$ 9,167,354
Facility use permits issued excluding pools					
Number	12,480	5,515	9,749	8,978	18896
Amount	\$ 1,803,154	\$ 1,349,166	\$ 783,526	\$ 2,178,037	\$ 8,429,776
Picnic permits issued					
Number	2,796	3,485	2,425	192	3,547
Amount	\$ 439,548	\$ 504,058	\$ 333,253	\$ 20,740	\$ 721,178
Ball field usage					
Scheduled hours	190,292	206,381	174,384	35,214	124,506
Amount	\$ 4,240,743	\$ 4,492,453	\$ 3,545,402	\$ 1,258,011	\$ 4,124,294
Weddings					
Number	213	208	145	37	230
Amount	\$ 121,591	\$ 100,546	\$ 74,311	\$ 12,485	\$ 158,364
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	8,176	8,827	8,963	8,725	10,505
Value of issued permits	\$ 2,791,768,040	\$ 3,257,795,068	\$ 3,972,734,147	\$ 2,887,867,291	\$ 4,603,329,257
UTILITIES					
City Light					
Customers	493,663	485,155	470,380	477,577	470,380
Operating revenues	\$ 1,238,614,956	\$ 1,108,977,267	\$ 1,079,423,815	\$ 1,079,423,815	\$ 1,079,423,815
Water					
Population served	1,608,000	1,561,000	1,561,000	1,561,000	1,511,000
Billed water consumption, daily average, in gallons	115,909,985	115,909,985	117,395,510	113,259,352	115,114,247
Operating revenues	\$ 301,496,010	\$ 303,499,096	\$ 303,499,096	\$ 278,577,869	\$ 281,008,043
Drainage and Wastewater					
Operating revenues	\$ 542,933,537	\$ 502,517,146	\$ 502,517,146	\$ 460,296,464	\$ 454,381,864
Solid Waste					
Customers					
Residential garbage customers	171,064	178,864	178,864	171,567	168,945
Residential dumpsters units	205,729	205,729	205,729	201,292	195,188
Commercial garbage customers	8,917	8,164	8,164	8,214	8,556
Operating revenues	\$ 267,905,077	\$ 238,260,883	\$ 238,260,883	\$ 224,052,357	\$ 224,965,227

^a All figures are supplied by the named departments.

Table S-19
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OPERATING INDICATORS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 22,140,431	\$ 26,002,865	\$ 25,799,733	\$ 22,636,220	\$ 16,571,652
Per capita	\$ 30.31	\$ 36.47	\$ 37.57	\$ 34.18	\$ 25.87
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	8,327	8,218	7,161	7,387	6,674
Traffic criminal filings	629	619	660	678	802
DUI filings	1,444	1,255	1,269	1,099	1,074
Non-traffic infraction filings	1,846	3,173	4,019	4,710	2,182
Traffic infraction filings	27,004	32,854	34,401	47,931	41,467
Parking infractions	542,859	583,360	600,188	518,624	527,782
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	369,698	383,236	378,222	373,898	464,787
Parks and Recreation					
Park use permits issued					
Number	806	841	766	744	759
Amount	\$ 273,387	\$ 600,817	\$ 538,945	\$ 616,102	\$ 615,073
Facility use permits issued including pools					
Number	21,209	25,935	25,935	24,405	24,543
Amount	\$ 4,306,075	\$ 9,061,570	\$ 8,193,741	\$ 7,359,133	\$ 7,278,825
Facility use permits issued excluding pools					
Number	20,585	24,902	25,275	23,750	23,749
Amount	\$ 3,555,031	\$ 8,329,343	\$ 7,505,445	\$ 6,683,724	\$ 6,543,601
Picnic permits issued					
Number	3,466	3,920	4,245	4,323	4,027
Amount	\$ 391,156	\$ 427,769	\$ 421,821	\$ 422,861	\$ 386,272
Ball field usage					
Scheduled hours	191,010	198,082	186,021	147,311	170,014
Amount	\$ 3,454,407	\$ 3,496,685	\$ 2,803,130	\$ 2,662,171	\$ 2,797,013
Weddings					
Number	216	228	234	269	254
Amount	\$ 93,520	\$ 97,738	\$ 96,314	\$ 104,265	\$ 89,486
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	10,027	10,444	14,261	17,666	12,047
Value of issued permits	\$ 3,959,949,752	\$ 5,088,196,449	\$ 3,732,939,162	\$ 3,945,738,487	\$ 3,789,737,682
UTILITIES					
City Light					
Customers	461,500	454,500	447,332	422,809	415,056
Operating revenues	\$ 991,613,793	\$ 989,710,419	\$ 903,174,831	\$ 882,856,777	\$ 886,443,525
Water					
Population served	1,506,000	1,478,000	1,433,200	1,403,600	1,336,700
Billed water consumption, daily average, in gallons	118,411,885	118,402,270	115,447,224	118,900,570	113,863,391
Operating revenues	\$ 282,286,898	\$ 262,896,544	\$ 251,363,807	\$ 251,977,342	\$ 242,946,509
Drainage and Wastewater					
Operating revenues	\$ 419,875,848	\$ 400,284,279	\$ 375,041,044	\$ 363,778,513	\$ 341,999,940
Solid Waste					
Customers					
Residential garbage customers	166,935	165,482	181,940	164,381	160,063
Residential dumpsters units	188,290	181,545	156,527	146,201	142,035
Commercial garbage customers	8,023	8,082	8,096	8,145	8,168
Operating revenues	\$ 205,633,975	\$ 209,643,613	\$ 183,666,276	\$ 174,787,770	\$ 157,497,819

^a All figures are supplied by the named departments.

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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

PUBLIC SAFETY	2023	2022	2021	2020	2019
Fire					
Boats	14	12	14	9	9
Fire-fighting apparatus	234	236	220	227	224
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	6	6	7	7
Vehicles					
Patrol cars	339	313	292	324	328
Motorcycles	32	34	35	35	35
Scooters	50	0	0	54	55
Trucks, vans, minibuses	29	82	83	80	87
Automobiles	197	197	157	204	205
Patrol boats	10	10	10	12	12
Bicycles	164	164	187	196	162
Horses	7	8	9	7	7
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	13,391,693	12,397,105	10,742,015	8,801,444	12,565,554
Collection, print and non-print	2,799,696	2,739,300	2,668,670	2,535,149	2,404,513
Parks and Recreation					
Major parks	19	19	19	19	19
Open space acres acquired since 1989	864	863	862	859	859
Total acreage	6,478	6,427	6,426	6,423	6,423
Children's play areas	152	151	151	153	153
Neighborhood playgrounds	149	149	149	148	148
Community playfields	51	51	51	51	51
Community recreation centers	25	26	26	26	26
Visual and performing arts centers	6	6	6	6	6
Theaters	—	—	—	0	0
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards (in miles)	25	25	25	25	25
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	135	135	112	106	106
Viewpoints	16	16	16	16	16
Bathing beaches (life-guarded)	6	6	9	9	9
Bathing beaches	—	—	—	0	0

^a All figures are supplied by the named departments.

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

Table S-20
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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

PUBLIC SAFETY	2018	2017	2016	2015	2014
Fire					
Boats	7	7	6	7	6
Fire-fighting apparatus	221	214	216	216	184
Stations	33	33	33	33	33
Training towers	6	6	6	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	369	302	280	280	272
Motorcycles	40	37	37	37	37
Scooters	70	53	71	80	75
Trucks, vans, minibuses	89	91	89	91	89
Automobiles	248	236	213	196	194
Patrol boats	12	10	10	10	10
Bicycles	154	154	154	154	154
Horses	7	7	5	7	7
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	11,622,522	11,689,659	11,544,047	11,744,881	11,435,302
Collection, print and non-print	2,368,793	2,235,370	2,181,399	2,214,169	2,435,520
Parks and Recreation					
Major parks	14	14	14	14	14
Open space acres acquired since 1989	738	734	731	731	711
Total acreage	6,372	6,369	6,367	6,367	6,298
Children's play areas	160	160	160	158	138
Neighborhood playgrounds	39	39	39	40	43
Community playfields	42	42	42	38	38
Community recreation centers	27	27	27	27	25
Visual and performing arts centers	5	5	5	5	5
Theaters	1	1	1	1	1
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards (in miles)	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	64
Viewpoints	11	11	11	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9

^a All figures are supplied by the named departments.

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

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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,865,580	1,823,200	1,865,150	2,006,580	2,006,580
Peak load (KW) ^b	1,794,000	1,917,000	1,896,000	1,757,000	1,806,000
Total system load (1,000 KWh) ^b	9,638,529	9,818,023	9,528,805	9,214,318	9,536,574
Meters	510,232	501,327	491,585	484,305	475,457
Water					
Reservoirs, standpipes, tanks	29	29	29	29	29
Fire hydrants	18,861	18,861	18,846	18,821	18,664
Water mains					
Supply, in miles	198	198	198	198	198
Water storage, in thousand gallons	326,100	326,100	326,100	326,100	326,100
Meters	201,821	200,838	200,284	198,726	197,747
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	472	474	474	474	474
Sanitary sewers, life-to-date, in miles	939	946	946	946	946
Storm drains, life-to-date, in miles	486	486	486	486	486
Pumping stations	578	67	67	67	67
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	1,548
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,396	2,396	2,396
Sidewalks, in miles	2,274	2,273	2,275	2,294	2,294
Stairways	534	498	500	502	502
Length of stairways, in feet	39,957	36,852	33,554	34,869	34,869
Number of stairway treads	26,400	24,619	22,416	23,555	23,555
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	175,000	175,000	150,000	150,000	150,000
Total platted streets, in centerline miles	1,675	1,675	1,675	1,675	1,675
Traffic signals	1,159	1,140	1,109	1,106	1,106
Parking meters					
Downtown	—	—	—	—	—
Outlying	—	—	—	—	—
Parking pay stations					
Downtown	607	607	618	646	646
Outlying	841	813	846	866	866
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	130	126	125	120	120
Partial City maintenance	40	40	40	40	40
Retaining walls/seawalls	659	476	467	613	613

^a All figures are supplied by the named departments.

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

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CAPITAL ASSET STATISTICS ^a
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2018	2017	2016	2015	2014
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	2,058,100	2,014,100	2,014,100	1,975,100	1,991,600
Peak load (KW) ^b	1,870,000	1,785,000	1,689,000	1,866,792	1,840,792
Total system load (1,000 KWh) ^b	9,973,100	9,696,583	9,687,222	9,911,624	10,048,700
Meters	454,712	445,625	430,148	422,613	406,274
Water					
Reservoirs, standpipes, tanks	29	29	29	29	26
Fire hydrants	18,664	18,664	18,000	18,000	18,655
Water mains					
Supply, in miles	193	198	193	193	182
Water storage, in thousand gallons	325,350	326,100	354,500	354,500	398,369
Meters	195,331	194,580	192,633	191,403	187,159
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	473	475	474	472
Sanitary sewers, life-to-date, in miles	948	949	947	947	949
Storm drains, life-to-date, in miles	486	485	483	481	479
Pumping stations	67	67	68	68	67
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,548	1,548	1,547	1,547	1,540
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,407	2,407	2,412
Sidewalks, in miles	2,238	2,326	2,303	2,230	2,230
Stairways	498	498	492	509	505
Length of stairways, in feet	34,923	34,923	35,653	36,269	35,112
Number of stairway treads	23,585	23,585	23,503	23,344	24,050
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	150,000	150,000	150,000	125,000	125,000
Total platted streets, in centerline miles	1,675	1,675	1,677	1,677	1,677
Traffic signals	1,085	1,077	1,071	1041	1,070
Parking meters					
Downtown	—	—	0	0	6
Outlying	—	—	0	0	4
Parking pay stations					
Downtown	690	689	880	892	961
Outlying	950	1,006	1141	1112	1174
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	98	96	96	93	99
Partial City maintenance	40	51	51	54	32
Retaining walls/seawalls	593	587	582	580	592

^a All figures are supplied by the named departments.

^b 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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Seattle is the largest city in the Pacific Northwest, serves as the County seat and is the center of the County's economic activity. King County is the largest county in the State in population, number of cities and employment, and the twelfth most populous county in the United States. Of the State's population, nearly 30% reside in the County, and of the County's population, 34% live in the City of Seattle.

Population

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
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 ⁽¹⁾	7,766,975	2,287,050	742,400
2022 ⁽¹⁾	7,864,400	2,317,700	762,500
2023 ⁽¹⁾	7,951,150	2,347,800	779,200
2024 ⁽¹⁾	8,035,700	2,378,100	797,700

(1) Source: State of Washington, Office of Financial Management.

(2) Source: U.S. Department of Commerce, Bureau of Census.

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					
	2019	2020	2021	2022	2023
Seattle MD	\$ 84,170	\$ 89,596	\$ 99,417	\$ 101,703	\$ 109,517
King County	93,620	99,372	111,117	113,819	122,235
State of Washington	63,405	67,674	74,188	75,332	80,930
United States	55,547	59,153	64,430	65,470	69,810

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(\$)	
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
2022	418	118,165,369	8,572	1,504,100,013	1,622,265,382
2023	473	140,275,496	4,826	787,765,782	928,041,278
2024	405	125,340,190	5,490	1,048,530,292	1,173,870,482

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
2019	\$72,785,180,223	\$29,953,200,188
2020	66,955,895,952	24,904,879,115
2021	78,440,949,141	30,047,705,303
2022	86,667,370,219	33,660,750,206
2023	88,080,125,666	34,696,583,976

Source: Quarterly Business Review, Washington State Department of Revenue

Employment

The following table presents total employment in Washington State in 2024 for certain major employers in the Puget Sound area. This list of major employers in the Puget Sound region includes several high-technology sector employers, most notably Amazon, Microsoft, Meta (Facebook), and Google. In late 2022 and early 2023, some large-scale layoffs were announced in that sector across the global workforce and others are expected to occur. It is not clear when such reductions will occur or what impact any such actions might have on employment in the region.

PUGET SOUND MAJOR EMPLOYERS⁽¹⁾

Employer	Employees
Amazon.com	87,000
The Boeing Co.	66,800
Microsoft Corp.	55,100
Joint Base Lewis-McChord	54,000
University of Washington Seattle	53,000
Providence Swedish	46,000
Navy Region Northwest	37,000
Walmart Inc.	22,700
Costco Wholesale Corp.	21,500
Kroger Co.	21,000
MultiCare Health System	20,700
Albertsons	20,000
Virginia Mason Franciscan Health	18,000
King County Government ⁽¹⁾	15,900
City of Seattle ⁽²⁾	13,600
Alaska Air Group Inc.	11,400
Seattle Children's Foundation	10,200
Starbucks Coffee Co.	10,000
Meta Platforms	8,000
Kaiser Permanente	7,500

(1) Source: King County

(2) Source: City of Seattle

Source: Puget Sound Business Journal, Publication Date June 14, 2024

KING COUNTY
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT⁽¹⁾

	Annual Average				
	2020	2021	2022	2023	2024
Civilian Labor Force	1,271,278	1,279,639	1,319,911	1,352,598	1,342,924
Total Employment	1,172,004	1,226,665	1,281,609	1,308,158	1,286,859
Total Unemployment	99,274	52,974	38,302	44,440	56,065
Percent of Labor Force	7.8%	4.1%	2.9%	3.3%	4.2%
NAICS INDUSTRY	2020	2021	2022	2023	2024
Total Nonfarm	1,383,750	1,411,692	1,478,292	1,490,367	1,494,400
Total Private	1,211,875	1,241,750	1,312,050	1,318,900	1,308,683
Goods Producing	172,467	169,067	172,608	173,850	167,258
Mining and Logging	475	433	408	500	425
Construction	76,675	79,467	80,325	79,800	75,633
Manufacturing	95,267	89,158	91,858	93,558	91,200
Service Providing	1,211,283	1,242,625	1,305,683	1,316,517	1,327,142
Trade, Transportation, and Utilities	224,792	232,792	234,575	235,592	233,900
Information	127,817	134,250	141,275	136,242	129,567
Financial Activities	72,600	73,858	75,983	74,933	72,983
Professional and Business Services	286,650	297,142	324,717	317,283	314,383
Educational and Health Services	180,183	184,233	189,050	194,208	202,025
Leisure and Hospitality	100,675	104,833	125,867	137,483	138,025
Other Services	46,692	45,575	47,975	49,308	50,542
Government	171,875	169,942	166,242	171,467	185,717
Workers in Labor/Management Disputes	0	0	0	0	0
	Mar. 2025				
Civilian Labor Force	1,398,106				
Total Employment	1,339,688				
Total Unemployment	58,418				
Percent of Labor Force	4.2%				

(1) Columns may not add to totals due to rounding.

Source: Washington State Employment Security Department.

APPENDIX D

BOOK-ENTRY TRANSFER SYSTEM

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.

