

The City of Seattle, Washington
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

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Text added and cropped from original*

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2017



**City of Seattle
Washington**

Department of Finance and Administrative Services

Introduction

Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

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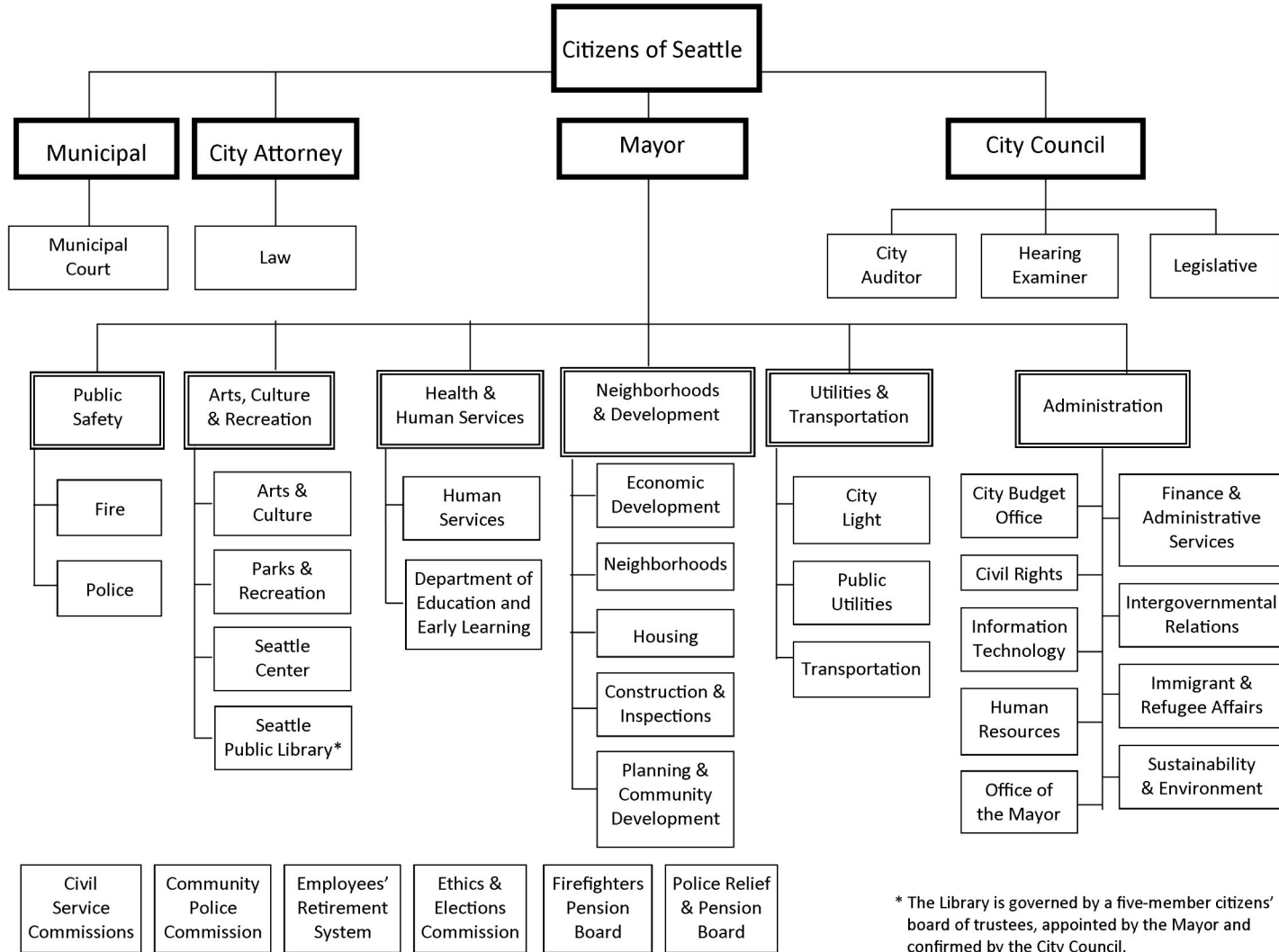
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CITY ORGANIZATIONAL CHART



OFFICIALS

As of January 1, 2018

MAYOR AND CITY COUNCIL

Jenny A. Durkan
Mayor

City Council

Lisa Herbold District 1	Sally Bagshaw District 4	M. Lorena Gonzalez District 7
Bruce A. Harrell District 2	Rob Johnson District 5	Debora Juarez District 8
Teresa Mosqueda District 3	Mike O'Brien District 6	Kshama Sawant District 9

Administration

Fred Podesta
Director Finance and Administrative Services

Glen Lee
Finance Director

Janice Marsters
Director, Citywide Accounting and Payroll Services



September 30, 2018

The Honorable Mayor and
Members of the City Council:

I am pleased to submit to you the 2017 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, 2017. 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 nation's recovery from the Great Recession is now in its ninth year, making it the second longest expansion in the post-World War II period. The average length of post-war expansions is five years. Although employment growth during the recovery has been relatively strong, on many dimensions, including gross domestic product (GDP) growth, wage gains, and productivity, the recovery has disappointed. Real GDP growth has averaged 2.2 percent per year, the slowest pace of any post-war expansion.

The pace of economic growth accelerated in the second quarter of 2018, which saw real GDP increase at a 4.1% annual rate. Driving this acceleration were the federal tax cuts enacted in December 2017 and the Bipartisan Budget Act of 2018, which increased federal spending by approximately ten percent in both 2018 and 2019. In response to this fiscal stimulus, growth is expected to remain strong during the rest of 2018 and 2019.

Forecasters expect the economy to slow in 2020 as the effects of the federal fiscal stimulus fade and higher interest rates act to slow the economy. The Federal Reserve is expected to continue raising interest rates in order to normalize rates and keep inflation under control. Some forecasters think the forces driving the slowdown in 2020 could push the economy into recession. In a May 2018 Wall Street Journal survey, 59 percent of private-sector economists said the most likely end date for the current expansion is 2020.

Seattle metropolitan area economy. Since the Great Recession ended in June 2009, the Seattle metro area economy has outperformed the national economy by a considerable margin. This is reflected in the region's healthy job growth and low unemployment rate. Seattle metro area (King and Snohomish Counties) employment has grown at a 2.7 percent annual rate during the recovery, compared to 1.7 percent for the nation. In June 2018, the unemployment rate for the Seattle metro area was 3.7 percent, compared to 4.0 percent for the U.S and 4.7 percent for Washington state. The region has also outpaced the U.S. in both income and wage growth during the recovery.

Industries instrumental in the region's strong recovery include aerospace, professional, scientific, and technical services, software publishers, health services, and mail order and internet retail. Aerospace provided a big lift to the local economy during the early stages of the recovery, adding 14,000 jobs in 2011 and 2012. However, aerospace employment peaked in November 2012 and has declined since then. The software industry, whose largest local employer is Microsoft, has added 13,200 jobs from its low point in late 2009. The industry making the greatest contribution to the recovery has been mail order and internet retail, which is dominated by Amazon.com. This industry has added approximately 35,000 jobs during the current expansion.

During the recovery, the region's growth has been concentrated in the city of Seattle, the region's major business and professional service center and home to Amazon.com's rapidly growing headquarters. Strong job growth in Seattle and the growing popularity of in-city living has led to a surge in construction activity focused in multi-family housing and office development. The value of permits issued for construction activity in Seattle increased from \$1.5 billion in 2010 to \$3.6 billion in 2016 and \$5.0 billion in 2017, the strongest year ever.

Seattle metro area employment growth peaked at 3.2 percent in both 2015 and 2016 before slowing to 2.5 percent in 2017. The slowdown was due in part to a loss of 6,000 aerospace jobs in 2017. With Amazon searching for a location for its second headquarters and signs that construction is near its peak, the region's economy is expected to continue slowing. The slowing will be gradual in 2018 and 2019, thanks to a strong national economy, but 2020 will see a sharper slowdown as the national economy decelerates.

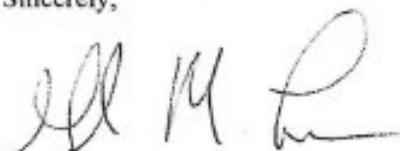
CERTIFICATE OF ACHIEVEMENT

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, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

I would like to express my appreciation to the entire staff of Citywide Accounting Services, other members of the Department of Finance and Administrative Services, and other City departments who contributed to the

preparation of this report. Finally, I thank you for your interest and continuing support in planning and conducting the City's financial operations in a responsible manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen M. Lee". The signature is fluid and cursive, with the first name "Glen" being the most prominent.

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, 2016

Christopher P. Morrill

Executive Director/CEO

Financial Section



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

September 25, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

- The Light Fund, Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund, which are major funds that collectively represent 99 percent, 98 percent, and 98 percent, respectively, of the assets and deferred outflows, net position, and revenues of the business-type activities.

- The Seattle City Employees' Retirement System, which represents 64 percent, 73 percent, and 28 percent, respectively, of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units and remaining fund information.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Water, Drainage and Wastewater, and Solid Waste funds, and the Seattle City Employees' Retirement System were not audited in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City of Seattle, as of December 31, 2017, 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 2017, the City adopted new accounting guidance, Governmental Accounting Standards Board 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*. Our opinion is not modified with respect to this matter.

Other Matters

Report on Summarized 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, 2016, from which such partial information was derived.

We and other auditors have previously audited the City's 2016 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 August 11, 2017.

In our opinion, the summarized comparative information for the governmental activities and governmental funds presented herein as of and for the year ended December 31, 2016, 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. The combining financial statements and schedules are presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America 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 Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated September 25, 2018, 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

MANAGEMENT’S DISCUSSION AND ANALYSIS

The City of Seattle (City) presents this Management’s Discussion and Analysis (MD&A) of its financial activities for the fiscal year ended December 31, 2017. This discussion and analysis focuses on significant financial issues, provides an overview of the City’s financial activity, highlights significant changes in the City’s financial position, and identifies material variances between the approved budget and actual spending.

The City encourages readers to consider the information presented here in conjunction with additional information provided in its letter of transmittal and the City's basic financial statements following this section. All dollar amount are expressed in thousands unless otherwise indicated.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City of Seattle’s basic financial statements which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the City’s finances in a manner similar to that of private-sector business.

The Statement of Net Position presents information on all City assets, deferred outflows of resources, liabilities, deferred inflows of resources, with the difference between these elements reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City’s financial health.

The Statement of Activities presents changes in net position during the current reporting period. All changes to net position are reported as of the date of the underlying event, rather than when cash is received or disbursed. Thus, some reported revenues and expenses result in cash flows in future periods. The Statement of Activities focuses on both the gross and the net cost of the various activities of the City. The report summarizes and simplifies analysis of the revenues and expenses of the various City activities and the degree to which activities are subsidized by general revenues.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental 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, operations of regulatory and long-range planning and enforcement of policies and codes that include construction and land use, fiber leasing, and parking facilities.

Fund Financial Statements

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

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City’s basic services are reported in the governmental funds. These statements, however, focus on near-term inflows and outflows of spendable resources, as well as fund balances at the end of the fiscal year. Such information may be useful in assessing the City’s near-term financing requirements.

Readers may better understand the long-term impact of the government’s near-term financing decisions by comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison.

The City maintains numerous governmental funds that are organized according to type (general, special revenue, debt service, capital projects, and permanent funds). Information for the 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. The City's major governmental funds are the General Fund and Transportation Fund. Information for each of the nonmajor governmental funds is provided in the combining statements in this report.

Proprietary funds account for services for which the City charges outside customers and internal City departments. Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds.

- Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. The proprietary funds financial statements provide separate information for the Seattle City Light Fund, Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund, which are considered to be major enterprise funds. Information for nonmajor enterprise funds is presented in the aggregate. Information for each of the nonmajor enterprise funds is provided in the combining statements in this report.
- Internal service funds report activities that provide supplies and services for various City programs and activities. The City uses internal service funds to account for its finance and administrative services and information technology services. Because these services largely benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. The internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Information for each of the internal service funds is provided in the combining statements in this report.

Proprietary fund statements follow the governmental fund statements in this report.

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Combining Statements

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

Statistical Information

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

FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2017 the City's net position totaled \$5.738 billion, with governmental activities accounting for 60.9 percent and business-type activities 39.1 percent, consistently reporting a 2 to 1 ratio year over year.
- Net investment in capital assets grew 3.5 percent, increasing \$189.7 million, to a total reported balance of \$5.645 billion for 2017. Of these assets the City's governmental activities controls \$3.365 billion, with the remaining \$2.280 billion supporting business-type activities.
- Restricted net position of \$780.0 million is available to meet the City's ongoing obligations to citizens and creditors. Governmental activities accounted for 72.8 percent of the \$95.4 million increase in the restricted balances. The City restricted significant resources for capital projects, low-income, transportation, and education programs, debt service and other purposes.
- The City's non-current liabilities account for 90.5 percent of all liabilities recorded. During 2017 these liabilities increased \$750.4 million, 9.8 percent between years. The City's business activities contributed significantly to the increase in the long-term liabilities with an increase to revenue bonds payable of \$469.6 million. The overall change in long-term liabilities is also reflected in the \$687.2 million deficit reported under the City's unrestricted net position.
- Expenses reported at the citywide level were up 7.2 percent year over year, totaling \$3.689 billion in 2017. Of the \$247.1 million increase in 2017's expenses 53.3 percent can be attributed to the growth in expenses related to governmental-activities. Expenses for all functions within the City's governmental activities totaled \$1.911 billion for 2017, a 7.4 percent increase over 2016's costs of \$1.779 billion.
- The City's governmental funds reported a combined ending fund balance of \$1,115.3 million for 2017, an increase of 12.2 percent from the prior year's restated balance of \$994.4 million. Of the total fund balance, 11.6 percent is reported as unassigned balance, totaling \$130.0 million for year-end 2017. The General Fund contributes \$152.2 million to unassigned fund balance which was then offset by the special revenue and capital project funds reporting a combined deficit of \$22.3 million in unassigned fund balances that offset the total across the City's governmental funds.
- Revenue generated by the City's governmental funds totaled \$2.210 billion for the fiscal year ended December 31, 2017, an increase of approximately \$110.6 million, or 5.3 percent from the prior year's balance of \$2.099 billion. The increase is primarily driven by \$95.2 million of additional tax collections in 2017, a 6.7 percent increase that pushed the total tax collection to \$1.517 billion in 2017.
- Expenditures in governmental funds amounted to \$2.184 billion, an increase of approximately \$41.3 million, or 2.0 percent, compared to \$2.143 billion in 2016. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$25.8 million. The City's General Fund reported an excess of revenues over expenditures totaling \$320.8 million, while the other major and nonmajor governmental funds reported a deficiency of revenues over expenditures totaling \$295 million.
- The City's governmental funds received a significant contribution from other financing sources and uses totaling \$95.1 million for 2017. These resources offset the operating deficit and directly contributed to the City's governmental fund balance which totals \$1,115.3 million at year end.
- The General Fund is the chief operating fund of the City. For 2017 the General Fund reported a balance of \$495.1 million, or 44.4 percent of the entire governmental fund balance. The General Fund accounts for 63.6 percent of revenues, and 49.6 percent of total governmental expenditures. The unassigned balance in the City's General Fund grew \$3.1 million, an 2.0 percent increase that pushed the General Fund's total unassigned balance to a record level, \$152.2 million for 2017.
- In 2017 the City issued \$100.1 million in General Obligation Bonds, and \$914.3 million of Revenue Bonds. Of the amount issued in 2017, \$19.4 million was used to partially refund general obligation bonds, and \$163.6 million of revenue bonds. The City's outstanding general obligation bonds totaled \$1.013 billion and the utility revenue bonds 4.226 billion at year end 2017.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. Table A-1 is a condensed version of the statement of net position for the City of Seattle.

Statement of Net Position

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	Restated 2016
ASSETS						
Current and Other Assets	\$ 1,601,692	\$ 1,416,754	\$ 1,980,443	\$ 1,536,233	\$ 3,582,135	\$ 2,952,987
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	4,389,411	4,264,107	6,158,882	5,788,126	10,548,293	10,052,233
Total Assets	5,991,103	5,680,861	8,139,325	7,324,359	14,130,428	13,005,220
DEFERRED OUTFLOWS OF RESOURCES	186,218	199,750	156,605	192,059	342,823	391,809
LIABILITIES						
Current Liabilities	369,099	372,400	431,972	416,478	801,071	788,878
Noncurrent Liabilities	2,265,286	1,998,338	5,403,343	4,919,917	7,668,629	6,918,255
Total Liabilities	2,634,385	2,370,738	5,835,315	5,336,395	8,469,700	7,707,133
DEFERRED INFLOWS OF RESOURCES	49,299	7,205	215,998	165,812	265,297	173,017
NET POSITION						
Net Investment in Capital Assets	3,365,060	3,269,646	2,280,370	2,186,129	5,645,430	5,455,775
Restricted	694,502	625,046	85,527	59,575	780,029	684,621
Unrestricted	(565,925)	(392,023)	(121,280)	(231,495)	(687,205)	(623,518)
Total Net Position	\$ 3,493,637	\$ 3,502,669	\$ 2,244,617	\$ 2,014,209	\$ 5,738,254	\$ 5,516,878

At the close of the current fiscal year the City's total net position was 5.738 billion. The \$9.0 million net position decrease for governmental activities accounted for 4.1 percent of the City's total year over year change in net position.

The net position for the business-type activities also increased 11.4 percent between 2016 and 2017, from \$2.014 billion to \$2.245 billion. In 2017 the City's business activities contributed an additional \$230.4 million to the City's net position, and accounted for 104.1 percent to the City's overall increase in net position.

The City's net position reports an investment of \$5.645 billion in capital assets, such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other funding sources, as capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$780.0 million, or 13.6 percent, represents resources that are subject to external restrictions on how they may be used.

City's unrestricted net position reports a deficit of resources totaling \$687.2 million. This deficit is the direct result of the City's recognition of the net pension liability associated with the implementation of GASB statement 68. This deficit will require future resources to meet the government's obligation to citizens and creditors

Table A-2

**CHANGES IN NET POSITION RESULTING FROM
CHANGES IN REVENUES AND EXPENSES
(In Thousands)**

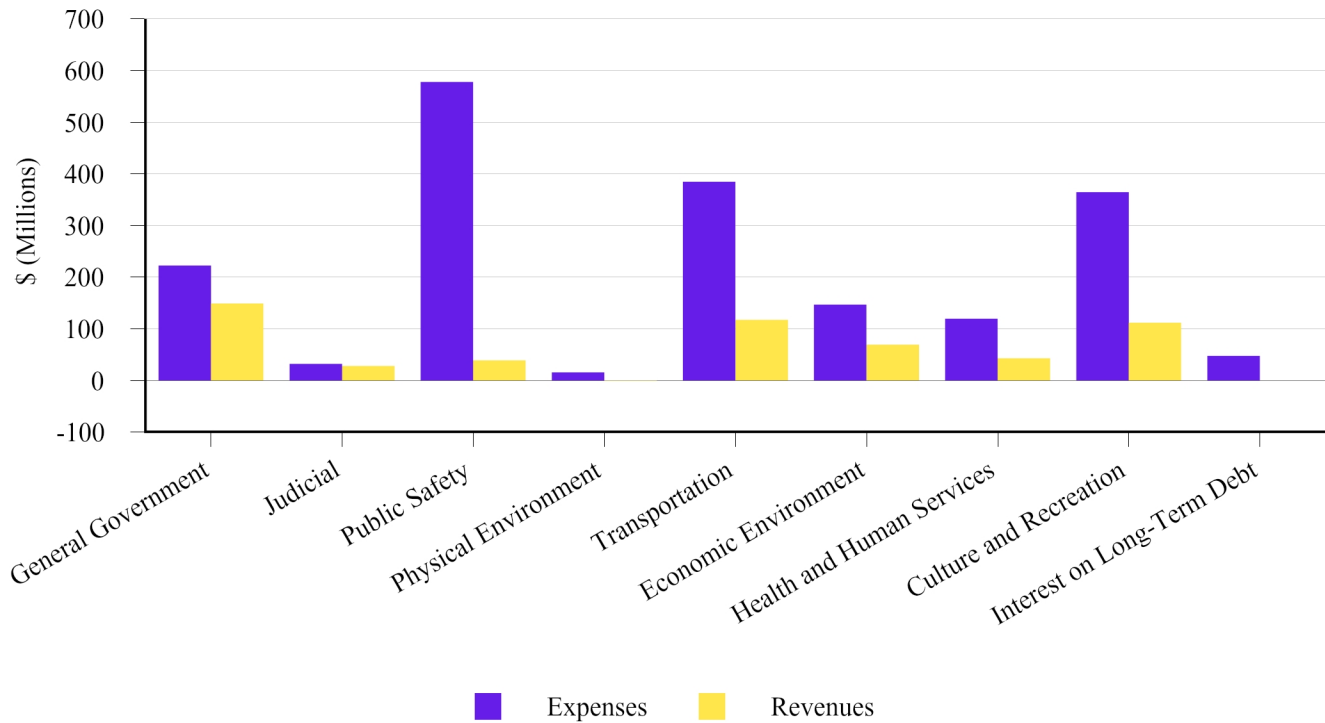
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 389,814	\$ 347,240	\$ 1,922,513	\$ 1,785,230	\$ 2,312,327	\$ 2,132,470
Operating Grants and Contributions	130,777	134,856	1,834	4,583	132,611	139,439
Capital Grants and Contributions	36,161	31,076	70,020	86,997	106,181	118,073
General Revenues						
Property Taxes	582,622	542,854	—	—	582,622	542,854
Sales Taxes	280,963	263,285	—	—	280,963	263,285
Business Taxes	516,881	482,850	—	—	516,881	482,850
Other Taxes	137,706	133,636	—	—	137,706	133,636
Other	25,972	8,889	17,963	60,907	43,935	69,796
Total Revenues	2,100,896	1,944,686	2,012,330	1,937,717	4,113,226	3,882,403
Expenses						
Governmental Activities						
General Government	222,089	226,438	—	—	222,089	226,438
Judicial	32,075	32,025	—	—	32,075	32,025
Public Safety	577,738	577,631	—	—	577,738	577,631
Physical Environment	15,539	12,559	—	—	15,539	12,559
Transportation	384,724	276,867	—	—	384,724	276,867
Economic Environment	147,005	175,132	—	—	147,005	175,132
Health and Human Services	119,463	104,687	—	—	119,463	104,687
Culture and Recreation	364,425	330,985	—	—	364,425	330,985
Interest on Long-Term Debt	47,777	42,942	—	—	47,777	42,942
Business-Type Activities						
Light	—	—	914,785	858,929	914,785	858,929
Water	—	—	235,142	227,988	235,142	227,988
Drainage and Wastewater	—	—	363,682	335,051	363,682	335,051
Solid Waste	—	—	192,062	167,957	192,062	167,957
Planning and Development	—	—	72,914	67,964	72,914	67,964
Downtown Parking Garage	—	—	—	5,222	—	5,222
Fiber Leasing	—	—	36	8	36	8
Total Expenses	1,910,835	1,779,266	1,778,621	1,663,119	3,689,456	3,442,385
Excess Before Special Item and Transfers	190,061	165,420	233,709	274,598	423,770	440,018
Special Item - Environmental Remediation	—	—	(9,619)	(66,187)	(9,619)	(66,187)
Transfers	(5,317)	15,469	6,321	(15,469)	1,004	—
Changes in Net Position	184,744	180,889	230,409	192,942	415,155	373,831
Net Position - Beginning of Year	3,502,669	3,321,778	2,014,208	1,821,264	5,516,877	5,143,042
Restatements/Prior-Year Adjustments	(193,776)	—	—	—	(193,776)	—
Net Position - Beginning of Year as Restated	3,308,893	3,321,778	2,014,208	1,821,264	5,323,101	5,143,042
Net Position - End of Year	\$ 3,493,637	\$ 3,502,667	\$ 2,244,617	\$ 2,014,206	\$ 5,738,254	\$ 5,516,873

Analysis of Changes in Net Position

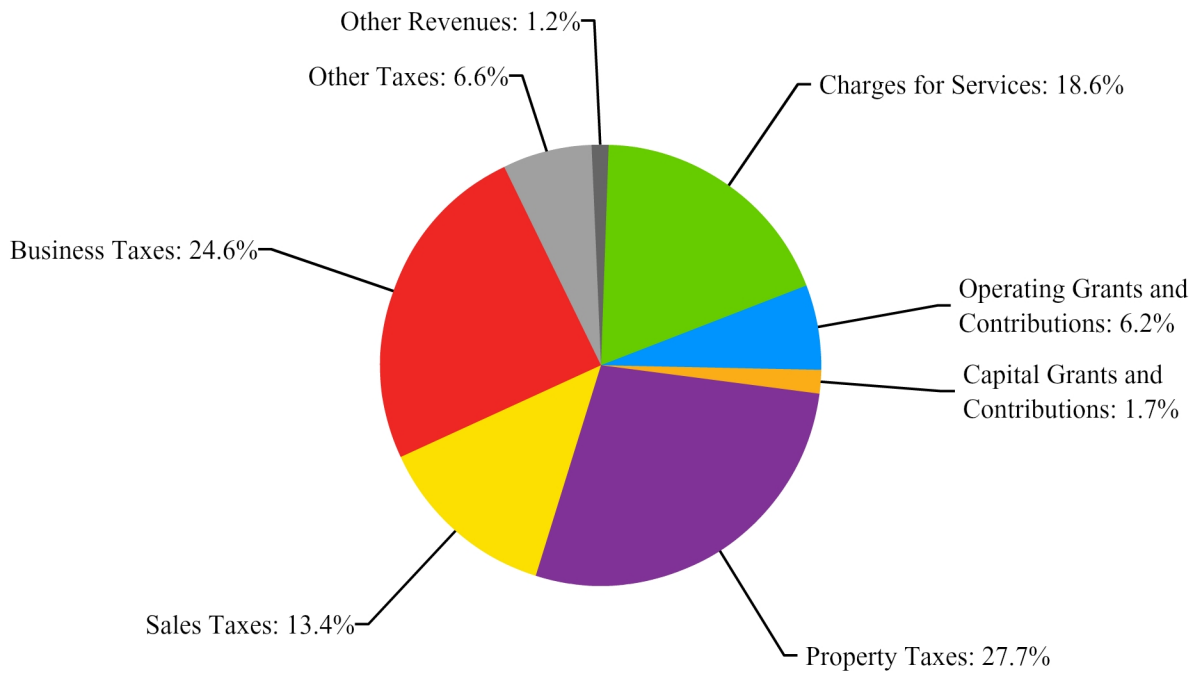
In 2017 the City's total net position increased by \$415.2 million, or 7.5 percent. The factors contributing to the increase are explained in the following discussion of governmental and business-type activities.

Governmental Activities

Expenditures and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Total \$2.101 billion

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

The City's revenues reported at the citywide level were up 5.9 percent year over year, totaling \$4.113 billion in 2017. Out of the \$230.8 million of additional revenues reported in 2017, the City’s governmental activities accounted for 67.7 percent of the change. The following table lists the general revenues ranked by the size of their 2017 collections, and highlights the change in general revenues between the 2016 and 2017 financial statements.

2017 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Property Taxes	\$582.6	7.3%	\$39.8
2	Business Taxes	\$516.9	7.0%	\$34.0
3	Sales Taxes	\$281.0	6.7%	\$17.7
4	Excise Taxes	\$115.7	0.9%	\$1.0
5	Other Taxes	\$22.0	15.9%	\$3.0

The City’s tax revenues continue to provide the most significant source of revenue for governmental activities, with property, sales and business tax contributing 89.4 percent of all general revenues, and 65.7 percent of the governmental activities general and program revenue combined.

The year over year growth in sales tax was 6.7 percent, or \$17.7 million, and contributed 11.3 percent of the total revenue growth in governmental activities. Excise taxes collected by the City contributed an additional \$1.0 million to the year over year increase, 7.4 percent of 2016’s total revenue growth of \$156.2 million in governmental activities. Another continuing driver behind the General Fund’s sales tax growth is the local construction boom, with 25 percent of sales tax receipts directly attributable to construction.

Direct program revenues collected supporting the City’s governmental activities were \$556.8 million, or 29.1 percent of the the City's expenses for governmental activities, with the remaining \$1.354 billion covered by the City’s general resources. The City’s charges for services are the largest component of reported program revenues, and comprise 70.0 percent of program revenue generated by governmental activities. For governmental activities charges for services contribute 18.6 percent of total revenues, with year over year revenues collected for service charges up \$42.6 million, a 12.3 percent increase that raises total service charge collection to \$389.8 million.

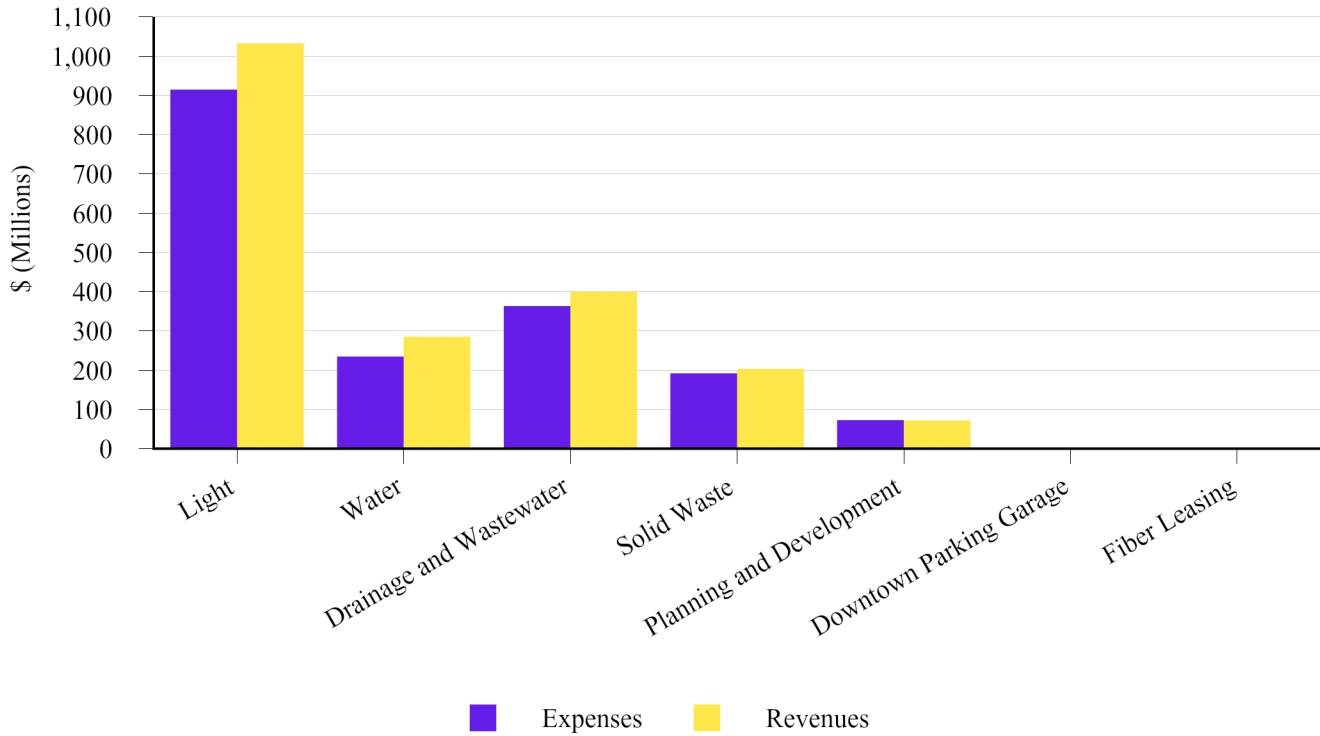
Expenses reported at the citywide level were up 7.2 percent year over year, totaling \$3.689 billion in 2017. Of the \$247.1 million increase in 2017’s expenses 53.3 percent can be attributed to the growth in expenses related to governmental activities. Net program expenses for all functions within the City’s governmental activities totaled \$1.911 billion for 2017, a 7.4 percent increase over 2016’s costs of \$1.779 billion. The following table lists city functions and programs ranked by the size of their 2017 expenses, and highlights the growth in costs between the 2016 and 2017 financial statements.

2017 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$577.7	0.0%	\$0.1
2	Culture and Recreation	\$364.4	10.1%	\$33.4
3	Transportation	\$384.7	39.0%	\$107.9
4	General Government	\$222.1	(1.9)%	\$(4.3)
5	Economic Environment	\$147.0	(16.1)%	\$(28.1)
6	Health and Human Services	\$119.5	14.1%	\$14.8

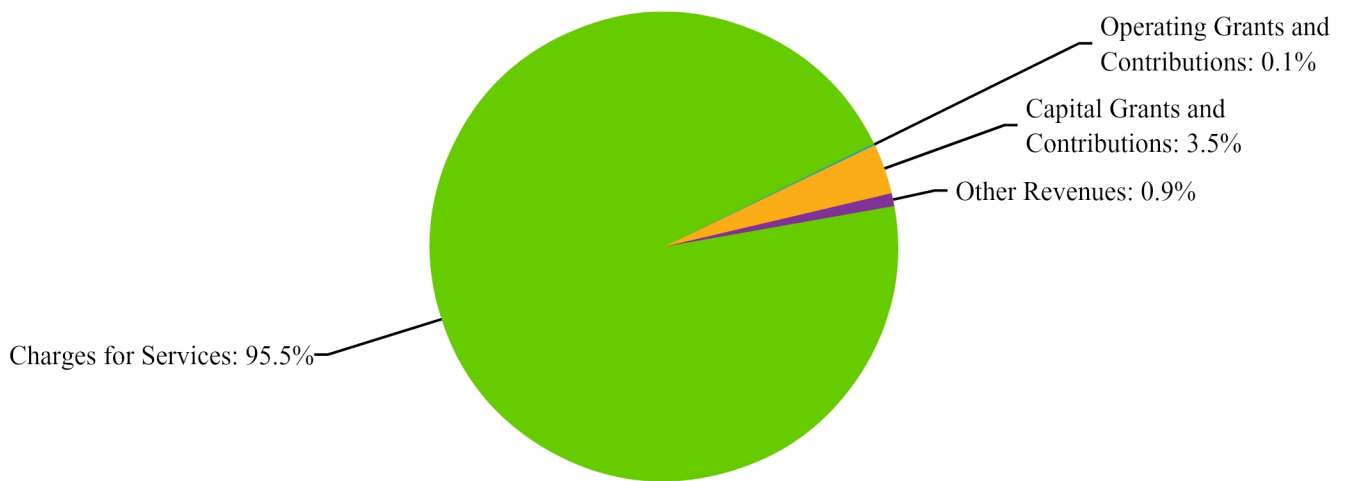
The City’s largest governmental expense continues to be the public safety function, totaling \$577.7 million for 2017, contributing 15.7 percent of all citywide expenses, and 30.2 percent of expense in the City’s governmental activities.

Business-Type Activities

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Total \$2.012 billion

Business-Type Activities. At year end the City's net position for business-type activities was \$2.245 billion, a 11.4 percent increase totaling \$230.4 million. Of this amount, \$46.4 million reflects the consolidation of internal service fund activities related to enterprise funds. Key factors for the change are described below:

The City Light Utility realized a \$120.4 million change in total net position for 2017. Primary causes include higher retail electric sales attributable to rate increases, including the 1.5 percent rate surcharge. The net position change was also impacted by lower net short-term wholesale power revenues, higher long-term purchased power, bad debt, administrative & general, taxes and depreciation.

Operating income generated \$137.2 million, up \$29.8 million, or 27.8 percent from 2016. Operating revenues were \$989.7 million, gaining 9.6 percent year over year. Operating expenses increased \$56.7 million. Retail power revenues were higher due to several factors including the 5.6 percent across-the-board rate increase effective January 1, 2017 and the RSA rate surcharge, effective August 1, 2016. Higher consumption due to the colder weather during the first two months of the year also contributed to higher revenues. Operating expenses saw an overall increase in part to a \$5 million increase in long-term purchased power - Bonneville and other. The Bonneville costs increase was the result of a change to Block power purchases only.

The Water Utility realized a \$51.2 million change in net position for 2017. Operating income increased to \$61.0 million, increasing \$6.3 million year over year. The operating revenues increased, \$11,533 thousand, a 4.6 percent increase from 2016. The higher operating revenues were driven by increases in direct service revenue of \$10.4 million and wholesale revenue of \$3.1 million resulting from increased consumption. For 2017, the increase in operating expenses, of \$5.2 million included \$2.2 million in general and administrative services, \$2.2 million in taxes, \$1.0 million in project delivery.

The Drainage and Waste Water Utility realized a \$30.7 million change in net position for 2017. Operating revenues generated \$400.3 million, a 6.7 percent increase from 2016. Operating expenses totaled \$344.6 million, an \$24.2 million or 7.6 percent increase year over year. The additional operating expenditures were 96 percent of the increase in operating revenues. For 2017 wastewater revenues had an average rate increase of 5.4 percent, generating an additional \$11.3 million revenue. Drainage revenues also increased \$11.8 million for an average rate increase of 10 percent. The income from the revenue gains were offset by an increase in the Utilities operating expense of \$8.8 million resulting from a 5.5 percent increase in King County's wastewater treatment rate. Overall the Utilities operations experienced a net increase in costs of \$24.2 million.

The Solid Waste Utility realized a \$11.9 million change in net position for 2017. Operating income generated \$209.6 million, a 14.1 percent increase from 2016. Operating expenses totaled \$191.1 million, increasing 11.9 percent increase adding \$20.3 million to operating expenses. There were several key factors affecting the increase in operating revenues. There was a 7.2 percent rate increase for residential and commercial garbage, and composing services effective April 1, 2017. This resulted in residential and commercial solid waste collection service revenue gains of \$12.3 million, including \$8.2 million in residential garbage collection and \$4.1 million in commercial collection revenue. Additionally, there was a \$7.0 million increase in the solid waste disposal services. These gains were offset by increasing in operating expenses of \$20.3 million with the largest being \$6 million in taxes due to increased revenues. Additional increases included \$4.6 million in depreciation and amortization; \$3.2 million increase in utility systems management; \$2.9 million in crease in solid waste collection; \$2.5 million increase in general and administrative; and \$1.7 million increase in field operations.

FINANCIAL ANALYSIS OF CITY FUNDS

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

Table A-3
Page 1 of 2

REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY
GOVERNMENTAL FUNDS
(In Thousands)

	Major Funds			
	General Fund		Transportation Fund	
	2017	2016	2017	2016
Revenues				
Taxes	\$ 1,107,598	\$ 1,047,643	\$ 139,410	\$ 134,381
Licenses and Permits	35,462	33,059	8,212	7,241
Grants, Shared Revenues, and Contributions	26,908	36,533	33,369	35,080
Charges for Services	69,373	61,386	74,764	104,541
Fines and Forfeits	30,300	32,096	172	165
Parking Fees and Space Rent	39,155	38,856	244	259
Program Income, Interest, and Miscellaneous Revenues	95,928	80,472	698	825
Total Revenues	1,404,724	1,330,045	256,869	282,492
Expenditures	1,083,903	1,021,753	382,407	404,971
Other Financing Sources and Uses				
Long-Term Debt Issued and Refunding Payments, Net	—	—	—	—
Sales of Capital Assets	7,550	96	—	—
Transfers In (Out)	(275,818)	(269,528)	131,608	149,019
Total Other Financing Sources and Uses	(268,268)	(269,432)	131,608	149,019
Fund Balances				
Nonspendable	350	401	1	1
Restricted	181,951	155,523	5,890	923
Committed	131,385	102,522	97,717	96,614
Assigned	29,172	28,646	—	—
Unassigned	152,224	155,290	—	—
Total Fund Balances	\$ 495,082	\$ 442,382	\$ 103,608	\$ 97,538

Table A-3
Page 2 of 2

REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY
GOVERNMENTAL FUNDS
(In Thousands)

	Nonmajor Funds			
	Special Revenue Funds		Debt Service Funds	
	2017	2016	2017	2016
Revenues				
Taxes	\$ 239,967	\$ 211,486	\$ 30,411	\$ 28,614
Licenses and Permits	—	1,443	—	—
Grants, Shared Revenues, and Contributions	80,517	78,843	1,465	983
Charges for Services	104,625	88,486	—	—
Fines and Forfeits	12,497	13,878	—	—
Parking Fees and Space Rent	31,661	29,333	347	351
Program Income, Interest, and Miscellaneous Revenues	18,060	15,100	1,049	977
Total Revenues	487,327	438,569	33,272	30,925
Expenditures	549,043	546,742	90,057	82,227
Other Financing Sources and Uses				
Long-Term Debt Issued and Refunding Payments, Net	—	—	54	—
Sales of Capital Assets	77	27	—	—
Transfers In (Out)	145,290	179,645	56,626	51,150
Total Other Financing Sources and Uses	145,367	179,672	56,680	51,150
Fund Balances				
Nonspendable	693	688	—	—
Restricted	404,714	327,919	11,290	11,395
Committed	17,548	12,778	—	—
Assigned	11,963	9,819	—	—
Unassigned	(3,256)	(3,192)	—	—
Total Fund Balances	\$ 431,662	\$ 348,012	\$ 11,290	\$ 11,395

	Nonmajor Funds				Total Governmental Funds	
	Capital Projects Funds		Permanent Funds		2017	2016
	2017	2016	2017	2016		
Revenues						
Taxes	\$ 38	\$ 69	\$ —	\$ —	\$ 1,517,424	\$ 1,422,193
Licenses and Permits	—	—	—	—	43,674	41,743
Grants, Shared Revenues, and Contributions	25,350	15,339	—	—	167,609	166,778
Charges for Services	(51)	—	—	—	248,711	254,413
Fines and Forfeits	2	15	—	—	42,971	46,154
Parking Fees and Space Rent	—	—	—	—	71,407	68,799
Program Income, Interest, and Misc. Revenues	2,480	1,981	33	20	118,248	99,375
Total Revenues	27,819	17,404	33	20	2,210,044	2,099,455
Expenditures	78,832	87,239	2	5	2,184,244	2,142,937
Other Financing Sources and Uses						
Long-Term Debt Issued and Refunding Payments, Net	84,605	135,407	—	—	84,659	135,407
Sales of Capital Assets	77	—	—	—	7,704	123
Transfers In (Out)	(54,926)	(78,358)	—	—	2,780	31,928
Total Other Financing Sources and Uses	29,756	57,049	—	—	95,143	167,458
Fund Balances						
Nonspendable	—	—	2,050	2,050	3,094	3,140
Restricted	90,499	126,631	158	127	694,502	622,518
Committed	—	—	—	—	246,650	211,914
Assigned	—	—	—	—	41,135	38,465
Unassigned	(19,014)	(33,890)	—	—	129,954	118,208
Total Fund Balances	\$ 71,485	\$ 92,741	\$ 2,208	\$ 2,177	\$ 1,115,335	\$ 994,245

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 2017 the City's governmental funds generated \$2.210 billion in revenues, and recorded \$2.184 billion in expenditures. The 5.3 percent growth in revenue is driven by an overall increase in tax collections of \$95.2 million. Year over year expenditures remained relatively consistent with the expenditure increase, raising 2.0 percent, \$41.9 million. The City's governmental funds received a significant contribution from other financing sources and uses, totaling \$95.1 million for 2017. These resources offset the operating deficit and directly contributed to the 12.2 percent increase in the City's governmental fund balance which totals \$1,115.3 million at year-end. Table A-3 provides a summary of activities for the governmental fund types at year-end 2017.

The General Fund accounts for 63.6 percent of revenues, and 49.6 percent of total governmental expenditures. The General Fund is the chief operating fund of the City. For the City's implementation of GASB Statement No. 73 the City's Firemen's Pension Fund and the Police Relief and Pension Fund are now reported with the City's General Fund. This is in addition to the Library Fund which has been reporting as part of the General Fund for the GAAP reporting. For comparability, all amounts presented for fiscal year 2016 and 2017 in this discussion and analysis reflect these change unless noted otherwise. Table A-4 provides a summary of activities for the general subfunds at year-end 2017.

In 2017, one of the City's special revenue funds continued to meet the criteria for reporting as major governmental funds. The Transportation Operating Fund 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 Operating Fund, a special revenue fund, develops, maintains, and operates the transportation system inclusive of streets, bridges, ramps, retaining walls, sea walls, bike trails, street lights, and other road infrastructure. At the end of the fiscal year the Transportation Operating Fund reports a fund balance of \$103.6 million, 6.2 percent greater than reported for 2016. While expenditures grew at 5.4 percent, revenues increased 9.1 percent. The \$256.9 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services. The \$25.6 million increase in revenue collections relates directly to the Transportation Operating Fund's 3.7 percent increase in overall tax collections, and 28.5 percent gain in revenues from charges for services. Transportation Operating Fund's expenditures account for nearly 17.5 percent of all governmental fund expenditures, totaling \$382.4 million for 2017. The Fund's other financing sources contributed \$131.6 million of additional resources in 2017, declining 11.0 percent from 2015's level, a \$16.4 million total decrease in other financing support that partially offsets the growth in revenues.

Revenues for the City's non-major governmental funds totaled \$548.5 million, increasing \$61.5 million, a 12.6 percent gain over 2016's collection of \$486.9 million. The overall net increase of revenue reported in the City's non-major governmental funds was a mix of both increases and decreases of revenues across the City's various non-major governmental fund types. The City's special revenue funds recorded an additional \$48.8 million of revenues for 2017, accounting for 88.9 percent of all non-major governmental fund revenues.

Expenditures for non-major governmental funds totaled \$717.9 million for 2016, a 0.2 percent increase year over year. Special revenue funds accounted for \$48.8 million of the total change, and had similar year over year growth in expenditures of 0.4 percent. The overall net increase reported in expenditures for non-major governmental funds was a mix of a large increase in current operating costs, \$19.8 million, and smaller increases in the capital outlay and debt service expenditures. The year over year changes in expenditure classes were consistent across the City's various non-major governmental fund types.

The overall fund balance for non-major governmental funds increased \$62.3 million. With special revenue funds contributing \$83.7 million to the Fund Balance, and the City's capital project funds consuming \$21.3 million of fund balance resources in 2016. The shifting income impacted overall ownership of the non-major governmental fund balance. In 2015 the capital project funds controlled 20.4 percent of the balance which dropped to 13.8 percent by year end 2016.

The total fund balance of the non-major governmental funds was \$516.6 million at year end 2017. Included in this amount are two capital project funds and one special revenue fund reporting deficit fund positions. Within the capital fund presentation the 2017 Multipurpose Long-Term General Obligation Bond reports a \$12.4 million deficit and Central Waterfront Improvement reports a \$21.5 million deficit for 2017. The one special revenue fund currently reporting a fund deficit is the Seattle StreetCar that ended the year with a \$3.2 million deficit balance.

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

	General	Judgment/ Claims	Municipal Jail	Arts Account	Cable Television Franchise
Revenues					
Taxes	\$ 1,029,112	\$ —	\$ —	\$ —	\$ 43
Licenses and Permits	26,244	—	—	—	9,219
Grants, Shared Revenues, and Contributions	22,317	—	—	50	—
Charges for Services	60,216	8,568	—	20	—
Fines and Forfeits	28,968	—	—	—	—
Parking Fees and Space Rent	38,351	—	—	69	—
Program Income, Interest, and Miscellaneous Revenues	8,881	—	—	144	145
Total Revenues	1,214,089	8,568	—	283	9,407
Expenditures	852,620	18,822	—	8,124	9,713
Other Financing Sources and Uses					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	(354,178)	12,000	—	9,314	(640)
Total Other Financing Sources and Uses	(354,178)	12,000	—	9,314	(640)
Fund Balances					
Nonspendable	52	—	—	—	—
Restricted	806	—	—	—	—
Committed	15,343	5,228	—	4,107	2,804
Assigned	27,822	—	—	—	—
Unassigned	41,744	—	—	—	—
Total Fund Balances	\$ 85,767	\$ 5,228	\$ —	\$ 4,107	\$ 2,804

	Cumulative Reserve	Neighborhood Matching	Bluefield Habitat Maintenance	Development Rights	Emergency
Revenues					
Taxes	\$ 77,407	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,740	—	—	—	—
Charges for Services	229	—	—	—	—
Fines and Forfeits	3	—	—	—	—
Parking Fees and Space Rent	168	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	5,704	—	3	—	—
Total Revenues	85,251	—	3	—	—
Expenditures	38,753	3,916	—	—	—
Other Financing Sources and Uses					
Sales of Capital Assets	5,180	—	—	—	—
Transfers In (Out)	(13,276)	2,986	—	—	1,698
Total Other Financing Sources and Uses	(8,096)	2,986	—	—	1,698
Fund Balances					
Nonspendable	1	—	—	—	—
Restricted	125,895	—	—	—	—
Committed	33,122	1,934	215	23	—
Assigned	—	—	—	—	—
Unassigned	50,224	—	—	—	61,703
Total Fund Balances	\$ 209,242	\$ 1,934	\$ 215	\$ 23	\$ 61,703

Management's Discussion and Analysis

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

	Transit Benefit	Special Employment Program	Industrial Insurance	Unemployment Compensation	Health Care
Revenues					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—
Charges for Services	—	42	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous	—	—	5	133	32,034
Total Revenues	—	42	5	133	32,034
Expenditures	1,446	45	488	—	31,550
Other Financing Sources and Uses					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	—	—	247	(733)	—
Total Other Financing Sources and Uses	—	—	247	(733)	—
Fund Balances					
Nonspendable	—	—	290	—	—
Restricted	—	—	—	—	43,944
Committed	—	122	5,502	1,487	30,339
Assigned	—	—	—	—	—
Unassigned	(1,446)	—	—	—	—
Total Fund Balances	\$ (1,446)	\$ 122	\$ 5,792	\$ 1,487	\$ 74,283

					Total General Fund	
	Group Term Life Insurance	Library	Firemen's Pension	Police Relief and Pension	2017	Restated 2016
Revenues						
Taxes	\$ —	\$ —	\$ 1,034	\$ —	\$ 1,107,596	\$ 1,047,643
Licenses and Permits	—	—	—	—	35,463	33,059
Grants, Shared Revenues, and Contributions	—	2,801	—	—	26,908	36,533
Charges for Services	—	297	—	—	69,372	61,386
Fines and Forfeits	—	1,328	—	—	30,299	32,096
Parking Fees and Space Rent	—	567	—	—	39,155	38,856
Program Income, Interest, and Miscellaneous	5,443	245	21,160	22,031	95,928	80,472
Total Revenues	5,443	5,238	22,194	22,031	1,404,721	1,330,045
Expenditures	5,350	75,133	18,527	19,415	1,083,902	1,021,753
Other Financing Sources and Uses						
Sales of Capital Assets	—	2,370	—	—	7,550	96
Transfers In (Out)	—	66,764	—	—	(275,818)	(269,528)
Total Other Financing Sources and Uses	—	69,134	—	—	(268,268)	(269,432)
Fund Balances						
Nonspendable	—	7	—	—	350	401
Restricted	—	11,305	—	—	181,950	155,523
Committed	549	2,849	19,065	8,697	131,386	102,521
Assigned	—	1,350	—	—	29,172	28,646
Unassigned	—	—	—	—	152,225	155,290
Total Fund Balances	\$ 549	\$ 15,511	\$ 19,065	\$ 8,697	\$ 495,083	\$ 442,381

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

City Light Utility. The Utility realized a change in net position of \$120.4 million in 2017 compared to \$85.3 million in 2016, a increase of \$35.1 million or 41.1 percent. Primary causes include higher retail electric sales attributable to rate increases, including the 1.5 percent rate surcharge. The net position change was also impacted by lower net short-term wholesale power revenues, and higher long-term purchased power, bad debt, administrative and general expenses, taxes and depreciation.

Net cash provided by operating activities increased 48.3 percent to \$371.9 million in 2017, compared to \$250.8 million in 2016. Although current assets, cash, and investments increased 77.2 percent to \$129.1 million in 2017. Increased operating cash inflows resulted was a result of several factors. The first a 5.6 percent system average rate increase effective in January 2017 and RSA rate surcharges. The higher cash inflows were offset by greater debt service payments, capital construction projects, and ongoing operations. Restricted assets increased by \$30.4 million, 13.7 percent, to \$252.4 million in 2017 compared to \$222.0 million in 2016. During 2017 construction funds increased by \$8.4 million and represent the balance of unspent proceeds from the 2016A Clean Renewable Energy Bonds issued in January 2016 and 2017C revenue bonds issued September 2017.

Capital assets, net of accumulated depreciation and amortization, were \$3.509 billion and \$3.215 billion in 2017 and 2016, a significant increase of \$294.8 million. The majority of the Utilities' capital asset additions were in the distribution plant and construction work-in-progress.

Total liabilities were \$3.144 billion in 2017 and \$2.903 billion in 2016, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payables were \$2.417 billion in 2017 and \$2.165 billion in 2016. The Department issued total new debt in the amount of \$309.6 million consisting of revenue bonds to fund a portion of the ongoing capital improvement program and refunding revenue bonds. Interest expense related to the utilities bonds remained relatively stable, reporting \$85.1 million in 2017 and \$84.4 million in 2016.

City Light's total net position was \$1.338 billion in 2017 and \$1.218 billion in 2016.

Water Utility. The Utility realized an operating income of \$61.0 million in 2017 compared to \$54.7 million in 2016. Operating revenues decreased by \$11,532.6 thousand and operating expenses increased by \$5.2 million between 2017 and 2016. The Utility realized a net income of \$51.2 million in 2017 compared to net income of \$43.3 million in 2016. The 18.4 percent growth in net income for 2017 was primarily due to increases in donated plant, capital contributions for other meters and services in capital grants.

Net cash provided by operating activities increased to \$124.1 million in 2017 from \$116.4 million in 2016, a decrease of 6.7 percent totaling \$7.8 million. Total operating and restricted cash and investments rose to \$217.9 million in 2017 compared to \$111.2 million in 2016, a increase of 95.9 percent totaling \$106.7 million. This resulted from a decrease in the Utilities restricted cash and equity in pooled investments of \$23.2 million, which was used to fund plant assets and construction in progress.

Utility plant, net of accumulated depreciation, and other capital assets for the year ended December 31, 2017, amounted to \$1.305 billion, a 2.2 percent increase 2016. Major capital assets additions in 2017 included infrastructure improvements, rehabilitation, facility improvements and water reservoir coverings.

The Water Utility had \$915.7 million in non-current outstanding revenue bonds in 2017 compared to \$856.4 million at year end 2016. The reduction in liabilities is directly due to annual interest and principal payments servicing the Utilities debt in 2016.

The increase in net investment in capital assets from additional utility plant assets in service and increases to the balance of construction in progress pushed the Water Utility's total net position to \$454.6 million in 2017 up from \$403.4 million in 2016.

Drainage and Wastewater Utility. The Utility realized an operating income of \$55.6 million in 2017 compared to \$54.6 million in 2016. Operating revenues increased by \$25.2 million, 6.7 percent, totaling \$400.3 million. Operating expenses increased 7.6 percent, growing \$24.2 million to total \$344.6 million for 2017.

The Utility realized a dramatic change in net income, increasing to \$30.7 million in 2017 compared to \$2.6 million in 2016. The dramatic change in net income is primarily due to an increase in average rates of 5.4%.

Management's Discussion and Analysis

Net cash provided by operating activities increased 13.1 percent to \$98.0 million in 2017 compared to \$86.7 million in 2016. Total operating and restricted cash and investments were \$378.7 million in 2017 compared to \$175.2 million in 2016. This increase in cash and investments was primarily from increase operating income.

Utility plant, net of accumulated depreciation, and other capital assets increased to \$1.109 billion in 2017 from \$1,062.2 million in 2016, a 4.4 percent increase.

The Drainage and Wastewater Utility had a noncurrent \$883.7 million outstanding revenue and refunding bond liabilities in 2017, as compared to \$717.7 million in 2016. Total liabilities, including revenue bonds, were \$1.244 billion in 2017 and \$1,044.2 million in 2016. The most significant factor affecting this change is the addition of revenue bonds.

Total net position for the Drainage and Wastewater Utility was \$363.2 million in 2017 and \$332.5 million in 2016.

Solid Waste Utility. The Utility realized an operating income of \$18.6 million in 2017 compared to \$12.9 million in 2016. Operating revenues increased by \$26.0 million and operating expenses remained relatively stable, increasing 11.9 percent or \$20.3 million between 2017 and 2016. The Utility realized a net income of \$11.9 million in 2017 compared to \$9.6 million in 2016. The increase in net income in 2016 is driven by the 7.2 percent rate increase for residential and commercial garbage, and composting services effective April 1, 2017.

Net cash provided by operating activities was \$41.0 million, a 71.6 percent decrease in 2017 compared to the \$23.9 million reported in 2016. Total operating and restricted cash and investments were \$108.3 million in 2017 and \$91.5 million in 2016. The \$16.7 million increase in operating and restricted cash and investments results from a variety of causes. \$12.2 million increase is attributed to a transfer of operating cash to the rate stabilization account of 6.6 million, and the issuance of revenue and refunding bonds in 2016 resulting in a \$5.0 million increase in available construction funds.

The Solid Waste Utility had noncurrent portion of \$215.2 million outstanding revenue bond liabilities in 2017 compared to \$223 million in 2016. This decrease is attributed to the regularly scheduled principal payments for existing bond debt.

Total net position for the Solid Waste Utility was \$32.9 million in 2017 and \$21.0 million in 2016.

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 for 2016 and 2015's restated presentation. The net position of the combined fiduciary funds at the end of 2017 is \$2.853 billion; SCERS represents 99.99 percent 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, 2017. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$364.4 million, or 14.6 percent, during 2017. For year ending 2017 the member and employer contributions totaled \$185.8 million; net income from investment activity totaled \$389.1 million. Total benefit payment for 2017 increased by \$10.3 million to \$179.2 million. In 2017 the number of retirees and beneficiaries receiving benefits was 6,382, which increased by 160, compared to 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund budgetary highlights, the Library Fund, which has its own legally adopted annual budget, is excluded from this discussion. The General Fund in the budgetary discussion below includes the General Operating Fund and sixteen additional Council authorized General Subfunds, see table A-4 for additional details on General Subfund activities. Its also important to note that for budgetary comparisons purposes the General Funds presentation on schedules C-1 and D-11 report actual expenditure and revenue totals without the elimination of reimbursements collected internally through the City's personnel compensation trust funds.

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

City Council passed the 2017 Adopted Budget (Ordinance 124927) authorizing \$5.1 billion of total budget appropriations for entirety of the City's annual operations, approximately a 5.9 percent increase year over year. This includes appropriations for expenditures, expenses and transfers of general operating support. Both the City's governmental and business activities are included in this total budget.

Expenditures and Other Financing Uses:

The 2016 annually adopted budget for current expenditures, capital outlay, and transfers out from the General Fund totaled \$1.454 billion. The annual budgeted amount of transfers out account for 25.7 percent of all budgeted resources in the General Fund.

The General Fund's 2017 adopted appropriations for expenditures totaled \$1.081 billion, with \$101.5 million in carryforward budget expenditures and \$64.3 million of budget revisions for a final expenditure budget of \$1.247 billion. Actual expenditures against those budgets in 2016 totaled \$903.3 million, of which the City's General Operating Fund accounted for 90.1 percent of those total expenditures.

The General Fund's carryforward budget expenditures of \$101.5 million are comprised of \$26.4 million from the General Operating Fund and \$75.1 million from the General Subfunds. Carryforward budgets for capital outlay account for 86.5 percent or \$87.8 million.

The General Fund's budgeted revisions of expenditures totaled \$64.3 million, comprised of \$56.0 million from the General Operating Fund and \$8.3 million from the General Subfunds. Revisions for current expenditure budgets accounted for 90.5 percent or \$58.2 million of the total budget revisions. All budget revisions are passed through City council ordinance.

Revenues and Other Financing Sources:

The 2017 annually adopted budget estimated total revenues and transfers into the General Fund at \$1.440 billion. The annual budgeted amount of taxes accounts for 69.5 percent of all budgeted available resources in the General Fund. The General Fund actual tax collections totaled \$1.048 billion or 103.7 percent of the estimated amount.

The General Fund's 2017 adopted revenue estimates totaled \$1.408 billion, with \$25.0 million of carryforward budget revenues and \$18.7 million of budget revisions for a final revenue estimate \$1.452 billion . Actual revenue collections against those budgets estimates in 2016 totaled \$1.274 billion, of which the City's General Operating Fund accounted for 90.2 percent of those total expenditures.

The General Fund's carryforward revenue estimate of \$25.0 million is comprised of \$18.8 million from the General Operating Fund and \$6.2 million from the General Subfunds. Carryforward revenue budgets for grant activity account for 85.7 percent or \$21.4 million.

The General Fund's revised revenue estimates authorized by legislation totaled \$18.7 million, comprised of \$17.8 million from the General Operating Fund. Budget revisions associated with grant activity account for 92.1 percent or \$17.3 million.

When considering additional budgets for general support transferred and other subfund expenditures reporting within the General Fund's presentation, 2017's total appropriation budget for the General Fund was \$1.247 billion. The final revised budget for expenditures in the General Operating Fund in 2017 was \$860.7 million, with appropriations for transfers of general operating support accounting for an additional \$350.0 million of budgeted resources. For additional budget to actual details on all programs within the General Fund schedule D11 presents a compilation of programs from the General Operating Fund and the General Subfunds. The most significant program changes are highlighted below.

Executive department expenditures increased in-line with budget projections, increasing \$2.4 million or 5.5 percent year over year. An eighth executive office was added to the executive programs in 2016. The addition of the Office of Planning and Community Development resulted from the re-organization of the Department of Planning, accounts for 55.8 percent of the total increase in program costs. These \$1.3 million costs were previously budgeted and expensed in the City's non-major enterprise fund.

The General Fund's budget for the public safety function increased 4.2 percent in 2017, totaling \$601.7 million. The actual costs of current expenditures and capital outlay of the City's public safety function totaled \$612.6 million, consuming 101.8 percent of the resources budgeted for 2017, of which 99.8 percent is for current operations and 0.2 percent on capital outlay. The 4.2

percent year over year increase in current expenditures totaling \$23.7 million was in line with the budgeted increase. Detailed information on the City's two major public safety departments follows:

The Police Department's 2017 final budget was \$344.2 million, a 2.4 percent increase from the 2016 budget level. The Department expended 96.0 percent of its budget during the year, with actual expenditures increasing 2.5 percent, from \$322.3 million in 2016 to \$330.5 million in 2017. Overall expenditures were relatively stable. Although a significant change between the budgets of several divisions reflected organization changes. The Chief of Staff and the Professional Standards programs saw expenditures increase year over year by \$(32.7) million, while the Deputy Chief Operations and Special Operation Bureau reported \$41.6 million less in expenditures for 2017. Patrol operations were budgeted at \$121.9 million for all five city precincts, a 0.1 percent decrease from 2016's budget. Patrol operations for 2017 consumed 99.2 percent of the budgeted resources and accounted for 36.6 percent of the entire Department's annual operating costs.

The Fire Department's 2017 final budget was \$218.4 million, a 5.1 percent increase from the 2016 budget level of \$207.2 million. The Department expended 95.9 percent of its budget during the year, with actual expenditures increasing \$8.2 million, from \$198.8 million in 2016 to \$207.0 million in 2017. Fire Operations for 2017 consumed 96.8 percent of the \$167.9 million in budgeted resources and accounted for 81.1 percent of the entire Department's annual operating costs. Of the remaining budget, \$8.1 million will carryforward into 2018 for grant purposes.

For 2017 the General Fund reports budgeted revenues of \$1.555 billion, a 3.7 percent increase, \$58.1 million larger than 2016's total budget. The General Operating Fund alone accounts for 78.7 percent or \$1.147 billion of this total budget. For 2016 the General Operating Fund collected 100.2 percent of the budgeted revenue estimate.

CAPITAL ASSETS

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

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 590,619	\$ 573,101	\$ 175,446	\$ 169,536	\$ 766,065	\$ 742,637
Plant in Service, Excluding Land	—	—	5,135,222	4,871,176	5,135,222	4,871,176
Buildings and Improvements	1,489,189	1,529,177	—	—	1,489,189	1,529,177
Machinery and Equipment	181,695	192,837	138	72	181,833	192,909
Infrastructure	1,130,676	1,152,872	—	—	1,130,676	1,152,872
Construction in Progress	982,194	798,377	768,143	668,983	1,750,337	1,467,360
Other Capital Assets	15,038	17,743	79,933	78,359	94,971	96,102
Total Capital Assets	\$ 4,389,411	\$ 4,264,107	\$ 6,158,882	\$ 5,788,126	\$ 10,548,293	\$ 10,052,233

Capital assets, net of depreciation for governmental activities increased by \$125.3 million. Major increases included the following:

The Department of Transportation capitalized \$40.6 million for various infrastructure assets (roads, bridges, sidewalks, signs, illuminations, and others). The Department of Parks and Recreation capitalized \$24.7 million for various community parks improvements.

Capital assets, net of depreciation, for business-type activities increased by \$370.8 million. Major increases included the following:

Seattle City Light capital assets, net of accumulated depreciation and amortization, increased by \$294.8 million in 2017. This increase was primarily comprised of \$16.6 million for hydroelectric production plant, \$91.8 million of distribution plant and \$24.4 million for transmission plant. There also continues significant construction efforts currently underway, with the overall reported increase in construction in progress totaling \$196.8 million for 2017.

The Drainage and Wastewater Utility's net capital assets also increased, adding \$47.1 million in 2017. Reducing the combined sewer overflows in Henderson North sewer and implementation of the Seawall Replacement accounted for an additional \$86.7 million of capital activity coming into service in 2017.

The Water Utility's net capital asset for the year ended 2017 with a \$28.0 million increase. The increase is mostly due to infrastructure improvements, rehabilitation, facility improvements and water reservoir coverings.

The Solid Waste Utility's net capital assets totaled \$227 million for 2017, a slight decrease over 2016. The increase of \$10.6 million in construction in progress and other plant assets was offset \$11.3 million in accumulated depreciation.

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 2017 the City had \$5.238 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.819 billion in 2016. This represents an increase of approximately \$41.9 million, 1 percent. The special assessments bonds that the City issued in 2006, without lending its full faith and credit but obligated in some manner for the design and construction of the South Lake Union Streetcar, had the outstanding balance of \$6.1 million. In 2017 LTGO and UTGO bonds were issued to finance various capital improvement projects including Alaskan Way Corridor, Seawall, Fire Stations, Precinct, Pike Place Market and other IT projects.

The City also issued revenue bonds: \$485.5 million for the Light Fund, \$234.1 million for the Wastewater Fund and \$194.7 million for the Water Fund to finance certain capital improvements and conservation programs. The City's bond ratings remained similar to the ratings for the previous year. The City's 2016 UTGO bonds were rated Aaa by Moody's Investors Service (Moody's), AAA by Fitch Ratings (Fitch), and AAA by Standard & Poor's (S&P), which are the highest possible ratings. The City's 2016 LTGO bonds were rated Aa1 by Moody's, AA+ by Fitch, and AAA by S&P. Subsequently, however, the City's credit rating on its LTGO bonds was upgraded by the three rating agencies in 2017. As such, the City's 2017 LTGO bonds are now rated Aaa by Moody's Investors Service (Moody's), AAA by Fitch Ratings (Fitch), and AAA by Standard & Poor's (S&P). 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 general obligation debt is capped at 7.5 percent of the assessed value of taxable properties by state law. The 2017 assessed value based on the latest report for the City is \$214.109 billion. At the end of 2017 the net outstanding general obligation debt of the City that includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.127 billion, well below the limit of \$16.058 billion, rendering the City's legal debt margin at \$14.930 billion for year-end 2017. Within the 7.5 percent limitation, state law restricts outstanding LTGO bonds to 1.5 percent of assessed value. At year end 2017 the LTGO net outstanding debt was \$859.1 million.

The City is self-insured for workers compensation and for most health care costs. The City carries general liability insurance with a self-insured retention. For these claims, including those incurred but not reported, the City recognized a total liability of \$107 million (\$76.9 million for governmental activities and \$30.1 million for business-type activities) at the end of the year. In addition, City utilities and Department of Parks and Recreation recognized a combined \$235.9 million in estimated environmental liabilities. Other obligations were accrued for compensation absences related to sick leave and other notes and contracts. The other notes and contracts included draws from the State's Public Works Trust Loan (PWTL) Program which are serviced with revenues from two participating City departments, one with a governmental type fund and one whose PWTL activities are reported in two of its business-type funds.

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

ECONOMIC FACTORS

U.S. Economy. The nation's recovery from the Great Recession is now nine years old, making it the third longest expansion in the post-World War II period. The average length of post-war expansions is five years. Although employment growth during the recovery has been relatively strong, on many dimensions, including gross domestic product (GDP) growth, wage gains, and productivity, the recovery has disappointed. Real GDP growth has averaged 2.1 percent per year, the slowest pace of any post-war expansion.

Forecasters expect the economy to continue expanding at a modest pace, with real GDP growing at a two to two-and-a-half percent rate. Most forecasters do not see a recession on the horizon, at least in the short-term. Most expansions end when the economy overheats, which causes a rise in inflation, which in turn spurs the Federal Reserve to raise interest rates to slow the economy. Thanks in large part to the depth of the Great Recession and the weakness of the recovery, there are few signs that the economy is overheating. There is probably more risk to the U.S. recovery from forces outside of the U.S. than from domestic factors.

Seattle metropolitan area economy. Since the Great Recession ended in June 2009, the Seattle metro area economy has outperformed the national economy by a considerable margin. This is reflected in the region's healthy job growth and low unemployment rate. Seattle metro area (King and Snohomish Counties) employment has grown at a 2.7 percent annual rate during the recovery, compared to 1.7 percent for the nation. The region has also outpaced the U.S. in both income and wage growth during the recovery.

Industries instrumental in the region's recovery include aerospace, professional, scientific, and technical services, software publishers, health services, and mail order and internet retail. During the recovery, the region's growth has been concentrated in the city of Seattle, the region's major business and professional service center and home to Amazon.com's rapidly growing headquarters. Strong job growth in Seattle and the growing popularity of in-city living has led to a surge in construction activity focused in multi-family housing and office development. The value of permits issued for construction activity in Seattle increased from \$1.5 billion in 2010 to \$3.7 billion in 2016 and \$5.1 billion in 2017.

Financial Contact

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

Government-wide Financial Statements

STATEMENT OF NET POSITION
December 31, 2017
(In Thousands)

	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Comparative Totals		
			2017	2016	
ASSETS					
<i>Current Assets</i>					
Operating Cash and Equity in Pooled Investments	\$ 1,051,488	\$ 487,574	\$ 1,539,062	\$ 1,322,426	\$ 5,807
Restricted Cash and Equity in Pooled Investments	7,968	—	7,968	4,691	
Investments	—	—	—	—	69,091
Receivables, Net of Allowances	151,376	263,253	414,629	381,581	
Internal Balances	28,911	(28,911)	—	—	
Due from Other Governments	85,461	8,962	94,423	111,915	
Inventories	4,356	40,902	45,258	45,603	
Prepaid and Other Current Assets	6,373	489	6,862	6,409	
Total Current Assets	1,335,933	772,269	2,108,202	1,872,625	74,898
<i>Noncurrent Assets</i>					
Restricted Cash and Equity in Pooled Investments	73,330	682,561	755,891	446,654	
Contracts and Notes	11,149	2	11,151	9,182	
Conservation Costs, Net	—	290,969	290,969	284,624	
Landfill Closure and Postclosure Costs, Net	—	20,239	20,239	10,994	
Environmental Costs and Recoveries	—	83,408	83,408	72,938	
Net Pension Asset	181,280	—	181,280	124,652	
Regulatory Asset	—	17,379	17,379	16,775	
Other Charges and Noncurrent Assets	—	113,616	113,616	114,541	
Capital Assets, Net of Accumulated Depreciation					
Land and Land Rights	590,619	175,446	766,065	742,637	
Plant in Service, Excluding Land	—	5,135,222	5,135,222	4,871,176	
Buildings and Improvements	1,489,189	—	1,489,189	1,529,177	
Machinery and Equipment	181,695	138	181,833	192,909	1
Infrastructure	1,130,676	—	1,130,676	1,152,872	
Construction in Progress	982,194	768,143	1,750,337	1,467,360	
Other Capital Assets	15,038	79,933	94,971	96,102	
Total Noncurrent Assets	4,655,170	7,367,056	12,022,226	11,132,593	1
Total Assets	5,991,103	8,139,325	14,130,428	13,005,218	74,899
DEFERRED OUTFLOWS OF RESOURCES	186,218	156,605	342,823	391,809	
Total Assets and Deferred Outflows of Resources	6,177,321	8,295,930	14,473,251	13,397,027	74,899

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

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STATEMENT OF NET POSITION
December 31, 2017
(In Thousands)

	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Comparative Totals		
			2017	2016	
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	\$ 146,181	\$ 33,530	\$ 179,711	\$ 225,468	\$ 1,354
Salaries, Benefits, and Taxes Payable	50,044	26,877	76,921	67,255	
Contracts Payable	1,345	—	1,345	5,083	
Due to Other Governments	7,296	18,072	25,368	20,069	
Interest Payable	8,921	58,385	67,306	61,461	
Taxes Payable	75	11,618	11,693	9,595	
Deposits Payable	—	—	—	—	
Unearned Revenues	19,349	40,992	60,341	56,505	
Current Portion of Long-Term Debt					
Bonds Payable	85,040	191,825	276,865	260,090	
Compensated Absences Payable	22,543	2,674	25,217	24,045	
Notes and Contracts Payable	1,402	4,811	6,213	3,926	
Claims Payable	22,539	18,812	41,351	39,128	
Habitat Conservation Program Liability	—	710	710	968	
Landfill Closure and Postclosure Liability	—	1,605	1,605	1,643	
Other Current Liabilities	4,364	22,061	26,425	13,642	
Total Current Liabilities	369,099	431,972	801,071	788,878	1,354
<i>Noncurrent Liabilities</i>					
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	1,009,911	4,432,049	5,441,960	4,980,938	
Bond Interest Payable	—	—	—	—	
Special Assessment Bonds with Governmental Commitment	6,075	—	6,075	7,505	
Compensated Absences Payable	77,975	28,927	106,902	100,161	
Claims Payable	55,105	246,468	301,573	280,554	
Notes and Contracts Payable	8,128	72,215	80,343	47,310	
Landfill Closure and Postclosure Liability	—	22,475	22,475	13,062	
Vendor Deposits Payable	148	1,702	1,850	2,853	
Habitat Conservation Program Liability	—	4,823	4,823	7,792	
Unearned Revenues	—	32,498	32,498	26,832	
Arbitrage Rebate Liability	—	—	—	—	
Unfunded Other Post Employment Benefits	153,995	17,128	171,123	149,826	
Net Pension Liability	951,462	544,207	1,495,669	1,297,983	
Other Noncurrent Liabilities	2,487	851	3,338	3,438	
Total Noncurrent Liabilities	2,265,286	5,403,343	7,668,629	6,918,254	—
Total Liabilities	2,634,385	5,835,315	8,469,700	7,707,132	1,354
DEFERRED INFLOWS OF RESOURCES	49,299	215,998	265,297	173,017	

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

STATEMENT OF NET POSITION
December 31, 2017
(In Thousands)

	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Comparative Totals		
			2017	2016	
NET POSITION					
Net Investment in Capital Assets	\$ 3,365,060	\$ 2,280,370	\$ 5,645,430	\$ 5,455,775	\$ 1
Restricted for					
Debt Service	11,290	—	11,290	11,395	
Capital Projects	221,363	—	221,363	145,717	
Rate Stabilization Account	—	25,000	25,000	25,000	
Education and Development Services	80,525	—	80,525	53,174	
Special Deposits	—	—	—	—	
Conservation and Environmental Costs	—	8,275	8,275	8,148	
Bonneville Power Administration Projects	—	—	—	—	
External Infrastructure Costs	—	7,099	7,099	7,232	
Muckleshoot Settlement	—	—	—	—	
Other Charges	—	45,153	45,153	19,195	
Health Care Reserve	43,944	—	43,944	38,188	
Transportation Programs	61,942	—	61,942	29,834	
Low-Income Housing Programs	179,970	—	179,970	154,247	
Other Purposes	95,468	—	95,468	190,441	52,529
Nonexpendable	—	—	—	2,050	
Unrestricted	(565,925)	(121,280)	(687,205)	(623,518)	21,015
Total Net Position	3,493,637	2,244,617	5,738,254	5,516,878	73,545
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,177,321	\$ 8,295,930	\$ 14,473,251	\$ 13,397,027	\$ 74,899

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

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017
(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	\$ 246,463	\$ (24,374)	\$ 119,548	\$ 29,122	\$ 362
Judicial	32,075	—	27,555	117	—
Public Safety	576,040	1,698	28,669	10,028	—
Physical Environment	15,539	—	10	(317)	—
Transportation	378,265	6,459	77,958	22,191	17,405
Economic Environment	147,005	—	53,196	14,923	1,414
Health and Human Services	119,463	—	745	42,311	—
Culture and Recreation	364,425	—	82,133	12,402	16,980
Interest on Long-Term Debt	47,777	—	—	—	—
Total Governmental Activities	1,927,052	(16,217)	389,814	130,777	36,161
BUSINESS-TYPE ACTIVITIES					
Light	912,006	2,779	987,812	(319)	45,308
Water	232,297	2,845	262,777	125	22,064
Drainage and Wastewater	362,690	992	396,283	1,566	2,648
Solid Waste	175,845	16,217	203,038	357	—
Planning and Development	67,115	5,799	72,595	105	—
Downtown Parking Garage	—	—	—	—	—
Fiber Leasing	36	—	8	—	—
Total Business-Type Activities	1,749,989	28,632	1,922,513	1,834	70,020
Total Government-Wide Activities	\$ 3,677,041	\$ 12,415	\$ 2,312,327	\$ 132,611	\$ 106,181
COMPONENT UNITS	\$ 6,256		\$ 344	\$ 3,167	\$ —

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

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017
(In Thousands)

	Net Revenue (Expense) and Changes in Net Position				
	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Comparative Totals		
			2017	2016	
GOVERNMENTAL ACTIVITIES					
General Government	\$ (73,057)	\$ —	\$ (73,057)	\$ (100,271)	
Judicial	(4,403)	—	(4,403)	(2,282)	
Public Safety	(539,041)	—	(539,041)	(539,195)	
Physical Environment	(15,846)	—	(15,846)	(9,113)	
Transportation	(267,170)	—	(267,170)	(165,537)	
Economic Environment	(77,472)	—	(77,472)	(108,504)	
Health and Human Services	(76,407)	—	(76,407)	(64,041)	
Culture and Recreation	(252,910)	—	(252,910)	(234,207)	
Interest on Long-Term Debt	(47,777)	—	(47,777)	(42,942)	
Total Governmental Activities	(1,354,083)	—	(1,354,083)	(1,266,092)	
BUSINESS-TYPE ACTIVITIES					
Light	—	118,016	118,016	83,275	
Water	—	49,824	49,824	41,914	
Drainage and Wastewater	—	36,815	36,815	67,248	
Solid Waste	—	11,333	11,333	9,708	
Planning and Development	—	(216)	(216)	11,413	
Downtown Parking Garage	—	—	—	133	
Fiber Leasing	—	(28)	(28)	—	
Total Business-Type Activities	—	215,744	215,744	213,691	
Total Government-Wide Activities	(1,354,083)	215,744	(1,138,339)	(1,052,401)	
COMPONENT UNITS					\$ (2,745)
General Revenues					
Property Taxes	582,622	—	582,622	542,853	
Sales Taxes	280,963	—	280,963	263,285	
Business Taxes	516,881	—	516,881	482,850	
Excise Taxes	115,674	—	115,674	114,627	
Other Taxes	22,032	—	22,032	19,009	
Penalties and Interest on Delinquent Taxes	—	—	—	—	
Unrestricted Investment Earnings (Loss)	18,339	18,046	36,385	21,887	9,494
Gain on Sale of Capital Assets	7,633	(83)	7,550	47,911	
Special Item - Environmental Remediation	—	(9,619)	(9,619)	(66,187)	
Transfers	(5,317)	6,321	1,004	—	
Total General Revenues (Loss), Special Item, and Transfers	1,538,827	14,665	1,553,492	1,426,235	9,494
Changes in Net Position	184,744	230,409	415,153	373,834	6,749
Net Position - Beginning of Year	3,502,669	2,014,208	5,516,877	5,143,044	66,796
Restatements/Prior-Year Adjustments	(193,776)	—	(193,776)	—	
Net Position - Beginning of Year as Restated	3,308,893	2,014,208	5,323,101	5,143,044	66,796
Net Position - End of Year	\$ 3,493,637	\$ 2,244,617	\$ 5,738,254	\$ 5,516,878	\$ 73,545

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

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

Fund Financial Statements

MAJOR GOVERNMENTAL FUNDS

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

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

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

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017
(In Thousands)

	General Fund	Transportation	Other Governmental	Comparative Totals	
				2017	2016
ASSETS					
Cash and Equity in Pooled Investments	\$ 406,761	\$ 73,706	\$ 560,962	\$ 1,041,429	\$ 957,581
Receivables, Net of Allowances	89,522	16,829	41,601	147,952	124,646
Due from Other Funds	17,084	23,157	10,722	50,963	86,289
Due from Other Governments	63,913	5,719	15,712	85,344	96,547
Interfund Loans and Advances	72	24,201	15,463	39,736	39,572
Other Current Assets	285	—	635	920	1,035
Total Assets	577,637	143,612	645,095	1,366,344	1,305,670
DEFERRED OUTFLOWS OF RESOURCES					
Total Assets and Deferred Outflows of Resources	\$ 577,637	\$ 143,612	\$ 645,095	\$ 1,366,344	\$ 1,305,670
LIABILITIES					
Accounts Payable	\$ 34,280	\$ 23,152	\$ 28,175	\$ 85,607	\$ 113,889
Contracts Payable	126	719	500	1,345	5,083
Salaries, Benefits, and Taxes Payable	29,411	4,929	7,985	42,325	39,262
Due to Other Funds	8,183	2,572	25,773	36,528	75,998
Due to Other Governments	2,083	—	5,198	7,281	7,266
Revenues Collected in Advance	4,160	6,966	8,223	19,349	14,951
Interfund Loans and Advances	—	—	39,590	39,590	38,322
Other Current Liabilities	362	488	2,794	3,644	2,098
Total Liabilities	78,605	38,826	118,238	235,669	296,869
DEFERRED INFLOWS OF RESOURCES					
	3,950	1,178	10,212	15,340	14,559
FUND BALANCES					
Nonspendable	\$ 350	\$ 1	\$ 2,743	\$ 3,094	\$ 3,141
Restricted	181,951	5,890	506,661	694,502	622,516
Committed	131,385	97,717	17,548	246,650	211,913
Assigned	29,172	—	11,963	41,135	38,465
Unassigned	152,224	—	(22,270)	129,954	118,207
Total Fund Balances	495,082	103,608	516,645	1,115,335	994,242
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 577,637	\$ 143,612	\$ 645,095	\$ 1,366,344	\$ 1,305,670

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017
(In Thousands)**

	Comparative Totals	
	2017	Restated 2016
Governmental Fund Balance	\$ 1,115,335	\$ 994,242
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.	\$ 3,663,566	\$ 3,344,900
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	13,587	9,600
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.	395,295	394,486
Net pension asset net of pension obligations	181,280	124,652
Deferred inflows and outflows of resources	81,171	172,041
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	(13,853)	(13,298)
Accrued Interest Payable	(6,426)	(5,367)
Current Portion of Long-Term Debt	(59,414)	(56,411)
Compensated Absences Payable	(21,149)	(19,414)
General Obligation Bonds Payable	(725,188)	(715,581)
Less Bond Discount and Premium	(58,713)	(66,528)
Special Assessment Bonds	(6,075)	(7,505)
Net Pension Liability	(776,193)	(582,280)
Notes and Other Long-Term Liabilities	(13,881)	(14,662)
Compensated Absences - Long-Term	(66,115)	(62,659)
Claims Payable - Long-Term	(34,308)	(32,455)
Workers' Compensation	(27,495)	(25,050)
Arbitrage	—	—
Unfunded Other Post Employment Benefits	(147,787)	(129,818)
Net Adjustments	2,378,302	2,314,651
Net Position of Governmental Activities	\$ 3,493,637	\$ 3,308,893

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

B-4

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017
(In Thousands)**

	General Fund	Transportation	Other Governmental	Comparative Totals	
				2017	Restated 2016
REVENUES					
Taxes	\$ 1,107,598	\$ 139,410	\$ 270,416	\$ 1,517,424	\$ 1,422,194
Licenses and Permits	35,462	8,212	—	43,674	41,743
Grants, Shared Revenues, and Contributions	26,908	33,369	107,332	167,609	166,779
Charges for Services	69,373	74,764	104,574	248,711	254,412
Fines and Forfeits	30,300	172	12,499	42,971	46,154
Concessions, Parking Fees and Space Rent	39,155	244	32,008	71,407	68,798
Program Income, Interest, and Miscellaneous Revenues	95,928	698	21,622	118,248	99,369
Total Revenues	1,404,724	256,869	548,451	2,210,044	2,099,449
EXPENDITURES					
Current					
General Government	258,400	—	63,223	321,623	264,284
Judicial	31,658	—	—	31,658	31,519
Public Safety	610,762	—	1,028	611,790	590,681
Physical Environment	15,668	—	462	16,130	13,575
Transportation	12,041	177,363	6,491	195,895	227,666
Economic Environment	31,411	—	120,051	151,462	179,831
Health and Human Services	—	—	120,943	120,943	104,209
Culture and Recreation	83,033	—	234,928	317,961	305,986
Capital Outlay					
General Government	15,278	—	40,655	55,933	29,342
Public Safety	1,373	—	1,391	2,764	21,527
Physical Environment	—	—	—	—	—
Transportation	—	203,447	—	203,447	240,216
Economic Environment	53	—	57	110	7
Culture and Recreation	24,222	—	36,364	60,586	47,390
Debt Service					
Principal	3	1,522	56,358	57,883	53,308
Interest	1	75	35,475	35,551	32,768
Bond Issuance Cost	—	—	508	508	627
Other	—	—	—	—	—
Total Expenditures	1,083,903	382,407	717,934	2,184,244	2,142,936
Excess (Deficiency) of Revenues over Expenditures	320,821	(125,538)	(169,483)	25,800	(43,487)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	93,880	93,880	145,139
Refunding Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	10,198	10,198	22,177
Payment to Refunded Bond Escrow Agent	—	—	(19,419)	(19,419)	(31,909)
Sales of Capital Assets	7,550	—	154	7,704	123
Transfers In	27,698	158,143	315,663	501,504	550,752
Transfers Out	(303,516)	(26,535)	(168,673)	(498,724)	(518,825)
Total Other Financing Sources (Uses)	(268,268)	131,608	231,803	95,143	167,457
Net Change in Fund Balance	52,553	6,070	62,320	120,943	123,970
Fund Balances - Beginning of Year	442,382	97,538	454,325	994,245	870,272
Restatements/Prior-Year Adjustments	147	—	—	147	—
Fund Balances - Beginning of Year as Restated	442,529	97,538	454,325	994,392	870,272
Fund Balances - End of Year	<u>\$ 495,082</u>	<u>\$ 103,608</u>	<u>\$ 516,645</u>	<u>\$ 1,115,335</u>	<u>\$ 994,242</u>

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

**B-5 RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017
(In Thousands)**

	Comparative Totals	
	2017	2016
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 120,943	\$ 123,970
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	(118,029)	(118,345)
Capital outlay reported as expenditures	242,344	275,669
Retirement and sale of capital assets	(125)	(6)
Capital assets received as donations	13,426	2,188
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	749	(2,587)
Reduction of long-term receivable	(1,331)	(831)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and related items:		
Proceeds of general obligation bonds	(93,880)	(144,691)
Premium on general obligation bonds	(10,198)	(22,177)
Proceeds from bond refunding	—	—
Principal payments bonds/notes	57,821	53,262
Amortization of bond premium	15,828	7,679
Amortization of loss on refunding	(1,362)	(1,549)
Minimum capital lease payments	165	29
Bond interest	(1,078)	612
Remittance to refunding escrow using refunding proceeds	19,419	31,908
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	(5,190)	2,093
Injury and damage claims	(2,167)	6,526
Workers' compensation	(2,445)	2,076
Arbitrage	—	9
Unfunded OPEB liabilities	(17,969)	(16,598)
Net pension asset	(33,544)	3,506
Environmental liability	(1,043)	481
Loan to agencies	—	—
Debt guarantee of SISC 2004 bonds	416	433
Pension Expense - GASB68	(21,441)	(24,852)
WA State's LEOFF Contribution	9,399	9,344
Pension Expense - GASB 73	13,226	
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	(10,020)	(9,234)
Net revenue of internal service funds activities reported with governmental activities	10,830	1,975
Change in Net Position of Governmental Activities	\$ 184,744	\$ 180,890
Initial Recording of Net Pension Liability/Asset Related Items	—	—
Adjusted Total Change in Net Position of Governmental Activities	184,744	180,890

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

MAJOR PROPRIETARY FUNDS

The **Light Fund** (City Light) accounts for the operations of the City-owned electric utility. City Light owns and operates certain generating, transmission, and distribution facilities and supplies electricity to approximately 408,000 customers in the Seattle and certain surrounding communities. City Light also supplies electrical energy to other City agencies at rates prescribed by City ordinances.

The **Water Fund** accounts for the operations of the City-owned water utility. It maintains three separate sources of water supply, namely the Tolt and Cedar River watersheds, and Seattle wellfields; approximately 182 miles of supply mains, and distribution storage capacity of 339 million gallons in reservoirs, tanks, and standpipes. The distribution system serves a population of about 1.4 million people.

The **Drainage and Wastewater Fund** accounts for the operations of the City-owned sewer and drainage utility facilities and pumping stations. Those facilities and stations are necessary to collect the sewage of the City and discharge it into King County's treatment and disposal systems. The utility maintains about 1,893 miles of sewers and drainage mainlines, 75 percent of which are separate sanitary sewers and storm mainlines. In addition, the City manages 66 pumping stations.

The **Solid Waste Fund** accounts for the operations of two City-owned transfer stations and for the administration of contracts with private companies for the collection of residential refuse and commercial garbage. Private individuals and City-administered residential and commercial collectors bring solid waste to the transfer stations. Solid wastes collected at the transfer stations are compacted, loaded in containers, and hauled to the Argo cargo loading station. The containers at the Argo station are loaded on railcars and transported to a landfill in Arlington, Oregon, for final disposal.

Descriptions for the non-major enterprise funds and the internal service funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2017	2016	2017	2016
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 129,131	\$ 72,868	\$ 54,637	\$ 39,106
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	86,240	89,277	13,644	15,317
Interest and Dividends	—	384	834	984
Unbilled	89,374	76,604	15,679	14,534
Energy Contracts, Notes, and Other Contracts	—	—		20
Due from Other Funds	2,316	5,052	747	908
Due from Other Governments	2,576	3,077	2,296	953
Materials and Supplies Inventory	33,619	35,984	5,741	5,667
Prepayments and Other Current Assets	365	3,242	72	72
Total Current Assets	343,621	286,488	93,650	77,561
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	252,423	221,987	163,253	72,094
Notes and Contracts Receivable	—	—		375
Conservation Costs, Net	262,237	252,432	28,732	32,192
Landfill Closure and Postclosure Costs, Net	—	—	—	—
Environmental Costs and Recoveries	96,927	86,092	—	—
External Infrastructure Costs	—	—	—	—
Regulatory Asset	—	—	9,944	10,473
Other Charges	57,662	57,706	3,097	3,464
Capital Assets				
Land and Land Rights	76,553	75,025	48,319	45,138
Plant in Service, Excluding Land	4,593,145	4,410,258	2,009,173	1,921,380
Less Accumulated Depreciation	(1,823,394)	(1,735,289)	(791,510)	(771,218)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	589,347	392,461	36,971	79,611
Other Property, Net	73,799	72,226	1,663	1,663
Total Noncurrent Assets	4,178,699	3,832,898	1,509,642	1,395,172
Total Assets	4,522,320	4,119,386	1,603,292	1,472,733
DEFERRED OUTFLOWS OF RESOURCES	83,179	94,939	36,512	46,224
Total Assets and Deferred Outflows of Resources	\$ 4,605,499	\$ 4,214,325	\$ 1,639,804	\$ 1,518,957

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

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2017	2016	2017	2016
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 164,470	\$ 121,117	\$ 55,716	\$ 36,174
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	20,049	19,803	14,398	15,461
Interest and Dividends	295	504	—	116
Unbilled	21,416	19,399	236	236
Energy Contracts, Notes, and Other Contracts	1	56	—	—
Due from Other Funds	709	2,497	746	518
Due from Other Governments	2,688	9,722	1,005	1,041
Materials and Supplies Inventory	1,383	1,136	158	155
Prepayments and Other Current Assets	35	34	18	18
Total Current Assets	211,046	174,268	72,277	53,719
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	214,213	54,122	52,534	55,329
Notes and Contracts Receivable	2	1,049	—	—
Conservation Costs, Net	—	—	—	—
Landfill Closure and Postclosure Costs, Net	—	—	20,239	10,994
Environmental Costs and Recoveries	2,050	2,149	—	—
External Infrastructure Costs	18,448	18,742	—	—
Regulatory Asset	5,630	4,406	1,805	1,896
Other Charges	33,836	33,937	571	693
Capital Assets				
Land and Land Rights	23,691	22,490	26,883	26,883
Plant in Service, Excluding Land	1,319,572	1,194,642	247,059	252,386
Less Accumulated Depreciation	(358,505)	(340,989)	(60,318)	(59,995)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	122,607	184,074	10,904	6,038
Other Property, Net	2,027	2,027	2,444	2,444
Total Noncurrent Assets	1,383,571	1,176,649	302,121	296,668
Total Assets	1,594,617	1,350,917	374,398	350,387
DEFERRED OUTFLOWS OF RESOURCES	20,176	28,026	7,162	8,908
Total Assets and Deferred Outflows of Resources	\$ 1,614,793	\$ 1,378,943	\$ 381,560	\$ 359,295

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2017	2016	2017	2016
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 83,619	\$ 70,354	\$ 487,573	\$ 339,619
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	1,088	976	135,419	140,834
Interest and Dividends	—	79	1,129	2,067
Unbilled	—	—	126,705	110,773
Energy Contracts, Notes, and Other Contracts	—	—	1	76
Due from Other Funds	1,108	1,781	5,626	10,756
Due from Other Governments	398	551	8,963	15,344
Materials and Supplies Inventory	—	—	40,901	42,942
Prepayments and Other Current Assets	—	751	490	4,117
Total Current Assets	86,213	74,492	806,807	666,528
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	139	92	682,562	403,624
Notes and Contracts Receivable	—	—	2	1,424
Conservation Costs, Net	—	—	290,969	284,624
Landfill Closure and Postclosure Costs, Net	—	—	20,239	10,994
Environmental Costs and Recoveries	—	—	98,977	88,241
External Infrastructure Costs	—	—	18,448	18,742
Regulatory Asset	—	—	17,379	16,775
Other Charges	—	—	95,166	95,800
Capital Assets				
Land and Land Rights	—	—	175,446	169,536
Plant in Service, Excluding Land	—	—	8,168,949	7,778,666
Less Accumulated Depreciation	—	—	(3,033,727)	(2,907,491)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	14,430	14,360	14,430	14,360
Less Accumulated Depreciation	(14,292)	(14,288)	(14,292)	(14,288)
Construction in Progress	8,314	6,799	768,143	668,983
Other Property, Net	—	—	79,933	78,360
Total Noncurrent Assets	8,591	6,963	7,382,624	6,708,350
Total Assets	94,804	81,455	8,189,431	7,374,878
DEFERRED OUTFLOWS OF RESOURCES				
	9,576	13,962	156,605	192,059
Total Assets and Deferred Outflows of Resources	\$ 104,380	\$ 95,417	\$ 8,346,036	\$ 7,566,937

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2017	2016
ASSETS		
<i>Current Assets</i>		
Operating Cash and Equity in Pooled Investments	\$ 10,062	\$ 25,230
Restricted Cash and Equity in Pooled Investments	7,968	4,691
Receivables, Net of Allowances		
Accounts	489	577
Interest and Dividends	—	44
Unbilled	38	667
Energy Contracts, Notes, and Other Contracts	—	—
Due from Other Funds	19,894	17,296
Due from Other Governments	117	26
Materials and Supplies Inventory	4,356	2,660
Prepayments and Other Current Assets	5,452	1,256
	48,376	52,447
<i>Noncurrent Assets</i>		
Restricted Cash and Equity in Pooled Investments	73,330	43,031
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	108,842	108,842
Plant in Service, Excluding Land	—	—
Less Accumulated Depreciation	—	—
Buildings and Improvements	724,331	717,228
Less Accumulated Depreciation	(261,273)	(244,860)
Machinery and Equipment	267,142	270,246
Less Accumulated Depreciation	(138,383)	(135,590)
Construction in Progress	24,187	9,357
Other Property, Net	1,001	208
	799,177	768,462
Total Noncurrent Assets		
Total Assets	847,553	820,909
DEFERRED OUTFLOWS OF RESOURCES	72,023	35,215
Total Assets and Deferred Outflows of Resources	\$ 919,576	\$ 856,124

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2017	2016	2017	2016
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 60,387	\$ 72,336	\$ 6,486	\$ 7,486
Salaries, Benefits, and Payroll Taxes Payable	15,272	10,757	3,971	3,462
Compensated Absences Payable	1,500	2,572	418	390
Due to Other Funds	11,953	11,137	7,770	8,609
Due to Other Governments	—	—	125	—
Interest Payable	30,994	31,407	12,942	11,928
Taxes Payable	10,050	8,212	755	694
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	118,805	111,230	41,020	39,345
Claims Payable	10,936	8,611	2,028	2,151
Notes and Contracts Payable	—	—	2,050	1,125
Habitat Conservation Program Liability	—	—	711	968
Landfill Closure and Postclosure Liability	—	—	—	—
Unearned Revenues and Other Credits	27,132	28,814	4,004	4,307
Other Current Liabilities	20,761	10,304	504	44
Total Current Liabilities	307,790	295,380	82,784	80,509
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	15,708	15,782	4,411	4,355
Claims Payable	96,105	91,980	5,252	3,489
Public Works Trust Loan	—	—	28,877	23,654
Landfill Closure and Postclosure Liability	—	—	—	—
Vendor and Other Deposits Payable	—	—	—	—
Habitat Conservation Program Liability	—	—	4,823	7,792
Unearned Revenues and Other Credits	9,161	8,374	278	301
Unfunded Other Post Employment Benefits	8,601	7,935	2,824	2,719
Net Pension Liability	288,808	317,773	86,689	93,080
Other Noncurrent Liabilities	392	115	114	102
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	2,417,420	2,165,265	915,683	856,408
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	2,836,195	2,607,224	1,048,951	991,900
Total Liabilities	3,143,985	2,902,604	1,131,735	1,072,409
DEFERRED INFLOWS OF RESOURCES	123,596	94,180	53,509	43,183

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

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2017	2016	2017	2016
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 4,921	\$ 8,519	\$ 7,857	\$ 9,857
Salaries, Benefits, and Payroll Taxes Payable	4,067	3,611	1,499	1,226
Compensated Absences Payable	428	399	149	139
Due to Other Funds	11,540	12,637	3,006	2,049
Due to Other Governments	17,947	12,789	—	—
Interest Payable	12,155	8,166	2,294	2,399
Taxes Payable	239	405	574	239
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	25,225	21,570	6,775	6,545
Claims Payable	4,938	5,104	740	841
Notes and Contracts Payable	2,761	1,223	—	—
Habitat Conservation Program Liability	—	—	—	—
Landfill Closure and Postclosure Liability	—	—	1,605	1,643
Unearned Revenues and Other Credits	900	2,635	8,957	5,797
Other Current Liabilities	773	585	—	—
Total Current Liabilities	85,894	77,643	33,456	30,735
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	4,516	4,459	1,575	1,556
Claims Payable	141,268	136,978	17,084	11,023
Public Works Trust Loan	43,338	14,130	—	—
Landfill Closure and Postclosure Liability	—	—	22,475	13,062
Vendor and Other Deposits Payable	1,563	2,605	—	—
Habitat Conservation Program Liability	—	—	—	—
Unearned Revenues and Other Credits	—	—	—	—
Unfunded Other Post Employment Benefits	2,758	2,719	985	885
Net Pension Liability	81,147	87,690	29,618	31,901
Other Noncurrent Liabilities	242	266	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	883,717	717,709	215,229	223,028
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	1,158,549	966,556	286,966	281,455
Total Liabilities	1,244,443	1,044,199	320,422	312,190
DEFERRED INFLOWS OF RESOURCES	7,164	2,279	28,241	26,138

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2017	2016	2017	2016
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 239	\$ 573	\$ 79,890	\$ 98,771
Salaries, Benefits, and Payroll Taxes Payable	2,068	1,971	26,877	21,027
Compensated Absences Payable	178	225	2,673	3,725
Due to Other Funds	2,323	953	36,592	35,385
Due to Other Governments	—	—	18,072	12,789
Interest Payable	—	1	58,385	53,901
Taxes Payable	—	—	11,618	9,550
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	—	—	191,825	178,690
Claims Payable	169	183	18,811	16,890
Notes and Contracts Payable	—	—	4,811	2,348
Habitat Conservation Program Liability	—	—	711	968
Landfill Closure and Postclosure Liability	—	—	1,605	1,643
Unearned Revenues and Other Credits	—	—	40,993	41,553
Other Current Liabilities	23	28	22,061	10,961
Total Current Liabilities	5,000	3,934	514,924	488,201
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	1,200	—	1,200
Compensated Absences Payable	2,716	2,697	28,926	28,849
Claims Payable	275	353	259,984	243,823
Public Works Trust Loan	—	—	72,215	37,784
Landfill Closure and Postclosure Liability	—	—	22,475	13,062
Vendor and Other Deposits Payable	139	92	1,702	2,697
Habitat Conservation Program Liability	—	—	4,823	7,792
Unearned Revenues and Other Credits	23,059	18,157	32,498	26,832
Unfunded Other Post Employment Benefits	1,959	1,859	17,127	16,117
Net Pension Liability	57,944	63,529	544,206	593,973
Other Noncurrent Liabilities	103	31	851	514
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	4,432,049	3,962,410
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	86,195	87,918	5,416,856	4,935,053
Total Liabilities	91,195	91,852	5,931,780	5,423,254
DEFERRED INFLOWS OF RESOURCES	3,487	32	215,997	165,812

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2017	2016
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	\$ 14,216	\$ 12,810
Salaries, Benefits, and Payroll Taxes Payable	7,718	6,967
Compensated Absences Payable	1,393	905
Due to Other Funds	2,815	2,958
Due to Other Governments	15	14
Interest Payable	2,494	2,193
Taxes Payable	75	45
General Obligation Bonds Due Within One Year	26,981	26,508
Revenue Bonds Due Within One Year	—	—
Claims Payable	355	418
Notes and Contracts Payable	—	—
Habitat Conservation Program Liability	—	—
Landfill Closure and Postclosure Liability	—	—
Unearned Revenues and Other Credits	—	—
Other Current Liabilities	282	146
Total Current Liabilities	56,344	52,964
<i>Noncurrent Liabilities</i>		
Advances from Other Funds/Interfund Notes Payable		
Compensated Absences Payable	11,860	8,654
Claims Payable	1,143	1,310
Public Works Trust Loan	—	—
Landfill Closure and Postclosure Liability	—	—
Vendor and Other Deposits Payable	148	156
Habitat Conservation Program Liability	—	—
Unearned Revenues and Other Credits	—	—
Unfunded Other Post Employment Benefits	6,208	3,893
Net Pension Liability	175,269	121,731
Other Noncurrent Liabilities	3	23
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	226,011	236,417
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—
Bond Interest Payable	—	—
Total Noncurrent Liabilities	420,642	372,184
Total Liabilities	476,986	425,148
DEFERRED INFLOWS OF RESOURCES	936	152

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2017	2016	2017	2016
NET POSITION				
Net Investment in Capital Assets	\$ 1,382,845	\$ 1,310,525	\$ 473,343	\$ 435,254
Restricted for				
Rate Stabilization Account	25,000	25,000	—	—
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	8,275	8,148
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	—	—	—	—
Muckleshoot Settlement	—	—	—	—
Other Charges	—	—	4,770	4,640
Unrestricted	(69,927)	(117,984)	(31,828)	(44,677)
Total Net Position	1,337,918	1,217,541	454,560	403,365
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,605,499	\$ 4,214,325	\$ 1,639,804	\$ 1,518,957

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

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STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2017	2016	2017	2016
NET POSITION				
Net Investment in Capital Assets	\$ 379,865	\$ 403,957	\$ 35,863	\$ 29,523
Restricted for				
Rate Stabilization Account	—	—	—	—
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	—	—
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	7,099	7,232	—	—
Muckleshoot Settlement	—	—	—	—
Other Charges	40,141	14,555	244	—
Unrestricted	(63,919)	(93,279)	(3,210)	(8,556)
Total Net Position	363,186	332,465	32,897	20,967
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,614,793	\$ 1,378,943	\$ 381,560	\$ 359,295

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2017	2016	2017	2016
NET POSITION				
Net Investment in Capital Assets	\$ 8,453	\$ 6,870	\$ 2,280,369	\$ 2,186,129
Restricted for				
Rate Stabilization Account	—	—	25,000	25,000
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	8,275	8,148
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	—	—	7,099	7,232
Muckleshoot Settlement	—	—	—	—
Other Charges	—	—	45,155	19,195
Unrestricted	1,245	(3,337)	(167,639)	(267,833)
Total Net Position	9,698	3,533	2,198,259	1,977,871
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 104,380	\$ 95,417	\$ 8,346,036	\$ 7,566,937
Total Net Position as above			\$ 2,198,259	\$ 1,977,871
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds			46,358	36,338
Net Position of Business-type Activities			\$ 2,244,617	\$ 2,014,209

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2017	2016
NET POSITION		
Net Investment in Capital Assets	\$ 476,206	\$ 464,045
Restricted for		
Rate Stabilization Account	—	—
Special Deposits and Other	—	—
Conservation and Environmental Costs	—	—
Bonneville Power Administration Projects	—	—
External Infrastructure Costs	—	—
Muckleshoot Settlement	—	—
Other Charges	—	—
Unrestricted	(34,552)	(33,221)
Total Net Position	441,654	430,824
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 919,576	\$ 856,124

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

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2017	2016	2017	2016
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 989,711	\$ 903,175	\$ 262,896	\$ 251,364
OPERATING EXPENSES				
Long-Term Purchased Power	224,857	219,795	—	—
Short-Term Wholesale Power Purchases	15,223	15,048	—	—
Generation	40,072	36,803	—	—
Transmission	52,514	53,488	—	—
Distribution	60,402	63,522	—	—
Conservation and Other Power Expenses	57,792	53,466	—	—
Planning and Development	—	—	1,499	2,141
Utility Systems Management	—	—	15,741	15,350
Field Operations	—	—	30,218	29,502
Project Delivery	—	—	7,776	6,789
Customer Services	49,390	42,636	8,280	7,990
Wastewater Treatment	—	—	—	—
Solid Waste Collection	—	—	—	—
Operations and Maintenance	—	—	—	—
General and Administrative	128,687	104,998	43,698	41,534
City Business and Occupation Taxes	54,414	48,456	32,924	31,347
Other Taxes	40,351	36,747	10,746	10,143
Amortization of Landfill and Postclosure Costs	—	—	—	—
Depreciation and Other Amortization	128,768	120,807	51,003	51,844
Total Operating Expenses	852,470	795,766	201,885	196,640
Operating Income (Loss)	137,241	107,409	61,011	54,724
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	6,797	6,046	4,090	2,635
Interest Expense	(85,113)	(84,365)	(39,632)	(36,918)
Amortization of Bonds Premiums and Discounts, Net	16,084	15,333	4,625	4,158
Amortization of Refunding Gain (Loss)	(4,899)	(4,641)	(1,392)	(1,597)
Bond Issuance Costs	(1,511)	(1,435)	—	—
Gain (Loss) on Sale of Capital Assets	553	48	(1,020)	406
Contributions and Grants	(319)	2,529	125	265
Others, Net	6,236	6,001	1,324	1,190
Total Nonoperating Revenues (Expenses)	(62,172)	(60,484)	(31,880)	(29,861)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	75,069	46,925	29,131	24,863
Capital Contributions and Grants	45,308	38,399	22,064	18,393
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	—	—	—	—
Change in Net Position	120,377	85,324	51,195	43,256
Net Position - Beginning of Year	1,217,541	1,132,217	403,365	360,109
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	1,217,541	1,132,217	403,365	360,109
Net Position - End of Year	\$ 1,337,918	\$ 1,217,541	\$ 454,560	\$ 403,365

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

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2017	2016	2017	2016
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 400,284	\$ 375,041	\$ 209,644	\$ 183,666
OPERATING EXPENSES				
Long-Term Purchased Power	—	—	—	—
Short-Term Wholesale Power Purchases	—	—	—	—
Generation	—	—	—	—
Transmission	—	—	—	—
Distribution	—	—	—	—
Conservation and Other Power Expenses	—	—	—	—
Planning and Development	1,052	1,494	213	233
Utility Systems Management	15,656	12,371	8,619	5,409
Field Operations	30,466	28,860	9,359	7,627
Project Delivery	12,582	10,494	114	658
Customer Services	6,902	6,501	6,318	6,312
Wastewater Treatment	162,759	154,001	—	—
Solid Waste Collection	—	—	107,530	104,639
Operations and Maintenance	—	—	—	—
General and Administrative	31,618	30,135	18,888	16,410
City Business and Occupation Taxes	46,724	44,311	24,583	19,025
Other Taxes	5,230	4,836	3,213	2,820
Amortization of Landfill and Postclosure Costs	—	—	1,374	1,369
Depreciation and Other Amortization	31,657	27,403	10,855	6,283
Total Operating Expenses	344,646	320,406	191,066	170,785
Operating Income (Loss)	55,638	54,635	18,578	12,881
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	5,028	3,096	1,059	519
Interest Expense	(29,142)	(22,779)	(9,069)	(5,269)
Amortization of Bonds Premiums and Discounts, Net	2,924	2,127	1,024	913
Amortization of Refunding Gain (Loss)	(482)	(512)	(204)	(112)
Bond Issuance Costs	—	—	—	—
Gain (Loss) on Sale of Capital Assets	238	147	146	4
Contributions and Grants	1,566	1,054	357	604
Others, Net	1,922	777	39	84
Total Nonoperating Revenues (Expenses)	(17,946)	(16,090)	(6,648)	(3,257)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	37,692	38,545	11,930	9,624
Capital Contributions and Grants	2,648	30,205	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	(9,619)	(66,187)	—	—
Change in Net Position	30,721	2,563	11,930	9,624
Net Position - Beginning of Year	332,465	329,902	20,967	11,343
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	332,465	329,902	20,967	11,343
Net Position - End of Year	\$ 363,186	\$ 332,465	\$ 32,897	\$ 20,967

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

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)**

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2017	2016	2017	2016
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 74,351	\$ 86,356	\$ 1,936,886	\$ 1,799,602
OPERATING EXPENSES				
Long-Term Purchased Power	—	—	224,857	219,795
Short-Term Wholesale Power Purchases	—	—	15,223	15,048
Generation	—	—	40,072	36,803
Transmission	—	—	52,514	53,488
Distribution	—	—	60,402	63,522
Conservation and Other Power Expenses	—	—	57,792	53,466
Planning and Development	—	—	2,764	3,868
Utility Systems Management	—	—	40,016	33,130
Field Operations	—	—	70,043	65,989
Project Delivery	—	—	20,472	17,941
Customer Services	—	—	70,890	63,439
Wastewater Treatment	—	—	162,759	154,001
Solid Waste Collection	—	—	107,530	104,639
Operations and Maintenance	60,938	60,910	60,938	60,910
General and Administrative	14,702	11,720	237,593	204,797
City Business and Occupation Taxes	—	12	158,645	143,151
Other Taxes	—	25	59,540	54,571
Amortization of Landfill and Postclosure Costs	—	—	1,374	1,369
Depreciation and Other Amortization	32	1,751	222,315	208,088
Total Operating Expenses	<u>75,672</u>	<u>74,418</u>	<u>1,665,739</u>	<u>1,558,015</u>
Operating Income (Loss)	(1,321)	11,938	271,147	241,587
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	1,072	510	18,046	12,806
Interest Expense	(13)	(2,012)	(162,969)	(151,343)
Amortization of Bonds Premiums and Discounts, Net	—	148	24,657	22,679
Amortization of Refunding Gain (Loss)	—	198	(6,977)	(6,664)
Bond Issuance Costs	—	—	(1,511)	(1,435)
Gain (Loss) on Sale of Capital Assets	—	47,497	(83)	48,102
Contributions and Grants	105	131	1,834	4,583
Others, Net	2	2	9,523	8,054
Total Nonoperating Revenues (Expenses)	<u>1,166</u>	<u>46,474</u>	<u>(117,480)</u>	<u>(63,218)</u>
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	(155)	58,412	153,667	178,369
Capital Contributions and Grants	—	—	70,020	86,997
Transfers In	6,320	18,263	6,320	18,263
Transfers Out	—	(33,732)	—	(33,732)
Environmental Remediation	—	—	(9,619)	(66,187)
Change in Net Position	<u>6,165</u>	<u>42,943</u>	<u>220,388</u>	<u>183,710</u>
Net Position - Beginning of Year	3,533	(39,410)	1,977,871	1,794,161
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	<u>3,533</u>	<u>(39,410)</u>	<u>1,977,871</u>	<u>1,794,161</u>
Net Position - End of Year	<u>\$ 9,698</u>	<u>\$ 3,533</u>	<u>2,198,259</u>	<u>1,977,871</u>
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			46,358	36,338
Net Position of Business-Type Activities			<u>\$ 2,244,617</u>	<u>\$ 2,014,209</u>
Change in Net Position as above			<u>\$ 220,388</u>	<u>\$ 183,710</u>
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			10,020	9,234
Adjusted Change in Net Position of Business-Type Activities			<u>\$ 230,408</u>	<u>\$ 192,944</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, 2017
(In Thousands)**

	Governmental Activities - Internal Service Funds	
	2017	2016
OPERATING REVENUES		
Charges for Services and Other Revenues	\$ 413,134	\$ 311,591
OPERATING EXPENSES		
Long-Term Purchased Power	—	—
Short-Term Wholesale Power Purchases	—	—
Generation	—	—
Transmission	—	—
Distribution	—	—
Conservation and Other Power Expenses	—	—
Planning and Development	—	—
Utility Systems Management	—	—
Field Operations	—	—
Project Delivery	—	—
Customer Services	—	—
Wastewater Treatment	—	—
Solid Waste Collection	—	—
Operations and Maintenance	281,998	214,933
General and Administrative	65,414	32,198
City Business and Occupation Taxes	5	5
Other Taxes	602	516
Amortization of Landfill and Postclosure Costs	—	—
Depreciation and Other Amortization	40,307	37,851
Total Operating Expenses	388,326	285,503
Operating Income (Loss)	24,808	26,088
NONOPERATING REVENUES (EXPENSES)		
Investment and Interest Income	1,172	841
Interest Expense	(10,546)	(10,103)
Amortization of Bonds Premiums and Discounts, Net	3,814	3,751
Amortization of Refunding Gain (Loss)	(1,818)	(1,830)
Bond Issuance Costs	(32)	(6)
Gain (Loss) on Sale of Capital Assets	55	(308)
Contributions and Grants	—	—
Others, Net	12	28
Total Nonoperating Revenues (Expenses)	(7,343)	(7,627)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	17,465	18,461
Capital Contributions and Grants	2,465	(17,996)
Transfers In	—	5,700
Transfers Out	(9,100)	(22,158)
Environmental Remediation	—	—
Change in Net Position	10,830	(15,993)
Net Position - Beginning of Year	430,824	446,817
Prior-Year Adjustment	—	—
Net Position - Beginning of Year as Restated	430,824	446,817
Net Position - End of Year	\$ 441,654	\$ 430,824

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 957,243	\$ 871,771	\$ 270,799	\$ 257,434
Cash Paid to Suppliers	(327,197)	(353,029)	(40,174)	(31,926)
Cash Paid to Employees	(165,244)	(181,004)	(63,103)	(67,426)
Cash Paid for Taxes	(92,910)	(86,914)	(43,406)	(41,718)
Net Cash from Operating Activities	371,892	250,824	124,116	116,364
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	(36,809)	(10,351)	—	—
Interest Paid on Long-Term Debt	(8,229)	(9,111)	—	—
Operating Grants Received	(319)	2,530	22	283
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	5,162	9,358	—	—
Payments to Vendors on Behalf of Customers for Conservation	(31,759)	(32,210)	—	—
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	—	—	—	—
Net Cash from Noncapital Financing Activities	(71,954)	(39,784)	22	283
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	485,530	360,240	223,549	3,562
Principal Payments on Long-Term Debt and Refunding	(104,365)	(97,099)	(147,562)	(42,442)
Capital Expenses and Other Charges Paid	(389,802)	(375,247)	(70,112)	(76,611)
Interest Paid on Long-Term Debt	(88,056)	(85,468)	(38,712)	(38,559)
Capital Fees and Grants Received	40,580	37,544	12,440	9,887
Payment to Trustee for Defeased Bonds	(163,588)	(178,818)	—	—
Interest Received for Suburban Infrastructure Improvements	2,323	2,526	—	—
Debt Issuance Costs	(1,511)	(1,435)	(718)	—
Proceeds from Sale of Capital Assets	794	404	1,415	519
Net Cash from Capital and Related Financing Activities	(218,095)	(337,353)	(19,700)	(143,644)
CASH FLOWS FROM INVESTING ACTIVITIES^a				
Interest and Investment Income (Loss)	4,857	3,550	2,252	623
Net Cash from Investing Activities	4,857	3,550	2,252	623
Net Increase (Decrease) in Cash and Equity in Pooled Investments	86,700	(122,763)	106,690	(26,374)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	294,854	417,618	111,200	137,574
End of Year	\$ 381,554	\$ 294,855	\$ 217,890	\$ 111,200
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 129,131	\$ 72,868	\$ 54,637	\$ 39,106
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	252,423	221,987	163,253	72,094
Total Cash at the End of the Year	\$ 381,554	\$ 294,855	\$ 217,890	\$ 111,200

^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.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 407,355	\$ 370,806	\$ 210,265	\$ 189,184
Cash Paid to Suppliers	(195,323)	(169,184)	(117,856)	(118,253)
Cash Paid to Employees	(61,860)	(66,269)	(25,017)	(25,139)
Cash Paid for Taxes	(52,176)	(48,702)	(26,403)	(21,907)
Net Cash from Operating Activities	97,996	86,651	40,989	23,885
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	—	—	—	—
Interest Paid on Long-Term Debt	—	—	—	—
Operating Grants Received	1,617	1,796	707	378
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Bonneville Receipts for Conservation	—	—	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—	—	—
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	(4,987)	(958)	—	1,358
Net Cash from Noncapital Financing Activities	(3,370)	838	707	1,736
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	294,268	183,723	—	40,848
Principal Payments on Long-Term Debt and Refunding	(88,051)	(92,869)	(6,454)	(25,987)
Capital Expenses and Other Charges Paid	(78,190)	(116,611)	(10,401)	(24,752)
Interest Paid on Long-Term Debt	(29,362)	(27,236)	(9,424)	(9,824)
Capital Fees and Grants Received	7,484	11,361	—	—
Payment to Trustee for Defeased Bonds	—	—	—	—
Interest Received for Suburban Infrastructure Improvements	—	—	—	—
Debt Issuance Costs	(1,160)	(556)	—	(267)
Proceeds from Sale of Capital Assets	348	197	156	18
Net Cash from Capital and Related Financing Activities	105,337	(41,991)	(26,123)	(19,964)
CASH FLOWS FROM INVESTING ACTIVITIES^a				
Interest and Investment Income (Loss)	3,481	1,261	1,174	491
Net Cash from Investing Activities	3,481	1,261	1,174	491
Net Increase (Decrease) in Cash and Equity in Pooled Investments	203,444	46,759	16,747	6,148
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	175,239	128,480	91,503	85,355
End of Year	<u>\$ 378,683</u>	<u>\$ 175,239</u>	<u>\$ 108,250</u>	<u>\$ 91,503</u>
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 164,470	\$ 121,117	\$ 55,716	\$ 36,174
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	214,213	54,122	52,534	55,329
Total Cash at the End of the Year	<u>\$ 378,683</u>	<u>\$ 175,239</u>	<u>\$ 108,250</u>	<u>\$ 91,503</u>

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

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 80,015	\$ 86,628	\$ 1,925,677	\$ 1,775,823
Cash Paid to Suppliers	(36,873)	(36,086)	(717,423)	(708,478)
Cash Paid to Employees	(34,511)	(35,645)	(349,735)	(375,483)
Cash Paid for Taxes	—	(1,415)	(214,895)	(200,656)
Net Cash from Operating Activities	<u>8,631</u>	<u>13,482</u>	<u>643,624</u>	<u>491,206</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	(1,200)	(6,400)	(38,009)	(16,751)
Interest Paid on Long-Term Debt	—	—	(8,229)	(9,111)
Operating Grants Received	105	131	2,132	5,118
Transfers In	6,320	17,094	6,320	17,094
Transfers Out	—	(33,732)	—	(33,732)
Bonneville Receipts for Conservation	—	—	5,162	9,358
Payments to Vendors on Behalf of Customers for Conservation	—	—	(31,759)	(32,210)
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	—	—	(4,987)	400
Net Cash from Noncapital Financing Activities	<u>5,225</u>	<u>(22,907)</u>	<u>(69,370)</u>	<u>(59,834)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	—	—	1,003,347	588,373
Principal Payments on Long-Term Debt and Refunding	—	(3,280)	(346,432)	(261,677)
Capital Expenses and Other Charges Paid	(1,615)	(2,101)	(550,120)	(595,322)
Interest Paid on Long-Term Debt	(1)	(2,676)	(165,555)	(163,763)
Capital Fees and Grants Received	—	—	60,504	58,792
Payment to Trustee for Defeased Bonds	—	(52,468)	(163,588)	(231,286)
Interest Received for Suburban Infrastructure Improvements	—	—	2,323	2,526
Debt Issuance Costs	—	—	(3,389)	(2,258)
Proceeds from Sale of Capital Assets	—	85,171	2,713	86,309
Net Cash from Capital and Related Financing Activities	<u>(1,616)</u>	<u>24,646</u>	<u>(160,197)</u>	<u>(518,306)</u>
CASH FLOWS FROM INVESTING ACTIVITIES^a				
Interest and Investment Income (Loss)	1,072	504	12,836	6,429
Net Cash from Investing Activities	<u>1,072</u>	<u>504</u>	<u>12,836</u>	<u>6,429</u>
Net Increase (Decrease) in Cash and Equity in Pooled Investments	13,312	15,725	426,893	(80,505)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	70,446	54,721	743,242	823,748
End of Year	<u>\$ 83,758</u>	<u>\$ 70,446</u>	<u>\$ 1,170,135</u>	<u>\$ 743,243</u>
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 83,619	\$ 70,354	\$ 487,573	\$ 339,619
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	139	92	682,562	403,624
Total Cash at the End of the Year	<u>\$ 83,758</u>	<u>\$ 70,446</u>	<u>\$ 1,170,135</u>	<u>\$ 743,243</u>

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

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 412,431	\$ 304,672
Cash Paid to Suppliers	(192,432)	(99,984)
Cash Paid to Employees	(138,509)	(140,776)
Cash Paid for Taxes	(600)	(564)
Net Cash from Operating Activities	80,890	63,348
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt and Interfund Loans	—	—
Interest Paid on Long-Term Debt	—	—
Operating Grants Received	—	—
Transfers In	—	5,700
Transfers Out	(9,100)	(22,159)
Bonneville Receipts for Conservation	—	—
Payments to Vendors on Behalf of Customers for Conservation	—	—
Loans Provided to Other Funds	—	—
Payments for Environmental Liabilities	—	—
Net Cash from Noncapital Financing Activities	(9,100)	(16,459)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Other Long-Term Debt	7,335	2,109
Principal Payments on Long-Term Debt and Refunding	(26,518)	(23,776)
Capital Expenses and Other Charges Paid	(28,987)	(35,333)
Interest Paid on Long-Term Debt	(10,244)	(10,302)
Capital Fees and Grants Received	2,465	—
Payment to Trustee for Defeased Bonds	—	—
Interest Received for Suburban Infrastructure Improvements	—	—
Debt Issuance Costs	(32)	(6)
Proceeds from Sale of Capital Assets	1,382	679
Net Cash from Capital and Related Financing Activities	(54,599)	(66,629)
CASH FLOWS FROM INVESTING ACTIVITIES ^a		
Interest and Investment Income (Loss)	1,218	839
Net Cash from Investing Activities	1,218	839
Net Increase (Decrease) in Cash and Equity in Pooled Investments	18,409	(18,901)
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year	72,951	91,853
End of Year	\$ 91,360	\$ 72,952
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$ 10,062	\$ 25,230
Current Restricted Cash and Equity in Pooled Investments	7,968	4,691
Noncurrent Restricted Cash and Equity in Pooled Investments	73,330	43,031
Total Cash at the End of the Year	\$ 91,360	\$ 72,952

^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.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2017	2016	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 137,241	\$ 107,409	\$ 61,011	\$ 54,724
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	128,768	120,807	51,003	51,844
Depreciation Charged to O&M Accounts	7,375	6,509	—	—
Amortization of Other Liabilities and Other Operating Expenses	68,024	40,870	—	—
Nonoperating Revenues and Expenses	6,213	6,063	2,531	2,541
Changes in Operating Assets and Liabilities				
Accounts Receivable	3,037	(16,857)	1,672	(918)
Unbilled Receivables	(12,770)	(6,068)	(1,145)	(699)
Other Receivables	3,261	(1,898)	—	—
Due from Other Funds	2,737	—	162	(15)
Due from Other Governments	501	—	(595)	472
Materials and Supplies Inventory	8,073	(3,144)	(74)	(566)
Accounts Payable	(11,951)	(4,961)	(1,000)	(2,777)
Salaries, Benefits, and Payroll Taxes Payable	4,515	—	509	(1,188)
Compensated Absences Payable	(1,145)	(471)	84	(553)
Due to Other Funds	816	(2,937)	(839)	2,963
Due to Other Governments	—	—	125	—
Claims Payable	6,449	(2,684)	1,640	792
Taxes Payable	1,838	3,136	61	(52)
Unearned Revenues and Other Credits	(895)	—	—	(269)
Other Assets and Liabilities	17,542	4,908	3,417	4,301
Rate Stabilization	2,263	142	5,554	5,764
Total Adjustments	<u>234,651</u>	<u>143,415</u>	<u>63,105</u>	<u>61,640</u>
Net Cash from Operating Activities	<u>\$ 371,892</u>	<u>\$ 250,824</u>	<u>\$ 124,116</u>	<u>\$ 116,364</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 483	\$ 1,489	\$ 8,978	\$ 7,621
Amortization of Debt Related Costs, Net	11,185	10,693	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	11,978	10,168	—	—
Power Exchange Revenues	14,975	15,832	—	—
Power Exchange Expenses	(14,995)	(15,848)	—	—
Power Revenue Netted against Power Expenses	5,436	6,568	—	—
Power Expense Netted against Power Revenues	(9,846)	(5,910)	—	—
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 19,216</u>	<u>\$ 22,992</u>	<u>\$ 8,978</u>	<u>\$ 7,621</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2017	2016	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 55,638	\$ 54,635	\$ 18,578	\$ 12,881
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	31,657	27,403	10,855	6,283
Depreciation Charged to O&M Accounts	—	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	2,762	10,643	—	795
Nonoperating Revenues and Expenses	3,287	1,972	713	676
Changes in Operating Assets and Liabilities				
Accounts Receivable	(246)	601	1,063	(2,230)
Unbilled Receivables	(2,017)	(687)	—	123
Other Receivables	—	—	—	—
Due from Other Funds	1,787	(1,632)	(228)	(281)
Due from Other Governments	6,281	(3,657)	(314)	169
Materials and Supplies Inventory	(246)	70	(3)	(53)
Accounts Payable	(3,599)	(2,178)	(2,000)	(3,985)
Salaries, Benefits, and Payroll Taxes Payable	456	(1,398)	273	(287)
Compensated Absences Payable	86	(140)	30	(40)
Due to Other Funds	(1,097)	4,387	957	155
Due to Other Governments	5,158	57	—	—
Claims Payable	(408)	1,088	5,961	1,441
Taxes Payable	(166)	95	335	(132)
Unearned Revenues and Other Credits	—	—	3,160	836
Other Assets and Liabilities	(1,337)	(4,608)	1,210	672
Rate Stabilization	—	—	399	6,862
Total Adjustments	42,358	32,016	22,411	11,004
Net Cash from Operating Activities	<u>\$ 97,996</u>	<u>\$ 86,651</u>	<u>\$ 40,989</u>	<u>\$ 23,885</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ —	\$ 17,948	\$ —	\$ —
Amortization of Debt Related Costs, Net	—	—	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	—	—	—	—
Power Exchange Revenues	—	—	—	—
Power Exchange Expenses	—	—	—	—
Power Revenue Netted against Power Expenses	—	—	—	—
Power Expense Netted against Power Revenues	—	—	—	—
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ 17,948</u>	<u>\$ —</u>	<u>\$ —</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2017	2016	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,321)	\$ 11,938	\$ 271,147	\$ 241,587
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	32	1,751	222,315	208,088
Depreciation Charged to O&M Accounts	—	—	7,375	6,509
Amortization of Other Liabilities and Other Operating Expenses	2,347	3,748	73,133	56,056
Nonoperating Revenues and Expenses	—	—	12,744	11,252
Changes in Operating Assets and Liabilities				
Accounts Receivable	(713)	(149)	4,813	(19,553)
Unbilled Receivables	—	—	(15,932)	(7,331)
Other Receivables	—	—	3,261	(1,898)
Due from Other Funds	1,352	345	5,810	(1,583)
Due from Other Governments	154	(192)	6,027	(3,208)
Materials and Supplies Inventory	—	—	7,750	(3,693)
Accounts Payable	(335)	(809)	(18,885)	(14,710)
Salaries, Benefits, and Payroll Taxes Payable	98	(1,252)	5,851	(4,125)
Compensated Absences Payable	(28)	(479)	(973)	(1,683)
Due to Other Funds	1,370	379	1,207	4,947
Due to Other Governments	—	—	5,283	57
Claims Payable	(92)	(97)	13,550	540
Taxes Payable	—	(85)	2,068	2,962
Unearned Revenues and Other Credits	4,902	(896)	7,167	(329)
Other Assets and Liabilities	865	(720)	21,697	4,553
Rate Stabilization	—	—	8,216	12,768
Total Adjustments	9,952	1,544	372,477	249,619
Net Cash from Operating Activities	<u>\$ 8,631</u>	<u>\$ 13,482</u>	<u>\$ 643,624</u>	<u>\$ 491,206</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ —	\$ —	\$ 9,461	\$ 27,058
Amortization of Debt Related Costs, Net	—	—	11,185	10,693
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	—
Allowance for Funds Used During Construction	—	—	11,978	10,168
Power Exchange Revenues	—	—	14,975	15,832
Power Exchange Expenses	—	—	(14,995)	(15,848)
Power Revenue Netted against Power Expenses	—	—	5,436	6,568
Power Expense Netted against Power Revenues	—	—	(9,846)	(5,910)
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28,194</u>	<u>\$ 48,561</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Governmental Activities - Internal Service Funds	
	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 24,808	\$ 26,088
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	40,307	37,851
Depreciation Charged to O&M Accounts	—	—
Amortization of Other Liabilities and Other Operating Expenses	17,939	1,386
Nonoperating Revenues and Expenses	12	—
Changes in Operating Assets and Liabilities		
Accounts Receivable	84	(302)
Unbilled Receivables	629	(321)
Other Receivables	—	—
Due from Other Funds	(1,329)	(6,379)
Due from Other Governments	(91)	110
Materials and Supplies Inventory	(1,289)	1,382
Accounts Payable	1,406	1,291
Salaries, Benefits, and Payroll Taxes Payable	751	1,288
Compensated Absences Payable	3,696	2,569
Due to Other Funds	(1,414)	(196)
Due to Other Governments	1	(24)
Claims Payable	(228)	(433)
Taxes Payable	31	(44)
Unearned Revenues and Other Credits	—	—
Other Assets and Liabilities	(4,423)	(918)
Rate Stabilization	—	—
Total Adjustments	56,082	37,260
Net Cash from Operating Activities	\$ 80,890	\$ 63,348
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
In-Kind Capital Contributions	\$ 8,075	\$ —
Amortization of Debt Related Costs, Net	1,964	1,914
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	\$ 10,039	\$ 1,914

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

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUND

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

Descriptions for the pension trust funds and agency funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

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STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2017
(In Thousands)

	Employees' Retirement Fund	S. L. Denny Private-Purpose Trust	Agency Funds
ASSETS			
Cash and Equity in Pooled Investments	\$ 5,513	\$ 222	\$ 7,512
Short-Term Investments	111,309	—	—
Receivables			
Members	4,327	—	—
Employers	5,657	—	—
Interest and Dividends	4,103	—	—
Sales Proceeds	162,413	—	—
Other	—	—	112
Total Receivables	176,500	—	112
Investments at Fair Value			
Fixed Income	676,019	—	—
Equity	1,604,859	—	—
Real Estate	304,854	—	—
Alternative Investments	230,045	—	—
Total Investments at Fair Value	2,815,777	—	—
Securities Lending Collateral	11,359	—	—
Total Assets	3,120,458	222	7,624
LIABILITIES			
Accounts Payable and Other Liabilities	3,322	—	25
Salaries, Benefits, and Payroll Taxes Payable	—	—	1,410
Deposits Payable	—	—	6,169
Claims/Judgments Payable	—	—	20
Securities Lending Collateral	11,351	—	—
Investment Commitments Payable	252,914	—	—
Total Liabilities	267,587	—	7,624
Net Position Restricted for Pensions	\$ 2,852,871	\$ 222	\$ —

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

B-10

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Employees' Retirement Fund	S.L. Denny Private-Purpose Trust
ADDITIONS		
Contributions		
Employer	\$ 112,103	\$ —
Plan Member	73,650	—
Total Contributions	185,753	—
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	363,468	—
Interest	13,471	3
Dividends	22,510	—
Total Investment Activities Income	399,449	3
Investment Activities Expenses		
Investment Management Fees	9,783	—
Investment Consultant Fees	295	—
Investment Custodial Fees	304	—
Total Investment Activities Expenses	10,382	—
Net Income from Investment Activities	389,067	3
From Securities Lending Activities		
Securities Lending Income	134	—
Borrower Rebates	(44)	—
Total Securities Lending Income	90	—
Securities Lending Expenses		
Management Fees	20	—
Total Securities Lending Expenses	20	—
Net Income from Securities Lending Activities	70	—
Total Net Investment Income	389,137	3
Other Income	—	—
Total Additions	574,890	3
DEDUCTIONS		
Benefits	179,227	—
Refund of Contributions	19,159	—
Administrative Expense	12,131	—
Total Deductions	210,517	—
Change in Net Position	364,373	3
Net Position - Beginning of Year	2,488,498	219
Net Position - End of Year	\$ 2,852,871	\$ 222

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

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

Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Seattle are regulated by the Washington State Auditor's Office and conform to generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB). The City's significant accounting policies are described below.

REPORTING ENTITY

The City of Seattle (the primary government for financial reporting purposes) consists of the funds, departments, agencies, boards and commissions (referred to in this note as organizations) over which the City exercises financial accountability, and component units over which the City is not financially accountable but is required to be reported due to the nature and significance of its relationship with the City. Additional information on the component units may be found in Note 12. The City does not have other relationships with organizations of such nature and significance that exclusion would render the City's financial statements incomplete or misleading.

Indicators of Financial Accountability

The financial statements include the organizations for which the elected officials of the City of Seattle are financially accountable. Criteria indicating financial accountability include, but are not limited to, the following:

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

Joint Venture

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

Organizations Excluded: Related Organizations

Organizations for which the City has appointed a voting majority of the members of the governing body, but for which the City is not financially accountable, are as follows:

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

ACCOUNTING STANDARDS

In 2017, 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, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement applies to pension plans that either do not have any dedicated assets associated with them or have assets that are not in an irrevocable trust meeting certain requirements. The Statement requires a liability for pension obligations, known as the Total Pension Liability to be recognized on the balance sheets of participating employers. The City's Firemen's Pension and Police Relief Pension were impacted by this statement. The application of this statement resulted in a net restatement to the 2017 beginning balance of (\$193,776) million.

In 2017, the City implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement applies to Other Postemployment Benefits (OPEB) administered through trusts. This statement also includes requirements for reporting assets accumulated for providing defined benefit OPEB through OPEB plans that are not administered through trusts. The implementation of GASB Statement No. 74 has no impact on the City's financial statements.

In 2017, the City implemented GASB Statement No. 80, Blending requirements for Certain Component Units - An Amendment of GASB Statement No. 14. This statement amends the blending requirements for the the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 has no impact on the City's financial statements.

In 2017, the City implemented GASB Statement No. 81, Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The implementation of GASB 81 has no impact on the City's financial statements.

In 2017, the City implemented GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. This statement addresses issues regarding (1) the presentation of payroll -related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Pension information is reported in accordance with this statement.

In 2016, the City implemented GASB Statement No. 72, Fair Value Measurement and Application. This Statement defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

In 2016, the City implemented GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This Statement supersedes Statement No. 55 and reduces the GAAP hierarchy to two categories. It requires the City to follow GASB statements as applicable; for clarifications, the City is required to refer to the reference materials in this sequence - GASB Technical Bulletins, GASB Implementation Guides and Literature of the AICPA cleared by GASB. The implementation of GASB Statement No. 76 has no impact on the City's financial statements.

In 2016, the City implemented GASB Statement No. 77, Tax Abatement Disclosures. This Statement requires governments that enter tax abatement agreements to disclose the following information about the agreements: Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. The gross dollar amount of taxes abated during the period. Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

In 2016, the City implemented GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for

financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report the financial position and activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on charges and fees for their services. Resources of fiduciary activities, which are not available to finance governmental programs, are excluded from the government-wide financial statements.

Statement of Net Position

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

The amount reported as net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, deferred inflow and outflow 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 net position use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed bylaw through constitutional provisions or enabling legislation. Unrestricted net position is the amounts remaining that are not “net investment in capital assets” or “restricted.”

Statement of Activities

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

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

Fund Financial Statements

Separate fund financial statements are provided to report additional and detailed information for governmental funds, proprietary funds, and fiduciary funds. Even though fiduciary funds are excluded from the government-wide financial statements, these funds are reported in the fund financial statements under the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. Major individual governmental funds and major individual enterprise funds are presented in separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in other funds.

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

The City reports the following major proprietary funds:

The Light Fund accounts for operating the City's electric utility which owns and operates generating, transmission, and distribution facilities. The Light Fund supplies electricity to approximately 423,000 customers in the Seattle area as well as to other city agencies.

The Water Fund accounts for operating the City's water utility. The Water Fund maintains approximately 1,873 miles of transmission and distribution system pipelines and 354.5 million gallons of distribution storage capacity in the Cedar and South Fork Tolt River watersheds. The distribution system serves a population of about 1.4 million people businesses in Seattle and the surrounding area.

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

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

Additionally, the City reports the following fund types:

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

Fiduciary funds account for assets held in a trustee or agency capacity. Fiduciary funds include pension trust fund for the Employees' Retirement Fund. The Employees' Retirement Fund receives employees' payroll deductions for retirement and the City's matching contributions. It pays pension benefits to retired City employees.

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Financial Statements

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

Governmental Fund Financial Statements

Financial statements for governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter (generally 60 days) to pay current liabilities. Revenues that are measurable but not available are recorded as receivables and offset by 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 are recorded when the liability is incurred except for interest on long-term debt, judgments and claims, workers' compensation, and compensated absences, which are recorded when paid.

Proprietary Fund Financial Statements

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal activity. The principal operating revenues of the City's Light, Water, Solid Waste, Drainage and Wastewater Utilities, the Downtown Parking Garage, the 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 do, however, use the accrual basis of accounting to recognize receivables and payables.

Prior-Year Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City of Seattle's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Use of Estimates

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

BUDGETS AND BUDGETARY ACCOUNTING

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

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

Cash and Investments

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

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

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

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

Investments are recorded at fair value based on 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. Additional information on fair value measurement may be found in Note 3.

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

Receivables

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

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

Inventories and Supplies

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

Capital Assets

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

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

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

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

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

Restricted Assets

In accordance with the utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, and other purposes.

Other Charges

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

Prepaid Items

In governmental funds the City accounts for prepayments using the consumption method and, therefore, it recognizes expenditures as prepaid items expire. The City recognizes a reservation of fund balance for prepaid items only when the amount in the fund is materially significant.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

Accumulated Compensated Absences

Compensated absences consist of: vacation pay, sick pay, and other compensated absences. Vacation pay is comprised of unused vacation earned by employees. Vacation is earned based upon their date of hire and years of service and may accumulate earned vacation up to a maximum of 480 hours. Unused vacation balances remaining at retirement or termination are considered vested and payable to the employee. Sick pay is comprised of unused sick pay earned by employees. Employees earn up to 12 days of sick leave per year; there is no limit to the amount of sick leave an employee can accumulate. Employees terminated due to retirement can receive a portion of their unused sick leave balance as a cash benefit payable to either the City's Health Reimbursement Arrangement - Voluntary Employees' Beneficiary Association, the City's 457 Plan and Trust, or the employee. Other compensated absences include compensatory time in lieu of overtime pay, merit credits earned by fire fighters, furlough earned by police, holiday earned by library and police employees, and other compensation earned by City employees under law or union contracts. Unused other compensated absences are vested and payable at retirement or termination. Compensated absences, including payroll taxes, are reported as current and noncurrent liabilities in the Statement of Net Position. Actual balances are accrued for all types of compensated absences except sick leave, the liability for which is generally estimated using the termination method.

Claims Payable

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

Other Accrued Liabilities

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

Interfund Activity and Contracts/Advances

Interfund activity and balances in the funds are eliminated or reclassified in the process of aggregating data for the Statement of Net Position and the Statement of Activities.

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

Unearned Revenues

Unearned revenues include amounts collected 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.

Fund Balances

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

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

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

General Fund Stabilization and Other Reserves

The City created the Revenue Stabilization Account (RSA) to fund activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in the General Subfund revenues. Any use of the RSA shall be accompanied with an ordinance approved by the City Council. The City shall replenish the RSA through (1) transfers by ordinance from other city funds; (2) automatic transfer of 0.5 percent of forecasted tax revenues; and (3) 50 percent of unanticipated excess fund balance of the General Subfund. At no time shall the maximum funding level exceed 5 percent of the General Subfund tax revenues forecast. At the end of fiscal year 2017, the RSA reported an ending fund balance of \$50.2 million.

The City maintains the Emergency Subfund to pay for unanticipated or unplanned expenditures that occur during the course of the fiscal year. Any use of the Emergency Subfund shall be accompanied with an ordinance approve by three-fourths of the City

Council. At the beginning of each year, sufficient funds shall be appropriated to the Emergency Subfund so that its balance equals thirty-seven and one-half cents per thousand dollars of assessed value, which is the maximum amount allowed by state law. The City may also choose to reimburse the Emergency Subfund during the year for any expenditure incurred, by transferring unexpended and unencumbered balance from another City fund or subfund, or from other reimbursements the City may receive. At the end of fiscal year 2017, the Emergency Subfund reported an ending fund balance of \$61.7 million.

A summary of governmental fund balances at December 31, 2017, is as follows:

Table 1-1

GOVERNMENTAL FUND
(In Thousands)

Fund Balances	General	Transportation	Other Governmental	Total
Nonspendable				
Not in spendable form ^a	\$ 350	\$ 1	\$ 693	\$ 1,044
Legally or contractually required to be maintained intact	—	—	2,050	2,050
Restricted				
General	806	—	4,335	5,141
Capital and Continuing Programs	125,896	—	95,467	221,363
Library	11,305	—	7,941	19,246
Transportation	—	5,890	56,052	61,942
Low-Income Housing	—	—	179,970	179,970
Health Care Reserve	43,944	—	—	43,944
Parks and Recreation	—	—	41,780	41,780
Legal Settlement	—	—	—	—
Pike Place Market Renovation	—	—	368	368
Seattle Center	—	—	2,769	2,769
Wheelchair Accessibility	—	—	3,078	3,078
Election Vouchers	—	—	—	—
Human Services	—	—	4,587	4,587
Office of Housing	—	—	—	—
Department of Education	—	—	80,525	80,525
Municipal Arts	—	—	10,704	10,704
Debt Service	—	—	11,290	11,290
General Trust	—	—	4,268	4,268
General Donation and Gift Trusts	—	—	3,369	3,369
Permanent Funds	—	—	158	158
Committed				
General	15,342	—	3,094	18,436
Capital and Continuing Programs	33,122	—	—	33,122
Library	2,849	—	—	2,849
Transportation	—	97,717	—	97,717
Low-Income Housing	—	—	—	—
Judgment and Claims	5,228	—	—	5,228
Cable Television Franchise	2,804	—	—	2,804
Neighborhood Marching	1,934	—	—	1,934
Bluefield Habitat Maintenance	215	—	—	215
Developmental Rights	23	—	—	23
Employee Benefit Trust Funds	7,660	—	—	7,660
Health Care Reserve	30,339	—	—	30,339
Seattle Center	—	—	4,881	4,881
Human Services	—	—	9,573	9,573
Municipal Arts	4,107	—	—	4,107
Fire and Police Pension	27,762	—	—	27,762
Assigned				
General	27,822	—	—	27,822
Library	1,350	—	—	1,350
Transportation	—	—	—	—
Parks and Recreation	—	—	6,292	6,292
Human Services	—	—	2,121	2,121
Office of Housing	—	—	3,550	3,550

Unassigned				—
General	41,743	—	—	41,743
Capital and Continuing Programs	—	—	(19,014)	(19,014)
Library	—	—	—	—
Low-Income Housing	—	—	—	—
Revenue Stabilization Account	50,224	—	—	50,224
Emergency Subfund	61,703	—	—	61,703
Employee Benefit Trust Funds	(1,446)	—	—	(1,446)
Health Care Reserve	—	—	—	—
Parks and Recreation	—	—	—	—
Seattle Streetcar	—	—	(3,256)	(3,256)
Human Services	—	—	—	—
Office of Housing	—	—	—	—
Total	\$ 495,082	\$ 103,608	\$ 516,645	\$ 1,115,335

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

The City Council approves the City's operating budget 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.

Table 2-1 **APPROPRIATION CHANGES – GENERAL FUND**
(In Thousands)

	2017
Annual Budget	\$ 1,620,331
Carryovers	
Encumbrances	6,581
Continuing Appropriations	115,336
Intrafund Eliminations	(29,817)
Budget Revisions	84,257
Budget Transfers	4
Total Budget	\$ 1,796,692

The CIP plan is also proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The CIP is a six-year plan for capital project expenditures and anticipated financing by fund source. It is revised and extended annually. The City Council adopts the CIP as a planning document but does not appropriate the 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.

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

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

The City Budget Office may approve the transfer of appropriations. Beginning in 2003 the following restrictions to budget transfers within a budget year were imposed by ordinance. Total budget transfers into a budget control level may not exceed 10 percent of its original budgeted allowance, and in no case may they be greater than \$500 thousand. Total transfers out may not exceed 25 percent of the original budgeted allowance. For capital items the affected budget is both the original appropriated budget for the current year and the unexpended budget carried over from prior years. Within a budget control level, departments may transfer appropriations without the City Budget Office's approval.

Budgetary comparisons for proprietary funds may be requested from the Department of Finance and Administrative Services. Budget figures consist of the adopted annual budget, which includes appropriation carryovers from previous years, and any revisions adopted by ordinance during the year. The budgetary basis is substantially the same as the accounting basis in all governmental fund types except for the treatment of encumbrances that do not lapse, those whose budgets were approved by the City Budget Office to carry over to the following year, and are included with expenditures.

DEFICITS IN FUND BALANCES AND NET POSITION

The Central Waterfront Improvement Fund reported a deficit fund balance of \$17.7 million as of December 31, 2017. Ordinance 123142 created this fund with specific intent that multiple partnership, both intergovernmental and private be established for funding the urgent and necessary repairs to the Seawall and other infrastructure along the Waterfront. In recognition of this urgency, Ordinance 123761 permits this fund to use up to \$2.4 million at any one time from the City's cash pool. This ordinance was amended by Ordinance 124033 and Ordinance 124345 to increase the allowable amount of the inter-fund loan from the City's Consolidated Residual Cash Pool to \$31.2 million. At year end, \$22 million of the loan authorization was used to cover the funds deficit cash position. Ordinance 125188 amending to extend the duration of the inter-fund loan of \$32.2 million to be repaid no later than December 31, 2019.

The Parks Capital Fund reported a deficit fund balance of \$780 thousand as of December 31, 2017. Ordinance 124634 created this fund for depositing revenues received by the City from the Seattle Park District. The creation of this fund to which revenues may be deposited, and from which associated expenditures may be paid including capital costs for the purpose of accounting separately of the capital expenditures funded by the Seattle Park District or other sources. The fund also receives earnings on its positive cash balances and pay interest on its negative balances.

The Park District Loan Capital Sub Fund reported a deficit fund balance of \$10.8 thousand as of December 31, 2016. Ordinance 124652 created this fund to provide funding to Park District budgeted operational and capital programs in 2015. It also authorizes the City to enter into a loan agreement with the Seattle Park District. Inter-fund loans totaling \$7.5 million and \$2.5 million will be made to a sub-fund within the Parks and Recreation Fund and a sub-fund within the Parks Capital Fund. The Park District will use those resources to fund operational and capital projects in the Parks Department. The parks District will repay the loan of \$10.0 Million plus accrued interest over eight years.

2018 LTGO Bond Fund which approves the principal proceeds and any premium received from the sale and delivery of the bonds for paying the costs of various elements of the City's capital improvement program. At the end of 2017 the fund reported a deficit fund balance of \$509 thousand.

The Seattle Streetcar Fund reported a deficit fund balance of \$3.3 million as of December 31, 2017. The fund was created by Ordinance 122424 in 2007 and later amended in 2009 by Ordinance 123102 to increase the authorized inter-fund loan allowance

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, 2018 from the sale of surplus property, grants, donations, transfers, and other monies as authorized by ordinance.

The Fiber Leasing Fund reported a deficit fund balance of \$39.0 thousand as of December 31, 2016. The fund was created by Ordinance 123931 with the intent to account for the activities associated with management's use of the City's excess fiber and fiber infrastructure. The reported deficit is the result of a partial contract settlement between the City and the Contractor.

(3) CASH AND INVESTMENTS

CASH AND EQUITY IN POOLED INVESTMENTS

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

Custodial Credit Risk - Deposits. The custodial credit risk of deposits is the risk that in the event of bank failure of one of the City's depository institutions, the City's deposits or related collateral securities may not be returned in a timely manner. As of December 31, 2017, 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, 2017, the City held \$95,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

CITY TREASURY INVESTMENTS

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

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

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

The City's overnight repurchase agreement with Wells Fargo Bank, N.A. is accounted for at cost. The City is a participant in the Local Government Investment Pool (LGIP) 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 the rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP advisory Committee. Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The LGIP

is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The Office of 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 purchases in the over-the-counter U.S. bond market. The City uses market pricing for its over-the-counter investments as provided by its contractual custodial agent, Wells Fargo Institutional Retirement & Trust, and its third-party investment accounting vendor FIS AvantGard LLC. Both Wells Fargo and FIS contract with Interactive Data Pricing and Reference Data, Inc. for securities pricing.

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

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

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, 2017, 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, 2017	Fair Value Measurements Using			Measured at Amortized Cost	Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
Bank Note	\$ 47,988	\$ —	\$ 47,988	\$ —	\$ —	293
Commercial Paper	251,665	—	251,665	—	—	32
Local Government Investment Pool	120,655	—	—	—	120,655	1
Municipal Bonds	366,133	—	366,133	—	—	1,593
Repurchase Agreements	138,385	—	—	—	138,385	2
U.S. Government Agency Mortgage-Backed Securities	243,661	—	243,661	—	—	1,742
U.S. Government Agency Securities	693,622	—	693,622	—	—	1,199
U.S. Treasury and U.S. Government-Backed Securities	475,684	463,218	12,466	—	—	89
Total	\$ 2,337,793	\$ 463,218	\$ 1,615,535	\$ —	259,040	
Weighted Average Maturity of the City's Pooled Investments						896

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

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

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

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investments must adhere to state statutes. State statute and the City's Statement of Investment Policy do not stipulate credit quality requirements for U.S. Government or U.S. Government Agency Obligations, but provide for minimum credit ratings for investments in municipal bonds, commercial paper and corporate notes. State statute limits the maximum maturity and percentage allocation of investments in commercial paper and corporate notes but not for municipals. The City's investment policy limits the maximum percentage allocation that can be invested in municipal bonds, commercial paper and bank notes. In addition, commercial paper, bank, and corporate note purchases must adhere to the investment policies and procedures adopted by the Washington State Investment Board (Policy No. 2.05.500 adopted 3/16/95 and revised again 9/15/16) that includes the following credit and maximum maturity constraints:

- A commercial paper issuer must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Ratings Organizations (NRSROs), at the time of purchase (P-1, A-1+, A-1, F1+, F1, by Moody's, S&P and Fitch, respectively). If the commercial paper is rated by more than two NRSROs, it must have the highest rating from all of the organizations.
- Commercial Paper investments may not have maturities exceeding 270 days. Any Commercial Paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the two highest rating categories of a NRSRO.
- 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 of commercial paper, bank note and municipal issuers, and maintains an "approved list" of issuers. Finally, the City monitors the credit worthiness of its investments over time until they mature, or are potentially sold.

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

Table 3-2

CONCENTRATION OF CREDIT RISK

(In Thousands)

Issuer	Fair Value	Percent of Total Investments
Autobahn FDG LLC ABCP	\$ 14,980	0.6%
BMW US CAP CP	24,982	1.1
Canadian NATL RR	40,976	1.8
CDP Financial Inc CP	10,491	0.4
Federal Farm Credit Bank, Federal Home Loan Bank	428,914	18.3
Federal Home Loan Mtg Corp, Farmer Mac, FN DUS MBS	186,194	8.0
Federal National Mortgage Assoc (Fannie Mae), FNA, and FNMA Dus Aces, FN Dus Pool	322,175	13.8
Henkel of Amer Inc CP	24,993	1.1
Kells FDG LLC ABCP	50,366	2.2
Kells FDG LLC CP	24,989	1.1
Municipal Bonds	366,133	15.7
OKB CP	39,900	1.7
Paccar Finl Corp CP	19,989	0.9
Royal Bank of Canada	19,979	0.9
Sweep-Rep	138,385	5.9
Toronto Dominion Bank	28,009	1.2
Us Treasury (HUD Debenture, US Treasury Bonds)	475,684	20.1
Washington State Treasurer's Investment Pool	120,654	5.2
Total Investments	<u>\$ 2,337,793</u>	<u>100.0%</u>

Custodial Credit Risk - Investments. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent. In April 2016 the City transferred its custody relationship from BNY Mellon to Wells Fargo under the State of Washington's statewide custody provider program arranged by the State Treasurer's Office. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method. The City's contractual custodial agent.

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

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

Table 3-3

SCERS' INVESTMENTS

(In Thousands)

INVESTMENTS BY FAIR VALUE LEVEL	Value as of December 31, 2017	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equity	745,312	745,768	(472)	16
Fixed Income	503,457	109,723	393,734	—
Total Investments by fair value level	1,248,769	855,491	393,262	16
INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)				
Equity	868,953			
Fixed Income	176,524			
Real Estate	304,829			
Alternative Investments	230,045			
Total Investments measured at the NAV	1,580,351			
Total Investments	2,829,120			
Securities lending collateral	11,359			
INVESTMENTS	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity	868,953	—	Daily, Monthly	1-30 Days
Fixed Income	176,524	—	Monthly	5-30 Days
Real Estate	304,829	61,906	Quarterly, N/A	45 Days, N/A
Alternative Investments	230,045	217,378	Monthly, N/A	75 Days, N/A
Total Investments measured at the NAV	1,580,351	279,284		

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

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

Table 3-4

SCERS' FIXED INCOME PORTFOLIO

(In Thousands)

Investment Type	Fair Value	Investment Maturities (In Years)				
		<1	1 - 5	6 - 10	>10	N/A
Agencies	\$ 1,936	\$ —	\$ 1,936	\$ —	\$ —	\$ —
Derivatives	1,800	(261)	2,109	(48)	—	—
Asset Backed Security	39,887	—	18,894	19,458	1,536	—
Commingled Funds	—	—	—	—	—	—
Corporate Debt	307,815	21,002	101,628	156,468	28,718	—
Foreign Sovereign	29,142	331	7,055	13,456	8,300	—
Mortgage Backed Security	180,602	—	203	9,473	170,926	—
Municipal	4,622	89	—	708	3,825	—
Pooled Fund	—	—	—	—	—	—
Treasury Inflation Linked Securities	—	—	—	—	—	—
Treasury Notes and Bonds	110,215	1,774	45,569	32,454	30,418	—
Total Fixed Income	\$ 676,019	\$ 22,935	\$ 177,394	\$ 231,969	\$ 243,723	\$ 0

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

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

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

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
Agencies	1,936	—	1,936	—	—	—	—	—	—
Derivatives	1,800	—	—	—	—	—	—	—	1,800
Asset Backed Security	39,887	31,744	1,338	—	—	—	—	413	6,393
Commingled Funds	—	—	—	—	—	—	—	—	—
Corporate Debt	307,815	873	11,022	45,897	105,048	53,883	55,828	14,204	21,059
Foreign Sovereign	29,142	—	—	2,296	7,042	7,541	5,595	857	5,811
Mortgage Backed Security	180,602	1,817	80,026	497	515	—	—	—	97,747
Municipal	4,622	1,185	733	1,930	774	—	—	—	—
Pooled Fund	—	—	—	—	—	—	—	—	—
Treasury Inflation Linked Securities	—	—	—	—	—	—	—	—	—
Treasury Notes and Bonds	110,215	—	110,215	—	—	—	—	—	—
Total Fixed Income	676,019	35,619	205,270	50,620	113,379	61,424	61,423	15,474	132,810

Table 3-6 SCERS’ ASSET ALLOCATION

Asset Class	Actual	Target
Cash and short-term Investments	(0.2)%	—%
Equity	60.2	57.0
Fixed Income	26.1	23.0
Alternative	2.3	5.0
Real Estate	11.6	15.0
Total	100.0 %	100.0%

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

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

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

SECURITIES LENDING TRANSACTIONS

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

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

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

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2017, the fair value of securities on loan was \$11.0 million. Associated cash collateral totaling \$11.4 million was received. The fair market value of reinvested collateral was \$11.4 million at December 31, 2017, which includes an unrealized gain totaling \$8,329.

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

Type of Securities Lent	2017		2016	
	Fair Values of Securities Lent	Collateral	Fair Values of Securities Lent	Collateral
U.S. Government and Agencies	\$ 1,940	\$ 1,982	\$ 1,274	\$ 1,292
U.S. Corporate Fixed Income	560	570	7,275	7,538
U.S. Equities	8,529	8,799	2,242	2,295
International Fixed Income	—	—	—	—
International Equity	—	—	—	—
Total Securities Lent	\$ 11,029	\$ 11,351	\$ 10,791	\$ 11,125
Collateral		2017		2016
Repurchase Agreements		\$ 11,359		\$ 11,131
Asset-Backed Securities		0		0
Payable/Receivable		(9)		(6)
Total Collateral		\$ 11,350		\$ 11,125
Fair Value of Collateral Held		\$ 11,350		\$ 11,125

REVERSE REPURCHASE AGREEMENTS

RCW 35.39.030 and City investment policy allow the investment of City moneys in excess of current City needs in reverse repurchase agreements. However, at this time, the City does not engage itself in this type of investment strategy.

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

Table 4-1

TAX REVENUES AND RECEIVABLES

(In Thousands)

	December 31 2017 Revenues	December 31 2017 Receivables
Property Taxes	\$ 582,622	\$ 10,350
General Business and Occupation Taxes	516,881	74,638
Totals	\$ 1,099,503	\$ 84,988

TAXING POWERS AND LIMITATIONS

State law limits the regular property tax rate for general City operations to \$3.60 per \$1,000 of assessed value. This includes \$3.375 for general municipal purposes and an additional \$0.225 for the Firemen's Pension Fund and for general municipal purposes under conditions spelled out in state law. From 1997 through 2001 state law limited the annual growth in the City's regular property tax levy to the lesser of 106 percent or the annual rate of inflation. The passage of Initiative 747 in November 2001 reduced the 106 percent to 101 percent. In early November 2007, the State Supreme Court upheld a lower court ruling that Initiative 747 was unconstitutional. This decision would have returned the growth limit factor to 106 percent. On November 29, 2007, the legislature, in special session, passed and the governor signed into law language identical to that of Initiative 747. Thus, the limit factor remains 101 percent. The growth limit does not count tax revenues from new construction or property remodeled within the last year. With simple-majority voter approval, the City can levy additional property taxes above the 101 percent annual growth limit, as long as the City's regular levy rate per \$1,000 of assessed value does not exceed the \$3.60 limit. Excess tax levies for capital purposes require a 60-percent approval by voters and do not fall under either of the limits. The City levied \$1.35 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2017. In addition, the levy included \$1.28 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2017 levy was \$2.62 per \$1,000 of assessed value. Not included in this total are the levy for the newly authorized Seattle Metropolitan Park District (SMPD) and the King County levy for Medic One/Emergency Medical Services. The SMPD is a separate taxing authority under state law and was levied at a rate of \$0.28 per \$1,000 assessed value. The Medic One/Emergency Medical Services levy, from which the City receives a direct, proportional distribution of proceeds, was renewed by voters at election in November 2013 for collection in 2014 at \$0.335 per \$1,000 of assessed value. Due to assessed value growth, the rate in 2017 decreased to \$0.26 per \$1,000 of assessed value.

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

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The City reports interfund balances between funds. The interfund balances are presented in the balance sheets for governmental funds and statements of net position for proprietary funds.

The following table shows the current interfund balances at December 31, 2017, as reported in the fund financial statements.

Table 4-2

DUE FROM AND TO OTHER FUNDS ^a

(In Thousands)

Receivable Fund	Payable Fund(s)	Amount	
General	Drainage and Wastewater	\$ 4,131	
	Nonmajor Enterprise	3	
	Nonmajor Governmental	3,362	
	Internal Service	202	
	Low-Income Housing	—	
	Transportation	129	
	Light	4,722	
	Solid Waste	1,779	
	Water	2,756	
		Total General Fund	\$ 17,084
Transportation	Drainage and Wastewater	3,074	
	Nonmajor Enterprise	4	
	General	4,344	
	Nonmajor Governmental	12,470	
	Internal Service	104	
	Light	1,804	
	Solid Waste	28	
	Water	1,329	
		Total Transportation Fund	\$ 23,157
Light	Drainage and Wastewater	542	
	General	55	
	Nonmajor Governmental	236	
	Internal Service	297	
	Fiduciary	550	
	Solid Waste	294	
	Water	342	
		Total Light Fund	\$ 2,316
Water	Drainage and Wastewater	486	
	Nonmajor Governmental	1	
	Internal Service	19	
	Light	91	
	Solid Waste	150	
	Total Water Fund	\$ 747	
Solid Waste	Drainage and Wastewater	686	
	Nonmajor Governmental	—	
	Internal Service	6	
	Light	32	
	Water	22	
		Total Solid Waste Fund	\$ 746
Drainage and Wastewater	Nonmajor Governmental	4	
	Internal Service	22	
	Transportation	278	
	Light	268	
	Solid Waste	123	
	Water	14	
		Total Drainage and Wastewater Fund	\$ 709

Table 4-2

DUE FROM AND TO OTHER FUNDS ^a (continued)
(In Thousands)

<u>Receivable Fund</u>	<u>Payable Fund(s)</u>	<u>Amount</u>	
Nonmajor Governmental	Drainage and Wastewater	\$ 106	
	Nonmajor Enterprise	5	
	General	1,593	
	Nonmajor Governmental	7,005	
	Internal Service	390	
	Fiduciary	—	
	Low-Income Housing	—	
	Transportation	74	
	Light	1,468	
	Solid Waste	41	
	Water	40	
		<u>Total Nonmajor Governmental Funds</u>	<u>\$ 10,722</u>
	Nonmajor Enterprise	Drainage and Wastewater	553
General		9	
Solid Waste		1	
Nonmajor Governmental		1	
Internal Service		439	
Light		102	
Water		3	
	<u>Total Nonmajor Enterprise Funds</u>	<u>\$ 1,108</u>	
Internal Service	Drainage and Wastewater	1,961	
	Nonmajor Enterprise	2,310	
	General	2,173	
	Nonmajor Governmental	2,697	
	Internal Service	1,335	
	Fiduciary	5	
	Transportation	2,091	
	Light	3,466	
	Solid Waste	591	
	Water	3,265	
	<u>Total Internal Service Funds</u>	<u>\$ 19,894</u>	
Grand Total		<u><u>\$ 76,483</u></u>	

^a Some amounts may have rounding or classification differences with Balance Sheet or Statement of Net Position.

Table 4-3 **ADVANCES, NOTES, AND LOANS FROM AND TO OTHER FUNDS**
(In Thousands)

Advances, Notes, and Loans From	Advances, Notes, and Loans To	Amount
General Fund	Local Improvement District No. 6750	\$ 72
Parks and Recreation Fund	Seattle Metropolitan Parks District	6,980
Municipal Arts Fund	2018 Multipurpose Long-Term General Obligation Bond	483
2008 Parks Levy Fund	Parks Capital Fund	8,000
Transportation Fund	Central Waterfront Improvement Fund	22,001
	Seattle Streetcar	2,200
Total City		<u>\$ 39,736</u>

The interfund loan for the Central Waterfront Improvement Fund has been approved by the City Council through Ordinance 125188 and is to be repaid by December 31, 2019. The interfund loan to the Parks Capital Fund was approved by the City Council through Ordinance 125202 and is to be repaid no later than December 31, 2019. The advances to the Local Improvement District No. 6750, 2018 Multipurpose Long-Term General Obligation Bond, and the Seattle Streetcar were for the purpose of cash flow and are to be paid back in 2018. The loan to the Seattle Metropolitan Parks District Fund was approved by the Board of Commissioners of the Park District in their Resolution 3. The money is to be paid back over 8 years from property taxes.

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

Transfers In	Transfers Out					Total
	General	Internal Service	Nonmajor Governmental	Nonmajor Enterprise	Transportation	
General Fund	\$ —	\$ 9,100	\$ 18,598	\$ —	\$ —	\$ 27,698
Internal Service	—	—	—	—	—	0
Nonmajor Enterprise	6,320	—	—	—	—	6,320
Nonmajor Governmental	241,733	—	47,395	—	26,535	315,663
Transportation	55,463	—	102,680	—	—	158,143
Total Transfers	<u>\$ 303,516</u>	<u>\$ 9,100</u>	<u>\$ 168,673</u>	<u>\$ 0</u>	<u>\$ 26,535</u>	<u>\$ 507,824</u>

Transfers are used to (1) move revenues from the fund wherein the statute or budget requires them to be collected to the fund wherein the statute or budget requires them to be expended, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) apply unrestricted revenues collected in the General Fund to various programs accounted for in other funds in accordance with budgetary authorizations.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Governmental Activities

Table 4-5

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
GOVERNMENTAL FUNDS**

(In Thousands)

<u>Deferred Outflows/Inflows of Resources</u>	<u>General</u>	<u>Transportation</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Deferred Outflows of Resources				
Total Deferred Outflows of Resources	\$ —	\$ —	\$ —	\$ —
Deferred Inflows of Resources				
Property Taxes	\$ 3,950	\$ 1,178	\$ 2,357	\$ 7,485
Special Assessment	—	—	7,855	7,855
Total Deferred Inflows of Resources	\$ 3,950	\$ 1,178	\$ 10,212	\$ 15,340

Special Assessment

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

Debt Service

The governmental funds loss on debt refunding of \$1.5 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. The internal service funds also recorded a loss on debt refunding of \$1.8 million, previously reported as an asset, it's now reported as a deferred outflow of resources on the combined Statement of Net Position and will be amortized over the life of the bonds.

Property Taxes

For 2017 total taxes outstanding of \$7.4 million were recorded as a tax receivable asset within our governmental funds. Unable to meet the revenue recognition criteria our governmental funds recorded the balance of the tax receivable asset as a Deferred Inflow of Resources. The reconciliation of our governmental fund financial statements to government-wide financial statements shows an adjustment to remove the deferred inflow of resources recorded by the governmental funds, and record the tax revenues to the Statement of Activities.

Pension Plans

As a result of implementing GASB Statement No. 68, Accounting and Financial Reporting for Pensions in fiscal year 2015, the City recognized deferred inflows and outflows of resources related to its pension plans. Detailed information about these deferred inflows and outflows of resources can be acquired in Note 11.

Table 4-6

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
GOVERNMENTAL ACTIVITIES**

(In Thousands)

Deferred Outflows/Inflows of Resources	Governmental Funds	Internal Service Funds	Government-Wide Adjustment	Total
Deferred Outflows of Resources				
Debt Service	\$ —	\$ 1,818	\$ 1,553	\$ 3,371
Pension Plans	—	70,205	112,642	182,847
Total Deferred Outflows of Resources	\$ —	\$ 72,023	\$ 114,195	\$ 186,218
Deferred Inflows of Resources				
Property Taxes	\$ 7,485	\$ —	\$ (7,453)	\$ 32
Special Assessment	7,855	—	(1,127)	6,728
Pension Plans	—	936	41,603	42,539
Total Deferred Inflows of Resources	\$ 15,340	\$ 936	\$ 33,023	\$ 49,299

Business-Type Activities

Table 4-7

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
BUSINESS-TYPE ACTIVITIES**

(In Thousands)

Deferred Outflows/Inflows of Resources	City Light	Seattle Public Utilities			Construction & Inspections	Total
		Water	Drainage and Wastewater	Solid Waste		
Deferred Outflows of Resources						
Pension Plans	\$ 46,911	\$ 14,051	\$ 13,479	\$ 4,858	\$ 9,576	\$ 88,875
Charges on Advance Refunding	36,268	22,461	6,697	2,304	—	67,730
Total Deferred Outflows of Resources	\$ 83,179	\$ 36,512	\$ 20,176	\$ 7,162	\$ 9,576	\$ 156,605
Deferred Inflows of Resources						
Pension Plans	\$ 23,765	\$ 6,998	\$ 7,164	\$ 2,499	\$ 3,488	\$ 43,914
Revenue Stabilization Account	68,398	46,511	—	25,742	—	140,651
Regulatory Credits	31,433	—	—	—	—	31,433
Total Deferred Inflows of Resources	\$ 123,596	\$ 53,509	\$ 7,164	\$ 28,241	\$ 3,488	\$ 215,998

Revenue Stabilization Account

Funding of revenue stabilization accounts (RSAs) from operating cash effectively defers operating revenues. For the City Light (SCL) the balance of the RSA was \$68.4 million and \$66.1 million for 2017 and 2016, respectively. For the Seattle Public Utilities the balance of the RSA was \$72.2 million and \$66.3 million for 2017 and 2016, respectively.

Regulatory Credits

Regulatory credits are the result of SCL (as affirmed by Seattle City Council Resolution No. 30942) recognizing the effects of reporting the fair value of exchange contracts in future periods for rate making purposes and maintaining regulatory accounts to spread the accounting impact of these accounting adjustments. For SCL the balance of the credits were \$31.4 million and \$27.3 million for 2017 and 2016, respectively.

(5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

Seattle City Light (SCL) engages in an ongoing process of resource optimization, which involves the economic selection from available energy resources to serve SCL's load obligations and using these resources to capture available economic value. SCL makes frequent projections of electric loads at various points in time based on, among other things, estimates of factors such as customer usage and weather, as well as historical data and contract terms. SCL also makes recurring projections of resource availability at these points in time based on variables such as estimates of stream flows, availability of generating units, historic and forward market information, contract terms, and experience. On the basis of these projections, SCL purchases and sells wholesale electric capacity and energy to match expected resources to expected electric load requirements and to realize earnings from surplus energy resources. These transactions can be up to 24 months forward. Under these forward contracts, SCL commits to purchase or sell a specified amount of energy at a specified time, or during a specified time in the future. Except for limited intraday and interday trading to take advantage of owned hydro storage, SCL does not take market positions in anticipation of generating revenue. Energy transactions in response to forecasted seasonal resource and demand variations require approval by SCL's Risk Oversight Council.

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

The following table presents (in millions) the aggregate contract amounts, fair value, and unrealized gain (loss) of SCL's commodity derivative instruments qualifying as normal purchases and normal sales at December 31, 2017 and 2016:

2017	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 20.0	\$ 19.1	\$ 0.9
Purchases	3.3	3.1	(0.2)
Total	\$ 23.3	\$ 22.2	\$ 0.7
2016	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
Sales	\$ 23.3	\$ 26.6	\$ (3.3)
Purchases	2.2	2.4	0.2
Total	\$ 25.5	\$ 29.0	\$ (3.1)

Fair value measurements at December 31, 2017 and 2016 used an income valuation technique consisting of Kiindex Forward Curves, which is considered a level 2 input in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB Statement No. 53. In 2010, the City Council adopted a resolution granting SCL authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB Statement No. 53. SCL did not have any such activity for 2017 and 2016. In addition, the City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for rate-making purposes, and SCL maintains regulatory accounts to defer the accounting impact of these accounting adjustments in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

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

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

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

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

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

(6) CAPITAL ASSETS**Table 6-1****CHANGES IN CAPITAL ASSETS ^a****(In Thousands)**

	Restated Balance January 1	Additions	Deletions	Balance December 31
GOVERNMENTAL ACTIVITIES ^b				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 573,100	\$ 19,184	\$ 1,665	\$ 590,619
Construction in Progress	798,376	263,523	79,705	982,194
Other Capital Assets	13,187	—	2,998	10,189
Total Capital Assets Not Being Depreciated	<u>1,384,663</u>	<u>282,707</u>	<u>84,368</u>	<u>1,583,002</u>
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,384,213	31,197	23,067	2,392,343
Machinery and Equipment	458,818	11,450	16,744	453,524
Infrastructure	2,046,668	42,721	—	2,089,389
Other Capital Assets	9,103	935	380	9,658
Total Capital Assets Being Depreciated	<u>4,898,802</u>	<u>86,303</u>	<u>40,191</u>	<u>4,944,914</u>
Accumulated Depreciation				
Buildings and Improvements	855,033	61,007	12,886	903,154
Machinery and Equipment	265,981	20,285	14,437	271,829
Infrastructure	893,796	64,917	—	958,713
Other Capital Assets	4,546	614	351	4,809
Total Accumulated Depreciation	<u>2,019,356</u>	<u>146,823</u>	<u>27,674</u>	<u>2,138,505</u>
Total Capital Assets Being Depreciated, Net	<u>2,879,446</u>	<u>(60,520)</u>	<u>12,517</u>	<u>2,806,409</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,264,109</u>	<u>\$ 222,187</u>	<u>\$ 96,885</u>	<u>\$ 4,389,411</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 169,535	\$ 5,936	\$ 25	\$ 175,446
Construction in Progress	668,982	592,031	492,870	768,143
Other Capital Assets	6,133	0	—	6,133
Total Capital Assets Not Being Depreciated	<u>844,650</u>	<u>597,967</u>	<u>492,895</u>	<u>949,722</u>
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	7,778,666	492,064	101,781	8,168,949
Buildings	0	—	—	0
Machinery and Equipment	14,360	89	28	14,421
Other Capital Assets	73,596	2,362	795	75,163
Total Capital Assets Being Depreciated	<u>7,866,622</u>	<u>494,515</u>	<u>102,604</u>	<u>8,258,533</u>
Accumulated Depreciation				
Plant in Service, Excluding Land	2,907,490	227,702	101,465	3,033,727
Buildings	0	0	—	0
Machinery and Equipment	14,288	23	28	14,283
Other Capital Assets	1,370	8	15	1,363
Total Accumulated Depreciation	<u>2,923,148</u>	<u>227,733</u>	<u>101,508</u>	<u>3,049,373</u>
Total Capital Assets Being Depreciated, Net	<u>4,943,474</u>	<u>266,782</u>	<u>1,096</u>	<u>5,209,160</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,788,124</u>	<u>\$ 864,749</u>	<u>\$ 493,991</u>	<u>\$ 6,158,882</u>

^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. Schedules H-1, H-2, and H-3 provide additional information on the capital assets of the governmental funds.

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION
(In Thousands)

GOVERNMENTAL ACTIVITIES	
General Government	\$ 2,135
Public Safety	3,453
Transportation	70,422
Economic Environment	188
Culture and Recreation	41,869
Subtotal	118,067
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	28,756
Total Governmental Activities	\$ 146,823
BUSINESS-TYPE ACTIVITIES	
Light	\$ 139,078
Water	47,706
Solid Waste	11,333
Drainage and Wastewater	29,593
Planning and Development	23
Parking Garage	0
Total Business-Type Activities	\$ 227,733

(7) COMPENSATED ABSENCES

The following discussion on the general liabilities of the City and the tables for the other City funds present the accrued compensated absences at the end of 2017 and 2016. The tables present the accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds at the end of 2017 and 2016.

GOVERNMENTAL ACTIVITIES

Governmental Funds

Unpaid compensated absences associated with governmental fund operations of \$87.3 million and \$82.1 million at December 31, 2017 and 2016, respectively, have been recorded in the government-wide financial statements.

Internal Service Funds

Table 7-1

COMPENSATED ABSENCES IN INTERNAL SERVICE FUNDS
(In Thousands)

	2017	2016
Finance and Administrative Services	\$ 5,129	\$ 4,984
Information Technology	8,125	4,575
Totals	\$ 13,254	\$ 9,559

BUSINESS-TYPE ACTIVITIES

Enterprise Funds

Table 7-2

COMPENSATED ABSENCES IN ENTERPRISE FUNDS

(In Thousands)

	2017	2016
Light	\$ 17,209	\$ 18,388
Water	4,829	4,745
Drainage and Wastewater	4,944	4,858
Solid Waste	1,725	1,695
Planning and Development	2,895	2,922
Totals	\$ 31,602	\$ 32,608

PENSION TRUST FUNDS

Table 7-3

COMPENSATED ABSENCES IN PENSION TRUST FUNDS

(In Thousands)

	2017	2016
Employees' Retirement	\$ 237	\$ 163
Totals	\$ 237	\$ 163

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

(8) LEASES

CAPITAL LEASES

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

Table 8-1

CAPITAL LEASES

(In Thousands)

	Capital Assets
Net Capital Lease Assets	Governmental Activities
Machinery and Equipment	\$ 298
Less Accumulated Depreciation	(197)
December 31, 2017	\$ 101
Minimum Capital Lease Payments	Long-Term Liabilities
2017	\$ 126
Total Minimum Lease Payments	126
Less Interest	(21)
Principal	\$ 105

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

OPERATING LEASES

Governmental Activities

The City, through its Facilities Operations Division, manages buildings and facilities that are owned by the City and has operating lease commitments on real property owned by private entities. Many lease commitments on private properties are for a term of five years or longer and may be renewed as required by the City tenant departments. The lease agreements show a periodic schedule of rental amounts. Facilities Operations Division paid rentals of approximately \$9.7 million and \$8.9 million in 2017 and 2016 on the lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

In addition, Seattle Center leases a building for office space and workshop on a type of lease called a “triple net lease” for its Technical Facilities Management. The original lease agreement expired on July 30, 2010 and renewed to 2015 and reviewed again for another five years with new expiration date of July 30, 2020. The renewed lease agreement requires a fixed rent of \$26.2 thousand per month subject to increases on each July 1 beginning in 2016 and every year thereafter by the percentage of change, if any, in the Consumer Price Index (CPI) for All Urban Consumers, United States Average for All Items (1982 - 84 = 100) published by the Bureau of Labor Statistics, United States Department of Labor CPI from the CPI last published in the preceding year, but not to exceed five percent for any lease year. If there is a decline in the CPI, the fixed rent during the succeeding year will be equal to the fixed rent during the immediate preceding year. All other amounts required by the landlord to be paid by Seattle Center on the lease shall constitute additional rent. On a triple net lease Seattle Center will pay all impositions on the lease, insurance premiums, utilities, taxes, operating expenses, maintenance charges, repair costs, and other charges, costs, and expenses which arise or may be contemplated during the lease term. Seattle Center paid lease payments of \$317.2 thousand and \$311.5 thousand in 2017 and 2016, respectively. Rents are paid as they become due and payable.

The City leases office equipment under various non-cancelable long-term operating lease agreements. The minimum payments made for these operating leases totaled \$992.7 thousand in 2017.

Minimum payments under the leases are:

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 Planning & Development	Office of Art & Cultural Affairs	Department of Transportation	Total
2018	\$ 9,144	\$ 320	\$ 626	\$ 17	\$ —	\$ 12	\$ 10,119
2019	7,578	326	530	17	—	11	8,462
2020	5,149	333	111	17	—	—	5,610
2021	5,150	—	107	—	—	—	5,257
2022	4,834	—	56	—	—	—	4,890
2022-2026	15,618	—	—	—	—	—	15,618
Total	\$ 47,473	\$ 979	\$ 1,430	\$ 51	\$ —	\$ 23	\$ 49,956

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:

	For the Year Ended December 31, 2017	
	2017	2016
Minimum Rentals:	\$ 10,638	\$ 9,319
Less: Sublease Rentals	(58)	(57)
	\$ 10,580	\$ 9,262

Business-Type Activities

Seattle City Light leases office equipment and smaller facilities for various purposes through long-term operating lease agreements. Expense for these operating leases totaled \$1.7 million in 2017 and \$1.6 million in 2016.

Seattle Public Utilities has non-cancelable operating lease commitments for real and personal property for its three funds: Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund. The minimum payments made respectively in 2017 and 2016 were: \$330.2 thousand and \$367.7 thousand for the Water Fund; \$97.6 thousand and \$106.6 thousand for the Drainage and Wastewater Fund, and \$176.3 thousand and \$205.3 thousand for the Solid Waste Fund. Rents are paid as they become due and payable.

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

Table 8-3

**OPERATING LEASE COMMITMENTS
BUSINESS-TYPE ACTIVITIES**

(In Thousands)

Year Ending December 31	Minimum Payments				
	City Light	Water	Drainage & Wastewater	Solid Waste	Total
2018	\$ 1,531	\$ 120	\$ 46	\$ 7	\$ 1,704
2019	1,148	121	46	5	1,320
2020	960	121	47	5	1,133
2021	3	36	14	3	56
2022	—	12	—	—	12
2023 - 2027	—	59	—	—	59
2028 - 2031	—	35	—	—	35
Total	\$ 3,642	\$ 504	\$ 153	\$ 20	\$ 4,319

LEASE REVENUES - GOVERNMENTAL ACTIVITIES

The Facilities Operations Division collects occupancy charges from the various tenants occupying real property owned or leased by the City. These tenants include other City departments, other government offices, social service agencies, and private businesses. Social service agencies frequently pay occupancy charges at reduced rates in consideration of offsetting benefits accruing to the City as a result of the services they provide to the public. Rental revenues derived from these activities are accounted for in the Finance and Administrative Services Fund, an internal service fund, and are shown in the following table.

Table 8-4

**MAJOR SOURCES OF RENTAL INCOME ON REAL PROPERTY MANAGED BY
FACILITIES OPERATIONS DIVISION**

(In Millions)

	2017	2016
Non-City Property Occupied by City Departments	\$ 9.9	\$ 9.1
City-Owned Property Occupied by City Departments	54.1	53.7
City-Owned Property Leased to Non-City Tenants	2.4	2.4
Total	\$ 66.4	\$ 65.2

Additionally, in 2017 the SeaPark Garage and the Seattle Municipal Tower Building generated \$3.2 million total parking revenues, which were recorded in the Finance and Administrative Services Fund.

(9) LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funding for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues two types of general obligation bonds, limited tax general obligation (LTGO) bonds and unlimited tax general obligation (UTGO) bonds.

The original amount of general obligation bonds issued for bonds outstanding at the end of 2017 was \$1.685 billion. The amount of bonds outstanding at December 31, 2017 was \$1.013 billion. The following paragraphs discuss the general obligation bonds issued and refunded/defeased during 2017.

In June 2017, the City issued the following series of General Obligation Bonds: (1) \$73.1 million LTGO Improvement Bonds, 2017, Series A. The bonds mature from November 2017 through November 2047 with an average coupon rate of 4.4 percent; (2) \$14.6 million UTGO Refunding Bonds, 2017, maturing in December 2018 with an average coupon rate of 5.0 percent; (3) \$12.4 million LTGO Improvement Bonds, 2017, Series B (Taxable) with the final maturity date of November 1, 2037 with an average coupon rate of 3.1 percent. The proceeds of these LTGO and UTGO bonds are used to pay all or part of the costs of construction and acquisition of various City capital projects, including Alaskan Way Corridor, Seawall, Fire Stations, and other IT projects. In addition, the 2017 UTGO bonds proceeds was used in whole for the refunding of the 2007 UTGO bonds.

City had no short-term general obligation debt at the end of 2017.

The following table presents the individual general obligation bonds outstanding as of December 31, 2017, and other relevant information on each outstanding bond issue.

Table 9-1

GENERAL OBLIGATION BONDS

(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2017	To Date ^a	
LIMITD TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Various Purpose and Refunding, 2007	05/02/07	10/01/07-28	4.251	95,550	1,935	95,550	—
Various Purpose and Refunding, 2008	07/02/08	12/01/08-28	4.398	139,830	4,800	134,065	5,765
Various Purpose and Refunding, 2009	03/25/09	11/01/09-05/01/34	3.574	99,860	4,175	89,960	9,900
Improvement and Refunding, 2010, Series A ^b	03/31/10	08/01/10-30	3.039	66,510	—	—	66,510
Improvement and Refunding, 2010, Series B	03/31/10	08/01/10-31	3.125	135,395	11,565	61,945	73,450
Various Purpose, 2011	03/16/11	03/01/11-31	3.645	79,185	3,160	26,985	52,200
Various Purpose and Refunding, 2012	05/16/12	09/01/12-32	2.703	75,590	5,020	18,690	56,900
Improvement, 2013, Series A	06/04/13	10/01/14-33	2.375	42,315	4,505	17,320	24,995
Improvement and Refunding, 2013, Series B	06/04/13	01/01/14-25	1.427	55,075	7,645	27,045	28,030
Improvement and Refunding, 2014	04/10/14	11/1/14-05/1/34	2.497	62,770	7,505	21,425	41,345
Improvement and Refunding, 2015, Series A	05/21/15	12/1/15-06/01/35	2.401	160,945	6,820	14,265	146,680
Improvement and Refunding, 2015, Series B (Taxable)	05/21/15	04/1/16-35	3.452	28,175	1,130	2,250	25,925
Improvement and Refunding, 2016, Series A	05/25/16	04/1/17-36	2.188	103,660	5,825	5,825	97,835
Improvement and Refunding, 2016, Series B (Taxable)	05/25/16	04/1/17-36	2.801	6,070	245	245	5,825
Improvement and Refunding, 2017, Series A	6/14/2017	11/01/17-47	2.964	73,080	—	—	73,080
Improvement and Refunding, 2017, Series B (Taxable)	6/14/2017	11/01/17-37	3.038	12,400	—	—	12,400
Total Limited Tax General Obligation Bonds				\$1,236,410	\$ 64,330	\$ 515,570	\$ 720,840

Table 9-1 **GENERAL OBLIGATION BONDS (continued)**
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2017	To Date ^a	
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
Refunding-Various UTGO Bonds, 1998, Series A	03/17/98	09/01/98-17	4.470%	\$ 53,865	\$ 285	\$ 53,865	\$ 0
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	15,055	60,870	0
Refunding-Various UTGO Bonds, 2012	05/16/12	12/01/12-21	1.276	46,825	5,050	23,950	22,875
Improvement, 2013	06/04/13	12/01/14-42	3.280	50,000	1,000	3,805	46,195
Improvement, 2014	04/10/14	12/01/14-43	3.672	16,400	330	965	15,435
Improvement, 2015	05/21/15	12/01/16-44	3.575	169,135	3,040	5,935	163,200
Improvement, 2016	05/25/16	12/01/18-45	3.084	36,740	—	—	36,740
Improvement, 2017	6/14/2017	12/01/17-18	0.088	14,605	7,355	7,355	7,250
Total Unlimited Tax General Obligation Bonds				\$ 448,440	\$ 32,115	\$ 156,745	\$ 291,695
Total General Obligation Bonds				\$1,684,850	\$ 96,445	\$ 672,315	\$ 1,012,535

^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 receives a federal subsidy through Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors or buyers of the bonds. 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, 2017, are presented in the following table. Debt service for the LTGO bonds is met by transfers generally from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that authorized the bond issues and were approved by at least 60 percent of the voters in elections in which the number of voters exceeded 40 percent of the voters in the most recent election preceding the election to vote on the bond issue.

Table 9-2 **ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**
GENERAL OBLIGATION BONDS
(In Thousands)

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ 85,040	\$ 43,315	\$ —	\$ —	\$ 128,355
2019	77,510	39,326	—	—	116,836
2020	72,035	36,048	—	—	108,083
2021	74,735	32,702	—	—	107,437
2022	62,500	29,437	—	—	91,937
2023 - 2027	269,050	105,449	—	—	374,499
2028 - 2032	163,225	59,573	—	—	222,798
2033 - 2037	101,095	32,220	—	—	133,315
2038 - 2047	107,345	18,371	—	—	125,716
Total	\$ 1,012,535	\$ 396,441	\$ —	\$ —	\$ 1,408,976

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 2017 was \$6.1 million. There were no new bond issues in 2017.

The following table shows more detail on the outstanding issue.

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

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2017	To Date	
Local Improvement District No. 6750 Bonds, 2006	12/13/06	12/15/07-26	4.102	\$ 21,925	\$ 1,430	\$ 15,850	\$ 6,075

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
2006	\$ —	\$ —	\$ —	\$ —
2007	1,243,211	2,469,222	21,031,677	
2008	1,228,415	2,172,726	19,547,593	53,008
2009	1,221,349	2,433,616	18,261,638	149,411
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

^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, 2017, 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
2018	\$ —	\$ 257	\$ 257
2019	—	257	257
2020	—	257	257
2021	—	257	257
2022	—	257	257
2023 - 2025	—	771	771
2026	6,075	257	7,822
Total	<u>\$ 6,075</u>	<u>\$ 2,313</u>	<u>\$ 9,878</u>

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding notes drawn in several years from the Washington State’s Public Works Trust Loan program administered by the Washington State Public Works Board, a division of the Department of Commerce (formerly Department of Community, Trade, and Economic Development). The notes were drawn at varying low annual interest rates ranging from 0.5 percent to 3.0 percent. The proceeds of the loan support City road and bridge improvements. The City paid \$1.5 million and \$0.1 million in principal and interest, respectively, in 2017. The outstanding balance on the notes at December 31, 2017, is \$9.4 million. The following table presents the annual debt service requirements to maturity on the notes as of the end of 2017.

Table 9-5

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

December 31	Principal	Interest	Total
2018	\$ 1,355	\$ 59	\$ 1,414
2019	1,275	45	1,320
2020	1,275	32	1,307
2021	973	19	992
2022	918	15	933
2023 - 2027	2,329	34	2,363
2028 - 2030	984	7	991
2031	316	1	317
Total	<u>\$ 9,425</u>	<u>\$ 212</u>	<u>\$ 9,637</u>

REVENUE BONDS

The City also issues revenue bonds to provide financing for the capital programs of the four utilities of the City, namely, City Light and the utilities grouped under Seattle Public Utilities, which are Water, Drainage and Wastewater, and Solid Waste. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The original amount of revenue bonds issued for bonds outstanding at the end of 2017 was approximately \$5.965 billion. The total outstanding amount at December 31, 2017, was \$4.226 billion. During 2017 an additional \$914.3 million of revenue bonds were issued.

In January 2017, City Light issued \$100.0 million of tax exempt Municipal Light and Power (ML&P) Multi-Modal Revenue Bonds (2017A&B Bonds) and in September 2017 issued \$385.5 million of tax exempt Municipal Light and Power (ML&P) Improvement and Refunding Revenue Bonds (2017C Bonds). The 2017A&B Bonds had coupon interest rates ranging from .97% to 1.38% during 2017 and mature serially from November 1, 2017 to November 1, 2046. The 2017A&B Multi-Modal Bonds bear interest rates at variable rates that fluctuate based on the London Interbank Offered Rate (LIBOR) plus a certain number of basis points. The 2017C Bonds had coupon interest rates ranging from 4.00% to 5.00% and mature serially from September 1, 2018 through September 1, 2043 with term bonds maturing annually from September 1, 2044 to September 1, 2047. The arbitrage yield was 4.033% for the 2017A&B Bonds and 2.63% for the 2017C Bonds. Arbitrage yield, when used in computing the present worth of all payments of principal and interest on the Bonds in the manner prescribed by the Internal Revenue Code, produces an amount equal to the issue price of the Bonds. Proceeds from the 2017A&B Bonds were used to finance certain capital improvement and conservation programs. Proceeds from the 2017C Bonds were used to refund \$145.1 million of the 2011A Bonds, to finance certain capital improvement and conservation programs, and to make a deposit to the reserve fund.

In January 2017, the Water Fund issued \$194,685,000 of Water System Improvement and Refunding Revenue Bonds with varying annual principal payments due beginning 2018 and ending in 2046, at interest rates ranging from 4.0% to 5.0%. A portion of the proceeds were used to fully refund the 2006 bonds. As a result of the refunding, the fund reduced total debt service requirements by \$20.1 million resulting in an economic gain of \$16.4 million.

In June 2017, the Drainage Wastewater Fund issued \$234,125,000 of Drainage and Wastewater Improvement and Refunding Revenue Bonds with varying annual principal payments due beginning 2018 and ending in 2047, at interest rates ranging from 4.0 percent and 5.0 percent. A portion of the proceeds were used to fully refund the remaining 2006 bonds. As a result of the refunding, the Fund reduced total debt service requirements by \$7.5 million resulting in an economic gain of \$5.5 million.

The following table presents the individual revenue bonds outstanding as of December 31, 2017, and other pertinent information on each outstanding bond issue.

Table 9-6
Page 1 of 2

REVENUE BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rates ^e	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2017	To Date ^a	
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
2008 Parity	12/30/08	04/01/09-29	5.522%	\$ 257,375	\$ 10,460	\$ 236,310	\$ 21,065
2010 Parity, Series A ^b	05/26/10	02/01/21-40	3.566	181,625	—	—	181,625
2010 Parity, Series B	05/26/10	02/01/11-26	3.413	596,870	50,670	306,630	290,240
2010 Parity, Series C ^c	05/26/10	02/01/11-40	3.112	13,275	—	—	13,275
2011 Parity, Series A, Refunding	02/08/11	02/01/11-36	4.544	296,315	159,040	215,570	80,745
2011 Parity, Series B ^d	02/08/11	02/01/11-27	1.957	10,000	—	—	10,000
2012 Parity, Series A	07/17/12	06/01/41	3.147	293,280	17,245	49,385	243,895
2012 Parity, Series C ^d	07/17/12	06/01/33	0.586	43,000	—	—	43,000
2013 Parity	07/09/13	07/01/43	4.051	190,755	3,150	12,060	178,695
2014 Parity	11/05/14	09/01/44	3.098	265,210	7,320	33,060	232,150
2015 Parity, Series A	07/09/15	05/01/45	3.566	171,850	6,360	10,725	161,125
2015 Parity, Series B-1	07/23/15	05/01/45	.69-	50,000	—	—	50,000
2015 Parity, Series B-2	07/23/15	05/01/45	1.55	50,000	—	—	50,000
2016 Parity, Series A ^d	01/28/16	01/01/41	69-1.55 1.029	31,870	—	—	31,870
2016 Parity, Series B, Refunding	01/28/16	04/01/29	2.080	116,875	—	1,535	115,340
2016 Parity, Series C, Refunding	09/28/16	10/01/46	2.926	160,815	2,100	2,100	158,715
2017 Parity, Series A d	01/27/17	11/01/46	.	50,000	890	890	49,110
2017 Parity, Series B	01/27/17	11/01/46	974-1.3	50,000	890	890	49,110
2017 Parity, Series C, Refunding	09/28/17	09/01/47	974-1.3 316	385,530	—	—	385,530
Total Light Bonds				3,214,645	258,125	869,155	2,345,490

Table 9-6
Page 2 of 2

REVENUE BONDS
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rates ^c	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2017	To Date ^a	
MUNICIPAL WATER BONDS							
2006 Parity, Refunding	10/23/06	02/01/08-37	4.424%	189,970	112,990	189,970	0
2008 Parity, Refunding	12/15/08	08/01/09-38	4.978	205,080	6,340	198,410	6,670
2010 Parity, Series A ^b	01/21/10	08/01/19-40	3.718	109,080	—	—	109,080
2010 Parity, Series B, Refunding	01/21/10	08/01/10-27	3.298	81,760	5,970	40,875	40,885
2012 Parity, Refunding	05/30/12	09/01/12-34	2.631	238,770	11,845	46,210	192,560
2015 Parity, Refunding	06/10/15	11/1/15-45	3.183	340,840	9,275	26,505	314,335
2017 Parity, Refunding	01/25/17	08/01/17-46	2.992	194,685	—	—	194,685
Total Water Bonds				1,360,185	146,420	501,970	858,215
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2006 Refunding	11/01/06	02/01/07-37	4.423%	121,765	70,215	121,765	—
2008 Parity	04/16/08	06/01/09-38	4.830	84,645	1,875	82,670	1,975
2009 Parity, Series A ^b	12/17/09	11/01/17-39	3.538	102,535	3,025	3,025	99,510
2009 Parity & Refunding, Series B	12/17/09	11/01/10-27	2.907	36,680	905	25,205	11,475
2012 Parity & Refunding	06/27/12	09/01/12-42	3.327	222,090	7,270	34,640	187,450
2014 Parity & Refunding	06/17/14	05/01/15-44	3.578	133,180	1,930	5,590	127,590
2016 Parity & Refunding	06/22/16	10/1/16-46	2.921	160,910	1,570	1,780	159,130
2017 Parity & Refunding	06/28/17	07/01/18-47	3.148	234,125	—	—	234,125
Total Drainage and Wastewater Bonds				1,095,930	86,790	274,675	821,255
SOLID WASTE BONDS							
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505%	82,175	2,800	81,360	815
2011 Revenue	06/22/11	08/01/12-36	4.227	45,750	1,245	6,455	39,295
2014 Revenue & Refunding	06/12/14	05/01/15-39	3.337	95,350	1,310	3,805	91,545
2015 Revenue	06/25/15	02/01/16-40	3.650	35,830	810	1,440	34,390
2016 Revenue & Refunding	06/30/16	12/01/16-41	2.793	35,335	380	380	34,955
Total Solid Waste Bonds				294,440	6,545	93,440	201,000
Total Utility Revenue Bonds				\$5,965,200	\$ 497,880	\$1,739,240	\$ 4,225,960

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

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

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

^d Issued as taxable New Clean Renewable Energy Bonds.

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

The requirements to amortize the revenue bonds as of December 31, 2017, 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	
2018	\$ 118,805	\$ 100,484	\$ 41,020	\$ 40,273	\$ 25,225	\$ 36,620	\$ 6,775	\$ 9,103	\$ 378,305
2019	114,610	96,076	43,080	38,260	26,425	35,413	7,120	8,757	369,741
2020	114,105	90,338	45,625	36,100	27,575	34,170	7,045	8,405	363,363
2021	113,410	85,139	46,235	33,892	27,300	32,862	7,400	8,045	354,283
2022	113,035	79,637	48,725	31,594	28,610	31,509	7,775	7,668	348,553
2023 – 2027	526,525	314,339	231,010	121,865	155,485	135,476	45,250	31,976	1,561,926
2028 – 2032	344,855	215,036	186,220	70,790	168,780	96,620	56,540	20,094	1,158,935
2033 – 2037	363,700	143,175	125,615	35,510	155,560	60,084	45,180	8,317	937,141
2038 – 2042	351,290	68,528	60,900	12,514	127,110	28,792	17,915	1,034	668,083
2043 – 2047	185,155	15,183	29,785	2,704	79,185	6,952	—	—	318,964
Total	<u>\$ 2,345,490</u>	<u>\$ 1,207,935</u>	<u>\$ 858,215</u>	<u>\$ 423,502</u>	<u>\$ 821,255</u>	<u>\$ 498,498</u>	<u>\$ 201,000</u>	<u>\$ 103,399</u>	<u>\$ 6,459,294</u>

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

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

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 percent 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, 2017, these loans have an outstanding balance of \$3.7 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 percent per annum and payable in 19 years. Proceeds from this loan were used to finance the West Seattle Reservoir project. As of December 31, 2017, this loan has an outstanding balance of \$1.6 million.

Also in 2009, the Fund entered into two loan agreements, totaling \$9.0 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 \$5.9 million, was funded with resources from the American Recovery and Reinvestment Act of 2009 (ARRA) at 1.0 percent annual interest and payable in 19 years. The second loan, in the amount of \$3.0 million, bears interest of 1.5 percent per annum and a repayment period of 19 years. As of December 31, 2017, these loans have an outstanding balance of \$7.4 million.

In 2014, the Fund entered into a loan agreement, totaling \$12.0 million, to borrow from the Washington State Department of Commerce under its Public Work Loan program at 1.5 percent 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 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, 2017, this loan has an outstanding balance of \$18.2 million.

Amounts paid for all loans in 2017 were \$1,124,987 in principal and \$215,720 in interest. Total loans outstanding as of December 31, 2017 are \$30.9 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 percent 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, 2017, this loan has an outstanding balance of \$1.4 million.

In 2005, the Fund entered into a loan agreement with the Washington State Department of Ecology under its Public Works Trust Loan program to borrow up to \$2.7 million to support the construction of improvements of the High Point Natural Drainage Systems project. Amounts under this agreement accrue interest at 1.5 percent per annum and are to be repaid in 20 annual installments. As of December 31, 2017, the loan has an outstanding balance of \$1.7 million.

In 2006, the Fund entered into a loan agreement with the Washington State Department of Commerce under its Public Works Trust Loan program to borrow up to \$3.4 million to support the construction of the South Park Flood Control and Local Drainage program. Amounts borrowed under the agreement accrue interest at 0.5 percent per annum and are to be repaid over 19 years. As of December 31, 2017, the loan has an outstanding balance of \$1.6 million.

In 2008, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$7.0 million to support the construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5 percent per annum and are to be repaid over 20 years beginning in 2011. As of December 31, 2017, the loan has an outstanding balance of \$4.7 million.

In 2009, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.4 million to support the Ballard Green Streets project. This loan was funded with resources from the ARRA which provides a 50-percent forgivable provision. Amounts borrowed under this agreement accrue interest at 2.9% per annum and are to be repaid by December 2020. As of December 31, 2017, the loan has an outstanding balance of \$0.2 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 0.5 percent per annum and are to be repaid by June 2032. As of December 31, 2017, the loan has an outstanding balance of \$3.0 million.

In 2012, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$1.9 million to support the design and construction of the storm water facility for the Capitol Hill Water Quality Project. Amounts borrowed under this agreement accrue interest at 2.6 percent per annum and are to be repaid over 20 years. As of December 31, 2017, the loan has an outstanding balance of \$1.6 million. In 2017, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$39.4 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. As of December 31, 2017, the loan has an outstanding balance of \$32.0 million.

Amounts paid to all loans in 2017 were \$1,223,366 principal and \$177,584 in interest. Total loans outstanding as of December 31, 2017 are \$46.1 million. The minimum debt service requirements to maturity are included in Table 9-8.

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

Table 9-8

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2018	\$ 2,050	\$ 774	\$ 2,761	\$ 1,213	\$ 6,798
2019	2,050	407	2,526	877	5,860
2020	2,050	379	2,569	831	5,829
2021	2,050	350	2,539	786	5,725
2022	2,050	321	2,582	741	5,694
2022 - 2027	9,588	1,173	12,599	2,998	26,358
2028 - 2032	6,783	593	11,001	1,786	20,163
2033 - 2037	4,306	184	9,522	637	14,649
Total	<u>\$ 30,927</u>	<u>\$ 4,181</u>	<u>\$ 46,099</u>	<u>\$ 9,869</u>	<u>\$ 91,076</u>

The following table shows the long-term liability activities during the year ended December 31, 2017.

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	\$ 1,008,895	\$ 100,085	\$ 96,445	\$ 1,012,535	\$ 85,040
Issuance Premiums and Discounts, Net	91,032	11,328	19,944	82,416	—
Special Assessment Bonds with Governmental Commitment ^b	7,505	—	1,430	6,075	—
Total Bonds Payable	1,107,432	111,413	117,819	1,101,026	85,040
Notes and Contracts					
Capital Leases	158	5	58	105	47
Other Notes and Contracts	10,945	—	1,520	9,425	1,355
Total Notes and Contracts	11,103	5	1,578	9,530	1,402
Compensated Absences	91,632	8,886	—	100,518	22,543
Claims Payable					
General Contamination Cleanup ^c	372	357	—	729	—
Workers' Compensation	26,792	2,202	—	28,994	8,927
General Liability	45,740	2,180	—	47,920	10,405
Health Care Claims	—	—	—	—	—
Total Claims Payable ^d	72,904	4,739	—	77,643	19,332
Arbitrage Rebate Liability	—	—	—	—	—
Unfunded Other Post Employment Benefits	133,710	20,285	—	153,995	—
Net Pension Liability	704,010	247,452	—	951,462	—
Other Noncurrent Liabilities	3,081	—	446	2,635	—
Total Long-Term Liabilities from Governmental Activities	\$ 2,123,872	\$ 392,780	\$ 119,843	\$ 2,396,809	\$ 128,317
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
General Obligation Bonds	\$ 0	\$ —	\$ 0	\$ —	\$ —
Revenue Bonds	3,809,500	914,340	497,880	4,225,960	191,825
Issuance Premiums and Discounts, Net	331,600	101,736	35,422	397,914	—
Total Bonds Payable	4,141,100	1,016,076	533,302	4,623,874	191,825
Notes and Contracts - Other	40,133	36,893	—	77,026	4,811
Compensated Absences	32,574	—	973	31,601	2,674
Claims Payable					
General Contamination Cleanup ^c	218,147	17,022	—	235,169	9,189
Workers' Compensation	10,578	994	—	11,572	3,668
General Liability	18,053	486	—	18,539	5,955
Total Claims Payable ^d	246,778	18,502	0	265,280	18,812
Unearned Revenues	26,832	5,666	—	32,498	—
Habitat Conservation Program Liability	8,760	—	3,226	5,534	710
Landfill Closure and Postclosure Costs	14,705	9,374	0	24,079	1,605
Unfunded Other Post Employment Benefits	16,116	1,012	—	17,128	—
Net Pension Liability	593,973	0	49,766	544,207	—
Other Noncurrent Liabilities	3,211	—	658	2,553	—
Total Long-Term Liabilities from Business-Type Activities	\$ 5,124,182	\$ 1,087,523	\$ 587,925	\$ 5,623,780	\$ 220,437

^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.

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 \$9.6 million and \$6.9 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 the Light Fund. 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. In some cases, like for City Light and Water bonds in the past three years, proceeds are kept with the City as restricted cash until the refunded bonds are called, usually within 90 days. The following paragraph discusses the advance and current refunding activities that occurred in 2016.

General Government

The refunding portion of the \$103.7 million LTGO Improvement and Refunding Bonds, 2016 A, issued by the City on 5/25/2016, were used partially to refund the 2006 and 2009 LTGO bonds. The aggregate total debt service of the refunded bonds would require a cash flow of \$34.4 million to maturity. With this refunding, the aggregate total debt service of the refunding bonds require a cash flow of \$31.1 million, which results in a saving of \$3.3 million in debt service. The net present value of this saving is \$2.8 million.

City Light

The Department issued \$116.9 million of tax exempt Municipal Light and Power (ML&P) Refunding Revenue Bonds (2016 B Bonds) to refund \$122.8 million of the 2008 Bonds. In September, the Department also issued \$160.8 million tax exempt Municipal Light and Power (ML&P) Improvement and Refunding Revenue Bonds(2016 C Bonds), of which a portion of the proceeds were used to refund \$32.0 million of the 2010B Bonds. The difference between the cash flows required to service the old and new debt and to complete the refunding for the 2016A&B Bonds and the 2016C Bonds totaled \$22.1 million and \$1.8 million, and the aggregate economic gain on refunding totaled \$19.4 million and \$2.0 million at present value, respectively. The accounting loss on refunding for the 2016B Bonds was \$16.1 million and was \$3.0 million for the 2016C Bonds.

Drainage and Wastewater

The Department issued \$160.9 million of Drainage and Wastewater Improvement and Refunding Revenue Bonds, of which a portion of the proceeds were used to partially refund the 2008 bonds. As a result of this refunding, the Department reduced total debt service requirements by \$16.5 million resulting in an economic gain of \$12.8 million.

Solid Waste

The Department issued \$35.3 million of Solid Waste Revenue and Refunding Bonds, of which \$19.9 million was used to refund the 2007 bond that was partially refunded in 2014.

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

Table 9-10 REFUNDED/DEFEASED BONDS
(In Thousands)

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Original Bond Issuance	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2017	Defeased Outstanding December 31
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
Various Purpose and Refunding, 2007, Refunded 5/21/15	05/02/07	10/01/07-28	4.251	95,550	13,823	12,515	—
Various Purpose and Refunding, 2008, Refunded 5/21/15	07/02/08	12/01/08-28	4.398	139,830	97,837	0	84,740
Various Purpose and Refunding, 2009, Refunded 5/25/16	03/25/09	11/01/09-05/01/34	3.574	99,860	24,090	—	24,090
Unlimited Tax (Voted)							
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	15,055	15,055	0
REVENUE BONDS							
Municipal Light and Power							
2008 Parity	12/30/08	04/01/09-29	5.522	257,375	122,785	—	122,785
2010 Parity, Series B	05/26/10	02/01/11-26	3.413	596,870	32,020	—	32,020
Municipal Water							
2006 Parity	10/23/06	02/01/08-37	4.424	189,970	39,055	—	39,055
2008 Parity	12/15/08	02/01/09-38	4.978	205,080	149,770	—	149,770
Municipal Drainage and Wastewater							
2006 Parity	11/01/06	02/01/07-37	4.423	121,765	81,550	81,550	0
2008 Parity	04/16/08	06/01/08-38	4.830	84,645	68,380	—	68,380
Municipal Solid Waste							
2007 Parity	12/12/07	02/01/08-33	4.505	82,175	60,705	60,705	0
Total Refunded/Defeased Bonds				\$ 1,933,990	\$ 705,070	\$ 169,825	\$ 520,840

ARBITRAGE

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures), the City paid arbitrage rebate of \$19.0 thousand on its general obligation bonds in 2011 and none thereafter. As of December 31, 2017, the City reported no arbitrage rebate liability on its general obligation bonds and \$392.0 thousand on its revenue bonds.

(10) ENVIRONMENTAL LIABILITIES

Following is a brief description of the significant sites:

- The Harbor Island Superfund Site. In 1983, the U.S. Environmental Protection Agency (EPA) designated this site as a federal Superfund site. The City and other entities are sharing costs of investigating contamination in the East Waterway alongside Harbor Island. The City's involvement stems from its sale of transformers to a company on Harbor Island, discharges from storm drains, and combined sewer outflows. The City is one of four parties who are conducting a remedial investigation and feasibility study that will delineate cleanup actions. The feasibility study will be issued in 2018. The City's ultimate liability is indeterminate.
- The Lower Duwamish Waterway Superfund Site. In 2001, the EPA designated this site as a federal Superfund site for contaminated sediments. The City's involvement is attributable to its land ownership/use of property along the river, discharges from storm drains, and combined sewer overflows. The City is one of four parties who signed an Administrative Order on Consent (AOC) with the EPA and Washington State Department of Ecology (DOE) to conduct a remedial investigation and feasibility study to prepare a site remedy. The EPA approved the feasibility study in November 2012 and, in February 2013, issued the Proposed Plan for cleanup of the Lower Duwamish Waterway Superfund Site. In December 2014, the EPA indicated its preferred clean-up alternative, with an estimated cost of \$342.0 million, in the final Record of Decision. The City's ultimate liability is indeterminate.

In November 2012, the EPA issued general notification letters to over 200 parties informing them of their potential liability for the Lower Duwamish Waterway cleanup. The original parties of the AOC have agreed to invite some of those parties to participate in an alternative dispute resolution process (the "allocation process") to resolve their respective shares of past and future costs. The City has hired an allocator and the allocation process officially began in April 2014. The City agreed to administer the allocator's contract. Parties participating in the allocation process will share the cost of the allocator and the process.

The City was also responsible for investigation and cleanup at the Port of Seattle Terminal 117. The City agreed to pay 40 percent of the costs to clean up the uplands and river sediment parts of the site and 100 percent of the costs to clean up contamination in adjacent streets. The remedial work is now completed and monitoring is ongoing.

- South Park Marina. DOE has notified the City that it is a Potentially Liable Party for contamination at the South Park Marina, which is adjacent to Terminal 117. Negotiations with the property owner and with DOE are underway. The City's ultimate liability are indeterminate.
- North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing have signed an Administrative Order issued by the DOE requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the City's Georgetown Steam Plant, and the King County Airport. This site was also the subject of the lawsuit brought by the City against Boeing. Boeing has agreed to pay 67 percent of the costs for DOE's implementation of the order. The order requires completion and then implementation of a remedial investigation and feasibility study work plan. The final remedial investigation work plan was issued in November 2013. In January 2015, all parties executed the First Amendment to the North Boeing Field/Georgetown Steam Plant Agreed Order, making all parties responsible for conducting and completing remedial action at the site. The City is responsible for 1/3 of the costs. The implementation of the work is ongoing. Boeing and the City will each pay 100 percent of costs for remedial action at their own facilities.
- Gas Works Park Sediment Site. In April 2002, the DOE named the City and another party, Puget Sound Energy, as partially responsible parties for contamination at the Gas Works Sediments Site in North Lake Union. The City and Puget Sound Energy signed an Agreed Order with the DOE in 2005 to initiate two remedial investigations and feasibility studies for the sediment site -one in the western portion of the site led by the City, and another in the eastern portion of the site led by Puget Sound Energy. Subsequently, in fall of 2012, the City and Puget Sound Energy entered into a Settlement, Release, and Cost Allocation Agreement that puts Puget Sound Energy in the lead for all additional cleanup work at the site; the east-west split is no longer in place. Based on the 2012 Agreement, the City pays for 20 percent of the Shared Costs incurred by Puget Sound Energy for the cleanup work. The remedial investigation and feasibility study 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 remedial investigation and feasibility study was submitted in March 2016. A revised draft remedial investigation and feasibility study is anticipated to be submitted to DOE in late 2018 or 2019 and include a Clean-up Action Plan.

- South Park Landfill. The City and a private developer are under an Agreed Order with the DOE to perform a remedial investigation and feasibility study and to draft a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. The City and developer submitted a draft Remedial Investigation and Feasibility Study report in April 2012 and a Draft Cleanup Action Plan in June 2014. The City and developer are negotiating with DOE to finalize the two reports. Negotiations are underway to finalize a Consent Decree for the site with other potentially liable parties, DOE, and the Attorney General’s office. DOE approved an amendment of the Agreed Order to allow the City to construct an interim cleanup action on the City-owned portion of the landfill property. That interim cleanup is expected to be done in the 2019-2020 time frame. DOE also approved an interim cleanup action by the developer on his portion of site property. That cleanup was complete in 2015. In 2012, the City executed an agreement regarding the developer’s interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup.

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

The changes in the provision for environmental liability (in millions) at December 31, 2017 and 2016 are as follows:

	2017	2016
Beginning Environmental Liability, Net of Recovery	\$ 218.5	\$ 121.3
Payments or Amortization	(6.9)	(13.3)
Incurred Environmental Liability	24.3	110.5
	\$ 235.9	\$ 218.5
Ending Environmental Liability, Net of Recovery	\$ 235.9	\$ 218.5

The provision for environmental liability (in millions) included in current and noncurrent liability at December 31, 2017 and 2016, is as follows:

	2017	2016
Environmental Liability, Current	\$ 9.2	\$ 7.1
Environmental Liability, Noncurrent	226.7	211.4
	\$ 235.9	\$ 218.5
Total	\$ 235.9	\$ 218.5

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

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

City of Seattle employees are covered in one of the following defined benefit pension plans: Seattle City Employees' Retirement System (SCERS), Firemen's Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The first three plans are considered part of the City's reporting entity and are reported as pension trust funds. The State of Washington through the Department of Retirement Systems (DRS) administers and reports LEOFF Plans 1 and 2.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a cost sharing multiple employer retirement plan established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36.

The System 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 Personnel Director, two active members and one retired member of the System who are elected by other system 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 of Seattle are eligible for membership in the system with the exception of law enforcement officers and fire fighters who are covered under the statewide LEOFF plans administered by the state Department of Retirement Systems. Employees of METRO and the King County Health Department who established membership in the system when these organizations were City of Seattle departments were allowed to continue their membership (there are currently fewer than 50 members in this category). There are currently 6,534 retirees and beneficiaries receiving benefits, and 9,283 active members of the System. There are 1,312 terminated, vested employees entitled to future benefits.

SCERS provides retirement, death, and disability benefits, post-retirement benefit increase including an automatic 1.5% annual cost-of-living adjustment (COLA) increase and a 65% restoration of purchasing power benefit. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2 percent multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. City employees may retire at any age with 30 years of service, at age 52 or older with 20-29 years of service, at age 57 or older with 10-19 years of service, and at age 62 or older with 5 to 9 years of service. These benefit provisions and all other requirements are established and may be amended by City ordinances.

The City adopted a second tier for SCERS in 2016. Starting January 1, 2017, new eligible employees will join this second tier. The tier is a defined benefit plan much like the original tier but has a lower contribution rate for members and calculates final average salary based on the highest 60 consecutive months of services. Other changes related to the new 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.

The Seattle City Employees' Retirement System issues an independent financial report. A copy of the report is available from the Seattle City Employees' Retirement System at 720 Third Avenue, Suite 900, Seattle, WA 98104; by telephone at 206-386-1293; or by accessing the website http://www.seattle.gov/retirement/annual_report.htm.

Summary of Significant Accounting Policies

Basis of Accounting

The Seattle City Employees' Retirement System is accounted for as a pension trust fund. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting as discussed in Note 1. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net position are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Investments, including securities lending transactions as discussed in Note 3, are reported at fair value. Fair value is 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 and (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.

SCERS funding policy provides for periodic employee and employer contributions at actuarially determined rates expressed as percentages of annual covered payroll to accumulate sufficient assets to pay benefits when due. Funds accumulated and investment earnings are used to pay present and future benefit obligations and administrative expenses. The employer contribution rate is determined by the actuarial formula identified as the Entry-Age Actuarial Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total necessary contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

Actuarially determined contribution rates for 2015 were 10.03 percent for members and 15.73 percent for the employer. Plan member and employer contributions for 2015 are \$65,779,216 and \$101,153,403 respectively. There are no long-term contracts for contributions outstanding and no legally required reserves.

The actuarial valuation and measurement dates of the latest study is January 1, 2016 and December 31 2016 respectively. Based on this valuation, the Total Pension Liability (TPL) is \$3.793 billion; the Fiduciary Net Position (FNP) is \$2.488 billion; the Net Pension Liability (NPL) is \$1.305 billion; and the Funded Ratio was 64.0 percent for the plan.

An actuarial study with valuation date of January 1, 2017, is presently underway, and expected to be available at the Retirement Office after July 1, 2018.

Information about the Net Pension Liability

Assumptions and Other Inputs

The net pension liability was determined by the actuarial valuation as of January 1, 2016, with the results rolled forward to the December 31, 2016, measurement date. The actuarial assumptions that determined the total pension liability as of December 31, 2016 were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2013.

Mortality rates were calculated and projected based on the RP-2000 mortality tables and using generational project of improvement using Projection Scale AA.

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

Best estimates of geometric real rates of return and target allocation for each major asset class as of December 31, 2016 are summarized in the following table:

Table 11-1

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	4.99%	48.0%
Equity: Private	6.25	9.0
Fixed Income: Broad	0.62	18.0
Fixed Income: Credit	3.79	5.0
Real Assets: Real Estate	3.25	12.0
Real Assets: Infrastructure	2.75	3.0
Diversifying Strategies	3.25	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 3.25 percent for the same time period.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity 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 7.5 percent, 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).

	1% Lower 6.5%	Current Discount Rate 7.5%	1% Higher 8.5%
Net Pension Liability	\$ 1,764,959	\$ 1,304,140	\$ 916,659

Changes in the Net Pension Liability

At December 31, 2016, the plan reported the collective net liability of \$1.305 billion, of which the City recorded \$1.304 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, 2016, which was rolled forward to come up with the net pension liability as of December 31, 2017.

Table 11-2 SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 3,609,644,751	\$ 2,311,402,048	\$ 1,298,242,703
Changes for the Year			
Service Cost	106,376,035	—	106,376,035
Interest on Total Pension Liability	267,817,432	—	267,817,432
Effect of Plan Changes	—	—	—
Effect of Economic/Demographic	(7,648,398)	—	(7,648,398)
Effect of Assumptions Changes or Inputs	—	—	—
Benefit Payments	(168,849,021)	(168,849,021)	—
Refund Contributions	(16,445,050)	(16,445,050)	—
Administrative Expenses	—	(9,244,178)	9,244,178
Member Contributions	—	71,705,628	(71,705,628)
Employers Contributions	—	108,378,578	(108,378,578)
Net Investment Income	—	189,808,210	(189,808,210)
Balance at December 31, 2016	<u>\$ 3,790,895,749</u>	<u>\$ 2,486,756,215</u>	<u>\$ 1,304,139,534</u>

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

For the year ended December 31, 2017, the City recognized its proportionate share of pension expense in the amount of \$176.0 million. At December 31, 2017, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the pension plan as follows (in thousands).

Table 11-3

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,261	\$ 6,258
Change of Assumption	—	—
Net Difference Between Projected and Actual Earnings	103,488	—
Changes in Employer Proportion and Differences Between Contributions and Proportionate Share of Pension Expense	41,251	41,775
Contributions Made Subsequent to Measurement Date	111,653	—
Total	<u>\$ 257,653</u>	<u>\$ 48,033</u>

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 11-4

Year Ended December 31	
2017	37,307
2018	37,307
2019	28,722
2020	(4,658)
2021	(710)
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 on March 1, 1970, no payroll for employees was covered under these pension plans, and the primary liability for pension benefits for these plans shifted from the City to the state LEOFF. However, the City was still liable for all benefits in pay status at that time plus any future benefits payable to active law enforcement officers and fire fighters on March 1, 1970, under the old City plan in excess of current LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plan when payment begins. However, LEOFF retirement benefits increase with the consumer price index (CPI - Seattle) while some City benefits increase with wages of current active members. If wages go up faster than the CPI, the City becomes liable for this residual amount. Due to this leveraging effect, projection of the City of Seattle’s liabilities is especially sensitive to the difference between wage and CPI increase assumptions.

All law enforcement officers and fire fighters of the City who served before March 1, 1970, are participants of these pension plans, and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Those officers and fire fighters hired between March 1, 1970, and September 30, 1977, are not eligible for a supplemental retirement benefit, but may be eligible for disability benefits under this plan. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and fire fighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. Currently 768 fire and 688 police retirees meet these eligibility requirements. The City fully reimburses the amount of valid claims for medical and hospitalization costs incurred by active members and pre-Medicare retirees. The City also reimburses the full amount of premiums for part B of Medicare for each retiree eligible for Medicare. Total postemployment medical benefits for Firemen’s Pension were \$10.3 million in 2017 and \$11.1 million in 2016; and for Police Relief and Pension, \$13.2 million in 2017 and \$13.5 million in 2016.

Refer to the Other Postemployment Benefits section of this note for discussion of the City’s implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen’s Pension and Police Relief and Pension plans.

The Firemen’s Pension and Police Relief and Pension benefit provisions are established in the state statute, RCW 41.16, 41.18, and 41.20, and may be amended only by the state legislature. Retirement benefits are determined under RCW 41.18 and 41.26 for Firemen’s Pension and RCW 41.20 and 41.26 for Police Relief and Pension. Medical benefit payments for both plans are based on estimates of current and expected experience.

Current membership in Firemen’s Pension and Police Relief and Pension consisted of the following at December 31, 2016:

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	645	713
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	8	5
Active Plan Members, Non-vested	—	—

These pension plans do not issue separate financial reports.

Summary of Significant Accounting Policies

The City fully implemented 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, for its fiscal year 2017.

In accordance with Statement No. 73, the City has determined that the Fireman's Pension and Police Relief Funds are not reported as governmental funds, and therefore 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 as described in Note 1.

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

Contributions and Reserves

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

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

In July 1994 the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions to fully fund all retirement benefit liabilities by December 31, 2018. In 2006 the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The level contributions were set aside in the Firemen's Pension Actuarial Account with a fund balance of \$14.0 million as of December 31, 2017. The funding policy does not fund for future medical liabilities. No similar program has been established for the Police Relief and Pension Fund.

The Total Pension Liability (TPL) as of December 31, 2017, based on the actuarial valuation as of January 1, 2017, was \$98.6 million for Firemen's Pension and \$92.9 million for Police Relief and Pension. The Police Relief and Pension AAL is funded on a pay-as-you-go basis. Annual requirements are funded through the City's adopted budget, and any budget requirements exceeding the adopted budget are fully covered by supplemental appropriations.

Trend information on employer contributions for the Firemen's Pension and the Police Relief and Pension plans is presented in the Required Supplementary Information section, C-7.

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, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

Mortality rates were 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).

The expected inflation rate and salary increases including inflation are projected at 2.25 percent and 2.75 percent respectively.

Discount Rate

The discount rate used to measure total pension liability was 3.5 percent. 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 3.44 percent as of December 31, 2017. Rounding this to the nearest .25 percent results in a discount rate of 3.50 percent.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the Total Pension Liability, calculated using the discount rate of 3.5 percent, as well as what the Total Pension Liability would be when the discount rate moves one percentage point lower and higher (in thousands).

		1% Lower 2.5%	Current Discount Rate 3.5%	1% Higher 4.5%
Fire Pension Plan	Total Pension Liability	\$ 107,893	\$ 98,573	\$ 90,546
Police Relief Pension	Total Pension Liability	100,497	92,956	86,397

Changes in the Total Pension Liability

At December 31, 2017, the Firemen's Pension and the Police Relief and Pension plans reported the pension liability of \$98.6 million and \$93.0 million respectively.

	Total Pension Liability Firemen's Pension	Total Pension Liability Police Relief and Pension
Balance at December 31, 2016	\$ 100,317,174	\$ 93,459,068
Changes for the Year		
Service Cost	--	0
Interest on Total Pension Liability	3,622,840	3,400,808
Effect of Plan Changes	0	0
Effect of Economic/Demographic	0	0
Effect of Assumptions Changes or Inputs	2,118,458	1,689,315
Benefit Payments	(7,485,092)	(5,593,165)
Balance at December 31, 2017	\$ 98,573,380	\$ 92,956,026

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

For the year ended December 31, 2017, the City recognized pension expenses in the amount of \$5.1 million and \$4.7 million for the Firemen's Pension and the Police Relief and Pension plans respectively. At December 31, 2017, there were no deferred outflows of resources and deferred inflows of resources related to these pension plans.

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

LEOFF 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.

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:

Term of Service	Percent of FAS
20+	2.0 %
10 - 19	1.5
5 - 9	1.0

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions (LEOFF Plan 1)

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2016. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is 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 three percent 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 three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions (LEOFF Plan 2)

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

Actual Contribution Rates	Employer	Employee
January - June 2017:		
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%
Ports and Universities	8.41%	8.41%
Administrative Fee	0.18%	
Total	8.59%	8.41%
July - December 2017:		
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 the plan were \$15.3 million for the year ended December 31, 2017.

The Legislature, by means of a special funding arrangement, appropriates money from the state 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, 2017, the state contributed \$62.2 million to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount is \$9.43 million.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30. 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.

Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2016. Plan liabilities were rolled forward from June 30, 2015, to June 30, 2016, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 3 percent total economic inflation; 3.75 percent salary inflation
- Salary increases: In addition to the base 3.75 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.5 percent

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent 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 minor changes in methods and assumptions since the last valuation.

- For all plans except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent 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 7.5 percent 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 7.5 percent 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). The 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, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Table 11-9

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.0%	1.7%
Tangible Assets	5.0	4.9
Real Estate	15.0	5.8
Global Equity	37.0	6.3
Private Equity	23.0	9.3
	<u>100%</u>	

Sensitivity of NPL

The table below presents the City's proportionate share of the net pension liability/ (assets) calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate (in thousands).

	City's Proportionate Share of Net Pension Liability (Asset)		
	1% Decrease	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Plan 1	(40,041)	(53,981)	(65,952)
Plan 2	27,544	(127,282)	(253,427)

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

At December 31, 2017, the City reported an asset of \$181.3 million for its proportionate share of the net pension liabilities/ (assets) as follows (in thousands):

	<u>City's Proportionate Share of Net Pension Liability (Asset)</u>
Plan 1	(53,981)
Plan 2	(127,282)

The amount of the liability/ (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 liability/(asset), the related State support, and the total portion of the net pension liability/(asset) that was associated with the City were as follows(in thousands):

	<u>Proportionate Share of Plan 2 Net Pension Liability (Asset)</u>
Employer's Proportionate Share	\$ (127,282)
State's Proportionate Share Associated with the Employer	(82,565)
Total	<u>\$ (209,847)</u>

At June 30, the City’s proportionate share of the collective net pension liabilities was as follows:

	<u>Proportionate Share as of June 30, 2017</u>	<u>Proportionate Share as of June 30, 2016</u>	<u>Change in Proportion</u>
Plan 1	3.55%	3.55%	— %
Plan 2	9.17%	9.3%	(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.

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 2016. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2017, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2017, the state of Washington contributed 39.35 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.65 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2017, the City recognized its proportionate share of pension expense as follows (in thousands):

	Pension Expense	
Plan 1	\$	(8,624)
Plan 2		(3,386)
Total	\$	(12,010)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

Table 11-10

	Plan 1		Plan 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 5,594	\$ 4,827
Net difference between projected and actual investment earnings on pension plan investments	—	5,016	—	28,576
Changes of assumptions	—	—	153	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	—	—
Contributions subsequent to the measurement date	—	—	8,259	—
TOTAL	\$ —	\$ 5,016	\$ 14,006	\$ 33,403

Deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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 11-11

Year ended December 31:	Plan 1		Plan 2	
2018	\$	(3,148)	\$	(13,206)
2019		849		2,895
2020		(339)		(2,039)
2021		(2,378)		(12,489)
2022		—		(503)
2023		—		(2,313)

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, or unforeseen emergency.

Beginning in 2006 the Deferred Compensation Plan (DCP) was amended to allow separating employees to cash out accrued vacation balances into their DCP accounts. Eligible retiring employees may also cash out up to 35 percent of their sick leave balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrator, who is under contract with the City to manage the plan. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the plan and its administration.

The City placed the deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

The City has little administrative involvement and does not perform the investing function for the plan. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the City employees' deferred compensation plan created in accordance with IRC 457 is not reported in the financial statements of the City.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Funding Policy

Health Care Blended Premium Subsidy. The City of Seattle Health Care Blended Premium Subsidy plan is a single employer defined benefit OPEB plan. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan or Social Security may continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100 percent of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The City provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City ordinances.

Firemen's Pension and Police Relief and Pension Plans. The Firemen's Pension and Police Relief and Pension plans 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.

Annual OPEB Cost and Net OPEB Obligation

The amount of expected contributions and change in net obligation for the City of Seattle Healthcare Blended Premium Subsidy, Firemen's Pension and Police Pension and Relief are based on an actuarial valuation date of January 1, 2017, which covers the last three years prior to the valuation date.

Table 11-12

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For the Year Ended December 31, 2017

	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)	Total
Annual Required Contribution	\$ 8,090,000	\$ 16,897,826	\$ 23,810,157	\$ 48,797,983
Interest on Net OPEB Obligation	1,671,000	1,657,509	2,003,538	5,332,047
Adjustment to Annual Required Contribution	<u>(2,791,000)</u>	<u>(2,389,481)</u>	<u>(3,705,801)</u>	<u>(8,886,282)</u>
Annual OPEB Cost (Expense)	6,970,000	16,165,854	22,107,894	45,243,748
Expected Contribution (Employer-Paid Benefits)	<u>2,289,000</u> ^a	<u>10,331,010</u> ^a	<u>13,202,775</u> ^a	<u>25,822,785</u>
Increase in Net OPEB Obligation	4,681,000	5,834,844	8,905,119	19,420,963
Net OPEB Obligation – Beginning of Year	<u>54,074,000</u>	<u>44,200,236</u>	<u>53,427,690</u>	<u>151,701,926</u>
Net OPEB Obligation – End of Year	<u>\$ 58,755,000</u>	<u>\$ 50,035,080</u> ^a	<u>\$ 62,332,809</u> ^a	<u>\$ 171,122,889</u>

^a Estimated employer contributions based upon expected benefit payments in 2017. Estimated amounts will be replaced at year end with actual amounts.

The City's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for Healthcare Blended Premium Subsidy, Firemen's Pension (LEOFF1) and Police Relief and Pension (LEOFF1) are displayed below for the last three years.

	Valuation Date	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare Blended Premium Subsidy	1/1/2015	12/31/2015	\$ 3,695,000	28.5%	\$ 49,382,000
	1/1/2015	12/31/2016	6,710,000	30.9	54,074,000
	1/1/2016	12/31/2017	6,970,000	32.8	58,755,000
Firemen's Pension (LEOFF1)	1/1/2015	12/31/2015	16,829,195	66.0	39,058,762
	1/1/2016	12/31/2016	16,244,474	69.0	44,200,236
	1/1/2017	12/31/2017	16,165,854 ^a	63.9	50,035,080 ^a
Police Relief and Pension (LEOFF1)	1/1/2015	12/31/2015	22,648,572	52.0	43,992,150
	1/1/2016	12/31/2016	22,938,540	62.0	53,427,690
	1/1/2017	12/31/2017	22,107,894 ^a	59.7	62,332,809 ^a

^a Estimated employer contributions based upon expected benefit payments in 2017. Estimated amounts will be replaced at year end with actual amounts.

Funded Status and Funding Progress

Based on the actuarial valuation dates for each of the plans, the unfunded actuarial accrued liability (UAAL) was equal to the actuarial accrued liability (AAL) due to the City's pay-as-you-go policy. Following is the funded status (in thousands) for each of the plans for the last three years:

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal AAL (b)	UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
Healthcare Blended Premium Subsidy	1/1/2015	—	\$ 44,375	\$ 44,375	—	\$ 1,037,855	4.3%
	1/1/2016	—	65,739	65,739	—	1,125,664	5.8
	1/1/2017	—	70,061	70,061	—	1,153,806	6.1
Firemen’s Pension (LEOFF1)	1/1/2015	—	320,273	320,273	—	N/A	N/A
	1/1/2016	—	311,364	311,364	—	N/A	N/A
	1/1/2017	—	301,276	301,276	—	N/A	N/A
Police Relief and Pension (LEOFF1)	1/1/2015	—	358,269	358,269	—	N/A	N/A
	1/1/2016	—	357,024	357,024	—	N/A	N/A
	1/1/2017	—	330,871	330,871	—	N/A	N/A

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the time of the valuation and the pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of any assets. Significant methods and assumptions are as follows:

Table 11-13 OPEB INFORMATION

Description	Healthcare Blended Premium Subsidy	Firemen’s Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2017	1/1/2017	1/1/2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level amount over past and future service, open	30-year, open as of 1/1/2012	30-year, closed as of 1/1/2007
Remaining Amortization Period	30 years	30 years	20 years
Records and Data	City records	Supplied by the City	Supplied by the City
Replacement of Terminated Employees	Open to new retirees	Closed. No new members permitted.	Closed. No new members permitted.
Valuation of Assets	N/A. No assets as of valuation date.	N/A. No assets as of valuation date.	N/A. No assets as of valuation date.
Assumptions:			
Discount Rate	3.09%	3.50%	3.75%
Medical Inflation		7.3 %, grading down to 4.1% in 2070 and beyond.	7.3 % grading down to an ultimate of 4.1% in 2070.
Long-Term Care Inflation Rate	N/A	4.50%	4.50%
Dental Inflation Rate	N/A	Minimum of 5.0 % of medical inflation.	N/A

Participation/Service Retirement	40% of actives who retire are assumed to participate.	All actives are assumed to retire at the valuation date.	All actives are assumed to retire at the valuation date.
Mortality	LEOFF employees are based on the actuarial RP-2000 Combined Healthy Table with male ages set back one year and female ages set forward one year. Rates are projected generationally Scale BB. For general service active employees are based on RP-2000 Table for Males, with ages set back six years and RP-2000 Table for Females with ages set back six years. General service retired employees are based on RP2000 Combined Healthy Males with ages set back two years and RP-2000 Combined Healthy Females with ages set back one year. Rates are generations for both males and females using Projection Scale AA.	For active and service-retired members, used RP-2000 Mortality Table (combined healthy) with generational projection using 100% of Project Scale BB, with ages set back one year for males and forward one year for females. For disabled members, used RP-2000 Mortality Table (combined healthy) using 100% of Project Scale BB, with ages set forward two years.	For active and service-retired members, used RP-2000 Mortality Table (combined healthy) using 100% of Project Scale BB, with ages set back one year for males and forward one year for females. For disabled members, used RP-2000 Mortality Table (combined healthy) using 100% of Project Scale AA, with ages set forward two years.

Table 11-13

OPEB INFORMATION (continued)

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Assumptions (continued):			
Marital Status	45% of members electing coverage are assumed to be married or have a registered domestic partner. Male spouses are assumed to be two years older than their female spouses. It is assumed that children have aged off and have \$0 liability.	N/A	N/A
Morbidity Factors		N/A	N/A
Traditional Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 138.64%.		
Preventive Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 133.11%		
Group Health Standard and Deductible Plans	For the above two plans, because the retirees' spouses pay a lower premium for their health care coverage than the retirees, the net cost to the City for the spouse coverage is greater than for a retiree of the same gender and age. The morbidity factors were adjusted to reflect this discrepancy. Also note that the average loss ratios for the above The average medical claim for the Group Health Standard & Deductible plans is based on an average loss ratio (claim vs. premium) of 131.64% and 148.72% for retirees and spouses respectively		
Other Considerations	Active employees covered under the Group Health Standard or Deductible plans are assumed to elect the same plan at retirement; of those covered under the City of Seattle Traditional or Preventive plans, 50% are assumed to switch to the Group Health Standard plan and the remaining 50% are assumed to continue coverage under the same plan. Upon retirement, firefighters are assumed to be covered under the City of Seattle Preventive plan (50%) or Group Health Standard Plan (50%). It is assumed that children will have aged off of coverage and will have \$0 liability.	N/A	N/A

(12) COMPONENT UNITS

DISCRETELY PRESENTED COMPONENT UNITS

Seattle Public Library Foundation

The Seattle Public Library Foundation (Foundation) is a Washington non-profit corporation, a public charity organized exclusively for educational, charitable, and scientific purposes to benefit and support the Seattle Public Library. The Foundation provides goods, services, and facilities above the tax-based funding of the Seattle Public Library. The Foundation is located in Seattle, governed by a Board of Directors, and possesses all the requisite corporate powers to carry out the purposes for which it was formed.

The City is not financially accountable for the Foundation. The Foundation is considered a nonmajor component unit in accordance with GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14, and is presented discretely in the City’s financial statements because (1) the economic resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; and (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

The Foundation reports on a fiscal year-end consistent with the City, the primary government. The Foundation issues its own audited financial statements. To obtain complete audited statements for all years, please contact: The Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, or by telephone at 206-386-4130.

Seattle Investment Fund LLC

The Seattle Investment Fund LLC (SIF) was established by Ordinance 123146 for the purpose of implementing the U.S. Treasury Department’s New Market Tax Credit (NMTC) program. The City is its sole and managing member. SIF is a qualified Community Development Entity (CDE) and the Primary Allocatee. Twelve subsidiaries have been established since the program’s inception. Financial results presented herewith for 2016 are unaudited at this time; detailed information on the program and complete audited financial statements are available by contacting the City’s Office of Economic Development at 700 Fifth Avenue, Seattle, WA 98104 or by telephone at 206-684-8090.

SIF is a limited liability corporation in accordance with RCW 35.21.735. It has no employees and administrative work is performed by the staff of the City’s Office of Economic Development. The members of its Investment Committee and Advisory Board are selected by the Mayor and confirmed by the City Council. The City is not financially accountable for SIF, but under this structure the City may impose its will upon the organization. In accordance with GASB Statement No. 39, SIF is presented as a nonmajor discrete component unit of the City.

Table 12-1

**CONDENSED STATEMENT OF NET POSITION
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC**

December 31, 2017

(in Thousands)

Discretely Presented Component Units

	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2017	2016	2017	Restated 2016	2017	Restated 2016
ASSETS						
Cash and Other Assets	\$ 4,440	\$ 6,216	\$ 1,367	\$ 1,540	\$ 5,807	\$ 7,756
Investments	69,083	60,893	8	8	69,091	60,901
Capital Assets, Net	1	1	—	—	1	1
Total Assets	73,524	67,110	1,375	1,548	74,899	68,658
LIABILITIES						
Current Liabilities	1,322	1,596	32	266	1,354	1,862
Total Liabilities	1,322	1,596	32	266	1,354	1,862
NET POSITION						
Net Investment in Capital Assets	1	1	—	—	1	1
Restricted	52,529	47,571	—	—	52,529	47,571
Unrestricted	19,672	17,942	1,343	1,282	21,015	19,224
Total Net Position	\$ 72,202	\$ 65,514	\$ 1,343	\$ 1,282	\$ 73,545	\$ 66,796

Table 12-2

**CONDENSED STATEMENT OF ACTIVITIES
SEATTLE PUBLIC LIBRARY FOUNDATION AND
SEATTLE INVESTMENT FUND LLC**

For the Year Ended December 31, 2017

(In Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2017	2016	2017	Restated 2016	2017	Restated 2016
PROGRAM REVENUES						
Contributions/Endowment Gain	\$ 3,167	\$ 11,675	\$ —	\$ —	\$ 3,167	\$ 11,675
Placement/Management Fee Income	—	—	344	344	344	344
Total Program Revenues	3,167	11,675	344	344	3,511	12,019
GENERAL REVENUES						
Investment Income	9,494	4,138	—	—	9,494	4,138
Total Program Support and Revenues	12,661	15,813	344	344	13,005	16,157
EXPENSES						
Support to Seattle Public Library	4,888	11,626	—	—	4,888	11,626
Management and General	666	698	283	498	949	1,196
Fundraising	419	402	—	—	419	402
Total Expenses	5,973	12,726	283	498	6,256	13,224
Change in Net Position	6,688	3,087	61	(154)	6,749	2,933
NET POSITION						
Net Position - Beginning of Year	65,514	62,427	1,282	1,436	66,796	63,863
Net Position - End of Year	<u>\$ 72,202</u>	<u>\$ 65,514</u>	<u>\$ 1,343</u>	<u>\$ 1,282</u>	<u>\$ 73,545</u>	<u>\$ 66,796</u>

BLENDED COMPONENT UNIT

Seattle Park District

The Seattle Park District is a metropolitan park district authorized by Chapter 35.61 of the Revised Code of Washington. The Seattle Park District has the same boundaries as the City of Seattle. On August 5, 2014 voters in the City of Seattle approved Proposition 1 to use property taxes collected to provide funding for City parks and recreation including maintaining parklands and facilities, operating community centers and recreation programs, and developing new neighborhood parks on previously acquired sites. The Park District is governed by the Seattle City Council acting ex officio as the District Board. The Seattle Department of Parks and Recreation provides services on behalf of the Seattle Park District under an interlocal agreement between City and District through City Ordinance 124468.

The Seattle Park 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 reports. In addition, separate financial statements are available from Seattle City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, WA 98104 or by calling 206-684-8805.

(13) JOINT VENTURES

SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL

The Seattle-King County Workforce Development Council (WDC) is a joint venture between King County and the City of Seattle. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor agency to receive the employment and training funds for the County area. The King County Executive and the Mayor of the City of Seattle, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of the WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, the WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, King County and the City of Seattle who each will be responsible for one half of the disallowed amount. As of December 31, 2017, there are no outstanding program eligibility issues that may lead to a City of Seattle liability.

The WDC contracts with the City of Seattle which provides programs related to the WIA Youth In-School Program and Seattle Conservation Corps Program. For the year 2017, WDC paid \$105 thousand to the City of Seattle.

The WDC issues independent financial statements that may be obtained from its offices at 2003 Western Avenue, Suite 250, Seattle, WA by accessing its website <http://www.seakingwdc.org/annual-reports/> 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 \$551.6 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, 2017 and the standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Capital Improvement Program

The City adopted the 2017-2022 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$6.595 billion for the years 2017-2022. The adopted CIP for 2017 was \$1.108 billion, consisting of \$664.6 million for City-owned utilities and \$443.1 million for non-utility departments. The utility allocations are: \$410.2 million for City Light, \$88.6 million for Water, \$125.9 million for Drainage and Wastewater, \$11.1 million for Solid Waste, and \$28.8 million for Seattle Public Utilities' technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

CITY LIGHT (SCL)

Expenses associated with energy received under long-term purchased power agreements at December 31, 2017 and 2016 are shown in the following table.

Table 14-1

LONG-TERM PURCHASED POWER

(In Millions)

	<u>2017</u>	<u>2016</u>
Bonneville Block	\$ 103.8	\$ 80.0
Bonneville Slice	64.3	80.7
Lucky Peak, including royalties	9.3	6.9
British Columbia - High Ross Agreement	13.4	13.4
Grant County Public Utility District	1.9	2.3
Columbia Basin Hydropower	6.8	6.2
Bonneville South Fork Tolt billing credit	(3.3)	(3.3)
Renewable energy - State Line Wind	22.1	24.8
Renewable energy - other	7.7	8.7
Exchanges and loss returns energy at fair value	3.7	5.5
Long-term purchased power booked out	(4.9)	(5.4)
Total	<u>\$ 224.8</u>	<u>\$ 219.8</u>

Purchased and Wholesale Power

Bonneville Power Administration

SCL purchased electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA), under the Block and Slice Power Sales Agreement, a 17-year contract, for the period October 1, 2011 through September 30, 2028. Effective October 1, 2017 there was an amendment to the agreement whereby SCL 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 below.

The terms of the Slice product specify that SCL will receive a percentage of the actual output of the Federal Columbia River Power System (the System). The percentage is adjusted annually with a Slice Adjustment Ratio no greater than 1.0 times the initial 3.65663 slice percentage, no later than 15 days prior to the first day of each federal fiscal year, beginning with fiscal year 2012. The current Slice percentage is 3.62643 percent, and the same as the previous fiscal year. The cost of Slice power is based on SCL’s same percentage of the expected costs of the System and is subject to true-up adjustments based on actual costs with specified exceptions.

Bonneville’s Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region’s investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court (the Court) rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power Act. To remedy this inconsistency, the court ruled that refunds be issued to non IOUs through 2019. SCL received \$5.7 million in both 2017 and 2016 in billing credits related to both the Block and Slice agreements as a result of the Court decision.

Lucky Peak

In 1984, SCL entered into a purchase power agreement with four irrigation districts to acquire 100 percent of the net surplus output of a hydroelectric facility that began commercial operation in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project, and the FERC license expires in 2030. The agreement, which expires in 2038, obligates SCL to pay all ownership and operating costs, including debt service, over the term of the contract, whether or not the plant is operating or operable.

SCL incurred \$9.3 million and \$6.9 million in 2017 and 2016, respectively, including operations costs and royalty payments to the irrigation district. SCL provided and billed Lucky Peak \$0.3 million for operational and administrative services in both 2017 and 2016. These amounts are recorded as offsets to purchased power expense.

SCL’s receivables from Lucky Peak were less than \$0.1 million at December 31, 2017 and 2016, respectively. SCL’s payables to Lucky Peak were \$0.8 million and \$0.1 million at December 31, 2017 and 2016, respectively.

British Columbia-High Ross Agreement

In 1984, an agreement was reached between the Province of British Columbia and the City under which British Columbia will provide SCL with energy equivalent to that which would have resulted from an addition to the height of Ross Dam. Delivery of this energy began in 1986 and is to be received for 80 years. In addition to the direct costs of energy under the agreement, SCL incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchase power expense over 35 years through 2035.

Renewable Energy Purchase and/or Exchanges

The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires all qualifying utilities in Washington State to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits as a percentage of total energy delivered to retail customers. The annual targets are: at least 9 percent by 2016, and at least 15 percent by 2020. SCL's 2017 and 2016 resource portfolio met the 9 percent target.

Energy Exchange

Northern California Power Agency (NCPA) and SCL executed a long-term Capacity and Energy Exchange Agreement in March 1993. SCL delivers energy to NCPA from June through October 15. NCPA returns energy under conditions specified in the contract at a 1.2:1 ratio of exchange power from November through April. The agreement includes financial settlement and termination options. In a letter NCPA dated May 17, 2011, NCPA gave seven year's advance written notice to the Department terminating the agreement effective no later than May 31, 2018.

Fair Value of Exchange Energy

Exchange energy receivable and the related regulatory gains at December 31, 2017 and 2016, were valued using Kiindex Forward Curves and Dow Jones U.S. Daily Electricity Price Indices for settled deliveries. An income valuation technique that uses interest rate forecasts from HIS Global Insight is used to discount for present value based on the interest rate for U.S. Government Treasury constant maturities, bond-equivalent yields by the future month of the transactions.

Estimated Future Payments under Purchased Power, Transmission, and Related Contracts

SCL's estimated payments for purchased power and transmission, Renewable Energy Credits (RECs) and other contracts for the period from 2018 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
2018	\$ 282.0
2019	290.7
2020	304.7
2021	287.6
2022	281.5
2023-2027	1,317.8
2028-2032	262.7
Thereafter (through 2065)	142.1
Total	\$ 3,169.1

^a 2018 to 2019 includes estimated REP recoveries from Bonneville.

^b British Columbia - High Ross direct cost payment ends in 2020.

^c BPA transmission contract expires July 31, 2025.

^d BPA Block and Slice contract expires September 30, 2028.

Federal Energy Regulatory Commission Fees

Estimated Federal land use and administrative fees related to hydroelectric licenses total \$203.5 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, at which time their current FERC licenses expire. The estimated portion of Boundary fees is included through 2055, the year in which the current license issued by FERC expires. The current Boundary FERC license and related issues are discussed below.

New Boundary License

SCL's FERC license for the Boundary Project expired on September 30, 2011 and a new license was issued on March 20, 2013 with a 42 year life for a total cost of \$48.6 million. The terms and conditions of the new license have been evaluated. SCL is in the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management.

As part of the application process, SCL negotiated a settlement with external parties such as owners of other hydroelectric projects, Indian tribes, conservation groups, and other government agencies. The settlement sought to preserve SCL's operational flexibility at Boundary Dam while providing for natural resource protection, mitigation, and enhancement measures.

The cost projections for such mitigation over the expected 42-year life of the license, included in the Department's license application, were estimated to be \$371.0 million adjusted to 2017 dollars, of which \$42.9 million were expended through 2017. Projected mitigation cost estimates are subject to revision as more information becomes available.

Skagit and South Fork Tolt Licensing Mitigation and Compliance

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

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2017, to be \$136.3 million, of which \$122.1 million had been expended. Total South Fork Tolt license mitigation costs were estimated at \$1.9 million, of which \$1.3 million were expended through 2017. 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 2017 dollars. SCL's labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

Hydroelectric projects must satisfy the requirements of the Endangered Species Act (ESA) and the Clean Water Act in order to obtain a FERC license. ESA and related issues are discussed below.

Endangered Species

Several fish species that inhabit waters where hydroelectric projects are owned by SCL, or where SCL purchases power, have been listed under the ESA as threatened or endangered. Although the species were listed after FERC licenses were issued for all of SCL's hydroelectric projects, the ESA listings still affect operations of SCL's Boundary, Skagit, Tolt, and Cedar Falls hydroelectric projects.

Federal Regulations in response to the listing of species affect flow in the entire Columbia River system. As a result of these regulations, SCL's power generation at its Boundary Project is reduced in the fall and winter when the region experiences its highest sustained energy demand. The Boundary Project's firm capability is also reduced.

SCL, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. SCL is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and watershed groups for bull trout, Chinook salmon, and steelhead in the South Fork Tolt and Skagit Watersheds. The ESA Early Action program is authorized by City Council but is separate from any current FERC license requirements. The program includes habitat acquisition, management, and restoration. The ESA Early Action has been successful in protecting listed species. Total costs for SCL's share of the Early Action program from inception in 1999 through December 31, 2017 are estimated to be \$13.2 million. \$1.1 million has been allocated for the program in the 2018 budget.

Project Impact Payments

Effective August 2010, SCL renewed its contract with Pend Oreille County and committed to pay a total of \$19.0 million over 10 years ending in 2019 to Pend Oreille County for impacts on county governments from the operations of SCL's hydroelectric projects. Effective February 2009, the Department renewed its contract with Whatcom County committing to pay a total of \$15.8 million over 15 years ending in 2023. The payments compensate the counties and certain school districts and towns located in these counties, for loss of revenues and additional financial burdens associated with the projects. The Boundary Project, located on the Pend Oreille River, affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The impact payments totaled \$1.8 million and \$1.7 million to Pend Oreille County, and \$1.1 million to Whatcom County in 2017 and 2016, respectively.

SEATTLE PUBLIC UTILITIES (SPU)

Water Fund

Habitat Conservation Program Liability

SPU has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the Habitat Conservation Plan (HCP) is to protect all species of concern that may be affected by the operations of SPU and SCL in the Cedar River Watershed while allowing SPU to continue to provide high quality drinking water to the region. The federal government has accepted the HCP. The total cost of implementing the HCP is expected to be \$110.4 million (in 2017 dollars) over a period of 50 years (from the year 2000 through the year 2050).

Expenditures are being funded from a combination of SPU's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2017 is \$91.0 million. The remaining \$19.4 million to complete the HCP is comprised of an \$5.5 million liability and an estimate of \$13.92 million for construction and operating commitments. The construction activities will add to SPU's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expensed as incurred.

Distribution System Reservoirs

SPU is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying six reservoirs is expected to be approximately \$207.2 million through the year 2022; costs beyond 2022 are not estimable as of the date of this report. As of December 31, 2017 and 2016, total cumulative costs incurred were \$166.8 million and \$157.9 million, respectively.

Wholesale Water Supply Contracts

SPU 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 Millions of Gallons per Day (MGD) per year. Two other wholesale customers have emergency intertie agreements and do not purchase water from Seattle on a regular basis. CWA contract expires in 2063 while other wholesale contracts run through 2062. SPU 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.

Drainage and Wastewater Fund

Wastewater Disposal Agreement

SPU has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division (WTD), which expires in 2036. The monthly wastewater disposal charge paid to WTD is based on the WTD's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. Payments made by the Fund were \$157 million and \$153.4 million for fiscal years 2017 and 2016, respectively.

Solid Waste Fund

Contractual Obligations

SPU contracts with private companies for the collection of residential and commercial garbage, yard waste, food waste, and recycling. Effective March 30, 2009 SPU entered into new contracts with Waste Management and Recology CleanScapes for residential and commercial collection. The contracts are scheduled to end on March 31, 2019. Total payments under these contracts for residential and commercial collection in 2017 and 2016 were \$78.7 million and \$77.8 million, respectively.

In 1990, SPU entered into a contract with Waste Management of Washington, Inc. (f/k/a Washington Waste Systems) for the 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, 2019. Total payments under the terms of this contract for waste disposal in 2017 and 2016 were \$15.0 million and \$13.2 million, respectively.

Effective April 1, 2014, the City entered into contracts with PacifiClean Environmental of Washington, LLC and Lenz Enterprises, Inc. to process yard and food waste into marketable products. The contracts are scheduled to end on March 31, 2020, however the city may, at its option, extend the contract in two year increments up to March 31, 2024. The City terminated the services with PacifiClean effective August 31, 2017 due to failed operations, prior to the end of the original contract term. The City awarded a new contract to Cedar Grove Composting, effective September 1, 2017, to provide additional services. Total payments under the terms of these contracts for 2017 and 2016 were \$4.4 million and \$4.5 million, respectively.

Effective April 1, 2009, the City commenced a contract for recycling processing with Rabanco, LTD. The company is responsible for processing recyclables from both commercial and residential customers. The contract is scheduled to end on March 31, 2016 with an option to extend the contract for a three-year period at that time. The City elected to proceed with a solicitation process, and as a result, negotiated a new long term contract with Rabanco, LTD. This contract became effective April 1, 2016 and will expire March 31, 2021. The City may, at its option, extend the contract in three year increments up to March 31, 2027. Total payment, net of recycling revenue in 2017 and 2016 were \$0.3 million and \$1.0 million, respectively. This variance resulted from fluctuations in recycling commodity pricing.

Landfill Closure and Post-closure Care

At December 31, 2017, 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 Fund's share of all landfill closure and post-closure costs in the revenue requirements used to set future solid waste rates. Therefore, the Fund uses regulatory accounting and total estimated landfill closure and post-closure care costs are accrued and also reflected as a future costs in the accompanying financial statements, in accordance with generally accepted accounting principles.

These costs are being amortized as they are recovered from rate payers. These costs are regulatory assets even though the Fund chooses to present them separately on the Statement of Net Position. 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.

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

(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, effective January 1, 1999. The City's self-insured retention for each claim involving general liability was limited to \$6.5 million per occurrence of such claims in both 2017 and 2016. From June 1, 2014 through May 2016, the City's self-insured retention was \$60 million, and was increased to \$85 million for the policy year beginning on June 1, 2016. Effective June 1, 2017, the City's self-insured retention increased to \$100 million.

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

The City purchased two annuity contracts for a total of \$0.5 million in to resolve litigations, entered into one settlement agreement which structured \$0.5 million of a \$3.5 million settlement, and received one large liability settlement for \$1.1 million. The City had no settled claims exceeding coverage in the last three years.

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 2017 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care at year-end 2016. The total undiscounted IBNR amount decreased by \$0.6 million in 2017, the IBNR amount was \$30.9 million in 2017 and \$31.5 million in 2016.

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 and \$0.5 million in 2017 and 2016, respectively. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed for the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Claim liabilities recorded in the financial statements are discounted at 1.404 percent for 2017 and 1.137 percent for 2016, the City's average annual rates of return on investments. The total discounted liability at December 31, 2017, was \$107.1 million consisting of \$63.3 million for general liability, \$3.2 million for health care, and \$40.6 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	
	2017	2016	2017	2016	2017	2016	2017	2016
UNDISCOUNTED								
Balance - Beginning of Fiscal Year	\$ 63,810	\$ 65,216	\$ 2,966	\$ 4,379	\$ 38,592	\$ 41,310	\$ 105,368	\$ 110,905
Less Payments and Expenses During the Year	(23,954)	(21,180)	(172,651)	(162,137)	(15,932)	(14,394)	(212,537)	(197,711)
Plus Claims and Changes in Estimates	27,987	19,774	172,986	160,724	19,613	11,676	220,586	192,174
Balance - End of Fiscal Year	<u>\$ 67,843</u>	<u>\$ 63,810</u>	<u>\$ 3,301</u>	<u>\$ 2,966</u>	<u>\$ 42,273</u>	<u>\$ 38,592</u>	<u>\$ 113,417</u>	<u>\$ 105,368</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF								
Governmental Activities	\$ 47,907	\$ 44,849	\$ 3,301	\$ 2,966	\$ 28,652	\$ 27,664	\$ 79,860	\$ 75,479
Business-Type Activities	19,882	18,905	—	—	13,621	10,928	33,503	29,833
Fiduciary Activities	54	56	—	—	—	—	54	56
Balance - End of Fiscal Year	<u>\$ 67,843</u>	<u>\$ 63,810</u>	<u>\$ 3,301</u>	<u>\$ 2,966</u>	<u>\$ 42,273</u>	<u>\$ 38,592</u>	<u>\$ 113,417</u>	<u>\$ 105,368</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF								
Governmental Activities	\$ 44,671	\$ 42,828	\$ 3,250	\$ 2,925	\$ 27,495	\$ 26,778	\$ 75,416	\$ 72,531
Business-Type Activities	18,539	18,054	—	—	13,071	10,578	31,610	28,632
Fiduciary Activities	50	53	—	—	—	—	50	53
Balance - End of Fiscal Year	<u>\$ 63,260</u>	<u>\$ 60,935</u>	<u>\$ 3,250</u>	<u>\$ 2,925</u>	<u>\$ 40,566</u>	<u>\$ 37,356</u>	<u>\$ 107,076</u>	<u>\$ 101,216</u>

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

- City Light Energy Crisis Litigation. The City is involved in various legal proceedings relating to the enormous price spikes in energy costs in California and the rest of the West Coast in 2000 and 2001.
 - California Refund Case, Appeals and Related Litigation: In February 2011, the City agreed to a settlement, which was eventually approved by the trial court and by FERC. Under the settlement, the City has resolved this matter for \$9.0 million, none of which needed to be immediately paid by the City. As part of the settlement, the City assigned its accounts receivable from the California Independent Systems Operator to the California Parties, which was valued at approximately \$1.4 million at the time of the settlement agreement. The balance of over \$7.6 million is contingent upon the City recovering monies in the Pacific Northwest Refund Case, discussed below. To date, approximately \$2.3 million in cash settlements has been paid to the California plaintiffs.
 - Pacific Northwest Refund Case, and Appeals and Related Litigation: In a proceeding before FERC, various buyers of energy, including the City, sought refunds from various sellers on energy sales in the Pacific Northwest between December 1999 and June 2001. The case was tried at FERC between August and October of 2013. In March 2014, the FERC administrative law judge issued an Initial Decision denying all refunds. In May 2014, the City filed a brief objecting to the Initial Decision, and the parties are now awaiting a final decision from FERC. Prior to the FERC trial, the City settled refund claims with twelve entities, with a combined total settlement amount of \$4.6 million. In February 2015, after hearing argument in a related case, the Ninth Circuit sua sponte reactivated certain City Light appeals previously stayed at the Ninth Circuit that were primarily related to City Light's appeal of the FERC's determination that the Mobile-Sierra presumption applied to the contracts at issue and whether FERC had improperly excluded certain evidence that City Light had presented to overcome the Mobile-Sierra presumption. After a truncated briefing schedule, oral arguments were heard in June 2015. On December 17, 2015, the Ninth Circuit issued its opinion finding that the Mobile-Serra presumption does apply to the issues in this case. The Ninth Circuit also determined that it did not have jurisdiction over the evidentiary issues. On December 31, 2015, FERC issued its decision largely confirming the Initial

Decision issued by the administrative law judge on March 28, 2014. City Light filed its notice of appeal to the Ninth Circuit on February 22, 2016. On October 2016, City Light settled all remaining claims in this longstanding litigation for a non-material amount. On November 4, 2016, The Ninth Circuit granted City Lights' motion to voluntarily dismiss its appeal.

- **Sound Transit Condemnation Actions:** In 2016, City Light is a defendant in a series of condemnation actions by the Central Puget Sound Regional Transit Authority ("Sound Transit"). Sound Transit is working in concert with the City of Bellevue on multiple transportation projects which negatively affect City Light's East Side Lines transmission corridor, which is a 100 plus mile corridor between 150' -160' wide that runs contiguously from Maple Valley to City Light's Skagit Project in Skagit and Whatcom Counties. There are currently four condemnation actions for the specific area along 124th Street in Bellevue. City Light has contested Sound Transit's ability to condemn publicly owned property, but on December 20, 2016, a trial court hearing one of the condemnation actions entered an order denying City Light's motion for summary judgment contesting Sound Transit's Authority to condemn public property and simultaneously entered an order finding public use and necessity over portions of City Light's easement area. City Light appealed the decision to the Court of Appeal on December 21, 2016 and it has sought direct review by the Washington Supreme Court of the trial court's order denying City Light's motion for summary judgment. On February 13, 2017, another trial court hearing the second filed condemnation action entered an order on public use and necessity allowing Sound Transit to proceed with the condemnation in that action. On March 10, 2017, City Light filed a notice of appeal of that decision to the Washington State Supreme Court. On March 14, 2017, Sound Transit filed motions for public use and necessity in the two remaining condemnation actions. City Light filed oppositions in both cases. No decisions from the court's hearing those cases have been received to date. In the event the appeal is unsuccessful, the value of the land sought to be condemned by Sound Transit from City Light is significant, but indeterminate.
- **Deformation Mitigation for N. Thomas Street (North Portal):** City Light is moving five 13.8 kV and 26kV feeders in Thomas Street at 6th Avenue to protect them for deformation caused by the tunneling activities. City Light anticipates that the total costs for this work will be \$3.1 million. City Light has requested that WSDOT reimburse it for those costs, and has sent a proposed task order for that purpose, but, to date, WSDOT has not agreed to reimburse City Light. City Light's ultimate recovery amount is unknown.
- **Centralia Steam Plant Project Asbestos Claims:** In 2013, the City received notice of a lawsuit that had been filed against PacifiCorp (the successor in interest of the former operator of the Centralia Steam Plant Project) by an employee of a contractor who worked at the Project between April 26, 1971 and December 3, 1971. The claimant alleges he developed mesothelioma as a result of his exposure to asbestos during the time he worked at the Project. PacifiCorp provided notice to the City, and all the other former owners of the Project that, as a former owner of the Project, it could liable for any liabilities resulting from the construction not covered by insurance in proportion to its ownership share. Based on the agreement for the construction and ownership of the Project, City Light owned 8 percent of the Project during the material times. Recently, the City received additional notice indicating that two additional decedent estates have filed lawsuits against the former operator alleging similar claims. The City is not named in any of the litigation. In 2016, the two of the lawsuits were settled without any involvement of the City, and the third lawsuit was dismissed on summary judgment based on the expiration of the construction statute of repose.
- **Beacon, Myrtle, Maple Leaf and West Seattle Reservoir Leaks:** In 2011 the designer of the Beacon, Myrtle, Maple Leaf and West Seattle reservoirs, notified SPU about possible seismic deficiencies in the designs for the four reservoirs, specifically that the structural calculations it had used did not meet the applicable building code requirements. In response, SPU undertook a rigorous and thorough seismic analysis, focusing first on the West Seattle reservoir, to understand the nature and severity of the seismic deficiencies. Based on that analysis, SPU hired an engineering firm to evaluate and undertake design repairs for the four reservoirs to correct any seismic issues. Repairs on the West Seattle reservoir are nearly complete. It is estimated that the total cost of the work, including analysis, design and construction, will be approximately \$25.0 million. To date, the designer has worked closely and cooperatively with SPU throughout the seismic review and retrofit design process, and negotiations between SPU and the designer are ongoing concerning payment of repair costs. In early 2015, SPU and the designer agreed on a partial settlement of \$3.2 million for the West Seattle reservoir repairs. In January 2016, SPU and the designer agreed on a partial settlement of \$5.5 million for the construction and design costs related to the Maple Leaf and Myrtle reservoirs. The designer also agreed in that partial settlement to make the final payment of \$850.0 thousand related to SPU costs associated with the Lighter Weight Roof Change. The Beacon Reservoir design of repairs is complete and construction project has been awarded to the same contractor who repaired the other three reservoirs. Design costs for Beacon are approximately \$135.0 thousand and the expected construction contract award is approximately \$7.3 million. Additional claims for costs such as construction management, materials lab and seismic expert

design costs remain outstanding. SPU has also submitted its claim for its additional seismic deficiency review costs, internal design costs, and internal construction costs for all four reservoirs to the designer. The combined total of these costs for West Seattle are \$3.5 million. The actual costs to date, plus estimated costs to completion are projected for the Myrtle reservoir at \$557.8 thousand, the Maple Leaf reservoir at \$1.7 million, and the Beacon reservoir at \$2.7 million. SPU's ultimate recovery amount is unknown.

- Western Avenue and Pioneer Square Water Mains: SPU has filed a lawsuit against the State of Washington ("WSDOT") and its contractor Seattle Tunnel Partners ("STP") for damage to its water mains in Western Avenue, between Yesler Way and Madison Avenue, and elsewhere in Pioneer Square. As a result of the damage, the water main in Western Avenue had to be replaced. The amount of the claim arising from the Western Avenue water main is approximately \$11.0 million, and the claim arising from the damage to the other water mains in Pioneer Square could be significantly higher. WSDOT and STP have answered and denied that they are responsible and/or that the water mains have been damaged. WSDOT and STP tendered the claim to their insurer, which denied the claim, but has not responded further. The parties are now actively engaged in pretrial discovery. SPU's ultimate amount to be recovered is unknown.

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 and are no outstanding material judgments against the City.

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

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

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

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

On December 31, 2017, seven projects remained outstanding with a combined total amount of \$9.8 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 following 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.

In the event that 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 issued on April 29 2014, in the amount of \$44.4 million. The outstanding amount as of December 31, 2017 is \$39.0 million. The bonds will be fully retired by April 1, 2031.

Seattle Chinatown-International District Preservation and Development Authority

Refunding bonds issued on September 26, 2007, in the amount of \$7.4 million. The outstanding amount as of December 31, 2017, was \$4.34 million. The bonds will be fully retired by August 1, 2026.

Seattle Indian Services Commission

Special obligation revenue refunding bonds issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31 2017 is \$2.62 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 experienced unforeseen conditions that leave 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.

The City’s 2015 Adopted Budget and thereon includes funding to pay debt service on the Commission’s guaranteed bonds in accordance with the City’s unconditional obligation. Effective for fiscal year 2015 the City will transfer funds on behalf of the Commission to pay the scheduled debt payments of the principal and interest on its special obligation refunding bonds issued on November 1, 2004. The first debt service payment occurred on May 1, 2015 in the amount of \$75.0 thousand.

As of Dec 31, 2017, the Commission’s remaining principal and interest amounts the City guaranteed are \$2.62 million and \$242.0 thousand respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City’s consolidated cash pool (1.394 percent), the City has recognized a liability of \$2.9 million on 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.

(16) TAX ABATEMENTS

Table 16-1
Page 1 of 2
Tax Abatement by Programs
For the Year Ended December 31, 2017
(In Thousands)

Primary Government		Other Governments		
City of Seattle		King County		State of Washington
Multifamily Property Tax Exemption (MFTE)	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology

1) Purpose of program.	Supports mixed-income residential development in the urban centers, the MFTE program ensures affordability as the community grows.	Provides property tax abatements through the legislature's encouragement to maintain, improve and preserve privately owned historic landmarks.	Provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland.	Provides property tax abatements to encourage home improvements to single-family dwellings.	Provides a deferral and ultimate waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in Washington. The deferral applies to sales and use tax arising from 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.
2) Tax being abated.	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax	Sales and Use Tax
3) Authority under which abatement agreements are entered into.	SMC Chapter 5.73 and RCW Chapter 84.14, in addition, each owner of a participating MFTE property must enter a legally binding agreement with the City of Seattle, which is then recorded with King County. The agreement details the	Chapter 84.26 RCW, RCW 84.26.020(2) and RCW 84.26.050(2)	RCW 84.33.130 and RCW 84.34.010	RCW 84.36.400	Chapter 82.63 RCW

<p>4) Criteria to be eligible to receive abatement.</p>	<p>MFTE is to incentivize the creation of affordable housing by providing a property tax exemption on new multifamily buildings in exchange of setting aside 20-25 percent of the homes as income- and rent-restricted.</p>	<p>The property must meet four criteria to qualify for special valuation to receive a reduction in property taxes. The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation by the local legislative authority; (3) be rehabilitated at a cost which meets the definition set forth in RCW 84.26.020(2) 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 as described in RCW 84.26.050(2).</p>	<p>Through four programs: Pubic Benefit Rating System (PBRS) enrollment and associated tax savings are based on a point system. Points are awarded for each PBRS resource category a property qualifies for such as protecting buffers to streams and wetlands, ground water protection, preserving significant wildlife habitat, conserving farmland and native forestland and preserving historic landmarks. Timber Land enrollment requires a property to have between 5 and 20 acres of manageable forestland, and be zoned RA, F or A. Land participating in this program must be devoted primarily to the growth, harvest and management of forest crops for commercial purposes and must be managed according to an approved forest stewardship plan. Farm and Agricultural Land enrollment requires land to be used for the production of livestock or agricultural commodities for commercial purposes. Forestland enrollment requires a property to have more than 20 acres of eligible forestland primarily devoted to the growth and harvest of timber.</p>	<p>Make improvement to single-family dwellings.</p>	<p>Businesses must apply for a deferral certificate prior to being issued a building permit for the project(s) or before taking possession of machinery and equipment.</p>
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Table 16-1
Page 2 of 2

**Tax Abatement by Programs
For the Year Ended December 31, 2017
(In Thousands)**

	Primary Government		Other Governments		
	City of Seattle		King County		
	Multifamily Property Tax Exemption (MFTE)	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	
5) How recipients' taxes are reduced.	The entire appraised value of a participating property's residential improvements is exempt.	An owner of property desiring special valuation shall apply to the assessor of the County in which the property is located. The application form shall include a statement that the applicant is aware of the potential tax liability involved when the property ceases to be eligible for special valuation. Applications shall be made no later than October 1 of the calendar year preceding the first assessment year for which classification is requested.	An owner of land desiring current use classification must submit an application to the County Assessor.	Abatements are obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.	Eligible projects will receive a sales and use tax deferral certificate issued by Department of Revenues, which allows vendors and contractors to sell to the approved business without charging sales tax. An annual survey must be filed by May 31, of the year in which the project is certified and for the following seven years.
6) How amount of abatement is determined.	The entire appraised value of a participating property's residential improvements is tax exempt. Therefore, the case by case value of the exemption is dependent on each individual property's appraised value.	The County Assessor shall, for 10 consecutive assessment years following the calendar year in which application is made, place a special valuation on property classified as eligible historic property. At the conclusion of special valuation, the cost shall be considered new construction.	A participating property is assessed at a "current use" value, which is lower than the "highest and best use" assessment value that would otherwise apply to the property.	Any physical improvement to single-family dwellings upon real property shall be exempt from taxation for the three assessment years subsequent to the completion of the improvement.	Vendors and contractors waive the sales and use tax for the approved businesses.

7) Provisions for recapturing abated taxes.	If a property fails to comply with affordability restriction, the Director of Housing has the authority to cancel a tax exemption, and the Assessor has the authority to 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.	N/A	If the investment project is used for any other purpose at any time during the calendar year in which the investment is certified as operationally complete, or during the next seven calendar years, a portion of the deferred taxes must be repaid immediately. The portion due is determined by a sliding scale ranging from 100 percent recapture in the year the project is operationally complete to 12.5 percent recapture in year eight.
8) Types of commitments made by the City other than to reduce taxes.	N/A	N/A	N/A	N/A	N/A
9) Gross amount of City's revenues being reduced.	\$ 3	\$ 3,046	\$ 145	\$ 753	\$ 19,415
			Total Revenue Reduction	\$	23,362

^a For the MFTE program, any change in tax revenue to the City is not the direct result of the exemption but rather the associated deferral on adding the new construction value of MFTE properties to the King County property tax base until after each project's exemption period has terminated.

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

GOVERNMENTAL ACTIVITIES

For fiscal year 2017, the City fully implemented GASB 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. GASB73 requires a liability for pension obligations, known as the Total Pension Liability to be recognized on the balance sheets of participating employers. Therefore, the liability was recognized and reported retroactively for the City's Firemen's Pension and Police Relief and Pension plans in the government-wide financial statements. This adjustment resulted a restatement to the 2017 beginning net position of the Governmental Activities. The net effect to the 2017 beginning net position is a reduction of \$227.3 million, which comprises of the total pension liability of \$193.8 million and reversal of the net pension assets of 33.5 million recognized in fiscal year 2016 under GASB 25 and 27.

(18) SUBSEQUENT EVENTS

On May 22, 2018, pursuant to City Council Bill 119110, the City issued (1) \$23.21 million of Limited Tax General Obligation (LTGO) Improvement Bonds A with an average coupon rate of 4.597 percent and a final maturity of December 1, 2038; (2) \$26.7 million of LTGO Improvement Taxable Bonds B with an average coupon rate of 3.612 percent and a final maturity of November 1, 2038.

On June 5, 2018, pursuant to City Council Ordinance 125459 and related Pricing Certificate, the city issued \$263.8 million Municipal Light and Power (ML&P) Improvement Revenue Bonds, 2018, Series A, with average coupon rates of 4.076% and a final maturity of January 1, 2048.

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.

As described in Note 1, Summary of Significant Accounting Policies, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011; the Library Fund no longer meets the definition for a special revenue fund and is now reported as part of the General Fund for the GAAP reporting. Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund, C-1, is presented on the budgetary basis for the legally adopted budget of the General Fund.

C-1

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 290,932	\$ 290,932	\$ 294,720	\$ 3,788
Retail Sales and Use Taxes	246,197	246,197	254,522	8,325
Business Taxes	307,206	307,206	302,371	(4,835)
Excise Taxes	75,095	75,095	83,447	8,352
Other Taxes	9,207	9,207	12,583	3,376
Interfund Business Taxes	155,410	155,410	159,955	4,545
Total Taxes	<u>1,084,047</u>	<u>1,084,047</u>	<u>1,107,598</u>	<u>23,551</u>
Licenses and Permits	45,876	45,876	35,462	(10,414)
Grants, Shared Revenues, and Contributions	37,817	49,043	24,107	(24,936)
Charges for Services	51,579	53,223	69,076	15,853
Fines and Forfeits	29,527	29,527	28,972	(555)
Parking Fees and Space Rent	43,231	43,231	38,588	(4,643)
Program Income, Interest, and Miscellaneous Revenues	249,280	249,838	301,915	52,077
Total Revenues	<u>1,541,357</u>	<u>1,554,785</u>	<u>1,605,718</u>	<u>50,933</u>
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	473,367	506,457	466,581	39,876
Judicial	31,983	31,983	31,658	325
Public Safety	566,867	590,417	611,201	(20,784)
Physical Environment	14,419	15,644	16,111	(467)
Transportation	12,500	12,500	12,041	459
Economic Environment	38,371	43,651	33,459	10,192
Health and Human Services	—	—	—	—
Culture and Recreation	11,987	12,196	11,074	1,122
Capital Outlay				
General Government	49,999	51,962	15,278	36,684
Public Safety	11,058	11,294	1,373	9,921
Physical Environment	2,826	2,826	—	2,826
Transportation	28,091	23,937	—	23,937
Economic Environment	220	220	53	167
Culture and Recreation	78,980	85,116	23,544	61,572
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Total Expenditures and Encumbrances	<u>1,320,668</u>	<u>1,388,203</u>	<u>1,222,373</u>	<u>165,830</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	220,689	166,582	383,345	216,763
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	3,487	3,487	5,180	1,693
Transfers In	34,399	46,729	12,753	(33,976)
Transfers Out	(421,284)	(437,903)	(355,335)	82,568
Total Other Financing Sources (Uses)	<u>(383,398)</u>	<u>(387,687)</u>	<u>(337,402)</u>	<u>50,285</u>
Net Change in Fund Balance	<u>\$ (162,709)</u>	<u>\$ (221,105)</u>	<u>45,943</u>	<u>\$ 267,048</u>
Budgetary Fund Balance - Beginning of Year			338,448	
Net Change in Encumbrances			(756)	
Net Change in Unappropriable Reserves			(81,659)	
Budgetary Fund Balance - End of Year			<u>301,976</u>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			170,224	
Encumbrances			7,371	
Reimbursements				
Budgeted as Revenues			206,232	
Budgeted as Expenditures			(206,232)	
GASB Statement No. 54 Reporting Adjustment				
Library Fund Balances			15,511	
Fund Balance (GAAP) - End of Year			<u>\$ 495,082</u>	

C-2

TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 96,984	\$ 96,984	\$ 96,396	\$ (588)
Retail Sales and Use Taxes	—	—	—	—
Business Taxes	41,048	41,048	43,014	1,966
Excise Taxes	—	—	—	—
Other Taxes	—	—	—	—
Interfund Business Taxes	—	—	—	—
Total Taxes	<u>138,032</u>	<u>138,032</u>	<u>139,410</u>	<u>1,378</u>
Licenses and Permits	(190)	(190)	8,212	8,402
Grants, Shared Revenues, and Contributions	42,305	62,838	33,369	(29,469)
Charges for Services	64,371	67,763	74,763	7,000
Fines and Forfeits	—	—	172	172
Parking Fees and Space Rent	(200)	(200)	244	444
Program Income, Interest, and Miscellaneous Revenues	25,206	25,206	698	(24,508)
Total Revenues	<u>269,524</u>	<u>293,449</u>	<u>256,868</u>	<u>(36,581)</u>
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	—	—	—	—
Judicial	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	172,381	175,764	181,775	(6,011)
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	—	—	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	852,184	887,118	203,447	683,671
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	1,522	1,522	1,522	—
Interest	75	75	75	—
Bond Issuance Cost	—	—	—	—
Other	—	—	—	—
Total Expenditures and Encumbrances	<u>1,026,162</u>	<u>1,064,479</u>	<u>386,819</u>	<u>677,660</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	<u>(756,638)</u>	<u>(771,030)</u>	<u>(129,951)</u>	<u>641,079</u>
OTHER FINANCING SOURCES (USES)				
Long-term Debt Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	392,452	394,275	159,145	(235,130)
Transfers Out	(100,893)	(102,026)	(26,535)	75,491
Total Other Financing Sources (Uses)	<u>291,559</u>	<u>292,249</u>	<u>132,610</u>	<u>(159,639)</u>
Net Change in Fund Balance	<u>\$ (465,079)</u>	<u>\$ (478,781)</u>	<u>2,659</u>	<u>\$ 481,440</u>
Budgetary Fund Balance - Beginning of Year			(29,386)	
Net Change in Encumbrances			3,410	
Net Change in Unappropriable Reserves			(76,523)	
Budgetary Fund Balance - End of Year			<u>(99,840)</u>	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			203,448	
Encumbrances			—	
Reimbursements			—	
Budgeted as Revenues			—	
Budgeted as Expenditures			—	
Fund Balance (GAAP) - End of Year			<u>\$ 103,608</u>	

PENSION 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 68. The Firemen's and Police Relief and Pension funds continue to apply GASB Statement 27 until GASB Statement 73 becomes effective, and the required supplementary information (C4, C5) 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 six consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11, Table 11-1.

Under GASB Statement 68, the City's cost-sharing multiple-employer plans are the Seattle City Employees' Retirement System (SCERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF1) and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2). As required by GASB Statement 68 the required supplementary information (C6, C7) 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.

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PENSION PLAN INFORMATION

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

December 31, 2017

(In Thousands)

Police Relief and Pension Fund

Year Ended	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Service Cost	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,401	N/A	N/A	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	N/A	N/A
Effect of economic/demographic gains or (losses)	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	1,689	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(5,593)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	(503)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	93,459	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	92,956	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	—	N/A	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

This schedule will be built prospectively until it contains ten years of data.

Firefighters' Pension Fund

Year Ended	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Service Cost	\$ —	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest on total pension liability	3,623	N/A	N/A	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	N/A	N/A
Effect of economic/demographic gains or (losses)	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	2,118	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,485)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in pension liability	(1,744)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, beginning	100,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability, ending	98,573	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	—	N/A	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

This schedule will be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Seattle City Employees' Retirement System
December 31, 2016
Last Ten Fiscal Years ^a
(In Thousands)

	2017	2016	2015	2014	2013
Employer's proportion of the net pension liability (asset)	99.93%	99.91%	99.89%	N/A	N/A
Employer's proportionate share of the net pension liability	1,304,140	1,297,983	1,106,800	N/A	N/A
Employer's covered employee payroll	708,562	638,354	626,403	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	184.05%	203.33%	176.69%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	65.60%	64.03%	67.70%	N/A	N/A
	2012	2011	2010	2009	2008
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
Employer's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee 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.

PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
June 30, 2017
Last Ten Fiscal Years ^a
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Employer's proportion of the net pension asset	3.55 %	3.55 %	3.55 %	3.55 %	N/A
Employer's proportionate share of the net pension asset	(53,981)	(36,619)	(42,771)	(43,065)	N/A
Employer's covered employee payroll	2,023	2,542	3,930	4,905	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(2,668.36)%	(1,440.33)%	(1,088.29)%	(878.02)%	N/A
Plan fiduciary net position as a percentage of the total pension asset	135.96 %	123.74 %	127.36 %	126.91 %	N/A
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Employer's proportion of the net pension asset	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	N/A	N/A	N/A	N/A	N/A
Employer's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	N/A	N/A	N/A	N/A	N/A

^a This schedule will be built prospectively until it contains ten years of data.

PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
June 30, 2017
Last Ten Fiscal Years ^a
(In Thousands)

	2017	2016	2015	2014	2013
Employer's proportion of the net pension asset	9.17 %	9.36 %	9.31 %	9.40 %	N/A
Employer's proportionate share of the net pension asset	(127,282)	(54,489)	(95,637)	(125,076)	N/A
LEOFF 2 employers only - State's proportionate share of the net pension asset associated with the employer	(82,565)	(35,523)	(64,124)	(82,876)	N/A
Total	(209,847)	(90,012)	(159,761)	(207,952)	N/A
Employer's covered employee payroll	283,991	273,333	268,461	255,273	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	(44.82)%	(19.94)%	(35.62)%	(49.00)%	N/A
Plan fiduciary net position as a percentage of the total pension asset	113.36 %	106.04 %	111.67 %	116.75 %	N/A
	2012	2011	2010	2009	2008
Employer's proportion of the net pension asset	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension asset	N/A	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	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
Employer's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	N/A	N/A	N/A	N/A	N/A

^a This schedule will be built prospectively until it contains ten years of data.

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Seattle City Employees' Retirement System
December 31, 2017
Last Ten Fiscal Years
(In Thousands)

	2017	2016	2015	2014	2013
Contractually required employer contributions	107,900	100,614	89,363	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions	108,500	100,614	89,363	N/A	N/A
Contribution deficiency (excess)	(600)	—	—	N/A	N/A
Covered employer payroll	708,562	638,354	626,403	N/A	N/A
Contributions as a percentage of covered employee payroll	15.31%	15.76%	14.27%	N/A	N/A
	2012	2011	2010	2009	2008
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 employer payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage 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.

PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
December 31, 2017
Last Ten Fiscal Years ^a
(In Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily or contractually required contributions ^b	—	—	—	—	N/A
Contributions in relation to the statutorily or contractually required contributions ^b	—	—	—	—	N/A
Contribution deficiency (excess)	—	—	—	—	N/A
Covered employer payroll	2,023	2,542	3,930	4,905	N/A
Contributions as a percentage of covered employee payroll	—%	—%	—%	—%	N/A
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily or contractually required contributions ^b	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions ^b	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A
Covered employer payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage 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 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, 2017
Last Ten Fiscal Years ^a
(In Thousands)

	2017	2016	2015	2014	2013
Statutorily or contractually required contributions	15,300	14,332	13,638	13,249	N/A
Contributions in relation to the statutorily or contractually required contributions	15,300	14,332	13,638	13,249	N/A
Contribution deficiency (excess)	—	—	—	—	N/A
Covered employer payroll	283,991	273,333	268,461	255,273	N/A
Contributions as a percentage of covered employee payroll	5.23%	5.24%	5.08%	5.19%	N/A
	2012	2011	2010	2009	2008
Statutorily or contractually required 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 employer payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage 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.

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Combining and Individual Fund and Other Supplementary Information

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

The **Parks and Recreation Fund** accounts for the operation of the City's parks system. The fund continues to receive monies for charter revenues as required by the City Charter. Required charter revenue to the fund is ten percent of all business and occupation taxes, related fines, penalties, and other licenses. In 2009, the City changed the charter revenue allocation from direct method of allocating ten percent actual revenue receipts periodically to an indirect method of transferring a fixed amount from the General Fund as adopted by the City Council each year. At the end of each year, an analysis is performed to ensure that Park and Recreation Fund receives monies equal to or exceeding the ten percent charter revenue requirement. Transfers-in are recognized for these cash transfers in this fund. The fund also receives usage fees.

The **Seattle Streetcar Fund** accounts for payments to King County, based on certain formulas, for operating and maintaining the City's streetcar. The fund is supported by revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations, or gifts; property sales proceeds or other moneys supported by ordinance (Ordinance 122424).

The **Key Arena Settlement Proceeds Fund** accounts for all proceeds received pursuant to the settlement of the Key Arena litigation which shall be used and applied in accordance with appropriations by the City Council (Ordinance 122834).

The **Pike Place Market Renovation Fund** accounts for the proceeds of a six-year tax levy (Market Levy) approved by the voters in 2008 received on behalf of the Pike Place Market Preservation and Development Authority (PPMPDA) to pay for the cost of renovating the Pike Place Market owned by PPMPDA under the Levy Proceeds Agreement by and between the City and PPMPDA (Ordinance 122737). It also accounts for the proceeds of bonds issued in part by the 2009, 2010, and 2011 Multipurpose Long-Term General Obligation Bond as temporary financing for the Pike Place Market renovation, whose bonds and interest are being paid from the Market Levy proceeds at bond maturity and interest payment dates (Ordinances 122848, 123156, and 123480).

The **Seattle Center Fund** accounts for the operations of the Seattle Center. The Center is a 74-acre convention, performance, and family entertainment complex on the site of the 1962 Seattle World's Fair.

The **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 (WAT) services offset higher operational and maintenance costs (Ordinance 124524).

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 (Ordinance 124928).

The **Department of Education and Early Learning Fund** accounts for proceeds from the Families and Education Levy, the General Fund, and other resources as authorized. The mission of this department is to ensure that all Seattle children have the opportunity to succeed in school and in life, and to graduate from high school ready for college or a career (Ordinance 124650).

The **Human Services Operating Fund** accounts for grants and General Fund moneys for programs to aid low-income persons, youths, and the elderly.

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

The **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 **Housing and Community Development Revenue Sharing Fund** receives federal Community Development Block Grant and Urban Development Action Grant moneys to provide housing and community development assistance to low- and moderate-income persons.

The City of Seattle

The **Education and Development Services Fund** accounts for a seven-year levy approved by the voters in 1997, in 2004, and again in 2011 to provide educational and developmental services to supplement the basic education activities financed by the State of Washington (Ordinances 118557, 121529, and 123567).

The **Preschool Levy 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 (Ordinance 124509).

The **2012 Library Levy Fund** accounts for a seven-year levy approved by the voters in 2012, providing support for library services which include maintaining hours and access, increasing the size and quality of library collections both new book titles and digital media, technology replacements and upgrades, and regular maintenance and major repairs (Ordinance 123851).

The **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 (Ordinance 124230).

The **Seattle Metropolitan Parks District Fund** accounts for the independent taxing district created through voter approval and governed by the City Council. The purpose of the district is to fund maintenance, operations, and improvements of parks, community centers, pools and other recreation facilities and programs through its power to levy and impose various taxes and fees.

The **Business Improvement Areas Fund** accounts for moneys that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **Seattle Transportation Benefit Fund** accounts for the independent taxing district created and governed by the City Council. The purpose of the district is to fund transportation improvements within the boundaries of the City through an imposed \$20 vehicle registration fee. See Note 12, Component Units, for additional information pertaining to the district.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least one percent of the total cost of City capital construction projects. The City uses these moneys to buy visual arts.

The **General Donations and Gift Trust Fund** holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, K-9 corps, climate action, and rescue of prostituted children.

DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives moneys from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives moneys from the General Fund and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

The **Interfund Notes Payable - Local Improvement Districts (LIDs) Fund** accounts for the payments of interest and principal on interfund notes payable to the Cumulative Reserve Subfund, a General Fund subfund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** receives surpluses and guarantees faithful compliance of bond covenants on completed or defeased LID bond funds. When required, it shall be funded by excess general property tax levies or by the General Fund. The City is legally obliged to maintain a fund level at 10 percent of net outstanding LID debt.

CAPITAL PROJECTS FUNDS

The **Public Safety Facilities and Equipment Fund** was established in December 1990 to account for the improvement of public safety equipment. In 1990 the fund received transfers of reimbursable appropriations from the Cumulative Reserve Subfund and expended \$1 million for the improvement and construction of certain facilities. In 1991 the fund received \$8 million from the sale of limited tax levy

general obligation bonds. In 1996 the fund received \$17.6 million from the sale of limited tax general obligation bonds (Ordinances 115453, 116797, 118108, 118184, 118225, and 118364).

The **Shoreline Park Improvement Fund** accounts for Local Improvement subprogram moneys for shoreline and beach park improvements that were received as METRO mitigation grants related to the expansion of the West Point sewage treatment plant (Ordinance 115496).

The **Community Improvement Fund** accounts for moneys from community improvement contributions by METRO for public improvements in the Alki and Discovery Park areas to mitigate the negative construction impacts in those communities (Ordinance 115496).

The **Park Mitigation and Remediation Fund** account for monies received for development, renovation or improvements to Department of Parks and Recreation properties related to implementing the Arboretum Mitigation Plan to address impacts from the State's SR 520, I-5 To Medina: Bridge Replacement and HOV Project (Ordinance 124208).

The **Park Capital Projects Fund** was established in 2015. It accounts for revenues received by the City from which associated expenditures may be paid, including capital cost for the Seattle Park District or other sources (Ordinance 124634).

The **Open Spaces and Trails Bond Fund** was established in 1989. It accounts for \$41.8 million which is Seattle's portion of the King County general obligation bond issued to finance the preservation of greenbelts, natural areas, other undeveloped open spaces, and to acquire and develop recreational trails within the City (Ordinance 114900).

The **Seattle Center and Parks Multipurpose Levy Fund** was established to account for the 8-year \$72 million property tax levy approved by voters in 1999 for improvements to the Seattle Center Opera House, replacement of the Flag Pavilion with a new Festivals Pavilion, and the construction and remodeling of community centers (Ordinance 119522). It also accounts for the 8-year \$129.2 million property tax levy approved by the voters in 2000 for improving maintenance and programs of existing parks, including the Woodland Park Zoo; acquiring, developing, and maintaining new neighborhood parks, green spaces, playfields, trails, and boulevards; and recreational programming for funding safe out-of-school and senior activities (Ordinance 120024).

The **Seattle Center Redevelopment/Parks Community Center Fund** was established in 1991 to provide partial funding for certain needed improvements to the Seattle Center and full City funding for certain improvements to selected community centers. It received the proceeds of the \$14.75 million limited tax general obligation bond issue and grant moneys from Washington State Department of Community Development. The fund also received the proceeds of the \$3.22 million sale of limited tax general obligation bond anticipation notes to finance preconstruction costs for redevelopment of the Seattle Center Coliseum during 1993 (Ordinances 115844 and 116720).

The **Municipal Civic Center Fund** was established in 1998 to account for the planning, design, and construction of the new Municipal Courthouse and police headquarters, the new City Hall, Key Tower major improvements, and other capital projects relating to the Civic Center (Ordinance 119304).

The **2003 Fire Facilities Fund** was established to account for the 9-year additional property tax levy of \$167.2 million approved by the voters. The purpose of the levy is to pay all or part of the cost of neighborhood fire stations, support facilities, marine apparatus, emergency preparedness, and other emergency response facilities (Ordinance 121230).

The **Local Improvement Fund, District No. 6750** was established in 2006 to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district (Ordinance 121951).

The **2008 Multipurpose Long-Term General Obligation Bond Fund** was established in 2007 to account for capital costs related to the South Rainier Street Grade Separation, Spokane Street Viaduct, Mercer Corridor, and King Street Multimodal Terminal projects. Initial funds for these projects were provided from interfund loans to be repaid from proceeds of limited tax general obligation bonds issued in 2008 by the City (Ordinance 122417). The bond ordinance finally allocated the bond proceeds to the King Street Multimodal Terminal, Bridge Seismic, Rehabilitation and Replacement, Pay Stations, Fire Station projects, and the South Lake Union Property Proceeds Account (Ordinance 122553).

The **2009 Multipurpose Long-Term General Obligation Bond Fund** was established in 2008 to account for the proceeds of the bonds issued in March 2009 to provide funding for the costs of capital projects including the Alaskan Way Viaduct/Seawall, North Precinct,

The City of Seattle

Northgate Land, Northgate Park, Rainer Beach Community Center, Trails, Bridge Rehabilitation, King and Spokane Streets projects, and the Municipal Jail (Ordinance 122848).

The **2010 Multipurpose Long-Term General Obligation Bond Fund** was established in 2010 to account for the proceeds of the bonds issued in March 2010 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation, Bridge Seismic Retrofit, Mercer Corridor-South Lake Union, Mercer Corridor West, King Street Station Multimodal Terminal, Alaskan Way Viaduct, Parking Pay Stations, Pike Place Market Renovation, Golf Course Improvements, and Tier-1 Storage Area Network (Ordinance 123156).

The **2011 Multipurpose Long-Term General Obligation Bond Fund** was established in 2011 to account for the proceeds of the bonds issued in March 2011 to provide funding for the costs of capital projects relating to the Spokane Street Viaduct, Bridge Rehabilitation and Seismic Retrofit, Parking and Program Management, Facility Energy Retrofits, Rainier Beach Community Center, King Street Station Multimodal Terminal, Seattle Center Renovations, Pike Place Market Renovation, Golf Course Improvements, and Alaska Way Viaduct and Seawall (Ordinance 123480).

The **2012 Multipurpose Long-Term General Obligation Bond Fund** was established in 2012 to account for the proceeds of the bonds issued in May 2012 to provide funding for the costs of capital projects relating to Bridge Seismic Retrofit, the Mercer Corridor-South Lake Union, Mercer Corridor West, Linden Avenue North, Alaskan Way Viaduct Seawall, Alaskan Way Viaduct Parking and Program Management, Rainier Beach Community Center, Magnuson Park Building 30, and Library Information Technology Systems (Ordinance 123751).

The **2013 Multipurpose Long-Term General Obligation Bond Fund** was established in 2013 to account for the proceeds of bonds issued in June 2013 to provide funding for the costs of capital projects relating to Transportation Infrastructure, Recreational and Public Safety facilities, and Information Technology Systems (Ordinance 124053).

The **Alaskan Way Seawall Construction Fund** was established in 2013 to account for the issuance of and sale of unlimited tax general obligation bonds and bond anticipation notes, and authorized loans of resources from various City funds, to pay all or part of the costs of the design, construction, renovation, improvement and replacement of the Alaskan Way Seawall and associated public infrastructure (Ordinance 124125).

The **Central Waterfront Improvement Fund** was established in 2012 to account for capital costs related to the Alaskan Way Viaduct and Seawall Replacement Program, including costs associated with the design and construction of the Central Waterfront component, costs for city administration, and costs eligible for financing by a future Local Improvement District. The fund shall receive all revenues including, but not limited to, revenues from sponsorship agreements; federal, state, country or other grants or transfers; private funding, donations or gifts; property sales proceeds; and other monies as authorized by the City Council (Ordinance 123761).

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 (Ordinance 124349).

The **2014 Multipurpose Long-Term General Obligation Bond** 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 (Ordinance 124341).

The **2015 Multipurpose Long-Term General Obligation Bond** was established in 2014 to account for the proceeds of the issuance of bonds to provide funding for the cost of City's capital projects relating to acquisition of real property, right of way, other real property interest, improvements, designs, demolish, renovate, upgrade, construct, betterments and extensions of facilities and plants or systems and obtain any ancillary services (Ordinance 124648).

The **2016 Multipurpose Long-Term General Obligation Bond** 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 (Ordinance 124924).

The **2017 Multipurpose Long-Term General Obligation Bond** 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 in the amount of \$1.5 Million for bridge financing of the Haller Lake Improvement project (Ordinance 124925).

The **Garage Proceeds Disposition Fund** was established in 2016 to provide remedial action to the City's Limited Tax General Obligation Improvement and Refunding Bonds, 2007, and providing for the defeasance and redemption of bonds that are currently outstanding. Creating a new fund for the expenditure of disposition of proceeds and authorizing the purchase of certain investments and the use of their proceeds (Ordinances 119155, 122286 and 125075).

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, 2017
(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2017	2016
ASSETS						
Cash and Equity in Pooled Investments	\$ 456,575	\$ 11,149	\$ 91,030	\$ 2,208	\$ 560,962	\$ 553,491
Receivables, Net of Allowances	25,490	490	15,621	—	41,601	29,589
Due from Other Funds	9,511	350	861	—	10,722	14,865
Due from Other Governments	15,535	—	177	—	15,712	23,009
Interfund Loans and Advances	7,463	—	8,000	—	15,463	16,321
Other Current Assets	635	—	—	—	635	721
Total Assets	515,209	11,989	115,689	2,208	645,095	637,996
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 515,209	\$ 11,989	\$ 115,689	\$ 2,208	\$ 645,095	\$ 637,996
LIABILITIES						
Accounts Payable	\$ 26,112	\$ —	\$ 2,063	\$ —	\$ 28,175	\$ 53,378
Contracts Payable	495	—	5	—	500	785
Salaries, Benefits, and Taxes Payable	7,982	—	3	—	7,985	7,277
Due to Other Funds	21,962	350	3,461	—	25,773	60,622
Due to Other Governments	5,198	—	—	—	5,198	5,198
Revenues Collected in Advance	8,119	—	104	—	8,223	7,274
Interfund Loans and Advances	9,034	—	30,556	—	39,590	38,322
Other Current Liabilities	2,708	—	86	—	2,794	1,037
Total Liabilities	81,610	350	36,278	—	118,238	173,893
DEFERRED INFLOWS OF RESOURCES						
	1,937	349	7,926	—	10,212	9,777
FUND BALANCES						
Nonspendable	693	—	—	2,050	2,743	2,739
Restricted	404,714	11,290	90,499	158	506,661	466,073
Committed	17,548	—	—	—	17,548	12,778
Assigned	11,963	—	—	—	11,963	9,819
Unassigned	(3,256)	—	(19,014)	—	(22,270)	(37,083)
Total Fund Balances	431,662	11,290	71,485	2,208	516,645	454,326
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 515,209	\$ 11,989	\$ 115,689	\$ 2,208	\$ 645,095	\$ 637,996

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2017
(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	\$ 4,381	\$ 22	\$ 5	\$ 368	\$ 6,911	\$ 3,565
Receivables, Net of Allowances	5,179	103	(10)	13	4,460	523
Due from Other Funds	1,163	15	5	—	178	—
Due from Other Governments	274	3	—	—	—	—
Interfund Loans and Advances	6,980	—	—	—	—	—
Other Current Assets	380	—	—	—	255	—
Total Assets	18,357	143	—	381	11,804	4,088
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 18,357	\$ 143	\$ —	\$ 381	\$ 11,804	\$ 4,088
LIABILITIES						
Accounts Payable	\$ 1,025	\$ —	\$ —	\$ —	\$ 474	\$ 35
Contracts Payable	495	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	4,100	—	—	—	1,722	—
Due to Other Funds	1,307	199	—	—	569	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	1,364	1,000	—	—	1,113	—
Interfund Loans and Advances	—	2,200	—	—	—	—
Other Current Liabilities	1,677	—	—	—	2	975
Total Liabilities	9,968	3,399	—	—	3,880	1,010
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	13	—	—
FUND BALANCES						
Nonspendable	419	—	—	—	274	—
Restricted	1,678	—	—	368	2,769	3,078
Committed	—	—	—	—	4,881	—
Assigned	6,292	—	—	—	—	—
Unassigned	—	(3,256)	—	—	—	—
Total Fund Balances	8,389	(3,256)	—	368	7,924	3,078
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,357	\$ 143	\$ —	\$ 381	\$ 11,804	\$ 4,088

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2017
(In Thousands)**

	Election Vouchers Fund	Education and Early Learning	Human Service Operating	Low-Income Housing	Office Of Housing	Housing Community Development Revenue Sharing
ASSETS						
Cash and Equity in Pooled Investments	\$ 3,162	\$ 3,277	\$ 23,843	\$ 180,371	\$ 1,851	\$ 3,211
Receivables, Net of Allowances	81	—	6,928	1,170	71	4,764
Due from Other Funds	—	11	4,178	1,054	1,826	10
Due from Other Governments	—	252	6,198	933	74	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	3,243	3,540	41,147	183,528	3,822	7,985
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 3,243	\$ 3,540	\$ 41,147	\$ 183,528	\$ 3,822	\$ 7,985
LIABILITIES						
Accounts Payable	\$ 3	\$ 356	\$ 13,192	\$ 821	\$ —	\$ 338
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	345	1,518	—	216	—
Due to Other Funds	113	689	371	2,219	55	2,623
Due to Other Governments	—	—	5,198	—	—	—
Revenues Collected in Advance	—	—	4,587	—	—	55
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Liabilities	—	—	—	52	1	1
Total Liabilities	116	1,390	24,866	3,092	272	3,017
DEFERRED INFLOWS OF RESOURCES						
	33	—	—	466	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	—	2,150	4,587	179,970	—	4,968
Committed	3,094	—	9,573	—	—	—
Assigned	—	—	2,121	—	3,550	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	3,094	2,150	16,281	179,970	3,550	4,968
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,243	\$ 3,540	\$ 41,147	\$ 183,528	\$ 3,822	\$ 7,985

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2017
(In Thousands)**

	Education and Development Services	Preschool Levy 2014	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas
ASSETS						
Cash and Equity in Pooled Investments	\$ 54,414	\$ 23,183	\$ 10,397	\$ 13,555	\$ 55,877	\$ 4,639
Receivables, Net of Allowances	616	244	325	—	990	—
Due from Other Funds	—	623	88	—	—	3
Due from Other Governments	—	—	—	—	62	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	55,030	24,050	10,810	13,555	56,929	4,642
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 55,030	\$ 24,050	\$ 10,810	\$ 13,555	\$ 56,929	\$ 4,642
LIABILITIES						
Accounts Payable	\$ 6	\$ 63	\$ 9	\$ —	\$ 9,436	\$ 307
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	27	—	—	—
Due to Other Funds	—	6	2,595	339	—	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	6,834	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	6	69	2,631	339	16,270	307
DEFERRED INFLOWS OF RESOURCES						
	455	175	238	—	557	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	54,569	23,806	7,941	13,216	40,102	4,335
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	54,569	23,806	7,941	13,216	40,102	4,335
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 55,030	\$ 24,050	\$ 10,810	\$ 13,555	\$ 56,929	\$ 4,642

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2017
(In Thousands)**

	Transportation Benefit District	General Trust	Municipal Arts	General Donation and Gift Trust	Comparative Totals	
					2017	2016
ASSETS						
Cash and Equity in Pooled Investments	\$ 45,253	\$ 4,292	\$ 10,208	\$ 3,790	\$ 456,575	\$ 402,829
Receivables, Net of Allowances	—	—	—	33	25,490	14,069
Due from Other Funds	—	25	59	273	9,511	14,439
Due from Other Governments	7,739	—	—	—	15,535	22,924
Interfund Loans and Advances	—	—	483	—	7,463	7,396
Other Current Assets	—	—	—	—	635	721
Total Assets	52,992	4,317	10,750	4,096	515,209	462,378
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 52,992	\$ 4,317	\$ 10,750	\$ 4,096	\$ 515,209	\$ 462,378
LIABILITIES						
Accounts Payable	\$ —	\$ 24	\$ 1	\$ 22	\$ 26,112	\$ 48,747
Contracts Payable	—	—	—	—	495	509
Salaries, Benefits, and Taxes Payable	—	1	45	8	7,982	7,275
Due to Other Funds	10,156	24	—	697	21,962	34,565
Due to Other Governments	—	—	—	—	5,198	5,198
Revenues Collected in Advance	—	—	—	—	8,119	7,173
Interfund Loans and Advances	—	—	—	—	9,034	8,321
Other Current Liabilities	—	—	—	—	2,708	1,023
Total Liabilities	10,156	49	46	727	81,610	112,811
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	1,937	1,554
FUND BALANCES						
Nonspendable	—	—	—	—	693	689
Restricted	42,836	4,268	10,704	3,369	404,714	327,919
Committed	—	—	—	—	17,548	12,778
Assigned	—	—	—	—	11,963	9,819
Unassigned	—	—	—	—	(3,256)	(3,192)
Total Fund Balances	42,836	4,268	10,704	3,369	431,662	348,013
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 52,992	\$ 4,317	\$ 10,750	\$ 4,096	\$ 515,209	\$ 462,378

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
December 31, 2017
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2017	2016
ASSETS					
Cash and Equity in Pooled Investments	\$ 10,251	\$ 8	\$ 890	\$ 11,149	\$ 11,267
Receivables, Net of Allowances	490	—	—	490	423
Due from Other Funds	350	—	—	350	—
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	11,091	8	890	11,989	11,690
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 11,091	\$ 8	\$ 890	\$ 11,989	\$ 11,690
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—
Due to Other Funds	350	—	—	350	—
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	350	—	—	350	—
DEFERRED INFLOWS OF RESOURCES					
	349	—	—	349	295
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	10,392	8	890	11,290	11,395
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	10,392	8	890	11,290	11,395
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,091	\$ 8	\$ 890	\$ 11,989	\$ 11,690

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2017
(In Thousands)**

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Parks Capital Projects
ASSETS					
Cash and Equity in Pooled Investments	\$ 480	\$ 9	\$ 11	\$ 10,331	\$ 3,186
Receivables, Net of Allowances	—	—	—	—	5,971
Due from Other Funds	—	—	—	—	121
Due from Other Governments	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	480	9	11	10,331	9,278
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 480	\$ 9	\$ 11	\$ 10,331	\$ 9,278
LIABILITIES					
Accounts Payable	\$ —	\$ —	\$ —	\$ 189	\$ 1,663
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	1	—
Due to Other Funds	—	—	2	14	395
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	8,000
Other Current Liabilities	—	—	—	—	—
Total Liabilities	—	—	2	204	10,058
DEFERRED INFLOWS OF RESOURCES					
	—	—	—	—	—
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	480	9	9	10,127	—
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	(780)
Total Fund Balances	480	9	9	10,127	(780)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 480	\$ 9	\$ 11	\$ 10,331	\$ 9,278

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2017
(In Thousands)**

	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment Parks Community Center	Municipal Civic Center	2003 Fire Facilities
ASSETS					
Cash and Equity in Pooled Investments	\$ 23	\$ 15,481	\$ 1,928	\$ 966	\$ 660
Receivables, Net of Allowances	—	1,345	5	—	—
Due from Other Funds	—	—	500	—	—
Due from Other Governments	—	177	—	—	—
Interfund Loans and Advances	—	8,000	—	—	—
Other Current Assets	—	—	—	—	—
Total Assets	23	25,003	2,433	966	660
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 23	\$ 25,003	\$ 2,433	\$ 966	\$ 660
LIABILITIES					
Accounts Payable	\$ —	\$ 152	\$ 10	\$ —	\$ 29
Contracts Payable	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	(1)	—	—	—
Due to Other Funds	—	452	3	—	1
Due to Other Governments	—	—	—	—	—
Revenues Collected in Advance	—	64	—	—	—
Interfund Loans and Advances	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
Total Liabilities	—	667	13	—	30
DEFERRED INFLOWS OF RESOURCES					
	—	71	—	—	—
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	23	24,265	2,420	966	630
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	23	24,265	2,420	966	630
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 23	\$ 25,003	\$ 2,433	\$ 966	\$ 660

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2017
(In Thousands)**

	Garage Proceeds Disposition Fund	Local Improvement, District No. 6750	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond
ASSETS						
Cash and Equity in Pooled Investments	\$ 335	\$ 1	\$ 34	\$ —	\$ 25	\$ 351
Receivables, Net of Allowances	—	8,215	—	—	—	—
Due from Other Funds	—	—	—	—	—	1
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	335	8,216	34	—	25	352
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 335	\$ 8,216	\$ 34	\$ —	\$ 25	\$ 352
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—	—	—
Due to Other Funds	(34)	—	—	—	—	9
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	—	—
Interfund Loans and Advances	—	72	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	(34)	72	—	—	—	9
DEFERRED INFLOWS OF RESOURCES						
	—	7,855	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	369	289	34	—	25	343
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Fund Balances	369	289	34	—	25	343
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 335	\$ 8,216	\$ 34	\$ —	\$ 25	\$ 352

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2017
(In Thousands)**

	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond
ASSETS						
Cash and Equity in Pooled Investments	\$ 248	\$ 146	\$ 4,106	\$ 4,080	\$ 4,576	\$ 164
Receivables, Net of Allowances	—	—	—	—	—	—
Due from Other Funds	—	3	—	236	—	—
Due from Other Governments	—	—	—	—	—	—
Interfund Loans and Advances	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Total Assets	248	149	4,106	4,316	4,576	164
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 248	\$ 149	\$ 4,106	\$ 4,316	\$ 4,576	\$ 164
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	5	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	3	—	—	—	—
Due to Other Funds	—	1	79	—	7	—
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	40	—	—
Interfund Loans and Advances	—	—	—	22,001	—	—
Other Current Liabilities	—	—	—	—	—	—
Total Liabilities	—	9	79	22,041	7	—
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	—	—
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	248	140	4,027	—	4,569	164
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	(17,725)	—	—
Total Fund Balances	248	140	4,027	(17,725)	4,569	164
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 248	\$ 149	\$ 4,106	\$ 4,316	\$ 4,576	\$ 164

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2017
(In Thousands)**

	2015 Multipurpose Long-Term General Obligation Bond	2016 Multipurpose Long-Term General Obligation Bond	2017 Multipurpose Long-Term General Obligation Bond	2018 Multipurpose Long-Term General Obligation Bond	Comparative Totals	
					2017	2016
ASSETS						
Cash and Equity in Pooled Investments	\$ 2,201	\$ 17,537	\$ 24,151	\$ —	\$ 91,030	\$ 137,219
Receivables, Net of Allowances	—	—	85	—	15,621	15,095
Due from Other Funds	—	—	—	—	861	426
Due from Other Governments	—	—	—	—	177	85
Interfund Loans and Advances	—	—	—	—	8,000	8,925
Other Current Assets	—	—	—	—	—	—
Total Assets	2,201	17,537	24,236	—	115,689	161,750
DEFERRED OUTFLOWS OF RESOURCES						
	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 2,201	\$ 17,537	\$ 24,236	\$ —	\$ 115,689	\$ 161,750
LIABILITIES						
Accounts Payable	\$ 6	\$ 13	\$ 1	\$ —	\$ 2,063	\$ 4,630
Contracts Payable	—	—	—	—	5	276
Salaries, Benefits, and Taxes Payable	—	—	—	—	3	2
Due to Other Funds	133	504	1,869	26	3,461	26,057
Due to Other Governments	—	—	—	—	—	—
Revenues Collected in Advance	—	—	—	—	104	101
Interfund Loans and Advances	—	—	—	483	30,556	30,001
Other Current Liabilities	—	—	86	—	86	14
Total Liabilities	139	517	1,956	509	36,278	61,081
DEFERRED INFLOWS OF RESOURCES						
	—	—	—	—	7,926	7,928
FUND BALANCES						
Nonspendable	—	—	—	—	—	—
Restricted	2,062	17,020	22,280	—	90,499	126,632
Committed	—	—	—	—	—	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	(509)	(19,014)	(33,891)
Total Fund Balances	2,062	17,020	22,280	(509)	71,485	92,741
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,201	\$ 17,537	\$ 24,236	\$ —	\$ 115,689	\$ 161,750

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
December 31, 2017
(In Thousands)**

	H. H. Dearborn	Beach Maintenance Trust	Comparative Totals	
			2017	2016
ASSETS				
Cash and Equity in Pooled Investments	\$ 147	\$ 2,061	\$ 2,208	\$ 2,176
Receivables, Net of Allowances	—	—	—	2
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Assets	—	—	—	—
Total Assets	147	2,061	2,208	2,178
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 147	\$ 2,061	\$ 2,208	\$ 2,178
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ 1
Contracts Payable	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Due to Other Funds	—	—	—	—
Due to Other Governments	—	—	—	—
Revenues Collected in Advance	—	—	—	—
Interfund Loans and Advances	—	—	—	—
Other Current Liabilities	—	—	—	—
Total Liabilities	—	—	—	1
DEFERRED INFLOWS OF RESOURCES				
	—	—	—	—
FUND BALANCES				
Nonspendable	50	2,000	2,050	2,050
Restricted	97	61	158	127
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	147	2,061	2,208	2,177
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 147	\$ 2,061	\$ 2,208	\$ 2,178

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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, 2017
(In Thousands)**

					<u>Comparative Totals</u>	
	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>2017</u>	<u>2016</u>
REVENUES						
Taxes	\$ 239,967	\$ 30,411	\$ 38	\$ —	\$ 270,416	\$ 240,169
Licenses and Permits	—	—	—	—	—	1,443
Grants, Shared Revenues, and Contributions	80,517	1,465	25,350	—	107,332	95,166
Charges for Services	104,625	—	(51)	—	104,574	88,486
Fines and Forfeits	12,497	—	2	—	12,499	13,893
Parking Fees and Space Rent	31,661	347	—	—	32,008	29,683
Program Income, Interest, and Miscellaneous Revenues	18,060	1,049	2,480	33	21,622	18,076
Total Revenues	487,327	33,272	27,819	33	548,451	486,916
EXPENDITURES						
Current						
General Government	63,223	—	—	—	63,223	32,018
Public Safety	1,028	—	—	—	1,028	1,847
Physical Environment	462	—	—	—	462	459
Transportation	6,491	—	—	—	6,491	54,845
Economic Environment	120,051	—	—	—	120,051	148,206
Health and Human Services	120,943	—	—	—	120,943	104,209
Culture and Recreation	234,926	—	—	2	234,928	225,366
Capital Outlay						
General Government	—	—	40,655	—	40,655	16,892
Public Safety	23	—	1,368	—	1,391	15,149
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	57	—	—	—	57	—
Culture and Recreation	1,763	—	34,601	—	36,364	32,346
Debt Service						
Principal	56	54,872	1,430	—	56,358	51,583
Interest	20	35,139	316	—	35,475	32,666
Bond Issuance Cost	—	46	462	—	508	627
Total Expenditures	549,043	90,057	78,832	2	717,934	716,213
Excess (Deficiency) of Revenues over Expenditures	(61,716)	(56,785)	(51,013)	31	(169,483)	(229,297)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	14,605	79,275	—	93,880	145,139
Premium on Bonds Issued	—	580	9,618	—	10,198	22,177
Payment to Refunded Bond Escrow Agent	—	(15,131)	(4,288)	—	(19,419)	(31,909)
Sales of Capital Assets	77	—	77	—	154	27
Transfers In	258,264	56,626	773	—	315,663	324,110
Transfers Out	(112,974)	—	(55,699)	—	(168,673)	(171,675)
Total Other Financing Sources (Uses)	145,367	56,680	29,756	—	231,803	287,869
Net Change in Fund Balance	83,651	(105)	(21,257)	31	62,320	58,572
Fund Balances - Beginning of Year	348,011	11,395	92,742	2,177	454,325	395,752
Fund Balances - End of Year	\$ 431,662	\$ 11,290	\$ 71,485	\$ 2,208	\$ 516,645	\$ 454,324

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2017
(In Thousands)**

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center	Wheelchair Accessibility
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ 13	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	568	6,226	—	—	—	—
Charges for Services	49,362	161	—	—	9,645	2,166
Fines and Forfeits	1	89	—	—	—	—
Parking Fees and Space Rent	8,006	21	—	—	23,437	—
Program Income, Interest, and Miscellaneous Revenues	148	—	—	26	220	32
Total Revenues	58,085	6,497	—	39	33,302	2,198
EXPENDITURES						
Current						
General Government	—	—	—	1,696	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	6,561	—	—	—	—
Economic Environment	—	—	—	—	—	642
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	156,123	—	38	—	44,010	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	258	—	—	—	176	—
Debt Service						
Principal	33	—	—	—	23	—
Interest	19	—	—	—	1	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	156,433	6,561	38	1,696	44,210	642
Excess (Deficiency) of Revenues over Expenditures	(98,348)	(64)	(38)	(1,657)	(10,908)	1,556
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	77	—	—	—	—	—
Transfers In	101,411	—	—	—	12,557	—
Transfers Out	(2,310)	—	—	—	(625)	—
Total Other Financing Sources (Uses)	99,178	—	—	—	11,932	—
Net Change in Fund Balance	830	(64)	(38)	(1,657)	1,024	1,556
Fund Balances - Beginning of Year	7,559	(3,192)	38	2,025	6,900	1,522
Fund Balances - End of Year	\$ 8,389	\$ (3,256)	\$ —	\$ 368	\$ 7,924	\$ 3,078

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2017
(In Thousands)**

	Election Vouchers Fund	Education and Early Learning	Human Service Operating	Low-Income Housing	Office Of Housing	Housing Community Development Revenue Sharing
REVENUES						
Taxes	\$ 2,979	\$ —	\$ —	\$ 37,489	\$ 3,566	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	3,770	54,833	3,762	812	8,262
Charges for Services	—	516	5,746	31,833	2,234	8
Fines and Forfeits	—	—	204	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	33	—	293	10,878	10	3,613
Total Revenues	3,012	4,286	61,076	83,962	6,622	11,883
EXPENDITURES						
Current						
General Government	1,862	—	59,665	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	28,615	58,532	5,838	6,967
Health and Human Services	—	56,621	61,402	—	—	—
Culture and Recreation	—	—	—	—	—	1,178
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	57	—	—
Culture and Recreation	—	—	—	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	1,862	56,621	149,682	58,589	5,838	8,145
Excess (Deficiency) of Revenues over Expenditures	1,150	(52,335)	(88,606)	25,373	784	3,738
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	—	—
Transfers In	—	52,395	91,155	—	532	—
Transfers Out	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	52,395	91,155	—	532	—
Net Change in Fund Balance	1,150	60	2,549	25,373	1,316	3,738
Fund Balances - Beginning of Year	1,944	2,090	13,732	154,597	2,234	1,230
Fund Balances - End of Year	\$ 3,094	\$ 2,150	\$ 16,281	\$ 179,970	\$ 3,550	\$ 4,968

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2017
(In Thousands)**

	Education and Development Services	Preschool Levy 2014	2012 Library Levy	School Zone Automatic Camera Fund	Metropolitan Parks District	Business Improvement Areas
REVENUES						
Taxes	\$ 33,585	\$ 14,482	\$ 17,606	\$ —	\$ 50,925	\$ 20,986
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	12,203	—	—
Parking Fees and Space Rent	—	—	—	197	—	—
Program Income, Interest, and Miscellaneous Revenues	919	347	214	—	469	117
Total Revenues	34,504	14,829	17,820	12,400	51,394	21,103
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	18,742
Health and Human Services	900	2,017	—	—	—	—
Culture and Recreation	—	—	4,196	—	26,335	—
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	1,329	—	—	—
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	900	2,017	5,525	—	26,335	18,742
Excess (Deficiency) of Revenues over Expenditures	33,604	12,812	12,295	12,400	25,059	2,361
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	(32,209)	(9,739)	(15,073)	(8,046)	—	—
Total Other Financing Sources (Uses)	(32,209)	(9,739)	(15,073)	(8,046)	—	—
Net Change in Fund Balance	1,395	3,073	(2,778)	4,354	25,059	2,361
Fund Balances - Beginning of Year	53,174	20,733	10,719	8,862	15,043	1,974
Fund Balances - End of Year	\$ 54,569	\$ 23,806	\$ 7,941	\$ 13,216	\$ 40,102	\$ 4,335

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2017
(In Thousands)**

	Transportation Benefit District	General Trust	Municipal Arts	General Donation and Gift Trust	Comparative Totals	
					2017	2016
REVENUES						
Taxes	58,336	—	—	—	239,967	211,486
Licenses and Permits	—	—	—	—	—	1,443
Grants, Shared Revenues, and Contributions	—	1,087	—	1,197	80,517	78,843
Charges for Services	—	—	2,954	—	104,625	88,486
Fines and Forfeits	—	—	—	—	12,497	13,878
Parking Fees and Space Rent	—	—	—	—	31,661	29,332
Program Income, Interest, and Miscellaneous Revenues	469	65	167	40	18,060	15,100
Total Revenues	58,805	1,152	3,121	1,237	487,327	438,568
EXPENDITURES						
Current						
General Government	—	—	—	—	63,223	11,517
Public Safety	—	868	—	160	1,028	1,847
Physical Environment	—	—	—	462	462	459
Transportation	(70)	—	—	—	6,491	54,845
Economic Environment	—	—	—	715	120,051	148,206
Health and Human Services	—	—	—	3	120,943	104,209
Culture and Recreation	—	106	2,901	39	234,926	225,361
Capital Outlay						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	23	23	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	57	—
Culture and Recreation	—	—	—	—	1,763	241
Debt Service						
Principal	—	—	—	—	56	45
Interest	—	—	—	—	20	12
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	(70)	974	2,901	1,402	549,043	546,742
Excess (Deficiency) of Revenues over Expenditures	58,875	178	220	(165)	(61,716)	(108,174)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	77	27
Transfers In	—	27	187	—	258,264	239,607
Transfers Out	(44,950)	—	—	(22)	(112,974)	(59,962)
Total Other Financing Sources (Uses)	(44,950)	27	187	(22)	145,367	179,672
Net Change in Fund Balance	13,925	205	407	(187)	83,651	71,498
Fund Balances - Beginning of Year	28,911	4,063	10,297	3,556	348,011	276,513
Fund Balances - End of Year	\$ 42,836	\$ 4,268	\$ 10,704	\$ 3,369	\$ 431,662	\$ 348,011

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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, 2017
(In Thousands)**

	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2017	2016
REVENUES					
Taxes	\$ 30,411	\$ —	\$ —	\$ 30,411	\$ 28,614
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	1,465	—	—	1,465	983
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	347	—	—	347	351
Program Income, Interest, and Miscellaneous Revenues	1,035	—	14	1,049	977
Total Revenues	33,258	—	14	33,272	30,925
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	54,872	—	—	54,872	50,218
Interest	35,139	—	—	35,139	32,009
Bond Issuance Cost	46	—	—	46	—
Total Expenditures	90,057	—	—	90,057	82,227
Excess (Deficiency) of Revenues over Expenditures	(56,799)	—	14	(56,785)	(51,302)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	14,605	—	—	14,605	—
Premium on Bonds Issued	580	—	—	580	—
Payment to Refunded Bond Escrow Agent	(15,131)	—	—	(15,131)	—
Sales of Capital Assets	—	—	—	—	—
Transfers In	56,626	—	—	56,626	51,150
Transfers Out	—	—	—	—	—
Total Other Financing Sources (Uses)	56,680	—	—	56,680	51,150
Net Change in Fund Balance	(119)	—	14	(105)	(152)
Fund Balances - Beginning of Year	10,511	8	876	11,395	11,547
Fund Balances - End of Year	\$ 10,392	\$ 8	\$ 890	\$ 11,290	\$ 11,395

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2017
(In Thousands)

	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement	Park Mitigation Remediation	Parks Capital Projects
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	15,100
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	27	—	1	207	75
Total Revenues	27	—	1	207	15,175
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	—	—	22	3,605	15,908
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	—	—	22	3,605	15,908
Excess (Deficiency) of Revenues over Expenditures	27	—	(21)	(3,398)	(733)
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	27	—	(21)	(3,398)	(733)
Fund Balances - Beginning of Year	453	9	30	13,525	(47)
Fund Balances - End of Year	\$ 480	\$ 9	\$ 9	\$ 10,127	\$ (780)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2017
(In Thousands)**

	Open Spaces and Trails Bond	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment / Parks Community Center	Municipal Civic Center	2003 Fire Facilities
REVENUES					
Taxes	\$ —	\$ 36	\$ —	\$ —	\$ 2
Licenses and Permits	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	6,755	273	—	—
Charges for Services	—	(51)	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	1	294	29	15	34
Total Revenues	1	7,034	302	15	36
EXPENDITURES					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Health and Human Services	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Capital Outlay					
General Government	—	—	—	22	—
Public Safety	—	—	—	—	1,373
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	—
Economic Environment	—	—	—	—	—
Culture and Recreation	32	8,891	424	—	—
Debt Service					
Principal	—	—	—	—	—
Interest	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—
Total Expenditures	32	8,891	424	22	1,373
Excess (Deficiency) of Revenues over Expenditures	(31)	(1,857)	(122)	(7)	(1,337)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Sales of Capital Assets	—	—	—	—	77
Transfers In	—	—	773	—	—
Transfers Out	—	(2,185)	—	—	—
Total Other Financing Sources (Uses)	—	(2,185)	773	—	77
Net Change in Fund Balance	(31)	(4,042)	651	(7)	(1,260)
Fund Balances - Beginning of Year	54	28,307	1,769	973	1,890
Fund Balances - End of Year	\$ 23	\$ 24,265	\$ 2,420	\$ 966	\$ 630

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2017
(In Thousands)**

	Garage Proceeds Disposition Fund	Local Improvement, District No. 6750	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	1,244	—	—	—	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	2	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	361	253	—	2	21	17
Total Revenues	361	1,499	—	2	21	17
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Capital Outlay						
General Government	8,393	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	35
Debt Service						
Principal	—	1,430	—	—	—	—
Interest	—	316	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	8,393	1,746	—	—	—	35
Excess (Deficiency) of Revenues over Expenditures	(8,032)	(247)	—	2	21	(18)
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	(13,720)	—	—	(116)	(127)	(482)
Total Other Financing Sources (Uses)	(13,720)	—	—	(116)	(127)	(482)
Net Change in Fund Balance	(21,752)	(247)	—	(114)	(106)	(500)
Fund Balances - Beginning of Year	22,121	536	34	114	131	843
Fund Balances - End of Year	\$ 369	\$ 289	\$ 34	\$ —	\$ 25	\$ 343

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, 2017
(In Thousands)**

	2012	2013				
	Multipurpose Long-Term General Obligation Bond	Multipurpose Long-Term General Obligation Bond	Alaskan Way Seawall Construction	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	1,978	—
Charges for Services	—	—	—	—	—	—
Fines and Forfeits	—	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	5	15	114	16	48	3
Total Revenues	5	15	114	16	2,026	3
EXPENDITURES						
Current						
General Government	—	—	—	—	—	—
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	—
Capital Outlay						
General Government	—	—	—	2,282	—	3
Public Safety	—	(5)	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	32	417	867	(1,104)	607	34
Debt Service						
Principal	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Bond Issuance Cost	—	—	—	—	—	—
Total Expenditures	32	412	867	1,178	607	37
Excess (Deficiency) of Revenues over Expenditures	(27)	(397)	(753)	(1,162)	1,419	(34)
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	(73)	(300)	(451)	4,923	—	(650)
Total Other Financing Sources (Uses)	(73)	(300)	(451)	4,923	—	(650)
Net Change in Fund Balance	(100)	(697)	(1,204)	3,761	1,419	(684)
Fund Balances - Beginning of Year	348	837	5,231	(21,486)	3,150	848
Fund Balances - End of Year	\$ 248	\$ 140	\$ 4,027	\$ (17,725)	\$ 4,569	\$ 164

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2017
(In Thousands)**

					<u>Comparative Totals</u>	
	<u>2015 Multipurpose Long-Term General Obligation Bond</u>	<u>2016 Multipurpose Long-Term General Obligation Bond</u>	<u>2017 Multipurpose Long-Term General Obligation Bond</u>	<u>2018 Multipurpose Long-Term General Obligation Bond</u>	<u>2017</u>	<u>2016</u>
REVENUES						
Taxes	\$ —	\$ —	\$ —	—	\$ 38	\$ 69
Licenses and Permits	—	—	—	—	—	—
Grants, Shared Revenues, and Contributions	—	—	—	—	25,350	15,340
Charges for Services	—	—	—	—	(51)	—
Fines and Forfeits	—	—	—	—	2	15
Parking Fees and Space Rent	—	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	170	639	133	—	2,480	1,979
Total Revenues	170	639	133	—	27,819	17,403
EXPENDITURES						
Current						
General Government	—	—	—	—	—	20,501
Public Safety	—	—	—	—	—	—
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Health and Human Services	—	—	—	—	—	—
Culture and Recreation	—	—	—	—	—	5
Capital Outlay						
General Government	666	10,286	19,003	—	40,655	16,892
Public Safety	—	—	—	—	1,368	15,149
Physical Environment	—	—	—	—	—	—
Transportation	—	—	—	—	—	—
Economic Environment	—	—	—	—	—	—
Culture and Recreation	31	—	4,800	—	34,601	32,100
Debt Service						
Principal	—	—	—	—	1,430	1,320
Interest	—	—	—	—	316	645
Bond Issuance Cost	—	—	462	—	462	627
Total Expenditures	697	10,286	24,265	—	78,832	87,239
Excess (Deficiency) of Revenues over Expenditures	(527)	(9,647)	(24,132)	—	(51,013)	(69,836)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	—	79,275	—	79,275	145,139
Premium on Bonds Issued	—	—	9,618	—	9,618	22,177
Payment to Refunded Bond Escrow Agent	—	—	(4,288)	—	(4,288)	(31,909)
Sales of Capital Assets	—	—	—	—	77	—
Transfers In	—	—	—	—	773	33,353
Transfers Out	(3,480)	(12,694)	(25,835)	(509)	(55,699)	(111,713)
Total Other Financing Sources (Uses)	(3,480)	(12,694)	58,770	(509)	29,756	57,047
Net Change in Fund Balance	(4,007)	(22,341)	34,638	(509)	(21,257)	(12,789)
Fund Balances - Beginning of Year	6,069	39,361	(12,358)	—	92,742	105,530
Fund Balances - End of Year	\$ 2,062	\$ 17,020	\$ 22,280	\$ (509)	\$ 71,485	\$ 92,741

Nonmajor Governmental Funds

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
For the Year Ended December 31, 2017
(In Thousands)**

	Comparative Totals			
	H. H. Dearborn	Beach Maintenance Trust	2017	2016
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	2	31	33	20
Total Revenues	2	31	33	20
EXPENDITURES				
Current				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	—	2	2	—
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	—	—	—
Culture and Recreation	—	—	—	5
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	—	2	2	5
Excess (Deficiency) of Revenues over Expenditures	2	29	31	15
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	2	29	31	15
Fund Balances - Beginning of Year	145	2,032	2,177	2,162
Fund Balances - End of Year	\$ 147	\$ 2,061	\$ 2,208	\$ 2,177

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Budget and Actual

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 290,932	\$ 294,717	\$ —	\$ 3,785
Retail Sales and Use Taxes	246,197	254,522	—	8,325
Business Taxes	307,206	302,371	—	(4,835)
Excise Taxes	75,095	83,447	—	8,352
Other Taxes	9,207	12,583	—	3,376
Interfund Business Taxes	155,410	159,955	—	4,545
Total Taxes	<u>1,084,047</u>	<u>1,107,595</u>	<u>—</u>	<u>23,548</u>
Licenses and Permits	45,876	35,462	—	(10,414)
Grants, Shared Revenues, and Contributions	49,043	24,107	—	(24,936)
Charges for Services	53,223	69,076	—	15,853
Fines and Forfeits	29,527	28,972	—	(555)
Parking Fees and Space Rent	43,231	38,588	—	(4,643)
Program Income, Interest, and Miscellaneous Revenues	249,838	301,915	—	52,077
Total Revenues	<u>1,554,785</u>	<u>1,605,715</u>	<u>—</u>	<u>50,930</u>
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	5,779	2,236	338	3,205
CITY BUDGET OFFICE	7,138	6,265	25	848
CIVIL SERVICE COMMISSIONS	489	518	—	(29)
CRIMINAL JUSTICE				
Jail Services	19,917	18,626	—	1,291
Indigent Defense Services	8,233	7,793	—	440
Total Criminal Justice	<u>28,150</u>	<u>26,419</u>	<u>—</u>	<u>1,731</u>
ETHICS AND ELECTIONS	734	642	—	92
EXECUTIVE				
Sustainability and Environment	8,096	5,257	443	2,396
Mayor's Office	7,609	6,900	—	709
Economic Development	12,120	9,451	635	2,034
Intergovernmental Relations	2,874	2,493	85	296
Immigrant and Refugee Affairs	4,777	3,106	351	1,320
Community Police Commission	1,408	943	41	424
Civil Rights	10,858	8,773	1,225	860
Planning and Community Development	9,072	7,318	639	1,115
Total Executive	<u>56,814</u>	<u>44,241</u>	<u>3,419</u>	<u>9,154</u>
FINANCE AND ADMINISTRATIVE SERVICES	855	166	—	689

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
FINANCE GENERAL				
Appropriations to Special Purpose Funds	\$ 53,923	\$ 52,395	\$ —	\$ 1,528
Reserves	50,856	31,747	—	19,109
Support to Operating Funds	49,834	49,833	—	1
Transferred Programs	—	—	—	—
Support to Parks Capital Expenditures	59	51	—	8
Total Finance General	154,672	134,026	—	20,646
FIRE				
Administration	13,154	12,766	—	388
Resource Management	12,505	12,419	—	86
Operations	170,595	167,888	—	2,707
Fire Prevention	8,935	8,850	—	85
Grants and Reimbursables	13,197	5,078	—	8,119
Total Department	218,386	207,001	—	11,385
HEARING EXAMINER	768	663	6	99
LAW				
Administration	2,598	2,598	—	—
Civil Law	15,558	14,692	—	866
Criminal Prosecution	8,702	7,944	—	758
Precinct Liaison	844	695	—	149
Total Department	27,702	25,929	—	1,773
LEGISLATIVE	16,849	15,175	231	1,443
LIBRARY	—	—	—	—
MUNICIPAL COURT				
Court Operations	17,898	17,823	—	75
Corporate Services	7,845	7,658	—	187
Court Compliance	6,240	6,181	—	59
Total Department	31,983	31,662	—	321
NEIGHBORHOODS				
Director's Office	3,382	3,171	97	114
Customer Service and Operations	—	—	—	—
Community Building	5,501	4,431	326	744
Office for Education	—	—	—	—
Youth Violence Prevention	—	—	—	—
Total Department	8,883	7,602	423	858

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
HUMAN RESOURCES				
Employment and Training	\$ 5,901	\$ 5,621	\$ —	\$ 280
Employee Health Services	7,593	7,416	39	138
Citywide Personnel	4,761	4,770	—	(9)
Labor Relations and Class Compensation	1,804	1,798	—	6
Total Department	20,059	19,605	39	415
POLICE				
Chief of Police	22,976	14,585	18	8,373
Professional Accountability	3,330	3,273	—	57
Chief of Staff Program	28,334	27,758	156	420
Deputy Chief Operations	9,451	9,038	—	413
Special Operations Bureau	55,581	53,507	171	1,903
Professional Standards Program	18,854	18,790	53	11
West Precinct Patrol	30,362	30,148	—	214
North Precinct Patrol	33,069	32,932	—	137
South Precinct Patrol	18,488	18,280	—	208
East Precinct Patrol	23,841	23,685	—	156
Southwest Precinct Patrol	16,100	15,843	—	257
Criminal Investigation Administration	11,894	11,695	—	199
Violent Crimes Investigation	8,662	8,610	—	52
Narcotics Investigation	5,565	5,473	—	92
Coordinated Criminal Investigations	9,523	9,399	—	124
Special Victims Program	7,145	7,126	—	19
Field Support	40,979	40,332	—	647
Total Department	344,154	330,474	398	13,282
JUDGMENTS/CLAIMS	28,800	18,822	—	9,978
ARTS ACCOUNT	11,829	8,121	2,492	1,216
CABLE TELEVISION FRANCHISE	9,713	9,713	—	—
CUMULATIVE RESERVE				
Real Estate Excise Tax I	69,296	20,596	—	48,700
Real Estate Excise Tax II	40,678	10,508	—	30,170
Capital Projects Asset Preservation	14,382	5,320	—	9,062
Capital Projects Street Vacation	6,792	—	—	6,792
Unrestricted	19,814	2,329	—	17,485
Total Cumulative Reserve	150,962	38,753	—	112,209

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOOD MATCHING	\$ 8,948	\$ 3,916	\$ —	\$ 5,032
EMERGENCY	—	—	—	—
TRANSIT BENEFIT	5,874	5,830	—	44
SPECIAL EMPLOYMENT	100	45	—	55
INDUSTRIAL INSURANCE	19,996	19,337	—	659
UNEMPLOYMENT COMPENSATION	2,660	1,832	—	828
HEALTH CARE	218,604	211,985	—	6,619
GROUP TERM LIFE INSURANCE	6,799	6,084	—	715
FIREMEN'S PENSION	20,087	18,527	—	1,560
POLICE RELIEF AND PENSION	24,073	19,415	—	4,658
Total Expenditures and Encumbrances	<u>1,431,860</u>	<u>1,215,004</u>	<u>7,371</u>	<u>209,485</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	122,925	390,711	(7,371)	(158,555)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	3,487	5,180	—	1,693
Transfers In	46,729	12,753	—	(33,976)
Transfers Out	(437,903)	(355,334)	—	82,569
Total Other Financing Sources (Uses)	<u>(387,687)</u>	<u>(337,401)</u>	<u>—</u>	<u>50,286</u>
Net Change in Fund Balance	<u>\$ (264,762)</u>	<u>53,310</u>	<u>\$ (7,371)</u>	<u>\$ (108,269)</u>
Fund Balance - Beginning of Year as Restated		<u>426,257</u>		
Fund Balance - End of Year		<u>\$ 479,567</u>		

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TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 96,984	\$ 96,396	\$ —	\$ (588)
Business Taxes	41,048	43,014	—	1,966
Other Taxes	—	—	—	—
Total Taxes	<u>138,032</u>	<u>139,410</u>	<u>—</u>	<u>1,378</u>
Licenses and Permits	(190)	8,212	—	8,402
Grants, Shared Revenues, and Contributions	62,838	33,369	—	(29,469)
Charges for Services	67,763	74,764	—	7,001
Fines and Forfeits	—	172	—	172
Parking Fees and Space Rent	(200)	244	—	444
Program Income, Interest, and Miscellaneous Revenues	<u>25,206</u>	<u>698</u>	<u>—</u>	<u>(24,508)</u>
Total Revenues	293,449	256,869	—	(36,580)
EXPENDITURES AND ENCUMBRANCES				
Bridges and Structures	11,683	10,861	568	254
Engineering Services	3,822	4,290	210	(678)
Mobility Operations	49,868	84,432	2,012	(36,576)
Right-of-Way Management	35,067	29,929	377	4,761
Street Maintenance	28,352	30,885	—	(2,533)
Urban Forestry	5,543	5,719	—	(176)
Department Management	2,659	2,633	243	(217)
General Expense	36,767	11,749	—	25,018
Major Maintenance/Replacement	101,995	54,899	—	47,096
Major Projects	25,306	53,175	—	(27,869)
Mobility Capital	<u>214,147</u>	<u>94,381</u>	<u>—</u>	<u>119,766</u>
Total Expenditures and Encumbrances	<u>515,209</u>	<u>382,953</u>	<u>3,410</u>	<u>128,846</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(221,760)	(126,084)	(3,410)	(165,426)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	394,275	158,143	—	236,132
Transfers Out	<u>(102,026)</u>	<u>(26,535)</u>	<u>—</u>	<u>(75,491)</u>
Total Other Financing Sources (Uses)	<u>292,249</u>	<u>131,608</u>	<u>—</u>	<u>160,641</u>
Net Change in Fund Balance	<u>\$ 70,489</u>	<u>5,524</u>	<u>\$ (3,410)</u>	<u>\$ (4,785)</u>
Fund Balance - Beginning of Year		<u>97,538</u>		
Fund Balance - End of Year		<u>\$ 103,062</u>		

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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, 2017
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 51,632	\$ 37,489	\$ —	\$ (14,143)
Grants, Shared Revenues, and Contributions	21,944	3,762	—	(18,182)
Charges for Services	(5,066)	31,833	—	36,899
Program Income, Interest, and Miscellaneous Revenues	(7,044)	10,878	—	17,922
Total Revenues	61,466	83,962	—	22,496
EXPENDITURES AND ENCUMBRANCES				
Community Development & Homeownership and Homeownership and Sustainability Administration and Management	3,194	1,085	—	2,109
Multifamily Production and Preservation	19,463	7,628	—	11,835
Single Family	180,253	45,081	—	135,172
	26,526	4,794	—	21,732
Total Expenditures and Encumbrances	229,436	58,588	—	170,848
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(167,970)	25,374	—	193,344
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	(15)	—	—	15
Total Other Financing Sources (Uses)	(15)	—	—	15
Net Change in Fund Balance	\$ (167,985)	25,374	\$ —	\$ 193,359
Fund Balance - Beginning of Year		154,597		
Fund Balance - End of Year		\$ 179,971		

D-14

**PARK AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)**

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 452	\$ 568	\$ —	\$ 116
Charges for Services	37,859	49,362	—	11,503
Fines and Forfeits	—	1	—	1
Parking Fees and Space Rent	6,769	8,006	—	1,237
Program Income, Interest, and Miscellaneous Revenues	779	148	—	(631)
Total Revenues	45,859	58,085	—	12,226
EXPENDITURES AND ENCUMBRANCES				
Gasworks Park Contamination Remediation	1	—	—	1
Swimming, Boating, and Aquatics	10,232	10,227	—	5
Recreation Facilities and Programs	30,554	30,427	—	127
Facility and Structure Maintenance	17,771	17,464	—	307
Park Cleaning, Landscaping, and Restoration	33,893	33,186	—	707
Seattle Conservation Corps	5,203	5,110	—	93
Seattle Aquarium	—	—	—	—
Woodland Park Zoo	7,088	7,010	—	78
Planning, Development, and Acquisition	7,998	7,246	157	595
Judgments and Claims	668	668	—	—
Finance and Administration	16,345	14,758	—	1,587
Policy Direction and Leadership	4,899	4,854	—	45
Golf	10,660	10,015	—	645
Environmental Learning and Programs	1,254	1,223	—	31
Natural Resources Management	9,663	9,657	—	6
Regional Parks and Strategic Outreach	5,169	4,588	—	581
Total Expenditures and Encumbrances	161,398	156,433	157	4,808
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(115,539)	(98,348)	(157)	17,034
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	77	—	77
Transfers In	115,897	101,411	—	(14,486)
Transfers Out	(4,796)	(2,310)	—	2,486
Total Other Financing Sources (Uses)	111,101	99,178	—	(11,923)
Net Change in Fund Balance	\$ (4,438)	830	\$ (157)	\$ 5,111
Fund Balance - Beginning of Year		7,559		
Fund Balance - End of Year		\$ 8,389		

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LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 6,119	\$ 2,801	\$ —	\$ (3,318)
Charges for Services	230	297	—	67
Fines and Forfeits	1,336	1,328	—	(8)
Parking Fees and Space Rent	610	567	—	(43)
Program Income, Interest, and Miscellaneous Revenues	325	245	—	(80)
Total Revenues	<u>8,620</u>	<u>5,238</u>	<u>—</u>	<u>(3,382)</u>
EXPENDITURES AND ENCUMBRANCES				
Administrative Services	11,971	9,748	—	2,223
City Librarian's Office	495	491	—	4
Library Capital Improvements	—	—	—	—
Library Services	57,822	56,636	67	1,119
Grants, Trusts, and Memorials	12,219	4,426	—	7,793
Bunn Projects - Principal and Interest	2,851	816	—	2,035
Information Technology	—	—	—	—
Human Resources	1,431	1,419	—	12
Marketing and Online Services	—	—	—	—
Strategic and Institutional Advance	1,814	1,598	—	216
Total Expenditures and Encumbrances	<u>88,603</u>	<u>75,134</u>	<u>67</u>	<u>13,402</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(79,983)	(69,896)	(67)	10,020
OTHER FINANCING SOURCES (USES)				
Transfers In	67,644	67,319	—	(325)
Transfers Out	(555)	(555)	—	—
Total Other Financing Sources (Uses)	<u>67,089</u>	<u>66,764</u>	<u>—</u>	<u>(325)</u>
Net Change in Fund Balance	<u>\$ (12,894)</u>	<u>(3,132)</u>	<u>\$ (67)</u>	<u>\$ 9,695</u>
Fund Balance - Beginning of Year		<u>16,272</u>		
Fund Balance - End of Year		<u>\$ 13,140</u>		

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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, 2017
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Grants, Shared Revenues, and Contributions	\$ —	\$ —	\$ —	\$ —
Charges for Services	13,093	9,645	—	(3,448)
Parking Fees and Space Rent	17,158	23,437	—	6,279
Program Income, Interest, and Miscellaneous Revenues	(855)	220	—	1,075
Total Revenues	29,396	33,302	—	3,906
EXPENDITURES AND ENCUMBRANCES				
Access	1,194	1,135	—	59
Administration	8,960	8,339	27	594
Cultural Facilities	256	223	—	33
Commercial Events	2,168	2,008	—	160
Festivals	1,486	1,313	—	173
Campus Grounds	13,493	13,952	—	(459)
Judgments and Claims	223	223	—	—
Key Arena	10,434	9,954	—	480
McCaw Hall	4,959	4,708	—	251
Community Programs	2,471	2,355	—	116
Total Expenditures and Encumbrances	45,644	44,210	27	1,407
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(16,248)	(10,908)	(27)	5,313
OTHER FINANCING SOURCES (USES)				
Capital Leases	—	—	—	—
Transfers In	13,044	12,557	—	(487)
Transfers Out	(625)	(625)	—	—
Total Other Financing Sources (Uses)	12,419	11,932	—	(487)
Net Change in Fund Balance	\$ (3,829)	1,024	\$ (27)	\$ 4,826
Fund Balance - Beginning of Year		<u>6,900</u>		
Fund Balance - End of Year		<u>\$ 7,924</u>		

D-17

HUMAN SERVICES OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
General Property Taxes	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	51,684	54,833	—	3,149
Charges for Services	(4,494)	5,746	—	10,240
Fines and Forfeits	—	204	—	204
Program Income, Interest, and Miscellaneous Revenues	(5)	293	—	298
Total Revenues	47,185	61,076	—	13,891
EXPENDITURES AND ENCUMBRANCES				
Youth and Family Empowerment	23,665	27,540	—	(3,875)
Transitional Living and Support	69,316	50,236	—	19,080
Aging and Disability Services	41,737	41,701	—	36
Leadership and Administration	17,580	17,619	—	(39)
Public Health Services	12,633	12,587	—	46
Community Support and Self-Sufficiency	1,610	—	—	1,610
Total Expenditures and Encumbrances	166,541	149,683	—	16,858
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(119,356)	(88,607)	—	30,749
OTHER FINANCING SOURCES (USES)				
Transfers In	90,080	91,155	—	1,075
Net Change in Fund Balance	\$ (29,276)	2,548	\$ —	\$ 31,824
Fund Balance - Beginning of Year		13,732		
Fund Balance - End of Year		\$ 16,280		

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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, 2017
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
General Property Taxes	\$ —	\$ 3,566	\$ —	\$ 3,566
Grants, Shared Revenues, and Contributions	(743)	812	—	1,555
Charges for Services	8,323	2,234	—	(6,089)
Parking Fees and Space Rent	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	(150)	10	—	160
Total Revenues	7,430	6,622	—	(808)
EXPENDITURES AND ENCUMBRANCES				
Office of Housing	7,486	5,838	482	1,166
HUD Challenge Grant	—	—	—	—
Total Expenditures and Encumbrances	7,486	5,838	482	1,166
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(56)	784	(482)	358
OTHER FINANCING SOURCES (USES)				
Transfers In	(127)	532	—	659
Net Change in Fund Balance	\$ (183)	1,316	\$ (482)	\$ 358
Fund Balance - Beginning of Year		2,234		
Fund Balance - End of Year		<u>\$ 3,550</u>		

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Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

The **Planning and Development Fund** accounts for building permit fees and moneys from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

The **Downtown Parking Garage Fund** accounts for the proceeds from the sale of bonds to pay for the cost of effecting the beneficial transfer to the City of the parking garage at Pacific Place in downtown Seattle. This fund also accounts for the operation of the garage.

The **Fiber Leasing Fund** is used to account for the activities associated with management's use of the City's excess fiber and fiber infrastructure. The Fiber Leasing Fund receives revenues from sponsorship agreements; federal, state, county, or other grants or transfers, private funding, donations or gifts, and property sales proceeds (Ordinance 123931).

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2017
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2017	2016	2017	2016
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 83,607	\$ 70,311	\$ —	\$ 32
Receivables, Net of Allowances				
Accounts	1,088	947	—	—
Interest and Dividends	—	79	—	—
Due from Other Funds	1,108	612	—	1,169
Due from Other Governments	398	551	—	—
Materials and Supplies Inventory	—	—	—	—
Prepayments and Other Current Assets	—	751	—	—
Total Current Assets	86,201	73,251	—	1,201
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	139	92	—	—
Capital Assets				
Land and Land Rights	—	—	—	—
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	14,430	14,360	—	—
Less Accumulated Depreciation	(14,292)	(14,288)	—	—
Construction in Progress	8,314	6,799	—	—
Total Noncurrent Assets	8,591	6,963	—	—
Total Assets	94,792	80,214	—	1,201
DEFERRED OUTFLOWS OF RESOURCES	9,576	13,962	—	—
Total Assets and Deferred Outflows of Resources	\$ 104,368	\$ 94,176	\$ —	\$ 1,201

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2017
(In Thousands)

	<u>Fiber Leasing</u>		<u>Comparative Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 12	\$ 11	\$ 83,619	\$ 70,354
Receivables, Net of Allowances				
Accounts	—	29	1,088	976
Interest and Dividends	—	—	—	79
Due from Other Funds	—	—	1,108	1,781
Due from Other Governments	—	—	398	551
Materials and Supplies Inventory	—	—	—	—
Prepayments and Other Current Assets	—	—	—	751
	<hr/>			
Total Current Assets	12	40	86,213	74,492
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	—	—	139	92
Capital Assets				
Land and Land Rights	—	—	—	—
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	14,430	14,360
Less Accumulated Depreciation	—	—	(14,292)	(14,288)
Construction in Progress	—	—	8,314	6,799
	<hr/>			
Total Noncurrent Assets	—	—	8,591	6,963
	<hr/>			
Total Assets	12	40	94,804	81,455
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	9,576	13,962
	<hr/>			
Total Assets and Deferred Outflows of Resources	<u>\$ 12</u>	<u>\$ 40</u>	<u>\$ 104,380</u>	<u>\$ 95,417</u>

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2017
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2017	2016	2017	2016
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 239	\$ 573	\$ —	\$ —
Salaries, Benefits, and Payroll Taxes Payable	2,068	1,971	—	—
Compensated Absences Payable	178	225	—	—
Due to Other Funds	2,272	877	—	25
Due to Other Governments	—	—	—	—
Bond Interest Payable	—	—	—	1
Taxes Payable	—	—	—	—
General Obligation Bonds Due Within One Year	—	—	—	—
Claims Payable	169	183	—	—
Other Current Liabilities	23	28	—	—
Total Current Liabilities	4,949	3,857	—	26
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	2,716	2,697	—	—
Claims Payable	275	353	—	—
Vendor and Other Deposits Payable	139	92	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	23,059	18,157	—	—
Unfunded Other Post Employment Benefits	1,959	1,859	—	—
Net Pension Liability	57,944	63,529	—	—
Advances from Other Funds	—	—	—	1,200
Other Noncurrent Liabilities	103	31	—	—
Total Noncurrent Liabilities	86,195	86,718	—	1,200
Total Liabilities	91,144	90,575	—	1,226
DEFERRED INFLOWS OF RESOURCES	3,487	32	—	—
NET POSITION				
Net Investment in Capital Assets	8,453	6,870	—	—
Unrestricted	1,284	(3,301)	—	(25)
Total Net Position	9,737	3,569	—	(25)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 104,368	\$ 94,176	\$ —	\$ 1,201

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2017
(In Thousands)

	<u>Fiber Leasing</u>		<u>Comparative Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ 239	\$ 573
Salaries, Benefits, and Payroll Taxes Payable	—	—	2,068	1,971
Compensated Absences Payable	—	—	178	225
Due to Other Funds	51	51	2,323	953
Due to Other Governments	—	—	—	—
Bond Interest Payable	—	—	—	1
Taxes Payable	—	—	—	—
General Obligation Bonds Due Within One Year	—	—	—	—
Claims Payable	—	—	169	183
Other Current Liabilities	—	—	23	28
Total Current Liabilities	51	51	5,000	3,934
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	—	—	2,716	2,697
Claims Payable	—	—	275	353
Vendor and Other Deposits Payable	—	—	139	92
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	—	—	23,059	18,157
Unfunded Other Post Employment Benefits	—	—	1,959	1,859
Net Pension Liability	—	—	57,944	63,529
Advances from Other Funds	—	—	—	1,200
Other Noncurrent Liabilities	—	—	103	31
Total Noncurrent Liabilities	—	—	86,195	87,918
Total Liabilities	51	51	91,195	91,852
DEFERRED INFLOWS OF RESOURCES	—	—	3,487	32
NET POSITION				
Net Investment in Capital Assets	—	—	8,453	6,870
Unrestricted	(39)	(11)	1,245	(3,337)
Total Net Position	(39)	(11)	9,698	3,533
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12	\$ 40	\$ 104,380	\$ 95,417

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2017

(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2017	2016	2017	2016
OPERATING REVENUES				
Charges for Services and Other Fees	\$ 74,350	\$ 81,000	\$ —	\$ 5,355
OPERATING EXPENSES				
Operations and Maintenance	60,910	58,929	—	1,981
General and Administrative	14,702	11,720	—	—
City Business and Occupation Taxes	—	—	—	12
Other Taxes	—	—	—	25
Depreciation and Amortization	32	191	—	1,560
Total Operating Expenses	75,644	70,840	—	3,578
Operating Income (Loss)	(1,294)	10,160	—	1,777
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	1,072	510	—	—
Interest Expense	(12)	(4)	—	(2,007)
Amortization of Bonds Premiums	—	—	—	148
Amortization of Refunding Gain (Loss)	—	—	—	198
Gain (Loss) on Sale of Capital Assets	—	—	—	47,497
Contributions and Grants	105	131	—	—
Others, Net	2	2	—	—
Total Nonoperating Revenues (Expenses)	1,167	639	—	45,836
Income (Loss) Before Capital Contributions and Grants and Transfers	(127)	10,799	—	47,613
Transfers In	6,295	7,094	25	11,169
Transfers Out	—	(1,029)	—	(32,703)
Change in Net Position	6,168	16,864	25	26,079
Net Position - Beginning of Year	3,569	(13,295)	(25)	(26,104)
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	3,569	(13,295)	(25)	(26,104)
Net Position - End of Year	\$ 9,737	\$ 3,569	\$ —	\$ (25)

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COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2017

(In Thousands)

	<u>Fiber Leasing</u>		<u>Comparative Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
OPERATING REVENUES				
Charges for Services and Other Fees	\$ 1	\$ 1	\$ 74,351	\$ 86,356
OPERATING EXPENSES				
Operations and Maintenance	28	—	60,938	60,910
General and Administrative	—	—	14,702	11,720
City Business and Occupation Taxes	—	—	—	12
Other Taxes	—	—	—	25
Depreciation and Amortization	—	—	32	1,751
Total Operating Expenses	<u>28</u>	<u>—</u>	<u>75,672</u>	<u>74,418</u>
Operating Income (Loss)	(27)	1	(1,321)	11,938
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	—	—	1,072	510
Interest Expense	(1)	(1)	(13)	(2,012)
Amortization of Bonds Premiums	—	—	—	148
Amortization of Refunding Gain (Loss)	—	—	—	198
Gain (Loss) on Sale of Capital Assets	—	—	—	47,497
Contributions and Grants	—	—	105	131
Others, Net	—	—	2	2
Total Nonoperating Revenues (Expenses)	<u>(1)</u>	<u>(1)</u>	<u>1,166</u>	<u>46,474</u>
Income (Loss) Before Capital Contributions and Grants and Transfers	(28)	—	(155)	58,412
Transfers In	—	—	6,320	18,263
Transfers Out	—	—	—	(33,732)
Change in Net Position	(28)	—	6,165	42,943
Net Position - Beginning of Year	(11)	(11)	3,533	(39,410)
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	<u>(11)</u>	<u>(11)</u>	<u>3,533</u>	<u>(39,410)</u>
Net Position - End of Year	<u>\$ (39)</u>	<u>\$ (11)</u>	<u>\$ 9,698</u>	<u>\$ 3,533</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 78,845	\$ 80,061	\$ 1,169	\$ 6,566
Cash Paid to Suppliers	(36,848)	(33,293)	(25)	(2,793)
Cash Paid to Employees	(34,511)	(35,645)	—	—
Cash Paid for Taxes	—	—	—	(1,415)
Net Cash from Operating Activities	7,486	11,123	1,144	2,358
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	105	131	—	—
Transfers In	6,295	7,094	25	10,000
Transfers Out	—	(1,029)	—	(32,703)
Proceeds from Interfund Loans	—	—	—	—
Principal Payments on Interfund Loans	—	—	(1,200)	(6,400)
Net Cash from Noncapital Financing Activities	6,400	6,196	(1,175)	(29,103)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Long-Term Debt	—	—	—	(3,280)
Capital Expenses and Other Charges Paid	(1,615)	(2,101)	—	—
Interest Paid on Long-Term Debt	—	—	—	(2,676)
Payment to Trustee for Defeased Bonds	—	—	—	(52,468)
Proceeds from Sales of Capital Assets	—	—	—	85,171
Net Cash from Capital and Related Financing Activities	(1,615)	(2,101)	—	26,747
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	1,072	510	—	(6)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	13,343	15,728	(31)	(4)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	70,403	54,675	32	36
End of Year	\$ 83,746	\$ 70,403	\$ 1	\$ 32
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 83,607	\$ 70,311	\$ —	\$ 32
Noncurrent Restricted Cash and Equity in Pooled Investments	139	92	—	—
Total Cash at the End of the Year	\$ 83,746	\$ 70,403	\$ —	\$ 32

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Fiber Leasing		Comparative Totals	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1	\$ 1	\$ 80,015	\$ 86,628
Cash Paid to Suppliers	—	—	(36,873)	(36,086)
Cash Paid to Employees	—	—	(34,511)	(35,645)
Cash Paid for Taxes	—	—	—	(1,415)
Net Cash from Operating Activities	1	1	8,631	13,482
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	—	—	105	131
Transfers In	—	—	6,320	17,094
Transfers Out	—	—	—	(33,732)
Proceeds from Interfund Loans	—	—	—	—
Principal Payments on Interfund Loans	—	—	(1,200)	(6,400)
Net Cash from Noncapital Financing Activities	—	—	5,225	(22,907)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Long-Term Debt	—	—	—	(3,280)
Capital Expenses and Other Charges Paid	—	—	(1,615)	(2,101)
Interest Paid on Long-Term Debt	(1)	—	(1)	(2,676)
Payment to Trustee for Defeased Bonds	—	—	—	(52,468)
Proceeds from Sales of Capital Assets	—	—	—	85,171
Net Cash from Capital and Related Financing Activities	(1)	—	(1,616)	24,646
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	—	—	1,072	504
Net Increase (Decrease) in Cash and Equity in Pooled Investments	—	1	13,312	15,725
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	11	10	70,446	54,721
End of Year	\$ 11	\$ 11	\$ 83,758	\$ 70,446
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 12	\$ 11	\$ 83,619	\$ 70,354
Noncurrent Restricted Cash and Equity in Pooled Investments	—	—	139	92
Total Cash at the End of the Year	\$ 12	\$ 11	\$ 83,758	\$ 70,446

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2017	2016	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,294)	\$ 10,160	\$ —	\$ 1,777
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	32	191	—	1,560
Other Operating Expenses	2,347	3,748	—	—
Nonoperating Revenues and Expenses	—	—	—	—
Changes in Operating Assets and Liabilities				
Accounts Receivable	(741)	(196)	—	47
Unbilled Receivables	—	—	—	—
Due from Other Funds	183	345	1,169	—
Due from Other Governments	154	(192)	—	—
Accounts Payable	(335)	(49)	—	(760)
Salaries, Benefits, and Payroll Taxes Payable	98	(1,252)	—	—
Compensated Absences Payable	(28)	(479)	—	—
Due to Other Funds	1,395	540	(25)	(161)
Due to Other Governments	—	—	—	—
Claims Payable	(92)	(97)	—	—
Taxes Payable	—	—	—	(85)
Unearned Revenues	4,902	(896)	—	—
Other Assets and Liabilities	865	(700)	—	(20)
Total Adjustments	8,780	963	1,144	581
Net Cash from Operating Activities	\$ 7,486	\$ 11,123	\$ 1,144	\$ 2,358

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COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	<u>Fiber Leasing</u>		<u>Comparative Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (27)	\$ 1	\$ (1,321)	\$ 11,938
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	—	—	32	1,751
Other Operating Expenses	—	—	2,347	3,748
Nonoperating Revenues and Expenses	—	—	—	—
Changes in Operating Assets and Liabilities				
Accounts Receivable	28	—	(713)	(149)
Unbilled Receivables	—	—	—	—
Due from Other Funds	—	—	1,352	345
Due from Other Governments	—	—	154	(192)
Accounts Payable	—	—	(335)	(809)
Salaries, Benefits, and Payroll Taxes Payable	—	—	98	(1,252)
Compensated Absences Payable	—	—	(28)	(479)
Due to Other Funds	—	—	1,370	379
Due to Other Governments	—	—	—	—
Claims Payable	—	—	(92)	(97)
Taxes Payable	—	—	—	(85)
Unearned Revenues	—	—	4,902	(896)
Other Assets and Liabilities	—	—	865	(720)
Total Adjustments	<u>28</u>	<u>—</u>	<u>9,952</u>	<u>1,544</u>
Net Cash from Operating Activities	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 8,631</u>	<u>\$ 13,482</u>

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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 provide for the City are regulatory services and operations; and the customer service bureau.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2017
(In Thousands)

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2017	2016
ASSETS				
<i>Current Assets</i>				
Cash and Equity in Pooled Investments	\$ 7,192	\$ 2,870	\$ 10,062	\$ 25,230
Restricted Cash and Equity in Pooled Investments	7,968	—	7,968	4,691
Receivables, Net of Allowances				
Accounts	823	(334)	489	577
Interest and Dividends	—	—	—	44
Unbilled	38	—	38	667
Due from Other Funds	13,358	6,536	19,894	17,296
Due from Other Governments	25	92	117	26
Materials and Supplies Inventory	2,097	2,259	4,356	2,660
Prepayments and Other Current Assets	954	4,498	5,452	1,256
Total Current Assets	32,455	15,921	48,376	52,447
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	2,076	71,254	73,330	43,031
<i>Capital Assets</i>				
Land and Land Rights	108,842	—	108,842	108,842
Buildings and Improvements	722,329	2,002	724,331	717,228
Less Accumulated Depreciation	(261,203)	(70)	(261,273)	(244,860)
Machinery and Equipment	189,388	77,754	267,142	270,246
Less Accumulated Depreciation	(97,465)	(40,918)	(138,383)	(135,590)
Construction in Progress	15,241	8,946	24,187	9,357
Other Capital Assets, Net	56	945	1,001	208
Total Noncurrent Assets	679,264	119,913	799,177	768,462
Total Assets	711,719	135,834	847,553	820,909
DEFERRED OUTFLOWS OF RESOURCES				
	16,848	55,175	72,023	35,215
Total Assets and Deferred Outflows of Resources	\$ 728,567	\$ 191,009	\$ 919,576	\$ 856,124

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COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2017
(In Thousands)

			<u>Comparative Totals</u>	
	<u>Finance and Administrative Services</u>	<u>Information Technology</u>	<u>2017</u>	<u>2016</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 7,751	\$ 6,465	\$ 14,216	\$ 12,810
Salaries, Benefits, and Payroll Taxes Payable	3,171	4,547	7,718	6,967
Due to Other Funds	653	2,162	2,815	2,958
Due to Other Governments	15	—	15	14
Interest Payable	2,066	428	2,494	2,193
Taxes Payable	46	29	75	45
Current Portion of Long-Term Debt General Obligation Bonds Due Within One Year	20,051	6,930	26,981	26,508
Claims Payable	331	24	355	418
Compensated Absences Payable	371	1,022	1,393	905
Other Current Liabilities	156	126	282	146
Total Current Liabilities	34,611	21,733	56,344	52,964
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	4,758	7,102	11,860	8,654
Claims Payable	999	144	1,143	1,310
Vendor and Other Deposits Payable	148	—	148	156
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	201,057	24,954	226,011	236,417
Bond Interest Payable	—	—	—	—
Unfunded Other Post Employment Benefits	3,020	3,188	6,208	3,893
Net Pension Liability	87,178	88,091	175,269	121,731
Other Noncurrent Liabilities	3	—	3	23
Total Noncurrent Liabilities	297,163	123,479	420,642	372,184
Total Liabilities	331,774	145,212	476,986	425,148
DEFERRED INFLOWS OF RESOURCES	475	461	936	152
NET POSITION				
Net Investment in Capital Assets	454,206	22,000	476,206	464,045
Unrestricted	(57,888)	23,336	(34,552)	(33,221)
Total Net Position	396,318	45,336	441,654	430,824
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 728,567	\$ 191,009	\$ 919,576	\$ 856,124

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017
(In Thousands)**

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2017	2016
OPERATING REVENUES				
Charges for Services	\$ 107,157	\$ 205,159	\$ 312,316	\$ 212,880
Rents, Parking, and Concessions	100,818	—	100,818	98,711
Total Operating Revenues	207,975	205,159	413,134	311,591
OPERATING EXPENSES				
Operations and Maintenance	130,488	151,510	281,998	214,933
General and Administrative	32,509	32,905	65,414	32,198
City Business and Occupation Taxes	5	—	5	5
Other Taxes	601	1	602	516
Depreciation and Amortization	30,139	10,168	40,307	37,851
Total Operating Expenses	193,742	194,584	388,326	285,503
Operating Income (Loss)	14,233	10,575	24,808	26,088
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	504	668	1,172	841
Interest Expense	(9,057)	(1,489)	(10,546)	(10,103)
Amortization of Bonds Premiums	4,313	(499)	3,814	3,751
Amortization of Refunding Loss	(1,818)	—	(1,818)	(1,830)
Bond Issuance Costs	—	(32)	(32)	(6)
Gain (Loss) on Sale of Capital Assets	1,382	(1,327)	55	(308)
Contributions and Grants	—	—	—	—
Others, Net	—	12	12	28
Total Nonoperating Revenues (Expenses)	(4,676)	(2,667)	(7,343)	(7,627)
Income (Loss) Before				
Contributions, Grants, and Transfers	9,557	7,908	17,465	18,461
Capital Contributions and Grants	2,465	—	2,465	(17,996)
Transfers In	—	—	—	5,700
Transfers Out	(9,100)	—	(9,100)	(22,158)
Change in Net Position	2,922	7,908	10,830	(15,993)
Net Position - Beginning of Year	393,394	37,430	430,824	446,817
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	393,394	37,430	430,824	446,817
Net Position - End of Year	\$ 396,316	\$ 45,338	\$ 441,654	\$ 430,824

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COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 205,169	\$ 207,262	\$ 412,431	\$ 304,672
Cash Paid to Suppliers	(87,742)	(104,690)	(192,432)	(99,984)
Cash Paid to Employees	(72,044)	(66,465)	(138,509)	(140,776)
Cash Paid for Taxes	(599)	(1)	(600)	(564)
Net Cash from Operating Activities	44,784	36,106	80,890	63,348
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans Provided to Other Funds	—	—	—	—
Operating Grants and Contributions Received	—	—	—	—
Transfers In	—	—	—	5,700
Transfers Out	(9,100)	—	(9,100)	(22,159)
Net Cash from Noncapital Financing Activities	(9,100)	—	(9,100)	(16,459)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Long-Term Debt	—	7,335	7,335	2,109
Principal Payments on Long-Term Debt	(20,223)	(6,295)	(26,518)	(23,776)
Capital Fees and Grants Received	2,465	—	2,465	—
Capital Expenses and Other Charges Paid	(25,803)	(3,183)	(28,986)	(35,333)
Interest Paid on Long-Term Debt	(8,953)	(1,291)	(10,244)	(10,302)
Debt Issuance Costs	—	(32)	(32)	(6)
Proceeds from Sale of Capital Assets	1,382	—	1,382	679
Net Cash from Capital and Related Financing Activities	(51,132)	(3,466)	(54,598)	(66,629)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	550	668	1,218	839
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(14,898)	33,308	18,410	(18,901)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	32,135	40,816	72,951	91,853
End of Year	\$ 17,237	\$ 74,124	\$ 91,361	\$ 72,952
CASH AT THE END OF THE YEAR CONSISTS OF				
Current Assets Cash and Equity in Pooled Investments	\$ 7,192	\$ 2,870	\$ 10,062	\$ 25,230
Current Restricted Cash and Equity in Pooled Investments	7,968	—	7,968	4,691
Noncurrent Restricted Cash and Equity in Pooled Investments	2,076	71,254	73,330	43,031
Total Cash at the End of the Year	\$ 17,236	\$ 74,124	\$ 91,360	\$ 72,952

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017
(In Thousands)

			Comparative Totals	
			2017	2016
	Finance and Administrative Services	Information Technology		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 14,233	\$ 10,575	\$ 24,808	\$ 26,088
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	30,139	10,168	40,307	37,851
Other Operating Expenses	4,817	13,122	17,939	1,386
Nonoperating Revenues and Expenses	—	12	12	—
Changes in Operating Assets and Liabilities				
Accounts Receivable	(265)	351	86	(302)
Unbilled Receivables	629	—	629	(321)
Due from Other Funds	(3,151)	1,822	(1,329)	(6,379)
Due from Other Governments	(20)	(71)	(91)	110
Materials and Supplies Inventory	63	(1,352)	(1,289)	1,382
Accounts Payable	(1,063)	2,469	1,406	1,291
Salaries, Benefits, and Payroll Taxes Payable	222	529	751	1,288
Compensated Absences Payable	146	3,550	3,696	2,569
Due to Other Funds	(706)	(708)	(1,414)	(196)
Due to Other Governments	1	—	1	(24)
Claims Payable	(364)	136	(228)	(433)
Taxes Payable	7	24	31	(44)
Other Assets and Liabilities	96	(4,519)	(4,423)	(918)
Total Adjustments	30,551	25,533	56,084	37,260
Net Cash from Operating Activities	<u>\$ 44,784</u>	<u>\$ 36,108</u>	<u>\$ 80,892</u>	<u>\$ 63,348</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 8,075	\$ —	\$ 8,075	\$ —
Amortization of Debt Related Costs, Net	2,495	(531)	1,964	1,914
Settlement from Nextel			—	

Fiduciary Funds

FIDUCIARY FUNDS**PENSION TRUST FUNDS**

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

AGENCY FUNDS

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

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

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

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

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

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

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 shall receive revenues from the FileLocal Agency (Ordinance 124626).

G-1 COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
December 31, 2017
(In Thousands)

	Employees' Retirement	
	2017	2016
ASSETS		
Cash and Equity in Pooled Investments	\$ 5,513	\$ 6,303
Short-Term Investments	111,309	336,427
Receivables		
Members	4,327	3,435
Employers	5,657	6,144
Interest and Dividends	4,103	3,487
Sales Proceeds	162,413	87,345
Other		—
Total Receivables	176,500	100,411
Investments at Fair Value		
Fixed Income	676,019	539,527
Equity	1,604,859	1,350,197
Real Estate	304,854	287,997
Alternative Investments	230,045	173,578
Total Investments at Fair Value	2,815,777	2,351,299
Securities Lending Collateral	11,359	11,131
Total Assets	3,120,458	2,805,571
LIABILITIES		
Accounts Payable and Other Liabilities	3,322	1,370
Securities Lending Collateral	11,351	11,125
Investment Commitments Payable	252,914	304,577
Total Liabilities	267,587	317,072
Net Position Held in Trust for Pension Benefits	\$ 2,852,871	\$ 2,488,499

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**COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended December 31, 2017
(In Thousands)**

	Employees' Retirement	
	2017	2016
ADDITIONS		
Contributions		
Employer	\$ 112,103	\$ 108,454
Plan Member	73,650	71,756
Total Contributions	185,753	180,210
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	363,468	163,299
Interest	13,471	10,570
Dividends	22,510	24,781
Total Investment Activities Income	399,449	198,650
Investment Activities Expenses		
Investment Management Fees	9,783	8,186
Investment Consultant Fees	295	295
Investment Custodial Fees	304	426
Total Investment Activities Expenses	10,382	8,907
Net Income from Investment Activities	389,067	189,743
From Securities Lending Activities		
Securities Lending Income	134	100
Borrower Rebates	(44)	166
Total Securities Lending Income	90	266
Securities Lending Expenses		
Management Fees	20	66
Total Securities Lending Expenses	20	66
Net Income from Securities Lending Activities	70	200
Total Net Investment Income	389,137	189,943
Other Income	—	—
Total Additions	574,890	370,153
DEDUCTIONS		
Benefits	179,227	168,967
Refund of Contributions	19,159	16,457
Administrative Expense	12,131	9,251
Total Deductions	210,517	194,675
Change in Net Position	364,373	175,478
Net Position - Beginning of Year	2,488,498	2,313,021
Net Position - End of Year	\$ 2,852,871	\$ 2,488,498

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended December 31, 2017

(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
GUARANTY DEPOSITS FUND				
<i>Assets</i>				
Cash	\$ 6,998	\$ 4,355	\$ 5,184	\$ 6,169
Total Assets	<u>\$ 6,998</u>	<u>\$ 4,355</u>	<u>\$ 5,184</u>	<u>\$ 6,169</u>
<i>Liabilities</i>				
Deposits Payable	\$ 6,998	\$ 1,759	\$ 2,588	\$ 6,169
Total Liabilities	<u>\$ 6,998</u>	<u>\$ 1,759</u>	<u>\$ 2,588</u>	<u>\$ 6,169</u>
PAYROLL WITHHOLDING FUND				
<i>Assets</i>				
Cash	\$ 1,691	\$ 344,402	\$ 345,007	\$ 1,086
Accounts Receivable	—	—	1	(1)
Total Assets	<u>\$ 1,691</u>	<u>\$ 344,402</u>	<u>\$ 345,008</u>	<u>\$ 1,085</u>
<i>Liabilities</i>				
Accounts Payable	\$ 192	\$ 13	\$ 209	\$ (4)
Salaries, Benefits, and Payroll Taxes Payable	1,483	344,397	344,810	1,070
Claims/Judgments Payable	16	5	1	20
Total Liabilities	<u>\$ 1,691</u>	<u>\$ 344,415</u>	<u>\$ 345,020</u>	<u>\$ 1,086</u>
MULTIFAMILY RENTAL HOUSING IMPROVEMENT FUND				
<i>Assets</i>				
Cash	\$ —	\$ —	\$ —	\$ —
Total Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Total Liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
SALARY FUND				
<i>Assets</i>				
Cash	\$ (5)	\$ 764,878	\$ 764,533	\$ 340
Accounts Receivable	—	—	—	—
Total Assets	<u>\$ (5)</u>	<u>\$ 764,878</u>	<u>\$ 764,533</u>	<u>\$ 340</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Salaries, Benefits, and Payroll Taxes Payable	(5)	765,460	765,115	340
Total Liabilities	<u>\$ (5)</u>	<u>\$ 765,460</u>	<u>\$ 765,115</u>	<u>\$ 340</u>

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COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended December 31, 2017
(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
VOUCHER FUND				
<i>Assets</i>				
Cash	\$ 515	\$ 4,015,046	\$ 4,015,571	\$ (10)
Total Assets	<u>\$ 515</u>	<u>\$ 4,015,046</u>	<u>\$ 4,015,571</u>	<u>\$ (10)</u>
<i>Liabilities</i>				
Accounts Payable	\$ 515	\$ 4,054,368	\$ 4,054,893	\$ (10)
Total Liabilities	<u>\$ 515</u>	<u>\$ 4,054,368</u>	<u>\$ 4,054,893</u>	<u>\$ (10)</u>
PASS-THROUGH GRANTS FUND				
<i>Assets</i>				
Cash	\$ —	\$ —	\$ —	\$ —
Total Assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Total Liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
FILE LOCAL AGENCY FUND				
<i>Assets</i>				
Cash	\$ —	\$ 332	\$ 405	\$ (73)
Accounts Receivable	88	335	310	113
Total Assets	<u>\$ 88</u>	<u>\$ 667</u>	<u>\$ 715</u>	<u>\$ 40</u>
<i>Liabilities</i>				
Accounts Payable	\$ 88	\$ 52	\$ 101	\$ 39
Total Liabilities	<u>\$ 88</u>	<u>\$ 52</u>	<u>\$ 101</u>	<u>\$ 39</u>
TOTALS - ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and Equity in Pooled Investments	\$ 9,199	\$ 5,129,013	\$ 5,130,700	\$ 7,512
Accounts Receivable	88	335	311	112
Total Assets	<u>\$ 9,287</u>	<u>\$ 5,129,348</u>	<u>\$ 5,131,011</u>	<u>\$ 7,624</u>
<i>Liabilities</i>				
Accounts Payable	\$ 795	\$ 4,054,433	\$ 4,055,203	\$ 25
Salaries, Benefits, and Payroll Taxes Payable	1,478	1,109,857	1,109,925	1,410
Deposits Payable	6,998	1,759	2,588	6,169
Claims/Judgments Payable	16	5	1	20
Total Liabilities	<u>\$ 9,287</u>	<u>\$ 5,166,054</u>	<u>\$ 5,167,717</u>	<u>\$ 7,624</u>

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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
Miscellaneous Statistics

Table S-1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,365,060	\$ 3,269,646	\$ 3,144,486	\$ 3,085,306	\$ 2,880,124
Restricted	694,502	625,046	556,406	448,935	460,885
Unrestricted	(565,925)	(392,023)	(379,114)	(16,363)	36,212
Total Governmental Activities Net Position	3,493,637	3,502,669	3,321,778	3,517,878	3,377,221
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	2,280,370	2,186,129	1,915,893	1,750,495	1,508,831
Restricted	85,527	59,575	59,194	58,039	57,404
Unrestricted	(121,280)	(231,495)	(153,822)	253,427	274,388
Total Business-Type Activities Net Position	2,244,617	2,014,209	1,821,265	2,061,961	1,840,623
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	5,645,430	5,455,775	5,060,379	4,835,801	4,388,955
Restricted	780,029	684,621	615,600	506,974	518,289
Unrestricted	(687,205)	(623,518)	(532,936)	237,064	310,600
Total Primary Government Net Position	\$ 5,738,254	\$ 5,516,878	\$ 5,143,043	\$ 5,579,839	\$ 5,217,844
2012 2011 2010 2009 2008					
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 2,783,738	\$ 2,627,462	\$ 2,513,808	\$ 2,350,564	\$ 2,184,161
Restricted	406,454	419,675	372,289	225,157	271,204
Unrestricted	(35,593)	(101,021)	(98,786)	146,711	194,962
Total Governmental Activities Net Position	3,154,599	2,946,116	2,787,311	2,722,432	2,650,327
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	1,391,130	1,243,622	1,228,030	1,257,195	1,128,319
Restricted	56,210	81,904	79,372	71,801	63,913
Unrestricted	215,405	205,493	106,013	49,827	166,634
Total Business-Type Activities Net Position	1,662,745	1,531,019	1,413,415	1,378,823	1,358,866
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	4,174,868	3,871,084	3,741,838	3,607,759	3,312,480
Restricted	462,664	501,579	451,661	296,958	335,117
Unrestricted	179,812	104,472	7,227	196,538	361,596
Total Primary Government Net Position	\$ 4,817,344	\$ 4,477,135	\$ 4,200,726	\$ 4,101,255	\$ 4,009,193

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 2004-2009.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 222,089	\$ 247,400	\$ 208,638	\$ 189,034	\$ 161,041
Judicial	32,075	32,025	28,477	28,874	33,517
Public Safety	577,738	576,208	531,523	568,843	515,129
Physical Environment	15,539	12,558	4,351	5,853	10,740
Transportation	384,724	271,601	221,443	222,199	165,742
Economic Environment	147,005	175,133	138,878	138,169	125,191
Health and Human Services	119,463	104,687	94,122	76,562	71,256
Culture and Recreation	364,425	330,984	286,395	275,566	267,043
Interest on Long-Term Debt	47,777	42,942	32,694	31,170	26,417
Total Governmental Activities Expenses	<u>1,910,835</u>	<u>1,793,538</u>	<u>1,546,521</u>	<u>1,536,270</u>	<u>1,376,076</u>
<i>Business-Type Activities</i>					
Light	914,785	853,871	837,860	798,161	780,930
Water	235,142	225,678	228,241	221,944	215,600
Drainage and Wastewater	363,682	332,686	316,487	298,633	290,147
Solid Waste	192,062	167,132	173,312	159,501	156,653
Planning and Development	72,914	64,248	64,673	58,304	53,080
Downtown Parking Garage	0	5,222	7,401	7,458	8,159
Fiber Leasing	36	8	35	27	54
Total Business-Type Activities Expenses	<u>1,778,621</u>	<u>1,648,845</u>	<u>1,628,009</u>	<u>1,544,028</u>	<u>1,504,623</u>
Total Primary Government Expenses	3,689,456	3,442,383	3,174,530	3,080,298	2,880,699
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	119,548	109,478	104,651	91,011	85,923
Judicial	27,555	29,578	30,030	31,256	40,545
Public Safety	28,669	24,472	26,227	25,733	19,245
Physical Environment	10	13	16	78	47
Transportation	77,958	70,878	67,948	101,074	100,830
Economic Environment	53,196	36,464	41,875	35,776	12,250
Health and Human Services	745	525	64	10	8
Culture and Recreation	82,133	75,832	70,360	72,873	67,116
Operating Grants and Contributions	130,777	134,856	136,981	123,986	135,407
Capital Grants and Contributions	36,161	31,076	29,358	37,895	42,468
Total Governmental Activities Program Revenues	<u>556,752</u>	<u>513,172</u>	<u>507,510</u>	<u>519,692</u>	<u>503,839</u>
<i>Business-Type Activities</i>					
Charges for Services					
Light	987,812	901,276	880,788	883,149	839,767
Water	262,777	251,244	251,977	242,786	235,114
Drainage and Wastewater	396,283	371,040	359,839	337,882	329,386
Solid Waste	203,038	177,061	174,365	157,495	159,741
Planning and Development	72,595	79,246	65,278	56,743	48,016
Downtown Parking Garage	0	5,355	7,885	7,434	7,019
Fiber Leasing	8	8	12	16	75
Operating Grants and Contributions	1,834	4,583	7,088	6,155	7,055
Capital Grants and Contributions	70,020	86,997	60,115	48,129	63,760
Total Business-Type Activities Program Revenues	<u>1,994,367</u>	<u>1,876,810</u>	<u>1,807,347</u>	<u>1,739,789</u>	<u>1,689,933</u>
Total Primary Government Program Revenues	2,551,119	2,389,982	2,314,857	2,259,481	2,193,772
NET (EXPENSE) REVENUE					
Governmental Activities	(1,354,083)	(1,280,367)	(1,039,011)	(1,016,578)	(872,237)
Business-Type Activities	215,746	227,965	179,338	195,761	185,310
Total Primary Government Net Expense	<u>(1,138,337)</u>	<u>(1,052,402)</u>	<u>(859,673)</u>	<u>(820,817)</u>	<u>(686,927)</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 164,040	\$ 179,498	\$ 182,058	\$ 106,732	\$ 143,855
Judicial	26,121	25,623	26,298	27,526	26,762
Public Safety	475,747	471,205	476,861	473,527	455,701
Physical Environment	6,357	10,697	8,346	32,543	7,707
Transportation	133,511	111,038	122,376	137,015	127,872
Economic Environment	125,917	101,242	119,595	98,940	104,660
Health and Human Services	65,266	71,399	72,680	75,788	69,181
Culture and Recreation	239,003	245,671	258,639	249,160	257,578
Interest on Long-Term Debt	39,998	40,425	38,929	36,825	39,336
Total Governmental Activities Expenses	<u>1,275,960</u>	<u>1,256,798</u>	<u>1,305,782</u>	<u>1,238,056</u>	<u>1,232,652</u>
<i>Business-Type Activities</i>					
Light	731,459	723,665	730,758	733,405	791,837
Water	203,610	198,929	209,554	200,921	180,855
Drainage and Wastewater	272,423	269,224	245,589	244,295	231,318
Solid Waste	150,115	149,157	141,852	145,526	120,941
Planning and Development	46,542	44,087	47,699	55,954	56,882
Downtown Parking Garage	7,701	7,740	7,648	7,824	8,545
Fiber Leasing	—	—	—	—	—
Total Business-Type Activities Expenses	<u>1,411,850</u>	<u>1,392,802</u>	<u>1,383,100</u>	<u>1,387,925</u>	<u>1,390,378</u>
Total Primary Government Expenses	2,687,810	2,649,600	2,688,882	2,625,981	2,623,030
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	79,048	73,960	60,333	58,127	102,697
Judicial	33,748	33,048	31,078	28,376	22,032
Public Safety	19,277	18,939	18,848	22,740	16,254
Physical Environment	0	2	1,985	1,745	1,632
Transportation	81,972	64,331	55,680	62,230	44,093
Economic Environment	7,303	7,299	4,419	11,922	17,440
Health and Human Services	0	1,276	9	9	12
Culture and Recreation	53,450	50,273	54,886	58,977	59,586
Operating Grants and Contributions	130,377	136,679	118,619	104,382	95,236
Capital Grants and Contributions	48,092	47,503	56,377	36,834	31,527
Total Governmental Activities Program Revenues	<u>453,267</u>	<u>433,310</u>	<u>402,234</u>	<u>385,342</u>	<u>390,509</u>
<i>Business-Type Activities</i>					
Charges for Services					
Light	797,445	769,316	729,650	717,775	872,099
Water	213,164	194,342	194,987	190,283	163,996
Drainage and Wastewater	297,443	274,553	245,959	244,773	216,957
Solid Waste	156,927	154,159	146,944	135,393	124,353
Planning and Development	40,869	35,087	28,627	33,379	42,929
Downtown Parking Garage	6,588	5,937	6,580	6,862	6,530
Fiber Leasing	—	—	—	—	—
Operating Grants and Contributions	6,749	5,518	5,953	4,789	4,099
Capital Grants and Contributions	48,438	51,522	41,846	59,983	81,425
Total Business-Type Activities Program Revenues	<u>1,567,623</u>	<u>1,490,434</u>	<u>1,400,546</u>	<u>1,393,237</u>	<u>1,512,388</u>
Total Primary Government Program Revenues	2,020,890	1,923,744	1,802,780	1,778,579	1,902,897
NET (EXPENSE) REVENUE					
Governmental Activities	(822,693)	(823,488)	(903,548)	(852,714)	(842,143)
Business-Type Activities	155,773	97,632	17,446	5,312	122,010
Total Primary Government Net Expense	<u>(666,920)</u>	<u>(725,856)</u>	<u>(886,102)</u>	<u>(847,402)</u>	<u>(720,133)</u>

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

	2017	2016	2015	2014	2013
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 582,622	\$ 542,854	\$ 420,691	\$ 431,458	\$ 423,927
Sales Taxes	280,963	263,285	239,189	199,735	181,171
Business Taxes	516,881	482,850	454,086	431,437	408,913
Excise Taxes	115,674	114,627	101,098	65,364	61,524
Other Taxes	22,032	19,009	17,733	16,771	11,240
Penalties and Interest on Delinquent Taxes	—	—	—	4,091	3,596
Unrestricted Investment Earnings (Loss)	18,339	9,080	9,202	11,791	(1,663)
Gain (Loss) on Sale of Capital Assets	7,633	(191)	9,071	1,761	17,012
Transfers	(5,317)	15,469	(8,931)	(11,512)	(10,861)
Total Governmental Activities	1,538,827	1,446,983	1,242,139	1,150,896	1,094,859
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	18,046	12,806	13,938	16,254	4,204
Gain on Sale of Capital Assets	(83)	48,101	2,767	2,759	1,672
Special Item - Environmental Remediation	(9,619)	(66,187)	(4,975)	(4,949)	(24,169)
Transfers	6,321	(15,469)	8,931	11,512	10,861
Total Business-Type Activities	14,665	(20,749)	20,661	25,576	(7,432)
Total Primary Government	1,553,492	1,426,234	1,262,800	1,176,472	1,087,427
CHANGES IN NET POSITION					
Governmental Activities	184,744	166,617	203,128	134,318	222,622
Business-Type Activities	230,411	207,216	199,999	221,337	177,878
Total Primary Government	\$ 415,155	\$ 373,833	\$ 403,127	\$ 355,655	\$ 400,500

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

	2012	2011	2010	2009	2008
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 412,872	\$ 397,288	\$ 391,798	\$ 388,341	\$ 368,515
Sales Taxes	169,681	158,582	146,970	150,515	171,917
Business Taxes	358,931	339,703	331,570	329,572	330,369
Excise Taxes	54,637	35,203	28,815	27,710	36,091
Other Taxes	44,352	39,014	31,119	28,582	25,395
Penalties and Interest on Delinquent Taxes	2,795	3,240	3,475	3,867	2,410
Unrestricted Investment Earnings (Loss)	6,458	5,536	4,685	8,898	24,140
Gain (Loss) on Sale of Capital Assets	1,502	14,224	40,095	(2,422)	15,461
Transfers	(10,095)	(9,373)	(10,100)	(10,245)	(10,803)
Total Governmental Activities	1,041,133	983,417	968,427	924,818	963,495
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	11,789	11,078	8,796	4,837	13,530
Gain on Sale of Capital Assets	619	924	198	4,495	1,708
Special Item - Environmental Remediation	(37,066)	538	(1,948)	(4,289)	—
Transfers	10,095	9,373	10,100	10,245	10,803
Total Business-Type Activities	(14,563)	21,913	17,146	15,288	26,041
Total Primary Government	1,026,570	1,005,330	985,573	940,106	989,536
CHANGES IN NET POSITION					
Governmental Activities	218,440	159,929	64,879	72,104	121,352
Business-Type Activities	141,210	119,545	34,592	20,600	148,051
Total Primary Government	\$ 359,650	\$ 279,474	\$ 99,471	\$ 92,704	\$ 269,403

Table S-3

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

	2017	2016	2015	2014	2013
GENERAL FUND					
Nonspendable	\$ 350	\$ 401	\$ 474	\$ 473	\$ 375
Restricted	181,951	155,523	136,627	99,991	100
Committed	131,385	102,521	116,890	76,493	83
Assigned	29,172	28,646	5,767	5,685	5
Unassigned	152,224	155,290	143,763	134,492	120
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	<u>\$ 495,082</u>	<u>\$ 442,381</u>	<u>\$ 403,521</u>	<u>\$ 317,134</u>	<u>\$ 683</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,744	\$ 2,740	\$ 3,227	\$ 4,224	\$ 3,959
Restricted	512,551	466,996	417,732	346,891	359,172
Committed	115,265	109,392	68,947	60,612	49,829
Assigned	11,963	9,819	11,004	9,933	7,661
Unassigned	(22,270)	(37,083)	(34,159)	(59,231)	(22,328)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	<u>\$ 620,253</u>	<u>\$ 551,864</u>	<u>\$ 466,751</u>	<u>\$ 362,429</u>	<u>\$ 398,293</u>
GENERAL FUND					
Nonspendable	\$ 555	\$ 572	\$ 401	\$ —	\$ —
Restricted	82,520	58,917	63,695	—	—
Committed	79,508	58,713	44,240	—	—
Assigned	6,417	6,808	17,958	—	—
Unassigned	105,992	79,765	53,147	—	—
Reserved	—	—	0	78,835	140,325
Unreserved	—	—	0	118,611	131,085
Total General Fund	<u>\$ 274,992</u>	<u>\$ 204,775</u>	<u>\$ 179,441</u>	<u>\$ 197,446</u>	<u>\$ 271,410</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 2,618	\$ 2,714	\$ 2,447	\$ —	\$ —
Restricted	321,884	358,710	306,545	—	—
Committed	40,248	60,156	41,379	—	—
Assigned	12,583	8,816	7,910	—	—
Unassigned	(13,991)	(12,064)	(11,911)	—	—
Reserved	—	—	0	319,104	261,463
Unreserved, Reported in					
Special Revenue Funds	—	—	0	40,157	96,337
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	101	121
Total All Other Governmental Funds	<u>\$ 363,342</u>	<u>\$ 418,332</u>	<u>\$ 346,370</u>	<u>\$ 359,362</u>	<u>\$ 357,921</u>

a Beginning in fiscal year 2010, fund balance categories were changed to conform to the requirements of GASB Statement No. 54. Fund balance was not restated to the new categories for prior years.

Table S-4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Page 1 of 2

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

	2017	2016	2015	2014	2013
REVENUES					
Taxes	\$ 1,517,424	\$ 1,422,194	\$ 1,233,134	\$ 1,149,119	\$ 1,083,499
Licenses and Permits	43,674	41,743	34,137	30,093	27,135
Grants, Shared Revenues, and Contributions	167,609	166,779	162,132	161,361	184,784
Charges for Services	248,711	254,412	225,056	221,187	200,847
Fines and Forfeits	42,971	46,154	39,008	37,142	41,107
Parking Fees and Space Rent	71,407	68,798	67,444	63,891	62,463
Program Income, Interest, and Miscellaneous Revenues	118,248	99,369	98,215	86,757	45,462
Total Revenues	2,210,044	2,099,449	1,859,126	1,749,550	1,645,297
EXPENDITURES					
Current					
General Government	321,623	264,284	224,721	204,662	191,829
Judicial	31,658	31,519	29,352	29,158	27,642
Public Safety	611,790	590,681	577,106	525,778	494,011
Physical Environment	16,130	13,575	7,314	7,409	11,935
Transportation	195,895	227,666	155,690	114,737	97,676
Economic Environment	151,462	179,831	141,722	140,079	128,644
Health and Human Services	120,943	104,209	96,267	78,024	73,151
Culture and Recreation	317,961	305,986	268,977	245,358	231,694
Capital Outlay					
General Government	55,933	29,342	29,959	35,599	22,220
Judicial	—	—	—	—	—
Public Safety	2,764	21,527	13,097	25,161	21,100
Physical Environment	—	—	—	—	—
Transportation	203,447	240,216	278,151	278,550	234,188
Economic Environment	110	7	—	7	—
Culture and Recreation	60,586	47,390	35,712	55,132	85,690
Debt Service					
Principal	57,883	53,308	50,708	61,745	56,194
Advance Refunding to Escrow	—	—	—	—	—
Interest	35,551	32,768	28,998	26,571	26,206
Bond Issuance Cost	508	627	1,946	259	822
Other	—	—	—	—	—
Total Expenditures	2,184,244	2,142,936	1,939,720	1,828,229	1,703,002
Excess (Deficiency) of					
Revenues over Expenditures	25,800	(43,487)	(80,594)	(78,679)	(57,705)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	93,880	145,139	350,255	50,455	101,115
Refunding Debt Issued	—	—	—	—	43,945
Premium on Bonds Issued	10,198	22,177	40,113	4,150	9,377
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	(19,419)	(31,909)	(155,030)	—	(44,503)
Sales of Capital Assets	7,704	123	19,231	2,129	22,904
Transfers In	501,504	550,752	498,582	442,666	375,772
Transfers Out	(498,724)	(518,825)	(501,695)	(448,410)	(381,986)
Total Other Financing Sources (Uses)	95,143	167,457	251,456	50,990	126,624
Net Change in Fund Balance	\$ 120,943	\$ 123,970	\$ 170,862	\$ (27,689)	\$ 68,919
Debt Service as a Percentage of					
Noncapital Expenditures	4.81 %	4.61 %	4.87 %	5.93 %	6.26 %

Table S-4 **CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
Page 2 of 2 **Last Ten Fiscal Years**
(Modified Accrual Basis of Accounting)
(In Thousands)

	2012	2011	2010	2009	2008
REVENUES					
Taxes	\$ 1,044,608	\$ 973,181	\$ 933,641	\$ 927,287	\$ 934,544
Licenses and Permits	25,238	22,966	26,514	28,298	29,091
Grants, Shared Revenues, and Contributions	177,775	167,813	179,842	173,231	133,772
Charges for Services	182,595	167,644	171,509	157,081	142,797
Fines and Forfeits	34,340	34,066	32,300	29,645	25,572
Parking Fees and Space Rent	57,107	51,004	46,858	42,404	37,961
Program Income, Interest, and Miscellaneous Revenues	43,649	39,706	26,037	34,011	102,077
Total Revenues	1,565,312	1,456,380	1,416,701	1,391,957	1,405,814
EXPENDITURES					
Current					
General Government	180,187	193,697	203,607	202,974	195,947
Judicial	26,654	25,855	26,300	26,812	26,584
Public Safety	461,235	451,734	445,002	431,413	421,105
Physical Environment	7,748	11,190	9,058	16,528	8,454
Transportation	92,212	90,966	93,381	111,531	107,532
Economic Environment	128,711	106,234	123,430	103,462	109,903
Health and Human Services	67,103	73,100	73,956	76,471	70,032
Culture and Recreation	216,508	211,523	233,284	223,340	215,458
Capital Outlay					
General Government	10,684	13,862	16,799	24,651	12,953
Judicial	—	—	—	—	—
Public Safety	27,743	8,320	21,815	20,781	12,643
Physical Environment	—	—	—	—	5
Transportation	228,272	167,590	169,636	179,231	100,636
Economic Environment	69	—	5	28	22
Culture and Recreation	55,507	50,383	63,521	72,905	72,322
Debt Service					
Principal	53,523	47,909	45,826	43,064	51,855
Advance Refunding to Escrow	—	—	—	6	35,152
Interest	25,339	26,754	24,596	24,191	35,738
Bond Issuance Cost	258	369	1,303	727	632
Other	305	—	—	—	—
Total Expenditures	1,582,058	1,479,486	1,551,519	1,558,115	1,476,973
Excess (Deficiency) of					
Revenues over Expenditures	(16,746)	(23,106)	(134,818)	(166,158)	(71,159)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	108,085	79,433	85,325	87,810	84,960
Refunding Debt Issued	—	0	115,185	4,390	54,870
Premium on Bonds Issued	21,140	5,181	13,270	8,152	7,545
Capital Leases Issued	—	—	—	20	—
Payment to Refunded Bond Escrow Agent	(91,574)	0	(125,170)	(4,735)	(56,920)
Sales of Capital Assets	2,282	41,161	21,310	624	408
Transfers In	334,611	292,224	298,519	371,345	350,078
Transfers Out	(342,571)	(297,597)	(304,618)	(373,971)	(332,266)
Total Other Financing Sources (Uses)	31,973	120,402	103,821	93,635	108,675
Net Change in Fund Balance	\$ 15,227	\$ 97,296	\$ (30,997)	\$ (72,523)	\$ 37,516
Debt Service as a Percentage of					
Noncapital Expenditures	5.91%	5.28%	5.28%	6.72%	8.39%

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
2008	\$ 368,362	\$ 171,917	\$ 332,779	\$ 36,091	\$ 25,395	\$ 934,544
2009	387,041	150,515	329,572	27,710	32,449	927,287
2010	391,692	146,970	331,570	28,815	34,594	933,641
2011	397,439	158,582	339,703	35,203	42,254	973,181
2012	420,763	169,681	358,931	54,637	44,352	1,048,364
2013	423,928	181,171	408,913	61,525	11,240	1,086,777
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

Table S-6

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

Fiscal Year	Assessed and Estimated Actual Value ^a (In Thousands)			Total Direct Tax Rate	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total ^b			
2008	\$ 116,641,027	\$ 4,980,103	\$ 121,621,130	2.774%	14.51%	\$ 205.164
2009	132,576,786	5,254,068	137,830,854	2.581	13.33	228.955
2010	118,370,062	5,314,253	123,684,315	2.925	(10.26)	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	185,729,081	596,261	186,325,343	2.899	14.10	261.070

^a Real property has been assessed at 100 percent of estimated actual value.

^b Source: King County Assessor.

Table S-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES ^a
Last Ten Fiscal Years
(In Mills or Dollars per Thousand of Assessed Value)

Year of Levy	City of Seattle				Overlapping				Total	Dollars Levied ^c (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds	Debt Service Funds	City Total	State	County ^b	School	Port of Seattle			
2008	1.697	0.904	0.173	2.774	2.132	1.663	1.895	0.224	8.688	\$1,056,632	7.2%
2009	1.551	0.896	0.134	2.581	1.963	1.513	1.718	0.197	7.972	1,098,723	4.0
2010	1.784	1.005	0.136	2.925	2.222	1.694	1.985	0.216	9.042	1,118,329	1.8
2011	1.875	1.038	0.148	3.061	2.280	1.751	2.342	0.224	9.658	1,160,092	3.7
2012	1.968	1.161	0.147	3.276	2.422	1.837	2.400	0.230	10.165	1,187,240	2.3
2013	1.902	1.246	0.138	3.286	2.567	1.976	2.447	0.233	10.509	1,229,506	3.6
2014	1.801	1.107	0.140	3.048	2.470	2.008	2.549	0.215	10.290	1,319,452	7.3
2015	1.625	0.868	0.130	2.623	2.285	1.789	2.391	0.189	9.277	1,345,016	1.9
2016	1.468	1.421	0.178	3.067	2.168	1.892	2.188	0.170	9.485	1,554,926	15.6
2017	1.346	1.387	0.166	2.899	2.032	2.013	2.151	0.153	9.248	1,723,142	10.8

a Source: King County Assessor and City of Seattle Budget Office.

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	2017			2008		
	Assessed Valuation ^f (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^f (In Millions)	Percentage of Assessed Valuation	Rank
Amazon	\$ 2,155.5	1.01%	1			
Union Square Limited Partnership	1,031.1	0.48	2	614.2	0.45	1
Altus Group US Inc.	820.8	0.38	3			
GC Columbia (formerly Columbia Center Property)	678.4	0.32	4	515.6	0.37	2
Acorn Development LLC (Amazon)	667.8	0.31	5			
1201 Tab Owner LLC	652.0	0.30	6			
FSP-RIC LLC	570.5	0.27	7			
City Centre Associates JV	551.7	0.26	8	383.7	0.28	6
TB TS/RELP LLC 549800	504.7	0.21	9			
Iris Holdings LLC	461.6	0.22	10			
Wright-Rundstad & Company				508.3	0.37	3
Qwest Corporation, Inc.				438.0	0.32	4
The Boeing Company				417.3	0.30	5
Second and Union (Washington Mutual - Art Museum)				326.8	0.24	7
999 Thir Avenue Property				323.8	0.23	8
Martin Sellig				307.3	0.22	9
Block 24 Seattle LTD LP (Gerald Hines)				224.8	0.16	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.

Table S-9
Page 1 of 2

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

Customer Name	CITY LIGHT ^a					
	2017			2008		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 26,781	3.06%	1	\$ 14,264	2.16%	3
NUCOR	26,233	3.00	2	17,213	3.14	1
City of Seattle	19,953	2.28	3	16,007	2.92	2
Boeing	16,250	1.86	4	12,015	2.19	4
King County ^b	11,882	1.36	5	7,601	1.39	6
Sabey Corporation	9,145	1.04	6	9,364	1.71	5
Federal Government	8,004	0.91	7	4,581	0.84	8
Ardagh Group	7,348	0.84	8	—	—	
2001 6th LLC	6,718	0.77	9	3,335	0.61	10
Martin Selig	6,576	0.75	10	—	—	
Saint Gobain				5,015	0.92	7
Unico Properties/Union Square Ltd				3,923	0.72	9
Total Top Ten	\$ 138,890	15.87%		\$ 93,318	16.60%	

a Seattle City Light billing records.

b Revenue for King County included Metro Transit due to the merger of King County and Metro Transit in 2004.

Customer Name	WATER ^c					
	2017			2008 ^d		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 23,026	8.76%	1	\$ 16,537	11.06%	1
Northshore Utility District	5,954	2.26	2	4,923	3.29	2
City of Seattle	4,663	1.77	3	2,198	1.47	6
University of Washington	4,457	1.70	4	2,008	1.34	7
Highline Water District	4,317	1.64	5	3,359	2.25	3
Soos Creek Water and Sewer District	3,463	1.32	6	2,893	1.93	5
Woodinville Water District	3,369	1.28	7	3,127	2.09	4
Port of Seattle	3,344	1.27	8	1,527	1.02	9
Seattle Housing Authority	2,437	0.93	9	—	—	—
King County Water District #20	2,222	0.85	10	1,795	1.20	8
City of Mercer Island				1,462	0.98	10
Total Top Ten	\$ 57,252	21.78%		\$ 39,829	26.63%	

c Source: Seattle Public Utilities (SPU) billing records.

d Using data from the 2008 CAFR.

Table S-9
Page 2 of 2

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

DRAINAGE AND WASTEWATER ^a

Customer Name	2017			2008 ^b		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 11,187	2.86%	1	\$ 5,405	2.51%	2
University of Washington	10,555	2.70	2	5,452	2.53	1
Seattle Housing Authority	5,599	1.43	3	1,744	0.81	4
King County	4,055	1.04	4	1,182	0.55	5
Marriott International Inc.	2,489	0.64	5	—	—	—
Seattle Public Schools	2,460	0.63	6	1,071	0.50	6
Equity Residential Prop.	2,023	0.52	7	—	—	—
BNSF Railway	1,871	0.48	8	699	0.32	8
Port of Seattle	1,376	0.35	9	1,896	0.88	3
Harborview Medical Center	1,311	0.34	10	875	0.41	7
The Boeing Company				680	0.32	9
Swedish Medical Center				674	0.31	10
Total Top Ten	\$ 42,926	10.99%		\$ 19,678	9.14%	

a Source: Seattle Public Utilities (SPU) billing records.
b Using data from the 2008 CAFR.

SOLID WASTE ^c

Customer Name	2017			2008 ^d		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,288	0.61%	1	\$ 707	0.62%	1
Starbucks	883	0.42	2	—	—	—
Fred Meyer/QFC	873	0.42	3	—	—	—
Goodwill Industries	853	0.41	4	455	0.40	3
Swedish Medical Group	693	0.33	5	454	0.39	4
Seattle Housing Authority	583	0.29	6	455	0.4	2
King County	531	0.25	7	—	—	—
Seattle Pacific University	474	0.23	8	—	—	—
Safeway	469	0.22	9	—	—	—
Pike Place Market	466	0.22	10	331	0.29	6
University of Washington				412	0.36	5
Value Village				289	0.25	7
Harborview Medical Center				282	0.25	8
Clean Scapes				264	0.23	9
Charlie's Produce				252	0.22	10
Total Top Ten	\$ 7,113	3.40%		\$ 3,901	3.41%	

c Source: Seattle Public Utilities (SPU) billing records.
d Using data from the 2008 CAFR.

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Original Levy	Adjusted Levy ^a	Collected within the Fiscal Year of the Levy		Subsequent Adjustments to Date	Net Levy to Date	Subsequent Collections	Total Collections to Date	
			Amount	Percentage of Adjusted Levy				Amount	Percentage of Net Levy
2008	\$371,971,172	\$ 370,579,618	\$ 363,923,901	98.20%	\$ (67,331)	\$ 370,512,287	\$ 6,507,027	\$ 370,430,928	99.98%
2009	391,665,366	389,564,212	382,220,305	98.11	(103,717)	389,460,495	7,230,046	389,450,351	100.00
2010	396,716,770	394,203,623	387,023,382	98.18	104,576	394,308,199	7,229,306	394,252,688	99.99
2011	401,332,061	399,082,252	392,544,843	98.36	(124,717)	398,957,535	6,437,400	398,982,243	100.00
2012	417,706,022	415,720,650	408,919,797	98.36	(43,510)	415,677,140	6,670,152	415,589,949	99.98
2013	419,470,830	418,268,215	411,963,480	98.49	(36,890)	418,231,325	6,133,646	418,097,126	99.97
2014	433,746,570	432,690,228	426,568,295	98.59	48,381	432,738,609	5,175,197	431,743,492	99.77
2015	422,696,019	421,442,544	416,061,811	98.72	(52,578)	421,389,966	4,249,887	420,311,698	99.74
2016	546,747,717	543,787,180	537,159,839	98.78	—	543,787,180	—	537,159,839	98.78
2017	586,841,888	583,926,393	576,389,321	98.71	—	583,926,393	—	576,389,321	98.71

a Source King County Treasurer's Office.

Table S-11

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Governmental Activities						
Fiscal Year	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Capital Leases
2008	721,160	22,222	743,382	19,205	19,738	—
2009	771,065	27,622	798,687	17,705	18,854	18
2010	801,695	37,260	838,955	15,735	16,582	14
2011	822,110	38,185	860,295	14,305	14,662	10
2012	772,950	56,070	829,020	13,005	18,748	6
2013	809,060	53,919	862,979	13,005	16,631	2
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

Business-Type Activities							
Revenue Bonds							
Fiscal Year	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds and Revenue Bonds
2008	64,524	1,529,375	1,025,480	402,035	87,005	74,336	3,182,755
2009	63,319	1,383,050	903,985	513,070	80,470	69,123	3,013,017
2010	62,093	1,536,775	1,006,300	499,785	78,491	119,651	3,303,095
2011	60,846	1,680,095	977,160	486,610	122,165	126,463	3,453,339
2012	59,589	1,778,600	919,640	540,495	119,205	221,756	3,639,285
2013	58,327	1,863,325	887,010	525,280	115,875	215,007	3,664,824
2014	56,470	1,903,845	853,465	618,895	166,875	249,395	3,848,945
2015	53,520	2,070,780	851,565	600,680	197,810	281,073	4,055,428
2016	—	2,118,085	809,950	673,920	207,545	331,600	4,141,100
2017	—	2,345,490	858,215	821,255	201,000	397,914	4,623,874

Business-Type Activities	
Fiscal Year	Notes and Contracts
2008	20,240
2009	23,861
2010	34,107
2011	36,222
2012	34,753
2013	35,606
2014	33,889
2015	38,907
2016	40,133
2017	77,026

Primary Government				
Fiscal Year	Total	Percentage of Personal Income ^a	Debt Per Capita	Total Personal Income ^a
2008	3,985,320	13.84	6,799	28,803,559
2009	3,872,142	13.26	6,532	29,201,816
2010	4,208,488	14.50	6,991	29,019,204
2011	4,378,833	14.60	7,194	29,987,391
2012	4,534,817	12.04	7,409	37,652,394
2013	4,593,047	11.42	7,450	40,204,185
2014	4,779,192	11.94	7,627	40,019,009
2015	5,162,626	11.84	8,060	43,597,181
2016	5,299,768	#DIV/0!	7,717	—
2017	5,811,456	N/A	8,143	N/A

^a Personal income data is not available for 2016.

Table S-12

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years**

Governmental Activities					
Fiscal Year	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^a	Per Capita
2008	721,160	14,288	729,094	0.60%	1,230
2009	771,065	11,220	787,467	0.57	1,308
2010	801,695	9,804	829,151	0.67	1,362
2011	822,110	9,653	850,642	0.73	1,390
2012	772,950	9,719	819,301	0.70	1,329
2013	809,060	9,775	853,204	0.67	1,362
2014	816,060	10,131	861,147	0.59	1,344
2015	965,310	10,672	1,035,975	0.63	1,564
2016	1,008,895	10,511	1,089,416	0.58	1,586
2017	1,012,535	10,392	1,084,559	#DIV/0!	1,520

Business-Type Activities					
Fiscal Year	General Bonded Debt Outstanding ^b (In Thousands)	Premiums, Discounts, and Other Adjustments (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^a	Per Capita
2008	64,524	3,961	68,485	0.06%	116
2009	63,319	3,763	67,082	0.05	111
2010	62,093	3,564	65,657	0.05	108
2011	60,846	3,366	64,212	0.05	105
2012	59,589	3,168	62,757	0.05	102
2013	58,327	2,970	61,297	0.05	98
2014	56,470	2,772	59,242	0.04	92
2015	53,520	2,574	56,094	0.03	85
2016	—	—	—	0.00	—
2017	—	—	—	#DIV/0!	—

Business-Type Activities				
Fiscal Year	Annual Debt Service Payments (In Thousands)	Net Operating Income ^c (In Thousands)	Percentage of Debt Service to Net Operating Income	
2008	4,654	4,119	112.99%	
2009	4,625	4,351	106.30	
2010	4,578	4,097	111.74	
2011	4,520	3,282	137.72	
2012	4,438	3,866	114.80	
2013	4,337	3,863	112.27	
2014	4,796	4,634	103.50	
2015	5,773	4,843	119.20	
2016	2,007	3,337	60.14	
2017	—	—	#DIV/0!	

Primary Government			
Fiscal Year	General Bonded Debt Outstanding ^b (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)
2008	811,867	14,288	797,579
2009	865,769	11,220	854,549
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

^a Starting in 2011, estimated actual value of taxable property in the succeeding year is used for calculation.

^b General obligation bond debt service for the Downtown Parking Garage was being paid for by user fee revenues derived from the garage. The ultimate recourse for the payment of these bonds was with the City's General Fund, but this ended with the sale of the Parking Garage in 2016.

^c Excludes amortization.

Table S-13

**DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
December 31, 2017**

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	805,702	40.05%	322,684
Port of Seattle	388,360	40.05	155,538
Seattle School District No. 001	22,815	99.56	22,715
Highline School District No. 401	420,028	0.01	42
Subtotal Overlapping Debt	1,636,905		500,979
City of Seattle Direct Debt	1,110,556	100.00	1,110,556
Total Direct and Overlapping Debt	\$ 2,747,461		\$ 1,611,535

^a Percentage rates were provided by King County except for City of Seattle and were determined by the ratio of assessed valuation of property in the overlapping unit subject to taxation in the reporting unit to the total value of property subject to taxation in the overlapping unit.

^b Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

Table S-14

LEGAL DEBT MARGIN INFORMATION

	General Capacity ^a		Special Purpose Capacity ^a		Total Capacity
	Councilmanic (1.5% of Assessed Value)	Voter-Approved (2.5% of Assessed Value)	Open Spaces and Parks (2.5% of Assessed Value)	Utility Purposes (2.5% of Assessed Value)	
Latest Certified Assessed Value \$214,109,064,214 ^b					
2.50% of Assessed Value	\$ —	\$ 5,352,726,605	\$ 5,352,726,605	\$ 5,352,726,605	\$ 16,058,179,816
1.50% of Assessed Value	3,211,635,963	(3,211,635,963)	—	—	—
	3,211,635,963	2,141,090,642	5,352,726,605	5,352,726,605	16,058,179,816
Statutory Debt Limit Less Debt Outstanding ^c					
Bonds	(720,840,000)	(291,598,633)	—	—	(1,012,438,633)
Guarantee on PDA Bonds ^d	(41,620,000)	—	—	—	(41,620,000)
Public Works Trust Fund Loans ^e	(9,425,180)	—	—	—	(9,425,180)
Compensated Absences ^f	(87,263,603)	—	—	—	(87,263,603)
Total Debt Outstanding	(859,148,783)	(291,598,633)	—	—	(1,150,747,416)
Add:					
Available Net Position In Redemption Funds ^e	10,280,146	112,033	—	—	10,392,179
Compensated Absences for Sick Leave ^f	12,947,617	—	—	—	12,947,617
Net Debt Outstanding	(835,921,020)	(291,486,600)	—	—	(1,127,407,620)
LEGAL DEBT MARGIN	\$ 2,375,714,943	\$ 1,849,604,042	\$ 5,352,726,605	\$ 5,352,726,605	\$ 14,930,772,196

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2008	\$ 10,337,314,041	\$ 925,481,168	\$ 9,411,832,873	8.95%
2009	9,276,323,568	976,777,408	8,299,546,160	10.53
2010	9,008,761,941	1,005,384,736	8,003,377,205	11.16
2011	8,812,740,984	1,019,769,381	7,792,971,603	11.57
2012	8,826,489,180	986,832,122	7,839,657,058	11.18
2013	9,661,067,622	1,010,440,022	8,650,627,600	10.46
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

- a Legal debt limits are established by the state constitution and by statutes, including RCW 39.36.020 and 35.42.200. The prescribed limits prohibit the City's debt from exceeding 1.5 percent of assessed value of taxable property without a vote of the people, and a total of 2.5 percent (statutory) and 5.0 percent (constitutional) of assessed value of taxable property for general municipal purposes with a vote of the people.
- b RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of January 28, 2017 for taxes payable in 2017.
- 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.

Table S-15

PLEGGED-REVENUE COVERAGE

Last Ten Fiscal Years

(In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS ^a										
Fiscal Year	Utility Service	Less Operating	Adjustments to	Net Available	Junior Lien Bonds		Parity Bonds		Coverage	
	Charges	Expenses	Operating Revenue	Revenue	Interest	Principal	Interest	Principal		
2008	798,108	519,471	—	278,637	1,622	5,840	63,596	64,620	2.05	
2009	690,760	491,065	—	199,695	59	—	70,455	74,350	1.38	
2010	702,053	491,641	—	210,412	—	—	51,012	67,360	1.78	
2011	754,391	484,529	—	269,862	—	—	85,038	61,650	1.84	
2012	795,238	489,098	—	306,140	—	—	80,129	88,995	1.81	
2013	833,834	514,269	—	319,565	—	—	80,960	91,840	1.85	
2014	872,836	531,464	—	341,372	—	—	85,086	99,670	1.85	
2015	873,650	567,058	—	306,592	250	—	84,408	104,915	1.62	
2016	903,175	795,766	224,519	331,928	1,038	—	88,060	107,450	0.55	
2017	989,710	852,469	239,552	376,793	2,479	—	875,775	111,230	0.38	

WATER ^b							
Fiscal Year	Utility Service	Less Operating	Net Available	Debt Service		Coverage	
	Charges	Expenses	Revenue	Interest	Principal		
2008	164,405	81,909	82,496	36,266	19,985	1.47	
2009	191,370	76,073	115,297	41,883	28,495	1.64	
2010	195,204	79,487	115,717	47,325	25,425	1.59	
2011	194,573	78,141	116,432	49,412	29,140	1.48	
2012	213,474	78,339	135,135	47,245	31,425	1.72	
2013	235,594	89,291	146,303	44,793	32,630	1.89	
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	

DRAINAGE AND WASTEWATER ^c							
Fiscal Year	Utility Service	Less Operating	Net Available	Debt Service		Coverage	
	Charges	Expenses	Revenue	Interest	Principal		
2008	224,109	167,338	56,771	9,872	13,401	2.44	
2009	250,194	183,127	67,067	17,102	12,915	2.00	
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	

SOLID WASTE ^d							
Fiscal Year	Utility Service	Less Operating	Net Available	Debt Service		Coverage	
	Charges	Expenses	Revenue	Interest	Principal		
2008	124,353	90,616	33,737	3,048	4,690	4.36	
2009	135,641	116,262	19,379	4,206	6,535	1.80	
2010	146,980	118,270	28,710	3,865	1,980	4.91	
2011	154,200	121,558	32,642	3,773	2,075	5.58	
2012	156,927	121,980	34,947	6,079	2,960	3.87	
2013	159,742	125,991	33,751	5,708	3,330	3.73	
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	

- a Debt coverage ratios prior to 2005 were based on debt service amounts on parity bonds only; beginning in 2005 the debt service for Junior Lien bonds was included. In 2008, all Junior Lien bonds were redeemed. Starting in 2009, calculation of debt coverage ratios was based again on debt service amounts on parity bonds. Operating expenses do not include interest, depreciation, or amortization expenses, except in 2002, 2003, and 2004 when the effect of \$100 million amortization of deferred power costs were also considered in the calculation of coverage ratio.
- b Operating expenses do not include City public utility taxes, depreciation and amortization, interest paid on revenue bonds, and drawdowns on the Bonneville Power Administration account. Coverage ratio was calculated based on the annual debt service requirement on senior lien bonds only.
- c Debt service coverage ratio was based on average annual debt service. Interest and principal shown were calculated to match the requirements of bond covenants. Operating expenses do not include City utility taxes, depreciation and amortization, interest, and claims.
- d Operating expenses do not include city public utility taxes, depreciation and amortization, interest paid on revenue bonds, amortization of debt expenses and loss, capitalized interest, and amortization of landfill and postclosure costs.

Table S-16

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Year	Population ^a		Total Personal Income ^b (In Thousands)		Per Capita Income ^b		King County Average Annual Unemployment Rate ^d
	King County	Seattle	King County	Metropolitan Division ^c	King County	Metropolitan Division ^c	
2008	1,884,200	592,800	\$ 116,030,940	\$ 144,561,076	\$ 61,581	\$ 53,999	3.7%
2009	1,909,300	602,000	108,988,394	136,747,300	57,083	50,644	4.3
2010	1,933,400	608,660	112,234,690	140,402,380	58,050	51,370	7.9
2011	1,942,600	612,100	120,055,100	149,916,738	61,801	53,931	8.8
2012	1,957,000	616,500	132,840,302	164,223,321	67,880	52,627	8.1
2013	1,981,900	626,600	135,079,092	167,113,851	68,156	55,190	6.8
2014	2,017,250	640,500	143,260,986	177,417,334	71,018	62,481	8.1
2015	2,052,800	662,400	153,554,091	190,187,027	74,802	65,817	5.0
2016	2,105,100	686,800	166,006,277	205,002,309	78,859	69,786	4.1
2017	2,153,700	713,700	NA	NA	NA	NA	3.7

a As of April 1. Source: Washington State Office of Financial Management, "2017 Population Cities, Towns and Counties" estimates only.

b Source: U. S. Bureau of Economic Analysis. 2017 Personal Income not yet available.

c Source: U. S. Bureau of Economic Analysis includes Seattle, Bellevue, and Everett.

d Source: Washington State Employment Security Department, April 24, 2018

Table S-17

PRINCIPAL INDUSTRIES^{ab}
Current Year and Nine Years Ago

Industry	2017			2008 ^c		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	227,500	16.3%	1	194,200	15.8%	1
Government (federal, state and local)	181,400	13.0	2	166,400	13.5	2
Educational and health services	179,300	12.8	3	142,300	11.6	3
Retail Trade	151,900	10.9	4	113,800	9.3	4
Leisure and Hospitality	140,800	10.1	5	113,400	9.2	5
Manufacturing	103,000	7.4	6	112,000	9.1	6
Information	102,900	7.4	7	79,800	6.5	7
Construction	74,400	5.3	8	7,900	6.0	9
Financial Activities	71,000	5.1	9	78,900	6.4	8
Wholesale Trade	64,800	4.6	10	64,400	5.2	10
Total Top Ten Industries	1,297,000	92.9%		1,073,100	92.6%	

^a Source: Washington Employment Security Department Labor Market and Economic Analysis.

^b Data is provided for King County, which includes the Seattle Metropolitan Area

^c Industry categories for the historical comparison have been updated to match the categories currently used by the Washington Employment Security Department Labor Market and Economic Analysis and are provided by them.

Table S-18
Page 1 of 2

FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
PUBLIC SAFETY					
Community Police Commission	4.00	4.00	4.00	3.00	—
Fire	1,155.55	1,167.55	1,162.55	1,151.55	1,150.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	183.60	177.10	173.60	169.60	169.60
Municipal Court	213.10	214.10	213.60	213.10	212.60
Police	2,095.35	2,033.35	2,018.35	1,999.35	1,947.35
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	31.09	29.09	31.59	30.84	28.09
Library	556.10	556.10	558.40	558.40	558.40
Parks and Recreation	913.01	916.68	908.35	888.45	853.57
Seattle Center	241.73	241.13	241.13	242.66	241.62
HEALTH AND HUMAN SERVICES					
Human Services	328.00	331.60	327.60	344.60	341.35
Educational and Developmental Services Levy	—	—	—	9.00	9.00
Department of Education and Early Learning	58.50	54.00	52.50	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	35.50	31.00	27.50	25.50	22.50
Housing	42.50	43.50	43.50	37.00	37.50
Neighborhoods	53.00	47.00	40.00	46.00	42.50
Neighborhood Matching Subfund	9.00	8.00	8.00	7.00	6.00
Seattle Department of Construction and Inspections ^c	405.30	404.30	417.50	406.00	397.25
Office of Planning and Community Development	46.50	45.00	—	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,779.80	1,868.30	1,861.30	1,857.25	1,830.25
Seattle Public Utilities	1,359.05	1,460.05	1,438.05	1,446.55	1,401.05
Transportation	885.50	844.00	794.00	793.00	727.50
ADMINISTRATION					
City Auditor	9.50	9.50	9.50	9.50	9.50
City Budget	35.00	35.00	33.00	29.50	28.50
Civil Rights	27.25	34.25	31.25	23.50	23.00
Civil Service Commission	2.60	2.60	2.60	2.60	2.60
Employees' Retirement System	21.00	20.00	20.00	20.00	18.00
Ethics and Elections Commission	5.90	4.90	5.20	6.20	6.20
Finance and Administrative Services ^b	625.00	641.50	625.00	602.25	528.75
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	9.50	9.50	7.00	3.00	3.00
Information Technology	659.60	205.00	198.25	194.25	192.25
Intergovernmental Relations	10.50	10.50	11.50	10.50	10.50
Legislative	99.00	90.00	88.50	86.50	86.50
Mayor	44.00	44.00	35.50	28.50	28.50
Department of Human Resources ^d	158.75	148.25	143.55	92.75	103.75
Policy and Management ^e	—	—	—	—	—
Sustainability and Environment	19.50	17.25	15.25	12.00	10.00
Total Full-Time Equivalents	12,134.91	11,759.73	11,559.25	11,361.53	11,039.36

a Source - City of Seattle Adopted Budgets.

b Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created the Department of Finance and Administrative Services in 2010.

c The Office of Policy and Management was disbanded in 2010. The Full-Time-Equivalents (FTEs) were transferred to the Office of the Mayor, Department of Executive Administration, Department of Neighborhoods, Legislative Department, and Seattle Fire Department. Three FTEs were abrogated.

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.

Table S-18
Page 2 of 2

FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2012	2011	2010	2009	2008
PUBLIC SAFETY					
Community Police Commission	—	—	—	—	—
Fire	1,152.55	1,151.55	1,155.55	1,163.05	1,163.05
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	159.10	160.60	155.10	154.10	155.10
Municipal Court	214.10	214.10	222.10	235.60	234.60
Police	1,930.85	1,934.85	1,922.25	1,859.75	1,851.75
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	1.00	1.00	1.00	1.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	19.85	20.60	23.10	25.10	25.10
Library	509.00	503.20	511.82	527.46	533.41
Parks and Recreation	863.09	890.89	1,002.49	1,002.90	1,002.95
Seattle Center	245.12	245.12	257.77	271.53	278.30
HEALTH AND HUMAN SERVICES					
Human Services	316.10	322.60	326.35	337.85	323.85
Educational and Developmental Services Levy	9.00	—	—	—	—
Department of Education and Early Learning	—	—	—	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	24.00	22.00	20.00	19.50	24.60
Housing	37.50	38.50	40.50	41.00	41.50
Neighborhoods	40.50	74.75	86.50	88.00	87.00
Neighborhood Matching Subfund	6.00	—	—	—	—
Seattle Department of Construction and Inspections ^c	393.26	398.01	409.00	437.00	441.00
Office of Planning and Community Development	—	—	—	—	—
UTILITIES AND TRANSPORTATION					
City Light	1,810.50	1,810.50	1,839.10	1,881.83	1,821.33
Seattle Public Utilities	1,411.05	1,420.75	1,449.25	1,481.00	1,458.06
Transportation	721.00	768.50	792.00	798.50	778.00
ADMINISTRATION					
City Auditor	9.00	8.00	8.00	8.00	9.00
City Budget	27.50	28.50	—	36.00	38.00
Civil Rights	22.50	21.50	22.50	22.50	22.50
Civil Service Commission	—	1.80	1.80	1.80	1.80
Employees' Retirement System	18.00	15.50	15.50	15.50	14.50
Ethics and Elections Commission	5.20	5.20	5.20	5.20	5.20
Finance and Administrative Services ^b	521.75	523.75	579.00	601.00	597.00
Hearing Examiner	4.63	4.63	4.63	4.75	4.75
Immigrant and Refugee Affairs	2.00	—	—	—	—
Information Technology	190.25	195.00	205.00	216.00	217.00
Intergovernmental Relations	10.50	11.50	11.50	10.50	10.50
Legislative	86.00	86.00	89.00	88.00	88.00
Mayor	28.50	28.50	28.50	24.50	25.50
Department of Human Resources ^d	103.25	104.25	115.00	128.00	123.50
Policy and Management ^e	—	—	—	18.00	18.50
Sustainability and Environment	14.75	11.00	8.00	7.00	7.00
Total Full-Time Equivalents	10,913.40	11,029.65	11,314.51	11,518.92	11,410.35

a Source - City of Seattle Adopted Budgets.

b Department of Executive Administration, Department of Finance, and Fleets and Facilities Department were merged and created the Department of Finance and Administrative Services in 2010.

c The Office of Policy and Management was disbanded in 2010. The Full-Time-Equivalents (FTEs) were transferred to the Office of the Mayor, Department of Executive Administration, Department of Neighborhoods, Legislative Department, and Seattle Fire Department. Three FTEs were abrogated.

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.

Table S-19

OPERATING INDICATORS ^a

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2017	2016	2015	2014	2013
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 26,002,865	\$ 25,799,733	\$ 22,636,220	\$ 16,571,652	\$ 8,887,550
Per capita	\$ 36.47	\$ 37.57	\$ 34.18	\$ 25.87	\$ 14.18
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	8,218	7,161	7,387	6,674	7,573
Traffic criminal filings	619	660	678	802	1,048
DUI filings	1,255	1,269	1,099	1,074	1,111
Non-traffic infraction filings	3,173	4,019	4,710	2,182	2,190
Traffic infraction filings	32,854	34,401	47,931	41,467	42,091
Parking infractions	583,360	600,188	518,624	527,782	631,388
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	383,236	378,222	373,898	464,787	458,644
Parks and Recreation					
Park use permits issued					
Number	841	766	744	759	651
Amount	\$ 600,817	\$ 538,945	\$ 616,102	\$ 615,073	\$ 511,114
Facility use permits issued including pools					
Number	25,529	25,935	24,405	24,543	24,740
Amount	\$ 9,061,570	\$ 8,193,741	\$ 7,359,133	\$ 7,278,825	\$ 6,973,400
Facility use permits issued excluding pools					
Number	24,902	25,275	23,750	23,749	24,182
Amount	\$ 8,329,343	\$ 7,505,445	\$ 6,683,724	\$ 6,543,601	\$ 6,313,899
Picnic permits issued					
Number	3,920	4,245	4,323	4,027	3,967
Amount	\$ 427,769	\$ 421,821	\$ 422,861	\$ 386,272	\$ 381,309
Ball field usage					
Scheduled hours	198,082	186,021	147,311	170,014	161,571
Amount	\$ 3,496,685	\$ 2,803,130	\$ 2,662,171	\$ 2,797,013	\$ 2,477,333
Weddings					
Number	228	234	269	254	258
Amount	\$ 97,738	\$ 96,314	\$ 104,265	\$ 89,486	\$ 94,845
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	10,444	14,261	17,666	12,047	8,350
Value of issued permits	\$ 5,088,196,499	\$ 3,732,939,162	\$ 3,945,738,487	\$ 3,789,737,682	\$ 3,064,690,426
UTILITIES					
City Light					
Customers	454,500	447,332	422,809	415,056	408,055
Operating revenues	\$ 989,710,419	\$ 903,174,831	\$ 882,856,777	\$ 886,443,525	\$ 842,229,890
Water					
Population served	1,478,000	1,433,200	1,403,600	1,336,700	1,326,000
Billed water consumption, daily average, in gallons	118,402,270	115,447,224	118,900,570	113,863,391	113,107,019
Operating revenues	\$ 262,896,454	\$ 251,363,807	\$ 251,977,342	\$ 242,946,509	\$ 235,593,735
Drainage and Wastewater					
Operating revenues	\$ 400,284,279	\$ 375,041,044	\$ 363,778,513	\$ 341,999,940	\$ 333,760,233
Solid Waste					
Customers					
Residential garbage customers	165,482	181,940	164,381	160,063	163,413
Residential dumpsters customers	181,545	156,527	146,201	142,035	135,499
Commercial garbage customers	8,082	8,096	8,145	8,168	8,156
Operating revenues	\$ 209,643,613	\$ 183,666,276	\$ 174,787,770	\$ 157,497,819	\$ 159,741,503

^a All figures are supplied by the named departments.

Table S-19

OPERATING INDICATORS ^a

Page 2 of 2

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2012	2011	2010	2009	2008
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 11,340,687	\$ 11,476,891	\$ 11,021,455	\$ 22,217,971	\$ 16,351,377
Per capita	\$ 18.40	\$ 18.86	\$ 18.11	\$ 36.91	\$ 27.52
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	8,162	8,481	9,908	10,724	9,461
Traffic criminal filings	953	1,109	4,752	5,344	5,124
DUI filings	1,369	1,667	1,343	1,422	1,167
Non-traffic infraction filings	3,122	4,787	5,501	6,111	6,437
Traffic infraction filings	36,872	46,136	55,108	57,960	69,949
Parking infractions	578,507	580,841	600,543	568,616	477,024
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	453,000	456,534	502,903	465,325	432,790
Parks and Recreation					
Park use permits issued					
Number	646	670	614	639	599
Amount	\$ 493,691	\$ 454,327	\$ 302,690	\$ 204,527	\$ 212,403
Facility use permits issued including pools					
Number	25,944	26,051	27,384	26,922	24,977
Amount	\$ 6,502,337	\$ 6,147,176	\$ 5,014,973	\$ 4,957,236	\$ 2,571,854
Facility use permits issued excluding pools					
Number	25,353	25,472	26,661	26,190	23,577
Amount	\$ 5,935,997	\$ 5,573,454	\$ 4,480,703	\$ 4,469,322	\$ 2,127,367
Picnic permits issued					
Number	3,664	3,463	3,658	3,547	3,420
Amount	\$ 363,842	\$ 345,209	\$ 303,075	\$ 249,110	\$ 228,965
Ball field usage					
Scheduled hours	147,142	128,352	125,891	161,937	147,911
Amount	\$ 2,668,292	\$ 2,480,476	\$ 1,909,705	\$ 1,457,708	\$ 1,444,393
Weddings					
Number	250	233	272	268	235
Amount	\$ 94,295	\$ 80,900	\$ 89,350	\$ 91,238	\$ 80,955
NEIGHBORHOODS AND DEVELOPMENT					
Construction and Inspections					
Permits					
Number issued	7,316	7,075	6,287	5,917	7,890
Value of issued permits	\$ 2,450,807,519	\$ 2,144,525,229	\$ 1,582,129,040	\$ 1,987,486,066	\$ 2,580,055,297
UTILITIES					
City Light					
Customers	402,608	400,351	398,858	394,731	387,715
Operating revenues	\$ 800,273,311	\$ 771,464,570	\$ 732,977,819	\$ 723,128,042	\$ 877,392,652
Water					
Population served	1,314,932	1,303,847	1,292,994	1,280,557	1,265,878
Billed water consumption, daily average, in gallons	112,036,939	110,200,000	110,424,484	122,038,356	117,406,451
Operating revenues	\$ 213,474,169	\$ 194,572,652	\$ 195,203,465	\$ 191,369,588	\$ 164,405,030
Drainage and Wastewater					
Operating revenues	\$ 304,001,717	\$ 278,956,907	\$ 249,733,795	\$ 250,194,607	\$ 224,109,335
Solid Waste					
Customers					
Residential garbage customers	164,241	166,637	165,541	167,047	166,914
Residential dumpsters customers	129,761	127,678	126,593	127,971	122,503
Commercial garbage customers	8,148	8,179	8,248	8,462	9,747
Operating revenues	\$ 156,926,774	\$ 154,200,068	\$ 150,905,931	\$ 135,641,160	\$ 124,353,043

a All figures are supplied by the named departments.

Table S-20

CAPITAL ASSET STATISTICS ^a

Page 1 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2017	2016	2015	2014	2013
PUBLIC SAFETY					
Fire					
Boats	7	7	6	7	6
Fire-fighting apparatus	221	214	216	216	184
Stations	33	33	33	33	33
Training towers	6	6	6	2	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	369	302	280	280	272
Motorcycles	40	37	37	37	37
Scooters	70	53	71	80	75
Trucks, vans, minibuses	89	91	89	91	89
Automobiles	248	236	213	196	194
Patrol boats	12	10	10	10	10
Bicycles	154	154	154	154	154
Horses	7	7	5	7	7
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,622,522	11,689,659	11,544,047	11,744,881	11,435,302
Collection, print and non-print	2,368,793	2,235,370	2,181,399	2,214,169	2,435,520
Parks and Recreation					
Major parks	14	14	14	14	14
Open space acres acquired since 1989	738	734	731	731	711
Total acreage	6,372	6,369	6,367	6,367	6,298
Children's play areas	160	160	160	158	138
Neighborhood playgrounds	39	39	39	40	43
Community playfields	42	42	42	38	38
Community recreation centers	27	27	27	27	25
Visual and performing arts centers	5	5	5	5	5
Theaters	1	1	1	1	1
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	64
Viewpoints	11	11	11	11	11
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
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.

d City redefined areas starting in 2008.

Table S-20

CAPITAL ASSET STATISTICS ^a

Page 2 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2012	2011	2010	2009	2008
PUBLIC SAFETY					
Fire					
Boats	3	3	3	3	3
Fire-fighting apparatus	164	163	162	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	273	270	270	270	270
Motorcycles	37	37	37	37	37
Scooters	73	67	63	58	58
Trucks, vans, minibuses	87	88	86	84	84
Automobiles	194	194	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	146	146
Horses	7	7	8	8	8
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	24
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	10,932,677	11,376,194	11,914,050	10,025,029	9,085,490
Collection, print and non-print	2,403,693	2,280,511	2,294,601	2,446,355	2,352,381
Parks and Recreation					
Major parks	14	14	13	13	13
Open space acres acquired since 1989	695	665	663	654	638
Total acreage	6,251	6,188	6,185	6,171	6,155
Children's play areas	136	135	133	131	130
Neighborhood playgrounds	41	40	38	38	38
Community playfields	38	38	38	33	33
Community recreation centers	24	26	26	26	26
Visual and performing arts centers	6	6	6	6	6
Theaters	2	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	62	62
Viewpoints	11	11	9	8	8
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit ^b	—	0	10,588	10,216	10,655

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.

d City redefined areas starting in 2008.

Table S-20

CAPITAL ASSET STATISTICS ^a

Page 3 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2017	2016	2015	2014	2013
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	2,058,100	2,014,100	2,014,100	1,975,100	1,991,600
Peak load (KW) ^c	1,870,000	1,785,000	1,689,000	1,866,792	1,840,792
Total system load (1,000 KWh) ^c	9,973,100	9,696,583	9,687,222	9,911,624	10,048,700
Meters	454,712	445,625	430,148	422,613	406,274
Water					
Reservoirs, standpipes, tanks	29	29	29	29	26
Fire hydrants	18,664	18,664	18,000	18,000	18,655
Water mains					
Supply, in miles	193	198	193	193	182
Water storage, in thousand gallons	325,350	326,100	354,500	354,500	398,369
Meters	195,331	194,580	192,633	191,403	187,159
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	474	473	475	474	472
Sanitary sewers, life-to-date, in miles	948	949	947	947	949
Storm drains, life-to-date, in miles	486	485	483	481	479
Pumping stations	67	67	68	68	67
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,548	1,548	1,547	1,547	1,540
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,396	2,396	2,407	2,407	2,412
Sidewalks, in miles	2,238	2,326	2,303	2,230	2,230
Stairways	498	498	492	509	505
Length of stairways, in feet	34,923	34,923	35,653	36,269	35,112
Number of stairway treads	23,585	23,585	23,503	23,344	24,050
Street trees					
City-maintained	41,000	41,000	41,000	41,000	41,000
Maintained by property owners	150,000	150,000	150,000	125,000	125,000
Total platted streets, in centerline miles	1,675	1,675	1,677	1,677	1,677
Traffic signals	1,085	1,077	1,071	1,041	1,070
Parking meters					
Downtown	—	—	—	0	6
Outlying	—	—	—	0	4
Parking pay stations					
Downtown ^d	690	689	880	892	961
Outlying ^d	950	1,006	1,141	1,112	1,174
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	98	96	96	93	99
Partial City maintenance	40	51	51	54	32
Retaining walls/seawalls	593	587	582	580	592

a All figures are supplied by the named departments.

b 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.

d City redefined areas starting in 2008.

Table S-20

CAPITAL ASSET STATISTICS ^a

Page 4 of 4

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2012	2011	2010	2009	2008
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,991,600	1,920,700	1,920,700	1,920,700	1,920,700
Peak load (KW) ^c	1,804,708	1,748,833	1,846,708	1,859,875	1,904,735
Total system load (1,000 KWh) ^c	10,082,024	10,202,992	9,910,754	10,182,404	10,376,759
Meters	407,614	406,195	402,854	394,455	391,022
Water					
Reservoirs, standpipes, tanks	27	27	27	30	30
Fire hydrants	18,550	18,503	18,473	18,436	18,398
Water mains					
Supply, in miles	182	187	187	224	182
Water storage, in thousand gallons	338,869	338,869	302,880	370,000	377,080
Meters	188,883	188,457	188,226	187,154	185,395
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	471	471	472	473	444
Sanitary sewers, life-to-date, in miles	948	957	956	958	985
Storm drains, life-to-date, in miles	474	473	470	473	472
Pumping stations	67	66	67	65	68
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in lane-miles (12 ft)	1,540	1,537	1,531	1,531	1,531
Non-arterial streets (paved and unpaved), in lane-miles (12 ft)	2,412	2,411	2,412	2,412	2,412
Sidewalks, in miles	2,256	2,262	2,262	2,258	2,256
Stairways	507	507	498	494	482
Length of stairways, in feet	35,122	35,061	35,181	35,215	34,775
Number of stairway treads	24,050	24,009	23,950	23,666	23,407
Street trees					
City-maintained	41,000	40,000	40,000	40,000	35,000
Maintained by property owners	125,000	125,000	125,000	125,000	105,000
Total platted streets, in centerline miles	1,677	1,666	1,666	1,666	1,666
Traffic signals	1,060	1,053	1,040	1030	1,001
Parking meters					
Downtown	93	231	941	941	700
Outlying	26	85	97	97	300
Parking pay stations					
Downtown ^d	973	998	856	850	1215
Outlying ^d	1,198	1,227	1315	1127	630
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	95	90	88	88	88
Partial City maintenance	44	44	54	55	55
Retaining walls/seawalls	592	592	592	582	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.

d City redefined areas starting in 2008.

MISCELLANEOUS STATISTICS
December 31, 2017 - Unless Otherwise Indicated

CITY GOVERNMENT

Date of incorporation December 2, 1869
 Present charter adopted March 12, 1946
 Form: Mayor-Council (Nonpartisan)

GEOGRAPHIC DATA

Location:
 Between Puget Sound and Lake Washington
 125 nautical miles from Pacific Ocean
 110 miles south of Canadian border

Altitude:
 Sea level 521 feet
 Average elevation 10 feet

Land area 83.1 square miles

Climate

Temperature (in Fahrenheit)

30-year average, mean annual	52.6
January 2017 average high	43.7
January 2017 average low	32.0
July 2017 average high	78.3
July 2017 average low	56.3

Rainfall (in inches)

30-year average, mean annual	38.84
2017 total	47.87

POPULATION

Year	City of Seattle	Seattle Metropolitan Area	ab
1950	467,591	844,572	
1960	557,087	1,107,203	
1970	530,831	1,424,611	
1980	493,846	1,607,618	
1990	516,259	1,972,947	
2000	563,374	2,279,100	
2010	608,660	2,644,500	
2011	612,100	2,659,600	
2012	616,500	2,679,900	
2013	626,600	2,712,400	
2014	640,500	2,758,250	
2015	662,400	2,810,400	
2016	686,800	2,877,960	
2017	713,700	2,943,100	
King County		2,153,700	
Percentage in Seattle			33.1%

a Source: Washington State Office of Financial Management

b Based on population in King and Snohomish Counties.

MISCELLANEOUS STATISTICS

December 31, 2017 - Unless Otherwise Indicated

ELECTIONS (November 8)

Active registered voters	456,871
Percentage voted last general election	49.98%
Total voted	228,325

PENSION BENEFICIARIES

Employees' Retirement	6,382
Firemen's Pension	645
Police Pension	713

VITAL STATISTICS

Rates per thousand of residents	
Births (2016)	11.9
Deaths (2016)	Not Available

PUBLIC EDUCATION (2016-17 School Year)

Enrollment (October 1)	53,380
Teachers (October 1)	3,244
Schools	
Regular elementary schools	62
Regular middle schools	12
Regular high schools	11
K-8 schools	10
Alternative/Non-traditional schools	8
Total number of schools	<u>103</u>

PROPERTY TAXES

Tax levy (City)	\$486,947,806
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EXAMPLE – PROPERTY TAX ASSESSMENTS

Real value of property	\$348,000
Assessed value	\$348,000

Property Tax Levied By	Dollars Per Thousand	Tax Due
City of Seattle	\$ 2.89830	\$ 1,008.61
Emergency Medical Services		
State of Washington	2.03205	707.15
School District No. 1	2.15095	748.53
King County	1.89599	659.80
Port of Seattle	0.15334	53.36
King County Ferry District		
King County Flood Control Zone	0.11740	40.86
Totals	<u>\$ 9.24803</u>	<u>\$ 3,218.31</u>

MISCELLANEOUS STATISTICS
December 31, 2017 - Unless Otherwise Indicated

PORT OF SEATTLE

Bonded Indebtedness

General obligation bonds	\$	388,360,000
Revenue bonds		2,828,335,000
Passenger facility charges bonds		97,570,000
Commercial Paper		19,655,000

Waterfront (mileage)

Salt water		13.4
Fresh water		0.7

Value of Land Facilities

Waterfront	\$	2,176,692,067
Sea-Tac International Airport	\$	5,892,503,117

Marine Container Facilities/Capacities

4 container terminals with 11 berths covering 520 acres
1.39 million TEU's (20-ft. equivalent unit containers)
1 grain facility, 1 general cargo facility, 1 barge terminal
2 cruise terminals

Sea-Tac International Airport

Scheduled passenger airlines		31
Cargo airlines		7
Charter airlines		4
Loading bridges		60

2017 Port Activity (in millions)

Import	\$	2,822
Export	\$	7,219