

OFFICIAL STATEMENT

RATINGS

Moody's: Aaa

Fitch: AAA

S&P: AAA

New Issue, Book-Entry Only

(See "Other Bond Information—Ratings.")

In the opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, under existing law and subject to certain qualifications described herein, the interest on the 2020A Bonds is excludable from gross income for federal income tax purposes. In addition, interest on the 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. See "Legal and Tax Information—Tax Matters." Interest on the 2020B Bonds is not intended to be exempt from federal income taxes. See "Legal and Tax Information—Certain Income Tax Consequences Relating to the 2020B Bonds."

KING COUNTY, WASHINGTON

\$53,155,000

LIMITED TAX GENERAL OBLIGATION BONDS, 2020, SERIES A

\$74,040,000

LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2020, SERIES B (TAXABLE)

DATED: Date of Initial Delivery

DUE: December 1, as shown on pages i and ii

King County, Washington (the "County"), is issuing its Limited Tax General Obligation Bonds, 2020, Series A (the "2020A Bonds"), and Limited Tax General Obligation Refunding Bonds, 2020, Series B (the "2020B Bonds" and together with the 2020A Bonds, the "Bonds"), as fully registered obligations. When issued, the Bonds will be registered in the name of Cede & Co., as Bond owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as initial securities depository for the Bonds. The Bonds will be issued initially in book-entry form only in denominations of \$5,000 or any integral multiple thereof within a Series and a maturity of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds purchased. The Bonds will bear interest payable semiannually on June 1 and December 1, beginning June 1, 2021, to their maturities or prior redemption. The principal of and interest on the Bonds are payable by the fiscal agent of the State of Washington (currently U.S. Bank National Association) (the "Registrar"). For so long as the Bonds remain in a "book-entry only" transfer system, the Registrar is required to make such payments only to DTC, which, in turn, is obligated to remit such principal and interest to the DTC participants for subsequent disbursement to registered owners of the Bonds as described in Appendix E—Book-Entry System.

The 2020A Bonds are being issued to provide financing for certain capital projects of the County and to pay the costs of issuing the 2020A Bonds. The 2020B Bonds are being issued to advance refund on a taxable basis certain outstanding obligations of the County and to pay the costs of issuing the 2020B Bonds.

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

The Bonds are general obligations of the County. The County irrevocably covenants and agrees that, for as long as any of the Bonds are outstanding and unpaid, each year it will include in its budget and levy an *ad valorem* tax upon all the property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same will become due. The County irrevocably pledges that the annual tax to be levied for the payment of such principal and interest will be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the County prior to the full payment of the principal of and interest on the Bonds will be irrevocably set aside, pledged, and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit, and resources of the County are irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same will become due.

The Bonds are offered when, as, and if issued, subject to approval of legality by Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, and certain other conditions. The forms of legal opinions of Bond Counsel are attached hereto as Appendix A. Pacifica Law Group LLP also is serving as Disclosure Counsel to the County. It is anticipated that the Bonds will be ready for delivery through the facilities of DTC in New York, New York, or to the Registrar on behalf of DTC by Fast Automated Securities Transfer, on or about November 3, 2020.

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: October 27, 2020

No dealer, broker, sales representative or other person has been authorized by the County 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 other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the 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 information set forth herein has been obtained by the County from County records and from other sources that the County believes to be reliable, but the County does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

The County makes no representation regarding the accuracy or completeness of the information provided in Appendix E—Book-Entry System, which has been furnished by DTC.

This Official Statement is not to be construed as a contract or agreement between the County and purchasers or owners of any of the Bonds.

The public offering prices set forth on pages i and ii of this Official Statement may be changed from time to time by the initial purchaser(s) of the Bonds (the “Purchaser(s)”). The Purchaser of each Series of the Bonds may offer and sell such Series to certain dealers, unit investment trusts, or money market funds at prices lower than the public offering prices set forth on pages i and ii of this Official Statement.

The outbreak of the 2019 novel coronavirus (“COVID-19”) is a significant event that has had and will have ongoing, material effects on the finances, operations, and economy of the County. Historic information in this Official Statement about the finances and operations of the County predate the outbreak of COVID-19 and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances, operations, and economy of the County and the State of Washington. See “King County—Impact of COVID-19” for a discussion of the effects of COVID-19 on the operations of the County.

Certain statements contained in this Official Statement, including the appendices, reflect not historical facts but forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

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

CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers herein are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. The County takes no responsibility for the accuracy of such CUSIP numbers.

MATURITY SCHEDULE

\$53,155,000⁽¹⁾

KING COUNTY, WASHINGTON LIMITED TAX GENERAL OBLIGATION BONDS, 2020, SERIES A

SERIAL BONDS

Due (December 1)	Amounts	Interest Rates	Yields	Prices	CUSIP Numbers
2021	\$ 1,235,000	5.00%	0.21%	105.153	49474F WC0
2022	1,505,000	5.00%	0.23%	109.881	49474F WD8
2023	1,580,000	5.00%	0.25%	114.554	49474F WE6
2024	1,655,000	5.00%	0.29%	119.079	49474F WF3
2025	1,740,000	5.00%	0.38%	123.212	49474F WG1
2026	1,825,000	5.00%	0.53%	126.699	49474F WH9
2027	1,925,000	5.00%	0.69%	129.721	49474F WJ5
2028	1,315,000	5.00%	0.84%	132.422	49474F WK2
2029	1,375,000	5.00%	0.98%	134.834	49474F WL0
2030	1,445,000	5.00%	1.09%	137.220	49474F WM8
2031	1,520,000	5.00%	1.19% ⁽¹⁾	136.081	49474F WN6
2032	1,595,000	5.00%	1.29% ⁽¹⁾	134.953	49474F WP1
2033	1,665,000	5.00%	1.38% ⁽¹⁾	133.948	49474F WQ9
2034	1,755,000	5.00%	1.42% ⁽¹⁾	133.504	49474F WR7
2035	1,840,000	5.00%	1.48% ⁽¹⁾	132.841	49474F WS5
2036	1,935,000	5.00%	1.53% ⁽¹⁾	132.291	49474F WT3
2037	2,035,000	5.00%	1.57% ⁽¹⁾	131.854	49474F WU0
2038	2,135,000	5.00%	1.61% ⁽¹⁾	131.418	49474F WV8
2039	2,240,000	5.00%	1.65% ⁽¹⁾	130.984	49474F WW6

TERM BONDS

Due (December 1)	Amounts	Interest Rates	Yields	Prices	CUSIP Numbers
2042	\$ 5,370,000	5.00%	1.79% ⁽¹⁾	129.478	49474F WZ9
2045	5,110,000	5.00%	1.88% ⁽¹⁾	128.520	49474F XC9
2050	10,355,000	5.00%	1.95% ⁽¹⁾	127.781	49474F XH8

(1) Calculated to the December 1, 2030, par call date.

MATURITY SCHEDULE

\$74,040,000⁽¹⁾

KING COUNTY, WASHINGTON

LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2020, SERIES B (TAXABLE)

Due (December 1)	Amounts	Interest Rates	Yields	Prices	CUSIP Numbers
2021	\$ 1,100,000	0.35%	0.35%	100.000	49474F XJ4
2022	1,175,000	0.40%	0.40%	100.000	49474F XK1
2023	1,190,000	0.50%	0.50%	100.000	49474F XL9
2024	1,195,000	0.70%	0.70%	100.000	49474F XM7
2025	1,205,000	0.85%	0.85%	100.000	49474F XN5
2026	4,150,000	1.00%	1.00%	100.000	49474F XP0
2027	9,245,000	1.10%	1.10%	100.000	49474F XQ8
2028	10,440,000	1.30%	1.30%	100.000	49474F XR6
2029	9,870,000	1.45%	1.45%	100.000	49474F XS4
2030	11,855,000	1.60%	1.60%	100.000	49474F XT2
2031	12,050,000	1.70%	1.70%	100.000	49474F XU9
2032	8,225,000	1.80%	1.80%	100.000	49474F XV7
2033	1,160,000	1.90%	1.90%	100.000	49474F XW5
2034	1,180,000	2.00%	2.00%	100.000	49474F XX3

**KING COUNTY, WASHINGTON
500 FOURTH AVENUE
SEATTLE, WASHINGTON 98104**

KING COUNTY EXECUTIVE

Dow Constantine

METROPOLITAN KING COUNTY COUNCIL

Claudia Balducci	Chair
Reagan Dunn	Vice Chair
Joe McDermott	Vice Chair
Rod Dembowski	Councilmember
Jeanne Kohl-Welles	Councilmember
Kathy Lambert	Councilmember
Dave Upthegrove	Councilmember
Pete von Reichbauer	Councilmember
Girmay Zahilay	Councilmember

OTHER ELECTED OFFICIALS

Dan Satterberg	Prosecuting Attorney
John Wilson	Assessor
Mitzi Johanknecht	Sheriff
Julie Wise	Director of Elections

**DIRECTOR OF FINANCE AND BUSINESS OPERATIONS DIVISION
DEPARTMENT OF EXECUTIVE SERVICES**

Ken Guy

CLERK OF THE METROPOLITAN KING COUNTY COUNCIL

Melani Pedroza

BOND COUNSEL/DISCLOSURE COUNSEL

Pacifica Law Group LLP

MUNICIPAL ADVISOR TO THE COUNTY

Piper Sandler & Co.

REGISTRAR

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

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OFFICIAL STATEMENT

KING COUNTY, WASHINGTON

\$53,155,000

LIMITED TAX GENERAL OBLIGATION BONDS, 2020, SERIES A

\$74,040,000

LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2020, SERIES B (TAXABLE)

INTRODUCTION

This Official Statement contains certain information concerning the issuance by King County, Washington (the “County”), of its Limited Tax General Obligation Bonds, 2020, Series A (the “2020A Bonds”), and Limited Tax General Obligation and Refunding Bonds, 2020, Series B (Taxable) (the “2020B Bonds” and together with the 2020A Bonds, the “Bonds”).

The Bonds are issued under and in accordance with the provisions of chapters 36.67, 39.46, and 39.53 of the Revised Code of Washington (“RCW”) and the County Charter, and are authorized under the provisions of Ordinance 19154, passed on September 1, 2020 (authorizing the 2020A Bonds), and Ordinance 18376, passed on September 27, 2016 (authorizing the 2020B Bonds) (collectively, the “Ordinance”), and Motion 15698 of the Metropolitan King County Council (the “County Council”) passed on October 27, 2020 (the “Sale Motion”).

Quotations, summaries, and explanations of constitutional provisions, statutes, resolutions, ordinances, and other documents in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents, which may be obtained from the Finance and Business Operations Division of the King County Department of Executive Services, 500 Fourth Avenue, Room 600, Seattle, Washington 98104. Capitalized terms that are not defined herein have the same meanings as set forth in the Ordinance.

The outbreak of the 2019 novel coronavirus (“COVID-19”) is a significant event that has had and will have ongoing, material effects on the finances, operations, and economy of the County. Historic information in this Official Statement about the finances and operations of the County predate the outbreak of COVID-19 and should be considered in light of the possible or probable negative effects the COVID-19 pandemic may have on the current and future finances, operations, and economy of the County and the State of Washington (the “State”). See “King County—Impact of COVID-19” for a discussion of the effects of COVID-19 on the operations of the County.

THE BONDS

Description

The Bonds will be dated and bear interest from the date of their initial delivery, will be fully registered as to both principal and interest, and will be in the denomination of \$5,000 or any integral multiple thereof within each Series and maturity of the Bonds. The Bonds will initially be registered in the name of Cede & Co. as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). See “Book-Entry System.”

The Bonds will bear interest at the rates set forth on pages i and ii of this Official Statement, payable semiannually on each June 1 and December 1, beginning June 1, 2021, to their maturities or prior redemption. Interest will be computed on the basis of a 360-day year and of twelve 30-day months. The Bonds will mature in the years and amounts set forth on pages i and ii of this Official Statement.

DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, and purchasers will not receive certificates representing their interest in the Bonds purchased. For so long as Cede & Co. is deemed to be the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners or Bond owners will mean Cede & Co. and will not mean the beneficial owners of the Bonds.

The principal of and interest on the Bonds are payable by the fiscal agent of the State of Washington (the “State”) (currently U.S. Bank National Association) (the “Registrar”). For so long as any outstanding Bonds are registered in the name of Cede & Co., or its registered assigns, as nominee of DTC, payments of principal of and interest on such Bonds will be made in immediately available funds on the date such payment is due and payable at the place and in the manner provided in the operational arrangements of DTC referenced in the Letter of Representations. See “—Book-Entry System” and Appendix E—Book-Entry System.

In the event that the Bonds are no longer held in fully immobilized form by DTC or its successor (or substitute depository or its successor), interest on the Bonds will be paid by check or draft mailed to the registered owners of the Bonds at the addresses for such registered owners appearing on the Register on the Record Date for that interest payment date, or by electronic transfer on the interest payment date to an account within the United States designated by a registered owner of at least \$1,000,000 in principal amount of the Bonds. The County is not required to make electronic transfers except to a registered owner of Bonds pursuant to a request in writing received on or prior to the Record Date for that interest payment date, and any such electronic transfer will be at the sole expense of that registered owner. Principal of the Bonds will be payable at maturity or on such dates as may be fixed for prior redemption upon presentation and surrender of the Bonds by the owners to the Registrar. “Record Date” is defined in the Ordinance as, for an interest or principal payment date or for a maturity date, the 15th day of the calendar month next preceding that date.

Redemption of the Bonds

Optional Redemption. The Bonds maturing on or after December 1, 2031, are subject to optional redemption prior to their stated maturity at the option of the County, in whole or in part, at any time on or after December 1, 2030, at the price of par plus accrued interest, if any, to the date fixed for redemption.

Selection of Bonds for Optional Redemption. If fewer than all of the Bonds of a Series subject to optional redemption are called for redemption, the County will choose the maturities to be redeemed. If fewer than all of the Bonds of a Series maturing on the same date are called for redemption, the Sale Motion will provide that the Registrar will select for redemption such 2020A Bonds or portions thereof randomly and such 2020B Bonds on a pro rata basis, or in such other manner as the Registrar determines, except that, for so long as such Bonds are registered in the name of DTC or its nominee, DTC will select for redemption such Bonds or portions thereof in accordance with the Letter of Representations and, in the case of the 2020B Bonds, on a pro rata distribution of principal basis. In no event will any Bond be outstanding in a principal amount that is not \$5,000 or any integral multiple thereof.

Mandatory Sinking Fund Redemption of Term Bonds. The County will redeem the 2020A Bonds maturing on December 1 in the years 2042, 2045, and 2050 (the “2020A Term Bonds”), if not redeemed as described above or purchased under the provisions described below, randomly (or in such manner as the Registrar determines), at the price of par plus accrued interest, on December 1 in the years and amounts as follows:

2042 TERM BONDS		2045 TERM BONDS		2050 TERM BONDS	
Years	Amounts	Years	Amounts	Years	Amounts
2040	\$ 2,355,000	2043	\$ 1,620,000	2046	\$ 1,875,000
2041	1,470,000	2044	1,705,000	2047	1,970,000
2042 ⁽¹⁾	1,545,000	2045 ⁽¹⁾	1,785,000	2048	2,065,000
				2049	2,165,000
				2050 ⁽¹⁾	2,280,000

(1) Maturity.

If the County redeems a portion of the 2020A Term Bonds under the optional redemption provisions described above or purchases or defeases a portion of the 2020A Term Bonds, the 2020A Term Bonds so redeemed, purchased, or defeased (irrespective of their redemption or purchase prices) will be credited at the par amount thereof against one or more scheduled mandatory redemption amounts for the 2020A Term Bonds. The County will determine the manner in which the credit is to be allocated. If no such determination is made, credit will be allocated on a pro rata basis.

Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption must be given at the time, to the entity, and in the manner required by DTC in accordance with the Letter of Representations, and the Registrar is not required to give any other notice of redemption. See “The Bonds—Book-Entry System” and Appendix E. If the Bonds cease to be in book-entry only form, unless waived by any registered owner of the Bonds to be redeemed, the County will cause notice of any intended redemption of the Bonds to be given by the Registrar 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 registration books for the Bonds maintained by the Registrar at the time the Registrar prepares the notice. The notice requirements of the Ordinance will be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond.

Rescission of Redemption. In the case of an optional redemption, the notice of redemption may state that the County retains the right to rescind the redemption notice and the related redemption by giving a notice of rescission to the affected registered owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded will be of no effect, and the Bonds for which a notice of optional redemption has been rescinded will remain outstanding.

Effect of Redemption. Interest on each Bond called for redemption will cease to accrue on the date fixed for redemption, except in the case of a rescinded optional redemption as described above, or unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

Book-Entry System

Book-Entry Bonds. The Bonds will initially be held in fully immobilized form by DTC acting as depository pursuant to the terms and conditions set forth in the Letter of Representations. Neither the County nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds with respect to the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any principal or redemption price of or interest on the Bonds, any notice that is permitted or required to be given to registered owners under the Ordinance (except such notice as is required to be given by the County to the Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as registered owner of the Bonds. See Appendix E for additional information.

The County makes no representation as to the accuracy or completeness of information in Appendix E provided by DTC. Purchasers of the Bonds should confirm its contents with DTC or its participants.

The Bonds will initially be issued in denominations equal to the aggregate principal amount of each maturity and will initially be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered will be held in fully immobilized form by DTC as depository. For so long as any Bonds are held in fully immobilized form, DTC, its successor, or any substitute depository appointed by the County, as applicable, will be deemed to be the registered owner and all references to registered owners, bondowners, bondholders, or owners will mean DTC or its nominees and will not mean the owners of any beneficial interests in the Bonds. Registered ownership of the Bonds, or any portions thereof, may not thereafter be transferred except to any successor of DTC or its nominee, to any substitute depository appointed by the County, or to any person as provided in the Ordinance if the Bonds are no longer held in immobilized form.

Substitute Depository. Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the County that it is no longer in the best interests of beneficial owners of the Bonds to continue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the County may appoint a substitute depository. Any such substitute depository will be qualified under any applicable laws to provide the services proposed to be provided by it.

In the case of any transfer to a successor of DTC or its nominee or to a substitute depository or its successor, the Registrar, upon receipt of all outstanding Bonds together with a written request on behalf of the County, will issue a single new Bond certificate for each maturity of Bonds then outstanding, registered in the name of such successor or such substitute depository, or its nominees, as the case may be, all as specified in such written request of the County.

Termination of Book-Entry System. In the event that DTC or its successor (or substitute depository or its successor) resigns from its functions as depository and no substitute depository can be obtained, or the County determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain Bond certificates, the ownership of the Bonds may be transferred to any person as provided in the Ordinance and the Bonds will no longer be held in fully immobilized form. The County will deliver a written request to the Registrar, together with a supply of physical Bonds, to issue Bonds as provided in the Ordinance in any authorized denomination. Upon receipt of all then outstanding Bonds by the Registrar, together with a written request on behalf of the County to the Registrar, new Bonds will be issued in such denominations and registered in the names of such persons as are requested in such a written request.

Purchase of Bonds

The County reserves the right to purchase any or all of the Bonds at any time at any price.

Refunding or Defeasance of Bonds

The County may issue refunding obligations pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of, premium, if any, and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem, retire, refund, and/or defease all or a portion of the then outstanding Bonds (the “Defeased Bonds”), and to pay the costs of the refunding or defeasance.

If money and/or noncallable Government Obligations (defined below) maturing at such time or times and bearing interest to be earned thereon in amounts sufficient (together with such money, if necessary) to redeem and retire, refund, or defease the Defeased Bonds in accordance with their terms are set aside in a special trust or escrow fund or account irrevocably pledged to that redemption, retirement, or defeasance of Defeased Bonds (the “Trust Account”), then the Defeased Bonds will be deemed not to be outstanding under the Ordinance, no further payments need be made into the applicable redemption account for the payment of the principal of and interest on the Defeased Bonds, and the owners of the Defeased Bonds will cease to be entitled to any covenant, pledge, benefit, or security of the Ordinance. The owners of Defeased Bonds will have the right to receive payment of the principal of, premium, if any, and interest on the Defeased Bonds from the Trust Account.

The term “Government Obligations” is defined in the Ordinance to include obligations constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

If the County defeases any 2020B Bonds, such 2020B Bonds may be deemed retired and “reissued” for federal income tax purposes as a result of the defeasance. In such event, the owner of a 2020B Bond would recognize a gain or loss on the 2020B Bond at the time of defeasance. See “Legal and Other Information—Certain Income Tax Consequences Relating to the 2020B Bonds.”

USE OF PROCEEDS

Purpose

The 2020A Bonds are being issued to provide financing for certain capital projects of the County and to pay the costs of issuing the 2020A Bonds.

The 2020B Bonds are being issued to advance refund on a taxable basis certain obligations of the County described below under “—Plan of Refunding” and to pay the costs of issuing the 2020B Bonds.

Sources and Uses of Funds

The proceeds from the sale of the Bonds are expected to be applied as follows:

TABLE 1
SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	2020A BONDS	2020B BONDS	TOTAL
Par Amount of Bonds	\$ 53,155,000.00	\$ 74,040,000.00	\$ 127,195,000.00
Cash Contribution	-	1,411,724.38	1,411,724.38
Reoffering Premium	15,082,854.00	-	15,082,854.00
Total Sources of Funds	<u>\$ 68,237,854.00</u>	<u>\$ 75,451,724.38</u>	<u>\$ 143,689,578.38</u>
USES OF FUNDS			
Deposit to Project Subfunds	\$ 67,800,000.00	\$ -	\$ 67,800,000.00
Deposit to Refunding Escrow	-	74,730,591.19	74,730,591.19
Payment of Costs of Issuance ⁽¹⁾	437,854.00	721,133.19	1,158,987.19
Total Uses of Funds	<u>\$ 68,237,854.00</u>	<u>\$ 75,451,724.38</u>	<u>\$ 143,689,578.38</u>

(1) Includes rating agency fees, Municipal Advisor fees, underwriters' discount, legal fees, printing costs, and other costs of issuing the Bonds.

Refunding Plan

A portion of the proceeds from the sale of the 2020B Bonds will be used to advance refund the County's outstanding bonds described below (the "Refunded Bonds"), for the purposes of realizing debt service savings.

Table 2 provides information on the Refunded Bonds.

TABLE 2
REFUNDED BONDS

Bond Component	Maturity Date	Interest Rate (%)	Par Amount	Redemption Date	Redemption Price (%)	CUSIP Number
<i>LTGO Bonds, 2011, Series D</i>						
Serial	12/1/2028	3.150	\$ 1,095,000	12/1/2021	100	49474E 6R9
	12/1/2029	3.250	1,125,000	12/1/2021	100	49474E 6S7
	12/1/2030	3.375	1,165,000	12/1/2021	100	49474E 6T5
	12/1/2031	3.500	<u>1,205,000</u>	12/1/2021	100	49474E 6U2
Subtotal			\$ 4,590,000			
<i>LTGO Bonds, 2012, Series B</i>						
Serial	9/1/2030	3.125	\$ 1,840,000	3/1/2022	100	49474F AT7
	9/1/2031	3.250	1,900,000	3/1/2022	100	49474F AU4
	9/1/2032	3.250	<u>1,960,000</u>	3/1/2022	100	49474F AV2
Subtotal			\$ 5,700,000			
<i>LTGO Bonds, 2013</i>						
Serial	12/1/2026	5.000	\$ 2,930,000	6/1/2023	100	49474F FD7
	12/1/2027	5.000	3,075,000	6/1/2023	100	49474F FE5
	12/1/2028	5.000	3,230,000	6/1/2023	100	49474F FF2
	12/1/2029	5.000	2,690,000	6/1/2023	100	49474F FG0
	12/1/2030	5.000	2,825,000	6/1/2023	100	49474F FH8
	12/1/2031	4.000	<u>2,965,000</u>	6/1/2023	100	49474F FJ4
Subtotal			\$ 17,715,000			
<i>LTGO Refunding Bonds, 2014, Series A</i>						
Serial	12/1/2027	5.00	\$ 5,060,000	6/1/2024	100	49474F GP9
	12/1/2028	5.00	5,315,000	6/1/2024	100	49474F GQ7
	12/1/2029	5.00	5,580,000	6/1/2024	100	49474F GR5
	12/1/2030	5.00	5,855,000	6/1/2024	100	49474F GS3
	12/1/2031	5.00	6,150,000	6/1/2024	100	49474F GT1
	12/1/2032	5.00	<u>6,460,000</u>	6/1/2024	100	49474F GU8
Subtotal			\$ 34,420,000			
<i>LTGO Bonds, 2014, Series B</i>						
Serial	6/1/2033	4.00	\$ 1,150,000	6/1/2024	100	49474F HP8
	6/1/2034	4.00	<u>1,195,000</u>	6/1/2024	100	49474F HQ6
Subtotal			\$ 2,345,000			
Total Refunded Bonds			<u>\$ 64,770,000</u>			

Procedure. The County will enter into an escrow deposit agreement (the “Escrow Agreement”) with U.S. Bank, N.A., 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 2020B 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 Escrow Agent to pay principal of and interest on the Refunded Bonds as described above will be verified by Causey Demgen & Moore P.C., independent certified public accountants (the “Verification Agent”).

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are general obligations of the County. The County irrevocably covenants and agrees that, for as long as any of the Bonds are outstanding and unpaid, each year it will include in its budget and levy an *ad valorem* tax upon all the property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the Bonds as the same will become due.

The County irrevocably pledges that the annual tax to be levied for the payment of such principal and interest will be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the County prior to the full payment of the principal of and interest on the Bonds will be irrevocably set aside, pledged, and appropriated for the payment of the principal of and interest on the Bonds.

The full faith, credit, and resources of the County are irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same will become due.

Bond owners do not have a security interest in particular revenues or assets of the County. The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the County.

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 statutes on the priority of payment of debt service on general obligations incurred by a Washington municipality. Certain taxes and other money deposited in the County’s governmental funds are restricted by State law to specific purposes and may not be available to pay debt service on the Bonds. 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 Bankruptcy.”

KING COUNTY

Impact of COVID-19

The effect that the COVID-19 pandemic is having and will have on the County is significant, and the nature of the impact is likely to evolve over the next several years. Although the County does not yet have sufficient information to quantify the full impact of the COVID-19 pandemic on the County’s finances, it expects that County tax and other revenues will be materially adversely affected. As of August 25, 2020, the County’s Office of Economic and Financial Analysis predicts the County will experience a serious recession of unknown depth and duration. There is great uncertainty about future effects of COVID-19, the economic effects that have already occurred and will occur, and future federal responses.

Many County funds, including the General Fund, receive most or all of their revenue from property taxes. Although the values of certain properties will likely be adversely affected by COVID-19, the system of property taxation used in the State largely protects the annual amount of property tax revenues received by senior taxing districts like the County from the effect of lowered property tax values.

The County uses a biennial budget on a calendar-year basis and has completed the development of the 2021-2022 Proposed Budget. The County Executive submitted this budget to the County Council on September 22 and County Council’s approval of the final budget is expected in mid-November.

At the beginning of the County Executive's budget development process, a General Fund deficit of approximately \$150 million was projected for the 2021-2022 biennium. The Proposed Budget eliminated this deficit by finding efficiencies in service delivery, eliminating staff positions, using revenue from the rent for the right-of-way recently upheld by the State Supreme Court, reducing growth in employee compensation, utilizing higher than projected 2020 year-end balances, and using reserves. The 2021-2022 Proposed Budget lowers the projected year-end 2022 unreserved General Fund balance from its current 8% (the maximum set by policy) to 6% (the minimum set by policy). The 6% level previously occurred in the years following the Great Recession. The County Executive is not proposing to use the Rainy Day Fund to balance the 2021-2022 Proposed Budget, but may propose some use of it to bridge to expected future federal COVID funds.

Upon the President's emergency declaration in response to COVID-19, the County became eligible to access the FEMA Public Assistance program to support certain extraordinary operating costs incurred. The County also is receiving funding under the CARES Act, including additional FEMA funding, Coronavirus Relief Fund appropriations, additional Community Development Block Grants, transit, airport, and other funding. The County received a direct allocation of \$261.6 million in Coronavirus Relief Funds to pay for necessary expenditures incurred due to the public health emergency that were not included in the County's budget and other more targeted funding. With very few exceptions, relief funds must be used to reimburse or pay COVID-19-related expenses and are not available to replace lost tax and other revenues. The County's Office of Performance, Strategy and Budget, Office of Emergency Management, and Finance and Business Operations Division have developed a coordinated approach to track County expenses and match them with available funding sources. As of September 15, 2020, the County expects that almost all of its direct costs for COVID-19 response will be covered with federal or State funds.

The forecast information described in this section is a "forward-looking statement," speaking only as of its date. The forecast information represents the County's forecast of future results as of the date of preparation based on information then available to the County as well as estimates, trends, and assumptions that are inherently subject to economic, political, regulatory, and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the County. Actual results may differ materially. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements.

The prospective financial information contained in the forecast information was not prepared with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

General

As a general purpose government, the County provides roads, solid waste disposal, flood control, certain airport facilities, public health and other human services, park and recreation facilities, courts, law enforcement, agricultural services, property tax assessment and collection, fire inspection, planning, zoning, animal control, and criminal detention and rehabilitative services. In addition, with its assumption of the Municipality of Metropolitan Seattle in 1994, the County provides transit ("Metro Transit") and wastewater treatment services ("Wastewater") (collectively, the "metropolitan functions"). Certain of these services are provided on a County-wide basis and certain others only to unincorporated areas or by intergovernmental contract.

Organization of the County

The County is organized under the executive-council form of government and operates under a Home Rule Charter adopted by a vote of the electorate in 1968. The County Executive, the members of the Metropolitan King County Council (the "County Council"), the Prosecuting Attorney, the County Assessor (the "Assessor"), the Director of Elections, and the Sheriff are all elected to four-year terms.

County Executive. The County Executive serves as the chief executive officer of the County. The County Executive presents to the County Council annual statements of the financial and governmental affairs of the County, budgets, and capital improvement plans. The County Executive signs, or causes to be signed on behalf of the County, all deeds, contracts, and other instruments. All County employees report to the County Executive except those appointed by the County Council, Superior and District Courts, Prosecuting Attorney, Assessor, Director of Elections, or Sheriff.

County Council. The County Council is the policy-making legislative body of the County. The nine Councilmembers are elected by district to four-year staggered terms and serve on a full-time basis. The County Council sets tax levies, makes appropriations, and adopts and approves the operating and capital budgets for the County.

Superior and District Courts. The State Constitution provides for county superior courts as the courts of general jurisdiction. The County currently has 53 superior court judges who are elected to four-year terms and 21 district court judges who are elected to four-year terms. Due to caseload growth, an additional Superior Court judge position is included in the 2021-2022 Proposed Budget.

County's Budget Process

Revenue forecasts are developed by the County's independent Office of Economic and Financial Analysis and submitted to the King County Forecast Council for approval. The Forecast Council consists of the County Executive, two Councilmembers, and the Director of the Office of Performance, Strategy and Budget ("PSB").

The PSB, under the direction of the County Executive, is responsible for (i) preparation and management of the operating and capital budgets, (ii) expenditure and revenue policy, and (iii) planning and growth management. The County has adopted biennial budgets for all agencies.

These budgets must be presented to the County Council on or before September 27 of each year. The County Council holds public hearings and may increase or decrease proposed appropriations. Any changes in the budget must be within the revenues and reserves estimated as available, or the revenue estimates must be changed by an affirmative vote of at least six Councilmembers. The County Executive has general and line-item veto power over appropriation ordinances approved by the County Council. Each appropriation ordinance establishes a budgeted level of authorized expenditures that may not be exceeded without County Council approval of supplemental appropriation ordinances. The County Executive, within the restrictions of any provisos of the appropriation ordinances, may establish and amend line-item budgets as long as the total budget for each appropriation unit does not exceed the budgeted level of authorized expenditures. By an affirmative vote of at least six Councilmembers, the County Council may override any general or line-item veto by the County Executive.

Finance and Business Operations Division

The Finance and Business Operations Division includes four sections. The Treasury Operations Section manages the receipt and investment of assigned revenues due to the County or to other agencies for which the section performs the duties of treasurer and is responsible for the issuance and administration of the County's debt. The Financial Management Section is responsible for the accounting and disbursing of assigned public funds. The other sections are responsible for managing the County's procurement and contracting practices.

Auditing

Legal compliance and fiscal audits of all County agencies are conducted by examiners from the State Auditor's office. The County is audited annually. The most recent State Auditor's Report is for the year ended December 31, 2019, and is incorporated into the County's Comprehensive Annual Financial Report ("CAFR") for 2019.

The County's 2019 CAFR in its entirety may be accessed on the internet at the following link:

<https://www.kingcounty.gov/depts/finance-business-operations/financial-management/CAFR.aspx>.

See Appendix B—Excerpts from King County's 2019 Comprehensive Annual Financial Report.

County Fund Accounting

The County uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the County are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Most of the basic services provided by the County are paid from its governmental funds. The County's governmental funds include a General Fund and individual Special Revenue, Debt Service, and capital project funds. The proprietary funds are generally used to account for services for which the County charges customers a fee, while the fiduciary funds are used to account for resources held for the benefit of parties other than the County.

Major Governmental Fund Revenue Sources

The County's two major revenue sources for general County purposes are taxes and intergovernmental revenues. The General, Special Revenue, and Debt Service Funds received approximately 93% of taxes and 96% of intergovernmental revenues in 2019. Taxes and intergovernmental revenues provided approximately 49% of the total revenue in the governmental funds of the County in 2019. Additional sources of revenue are licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues.

Taxes. Table 3 lists various taxes collected and deposited in the governmental funds of the County, excluding the Flood Control Zone District Fund and the Ferry District Fund. As noted in this Official Statement, the historical financial information for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors. A description of each type of tax follows the table.

TABLE 3
TAXES COLLECTED
AS OF DECEMBER 31 (\$000)

Source	2015	2016	2017	2018	2019
Real and Personal Property Tax ⁽¹⁾	\$ 641,916	\$ 752,462	\$ 778,591	\$ 840,323	\$ 865,830
Retail Sales and Use Tax ⁽²⁾	175,419	191,716	200,434	217,625	230,779
Penalty and Interest on Property Taxes	20,036	17,563	19,849	20,857	21,293
Hotel/Motel Tax ⁽³⁾	22,843	3,287	-	-	-
Real Estate Excise tax	14,602	14,863	15,887	15,994	15,536
E-911 Excise Tax	21,396	21,430	22,270	22,264	22,468
Other Taxes ⁽⁴⁾	20,000	20,559	20,903	10,206	10,192
Total	\$ 916,212	\$ 1,021,880	\$ 1,057,934	\$ 1,127,269	\$ 1,166,098

- (1) Excludes revenue generated by real and personal property taxes to support public transit.
- (2) Excludes revenue generated by the 0.9% levy to support public transit.
- (3) See “—Hotel/Motel Tax” below.
- (4) Excludes revenue reported as taxes prior to 2018, now reported as charges for services.

Source: King County Finance and Business Operations Division—Financial Management Section

REAL AND PERSONAL PROPERTY TAX. The method of determining the assessed value of real and personal property, the County's taxing authority, tax collection procedures, tax collection information, and the allocation of such taxes are described in “Property Tax Information” herein.

RETAIL SALES AND USE TAX. The State first levied a retail sales tax and a corresponding use tax on taxable uses of certain services and personal property in 1935. Counties, cities, and certain other municipal corporations in the State are also authorized to levy various sales and use taxes. Neither the State nor local governments in the State collect an income tax.

Varying slightly due to local city levies, a sales and use tax is currently charged at a rate of between 10.0% and 10.2% on all gross retail sales in the County within the boundaries of the Central Puget Sound Regional Transit Authority (“Sound Transit”) and at rates of between 8.6% and 8.9% outside such boundaries. The bulk of the revenue from the sales and use tax goes to the State (a levy rate of 6.5%) and to Sound Transit (a levy rate of 1.4%). Of the remainder, 0.9% is allocated to the County to support public transit, 0.15% is allocated to the County in incorporated areas or 1.0% to the County in unincorporated areas to support general government operations, 0.1% is allocated to cities and to the County for criminal justice programs, and 0.1% is allocated to the County for the purpose of providing new or expanded chemical dependency or mental health treatment services and for the operation of new or expanded therapeutic court programs.

In the 2019 Regular Session, the State Legislature approved and the Governor signed Substitute House Bill 1406 (codified at RCW 82.14.540) (“SHB 1406”), authorizing cities and counties in the State to impose a local sales

and use tax for the acquisition, construction, or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, and for certain cities and counties, providing rental assistance to tenants. The tax may be imposed for a period not to exceed 20 years and will be credited against sales and use taxes collected by the State within the city or county imposing the tax. The sales and use tax available to participating cities under SHB 1406 may be imposed at a rate of 0.0073% or, if a participating city has enacted one or more of certain voter-approved taxes designated in SHB 1406 as qualifying local taxes, at a rate of 0.0146%. In unincorporated areas of a county or within the corporate limits of a nonparticipating city, a county may impose the tax at a rate of 0.0146%. Within the corporate limits of any participating city without a qualifying local tax, a county may impose the tax at a rate of 0.0073%. In 2019, the County adopted Ordinance No. 18973 (codified at K.C.C. 4A.501), imposing the sales and use tax beginning July 29, 2020, within the unincorporated area of the County and within the limits of any nonparticipating city located in the County at the rate of 0.0146%, and within the limits of any participating city that is not levying a qualifying local tax, at the rate of 0.0073%.

The sales tax currently is applied to a broad base of tangible personal property and selected services purchased by consumers, including construction (labor and materials), machinery and supplies used by businesses, 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). The State Legislature, and the voters through the initiative process, have changed the base of the sales and use tax on occasion, and this may occur again in the future. See “Initiatives and Referenda.” Among the various items not currently subject to the sales and use tax are most personal services, most food for off-premises consumption, trade-ins, and purchases for resale. Most lodging is not subject to the sales tax because the State Legislature has limited the total sales taxes that may be imposed on lodging. See “Hotel/Motel Tax” below.

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 Department of Revenue, which usually occurs on a monthly basis. The State Department of Revenue administers and collects sales and use taxes from sellers, consumers, and the County and makes disbursements to the County on a monthly basis.

The State Legislature enacted certain provisions to mitigate net losses in sales and use tax collections of local taxing jurisdictions resulting from the change to a destination-based system during 2007. In 2017, the State Legislature enacted Engrossed House Bill 2163, Chapter 28, Laws of 2017, 3rd special session (“EHB 2163”). Pursuant to EHB 2163, the State will cease mitigation payments to local governments on September 30, 2019; however, EHB 2163 is expected to increase revenues from local sales and use taxes remitted by customers within the State and by sellers and “marketplace facilitators” located outside the State, including from certain online purchases. In *South Dakota v. Wayfair* (No. 17-494, June 21, 2018), the U.S. Supreme Court held for the first time that states have the authority to collect sales taxes directly from out-of-state sellers having no physical presence in the taxing state. Mitigation payments will be halted before September 30, 2019, if a jurisdiction’s voluntary compliance and marketplace/remote seller revenue exceeds the losses due to destination-based taxation. The County stopped receiving all mitigation payments at the end of 2017.

PENALTY AND INTEREST ON PROPERTY TAXES. Interest of 12% per annum is charged on all delinquent real and personal property taxes until the taxes are paid. There is an 11% penalty in addition to the 12% interest rate on delinquent taxes: 3% is assessed on the amount of tax delinquent on June 1 of the year in which the tax is due and 8% is assessed on the total amount of delinquent tax on December 1 of the year in which the tax is due. The amount of penalty and interest collected is credited to the County’s General Fund.

HOTEL/MOTEL TAX. Under the authority of State legislation, the County levies a 2% excise tax on all transient lodging within the County. Effective January 1, 2013, the County no longer levies this tax on transient lodging within the City of Bellevue. The tax is collected by the State through its sales tax program and distributed to the County. The revenue has been used for the payment of certain of the County’s general obligation bonds, excluding the Bonds.

From January 1, 2013, through December 31, 2015, all such taxes collected were used to retire the debt on the County’s former multi-purpose sports stadium and subsequently distributed into an account dedicated to arts, culture, and heritage programs. From January 1, 2016, through December 31, 2020, all such taxes are retained

by the State and used primarily to pay the debt service on bonds issued by the State to finance its football stadium and exhibition hall. On and after January 1, 2021, all such taxes are to be distributed to the County and used to pay or reimburse payments for arts, culture, and heritage programs, affordable workforce housing within one-half mile of a transit station, services for homeless youth, projects to promote sustainable workplace opportunities near a community impacted by the construction or operation of tourism-related facilities, and tourism promotion.

REAL ESTATE EXCISE TAX. The County imposes a real estate excise tax of 0.5% on property sales in unincorporated areas. The funds are used for capital projects benefiting unincorporated area residents and parks in unincorporated areas of the County. The County's tax is in addition to the current State real estate excise tax. A portion of the revenue is used for the payment of certain of the County's general obligation bonds, excluding the Bonds.

E-911 EXCISE TAX. The County has levied a tax on all telephone access lines since 1984, to provide enhanced emergency telephone service throughout the entire County.

OTHER TAXES. Other taxes include an automobile rental sales and use tax, business taxes, a leasehold excise tax, a timber harvest tax, and gambling taxes.

Intergovernmental Revenue. Table 4 lists various intergovernmental revenues. A description of each type of intergovernmental revenue follows the table.

TABLE 4
VARIOUS INTERGOVERNMENTAL REVENUES
AS OF DECEMBER 31 (\$000)

Source	2015	2016	2017	2018	2019
Grants	\$ 135,870	\$ 146,873	\$ 149,166	\$ 145,791	\$ 145,700
Revenue Sharing	13,604	13,801	14,200	14,566	15,040
Gas Tax	12,792	13,542	13,422	13,228	12,857
Liquor Tax and Profits	1,261	1,466	1,459	1,478	1,510
Intergovernmental Payments ⁽¹⁾	233,702	182,883	83,506	22,050	16,128
Other Intergovernmental Revenues	11,213	10,270	12,125	19,241	16,256
Total	\$ 408,442	\$ 368,835	\$ 273,878	\$ 216,354	\$ 207,491

- (1) As of 2015, intergovernmental payments that are not grants are reported as charges for services. For 2016-2019, due to a change in State reporting requirements, specific amounts previously reported as intergovernmental payments are reported as charges for services.

Source: King County Finance and Business Operations Division—Financial Management Section

GRANTS. In 2019, operating, health, public employment, and capital improvement grants from the federal government, either directly or indirectly through the State or local governmental agencies, contributed an estimated \$99.3 million in federal grant revenue to the County. This comprised 68.3% of total 2019 grant revenue received by the County. The remaining 31.7% of estimated grant revenue was from the State.

Table 5 lists by source and function the various grants received by the County for the years ended December 31, 2018 and 2019.

TABLE 5
2018 AND 2019 GRANT REVENUE
BY SOURCE AND FUNCTION
(YEARS ENDED DECEMBER 31)

	2018		2019	
	Actual	Item as a Percent of Total Actual	Actual	Item as a Percent of Total Actual
Federal				
General Government Services	\$ 167	0.1%	\$ 148	0.1%
Law, Safety and Justice	12,236	8.4%	11,421	7.8%
Physical Environment	1,689	1.2%	3,168	2.2%
Transportation	4,138	2.8%	3,022	2.1%
Economic Environment	27,878	19.1%	30,665	21.0%
Mental and Physical Health	47,742	32.7%	50,865	34.9%
Culture and Recreation	-	0.0%	-	0.0%
Total Federal	<u>\$ 93,850</u>	<u>64.4%</u>	<u>\$ 99,289</u>	<u>68.1%</u>
State:				
General Government Services	\$ 195	0.1%	\$ 171	0.1%
Law, Safety and Justice	7,326	5.0%	7,768	5.3%
Physical Environment	8,181	5.6%	3,853	2.6%
Transportation	269	0.2%	361	0.2%
Economic Environment	19,199	13.2%	16,062	11.0%
Mental and Physical Health	16,617	11.4%	16,296	11.2%
Culture and Recreation	154	0.1%	1,900	1.3%
Total State	<u>\$ 51,941</u>	<u>35.6%</u>	<u>\$ 46,411</u>	<u>31.9%</u>
Total Grants	<u>\$ 145,791</u>	<u>100.0%</u>	<u>\$ 145,700</u>	<u>100.0%</u>

Source: King County Finance and Business Operations Division—Financial Management Section

REVENUE SHARING. In 1999, passage of Initiative 695 and the subsequent repeal of the Motor Vehicle Excise Tax by the State Legislature in 2000 eliminated a dedicated funding source for public health. As backfill, the State Legislature began allocating State General Fund revenues to local health jurisdictions in support of their responsibilities under the Health Reform Act of 1993. In 2019, this legislative allocation generated \$12.7 million in revenues for public health purposes in the County.

GAS TAX. Counties are entitled to 19.2287% of the 49.4 cents (RCW 82.38.030) of the State motor vehicle fuel tax collected by the State, less amounts for State supervision and studies and amounts withheld for the County Road Administration Board (RCW 46.68.090(2)(h)). The motor vehicle fuel tax is allocated to counties by the County Road Administration Board according to a formula based on population, needs, and financial resources. The County received 8.0757% of the tax distributed to counties in 2019.

In addition, the County Road Administration Board program allocates funds to the County for the construction of arterial streets in urban areas. The State's County Arterial Preservation Program receives 1.9565% of the 49.4 cents of the State motor vehicle fuel tax (RCW 46.68.090(2)(i)). The County received 3.6280% of these funds in 2019, based on the County's share of State-wide arterial preservation funds.

LIQUOR TAX AND PROFITS. Liquor distribution and sales within the State have been privatized since June 1, 2012, following voter approval of Initiative 1183. Accordingly, the State receives revenue from both excise taxes on liquor and license fees on distributors and retailers. Local governments receive a share as intergovernmental revenues in separate distributions reflecting each of these sources.

Thirty-five percent of State liquor excise tax revenues are deposited in the liquor excise tax account for distribution to cities and counties. From this amount, \$2.5 million per quarter is remitted to the State general fund, with the remainder distributed 80% to cities and 20% to counties.

Distributions of liquor board profits come from the license fees on distributors and retailers. Initiative 1183 required that these distributions remain at least as large as liquor board profit distributions prior to privatization and that, beginning in 2012, an additional \$10 million annually be distributed on a quarterly basis to cities, counties, and border areas. After revenues are distributed to border areas (0.3% of the total), 80% of the remainder goes to cities and 20% to counties.

INTERGOVERNMENTAL PAYMENTS. These are payments made to one unit of government for performing a service that is a statutory responsibility of another unit of government. In 2019, these payments included amounts related to the County's provision of public health, law enforcement, housing opportunity, and roads.

OTHER INTERGOVERNMENTAL REVENUE. Other sources of intergovernmental revenue currently include distributions from the State for criminal justice purposes and criminal justice costs related to aggravated murder costs, foundational public health services, vessel registration fees, and other miscellaneous items.

Operating Deficits

If a County fund experiences an operating deficit, that fund is able to borrow from the County's portion of the King County Investment Pool (the "Investment Pool"). All such borrowings must comply with the procedures established by the Executive Finance Committee. Interest accrues on borrowed amounts at the interest rate earned by the Investment Pool during the term of such borrowing. County policies with respect to such borrowings do not require that funds be repaid prior to the end of the County's fiscal year. At no time in the past five years was there an operating deficit in the General Fund.

Financial Results

The following tables provide a comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance for the County's General Fund and a comparative statement of revenues, expenditures, and changes in fund balance for the governmental funds (General, Special Revenue, and Debt Service) (notes for that statement are on the succeeding page). As noted in this Official Statement, the historical financial results for periods occurring prior to the COVID-19 pandemic speak only as of their dates and for the periods shown, and may not be indicative of future results or performance due to a variety of factors.

TABLE 6
GENERAL FUND
COMPARATIVE BALANCE SHEET
(YEARS ENDED DECEMBER 31) (\$000)

	2015	2016	2017	2018	2019
ASSETS					
Cash and cash equivalents	\$ 59,475	\$ 80,231	\$ 85,179	\$ 109,419	\$ 142,666
Taxes receivable - delinquent	7,686	7,879	8,086	8,465	8,760
Accounts receivable	68,647	50,372	52,180	48,776	40,782
Estimated uncollectible accounts receivable	(59,283)	(37,250)	(34,943)	(33,386)	(31,784)
Interest receivable	8,872	11,497	14,323	16,594	19,857
Due from other funds	790	1,896	1,489	3,836	278
Due from other governments	49,562	57,469	64,301	60,270	82,992
Estimated uncollectible due from other governments	(10)	(10)	(94)	(5)	(5)
Prepayments	-	-	-	-	6
Advances to other funds	300	-	-	-	3,000
TOTAL ASSETS	\$ 136,039	\$ 172,084	\$ 190,521	\$ 213,969	\$ 266,552
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 6,967	\$ 8,331	\$ 4,561	\$ 6,485	\$ 5,588
Due to other funds	1,554	4,339	4,944	4,266	12,180
Due to other governments	-	2,200	2,025	542	1,312
Wages payable	16,194	18,133	19,720	24,852	31,882
Taxes payable	108	180	147	122	125
Unearned revenues	970	-	-	-	3
Custodial accounts	51	78,000	1,589	939	7,340
Advances from other funds	-	-	-	-	11,500
Total liabilities	\$ 25,844	\$ 33,261	\$ 32,986	\$ 37,206	\$ 69,930
Deferred inflows of resources					
Unavailable revenue	\$ 7,566	\$ 13,344	\$ 12,765	\$ 12,682	\$ 12,801
Fund balance					
Nonspendable	\$ 300	\$ -	\$ -	\$ -	\$ 6
Restricted	1,781	1,659	2,016	1,348	1,807
Committed	20,310	20,497	25,161	26,310	27,038
Assigned	12,125	35,128	19,181	28,578	13,435
Unassigned	68,113	68,195	98,412	107,845	141,535
Total fund balance	\$ 102,629	\$ 125,479	\$ 144,770	\$ 164,081	\$ 183,821
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 136,039	\$ 172,084	\$ 190,521	\$ 213,969	\$ 266,552

Totals may not foot due to rounding.

Source: King County Finance and Business Operations Division—Financial Management Section

TABLE 7
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
(YEARS ENDED DECEMBER 31) (\$000)

	2015	2016	2017	2018	2019
REVENUES					
Property taxes	\$ 326,774	\$ 334,446	\$ 344,847	\$ 357,771	\$ 366,911
Penalties and interest - delinquent taxes ⁽¹⁾	20,036	17,563	-	-	-
Sales, excise, and other taxes	128,979	132,846	138,435	148,456	157,246
Licenses and permits	4,971	5,712	7,783	8,075	7,582
Federal grants	8,803	8,087	7,263	7,584	7,762
State grants	2,590	2,594	3,039	3,088	4,402
Entitlements and shared revenues	11,439	10,485	10,803	17,445	15,067
Intergovernmental services ⁽²⁾	3,470	13,563	199	101	119
Charges for services ⁽³⁾	225,752	242,055	257,517	260,059	287,376
Fines and forfeits ⁽¹⁾	6,906	8,191	25,754	26,888	26,774
Interest earnings	1,696	3,881	8,114	15,562	23,640
Rents and royalties	8,252	8,285	14,582	14,285	13,227
Other miscellaneous revenues	3,049	2,459	3,611	3,717	5,886
TOTAL REVENUES	\$ 752,717	\$ 790,167	\$ 821,945	\$ 863,031	\$ 915,992
EXPENDITURES					
Current					
Personal services	\$ 513,910	\$ 539,041	\$ 552,544	\$ 581,368	\$ 622,942
Supplies	13,601	14,905	15,188	17,093	17,299
Contract services and other charges	41,640	42,727	39,710	46,562	50,195
Contributions	3,217	3,657	4,469	4,767	5,373
Interfund service support	106,630	107,950	116,625	117,667	130,501
Debt service	64	203	75	5	58
Capital outlay	1,792	1,861	1,138	2,635	2,032
TOTAL EXPENDITURES	\$ 680,854	\$ 710,344	\$ 729,747	\$ 770,097	\$ 828,400
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 71,863	\$ 79,823	\$ 92,198	\$ 92,934	\$ 87,592
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ 81	\$ 2	\$ 168	\$ 1	\$ 944
Transfers in	261	11,119	13,255	11,797	18,481
Transfers out	(72,784)	(68,094)	(84,358)	(85,421)	(87,277)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (72,442)	\$ (56,973)	\$ (70,935)	\$ (73,623)	\$ (67,852)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (579)	\$ 22,850	\$ 21,263	\$ 19,311	\$ 19,740
FUND BALANCE - JANUARY 1 (Restated)	103,208	102,629	123,507 ⁽⁴⁾	144,770	164,081
FUND BALANCE - DECEMBER 31 ⁽⁵⁾	\$ 102,629	\$ 125,479	\$ 144,770	\$ 164,081	\$ 183,821

Notes to Table 7 are on the following page.

NOTES TO TABLE 7:

Totals may not foot due to rounding.

- (1) Beginning in 2017, amounts previously reported as penalties and interest on delinquent taxes are reported as fines and forfeits due to a change in State reporting requirements.
- (2) Beginning in 2017, certain amounts previously reported as intergovernmental services are reported as charges for services due to a change in State reporting requirements.
- (3) Beginning in 2017, certain amounts previously reported as charges for services and fines and forfeits are reported as other miscellaneous revenues due to a change in State reporting requirements.
- (4) In 2017, beginning fund balance was restated for an accounting system issue that did not distribute recording fees to County funds and the State.
- (5) Includes the Rainy Day Reserve Fund.

Source: King County Finance and Business Operations Division—Financial Management Section

TABLE 8
GENERAL GOVERNMENT FUNDS
COMBINED COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE ⁽¹⁾
(YEARS ENDED DECEMBER 31) (\$000)

	2015	2016	2017	2018	2019
REVENUES					
Taxes	\$ 925,205	\$ 1,016,654	\$ 1,031,306	\$ 1,127,586	\$ 1,141,563
Licenses and permits	24,564	28,697	28,002	29,254	28,999
Intergovernmental services ⁽²⁾	388,549	216,260	224,316	190,958	200,903
Charges for services ⁽²⁾	517,048	764,866	757,105	781,445	791,258
Fines and forfeits	7,334	8,989	26,368	27,662	27,793
Interest earnings	4,127	7,596	12,545	25,828	47,212
Miscellaneous revenues	73,912	67,321	45,668	45,043	52,034
TOTAL REVENUES	\$ 1,940,739	\$ 2,110,383	\$ 2,125,310	\$ 2,227,776	\$ 2,289,762
EXPENDITURES					
Current					
General government services ⁽³⁾	\$ 245,177	\$ 262,528	\$ 248,639	\$ 173,021	\$ 188,620
Law, safety and justice ⁽⁴⁾	641,962	592,710	604,713	719,701	758,684
Physical environment ⁽⁵⁾	156,615	55,042	24,470	21,278	24,920
Transportation ⁽⁶⁾	67,189	68,749	73,062	69,455	82,077
Economic environment ⁽⁷⁾	102,918	116,746	179,724	198,999	194,192
Mental and physical health ⁽⁸⁾	522,650	677,657	646,839	715,975	762,885
Culture and recreation ⁽⁹⁾	46,255	79,950	54,601	58,895	65,320
Total current	\$ 1,782,766	\$ 1,853,382	\$ 1,832,048	\$ 1,957,324	\$ 2,076,698
Debt service ⁽¹⁰⁾					
Redemption of long-term debt	\$ 64,407	\$ 57,641	\$ 63,702	\$ 64,093	\$ 67,990
Interest and other debt service costs	29,042	35,590	33,363	33,231	30,742
Payment to escrow agent	19,467	8,417	-	2,329	-
Total debt service	\$ 112,916	\$ 101,648	\$ 97,065	\$ 99,653	\$ 98,732
Capital outlay ⁽¹¹⁾	17,514	20,577	37,647	32,300	18,740
TOTAL EXPENDITURES	\$ 1,913,196	\$ 1,975,607	\$ 1,966,760	\$ 2,089,277	\$ 2,194,170
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 27,543	\$ 134,776	\$ 158,550	\$ 138,499	\$ 95,592
OTHER FINANCING SOURCES (USES)					
General obligation bonds issued	\$ -	\$ 25,025	\$ 6,050	\$ 5,845	\$ -
Refunding bonds issued	198,290	-	-	-	55,877
Premium on bonds sold	29,888	3,764	880	863	8,248
Sale of capital assets	1,751	3,371	2,912	5,226	982
Transfers in	119,586	188,895	225,949	206,772	276,047
Transfers out	(173,270)	(270,268)	(298,651)	(295,399)	(350,875)
Payment to refunded bond escrow agent	(227,200)	-	-	-	(63,652)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (50,955)	\$ (49,213)	\$ (62,860)	\$ (76,693)	\$ (73,373)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (23,412)	\$ 85,563	\$ 95,690	\$ 61,806	\$ 22,219
SPECIAL ITEM ⁽¹²⁾	(12,756)	-	-	-	-
FUND BALANCE - JANUARY 1 - RESTATED ⁽¹³⁾	\$ 540,915	\$ 520,972	\$ 606,955	\$ 701,888	\$ 763,690
FUND BALANCE - DECEMBER 31	\$ 504,747	\$ 606,535	\$ 702,645	\$ 763,694	\$ 785,909

Notes to Table 8 are on the following page.

NOTES TO TABLE 8:

Totals may not foot due to rounding.

- (1) Includes General Fund, Special Revenue Funds, and Debt Service Funds, and excludes Capital Project, Enterprise, and Internal Service Funds.
- (2) In 2015, intergovernmental revenues that are not grants are reported as charges for services resulting in a reclassification of \$215 million for the Health special revenue fund. In 2016, because of a change in State reporting requirements, \$97.2 million was reclassified from intergovernmental revenues in the General Fund to charges for services.
- (3) Legislative operations, executive operations, licensing, recording, election, special programs, personnel administration, facilities management, appraisal and assessments, financial accounting and budgeting, purchasing services, and real property management.
- (4) Law enforcement, jail operations, prosecution, superior, district, and juvenile courts, judicial administration, public defense, emergency services, and probation services.
- (5) Surface water management, animal control, flood control, and resource planning.
- (6) Road construction and maintenance and traffic planning.
- (7) Youth work training, public employment, veterans services, aging, planning and community development, housing and community development, and handicapped services.
- (8) Public health operations, medical examiner services, alcoholism and substance abuse services, and community mental health programs.
- (9) Parks and recreation services, park development cooperative extension services, and arts programs.
- (10) General long-term principal and interest and other debt service costs.
- (11) Will be capitalized in the government-wide financial statements.
- (12) In 2015, the County transferred \$12.8 million of the remaining balance of the special taxes collected for debt service payments on the Public Facilities District Bonds (“PFD Bonds”) to the Washington State Major League Baseball Stadium—Public Facilities District Operating Fund. The special item transfer was made due to higher than expected tax collections and the fact that all the PFD Bonds were paid off in 2012.
- (13) For 2015, beginning fund balance was restated for the following: (i) Animal Services Fund and Community Block Grant Fund, nonmajor special revenue funds, posted adjustments for revenues not recorded previously; and (ii) Flood Control Zone District was increased for a prior-year adjustment in capital projects expenditures.
For 2016, beginning fund balance was restated to correct receipts in prior years from Federal Housing and Community Development Fund and Housing Opportunity Loans home repair loan repayments, originally treated as revenue, as a reduction of liability, resulting in an increase of beginning fund balance of \$16.2 million.
For 2017, beginning fund balance was restated for (i) an accounting system issue that did not distribute recording fees to County funds and the State and (ii) a failure to recognize certain prior year advance grants as revenue.
For 2018, beginning fund balance was restated for (i) a community services operating fund accounting error that didn’t reverse the accrual of State sales and use tax revenue, (ii) County Flood Control District contract billing amounts that were greater than reported, and (iii) changes to 2017 balances published by the County Flood Control District after the County published its 2017 financial statements.
For 2019, beginning fund balance was restated to account for a transfer of taxes receivable due to the closure of the Regional Justice Center Projects fund.

Source: King County Finance and Business Operations Division—Financial Management Section

Management Discussion of Financial Results

COVID-19. On March 1, 2020, the County Executive issued a Proclamation of Emergency in response to increased number of confirmed COVID-19 cases in the County. The County is working closely with federal, State, and other local health officials to actively respond to the outbreak. The County has applied for and will continue to apply for federal and State support for expenses related to responding to the COVID-19 virus. While the full impact on the County and General Fund resources is currently uncertain, certain anticipated effects of COVID-19 were incorporated into the August 2020 Economic and Revenue Forecast, and the evolving situation will continue to be monitored and incorporated into future forecasts.

Revenues and Economic Conditions. As of August 2020, the unemployment rate was 7.2% in the County. The region's performance was driven by the strength of major industry sectors, including information, business, and professional services as well as construction. See "—2020 Preliminary Results."

Tax Limitation Legislation. Future property tax revenue growth will remain low due to State law limiting annual property tax revenue growth without voter approval to the lesser of inflation or 1%, plus an adjustment to reflect new construction. See "Property Tax Information" below.

Annexations and Incorporations. Cities that aid the efforts of certain counties, including the County, to move all urban unincorporated residents into cities by annexing areas with more than 10,000 residents are eligible for a sales tax credit (which would otherwise be payable to the State). This credit, which is equivalent to a sales tax rate of 0.1%, is applied in both the newly annexed area and within the prior city boundaries. Annexations of more than 20,000 residents are eligible for a credit of 0.2%. The credit is available for a period of ten years, although the date by which annexation proceedings must have commenced was January 1, 2015. Only the possible annexation of the North Highline area, comprised of approximately 19,000 residents, to Seattle meets this requirement. Other provisions in the law give incentives to cities to annex additional areas, even if they are already receiving a sales tax credit for a previous annexation.

The County routinely reviews fiscal impact studies of potential incorporations, negotiates cost-reimbursable contracts for new cities desiring to contract with the County for services, and makes budget adjustments consistent with the anticipated savings in expenditures and loss of tax and service revenues.

No significant annexations or incorporations are expected before 2023, at the earliest.

Fund Balances. The financial policies of the County require that appropriate levels of reserves and undesignated balances be established based on the specific characteristics and purposes of each fund.

The County's fiscal policies provide that the undesignated balance for the General Fund be maintained between 6% and 8% of estimated annual revenues. This fund balance has been maintained above 6% each year without exception over the last two decades. At the end of 2016, this amount increased to 8%, which is the high end of the policy. The 2019-2020 Budget maintains this level, but the County Executive is proposing to lower this to 6% as part of the 2021-2022 Proposed Budget.

The County also continues to maintain a separate balance in the Rainy Day Reserve Fund as a sub-fund of the General Fund. Use of this fund requires a declaration of emergency by the County Council.

Enterprise Funds. The County has four enterprises that fund operations from sources other than the General Fund: the Metro Transit, Water Quality, Solid Waste, and Airport enterprises. Each enterprise functions under different fiscal policies designed to make it self-sustaining with minimal risk that General Fund subsidies will be necessary during financial hardship.

2019 Results

The General Fund for 2019 ended with a higher fund balance than previously projected. The strong local economy continued to result in strong and growing sales and property tax collections, resulting in higher than expected final revenues for 2019, while expenditures ended approximately at expected levels.

The General Fund ended fiscal year 2019 with a fund balance of \$157.7 million, which was an increase of about \$19 million compared to the 2018 ending fund balance. The Rainy Day Reserve Fund held an additional \$26.1 million in fund balance at the end of 2019, for a total of \$183.8 million. The County is projected to continue to meet its 8% undesignated fund balance target at the end of the 2019-2020 biennium as it did in 2017-2018.

In August 2019, voters approved an \$810 million, six-year Parks levy, replacing the Parks levy that expired in 2019. In November 2019, voters approved a six-year Emergency Medical Services levy to replace the Emergency Medical Services levy that expired in 2019.

2019-2020 Adopted Budget

The 2019-2020 Adopted Budget totals \$11.7 billion, including \$1.8 billion for the General Fund, and invests in clean water and healthy habitats, affordable housing, public safety, mobility, and other important services.

The County Executive followed five principles in developing the 2019-2020 Proposed Budget: (i) continue strong financial practices; (ii) continue to improve County operations through the Best-Run Government initiative; (iii) maintain a long-term focus; (iv) continue to make progress on the County-wide initiatives of Equity and Social Justice (“ESJ”), the Strategic Climate Action Plan (“SCAP”), and the human resources strategy known as Investing in You (IYY); and (v) focus additional resources on emerging priorities including homelessness, the path to Zero Youth Detention, and clean water and healthy habitat.

The 2019-2020 Adopted Budget continues to support and promote strong financial practices in several ways:

- (i) The general obligation bond rating is further supported. The County has the highest possible ratings for its voter-approved and nonvoted general obligation bonds, and often uses its general obligation bond rating to support debt issued by other County agencies, including Wastewater, Solid Waste, and Metro Transit. These agencies pay a credit enhancement fee to the County’s General Fund to reflect part of the savings they realize. Half of the credit enhancement fee will be used to continue to increase the General Fund balance in future years. The 2019-2020 Adopted Budget maintains an undesignated balance in the General Fund of 8.0%, which is the top of the range established by County policy. In addition, a projected Rainy Day Fund balance of \$25.7 million is preserved.
- (ii) Metro Transit’s financial policies, approved by the County Council in 2016, are maintained. These focus on defining clearer purposes for various reserves, setting target funding levels for each reserve, establishing rules about drawing on and refilling reserves, and defining an updated method for financing bus purchases that involves building fund balances and occasionally using short-term debt in peak purchasing periods. The 2019-2020 Adopted Budget fully funds all the reserves called for in these policies.
- (iii) Routine quarterly financial monitoring of significant County funds is continued. Starting in mid-2015, the PSB began regular quarterly reviews of all major County funds, including the development of a standard financial plan and the use of consistent accounting practices across all funds, which replaced a variety of different approaches used previously for various funds. This standardized reporting and review allowed excess balances in some funds to be identified during the 2019-2020 budget process that were used to reduce cost growth or expand services.

In order to continue to improve County operations, the 2019-2020 Adopted Budget reflects three significant reorganizations that were approved in 2018. These are intended to create clearer accountability and improved customer service.

- (i) Metro Transit, the County’s largest and most widely used function, has become its own department rather than being a division of the Department of Transportation (“DOT”). The Marine Division of DOT, which provides passenger ferry service, is now included in Metro Transit.

- (ii) A new Department of Local Services (“DLS”) has been created to bring together most services that are used solely by residents of the unincorporated areas. The two largest functions are the Road Services Division, formerly part of DOT, and the Permitting Division, formerly its own department. DLS also includes several smaller functions, including a new economic development program. DLS will also coordinate functions provided by other agencies in the unincorporated areas and is pioneering a “product catalog” that tracks these services and related performance measures.
- (iii) A new Department of Human Resources (“DHR”) has been formed, drawn mostly from a former division in the Department of Executive Services. In addition, the payroll function and the alternative dispute resolution program are now part of DHR. Department human resources managers, who previously were housed in departments with a matrixed reporting relationship to the central agency, will be moved to DHR as part of the 2019-2020 Adopted Budget and will be matrixed to their individual departments, which is expected to improve consistency and coordination County-wide.

The 2019-2020 Adopted Budget completes a 12-year effort to replace the County’s antiquated major information technology systems. New systems for the Department of Judicial Administration, District Court, and the Behavioral Health Division of the Department of Community and Human Services are expected to be deployed in 2019. The 2019-2020 Adopted Budget includes the final appropriations for a new Jail Management System and the Property Tax Administration System, and includes a wide range of technology projects for Metro Transit, some of which update existing systems and some that provide new services to riders.

For the last several budgets, the County has been providing funding for three County-wide policy priorities: ESJ, SCAP, and IIY. The 2019-2020 Adopted Budget expands on previous investments in all three areas. County residents and their government face several new or growing challenges, including water quality and habitat preservation, homelessness, and racial disproportionality in the juvenile justice system. The 2019-2020 Adopted Budget makes significant investments in each of these areas.

The 2019-2020 Adopted Budget for the General Fund includes \$1.8 billion in estimated expenditures and \$1.8 billion in revenues and transfers.

2020 Preliminary Results

The preliminary financial performance of the General Fund for 2020 has been significantly impacted by the effects of the COVID-19 pandemic. See “—Impact of COVID-19.” Of the two major General Fund revenue streams, property taxes are projected to grow by 2.3% while sales tax revenue is projected to decline by 11.6% from 2019 levels. The General Fund also received revenues related to the CARES Act that were not contemplated in the budget. Overall, 2019-2020 biennial revenues are projected to be about \$1.89 billion, compared to the \$1.84 billion included in the budget. Expenditures are also projected to be higher than anticipated, primarily due to expenditures related to the County’s response to the COVID-19 pandemic. Current projections are that 2019-2020 biennial expenditures will total \$1.93 billion, compared to the \$1.85 billion included in the budget.

Given that the projected increase in 2020 expenditures will outpace the projected increase in revenues, the General Fund is expected to end the 2019-2020 biennium with an ending fund balance of \$94.2 million. As part of this ending balance, the County expects that it will still meet its undesignated fund balance target of 8% established in the budget process. This fund balance will be available to mitigate future risks and stabilize the General Fund. Additionally, the Rainy Day Reserve Fund is expected to hold approximately \$26.5 million in fund balance.

2021-2022 Proposed Budget

The 2021-2022 Proposed Budget totals \$12.4 billion, including \$1.9 billion for the General Fund. Many County programs have been affected by the COVID-19 pandemic and the resulting economic recession. The 2021-2022 Proposed Budget focuses on balancing the budget while maintaining services for residents, continuing progress on critical priorities such as the environment, and advancing the County’s anti-racism agenda.

The County Executive followed eight principles in developing the 2021-2022 Proposed Budget: (i) advance the County’s anti-racism agenda; (ii) continue criminal legal system reform; (iii) expand opportunities for community engagement and co-creation; (iv) utilize multi-biennial planning to allow investments in new initiatives and

divestment from existing systems; (v) continue progress on critical priorities, especially environmental initiatives; (vi) make prudent use of reserves; (vii) continue effective human resources management to reduce the effect of job reductions; and (viii) propose use of reserves to buy time for federal action.

The 2021-2022 Proposed Budget continues to support and promote strong financial practices in several ways:

- (i) The general obligation bond rating continues to be supported. The County has the highest possible ratings for its voter-approved and nonvoted general obligation bonds, and often uses its general obligation bond rating to support debt issued by other County agencies, including Wastewater, Solid Waste, and Metro Transit. These agencies pay a credit enhancement fee to the County's General Fund to reflect part of the savings they realize. Half of the credit enhancement fee will be used to continue to increase the General Fund balance in future years. The 2021-2022 Proposed Budget draws down the General Fund unreserved fund balance from 8% to 6%, as was done in the Great Recession. In addition, a projected Rainy Day Fund balance of \$26.1 million is preserved, although a portion may be used to temporarily advance expected federal COVID response funds.
- (ii) Metro Transit's financial policies, approved by the County Council in 2016, are maintained. These focus on defining clearer purposes for various reserves, setting target funding levels for each reserve, establishing rules about drawing on and refilling reserves, and defining an updated method for financing bus purchases that involves building fund balances and occasionally using short-term debt in peak purchasing periods. The 2021-2022 Proposed Budget fully funds all the reserves called for in these policies.
- (iii) Routine quarterly financial monitoring of significant County funds is continued. Starting in mid-2015, the PSB began regular quarterly reviews of all major County funds, including the development of a standard financial plan and the use of consistent accounting practices across all funds, which replaced a variety of different approaches used previously for various funds. This standardized reporting and review allowed excess balances in some funds to be identified during the 2021-2022 budget process that were used to reduce cost growth or expand services.

Significant reductions were required in many areas of the 2021-2022 Proposed Budget, including services supported by the County's General Fund. Very large budget reductions were made by finding efficiencies in service delivery, requiring internal service agencies to reduce their costs and charges, eliminating positions, and reducing or eliminating services. Labor cost growth assumptions were reduced to assume no wage increase for 2021 and a 2% increase for 2022. The County will also utilize new revenue to balance the General Fund, including revenue from charging utilities rent for the use the right-of-way on County-owned land. In addition, the County will close an office building in downtown Seattle, resulting in savings of about \$5 million in operating costs in the 2021-2022 biennium and \$40 million in deferred maintenance costs.

The 2021-2022 Proposed Budget prioritizes new investments to implement the County's anti-racism agenda and improve community engagement, despite the economic difficulties facing the County. Most of these investments, which are funded from the General Fund, are grouped into five categories:

- (i) The first group of investments includes programs to reduce the racial inequities in the criminal legal system. These include diverting lower-risk juvenile and adult cases from the legal system to community-based alternatives (including restitution for victims), working with the Sheriff's Office and communities to design programs that would supplement Sheriff's deputies in responses in urban unincorporated areas, and building and operating a unit in the King County Correctional Facility that would divert people from jail into a location that provides behavioral health and reentry services.
- (ii) The second group includes investments in community programs, mostly funded by redirecting the entire \$4.6 million of marijuana tax revenue received by the County away from law enforcement and into community programs. This includes programs to help individuals vacate drug convictions and relieve legal financial obligations and investments in community programs to offset the adverse effects of cannabis dispensaries. These community investments would be co-created with a new advisory board working within unincorporated King County. This category also includes \$600,000 to continue the regional gun violence response program started in 2020.
- (iii) The third group includes capital investments to be supported by a future \$20 million bond issue. Of this total, \$10 million is set aside to begin planning and development of a community center in the urban unincorporated

area. The other \$10 million is allocated to capital projects to be selected by communities in the unincorporated ea.

- (iv) The fourth group is focused on community engagement. This includes funding to support development by community-based organizations, including training in grant writing, support for information technology, and similar activities. Expanded translation of important materials on the kingcounty.gov website is also included.
- (v) The final category is support for Black, Indigenous, and people of color employees of the County.

The County's ability to continue its response to COVID-19 in 2021 is dependent on additional funding being available. In 2020, the County has been providing a wide array of COVID-related services, relying mostly on federal and State funds. Many new programs and facilities were developed, including (i) expanded testing and contact tracing; (ii) a comprehensive public education campaign with particular emphasis on immigrant and Limited English Proficiency populations; (iii) establishment of a call center; (iv) facilities for individuals to isolate and quarantine if they could not do so at home; (v) lease of hotels and/or hotel vouchers so homeless individuals previously housed in large shelters could have individual rooms; and (vi) reduction in the jail population and ensuring social distancing to help protect the health of inmates and staff. As of September 2020, there are almost no federal or State funds committed to supporting the COVID-19 response in 2021.

Metro Transit is the County's single largest agency and has been heavily affected by COVID-19. Metro derives the vast majority of its revenue from sales taxes and fares, both of which fell substantially in 2020. Projected sales tax revenues for 2021-2022 are about \$200 million less than the pre-COVID-19 forecast. Metro has suspended about 400,000 hours of service in response to ridership declines during the pandemic. The 2021-2022 Proposed Budget has funding to restore all these hours in 2021, but hours will only be added back when demand increases. Prior to the COVID-19 recession, Metro had built a reserve sufficient to get through a typical recession without service reductions, along with a significant unreserved fund balance. These funds, in addition to the federal COVID funding, are expected to allow Metro to continue pre-COVID-19 service levels through at least 2024.

The 2021-2022 Proposed Budget includes a proposal to implement an additional 0.1% sales tax as allowed by RCW 82.14.530. The County Council approved this proposed additional levy on October 13. This revenue will be used to avoid cuts to behavioral health programs in 2022 and potentially reduce some of the cuts to the Mental Illness and Drug Dependency ("MIDD") Behavioral Health Sales Tax Fund. In addition, the funds can be used for affordable housing, and the County is developing a plan to use funds for permanent supportive housing, in which housing is paired with services so individuals can rebuild their lives.

Future General Obligation Financing Plans

As a part of the budget process, the County has identified the need to issue approximately \$1 billion of new limited tax general obligation bonds over the next biennium. These bonds will primarily finance certain bridge replacements, various land purchases and facility improvements, the capital program of the Solid Waste Division, projects selected by residents in the unincorporated area of the County, the planning and development of a community center, and the acquisition and development of affordable housing. Assuming passage of the budget approximately as proposed, issuance of such bonds will still require authorization by the County Council.

Beyond this amount, the Metro Transit Department is embarking on a major capital program to expand operational capacity and make system improvements that is anticipated to require the issuance of approximately \$500 million of additional limited tax general obligation bonds over the balance of this decade. Similarly, the Solid Waste Division anticipates the need to borrow an additional \$400 million in the form of limited tax general obligation bonds over the balance of the decade to provide continuing funding for its capital program. Such anticipated capital expenditures beyond the next biennium will be subject to County Council approval of future capital budgets, and the issuance of debt beyond what is described in the previous paragraph will require subsequent authorization by the County Council.

The County Council created a task force to study and provide it with recommendations on the scale and scope of needed improvements at the County's Harborview Medical Center. The task force recommended that capital improvements totaling \$1.7 billion need to be made to the facility and, in accordance with this recommendation, the County Council placed a measure on the ballot in November of this year to seek voter approval for the issuance of unlimited tax general obligation bonds to fund such expenditures. On June 23, 2020, the Council adopted

Ordinance 19117 providing for the submission to the voters on November 3, 2020, of a proposition authorizing the County to issue up to \$1.74 billion in general obligation bonds for the purpose of providing funds to pay for public health, safety, and seismic improvements for Harborview Medical Center, and to levy excess property taxes dedicated to the repayment of the bonds. If approved by a supermajority of voters as required by law, the County will be authorized to issue the bonds in one or more series, each for a period up to 20 years, and to levy an excess property tax in the amount necessary to pay debt service on the bonds.

In addition, the County's Wastewater Treatment Division has identified a further approximately \$1 billion of borrowing needs through 2026. The planning assumption is that these borrowings will be in the form of credits backed solely by sewer revenues, but, depending importantly on market conditions, the issuance of limited tax general obligation bonds may provide some portion of such financing needs.

Beyond such new money issuances, when and if market conditions allow refunding of any outstanding bonds for the purpose of realizing debt service savings, the County may pursue such opportunities.

Debt Repayment Record

The County has met promptly all principal and interest payments on its outstanding bonds and notes. Furthermore, the County has never issued refunding bonds for the purpose of avoiding an impending default.

King County Investment Pool

The Investment Pool invests cash reserves for all County agencies and approximately 110 other public entities such as fire, school, sewer, and water districts. It had an average asset balance of more than \$7.3 billion during 2019. As of June 30, 2020, the balance in the Investment Pool was \$8.1 billion. Assets of County agencies in 2019 averaged approximately 40% of the Investment Pool.

The Executive Finance Committee establishes the County's investment policy and oversees the portfolio to ensure that specific holdings comply with both the investment policy and State law. The Investment Pool is allowed to invest only in certain types of highly-rated securities, including certificates of deposit, U.S. Treasury obligations, federal agency obligations, municipal obligations, repurchase agreements, bankers' acceptances, corporate notes, and commercial paper. A summary of the County's current investment policy is attached as Appendix C.

The County has commissioned an outside financial consultant, Public Financial Management ("PFM"), to conduct quarterly reviews of all assets in the Investment Pool. In its most recent assessment, as of June 30, 2020, PFM concluded that "the County's Investment Pool appears to provide ample liquidity, is well diversified, and is of sound credit quality." The most recent portfolio review can be obtained at the following website:

<https://kingcounty.gov/depts/finance-business-operations/treasury/investment-pool.aspx>

County Employees

The number of full- and part-time employees of the County at year-end is shown below:

TABLE 9		
COUNTY EMPLOYEES		
Year	Full-time	Part-time
2015	13,614	929
2016	13,821	883
2017	14,395	872
2018	14,652	943
2019	15,198	957

Source: King County Department of Human Resources—Benefits, Payroll, and Retirement Operations Section

The County's Office of Labor Relations negotiates, implements, and administers 81 collective bargaining agreements with 33 unions covering the terms of employment for the County's approximately 12,000 represented employees.

An agreement with a coalition of County unions covers the majority of labor contracts and a total of 5,900 employees (approximately 45% of total employees) for the 2019-2020 biennium. The agreement provides for a 4.00% wage increase for 2019 and for two subsequent increases of 1.50% each on January 1, 2020, and July 1, 2020. A majority of other unions not part of the coalition agreed to similar terms.

Negotiations with other unions not part of the coalition have been essentially completed. The County has concluded negotiations with the King County Police Officers Guild. The ratified contract provides for pay increases of 2.25%, 3.25%, 4.00%, 3.25%, and 3.25%, respectively, for the years 2017-2021. This contract is expected to be adopted by the County Council. The County has also received an arbitration decision for the King County Corrections Guild. The decision provides for general wage increases for the years 2017-2019 of 2.25%, 3.00%, and 3.00%, respectively.

The County Council has adopted a three-year agreement with the Amalgamated Transit Union (the “ATU”), the largest union in the County, representing approximately 4,200 employees, that calls for increases of 3% for 2020, 3% for 2021, 2% for the first half of 2022, and an additional 2% in the second half of 2022.

All ratified agreements are submitted to the County Council for adoption.

There have been no strikes or work stoppages by County employees during the last ten years.

Retirement Systems

Substantially all full-time and qualifying part-time employees of the County are covered by one of the following retirement systems:

TABLE 10
RETIREMENT SYSTEMS

Number of Employees As of December 31, 2019	Retirement System
13,585	State of Washington—Public Employees Retirement System (“PERS”)
818	State of Washington—Law Enforcement Officers and Fire Fighters Retirement System (“LEOFF”)
459	State of Washington—Public Safety Employees Retirement System (“PSERS”)

Source: King County Department of Human Resources—Benefits, Payroll, and Retirement Operations Section

These retirement systems are State-wide governmental cost-sharing, multiple-employer retirement systems administered by the State’s Department of Retirement Systems (“WSDRS”). The County administers payroll deductions and remits the deductions together with County contributions to the respective retirement systems annually.

TABLE 11
OVERVIEW OF RETIREMENT PLANS

Retirement System/Plan	Benefit Type	Plan Status
PERS - Plan 1	Defined Benefit	Closed in 1977
PERS - Plan 2	Defined Benefit	Open
PERS - Plan 3	Defined Benefit/Defined Contribution Hybrid	Open
PSERS - Plan 2	Defined Benefit	Open
LEOFF - Plan 1	Defined Benefit	Closed in 1977
LEOFF - Plan 2	Defined Benefit	Open

Source: State Department of Retirement Systems

In addition to these programs, 22 County employees who were employees of Seattle’s Health Department and Seattle Transit, both of which were taken over by the County, participate in the Seattle City Employees Retirement System.

In 2012, GASB approved Statement Nos. 67 and 68 (“GASB 67” and “GASB 68,” respectively), which modify the accounting and financial reporting of pensions by state and local governments and pension plans. GASB 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. GASB 68, Accounting and Financial Reporting for Pensions, established new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculate and report the costs and obligations associated with pensions. The WSDRS-administered plans are subject to GASB 67; the County is subject to GASB 68. GASB 67 was effective in Fiscal Year 2014; GASB 68 was effective in Fiscal Year 2015.

Each biennium, the State establishes contribution rates for the WSDRS-administered retirement plans. Retirement funds are held in the Commingled Trust Fund and invested by the State Investment Board (the “WSIB”), a 15-member board created by the State Legislature. The average annual dollar-weighted investment return of the Commingled Trust Fund for the ten-year period from July 1, 2009, to June 30, 2019, was 10.31%. The actuarial assumptions used in the most recent rate calculations are summarized in Table 12:

TABLE 12
ACTUARIAL ASSUMPTIONS FOR FUNDING CALCULATIONS

Investment return	7.50% ⁽¹⁾
General salary increases	3.50
Consumer Price Index increase	2.75
Annual growth in membership	0.95

(1) Assumed rate of 7.40% for LEOFF Plan 2.

Source: 2019 Actuarial Valuation from the Office of the State Actuary

The County's employer and employee contribution rates and contribution amounts for all WSDRS-administered plans for the fiscal year ended December 31, 2019, and current contribution rates for 2020 are shown in Table 13:

TABLE 13
COUNTY CONTRIBUTION RATES AND AMOUNTS

	PERS Plan 1	PERS Plan 2	PERS Plan 3	LEOFF Plan 1	LEOFF Plan 2	PSERS Plan 2
2019						
Average Employer Contribution Rate (%)	12.85 ⁽¹⁾	12.85 ⁽¹⁾	12.85 ⁽¹⁾	0.18 ⁽¹⁾	5.38 ⁽¹⁾	12.26 ⁽¹⁾
Average Employee Contribution Rate (%)	6.00 ⁽²⁾	7.66 ⁽²⁾	Varies ⁽²⁾⁽³⁾	0.00	8.67	7.14
Employer Contribution Amount (\$000)	1,145	126,800	25,830	-	5,883	5,329
Employee Contribution Amount (\$000)	535	75,988	13,906	-	8,588	3,420
Total Contribution Amount (\$000)	1,680	202,788	39,736	-	14,471	8,749
2020						
Employer Contribution Rate (%)	12.86 ⁽¹⁾	12.86 ⁽¹⁾	12.86 ⁽¹⁾	0.18 ⁽¹⁾	5.33 ⁽¹⁾	12.14 ⁽¹⁾
Employee Contribution Rate (%)	6.00 ⁽²⁾	7.90 ⁽²⁾	Varies ⁽²⁾⁽³⁾	0.00	8.59	7.20

Note: Totals may not add due to rounding.

- (1) The employer contribution rate includes an employer administrative expense fee of 0.18%.
- (2) Under the Judicial Benefit Multiplier Program, County judges participating in PERS Plans 1, 2, and 3 may pay higher employee rates in exchange for enhanced benefits.
- (3) The employee contributions to PERS Plan 3, which may range between 5% and 15% of employees' compensation, are paid into a defined contribution plan rather than funding a defined retirement benefit.

Sources: King County Finance and Business Operations Division—Financial Management Section and WSDRS

Under State statute, contribution rates for WSDRS-administered plans are adopted by the State Pension Funding Council ("PFC") (and, for LEOFF 2, by the LEOFF 2 Board) in even-numbered years for the next ensuing State biennium. The rate-setting process begins with an actuarial valuation by the Office of the State Actuary, which makes non-binding recommendations to the Select Committee on Pension Policy, which then recommends contribution rates to the PFC and the LEOFF 2 Board. No later than the end of July in even-numbered years, the PFC and LEOFF 2 Board adopt contribution rates, which are subject to revision by the State Legislature. The County has met its funding obligations to these systems when they have come due. While the County's contributions represent its full statutorily required contribution to the retirement systems, any unfunded pension benefit obligations could be reflected in future years as higher contribution rates. The State Actuary has cautioned that the economic and fiscal impacts of the COVID-19 pandemic will most likely impact pension plan funding by (i) reducing investment returns below expectations, and (ii) reducing the amount of revenue available for participating employers to meet contribution requirements. If the Legislature deems actuarial contributions to be unaffordable for participating employers, then it may decide to adopt contribution rates that are lower than those recommended by the State Actuary; however, as of the date of this Official Statement, the Legislature has not taken such an action.

To calculate the funded status, the WSDRS-administered plans compare the Actuarial Value of Assets ("AVA") to the Entry Age Normal ("EAN") liabilities. The EAN cost method projects future benefits under the plans, using salary growth and other assumptions, and applies the service that has been earned as of the valuation date to determine accrued liabilities. The AVA is calculated using a methodology that smooths the effect of short-term volatility in the Market Value of Assets ("MVA") by deferring a portion of the annual investment gains or losses over a period of up to eight years. This helps limit fluctuations in contribution rates and funded status that would otherwise arise from short-term changes in the MVA. Additional information on this measure is provided in the 2019 Actuarial Valuation Report (published September 2020), which can be found on the Office of the State Actuary's website at:

<http://leg.wa.gov/osa/pensionfunding/Pages/Valuations.aspx>

Retirement System Funded Status. Information regarding the funded status from the most recent actuarial report for each WSDRS-administered plan (as of June 30, 2019) is shown in Table 14:

TABLE 14
RETIREMENT SYSTEM FUNDED STATUS⁽¹⁾
(\$000,000)

		2019 Actuarial	2019 Actuarial	2019	2019 Funded	2018 Funded	2017 Funded
		Accrued	Valuation of	UAAL ⁽⁴⁾	Ratio %	Ratio %	Ratio %
		Liability ⁽²⁾	Assets ⁽³⁾				
	Plan Status	(a)	(b)	(a-b)	(b/a)	(b/a)	(b/a)
PERS - Plan 1	Closed in 1977	\$ 11,535	\$ 7,461	4,074	65 %	60 %	57 %
PERS - Plan 2/3	Open	42,600	40,766	1,834	96	91	89
PSERS - Plan 2	Open	685	690	(5)	101	96	95
LEOFF - Plan 1	Closed in 1977	4,077	5,734	(1,444)	141	135	131
LEOFF - Plan 2	Open	11,992	13,294	(1,302)	111	108	109

(1) As of June 30, 2019, the most recent actuarial valuation date. All assets valued under the actuarial method. Reflects the full retirement systems, not the County's share of each system.

(2) Liabilities valued using the EAN cost method at an assumed investment rate of return of 7.5% (7.4% for LEOFF Plan 2).

(3) All assets valued under the actuarial method, which incorporates the smoothing of investment gains and losses.

(4) Unfunded actuarial accrued liability. Totals may not agree due to rounding.

Source: 2019 Actuarial Valuation from the Office of the State Actuary

As shown in Table 14, the funded status on an actuarial basis for some plans is greater than 100%, while others are underfunded. Other than PERS Plans 2 and 3, assets from one plan may not be used to fund benefits for another plan. Retirement funds for the WSDRS-administered plans are invested by the Washington State Investment Board.

Table 15 shows historical investment returns for retirement funds held in the WSDRS-administered plans.

TABLE 15
HISTORICAL ONE-YEAR INVESTMENT RETURNS ON RETIREMENT FUNDS

<u>Year</u>	<u>Investment Return⁽¹⁾</u>
2011	21.1%
2012	1.4
2013	12.4
2014	17.1
2015	4.9
2016	2.7
2017	13.4
2018	10.2
2019	8.4
2020	3.7

(1) As of June 30.

Source: Washington State Investment Board

The County implemented GASB 68 for the year 2015. In accordance with GASB 68, the County's collective net pension liability for all WSDRS pension plans was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability was based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date. The net pension liability for SCERS was measured as of December 31, 2018, and the actuarial valuation date on which the total pension liability was based was as of January 1, 2018, with update procedures used to roll forward the total pension liability to the measurement date taking into account any significant changes between the valuation date and the fiscal year end.. Table 16 represents the aggregate pension amounts for all pension plans subject to the requirements of GASB 68.

TABLE 16
AGGREGATE PENSION AMOUNTS—ALL PLANS, 2019
(\$000)

Net pension liabilities	\$415,828
Net pension assets	73,838
Deferred outflows of resources	135,218
Deferred inflows of resources	267,015
Pension expense/expenditures	22,885

Source: 2019 CAFR—Note 9

For more information on employee retirement plans, see Appendix B—Excerpts from King County’s 2019 Comprehensive Annual Financial Report.

Other Post-Employment Benefits

The King County Health Plan (the “Health Plan”) is a single-employer defined-benefit healthcare plan administered by the County. The Health Plan provides medical, prescription drug, vision, and other unreimbursed medical benefits to eligible retirees and employees. LEOFF Plan 1 retirees are not required to contribute to the Health Plan. Entry into LEOFF Plan 1 is now closed. All other retirees are required to pay the COBRA rate associated with the elected plan. The County’s liability for other post-employment benefits (“OPEB”) is limited to the direct Health Plan subsidy associated with LEOFF Plan 1 retirees and the implicit rate subsidy for other Health Plan retiree participants, which 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. For the fiscal year ended December 31, 2019, the County contributed an actuarially estimated \$5.0 million to the Health Plan. The County’s contribution was entirely to fund “pay-as-you-go” costs under the Health Plan and not to prefund benefits. For the fiscal year ended December 31, 2019, the County’s net OPEB liability was \$111.3 million.

For additional information regarding the County’s OPEB liability, see Appendix B—Excerpts from King County’s 2019 Comprehensive Annual Financial Report.

Risk Management and Insurance

The County has a separate division that is responsible for claims handling, insurance, and loss control programs. The County has implemented a program of self-insurance to cover general and automobile liability, Health Department professional malpractice, police professionals, and public officials’ errors and omissions. The County purchases reinsurance and excess liability insurance above a \$7.5 million per occurrence self-insured retention (“SIR”) for Metro Transit and a \$6.5 million SIR per occurrence for non-Metro Transit operations. The County maintains \$67.5 million in limits above the SIR for Metro Transit claims and \$68.5 million in limits above the SIR for non-Metro Transit operations. The County maintains \$62.5 million in limits for public official errors and omissions and professional liability claims and \$52.5 million in limits for medical malpractice claims.

As of September 30, 2020, insurance policies in force covering major exposure areas are as follows:

TABLE 17
INSURANCE POLICIES

Coverage	Limits
Combined Property Damage and Extra Expense for covered County property (includes \$100 million earthquake and \$250 million flood)	\$750 million
Stand-Alone Terrorism Insurance for covered County property (excluding the airport)	\$500 million
Stand-Alone Terrorism Insurance for Liability (excluding the airport)	\$40 million
Airport Liability	\$300 million
Airport Property Damage and Extra Expense for covered airport property (includes \$50 million earthquake and \$100 million flood)	\$246 million
Fiduciary Liability	\$20 million
Fiduciary Liability–Investment Pool	\$10 million
Crime Insurance/Employee Dishonesty	\$2.5 million
Aviation (Police Helicopter) Program	\$50 million
Excess Workers’ Compensation	Statutory above \$2 million deductible per occurrence
Marine Liability	\$150 million
Cyber Liability	\$50 million
Cedar Hill Pollution Legal Liability	\$50 million

Source: King County Risk Management Office

The balance of current assets in the Insurance Fund was \$51.8 million as of December 31, 2019. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2019, was \$78.9 million.

For additional information, see Appendix B—Excerpts from King County’s 2019 Comprehensive Annual Financial Report.

Emergency Management and Preparedness

The County’s Office of Emergency Management (“OEM”) is responsible for managing and coordinating the County’s resources and responsibilities in dealing with all aspects of emergencies. It also provides regional leadership in developing operational and communication strategies among cities, tribes, private businesses, and other key stakeholders within the County. The OEM prepares for emergencies, trains County staff in emergency response, provides education to the community about emergency preparedness, plans for emergency recovery, and works to mitigate known hazards. It has identified and assessed many types of hazards that may impact the County, including geophysical hazards (e.g., earthquakes, seismic seiches, landslides, tsunamis, volcanic eruptions, and lahars), infectious disease outbreaks, intentional hazards (e.g., terrorism and civil disorder), transportation incidents, fires, hazardous materials, and unusual weather conditions (e.g., floods, snow, extreme temperatures, water shortages, and wind storms). However, the County cannot anticipate all potential hazards and their impacts on people, property, the environment, the local economy, and the County’s finances.

GENERAL OBLIGATION DEBT INFORMATION

General Obligation Debt Limitation

For counties, the statutory limitation (RCW 39.36.020) on non-voted general obligation debt, such as the Bonds, is 1.5% of the assessed value of all taxable property within the county at the time of issuance. Of this, 0.75% may be

incurred by a county that performs metropolitan functions, such as the County. Voter approval is required to exceed these limits. Any election to authorize debt incurred for county purposes must have a voter turnout of at least 40% of those who voted in the last State general election, and of those voting, 60% must vote in the affirmative. The statutory limitations on the combination of voted and non-voted general obligation debt are 2.5% of the assessed value of all taxable property within a county at the time of issuance for county purposes and 2.5% for metropolitan functions.

The State constitution limits non-voted general obligation debt of a county to 1.5% of the assessed value of taxable property within the county, and limits all general obligation debt of the county—voted and non-voted debt together—to 5% of the assessed value of taxable property within the county.

Debt Capacity and Debt Service Summary

Table 18 shows a computation of the County's debt capacity for voted (unlimited tax general obligation, or "UTGO") and non-voted (limited tax general obligation or "LTGO") debt for County purposes and for metropolitan functions. Table 19 shows the debt service for the Bonds and Table 20 summarizes the total general obligation debt service requirements of the County.

UTGO bonds are payable from excess property taxes levied specifically for the purpose of paying debt service on such bonds. LTGO bonds, such as the Bonds, are payable from revenues and money of the County legally available for such purposes, including regular property taxes permitted to counties without voter approval. See "Property Tax Information."

TABLE 18
COMPUTATION OF STATUTORY DEBT CAPACITY
(AS OF DECEMBER 31, 2019, ADJUSTED FOR SUBSEQUENT TRANSACTIONS)

2019 Assessed Value (for 2020 Tax Year)	\$ 642,490,492,044
Limited Tax General Obligation Debt Capacity for County Purposes and Metropolitan Functions	
1.5% of Assessed Value	\$ 9,637,357,381
<i>County Purposes</i>	
Outstanding Limited Tax General Obligation Bonds for County Purposes ⁽¹⁾	\$ 773,535,000
The 2020A Bonds ⁽²⁾	32,090,000
The 2020B Bonds	74,040,000
General Obligation Lease Revenue Bonds for County Purposes ⁽³⁾	8,305,000
County Credit Enhancement Program for Housing ⁽⁴⁾	311,917,323
Capital Leases/Installment Purchase Contracts for County Purposes	-
General Obligation Long-Term Liabilities for County Purposes	112,957,000
Less: Amount Legally Available for Payment of All Limited Tax General Obligation Indebtedness for County Purposes	(7,994,338)
Net Limited Tax General Obligation Debt for County Purposes	<u>\$ 1,304,849,985</u>
<i>Metropolitan Functions</i>	
Outstanding Limited Tax General Obligation Bonds for Metropolitan Functions	\$ 20,935,000
The 2020A Bonds ⁽⁵⁾	21,065,000
Outstanding Limited Sales Tax General Obligation Bonds	33,115,000
Outstanding Limited Tax General Obligation Bonds (Payable from Sewer Revenues)	921,919,057
General Obligation Long-Term Liabilities for Metropolitan Functions	64,611,222
Capital Leases/Installment Purchase Contracts for Metropolitan Functions	-
Less: Amount Legally Available for Payment of all Limited Tax General Obligation Indebtedness for Metropolitan Functions	(36,901,210)
Net Limited Tax General Obligation Debt for Metropolitan Functions	<u>\$ 1,024,744,069</u>
Total Net Limited Tax General Obligation Debt for County Purposes and Metropolitan Functions	<u>\$ 2,329,594,054</u>
Remaining Capacity: LTGO Debt for County Purposes and Metropolitan Functions	<u>\$ 7,307,763,327</u>
Total General Obligation Debt Capacity for County Purposes	
2.5% of Assessed Value	\$ 16,062,262,301
Outstanding Unlimited Tax General Obligation Debt for County Purposes ⁽⁶⁾	49,825,000
Less: Amount Legally Available for Payment of all Unlimited Tax General Obligation Indebtedness for County Purposes	(2,479,968)
Net Unlimited Tax General Obligation Debt for County Purposes	\$ 47,345,032
Net Limited Tax General Obligation Debt for County Purposes (from above)	<u>1,304,849,985</u>
Total Net General Obligation Debt for County Purposes	<u>\$ 1,352,195,017</u>
Remaining Capacity: General Obligation Debt for County Purposes	<u>\$ 14,710,067,285</u>
Total General Obligation Debt Capacity for Metropolitan Functions	
2.5% of Assessed Value	\$ 16,062,262,301
Outstanding Unlimited Tax General Obligation Debt for Metropolitan Functions	-
Less: Amount Legally Available for Payment of all Unlimited Tax General Obligation Indebtedness for Metropolitan Functions	-
Net Unlimited Tax General Obligation Debt for Metropolitan Functions	\$ -
Net Limited Tax General Obligation Debt for Metropolitan Functions (from above)	<u>1,024,744,069</u>
Total Net General Obligation Debt for Metropolitan Functions	<u>\$ 1,024,744,069</u>
Remaining Capacity: General Obligation Debt for Metropolitan Functions	<u>\$ 15,037,518,232</u>

Notes to Table 18 are on the following page.

NOTES TO TABLE 18:

- (1) Excludes the Refunded Bonds.
- (2) Does not include the transit component of the 2020A Bonds allocated to Metropolitan Functions.
- (3) Beginning in 2017, NJB Properties, Inc., a component unit of the County, changed from being blended to being discretely presented for financial reporting. As a result, the liability of the NJB Properties Lease Revenue Bonds (King County, Washington Project), 2006 Series A and 2006 Series B, was removed from the County and reported with the component unit. Because of the existing project lease agreement between the two parties, the County retroactively recognized a capital lease liability. Under the lease agreements, the County's obligation to pay rent to NJB Properties, Inc. is a limited tax general obligation.
- (4) Reflects the outstanding principal amount plus accrued interest as of December 31, 2019, under contingent loan agreements authorized by the County Credit Enhancement Programs. See "—Contingent Loan Agreements" below.
- (5) Represents the transit component of the 2020A Bonds allocated to Metropolitan Functions.
- (6) The County has submitted a proposition to be consider by voters on November 3, 2020 that, if approved by a supermajority of voters, would authorize the County to issue up to \$1.74 billion in general obligation bonds for improvements to Harborview Medical Center

Source: King County Finance and Business Operations Division—Financial Management Section

TABLE 19
DEBT SERVICE REQUIREMENTS FOR THE BONDS
(FISCAL YEARS ENDING DECEMBER 31)

Year	2020A Bonds			2020B Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	1,235,000	2,864,464	4,099,464	1,100,000	1,124,508	2,224,508	2,335,000	3,988,971	6,323,971
2022	1,505,000	2,596,000	4,101,000	1,175,000	1,039,508	2,214,508	2,680,000	3,635,508	6,315,508
2023	1,580,000	2,520,750	4,100,750	1,190,000	1,034,808	2,224,808	2,770,000	3,555,558	6,325,558
2024	1,655,000	2,441,750	4,096,750	1,195,000	1,028,858	2,223,858	2,850,000	3,470,608	6,320,608
2025	1,740,000	2,359,000	4,099,000	1,205,000	1,020,493	2,225,493	2,945,000	3,379,493	6,324,493
2026	1,825,000	2,272,000	4,097,000	1,150,000	1,010,250	2,160,250	2,975,000	3,282,250	6,257,250
2027	1,925,000	2,180,750	4,105,750	9,245,000	968,750	10,213,750	11,170,000	3,149,500	14,319,500
2028	1,315,000	2,084,500	3,399,500	10,440,000	867,055	11,307,055	11,755,000	2,951,555	14,706,555
2029	1,375,000	2,018,750	3,393,750	9,870,000	731,335	10,601,335	11,245,000	2,750,085	13,995,085
2030	1,445,000	1,950,000	3,395,000	11,855,000	588,220	12,443,220	13,300,000	2,538,220	15,838,220
2031	1,520,000	1,877,750	3,397,750	12,050,000	398,540	12,448,540	13,570,000	2,276,290	15,846,290
2032	1,595,000	1,801,750	3,396,750	8,225,000	193,690	8,418,690	9,820,000	1,995,440	11,815,440
2033	1,665,000	1,722,000	3,387,000	1,160,000	45,640	1,205,640	2,825,000	1,767,640	4,592,640
2034	1,755,000	1,638,750	3,393,750	1,180,000	23,600	1,203,600	2,935,000	1,662,350	4,597,350
2035	1,840,000	1,551,000	3,391,000	-	-	-	1,840,000	1,551,000	3,391,000
2036	1,935,000	1,459,000	3,394,000	-	-	-	1,935,000	1,459,000	3,394,000
2037	2,035,000	1,362,250	3,397,250	-	-	-	2,035,000	1,362,250	3,397,250
2038	2,135,000	1,260,500	3,395,500	-	-	-	2,135,000	1,260,500	3,395,500
2039	2,240,000	1,153,750	3,393,750	-	-	-	2,240,000	1,153,750	3,393,750
2040	2,355,000	1,041,750	3,396,750	-	-	-	2,355,000	1,041,750	3,396,750
2041	1,470,000	924,000	2,394,000	-	-	-	1,470,000	924,000	2,394,000
2042	1,545,000	850,500	2,395,500	-	-	-	1,545,000	850,500	2,395,500
2043	1,620,000	773,250	2,393,250	-	-	-	1,620,000	773,250	2,393,250
2044	1,705,000	692,250	2,397,250	-	-	-	1,705,000	692,250	2,397,250
2045	1,785,000	607,000	2,392,000	-	-	-	1,785,000	607,000	2,392,000
2046	1,875,000	517,750	2,392,750	-	-	-	1,875,000	517,750	2,392,750
2047	1,970,000	424,000	2,394,000	-	-	-	1,970,000	424,000	2,394,000
2048	2,065,000	325,500	2,390,500	-	-	-	2,065,000	325,500	2,390,500
2049	2,165,000	222,250	2,387,250	-	-	-	2,165,000	222,250	2,387,250
2050	2,280,000	114,000	2,394,000	-	-	-	2,280,000	114,000	2,394,000
Total	\$ 53,155,000	\$ 43,606,964	\$ 96,761,964	\$ 74,040,000	\$ 10,075,253	\$ 84,115,253	\$ 127,195,000	\$ 53,682,216	\$ 180,877,216

Source: King County Finance and Business Operations Division—Financial Management Section

TABLE 20
AGGREGATE DEBT SERVICE REQUIREMENTS FOR ALL GENERAL OBLIGATION DEBT OF THE COUNTY
(FISCAL YEARS ENDING DECEMBER 31)

Unlimited Tax General Obligation Bonds		Limited Tax General Obligation Bonds							
		County Purposes			Lease Revenue Bonds	Metropolitan Functions ⁽³⁾			Total LTGO Debt Service
		Outstanding ⁽¹⁾	The Bonds ⁽²⁾	Total		Outstanding	2020A Bonds ⁽⁴⁾	Total	
2020	\$ 13,484,700	\$ 103,748,488	\$ -	\$ 103,748,488	\$ 767,455	\$ 72,634,033	\$ -	\$ 72,634,033	\$ 177,149,976
2021	13,807,700	98,318,103	4,948,802	103,266,905	765,374	61,007,226	1,375,169	62,382,395	166,414,675
2022	14,126,950	102,775,064	4,939,258	107,714,322	767,467	67,801,280	1,376,250	69,177,530	177,659,318
2023	14,460,825	84,763,529	4,951,058	89,714,587	763,457	77,003,824	1,374,500	78,378,324	168,856,368
2024	-	81,850,791	4,943,608	86,794,398	763,621	65,933,539	1,377,000	67,310,539	154,868,558
2025	-	76,107,378	4,950,993	81,058,370	762,683	65,883,469	1,373,500	67,256,969	149,078,022
2026	-	60,672,440	7,883,000	68,555,440	765,643	65,898,239	1,374,250	67,272,489	136,593,572
2027	-	51,146,733	12,945,500	64,092,233	762,226	65,857,023	1,374,000	67,231,023	132,085,482
2028	-	46,471,695	13,328,805	59,800,500	762,706	65,739,486	1,377,750	67,117,236	127,680,442
2029	-	42,415,266	12,619,835	55,035,101	766,809	63,928,129	1,375,250	65,303,379	121,105,289
2030	-	32,303,827	14,461,470	46,765,297	764,259	84,893,091	1,376,750	86,269,841	133,799,397
2031	-	24,146,484	14,469,290	38,615,774	765,332	60,045,531	1,377,000	61,422,531	100,803,636
2032	-	24,184,639	10,439,440	34,624,079	764,751	63,135,881	1,376,000	64,511,881	99,900,711
2033	-	23,064,979	3,218,890	26,283,869	762,518	53,791,922	1,373,750	55,165,672	82,212,058
2034	-	23,067,204	3,222,100	26,289,304	763,631	47,557,016	1,375,250	48,932,266	75,985,201
2035	-	21,930,144	2,015,750	23,945,894	762,816	31,625,400	1,375,250	33,000,650	57,709,360
2036	-	21,911,624	2,020,250	23,931,874	770,073	40,087,150	1,373,750	41,460,900	66,162,846
2037	-	11,077,286	2,021,500	13,098,786	-	40,027,025	1,375,750	41,402,775	54,501,561
2038	-	10,627,656	2,019,500	12,647,156	-	40,055,625	1,376,000	41,431,625	54,078,781
2039	-	10,157,156	2,019,250	12,176,406	-	9,923,800	1,374,500	11,298,300	23,474,706
2040	-	8,645,163	2,020,500	10,665,663	-	105,923,800	1,376,250	107,300,050	117,965,713
2041	-	-	1,018,000	1,018,000	-	5,923,800	1,376,000	7,299,800	8,317,800
2042	-	-	1,021,750	1,021,750	-	5,923,800	1,373,750	7,297,550	8,319,300
2043	-	-	1,018,750	1,018,750	-	5,923,800	1,374,500	7,298,300	8,317,050
2044	-	-	1,019,250	1,019,250	-	5,923,800	1,378,000	7,301,800	8,321,050
2045	-	-	1,018,000	1,018,000	-	5,923,800	1,374,000	7,297,800	8,315,800
2046	-	-	1,015,000	1,015,000	-	154,018,800	1,377,750	155,396,550	156,411,550
2047	-	-	1,020,250	1,020,250	-	-	1,373,750	1,373,750	2,394,000
2048	-	-	1,013,250	1,013,250	-	-	1,377,250	1,377,250	2,390,500
2049	-	-	1,014,500	1,014,500	-	-	1,372,750	1,372,750	2,387,250
2050	-	-	1,018,500	1,018,500	-	-	1,375,500	1,375,500	2,394,000
Total	\$ 55,880,175	\$ 959,385,647	\$ 139,616,047	\$ 1,099,001,694	\$ 13,000,819	\$ 1,432,390,289	\$ 41,261,169	\$ 1,473,651,458	\$ 2,585,653,971

Notes to Table 20 are on the following page.

NOTES TO TABLE 20:

- (1) Reflects taxable rates on certain bonds issued as taxable bonds and eligible for a federal subsidy but does not reflect the interest credit subsidy associated with those bonds. Excludes the Refunded Bonds.
- (2) Excludes the transit component, which is counted as a Metropolitan Function.
- (3) These bonds are primarily secured by an additional pledge of certain taxes and revenues of the metropolitan functions of the County. Includes debt service at an assumed interest rate of 4.00% on the Multi-Modal Limited Tax General Obligation Bonds (Payable From Sewer Revenue), Series 2017A and Series 2017B, the principal of which is payable in full on January 1, 2040, and the Multi-Modal Limited Tax General Obligation Bonds (Payable From Sewer Revenue), Series 2019A and Series 2019B, the principal of which is payable in full on January 1, 2046.
- (4) The transit component of the 2020A Bonds.

Source: King County Finance and Business Operations Division—Financial Management Section

Net Direct and Overlapping Debt Outstanding

Table 21 lists the net outstanding direct debt and overlapping debt payable from taxes on property within the County.

TABLE 21
NET DIRECT AND OVERLAPPING DEBT
(AS OF DECEMBER 31, 2019, ADJUSTED FOR SUBSEQUENT COUNTY TRANSACTIONS)

2019 Assessed Value (for 2020 Tax Year)	\$642,490,492,044
Net Direct Debt (rounded)*	\$ 702,809,000
Estimated Overlapping Debt	
School Districts	\$ 5,244,073,000
City of Seattle	943,880,000
Other Cities and Towns	886,911,000
Port of Seattle	335,470,000
Hospital Districts	215,300,000
Fire Districts	86,474,000
Sewer Districts	-
Park Districts	13,612,000
King County Library System	65,568,000
Library Capital Facilities	-
Parks and Recreation Service District	251,000
Total Estimated Overlapping Debt	<u>\$ 7,791,539,000</u>
Total Net Direct and Estimated Overlapping Debt	<u><u>\$ 8,494,348,000</u></u>
County Debt Ratios	
Net Direct Debt to Assessed Value	0.11%
Net Direct and Overlapping Debt to Assessed Value	1.32%
2020 Population	2,260,800
Per Capita Net Direct Debt	\$311
Per Capita Net Direct and Overlapping Debt	\$3,757
Per Capita Assessed Value	\$284,187

NOTES TO TABLE:

- * Total net general obligation debt per debt capacity schedules, as of December 31, 2019, adjusted for subsequent County debt-related transactions⁽¹⁾:

Total Net General Obligation Debt for County Purposes	\$ 1,352,046,017
Total Net General Obligation Debt for Metropolitan Functions	<u>1,024,744,069</u>
Total Net General Obligation Debt	\$ 2,376,790,085
General Obligation Debt Serviced by Proprietary-Type Funds ⁽²⁾	(167,095,000)
General Obligation Debt Issued for Component Units ⁽²⁾	(170,225,018)
General Obligation Debt Issued for Metropolitan Functions ⁽²⁾	(1,024,744,069)
County Credit Enhancement Program ⁽³⁾	<u>(311,917,323)</u>
Net Direct Debt	\$ 702,808,676

(1) Includes the Bonds.

(2) The debt service on these bonds is payable first from other revenues of the County.

(3) Reflects the outstanding principal amount plus accrued interest as of December 31, 2019, under contingent loan agreements authorized by the County Credit Enhancement Program.

Source: King County Finance and Business Operations Division—Financial Management Section

Contingent Loan Agreements

Since 1997, the County has maintained a program to provide credit enhancement by entering into contingent loan agreements in connection with the financing of housing projects assisting the poor and infirm. The program permits the County to provide credit enhancement for projects undertaken by public housing authorities, non-profit organizations, for-profit organizations, local governments, public agencies, and public development authorities, primarily the King County Housing Authority (“KCHA”). In 2017, the County authorized an additional credit enhancement program in the maximum principal amount available solely to the KCHA. The combined maximum outstanding principal amount permitted under the County’s two credit enhancement programs is \$400 million. The aggregate outstanding principal of and accrued interest on the contingent loan agreements provided under the County’s credit enhancement programs was \$311,917,323 as of December 31, 2019.

Based on recent case law, the principal amount of any contingent loan agreement plus any accrued interest (but not interest still to be accrued) may be considered debt of the County for purposes of calculating constitutional and statutory debt limits. See the notes to Table 18—“Computation of Statutory Debt Capacity” and Table 21—“Net Direct and Overlapping Debt.”

Bank Agreements

The County has entered into certain agreements to which it has pledged its full faith and credit. Unless extended, such agreements terminate prior to the final maturity of the obligations secured thereby. A summary of such facilities is shown in Table 22.

TABLE 22
SUMMARY OF BANK AGREEMENTS

Series	Amount Outstanding as of 10/16/2020	Type of Facility	Provider	Expiration	Term-Out Provision ⁽¹⁾	Maturity
Multi-Modal Limited Tax General Obligation Bonds (Payable from Sewer Revenue), Series 2017 A and B	\$98,225,000	Continuing Covenant Agreement	State Street Public Lending Corporation	4/5/2021	Three Years	1/1/2040
Multi-Modal Limited Tax General Obligation Refunding Bonds (Payable from Sewer Revenue), Series 2019 A and B	\$148,095,000	Standby Bond Purchase Agreement	TD Bank N.A.	6/26/2024	Three Years	1/1/2046

(1) Subject to conditions under the agreements.

The County currently intends to keep these obligations outstanding until the stated maturity date. However, if the County is unable to extend or replace any such credit facility, the provider of that credit facility is obligated to purchase the outstanding obligations secured thereby before that credit facility terminates. In that case, the County would be obligated to repay during a “term-out” period all principal of the obligations secured thereby before the stated maturity date. Each of the credit facilities includes conditions to the term-out provisions, events of default (or events of termination), and remedies. Events of default include certain cross defaults, judgments against the County, and downgrade below certain thresholds of ratings. Remedies included in the credit facilities or available pursuant to a “most-favored nation” provision include acceleration or a requirement that the County immediately pay the outstanding principal amount of bank bonds as well as other available legal and equitable remedies, including the right of mandamus against the County and its officials. The Bonds are not subject to acceleration upon an event of default of payment or otherwise.

In addition, if fees for extensions or replacements of any such credit facility increase substantially or such extensions or replacements otherwise cease to benefit the County, the County may seek to refund or convert the obligations secured by that credit facility with fixed rate bonds, which may increase debt service associated with those obligations above that currently projected by the County. See Table 20—“Aggregate Debt Service Requirements for All General Obligation Debt of the County.”

PROPERTY TAX INFORMATION

Authorized Property Taxes

The County is authorized to levy both “regular” property taxes and “excess” property taxes.

Regular Property Taxes. The County may levy regular property taxes for general municipal purposes, including the payment of debt service on limited tax general obligation bonds, such as the Bonds, and for road district purposes. Such regular property taxes are subject to rate limitations and amount limitations, as described below, and to the uniformity requirement of Article VII, Section 1, of the State Constitution, which specifies that a taxing district must levy the same rate on similarly classified property throughout the taxing district. Under the State Constitution, all real property constitutes one class for purposes of this uniformity requirement, with limited exceptions. Aggregate property taxes vary within the County because of its different overlapping taxing districts.

The information in this Official Statement 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 County.

- (i) *Maximum Rate Limitations.* The County may levy regular property taxes for two purposes: for general municipal purposes and for road district purposes. Each purpose is subject to a rate limitation. The general municipal purposes levy is limited to \$1.80 per \$1,000 of assessed value, and the County levied \$1.12785 per \$1,000 of assessed value for the 2020 tax year. The road district levy, which is levied in unincorporated areas of the County for road construction and maintenance and other County services provided in the unincorporated areas, is limited to \$2.25 per \$1,000 of assessed value, and the County levied at a rate of \$1.82492 per \$1,000 of assessed value for the 2020 tax year. Additional statutory provisions limit the increase in the aggregate amount of taxes levied. See “—Regular Property Tax Increase Limitation.”

The County is authorized to increase its general municipal purposes levy to a maximum of \$2.475 per \$1,000 of assessed value if the total combined levies for both general and road district purposes do not exceed \$4.05 per \$1,000 of assessed value and if no other taxing district has its levy reduced as a result of the increased County levy (RCW 84.52.043).

The \$1.80 per \$1,000 of assessed value limitation on the general purposes levy is exclusive of the following regular property taxes:

- (a) a voted levy for emergency medical services (“EMS”), limited to \$0.50 per \$1,000 of assessed value (authorized by RCW 84.52.069),
- (b) a voted levy to finance affordable housing for very low income households, limited to \$0.50 per \$1,000 of assessed value (authorized by RCW 84.52.105, although the County has not sought approval from voters for this levy),
- (c) a non-voted levy for conservation futures, limited to \$0.0625 per \$1,000 of assessed value (authorized by RCW 84.34.230), and
- (d) a non-voted levy for transit-related purposes, limited to \$0.075 per \$1,000 of assessed value (authorized by RCW 84.52.140).

The County’s EMS levy was most recently approved in November 2019 for six years beginning in 2020, at a rate not to exceed \$0.265 per \$1,000 of assessed value. The rate for 2020 is \$0.26500 per \$1,000 of assessed value. The County’s levy rate for conservation futures in 2020 is \$0.03330 per \$1,000 of assessed value, and its levy rate for transportation-related purposes is \$0.04720 per \$1,000 of assessed value.

- (ii) *One Percent Aggregate Regular Property Tax Levy Limitation.* Aggregate regular property tax levies by the State and all taxing districts except port districts and public utility districts are subject to a rate limitation of 1% of the true and fair value of property (or \$10.00 per \$1,000 of assessed value) by Article VII, Section 2, of the State Constitution and by RCW 84.52.050.

- (iii) *\$5.90 per \$1,000 Aggregate Regular Property Tax Levy Limitation.* Within the 1% limitation described above, aggregate regular property tax levies by all taxing districts are subject to a rate limitation of \$5.90 per \$1,000 of assessed value by RCW 84.52.043(2) except: levies by the State, port districts, and public utility districts; excess levies authorized by Article VII, Section 2, of the State Constitution; levies for acquiring conservation futures, for emergency medical services, to finance affordable housing for very low income households, for ferry districts, for criminal justice purposes, for transit-related purposes, and for regional transit authorities; and portions of certain levies by metropolitan park districts, fire protection districts, and certain flood control zone districts.

If aggregate regular property tax levies exceed the 1% or \$5.90 per \$1,000 of assessed value limitations, then, in order to bring the aggregate levy into compliance, levies requested by “junior” taxing districts within the area affected are reduced or eliminated according to a detailed prioritized list (RCW 84.52.010). Junior taxing districts are defined by RCW 84.52.043 as all taxing districts other than the State, counties, cities, towns, road districts, port districts, and public utility districts.

- (iv) *Regular Property Tax Increase Limitation.* The regular property tax increase limitation (chapter 84.55 RCW) limits the total dollar amount of regular property taxes levied by an individual taxing district to the amount of such taxes levied in the highest of the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction at the previous year’s rate. The limit factor is defined as the lesser of 101% or 100% plus inflation, but if the inflation rate is less than 1%, the limit factor may be increased to 101%, if approved by a majority plus one vote of the governing body of the taxing district, upon a finding of substantial need. In addition, the limit factor may be increased, regardless of inflation, if such increase is authorized by the governing body of the taxing district upon a finding of substantial need and is also approved by the voters at a general or special election within the taxing district. Such election must be held less than 12 months before the date on which the proposed levy will be made, and any tax increase cannot be greater than described above under “—Maximum Rate Limitations.” The new limit factor is effective for taxes collected in the following year only.

Since the regular property tax increase limitation applies to the total dollar amount levied rather than to levy rates, increases in the assessed value of all property in the taxing district (excluding new construction) that exceed the growth in taxes allowed by the limit factor result in decreased regular tax levy rates, unless voters authorize a higher levy, and *vice versa* for decreases in assessed value.

RCW 84.55.092 allows the property tax levy to be set at the amount that would be allowed if the tax levy for taxes due in each year since 1986 had been set at the full amount allowed under chapter 84.55 RCW. This is sometimes referred to as “banked” levy capacity. The County currently has no such banked levy capacity.

With majority voter approval, a taxing district may levy, within the statutory rate limitations described above, more than what otherwise would be allowed by the tax increase limitation, as allowed by RCW 84.55.050. This is known as a “levy lid lift,” which has the effect of increasing the taxing district’s levy “base” when calculating permitted levy increases in subsequent years. The new base can apply for a limited or unlimited period, except that if the levy lid lift was approved for the purpose of paying debt service on bonds, the new base can apply for no more than nine years. After the expiration of any limited purpose or limited duration specified in the levy lid lift, the levy is calculated as if the taxing district had levied only up to the limit factor in the interim period.

In 2018, the State Legislature approved SHB 2597 (Chapter 46, Wash. Laws of 2018), which permits cities and counties to provide senior citizens, individuals with disabilities, and veterans in the Senior Exemption Program with an exemption from any portion of their regular property tax attributable to a levy lid lift, with voter approval.

Table 23—“Allocation of 2019 and 2020 Tax Levies” shows the allocation of the County’s existing levies.

- (i) The AFIS levy, a regular property tax levy authorized by RCW 84.55.050, was renewed on November 6, 2018, for a six-year term by a majority of voters in the County. In 2019, the rate was \$0.03501 per \$1,000 of assessed value. The rate in 2020 is \$0.03403 per \$1,000 of assessed value, the reduction due to increased property values in the County.

- (ii) In August 2019, the Parks levy lid lift was renewed by voters for six years, for a rate of no more than \$0.1832 per \$1,000 of assessed value. The 2020 tax year rate is the first year of this levy, at a rate of \$0.18320 per \$1,000 of assessed value. This lid lift is exempt for taxpayers in the Senior Exemption Program.
- (iii) In November 2017, voters approved a new temporary six-year lid lift for the Veterans, Seniors, and Human Services Levy at an initial rate of \$0.10 per \$1,000 of assessed value. This is a regular property tax levy and is to be increased by no more than 3.5% in each of the remaining five years. Due to the passage of SHB 2597 in the 2018 legislative session, this lid lift is now exempt for taxpayers in the Senior Exemption Program for the next five years of its existence. The 2020 tax rate is \$0.09307 per \$1,000 of assessed value.
- (iv) The Children and Family Justice Center levy is a nine-year temporary levy lid lift approved by voters in 2012, at a rate of \$0.07 per \$1,000 of assessed value for the first year (2013). The rate for 2020 is \$0.04159 per \$1,000 of assessed value.

The Children and Family Justice Center levy is levied for a limited purpose that includes constructing a new Children and Family Justice Center to replace the County's existing juvenile-justice complex. Construction of the facility was completed in 2019 and opened in early 2020. Remaining levy proceeds will be used to fund the construction of a parking garage.
- (v) The Puget Sound Emergency Radio Network replacement levy lid lift was approved by voters in 2015, at an initial rate of \$0.07 per \$1,000 of assessed value for nine years, beginning in 2016. The rate for 2020 is \$0.05243 per \$1,000 of assessed value.
- (vi) The Best Starts for Kids levy was approved by voters at the 2015 general election. This is a six-year levy at a rate of \$0.14 per \$1,000 of assessed value in the first year. The rate for 2020 is \$0.11325 per \$1,000 of assessed value.

Excess Property Taxes. The County also may impose “excess” property taxes, which are not subject to limitation, when authorized by 60% supermajority voter approval, as provided in Article VII, Section 2, of the State Constitution and RCW 84.52.052. To be valid, such popular vote must have a minimum voter turnout of 40% of the number who voted at the last County general election, except that one-year excess tax levies also are valid if the number of voters approving the excess levy is at least 60% of a number equal to 40% of the number who voted at the last County general election. Excess levies also may be imposed without voter approval when necessary to prevent the impairment of the obligation of contracts.

Component Units with Taxing Authority. In 2007, the County Council created a County-wide flood control zone district and a County-wide ferry district which levied regular property taxes at rates of \$0.09199 and \$0.00983 per \$1,000 of assessed value, respectively, for the 2020 tax year. The boundaries of each district are coterminous with the boundaries of the County; the members of the County Council serve initially as the legislative body for each district but, under State law, each district is a separate taxing district with independent taxing authority. The County assumed the ferry district and its taxing authority in 2015. Since that time the ferry district has been a County agency and, following a County reorganization in 2019, has moved from the Department of Transportation—Marine Division to the newly formed Metro Transit Department.

Allocation of Tax Levies

Table 23 sets forth the allocation of the County-wide, EMS, and unincorporated County (road district) levies.

TABLE 23
ALLOCATION OF 2019 AND 2020 TAX LEVIES

County-Wide Levy Assessed Value⁽¹⁾	2019 Original Taxes Levied (\$000)	2019 Levy Rate (\$ per \$1,000)	2020 Original Taxes Levied (\$000)	2020 Levy Rate (\$ per \$1,000)
\$642,490,492,044				
Items Within Operating Levy ⁽²⁾				
General Fund	\$ 369,346	0.61087	\$ 379,927	0.59399
Veteran's Relief	3,107	0.00514	3,199	0.00500
Human Services	6,977	0.01154	7,178	0.01122
Intercounty River Improvement	48	0.00008	45	0.00007
Automated Fingerprint Identification System ⁽³⁾	21,169	0.03501	21,766	0.03403
Parks ⁽³⁾	78,152	0.12926	116,820	0.18320
Veterans, Seniors, and Human Services ⁽³⁾	56,290	0.09349	59,350	0.09307
Children and Family Justice Center ⁽³⁾	25,865	0.04278	26,601	0.04159
Puget Sound Emergency Radio Network ⁽³⁾	32,614	0.05394	33,535	0.05243
Best Starts for Kids ⁽³⁾	69,095	0.11428	72,436	0.11325
Total Operating Levy	\$ 662,663	1.09639	\$ 720,857	1.12785
Conservation Futures Levy ⁽⁴⁾				
Conservation Futures Levy	\$ 20,714	0.03426	\$ 21,299	0.03330
Farmland and Park Debt Service	-	0.00000	-	0.00000
Total Conservation Futures Levy	\$ 20,714	0.03426	\$ 21,299	0.03330
Unlimited Tax G.O. Bonds (Voter-approved Excess Levy)	\$ 17,906	0.02974	\$ 13,617	0.02135
Transportation ⁽⁵⁾	29,353	0.04855	30,189	0.04720
Marine Operating (Ferry)	6,120	0.01012	6,288	0.00983
Flood Control Zone	58,406	0.09660	58,839	0.09199
Total County-wide Levy	\$ 795,162	1.31566	\$ 851,090	1.33152
EMS Assessed Value ⁽¹⁾				
\$320,439,276,143				
EMS Levy ⁽⁶⁾	\$ 78,403	0.21762	\$ 81,589	0.26500
Unincorporated County Assessed Value ⁽¹⁾				
\$43,773,720,022				
Unincorporated County Levy (Road District) ⁽⁷⁾	91,211	1.87677	92,988	1.82492
Total County Tax Levies	\$ 964,776		\$ 1,025,667	

Notes to Table 23 are on the following page.

NOTES TO TABLE 23:

- (1) 2019 assessed value for taxes payable in 2020.
- (2) The operating levy is limited statutorily to \$1.80 per \$1,000 of assessed value.
- (3) Voter-approved temporary lid lifts.
- (4) The Conservation Futures Levy is limited statutorily to \$0.0625 per \$1,000 of assessed value.
- (5) The Transportation Levy is limited statutorily to \$0.075 per \$1,000 of assessed value.
- (6) The EMS levy is limited statutorily to \$0.265 per \$1,000 of assessed value. The assessed value for the County's EMS levy does not include the cities of Seattle or Milton.
- (7) The Road District Levy is levied only in the unincorporated areas of the County and is limited statutorily to \$2.25 per \$1,000 of assessed value.

Source: King County Department of Assessments

Overlapping Taxing Districts

In addition to the \$1.80 per \$1,000 of assessed value in property taxes that the County is authorized to levy throughout the County and the \$2.25 per \$1,000 of assessed value that the County is authorized to levy in unincorporated areas for road district purposes, the overlapping taxing districts within the County have the statutory power to levy regular property taxes at the following rates and to levy excess voter-approved property taxes.

**TABLE 24
OVERLAPPING LEVY RATES**

Taxing District	Statutory Levy Authority (Per \$1,000 of Assessed Value)
State ⁽¹⁾	\$3.60
City ⁽²⁾	3.60
Port District	0.45
Fire Protection District	1.50
Hospital District	0.75
Metropolitan Park District	0.75
Library District	0.50
School District ⁽³⁾	0.00
Sound Transit	0.25

- (1) The maximum levy rate for the State, to be used exclusively for the support of the common schools, is \$3.60 per \$1,000 of assessed value adjusted to the State equalized value in accordance with the indicated ratio fixed by the State Department of Revenue.
- (2) The maximum levy rate for a city that is annexed into a library district or a fire protection district is reduced by the levy rates imposed by those districts.
- (3) School districts do not have authority to levy regular property taxes but may levy excess property taxes with voter approval.

These rates are subject to certain of the limitations described above under “—Authorized Property Taxes—Regular Property Taxes.”

Assessed Value Determination

The Assessor determines the value of all real and personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties for which values are determined by the State Department of Revenue. 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 Department of Revenue.

For tax purposes, the assessed value of property is 100% of its true and fair value. Since 1996, all property in the County has been subject to on-site appraisal and revaluation every six years, and is revalued each year based on annual market adjustments. 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. At the end of the assessment year, in order to levy taxes payable the following year, the County Council receives the Assessor's final certificate of assessed value of property within the County.

Table 25 presents the assessed value of the taxable property within the County for the current year and the last four years.

**TABLE 25
KING COUNTY
ASSESSED VALUE**

Tax Year	Amount	Percentage Change From Previous Year
2014	\$ 340,643,616,343	8.20%
2015	388,118,855,592	13.90%
2016	426,335,605,837	9.80%
2017	471,456,288,019	10.58%
2018	534,662,434,753	13.45%
2019	606,623,698,132	13.42%
2020	642,490,492,044	5.91%

Source: King County Department of Assessments

Tax Collection Procedure

Property taxes are levied in specific amounts by the County Council, and the rate for all taxes levied for all taxing districts in the County is determined by the Assessor based upon the assessed value of the property within the various taxing districts. The Assessor extends the tax levied within each taxing district on a tax roll that contains the total amounts of taxes levied and to be collected and assigns a tax account number to each tax lot. The tax roll is delivered to the Treasury Operations Manager, who is responsible for the billing and collection of taxes due for 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 then and the balance no later than October 31 of that year (except that the half to be paid on April 30 may be paid at any time prior to October 31 if accompanied by penalties and interest accrued until the date of payment). During a state of emergency declared under RCW 43.06.010(12), the County Treasurer, on the County Treasurer's own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any such taxes as the County Treasurer deems proper. Further, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes. In response to the COVID-19 pandemic, pursuant to RCW 43.06.010(12), the County Executive issued an executive order on March 30, 2020, extending the first-half 2020 property tax deadline from April 30 to June 1. The executive order applied to individual residential and commercial taxpayers who pay property taxes themselves, rather than to mortgage lenders. Similar orders were made in other counties in the State, including Snohomish, Pierce, and Spokane Counties. The County Executive has not extended the October 31 property tax payment deadline. See "King County—Impact of COVID-19."

The methods of giving notice of payment of taxes due, collecting taxes, accounting for the taxes collected, dividing the collected taxes among the various taxing districts, giving notices of delinquency, collection procedures, and exceptions are covered by detailed statutes.

Personal property taxes levied by the County Council are secured by a lien on the personal property assessed. A federal tax lien filed before the County Council levies the personal property taxes is senior to the County's personal property tax lien. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to real property taxes that are incurred after the judgment lien has been recorded. In all other respects, and subject to the possible "homestead exemption" described below, the lien that secures payment of property taxes is senior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, the County may commence

foreclosure on a tax lien on real property once three years have passed since the first delinquency. The State's courts have not decided if the homestead law (chapter 6.13 RCW) gives the occupying homeowner a right to retain the first \$125,000 proceeds of the forced sale of a family residence or other "homestead" property 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.

Table 26 shows the County's property tax collection record as of August 30, 2020.

TABLE 26
PROPERTY TAX COLLECTION RECORD
ALL COUNTY FUNDS

Tax Year	Original	Amount Collected		Percent Collected
	Amount Levied⁽¹⁾	Year of Levy	Percent Collected	
	(\$000)	(\$000)	Year of Levy	as of 8/30/2020
2015	\$ 727,802	\$ 716,418	98.44%	99.73%
2016	839,988	825,870	98.32%	99.58%
2017	866,842	846,388	97.64%	98.79%
2018	929,813	915,950	98.51%	99.57%
2019	964,779	950,103	98.48%	99.16%
2020	1,025,667	541,355	52.78%	52.78% ⁽²⁾

(1) Excludes the portions of the EMS levy collected within the cities of Seattle and Milton, which are paid to those cities. Includes the Flood Control District levy.

(2) For comparison purposes, the percent collected as of August 30, 2019, was 52.82%.

Source: King County Finance and Business Operations Division—Financial Management Section

Principal Taxpayers

Table 27 lists the ten largest taxpayers in the County and the assessed value of their real and personal property for the 2020 tax collection year.

TABLE 27
LARGEST TAXPAYERS IN THE COUNTY
2020 TAX COLLECTION YEAR

Taxpayer	Assessed Value	AV as Percentage of County's Total AV
Microsoft	\$ 4,327,562,002	0.67%
Amazon.Com	3,370,177,798	0.52%
Boeing	3,260,744,087	0.51%
Puget Sound Energy /Gas/Electric	2,320,986,248	0.36%
Essex Property Trust	2,056,460,100	0.32%
Union Square LLC	1,170,294,000	0.18%
C/O Prologis - RE Tax	1,056,855,300	0.16%
Altus Group US Inc.	939,144,100	0.15%
Acorn Development	886,431,000	0.14%
GC Columbia LLC	858,323,878	0.13%
Total Assessed Value of Top Ten Taxpayers	\$ 20,246,978,513	3.15%
Total Assessed Value of All Other Taxpayers	622,243,513,531	96.85%
2019 Assessed Value (for 2020 Tax Year)	\$ 642,490,492,044	100.00%

Source: King County Department of Assessments

OTHER CONSIDERATIONS

The purchase of the Bonds involves investment risk. Prospective purchasers of the Bonds should consider carefully all of the information set forth in this Official Statement, including its appendices, evaluate the investment considerations and merits of an investment in the Bonds, and confer with their own tax and financial advisors when considering a purchase of the Bonds.

The following section discusses some of the other factors affecting the County and the Bonds. The following discussion cannot, however, describe all of the factors that could affect the County and the Bonds. In addition to these known factors, other factors could affect the County and the Bonds.

Federal Funding

The County receives operating, health, public employment, and capital improvement grants from the federal government (either directly or indirectly through the State or local governmental agencies). In 2019, the County received \$99.3 million in federal grant revenue (68.1% of total 2019 grant revenue received by the County). These federal grant funds may be adversely impacted by federal legislative and executive actions, including cuts to federal spending. Federal funding also is subject to grant conditions, federal regulations, and audit and review for compliance with these requirements.

In some cases, the federal government has sought to impose funding conditions based on federal policy goals, including goals relating to cooperation with federal immigration enforcement. Several lawsuits have been filed challenging some of these policies and/or funding conditions; these lawsuits are ongoing. In April 2019, the County Executive signed an executive order directing that King County International Airport (Boeing Field) not be used to support the transportation and deportation of immigration detainees in the custody of Immigration and Customs Enforcement. On February 10, 2020, the U.S. Justice Department filed a lawsuit (*United States v. King County*) in U.S. District Court challenging the order. On May 27, 2020, the U.S. District Court denied the United States' motion for summary judgment, and discovery is underway. The County cannot predict the outcome of any such suits or any related changes in federal policy or the potential impact on any related federal funding the County receives or may receive.

In general, the County expects that it would have the flexibility to respond to any direct reductions or eliminations of federal funding. Although the County cannot predict at this time whether reductions in federal funding may occur or what form such reductions may take, the County expects that it would be able to redirect funding or reduce expenditures in a manner that would not affect the County's ability to pay debt service on the Bonds.

Cybersecurity

The County, like many other large public and private entities, relies on a complex technology environment to conduct its operations and support the community it serves. The County has invested in cybersecurity protections in recent years that include staffing, a restructure of its security office, technology tools; and policies, standards, and processes. Notwithstanding these and other cybersecurity measures, a cybersecurity breach could damage County systems and cause material disruption to operations and services. The cost to remedy such damage or protect against future attacks could be substantial. Security breaches could expose the County to litigation and other legal risks, which could cause the County to incur costs related to legal or regulatory claims. Since 2015, the County has maintained cyber liability insurance to help offset these financial risks. See "King County—Risk Management and Insurance."

Climate Change and the County's Strategic Climate Action Plan

There are potential risks to the County associated with long-term changes in climate and associated changes in the frequency, timing, and severity of extreme weather events. Expected impacts include sea level rise, more intense heavy rain events, more intense summer heat events, lower and warmer summer streamflows, ocean acidification, and an increased risk of flooding, drought, landslides, and forest fires. The County is preparing for a changing climate and the resulting economic, infrastructure, health, and other community impacts by integrating consideration of climate change into decision making and implementing mitigation and preparedness actions that enhance the resilience of County services, infrastructure, assets, and natural resources.

The County's SCAP is a five-year blueprint for County action to confront climate change, integrating climate change into all areas of County operations and its work in the community. In 2015, the County updated the SCAP and strengthened initiatives to reduce greenhouse gas ("GHG") emissions and prepare for the impacts of climate change in County operations and throughout the community. In 2020, the SCAP underwent another five-year update, including a review of targets, measures, and priority actions for reducing GHG emissions, updates to strategies and priority actions to prepare for climate change impacts, and a new section and priority actions focused on supporting resilience in communities disproportionately impacted by climate change. The updated SCAP has been transmitted by the County Executive to the County Council. Goals of the 2020 SCAP include (i) further reducing regional GHG emissions; (ii) taking action to prepare the County's infrastructure, services, and communities for climate change impacts; and (iii) identifying new opportunities to take action on climate solutions that achieve social, economic, and environmental benefits for communities in the County. Policies and actions to support these goals are being developed around transportation, energy, public health, emergency preparedness, housing, food security, and more. The SCAP continues to require County divisions to analyze capital improvement projects for opportunities to reduce energy use and GHG emissions and to incorporate building efficiency standards into capital improvement planning. A copy of the SCAP and performance reports with status of progress and implementation details can be found on the County's website at www.kingcounty.gov/climate.

While the County cannot predict precisely how, when, and where specific climate impacts will occur, there will be climate impacts on the County. Although the County has not yet developed a methodology for precisely quantifying the impact climate change will have on the County, its population, or its operations, based on current County projections, the County anticipates that the costs could be significant and could have a material adverse effect on the County's finances over time by requiring greater expenditures to counteract the effects of climate change.

Seismic Risk

The County is located above or near a number of geological faults capable of generating significant earthquakes. The Puget Sound region is characterized by geotechnical conditions that could result in areas of liquefaction and landslide in an earthquake. In anticipation of such potential disasters, the County designs and constructs facilities to the seismic codes in effect at the time the projects are designed. Although the County has implemented disaster preparedness plans, there can be no assurance that these or any additional measures will be adequate in the event a natural disaster occurs, nor that costs of preparedness measures will be as currently anticipated. Damage to County facilities could cause a material increase in costs for repairs and a material adverse impact on the County's finances. The County is not obligated to maintain earthquake insurance on its facilities, and the County does not now and does not plan to maintain earthquake insurance sufficient to replace its facilities.

INITIATIVES AND REFERENDA

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 the State Legislature to refer legislation to the voters through the power of referendum. Any law approved through the power of initiative 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% (initiatives) and 4% (referenda) 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 County 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. Tax and fee initiative measures continue to be filed, but it cannot be predicted whether any 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.

Under the County Charter, County voters may initiate County legislation, including modifications to existing legislation, and through referendum may prevent legislation passed by the County Council from becoming law. The County Charter also permits legislation to be proposed by cities in the County, provided that at least one half of the cities in the County support the proposal.

Future Initiatives and Legislative Action

Additional initiative petitions may be filed in the future. The County cannot predict whether any such initiatives will qualify to be submitted to the voters or, if submitted, will be approved. Likewise, the County cannot predict what actions the State Legislature might take, if any, regarding any future initiatives approved by the voters.

LEGAL AND TAX INFORMATION

Litigation

There is no litigation pending questioning the validity of the Bonds or the power and authority of the County to issue the Bonds or seeking to enjoin the issuance of the Bonds.

The County is party to litigation in its normal course of business. The excerpts from the County's 2019 Comprehensive Annual Financial Report attached as Appendix B include Note 19 concerning non-tort legal matters. As to tort litigation, the County and its agencies are a party to litigation involving tort claims. Information under the heading "King County—Risk Management and Insurance" herein describes the County's self-insurance program and the insurance policies that cover pending tort litigation. The County expects that the amount of the Insurance Fund and County insurance coverage, together with routinized budget practices, are sufficient to cover all costs associated with known tort litigation pending. Although the County cannot predict the amount of damages that may be payable, if any, in its litigation, the County does not believe that any pending litigation would materially adversely affect the ability of the County to pay when due the principal of or interest on the Bonds.

Recent Developments in Non-Tort Litigation. Certain class action litigation is described in Note 19 to the excerpts from the County's 2019 Comprehensive Annual Financial Report attached as Appendix B.

Initiative 976. Initiative 976 ("I-976"), a State-wide initiative, was approved by the voters at the November 2019 election. The initiative purports to repeal a wide array of vehicle taxes and fees, including vehicle fees authorized to be imposed by transportation benefit districts, and a number of vehicle taxes and fees imposed by the State. The County's transportation benefit district has not yet imposed vehicle fees, and would lose statutory authority to impose these fees. The County also could experience a loss of contract and grant funding from affected partners, including the State, that have imposed the various vehicle fees and taxes. For example, the City of Seattle transportation benefit district provides funding by contract to the County for supplemental public transportation services (including approximately 175,000 Metro bus service hours on 74 routes), the State provides grant funding for County road and multimodal projects, and the County is working with Sound Transit to connect Metro Transit services with Sound Transit's expanding regional light rail system. Among other impacts, if the State Legislature decided to make across-the-board reductions in the Multimodal Account due to the initiative's passage, it could result in over \$100 million in cuts to Metro services between 2020 and 2025.

On November 13, 2019, the County, together with co-plaintiffs Garfield County Transportation Authority, City of Seattle, Washington State Transit Association, Association of Washington Cities, Port of Seattle, Intercity Transit, Amalgamated Transit Union Legislative Council of Washington, Michael Rogers, Justin Camarata, and the City of Burien filed a complaint in King County Superior Court for declaratory judgment and injunctive relief, seeking a judgment declaring the initiative unconstitutional and permanently enjoining the initiative from taking effect. On November 27, 2019, the Superior Court granted the County's request for injunctive relief, preventing the initiative from taking effect on December 5, 2019. On February 12, 2020, the Superior Court issued an Order on Cross-Motions for Summary Judgment, and on March 12, 2020, it issued an Order on Motion for Reconsideration Regarding Article I, Section 12 Issues. In these orders, the Superior Court ruled that the initiative is constitutional except for Sections 8 and 9, which it severed from the remainder of the initiative. The Superior Court lifted the preliminary injunction, but delayed the effective date of lifting the injunction until the Washington Supreme Court could rule on whether to retain the injunction pending appellate review. The County and its co-plaintiffs immediately sought direct review by the Washington Supreme Court, which was granted on April 29, 2020. The County and its co-plaintiffs requested that the Washington Supreme Court

keep the injunction in place pending appellate review, which request the Court granted on March 30, 2020. Tax and fee revenues continue to be collected as if the initiative had not been approved so long as the injunction remains in effect. Oral argument occurred on June 26, 2020, and on October 15, 2020, the Washington Supreme Court issued a decision holding that I-976 is unconstitutional. The parties defending I-976 have 20 days from issuance of the decision to seek reconsideration, but unless the Court grants reconsideration, I-976 will be invalidated and have no effect.

The County cannot predict whether reconsideration will be requested and, if so, whether it will be granted. Accordingly, the County will continue to review the effect the measure would have on County revenues and its public transportation plan. The State Office of Financial Management has prepared a fiscal note, which is available on its website, estimating the State-wide fiscal impact if the measure were to go into effect as written.

Approval of Counsel

Legal matters incident to the authorization, issuance, and sale of the Bonds by the County are subject to the approving legal opinion of Pacifica Law Group LLP, Bond Counsel. The forms of Bond Counsel's opinions are attached as Appendix A. The opinions of Bond Counsel are given based on factual representations made to Bond Counsel, and under existing law, as of the date of issue of the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinions to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinions of Bond Counsel are an expression of its professional judgment on the matters expressly addressed in its opinions and do not constitute a guarantee of result.

Pacifica Law Group LLP also is serving as Disclosure Counsel to the County.

Potential Conflicts of Interest

Some or all of the fees of Bond Counsel/Disclosure Counsel and the Municipal Advisor are contingent upon the sale of the Bonds. From time to time, Bond Counsel/Disclosure Counsel serves as counsel to other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds.

Limitations on Remedies and Municipal Bankruptcy

Any remedies available to the owners of the Bonds upon the occurrence and continuation of a default under the Ordinance 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 County fails to comply with its covenants under the 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.

In addition to the limitations on remedies contained in the Ordinance, the rights and obligations under the Bonds and the 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 to the exercise of judicial discretion in appropriate cases. The opinions to be delivered by Pacifica Law Group LLP, as Bond Counsel, concurrently with the issuance of the Bonds, will be subject to such limitations. The forms of Bond Counsel's opinions are set forth in Appendix A.

A municipality such as the County 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 counties) to voluntarily petition for relief under a predecessor to the Bankruptcy Code. A creditor, however, cannot bring an involuntary bankruptcy proceeding under the Bankruptcy Code against a municipality, including the County. The federal bankruptcy courts have broad discretionary powers under the Bankruptcy Code.

Tax Matters

General. In the opinion of Bond Counsel, under existing law and subject to certain qualifications described below, interest on the 2020A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The proposed form of opinion of Bond Counsel with respect to the 2020A Bonds to be delivered on the date of issuance of the 2020A Bonds is set forth in Appendix A.

The Code contains a number of requirements that apply to the 2020A Bonds, and the County has made certain representations and has covenanted to comply with each such requirement. Bond Counsel's opinion assumes the accuracy of the representations made by the County and is subject to the condition that the County comply with the above-referenced covenants. If the County fails to comply with such covenants or if the County's representations are inaccurate or incomplete, interest on the 2020A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020A Bonds.

Except as expressly stated herein, Bond Counsel expresses no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2020A Bonds, or the amount, accrual or receipt of interest on, the 2020A Bonds. Owners of the 2020A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2020A Bonds.

Original Issue Premium. If the initial offering price to the public at which a 2020A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2020A Bond (said term being the shorter of the 2020A Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2020A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2020A Bond is amortized each year over the term to maturity of the 2020A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2020A Bond premium is not deductible for federal income tax purposes. Owners of premium 2020A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax consequences of owning such 2020A Bonds.

Post-Issuance Matters. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2020A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

Bond Counsel's engagement with respect to the 2020A Bonds ends with the issuance of the 2020A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the owners regarding the tax-exempt status of the 2020A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2020A Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2020A Bonds, and may cause the County or the owners to incur significant expense.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2020A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Not Bank Qualified

The County has not designated the 2020A Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

Certain Income Tax Consequences Relating to the 2020B Bonds

The interest on the 2020B Bonds is not intended by the County to be excluded from gross income for federal income tax purposes. Owners of the 2020B Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2020B Bonds may have federal income tax consequences not described herein and should consult their own tax advisors with respect to federal income tax consequences of owning such 2020B Bonds. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2020B Bonds other than as expressly described above.

The proposed form of opinion of Bond Counsel with respect to the 2020B Bonds to be delivered on the date of issuance of the 2020B Bonds is set forth as the form of 2020B Bond opinion in Appendix A.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any 2020B Bond. In all events investors should consult their own tax advisors in determining the federal, state, local, and other tax consequences to them of the purchase, ownership, and disposition of the 2020B Bonds.

Continuing Disclosure Undertaking

Annual Disclosure Report. The County agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”) the following annual financial information and operating data for the prior fiscal year (collectively, the “Annual Financial Information”), commencing in 2021 for the fiscal year ended December 31, 2020:

- (i) annual financial statements prepared in accordance with the Budget Accounting and Reporting System (“BARS”) prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type attached as Appendix B, which statements will not be audited, except that if and when audited financial statements are otherwise prepared and available to the County they will be provided;
- (ii) a summary of the assessed value of taxable property in the County;
- (iii) a summary of budgeted General Fund revenues and appropriations;
- (iv) a summary of *ad valorem* property tax levy rates per \$1,000 of assessed value and delinquency rates;
- (v) a summary of outstanding tax-supported indebtedness of the County; and
- (vi) a schedule of the aggregate annual debt service on tax-supported indebtedness of the County.

Items (ii) through (vi) are required only to the extent that such information is not included in the annual financial statements.

The Annual Financial Information will be provided on or before the end of seven months after the end of the County’s fiscal year. The County’s fiscal year currently ends on December 31. The County may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such Annual Financial Information, the County may make specific cross-reference to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the Annual Financial Information discussed above, the County will provide to the MSRB the County’s audited financial statements prepared in accordance with BARS when and if available.

The County agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of its failure to provide the Annual Financial Information on or prior to the date set forth above.

Specified Events. The County agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following specified events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or 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;
- (vii) modifications to the rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the County;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

For the purposes of notices (xv) and (xvi), “financial obligation” means a (i) debt obligation, (ii) 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) 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 SEC Rule 15c2-12 (“Rule 15c2-12”).

Solely for purposes of disclosure and not intending to modify the undertaking, the County advises with reference to items (iii), (x), and (xiv) that no debt service reserves secure payment of the Bonds, no property secures repayment of the Bonds, and there is no trustee for the Bonds.

EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with Rule 15c2-12 are to be submitted through the MSRB’s Electronic Municipal Market Access system, currently located at www.emma.msrb.org. All notices, financial information, and operating data required by the undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to the undertaking must be accompanied by identifying information as prescribed by the MSRB.

Termination/Modification of Undertaking. The County’s obligations to provide Annual Financial Information and notices of specified events will terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. The undertaking, or any provision thereof, will be null and void if the County (i) obtains an opinion of nationally recognized bond counsel to the effect that those portions of Rule 15c2-12 which require the undertaking,

or any such provision, are invalid, have been repealed retroactively, or otherwise do not apply to the Bonds; and (ii) notifies the MSRB of such opinion and the cancellation of the undertaking.

The County may amend the undertaking, and any provision of the undertaking may be waived, in accordance with Rule 15c2-12, which, as currently interpreted by the Securities and Exchange Commission, requires that (i) the amendment or waiver 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 County, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the County (such as Bond Counsel) or by the approving vote of holders of the Bonds pursuant to the terms of the Ordinance

In the event of any amendment or waiver of a provision of the undertaking, the County will describe such amendment or waiver in the next Annual Financial Information, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a specified event under the caption “Specified Events” above, and (ii) the annual financial statements for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Remedies Under the Undertaking. The right of any Bond owner or beneficial owner of Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County’s obligations thereunder, and any failure by the County to comply with the provisions of the undertaking will not be an event of default with respect to the Bonds. For purposes of the undertaking, “beneficial owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Prior Compliance. The County has entered into written undertakings under Rule 15c2-12 with respect to all of its obligations subject thereto. In reviewing its continuing disclosure filings on EMMA, the County notes the following. The County has undertaken to provide information regarding customers, revenues, and expenses of the County’s sewer system, in connection with outstanding sewer revenue bonds and certain LTGO bonds payable from sewer revenues. Although the County provided the information on customers, revenues, and expenses of the sewer system within its CAFR and the sewer system financial statements, it has not provided the full table as shown in its original disclosure.

The County timely filed its 2015 CAFR in July 2016, timely filed notice of a Fitch rating upgrade of certain LTGO bonds in April 2016, and timely filed notice of a Moody’s rating upgrade of certain LTGO bonds in February 2017. The 2015 CAFR was not linked to one CUSIP number for the NJB Properties Lease Revenue Bonds (King County, Washington, Project), 2006 Series A (the “NJB Bonds”), the Fitch rating update was not linked to all County bond CUSIP numbers, and the Moody’s rating update was not linked to one CUSIP for the NJB Bonds and certain CUSIP numbers for County bonds. The County has since linked the materials to the missed CUSIP numbers.

OTHER BOND INFORMATION

Ratings

The Bonds have been rated “Aaa,” “AAA,” and “AAA” by Moody’s Investors Service, Fitch Ratings, and S&P Global Ratings, respectively. The ratings reflect only the views of the rating agencies, and an explanation of the significance of the ratings may be obtained from each rating agency. 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 or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Municipal Advisor

The County has retained Piper Sandler & Co., Seattle, Washington, as municipal advisor (the “Municipal Advisor”) in connection with the preparation of the County’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 County, the Municipal Advisor may not participate in the underwriting of any County debt.

Purchasers of the Bonds

The 2020A Bonds are being purchased by Barclays Capital Inc. at a price of \$67,988,025.50, and will be reoffered at a price of \$68,237,854.00. The 2020B Bonds are being purchased by Citigroup Global Markets Inc. at a price of \$73,558,740.00, and will be reoffered at a price of \$74,040,000.00. The purchasers of each Series of the Bonds are together referred to as the “Purchasers.” Each Purchaser may offer and sell the Bonds of the respective Series to certain dealers (including dealers depositing Bonds of such Series into investment trusts) and others at prices lower than the initial offering prices and yields set forth on pages i and ii of this Official Statement, and such initial offering prices and yields may be changed from time to time by the respective Purchaser. After the initial public offering, the public offering prices and yields may be varied from time to time.

Official Statement

All forecasts, estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not intended to be construed as a contract or agreement between the County and the purchasers or holders of any of the Bonds. The information contained in this Official Statement is presented for the guidance of prospective purchasers of the Bonds described herein. The information has been compiled from official sources and, while not guaranteed by the County, is believed to be correct.

At the time of the delivery of each Series of the Bonds, one or more officials of the County will furnish a certificate stating that, to the best knowledge and belief of such official(s) at the date of the Official Statement and as of the Issue Date, the Official Statement (as it may have been amended or supplemented prior to the Issue Date) did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (however, the County will make no representation regarding Bond Counsel’s form of opinion or the information provided by DTC, U.S. Bank National Association, the Purchaser of the Bonds, or any entity providing bond insurance or other credit facility).

The County has authorized the execution and delivery of this Official Statement.

KING COUNTY, WASHINGTON

By: _____ /s/ Ken Guy
Ken Guy
Director of Finance and Business Operations Division
Department of Executive Services

APPENDIX A
FORMS OF BOND COUNSEL OPINIONS

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November 3, 2020

King County, Washington

Barclays Capital Inc.
New York, New York

Re: King County, Washington
Limited Tax General Obligation Bonds, 2020, Series A — \$53,155,000

To the Addressees:

We have acted as bond counsel to King County, Washington (the “County”), and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the County of its Limited Tax General Obligation Bonds, 2020, Series A, in the principal amount of \$53,155,000 (the “2020A Bonds”) issued pursuant to Ordinance 19154, passed on September 1, 2020 (the “Bond Ordinance”), and Motion 15698 of the Metropolitan King County Council passed on October 27, 2020 to provide financing for certain capital projects of the County and to pay the costs of issuing the 2020A Bonds. Capitalized terms used in this opinion have the meanings given such terms in the Bond Ordinance.

The 2020A Bonds are subject to redemption prior to maturity as provided in the Bond Ordinance and the Notice of Sale. The County has not designated the 2020A Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Regarding questions of fact material to our opinions, we have relied on representations of the County in the Bond Ordinance and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bond Ordinance is a legal, valid and binding obligation of the County, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The 2020A Bonds constitute valid and binding general obligations of the County, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency,

moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. The County has irrevocably covenanted and agreed that, for as long as any of the 2020A Bonds are outstanding and unpaid, each year it will include in its budget and levy an *ad valorem* tax upon all the property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the 2020A Bonds as the same become due. The County has irrevocably pledged that the annual tax to be levied for the payment of such principal and interest will be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the County prior to the full payment of the principal of and interest on the 2020A Bonds will be and is irrevocably set aside, pledged, and appropriated for the payment of the principal of and interest on the 2020A Bonds. The full faith, credit, and resources of the County have been irrevocably pledged for the annual levy and collection of those taxes and for the prompt payment of the principal of and interest on the 2020A Bonds as the same become due.

4. Interest on the 2020A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the County must comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the 2020A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all applicable requirements. Failure to comply with certain of such requirements may cause interest on the 2020A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020A Bonds.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2020A Bonds, or the amount, accrual or receipt of interest on, the 2020A Bonds. Owners of the 2020A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2020A Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the 2020A Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the County to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, 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.

Very truly yours,

PACIFICA LAW GROUP LLP



November 3, 2020

King County, Washington

Citigroup Global Markets Inc.
New York, New York

Re: King County, Washington
Limited Tax General Obligation Refunding Bonds, 2020, Series B
(Taxable) — \$74,040,000

To the Addressees:

We have acted as bond counsel to King County, Washington (the “County”), and have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the County of its Limited Tax General Obligation Refunding Bonds, 2020, Series B (Taxable), in the principal amount of \$74,040,000 (the “2020B Bonds”) issued pursuant to Ordinance 18376, passed on September 27, 2016 (the “Bond Ordinance”), and Motion 15698 of the Metropolitan King County Council passed on October 27, 2020 to advance refund on a taxable basis certain obligations of the County and to pay the costs of issuing the 2020B Bonds. Capitalized terms used in this opinion have the meanings given such terms in the Bond Ordinance.

The 2020B Bonds are subject to redemption prior to maturity as provided in the Bond Ordinance and the Notice of Sale. The County has not designated the 2020B Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Regarding questions of fact material to our opinions, we have relied on representations of the County in the Bond Ordinance and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bond Ordinance is a legal, valid and binding obligation of the County, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The 2020B Bonds constitute valid and binding general obligations of the County, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency,

moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. The County has irrevocably covenanted and agreed that, for as long as any of the 2020B Bonds are outstanding and unpaid, each year it will include in its budget and levy an *ad valorem* tax upon all the property within the County subject to taxation in an amount that will be sufficient, together with all other revenues and money of the County legally available for such purposes, to pay the principal of and interest on the 2020B Bonds as the same become due. The County has irrevocably pledged that the annual tax to be levied for the payment of such principal and interest will be within and as a part of the tax levy permitted to counties without a vote of the people, and that a sufficient portion of the taxes to be levied and collected annually by the County prior to the full payment of the principal of and interest on the 2020B Bonds will be and is irrevocably set aside, pledged, and appropriated for the payment of the principal of and interest on the 2020B Bonds. The full faith, credit, and resources of the County have been irrevocably pledged for the annual levy and collection of those taxes and for the prompt payment of the principal of and interest on the 2020B Bonds as the same become due.

4. Interest on the 2020B Bonds is not intended to be excludable from gross income for federal income tax purposes.

We express no opinion regarding any tax consequences related to the ownership, sale or disposition of the 2020B Bonds, or the amount, accrual or receipt of interest on, the 2020B Bonds. Owners of the 2020B Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2020B Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the 2020B Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto, or relating to the undertaking by the County to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof, and we assume no obligation to update, 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.

Very truly yours,

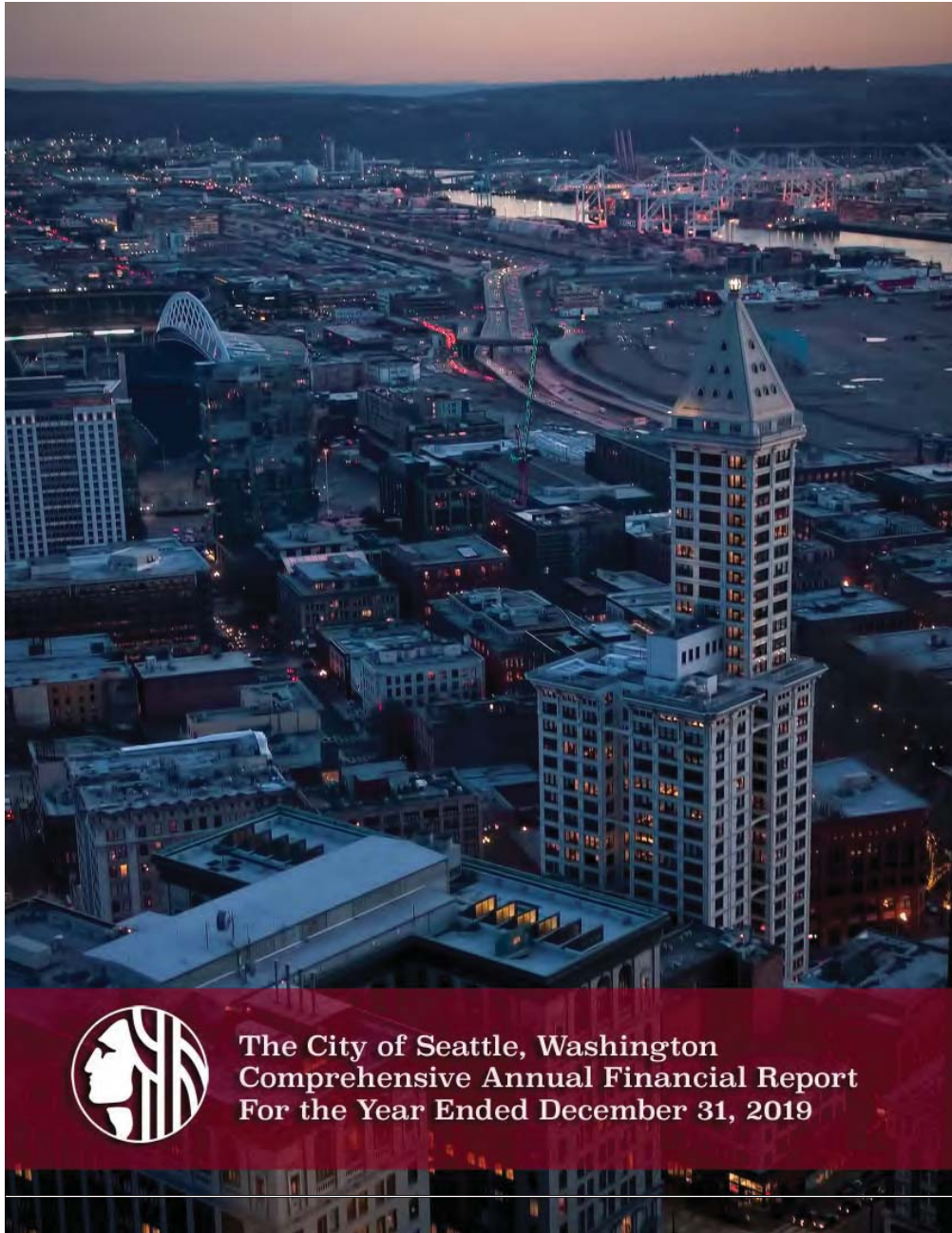
PACIFICA LAW GROUP LLP

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APPENDIX B

EXCERPTS FROM KING COUNTY'S 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2019



City of Seattle
Washington

Issued by the Department of Finance and Administrative Services

Introduction

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Comprehensive Annual Financial Report

For the Year Ended December 31, 2019

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The City of Seattle

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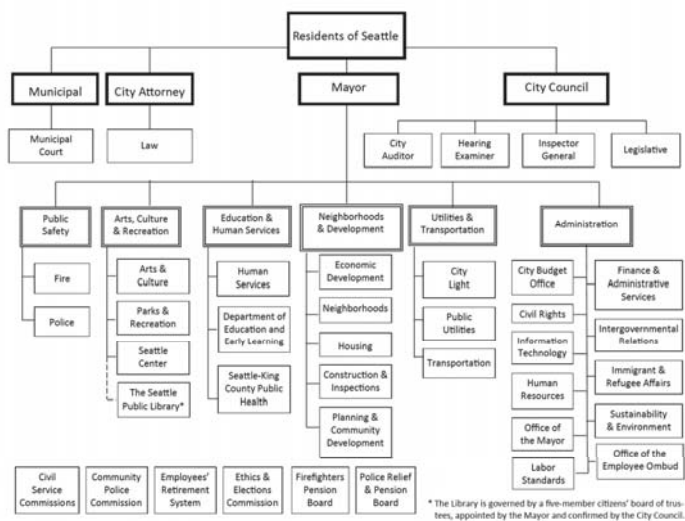
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CITY ORGANIZATIONAL CHART



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OFFICIALS

MAYOR AND CITY COUNCIL

Jenny A. Durkan
Mayor

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City Council

Lisa Herbold District 1	Alex Pedersen District 4	Andrew J. Lewis District 7
Tammy J. Morales District 2	Debora Juarez District 5	Teresa Mosqueda At-large
Kshama Sawant District 3	Dan Strauss District 6	M. Lorena González At-large



August 21, 2020

The Honorable Mayor and
Members of the City Council:

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

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

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

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

PROFILE OF THE GOVERNMENT

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

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

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

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

NATIONAL AND LOCAL ECONOMY

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

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

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

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

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

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

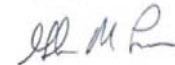
In 2017, the City issued building permits valued at a record \$5.0 billion; this was followed by an additional \$3.9 billion in 2018 and \$4.6 billion in 2019.

CERTIFICATE OF ACHIEVEMENT

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

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

Sincerely,



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Seattle
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

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City of Seattle
2019 Comprehensive Annual Financial Report

Department of Finance and Administrative Services

Calvin W. Goings, Director

Glen Lee, City Finance Director

Citywide Accounting and Payroll Division

Kathleen Organ, Division Director

Ken Knopp, Financial Reporting Manager

Mike Magdaleno, Accounting Operations Manager

Michelle Spruch, Internal Controls & Compliance Manager

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John Moore
Steve Spada

Chau Du
Cam Huynh
Mena Nguyen

Beau Eiland
April McCraney
Parag Santhosh
Olivia Teo

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Treasury Services Division

Teri Allen, Division Director

Gregg Johanson, City Cash Manager

Kellie Craine, Investment Director

Debt Management Services

Michael VanDyck, City Debt Manager

Risk Management Division

Bruce Hori, Division Director

Financial Section

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

August 21, 2020

Mayor and City Council
City of Seattle
Seattle, Washington

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Opinions

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

Matters of Emphasis

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

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

Other Matters

Prior-Year Comparative Information

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

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

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

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

Sincerely,



Pat McCarthy
State Auditor
Olympia, WA

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The City of Seattle

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

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

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

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

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

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table A-1

CONDENSED STATEMENT OF NET POSITION (In Thousands)

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

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

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

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

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

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

Table A-2

CONDENSED STATEMENT OF ACTIVITIES (In Thousands)

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

Management's Discussion and Analysis

Analysis of Changes in Net Position

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF CITY FUNDS

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

Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

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

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

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

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

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

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

Management's Discussion and Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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Management's Discussion and Analysis

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

Original Budget Compared to Final Budget:

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

Final Budget Compared to Actual Results:

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

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

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

CAPITAL ASSETS

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

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

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

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

The City of Seattle

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

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

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

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

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

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

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

DEBT ADMINISTRATION

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

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

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

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

Management's Discussion and Analysis

ECONOMIC FACTORS

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

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

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

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

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

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

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FINANCIAL CONTACT

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

Government-wide Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

Government-wide Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

Government-wide Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

The City of Seattle

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

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

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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MAJOR GOVERNMENTAL FUNDS

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

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

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

The City of Seattle

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

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

Fund Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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

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

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

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The City of Seattle

MAJOR PROPRIETARY FUNDS

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

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

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

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

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

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Fund Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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

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

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

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

	Governmental Activities - Internal Service Funds	
	2019	2018
ASSETS		
Current Assets		
Operating Cash and Equity in Pooled Investments	\$ 27,984	\$ 5,863
Restricted Cash and Equity in Pooled Investments	17,035	10,217
Receivables, Net of Allowances		
Accounts	520	1,117
Interest and Dividends	1	2
Unbilled	20	20
Energy Contracts, Notes, and Other Contracts	—	—
Due from Other Funds	8,918	27,004
Due from Other Governments	112	89
Materials and Supplies Inventory	4,795	3,901
Interfund Loans and Advances	700	—
Prepayments and Other Current Assets	8,409	5,254
Total Current Assets	68,494	53,467
Noncurrent Assets		
Restricted Cash and Equity in Pooled Investments	103,230	86,677
Notes and Contracts Receivable	—	—
Conservation Costs, Net	—	—
Landfill Closure and Postclosure Costs, Net	—	—
Environmental Costs and Recoveries	—	—
External Infrastructure Costs	—	—
Regulatory Asset	—	—
Other Charges	—	—
Capital Assets		
Land and Land Rights	101,718	108,855
Plant in Service, Excluding Land	—	—
Less Accumulated Depreciation	—	—
Buildings and Improvements	770,122	771,099
Less Accumulated Depreciation	(296,534)	(278,847)
Machinery and Equipment	286,018	280,801
Less Accumulated Depreciation	(163,385)	(150,225)
Construction in Progress	35,307	26,136
Other Property, Net	47,831	40,820
Total Noncurrent Assets	884,307	885,316
Total Assets	952,801	938,783
DEFERRED OUTFLOWS OF RESOURCES		
	92,492	67,190
Total Assets and Deferred Outflows of Resources	\$ 1,045,293	\$ 1,005,973

The accompanying notes are an integral part of these financial statements

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The City of Seattle

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

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

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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Fund Financial Statements

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUND

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

PENSION TRUST FUNDS

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

CUSTODIAL FUNDS

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

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

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

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

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

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

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STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2019

(In Thousands)

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

Fund Financial Statements

The City of Seattle

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

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

Notes to Financial Statements

The accompanying notes are an integral part of these financial statements

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NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

The City presents its component units information in Note 12.

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

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

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Notes to Financial Statements

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

ACCOUNTING STANDARDS

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

The City of Seattle

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The City of Seattle

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The City of Seattle

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

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

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

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

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

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

Table 1-1

GOVERNMENTAL FUND BALANCES (In Thousands)

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

* Resources that cannot be spent due to their form, such as inventory and prepaid items.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

Budgetary comparisons for proprietary funds may be requested from the Department of Finance and Administrative Services.

Deficit Fund Balances and Net Position. The Central Waterfront Improvement Fund reported a deficit fund balance of \$1.8 million as of December 31, 2019. This fund was created with the specific intent that urgent and necessary repairs to the Seawall and other infrastructure along the waterfront be funded by multiple partnerships, both intergovernmental and private. In recognition of this urgency, this fund was provided a loan from the City's Consolidated Residual Cash Pool, which was paid in full before December 31, 2019. Per City ordinance, the fund can borrow up to \$12.2 million at any one time from the Real Estate Excise Tax (REET I) Capital Project fund and must repay any inter-fund loan to the REET I Capital Project fund no later than December 31, 2023.

The Seattle Streetcar Fund reported a deficit fund balance of \$2.8 million as of December 31, 2019. The fund was created in 2007 and the authorized interfund loan allowance was amended in 2009 to increase the amount available from the City's Consolidated Residual Cash Pool to a maximum of \$3.7 million. This loan is to be repaid no later than December 31, 2020 from the sale of surplus property, grants, donations, transfers, and other monies as authorized by ordinance.

(3) CASH AND INVESTMENTS

CASH AND EQUITY IN POOLED INVESTMENTS

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

Custodial Credit Risk - Deposits: The custodial credit risk of deposits is the risk that in the event of bank failure of one of the City's depository institutions, the City's deposits or related collateral securities may not be returned in a timely manner. As of December 31, 2019, the City did not have custodial credit risk. The City's deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) as well as protection provided by the Washington State Public Deposit Protection Commission (PDPC) as established in RCW 39.58. The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks, credit unions, and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC or NCUA by requiring banks, credit unions, and thrifts to pledge securities as collateral.

As of December 31, 2019, the City held \$95,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, is held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

Notes to Financial Statements

CITY TREASURY INVESTMENTS

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

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City's need for cash.
- A City social policy shall take precedence over furthering the City's financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.
- All transactions are done on a delivery-versus-payment basis.
- The standard of prudence to be used by investment personnel shall be the "Prudent Investor Rule" promulgated under the Uniform Prudent Investor Act (UPIA) of 1994.
- Investments shall generally be held until maturity except for a security with declining credit may be sold early to minimize the loss of principal; a security swap that would improve the quality, yield, or duration of the portfolio; liquidity needs of the portfolio require that a security be sold early.

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

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

The Seattle City Employees' Retirement System has its investment management policies set by the Retirement Board. State law allows the System to invest in longer term maturities and in a broader variety of securities, such as real estate and equity issues. The Board policies require that investments in any one corporation or organization may not exceed 5% of net position available for benefits. Less than 5% of plan assets can be invested in derivative securities. All derivatives are high quality non-leveraged securities consisting of collateralized mortgage obligations (CMOs), Treasury strips, convertible bonds, futures, options, etc. These derivatives cause little exposure to credit risk, market risk, or legal risk.

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

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

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

The City's participation in the Local Government Investment Pool (LGIP) is authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and

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reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee. Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* for the city's external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, or online at <http://www.tre.wa.gov>.

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

As a basis for considering market participant assumptions in fair value measurements, GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Department can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. Valuation adjustments such as for nonperformance risk or inactive markets could cause an instrument to be classified as Level 3 that would otherwise be classified as Level 1 or Level 2.

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

As of December 31, 2019, the City's investment pool held the following investments:

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

Investments	Value as of December 31, 2019	Fair Value Measurements Using			Measured at Amortized Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Commercial Paper	\$ 84,916	\$ —	\$ 84,916	\$ —	\$ —	22
Corporate Bonds	50,188	50,188	—	—	—	570
International Bank for Reconstruction & Development	44,744	44,744	—	—	—	1,714
Local Government Investment Pool	509,564	—	—	—	509,564	2
Municipal Bonds	354,010	—	354,010	—	—	2,184
Repurchase Agreements	118,190	0	0	0	118,190	2
U.S. Government Agency Mortgage-Backed Securities	290,240	—	290,240	—	—	1,821
U.S. Government Agency Securities	693,743	693,743	—	—	—	1,246
U.S. Treasury and U.S. Government-Backed Securities	583,538	583,538	—	—	—	902
Total	\$ 2,729,133	\$ 1,372,213	\$ 729,166	\$ —	627,754	

Weighted Average Maturity of the City's Pooled Investments

1,026

The City uses the "Market Approach" to determine the fair value of the fixed income securities held in the Pooled investment portfolio. All asset classes that are classified in Level 1 are valued using prices quoted in active markets for identical or similar

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securities. Securities within all asset classes that are classified in Level 2 are valued using inputs that are observable for the security either directly or indirectly, which includes quoted market prices for identical or similar securities in an inactive market, or derived from observable market data via a matrix pricing technique using inputs such as yield curves, interest rates, credit spreads, and other market-corroborated inputs. The City does not purchase Level 3 securities for its Pooled investment portfolio. There have been no changes in the valuation techniques during the year.

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

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

The Strategic Portfolio consists of cash that is in excess of known and expected liquidity needs. Accordingly, this portfolio is invested in debt securities with longer maturities than the Operating Portfolio, which is over a market cycle, and is expected to provide a higher return and greater investment income. Consistent with this profile, and for the purpose of comparing duration, yield and total return, the benchmark for the Strategic Portfolio is the Barclays U.S. Government 1-7 year index. The duration of the Strategic Portfolio is targeted between 75% and 125% of the benchmark.

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investments must adhere to State statute. State statute and the City's Statement of Investment Policy do not stipulate credit quality requirements for U.S. Government or U.S. Government Agency Obligations but provide for minimum credit ratings for investments in municipal bonds, commercial paper and corporate notes. State statute limits the maximum maturity and percentage allocations for investments in commercial paper and corporate notes, but not for municipals. The City's investment policy limits the maximum percentage allocations that can be invested in municipal bonds, commercial paper and bank notes. In addition, commercial paper, bank notes, and corporate notes purchases must adhere to the investment policies and procedures adopted by the Washington State Investment Board (Policy No. 2.05.500 was last revised September 15, 2016) which includes the following credit and maximum maturity constraints:

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

The City subscribes to asset-backed commercial paper research from Moody's Investors Service and public finance and non-U.S. bank research from Fitch Ratings. The City conducts internal due diligence on commercial paper, bank notes and municipal issuers, and maintains an approved list of issuers. Additionally, the City monitors the credit worthiness of its investments over time until they mature or are potentially sold.

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

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

Issuer	Fair Value	Percent of Total Investments
Anglesea FDG LLC ABCP	\$ 19,999	0.7 %
Apple Inc	12,318	0.5
Canadian Natl RR	8,368	0.3
Costco Wholesale Corp	22,464	0.8
CPPIB Capital Inc	34,975	1.3
Federal Farm Credit Bank, Federal Home Loan Bank	406,901	14.9
Federal Home Loan Mortgage Corporation (Freddie Mac) and FHMS K Series	293,802	10.8
Federal National Mortgage Association (Fannie Mae), FNA, and FNMA DUS ACES, FN DUS POOL	283,980	10.4
International Bank for Reconstruction & Development	44,744	1.6
Kells FDG LLC ABCP	29,942	1.1
Mastercard Inc	7,038	0.3
Municipal Bonds	354,010	13.0
Sweep Repo	118,190	4.3
US Treasury (HUD Debenture, US Treasury Bonds)	583,538	21.4
Washington State Treasurer's Investment Pool	509,564	18.7
Total Investments	\$ 2,729,833	100.1 %

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent, Wells Fargo, rather than the trading counterparty or the trading counterparty's trust department or agent. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method. By investment policy, the City maintains a list of approved securities dealers for transacting business. The City also conducts its own due diligence as to the financial wherewithal of its counterparties.

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

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

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

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

The following schedule presents investments categorized according to the fair value hierarchy, followed with additional information regarding investments measured at the net asset value as of December 31, 2019:

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Table 3-3 SCERS' INVESTMENTS
(In Thousands)

	Fair Value Measurements Using			
	Value as of December 31, 2019	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
INVESTMENTS BY FAIR VALUE LEVEL				
Equity	\$888,929	\$888,912	\$1	\$16
Fixed Income	616,209	121,735	494,473	—
Total Investments by fair value level	\$1,505,138	\$1,010,647	\$494,474	\$16
INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)				
Equity	\$1,036,995			
Fixed Income	216,492			
Real Estate	326,818			
Alternative Investments	38,829			
Total Investments measured at the NAV	<u>1,619,134</u>			
Total Investments	\$3,124,272			
Securities lending collateral	\$7,023			
INVESTMENTS	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity	\$268,080	\$397,425	N/A	N/A
Public Equity	768,915		Daily, Monthly	1-60 Days
Fixed Income	216,492	75,832	Monthly, N/A	5-30 Days, N/A
Real Estate	326,818	57,455	Quarterly, N/A	45 Days, N/A
Alternative Investments	38,829	46,133	N/A	N/A
Total Investments measured at the NAV	<u>\$1,619,134</u>	<u>\$576,845</u>		

Credit Risk. In accordance with its policy the Retirement Board provides its investment managers with a set of investment guidelines that specify eligible investments and applicable restrictions necessary for diversification and risk control. Managers do not have authority to depart from those guidelines.

SCERS' fixed income portfolio is primarily managed by four external money management firms. SCERS' investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rates. As of December 31, 2019, the fixed income portfolio of the SCERS had the following investment maturities:

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Table 3-4 SCERS' FIXED INCOME PORTFOLIO
(In Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		<1	1 - 5	6 - 10	>10
Agencies	\$ —	\$ —	\$ —	\$ —	\$ —
Derivatives	231	(469)	700	—	—
Asset Backed Security	40,507	25	18,477	17,625	4,380
Corporate Debt	217,052	19,671	98,466	67,781	31,135
Mortgage Backed Security	228,840	—	3,358	10,835	214,648
Municipal	7,374	—	—	3,191	4,183
Treasury Notes and Bonds	122,205	—	30,590	38,370	53,244
Total Fixed Income Securities	\$ 616,209	\$ 19,227	\$ 151,591	\$ 137,802	\$ 307,590
Fixed Income Fund	216,492				
Total Fixed income	<u>\$ 832,701</u>				

Interest Rate Risk. SCERS' investment policy requires the Retirement Board to provide its investment managers with a set of investment guidelines that specify eligible investments, minimum diversification standards, and applicable restrictions necessary for risk control. Managers do not have authority to depart from those guidelines.

SCERS' investment policy does not limit fixed income investments based on ratings by nationally recognized rating agencies. Speculative investments are avoided based on the Prudent Person Rule as defined by RCW 35.39, and the policy specifies target percentages for diversification in order to minimize risk of large losses. As of December 31, 2019, the fixed income portfolio of the SCERS had the following investment ratings:

Table 3-5 SCERS' FIXED INCOME RATINGS BY STANDARD AND POOR'S
(In Thousands)

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
Agencies	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Derivatives	231	—	—	—	—	—	—	—	231
Asset Backed Security	40,507	34,612	3,303	1,579	—	—	—	343	669
Corporate Debt	217,052	—	7,812	81,383	125,682	646	360	—	1,170
Mortgage Backed Security	228,840	142,711	—	—	321	—	—	71	85,737
Municipal	7,374	1,098	5,047	1,229	—	—	—	—	—
Treasury Notes and Bonds	122,205	122,205	—	—	—	—	—	—	—
Total Fixed Income Securities	616,209	\$ 300,626	\$ 16,162	\$ 84,192	\$ 126,003	\$ 646	\$ 360	\$ 414	\$ 87,807
Fixed Income Funds	216,492								
Total Fixed Income	<u>\$ 832,701</u>								

Table 3-6 SCERS' ASSET ALLOCATION

Asset Class	Actual	Target
Equity	61.6%	59.0%
Fixed Income	26.7	25.0
Alternative	1.2	4.0
Real Estate	10.5	12.0
Total	<u>100.0%</u>	<u>100.0%</u>

Notes to Financial Statements

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

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

Foreign Currency Risk. SCERS' currency risk exposure or exchange rate risk primarily resides within the international equity holdings. SCERS' investment managers maintain adequately diversified portfolios to limit foreign currency and security risk.

SECURITIES LENDING TRANSACTIONS

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

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

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

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2019, the fair value of securities on loan was \$6.9 million. Associated cash collateral totaling \$7.0 million was received. The fair market value of reinvested collateral was \$7.0 million as of December 31, 2019, which includes an unrealized gain totaling \$9,504.

REVERSE REPURCHASE AGREEMENTS

RCW 35.39.030 and City investment policy allow the investment of City monies in excess of current City needs in reverse repurchase agreements. At December 31, 2019, the City does not engage in this type of investment strategy.

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

TAXES RECEIVABLE

Property Taxes. Property taxes are levied by the King County Assessor and collected by the County Finance Director. Assessments are based on 100% of true and fair-market value. They are levied and become a lien on the first day of the levy year. They may be paid in two equal installments if the total amount exceeds \$30. The first half is due on April 30, or else the total amount becomes delinquent on May 1. The balance is due on October 31, becoming delinquent on November 1. Delinquent taxes bear interest at

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The City of Seattle

the rate of 1% per month until paid and are subject to additional penalties of 3% and another 8% on the total unpaid delinquent balance on June 1 and December 1, respectively. Foreclosure action is commenced on properties when taxes are delinquent for three years.

Taxing Powers and Limitations. State law limits the regular property tax rate for general City operations to \$3.60 per \$1,000 of assessed value. This includes \$3.375 for general municipal purposes and an additional \$0.225 for the Firemen's Pension Fund and for general municipal purposes under conditions spelled out in state law. State law limits the annual growth in the City's regular property tax levy to 101%. The growth limit does not count tax revenues from new construction or property remodeled within last year. With simple-majority voter approval, the City can levy additional property taxes above the 101% annual growth limit if the City's regular levy rate per \$1,000 of assessed value does not exceed the \$3.60 limit. Excess tax levies for capital purposes require a 60% approval by voters and do not fall under either of the limits.

The City levied \$1.13 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2019. In addition, the levy included \$1.10 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2019 levy was \$2.23 per \$1,000 of assessed value. Not included in this total was the King County levy for Medic One/Emergency Medical Services, from which the City receives a direct, proportional distribution of proceeds and was \$0.22 per \$1,000 of assessed value in 2019.

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

Table 4-1

TAX RECEIVABLES AND REVENUES As of and for the Year Ended December 31, 2019 (In Thousands)

	Taxes Receivable	Tax Revenues
Property Taxes	\$ 10,373	\$ 639,986
General Business and Occupation Taxes	103,824	576,581
Totals	\$ 114,197	\$ 1,216,567

INTERFUND TRANSACTIONS

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

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

Table 4-2

INTERFUND TRANSFERS (In Thousands)

Transfers Out	Transfers In				
	General	Internal Service	Transportation	Nonmajor Governmental	Total
General Fund	\$ —	\$ 51	\$ 2,119	\$ 27,486	\$ 29,656
Internal Service Fund	4,000	—	—	28,531	32,531
Transportation	515	—	—	39,453	39,968
Nonmajor Governmental Fund	5,891	—	—	—	5,891
Total Transfers	\$ 10,406	\$ 51	\$ 2,119	\$ 95,470	\$ 108,046

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Notes to Financial Statements

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

The table below shows the interfund receivables and payables reported in the fund financial statements at December 31, 2019:

Table 4-3 Due From and To Other Funds
(In Thousands)

Due From	Due To								
	General	Transportation	Nonmajor Governmental	Light	Water	Drainage and Wastewater	Solid Waste	Internal Service	Total
General Fund	\$ —	\$ 52	\$ 102	\$ —	\$ —	\$ —	\$ 516	\$ —	\$ 670
Transportation	269	—	—	—	—	—	—	—	269
Nonmajor Governmental	—	221	—	—	—	163	158	8,918	9,460
Light	—	—	—	—	—	—	—	—	—
Water	—	—	—	504	—	—	—	—	504
Drainage and Wastewater	—	—	—	—	11	—	—	—	11
Solid Waste	—	—	—	—	—	—	—	—	—
Internal Service	—	—	8,918	—	—	—	—	—	8,918
Total Due from Other Funds	\$ 269	\$ 273	\$ 9,020	\$ 504	\$ 11	\$ 163	\$ 674	\$ 8,918	\$ 19,832

Interfund Advances and Loans. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. Interfund debt is recorded in the appropriate funds even though such debt may result in a noncurrent liability for a governmental fund because the debt is not a general obligation of the City.

At December 31, 2019, the following interfund debt was outstanding:

Table 4-4 ADVANCES, NOTES, AND LOANS FROM AND TO OTHER FUNDS
(In Thousands)

Advances, Notes, and Loans From	Advances, Notes, and Loans To	Amount
General Fund	Central Waterfront Improvement Fund	\$ 1,500
Move Seattle Levy Fund	Seattle Streetcar Fund	2,000
Information Technology Fund	Cable Television Franchise Fund	700
Emergency Fund	Gen. Bond Interest and Redemption Fund	50
Total City		\$ 4,250

All the above interfund loans were approved by ordinance by the City Council. Repayment of the interfund loan for the Central Waterfront Improvement Fund was extended by City Council until December 31, 2023. The interfund loan to the Seattle Streetcar Fund is to be repaid no later than December 31, 2020. The interfund loan to the Cable Television Franchise Fund is to be repaid no later than December 31, 2020. The advance to the General Bond Interest and Redemption Fund was for the purpose of cash flow and will be paid back in 2020.

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DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Governmental Activities

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

Deferred Outflows/Inflows of Resources	Governmental Funds	Internal Service Funds	Government-Wide Adjustment	Total
Deferred Outflows of Resources				
Debt Service	\$ —	\$ —	\$ 406	\$ 406
Pension and OPEB Plans	—	92,492	199,135	291,627
Total Deferred Outflows of Resources	\$ —	\$ 92,492	\$ 199,541	\$ 292,033
Deferred Inflows of Resources				
Property Taxes	\$ 8,059	\$ —	\$ (8,049)	\$ 10
Special Assessment	5,860	—	(1,452)	4,408
Pension and OPEB Plans	—	11,428	104,351	115,779
Total Deferred Inflows of Resources	\$ 13,919	\$ 11,428	\$ 94,850	\$ 120,197

Debt Service. The governmental funds loss on debt refunding of \$0.4 million, previously reported as an asset, is now reported as a Deferred Inflow of Resources on the government-wide financial statement and will continue to be amortized as a component of interest expense. Internal service funds' share has been fully amortized.

Pension and OPEB Plans. As a result of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year 2015, and implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018, the City recognized deferred inflows and outflows of resources related to its pension and OPEB plans. Detailed information about these deferred inflows and outflows of resources for each pension and OPEB plan can be found in Note 11.

Property Taxes. For 2019, total taxes outstanding of \$8.0 million were recorded as a tax receivable asset within governmental funds. Unable to meet the revenue recognition criteria, the City's governmental funds recorded the balance of the tax receivable asset as a Deferred Inflow of Resources. The reconciliation of governmental fund financial statements to government-wide financial statements shows an adjustment to remove the deferred inflow of resources recorded by the governmental funds, and to record the tax revenues to the Statement of Activities.

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

Notes to Financial Statements

Business-Type Activities

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

Deferred Outflows/Inflows of Resources	City Light	Seattle Public Utilities			Construction & Inspections	Total
		Water	Drainage and Wastewater	Solid Waste		
Deferred Outflows of Resources						
Pension and OPEB	\$ 78,085	\$ 22,890	\$ 22,764	\$ 8,057	\$ 16,292	\$ 148,088
Charges on Advance Refunding	\$ 24,558	\$ 19,717	\$ 5,962	\$ 2,004	\$ —	\$ 52,241
Total Deferred Outflows of Resources	\$ 102,643	\$ 42,607	\$ 28,726	\$ 10,061	\$ 16,292	\$ 200,329
Deferred Inflows of Resources						
Pension and OPEB	\$ 29,359	\$ 8,476	\$ 10,209	\$ 3,027	\$ 4,696	\$ 55,767
Revenue Stabilization Account	49,145	58,870	—	37,360	—	145,375
Regulatory Credits	37,668	—	—	—	—	37,668
Total Deferred Inflows of Resources	\$ 116,172	\$ 67,346	\$ 10,209	\$ 40,387	\$ 4,696	\$ 238,810

Revenue Stabilization Account. Funding of Revenue Stabilization Accounts (RSAs) from operating cash effectively defers operating revenues. For City Light the balance of the RSA was \$49.1 million as of December 31, 2019. For Seattle Public Utilities (SPU), the balance of the RSA was \$96.2 million as of December 31, 2019.

Regulatory Credits. Regulatory credits are the result of City Light (as affirmed by Seattle City Council Resolution No. 30942) recognizing the effects of reporting the fair value of exchange contracts in future periods for rate-making purposes and maintaining regulatory accounts to spread the accounting impact of these accounting adjustments. For City Light the balance of the credits was \$37.7 million as of December 31, 2019.

(5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

City Light engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve City Light's load obligations and the use of these resources to capture available economic value. City Light makes frequent projections of electric loads at various points in time based on, among other things, estimates of factors such as customer usage and weather, as well as historical data and contract terms. City Light also makes recurring projections of resource availability at these points in time based on variables such as estimates of stream flows, availability of generating units, historic and forward market information, contract terms, and experience. Based on these projections, City Light purchases and sells wholesale electric capacity and energy to match expected resources to expected electric load requirements, and to realize earnings from surplus energy resources. These transactions can be up to 60 months forward. Under these forward contracts, City Light commits to purchase or sell a specified amount of energy at a specified time, or during a specified time in the future. Except for limited intraday and inter-day trading to take advantage of owned hydro storage, City Light does not take market positions in anticipation of generating profit. Energy transactions in response to forecasted seasonal resource and demand variations require approval by City Light's Risk Oversight Council.

It is the City's policy to apply the normal purchase and normal sales exception of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), as appropriate. Certain forward purchase and sale of electricity contracts meet the definition of a derivative instrument but are intended to result in the purchase or sale of electricity delivered and used in the normal course of operations. Accordingly, City Light considers these forward contracts as normal purchases and normal sales

The City of Seattle

under GASB 53. These transactions are not required to be recorded at fair value in the financial statements and are presented in the table below for informational purposes only.

The following table presents (in thousands) the aggregate contract amounts, fair value, and unrealized gain (loss) of City Light's commodity derivative instruments qualifying as normal purchases and normal sales on December 31, 2019:

Table 5-1

	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 8,331.7	\$ 8,615.4	\$ (283.7)
Purchases	696.0	665.7	30.4
Total	\$ 9,027.7	\$ 9,281.0	\$ (253.3)

Fair value measurements as of December 31, 2019, used an income valuation technique consisting of Kiodek Forward Curves, which is considered a level 2 input in accordance with GASB 72, *Fair Value Measurement and Application*.

All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB 53. In 2010, the Seattle City Council adopted a resolution granting City Light authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB 53. City Light did not have any such activity for 2019. In addition, the Seattle City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for rate-making purposes, and City Light maintains regulatory accounts to defer the impact of these accounting adjustments in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

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

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

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

Notes to Financial Statements

(6) CAPITAL ASSETS

Table 6-1

CHANGES IN CAPITAL ASSETS ^a (In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
GOVERNMENTAL ACTIVITIES ^b				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 590,659	\$ 41,675	\$ 26,055	\$ 606,279
Construction in Progress	482,058	284,662	196,316	570,404
Other Capital Assets	10,456	1,285	—	11,741
Total Capital Assets Not Being Depreciated	1,083,173	327,622	222,371	1,188,424
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,497,344	279,909	250,479	2,526,774
Machinery and Equipment	480,773	30,488	20,401	490,860
Infrastructure	2,587,095	53,868	102	2,640,861
Other Capital Assets	54,093	63,739	40,040	77,792
Total Capital Assets Being Depreciated	5,619,305	428,004	311,022	5,736,287
Accumulated Depreciation				
Buildings and Improvements	965,369	30,599	10,294	985,674
Machinery and Equipment	290,103	36,621	17,985	308,739
Infrastructure	1,025,595	81,410	—	1,107,005
Other Capital Assets	9,900	3,684	—	13,584
Total Accumulated Depreciation	2,290,967	152,314	28,279	2,415,002
Total Capital Assets Being Depreciated, Net	3,328,338	275,690	282,743	3,321,285
Governmental Activities Capital Assets, Net	\$ 4,411,511	\$ 603,312	\$ 505,114	\$ 4,509,709
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 265,710	\$ 2,424	\$ —	\$ 268,134
Construction in Progress	654,173	542,747	473,863	723,057
Other Capital Assets	10,256	169	—	10,425
Total Capital Assets Not Being Depreciated	930,139	545,340	473,863	1,001,616
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	8,766,434	454,596	113,544	9,107,486
Buildings	—	—	—	0
Machinery and Equipment	14,332	—	13,479	853
Other Capital Assets	26,751	2,075	1,337	27,489
Total Capital Assets Being Depreciated	8,807,517	456,671	128,360	9,135,828
Accumulated Depreciation				
Plant in Service, Excluding Land	3,190,433	247,313	114,340	3,323,406
Buildings	—	—	—	—
Machinery and Equipment	14,298	1	13,447	852
Other Capital Assets	2,065	1,405	84	3,386
Total Accumulated Depreciation	3,206,796	248,719	127,871	3,327,644
Total Capital Assets Being Depreciated, Net	5,600,721	207,952	489	5,808,184
Business-Type Activities Capital Assets, Net	\$ 6,530,860	\$ 753,292	\$ 474,352	\$ 6,809,800

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

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

The City of Seattle

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION (In Thousands)

GOVERNMENTAL ACTIVITIES	
General Government	\$ 27,894
Public Safety	2,016
Transportation	87,287
Economic Environment	—
Culture and Recreation	35,116
Subtotal	152,314
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	
	54,338
Total Governmental Activities	\$ 206,652
BUSINESS-TYPE ACTIVITIES	
Light	\$ 152,600
Water	32,825
Solid Waste	11,445
Drainage and Wastewater	50,381
Construction and Inspections	916
Total Business-Type Activities	\$ 248,167

(7) COMPENSATED ABSENCES

The following table presents accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds as of December 31, 2019.

Table 7-1

COMPENSATED ABSENCES (In Thousands)

Governmental Activities	
Governmental Funds	\$ 98,397
Internal Service Funds	
Finance and Administrative Services	4,798
Information Technology	7,701
Total Internal Service Funds	110,896
Business-Type Activities	
Enterprise Funds	
Light	18,000
Water	4,811
Drainage and Wastewater	4,926
Solid Waste	1,718
Construction and Inspections	2,861
Total Enterprise Funds	32,316
Pension Trust	
Employees' Retirement	254
Total Compensated Absences Liability	\$ 143,466

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

Notes to Financial Statements

(8) LEASES

CAPITAL LEASES

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

Table 8-1 **CAPITAL LEASES**
(In Thousands)

Capital Assets	
Net Capital Lease Assets	Governmental Activities
Machinery and Equipment	\$ 1,147
Less Accumulated Depreciation	(1,012)
December 31, 2019	\$ 135
Long-Term Liabilities	
Minimum Capital Lease Payments	Governmental Activities
2019	\$ 11
Total Minimum Lease Payments	11
Less Interest	(1)
Principal	\$ 10

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

OPERATING LEASES

Governmental Activities. The City, through its Finance and Administrative Services Department's Facilities Operations Division, manages buildings and facilities that are owned by the City and has operating lease commitments on real property owned by private entities. Many lease commitments on private properties are for a term of five years or longer and may be renewed as required by the City tenant departments. The lease agreements show periodic schedules of rental amounts. Facilities Operations Division paid rents of approximately \$8.8 million in 2019 on lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

Seattle Center leases a building for office space and workshop on a type of lease called a "triple net lease" for its Technical Facilities Management. The current lease term expires on July 30, 2020. The lease agreement requires a fixed rent of \$26,000 per month subject to increases on each July 1 by the percentage of change in the Consumer Price Index (CPI) for All Urban Consumers, United States Average for All Items (1982 - 84 = 100) published by the Bureau of Labor Statistics, United States Department of Labor CPI from last published in the preceding year, but not to exceed 5% for any lease year. When the CPI declines, the fixed rent during the succeeding year is the fixed rent during preceding year. All other amounts required by the landlord to be paid by Seattle Center on the lease shall constitute additional rent. On a triple net lease, Seattle Center will pay all impositions on the lease, insurance premiums, utilities, taxes, operating expenses, maintenance charges, repair costs, and other charges, costs, and expenses which arise or may be contemplated during the lease term. Seattle Center paid lease payments of \$0.3 million in 2019. Rents are paid as they become due and payable.

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

The City of Seattle

Table 8-2

OPERATING LEASE COMMITMENTS GOVERNMENTAL ACTIVITIES (In Thousands)

Minimum Lease Payments					
Year Ending December 31	Department of Finance & Admin Services	Seattle Center	Department of Parks & Recreation	Department of Transportation	Total
2020	\$ 9,788	\$ 411	\$ 1,034	\$ 137	\$ 11,370
2021	10,216	513	1,047	105	11,881
2022	10,497	522	1,488	64	12,571
2023	10,765	533	1,016	26	12,340
2024	11,098	543	1,066	—	12,707
2024-2028	60,327	323	6,427	—	67,077
Total	\$ 112,691	\$ 2,845	\$ 12,078	\$ 332	\$ 127,946

The following schedule shows the composition of total rental expense for all operating leases except those with terms of a month or less that were not renewed during 2019:

For the Year Ended December 31, 2019 (In Thousands)	
Minimum Rentals:	\$ 10,373
Less: Sublease Rentals	(61)
	\$ 10,312

Business-Type Activities. City Light leases office equipment and smaller facilities for various purposes through long-term operating lease agreements. Expense for these operating leases totaled \$1.3 million in 2019.

Seattle Public Utilities has non-cancellable operating lease commitments for real and personal properties for its three funds: Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund. The minimum payments made respectively in 2019 were \$135,718 for the Water Fund; \$131,331 for the Drainage and Wastewater Fund; and \$9,516 for the Solid Waste Fund. Rents are paid as they become due and payable.

Seattle Department of Construction & Inspections leases office equipment for operational purposes. Minimum payments of \$58,184 were made in 2019.

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

Notes to Financial Statements

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

Year Ending December 31	Minimum Payments						Total
	City Light	Water	Drainage & Wastewater	Solid Waste	Construction & Inspections		
2020	\$ 1,442	\$ 44	\$ 321	\$ 6	\$ 49	\$	1,862
2021	1,493	13	310	2	32		1,850
2022	1,501	13	318	2	—		1,834
2023	1,518	13	326	2	—		1,859
2024	1,421	12	334	—	—		1,767
2025 - 2029	—	62	1,690	—	—		1,752
Total	\$ 7,375	\$ 157	\$ 3,299	\$ 12	\$ 81	\$	10,924

LEASE REVENUES – GOVERNMENTAL ACTIVITIES

The Facilities Operations Division collects occupancy charges from the various tenants occupying real property owned or leased by the City. These tenants include other City departments, other government offices, social service agencies, and private businesses. Social service agencies frequently pay occupancy charges at reduced rates in consideration of offsetting benefits accruing to the City as a result of the services they provide to the public. Rental revenues derived from these activities are accounted for in the Finance and Administrative Services Fund, an internal service fund, and are shown in the following table.

Table 8-4
MAJOR SOURCES OF RENTAL INCOME ON REAL PROPERTY MANAGED BY
FACILITIES OPERATIONS DIVISION
(In Thousands)

	2019
Non-City Property Occupied by City Departments	\$ 10,518
City-Owned Property Occupied by City Departments	56,739
City-Owned Property Leased to Non-City Tenants	2,279
Total	\$ 69,536

Additionally, the SeaPark Garage and the Seattle Municipal Tower Building generated \$4.64 million total parking revenues in 2019, which were recorded in the Finance and Administrative Services Fund.

(9) LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The City issues general obligation (GO) bonds to provide funding for the acquisition and the construction of major capital facilities. GO bonds have been issued for both governmental and business-type activities, are direct obligations and pledge the full faith and credit of the City. The City issues two types of GO bonds – Limited Tax General Obligation (LTGO) bonds and Unlimited Tax General Obligation (UTGO) bonds.

In July 2019, the City issued \$47.0 million of LTGO bonds, comprised of \$35.9 million of tax-exempt bonds (Series A) and \$11.1 million of taxable bonds (Series B). The Series A bonds mature from November 2019 through May 2049 with an average coupon rate of 4.4%. The Series B bonds mature from November 2019 through May 2039 with an average coupon rate of 2.7%. The proceeds of these LTGO bonds are used to pay all or part of the costs of construction and acquisition of various City capital projects, such as Alaskan Way Corridor, Elliott Bay Seawall, Habitat Beach and various IT projects.

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The original amount of GO bonds issued for which amounts are still outstanding at the end of 2019 was \$1.417 billion. The principal balance of those bonds as of December 31, 2019 was \$943.9 million. The following table presents the individual GO bonds outstanding as of December 31, 2019:

Table 9-1
GENERAL OBLIGATION BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts
					2019	To Date ^a	Outstanding December 31, 2019
LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Improvement and Refunding, 2009	3/25/2009	11/2009-5/2034	3.574 %	\$ 99,860	\$ 4,620	\$ 98,970	\$ 890
Improvement and Refunding, 2010, Series A (Taxable) ^b	3/31/2010	8/2010-8/2030	3.039	66,510	4,445	8,900	57,610
Improvement and Refunding, 2010, Series B	3/31/2010	8/2010-8/2031	3.125	135,395	7,495	76,565	58,830
Improvement, 2011	3/16/2011	3/2011-3/2031	3.645	79,185	3,470	33,755	45,430
Improvement and Refunding, 2012	5/16/2012	9/2012-9/2032	2.703	75,590	3,660	25,840	49,750
Improvement and Refunding, 2013 Series A	6/4/2013	10/2014-10/2033	2.375	42,315	1,200	23,200	19,115
Improvement, 2013 Series B	6/4/2013	1/2014-1/2025	1.427	55,075	7,820	42,590	12,485
Improvement and Refunding, 2014	4/10/2014	11/2014-5/2034	2.497	62,770	8,385	37,745	25,025
Improvement and Refunding, 2015 Series A	5/21/2015	12/2015-6/2035	2.401	160,945	13,285	34,380	126,565
Improvement, 2015 Series B (Taxable)	5/21/2015	4/2016-4/2035	3.452	28,175	1,155	4,545	23,630
Improvement and Refunding, 2016 Series A	5/25/2016	4/2017-4/2036	2.188	103,660	6,435	18,380	85,280
Improvement, 2016 Series B (Taxable)	5/25/2016	4/2017-4/2036	2.801	6,070	250	745	5,325
Improvement, 2017 Series A	6/14/2017	11/2017-11/2047	2.964	73,080	3,445	6,735	66,345
Improvement, 2017 Series B (Taxable)	6/14/2017	11/2017-11/2037	3.038	12,400	760	1,490	10,910
Improvement and Refunding, 2018 Series A	5/22/2018	12/2018-12/2038	2.705	23,230	1,900	1,900	21,330
Improvement and Refunding, 2018 Series B (Taxable)	5/22/2018	12/2018-12/2038	3.593	26,745	1,150	1,150	25,595
Improvement, 2019 Series A	7/25/2019	11/2019-5/2049	2.208	35,870	—	—	35,870
Improvement, 2019 Series B (Taxable)	7/25/2019	11/2019-5/2049	2.736	11,100	—	—	11,100
Total Limited Tax General Obligation Bonds				1,097,975	69,475	416,890	681,085
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
Refunding, 2012	5/16/2012	12/2012-12/2021	1.276	46,825	5,575	34,830	11,995
Improvement, 2013	6/4/2013	12/2014-12/2042	3.280	50,000	1,080	5,925	44,075
Improvement, 2014	4/10/2014	12/2014-12/2043	3.672	16,400	360	1,670	14,730
Improvement, 2015	5/21/2015	12/2016-12/2044	3.575	169,135	3,355	12,485	156,650
Improvement and Refunding, 2016	5/25/2016	12/2018-12/2045	3.084	36,740	715	1,395	35,345
Total Unlimited Tax General Obligation Bonds				319,100	11,085	56,305	262,795
Total General Obligation Bonds				\$ 1,417,075	\$ 80,560	\$ 473,195	\$ 943,880

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

The requirements to amortize the general obligation bonds as of December 31, 2019, are presented in the following table. Debt service for the LTGO bonds is met by transfers generally from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that

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authorized the bond issuance and were approved by at least 60% of the voters in elections in which the number of voters exceeded 40% of the voters in the most recent election preceding the election to vote on the bond issue.

**Table 9-2 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
(In Thousands)**

Year Ending December 31	Governmental Activities		Total
	Principal	Interest	
2020	\$ 78,010	\$ 39,910	\$ 117,920
2021	80,990	36,288	117,278
2022	69,040	32,733	101,773
2023	68,265	29,639	97,904
2024	70,480	26,434	96,914
2025 - 2029	241,035	91,860	332,895
2030 - 2034	155,035	51,960	206,995
2035 - 2039	99,760	26,800	126,560
2040 - 2044	73,650	10,151	83,801
2045 - 2049	7,615	550	8,165
Total	\$ 943,880	\$ 346,325	\$ 1,290,205

SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The bonds are special fund obligations of the City, the debt service of which will be paid from collections from related Local Improvement District (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City's LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation of any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The amount of special assessment bonds outstanding at the end of 2019 was \$3.8 million. No bond was issued in 2019.

The following table shows more detail on the outstanding special assessment bonds:

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

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date	
Local Improvement District No. 6750 Bonds, 2006	12/31/2006	12/2007-12/2024	4.102 %	\$ 21,925	\$ 1,215	\$ 18,165	\$ 3,760

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**Local Improvement District No. 6750
Assessment Collection Information**

Calendar/Fiscal Year End Dec. 31	Assessment Installment Payments Billed ^a	Assessment Installment Payments Collected ^b	Unpaid Principal Balance of Assessments ^c	Assessment Installments that are Delinquent ^d
2010	\$ 1,202,504	\$ 2,092,158	\$ 16,761,182	\$ 163,623
2011	1,199,958	1,991,483	15,535,847	152,307
2012	1,194,120	1,900,225	14,265,404	194,705
2013	1,189,621	2,046,315	13,038,066	264,692
2014	1,186,600	1,781,162	11,819,398	249,080
2015	1,186,600	1,996,091	10,572,835	291,124
2016	1,148,384	1,768,274	9,153,197	287,510
2017	1,126,841	1,492,796	7,854,542	359,974
2018	1,554,199	1,561,443	7,192,381	378,532
2019	1,451,992	1,535,808	5,860,549	404,063

^a Represents installment payments due and billed in the current calendar year. Source: King County Report SLD270 - "Current Install."

^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. Source: Seattle Oracle Financial System.

^c Represents principal balance of assessments that is outstanding and unpaid, including amounts that are not yet due and payable at year-end. Source: King County Report SLD270 - "Future Install."

^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. Source: King County Report SLD270 - "Delinquent Install."

The requirements to amortize the special assessments with governmental commitment as of December 31, 2019, are shown below:

**Table 9-4 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)**

Year Ending December 31	Principal	Interest	Total
2020	\$ —	\$ 211	\$ 211
2021	—	211	211
2022	—	211	211
2023	—	96	96
2024	3,760	—	3,760
Total	\$ 3,760	\$ 729	\$ 4,489

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding notes drawn in several years from the Washington State's Public Works Trust Loan program. The notes were drawn at varying annual interest rates ranging from 0.5% to 3.0%. The proceeds of the loans support city road and bridge improvements. The City paid \$1.3 million principal and \$0.05 million interest in 2019. The outstanding balance on the notes was \$16.8 million as of December 31, 2019. The following table presents the annual debt service requirements to maturity on the notes as of December 31.

Notes to Financial Statements

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

Year Ending December 31	Principal	Interest	Total
2020	\$ 1,275	\$ 32	\$ 1,307
2021	973	19	992
2022	918	15	933
2023	918	11	929
2024	353	7	360
2025 - 2029	1,726	22	1,747
2030 - 2034	632	2	634
Total	\$ 6,795	\$ 108	\$ 6,902

REVENUE BONDS

The City issues revenue bonds to provide financing for the capital programs of the four utilities – City Light, Water, Drainage and Wastewater, and Solid Waste. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. The original amount of revenue bonds issued for which amounts are still outstanding at the end of 2019 was approximately \$6.0 billion. The outstanding principal balance on December 31, 2019 was \$4.3 billion.

In October 2019, City Light issued \$210.5 million of tax exempt Municipal Light and Power (ML&P) Improvement Revenue Bonds (2019A Bonds) and in November 2019 issued \$140.3 million of tax exempt Municipal Light and Power (ML&P) Refunding Revenue Bonds (2019B Bonds). The 2019A bonds had a coupon interest rate of 5.0% and mature serially from April 1, 2020 through April 1, 2049. The 2019B bonds also had a coupon interest rate of 5.0% and mature serially from February 2021 through February 2026. Proceeds from the 2019A bonds were used to finance certain capital improvement and conservation programs and to make a deposit to the reserve fund. Proceeds from the 2019B bonds were used to refund \$155.8 million of the 2010B bonds.

The following table presents revenue bonds outstanding as of December 31, 2019:

Table 9-6
REVENUE BONDS
(In Thousands)

Page 1 of 2

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date ^a	
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
2008 Parity	12/30/2008	4/2009-4/2029	5.522 %	\$ 257,375	\$ 10,020	\$ 257,375	\$ —
2010 Parity, Series A ^b	5/26/2010	2/2021-2/2040	3.566	181,625	—	—	181,625
2010 Parity, Series B	5/26/2010	2/2011-2/2026	3.413	596,870	200,000	550,445	46,425
2010 Parity, Series C ^c	5/26/2010	2/2011-2/2040	3.113	13,275	—	—	13,275
2011 Parity, Series A, Refunding	2/8/2011	2/2011-2/2036	4.544	296,315	11,350	238,335	57,980
2011 Parity, Series B ^d	2/8/2011	2/2011-2/2027	1.957	10,000	—	—	10,000
2012 Parity, Series A	7/17/2012	6/2041	3.148	293,280	13,180	80,690	212,590
2012 Parity, Series C ^d	7/17/2012	6/2033	0.586	43,000	—	—	43,000
2013 Parity	7/9/2013	7/2043	4.051	190,755	3,475	18,845	171,910
2014 Parity	11/5/2014	9/2044	3.098	265,210	18,065	66,840	198,370

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Table 9-6
REVENUE BONDS
(In Thousands)

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Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rate	Original Issuance Amount	Redemptions		Amounts Outstanding December 31, 2019
					2019	To Date ^A	
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
2015 Parity, Series A	7/9/2015	5/2045	3.566	171,850	5,965	22,855	148,995
2016 Parity, Series A ^D	1/28/2016	1/2041	1.029	31,870	—	—	31,870
2016 Parity, Series B, Refunding	1/28/2016	4/2029	2.080	116,875	—	1,535	115,340
2016 Parity, Series C, Refunding	9/28/2016	10/2046	2.926	160,815	2,360	6,710	154,105
2018 Parity, Series C, Refunding	9/28/2017	9/2047	3.160	385,530	4,100	9,235	376,295
2018 Parity, Series A	6/19/2018	1/2048	3.530	263,755	3,870	3,870	259,855
2018 Parity, Series B-1	9/4/2018	5/2045	1.77-2.00	50,135	—	—	50,135
2018 Parity, Series B-2	9/4/2018	5/2045	1.77-2.00	50,135	—	—	50,135
2018 Parity, Series C-1	9/4/2018	11/2046	1.26-2.79	49,245	1,435	2,065	47,180
2018 Parity, Series C-2	9/4/2018	11/2046	1.26-2.79	49,245	1,435	2,065	47,180
2019 Parity, Series A	10/16/2019	4/2049	3.203	210,540	—	—	210,540
2019 Parity, Series B	11/5/2019	2/2026	1.286	140,275	—	—	140,275
Total Light Bonds				3,827,975	275,255	1,260,865	2,567,110
MUNICIPAL WATER BONDS							
2010A Parity ^A	1/21/10	8/2019-8/2040	3.718	109,080	3,360	3,360	105,720
2010B Parity, Refunding	1/21/10	8/2010-8/2027	3.298	81,760	3,150	50,245	31,515
2012 Parity, Refunding	5/30/12	9/2012-9/2034	2.631	238,770	12,990	71,600	167,170
2015 Parity, Refunding	6/10/15	11/2015-11/2045	3.183	340,840	18,460	55,815	285,025
2017 Improvement & Refunding	1/25/17	8/2017-8/2046	2.992	194,685	5,120	10,000	184,685
Total Water Bonds				965,135	43,080	191,020	774,115
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2009 Parity, Series A ^A	12/17/09	11/2017-11/2039	3.538	102,535	3,195	9,325	93,210
2009 Parity, Series B	12/17/09	11/2010-11/2027	2.907	36,680	975	27,115	9,565
2012 Parity and Refunding	6/27/12	9/2012-9/2042	3.327	222,090	8,025	50,300	171,790
2014 Parity and Refunding	6/17/14	5/2015-5/2044	3.578	133,180	2,110	9,705	123,475
2016 Parity and Refunding	6/22/16	10/2016-10/2046	2.921	160,910	3,725	7,155	153,755
2017 Improvement & Refunding	6/28/17	7/2018-7/2047	3.148	234,125	8,395	16,315	217,810
Total Drainage and Wastewater Bonds				889,520	26,425	119,915	769,605
MUNICIPAL SOLID WASTE BONDS							
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505	82,175	415	82,175	—
2011 Revenue	06/22/11	08/01/12-36	4.227	45,750	1,375	9,140	36,610
2014 Revenue & Refunding	06/12/14	05/01/15-39	3.337	95,350	4,025	11,660	83,690
2015 Revenue	06/25/15	02/01/16-40	3.650	35,830	885	3,165	32,665
2016 Revenue & Refunding	06/30/16	12/01/16-41	2.793	35,335	420	1,195	34,140
Total Solid Waste Bonds				294,440	7,120	107,335	187,105
Total Utility Revenue Bonds				\$ 5,977,070	\$ 351,880	\$ 1,679,135	\$ 4,297,935

^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% 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% 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.

Notes to Financial Statements

The requirements to amortize the revenue bonds as of December 31, 2019 are presented below:

Table 9-7
ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS
(In Thousands)

Year Ending December 31	Light		Water		Drainage and Wastewater		Solid Waste		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 122,545	\$ 108,667	\$ 45,625	\$ 36,100	\$ 27,575	\$ 34,274	\$ 7,045	\$ 8,405	\$ 390,236
2021	119,085	105,445	46,235	33,892	27,300	32,996	7,400	8,045	380,398
2022	118,950	99,643	48,725	31,594	28,610	31,651	7,775	7,668	374,616
2023	121,375	93,691	50,870	29,137	28,640	30,229	8,170	7,271	369,383
2024	125,065	87,612	44,140	26,565	30,035	28,880	8,590	6,854	357,741
2025 - 2029	497,160	357,486	220,945	99,661	165,420	120,990	49,860	27,373	1,538,895
2030 - 2034	394,515	262,906	157,590	54,897	163,370	82,074	56,240	15,112	1,186,704
2035 - 2039	459,805	172,960	101,745	24,840	150,940	47,720	37,550	4,679	1,000,239
2040 - 2044	411,355	81,686	44,165	7,548	108,210	19,561	4,475	133	677,133
2045 - 2049	197,255	17,104	14,075	736	39,505	2,763	—	—	271,438
Total	\$ 2,567,110	\$ 1,387,200	\$ 774,115	\$ 344,970	\$ 769,605	\$ 431,138	\$ 187,105	\$ 85,540	\$ 6,546,783

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

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

Water

In 2008, the Fund entered into two loan agreements to borrow \$8.1 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5% interest per year and a repayment of 18 to 19 years. Proceeds from these loans were used to finance the Myrtle and Beacon Reservoir projects. As of December 31, 2019, these loans have an outstanding balance of \$2.8 million.

In 2009, the Fund entered into a loan agreement to borrow \$3.0 million from the Washington State Department of Commerce under its Public Works Trust Loan program at 1.5% per annum and payable in 19 years. Proceeds from this loan were used to finance the West Seattle Reservoir project. As of December 31, 2019, this loan has an outstanding balance of \$1.3 million.

Also in 2009, the Fund entered into two loan agreements, totaling \$10.4 million, to borrow from the Washington State Department of Commerce under its Public Works Trust Loan program to be used to finance the Maple Leaf Reservoir project. The first loan, in the amount of \$7.3 million, was funded with resources from the American Recovery and Reinvestment Act of 2009 (ARRA) at 1.0% annual interest and payable in 20 years. The second loan, in the amount of \$3.0 million, bears interest of 1.5% per annum and a repayment period of 20 years. As of December 31, 2019, these loans have an outstanding balance of \$6.4 million.

In 2014, the Fund entered into a loan agreement, totaling \$12.1 million, to borrow from the Washington State Department of Commerce under its Public Work Loan program at 1.5% per annum and payable in 20 years. Proceeds from this loan will be used to finance the Morse Lake Pump project. An initial draw on \$7.3 million was done in 2015. Subsequent draws on \$3.6 million

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were done in 2016. In 2017, an additional draw on \$1.2 million was done, and the Fund entered into the second portion of loan agreements to borrow \$6.1 million. As of December 31, 2019, this loan has an outstanding balance of \$16.3 million.

Amounts paid for all loans in 2019 were \$2.0 million in principal and \$0.4 million in interest. Total loans outstanding as of December 31, 2019 are \$26.8 million. The minimum debt service requirements to maturity are included in Table 9-8.

Drainage and Wastewater

During 2004, the Fund entered into a loan agreement to borrow up to \$3.7 million from the Washington State Department of Commerce under the Public Works Trust Loan program for the construction of certain capital improvements. Amounts borrowed under the agreement accrue interest at 0.5% per annum and are to be repaid in 19 annual installments plus interest. Proceeds from this loan were used to finance the Thornton Creek Natural Drainage Systems. As of December 31, 2019, this loan has an outstanding balance of \$1.0 million.

In 2005, the Fund entered into a loan agreement with the Washington State Department of Ecology under its Public Works Trust Loan program to borrow up to \$2.7 million to support the construction of improvements of the High Point Natural Drainage Systems project. Amounts under this agreement accrue interest at 1.5% per annum and are to be repaid in 39 installments. As of December 31, 2019, the loan has an outstanding balance of \$1.4 million.

In 2006, the Fund entered into a loan agreement with the Washington State Department of Commerce under its Public Works Trust Loan program to borrow up to \$3.4 million to support the construction of the South Park Flood Control and Local Drainage program. Amounts borrowed under the agreement accrue interest at 0.5% per annum and are to be repaid over 19 years. As of December 31, 2019, the loan has an outstanding balance of \$1.2 million.

In 2008, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$7.0 million to support the construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5% per annum and are to be repaid over 20 years beginning in 2011. As of December 31, 2019, the loan has an outstanding balance of \$4.0 million.

In 2009, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.2 million to support the Ballard Green Streets project. This loan was funded with resources from the ARRA which provides a 50% forgivable provision. Amounts borrowed under this agreement accrue interest at 2.9% per annum and are to be repaid by December 2020. As of December 31, 2019, the loan has an outstanding balance of \$0.1 million.

In 2011, the Fund was approved for a Public Works Trust Loan of \$4.0 million from the Washington State Department of Commerce for construction and site improvements in the Midvale area of Seattle. Amounts borrowed under this agreement accrue interest at 0.25% per annum and are to be repaid by June 2031. As of December 31, 2019, the loan has an outstanding balance of \$2.5 million.

In 2012, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.9 million to support the design and construction of the storm water facility for the Capitol Hill Water Quality Project. Amounts borrowed under this agreement accrue interest at 2.6% per annum and are to be repaid over 20 years in 39 installments. As of December 31, 2019, the loan has an outstanding balance of \$1.5 million.

In 2017, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$36.4 million for construction of storage facilities to reduce the frequency and volume of Henderson North Combined Sewer Overflow. Amounts borrowed under this agreement accrue interest at 2.4% per annum and are to be repaid by February 2037. The Fund has drawn \$32.0 million in 2017, and \$4.4 million in 2018. As of December 31, 2019, the loan has an outstanding balance of \$33.0 million.

In 2019, The Fund entered into a 20-year loan agreement with the Washington State Department of Ecology to borrow up to \$25.0 million to support the Water Quality Ship Canal Water Quality Project for protecting Lake Washington Ship Canal from combined sewer overflows from Ballard, Fremont, Wallingford, and North Queen Anne. Amounts borrowed under this agreement

Notes to Financial Statements

accrue interest at the rate of 2.0% per annum and estimated initiation of operation date is December 31, 2020. As of December 31, 2019, the Fund had drawn \$0.4 million on the loan.

Amounts paid to all loans in 2019 were \$2.8 million for principal and \$1.0 million for interest. Total loans outstanding as of December 31, 2019 are \$45.0 million. The minimum debt service requirements to maturity are included in Table 9-8.

Table 9-8
ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SEATTLE PUBLIC UTILITIES
PUBLIC WORKS TRUST LOANS AND OTHER NOTES
(In Thousands)

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2020	\$ 2,050	\$ 378	\$ 2,793	\$ 922	\$ 6,143
2021	2,050	350	3,150	884	6,434
2022	2,050	321	2,817	821	6,009
2023	2,050	292	2,866	769	5,977
2024	2,050	263	2,916	716	5,945
2025 - 2029	8,395	913	13,531	2,763	25,602
2030 - 2034	5,726	414	11,343	1,398	18,881
2035 - 2039	2,456	69	5,600	204	8,329
Total	\$ 26,827	\$ 3,000	\$ 45,016	\$ 8,477	\$ 83,320

The following table shows the long-term liability activities during the year ended December 31, 2019:

The City of Seattle

Table 9-9
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	\$ 977,470	\$ 46,970	\$ 80,560	\$ 943,880	\$ 78,010
Issuance Premiums and Discounts, Net	76,649	6,208	11,310	71,547	—
Special Assessment Bonds with Governmental Commitment ^b	4,975	—	1,215	3,760	—
Total Bonds Payable	1,059,094	53,178	93,085	1,019,187	78,010
Notes and Contracts					
Capital Leases	35	—	25	10	9
Other Notes and Contracts	8,070	—	1,275	6,795	1,275
Total Notes and Contracts	8,105	—	1,300	6,805	1,784
Compensated Absences	88,450	22,446	—	110,896	5,545
Claims Payable					
General Contamination Cleanup ^c	12,033	4,585	4,926	11,692	2,318
Workers' Compensation	30,056	2,406	—	32,462	13,973
General Liability	61,218	—	9,431	51,787	11,012
Health Care Claims	4,971	10,400	—	15,371	—
Total Claims Payable ^d	108,278	17,391	14,357	111,312	27,303
Arbitrage Rebate Liability	—	—	—	—	—
Unfunded Other Post-Employment Benefits	609,519	—	9,177	600,342	—
Net Pension Liability	828,812	264,420	—	1,093,232	—
Other Noncurrent Liabilities	2,381	—	406	1,975	—
Total Long-Term Liabilities from Governmental Activities	\$ 2,704,639	\$ 357,435	\$ 118,325	\$ 2,943,749	\$ 112,142
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
Revenue Bonds	\$ 4,299,000	\$ 350,815	\$ 351,880	\$ 4,297,935	\$ 202,790
Issuance Premiums and Discounts, Net	390,995	45,247	8,812	427,430	—
Total Bonds Payable	4,689,995	396,062	360,692	4,725,365	202,790
Notes and Contracts - Other	76,256	382	4,795	71,843	4,843
Compensated Absences	29,096	3,222	—	32,318	2,007
Claims Payable					
General Contamination Cleanup ^c	301,361	12,490	5,664	308,187	7,684
Workers' Compensation	9,662	276	—	9,938	4,280
General Liability	13,772	—	243	13,529	2,375
Total Claims Payable ^d	324,795	12,766	5,907	331,654	14,339
Unearned Revenues	75,096	0	2,441	72,655	26,794
Habitat Conservation Program Liability	6,725	355	—	7,080	578
Landfill Closure and Postclosure Costs	24,655	—	2,059	22,596	8,673
Unfunded Other Post-Employment Benefits	17,819	—	161	17,658	—
Net Pension Liability	444,197	164,716	—	608,913	—
Other Noncurrent Liabilities	804	327	—	1,131	—
Total Long-Term Liabilities from Business-Type Activities	\$ 5,689,438	\$ 577,830	\$ 376,055	\$ 5,891,213	\$ 260,024

^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.

Notes to Financial Statements

The City's internal service funds predominantly serve governmental funds. For this reason, the above totals in the governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$12.5 million and \$1.3 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities with the exception of the Department of Construction and Inspections (DCI) for general liability. The General Fund pays for DCI's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from City Light. For further discussion on purchased power, see Note 14, Commitments.

ADVANCE AND CURRENT REFUNDINGS

In order to lower interest costs the City refunded and defeased certain bonds. To do so, the City issued new refunding bonds to refund certain prior bond issues and also used its own resources to defease certain prior bond issues. In most cases, City resources and the proceeds of refunding bonds are placed in irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds including those refunded are considered defeased, and the corresponding liabilities are not included in the statement of net position. The following paragraph discusses the advance and current refunding activities.

City Light. The 2019B bond refunded the 2010B bonds on an advanced refunding basis. The debt service on the 2019B bond requires a cash flow over the life of the bond of \$166.5 million, including \$26.3 million in interest. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2019B bond totaled \$20.6 million and the aggregate economic gain on refunding totaled \$19.4 million at present value. The accounting gain on refunding for the 2019B bonds was \$2.0 million

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

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Original Bond Issuance	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2019	Defeased Outstanding December 31, 2019
REVENUE BONDS							
Municipal Light and Power							
2010 Parity, Series B	5/26/2010	2/2026	3.413	596,870	187,865	—	187,865
2011 Parity, Series A	2/08/2011	2/2036	4.544	296,315	145,115	—	145,115
Total Refunded/Defeased Bonds				\$ 893,185	\$ 332,980	\$ —	\$ 332,980

The City of Seattle

ARBITRAGE

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures), the City paid arbitrage rebate of \$0.2 million on its general obligation bonds in 2011 and none thereafter. As of December 31, 2019, the City reported no arbitrage rebate liability on its general obligation bonds and \$0.7 million on its revenue bonds.

(10) ENVIRONMENTAL LIABILITIES

The following list of liabilities are split between the Drainage and Wastewater fund and the Solid Waste fund. For purposes of this section all liabilities will be listed in regard to The City of Seattle or The City.

Duwamish sites. The U.S. Environmental Protection Agency (EPA) has indicated that it will require the clean-up and remediation of certain Duwamish sites under its Superfund authority. In order to manage the liability, the City has worked with the EPA and other PRPs to complete a Remedial Investigation (RI) and Feasibility Study (FS). On November 2, 2012, the EPA and Ecology approved the Lower Duwamish Waterway Group's FS. The EPA announced their proposed cleanup plan in February 2013 for public comment. The remaining scope of cleanup by potentially responsible parties (PRPs) has been decided by the EPA in the 2014 Record of Decision. The City recorded an estimate of its share of the estimated total cost. Remedial design work began in 2019.

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

East Waterway Site. In 2006 the EPA issued an AOC for a Supplemental RI and FS for the East Waterway, an operable unit of the Harbor Island Superfund Site. The Port of Seattle (the Port) alone signed the AOC. Both the City and King County signed a Memorandum of Agreement with the Port to participate as cost share partners in the RI/FS work required by the EPA. The RI is complete, and a draft final FS was submitted to EPA in early 2019. The FS identifies a range of alternatives for cleanup construction that range in cost from \$256 million to \$411 million. Once the FS is approved, EPA will then develop a Proposed Plan followed by a Record of Decision. The schedule for release of EPA's Proposed Plan is 2020. The Record of Decision is expected in 2021. Remedial design activities would start in late 2021 at the earliest. The City recorded an estimate of its share of the estimated total cost.

Gas Works Park Sediment Site. In April 2002, the Department of Ecology (DOE) named the City and another party, Puget Sound Energy, as PRPs for contamination at the Gas Works Sediments Site in North Lake Union. The City and Puget Sound Energy signed an Agreed Order with the DOE in 2005 to initiate two RIs and FSs for the sediment site – one in the western portion of the site led by the City, and another in the eastern portion of the site led by Puget Sound Energy. Subsequently, in fall of 2012, the City and Puget Sound Energy entered into a Settlement, Release, and Cost Allocation Agreement that puts Puget Sound Energy in the lead for all additional cleanup work at the site; the east-west split is no longer in place. Based on the 2012 Agreement, the City pays for 20% of the Shared Costs incurred by Puget Sound Energy for the cleanup work. The RI and FS include an evaluation of the nature and extent of contamination on the site, an evaluation of multiple alternatives for remediating the sediments and a recommended preferred alternative. Puget Sound Energy collected additional environmental data in 2013 and the draft RI/FS was submitted to DOE in March 2016. A revised draft RI/FS is anticipated to be submitted to DOE in 2020. A Clean-up Action Plan, which is the State of Washington's equivalent to a Record of Decision under the Model Toxics Control Act, is expected in 2021.

North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing signed an Administrative Order issued by Ecology requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the City's Georgetown Steam Plant, and the King County Airport.

7th Avenue South Pump Station. The City acquired land in the South Park area of Seattle to construct the 7th Ave South Pump Station. After the purchase, the land was determined to be contaminated. The City has voluntarily agreed to clean up the

Notes to Financial Statements

contamination in order to continue with the planned construction of the pump station. The cleanup was completed in 2012; however, the City has ongoing monitoring activities it must perform.

South Park Landfill. The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (DOE) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. DOE has approved the remediation and re-development on the City-owned portion of the landfill property. That work is in design and construction is scheduled to be completed by 2024. In 2012, the City executed an agreement regarding the developer's interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup. In 2015, the developer completed Ecology-approved interim cleanup action on its portion of the site.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. The Duwamish site cost estimates were adjusted to remove discounting and to record the costs in 2018 dollars. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions.

The City calculated costs on a weighted average basis based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; as new information becomes available, estimates may vary significantly due to price fluctuations, technology advances, or applicable laws or regulations.

The City is pursuing other third parties that may have contributed to the contamination of superfund sites for appropriate cost sharing. Recoveries from other parties for their share of remediation work performed that partially offset the City's estimated environmental liabilities were estimated to be \$2.6 million for the Drainage and Wastewater liabilities and deemed to not be realizable as of December 31, 2019 for the Solid Waste Liabilities. Certain environmental costs were deferred primarily for cleanup estimates of the City's responsibility for the Lower Duwamish Waterway sites and these costs are being amortized and will be recovered through future rates in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The changes in the provision for environmental liability (in thousands) at December 31, 2019 are as follows:

Beginning Environmental Liability, Net of Recovery	\$	313,395
Payments or Amortization		(10,590)
Incurred Environmental Liability		17,075
Ending Environmental Liability, Net of Recovery	\$	319,880

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2019 are as follows:

Environmental Liability, Current	\$	10,002
Environmental Liability, Noncurrent		309,879
Total	\$	319,880

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

The City of Seattle

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

City employees are covered in one of the following defined benefit pension plans: Seattle City Employees' Retirement System (SCERS), Firemen's Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The first plan (SCERS) is considered part of the City's reporting entity and is reported as pension trust fund. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The State of Washington, through the Department of Retirement Systems (DRS), administers and reports LEOFF Plans 1 and 2. The following table represents the aggregate pension amounts for all plans for the year 2019:

Table 11-1	Aggregate Pension Amounts - All Plans (In Thousands)
Pension liabilities	\$ 1,702,145
Pension assets	278,127
Deferred outflows of resources	426,707
Deferred inflows of resources	149,093
Pension expense	226,170

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a cost sharing multiple employer defined benefit public employee retirement plan. SCERS is established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36. SCERS is a pension trust fund of the City.

SCERS is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Human Resources Director, two active members and one retired member of the System who are elected by other SCERS members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City are eligible for membership in SCERS except uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in SCERS when these organizations were formerly City of Seattle departments were allowed to continue their membership (there are currently fewer than 50 members in this category). There are currently 6,792 retirees and beneficiaries receiving benefits, and 9,390 active members of the System. There are 1,332 terminated, vested employees entitled to future benefits, based on the 2018 audited financial report issued by SCERS.

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. SCERS provides post-retirement benefit increases including an automatic 1.5% annual Cost-of-Living Adjustment (COLA) increase and a 65% restoration of purchasing power benefit.

In 2016, the City of Seattle adopted a second tier (Tier II) of the System for new eligible employees starting January 1, 2017. Tier II is a defined benefit plan much like the original tier but has a lower contribution rate for members and calculates final average

Notes to Financial Statements

salary based on the highest 60 consecutive months of service. Other changes related to the second tier can be found in the Seattle Municipal Code 4.36.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage.

SCERS issues an independent financial report. A copy of the report is available from the SCERS office, located at 720 Third Avenue, Suite 900, Seattle, WA, 98104. The report can also be requested by telephone at (206) 386-1293 or by accessing the website http://www.seattle.gov/retirement/annual_report.htm.

Summary of Significant Accounting Policies

Basis of Accounting. SCERS is accounted for as a pension trust fund. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from plan net position (including contributions, benefits, and refunds) are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Plan investments, including securities lending transactions as discussed in Note 3, are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

Contributions and Reserves. Member and employer contribution rates are established by SMC 4.36. The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Active Tier I members contributed 10.03% of their salaries to the retirement fund in 2018 and the City contributed 15.23%. Active Tier II members contributed 7.00% and the City contributed 14.42% in 2018. There are no long-term contracts for contributions outstanding and currently no legally required reserves.

As of December 31, 2018, SCERS reported total pension liability of \$4.2 billion, plan fiduciary net position of \$2.7 billion, the net pension liability \$1.5 billion, and the funded ratio of 64.14% based on the actuarial valuation as of January 1, 2018.

An actuarial report with valuation date of January 1, 2019, is presently underway, and expected to be available at the Retirement Office after June 1, 2020.

Information about the Net Pension Liability

The City of Seattle

Assumptions and Other Inputs. The City's total pension liability under SCERS was determined by the actuarial valuation as of January 1, 2018, with the results rolled forward to the December 31, 2018 measurement date. The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2017. Actuarial assumptions used were as follows:

- Inflation: 2.75%
- Salary Increases: 3.50%
- Investment rate of return: 7.25% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the RP-2000 mortality tables and using generational project of improvement using Projection Scale AA
- Long-term expected rate of return on pension plan investments: Determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return and target allocation for each major asset class as of December 31, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	5.43%	48.0%
Equity: Private	8.40	9.0
Fixed Income: Core	1.62	16.0
Fixed Income: Credit	4.30	7.0
Real Assets: Real Estate	3.90	12.0
Real Assets: Infrastructure	4.25	3.0
Diversifying Strategies	4.01	5.0
		100.0%

The above table reflects the expected (30 year) real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same time period.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to apply the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contribution will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be when the discount rate moves one percentage point lower and higher (in thousands):

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

	1% Lower 6.25%	Current Discount Rate 7.25%	1% Higher 8.25%
Net Pension Liability	\$ 2,032,380	\$ 1,518,484	\$ 1,070,322

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There were no significant changes in assumptions since the last valuation including the inflation rate, growth rate and discount rate.

Changes in the Net Pension Liability. On December 31, 2018, SCERS reported the collective net pension liability of \$1.5 billion, of which the City recorded \$1.5 billion for its proportionate share of the collective net pension liability. The City's proportion is based on the City's contributions to the plan. The following table shows the changes in the City's proportionate share of the net pension liability for the year ended December 31, 2018, which was rolled forward to come up with the net pension liability as of December 31, 2019 (in thousands):

Table 11-4 Schedule of Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 3,958,063	\$ 2,851,446	\$ 1,106,617
Changes for the Year			
Service Cost	106,430	—	106,430
Interest on Total Pension Liability	293,017	—	293,017
Effect of Plan Changes	—	—	—
Effect of Economic/Demographic	(12,304)	—	(12,304)
Effect of Assumptions Changes or Inputs	100,014	—	100,014
Benefit Payments	(190,380)	(190,380)	—
Refund Contributions	(20,278)	(20,278)	—
Administrative Expenses	—	(12,198)	12,198
Member Contributions	—	76,247	(76,247)
Employers Contributions	—	117,757	(117,757)
Net Investment Income	—	(106,516)	106,516
Balance at December 31, 2018	<u>4,234,562</u>	<u>2,716,078</u>	<u>1,518,484</u>

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

The City recognized its proportionate share of pension expense in the amount of \$193.4 million for 2019. The City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan at December 31, 2019 as follows (in thousands):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 541	\$ 32,141
Change of Assumption	82,155	—
Net Difference Between Projected and Actual Earnings	159,952	—
Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	39,562	40,015
Contributions Made Subsequent to Measurement Date	118,121	—
Total	<u>\$ 400,331</u>	<u>\$ 72,156</u>

The City of Seattle

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

Table 11-6

Recognized Pension Plan Expense

Year Ended December 31	
2019	\$ 62,229
2020	28,843
2021	32,792
2022	76,820
2023	9,369
Thereafter	—

FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS

Plan Description

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

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

All law enforcement officers and firefighters of the City who served before March 1, 1970, are participants of these pension plans and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Those officers and firefighters hired between March 1, 1970, and September 30, 1977, are not eligible for a supplemental retirement benefit, but may be eligible for disability benefits under these plans. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and fire fighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. As of January 1, 2019, 619 firefighters and surviving spouses and 685 police retirees and surviving spouses met the eligibility requirements. The City fully reimburses the amount of valid claims for medical and hospitalization costs incurred by active members and pre-Medicare retirees. The City also reimburses the full amount of premiums for part B of Medicare for each retiree eligible for Medicare.

The Seattle Firefighters' Pension Board is a five-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Firefighters' Pension Fund. Four staff employees of the board handle all of its operational functions. Staff positions associated with Firefighter's Pension Fund are reflected in the City's position list.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the board handle all of its operational functions. Staff positions associated with Police Relief and Pension are reflected in the City's position list.

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Refer to the Other Postemployment Benefits (OPEB) section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen's Pension and Police Relief and Pension plans.

The Firemen's Pension and Police Relief and Pension benefit provisions are established in the state statute, RCW 41.16, 41.18, and 41.20, and may be amended only by the state legislature. Retirement benefits are determined under RCW 41.18 and 41.26 for Firemen's Pension and RCW 41.20 and 41.26 for Police Relief and Pension. Medical benefit payments for both plans are based on estimates of current and expected experience.

These pension plans do not issue separate financial reports.

Current membership in Firemen's Pension and Police Relief and Pension consisted of the following at December 31, 2019:

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	\$ 619	\$ 685
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	—	—
Active Plan Members, Non-vested	—	—

Summary of Significant Accounting Policies

Basis of Accounting. The City fully implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), in 2017. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The City does not collect contributions or hold assets in trust for the Firemen's Pension and Police Relief and Pension plans. Any monies provided by the City for future benefit payments are not legally protected from creditors and are not dedicated to the provision of pensions to plan members. Per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the plans do not meet the criteria for pension plans administered through trusts. Therefore, the plans are accounted for as part of the General Fund.

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

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

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

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

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In July 1994, the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions, thus creating the Firemen's Pension Actuarial Account. In 2006, the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The funding policy does not fund for future medical liabilities. The employer contributions for retiree medical are set equal to the disbursements for medical benefits and administration. All other contributions are considered pension contributions. The market value of the net assets of Firemen's pension was \$26.7 million as of December 31, 2019. No similar program has been established for the Police Relief and Pension Fund.

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

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

Information about the Total Pension Liability

Assumptions and Other Inputs. The total pension liability was determined by an actuarial valuation as of the valuation date (January 1, 2019), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2019). Actuarial assumptions used were as follows:

- Inflation: 2.25%
- Salary Increases: 2.75%
- Investment rate of return: 7.25% compounded annually, net of expenses
- Mortality rates: Calculated and projected based on the PR-2000 Mortality Table and using generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members)

Discount Rate. The discount rate used to measure total pension liability was 2.75%. GASB 73 requires the discount rate used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method) to be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years is 2.74% as of December 26, 2019. Rounding this to the nearest 0.25% results in a discount rate of 2.75% as of the December 31, 2019 measurement date.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The following presents the Total Pension Liability, calculated using the discount rate of 2.75%, as well as what the Total Pension Liability would be when the discount rate moves one percentage point lower and higher (in thousands):

Table 11-8 Discount Rate Sensitivity of Pension Liability

	1% Lower 1.75%	Current Discount Rate 2.75%	1% Higher 3.75%
Firemen's Pension Plan	\$ 99,249	\$ 90,744	\$ 83,398
Police Relief and Pension Plan	100,735	92,917	86,098

Changes in the Total Pension Liability. At December 31, 2019, the Firemen's Pension and the Police Relief and Pension plans reported the pension liability of \$90.7 million and \$92.9 million respectively.

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Table 11-9

Changes in Total Pension Liability (In Thousands)

	Firemen's Pension	Police Relief and Pension
Balance at December 31, 2018	\$ 85,880	\$ 80,513
Changes for the Year		
Service Cost	—	—
Interest on Total Pension Liability	3,298	3,061
Effect of Plan Changes	—	—
Effect of Economic/Demographic	(525)	5,602
Effect of Assumptions Changes or Inputs	9,030	11,816
Benefit Payments	(6,939)	(8,075)
Balance at December 31, 2019	\$ 90,744	\$ 92,917

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

For the year ended December 31, 2019, the City recognized an increase of pension expenses in the amount of \$32.3 million for the Firemen's Pension and the Police Relief and Pension plans. On December 31, 2019, there were no deferred outflows of resources or deferred inflows of resources related to these pension plans.

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

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

The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The DRS, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each LEOFF plan. The DRS CAFR may be obtained by writing to Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380. It may also be downloaded from the DRS website at www.drs.wa.gov.

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.

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LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the FAS per year of service based on the highest consecutive 60 months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions. Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute nothing, as long as the plan remains fully funded. LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2019. Employers paid only the administrative expense of 0.18% of covered payroll.

LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. The employer rate includes an administrative expense component set at 0.18%. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the plan's Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services.

LEOFF Plan 2 required contribution rates for 2019 were as follows:

Table 11-11

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

Actual Contribution Rates	Employer	Employee
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	—
Total	5.43%	8.75%
Ports and Universities	8.75%	8.75%
Administrative Fee	0.18%	—
Total	8.93%	8.75%

The City's actual contributions to LEOFF Plan 2 were \$17.1 million for the year ended December 31, 2019.

The Legislature, by means of a special funding arrangement, appropriates money from the State's General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2019, the state contributed \$73 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$10.8 million.

Information about the Total Pension Liability

Actuarial Assumptions. The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled

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forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. Actuarial assumptions used were as follows:

- Inflation: 2.75%
- Salary increases: 3.5% plus expectations of salary growth and longevity
- Investment rate of return: 7.4%
- Mortality rates: Based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries (SOA). SOA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- Lowered the valuation interest rate from 7.7% to 7.5% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.5% to 7.4%.
- Lowered the assumed general salary growth from 3.75% to 3.50% for all systems.
- Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, for certain LEOFF 2 medical-related duty disability benefits.

Discount Rate. The discount rate used to measure the total pension liability for all DRS plans was 7.4%. To determine that rate, an asset sufficiency test included an assumed 7.5% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.5% except LEOFF 2, which has assumed 7.4%). Consistent with the long-term expected rate of return, a 7.4% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4% was used to determine the total liability.

Long-Term Expected Rate of Return. The long-term expected rate of return on the DRS pension plan investments of 7.4% was determined using a building-block method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Table 11-12 Estimated Rates of Return by Asset Class

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.0%	2.2%
Tangible Assets	7.0	5.1
Real Estate	18.0	5.8
Global Equity	32.0	6.3
Private Equity	23.0	9.3
	100.0%	

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The table below presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.4%, as well as what the City's proportionate share of the

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net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.4%) or 1-percentage point higher (8.4%) than the current rate (in thousands):

Table 11-13 Sensitivity of the Total Pension Liability to Changes in the Discount Rate

	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
LEOFF Plan 1	\$ 57,814	\$ 70,673	\$ 81,775
LEOFF Plan 2	38,575	207,455	345,299

Pension Plan Fiduciary Net Position. Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Asset or Liability. At December 31, 2019, the City reported a pension asset of \$278.1 million for its proportionate share of the net pension assets (in thousands) as follows:

Table 11-14 City's Proportionate Share of Net Pension Asset

	Share in Dollars
LEOFF 1	\$ 70,673
LEOFF 2	207,455
Total	\$ 278,128

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows (in thousands):

Table 11-15 Proportionate Share of Plan 1 and Plan 2 Net Pension Asset

	Share in Dollars LEOFF 1	Share in Dollars LEOFF 2
Employer's Proportionate Share	\$ 70,673	\$ 207,455
State's Proportionate Share of the net pension asset associated with the Employer	478,028	135,855
Total	\$ 548,700	\$ 343,310

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

Table 11-16 Proportionate Share of the Collective Net Pension Asset

	As of June 30, 2019	As of June 30, 2018	Change in Proportion
LEOFF 1	3.57 %	3.57 %	— %
LEOFF 2	8.95 %	9.08 %	(0.13)%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

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LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2019. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2019, the state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2019, the state of Washington contributed 39.57% of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.43% of employer contributions.

The collective net pension asset of LEOFF 1 and 2 was measured as of June 30, 2019, and the actuarial valuation date on which the total pension asset is based was as of June 30, 2018, with update procedures used to roll forward the total pension asset to the measurement date.

Pension Expense. For the year ended December 31, 2019, the City recognized its proportionate share of pension expense as follows:

Table 11-17		Pension Expense	
	LEOFF 1	\$	(3,997)
	LEOFF 2		4,199
	Total	\$	202

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2019, the City reported its proportionate share of deferred outflows of resources and deferred inflows for each Plan (In Thousands):

	LEOFF Plan 1		LEOFF Plan 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 14,928	\$ 3,731
Net difference between projected and actual investment	—	7,327	—	42,535
Changes of assumptions	—	—	342	23,345
Changes in proportion and differences between contributions	—	—	2,445	—
Contributions subsequent to the measurement date	—	—	8,661	—
TOTAL	\$ —	\$ 7,327	\$ 26,376	\$ 69,611

Deferred outflows of resources related to pensions resulting from the City contributions made after the measurement date but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Table 11-19			Recognized Pension Plan Expense	
Year ended December 31:	LEOFF 1		LEOFF 2	
2020	\$	(1,702)	\$	(10,933)
2021		(3,751)		(21,136)
2022		(1,361)		(9,433)
2023		(513)		(4,922)
2024		—		(1,514)

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DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, or unforeseen emergency.

Beginning in 2006 the Deferred Compensation Plan (DCP) was amended to allow separating employees to cash out accrued vacation balances into their DCP accounts. Eligible retiring employees may also cash out up to 35% of their sick leave balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrator, who is under contract with the City to manage the plan. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the plan and its administration.

The City placed the Deferred Compensation Plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The City has little administrative involvement and does not perform the investing function for the plan. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the City employees' Deferred Compensation Plan, created in accordance with IRC 457, is not reported in the financial statements of the City.

OTHER POSTEMPLOYMENT BENEFITS

The City has three other postemployment benefits (OPEB) plans – Health Care Blended Premium Subsidy, OPEB benefits under Firemen's Pension, and Police Relief and Pension. In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefit Other Than Pensions* (GASB 75), which concerns the accounting for and disclosure of OPEB. The following table represents the aggregate OPEB amounts for all OPEB plans subject to the requirements of GASB 75 for the year 2019.

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	\$ 60,947	\$ 269,926	\$ 287,127	\$ 618,000
OPEB assets	—	—	—	—
Deferred outflows of resources	13,008	—	—	13,008
Deferred inflows of resources	20,725	—	—	20,725
OPEB expenses/expenditures	2,183	1,098	(10,254)	(6,973)

Plan Description

Health Care Blended Premium Subsidy is a single employer defined benefit public employee health care plan. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan or Social Security may

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continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100% of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The City provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City ordinances.

OPEB under Firemen's Pension and Police Relief and Pension Plans - the City's implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen's Pension and Police Relief and Pension plans are single employer defined benefit OPEB plans and provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen's Pension, and RCW 41.20 and 41.26 for Police Relief and Pension and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

On December 31, 2019, the following employees were covered by the benefit terms:

	Health Care Blended Premium Subsidy	Firemen's Pension	Police Relief and Pension Plan
Inactive employees or beneficiaries currently receiving benefits	398	711	635
Inactive employees entitled to but not yet receiving benefits	—	—	—
Active employees	<u>11,823</u>	<u>6</u>	<u>4</u>
Total	<u>12,221</u>	<u>717</u>	<u>639</u>

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

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

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

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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	1/1/2018	1/1/2019	1/1/2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation rate	---	2.25%	2.25%
Salary Increases	---	2.75%	2.75%
Discount rate	4.10%, based on 20-year municipal bond yields	2.75%, based on 20-year municipal bond yields	2.75%, based on 20-year municipal bond yields
Healthcare cost trend rates	The trend rates were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by the City of Seattle. 7.00% in 2018, decreasing to 6.77% in 2019, and decreasing by varying amounts until 2030 thereafter.	The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing to 5.1% in 2021 through 2022. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter.	The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing by varying amounts until 2028. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter.
Mortality rates	For actives, males: PR-2014 Employees Table for Males, adjusted by 60%; female: PR-2014 Employees Table for Females, adjusted by 95%. For Retirees, males: PR-2014 Healthy Annuitant Males, adjusted by 95%; female: PR-2014 Healthy Annuitant Females, adjusted by 95%. Rates are projected generationally using Scale MP-2014 ultimate rates.	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).	RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Projection Scale BB, with ages set back one year for males and forward one year for females (set forward two years for disabled members).

For Healthcare Blended Premium Subsidy, the valuation date is January 1, 2018 and the measurement date is January 1, 2019. For Firemen's Pension and Police Relief and Pension, the total OPEB liability was determined by an actuarial valuation as of the valuation date (January 1, 2019), calculated based on the discounted rates above, with the results rolled forward to the measurement date (December 31, 2019) .

The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and a 1% decrease in the discount rates used to measure the total OPEB liability for each plan:

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	\$ 66,939	\$ 60,947	\$ 55,546
Firemen's Pension Plan	305,429	269,926	240,334
Policy Relief and Pension Plan	323,337	287,127	256,868

The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and a 1% decrease in the healthcare cost trend rates used to measure the total OPEB liability:

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Table 11-24 Healthcare Cost Trend Rate Sensitivity of OPEB Liability
(In Thousands)

	Total OPEB Liability at Rate		
	1% Decrease	Current Rate	1% Increase
City of Seattle Health Care Blended Premium Subsidy Plan	\$ 53,752	\$ 60,947	\$ 69,494
Firemen's Pension Plan	241,756	269,926	302,682
Police Relief and Pension Plan	258,226	287,127	320,694

Changes in the Total OPEB Liability. The City reported a total OPEB liability of \$618.0 million in 2019. Based on the actuarial valuation date of January 1, 2019, details regarding the City of Seattle Health Care Blended Premium Subsidy Plan, Firemen's Pension Plan, and Police Relief and Pension Plan as of December 31, 2019 are shown below:

Table 11-25 Changes in Total OPEB Liability
(In Thousands)

	Health Care Blended Premium Subsidy Plan	Firemen's Pension	Police Relief and Pension Plan	Total OPEB Liability
Total OPEB Liability at 1/1/2019	\$ 61,130	\$ 268,828	\$ 297,381	\$ 627,339
Service costs	3,842	—	—	3,842
Interest	2,196	10,525	11,599	24,320
Changes of benefit terms	—	—	—	—
Effect of economic/demographic gains or losses	—	(7,497)	(9,511)	(17,008)
Differences between expected and actual experience	—	—	—	—
Changes of assumptions	(3,887)	9,583	2,637	8,333
Benefit payments	(2,334)	(11,513)	(14,979)	(28,826)
Other changes	—	—	—	—
Total OPEB Liability at 12/31/2019	\$ 60,947	\$ 269,926	\$ 287,127	\$ 618,000

The changes in current year's assumption, such as discount rate, participation rate, resulted in the increase in the OPEB liability for all OPEB plans by \$8.3 million. For Health Care Blended Premium Subsidy, mortality and retirement assumptions for General Service was updated to reflect the most recent assumptions developed in the SCERS 2014 - 2017 investigation of experience report. For OPEB plans under Firemen's Pension and Police Relief and Pension Plan, the effect of economic/demographic losses resulted in the decrease in the OPEB liability by \$17 million.

Service costs estimated for Health Care Blended Premium Subsidy plan in 2019 were \$3.8 million. OPEB plans under Firemen's Pension and Police Relief and Pension Plan was closed to new entrants.

Total interest on OPEB liability estimated for all plans was \$24.3 million in 2019. The total OPEB liability also reduced by \$28.8 million from benefit payments. As a result of the net effect of these changes, the City's OPEB liability decreased by \$9.3 million in 2019.

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

For the year ended December 31, 2019, the City recognized negative OPEB expense of \$6.9 million. The following table presents deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the City at December 31, 2019 for City of Seattle Health Care Blended Premium Subsidy Plan. Firemen's Pension and Police Relief and Pension Plan have no deferred outflow of resources and no deferred inflows of resources.

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

City of Seattle Health Care Blended Premium Subsidy Plan	Deferred Outflow of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$10,523	\$—
Changes of assumptions	—	20,725
Payments subsequent to the measurement date	2,484	—
Total	\$13,007	\$20,725

Deferred outflows of resources of \$2.4 million resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amount reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense for City of Seattle Health Care Blended Premium Subsidy as follows:

Table 11-27

(In Thousands)	City of Seattle Health Care Blended Premium Subsidy Plan	Firemen's Pension Plan	Police Relief and Pension Plan
Year End December 31:			
2020	\$(1,370)	\$—	\$—
2021	(1,370)	—	—
2022	(1,370)	—	—
2023	(1,370)	—	—
2024	(1,370)	—	—
Thereafter	(3,354)	—	—

(12) COMPONENT UNITS

DISCRETELY PRESENTED COMPONENT UNITS

Seattle Public Library Foundation

The Seattle Public Library Foundation (the Foundation) is a Washington non-profit corporation, a public charity organized exclusively for educational, charitable, and scientific purposes to benefit and support the Seattle Public Library. The Foundation provides goods, services, and facilities above the tax-based funding of the Seattle Public Library. The Foundation is located in Seattle, governed by a Board of Directors, and possesses all the requisite corporate powers to carry out the purposes for which it was formed.

The City is not financially accountable for the Foundation. The Foundation is considered a nonmajor component unit in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14* (GASB 39), and is presented discretely in the City's financial statements because (1) the economic

Notes to Financial Statements

resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; and (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

The Foundation reports on a fiscal year-end consistent with the City, the primary government. The Foundation issues its own audited financial statements. To obtain complete audited statements for all years, please contact: The Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, or by telephone at 206-386-4130.

Seattle Investment Fund LLC

The Seattle Investment Fund LLC (SIF) was established by Ordinance 123146 for the purpose of implementing the U.S. Treasury Department's New Market Tax Credit (NMTCT) program. The City is its sole and managing member. SIF is a qualified Community Development Entity (CDE) and the Primary Allocatee. Twelve subsidiaries have been established since the program's inception. Detailed information on the program and complete audited financial statements are available by contacting the City's Office of Economic Development at 700 Fifth Avenue, Seattle, WA 98104, or by telephone at 206-684-8090.

SIF is a limited liability corporation in accordance with RCW 35.21.735. It has no employees. Administrative work at SIF is performed by the staff of the City's Office of Economic Development. The members of its Investment Committee and Advisory Board are selected by the Mayor and confirmed by the City Council. The City is not financially accountable for SIF, but under this structure the City may impose its will upon the organization. In accordance with GASB 39, SIF is presented as a nonmajor discrete component unit of the City.

Table 12-1
CONDENSED STATEMENT OF NET POSITION
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC
December 31, 2019
(in Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Cash and Other Assets	\$ 2,381	\$ 2,726	\$ 1,248	\$ 1,486	\$ 3,629	\$ 4,212
Investments	75,430	64,622	6	6	75,436	64,628
Capital Assets, Net	14	18	—	—	14	18
Total Assets	77,825	67,366	1,254	1,492	79,079	68,858
LIABILITIES						
Current Liabilities	1,254	1,357	7	127	1,261	1,484
Total Liabilities	1,254	1,357	7	127	1,261	1,484
NET POSITION						
Net Investment in Capital Assets	14	18	—	—	14	18
Restricted	54,279	47,579	—	—	54,279	47,579
Unrestricted	22,278	18,413	1,246	1,365	23,524	19,778
Total Net Position	\$ 76,571	\$ 66,010	\$ 1,246	\$ 1,365	\$ 77,817	\$ 67,375

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The City of Seattle

Table 12-2

CONDENSED STATEMENT OF ACTIVITIES
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC
For the Year Ended December 31, 2019
(in Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2019	2018	2019	2018	2019	2018
PROGRAM REVENUES						
Contributions/Endowment Gain	\$ 4,902	\$ 4,037	\$ —	\$ —	\$ 4,902	\$ 4,037
Placement/Management Fee Income	—	—	301	293	301	293
Total Program Revenues	4,902	4,037	301	293	5,203	4,330
GENERAL REVENUES						
Investment Income	11,569	(3,613)	—	—	11,569	(3,613)
Total Program Support and Revenues	16,471	424	301	293	16,772	717
EXPENSES						
Support to Seattle Public Library	4,563	5,370	—	—	4,563	5,370
Management and General	770	725	420	291	1,190	1,016
Fundraising	577	521	—	—	577	521
Total Expenses	5,910	6,616	420	291	6,330	6,907
Change in Net Position	10,561	(6,192)	(119)	2	10,442	(6,190)
NET POSITION						
Net Position - Beginning of Year	66,010	72,202	1,365	1,363	67,375	73,565
Net Position - End of Year	\$ 76,571	\$ 66,010	\$ 1,246	\$ 1,365	\$ 77,817	\$ 67,375

BLENDED COMPONENT UNIT

Seattle Park District

The Seattle Park District (the District) is a metropolitan park district authorized by Chapter 35.61 of the Revised Code of Washington. The District has the same boundaries as the City. On August 5, 2014, voters in the City approved Proposition 1 to use property taxes collected to provide funding for City parks and recreation including maintaining park lands and facilities, operating community centers and recreation programs, and developing new neighborhood parks on previously acquired sites. The District is governed by the City Council acting ex officio as the District Board. The Seattle Department of Parks and Recreation provides services on behalf of the District under an inter-local agreement between the City and the District.

The District is reported as a special revenue fund in the City's financial statement. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements are available from Seattle Park District, PO Box 34025, Seattle, WA 98124-4025, or by emailing SeattleParkDistrict@Seattle.gov.

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(13) JOINT VENTURES**SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL**

The Seattle-King County Workforce Development Council (WDC) is a joint venture between the City and King County. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor agency to receive the employment and training funds for the County area. The King County Executive and the Mayor of the City, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, the City and King County who each will be responsible for one half of the disallowed amount. As of December 31, 2019, there are no outstanding program eligibility issues that may lead to a liability for the City.

WDC contracts with the City which provides programs related to the Workforce Innovation and Opportunity Act. WDC paid \$55 dollars to the City during WDC's fiscal year ended June 30, 2019.

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

(14) COMMITMENTS**Financial Guarantees**

The City has extended nonexchange financial guarantees in the form of contingent loan agreements with other owner/developers of affordable housing. The City will provide credit support, such as assumption of monthly payments for certain bonds and lines of credit issued by these agencies in the event of financial distress. Any guarantee payments made become liabilities of the guaranteed contract holders to be paid back after regaining financial stability. The City's program, managed by the Office of Housing, currently has loan agreements outstanding of \$697.8 million. These agreements have maturity ranges up to 50 years. All projects are currently self-supporting, and the City has not made any payments pursuant to these agreements. It is unlikely that the City will make any payments in relation to these guarantees based on available information at the end of December 31, 2019 and standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Capital Improvement Program

The City adopted the 2019 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$7.1 billion for the years 2019-2024. The adopted CIP for 2019 was \$1.2 billion, consisting of \$711.6 million for City-owned utilities and \$507.9 million for non-utility departments. The utility allocations are: \$351.4 million for City Light, \$111.5 million for Water, \$229.5 million for Drainage and Wastewater, \$6.4 million for Solid Waste, and \$12.9 million for Seattle Public Utilities' technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

The City of Seattle**Purchased and Wholesale Power**

City Light expenses associated with energy received under long-term purchased power agreements at December 31, 2019 are shown in the following table:

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

	2019
Bonneville Block	\$ 162.9
Bonneville Slice	—
Lucky Peak, including royalties	8.4
British Columbia - High Ross Agreement	13.5
Grant County Public Utility District	1.8
Columbia Basin Hydropower	6.0
Bonneville South Fork Tolt billing credit	(3.4)
Renewable energy - State Line Wind	22.6
Renewable energy - other	7.9
Exchanges and loss returns energy at fair value	2.7
Long-term purchased power booked out	(6.5)
Total	\$ 215.9

Bonneville Power Administration. The City purchased electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA), under the Block and Slice Power Sales Agreement, a 17-year contract, for the period October 1, 2011 through September 30, 2028. Effective October 1, 2017 there was an amendment to the agreement whereby the City no longer participates as a Slice customer and will now exclusively purchase Block. Block quantities are expected to be recalculated periodically during the term of the contract. Rates will be developed and finalized every two years. Accordingly, certain estimates and assumptions were used in the calculations in the estimated future payments table above.

BPA's Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region's investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court (the Court) rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power Act. To remedy this inconsistency, the Court ruled that refunds be issued to non-IOUs through September 2019. The City received \$4.3 million in billing credits related to the Block and Slice agreement in 2019.

Lucky Peak. In 1984, the City entered into a purchase power agreement with four irrigation districts to acquire 100% of the net surplus output of a hydroelectric facility that began commercial operation in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project, and the Federal Energy Regulatory Commission (FERC) license expires in 2030. The agreement, which expires in 2038, obligates the City to pay all ownership and operating costs, including debt service, over the term of the contract, whether the plant is operating or operable.

The City incurred \$8.4 million in 2019, including operations costs and royalty payments to the irrigation districts. The City provided and billed Lucky Peak \$0.3 million for operational and administrative services in 2019. These amounts are recorded as offsets to purchased power expense.

The City's receivables from Lucky Peak were less than \$0.1 million at December 31, 2019. City Light's payables to Lucky Peak were \$1.2 million at December 31, 2019.

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British Columbia-High Ross Agreement. In 1984, an agreement was reached between the Province of British Columbia and the City under which British Columbia will provide the city with energy equivalent to that which would have resulted from an addition to the height of Ross Dam. Delivery of this energy began in 1986 and is to be received for 80 years. In addition to the direct costs of energy under the agreement, the City incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchased power expense over 35 years through 2035.

Renewable Energy Purchase and/or Exchanges. The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires all qualifying utilities in Washington State to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits (RECs) as a percentage of total energy delivered to retail customers. The current annual target is at least 9% for 2019. The city's 2019 resource portfolio was adequate to meet this requirement. Effective for 2020 and beyond, the annual target is 15%.

Energy Exchange. Northern California Power Agency (NCPA) and the City executed a long-term Capacity and Energy Exchange Agreement in March 1993. The city delivered energy to NCPA from June through October 15. NCPA returned energy under conditions specified in the contract at a 1.2:1 ratio of exchange power, from November through April. The agreement included financial settlement and termination options.

Fair Value of Exchange Energy. During 2019, exchange energy settled deliveries were valued using Dow Jones U.S Daily Electricity Price Indices.

Estimated Future Payments under Purchased Power, Transmission, and Related Contracts. The City's estimated payments for purchased power and transmission, Renewable Energy Credits (RECs) and other contracts for the period from 2020 through 2065, undiscounted, are shown in the following table:

Table 14-2

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

Year Ending December 31	Estimated Payments ^A
2020	\$ 286.2
2021	^B 266.3
2022	254.8
2023	255.4
2024	261.8
2025-2029	^C 841.0
Thereafter (through 2065)	182.1
Total	\$ 2,347.6

^A 2019 includes estimated REP recoveries from BPA.

^B British Columbia - High Ross direct cost payment ends in 2020.

^C BPA transmission contract expires July 31, 2025. BPA Block and Slice contract expires September 30, 2028.

Other Regulatory Commitments

Federal Energy Regulatory Commission (FERC) Fees. Estimated Federal land use and administrative fees related to hydroelectric licenses total \$99.1 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, when their existing FERC licenses expire. The estimated portion of Boundary fees

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is included through 2055, the year the current license issued by FERC expires. The Boundary FERC license and related issues are discussed below.

New Boundary License. The City's FERC license for the Boundary Project was re-issued on March 20, 2013 with a 42-year life and a total cost of \$48.6 million. The terms and conditions of the new license were evaluated, and the Department continues the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management.

As part of the license renewal process, the City negotiated a settlement with external parties such as owners of other hydroelectric projects, Indian tribes, conservation groups and other government agencies. The settlements sought to preserve the City's operational flexibility at Boundary Dam while providing for natural resource protection, mitigation and enhancement measures.

The cost projections for such mitigation over the expected 42-year life of the license, included in the city's license application, were estimated to be \$398.2 million adjusted to 2019 dollars, of which \$92.7 million were expended through 2019. Projected mitigation cost estimates are subject to revision as more information becomes available.

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

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2019, to be \$138.0 million, of which \$133.4 million had been expended through 2019. Total South Fork Tolt license mitigation costs were estimated at \$2.0 million, of which \$1.6 million were expended through 2019. In addition to the costs listed for South Fork Tolt mitigation, the license and associated settlement agreements required certain other actions related to wildlife studies and wetland mitigation for which no set dollar amount was listed. Requirements for these actions have been met, and no further expenditures need to be incurred for these items.

Capital improvement, other deferred costs, and operations and maintenance costs are included in the estimates related to the settlement agreements for both licenses. Amounts estimated are adjusted to 2019 dollars. The City's labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

Hydroelectric projects must satisfy the requirements of the Endangered Species Act (ESA) and the Clean Water Act in order to obtain a FERC license. ESA and related issues are discussed below.

Endangered Species. Several fish species that inhabit waters where hydroelectric projects are owned by the City, or where the city purchases power, have been listed under the ESA as threatened or endangered. Although the species were listed after FERC licenses were issued for all City hydroelectric projects, the ESA listings still affect operations of the city's Boundary, Skagit, Tolt, and Cedar Falls hydroelectric projects.

Federal Regulations in response to the listing of species affect flow in the entire Columbia River system. As a result of these regulations, the City's power generation at its Boundary Project is reduced in the fall and winter when the region experiences its highest sustained energy demand. The Boundary Project's firm capability is also reduced.

The City, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. The City is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and watershed groups for bull trout, Chinook salmon, and steelhead in the South Fork Tolt and Skagit Watersheds. The ESA Early Action program is authorized by City Council but is separate from any current FERC license requirements. The program includes habitat acquisition, management, and restoration. The ESA Early Action has been successful in protecting listed species. Total costs for the city's share of the Early Action program from inception in 1999 through December 31, 2019 are estimated to be \$15.9 million. \$2.0 million has been allocated for the program in the 2020 budget.

Notes to Financial Statements

Project Impact Payments. Effective August 2010, the City renewed its contract with Pend Oreille County and committed to pay a total of \$19.0 million over 10 years ending in 2019 to Pend Oreille County for impacts on county governments from the operations of the city's hydroelectric projects. Effective February 2009, the City renewed its contract with Whatcom County committing to pay a total of \$15.8 million over 15 years ending in 2023. The payments compensate the counties and certain school districts and towns located in these counties, for loss of revenues and additional financial burdens associated with the projects. The Boundary Project, located on the Pend Oreille River, affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The impact payments made in 2019 totaled \$1.9 million to Pend Oreille County and \$1.1 million to Whatcom County.

Habitat Conservation Program Liability. Seattle Public Utilities (SPU) has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the Habitat Conservation Plan (HCP) is to protect all species of concern that may be affected by the operations of SPU and City Light in the Cedar River Watershed, while allowing the City to continue to provide high quality drinking water to the region. The federal government has accepted the HCP. The total cost of implementing the HCP is expected to be \$114.4 million (in 2019 dollars) over a period of 50 years (from the year 2000 through the year 2050).

Expenditures are being funded from a combination of the City's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2019 is \$94.4 million. The remaining \$20.0 million to complete the HCP is comprised of a \$7.1 million liability and an estimate of \$12.9 million for construction and operating commitments. The construction activities will add to the city's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expensed as incurred.

Distribution System Reservoirs. The City is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying six reservoirs is expected to be approximately \$231.7 million through the year 2022; costs beyond 2022 are not estimable as of the date of this report. As of December 31, 2019, total cumulative costs incurred were \$168.3 million.

Wholesale Water Supply Contracts. The City has wholesale contracts with Cascade Water Alliance (CWA) and twenty individual water districts and municipalities. Seventeen wholesale customers have full and partial requirements contracts which obligate the City to meet the wholesale customers' demand that is not already met by their independent sources of supply. Two wholesale customers (including CWA) have block contracts which obligate the City to provide water up to a combined maximum of 41.85 MGD per year. Two other wholesale customers have emergency intertie agreements and do not purchase water from Seattle on a regular basis. The CWA contract expires in 2063 while other wholesale contracts expire in 2062.

The City also has a contract with the City of North Bend to provide untreated water supply up to an average annual amount of 1.1 MGD through 2066 for use in supplementing stream flows.

Wastewater Disposal Agreement. The City has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division (the Division), which expires in 2036. The monthly wastewater disposal charge paid to the Division is based on the Division's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. Payments made by the City were \$165,796,390 for fiscal year 2019.

Contractual Obligations. The City contracts with private companies for the collection of residential and commercial garbage, yard waste, food waste, and recycling. Independent vendors supplement these City services with large scale recycling and food waste for business customers. Effective April 1, 2019, the City began new service contracts with Waste Management and Recology of King County for residential and commercial collection. The contracts are scheduled to end on March 31, 2029, with City options to extend to March 2031 and March 2033. Total payments under these contracts for residential and commercial collection were \$80,585,666 in 2019.

In 1990, the City entered into a contract with Waste Management of Washington, Inc., (formerly known as Washington Waste Systems) for rail-haul and disposal of non-recyclable City waste. This contract is scheduled to end on March 31, 2028, however the City may terminate this contract at its option without cause on March 31, 2024. Total payments under the terms of this contract for waste disposal were \$15,279,836 in 2019.

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Effective April 1, 2014, the City entered into contracts with PacificClean Environmental of Washington, LLC and Lenz Enterprises, Inc. to process yard and food waste into marketable products. The Lenz Enterprise contract is scheduled to end on March 31, 2020, with options to extend in two-year increments up to March 31, 2024, at the City's discretion. The City terminated the services with PacificClean effective August 31, 2017, due to failed operations, prior to the end of the original contract term. The City awarded a new contract to Cedar Grove Composting, effective September 1, 2017, to provide additional services. The Cedar Grove Contract will end March 31, 2020, with City options to extend the contract up to March 31, 2024. Total payments under the terms of these contracts were \$4,534,016 in 2019.

Effective April 1, 2016, the City commenced a contract for recycling processing with Rabanco, Ltd. The company is responsible for processing recyclables and marketing those commodities. The City may, at its option, extend the contract in three year increments up to March 31, 2027. Total payments, net of recycling revenue, were \$5,285,545 in **Error! Reference source not found.**

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

At December 31, 2019, accrued landfill closure and post-closure costs consist primarily of monitoring, maintenance, and estimated construction costs related to I-5 improvement projects. It is the City Council's policy to include the City's share of all landfill closure and post-closure costs in the revenue requirements used to set future solid waste rates. Therefore, the City uses regulatory accounting and total estimated landfill closure and post-closure care costs are accrued and also reflected as future costs in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from Solid Waste Fund rate payers and will be fully amortized in 2024. Actual costs for closure and post-closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and accrued when identified. Landfill closure costs were fully amortized in 2009 and landfill post-closure costs will continue to amortize until 2024.

(15) CONTINGENCIES

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

In addition, the City purchases excess general liability insurance coverage on a year to year basis. The City's self-insured retention for each claim involving general liability is limited to \$6.5 million per occurrence of such claims through May 2020. Effective June 1, 2019 through May 2020 the City's excess liability insurance limits were \$100 million. In 2019 the City purchased \$50 million in cyber insurance. Coverage includes business interruption, system failure, data asset protection, event management, privacy and network security liability.

The City also purchased an all-risk comprehensive property insurance policy that provides \$500 million in limits, subject to various deductible levels depending upon the assets and value of the building. This includes \$100 million in earthquake and flood limits. Hydroelectric and other utility producing, and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, aviation, marine and hull, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment of commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities, as necessary.

In 2019, the City purchased one annuity contract for \$0.6 million to resolve litigation. The City did not receive any large liability settlements in 2019 nor settled any claims exceeding coverage.

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Notes to Financial Statements

Claims liabilities are based on the estimated ultimate cost of settling claims, which include case reserve estimates and incurred but not reported (IBNR) claims. Liabilities for lawsuits and other claims are assessed and projected annually using historical claims, lawsuit data, and current reserves. The Seattle Department of Human Resources estimates case reserves for workers' compensation using statistical techniques and historical experience. In 2019 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care as of year-end 2018. The total undiscounted IBNR amount was \$39.8 million in 2019, increased by \$9.6 million from prior year.

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

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in 2019. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed for the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Workers' compensation and general liabilities recorded in the financial statements are discounted at 2.0% for 2019, the City's 2018 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 2.381% for 2019, the City's 2019 average annual rate of return on investments. The total discounted liability at December 31, 2019, was \$123.1 million consisting of \$65.3 million for general liability, \$15.4 million for health care, and \$42.4 million for workers' compensation.

Table 15-1
RECONCILIATION OF CHANGES IN
AGGREGATE LIABILITIES FOR CLAIMS
(In Thousands)

	General Liability	Health Care	Workers' Compensation	Total City
UNDISCOUNTED				
Balance - Beginning of Fiscal Year	\$ 81,436	\$ 5,069	\$ 41,680	\$ 128,185
Less Payments and Expenses During the Year	(19,211)	(241,487)	(21,154)	(281,852)
Plus Claims and Changes in Estimates	9,665	252,155	24,331	286,151
Balance - End of Fiscal Year	\$ 71,890	\$ 15,737	\$ 44,857	\$ 132,484
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 56,664	\$ 15,737	\$ 34,341	\$ 106,742
Business-Type Activities	15,213	—	10,514	25,727
Fiduciary Activities	13	—	2	15
Balance - End of Fiscal Year	\$ 71,890	\$ 15,737	\$ 44,857	\$ 132,484
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF				
Governmental Activities	\$ 51,491	\$ 15,371	\$ 32,462	\$ 99,324
Business-Type Activities	13,825	—	9,938	23,763
Fiduciary Activities	12	—	2	14
Balance - End of Fiscal Year	\$ 65,328	\$ 15,371	\$ 42,402	\$ 123,101

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The City of Seattle

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

Deien v. City – Plaintiff brings a purported class action against the City based on billing practices associated with the Department's transition to advance meters. No class has been certified and the City's ultimate liability is indeterminate.

Overby v. City, Haynes, and Wilson – Plaintiff Overby alleges that he is a victim of age and disability discrimination and retaliation. The case arises from asserted occupational exposure to contaminants at the City's Skagit generation facility. The plaintiff asserts that the City and the individual defendants mistreated him following such exposure. An adverse result could include awards of compensatory damages and attorneys' fees. The City's ultimate liability is indeterminate.

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

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

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

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

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

The City's outstanding Section 108 loan balance as of December 31, 2019 is \$7.5 million. BEDI grant funds amount to \$0.5 million and are used as a loan loss reserve.

GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has guaranteed the certain bonds issued by public development authorities chartered by the City which are not component units of the City. The guarantees extend through the life of the bonds. If these public development authorities have insufficient funds to make scheduled debt payments of the principal of and interest on these guaranteed bonds, the City is obligated to transfer sufficient funds to make the payment. Public development authorities for whom the City has made all or part of a debt service payment shall reimburse the City for all money drawn on their behalf.

Museum Development Authority. Special obligation refunding bonds-Series 2014 were issued on April 29, 2014, in the amount of \$44.4 million. The outstanding amount owed as of December 31, 2019 was \$34.9 million. The bonds will be fully retired by April 1, 2031.

Seattle Chinatown-International District Preservation and Development Authority. Refunding bonds were issued on September 26, 2007, in the amount of \$7.4 million. The outstanding amount owed as of December 31, 2019, was \$3.6 million. The bonds will be fully retired by August 1, 2026.

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Notes to Financial Statements

Seattle Indian Services Commission. Special obligation revenue refunding bonds were issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31, 2019 is \$1.95 million. The bonds will be fully retired on November 1, 2024.

Event Notice Relating to Seattle Indian Services Commission. In 2014 the Seattle Indian Services Commission (the Commission) experienced unforeseen conditions that left it unable to fulfill its debt obligations on bonds guaranteed by the City. Due to the interruption and suspension of the Commission's pledged revenues for debt service the City is now obligated to temporarily service the Commission's debt.

Since fiscal year 2015, the City's Adopted Budget has included provisions to service the Commission's guaranteed bonds per the City's unconditional obligation, and the City has transferred funds on behalf of the Commission to service the principal and interest on its special obligation refunding bonds issued in 2004.

As of December 31, 2019, the Commission's remaining principal and interest amounts guaranteed by the City are \$1.95 million and \$0.14 million, respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (2.381%), the City has recognized a liability of \$2.08 million in the Government-wide Financial Statements. Until the Commission's revenue conditions improve the City will continue to make the scheduled debt payments through the life of the bonds, with a final maturity date of November 1, 2024.

The City of Seattle

(16) TAX ABATEMENTS

Table 16-1

Page 1 of 2

**Tax Abatement Programs
For the Year Ended December 31, 2019
(In Thousands)**

	Primary Government	Other Governments				
	City of Seattle	King County			State of Washington	
	Multifamily Property Tax Exemption	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology	Data Center Server Equipment and Power Infrastructure
1) Purpose of program	Supports mixed-income residential development in the urban centers to ensure affordability as the community grows	Encourages maintenance, improvement and preservation of privately owned historic landmarks	Provides incentives to landowners to voluntarily preserve open space, farmland or forestland	Provides temporary relief from tax increases caused by major additions or remodels to single-family dwellings	Encourages the creation of high-wage, high-skilled jobs in Washington	Supports immediate investments in technology facilities and resulting employment
2) Tax being abated	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax	Sales and Use Tax	Sales and Use Tax
3) Authority under which abatement agreements are made	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 82.08.986 RCW 82.12.986
4) Criteria to be eligible to receive abatement	Property owner must set aside 20-25% of the homes as income- and rent-restricted and enter a legally binding agreement with the City detailing the affordability requirements and other stipulations for compliance with the program	The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation; (3) be rehabilitated at a cost equal to 25% or more of pre-improvement assessed value within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board	Property must be enrolled as: (1) Open space with points awarded per the Pubic Benefit Rating System (PBRS) by resource category (2) Timber land if 5-20 acres are manageable forestland, zoned RA, F or A, and devoted primarily to growth, harvest and management of forest crops for commercial purposes per an approved forest stewardship plan (3) Farm and agricultural land if used to produce livestock or agricultural commodities for commercial purposes (4) Forestland if more than 20 acres are primarily devoted to the growth and harvest of timber	Property to be improved must be a single-family dwelling	Purchases must be for the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology	Within 6 years of exemption issued, net employment at the data center facility must increase by a minimum of 35 positions or 3 positions per 20,000 square feet or less of space; positions must be new permanent employment positions requiring 40 hours of weekly work, or equivalent, and receiving a wage equivalent to or greater than 150% of the per capita personal income of the county in which the data center is located

Notes to Financial Statements

Table 16-1
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Tax Abatement Programs For the Year Ended December 31, 2019 (In Thousands)

	Primary Government	Other Governments				
	City of Seattle	King County		State of Washington		
	Multifamily Property Tax Exemption	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology	Data Center Server Equipment and Power Infrastructure
5) How recipients' taxes are reduced	Exemption from property tax assessments, by participating in the program, property owners commit to a compliance period in return for a tax exemption period.	Reduction to assessed value subject to property tax for 10 years	Reduction to assessed value subject to property tax	Improvement value not added to assessed value subject to property tax for 3 years	Deferral and ultimate waiver of sales and use taxes when purchasing machinery and equipment, subject to annual certification for up to 7 years	Waiver of sales and use taxes when goods and services are purchased by the qualifying business or tenant
6) How amount of abatement is determined	Equal to the taxes on the entire appraised value of the property's residential improvements	Based on a special valuation	Difference between "current use" assessed value and "highest and best use" assessed value that would otherwise apply to the property	Equal to 100% of the additional property tax due to the increase in assessed value from the improvements, not to exceed 30% of the pre-improvement value of the structure	Equal to the taxes otherwise applicable to the goods and services	Equal to the taxes otherwise applicable to the goods and services
7) Provisions for recapturing abated taxes	If a property fails to comply with affordability restriction, the City Director of Housing may cancel the tax exemption, and the County Assessor may impose fines, collect back taxes, and charge interest on back taxes	When property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, additional taxes, applicable penalties and interest are collected	When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected	None	If the project is used for any other purpose at any time during the 8-year certification period, the business must immediately repay a portion of the deferred taxes, determined by a sliding scale ranging from 100% recapture in year 1 to 12.5% in year 8	All previously exempted sales and use tax are immediately due and payable for a qualifying business or tenant that does not meet these requirements
8) Types of commitments made by the City other than to reduce taxes	None	None	None	None	None	None
9) Gross amount of reduced City revenues	\$ 11	\$ 1,034	\$ 46	\$ 117	\$ 16,767	\$ 233
Total Revenue Reduction						\$ 18,208

^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.

The City of Seattle

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

Effective January 1, 2019, pursuant to City ordinance, the Fiber Leasing Fund has been consolidated into the Information Technology Fund. Prior year's financial statements were not restated.

In 2019, the City determined that the unamortized bond premium liability related to the 2017 and 2018 bond issuances to the Information Technology Fund, should not be accounted for in the Internal Service Funds as the original bond receipts are properly accounted for in the General Fund. As a result, the Internal Service Funds' beginning net position increased by \$1.3 million.

In 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which established specific criteria for identifying activities that should be reported as fiduciary activities. With this implementation, the City recognized five bank accounts held in a custodial capacity for external customers that met the criteria and are disclosed in Table G-2. The total of these custodial accounts were \$5.7 million cash. The primary balances of these accounts are the Seattle Police evidence and Municipal court restitution and bail monies. No restatements of prior year financials were necessary with this implementation.

(18) SUBSEQUENT EVENTS

CORONAVIRUS GLOBAL PANDEMIC (COVID-19)

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this filing, the City of Seattle remains operational, but specific processes and revenues have been affected by this pandemic. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which disruption may materially impact our financial position, results of operation and cash flows in fiscal year 2020.

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Required Supplementary Information

**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are presented on a budgetary basis (Non-GAAP). A reconciliation of the budgetary fund balance to the GAAP fund balance is shown on the face of each schedule.

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

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Required Supplementary Information

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 320,118	\$ 320,118	\$ 320,731	\$ 613
Retail Sales and Use Taxes	286,586	286,586	293,469	6,883
Business Taxes	336,520	336,520	345,323	8,803
Excise Taxes	97,774	97,774	114,296	16,522
Other Taxes	32,688	32,688	36,639	3,951
Interfund Business Taxes	<u>170,111</u>	<u>170,111</u>	<u>173,404</u>	<u>3,293</u>
Total Taxes	1,243,797	1,243,797	1,283,862	40,065
Licenses and Permits	36,349	36,349	43,856	7,507
Grants, Shared Revenues, and Contributions	28,187	28,187	37,339	9,152
Charges for Services	70,790	70,790	95,582	24,792
Fines and Forfeits	26,414	26,414	34,529	8,115
Parking Fees and Space Rent	41,424	41,424	39,105	(2,319)
Program Income, Interest, and Miscellaneous Revenues	<u>286,436</u>	<u>286,436</u>	<u>151,295</u>	<u>(135,141)</u>
Total Revenues	1,733,397	1,733,397	1,685,568	(47,829)
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	489,520	521,715	274,574	247,141
Judicial	34,760	36,370	35,208	(1,162)
Public Safety	742,727	775,171	741,670	(33,501)
Physical Environment	13,840	17,266	15,527	(1,739)
Transportation	56,807	58,541	53,808	4,733
Economic Environment	149,957	180,576	146,586	(33,990)
Health and Human Services	34,065	40,540	29,757	(10,783)
Culture and Recreation	185,857	204,129	191,957	12,172
Capital Outlay				
General Government	23,194	13,375	8,821	(4,554)
Public Safety	—	2,209	4,013	1,804
Physical Environment	—	12	—	(12)
Transportation	18,836	22,012	23,449	1,437
Economic Environment	—	33	875	842
Culture and Recreation	44,446	36,968	38,252	1,284
Debt Service				
Principal	—	—	5	5
Interest	—	—	—	—
Total Expenditures and Encumbrances	<u>1,794,010</u>	<u>1,908,917</u>	<u>1,564,502</u>	<u>344,415</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(60,613)	(175,520)	121,066	(392,244)

The City of Seattle

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

OTHER FINANCING SOURCES (USES)

Sales of Capital Assets	1,819	1,819	—	(1,819)
Transfers In	22,845	22,845	10,406	(12,439)
Transfers Out	<u>(105,770)</u>	<u>(123,915)</u>	<u>(79,656)</u>	<u>94,259</u>
Total Other Financing Sources (Uses)	<u>(81,106)</u>	<u>(99,251)</u>	<u>(19,250)</u>	<u>80,001</u>
Net Change in Fund Balance	<u>\$ (141,719)</u>	<u>\$ (274,771)</u>	101,816	<u>\$ (312,243)</u>
Budgetary Fund Balance - Beginning of Year			483,266	
Net Change in Encumbrances			(49,100)	
Net Change in Unappropriable Reserves			<u>(263,612)</u>	
Budgetary Fund Balance - End of Year			272,371	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			250,624	
Encumbrances			62,054	
Reimbursements				
Budgeted as Revenues			238,616	
Budgeted as Expenditures			(238,616)	
GASB Statement No. 54 Reporting Adjustment				
Fund Balance (GAAP) - End of Year		<u>\$</u>	<u>585,048</u>	

Required Supplementary Information

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**TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 99,262	\$ 99,262	\$ 100,277	\$ 1,015
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	47,010	47,010	49,232	2,222
Excise Taxes	—	—	—	—
Other Taxes	—	—	2	2
Interfund Business Taxes	—	—	—	—
Total Taxes	146,272	146,272	149,511	3,239
Licenses and Permits	9,552	9,552	6,889	(2,663)
Grants, Shared Revenues, and Contributions	67,464	67,464	39,742	(27,722)
Charges for Services	145,957	145,957	85,849	(60,108)
Fines and Forfeits	18	18	176	158
Parking Fees and Space Rent	—	—	272	272
Program Income, Interest, and Miscellaneous Revenues	—	—	4,664	4,664
Total Revenues	369,263	369,263	287,103	(82,161)
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	211,087	223,040	207,355	15,685
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	198,861	105,579	89,505	16,074
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	31,643	31,643	1,275	30,368
Interest	—	—	45	(45)
Bond Issuance Cost	—	—	—	—
Other	—	—	—	—
Total Expenditures and Encumbrances	441,591	360,262	298,180	62,082
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(72,328)	9,001	(11,077)	(144,242)

The City of Seattle

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**TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

OTHER FINANCING SOURCES (USES)				
Long-term Debt Issued	—	—	—	—
Sales of Capital Assets	—	20,245	6,199	14,046
Transfers In	—	—	2,119	(2,119)
Transfers Out	—	(3,500)	(39,968)	36,468
Total Other Financing Sources (Uses)	—	16,745	(31,650)	48,395
Net Change in Fund Balance	\$ (72,328)	\$ 25,746	(42,727)	\$ (95,847)
Budgetary Fund Balance - Beginning of Year			99,643	
Net Change in Encumbrances			(30,525)	
Net Change in Unappropriable Reserves			(50,362)	
Budgetary Fund Balance - End of Year			(20,268)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			57,052	
Encumbrances			31,894	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Fund Balance (GAAP) - End of Year		\$	68,678	

Required Supplementary Information

PENSION AND OPEB PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Firemen's and Police Relief and Pension funds are both pension plans that fail to meet the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). Therefore, Firemen's and Police Relief and Pension funds are accounted for in accordance with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The required supplementary information (C3) reports the long-term actuarial data on the Schedule of Funding Progress and Schedule of Employer Contributions as of the plans' reporting dates for the past 10 consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11.

Under GASB 68, the City's cost-sharing multiple-employer plans are the Seattle City Employees' Retirement System (SCERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF1) and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2). As required by GASB 68, the required supplementary information (C4, C5) reports a 10 year Schedule of Proportionate Share of the Net Pension Liability as of the plan's measurement date of the collective net pension liability, and a 10 year Schedule of Employer Contribution as of the City's most recent fiscal year-end, for each pension plan separately.

In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires a schedule of changes in total OPEB liability and related ratios for each of the 10 most recent fiscal years as required supplementary information. The schedule separately presents the required information for each OPEB plan (C6).

The City of Seattle

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PENSION PLAN INFORMATION SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS December 31, 2019 Last Ten Fiscal Years ^A (In Thousands)

Police Relief and Pension Fund

Year Ended	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Service Cost	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,061	3,024	3,401	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	5,602	2,569	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	11,816	(4,809)	1,689	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(8,075)	(13,227)	(5,593)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	12,404	(12,443)	(503)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	80,513	92,956	93,459	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 92,917	\$ 80,513	\$ 92,956	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

Firefighters' Pension Fund

Year Ended	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Service Cost	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,298	3,325	3,623	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of plan changes	—	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(525)	(2,082)	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	9,030	(6,739)	2,118	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(6,939)	(7,197)	(7,485)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	4,864	(12,693)	(1,744)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	85,880	98,573	100,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	\$ 90,744	\$ 85,880	\$ 98,573	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B 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, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	99.95%	99.95%	99.93%	99.91%	0.9989
Employer's proportionate share of the net pension liability	\$1,518,484	\$1,106,617	\$1,304,140	\$1,297,983	\$1,106,800
Covered payroll ^B	\$774,235	\$728,094	\$708,562	\$638,354	\$626,403
Employer's proportionate share of the net pension liability as a percentage of covered payroll	196.13%	151.99%	184.05%	203.33%	176.69
Plan fiduciary net position as a percentage of the total pension liability	64.14%	72.04%	65.60%	64.03%	67.70%
	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B 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
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
June 30, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	3.58%	3.57%	3.55%	3.55%	3.55%
Employer's proportionate share of the net pension liability	\$70,673	\$64,885	\$53,981	\$36,619	\$42,771
Covered payroll ^B	\$992	\$1,391	\$2,023	\$2,542	\$3,930
Employer's proportionate share of the net pension liability as a percentage of covered payroll	7,127.78%	4,664.63%	2,668.36%	1,440.33%	1,088.29%
Plan fiduciary net position as a percentage of the total pension liability	148.78%	144.42%	135.96%	123.74%	127.36%
	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	3.55%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability	\$43,065	N/A	N/A	N/A	N/A
Covered payroll ^B	\$4,905	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	878.02%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	126.91%	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B 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
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
June 30, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	8.95%	9.08%	9.17%	9.36%	9.31%
Employer's proportionate share of the net pension asset	\$207,455	\$184,326	\$127,282	\$54,486	\$95,637
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	135,855	119,348	82,565	35,523	64,124
Total	\$343,310	\$303,674	\$209,847	\$90,009	\$159,761
Covered payroll ^B	\$313,037	\$294,033	\$283,991	\$273,333	\$268,461
Employer's proportionate share of the net pension liability as a percentage of covered payroll	66.27%	62.69%	44.82%	19.93%	35.62%
Plan fiduciary net position as a percentage of the total pension asset	119.43%	118.5%	113.36%	106.04%	111.67%
	2014	2013	2012	2011	2010
Employer's proportion of the net pension liability (asset)	9.40%	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	\$125,076	N/A	N/A	N/A	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	82,876	N/A	N/A	N/A	N/A
Total	\$207,952	N/A	N/A	N/A	N/A
Covered payroll ^B	\$255,273	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered payroll	49.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	116.75%	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Seattle City Employees' Retirement System
December 31, 2018
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Contractually required employer contributions	\$117,490	\$111,742	\$107,900	\$100,614	\$89,363
Contributions in relation to the statutorily or contractually required contributions	118,393	111,742	108,500	100,614	89,363
Contribution deficiency (excess)	\$(903)	\$ —	\$(600)	\$ —	\$ —
Covered payroll ^B	\$783,740	\$774,235	\$708,562	\$638,354	\$626,403
Contributions as a percentage of covered payroll	15.11%	14.43%	15.31%	15.76%	14.27%
	2014	2013	2012	2011	2010
Contractually required employer contributions	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered payroll ^B	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Statutorily or contractually required contributions ^C	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the statutorily or contractually required contributions ^C	—	—	—	—	—
Contribution deficiency (excess)	—	—	—	—	—
Covered payroll ^B	\$971	\$1,165	\$2,023	\$2,542	\$3,930
Contributions as a percentage of covered payroll	\$ —	\$ —	\$ —	\$ —	\$ —
	2014	2013	2012	2011	2010
Statutorily or contractually required contributions ^C	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the statutorily or contractually required contributions ^C	—	—	—	—	—
Contribution deficiency (excess)	—	—	—	—	—
Covered payroll ^B	4,905	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	\$ —	\$ —	\$ —	\$ —	\$ —

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

^C LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$17,126	\$16,243	\$15,300	\$14,332	\$13,638
Contributions in relation to the statutorily or contractually required contributions	17,126	16,243	15,300	14,332	13,638
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll ^B	\$326,188	\$299,193	\$283,991	\$273,333	\$268,461
Contributions as a percentage of covered payroll	5.25%	5.43%	5.23%	5.24%	5.08%
	2014	2013	2012	2011	2010
Statutorily or contractually required contributions	\$13,249	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	13,249	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	N/A	N/A	N/A	N/A
Covered payroll ^B	\$255,273	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	5.19%	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered payroll is the payroll on which contributions to a pension plan are based.

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Health Care Blended Premium Subsidy Plan
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Total OPEB liability – beginning	\$ 61,130	\$ 65,648	N/A	N/A	N/A
Service cost	3,842	3,822	N/A	N/A	N/A
Interest	2,195	2,583	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A
Differences between expected and actual experience		13,492	N/A	N/A	N/A
Effect of economic/demographic gains or losses			N/A	N/A	N/A
Changes of assumptions	(3,887)	(22,126)	N/A	N/A	N/A
Benefit payments	(2,334)	(2,289)	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A
Total OPEB liability – ending	<u>\$ 60,947</u>	<u>\$ 61,130</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	\$ 1,015,097	\$ 1,015,097	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	6.00%	6.02%	N/A	N/A	N/A
	2014	2013	2012	2011	2010
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Service cost	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Other changes	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

^A This schedule will be built prospectively until it contains ten years of data.

^B Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, par. 246)

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 Fire Employees
LEOFF 1 Fire Employees
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Total OPEB liability - beginning	\$ 268,828	287,302	N/A	N/A	N/A
Service cost	—	—	N/A	N/A	N/A
Interest	10,525	9,855	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A
Differences between expected and actual experience	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(7,497)	—	N/A	N/A	N/A
Changes of assumptions	9,583	(16,786)	N/A	N/A	N/A
Benefit payments	(11,513)	(11,543)	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 269,926</u>	<u>268,828</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	—	—	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
	2014	2013	2012	2011	2010
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Service cost	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Other changes	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

^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.

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OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Retiree Medical and Long-Term Care Benefits for
LEOFF 1 and Escalator Employees
December 31, 2019
Last Ten Fiscal Years ^A
(In Thousands)

	2019	2018	2017	2016	2015
Total OPEB liability - beginning	\$ 297,381	\$ 318,682	N/A	N/A	N/A
Service cost	—	—	N/A	N/A	N/A
Interest	11,599	10,903	N/A	N/A	N/A
Changes in benefit terms	—	—	N/A	N/A	N/A
Differences between expected and actual experience	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or losses	(9,511)	—	N/A	N/A	N/A
Changes of assumptions	2,637	(17,731)	N/A	N/A	N/A
Benefit payments	(14,979)	(14,472)	N/A	N/A	N/A
Other changes	—	—	N/A	N/A	N/A
Total OPEB liability - ending	\$ 287,127	\$ 297,382	N/A	N/A	N/A
Covered-employee payroll	—	—	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
	2014	2013	2012	2011	2010
Total OPEB liability - beginning	N/A	N/A	N/A	N/A	N/A
Service cost	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	N/A	N/A
Changes in benefit terms	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	N/A	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	N/A	N/A	N/A	N/A	N/A
Benefit payments	N/A	N/A	N/A	N/A	N/A
Other changes	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

^AThis schedule will be built prospectively until it contains ten years of data.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Combining Statements and Other Supplementary Information

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Nonmajor Governmental Funds

The City of Seattle

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The **Parks and Recreation Fund** accounts for the operation of the City's parks system. The fund continues to receive monies for charter revenues as required by the City Charter. Required charter revenue to the fund is 10% of all business and occupation taxes, related fines, penalties, and other licenses. In 2009, the City changed the charter revenue allocation from direct method of allocating 10% actual revenue receipts periodically to an indirect method of transferring a fixed amount from the General Fund as adopted by the City Council each year. At the end of each year, an analysis is performed to ensure that Park and Recreation Fund receives monies equal to or exceeding the 10% charter revenue requirement. Transfers-in are recognized for these cash transfers in this fund. The fund also receives usage fees. The Park Capital Projects Fund was merged to this Fund in 2018. See Note 17 for restatements as a result of fund conversion in 2018.

The **Seattle Streetcar Fund** accounts for payments to King County, based on certain formulas, for operating and maintaining the City's streetcar. The fund is supported by revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations, or gifts; property sales proceeds or other monies per City ordinance.

The **Key Arena Settlement Proceeds Fund** accounts for all proceeds received pursuant to the settlement of the Key Arena litigation which shall be used and applied in accordance with appropriations by the City Council.

The **Pike Place Market Renovation Fund** accounts for the proceeds of a six-year tax levy (Market Levy) approved by the voters in 2008 received on behalf of the Pike Place Market Preservation and Development Authority (PPMPDA) to pay for the cost of renovating the Pike Place Market owned by PPMPDA under the Levy Proceeds Agreement by and between the City and PPMPDA. It also accounts for the proceeds of bonds issued in part by the 2009, 2010, and 2011 Multipurpose Long-Term General Obligation Bond as temporary financing for the Pike Place Market renovation, whose bonds and interest are being paid from the Market Levy proceeds at bond maturity and interest payment dates.

The **Seattle Center Fund** accounts for the operations of the Seattle Center. The Center is a 74-acre convention, performance, and family entertainment complex on the site of the 1962 Seattle World's Fair.

The **Wheelchair Accessible Service Fund** accounts for the collection and distribution of a 10-cent per ride surcharge for all rides originating in the City of Seattle with Transportation Network Companies, non-wheelchair-accessible taxis and for-hire companies. The funds are used to help owners and operators of wheelchair accessible taxi services offset higher operational and maintenance costs.

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

The **Human Services Operating Fund** accounts for grants and General Fund monies for programs to aid low-income persons, youths, and the elderly.

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

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

The **Education and Development Services Fund** accounts for a seven-year levy approved by the voters in 1997, in 2004, and again in 2011 to provide educational and developmental services to supplement the basic education activities financed by the State of Washington.

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Nonmajor Governmental Funds

The **Preschool Levy 2014 Fund** accounts for the proceeds of a four-year tax levy approved by voters in 2014; the funding will provide high-quality preschool services for low-income Seattle children as Seattle Preschool Program.

The **2012 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2012, providing support for library services which include maintaining hours and access, increasing the size and quality of library collections for both new book titles and digital media, technology replacements and upgrades, and regular maintenance and major repairs.

The **School Zone Fixed Automated Cameras Fund** accounts for revenues generated from the use of school zone fixed automated cameras to enforce the school zone speed limits and improve safety for schoolchildren and other pedestrians.

The **Seattle Metropolitan Parks District Fund** is a blended component unit of the City and reported as a special revenue fund in the City's financial statements. See Note 12 for details. It accounts for the independent taxing district created through voter approval and governed by the City Council. The purpose of the district is to fund maintenance, operations, and improvements of parks, community centers, pools and other recreation facilities and programs though its power to levy and impose various taxes and fees.

The **Business Improvement Areas Fund** accounts for monies that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **Transportation Benefit District Fund** accounts for the independent taxing district created and governed by the City Council. The purpose of the district is to fund transportation improvements within the boundaries of the City through an imposed \$20 vehicle registration fee.

The **Families, Education, Preschool and Promise Levy Fund** accounts for the proceeds of a seven-year levy approved by the voters in 2018; the funding will provide education services designed to improve access to early learning and high-quality preschool, K-12 school and community-based investments, K-12 school health, and post-secondary and job readiness opportunities for Seattle students.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least 1% of the total cost of City capital construction projects. The City uses these monies to buy visual arts.

The **General Donations and Gift Trust Fund** holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, K-9 corps, climate action, and rescue of prostituted children.

DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives monies from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives monies from the General Fund and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

The **Interfund Notes Payable - Local Improvement Districts (LIDs) Fund** accounts for the payments of interest and principal on interfund notes payable to the Cumulative Reserve reported in the General Fund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** receives surpluses and guarantees faithful compliance of bond covenants on completed or defeased LID bond funds. When required, it shall be funded by excess general property tax levies or by the General Fund. The City is legally obliged to maintain a fund level at 10% of net outstanding LID debt.

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CAPITAL PROJECTS FUNDS

The **Public Safety Facilities and Equipment Fund** was established in December 1990 to account for the improvement of public safety equipment. The fund has received monies from the Cumulative Reserve Fund as well as Limited Tax General Obligation Bonds over the years. I.

The **Shoreline Park Improvement Fund** accounts for Local Improvement subprogram monies for shoreline and beach park improvements that were received as METRO mitigation grants related to the expansion of the West Point sewage treatment plant.

The **Community Improvement Fund** accounts for monies from community improvement contributions by METRO for public improvements in the Alki and Discovery Park areas to mitigate negative construction impacts in those communities.

The **Park Mitigation and Remediation Fund** account for monies received for development, renovation or improvements to Department of Parks and Recreation properties related to implementing the Arboretum Mitigation Plan to address impacts from the State's SR 520, I-5 To Medina: Bridge Replacement and HOV Project.

The **Open Spaces and Trails Bond Fund** was established in 1989. It accounts for \$41.8 million which is Seattle's portion of the King County general obligation bond issued to finance the preservation of greenbelts, natural areas, other undeveloped open spaces, and to acquire and develop recreational trails within the City.

The **Seattle Center and Parks Multipurpose Levy Fund** was established to account for the 8-year \$72 million property tax levy approved by voters in 1999 for improvements to the Seattle Center Opera House, replacement of the Flag Pavilion with a new Festivals Pavilion, and the construction and remodeling of community centers. It also accounts for the 8-year \$129.2 million property tax levy approved by the voters in 2000 for improving maintenance and programs of existing parks, including the Woodland Park Zoo; acquiring, developing, and maintaining new neighborhood parks, green spaces, playfields, trails, and boulevards; and recreational programming for funding safe out-of-school and senior activities.

The **Seattle Center Redevelopment/Parks Community Center Fund** was established in 1991 to provide partial funding for certain needed improvements to the Seattle Center and full City funding for certain improvements to selected community centers..

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

The **2003 Fire Facilities Fund** was established to account for the 9-year additional property tax levy of \$167.2 million approved by the voters. The purpose of the levy is to pay all or part of the cost of neighborhood fire stations, support facilities, marine apparatus, emergency preparedness, and other emergency response facilities.

The **Garage Proceeds Disposition Fund** was established in 2016 to collect sale proceeds of the Pacific Place Garage, with the intention of repaying the original bonds issued to acquire and operate the garage.

The **Local Improvement Fund, District No. 6750** was established in 2006 to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district.

The **2008 Multipurpose Long-Term General Obligation Bond Fund** was established in 2007 to account for capital costs related to the South Rainier Street Grade Separation, Spokane Street Viaduct, Mercer Corridor, and King Street Multimodal Terminal projects. Initial funds for these projects were provided from interfund loans to be repaid from proceeds of limited tax general obligation bonds issued in 2008 by the City. The bond ordinance finally allocated the bond proceeds to the King Street Multimodal Terminal, Bridge Seismic, Rehabilitation and Replacement, Pay Stations, Fire Station projects, and the South Lake Union Property Proceeds Account.

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The **2009 Multipurpose Long-Term General Obligation Bond Fund** was established in 2008 to account for the proceeds of the bonds issued in March 2009 to provide funding for the costs of capital projects including the Alaskan Way Viaduct/Seawall, North Precinct, Northgate Land, Northgate Park, Rainer Beach Community Center, Trails, Bridge Rehabilitation, King and Spokane Streets projects, and the Municipal Jail.

The **2010 Multipurpose Long-Term General Obligation Bond Fund** was established in 2010 to account for the proceeds of the bonds issued in March 2010 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation, Bridge Seismic Retrofit, Mercer Corridor-South Lake Union, Mercer Corridor West, King Street Station Multimodal Terminal, Alaskan Way Viaduct, Parking Pay Stations, Pike Place Market Renovation, Golf Course Improvements, and Tier-1 Storage Area Network.

The **2011 Multipurpose Long-Term General Obligation Bond Fund** was established in 2011 to account for the proceeds of the bonds issued in March 2011 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation and Seismic Retrofit, Parking and Program Management, Facility Energy Retrofits, Rainier Beach Community Center, King Street Station Multimodal Terminal, Seattle Center Renovations, Pike Place Market Renovation, Golf Course Improvements, and Alaska Way Viaduct and Seawall.

The **2012 Multipurpose Long-Term General Obligation Bond Fund** was established in 2012 to account for the proceeds of the bonds issued in May 2012 to provide funding for the costs of capital projects relating to Bridge Seismic Retrofit, the Mercer Corridor-South Lake Union, Mercer Corridor West, Linden Avenue North, Alaskan Way Viaduct Seawall, Alaskan Way Viaduct Parking and Program Management, Rainier Beach Community Center, Magnuson Park Building 30, and Library Information Technology Systems.

The **2013 Multipurpose Long-Term General Obligation Bond Fund** was established in 2013 to account for the proceeds of bonds issued in June 2013 to provide funding for the costs of capital projects relating to Transportation Infrastructure, Recreational and Public Safety facilities, and Information Technology Systems.

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

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

The **2013 King County Parks Levy Fund** was established in 2013 to account for the issuance and sale of limited tax general obligation bonds to pay all or part of the City's capital improvement program, to refinance certain outstanding bonds of the Pike Place Market Preservation and Development Authority and the Seattle-Chinatown-International District Preservation and Development Authority, improvements to Benaroya Hall and to pay the cost of issuance of the bonds.

The **2014 Multipurpose Long-Term General Obligation Bond Fund** was established in 2014 to pay all or part of the cost of various City's capital improvement programs and other City purposes, to carry out the refunding for the Pike Place Market Preservation and Development Authority and the Seattle-Chinatown-International District Preservation and Development Authority, to pay the costs of the Benaroya Hall Music Center projects, and to pay other general obligation Bonds.

The **2015 Multipurpose Long-Term General Obligation Bond Fund** was established in 2014 to account for the proceeds of the issuance of bonds to provide funding for the City's capital projects such as King Street Station, Bridge Seismic Refits, Fire Station Projects, Mercer Corridor projects, and other capital projects.

The **2016 Multipurpose Long-Term General Obligation Bond Fund** was established in 2015 to pay all or part of the costs of various elements of the City's capital improvement program and other City purposes approved by ordinance, to provide a contribution to the Pike Place market Preservation and Development Authority for the financing of certain improvements, and to pay the costs of issuance of the bonds.

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

The **2018 Multipurpose Long-Term General Obligation Bond Fund** was established in 2017 to pay all or part of the costs of various elements of the City's capital improvement program such as Low Income Housing, Alaska Way Corridor, Financial IT Upgrades, Municipal Court IT Upgrades, and other City purposes approved by ordinance.

The **2019 Multipurpose Long-Term General Obligation Bond Fund** was established in 2018 to pay all or part of the costs of various elements of the City's capital improvement program such as Elliot Bay Seawall, Seattle Municipal Tower Chiller, Seattle Police IT Infrastructure, Low Income Housing and other City purposes approved by ordinance.

PERMANENT FUNDS

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

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

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SUMMARY BY FUND TYPE December 31, 2019 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2019	Comparative Totals 2018
ASSETS						
Cash and Equity in Pooled Investments	\$ 552,710	\$ 11,863	\$ 69,034	\$ 1,981	\$ 635,588	\$ 648,890
Receivables, Net of Allowances	20,557	481	6,549	3	27,590	36,565
Due from Other Funds	288	—	8,919	—	9,207	49,000
Due from Other Governments	44,204	—	134	—	44,338	26,131
Interfund Loans and Advances	—	—	—	—	—	8,000
Other Current Assets	661	—	5	—	666	686
Total Assets	618,420	12,344	84,641	1,984	717,389	769,272
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 618,420	\$ 12,344	\$ 84,641	\$ 1,984	\$ 717,389	\$ 769,272
LIABILITIES						
Accounts Payable	\$ 12,055	\$ —	\$ 2,225	\$ —	\$ 14,280	\$ 21,288
Contracts Payable	447	—	5	—	452	401
Salaries, Benefits, and Taxes Payable	12,017	—	113	—	12,130	6,736
Due to Other Funds	684	—	8,918	—	9,602	100,532
Due to Other Governments	5,198	—	—	—	5,198	5,198
Revenues Collected in Advance	10,212	—	104	—	10,316	9,171
Interfund Loans and Advances	2,000	50	1,500	—	3,550	30,290
Other Current Liabilities	20,862	—	86	—	20,948	10,026
Total Liabilities	63,475	50	12,951	—	76,476	183,642
DEFERRED INFLOWS OF RESOURCES						
	2,373	391	5,862	—	8,626	9,499
FUND BALANCES						
Nonspendable	740	—	—	2,050	2,790	2,790
Restricted	538,641	11,903	67,586	106	618,236	564,282
Committed	5,154	—	—	—	5,154	12,742
Assigned	10,844	—	—	—	10,844	12,915
Unassigned	(2,807)	—	(1,758)	(172)	(4,737)	(16,598)
Total Fund Balances	552,572	11,903	65,828	1,984	632,287	576,131
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 618,420	\$ 12,344	\$ 84,641	\$ 1,984	\$ 717,389	\$ 769,272

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2019 (In Thousands)

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
ASSETS						
Cash and Equity in Pooled Investments	\$ 33,760	\$ 70	\$ —	\$ 396	\$ 2,493	\$ 6,737
Receivables, Net of Allowances	9,697	49	—	10	3,540	723
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	1,133	76	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	409	—	—	—	252	—
Total Assets	44,999	195	—	406	6,285	7,460
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 44,999	\$ 195	\$ —	\$ 406	\$ 6,285	\$ 7,460
LIABILITIES						
Accounts Payable	\$ 3,578	\$ 41	\$ —	\$ —	\$ 428	\$ 29
Contracts Payable	412	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	6,554	11	—	—	2,238	11
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	440	950	—	—	1,466	—
Interfund Loans and Advances	—	2,000	—	—	—	—
Other Current Liabilities	11,523	—	—	—	20	—
Total Liabilities	22,507	3,002	—	—	4,152	40
DEFERRED INFLOWS OF RESOURCES						
	(61)	—	—	9	—	—
FUND BALANCES						
Nonspendable	466	—	—	—	274	—
Restricted	14,042	—	—	397	1,859	7,420
Committed	—	—	—	—	—	—
Assigned	8,045	—	—	—	—	—
Unassigned	—	(2,807)	—	—	—	—
Total Fund Balances	22,553	(2,807)	—	397	2,133	7,420
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,999	\$ 195	\$ —	\$ 406	\$ 6,285	\$ 7,460

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2019 (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	\$ 4,805	\$ 2,571	\$ 251,244	\$ 5,472	\$ 26,929	\$ 9,785
Receivables, Net of Allowances	55	646	1,742	413	303	253
Due from Other Funds	—	185	—	—	—	—
Due from Other Governments	—	26,553	3,770	1,734	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	4,860	29,955	256,756	7,619	27,232	10,038
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 4,860	\$ 29,955	\$ 256,756	\$ 7,619	\$ 27,232	\$ 10,038
LIABILITIES						
Accounts Payable	\$ 13	\$ (1,817)	\$ 2,305	\$ 29	\$ 446	\$ 326
Contracts Payable	33	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	1,223	—	451	55	50
Due to Other Funds	—	463	—	—	—	—
Due to Other Governments	—	5,198	—	—	—	—
Revenues Collected in Advance	—	7,356	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	4,974	47	4,298	—	—
Total Liabilities	46	17,397	2,352	4,778	501	376
DEFERRED INFLOWS OF RESOURCES	35	—	473	42	179	(7)
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	12,183	253,931	—	26,552	9,669
Committed	4,779	375	—	—	—	—
Assigned	—	—	—	2,799	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	4,779	12,558	253,931	2,799	26,552	9,669
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,860	\$ 29,955	\$ 256,756	\$ 7,619	\$ 27,232	\$ 10,038

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2019 (In Thousands)

	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas	Transportatio n Benefit District	Families, Education, Preschool and Promise Levy
ASSETS						
Cash and Equity in Pooled Investments	\$ 7,070	\$ 10,842	\$ 54,056	\$ 6,974	\$ 37,108	\$ 73,777
Receivables, Net of Allowances	377	23	1,256	12	79	1,274
Due from Other Funds	—	1	—	—	—	102
Due from Other Governments	—	—	—	—	10,938	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	7,447	10,866	55,312	6,986	48,125	75,153
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 7,447	\$ 10,866	\$ 55,312	\$ 6,986	\$ 48,125	\$ 75,153
LIABILITIES						
Accounts Payable	\$ 634	\$ 19	\$ 2,438	\$ 1,193	\$ —	\$ 2,283
Contracts Payable	—	—	2	—	—	—
Salaries, Benefits, and Taxes Payable	303	57	526	—	118	321
Due to Other Funds	—	—	—	—	221	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	937	76	2,966	1,193	339	2,604
DEFERRED INFLOWS OF RESOURCES	297	—	576	—	—	830
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	6,213	10,790	51,770	5,793	47,786	71,719
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	6,213	10,790	51,770	5,793	47,786	71,719
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,447	\$ 10,866	\$ 55,312	\$ 6,986	\$ 48,125	\$ 75,153

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2019
(In Thousands)**

	General Trust	Municipal Arts	General Donation and Gift Trust	2019	Comparative Totals 2018
ASSETS					
Cash and Equity in Pooled Investments	\$ 3,639	\$ 11,698	\$ 3,284	\$ 552,710	\$ 545,989
Receivables, Net of Allowances	6	19	80	20,557	28,208
Due from Other Funds	—	—	—	288	38,682
Due from Other Governments	—	—	—	44,204	25,805
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	661	686
Total Assets	3,645	11,717	3,364	618,420	639,370
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 3,645	\$ 11,717	\$ 3,364	\$ 618,420	\$ 639,370
LIABILITIES					
Accounts Payable	\$ 10	\$ 45	\$ 55	\$ 12,055	\$ 20,349
Contracts Payable	—	—	—	447	397
Salaries, Benefits, and Taxes Payable	1	95	3	12,017	6,725
Due to Other Funds	—	—	—	684	72,109
Due to Other Governments	—	—	—	5,198	5,198
Revenues Collected in Advance	—	—	—	10,212	9,066
Interfund Loans and Advances	—	—	—	2,000	8,289
Other Current Liabilities	—	—	—	20,862	9,940
Total Liabilities	11	140	58	63,475	132,073
DEFERRED INFLOWS OF RESOURCES					
	—	—	—	2,373	1,875
FUND BALANCES					
Nonspendable	—	—	—	740	740
Restricted	3,634	11,577	3,306	538,641	482,220
Committed	—	—	—	5,154	12,742
Assigned	—	—	—	10,844	12,915
Unassigned	—	—	—	(2,807)	(3,195)
Total Fund Balances	3,634	11,577	3,306	552,572	505,422
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,645	\$ 11,717	\$ 3,364	\$ 618,420	\$ 639,370

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
December 31, 2019
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	2019	Comparative Totals 2018
ASSETS					
Cash and Equity in Pooled Investments	\$ 10,911	\$ 9	\$ 943	\$ 11,863	\$ 11,596
Receivables, Net of Allowances	479	—	2	481	470
Due from Other Funds	—	—	—	—	26
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	11,390	9	945	12,344	12,092
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 11,390	\$ 9	\$ 945	\$ 12,344	\$ 12,092
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	—	—	—	—	35
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	50	—	—	50	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	50	—	—	50	35
DEFERRED INFLOWS OF RESOURCES					
	391	—	—	391	363
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	10,949	9	945	11,903	11,694
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	10,949	9	945	11,903	11,694
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,390	\$ 9	\$ 945	\$ 12,344	\$ 12,092

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2019 (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	\$ 539	\$ 10	\$ 2	\$ 3,398	\$ 25	\$ 15,399
Receivables, Net of Allowances	1	—	—	6	—	27
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	134	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	540	10	2	3,538	25	15,426
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 540	\$ 10	\$ 2	\$ 3,538	\$ 25	\$ 15,426
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ 136	\$ —	\$ 370
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	3	—	15
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	64
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	139	—	449
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	1
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	540	10	2	3,399	25	14,976
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	540	10	2	3,399	25	14,976
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 540	\$ 10	\$ 2	\$ 3,538	\$ 25	\$ 15,426

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2019 (In Thousands)

	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District No. 6750	2008 Multipurpose Long-Term General Obligation
ASSETS						
Cash and Equity in Pooled Investments	\$ 2,500	\$ 1,024	\$ 481	\$ 391	\$ 259	\$ 36
Receivables, Net of Allowances	4	2	1	1	6,267	—
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	4	—	—	—
Total Assets	2,504	1,026	486	392	6,526	36
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 2,504	\$ 1,026	\$ 486	\$ 392	\$ 6,526	\$ 36
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	13	—	1	—	—	—
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	13	—	1	—	—	—
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	5,861	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,491	1,026	485	392	665	36
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	2,491	1,026	485	392	665	36
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,504	\$ 1,026	\$ 486	\$ 392	\$ 6,526	\$ 36

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Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2019 (In Thousands)

	2009 Multipurpose Long-Term General Obligation	2010 Multipurpose Long-Term General Obligation	2011 Multipurpose Long-Term General Obligation	2012 Multipurpose Long-Term General Obligation	2013 Multipurpose Long-Term General Obligation	Alaskan Way Seawall Construction
ASSETS						
Cash and Equity in Pooled Investments	\$ —	\$ 71	\$ 332	\$ 232	\$ 131	\$ 2,503
Receivables, Net of Allowances	—	—	1	—	—	4
Due from Other Funds	—	—	—	—	—	1
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	—	71	333	232	131	2,508
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ —	\$ 71	\$ 333	\$ 232	\$ 131	\$ 2,508
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	5	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	3	1
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	8	1
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	71	333	232	123	2,507
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	—	71	333	232	123	2,507
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ —	\$ 71	\$ 333	\$ 232	\$ 131	\$ 2,508

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2019 (In Thousands)

	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation	2016 Multipurpose Long-Term General Obligation	2017 Multipurpose Long-Term General Obligation
ASSETS						
Cash and Equity in Pooled Investments	\$ 46	\$ 4,898	\$ 141	\$ 1,285	\$ 2,095	\$ 10,032
Receivables, Net of Allowances	54	9	—	2	7	103
Due from Other Funds	—	—	—	—	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	1	—
Total Assets	100	4,907	141	1,287	2,103	10,135
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 100	\$ 4,907	\$ 141	\$ 1,287	\$ 2,103	\$ 10,135
LIABILITIES						
Accounts Payable	\$ 283	\$ 66	\$ —	\$ —	\$ —	\$ 1
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	35	—	—	—	2	10
Due to Other Funds	—	—	—	—	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	40	—	—	—	—	—
Interfund Loans and Advances	1,500	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	86
Total Liabilities	1,858	66	—	—	2	97
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	4,841	141	1,287	2,101	10,038
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	(1,758)	—	—	—	—	—
Total Fund Balances	(1,758)	4,841	141	1,287	2,101	10,038
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 100	\$ 4,907	\$ 141	\$ 1,287	\$ 2,103	\$ 10,135

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Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2019 (In Thousands)

	2018 Multipurpose Long Term General Obligation Bond Fund	2019 Multipurpose Long Term General Obligation Bond Fund	2019	2018
ASSETS				
Cash and Equity in Pooled Investments	\$ 5,729	\$ 17,475	\$ 69,034	\$ 89,084
Receivables, Net of Allowances	8	52	6,549	7,887
Due from Other Funds	—	9,360	9,361	10,282
Due from Other Governments	—	—	134	326
Interfund Loans and Advances	—	—	—	8,000
Other Current Assets	—	—	5	—
Total Assets	5,737	26,887	85,083	115,579
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 5,737	\$ 26,887	\$ 85,083	\$ 1,287
LIABILITIES				
Accounts Payable	\$ —	\$ 1,369	\$ 2,225	\$ 938
Contracts Payable	—	—	5	5
Salaries, Benefits, and Taxes Payable	13	17	113	10
Due to Other Funds	442	8,918	9,360	28,382
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	104	104
Interfund Loans and Advances	—	—	1,500	22,001
Other Current Liabilities	—	—	86	86
Total Liabilities	455	10,304	13,393	51,526
DEFERRED INFLOWS OF RESOURCES	—	—	5,862	7,262
FUND BALANCES				
Nonspendable	—	—	—	—
Restricted	5,282	16,583	67,586	70,194
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	(1,758)	(13,403)
Total Fund Balances	5,282	16,583	65,828	56,791
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,737	\$ 26,887	\$ 85,083	\$ 115,579

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS PERMANENT December 31, 2019 (In Thousands)

	H. H. Dearborn	Beach Maintenance Trust	2019	Comparative Totals 2018
ASSETS				
Cash and Equity in Pooled Investments	\$ 156	\$ 1,825	\$ 1,981	\$ 2,221
Receivables, Net of Allowances	—	3	3	—
Due from Other Funds	—	—	—	8
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
Total Assets	156	1,828	1,984	2,229
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 156	\$ 1,828	\$ 1,984	\$ 2,229
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Due to Other Funds	—	—	—	4
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Liabilities	—	—	—	—
Total Liabilities	—	—	—	4
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
FUND BALANCES				
Nonspendable	50	2,000	2,050	2,050
Restricted	106	—	106	175
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	(172)	(172)	—
Total Fund Balances	156	1,828	1,984	2,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 156	\$ 1,828	\$ 1,984	\$ 2,229

Nonmajor Governmental Funds

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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, 2019
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	2019	Comparative Totals 2018
REVENUES						
Taxes	\$ 287,796	\$ 22,574	\$ 1	\$ —	\$ 310,371	\$ 271,934
Licenses and Permits	—	—	—	—	—	2,033
Grants, Shared Revenues, and Contributions	73,047	1,422	16,829	—	91,298	84,058
Charges for Services	84,958	—	358	—	85,316	125,451
Fines and Forfeits	9,744	—	22	—	9,766	13,579
Parking Fees and Space Rent	25,051	347	642	—	26,040	30,218
Program Income, Interest, and Miscellaneous Revenues	48,076	1,395	4,176	86	53,733	32,678
Total Revenues	528,672	25,738	22,028	86	576,524	559,951
EXPENDITURES						
Current						
General Government	6,534	—	13,708	—	20,242	22,975
Public Safety	1,723	—	55	—	1,778	3,785
Physical Environment	325	—	—	—	325	686
Transportation	96,973	—	10,640	—	107,613	86,392
Economic Environment	134,358	—	5,645	—	140,003	154,822
Health and Human Services	94,876	—	—	—	94,876	82,431
Culture and Recreation	119,433	—	6,682	2	126,117	110,505
Capital Outlay						
General Government	—	—	218	—	218	1,346
Public Safety	20	—	17	—	37	129
Physical Environment	—	—	—	—	—	101
Transportation	4,709	—	9,855	—	14,564	17,889
Economic Environment	—	—	—	—	—	8
Culture and Recreation	24,446	—	7,041	325	31,812	18,269
Debt Service						
Principal	4	72,646	1,215	—	73,865	79,220
Interest	—	41,678	1,540	—	43,218	43,758
Bond Issuance Cost	3	—	229	—	232	397
Total Expenditures	483,404	114,324	56,845	327	654,900	622,713
Excess (Deficiency) of Revenues over Expenditures	45,268	(88,586)	(34,817)	(241)	(78,376)	(62,762)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	39,825	—	39,825	49,975
Premium on Bonds Issued	—	—	5,053	—	5,053	3,186
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	73	—	—	—	73	—
Transfers In	9,444	88,795	964	—	99,203	89,910
Transfers Out	(7,635)	—	(1,989)	—	(9,624)	(18,220)
Total Other Financing Sources (Uses)	1,882	88,795	43,853	—	134,530	124,851
Net Change in Fund Balance	47,150	209	9,036	(241)	56,154	62,089
Fund Balances - Beginning of Year	505,423	11,694	56,792	2,225	576,134	510,307
Restatements/Prior-Year Adjustments	(1)	—	—	—	(1)	3,735
Fund Balances - Beginning of Year as Restated	505,422	11,694	56,792	2,225	576,133	514,042
Fund Balances - End of Year	\$ 552,842	\$ 11,903	\$ 65,828	\$ 1,984	\$ 632,572	\$ 576,131

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The City of Seattle

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

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	3,532	546	—	—	—	—
Charges for Services	27,825	8,824	—	—	4,454	2,919
Fines and Forfeits	1	—	—	—	—	—
Parking Fees and Space Rent	9,977	89	—	—	14,985	—
Program Income, Interest, and Miscellaneous Revenues	13,526	(5)	—	16	1,215	241
Total Revenues	54,861	9,454	—	16	20,654	3,160
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	18,168	—	—	—	—
Economic Environment	—	—	—	—	—	869
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	40,298	—	—	—	24,316	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	10	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	422	—	—	—	18	—
Debt Service						
Principal	—	—	—	—	4	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	3	—
Total Expenditures	40,720	18,178	—	—	24,341	869
Excess (Deficiency) of Revenues over Expenditures	14,141	(8,724)	—	16	(3,716)	2,291
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	3	—	—	—	70	—
Transfers In	102	9,112	—	—	202	—
Transfers Out	(1,265)	—	—	—	(479)	—
Total Other Financing Sources (Uses)	(1,160)	9,112	—	—	(149)	—
Net Change in Fund Balance	12,981	388	—	16	(3,894)	2,291
Fund Balances - Beginning of Year	9,572	(3,195)	—	381	6,027	5,129
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	9,572	(3,195)	—	381	6,027	5,129
Fund Balances - End of Year	\$ 22,553	\$ (2,807)	\$ —	\$ 397	\$ 2,133	\$ 7,420

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Nonmajor Governmental Funds

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	Election Vouchers Fund	Human Service Operating	Low-Income Housing	Office of Housing	Education and Development Services	Preschool Levy 2014
REVENUES						
Taxes	\$ 2,976	\$ —	\$ 35,834	\$ 3,579	\$ 311	\$ 140
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	64,162	2,680	1,309	—	—
Charges for Services	—	1,042	31,882	2,833	—	556
Fines and Forfeits	—	86	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	206	4,460	17,274	166	1,555	628
Total Revenues	3,182	69,750	87,670	7,887	1,866	1,324
EXPENDITURES						
Current						
General Government	3,888	2,646	—	—	—	—
Public Safety	—	573	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	34,010	68,643	7,201	—	—
Health and Human Services	—	37,624	—	—	28,344	13,630
Culture and Recreation	—	—	—	—	—	1
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	3,888	74,853	68,643	7,201	28,344	13,631
Excess (Deficiency) of Revenues over Expenditures	(706)	(5,103)	19,027	686	(26,478)	(12,307)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	(706)	(5,103)	19,027	686	(26,478)	(12,307)
Fund Balances - Beginning of Year	5,485	17,661	234,904	2,113	53,030	21,976
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	5,485	17,661	234,904	2,113	53,030	21,976
Fund Balances - End of Year	\$ 4,779	\$ 12,558	\$ 253,931	\$ 2,799	\$ 26,552	\$ 9,669

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	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas	Transportation Benefit District	Families, Education Promise Levy
REVENUES						
Taxes	\$ 17,908	\$ —	\$ 52,058	\$ 25,712	\$ 64,832	\$ 84,446
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	(1)	923
Fines and Forfeits	—	9,657	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	328	601	2,809	298	2,026	1,628
Total Revenues	18,236	10,258	54,867	26,010	66,857	86,997
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	8,945	—	—	69,860	—
Economic Environment	—	—	—	23,630	—	—
Health and Human Services	—	—	—	—	—	15,278
Culture and Recreation	12,309	—	39,414	—	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	3,298	—	—	1,401	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	909	—	22,999	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	13,218	12,243	62,413	23,630	71,261	15,278
Excess (Deficiency) of Revenues over Expenditures	5,018	(1,985)	(7,546)	2,380	(4,404)	71,719
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	(4,973)	(918)	—	—	—	—
Total Other Financing Sources (Uses)	(4,973)	(918)	—	—	—	—
Net Change in Fund Balance	45	(2,903)	(7,546)	2,380	(4,404)	71,719
Fund Balances - Beginning of Year	6,168	13,693	59,316	3,413	52,191	—
Restatements/Prior-Year Adjustments	—	—	—	—	(1)	—
Fund Balances - Beginning of Year as Restated	6,168	13,693	59,316	3,413	52,190	—
Fund Balances - End of Year	\$ 6,213	\$ 10,790	\$ 51,770	\$ 5,793	\$ 47,786	\$ 71,719

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Nonmajor Governmental Funds

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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, 2019
(In Thousands)**

	General Trust	Municipal Arts	General Donation and Gift Trust	2019	Comparative Totals 2018
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ 287,796	\$ 241,806
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	625	—	193	73,047	78,555
Charges for Services	—	3,701	—	84,958	122,383
Fines and Forfeits	—	—	—	9,744	13,540
Parking Fees and Space Rent	—	—	—	25,051	29,723
Program Income, Interest, and Miscellaneous Revenues	144	452	508	48,076	28,105
Total Revenues	769	4,153	701	528,672	514,112
EXPENDITURES					
Current					
General Government	—	—	—	6,534	13,875
Public Safety	456	—	694	1,723	2,992
Physical Environment	—	—	325	325	—
Transportation	—	—	—	96,973	67,757
Economic Environment	—	—	5	134,358	141,065
Health and Human Services	—	—	—	94,876	82,431
Culture and Recreation	2	3,089	4	119,433	107,528
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	20	20	12
Physical Environment	—	—	—	—	—
Transportation	—	—	—	4,709	5,144
Economic Environment	—	—	—	—	7
Culture and Recreation	98	—	—	24,446	10,083
Debt Service					
Principal	—	—	—	4	10
Interest	—	—	—	—	677
Bond Issuance Cost	—	—	—	3	—
Total Expenditures	556	3,089	1,048	483,404	431,581
Excess (Deficiency) of Revenues over Expenditures	213	1,064	(347)	45,239	82,531
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	73	—
Transfers In	28	—	—	9,444	1,473
Transfers Out	—	—	—	(7,635)	(6,873)
Total Other Financing Sources (Uses)	28	—	—	1,882	(5,400)
Net Change in Fund Balance	241	1,064	(347)	47,150	77,131
Fund Balances - Beginning of Year	3,393	10,513	3,653	505,423	424,543
Restatements/Prior-Year Adjustments	—	—	—	(1)	3,749
Fund Balances - Beginning of Year as Restated	3,393	10,513	3,653	505,422	428,292
Fund Balances - End of Year	\$ 3,634	\$ 11,577	\$ 3,306	\$ 552,572	\$ 505,422

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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, 2019
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2019	Comparative Totals 2018
REVENUES					
Taxes	\$ 22,574	\$ —	\$ —	\$ 22,574	\$ 30,125
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,422	—	—	1,422	503
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	347	—	—	347	349
Program Income, Interest, and Miscellaneous Revenues	1,357	1	37	1,395	2,205
Total Revenues	25,700	1	37	25,738	33,182
EXPENDITURES					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Debt Service					
Principal	72,646	—	—	72,646	78,110
Interest	41,678	—	—	41,678	42,824
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	114,324	—	—	114,324	120,934
Excess (Deficiency) of Revenues over Expenditures	(88,624)	1	37	(88,586)	(87,752)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	88,795	—	—	88,795	88,156
Transfers Out	—	—	—	—	—
Total Other Financing Sources (Uses)	88,795	—	—	88,795	88,156
Net Change in Fund Balance	171	1	37	209	404
Fund Balances - Beginning of Year	10,778	8	908	11,694	11,290
Fund Balances - End of Year	\$ 10,949	\$ 9	\$ 945	\$ 11,903	\$ 11,694

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Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2019
(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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	134	—	589
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	39	—	—	226	1	867
Total Revenues	39	—	—	360	1	1,457
EXPENDITURES						
Current						
General Government	—	—	—	56	—	121
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	2
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	663	—	704
Capital Outlay						
General Government	—	—	—	—	—	218
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	1
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	4,327	—	2,050
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	—	—	5,046	—	3,081
Excess (Deficiency) of Revenues over Expenditures	39	—	—	(4,686)	1	(1,639)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	39	—	—	(4,686)	1	(1,639)
Fund Balances - Beginning of Year	501	10	2	8,085	24	16,615
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	501	10	2	8,085	24	16,615
Fund Balances - End of Year	\$ 540	\$ 10	\$ 2	\$ 3,399	\$ 25	\$ 14,976

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

	Seattle Center Community Center	Municipal Civic Center	2003 Fire Facilities	Garage Proceeds Disposition Fund	Local Improvement, District No. 6750	2008 Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	290	—	—	—	1,250	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	22	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	99	41	22	16	303	1
Total Revenues	389	41	22	16	1,575	1
EXPENDITURES						
Current						
General Government	5	—	52	—	—	—
Public Safety	—	—	15	—	—	—
Physical Environment	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	636	—	—	—	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	130	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	1,215	—
Interest	—	—	—	—	211	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	771	—	67	—	1,426	—
Excess (Deficiency) of Revenues over Expenditures	(382)	41	(45)	16	149	1
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	506	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	506	—	—	—	—	—
Net Change in Fund Balance	124	41	(45)	16	149	1
Fund Balances - Beginning of Year	2,367	985	530	376	516	35
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	2,367	985	530	376	516	35
Fund Balances - End of Year	\$ 2,491	\$ 1,026	\$ 485	\$ 392	\$ 665	\$ 36

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Nonmajor Governmental Funds

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

	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	3	14	9	4	131
Total Revenues	—	3	14	9	4	131
EXPENDITURES						
Current						
General Government	—	—	23	1	—	1
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	158
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	1,403
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	633
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	(565)
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	—	—	23	1	—	1,630
Excess (Deficiency) of Revenues over Expenditures	—	3	(9)	8	4	(1,499)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—
Net Change in Fund Balance	—	3	(9)	8	4	(1,499)
Fund Balances - Beginning of Year	—	68	342	224	119	4,006
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	—	68	342	224	119	4,006
Fund Balances - End of Year	\$ —	\$ 71	\$ 333	\$ 232	\$ 123	\$ 2,507

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

	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	12,300	2,266	—	—	—	—
Charges for Services	358	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	642	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	451	208	6	55	200	440
Total Revenues	13,751	2,474	6	55	200	440
EXPENDITURES						
Current						
General Government	1,569	—	—	86	231	10
Public Safety	—	—	—	—	28	12
Physical Environment	—	—	—	—	—	—
Transportation	(2,782)	—	—	128	800	1,280
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	2,601	667	—	8	—	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	17	—
Physical Environment	—	—	—	—	—	—
Transportation	347	—	—	122	2,472	538
Economic Environment	—	—	—	—	—	—
Culture and Recreation	371	728	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	2,106	1,395	—	344	3,548	1,840
Excess (Deficiency) of Revenues over Expenditures	11,645	1,079	6	(289)	(3,348)	(1,400)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	—	—	—	—	—
Transfers Out	—	(1,531)	—	—	(458)	—
Total Other Financing Sources (Uses)	—	(1,531)	—	—	(458)	—
Net Change in Fund Balance	11,645	(452)	6	(289)	(3,806)	(1,400)
Fund Balances - Beginning of Year	(13,403)	5,293	135	1,576	5,907	11,438
Restatements/Prior-Year Adjustments	—	—	—	—	—	—
Fund Balances - Beginning of Year as Restated	(13,403)	5,293	135	1,576	5,907	11,438
Fund Balances - End of Year	\$ (1,758)	\$ 4,841	\$ 141	\$ 1,287	\$ 2,101	\$ 10,038

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Nonmajor Governmental Funds

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 5 of 5 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2019
(In Thousands)

	2018 Multipurpose Long-Term General Obligation Bond	2019 Multipurpose Long-Term General Obligation Bond	2019	Comparative Totals 2018
REVENUES				
Taxes	\$ —	\$ —	\$ 1	\$ 4
Licenses and Permits	—	—	—	2,033
Grants, Shared Revenues, and Contributions	—	—	16,829	5,000
Charges for Services	—	—	358	3,069
Fines and Forfeits	—	—	22	39
Parking Fees and Space Rent	—	—	642	146
Program Income, Interest, and Miscellaneous Revenues	397	643	4,176	2,324
Total Revenues	397	643	22,028	12,615
EXPENDITURES				
Current				
General Government	94	11,459	13,708	9,100
Public Safety	—	—	55	793
Physical Environment	—	—	—	686
Transportation	2,094	8,960	10,640	18,635
Economic Environment	4,115	1,530	5,645	13,757
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	6,682	2,975
Capital Outlay				
General Government	—	—	218	1,346
Public Safety	—	—	17	117
Physical Environment	—	—	—	101
Transportation	311	5,431	9,855	12,745
Economic Environment	—	—	—	1
Culture and Recreation	—	—	7,041	8,161
Debt Service				
Principal	—	—	1,215	1,100
Interest	—	1,329	1,540	257
Bond Issuance Cost	—	229	—	397
Total Expenditures	6,614	28,938	56,845	70,171
Excess (Deficiency) of Revenues over Expenditures	(6,217)	(28,295)	(34,817)	(57,556)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	39,825	39,825	49,975
Premium on Bonds Issued	—	5,053	5,053	3,186
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	458	—	964	281
Transfers Out	—	—	(1,989)	(11,347)
Total Other Financing Sources (Uses)	458	44,878	43,853	42,095
Net Change in Fund Balance	(5,759)	16,583	9,036	(15,461)
Fund Balances - Beginning of Year	11,041	—	56,791	72,266
Restatements/Prior-Year Adjustments	—	—	1	(14)
Fund Balances - Beginning of Year as Restated	11,041	—	56,792	72,252

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The City of Seattle

Fund Balances - End of Year

\$ 5,282	\$ 16,583	\$ 65,828	\$ 56,791
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D-10 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
For the Year Ended December 31, 2019
(In Thousands)

	H. H. Dearborn	Beach Maintenance Trust	2019	Comparative Totals 2018
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—
Charges for Services	—	—	—	—
Fines and Forfeits	—	—	—	—
Parking Fees and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	6	80	86	44
Total Revenues	6	80	86	44
EXPENDITURES				
Current				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	2	2	2
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Culture and Recreation	—	325	325	25
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	—	327	327	27
Excess (Deficiency) of Revenues over Expenditures	6	(247)	(241)	17
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	6	(247)	(241)	17
Fund Balances - Beginning of Year	150	2,075	2,225	2,208
Fund Balances - End of Year	\$ 156	\$ 1,828	\$ 1,984	\$ 2,225

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Budget to Actual

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Budget to Actual

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GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2019 (In Thousands)				
	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 320,118	\$ 320,731	\$ —	\$ 613
Retail Sales and Use Taxes	286,586	293,469	—	6,883
Business Taxes	336,520	345,323	—	8,803
Excise Taxes	97,774	114,296	—	16,522
Other Taxes	32,688	36,639	—	3,951
Interfund Business Taxes	170,111	173,404	—	3,293
Total Taxes	1,243,797	1,283,862	—	40,065
Licenses and Permits	36,349	50,331	—	13,982
Grants, Shared Revenues, and Contributions	28,187	37,339	—	9,152
Charges for Services	70,790	95,582	—	24,792
Fines and Forfeits	26,414	34,529	—	8,115
Parking Fees and Space Rent	41,424	39,105	—	(2,319)
Program Income, Interest, and Miscellaneous Revenues	286,436	383,436	—	97,000
Total Revenues	1,733,397	1,924,184	—	190,787
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	3,941	2,863	188	890
CITY BUDGET OFFICE	7,742	7,203	205	334
CIVIL SERVICE COMMISSIONS	505	469	—	36
CRIMINAL JUSTICE				
Jail Services	18,546	17,895	—	651
Indigent Defense Services	9,610	9,169	—	441
Total Criminal Justice	28,156	27,064	—	1,092
ETHICS AND ELECTIONS	1,050	966	50	34
EXECUTIVE				
Sustainability and Environment	11,311	10,163	319	829
Mayor's Office	7,833	6,996	7	830
Economic Development	13,613	12,259	1,129	225
Intergovernmental Relations	2,963	2,831	—	132
Immigrant and Refugee Affairs	5,436	4,374	401	661
Community Police Commission	1,659	1,543	40	76
Civil Rights	5,348	4,924	187	237
Employee Ombudsman	517	347	—	170
Planning and Community Development	28,542	10,686	3,898	13,958
Total Executive	77,222	54,123	5,981	17,118
FINANCE AND ADMINISTRATIVE SERVICES	8,148	18,136	19,459	(29,447)

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The City of Seattle

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GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2019 (In Thousands)				
	Final Budget	Actual	Encumbrances	Variance
FINANCE GENERAL				
Appropriations to Special Purpose Funds	\$ 68,174	\$ 74,725	\$ —	\$ (6,551)
Reserves	43,004	37,937	—	5,067
Support to Operating Funds	307,395	296,640	—	10,755
Total Finance General	418,573	409,302	—	9,271
FIRE				
Administration	41,107	40,332	—	775
Operations	199,209	176,414	—	22,795
Fire Prevention	9,669	9,668	—	1
Total Fire Department	249,985	226,414	—	23,571
HEARING EXAMINER	1,000	947	10	43
LAW				
Administration	10,652	9,668	8	976
Civil Law	14,153	13,701	37	415
Criminal Prosecution	8,328	7,993	83	252
Precinct Liaison	783	697	—	86
Total Law Department	33,916	32,059	128	1,729
LEGISLATIVE	17,973	16,635	118	1,220
LIBRARY	78,705	74,379	429	3,897
MUNICIPAL COURT				
Court Operations	16,217	15,785	—	432
Corporate Services	14,566	13,854	—	712
Court Compliance	5,588	5,569	—	19
Total Municipal Court	36,371	35,208	—	1,163
NEIGHBORHOODS				
Director's Office	3,893	3,737	22	134
Community Building	7,572	5,090	1,089	1,393
Total Neighborhoods Department	11,465	8,827	1,111	1,527

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Budget to Actual

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GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2019 (In Thousands)				
	Final Budget	Actual	Encumbrances	Variance
HUMAN RESOURCES				
Leadership and Administration	\$ 1,281	\$ 643	\$ —	\$ 638
HR Services	19,951	19,659	13	279
Total Human Resources Department	21,232	20,302	13	917
POLICE				
Chief of Police	10,918	11,131	—	(213)
Professional Accountability	4,206	4,206	—	—
Chief of Staff Program	77,760	77,760	—	—
Deputy Chief Operations	7,954	7,769	—	185
Special Operations Bureau	60,595	60,723	—	(128)
Professional Standards Program	3,584	3,516	—	68
West Precinct Patrol	35,952	35,944	—	8
North Precinct Patrol	38,070	38,059	—	11
South Precinct Patrol	21,210	21,209	—	1
East Precinct Patrol	27,829	27,812	—	17
Southwest Precinct Patrol	18,351	18,344	—	7
Criminal Investigation Administration	13,892	13,892	—	—
Violent Crimes Investigation	9,800	9,799	—	1
Narcotics Investigation	6,078	6,071	—	7
Coordinated Criminal Investigations	10,071	9,934	—	137
Special Victims Program	8,022	8,022	—	—
Field Support	43,822	43,814	—	8
Total Police Department	398,114	398,005	—	109
JUDGMENTS/CLAIMS	35,020	19,211	—	15,809
ARTS ACCOUNT	14,660	10,969	3,526	165
CABLE TELEVISION FRANCHISE	9,518	9,518	—	—
CUMULATIVE RESERVE				
Real Estate Excise Tax I	26,481	25,989	—	492
Real Estate Excise Tax II	33,400	32,905	—	495
Capital Projects Asset Preservation	4,794	4,812	—	(18)
Capital Projects Street Vacation	—	—	—	—
Unrestricted	7,765	7,748	—	17
Total Cumulative Reserve	72,440	71,454	—	986

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The City of Seattle

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GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2019 (In Thousands)				
	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOOD MATCHING	\$ 5,017	\$ 4,206	\$ 750	\$ 61
TRANSIT BENEFIT	6,663	6,480	—	183
INSPECTOR GENERAL FOR PUBLIC SAFETY	1,892	1,700	59	133
OFFICE OF LABOR STANDARDS	8,281	6,107	638	1,536
EDUCATION AND EARLY LEARNING	23,952	13,190	29,166	(18,404)
CONSUMER PROTECTION	12,473	8,838	192	3,443
SEATTLE ANIMAL SHELTER	5,955	5,352	—	603
INDUSTRIAL INSURANCE	23,380	21,154	13	2,213
UNEMPLOYMENT COMPENSATION	2,330	2,261	18	51
HEALTH CARE	240,054	243,205	—	(3,151)
GROUP TERM LIFE INSURANCE	6,515	6,466	—	49
FIREMEN'S PENSION	20,712	17,748	—	2,964
POLICE RELIEF AND PENSION	25,957	22,357	—	3,600
Total Expenditures and Encumbrances	1,908,917	1,803,118	62,054	43,745
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(175,520)	121,066	(62,054)	234,532
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,819	—	—	(1,819)
Transfers In	22,845	10,406	—	(12,439)
Transfers Out	(123,915)	(29,656)	—	94,259
Total Other Financing Sources (Uses)	(99,251)	(19,250)	—	80,001
Net Change in Fund Balance	\$ (274,771)	101,816	\$ (62,054)	\$ 314,533
Fund Balance - Beginning of Year as Restated		483,232		
Fund Balance - End of Year		\$ 585,048		

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Budget to Actual

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TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 99,262	\$ 100,277	\$ —	\$ 1,015
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	47,010	49,232	—	2,222
Other Taxes	—	2	—	2
Total Taxes	146,272	149,511	—	3,239
Licenses and Permits	9,552	6,889	—	(2,663)
Grants, Shared Revenues, and Contributions	67,464	39,742	—	(27,722)
Charges for Services	145,957	85,849	—	(60,108)
Fines and Forfeits	18	176	—	158
Parking Fees and Space Rent	—	272	—	272
Program Income, Interest, and Miscellaneous Revenues	—	4,664	—	4,664
Total Revenues	369,263	287,102	—	(82,161)
EXPENDITURES AND ENCUMBRANCES				
Bridges and Structures	42,905	21,777	3,132	17,996
Mobility Operations	36,591	23,025	2,895	10,671
Right-of-Way Management	37,720	31,749	187	5,784
Street Maintenance	28,755	31,858	3	(3,106)
Department Management	194	2,307	830	(2,943)
General Expense	31,643	1,320	—	30,323
Major Maintenance/Replacement	70,792	70,792	7,599	(7,599)
Major Projects	8,473	8,473	4,982	(4,982)
Mobility Capital	103,188	103,175	12,266	(12,253)
Total Expenditures and Encumbrances	360,261	294,476	31,894	33,891
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	9,002	(7,374)	(31,894)	(48,270)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	20,245	6,199	—	(14,046)
Transfers In	—	1,026	—	1,026
Transfers Out	(3,500)	(38,875)	—	(35,375)
Total Other Financing Sources (Uses)	16,745	(31,650)	—	(48,395)
Net Change in Fund Balance	\$ 25,747	(39,024)	\$ (31,894)	\$ (96,665)
Fund Balance - Beginning of Year		111,432		
Restatements/Prior-Year Adjustments		(26)		
Non-budgetary Revenues/(Expenditures)		(3,704)		
Fund Balance - End of Year		\$ 68,678		

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The City of Seattle

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LOW- INCOME HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 37,862	\$ 35,834	\$ —	\$ (2,028)
Grants, Shared Revenues, and Contributions	7,333	2,680	—	(4,653)
Charges for Services	18,000	31,882	—	13,882
Program Income, Interest, and Miscellaneous Revenues	6,000	17,274	—	11,274
Total Revenues	69,195	87,670	—	18,475
EXPENDITURES AND ENCUMBRANCES				
Homeownership and Substainability	18,304	5,237	3,454	9,613
Multifamily Housing	220,171	63,406	78,168	78,597
Total Expenditures and Encumbrances	238,475	68,643	81,622	88,210
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(169,280)	19,027	(81,622)	(69,735)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ (169,280)	19,027	\$ (81,622)	\$ (69,735)
Fund Balance - Beginning of Year		234,904		
Fund Balance - End of Year		\$ 253,931		

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Budget to Actual

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PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	5,235	3,532	—	(1,703)
Charges for Services	32,290	27,825	—	(4,465)
Fines and Forfeits	—	1	—	1
Parking Fees and Space Rent	6,877	9,977	—	3,100
Program Income, Interest, and Miscellaneous Revenues	891	13,526	—	12,635
Total Revenues	45,293	54,861	—	9,568
EXPENDITURES AND ENCUMBRANCES				
Cost Center M&R	5,231	5,220	—	11
Leadership and Administration	3,251	1,323	348	1,580
Department-wide Programs	1,552	1,467	14	71
Parks & Open Space	3,301	3,300	—	1
Recreation Facility Programs	10,902	10,147	75	680
Golf Course Programs	12,608	11,662	2	944
Seattle Conservation Corps	3,246	3,233	—	13
Zoo and Aquarium Programs	104	6	—	98
2008 Parks Levy	—	—	—	—
Building for the Future – CIP	9,980	969	706	8,305
Debt and Special Funding	272	100	—	172
Fix It First – CIP	9,411	1,633	237	7,541
Maintaining Parks & Facilities	—	—	—	—
SR520 Mitigation	—	—	—	—
Total Expenditures and Encumbrances	59,858	39,060	1,382	19,416
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(14,565)	15,801	(1,382)	28,984
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	3	—	3
Transfers In	—	102	—	102
Transfers Out	—	(1,265)	—	(1,265)
Total Other Financing Sources (Uses)	—	(1,160)	—	1,160
Net Change in Fund Balance	\$ (14,565)	14,641	\$ (1,382)	\$ 27,824
Fund Balance - Beginning of Year		9,572		
Restatements/Prior-Year Adjustments		—		
Non-budgetary Revenues/(Expenditures)		(1,660)		
Fund Balance - End of Year	\$	22,553		

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The City of Seattle

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SEATTLE CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	1,255	—	—	(1,255)
Charges for Services	3,697	4,425	—	728
Parking Fees and Space Rent	16,666	14,985	—	(1,681)
Program Income, Interest, and Miscellaneous Revenues	61	1,215	—	1,154
Total Revenues	21,679	20,625	—	(1,054)
EXPENDITURES AND ENCUMBRANCES				
Building and Campus Improvements	1,007	194	—	813
Campus	13,530	13,495	—	35
Leadership and Administration	5,933	5,443	—	490
Monorail Rehabilitation	3,160	16	14	3,130
McCaw Hall	4,721	5,193	—	(472)
Total Expenditures and Encumbrances	28,351	24,341	14	3,996
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(6,672)	(3,716)	(14)	(2,942)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	70	—	70
Transfers In	—	231	—	231
Transfers Out	(465)	(479)	—	(14)
Total Other Financing Sources (Uses)	(465)	(178)	—	287
Net Change in Fund Balance	\$ (7,137)	(3,894)	\$ (14)	\$ (2,655)
Fund Balance - Beginning of Year		6,027		
Fund Balance - End of Year	\$	2,133		

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Budget to Actual

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**HUMAN SERVICE OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	70,333	64,162	—	(6,171)
Charges for Services	4,447	1,042	—	(3,405)
Fines and Forfeits	—	86	—	86
Program Income, Interest, and Miscellaneous Revenues	—	4,460	—	4,460
Total Revenues	74,780	69,750	—	(5,030)
EXPENDITURES AND ENCUMBRANCES				
Supporting Affordability and Livability	11,173	12,201	—	(1,028)
Preparing Youth for Success	676	536	—	140
Addressing Homelessness	21,127	22,367	—	(1,240)
Supporting Safe Communities	619	561	—	58
Leadership and Administration	3,311	2,710	—	601
Promoting Healthy Aging	37,384	36,446	—	938
Promoting Public Health	33	32	—	1
Total Expenditures and Encumbrances	74,323	74,853	—	(530)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	457	(5,103)	—	(4,500)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ 457	(5,103)	\$ —	\$ (4,500)
Fund Balance - Beginning of Year		17,661		
Fund Balance - End of Year		<u>\$ 12,558</u>		

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The City of Seattle

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**OFFICE OF HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2019
(In Thousands)**

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 3,566	\$ 3,579	\$ —	\$ 13
Grants, Shared Revenues, and Contributions	1,388	1,309	—	(79)
Charges for Services	3,325	2,833	—	(492)
Program Income, Interest, and Miscellaneous Revenues	—	166	—	166
Total Revenues	8,279	7,887	—	(392)
EXPENDITURES AND ENCUMBRANCES				
Leadership and Administration	4,545	3,985	100	460
Homeownership and Substainability	2,924	1,808	—	1,116
Multifamily Housing	1,837	1,408	—	429
Total Expenditures and Encumbrances	9,306	7,201	100	2,005
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(1,027)	686	(100)	(2,397)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ (1,027)	686	\$ (100)	\$ (2,397)
Fund Balance - Beginning of Year		2,113		
Fund Balance - End of Year		<u>\$ 2,799</u>		

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Budget to Actual

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Nonmajor Enterprise Funds

The City of Seattle

NONMAJOR ENTERPRISE FUNDS

The **Construction and Inspections Fund** accounts for building permit fees and monies from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

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Nonmajor Enterprise Funds

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Page 1 of 2

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2019
(In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
ASSETS		
<i>Current Assets</i>		
Operating Cash and Equity in Pooled Investments	\$ 117,536	\$ 96,169
Receivables, Net of Allowances		
Accounts	1,237	1,766
Interest and Dividends	27	33
Due from Other Funds	198	3,557
Due from Other Governments	469	183
Prepayments and Other Current Assets	<u>2</u>	<u>1</u>
Total Current Assets	119,469	101,709
<i>Noncurrent Assets</i>		
Restricted Cash and Equity in Pooled Investments	16	41
Capital Assets		
Machinery and Equipment	852	14,332
Less Accumulated Depreciation	(852)	(14,298)
Other Capital Assets	9,407	8,884
Less Accumulated Depreciation	<u>(2,107)</u>	<u>(702)</u>
Total Noncurrent Assets	<u>7,316</u>	<u>8,257</u>
Total Assets	126,785	109,966
DEFERED OUTFLOWS OF RESOURCES	<u>16,292</u>	<u>5,627</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 143,077</u>	<u>\$ 115,593</u>

The City of Seattle

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COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2019
(In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	\$ 275	\$ 336
Salaries, Benefits, and Payroll Taxes Payable	4,373	2,338
Compensated Absences Payable	143	212
Due to Other Funds	—	1,334
Due to Other Governments	—	(4)
Claims Payable	61	86
Other Current Liabilities	<u>55</u>	<u>159</u>
Total Current Liabilities	4,907	4,461
<i>Noncurrent Liabilities</i>		
Compensated Absences Payable	2,718	2,576
Claims Payable	78	114
Vendor and Other Deposits Payable	16	41
Unearned Revenues and Other Credits	32,017	27,686
Unfunded Other Post-Employment Benefits	2,011	1,996
Net Pension Liability	66,239	48,605
Other Noncurrent Liabilities	<u>28</u>	<u>(37)</u>
Total Noncurrent Liabilities	<u>103,107</u>	<u>80,980</u>
Total Liabilities	108,014	85,441
DEFERED INFLOWS OF RESOURCES	<u>4,696</u>	<u>9,251</u>
NET POSITION		
Net Investment in Capital Assets	7,299	8,215
Unrestricted	<u>23,068</u>	<u>12,686</u>
Total Net Position	<u>30,367</u>	<u>20,901</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 143,077</u>	<u>\$ 115,593</u>

Nonmajor Enterprise Funds

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

	Construction and Inspections	
	2019	Comparative Totals 2018
OPERATING REVENUES		
Charges for Services and Other Fees	\$ 78,743	\$ 73,927
OPERATING EXPENSES		
Operations and Maintenance	58,285	33,186
General and Administrative	14,383	30,369
Depreciation and Amortization	916	708
Total Operating Expenses	73,584	64,263
Operating Income (Loss)	5,159	9,664
NONOPERATING REVENUES (EXPENSES)		
Investment and Interest Income	4,296	1,672
Interest Expense	(11)	(19)
Contributions and Grants	22	—
Total Nonoperating Revenues (Expenses)	4,307	1,653
Income (Loss) Before Capital Contributions and Grants and Transfers	9,466	11,317
Change in Net Position	9,466	11,317
Net Position - Beginning of Year	20,901	9,737
Prior-Year Adjustment	—	(153)
Net Position - Beginning of Year as Restated	20,901	9,584
Net Position - End of Year	\$ 30,367	\$ 20,901

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The City of Seattle

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COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019 (In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 88,252	\$ 75,609
Cash Paid to Suppliers	(21,888)	(37,642)
Cash Paid to Employees	(47,481)	(27,413)
Net Cash from Operating Activities	18,883	10,554
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Grants	23	—
Net Cash from Noncapital Financing Activities	23	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenses and Other Charges Paid	—	238
Net Cash from Capital and Related Financing Activities	—	238
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Investment Income	2,436	1,672
Net Increase (Decrease) in Cash and Equity in Pooled Investments	21,342	12,464
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year	96,210	83,746
End of Year	\$ 117,552	\$ 96,210
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$ 117,536	\$ 96,169
Noncurrent Restricted Cash and Equity in Pooled Investments	16	41
Total Cash at the End of the Year	\$ 117,552	\$ 96,210

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Nonmajor Enterprise Funds

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Page 2 of 2

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2019 (In Thousands)

	Construction and Inspections	
	2019	Comparative Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 5,159	\$ 9,664
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	916	708
Other Operating Expenses	(11)	(469)
Nonoperating Revenues and Expenses	1,860	—
Changes in Operating Assets and Liabilities		
Accounts Receivable	535	(711)
Due from Other Funds	3,359	(2,449)
Due from Other Governments	(287)	215
Accounts Payable	(62)	97
Salaries, Benefits, and Payroll Taxes Payable	2,035	270
Compensated Absences Payable	74	(107)
Due to Other Funds	(1,334)	(938)
Due to Other Governments	4	(4)
Claims Payable	(61)	(244)
Unearned Revenues	4,331	4,626
Other Assets and Liabilities	2,365	(104)
Total Adjustments	13,724	890
Net Cash from Operating Activities	\$ 18,883	\$ 10,554

Internal Service Funds

INTERNAL SERVICE FUNDS

The **Finance and Administrative Services Fund** accounts for support services to other City departments in the areas of financial services, business technology, contracting and purchasing services, fleet management; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management. Additional services provided for the City are regulatory services and operations, and the customer service bureau.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services. Pursuant to Section 7 of the Ordinance 125724, effective January 1, 2019, the Fiber Leasing Fund, established pursuant to Ordinance 123931, has been consolidated into the Information Technology Fund.

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Internal Service Funds

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Page 1 of 2
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2019
(In Thousands)

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
ASSETS				
Current Assets				
Cash and Equity in Pooled Investments	\$ 26,587	\$ 1,397	\$ 27,984	\$ 5,863
Restricted Cash and Equity in Pooled Investments	17,035	—	17,035	10,217
Receivables, Net of Allowances				
Accounts	97	423	520	1,117
Interest and Dividends	1	—	1	2
Unbilled	20	—	20	20
Due from Other Funds	65	8,853	8,918	27,004
Due from Other Governments	108	4	112	89
Materials and Supplies Inventory	2,380	2,415	4,795	3,901
Interfund Loans and Advances	—	700	700	—
Prepayments and Other Current Assets	13	8,396	8,409	5,254
Total Current Assets	46,306	22,188	68,494	53,467
Noncurrent Assets				
Restricted Cash and Equity in Pooled Investments	2,226	101,004	103,230	86,677
Capital Assets				
Land and Land Rights	101,718	—	101,718	108,855
Buildings and Improvements	768,120	2,002	770,122	771,099
Less Accumulated Depreciation	(296,384)	(150)	(296,534)	(278,847)
Machinery and Equipment	203,758	82,260	286,018	280,801
Less Accumulated Depreciation	(107,083)	(56,302)	(163,385)	(150,225)
Construction in Progress	6,582	28,725	35,307	26,136
Other Capital Assets, Net	35,719	12,112	47,831	40,820
Total Noncurrent Assets	714,656	169,651	884,307	885,316
Total Assets	760,962	191,839	952,801	938,783
DEFERRED OUTFLOWS OF RESOURCES				
	22,448	70,044	92,492	67,190
Total Assets and Deferred Outflows of Resources	\$ 783,410	\$ 261,883	\$ 1,045,293	\$ 1,005,973

The City of Seattle

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2019
(In Thousands)

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 9,062	\$ 7,471	\$ 16,533	\$ 14,979
Salaries, Benefits, and Payroll Taxes Payable	4,971	7,621	12,592	7,789
Due to Other Funds	—	8,918	8,918	8,762
Interest Payable	1,698	153	1,851	2,037
Taxes Payable	76	37	113	100
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	17,464	3,980	21,444	27,687
Claims Payable	505	35	540	560
Compensated Absences Payable	240	385	625	901
Other Current Liabilities	11	767	778	75
Total Current Liabilities	34,027	29,367	63,394	62,890
Noncurrent Liabilities				
Compensated Absences Payable	4,558	7,315	11,873	10,949
Claims Payable	674	46	720	746
Vendor and Other Deposits Payable	333	—	333	352
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	170,257	17,149	187,406	200,062
Unfunded Other Post-Employment Benefits	2,877	3,322	6,199	6,354
Net Pension Liability	93,737	133,238	226,975	166,740
Total Noncurrent Liabilities	272,436	161,070	433,506	385,203
Total Liabilities	306,463	190,437	496,900	448,093
DEFERRED INFLOWS OF RESOURCES				
	7,428	4,000	11,428	22,630
NET POSITION				
Net Investment in Capital Assets	524,709	52,401	577,110	576,788
Unrestricted	(55,190)	15,045	(40,145)	(41,538)
Total Net Position	469,519	67,446	536,965	535,250
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 783,410	\$ 261,883	\$ 1,045,293	\$ 1,005,973

Internal Service Funds

F-2

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

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
OPERATING REVENUES				
Charges for Services	\$ 75,783	\$ 227,694	\$ 303,477	\$ 294,753
Rents, Parking, and Concessions	114,025	—	114,025	106,742
Total Operating Revenues	189,808	227,694	417,502	401,495
OPERATING EXPENSES				
Operations and Maintenance	78,469	177,249	255,718	260,594
General and Administrative	28,961	35,844	64,805	45,074
City Business and Occupation Taxes	4	—	4	4
Other Taxes	206	1	207	865
Depreciation and Amortization	41,489	10,285	51,774	48,472
Total Operating Expenses	149,130	223,379	372,509	355,009
Operating Income (Loss)	40,678	4,315	44,993	46,486
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	1,257	3,876	5,133	1,765
Interest Expense	(7,933)	(1,653)	(9,586)	(9,338)
Amortization of Bonds Premiums	2,621	902	3,523	3,533
Amortization of Refunding Loss	—	—	—	(1,818)
Bond Issuance Costs	—	(45)	(45)	(27)
Gain (Loss) on Sale of Capital Assets	(6,798)	(4)	(6,802)	14,911
Others, Net	256	—	256	—
Total Nonoperating Revenues (Expenses)	(10,597)	3,076	(7,521)	9,026
Income (Loss) Before Contributions, Grants, and Transfers	30,081	7,391	37,472	55,512
Capital Contributions and Grants	(4,507)	—	(4,507)	66,305
Transfers In	51	—	51	6,546
Transfers Out	(32,531)	—	(32,531)	(32,750)
Change in Net Position	(6,906)	7,391	485	95,613
Net Position - Beginning of Year	476,425	58,825	535,250	441,654
Prior-Year Adjustment	—	1,230	1,230	(2,017)
Net Position - Beginning of Year as Restated	476,425	60,055	536,480	439,637
Net Position - End of Year	\$ 469,519	\$ 67,446	\$ 536,965	\$ 535,250

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The City of Seattle

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

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 210,410	\$ 225,600	\$ 436,010	\$ 393,623
Cash Paid to Suppliers	(50,189)	(60,736)	(110,925)	(118,750)
Cash Paid to Employees	(56,332)	(127,118)	(183,450)	(166,840)
Cash Paid for Taxes	(187)	(1)	(188)	(863)
Net Cash from Operating Activities	103,702	37,745	141,447	107,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans Provided to Other Funds	—	700	700	51
Operating Grants and Contributions Received	—	—	—	584
Transfers In	51	—	51	6,546
Transfers Out	(32,531)	—	(32,531)	(32,750)
Net Cash from Noncapital Financing Activities	(32,480)	700	(31,780)	(25,569)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Long-Term Debt	—	9,073	9,073	—
Principal Payments on Long-Term Debt	(20,407)	(7,280)	(27,687)	(21,796)
Capital Fees and Grants Received	(2,621)	—	(2,621)	65,721
Capital Expenses and Other Charges Paid	(13,387)	(25,348)	(38,735)	(118,712)
Interest Paid on Long-Term Debt	(8,123)	(1,648)	(9,771)	(9,795)
Debt Issuance Costs	—	(45)	(45)	(27)
Proceeds from Sale of Capital Assets	339	—	339	14,936
Net Cash from Capital and Related Financing Activities	(44,199)	(25,248)	(69,447)	(69,673)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	1,258	4,013	5,271	1,763
Net Increase (Decrease) in Cash and Equity in Pooled Investments	28,281	17,210	45,491	13,691
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year as Restated (a)	17,567	85,191	102,758	89,066
End of Year	\$ 45,848	\$ 102,401	\$ 148,249	\$ 102,757
CASH AT THE END OF THE YEAR CONSISTS OF				
Current Assets Cash and Equity in Pooled Investments	\$ 26,587	\$ 1,397	\$ 27,984	\$ 5,863
Current Restricted Cash and Equity in Pooled Investments	17,035	—	17,035	10,217
Noncurrent Restricted Cash and Equity in Pooled Investments	2,226	101,004	103,230	86,677
Total Cash at the End of the Year	\$ 45,848	\$ 102,401	\$ 148,249	\$ 102,757

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Internal Service Funds

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COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019
(In Thousands)

	Finance and Administrative Services	Information Technology	2019	Comparative Totals 2018
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 40,678	\$ 4,276	\$ 44,954	\$ 46,486
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	41,489	10,285	51,774	48,472
Other Operating Expenses	4,582	38,242	42,824	7,149
Changes in Operating Assets and Liabilities				
Accounts Receivable	(64)	911	847	(1,361)
Unbilled Receivables	—	—	—	17
Due from Other Funds	20,688	(3,688)	17,000	(7,169)
Due from Other Governments	(22)	—	(22)	11
Materials and Supplies Inventory	(221)	(674)	(895)	456
Accounts Payable	1,064	490	1,554	872
Salaries, Benefits, and Payroll Taxes Payable	2,252	2,551	4,803	441
Compensated Absences Payable	192	457	649	(1,404)
Due to Other Funds	(6,833)	6,990	157	6,120
Claims Payable	1	(47)	(46)	(194)
Taxes Payable	23	(10)	13	25
Other Assets and Liabilities	(127)	(22,038)	(22,165)	7,249
Total Adjustments	63,024	33,469	96,493	60,684
Net Cash from Operating Activities	\$ 103,702	\$ 37,745	\$ 141,447	\$ 107,170
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Amortization of Debt Related Costs, Net	2,621	858	3,479	1,688

Fiduciary Funds

The City of Seattle

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COMBINING STATEMENT OF FIDUCIARY NET POSITION

PENSION TRUST FUNDS

December 31, 2019

(In Thousands)

	Employees' Retirement	
	Comparative totals	
	2019	2018
ASSETS		
Cash and Equity in Pooled Investments	\$ —	\$ 4,893
Short-Term Investments	52,036	56,938
Receivables		
Members	321	4,689
Employers	11,628	6,299
Interest and Dividends	4,482	4,602
Sales Proceeds	157,096	78,453
Other	—	—
Total Receivables	173,527	94,043
Investments at Fair Value		
Fixed Income	832,701	795,614
Equity	1,925,924	1,569,484
Real Estate	365,646	336,398
Alternative Investments	—	54,123
Total Investments at Fair Value	3,124,271	2,755,619
Securities Lending Collateral	7,023	4,835
	782	—
Total Assets	3,357,639	2,916,328
LIABILITIES		
Accounts Payable and Other Liabilities	4,012	4,434
Securities Lending Collateral	7,013	4,820
Investment Commitments Payable	196,750	189,636
Total Liabilities	207,775	198,890
Net Position Held in Trust for Pension Benefits	\$ 3,149,864	\$ 2,717,438

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Fiduciary Funds

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COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS For the Year Ended December 31, 2019 (In Thousands)

	Employees' Retirement	
	2019	Comparative totals 2018
ADDITIONS		
Contributions		
Employer	\$ 119,171	\$ 117,816
Plan Member	75,261	76,285
Total Contributions	194,432	194,101
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	426,968	(132,318)
Interest	17,410	17,458
Dividends	20,647	20,629
Total Investment Activities Income	465,025	(94,231)
Investment Activities Expenses		
Investment Management Fees	13,971	10,890
Investment Consultant Fees	—	295
Investment Custodial Fees	—	1,214
Total Investment Activities Expenses	13,971	12,399
Net Income from Investment Activities	451,054	(106,630)
From Securities Lending Activities		
Securities Lending Income	200	205
Borrower Rebates	(3)	(127)
Total Securities Lending Income	197	78
Securities Lending Expenses		
Management Fees	49	18
Total Securities Lending Expenses	49	18
Net Income from Securities Lending Activities	148	60
Total Net Investment Income	451,202	(106,570)
Other Income	14,566	—
Total Additions	660,200	87,531
DEDUCTIONS		
Benefits	203,413	190,475
Refund of Contributions	15,189	20,288
Administrative Expense	9,171	12,205
Total Deductions	227,773	222,968
Change in Net Position	432,427	(135,437)
Net Position - Beginning of Year	2,717,437	2,852,873
Net Position - End of Year	\$ 3,149,864	\$ 2,717,436

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The City of Seattle

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Page 1 of 2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES CUSTODIAL FUNDS For the Year Ended December 31, 2019 (In Thousands)

	Balance January 1 Restated	Additions	Deductions	Balance December 31
GUARANTY DEPOSITS FUND				
Assets				
Cash	\$ 14,823	\$ 3,464	\$ 2,076	\$ 16,211
Total Assets	\$ 14,823	\$ 3,464	\$ 2,076	\$ 16,211
Liabilities				
Deposits Payable	\$ 14,823	\$ 3,595	\$ 2,207	\$ 16,211
Total Liabilities	\$ 14,823	\$ 3,595	\$ 2,207	\$ 16,211
PAYROLL WITHHOLDING FUND				
Assets				
Cash	\$ 2,029	\$ 616	\$ 40	\$ 2,605
Accounts Receivable	1	9	10	-
Total Assets	\$ 2,030	\$ 624	\$ 50	\$ 2,605
Liabilities				
Accounts Payable	\$ 23	\$ 439,978	\$ 428,357	\$ 11,644
Salaries, Benefits, and Payroll Taxes Payable	(907)	356,091	364,244	(9,060)
Claims/Judgments Payable	2,914	—	2,893	21
Total Liabilities	\$ 2,030	\$ 796,069	\$ 795,494	\$ 2,605
REGULATORY AGENCY FUND				
Assets				
Cash	\$ 1,752	\$ 3,662	\$ 2,713	\$ 2,701
Accounts Receivable	7	382	383	6
Total Assets	\$ 1,759	\$ 4,044	\$ 3,096	\$ 2,707
Liabilities				
Accounts Payable	\$ 1,759	\$ 6,399	\$ 5,451	\$ 2,707
Salaries, Benefits, and Payroll Taxes Payable	—	—	—	—
Deposits Payable	—	—	—	—
Claims/Judgments Payable	—	—	—	—
Total Liabilities	\$ 1,759	\$ 6,399	\$ 5,451	\$ 2,707

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Fiduciary Funds

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COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Page 2 of 2

CUSTODIAL FUNDS

For the Year Ended December 31, 2019

(In Thousands)

	Balance January 1 Restated	Additions	Deductions	Balance December 31
FILE LOCAL AGENCY FUND				
Assets				
Cash	\$ (44)	\$ 457	\$ 452	\$ (39)
Accounts Receivable	116	2,397	2,404	109
Total Assets	\$ 72	\$ 2,854	\$ 2,856	\$ 70
Liabilities				
Accounts Payable	\$ 72	\$ 355	\$ 357	\$ 70
Total Liabilities	\$ 72	\$ 355	\$ 357	\$ 70
CUSTODIAL FUND				
Assets				
Cash and Equity in Pooled Investments	\$ —	\$ 5,806	\$ 93	\$ 5,713
Due From Other Funds	—	105	105	—
Total Assets	\$ —	\$ 5,910	\$ 197	\$ 5,713
Liabilities				
Due To Other Funds	\$ —	\$ 35	\$ 35	\$ —
Custodial Accounts-Other	—	5,783	70	5,713
Total Liabilities	\$ —	\$ 5,818	\$ 105	\$ 5,713
TOTALS - ALL CUSTODIAL FUNDS				
Assets				
Cash and Equity in Pooled Investments	\$ 18,560	\$ 14,005	\$ 5,374	\$ 27,191
Accounts Receivable	124	2,788	2,797	115
Due From Other Funds		115	115	
Total Assets	\$ 18,684	\$ 16,908	\$ 8,286	\$ 27,306
Liabilities				
Accounts Payable and Other Liabilities	\$ 1,843	\$ 452,254	\$ 433,985	\$ 20,112
Salaries, Benefits, and Payroll Taxes Payable	(896)	356,353	364,495	(9,038)
Deposits Payable	14,823	3,595	2,207	16,211
Due To Other Funds		35	35	
Claims/Judgments Payable	2,914	—	2,893	21
Total Liabilities	\$ 18,684	\$ 812,237	\$ 803,615	\$ 27,306

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Statistics

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Statistics

STATISTICAL INFORMATION

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

Financial Trends. These tables contain information to help the reader understand how the City's financial performance and well-being have changed over time.

- S-1** Net Position by Component
- S-2** Changes in Net Position
- S-3** Fund Balances of Governmental Funds
- S-4** Changes in Fund Balances of Governmental Funds

Revenue Capacity. These tables contain information to help the reader assess the City's most significant local revenue sources.

- S-5** Tax Revenues by Source
- S-6** Assessed Value and Estimated Actual Value of Taxable Property
- S-7** Direct and Overlapping Property Tax Rates
- S-8** Principal Property Taxpayers
- S-9** Principal Revenue Sources
- S-10** Property Tax Levies and Collections

Debt Capacity. These tables contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- S-11** Ratios of Outstanding Debt by Type
- S-12** Ratios of Net General Bonded Debt Outstanding
- S-13** Direct and Overlapping Governmental Activities Debt
- S-14** Legal Debt Margin Information
- S-15** Pledged-Revenue Coverage

Demographic and Economic Information. These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- S-16** Demographic and Economic Statistics
- S-17** Principal Industries

Operating Information. These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- S-18** Full-Time-Equivalent City Government Employees by Department/Office
- S-19** Operating Indicators by Department/Office
- S-20** Capital Asset Statistics by Department/Office

The City of Seattle

Table S-1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2019	2018	2017	2016	2015
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,501,410	\$ 3,382,301	3,365,060	3,269,646	\$ 3,144,486
Restricted	927,952	865,915	694,502	625,046	556,406
Unrestricted	(1,048,812)	(1,059,864)	(565,925)	(392,023)	(379,114)
Total Governmental Activities Net Position	3,380,550	3,188,352	3,493,637	3,502,669	3,321,778
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	2,668,365	2,462,768	2,280,370	2,186,129	1,915,893
Restricted	60,692	88,151	85,527	59,575	59,194
Unrestricted	107,070	(14,029)	(121,280)	(231,495)	(153,822)
Total Business-Type Activities Net Position	2,836,127	2,536,890	2,244,617	2,014,209	1,821,265
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	6,169,775	5,845,069	5,645,430	5,455,755	5,060,379
Restricted	988,644	954,066	780,029	684,621	615,600
Unrestricted	(941,742)	(1,073,893)	(687,205)	(623,518)	(532,936)
Total Primary Government Net Position	\$ 6,216,677	\$ 5,752,242	\$ 5,738,254	\$ 5,516,878	\$ 5,143,043

	2014	2013	2012	2011	2010
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,085,306	2,880,124	\$ 2,783,738	\$ 2,627,462	\$ 2,513,808
Restricted	448,935	460,885	404,454	419,675	372,289
Unrestricted	(16,363)	36,212	(35,593)	(101,021)	(98,786)
Total Governmental Activities Net Position	3,517,878	3,377,221	3,154,599	2,946,116	2,787,311
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	1,750,495	1,508,831	1,391,130	1,243,622	1,228,030
Restricted	58,039	57,404	56,210	81,904	79,372
Unrestricted	253,427	274,388	215,405	205,493	106,013
Total Business-Type Activities Net Position	2,061,961	1,840,623	1,662,745	1,531,019	1,413,415
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	4,835,801	4,388,955	4,174,868	3,871,084	3,741,838
Restricted	506,974	518,289	462,664	501,579	451,661
Unrestricted	237,064	310,600	179,812	104,472	7,227
Total Primary Government Net Position	\$ 5,579,839	\$ 5,217,844	\$ 4,817,344	\$ 4,477,135	\$ 4,200,726

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

Statistics

Table S-2
Page 1 of 4

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

	2019	2018	2017	2016	2015
EXPENSES					
Governmental Activities					
General Government	\$ 316,015	\$ 173,424	\$ 222,089	\$ 247,400	\$ 208,638
Judicial	30,941	31,666	32,075	32,025	28,477
Public Safety	660,167	678,857	577,738	576,208	531,523
Physical Environment	13,595	12,932	15,539	12,558	4,351
Transportation	332,082	307,433	387,724	271,601	221,443
Economic Environment	265,933	251,711	147,005	175,133	138,878
Health and Human Services	110,814	138,252	119,463	104,687	94,122
Culture and Recreation	271,245	311,875	364,425	330,984	286,395
Interest on Long-Term Debt	44,794	46,915	47,777	42,942	32,694
Total Governmental Activities Expenses	2,045,601	1,953,065	1,910,835	1,793,538	1,546,521
Business-Type Activities					
Light	959,811	891,783	914,785	853,871	837,860
Water	252,550	241,847	235,142	225,678	228,241
Drainage and Wastewater	393,410	379,919	363,682	332,686	316,487
Solid Waste	200,958	201,387	192,062	167,132	173,312
Construction and Inspections	73,102	62,994	72,914	64,248	64,673
Downtown Parking Garage	—	—	—	5,222	7,401
Fiber Leasing	—	—	36	8	35
Total Business-Type Activities Expenses	1,879,831	1,777,930	1,778,621	1,648,845	1,628,009
Total Primary Government Expenses	3,925,432	3,730,995	3,689,456	3,442,383	3,174,530
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	58,056	80,074	119,548	109,478	104,651
Judicial	29,555	27,339	27,555	29,578	30,030
Public Safety	30,815	36,048	28,669	24,472	26,227
Physical Environment	5,020	4,771	10	13	16
Transportation	142,151	175,404	77,958	70,878	67,948
Economic Environment	63,100	74,755	53,196	36,464	41,875
Health and Human Services	1,571	1,006	745	525	64
Culture and Recreation	57,771	69,307	82,133	75,832	70,360
Operating Grants and Contributions	179,266	152,736	130,777	134,856	136,981
Capital Grants and Contributions	1,763	15,547	36,161	31,076	29,358
Total Governmental Activities Program Revenues	569,068	636,987	556,752	513,172	507,510
Business-Type Activities					
Charges for Services					
Light	1,079,399	991,585	987,812	901,276	880,788
Water	281,008	280,019	262,777	251,244	251,977
Drainage and Wastewater	454,382	416,482	396,283	371,040	359,839
Solid Waste	224,965	203,367	203,038	177,061	174,365
Planning and Development	78,743	73,927	72,595	79,246	65,278
Downtown Parking Garage	—	—	—	5,355	7,885
Fiber Leasing	—	—	8	8	12
Operating Grants and Contributions	7,120	10,616	1,834	4,583	7,088
Capital Grants and Contributions	71,782	90,351	70,020	86,997	60,115
Total Business-Type Activities Program Revenues	2,197,399	2,066,347	1,994,367	1,876,810	1,807,347
Total Primary Government Program Revenues	2,766,467	2,703,334	2,551,119	2,389,982	2,314,857
NET (EXPENSE) REVENUE					
Governmental Activities	(1,476,533)	(1,316,078)	(1,354,083)	(1,280,367)	(1,039,011)
Business-Type Activities	317,593	288,417	215,746	227,966	179,318
Total Primary Government Net Expense	(1,158,940)	(1,027,661)	(1,138,337)	(1,052,401)	(859,693)

The City of Seattle

Table S-2
Page 2 of 4

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

	2014	2013	2012	2011	2010
EXPENSES					
Governmental Activities					
General Government	\$ 189,034	\$ 161,041	\$ 164,040	\$ 179,498	\$ 182,058
Judicial	28,874	33,517	26,121	25,623	26,298
Public Safety	568,843	515,129	475,747	471,205	476,861
Physical Environment	5,853	10,740	6,357	10,697	8,346
Transportation	222,199	165,742	133,511	111,038	122,376
Economic Environment	138,169	125,911	125,917	101,242	119,595
Health and Human Services	76,562	71,256	65,266	71,399	72,680
Culture and Recreation	275,566	267,043	239,003	245,671	258,639
Interest on Long-Term Debt	31,170	26,417	39,998	40,425	38,929
Total Governmental Activities Expenses	1,536,270	1,376,076	1,275,960	1,256,798	1,305,782
Business-Type Activities					
Light	798,161	780,930	731,459	723,665	730,758
Water	221,944	215,600	203,610	198,929	209,554
Drainage and Wastewater	298,633	290,147	272,423	269,224	245,589
Solid Waste	159,501	156,653	150,115	149,157	141,852
Construction and Inspections	58,304	53,080	46,542	44,087	47,699
Downtown Parking Garage	7,458	8,159	7,701	7,740	7,648
Fiber Leasing	27	54	—	—	—
Total Business-Type Activities Expenses	1,544,028	1,504,623	1,411,850	1,392,802	1,383,100
Total Primary Government Expenses	3,080,298	2,880,699	2,687,810	2,649,600	2,688,882
PROGRAM REVENUES					
Governmental Activities					
Charges for Services					
General Government	91,011	85,923	79,048	73,960	60,333
Judicial	31,256	40,545	33,748	33,048	31,078
Public Safety	25,733	19,245	19,277	18,939	18,848
Physical Environment	78	47	—	2	1,985
Transportation	101,074	100,830	81,972	64,331	55,680
Economic Environment	35,776	12,250	7,303	7,299	4,419
Health and Human Services	10	8	—	1,276	9
Culture and Recreation	72,873	67,116	53,450	50,273	54,886
Operating Grants and Contributions	123,986	135,407	130,377	136,679	118,619
Capital Grants and Contributions	37,895	42,468	48,092	47,503	56,377
Total Governmental Activities Program Revenues	519,692	503,839	453,267	433,310	402,234
Business-Type Activities					
Charges for Services					
Light	883,149	839,767	797,445	769,316	729,650
Water	242,786	235,114	213,164	194,342	194,987
Drainage and Wastewater	337,882	329,386	297,443	274,553	245,959
Solid Waste	157,495	159,741	156,927	154,159	146,944
Planning and Development	56,743	48,016	40,869	35,087	28,627
Downtown Parking Garage	7,434	7,019	6,588	5,937	6,580
Fiber Leasing	16	75	—	—	—
Operating Grants and Contributions	6,155	7,055	6,749	5,518	5,953
Capital Grants and Contributions	48,129	63,760	48,438	51,522	41,846
Total Business-Type Activities Program Revenues	1,739,789	1,689,933	1,567,623	1,490,434	1,400,546
Total Primary Government Program Revenues	2,259,481	2,193,772	2,020,890	1,923,744	1,802,780
NET (EXPENSE) REVENUE					
Governmental Activities	(1,016,578)	(872,237)	(822,693)	(823,488)	(903,548)
Business-Type Activities	195,761	185,310	155,773	97,632	17,446
Total Primary Government Net Expense	(820,817)	(686,927)	(666,920)	(725,856)	(886,102)

Statistics

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

	2019	2018	2017	2016	2015
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 640,828	\$ 597,349	\$ 582,622	\$ 542,854	\$ 420,691
Sales Taxes	324,392	306,587	280,963	263,285	239,189
Business Taxes	569,680	539,045	516,881	482,850	454,086
Excise Taxes	149,058	106,861	115,674	114,627	101,098
Other Taxes and Revenues	80,542	36,000	22,032	19,009	17,733
Penalties and Interest on Delinquent Taxes	—	—	—	—	—
Unrestricted Investment Earnings (Loss)	1	1,765	18,339	9,080	9,202
Gain (Loss) on Sale of Capital Assets	(44,620)	7,990	7,633	(191)	9,071
Transfers	—	—	(5,317)	15,469	(8,931)
Total Governmental Activities	1,719,881	1,595,597	1,538,827	1,446,983	1,242,139
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	52,530	28,012	18,046	12,806	13,938
Gain on Sale of Capital Assets	774	753	(83)	48,101	2,767
Special Item - Environmental Remediation	(8,902)	(40,700)	(9,619)	(66,187)	(4,975)
Transfers	13,177	17,137	6,321	(15,469)	8,931
Total Business-Type Activities	57,579	5,202	14,665	(20,749)	20,661
Total Primary Government	1,777,460	1,600,799	1,553,492	1,426,234	1,176,472
CHANGES IN NET POSITION					
Governmental Activities	243,363	279,519	184,744	166,616	203,128
Business-Type Activities	375,172	293,619	230,411	207,217	199,998
Total Primary Government	\$ 618,520	\$ 573,138	\$ 415,155	\$ 373,833	\$ 403,126

The City of Seattle

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

	2014	2013	2012	2011	2010
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 431,458	\$ 423,927	\$ 412,872	\$ 397,288	\$ 391,798
Sales Taxes	199,735	181,171	169,681	158,582	146,970
Business Taxes	431,437	408,913	358,931	339,703	331,570
Excise Taxes	65,364	61,524	54,637	35,203	28,815
Other Taxes and Revenues	16,771	11,240	44,352	39,014	31,119
Penalties and Interest on Delinquent Taxes	4,091	3,596	2,795	3,240	3,475
Unrestricted Investment Earnings (Loss)	11,791	(1,663)	6,458	5,536	4,685
Gain (Loss) on Sale of Capital Assets	1,761	17,012	1,502	14,224	40,095
Transfers	(11,512)	(10,861)	(10,095)	(9,373)	(10,100)
Total Governmental Activities	1,150,896	1,094,859	1,041,133	983,417	968,427
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	16,254	4,204	11,789	11,078	8,796
Gain on Sale of Capital Assets	2,759	1,672	619	924	198
Special Item - Environmental Remediation	(4,949)	(24,169)	(37,066)	538	(1,948)
Transfers	11,512	10,861	10,095	9,373	10,100
Total Business-Type Activities	25,576	(7,432)	(14,563)	21,913	17,146
Total Primary Government	1,176,472	1,087,427	1,026,570	1,005,330	985,573
CHANGES IN NET POSITION					
Governmental Activities	134,318	222,622	218,440	159,929	64,879
Business-Type Activities	221,337	177,878	141,210	119,545	34,592
Total Primary Government	\$ 355,655	\$ 400,500	\$ 359,650	\$ 279,474	\$ 99,471

Statistics

Table S-3

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2019	2018	2017	2016	2015
GENERAL FUND					
Nonspendable	\$ 74	\$ 93	\$ 350	\$ 401	\$ 474
Restricted	250,624	215,620	181,950	155,523	136,627
Committed	89,595	88,794	131,386	102,521	116,890
Assigned	20,632	26,391	29,172	28,646	5,767
Unassigned	224,123	152,368	152,225	155,290	143,763
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	\$ 585,048	\$ 483,266	\$ 490,583	\$ 442,381	\$ 403,521
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,790	\$ 2,790	\$ 2,745	\$ 2,740	\$ 3,227
Restricted	675,288	682,244	512,551	466,996	417,732
Committed	12,086	57,000	115,265	109,392	68,947
Assigned	15,538	12,915	11,963	9,819	11,004
Unassigned	(4,737)	(33,386)	(22,270)	(37,083)	(34,159)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	\$ 700,965	\$ 687,563	\$ 620,253	\$ 551,864	\$ 466,751

	2014	2013	2012	2011	2010
GENERAL FUND					
Nonspendable	\$ 473	\$ 375	\$ 555	\$ 572	\$ 401
Restricted	99,991	100	82,520	58,917	63,695
Committed	76,493	83	79,508	58,713	44,240
Assigned	5,685	5	6,417	6,808	17,958
Unassigned	134,492	120	105,992	79,765	53,147
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	\$ 317,134	\$ 683	\$ 274,992	\$ 204,775	\$ 179,441
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 4,224	\$ 3,959	\$ 2,618	\$ 2,714	\$ 2,447
Restricted	346,891	359,172	321,884	358,710	306,545
Committed	60,612	49,829	40,248	60,156	41,379
Assigned	9,933	7,661	12,583	8,816	7,910
Unassigned	(59,231)	(22,328)	(13,991)	(12,064)	(11,911)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	\$ 362,429	\$ 398,293	\$ 363,342	\$ 418,332	\$ 346,370

a Beginning in fiscal year 2010, fund balance categories were changed to conform to the requirements of GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

The City of Seattle

Table S-4
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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2019	2018	2017	2016	2015
REVENUES					
Taxes	\$ 1,743,744	\$ 1,607,390	\$ 1,517,412	\$ 1,422,194	\$ 1,233,134
Licenses and Permits	50,745	55,697	43,675	41,743	34,137
Grants, Shared Revenues, and Contributions	168,379	157,092	167,609	166,779	162,132
Charges for Services	266,747	304,218	240,142	254,412	225,056
Fines and Forfeits	44,471	45,368	42,970	46,154	39,008
Parking Fees and Space Rent	65,417	70,262	71,407	68,798	67,444
Program Income, Interest, and Miscellaneous Revenues	209,962	155,746	128,816	99,369	98,215
Total Revenues	2,549,195	2,395,773	2,210,044	2,099,449	1,859,126
EXPENDITURES					
Current					
General Government	294,779	330,004	321,637	264,284	224,721
Judicial	35,208	32,892	31,64	31,519	29,352
Public Safety	743,448	690,650	611,690	590,681	577,106
Physical Environment	15,852	13,577	16,130	13,575	7,314
Transportation	368,776	334,625	195,985	227,666	155,690
Economic Environment	286,589	258,243	151,462	179,831	141,722
Health and Human Services	124,633	139,433	120,943	104,209	96,267
Culture and Recreation	318,060	317,667	317,961	305,986	268,977
Capital Outlay					
General Government	9,039	16,442	55,933	29,342	29,959
Judicial	—	—	—	—	—
Public Safety	4,050	1,031	2,764	21,527	13,097
Physical Environment	—	895	—	—	—
Transportation	127,518	111,322	203,447	240,216	278,151
Economic Environment	875	811	110	7	—
Culture and Recreation	70,064	62,201	60,586	47,390	35,712
Debt Service					
Principal	75,145	80,576	57,883	53,308	50,708
Advance Refunding to Escrow	—	—	—	—	—
Interest	43,263	48,821	35,551	32,768	28,998
Bond Issuance Cost	232	397	508	627	1,946
Other	15	—	—	—	—
Total Expenditures	2,517,583	2,434,587	2,184,245	2,142,936	1,939,720
Excess (Deficiency) of					
Revenues over Expenditures	31,612	(38,811)	25,799	(43,487)	(80,594)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	39,825	49,975	93,880	145,139	350,255
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	5,053	3,186	10,198	22,177	40,113
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	(19,419)	(31,909)	(155,030)
Sales of Capital Assets	6,272	4,128	7,704	123	19,231
Transfers In	107,995	104,215	501,504	550,752	498,582
Transfers Out	(75,515)	(78,011)	(498,724)	(518,825)	(501,695)
Total Other Financing Sources (Uses)	86,630	83,493	95,143	167,457	251,456
Net Change in Fund Balance	\$ 115,242	\$ 44,682	\$ 120,942	\$ 123,970	\$ 170,862
Debt Service as a Percentage of					
Noncapital Expenditures	5.51 %	5.70 %	4.81%	4.61 %	4.87 %

Approximately \$8.6 million of charges for services was reclassified to program income for the year of 2017 to compare to 2018 presentation.

Statistics

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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2014	2013	2012	2011	2010
REVENUES					
Taxes	\$ 1,149,119	1,083,499	\$ 1,044,608	\$ 973,181	\$ 933,641
Licenses and Permits	30,093	27,135	25,238	22,966	26,514
Grants, Shared Revenues, and Contributions	161,361	184,784	177,775	167,813	179,842
Charges for Services	221,187	200,847	182,595	167,644	171,509
Fines and Forfeits	37,142	41,107	34,340	34,066	32,300
Parking Fees and Space Rent	63,891	62,463	57,107	51,004	46,858
Program Income, Interest, and Miscellaneous Revenues	86,757	45,462	43,649	39,706	26,037
Total Revenues	1,749,550	1,645,297	1,565,312	1,456,380	1,416,701
EXPENDITURES					
Current					
General Government	204,662	191,829	180,187	193,697	203,607
Judicial	29,158	27,642	26,654	25,855	26,300
Public Safety	525,778	494,011	461,235	451,734	445,002
Physical Environment	7,409	11,935	7,748	11,190	9,058
Transportation	114,737	97,676	92,212	90,966	93,381
Economic Environment	140,079	128,644	128,711	106,234	123,430
Health and Human Services	78,024	73,151	67,103	73,100	73,956
Culture and Recreation	245,358	231,694	216,508	211,523	233,284
Capital Outlay					
General Government	35,599	22,220	10,684	13,862	16,799
Judicial	—	—	—	—	—
Public Safety	25,161	21,100	27,743	8,320	21,815
Physical Environment	—	—	—	—	—
Transportation	278,550	234,188	228,272	167,590	169,636
Economic Environment	7	—	69	—	5
Culture and Recreation	55,132	85,690	55,507	50,383	63,521
Debt Service					
Principal	61,745	56,194	53,523	47,909	45,826
Advance Refunding to Escrow	—	—	—	—	—
Interest	26,571	26,206	25,339	26,754	24,596
Bond Issuance Cost	259	822	258	369	1,303
Other	—	—	305	—	—
Total Expenditures	1,828,229	1,703,002	1,582,058	1,479,486	1,551,519
Excess (Deficiency) of Revenues over Expenditures	(78,679)	(57,705)	(16,746)	(23,106)	(134,818)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	50,455	101,115	108,085	79,433	85,325
Refunding Debt Issued	—	43,945	0	0	115,185
Premium on Bonds Issued	4,150	9,377	21,140	5,181	13,270
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	(44,503)	(91,574)	0	(125,170)
Sales of Capital Assets	2,129	22,904	2,282	41,161	21,310
Transfers In	442,666	375,772	334,611	292,224	298,519
Transfers Out	(448,410)	(381,986)	(342,571)	(297,597)	(304,618)
Total Other Financing Sources (Uses)	50,990	126,624	31,973	120,402	103,821
Net Change in Fund Balance	\$ (27,689)	\$ 68,919	\$ 15,227	\$ 97,296	\$ (30,997)
Debt Service as a Percentage of Noncapital Expenditures	5.93 %	6.26 %	5.91 %	5.28 %	5.28 %

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Table S-5
TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Year	General Property Tax	Retail Sales and Use Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
2010	\$ 391,692	\$ 146,970	\$ 331,570	\$ 28,815	\$ 34,594	\$ 933,641
2011	397,439	158,582	339,703	35,203	42,254	973,181
2012	420,763	169,681	358,931	54,637	44,352	1,048,364
2013	423,928	181,171	408,913	61,525	11,240	1,086,777
2014	431,458	199,735	431,437	65,364	16,771	1,144,764
2015	420,691	239,189	454,086	101,098	17,733	1,232,797
2016	542,854	263,285	482,850	114,627	19,009	1,422,625
2017	582,622	280,963	516,881	115,674	22,032	1,518,172
2018	597,949	306,587	539,906	139,347	23,601	1,607,390
2019	640,075	324,302	579,312	166,348	33,708	1,743,746

Table S-6
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Assessed and Estimated Actual Value ^A (In Thousands)			Total	Average	Assessed
	Real Property	Personal Property	Total ^B	Direct Tax Rate	Annual Growth	Value Per Capita
2010	\$ 118,370,062	\$ 5,314,253	\$ 123,684,315	2.925 %	(10.26) %	\$ 203.208
2011	114,979,131	5,137,695	120,116,826	3.061	(2.88)	196.237
2012	111,723,359	5,073,531	116,796,890	3.276	(2.76)	189.452
2013	111,788,855	5,206,658	116,995,513	3.286	0.17	186.715
2014	122,999,095	5,206,658	128,205,753	3.048	9.58	200.165
2015	139,229,729	5,284,205	144,513,934	2.624	12.72	218.167
2016	157,548,324	5,757,604	163,305,928	3.067	13.00	237.778
2017	180,363,081	5,962,261	186,325,342	2.899	14.10	261.070
2018	208,104,882	6,004,182	214,109,064	2.362	14.91	293.139
2019	238,336,064	6,602,645	244,938,709	2.229	14.40	327.765

^A Real property has been assessed at 100% of estimated actual value.

^B Source: King County Assessor.

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Table S-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES ^A
Last Ten Fiscal Years
(In Mills or Dollars per Thousand of Assessed Value)

Year of Levy	City of Seattle			Overlapping					Dollars Levied ^C (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds	Debt Service Funds	City Total	State	County ^B	School	Port of Seattle		
2010	1.784	1.005	0.136	2.925	2.222	1.694	1.985	0.216	9.042	\$1,118,329
2011	1.875	1.038	0.148	3.061	2.280	1.751	2.342	0.224	9.658	1,160,092
2012	1.968	1.161	0.147	3.276	2.422	1.837	2.400	0.230	10.165	1,187,240
2013	1.902	1.246	0.138	3.286	2.567	1.976	2.447	0.233	10.509	1,229,506
2014	1.801	1.107	0.140	3.048	2.470	2.008	2.549	0.215	10.290	1,319,452
2015	1.625	0.868	0.130	2.623	2.285	1.789	2.391	0.189	9.277	1,345,016
2016	1.468	1.421	0.178	3.067	2.168	1.892	2.188	0.170	9.485	1,554,926
2017	1.346	1.387	0.166	2.899	2.032	2.013	2.151	0.153	9.248	1,723,142
2018	1.245	1.208	0.143	2.596	2.918	1.901	2.012	0.135	9.562	2,040,443
2019	1.126	1.223	0.094	2.443	2.629	1.740	1.350	0.123	8.285	2,024,879

^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 Transit3 are included in the County's tax levy rate. EMS rate is 0.263, Flood Zone levy is 0.117, and Sound Transit3 is 0.250 in 2017.

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

Table S-8 PRINCIPAL PROPERTY TAXPAYERS ^D
Current Year and Nine Years Ago

Taxpayer ^E	2019			2010		
	Assessed Valuation ^F (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^F (In Millions)	Percentage of Assessed Valuation	Rank
Amazon	\$ 3,252.3	1.26 %	1			
Union Square Limited	1,170.3	0.45	2	\$ 427.5	0.35 %	2
GC Columbia LLC	858.3	0.33	3	298.2	0.24	5
Ponte Gadea Seattle LLC	832.8	0.32	4			
Altus Group US Inc	748.3	0.29	5			
Acorn Development LLC	710.4	0.28	6			
1201 Tab Owner LLC	699.2	0.27	7	353.7	0.29	4
Selig Holdings Co. LLC	579.4	0.22	8	249.8	0.20	7
BPP 1420 Fifth Avenue Owner	578.0	0.22	9			
FSP-RIC LLC	575.8	0.22	10			
The Boeing Company				483.7	0.39	1
Qwest Corporation, Inc.				427.2	0.35	3
City Centre Associates JV				269.8	0.22	6
Puget Sound Energy/Gas				237.6	0.19	8
Starbucks				215.1	0.17	9
999 Third Avenue Property				207.4	0.17	10

^D Source: King County Assessor

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

^F Assessed valuations for taxes collected in the succeeding year.

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Table S-9 PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)

Customer Name	CITY LIGHT ^A			2010 ^D		
	2019			2010 ^D		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 28,626	3.05%	1	\$ 19,989	3.20%	1
NUCOR	22,168	2.36	2	19,117	3.06	2
Boeing BCAG	13,417	1.43	3	14,364	2.30	3
King County ^B	11,057	1.18	4	5,469	0.88	6
Sabey Corporation	10,918	1.16	5	11,511	1.84	5
City of Seattle	6,656	0.71	6	14,193	2.27	4
Ardagh Glass	6,042	0.64	7	—	—	—
2001 Sixth LLC	5,701	0.61	8	4,746	0.76	9
Martin Selig	5,655	0.60	9	—	—	—
Century Link	5,201	0.55	10	—	—	—
Saint Gobain				5,233	0.84	7
US Government				4,823	0.77	8
Unico Properties/Union Square Ltd				4,319	0.69	10
Total Top Ten	\$ 115,341	12.29%		\$ 85,764	16.61%	

^A City Light billing records.

^B Revenue for King County included Metro Transit due to the merger of King County and Metro Transit in 2004.

Customer Name	WATER ^C			2010 ^D		
	2019			2010 ^D		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 24,087	8.57%	1	\$ 19,280	10.62%	1
Northshore Utility District	6,152	2.19	2	5,081	2.80	2
Highline Water District	4,755	1.69	3	3,113	1.72	3
University of Washington	4,698	1.67	4	2,670	1.47	4
City of Seattle	4,321	1.54	5	2,209	1.22	7
Soos Creek Water and Sewer District	3,677	1.31	6	2,606	1.44	5
Woodinville Water District	3,494	1.24	7	2,553	1.41	6
Port of Seattle	3,297	1.17	8	2,144	1.18	8
Seattle Housing Authority	2,602	0.93	9	1,166	0.64	10
King County Water District #20	2,341	0.83	10	1,781	0.98	9
Total Top Ten	\$ 59,424	21.14%		\$ 42,603	23.48%	

^C Source: Seattle Public Utilities billing records.

^D Using data from the 2010 CAFR.

Statistics

Table S-9
Page 2 of 2

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

Customer Name	DRAINAGE AND WASTEWATER ^A					
	2019			2010 ^B		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 13,271	2.94%	1	\$ 5,707	2.29%	2
University of Washington	12,313	2.73	2	6,183	2.48	1
Seattle Housing Authority	6,597	1.46	3	2,848	1.14	4
King County	5,723	1.27	4	1,137	0.46	6
Seattle Public Schools	3,179	0.71	5	1,836	0.74	5
Equity Residential Prop.	2,604	0.58	6	—	—	—
Marriott International Inc.	2,469	0.55	7	—	—	—
BNSF Railway	2,347	0.52	8	845	0.34	7
Port of Seattle	1,612	0.36	9	3,193	1.28	3
Hyatt	1,472	0.33	10	—	—	—
King County Facilities Management				823	0.33	8
Harborview Medical Center				736	0.29	9
The Boeing Company				728	0.29	10
Total Top Ten	\$ 51,587	11.44		\$ 24,036	9.64%	

^A Source: Seattle Public Utilities billing records.

^B Using data from the 2010 CAFR.

SOLID WASTE ^C

Customer Name	2019			2010 ^D		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,167	0.52%	1	\$ 876	0.59%	1
Starbucks	912	0.40	2	608	0.41	3
Goodwill Industries	874	0.39	3	494	0.33	5
Swedish Medical Group	789	0.35	4	421	0.29	8
Fred Meyer/QFC	728	0.32	5	865	0.59	2
Seattle Housing Authority	596	0.26	6	527	0.36	4
Pike Place Market	582	0.26	7	384	0.26	9
King County	580	0.26	8	—	—	—
Marriott International Inc	576	0.26	9	—	—	—
Seattle Pacific University	490	0.22	10	—	—	—
Seattle Public Schools				442	0.30	6
University of Washington				438	0.30	7
Safeway				357	0.24	10
Total Top Ten	\$ 7,294	3.24%		\$ 5,412	3.67%	

^C Source: Seattle Public Utilities billing records.

^D Using data from the 2010 CAFR.

The City of Seattle

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year	Collected within the Fiscal Year of the Levy					Total Collections to Date			
	Original Levy	Adjusted Levy ^A	Percentage of Adjusted Levy		Subsequent Adjustments to Date	Net Levy to Date	Subsequent Collections	Percentage of Net Levy	
			Amount					Amount	
2010	\$ 396,716,770	\$ 394,203,623	\$ 387,023,382	98.18%	\$ 64,404	\$ 394,268,027	\$ 7,244,878	\$ 394,268,260	100.00%
2011	401,332,061	399,082,252	392,544,843	98.36	(161,086)	398,921,166	6,446,943	398,991,786	100.00
2012	417,706,022	415,720,650	408,919,797	98.36	(73,090)	415,647,560	6,767,041	415,686,838	100.00
2013	419,470,830	418,268,214	411,963,480	98.49	93,701	418,361,915	6,307,712	418,271,192	99.98
2014	433,746,570	432,690,228	426,568,295	98.59	(19,463)	432,670,765	5,671,722	432,240,016	99.90
2015	422,711,554	421,442,544	416,061,811	98.72	103,024	421,545,568	5,487,383	421,549,193	100.00
2016	498,949,892	496,251,074	490,199,608	98.78	206,670	496,457,744	6,218,594	496,418,202	99.99
2017	535,789,356	533,119,015	526,236,155	98.71	(326,481)	532,792,534	5,838,297	532,074,452	99.87
2018	555,089,567	551,976,978	545,540,134	98.83	108,928	552,085,905	5,053,129	550,593,262	99.73
2019	597,158,303	592,637,211	585,964,241	98.87	—	592,637,211	—	585,964,241	98.87

^A Source King County Treasurer's Office.

Statistics

Table S-11
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Capital Leases
2010	801,695	37,260	838,955	15,735	16,582	14
2011	822,110	38,185	860,295	14,305	14,662	10
2012	772,950	56,070	829,020	13,005	18,748	6
2013	809,060	53,919	862,979	13,005	16,631	2
2014	816,060	55,218	871,278	10,395	14,580	105
2015	965,310	81,337	1,046,647	8,825	12,668	151
2016	1,008,895	91,032	1,099,927	7,505	10,945	158
2017	1,012,535	82,416	1,094,951	6,075	9,425	105
2018	977,470	76,649	1,054,119	4,975	8,070	35
2019	943,880	71,547	1,015,427	3,760	6,795	10

Fiscal Year	Business-Type Activities					
	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Net General Obligation Bonds and Revenue Bonds
2010	62,093	1,536,775	1,006,300	499,785	78,491	3,303,095
2011	60,846	1,680,095	977,160	486,610	122,165	3,453,339
2012	59,589	1,778,600	919,640	540,495	119,205	3,639,285
2013	58,327	1,863,325	887,010	525,280	115,875	3,664,824
2014	56,470	1,903,845	853,465	618,895	166,875	3,848,945
2015	53,520	2,070,780	851,565	600,680	197,810	4,055,428
2016	—	2,118,085	809,950	673,920	207,545	4,141,100
2017	—	2,345,490	858,215	821,255	201,000	4,623,874
2018	—	2,491,550	817,195	796,030	194,225	4,689,995
2019	—	2,567,110	774,115	769,605	187,105	4,725,365

Fiscal Year	Business-Type Activities		Primary Government		
	Notes and Contracts		Total	Percentage of Personal Income ^A	Debt Per Capita
2010	34,107		4,208,488	14.50	6,914
2011	36,222		4,378,833	14.60	7,154
2012	34,753		4,534,817	12.04	7,356
2013	35,606		4,593,047	11.42	7,330
2014	33,889		4,779,192	11.94	7,462
2015	38,907		5,162,626	11.84	7,794
2016	40,133		5,299,768	11.06	7,717
2017	77,026		5,811,456	10.85	8,143
2018	76,256		5,833,450	10.70	7,987
2019	71,843		5,824,119	N/A	7,794

Fiscal Year	Primary Government		
	Total	Percentage of Personal Income ^A	Total Personal Income ^A
2010	29,019,204	14.50	29,019,204
2011	29,987,391	14.60	29,987,391
2012	37,652,394	12.04	37,652,394
2013	40,204,185	11.42	40,204,185
2014	40,019,009	11.94	40,019,009
2015	43,597,181	11.84	43,597,181
2016	47,929,025	11.06	47,929,025
2017	53,583,169	10.85	53,583,169
2018	54,502,448	10.70	54,502,448
2019	N/A	N/A	N/A

^A Personal income data is not available for 2019.

The City of Seattle

Table S-12
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Bonded Debt Outstanding ^A (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A
2010	801,695	9,804	829,151	0.67 %
2011	822,110	9,653	850,642	0.73
2012	772,950	9,719	819,301	0.70
2013	809,060	9,775	853,204	0.67
2014	816,060	10,131	861,147	0.59
2015	965,310	10,672	1,035,975	0.63
2016	1,008,895	10,511	1,089,416	0.58
2017	1,012,535	10,392	1,084,559	0.00
2018	977,470	10,778	1,043,341	0.43
2019	943,880	10,949	1,051,427	0.39

Fiscal Year	Business-Type Activities			
	General Bonded Debt Outstanding ^A (In Thousands)	Premiums, Discounts, and Other Adjustments (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^A
2010	62,093	3,564	65,657	0.05 %
2011	60,846	3,366	64,212	0.05
2012	59,589	3,168	62,757	0.05
2013	58,327	2,970	61,297	0.05
2014	56,470	2,772	59,242	0.04
2015	53,520	2,574	56,094	0.03
2016	—	—	—	—
2017	—	—	—	—
2018	—	—	—	—
2019	—	—	—	—

Fiscal Year	Business-Type Activities		
	Annual Debt Service Payments (In Thousands)	Net Operating Income ^C (In Thousands)	Percentage of Debt Service to Net Operating Income
2010	4,578	4,097	111.74 %
2011	4,520	3,282	137.72
2012	4,438	3,866	114.80
2013	4,337	3,863	112.27
2014	4,796	4,634	103.50
2015	5,773	4,843	119.20
2016	2,007	3,337	60.14
2017	—	—	—
2018	—	—	—
2019	—	—	—

Fiscal Year	Primary Government		
	General Bonded Debt Outstanding ^A (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding
2010	904,612	9,804	894,808
2011	924,507	9,653	914,854
2012	891,777	9,719	882,058
2013	924,276	9,775	914,501
2014	930,520	10,131	920,389
2015	1,102,741	10,672	1,092,069
2016	1,099,927	10,511	1,089,416
2017	1,094,951	10,392	1,084,559
2018	1,054,119	10,778	1,043,341
2019	1,015,427	10,949	1,004,478

^A Starting in 2011, estimated actual value of taxable property in the succeeding year is used for calculation.

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

^C Excludes amortization.

Statistics

Table S-13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT December 31, 2019

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	729,191	40.38 %	294,447
Port of Seattle	335,470	40.38	135,463
Seattle School District No. 001	20,200	99.57	20,113
Highline School District No. 401	428,728	0.01	43
Subtotal Overlapping Debt	1,513,589		450,066
City of Seattle Direct Debt	943,880	100.00%	943,880
Total Direct and Overlapping Debt	\$ 2,457,469		\$ 1,393,946

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

^B Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

The City of Seattle

Table S-14

LEGAL DEBT MARGIN INFORMATION

	General Capacity ^A		Special Purpose Capacity ^A		
	Councilmanic (1.5% of Assessed Value)	Voter-Approved (2.5% of Assessed Value)	Open Spaces and Parks (2.5% of Assessed Value)	Utility Purposes (2.5% of Assessed Value)	Total Capacity
Latest Certified Assessed Value \$244,938,709,301 ^B					
2.50% of Assessed Value	\$ —	\$ 6,123,467,733	\$ 6,123,467,733	\$ 6,123,467,733	\$ 18,370,403,198
1.50% of Assessed Value	3,674,080,640	(3,674,080,640)	—	—	—
	3,674,080,640	2,449,387,093	6,123,467,733	6,123,467,733	18,370,403,198
Statutory Debt Limit Less Debt Outstanding ^C					
Bonds	(681,085,000)	(262,795,000)	—	—	(943,880,000)
Guarantee on PDA Bonds ^D	(36,870,000)	—	—	—	(36,870,000)
Public Works Trust Fund Loans ^E	(6,794,740)	—	—	—	(6,794,740)
Compensated Absences ^F	(98,397,323)	—	—	—	(98,397,323)
Total Debt Outstanding	(823,147,063)	(262,795,000)	—	—	(1,085,942,063)
Add:					
Available Net Position In Redemption Funds ^G	10,914,950	33,723	—	—	10,948,673
Compensated Absences for Sick Leave ^F	38,108,438	—	—	—	38,108,438
Net Debt Outstanding	(774,123,675)	(262,761,277)	—	—	(1,036,884,952)
LEGAL DEBT MARGIN	\$ 2,899,956,965	\$ 2,186,625,816	\$ 6,123,467,733	\$ 6,123,467,733	\$ 17,333,518,246

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2010	\$ 9,008,761,941	\$ 1,005,384,736	\$ 8,003,377,205	11.16 %
2011	8,812,740,984	1,019,769,381	7,792,971,603	11.57
2012	8,826,489,180	986,832,122	7,839,657,058	11.18
2013	9,661,067,622	1,010,440,022	8,650,627,600	10.46
2014	10,881,878,356	1,011,446,510	9,870,431,846	9.29
2015	12,294,324,646	1,150,053,778	11,144,270,868	9.35
2016	13,974,400,710	1,127,451,915	12,846,948,795	8.07
2017	16,058,179,816	1,127,407,620	14,930,772,196	7.02
2018	16,058,179,816	1,082,362,532	17,288,040,666	5.89
2019	18,370,403,198	1,036,884,952	17,333,518,246	5.44

^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% of assessed value of taxable property without a vote of the people, and a total of 2.5% (statutory) and 5.0% (constitutional) of assessed value of taxable property for general municipal purposes with a vote of the people.

^B RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of February 25, 2019 for taxes payable in 2019.

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

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

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

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

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

Statistics

Table S-15

PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years (In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS ^A							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Adjustments to Operating Revenue	Net Available Revenue	Junior Lien Bonds Interest	Parity Bonds Principal	Coverage
2010	702,053	491,641	—	210,412	—	51,012	1.78
2011	754,391	484,529	—	269,862	—	85,038	1.84
2012	795,238	489,098	—	306,140	—	80,129	1.81
2013	833,834	514,269	—	319,565	—	80,960	1.85
2014	872,836	531,464	—	341,372	—	85,086	1.85
2015	873,650	567,058	—	306,592	250	84,408	1.62
2016	903,175	795,766	224,519	331,928	1,038	88,060	1.69
2017	989,710	852,469	239,552	376,793	2,479	875,775	0.38
2018	991,614	823,238	220,032	388,408	3,986	90,206	1.83
2019	1,079,424	873,269	256,501	462,656	3,679	97,696	2.10

WATER ^B							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Interest	Principal	Coverage	
2010	195,204	79,487	115,717	47,325	25,425	1.59	
2011	194,573	78,141	116,432	49,412	29,140	1.48	
2012	213,474	78,339	135,135	47,245	31,425	1.72	
2013	235,594	89,291	146,303	44,793	32,630	1.89	
2014	242,947	94,500	148,447	43,369	33,545	1.93	
2015	251,977	97,937	154,040	45,343	37,330	1.86	
2016	251,364	106,063	145,301	40,348	41,615	1.77	
2017	262,896	108,333	154,563	40,479	39,345	1.94	
2018	282,286	98,459	183,827	40,276	41,020	2.26	
2019	281,008	113,901	167,107	38,260	43,080	2.07	

DRAINAGE AND WASTEWATER ^C							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Interest	Principal	Coverage	
2010	249,734	188,250	61,484	17,234	12,541	2.06	
2011	278,957	196,454	82,503	12,129	17,379	2.80	
2012	304,002	199,592	104,410	18,017	12,472	3.42	
2013	333,760	213,918	119,842	18,113	12,011	3.98	
2014	342,000	216,415	125,585	26,466	15,825	2.97	
2015	363,779	230,290	133,489	29,156	18,215	2.82	
2016	375,041	246,488	128,553	28,561	19,080	2.70	
2017	400,284	259,173	141,111	30,934	21,570	2.69	
2018	419,876	258,852	161,024	36,901	25,225	2.59	
2019	454,382	268,650	185,732	35,581	26,425	3.03	

SOLID WASTE ^D							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service Interest	Principal	Coverage	
2010	146,980	118,270	28,710	3,865	1,980	4.91	
2011	154,200	121,558	32,642	3,773	2,075	5.58	
2012	156,927	121,980	34,947	6,079	2,960	3.87	
2013	159,742	125,991	33,751	5,708	3,330	3.73	
2014	157,498	122,948	34,550	6,976	3,495	3.30	
2015	174,788	131,138	43,650	7,732	4,895	3.46	
2016	183,666	139,731	43,935	9,448	5,750	2.89	
2017	209,644	146,641	63,003	9,419	6,545	3.95	
2018	205,634	150,595	55,039	9,103	6,775	3.47	
2019	224,965	150,737	74,228	8,757	7,120	4.75	

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

The City of Seattle

Table S-16

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Year	Population ^A		Total Personal Income ^B (In Thousands)		Per Capita Income ^B		King County Average Annual Unemployment Rate ^D
	King County	Seattle	King County	Metropolitan Division ^C	King County	Metropolitan Division ^C	
2010	1,933,400	608,660	\$ 112,234,690	\$ 140,402,380	\$ 58,050	\$ 51,370	8.8%
2011	1,942,600	612,100	120,055,100	149,916,738	61,801	53,931	8.1
2012	1,957,000	616,500	132,840,302	164,223,321	67,880	52,627	6.8
2013	1,981,900	626,600	135,079,092	167,113,851	68,156	55,190	8.1
2014	2,017,250	640,500	143,260,986	177,417,334	71,018	62,481	5.0
2015	2,052,800	662,400	153,554,091	190,187,027	74,802	65,817	4.1
2016	2,105,100	686,800	166,006,277	205,002,309	78,859	69,786	3.9
2017	2,153,700	713,700	182,495,475	224,504,700	84,736	75,078	3.7
2018	2,190,200	730,400	201,962,200	247,505,087	83,324	81,201	3.5
2019	2,226,300	747,300	NA	NA	NA	NA	3.0

^A As of April 1. Source: Washington State Office of Financial Management, "2019 Population Cities, Towns and Counties" estimates only.

^B Source: U. S. Bureau of Economic Analysis. 2019 Personal Income not yet available.

^C Source: U. S. Bureau of Economic Analysis includes Seattle, Tacoma, and Bellevue.

^D Source: Washington State Employment Security Department, January 28, 2020

Table S-17

PRINCIPAL INDUSTRIES ^{AB} Current Year and Nine Years Ago

Industry	2019			2010 ^C		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	238,500	16.2 %	1	176,800	15.4 %	1
Educational and health services	189,600	12.9	2	152,800	13.3	3
Government (federal, state and local)	175,700	12.0	3	167,000	14.5	2
Retail Trade	162,300	11.1	4	105,900	9.2	5
Leisure and Hospitality	147,900	10.1	5	108,700	9.5	4
Information	121,200	8.3	6	79,400	6.9	7
Manufacturing	106,400	7.2	7	98,300	8.6	6
Construction	79,900	5.4	8	49,700	4.3	10
Financial Activities	75,200	5.1	9	68,700	6.0	8
Wholesale Trade	64,100	4.4	10	58,000	5.0	9
Total Top Ten Industries	1,360,800	92.7 %		1,065,300	92.7 %	

^A Source: Washington Employment Security Department Labor Market and Economic Analysis.

^B Data is provided for King County, which includes the Seattle Metropolitan Area

^C Industry categories for the historical comparison have been updated to match the categories currently used by the Washington Employment Security Department Labor Market and Economic Analysis and are provided by them.

Statistics

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**FULL-TIME-EQUIVALENT ^A
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years**

	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Community Police Commission	9.00	9.00	4.00	4.00	4.00
Fire	1,167.05	1,158.55	1,155.55	1,167.55	1,162.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	196.10	191.60	183.60	177.10	173.60
Municipal Court	215.10	215.10	213.10	214.10	213.60
Police	2,172.35	2,156.85	2,095.35	2,033.35	2,018.35
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	—	—
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	35.09	34.59	31.09	29.09	31.59
Library	556.10	556.10	556.10	556.10	558.40
Parks and Recreation	927.40	922.24	913.01	916.68	908.35
Seattle Center	228.73	242.73	241.73	241.13	241.13
HEALTH AND HUMAN SERVICES					
Human Services	382.25	365.75	328.00	331.60	327.60
Educational and Developmental Services Levy	—	—	—	—	—
Department of Education and Early Learning	98.00	75.00	58.50	54.00	52.50
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	35.50	35.50	35.50	31.00	27.50
Housing	45.00	44.50	42.50	43.50	43.50
Neighborhoods	49.50	53.50	53.00	47.00	40.00
Neighborhood Matching Subfund	9.00	9.00	9.00	8.00	8.00
Seattle Department of Construction and Inspections ^E	412.00	406.00	405.30	404.30	417.50
Office of Planning and Community Development ^F	44.00	45.50	46.50	45.00	—
UTILITIES AND TRANSPORTATION					
City Light	1,791.30	1,816.80	1,779.80	1,868.30	1,861.30
Seattle Public Utilities	1,414.55	1,398.55	1,359.05	1,460.05	1,438.05
Transportation	931.50	918.50	885.50	844.00	794.00
ADMINISTRATION					
City Auditor	10.00	10.00	9.50	9.50	9.50
City Budget	36.00	40.50	35.00	35.00	33.00
Civil Rights	31.00	28.00	27.25	34.25	31.25
Civil Service Commission	2.00	2.60	2.60	2.60	2.60
Employees' Retirement System	23.00	21.00	21.00	20.00	20.00
Ethics and Elections Commission	5.90	5.90	5.90	4.90	5.20
Finance and Administrative Services ^B	589.50	625.00	625.00	641.50	625.00
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	9.00	9.50	9.50	7.00
Information Technology	680.60	667.60	659.60	205.00	198.25
Intergovernmental Relations	10.00	10.50	10.50	10.50	11.50
Legislative	100.50	99.00	99.00	90.00	88.50
Mayor	37.50	37.50	44.00	44.00	35.50
Department of Human Resources ^D	154.00	158.50	158.75	148.25	143.55
Office of the Employee Ombud ^C	3.00	—	—	—	—
Office of Inspector General ^F	4.00	—	—	—	—
Office of Labor Standard	23.00	—	—	—	—
Sustainability and Environment	26.50	26.50	19.50	17.25	15.25
Total Full-Time Equivalents	12,477.15	12,408.59	12,134.91	11,759.73	11,559.25

^A Source - City of Seattle Adopted Budget.

^B The departments of Executive Administration, Finance, and Fleets and Facilities were merged to create the Department of Finance and Administrative Services in 2010.

^C The Office of the Employee Ombud was created in 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.

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**FULL-TIME-EQUIVALENT ^A
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years**

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Community Police Commission	3.00	—	—	—	—
Fire	1,151.55	1,150.55	1,152.55	1,151.55	1,155.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	169.60	169.60	159.10	160.60	155.10
Municipal Court	213.10	212.60	214.10	214.10	222.10
Police	1,999.35	1,947.35	1,930.85	1,934.85	1,922.25
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	1.00	1.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	30.84	28.09	19.85	20.60	23.10
Library	558.40	558.40	509.00	503.20	511.82
Parks and Recreation	888.45	853.57	863.09	890.89	1,002.49
Seattle Center	242.66	241.62	245.12	245.12	257.77
HEALTH AND HUMAN SERVICES					
Human Services	344.60	341.35	316.10	322.60	326.35
Educational and Developmental Services Levy	9.00	9.00	9.00	—	—
Department of Education and Early Learning	—	—	—	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	25.50	22.50	24.00	22.00	20.00
Housing	37.00	37.50	37.50	38.50	40.50
Neighborhoods	46.00	42.50	40.50	74.75	86.50
Neighborhood Matching Subfund	7.00	6.00	6.00	—	—
Seattle Department of Construction and Inspections ^E	406.00	397.25	393.26	398.01	409.00
Office of Planning and Community Development ^F	—	—	—	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,857.25	1,830.25	1,810.50	1,810.50	1,839.10
Seattle Public Utilities	1,446.55	1,401.05	1,411.05	1,420.75	1,449.25
Transportation	793.00	727.50	721.00	768.50	792.00
ADMINISTRATION					
City Auditor	9.50	9.50	9.00	8.00	8.00
City Budget	29.50	28.50	27.50	28.50	—
Civil Rights	23.50	23.00	22.50	21.50	22.50
Civil Service Commission	2.60	2.60	—	1.80	1.80
Employees' Retirement System	20.00	18.00	18.00	15.50	15.50
Ethics and Elections Commission	6.20	6.20	5.20	5.20	5.20
Finance and Administrative Services ^B	602.25	528.75	521.75	523.75	579.00
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	3.00	3.00	2.00	—	—
Information Technology	194.25	192.25	190.25	195.00	205.00
Intergovernmental Relations	10.50	10.50	10.50	11.50	11.50
Legislative	86.50	86.50	86.00	86.00	89.00
Mayor	28.50	28.50	28.50	28.50	28.50
Department of Human Resources ^D	92.75	103.75	103.25	104.25	115.00
Office of the Employee Ombud ^C	—	—	—	—	—
Office of Inspector General ^F	—	—	—	—	—
Office of Labor Standard	—	—	—	—	—
Sustainability and Environment	12.00	10.00	14.75	11.00	8.00
Total Full-Time Equivalents	11,361.53	11,039.36	10,913.40	11,029.65	11,314.51

^A Source - City of Seattle Adopted Budget.

^B The departments of Executive Administration, Finance, and Fleets and Facilities were merged to create the Department of Finance and Administrative Services in 2010.

^C The Office of the Employee Ombud was created for 2019.

^D Personnel was renamed the Seattle Department of Human Resources in 2014.

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

^F The Office of the Inspector General for Public Safety was established by ordinance in 2017 and first budgeted in 2018.

Statistics

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OPERATING INDICATORS ^A BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 17,758,107	\$ 22,140,431	\$ 26,002,865	\$ 25,799,733	\$ 22,636,220
Per capita	\$ 23.76	\$ 30.31	\$ 36.47	\$ 37.57	\$ 34.18
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	8,092	8,327	8,218	7,161	7,387
Traffic criminal filings	575	629	619	660	678
DUI filings	1,439	1,444	1,255	1,269	1,099
Non-traffic infraction filings	1,865	1,846	3,173	4,019	4,710
Traffic infraction filings	27,442	27,004	32,854	34,401	47,931
Parking infractions	547,117	542,859	583,360	600,188	518,624
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	396,658	369,698	383,236	378,222	373,898
Parks and Recreation					
Park use permits issued					
Number	830	806	841	766	744
Amount	\$ 1,250,792	\$ 273,387	\$ 600,817	\$ 538,945	\$ 616,102
Facility use permits issued including pools					
Number	19,677	21,209	25,935	25,935	24,405
Amount	\$ 9,167,354	\$ 4,306,075	\$ 9,061,570	\$ 8,193,741	\$ 7,359,133
Facility use permits issued excluding pools					
Number	18,896	20,585	24,902	25,275	23,750
Amount	\$ 8,429,776	\$ 3,555,031	\$ 8,329,343	\$ 7,505,445	\$ 6,683,724
Picnic permits issued					
Number	3,547	3,466	3,920	4,245	4,323
Amount	\$ 721,178	\$ 391,156	\$ 427,769	\$ 421,821	\$ 422,861
Ball field usage					
Scheduled hours	124,506	191,010	198,082	186,021	147,311
Amount	\$ 4,124,294	\$ 3,454,407	\$ 3,496,685	\$ 2,803,130	\$ 2,662,171
Weddings					
Number	230	216	228	234	269
Amount	\$ 158,364	\$ 93,520	\$ 97,738	\$ 96,314	\$ 104,265
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	10,505	10,027	10,444	14,261	17,666
Value of issued permits	\$ 4,603,329,257	\$ 3,959,949,752	\$ 5,088,196,449	\$ 3,732,939,162	\$ 3,945,738,487
UTILITIES					
City Light					
Customers	470,380	461,500	454,500	447,332	422,809
Operating revenues	\$ 1,079,423,815	\$ 991,613,793	\$ 989,710,419	\$ 903,174,831	\$ 882,856,777
Water					
Population served	1,511,000	1,506,000	1,478,000	1,433,200	1,403,600
Billed water consumption, daily average, in gallons	115,114,247	118,411,885	118,402,270	115,447,224	118,900,570
Operating revenues	\$ 281,008,043	\$ 282,286,898	\$ 262,896,454	\$ 251,363,807	\$ 251,977,342
Drainage and Wastewater					
Operating revenues	\$ 454,381,864	\$ 419,875,848	\$ 400,284,279	\$ 375,041,044	\$ 363,778,513
Solid Waste					
Customers					
Residential garbage customers	168,945	166,935	165,482	181,940	164,381
Residential dumpsters customers	195,188	188,290	181,545	156,527	146,201
Commercial garbage customers	8,556	8,023	8,082	8,096	8,145
Operating revenues	\$ 224,965,227	\$ 205,633,975	\$ 209,643,613	\$ 183,666,276	\$ 174,787,770

^A All figures are supplied by the named departments.

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OPERATING INDICATORS ^A BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687	\$ 11,476,891	\$ 11,021,455
Per capita	\$ 25.87	\$ 14.18	\$ 18.40	\$ 18.86	\$ 18.11
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	6,674	7,573	8,162	8,481	9,908
Traffic criminal filings	802	1,048	953	1,109	4,752
DUI filings	1,074	1,111	1,369	1,667	1,343
Non-traffic infraction filings	2,182	2,190	3,122	4,787	5,501
Traffic infraction filings	41,467	42,091	36,872	46,136	55,108
Parking infractions	527,782	631,388	578,507	580,841	600,543
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	464,787	458,644	453,000	456,534	502,903
Parks and Recreation					
Park use permits issued					
Number	759	651	646	670	614
Amount	\$ 615,073	\$ 511,114	\$ 493,691	\$ 454,327	\$ 302,690
Facility use permits issued including pools					
Number	24,543	24,740	25,944	26,051	27,384
Amount	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337	\$ 6,147,176	\$ 5,014,973
Facility use permits issued excluding pools					
Number	23,749	24,182	25,353	25,472	26,661
Amount	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997	\$ 5,573,454	\$ 4,480,703
Picnic permits issued					
Number	4,027	3,967	3,664	3,463	3,658
Amount	\$ 386,272	\$ 381,309	\$ 363,842	\$ 345,209	\$ 303,075
Ball field usage					
Scheduled hours	170,014	161,571	147,142	128,352	125,891
Amount	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292	\$ 2,480,476	\$ 1,909,705
Weddings					
Number	254	258	250	233	272
Amount	\$ 89,486	\$ 94,845	\$ 94,295	\$ 80,900	\$ 89,350
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	12,047	8,350	7,316	7,075	6,287
Value of issued permits	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519	\$ 2,144,525,229	\$ 1,582,129,040
UTILITIES					
City Light					
Customers	415,056	408,055	402,608	400,351	398,858
Operating revenues	\$ 886,443,525	\$ 842,229,890	\$ 800,273,311	\$ 771,464,570	\$ 732,977,819
Water					
Population served	1,336,700	1,326,000	1,314,932	1,303,847	1,292,994
Billed water consumption, daily average, in gallons	113,863,391	113,107,019	112,036,939	110,200,000	110,424,484
Operating revenues	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169	\$ 194,572,652	\$ 195,203,465
Drainage and Wastewater					
Operating revenues	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717	\$ 278,956,907	\$ 249,733,795
Solid Waste					
Customers					
Residential garbage customers	160,063	163,413	164,241	166,637	165,541
Residential dumpsters customers	142,035	135,499	129,761	127,678	126,593
Commercial garbage customers	8,168	8,156	8,148	8,179	8,248
Operating revenues	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774	\$ 154,200,068	\$ 150,905,931

^A All figures are supplied by the named departments.

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CAPITAL ASSET STATISTICS ^A BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2019	2018	2017	2016	2015
PUBLIC SAFETY					
Fire					
Boats	9	7	7	6	7
Fire-fighting apparatus	224	221	214	216	216
Stations	33	33	33	33	33
Training towers	6	6	6	6	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	328	369	302	280	280
Motorcycles	35	40	37	37	37
Scooters	55	70	53	71	80
Trucks, vans, minibuses	87	89	91	89	91
Automobiles	205	248	236	213	196
Patrol boats	12	12	10	10	10
Bicycles	162	154	154	154	154
Horses	7	7	7	5	7
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	12,565,554	11,622,522	11,689,659	11,544,047	11,744,881
Collection, print and non-print	2,404,513	2,368,793	2,235,370	2,181,399	2,214,169
Parks and Recreation					
Major parks	19	14	14	14	14
Open space acres acquired since 1989	859	738	734	731	731
Total acreage	6,423	6,372	6,369	6,367	6,367
Children's play areas	153	160	160	160	158
Neighborhood playgrounds	148	39	39	39	40
Community playfields	51	42	42	42	38
Community recreation centers	26	27	27	27	27
Visual and performing arts centers	6	5	5	5	5
Theaters	—	1	1	1	1
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	25	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	106	64	64	64	64
Viewpoints	16	11	11	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	—	9	9	9	9
Aquarium specimens on exhibit ^B	—	—	—	—	—

A All figures are supplied by the named departments.

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

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

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CAPITAL ASSET STATISTICS ^A BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Fire					
Boats	6	3	3	3	3
Fire-fighting apparatus	184	164	163	162	162
Stations	33	33	33	33	33
Training towers	2	2	2	2	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	272	273	270	270	270
Motorcycles	37	37	37	37	37
Scooters	75	73	67	63	58
Trucks, vans, minibuses	89	87	88	86	84
Automobiles	194	194	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	146
Horses	7	7	7	8	8
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,435,302	10,932,677	11,376,194	11,914,050	10,025,029
Collection, print and non-print	2,435,520	2,403,693	2,280,511	2,294,601	2,446,355
Parks and Recreation					
Major parks	14	14	14	13	13
Open space acres acquired since 1989	711	695	665	663	654
Total acreage	6,298	6,251	6,188	6,185	6,171
Children's play areas	138	136	135	133	131
Neighborhood playgrounds	43	41	40	38	38
Community playfields	38	38	38	38	33
Community recreation centers	25	24	26	26	26
Visual and performing arts centers	5	6	6	6	6
Theaters	1	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	62
Viewpoints	11	11	11	9	8
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit ^B	—	0	0	10,588	10,216

A All figures are supplied by the named departments.

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

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

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CAPITAL ASSET STATISTICS ^A BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2019	2018	2017	2016	2015
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	2,006,580	2,058,100	2,014,100	2,014,100	1,975,100
Peak load (KW) ^c	1,806,000	1,870,000	1,785,000	1,689,000	1,866,792
Total system load (1,000 KWh) ^c	9,536,574	9,973,100	9,696,583	9,687,222	9,911,624
Meters	475,457	454,712	445,625	430,148	422,613
Water					
Reservoirs, standpipes, tanks	29	29	29	29	29
Fire hydrants	18,664	18,664	18,664	18,000	18,000
Water mains					
Supply, in miles	198	193	198	193	193
Water storage, in thousand gallons	326,100	325,350	326,100	354,500	354,500
Meters	197,747	195,331	194,580	192,633	191,403
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	474	473	475	474
Sanitary sewers, life-to-date, in miles	946	948	949	947	947
Storm drains, life-to-date, in miles	486	486	485	483	481
Pumping stations	67	67	67	68	68
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,548	1,548	1,548	1,547	1,547
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,396	2,407	2,407
Sidewalks, in miles	2,294	2,238	2,326	2,303	2,230
Stairways	502	498	498	492	509
Length of stairways, in feet	34,869	34,923	34,923	35,653	36,269
Number of stairway treads	23,555	23,585	23,585	23,503	23,344
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	150,000	150,000	150,000	150,000	125,000
Total platted streets, in centerline miles	1,675	1,675	1,675	1,677	1,677
Traffic signals	1,106	1,085	1,077	1,071	1,041
Parking meters					
Downtown	—	—	—	—	—
Outlying	—	—	—	—	—
Parking pay stations					
Downtown	646	690	689	880	892
Outlying	866	950	1,006	1,141	1,112
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	120	98	96	96	93
Partial City maintenance	40	40	51	51	54
Retaining walls/seawalls	613	593	587	582	580

A All figures are supplied by the named departments.

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

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

The City of Seattle

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CAPITAL ASSET STATISTICS ^A BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2014	2013	2012	2011	2010
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,991,600	1,991,600	1,920,700	1,920,700	1,920,700
Peak load (KW) ^c	1,840,792	1,804,708	1,748,833	1,846,708	1,859,875
Total system load (1,000 KWh) ^c	10,048,700	10,082,024	10,202,992	9,910,754	10,182,404
Meters	406,274	407,614	406,195	402,854	394,455
Water					
Reservoirs, standpipes, tanks	26	27	27	27	30
Fire hydrants	18,655	18,550	18,503	18,473	18,436
Water mains					
Supply, in miles	182	182	187	187	224
Water storage, in thousand gallons	398,369	338,869	338,869	302,880	370,000
Meters	187,159	188,883	188,457	188,226	187,154
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	472	471	471	472	473
Sanitary sewers, life-to-date, in miles	949	948	957	956	958
Storm drains, life-to-date, in miles	479	474	473	470	473
Pumping stations	67	67	66	67	65
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,540	1,540	1,537	1,531	1,531
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,412	2,412	2,411	2,412	2,412
Sidewalks, in miles	2,230	2,256	2,262	2,262	2,258
Stairways	505	507	507	498	494
Length of stairways, in feet	35,112	35,122	35,061	35,181	35,215
Number of stairway treads	24,050	24,050	24,009	23,950	23,666
Street trees					
City-maintained	41,000	41,000	40,000	40,000	40,000
Maintained by property owners	125,000	125,000	125,000	125,000	125,000
Total platted streets, in centerline miles	1,677	1,677	1,666	1,666	1,666
Traffic signals	1,070	1,060	1,053	1,040	1,030
Parking meters					
Downtown	6	93	231	941	941
Outlying	4	26	85	97	97
Parking pay stations					
Downtown	961	973	998	856	850
Outlying	1,174	1,198	1,227	1,315	1,127
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	99	95	90	88	88
Partial City maintenance	32	44	44	54	55
Retaining walls/seawalls	592	592	592	592	582

A All figures are supplied by the named departments.

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

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

APPENDIX C
SUMMARY OF KING COUNTY'S INVESTMENT POLICY

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SUMMARY OF KING COUNTY'S INVESTMENT POLICY

Additional discussion of recent developments pertaining to the King County Investment Pool can be found under "King County—King County Investment Pool" in the body of this Official Statement.

The Treasury Operations Section of the King County Finance and Business Operations Division administers the County's investments. Under Section 4.10 of the County Code, the Executive Finance Committee (the "Committee") oversees the County's investment practices. The Committee consists of the Chair of the County Council or his or her designee, the County Executive or his or her designee, the Chief Budget Officer, and the County Director of the Finance and Business Operations Division.

The County's own funds are invested in the County's Residual Investment Pool (the "Investment Pool"). All investments of County funds are subject to written policies and procedures adopted by the Committee. The Committee reviews the performance of the Investment Pool on a monthly basis.

In addition to investing the County's own funds, the Treasury Operations Section also invests the funds of approximately 110 special purpose districts within the County for which the Treasury Operations Section serves as treasurer, including all school districts, fire protection districts, water districts, sewer districts, and hospital districts. Each district has the option either to invest in the Investment Pool or to direct the term and amount of each of its investments. To participate in the Investment Pool, a district must sign an inter-local agreement that governs their participation in the Investment Pool, and, to exit the Investment Pool, a district must provide the required notice prior to their anniversary date. The Treasury Operations Section selects the particular investment instruments.

The Investment Pool must maintain an effective duration of 1.5 years or less and 40% of its total value must be held in securities that mature within one year. As of June 30, 2020, the Investment Pool had a balance of \$8.1 billion and an effective duration of 0.99 years, and 51.7% of the portfolio had a maturity of one year or less.

Under State law and the County's current investment policy, subject to certain minimum credit and maximum maturity limitations as described therein, the County may invest in the following instruments:

- (i) up to 100% of the portfolio in U.S. Treasury or U.S. Agency securities;
- (ii) up to 25% of the portfolio in certificates of deposit ("CDs") with institutions that are public depositaries in the State of Washington with a maximum of 5% per issuer across investment types;
- (iii) up to 25% of the portfolio in bankers' acceptances with a maximum of 5% per issuer across investment types;
- (iv) up to 100% of the portfolio in repurchase agreements, with a maximum of 25% exposure to any one repo counterparty, provided that the underlying security must be a U.S. Treasury or U.S. Agency and all underlying securities are held by a third party;
- (v) up to 25% in commercial paper and corporate notes with a maximum of 5% per issuer across investment types;
- (vi) up to 20% in general obligation municipal bonds with a maximum of 5% per issuer;
- (vii) up to 25% in mortgage-backed securities issued by agencies of the U.S. Government which pass the Federal Financial Institutions Examination Council ("FFIEC") suitability test that banks use to determine lowest risk securities; and
- (viii) up to 25% in the State's Local Government Investment Pool.

The combined total of repurchase agreements greater than overnight, bankers' acceptances, CDs, commercial paper, and corporate notes must not exceed 50% of Investment Pool assets. The County currently does not purchase structured notes or inverse floating rate notes, and has no intention of doing so in the near future.

The County's entire investment policy is located on the County's website at the following link:

<https://kingcounty.gov/depts/finance-business-operations/treasury/investment-pool.aspx>

The investment policy also includes a policy adopted by the Committee to address the circumstances under which County agencies or districts can invest funds beyond the maximum maturity limits established for the Investment Pool. This policy provides the "Pool-Plus" investment option which allows a participant in the Investment Pool to request the County to combine a portfolio of individual long-term securities in the same fund that is invested in the Investment Pool. Under the Pool-Plus option, the Investment Pool will be used for the liquidity portion of the portfolio, while the following investment types may be used for the longer term investments: U.S. Treasuries or securities with the full faith and credit of the U.S. Government backing them and senior debt obligations issued by U.S. agencies, instrumentalities or government-sponsored enterprises such as the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation.

APPENDIX D

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

King County is the largest county in Washington in population, number of cities and employment, and the twelfth most populated county in the United States. Of Washington's population, nearly 30% reside in King County, and of the County's population, 34% live in the City of Seattle. Seattle is the largest city in the Pacific Northwest and, as the County seat, is the center of the County's economic activity. Bellevue is the State's fifth largest city and the second largest in the County, and is the center of the County's eastside business and residential area.

Population

Historical and current population figures for the State of Washington, the County, the two largest cities in the County, and the unincorporated areas of the County are given below.

POPULATION					
Year	Washington	King County	Seattle	Bellevue	Unincorporated King County
1980 ⁽¹⁾	4,130,163	1,269,749	493,846	73,903	503,100
1990 ⁽¹⁾	4,866,692	1,507,319	516,259	86,874	NA
2000 ⁽¹⁾	5,894,121	1,737,034	563,374	109,827	349,773
2010 ⁽¹⁾	6,724,540	1,931,249	608,660	122,363	325,000
2011 ⁽²⁾	6,767,900	1,942,600	612,100	123,400	285,265
2012 ⁽²⁾	6,817,770	1,957,000	616,500	124,600	255,720
2013 ⁽²⁾	6,882,400	1,981,900	626,600	132,100	253,100
2014 ⁽²⁾	6,968,170	2,017,250	640,500	134,400	252,050
2015 ⁽²⁾	7,061,410	2,052,800	662,400	135,000	253,280
2016 ⁽²⁾	7,183,700	2,105,000	686,800	139,400	245,920
2017 ⁽²⁾	7,310,300	2,153,700	713,700	140,700	247,060
2018 ⁽²⁾	7,427,570	2,190,200	730,400	142,400	247,240
2019 ⁽²⁾	7,546,410	2,226,300	747,300	145,300	248,275
2020 ⁽²⁾	7,656,200	2,260,800	761,100	148,100	249,100

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: State of Washington, Office of Financial Management

Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Division, the County, the State, and the United States.

PER CAPITA INCOME					
	2014	2015	2016	2017	2018
Seattle MD	\$ 65,785	\$ 68,792	\$ 71,903	\$ 75,973	\$ 81,201
King County	72,644	76,122	79,742	84,542	90,438
State of Washington	51,518	53,840	55,884	58,550	62,026
United States	47,058	48,978	49,870	51,885	54,446

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 by entities within King County. The value of public construction is not included in this table.

KING COUNTY RESIDENTIAL BUILDING PERMIT VALUES

Year	New Single Family Units		New Multi-Family Units		Total Value(\$)
	Number	Value(\$)	Number	Value(\$)	
2015	4,010	1,539,049,136	14,527	2,227,509,189	3,766,558,325
2016	4,254	1,616,722,532	13,445	1,759,255,696	3,375,978,228
2017	4,356	1,735,074,421	14,285	2,174,576,693	3,909,651,114
2018	4,442	1,747,483,826	14,018	1,642,109,582	3,389,593,408
2019	3,777	1,494,505,945	14,142	2,071,136,054	3,565,641,999
2019 ⁽¹⁾	2,576	1,024,649,844	8,549	1,189,156,730	2,213,806,574
2020 ⁽¹⁾	2,170	919,135,464	5,978	699,807,743	1,618,943,207

(1) Estimates with imputations through August.

Source: U.S. Bureau of the Census

Retail Activity

The following table presents taxable retail sales in King County and Seattle.

THE CITY OF SEATTLE AND KING COUNTY TAXABLE RETAIL SALES⁽¹⁾

Year	King County	City of Seattle
2014	\$ 49,638,174,066	\$ 19,995,171,842
2015	54,890,159,770	22,407,443,037
2016	59,530,882,870	24,287,539,378
2017	62,910,608,935	26,005,147,210
2019	72,785,180,223	29,953,200,188

Source: Quarterly Business Review, Washington State Department of Revenue

KING COUNTY TAXABLE RETAIL SALES

2019 Q1	\$ 17,147,043,607	2020 Q1	\$ 17,379,065,593
2019 Through July	43,483,890,069	2020 Through July	38,812,096,209

Source: Estimated by the King County Office of Economic and Financial Analysis based on actual retail sales and use tax receipts provided by the Washington State Department of Revenue

Employment

The following table presents total employment in the State as of December 31, 2019 (unless otherwise noted) for certain major employers in the Puget Sound area.

PUGET SOUND MAJOR EMPLOYERS

Employer	Employees
The Boeing Company	71,800 ⁽¹⁾
Amazon.com Inc.	60,000
Microsoft Corp.	55,100
Joint Base Lewis-McChord	54,000 ⁽²⁾
University of Washington Seattle	46,800
Providence Health & Services	43,000 ⁽³⁾
Safeway Inc. & Albertsons LLC	21,300 ⁽³⁾
Wal-Mart Stores, Inc.	19,400
Costco Wholesale Corp.	18,000
MultiCare Health System	17,200
Fred Meyer Stores	16,200
King County Government	15,900
City of Seattle	15,800
Starbucks Corp.	14,000
CHI Franciscan Health	12,500
Seattle Public Schools	11,900
Kaiser Permanente	10,000
Alaska Air Group Inc.	9,600
Nordstrom, Inc.	9,200

(1) In 2020, Boeing has undertaken firmwide workforce reductions, approximately 10,000 of which are expected to be in the State.

(2) 40,000 are service members and 14,000 are civilian employees.

(3) Did not respond to latest survey. Employee count is as of May 2019

Source: Puget Sound Business Journal, Publication Date June 19, 2020

KING COUNTY
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT⁽¹⁾

	Annual Average				
	2015	2016	2017	2018	2019
Civilian Labor Force	1,184,240	1,213,744	1,238,090	1,264,754	1,290,480
Total Employment	1,134,979	1,167,122	1,194,955	1,224,648	1,254,638
Total Unemployment	49,261	46,622	43,135	40,106	35,842
Percent of Labor Force	4.2%	3.8%	3.5%	3.2%	2.8%
NAICS INDUSTRY	2015	2016	2017	2018	2019
Total Nonfarm	1,312,083	1,357,433	1,398,225	1,433,158	1,468,958
Total Private	1,137,950	1,179,242	1,216,892	1,254,625	1,293,125
Goods Producing	175,233	177,692	178,150	181,958	186,650
Mining and Logging	575	525	533	500	500
Construction	66,808	71,217	74,342	78,108	79,942
Manufacturing	107,858	105,967	103,283	103,333	106,183
Service Providing	1,136,850	1,179,742	1,220,075	1,251,200	1,282,308
Trade, Transportation, and Utilities	244,425	254,142	268,325	274,642	281,025
Information	88,875	96,200	102,817	110,917	121,192
Financial Activities	69,767	70,642	71,450	73,708	75,233
Professional and Business Services	216,017	222,750	227,792	233,092	238,658
Educational and Health Services	167,008	174,042	179,142	185,842	189,617
Leisure and Hospitality	130,108	135,683	140,775	145,050	147,942
Other Services	46,517	48,092	48,442	49,417	52,808
Government	174,133	178,192	181,333	178,533	175,833
Workers in Labor/Management Disputes	0	0	0	0	0
	Aug. 2020				
Civilian Labor Force	1,290,991				
Total Employment	1,197,557				
Total Unemployment	93,434				
Percent of Labor Force	7.2%				

(1) Columns may not add to totals due to rounding.

Source: Washington State Employment Security Department

APPENDIX E
BOOK-ENTRY SYSTEM

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BOOK-ENTRY SYSTEM

The following information has been provided by the Depository Trust Company, New York, New York ("DTC"). The County makes no representation regarding the accuracy or completeness thereof, or for the absence of material changes in such information subsequent to the date hereof. Beneficial Owners (as hereinafter defined) should therefore confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. 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 a Standard & Poor's 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.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.