

SALE DATE: MAY 3, 2016
SALE TIME: 2016A BONDS: 7:30 A.M., PACIFIC TIME
 2016B BONDS: 8:30 A.M., PACIFIC TIME
 2016B BONDS: 8:30 A.M., PACIFIC TIME

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 26, 2016

New Issue
Book-Entry Only

RATINGS	LTGO	UTGO
Moody's:	Aa1	Aaa
Standard & Poor's:	AAA	AAA
Fitch:	AAA	AAA

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

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington ("Bond Counsel"), under existing statutes, regulations, rulings, and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, (i) interest (and original issue discount, if any) on the 2016A Bonds and the UTGO Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest (and original issue discount, if any) on the 2016B Bonds is included in gross income for federal income tax purposes. See "Legal and Tax Information—Tax Exemption-Tax-Exempt Bonds" and "Tax Matters-2016B Bonds."

THE CITY OF SEATTLE, WASHINGTON

\$107,535,000⁽¹⁾

**LIMITED TAX GENERAL OBLIGATION
 IMPROVEMENT AND REFUNDING BONDS, 2016A**

\$37,750,000⁽¹⁾

**UNLIMITED TAX GENERAL OBLIGATION
 IMPROVEMENT BONDS, 2016**

\$6,040,000⁽¹⁾

**LIMITED TAX GENERAL OBLIGATION
 IMPROVEMENT BONDS, 2016B (TAXABLE)**

DATED: DATE OF INITIAL DELIVERY

DUE: 2016A BONDS—APRIL 1, AS SHOWN ON PAGE i
UTGO BONDS—DECEMBER 1, AS SHOWN ON PAGE ii
2016B BONDS—APRIL 1, AS SHOWN ON PAGE iii

The City of Seattle, Washington (the "City"), will issue its Limited Tax General Obligation Improvement and Refunding Bonds, 2016A (the "2016A Bonds"), Unlimited Tax General Obligation Improvement Bonds, 2016 (the "UTGO Bonds"), and Limited Tax General Obligation Improvement Bonds, 2016B (Taxable) (the "2016B Bonds"), as fully registered bonds under a book-entry only system, registered in the name of the Securities Depository. In this Official Statement, the 2016A Bonds and 2016B Bonds together are referred to as the "LTGO Bonds" and the LTGO Bonds and UTGO Bonds collectively are referred to as the "Bonds." Additionally, the term "Series" may refer to any series of the Bonds.

The Depository Trust Company, New York, New York ("DTC") will act as initial Securities Depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof within a maturity of a Series of the Bonds. Purchasers will not receive certificates representing their interest in the Bonds. Interest on the 2016A Bonds is payable semiannually on each April 1 and October 1, beginning October 1, 2016. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning June 1, 2017. Interest on the 2016B Bonds is payable semiannually on each April 1 and October 1, beginning October 1, 2016. The principal of and interest on the Bonds are payable by the City's Bond Registrar, currently the fiscal agent of the State of Washington (currently U.S. Bank National Association), to DTC, which is obligated in turn to remit such payments to its participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in "Description of the Bonds—Registration and Book-Entry Transfer System" and in Appendix D.

The 2016A Bonds are being issued to pay or reimburse the costs of certain capital improvements, to refund certain of the City's outstanding limited tax general obligation bonds, and to pay the costs of issuing the 2016A Bonds and administering the Refunding Plan. The UTGO Bonds are voter-approved bonds being issued to pay or reimburse a portion of the costs of the replacement of the seawall and associated public facilities and infrastructure and to pay the costs of issuing the UTGO Bonds. The 2016B Bonds are being issued to assist a City-created public development authority in undertaking certain capital improvements and to pay the costs of issuing the 2016B Bonds. See "Use of Proceeds."

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

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

Each Series of the Bonds is offered for delivery by the Underwriter of such Series when, as, and if issued, subject to the approving legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Seattle, Washington, Bond Counsel. The forms of Bond Counsel's opinions are attached hereto as Appendix A. It is expected that each Series of the Bonds will be available for delivery at DTC's facilities in New York, New York, or delivered to the Bond Registrar on behalf of DTC for closing by Fast Automated Securities Transfer on or about May 25, 2016.

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

Dated: _____

(1) Preliminary, subject to change.

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

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

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

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

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

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

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

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

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

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

MATURITY SCHEDULE

\$107,535,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2016A

Due April 1	Amounts ⁽¹⁾	Interest Rates	Yields	Prices	CUSIP Numbers
2017	\$ 6,560,000				
2018	6,705,000				
2019	6,880,000				
2020	10,225,000				
2021	10,590,000				
2022	8,485,000				
2023	6,730,000				
2024	6,685,000				
2025	3,985,000				
2026	4,190,000				
2027	4,150,000 ⁽²⁾				
2028	4,325,000 ⁽²⁾				
2029	4,370,000 ⁽²⁾				
2030	3,110,000 ⁽²⁾				
2031	3,230,000 ⁽²⁾				
2032	3,360,000 ⁽²⁾				
2033	3,495,000 ⁽²⁾				
2034	3,645,000 ⁽²⁾				
2035	3,345,000 ⁽²⁾				
2036	3,470,000 ⁽²⁾				

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the 2016A Bonds unless 2016A Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2016A Term Bonds.

MATURITY SCHEDULE

\$37,750,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON UNLIMITED TAX GENERAL OBLIGATION IMPROVEMENT BONDS, 2016

Due December 1	Amounts ⁽¹⁾	Interest Rates	Yields	Prices	CUSIP Numbers
2018	\$ 760,000				
2019	775,000				
2020	800,000				
2021	820,000				
2022	855,000				
2023	890,000				
2024	935,000				
2025	980,000				
2026	1,030,000 ⁽²⁾				
2027	1,080,000 ⁽²⁾				
2028	1,125,000 ⁽²⁾				
2029	1,170,000 ⁽²⁾				
2030	1,215,000 ⁽²⁾				
2031	1,265,000 ⁽²⁾				
2032	1,315,000 ⁽²⁾				
2033	1,365,000 ⁽²⁾				
2034	1,420,000 ⁽²⁾				
2035	1,480,000 ⁽²⁾				
2036	1,540,000 ⁽²⁾				
2037	1,600,000 ⁽²⁾				
2038	1,665,000 ⁽²⁾				
2039	1,730,000 ⁽²⁾				
2040	1,800,000 ⁽²⁾				
2041	1,870,000 ⁽²⁾				
2042	1,945,000 ⁽²⁾				
2043	2,025,000 ⁽²⁾				
2044	2,105,000 ⁽²⁾				
2045	2,190,000 ⁽²⁾				

(1) Preliminary, subject to change.

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

MATURITY SCHEDULE

\$6,040,000⁽¹⁾

THE CITY OF SEATTLE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION IMPROVEMENT BONDS, 2016B (TAXABLE)

Due April 1	Amounts	Interest Rates	Yields	Prices	CUSIP Numbers
2017	\$ 240,000				
2018	245,000				
2019	245,000				
2020	250,000				
2021	255,000				
2022	260,000				
2023	265,000				
2024	275,000				
2025	280,000				
2026	290,000				
2027	295,000 ⁽²⁾				
2028	305,000 ⁽²⁾				
2029	315,000 ⁽²⁾				
2030	325,000 ⁽²⁾				
2031	335,000 ⁽²⁾				
2032	345,000 ⁽²⁾				
2033	360,000 ⁽²⁾				
2034	370,000 ⁽²⁾				
2035	385,000 ⁽²⁾				
2036	400,000 ⁽²⁾				

(1) Preliminary, subject to change.

(2) These amounts will constitute principal maturities of the 2016B Bonds unless 2016B Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2016B Term Bonds.

THE CITY OF SEATTLE

MAYOR AND CITY COUNCIL

Edward B. Murray

Mayor

Council Member

Term Expiration

Sally Bagshaw

2019

Tim Burgess

2017

Lorena Gonzalez

2017

Bruce Harrell

2019

Lisa Herbold

2019

Rob Johnson

2019

Debora Juarez

2019

Mike O'Brien

2019

Kshama Sawant

2019

CITY ADMINISTRATION

Glen M. Lee

Director of Finance

Peter Holmes

City Attorney

BOND COUNSEL

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

FINANCIAL ADVISOR

Piper Jaffray & Co.
Seattle, Washington

BOND REGISTRAR

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

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OFFICIAL NOTICE OF BOND SALE

THE CITY OF SEATTLE, WASHINGTON

\$107,535,000⁽¹⁾

LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT AND REFUNDING BONDS, 2016A

\$37,750,000⁽¹⁾

UNLIMITED TAX GENERAL OBLIGATION
IMPROVEMENT BONDS, 2016

\$6,040,000⁽¹⁾

LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT BONDS, 2016B (TAXABLE)

Separate electronic bids for the purchase of The City of Seattle Limited Tax General Obligation Improvement and Refunding Bonds, 2016A (the “2016A Bonds”), the Unlimited Tax General Obligation Improvement Bonds, 2016 (the “UTGO Bonds”), and the Limited Tax General Obligation Improvement Bonds, 2016B (Taxable) (the “2016B Bonds”), will be received by the Director of Finance of The City of Seattle, Washington (the “City”), via the BidCOMP/Parity Electronic Bid Submission System (“Parity”), in the manner described below, on

MAY 3, 2016, NO LATER THAN

2016A BONDS:	7:30 A.M., PACIFIC TIME,
UTGO BONDS:	8:00 A.M., PACIFIC TIME,
2016B BONDS:	8:30 A.M., PACIFIC TIME,

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

In this Official Notice of Bond Sale, the 2016A Bonds and the 2016B Bonds together are referred to as the “LTGO Bonds,” and the LTGO Bonds and UTGO Bonds collectively are referred to as the “Bonds.” Additionally, the term “Tax-Exempt Bonds” is used to refer to the 2016A Bonds and the UTGO Bonds, either separately or collectively, and the term “Series” may refer to any series of the Bonds.

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

No bid will be received after the cut-off time for receiving bids specified above. All proper bids received with respect to a Series of the Bonds will be considered and acted on by the City Council at approximately 1:30 p.m., Pacific Time, on May 3, 2016. Each bidder (and not the City) is responsible for the timely electronic delivery of its bid. The official time will be determined by the City and not by any bidder or Parity. No bid will be awarded until the City Council has adopted a resolution accepting the bid at its meeting.

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

Modification, Cancellation, Postponement

The City may modify the terms of this Official Notice of Bond Sale prior to the cut-off time for receiving bids if the City elects to change the principal amounts or the redemption or other provisions or increase or decrease the total principal amount or the amounts of individual maturities of Bonds. Any such modification will be provided to Parity on or before May 2, 2016. In addition, the City may cancel or postpone the date and time for receiving bids for any or all Series of the Bonds at any time prior to the cut-off time for receiving bids. Notice of such cancellation or postponement will be provided to Parity as soon as practicable following such cancellation or postponement. As an accommodation to bidders, telephone, facsimile, or electronic notice of any such modification, cancellation, or postponement will be given to any bidder requesting such notice from the City’s Financial Advisor at the address

(1) Preliminary, subject to change.

and phone number provided under “Contact Information” below. Failure of any bidder to receive such notice will not affect the legality of the sale.

CONTACT INFORMATION

Finance Division	Michael van Dyck, Debt Manager, City of Seattle (206) 684-8347 <i>michael.vandyck@seattle.gov</i>
Financial Advisor	Rob Shelley, Piper Jaffray & Co. Office phone: (206) 628-2879 Day of sale phone: (206) 601-2249 <i>robert.e.shelley@pjc.com</i>
Bond Counsel	Alice Ostdiek, Stradling Yocca Carlson & Rauth, P.C. (206) 829-3002 <i>aostdiek@sycr.com</i>

DESCRIPTION OF THE BONDS

Bond Details

Each Series of the Bonds will be dated the date of its initial delivery. Interest on the 2016A Bonds is payable semiannually on each April 1 and October 1, beginning October 1, 2016. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning June 1, 2017. Interest on the 2016B Bonds is payable semiannually on each April 1 and October 1, beginning October 1, 2016.

Registration and Book-Entry Transfer System

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

Election of Maturities

2016A Bonds. The successful bidder for the 2016A Bonds shall designate whether some or all of the principal amounts of the 2016A Bonds maturing on and after April 1, 2027, shall be retired as shown in the table below as serial bonds maturing in such year or as amortization installments of 2016A Term Bonds maturing in the years specified by the bidder. 2016A Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

2016A BONDS

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(April 1)	Installments ⁽¹⁾	(April 1)	Installments ⁽¹⁾
2017	\$ 6,560,000	2027	\$ 4,150,000 ⁽²⁾
2018	6,705,000	2028	4,325,000 ⁽²⁾
2019	6,880,000	2029	4,370,000 ⁽²⁾
2020	10,225,000	2030	3,110,000 ⁽²⁾
2021	10,590,000	2031	3,230,000 ⁽²⁾
2022	8,485,000	2032	3,360,000 ⁽²⁾
2023	6,730,000	2033	3,495,000 ⁽²⁾
2024	6,685,000	2034	3,645,000 ⁽²⁾
2025	3,985,000	2035	3,345,000 ⁽²⁾
2026	4,190,000	2036	3,470,000 ⁽²⁾

(1) Preliminary, subject to change. See “Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids” below for a description of the City’s right to adjust the principal amounts after the bids are received.

(2) These amounts will constitute principal maturities of the 2016A Bonds unless 2016A Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2016A Term Bonds.

UTGO Bonds. The successful bidder for the UTGO Bonds shall designate whether some or all of the principal amounts of the UTGO Bonds maturing on and after December 1, 2026, shall be retired as shown in the table below as serial bonds maturing in such year or as amortization installments of UTGO Term Bonds maturing in the years specified by the bidder. UTGO Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

UTGO BONDS

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(Dec. 1)	Installments ⁽¹⁾	(Dec. 1)	Installments ⁽¹⁾
2018	\$ 760,000	2032	\$ 1,315,000 ⁽²⁾
2019	775,000	2033	1,365,000 ⁽²⁾
2020	800,000	2034	1,420,000 ⁽²⁾
2021	820,000	2035	1,480,000 ⁽²⁾
2022	855,000	2036	1,540,000 ⁽²⁾
2023	890,000	2037	1,600,000 ⁽²⁾
2024	935,000	2038	1,665,000 ⁽²⁾
2025	980,000	2039	1,730,000 ⁽²⁾
2026	1,030,000 ⁽²⁾	2040	1,800,000 ⁽²⁾
2027	1,080,000 ⁽²⁾	2041	1,870,000 ⁽²⁾
2028	1,125,000 ⁽²⁾	2042	1,945,000 ⁽²⁾
2029	1,170,000 ⁽²⁾	2043	2,025,000 ⁽²⁾
2030	1,215,000 ⁽²⁾	2044	2,105,000 ⁽²⁾
2031	1,265,000 ⁽²⁾	2045	2,190,000 ⁽²⁾

(1) Preliminary, subject to change. See “Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids” below for a description of the City’s right to adjust the principal amounts after the bids are received.

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

2016B Bonds. The successful bidder for the 2016B Bonds shall designate whether some or all of the principal amounts of the 2016B Bonds maturing on and after April 1, 2027, shall be retired as shown in the table below as serial bonds maturing in such year or as amortization installments of 2016B Term Bonds maturing in the years

specified by the bidder. 2016B Term Bonds, if any, must consist of the total principal payments of two or more consecutive years and mature in the latest of those years.

2016B BONDS

Serial Maturities		Serial Maturities	
Years	or Amortization	Years	or Amortization
(Apr. 1)	Installments ⁽¹⁾	(Apr. 1)	Installments ⁽¹⁾
2017	\$ 240,000	2027	\$ 295,000 ⁽²⁾
2018	245,000	2028	305,000 ⁽²⁾
2019	245,000	2029	315,000 ⁽²⁾
2020	250,000	2030	325,000 ⁽²⁾
2021	255,000	2031	335,000 ⁽²⁾
2022	260,000	2032	345,000 ⁽²⁾
2023	265,000	2033	360,000 ⁽²⁾
2024	275,000	2034	370,000 ⁽²⁾
2025	280,000	2035	385,000 ⁽²⁾
2026	290,000	2036	400,000 ⁽²⁾

(1) Preliminary, subject to change. See “Bidding Information and Award—Adjustment of Principal Amounts and Bid Price After Receipt of Bids” below for a description of the City’s right to adjust the principal amounts after the bids are received.

(2) These amounts will constitute principal maturities of the 2016B Bonds unless 2016B Term Bonds are specified by the successful bidder, in which case the amounts so specified will constitute mandatory sinking fund redemptions of 2016B Term Bonds.

Redemption

Optional Redemption—2016A Bonds. The 2016A Bonds maturing on and before April 1, 2026, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the 2016A Bonds maturing on and after April 1, 2027, prior to their stated maturity dates at any time on and after April 1, 2026, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. See “Description of the Bonds—Redemption of Bonds—Optional Redemption-2016A Bonds” in the Preliminary Official Statement.

Optional Redemption—UTGO Bonds. The UTGO Bonds maturing on and before December 1, 2025, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the UTGO Bonds maturing on and after December 1, 2026, prior to their stated maturity dates at any time on and after June 1, 2026, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. See “Description of the Bonds—Redemption of Bonds—Optional Redemption-UTGO Bonds” in the Preliminary Official Statement.

Optional Redemption—2016B Bonds. The 2016B Bonds maturing on and before April 1, 2026, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the 2016B Bonds maturing on and after April 1, 2027, prior to their stated maturity dates at any time on and after April 1, 2026, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. See “Description of the Bonds—Redemption of Bonds—Optional Redemption-2016B Bonds” in the Preliminary Official Statement.

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

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

Purpose

The 2016A Bonds are being issued to (i) pay or reimburse the City for the costs of certain capital improvements, (ii) subject to market conditions, refund certain of its outstanding limited tax general obligation bonds, and (iii) pay the costs of issuing the 2016A Bonds and administering the Refunding Plan.

The UTGO Bonds are the fourth and final series of voter-approved bonds that were approved on November 6, 2012, and are being issued to pay or reimburse a portion of the costs of the replacement of the seawall and associated public facilities and infrastructure and to pay the costs of issuing the UTGO Bonds.

The 2016B Bonds are being issued to assist the Pike Place Market Preservation and Development Authority in undertaking certain capital improvements and to pay the costs of issuing the 2016B Bonds.

See “Use of Proceeds” in the Preliminary Official Statement.

Security

The Bonds are general obligations of the City.

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

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

The full faith, credit, and resources of the City are pledged irrevocably for the annual levy and collection of the respective taxes pledged to the Bonds and the prompt payment of the principal of and interest on the Bonds. The City’s authority relating to tax collections and expenditures is more fully described in the Preliminary Official Statement.

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

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

BIDDING INFORMATION AND AWARD

Bidders are invited to submit separate bids for the purchase of each Series of the Bonds fixing the interest rate or rates that such Series of the Bonds will bear. Interest rates included as part of a bid for either the 2016A Bonds or the UTGO Bonds shall be in multiples of 1/8 or 1/20 of 1%, or any combination thereof. Interest rates included as part of a bid for the 2016B Bonds shall be in multiples of 1/8 or 1/100 of 1%. No more than one rate of interest may be fixed for any one maturity of a Series of the Bonds. For the 2016A Bonds maturing on and after April 1, 2027, and the UTGO Bonds maturing on and after December 1, 2026, no interest rate less than 4.00% may be used. For the 2016A Bonds, no coupon higher than 5.00% may be used.

No bid will be considered for the 2016A Bonds that is less than an amount equal to 109% of the stated principal amount of the 2016A Bonds nor more than an amount equal to 120.5% of the stated principal amount of the 2016A Bonds.

No bid will be considered for the UTGO Bonds that is less than an amount equal to 107.5% of the stated principal amount of the UTGO Bonds nor more than an amount equal to 123% of the stated principal amount of the UTGO Bonds.

No bid will be considered for the 2016B Bonds that is less than an amount equal to 99% of the stated principal amount of the 2016B Bonds nor more than an amount equal to 101% of the stated principal amount of the 2016B Bonds. Each individual maturity of the 2016B Bonds maturing on and after April 1, 2027, must be reoffered at a yield that will produce a price of not less than 98% of the principal amount for that maturity.

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

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

Bidding Process

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

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

Good Faith Deposit

Each bid must be backed by a good faith deposit in the amount of \$1,075,000 with respect to the 2016A Bonds, \$375,000 with respect to the UTGO Bonds, and \$60,000 with respect to the 2016B Bonds. The applicable good faith deposit must be paid by federal funds wire transfer within 90 minutes after notice from the City to the apparent successful bidder for a Series of the Bonds. Wiring instructions will be provided to the apparent successful bidder for each Series at the time of the notice from the City.

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

Award

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

The apparent successful bidder for each Series of the Bonds will be notified by the City and must provide a good faith deposit as described above. The bid for each Series will be presented to the City Council at approximately 1:30 p.m., Pacific Time, on the date set for receiving bids and shall remain in effect until 5:00 p.m., Pacific Time, on that date. Such bid shall be considered awarded upon the City Council's adoption of a resolution accepting the bid.

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

Adjustment of Principal Amounts and Bid Price After Receipt of Bids

The City reserves the right to increase or decrease the preliminary aggregate principal amount of the 2016A Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the 2016A Bonds after the cut-off time for receiving bids. The City also reserves the right to increase or decrease the preliminary principal amount of any maturity of the 2016A Bonds shown on Parity by an amount not to exceed 15% of the preliminary principal amount of that maturity.

The City reserves the right to increase or decrease the preliminary aggregate principal amount of the UTGO Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the UTGO Bonds after the cut-off time for receiving bids. The City also reserves the right to increase or decrease the preliminary principal amount of any maturity of the UTGO Bonds shown on Parity by an amount not to exceed the greater of \$200,000 or 15% of the preliminary principal amount of that maturity.

The City reserves the right to increase or decrease the preliminary aggregate principal amount of the 2016B Bonds shown on Parity by an amount not to exceed 10% of the aggregate principal amount of the 2016B Bonds after the cut-off time for receiving bids. The City also reserves the right to increase or decrease the preliminary principal amount of any maturity of the 2016B Bonds shown on Parity by an amount not to exceed 15% of the preliminary principal amount of that maturity.

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

Issue Price Information

Upon award of a Series of the Tax-Exempt Bonds, the successful bidder for such Series shall advise the City and Bond Counsel of the initial reoffering prices to the public of each maturity of such Series (the "Initial Reoffering Prices"), for the City's inclusion in the final Official Statement for the Bonds. Prior to delivery of a Series of Tax-Exempt Bonds, the successful bidder for such Series shall furnish to the City and Bond Counsel a certificate in form and substance acceptable to Bond Counsel:

- (i) confirming the Initial Reoffering Prices of such Series of Tax-Exempt Bonds,
- (ii) certifying that a *bona fide* offering of such Series of Tax-Exempt Bonds has been made to the public (excluding bond houses, brokers, and other intermediaries),
- (iii) stating the first price at which a substantial amount (at least 10%) of each maturity of such Series of Tax-Exempt Bonds was sold to the public (excluding bond houses, brokers, and other intermediaries), and
- (iv) if the first price at which a substantial amount of any maturity of such Series of Tax-Exempt Bonds is sold does not conform to the Initial Reoffering Price of that maturity, providing an explanation of the facts and circumstances that resulted in that nonconformity.

A draft form of such certificate may be obtained prior to the sale date by contacting the City's Financial Advisor. See "Contact Information" in this Official Notice of Bond Sale.

Insurance

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

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

Ratings

The LTGO Bonds have been rated "Aa1," "AAA," and "AAA" and the UTGO Bonds have been rated "Aaa," "AAA," and "AAA" by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, and Fitch Ratings, respectively. The City will pay the fees for these ratings; any other ratings for a Series of the Bonds are the responsibility of the successful bidder.

DELIVERY

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

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

The City will furnish to the successful bidder for each Series of the Bonds one CD-ROM transcript of proceedings; additional transcripts will be furnished at the successful bidder's cost.

Legal Opinions

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

CUSIP Numbers

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

The successful bidder for each Series of the Bonds is responsible for obtaining CUSIP numbers for such Series. The charge of the CUSIP Service Bureau shall be paid by such successful bidder.

CONTINUING DISCLOSURE UNDERTAKING

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

OFFICIAL STATEMENT

Preliminary Official Statement

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

By submitting the successful bid for a Series of the Bonds, the successful bidder’s designated representative agrees:

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

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

Official Statement

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

- (i) the information (including financial information) regarding the City contained in the Official Statement was and is true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and
- (ii) the descriptions and statements, including financial data, of or pertaining to entities other than the City and their activities contained in the Official Statement have been obtained from sources that the City believes to be reliable, and the City has no reason to believe that they are untrue in any material respect (however, the City will make no representation regarding Bond Counsel’s forms of opinions, the information provided by Bond Counsel under “Legal and Tax Information—Limitations on Remedies and Municipal Bankruptcies,” “—Tax Exemption-Tax-Exempt Bonds,” and “—Tax Matters-2016B Bonds,” or the information provided by or obtained from DTC or any entity providing bond insurance or other credit facility).

DATED at Seattle, Washington, this 26th day of April, 2016.

/s/ Glen M. Lee

Glen M. Lee
Director of Finance

PRELIMINARY OFFICIAL STATEMENT

THE CITY OF SEATTLE, WASHINGTON

\$107,535,000⁽¹⁾

**LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT AND REFUNDING BONDS, 2016A**

\$37,750,000⁽¹⁾

**UNLIMITED TAX GENERAL OBLIGATION
IMPROVEMENT BONDS, 2016**

\$6,040,000⁽¹⁾

**LIMITED TAX GENERAL OBLIGATION
IMPROVEMENT BONDS, 2016B (TAXABLE)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover, inside cover, and appendices, is to set forth certain information concerning The City of Seattle, Washington (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the “State”), in connection with the offering of \$107,535,000⁽¹⁾ aggregate principal amount of its Limited Tax General Obligation Improvement and Refunding Bonds, 2016A (the “2016A Bonds”), \$37,750,000⁽¹⁾ aggregate principal amount of its Unlimited Tax General Obligation Improvement Bonds, 2016 (the “UTGO Bonds”), and \$6,040,000⁽¹⁾ aggregate principal amount of its Limited Tax General Obligation Improvement Bonds, 2016B (Taxable) (the “2016B Bonds”). In this Official Statement, the 2016A Bonds and the 2016B Bonds together are referred to as the “LTGO Bonds” and the LTGO Bonds and UTGO Bonds collectively are referred to as the “Bonds.” Additionally, the term “Tax-Exempt Bonds” is used to refer to the 2016A Bonds and the UTGO Bonds, either separately or collectively, and the term “Series” may refer to any series of the Bonds.

Appendix A to this Official Statement is the forms of legal opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation of Seattle, Washington (“Bond Counsel”). Appendix B is the City’s 2014 Comprehensive Annual Financial Report. Appendix C provides economic and demographic information for the City. Appendix D is a description provided on its website by The Depository Trust Company, New York, New York (“DTC”), of DTC procedures with respect to book-entry bonds. Capitalized terms that are not defined herein have the meanings set forth in the Bond Legislation (defined below).

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

DESCRIPTION OF THE BONDS

Authorization for the Bonds

The Bonds are to be issued by the City pursuant to the State Constitution, Titles 35 and 39 of the Revised Code of Washington (“RCW”), and the Seattle City Charter. In addition, the new money and refunding portions of the LTGO Bonds are authorized by Ordinances 124924 (the “New Money Ordinance”) and Ordinance 124343 (the “Omnibus Refunding Ordinance”), respectively, and Resolution _____, and the UTGO Bonds are authorized by Ordinances 123922 and 124125, and Resolution _____ (collectively, the “Bond Legislation”).

(1) Preliminary, subject to change.

Additionally, the UTGO Bonds are authorized pursuant to a favorable vote at an election held in the City on November 6, 2012, pursuant to Ordinance 123922 of the City, which authorized the City to issue up to \$290,000,000 of unlimited tax general obligation bonds (the “Bond Authorization”) for the purpose of funding the improvement and replacement of the seawall and associated public facilities and infrastructure, including addressing public safety risks and seismic hazards. See “The City of Seattle—Considerations Related to Alaskan Way Viaduct and Seawall Replacement Program.” Final election results were as follows:

	<u>Number of Votes</u>	<u>Percentage</u>
Yes	246,662	76.98%
No	73,776	23.02%

The UTGO Bonds represent the fourth and final series of bonds issued under the Bond Authorization. The first series of bonds issued under this authorization was issued on June 4, 2013, and used \$50,000,000 of the total Bond Authorization. The second series of bonds issued under this authorization was issued on April 10, 2014, and used \$17,000,000 of the remaining Bond Authorization. The third series of bonds issued under this authorization was issued on May 21, 2015, and used \$181,330,924 of the remaining Bond Authorization. The UTGO Bonds constitute the remainder of the Bond Authorization.

Principal Amounts, Dates, Interest Rates, and Maturities

The Bonds will be dated the date of their initial issuance and delivery. The 2016A Bonds will mature on April 1 in the years and amounts set forth on page i of this Official Statement. The UTGO Bonds will mature on December 1 in the years and amounts set forth on page ii of this Official Statement. The 2016B Bonds will mature on April 1 in the years and amounts set forth on page iii of this Official Statement.

Interest on the 2016A Bonds is payable semiannually on each April 1 and October 1, beginning October 1, 2016, at the rates set forth on page i of this Official Statement. Interest on the UTGO Bonds is payable semiannually on each June 1 and December 1, beginning June 1, 2017, at the rates set forth on page ii of this Official Statement. Interest on the 2016B Bonds is payable semiannually on each April 1 and October 1, beginning October 1, 2016, at the rates set forth on page iii of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Registration and Book-Entry Transfer System

Book-Entry Transfer System. The Bonds will be issued only in registered form as to both principal and interest by the fiscal agent of the State (the “Bond Registrar”), currently U.S. Bank National Association in Seattle, Washington (or such other fiscal agent or agents as the State may from time to time designate). The Bonds initially will be registered in the name of the Securities Depository, which is defined in the Bond Legislation as DTC or any successor thereto, in accordance with the provisions of the Blanket Issuer Letter of Representations between the City and DTC dated October 4, 2006 (the “Letter of Representations”). Neither the City nor the Bond Registrar has any responsibility or obligation to participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by the Securities Depository or its participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Owners under the Bond Legislation (except such notice as is required to be given by the Bond Registrar to the Securities Depository). For information about DTC and its book-entry system, see Appendix D—Book Entry Transfer System. The City makes no representation as to the accuracy or completeness of the information in Appendix D obtained from DTC. Purchasers of the Bonds should confirm this information with DTC or its participants.

Termination of Book-Entry System. Upon the resignation of the Securities Depository from its functions as depository, or upon a determination by the City to discontinue services of the Securities Depository, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, then ownership of the Bonds may be transferred to any person as provided in the Bond Legislation and the Bonds no longer will be held in book-entry form.

Transfer and Exchange; Record Date. The Bond Registrar is not obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the corresponding interest or principal payment date or redemption date. Record Date means, in the case of each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of the month preceding the interest or principal payment date. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except (i) to any successor Securities Depository, (ii) to any substitute Securities Depository appointed by the City, or (iii) to any person if the Bond is no longer to be held in book-entry only form.

Payment of Bonds

Principal of and interest on each Bond registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

Redemption of Bonds

Optional Redemption—2016A Bonds. The 2016A Bonds maturing on and before April 1, 2026, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the 2016A Bonds maturing on and after April 1, 2027, prior to their stated maturity dates at any time on and after April 1, 2026, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Optional Redemption—UTGO Bonds. The UTGO Bonds maturing on and before December 1, 2025, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the UTGO Bonds maturing on and after December 1, 2026, prior to their stated maturity dates at any time on and after June 1, 2026, as a whole or in part, at a price equal to 100% of the stated principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Optional Redemption—2016B Bonds. The 2016B Bonds maturing on and before April 1, 2026, are not subject to redemption prior to maturity. The City reserves the right and option to redeem the 2016B Bonds maturing on and after April 1, 2027, prior to their stated maturity dates at any time on and after April 1, 2026, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

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

TERM BONDS		TERM BONDS		TERM BONDS	
<u>Years</u>	<u>Amounts</u>	<u>Years</u>	<u>Amounts</u>	<u>Years</u>	<u>Amounts</u>
(1)		(1)		(1)	

(1) Maturity.

If the City redeems or purchases Term Bonds at the City’s option prior to maturity, the Term Bonds so redeemed or purchased (irrespective of their actual redemption or purchase prices) will be credited at the par amount thereof against the remaining mandatory redemption requirements as determined by the Director of the Finance Division of the City’s Department of Finance and Administrative Services (the “Director of Finance”). In the absence of a

determination by the Director of Finance or other direction from the Bond Legislation, credit will be allocated on a *pro rata* basis.

Selection of Bonds for Redemption. If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Director of Finance will select the Series and maturity or maturities to be redeemed. If fewer than all of the outstanding bonds of a single maturity are to be redeemed prior to maturity, the Securities Depository will select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar will select all other Bonds to be redeemed randomly in such manner as the Bond Registrar determines.

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

Notice of Redemption. The City will cause notice of any intended redemption of Bonds to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register on the Record Date. The notice requirements will be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it actually is received by the Owner of any Bond. As long as a Bond is held in book-entry form, notices with respect to such Bond will be given in accordance with procedures established by DTC. See “Registration and Book-Entry Transfer System” and Appendix D.

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

Effect of Redemption. Interest on Bonds called for redemption will cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. Any notice of optional redemption that is rescinded by the Director of Finance will be of no effect, and the Bonds for which the notice of optional redemption has been rescinded will remain outstanding.

Purchase

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

Refunding or Defeasance of Bonds

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

apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes. Notice of refunding or defeasance will be given, and selection of Bonds for any partial refunding or defeasance, will be conducted in the manner set forth in the Bond Legislation for the redemption of Bonds.

The term “Government Obligations” has the meaning given in RCW 39.53.010, currently: (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, and bank certificates of deposit secured by such obligations; (ii) bonds, debentures, notes, participation certificates, or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank system, the Export-Import Bank of the United States, Federal Land Banks, or the Federal National Mortgage Association; (iii) public housing bonds and project notes fully secured by contracts with the United States; and (iv) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

If the City defeases any 2016B Bonds, such 2016B Bonds may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. See “Legal and Tax Information—Tax Matters-2016B Bonds-Defeasance of 2016B Bonds.”

Failure to Pay Bonds

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

Defaults and Remedies; No Acceleration of the Bonds

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

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

USE OF PROCEEDS

Purpose

2016A Bonds. A portion of the proceeds of the 2016A Bonds will be used to pay or reimburse a part of the costs of the design, construction, renovation, improvement, or replacement of various street, road, fire, police, and information technology projects of the City specified in the Bond Legislation and to pay the costs of issuing the 2016A Bonds. In addition, subject to market conditions, a portion of the proceeds of the 2016A Bonds will be used to refund certain of its outstanding obligations (described below under “Refunding Plan”) and to pay the costs of administering the Refunding Plan.

UTGO Bonds. The proceeds of the UTGO Bonds will be used to pay or reimburse a portion of the costs of the design, construction, renovation, improvement, and replacement of the existing seawall and related public infrastructure (the “City’s Seawall Project”) and to pay the costs of issuing the UTGO Bonds. The City’s Seawall Project comprises one portion of the Alaskan Way Viaduct and Seawall Replacement Program (the “AWVSR Program”), along with other public projects related to the central waterfront redevelopment. For more information

on these projects, see “The City of Seattle—Considerations Related to the Alaskan Way Viaduct and Seawall Replacement Program” herein. Any change in the cost of the City’s Seawall Project due to the delays in other portions of the AWVSR Program (or for any other reason) will not affect the City’s pledge to levy taxes for the payment of debt service on the UTGO Bonds. See “Security for the Bonds” herein.

2016B Bonds. The proceeds of the 2016B Bonds will be used to make a grant to the Pike Place Market Preservation and Development Authority (the “Pike Place Market PDA”) to be used in the financing of public plazas and public parking facilities in connection with the Pike Place Market PDA’s “MarketFront Project” (including expansion of a public parking garage and additional public plaza space in coordination with the central waterfront development efforts) and to pay the costs of issuing the 2016B Bonds. For more information about the AWVSR Program and related central waterfront redevelopment efforts that may affect the MarketFront Project, see “The City of Seattle—Considerations Related to the Alaskan Way Viaduct and Seawall Replacement Program” herein. The agreement between the City and the Pike Place Market PDA provides for a fixed grant amount, which was partially funded by proceeds of the City’s Limited Tax General Obligation Improvement Bonds, 2015B (Taxable), and will be fully funded by the disbursement of proceeds of the 2016B Bonds for this purpose. The City has no contractual obligation to increase grant funding in relation to any construction risks relating to the MarketFront Project due to delays in any portion of the AWVSR Program or other central waterfront projects or for any other reason.

Sources and Uses of Funds

The proceeds of the Bonds will be applied as follows:

	2016A Bonds	UTGO Bonds	2016B Bonds	Total
SOURCES OF FUNDS				
Stated Principal Amount of Bonds				
Net Original Issue Premium (Discount)				
Total Sources of Funds				
USES OF FUNDS				
Project Funds Deposit				
Refunding Escrow Deposit				
Costs of Issuance ⁽¹⁾				
Total Uses of Funds				

(1) Includes legal fees, financial advisory and rating agency fees, printing costs, underwriters’ discount, and other costs of issuing the Bonds and refunding the Refunded Bonds, defined below under “Refunding Plan.”

Refunding Plan

If market conditions are favorable, a portion of the proceeds of the 2016A Bonds will be used to refund all or a portion of the City’s Limited Tax General Obligation Improvement and Refunding Bonds, 2006 (the “2006 Refunding Candidates”), and callable Limited Tax General Obligation Improvement and Refunding Bonds, 2009 (the “2009 Refunding Candidates”). The 2006 Refunding Candidates and the 2009 Refunding Candidates are defined together as the “Refunding Candidates” and are described below. The refunding will be undertaken to achieve debt service savings. The Refunding Candidates that are refunded with the proceeds of the Bonds will be identified as the “Refunded Bonds.”

REFUNDING CANDIDATES⁽¹⁾

Bond	Maturity Date	Par Amount	Coupon (%)	Call Price (%)	Call Date	CUSIP Numbers
<i>Limited Tax General Obligation Improvement and Refunding Bonds, 2006⁽²⁾</i>						
Serials	3/1/2017	\$ 880,000	4.200	100	6/24/2016	812626 6U8
	3/1/2018	920,000	4.250	100	6/24/2016	812626 6V6
	3/1/2019	955,000	4.250	100	6/24/2016	812626 6W4
	3/1/2020	1,000,000	4.250	100	6/24/2016	812626 6X2
	3/1/2021	<u>1,045,000</u>	4.375	100	6/24/2016	812626 6Y0
Subtotal		\$ 4,800,000				
<i>Limited Tax General Obligation Improvement and Refunding Bonds, 2009</i>						
Serials	5/1/2020	\$ 3,180,000 ⁽³⁾	5.000	100	5/1/2019	812626 ZP7
	5/1/2021	3,345,000 ⁽³⁾	5.000	100	5/1/2019	812626 ZQ5
	5/1/2022	3,515,000	5.000	100	5/1/2019	812626 ZR3
	5/1/2023	1,480,000	5.000	100	5/1/2019	812626 ZS1
	5/1/2024	1,555,000	5.000	100	5/1/2019	812626 ZT9
	5/1/2025	1,635,000	5.000	100	5/1/2019	812626 ZU6
	5/1/2026	1,715,000	5.000	100	5/1/2019	812626 ZV4
	5/1/2027	1,800,000	5.000	100	5/1/2019	812626 ZW2
	5/1/2028	1,900,000	5.000	100	5/1/2019	812626 ZX0
	5/1/2029	1,860,000	5.000	100	5/1/2019	812626 ZY8
Term	5/1/2034	<u>2,105,000</u>	5.000	100	5/1/2019	812626 A58
Subtotal		<u>\$ 24,090,000</u>				
Total		<u><u>\$ 28,890,000</u></u>				

(1) Preliminary, subject to change.

(2) The 2006 Bonds were previously partially refunded. The 2006 Refunding Candidates consist of the remaining unrefunded balances.

(3) Partial maturities.

The City will enter into a Refunding Trust Agreement with U.S. Bank National Association, as Refunding Trustee, upon the delivery of the 2016A Bonds, to provide for the refunding of the Refunded Bonds. The Refunding Trust Agreement creates an irrevocable trust fund to be held by the Refunding Trustee and to be applied solely to the payment of the Refunded Bonds. A portion of the proceeds of the 2016A Bonds will be deposited with the Refunding Trustee and will be invested in Government Obligations that will mature and bear interest at rates sufficient to pay interest on the Refunded Bonds when due up to and including the respective call dates shown in the table above and 100% of the principal of the Refunded Bonds on those respective call dates.

The Government Obligations and earnings thereon will be held solely for the benefit of the registered owners of the Refunded Bonds.

The mathematical accuracy of (i) the computations of the adequacy of the maturing principal amounts of and interest on the Government Obligations to be held by the Refunding Trustee to pay principal of and interest on the Refunded Bonds as described above, and (ii) the computations supporting the conclusion of Bond Counsel that the Tax-Exempt Bonds are not “arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), will be verified by Grant Thornton LLP, independent certified public accountants.

SECURITY FOR THE BONDS

The Bonds are general obligations of the City.

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

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

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

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

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

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

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

FINANCIAL RESULTS

Preliminary 2015 Results

On a preliminary basis, the City's financial performance for the fiscal year ended December 31, 2015, improved somewhat compared to the results anticipated in the 2015 adopted budget and reflects continued economic strength within the City and the region. General Fund revenues are estimated to have increased by 5.0% in 2015 compared to 2014. Taxes make up the largest share of revenues to the General Fund and are estimated to have increased by 6.9% in 2015. The estimated changes in the four largest tax revenue components are as follows: property taxes increased by 1.6%, retail sales and use taxes increased by 11.0%, business taxes increased by 4.6%, and interfund business taxes (*i.e.*, utility taxes) increased by 3.9%.

Non-tax revenues are estimated to have declined in 2015 by approximately 2.5%, led by decreases in grants, shared revenues, contributions, programmatic income, interest, and miscellaneous revenues. These reductions were partially offset by increases in revenue from license and permit fees. Expenditures and net transfers out of the General Fund are estimated to have increased by approximately 1.5%. The largest General Fund expenditure component is for Public Safety, which increased by an estimated 1.8% compared to 2014. In 2014, the General Fund balance increased by over \$8 million to approximately \$317 million. The 2015 General Fund balance is expected to continue this positive trend, with a projected balance of more than \$380 million. Approximately \$34.5 million of this balance is expected to be used to retroactively satisfy the terms of labor agreements that were agreed to at the end of 2015 or are expected to be agreed to in 2016. As a result, this amount is expected to be fully expended in 2016.

A description of the City's budget process and information on the City's 2016 Budget is provided under "The City of Seattle—Financial Management-Municipal Budget."

2010 Through 2015 Results

The following tables provide a comparative balance sheet and comparative statement of revenues, expenditures, and changes in fund balance for the City's General Fund and a comparative statement of revenues, expenditures, and changes in fund balance for all of the City's governmental funds (including General, Transportation, Low-Income Housing, and Debt Service) based on the audits for the years 2010 through 2014 and on preliminary unaudited figures for 2015.

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

	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Assets						
Cash and Equity in Pooled Investments	\$ 300,584	\$ 216,746	\$ 237,739	\$ 195,159	\$ 144,220	\$ 111,993
Receivables, Net of Allowances	79,481	70,163	65,866	60,908	61,414	60,187
Due from Other Funds	16,976	15,910	17,365	11,905	14,536	14,648
Interfund Loans	12,267	38,105		850	-	-
Due from Other Governments	58,901	53,398	55,719	58,425	44,272	41,317
Inventories	-	-	-	-	-	-
Prepaid and Other Current Assets	422	417	320	515	513	820
Deposits with Vendor	-	-	2	2	2	2
Contracts and Notes-Noncurrent	-	-	-	7,741	8,009	7,978
Advances to Other Funds	-	-	5,445	4,881	-	1,020
Deferred Charges and Other Assets	-	-	-	-	-	-
Total Assets	\$ 468,631	\$ 394,739	\$ 382,456	\$ 340,386	\$ 272,966	\$ 237,965
Deferred Outflows of Resources	7,775	7,775	7,771	-	-	-
Total Assets and Deferred Outflows	\$ 476,406	\$ 402,514	\$ 390,227	\$ 340,386	\$ 272,966	\$ 237,965
Liabilities						
Accounts Payable	\$ 35,355	\$ 32,781	\$ 40,767	\$ 27,222	\$ 22,557	\$ 24,113
Contracts Payable	303	273	184	139	123	578
Due to Other Funds	15,193	11,275	4,080	5,845	5,219	5,638
Due to Other Governments	2,339	1,806	2,313	2,853	3,915	2,286
Salaries, Benefits, and Taxes Payable	24,216	22,207	18,831	14,853	13,320	12,776
Interest Payable	-	-	4	752	759	933
Deposits Payable	-	-	(85)	66	88	194
Revenue Collected/Billed in Advance-Current	3,024	2,043	1,468	1,330	1,928	1,370
Other Current Liabilities	236	3,073	1,796	241	241	212
Advances from Other Funds	-	-	-	-	-	-
Deferred Revenues	-	-	-	12,093	20,041	22,829
Total Liabilities	\$ 80,666	\$ 73,458	\$ 69,358	\$ 65,394	\$ 68,191	\$ 70,929
Deferred Inflows of Resources	11,813	11,921	12,009	-	-	-
Total Liabilities and Deferred Inflows	\$ 92,479	\$ 85,379	\$ 81,367	\$ 65,394	\$ 68,191	\$ 70,929
Fund Balances ⁽²⁾						
Reserves Legally Segregated for Future Use						
Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,616
Continuing Appropriations	-	-	-	-	-	3,406
Debt Service	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	963
Health Care Rate Stabilization	-	-	-	-	-	13,564
Revenues Not Available for Appropriation						
Endowments	-	-	-	-	-	-
Gifts	-	-	-	-	-	-
Interfund Loans	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Petty Cash	-	-	-	-	-	811
Unreserved						
Reported in Major Funds						
Designated for Special Purpose	-	-	-	-	-	57,666
Undesignated	-	-	-	-	-	47,010
Reported in Special Revenue Funds						
Designated for Special Purpose	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-
Reported in Capital Projects Funds	-	-	-	-	-	-
Reported in Permanent Funds						
Nonspendable	474	474	375	555	572	-
Restricted	136,626	99,991	99,659	82,520	58,917	-
Committed	97,324	76,493	83,155	79,508	46,268	-
Assigned	5,767	5,685	5,325	6,417	19,253	-
Unassigned	143,736	134,492	120,446	105,992	79,765	-
Total Fund Balances	\$ 383,927	\$ 317,135	\$ 308,960	\$ 274,992	\$ 204,775	\$ 167,036
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 476,406	\$ 402,514	\$ 390,327	\$ 340,386	\$ 272,966	\$ 237,965

(1) Preliminary unaudited.

(2) As a result of the implementation of GASB 54 in 2011, fund balance categorizations changed and the Library Fund is reported as part of the General Fund.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2010-2014; unaudited results for 2015

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

	2015 ⁽¹⁾	2014	2013	2012	2011 ⁽²⁾	2010
Revenues						
Taxes	\$ 989,772	\$ 926,003	\$ 866,464	\$ 846,011	\$ 790,966	\$ 761,170
Licenses and Permits	27,119	25,027	22,005	20,672	18,817	20,401
Grants, Shared Revenues, and Contributions	32,198	35,666	48,183	43,669	47,503	31,412
Charges for Services	61,642	61,080	50,587	51,388	53,844	66,863
Fines and Forfeits	31,155	31,960	41,043	34,243	33,992	30,936
Parking Fees and Space Rent	39,154	38,223	38,547	35,369	31,301	26,868
Program Income, Interest, and Miscellaneous Revenues	37,693	42,794	31,346	29,909	23,921	16,374
Total Revenues	\$ 1,218,733	\$ 1,160,753	\$ 1,098,175	\$ 1,061,261	\$ 1,000,344	\$ 954,024
Expenditures						
Current						
General Government	\$ 202,162	\$ 195,598	\$ 178,403	\$ 162,740	\$ 168,498	\$ 172,796
Judicial	29,351	29,158	27,642	26,654	25,855	26,300
Public Safety	528,582	519,122	492,509	458,957	445,170	437,716
Physical Environment	6,293	6,538	11,318	7,328	10,813	8,704
Transportation	9,240	9,779	11,321	12,031	12,529	10,823
Economic Environment	18,885	21,540	19,157	17,633	20,718	21,084
Health and Human Services	76	945	63	-	-	-
Culture and Recreation	75,092	72,371	69,559	59,712	58,098	26,398
Capital Outlay						
General Government	13,495	12,305	5,043	5,642	5,456	9,001
Public Safety	3,103	5,914	10,275	7,457	4,355	2,658
Transportation	-	-	-	-	-	-
Economic Environment	-	6	-	69	-	-
Culture and Recreation	16,380	24,213	30,290	14,676	23,727	22,222
Debt Service						
Principal	2	3	4	4	4	-
Advance Refunding to Escrow	-	-	-	-	-	-
Interest	2	1	-	1	1	-
Bond Issuance Cost	-	-	-	-	-	-
Total Expenditures	\$ 902,663	\$ 897,493	\$ 855,584	\$ 772,904	\$ 775,224	\$ 737,702
Excess (Deficiency) of Revenues Over Expenditures	\$ 316,070	\$ 263,260	\$ 242,591	\$ 288,357	\$ 225,120	\$ 216,322
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding Debt Issued	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-
Proceeds of Capital Leases	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-
Payments on Intergovernmental Agreements	-	-	-	-	-	-
Sales of Capital Assets	18,274	-	22,748	754	21,326	21,309
Transfers In	21,924	20,027	16,762	12,262	4,537	10,068
Transfers Out	(289,603)	(275,112)	(248,133)	(231,156)	(225,649)	(278,109)
Total Other Financing Sources (Uses)	\$ (249,405)	\$ (255,085)	\$ (208,623)	\$ (218,140)	\$ (199,786)	\$ (246,732)
Net Change in Fund Balance	\$ 66,665	\$ 8,175	\$ 33,968	\$ 70,217	\$ 25,334	\$ (30,410)
Fund Balances-Beginning of Year	317,261 ⁽³⁾	308,960	274,992	204,775	179,441	197,446
Fund Balances-End of Year	\$ 383,926	\$ 317,135	\$ 308,960	\$ 274,992	\$ 204,775	\$ 167,036

(1) Preliminary unaudited.

(2) As a result of the implementation of GASB 54 in 2011, the Library Fund is reported as part of the General Fund beginning in 2011. The resulting primary financial statement change is that the City now records Culture and Recreation expenditures for the Library in the General Fund. These amounted to \$52.8 million in 2011 and \$54.8 million in 2012. For comparison purposes, in 2010, \$20.2 million of the Culture and Recreation expenditures were for the disposition of proceeds from a real estate transaction related to the relocation of the Museum of History and Industry. Additionally, as a result of the inclusion of the Library Fund, the 2011 beginning General Fund balance increased by approximately \$12.4 million.

(3) In 2015, several small, non-major governmental funds were closed and consolidated into the General Fund, resulting in a \$126,000 increase in the 2015 beginning balance for the General Fund.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2010-2014; unaudited results for 2015

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

	2015 ⁽¹⁾	2014	2013 ⁽²⁾	2012 ⁽²⁾	2011 ⁽²⁾	2010 ⁽²⁾
Revenues						
Taxes	\$ 1,235,244	\$ 1,149,120	\$ 1,083,499	\$ 1,044,608	\$ 973,181	\$ 933,641
Licenses and Permits	34,137	30,093	27,135	25,238	22,966	26,514
Grants, Shared Revenues, and Contributions	161,155	161,361	184,784	177,775	167,813	179,842
Charges for Services	220,001	221,187	200,847	182,595	167,644	171,509
Fines and Forfeits	37,331	37,142	41,107	34,340	34,066	32,300
Parking Fees and Space Rent	67,355	63,891	62,463	57,107	51,004	46,858
Program Income, Interest, and Miscellaneous Revenues	58,805	86,757	45,462	43,649	39,706	26,037
Total Revenues	\$ 1,814,028	\$ 1,749,551	\$ 1,645,297	\$ 1,565,312	\$ 1,456,380	\$ 1,416,701
Expenditures						
Current						
General Government	\$ 211,477	\$ 204,662	\$ 209,006	\$ 180,187	\$ 193,697	\$ 179,782
Judicial	29,352	29,158	27,642	26,654	25,855	26,300
Public Safety	537,069	525,778	504,836	461,235	451,734	445,002
Physical Environment	7,315	7,409	11,935	7,748	11,190	9,058
Transportation	155,690	114,737	97,676	92,212	90,966	93,381
Economic Environment	141,466	140,079	128,644	128,711	106,234	123,430
Health and Human Services	96,267	78,024	73,151	67,103	73,100	73,956
Culture and Recreation	268,962	245,358	276,197	216,508	211,523	233,284
Capital Outlay						
General Government	43,458	35,599	5,043	10,684	13,862	16,799
Public Safety	13,097	25,162	10,275	27,743	8,320	21,815
Transportation	278,151	278,550	234,188	228,272	167,590	169,636
Economic Environment	-	6	-	69	-	5
Culture and Recreation	37,436	55,133	41,185	55,507	50,383	63,521
Debt Service ⁽³⁾						
Principal	50,708	61,745	56,194	53,523	47,909	45,826
Advance Refunding to Escrow	-	-	-	-	-	-
Interest	28,748	26,571	26,206	25,339	26,754	24,596
Bond Issuance Cost	1,946	259	822	258	369	1,303
Other	-	-	-	305	-	-
Total Expenditures	\$ 1,901,142	\$ 1,828,230	\$ 1,703,000	\$ 1,582,058	\$ 1,479,486	\$ 1,527,694
Excess (Deficiency) of Revenues Over Expenditures	\$ (87,114)	\$ (78,679)	\$ (57,703)	\$ (16,746)	\$ (23,106)	\$ (110,993)
Other Financing Sources (Uses)						
Long-Term Debt Issued	\$ 350,255	\$ 50,455	\$ 101,115	\$ 108,085	\$ 79,433	\$ 85,325
Refunding Debt Issued	-	-	43,945	-	-	115,185
Premium on Bonds Issued	40,113	4,150	9,377	21,140	5,181	13,270
Proceeds of Capital Leases	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(155,030)	-	(44,504)	(91,574)	-	(125,170)
Payments on Intergovernmental Agreements	-	-	-	-	-	(23,825)
Sales of Capital Assets	19,230	2,128	22,903	2,282	41,161	21,310
Transfers In	505,351	442,666	422,670	334,611	292,224	346,551
Transfers Out	(501,695)	(448,411)	(428,881)	(342,571)	(297,597)	(352,650)
Total Other Financing Sources (Uses)	\$ 258,224	\$ 50,988	\$ 126,625	\$ 31,973	\$ 120,402	\$ 79,996
Net Change in Fund Balance	\$ 171,110	\$ (27,691)	\$ 68,922	\$ 15,227	\$ 97,296	\$ (30,997)
Fund Balances-Beginning of Year	679,565	707,256	638,334	623,107	525,811	556,808
Fund Balances-End of Year	\$ 850,675	\$ 679,565	\$ 707,256	\$ 638,334	\$ 623,107	\$ 525,811

(1) Preliminary unaudited.

(2) Restated.

(3) Debt Service in the Other Governmental Fund excludes \$32 million of debt service paid in 2014 by the following funds: Fleets and Facilities, Downtown Garage, Information Technology, Water, Drainage and Wastewater, and Solid Waste. It includes \$3.1 million paid by LID 6750.

Source: City of Seattle, Comprehensive Annual Financial Reports, 2010-2014; unaudited results for 2015

GENERAL FUND TAX REVENUE SOURCES

The following table sets forth a breakdown of General Fund tax revenues for the years 2010 through 2015:

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

	2015 ⁽¹⁾	2014	2013	2012	2011	2010
Taxes						
General Property	\$ 273,044	\$ 268,745	\$ 252,682	\$ 259,954	\$ 254,239	\$ 250,430
Retail Sales and Use	221,647	199,735	181,171	169,681	158,582	146,970
Business	277,947	265,830	251,373	243,784	231,162	223,482
Excise	80,218	57,739	54,159	54,797	35,316	28,998
Penalties and Interest	1,957	4,024	3,468	2,648	3,126	3,202
Interfund Business ⁽²⁾	134,959	129,929	123,611	115,147	108,541	108,088
Total Taxes	\$ 989,772	\$ 926,002	\$ 866,464	\$ 846,011	\$ 790,966	\$ 761,170

(1) Preliminary unaudited.

(2) Business taxes on City-owned utilities (see “Business Taxes” below).

Source: City of Seattle, *Comprehensive Annual Financial Reports, 2010-2014; unaudited results for 2015*

Based on preliminary figures, the amounts for the four primary General Fund tax revenues sources (general property taxes, retail sales and use taxes, business taxes, and interfund business taxes) varied in 2015 from 2014 levels by approximately 1.6%, 11.0%, 4.6%, and 3.9%, respectively, as discussed above under “Financial Results—Preliminary 2015 Results.” Further descriptions of these major sources of General Fund tax revenues are provided below.

General Property Taxes

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

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

- (i) **Regular Property Taxes.** Regular property taxes are subject to constitutional and statutory limitations as to rates and amounts and commonly are imposed by taxing districts for general municipal purposes, although certain statutes authorize additional regular levies or levy increases for specified limited purposes. General purpose levies may be used for the payment of debt service on limited tax general obligation indebtedness such as the LTGO Bonds, but State law does not provide any priority of use. In general, regular property taxes for general purposes do not require voter approval, though certain statutes authorizing limited purpose levies may require voter approval. Certain tax limitations may be exceeded upon voter approval.

- (ii) *Excess Property Taxes.* Excess property taxes are not subject to limitation as to rate or amount but must be authorized by a 60% approving popular vote meeting a minimum voter turnout requirements. Excess levies may be imposed (a) by any taxing district for the repayment of bonds issued for capital purposes, excluding replacement of equipment, (b) by any taxing district for one year for any governmental purpose, or (c) without a popular vote when necessary to prevent impairment of the obligations of contracts when ordered to do so by a court of last resort. Excess levies for the repayment of bonds must meet a minimum voter turnout of 40% of the number who voted at the last November general election. The UTGO Bonds are payable from such voter-approved excess property taxes. See “Description of the Bonds—Authorization for the Bonds.”

Uniformity Requirement. Article VII, Section 1, of the State Constitution requires that property taxes be levied at a uniform rate upon the same class of property within the territorial limits of a taxing district levying the tax. The State Constitution also provides that all real estate constitutes a single class, except for certain agricultural properties eligible for special use classification, which may be valued based on current use. It is possible that, because of overlapping taxing district boundaries, the maximum permissible levy might vary within the boundaries of a particular taxing district. In that event, to comply with the constitutional requirement for uniformity of taxation, the lowest permissible rate for any part of the taxing district would be applied to the entire taxing district. See Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2016, for an example of the levy rates of taxing districts that overlap within the City.

Regular Property Tax Limitations. The authority of a taxing district to levy taxes without a vote of the people for general purposes, including the payment of debt service on limited tax general obligation indebtedness such as the LTGO Bonds, is subject to the limitations described below. These limitations do not apply to the excess property taxes collected for payment of the UTGO Bonds.

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

- (i) *City Regular Property Tax Rate Limitations.* The City’s effective aggregate maximum regular property tax levy for general municipal purposes, including the payment of debt service on limited tax general obligation indebtedness, is \$3.60 per \$1,000 of assessed value. This maximum rate is derived from two statutes: RCW 84.52.043 and RCW 41.16.060. RCW 84.52.043 limits the general regular property tax levy of the City to \$3.375 per \$1,000. RCW 41.16.060 allows an additional \$0.225 per \$1,000 to be levied for general municipal purposes, only if an actuarial report establishes that the levy is not required to fund certain firefighter pension programs. Based on the most recent actuarial valuation of the City’s firefighter pension programs, the City is not required to and has not levied this additional tax for 2016. See “The City of Seattle—Pension Plans.” It would therefore be available to the City for general municipal purposes as an additional levy.

The City’s regular levy rate for collection in 2016 is \$2.59545 per \$1,000 of assessed value. However, \$1.12793 per \$1,000 of this levy is statutorily restricted to purposes described in certain levy lid lift ballot measures. See Tables 7 and 8 and the discussion of “levy lid lift” ballot measures under “Regular Property Tax Amount Increase Limitation” below.

- (ii) *Aggregate Regular Property Tax Levy Rate Limitations.* Article VII, Section 2, of the State Constitution and RCW 84.52.050 limit the aggregate of all regular property tax levies imposed on any given tax parcel by the State and all overlapping taxing districts, except port districts and public utility districts, to 1% of the true and fair value of property. Within the 1% limitation, State statute limits the levy by the State to not more than \$3.60 per \$1,000 of assessed value and limits the aggregate of all regular levies by all taxing districts (other than the State and other than certain specified levies) to not more than \$5.90 per \$1,000 of assessed value. The specified levies excluded from the \$5.90 limitation include port or public utility district levies, excess property tax levies, levies for acquiring conservation futures, levies for emergency medical care or emergency medical services (“EMS”), levies to finance affordable housing for very-low-income housing, certain portions

of levies by metropolitan park districts, certain levies imposed by ferry districts, levies for criminal justice purposes, certain portions of levies by fire protection districts, levies by counties for transit-related purposes, portions of certain levies by certain flood control zone districts, and levies by regional transit authorities. Certain of these exclusions from the \$5.90 limitation are set to expire in 2018 and may be changed at any time by the State Legislature. The aggregate of all overlapping levy rates within the City that are subject to the \$5.90 limitation is \$3.92521 for the 2016 tax collection year. The aggregate of all overlapping levy rates within the City that are subject to the 1% limitation is \$6.61704 for the 2016 tax collection year.

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

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

The amount limitation may be exceeded upon approval of a simple majority of voters. This is known as a “levy lid lift.” A levy lid lift permits a levy amount increase greater than would otherwise be allowed, which increase may be effective indefinitely or for a limited period of time. Tax receipts from the incremental increase may be (but are not required to be) restricted in the ballot proposition to satisfy a limited purpose. A levy lid lift will not increase the levy if it would cause the taxing district’s levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The City has several levy lid lifts that have been approved by the voters and are currently in effect. In November 2015, voters approved a nine-year levy lid lift for transportation improvements and a voter initiative containing a ten-year levy lid lift to create “democracy vouchers” for the public funding of campaigns of candidates for certain City-wide elected offices. The incremental tax rates for these and the other levy lid lifts currently in effect are shown below in Table 7—Representative Overlapping Levy Rates and City-Specific Tax Rates Within the City, Collection Year 2016, and Table 8—Voted Levy Lid Lifts in Effect in 2016.

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

Guaranty Fund Levies. Outside of the \$3.60 per \$1,000 and \$5.90 per \$1,000 limitations described above, but within the constitutional 1% aggregate levy limitation, the City may impose a levy for the maintenance of a local improvement guaranty fund to secure debt of any local improvement district that may be created by the City. The amount of a guaranty fund levy in any given collection year may not exceed the greater of (i) 12% of the outstanding obligations guaranteed by the fund, or (ii) the total amount of delinquent assessments and interest accumulated on the delinquent assessments (RCW 35.54.060). The taxes levied for the maintenance of the guaranty fund will be in addition to and, if need be, in excess of all statutory and charter limitations applicable to tax levies in any city or town.

The City previously issued \$21,924,640.73 of Local Improvement District No. 6750 Bonds, 2006, of which \$8,825,000 principal amount is currently outstanding and guaranteed by the local improvement guaranty fund. The City is considering the creation of an additional local improvement district for the purpose of financing a portion of the costs of certain waterfront improvements and issuing local improvement district debt within approximately the next five years that may or may not be guaranteed by the local improvement guaranty fund. See “The City of Seattle—Considerations Related to Alaskan Way Viaduct and Seawall Replacement Program—Status of Other Waterfront Seattle Projects and Funding Sources.”

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

The assessed value of real property is equal to 100% of its fair market value, as determined by the Assessor using procedures prescribed by the State Department of Revenue. Three approaches may be used to determine the fair market value of real property: market data, replacement cost, and income-generating capacity. All property in the County is revalued each year based on market statistics and is subject to on-site appraisal and revaluation every six years. Although the intent is that the assessed value reflect 100% of market value, the infrequency of on-site appraisals can lead to assessed valuations that lag market and other adjustments. Personal property is valued each year based on affidavits filed by the property owner. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in the Assessor’s office. The Assessor’s determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals.

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

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

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

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

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

TABLE 5
CITY PROPERTY TAX COLLECTION RECORD

Collection Year	Taxable Assessed Value⁽¹⁾	Ad Valorem Tax Levy	Tax Collected Year Due	Total Collected As of 12/31/15
2016	\$ 163,305,927,635	\$ 452,827,119	N/A	N/A
2015	144,513,932,119	379,042,833	98.72%	98.79%
2014	128,205,753,919	390,707,880	98.57%	99.57%
2013	116,995,513,489	384,420,997	98.49%	99.83%
2012	116,796,890,401	382,656,189	98.36%	99.98%

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

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

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

Collection Year	Levy Rates (per \$1,000 of Assessed Value)			Levy Amounts		
	General⁽¹⁾	UTGO Bonds	Total	General⁽¹⁾	UTGO Bonds	Total
2016	\$ 2.59545	\$ 0.17757	\$ 2.77302	\$ 423,969,612	\$ 28,857,507	\$ 452,827,119
2015	2.49312	0.13040	2.62352	360,294,510	18,739,206	379,033,716
2014	2.90871	0.13964	3.04835	372,996,577	17,792,381	390,788,958
2013	3.14774	0.13782	3.28556	368,415,337	16,005,659	384,420,996
2012	3.12958	0.14701	3.27659	365,625,854	17,030,335	382,656,189

(1) The General Levy is subject to the \$3.60 rate limit (see “General Property Taxes—Regular Property Tax Limitations”) and currently includes nonvoted regular levies and voted levy lid lifts for various specified purposes, described below in Table 7. A voter-approved EMS levy, which is considered a separate levy and is not included in the \$3.60 per \$1,000 limit, is not shown in this table.

Source: King County Department of Assessments

TABLE 7
REPRESENTATIVE OVERLAPPING LEVY RATES AND CITY-SPECIFIC TAX RATES WITHIN THE CITY,
COLLECTION YEAR 2016
(Per \$1,000 of Assessed Value)

Overlapping Rates within Seattle	2016
City of Seattle	\$ 2.77302
King County	1.48027
State of Washington	2.16898
Port of Seattle	0.16954
Schools No. 1	2.18898
EMS	0.28235
Flood Zone	0.12980
Seattle Park District ⁽¹⁾	0.29269
Total within City of Seattle	\$ 9.48563
City of Seattle - Specific Rates	
Current Expense Base and Pension	\$ 1.46752
Voted Lid Lifts	
Public Housing	0.12684
Families and Education	0.20455
Library	0.10725
Pre-K Early Learning	0.08919
Transportation (Move Seattle)	0.58173
Campaign Finance Reform	0.01837
Subtotal Voted Lid Lifts	\$ 1.12793
Subject to \$3.60 Limit	\$ 2.59545
Voted Bonds	0.17757
Subtotal City Rates	\$ 2.77302

- (1) At the August 5, 2014, general election, City voters approved a ballot measure that creates a metropolitan park district called the Seattle Park District, the boundaries of which are coterminous with the City. This district is collecting its first property tax levy beginning in 2016. The district is a separate municipal corporation with its own statutory maximum levy rate of \$0.75 per \$1,000 of assessed value, but pursuant to an interlocal agreement with the City, the levy is expected to be approximately \$0.30 per \$1,000 of assessed value.

Note: Levy rate paid by taxpayers within the City's levy code area with the largest assessed value. This table includes both regular and excess property tax levies and cannot be used to determine levy capacity within the \$5.90 or 1% aggregate levy rate limitations described under "General Property Taxes—Regular Property Tax Limitations."

Source: King County Department of Assessments

TABLE 8
VOTED LEVY LID LIFTS IN EFFECT IN 2016

Lid Lifts	Beginning Year	Ending Year	Amount Expected to be Raised Over Levy Period
Public Housing	2010	2016	\$ 145,000,002
Families and Education	2012	2018	231,561,694
Library	2013	2019	122,630,099
Pre-K Early Learning	2015	2018	58,266,518
Transportation (Move Seattle)	2016	2024	930,000,000
Campaign Finance Reform	2016	2025	30,000,000

Major Property Tax Payers. The following table presents the property tax payers within the City with the highest 2015 assessed value for tax collection year 2016.

TABLE 9
2015 LARGEST PROPERTY TAXPAYERS

Taxpayer⁽¹⁾	Type of Business	Assessed Value (\$)	Percentage of Total Assessed Value (%)
Union Square Limited Partnership	Real Estate	\$ 656,996,799	0.40 %
GC Columbia (Formerly Columbia Center Property)	Real Estate	531,504,971	0.32
1201 Tab Owner LLC	Real Estate	501,098,333	0.31
FSP-RIC LLC	Insurance	465,697,584	0.28
City Centre Associates JV	Real Estate	408,488,115	0.25
Teachers Insurance and Annuity	Financial Services	356,854,653	0.22
999 Third Avenue Property	Real Estate	318,772,463	0.19
Seattle Sheraton	Hotel	313,561,066	0.19
Qwest Corporation Inc.	Telecommunications	309,273,170	0.19
Essex Portfolio LP	Real Estate	298,419,600	0.18
Boeing	Aerospace	293,940,063	0.18
Puget Sound Energy-Gas	Utility	267,934,392	0.16
Total		\$ 4,722,541,209	2.88 %
Total City Assessed Value for Tax Collection Year 2016		\$163,924,328,611	

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

Source: King County Department of Assessments

Retail Sales and Use Taxes

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

A sales tax of 9.6% is charged on all gross retail sales in the City. The 9.6% is a composite of separate rates for several jurisdictions: 6.5% for the State, 0.85% for the City, 0.15% for the County for general purposes, 0.9% for the County to support public transportation, 0.9% for the Central Puget Sound Regional Transit Authority, 0.1% for the County to support chemical dependency or mental health programs, 0.1% for the support of criminal justice programs within the County, and 0.1% for the City for the Transportation Benefit District. The first 10% of the criminal justice tax revenues is allocated to the County. The remaining 90% of the criminal justice tax revenues is allocated to the County and cities within the County based on population.

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

Sales taxes on applicable retail sales are collected by the seller from the consumer. Use taxes are payable by the consumer upon the applicable rendering of service or use of personal property. The County collects any use tax imposed on the use of motor vehicles. Each seller (and the County) is required to hold taxes in trust until remitted to the State Department of Revenue, which usually occurs on a monthly basis. The State Department of Revenue administers and collects sales and use taxes from sellers, consumers, and the County and makes disbursements to the City on a monthly basis. Disbursements lag two months behind collections.

Business Taxes

The City imposes a business and occupation (“B&O”) tax for the act or privilege of engaging in business activities. The City imposes this B&O tax at varying rates, depending on the class of business, based on the value of products, gross proceeds of sales, or gross income of the business, as applicable. Certain businesses are exempted, and deductions and credits are allowed. State law limits the maximum rate at which cities may levy the B&O tax to 0.2%, but cities whose tax rates were higher than this level when the limit was imposed can maintain their current tax rates. Some additional rate increases are possible within the parameters set by State law, including voter approval. The City’s current rates range from 0.215% to 0.415%. The City’s tax is in addition to the B&O tax imposed by the State.

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

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

Real Estate Excise Taxes

The City imposes a real estate excise tax of 0.5% on sales of real property in the City. The proceeds are used for qualifying capital projects. A portion of the revenue is used for the payment of certain of the City’s general obligation bonds issued to finance those projects. The City’s tax is in addition to the current State real estate excise tax of 1.28%.

Legislative Changes Affecting City Taxes

Changes in tax legislation at both the State and national level could affect City revenues. The authority of Washington local governments to impose taxes must be expressly granted by statute and, from time to time, the

State Legislature does adjust those taxing powers and limitations. State-wide initiative measures may also make changes to local government taxing powers and limitations. Legislation affecting the City's taxing power and limitations (and those of overlapping taxing districts, which may affect the aggregate levy rates and limitations within the City) may be pending or may arise at any time.

DEBT INFORMATION

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

Limitations on Indebtedness

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

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

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

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

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

City-Guaranteed Debt. The City has entered into agreements with several public development authorities chartered by the City and other public entities to provide guarantees or contingent loan agreements with respect to debt issued by those authorities. The City includes the outstanding principal amount of such debt that it has guaranteed as a debt

of the City for the purposes of calculating its legal debt capacity under the constitutional limitations described above. The amounts of such outstanding debt subject to City guarantees or contingent loan agreements are shown on Table 10—Estimated Legal Debt Capacity (notes 6 and 7).

Debt Payment Record

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

Future General Obligation Debt Financing

The City generally issues limited tax general obligation debt to fund its capital programs on an annual basis. Additionally, the City periodically reviews its outstanding bonds for refunding opportunities and may issue bonds for refunding purposes if market conditions warrant.

Debt Capacity and Debt Service Summaries

Table 10 sets forth the computation of the City's estimated legal debt capacity based on debt outstanding as of December 31, 2015, and a total City assessed value for collection of taxes in 2016 of \$163,924,328,611. Giving effect to the issuance of the Bonds, there remains \$1,313,558,636⁽¹⁾ of unlimited tax general obligation debt capacity for general purposes and \$1,510,880,793⁽¹⁾ of limited tax general obligation debt capacity. The tables below show the annual principal and interest due on the Bonds and all outstanding general obligations of the City and the City's net direct and overlapping debt and debt ratios.

(1) Preliminary, subject to change.

TABLE 10
ESTIMATED LEGAL DEBT CAPACITY⁽¹⁾
(as of December 31, 2015)

		General Capacity		Special Purpose Capacity		
		A	B			
		Non-voted (1.5% of AV)	Voted (2.5% less Column A)	Voter-Approved Open Space and Parks (2.5% of AV)	Voter-Approved Utility Purpose (2.5% of AV)	Total Capacity (7.5% of AV)
Total City Assessed Value as of February 10, 2016 ⁽²⁾						
\$163,924,328,611						
	2.5% of AV	\$ -	\$ 4,098,108,215	\$ 4,098,108,215	\$ 4,098,108,215	\$12,294,324,646
	1.5% of AV	2,458,864,929	(2,458,864,929)	-	-	-
		\$ 2,458,864,929	\$ 1,639,243,286	\$ 4,098,108,215	\$ 4,098,108,215	\$12,294,324,646
Debt Outstanding ⁽³⁾						
	The Bonds ⁽⁴⁾	\$ (85,565,000)	\$ (37,750,000)	\$ -	\$ -	\$ (123,315,000)
	Outstanding Bonds ⁽⁵⁾	(730,020,002)	(288,810,000)	-	-	(1,018,830,002)
	Guarantees on PDA bonds ⁽⁶⁾	(51,040,000)	-	-	-	(51,040,000)
	Public Works Trust Fund Loans ⁽⁷⁾	(12,667,616)	-	-	-	(12,667,616)
	Compensated Absences ⁽⁸⁾	(91,401,695)	-	-	-	(91,401,695)
	Total Debt Outstanding	\$ (970,694,313)	\$ (326,560,000)	\$ -	\$ -	\$ (1,297,254,313)
Available Net Assets in						
	Redemption and Other Funds ⁽⁹⁾	\$ 9,496,177	\$ 875,350	\$ -	\$ -	\$ 10,371,527
	Compensated Absences for Sick Leave ⁽⁸⁾	13,214,000	-	-	-	13,214,000
Net Debt Outstanding		\$ (947,984,136)	\$ (325,684,650)	\$ -	\$ -	\$ (1,273,668,786)
Legal Debt Margin		\$ 1,510,880,793	\$ 1,313,558,636	\$ 4,098,108,215	\$ 4,098,108,215	\$11,020,655,860

FOOTNOTES TO TABLE:

- (1) Legal debt limits are established in the State Constitution and by statutes, including RCW 39.36.020 and 35.42.200.
- (2) RCW 39.36.015 allows incorporated cities to use the “last assessment for city purposes.” This assessment was issued as of February 10, 2016, for taxes payable in 2016.
- (3) State law and the State Auditor’s Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating legal debt capacity, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.
- (4) New money portion only; preliminary, subject to change. Column A includes the 2016A Bonds and the 2016B Bonds. Column B includes the UTGO Bonds
- (5) Includes the Refunding Candidates; preliminary, subject to change.
- (6) Includes the principal amounts of City-guaranteed bonds issued by the following PDAs established by the City: the Seattle Indian Services Commission, the Museum Development Authority, and Seattle-Chinatown International District Preservation and Development Authority.
- (7) Includes City obligations to repay loans from the Washington State Public Works Assistance Account. This is a departure from State accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating debt capacity. However, the City’s bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable constitutional debt limits.
- (8) Preliminary numbers as of December 31, 2015. The State Auditor’s Office requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt capacity. All compensated absences except the sick leave estimate meet this criterion. The City’s bond counsel does not include compensated absences as debt for the purpose of calculating the City’s debt capacity.
- (9) Preliminary numbers as of December 31, 2015. Excludes available net assets in the Local Improvement Guaranty Fund and the Interfund Notes Payable Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

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

	Outstanding ⁽¹⁾			The 2016A Bonds ⁽²⁾			The 2016B Bonds ⁽³⁾			Total LTGO
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2016	\$ 62,652,981	\$ 31,543,776	\$ 94,196,757	\$ -	\$ 1,045,345	\$ 1,045,345	\$ -	\$ 57,642	\$ 57,642	\$ 95,299,744
2017	64,289,456	28,992,061	93,281,517	5,650,000	2,930,200	8,580,200	240,000	163,709	403,709	102,265,426
2018	63,120,163	26,233,029	89,353,192	5,775,000	2,815,950	8,590,950	245,000	161,603	406,603	98,350,745
2019	62,180,287	23,378,358	85,558,645	5,930,000	2,669,250	8,599,250	245,000	158,892	403,892	94,561,787
2020	56,260,287	20,904,867	77,165,154	6,100,000	2,488,800	8,588,800	250,000	155,182	405,182	86,159,136
2021	58,023,355	18,376,558	76,399,913	6,315,000	2,271,000	8,586,000	255,000	150,510	405,510	85,391,423
2022	52,958,256	15,931,303	68,889,559	5,060,000	2,043,500	7,103,500	260,000	145,091	405,091	76,398,150
2023	51,513,256	13,637,900	65,151,156	5,305,000	1,809,675	7,114,675	265,000	139,096	404,096	72,669,927
2024	52,937,442	11,256,368	64,193,810	5,185,000	1,547,425	6,732,425	275,000	132,568	407,568	71,333,803
2025	53,952,442	8,817,504	62,769,946	2,415,000	1,357,425	3,772,425	280,000	125,420	405,420	66,947,791
2026	33,262,442	6,301,772	39,564,214	2,545,000	1,233,425	3,778,425	290,000	117,652	407,652	43,750,291
2027	24,297,442	5,031,148	29,328,590	2,430,000	1,121,200	3,551,200	295,000	109,387	404,387	33,284,177
2028	23,387,442	4,056,912	27,444,354	2,520,000	1,022,200	3,542,200	305,000	100,610	405,610	31,392,164
2029	19,940,789	3,146,297	23,087,086	2,625,000	919,300	3,544,300	315,000	91,230	406,230	27,037,616
2030	19,195,789	2,355,865	21,551,654	2,740,000	812,000	3,552,000	325,000	81,146	406,146	25,509,800
2031	19,295,789	1,577,224	20,873,013	2,850,000	700,200	3,550,200	335,000	70,336	405,336	24,828,549
2032	10,230,000	900,717	11,130,717	2,965,000	583,900	3,548,900	345,000	58,945	403,945	15,083,562
2033	6,600,000	502,808	7,102,808	3,085,000	462,900	3,547,900	360,000	46,958	406,958	11,057,666
2034	5,205,000	240,696	5,445,696	3,215,000	336,900	3,551,900	370,000	34,364	404,364	9,401,960
2035	3,385,000	67,319	3,452,319	3,345,000	205,700	3,550,700	385,000	21,150	406,150	7,409,169
2036	-	-	-	3,470,000	69,400	3,539,400	400,000	7,182	407,182	3,946,582
Total	\$ 742,687,618	\$ 223,252,482	\$ 965,940,100	\$ 79,525,000	\$ 28,445,695	\$ 107,970,695	\$ 6,040,000	\$ 2,128,672	\$ 8,168,672	\$ 1,082,079,467

(1) Includes the Refunding Candidates; preliminary, subject to change. Includes debt service on Public Works Assistance Account loans. Does not include City-guarantees or contingent loan agreements with respect to debt issued by City-chartered PDAs. Reflects taxable rates on certain bonds issued as taxable bonds with a federal subsidy, but is not adjusted to reflect the receipt of any federal tax credit subsidy payment associated with those bonds. See “Federal Sequestration.”

(2) New money portion only; preliminary, subject to change. Assumes interest rates ranging from 2.00% to 5.00%.

(3) Preliminary, subject to change. Assumes interest rates ranging from 0.82% to 3.59%.

TABLE 12
SUMMARY OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS—UNLIMITED TAX GENERAL OBLIGATION BONDS

	Outstanding			The UTGO Bonds⁽¹⁾			Total UTGO
	Principal	Interest	Total	Principal	Interest	Total	
2016	\$ 16,345,000	\$ 12,507,731	\$ 28,852,731	\$ -	\$ -	\$ -	\$ 28,852,731
2017	17,080,000	11,758,469	28,838,469	-	2,301,390	2,301,390	31,139,859
2018	17,565,000	10,979,850	28,544,850	760,000	1,517,400	2,277,400	30,822,250
2019	10,370,000	10,173,050	20,543,050	775,000	1,502,200	2,277,200	22,820,250
2020	10,875,000	9,661,750	20,536,750	800,000	1,478,950	2,278,950	22,815,700
2021	11,415,000	9,121,700	20,536,700	820,000	1,454,950	2,274,950	22,811,650
2022	5,530,000	8,554,800	14,084,800	855,000	1,422,150	2,277,150	16,361,950
2023	5,810,000	8,278,300	14,088,300	890,000	1,387,950	2,277,950	16,366,250
2024	6,100,000	7,987,800	14,087,800	935,000	1,343,450	2,278,450	16,366,250
2025	6,410,000	7,682,800	14,092,800	980,000	1,296,700	2,276,700	16,369,500
2026	6,725,000	7,362,300	14,087,300	1,030,000	1,247,700	2,277,700	16,365,000
2027	7,000,000	7,082,950	14,082,950	1,080,000	1,196,200	2,276,200	16,359,150
2028	7,275,000	6,807,950	14,082,950	1,125,000	1,153,000	2,278,000	16,360,950
2029	7,615,000	6,465,950	14,080,950	1,170,000	1,108,000	2,278,000	16,358,950
2030	7,980,000	6,107,800	14,087,800	1,215,000	1,061,200	2,276,200	16,364,000
2031	8,300,000	5,788,600	14,088,600	1,265,000	1,012,600	2,277,600	16,366,200
2032	8,630,000	5,456,600	14,086,600	1,315,000	962,000	2,277,000	16,363,600
2033	8,975,000	5,111,400	14,086,400	1,365,000	909,400	2,274,400	16,360,800
2034	9,330,000	4,752,400	14,082,400	1,420,000	854,800	2,274,800	16,357,200
2035	9,710,000	4,379,200	14,089,200	1,480,000	798,000	2,278,000	16,367,200
2036	10,090,000	3,990,800	14,080,800	1,540,000	738,800	2,278,800	16,359,600
2037	10,500,000	3,587,200	14,087,200	1,600,000	677,200	2,277,200	16,364,400
2038	10,920,000	3,167,200	14,087,200	1,665,000	613,200	2,278,200	16,365,400
2039	11,355,000	2,730,400	14,085,400	1,730,000	546,600	2,276,600	16,362,000
2040	11,810,000	2,276,200	14,086,200	1,800,000	477,400	2,277,400	16,363,600
2041	12,285,000	1,803,800	14,088,800	1,870,000	405,400	2,275,400	16,364,200
2042	12,775,000	1,312,400	14,087,400	1,945,000	330,600	2,275,600	16,363,000
2043	10,295,000	801,400	11,096,400	2,025,000	252,800	2,277,800	13,374,200
2044	9,740,000	389,600	10,129,600	2,105,000	171,800	2,276,800	12,406,400
2045	-	-	-	2,190,000	87,600	2,277,600	2,277,600
Total	<u>\$ 288,810,000</u>	<u>\$ 176,080,400</u>	<u>\$ 464,890,400</u>	<u>\$ 37,750,000</u>	<u>\$ 28,309,440</u>	<u>\$ 66,059,440</u>	<u>\$530,949,840</u>

(1) Preliminary, subject to change. Assumes interest rates ranging from 2.00% to 5.00%.

TABLE 13
NET DIRECT AND OVERLAPPING DEBT

Outstanding Direct Debt ⁽¹⁾	
Unlimited Tax General Obligation Bonds	\$ 288,810,000
The UTGO Bonds ⁽²⁾	37,750,000
Limited Tax General Obligation Bonds ⁽²⁾⁽³⁾	742,687,618
The 2016A Bonds ⁽⁴⁾	79,525,000
The 2016B Bonds ⁽²⁾	6,040,000
Less: Cash and Investments in Debt Service Funds ⁽⁵⁾	<u>(10,580,914)</u>
Net Direct Debt	\$ 1,144,231,704
Estimated Overlapping Debt	
King County ⁽⁶⁾⁽⁷⁾	\$ 314,472,686
Port of Seattle ⁽⁶⁾	117,478,208
Seattle School District No. 001 ⁽⁶⁾	44,605,358
Highline School District No. 401 ⁽⁶⁾	<u>11,740</u>
Total Estimated Overlapping Debt	<u>\$ 476,567,992</u>
Total Estimated Net Direct and Overlapping Debt	<u>\$ 1,620,799,696</u>

-
- (1) As of December 31, 2015. Excludes public corporation bonds guaranteed by the City.
- (2) Preliminary, subject to change.
- (3) Includes the Refunding Candidates. Excludes the Public Works Assistance Account loans and City-guarantees or contingent loan agreements with respect to the debt issued by City-chartered PDAs. See Table 10—Estimated Legal Debt Capacity.
- (4) New money portion only; preliminary, subject to change.
- (5) As of December 31, 2015.
- (6) As of December 31, 2015. Allocated to the City according to its share of 2016 total assessed values.
- (7) Excludes limited tax general obligation indebtedness payable first from other revenues of the County, such as sales tax and sewer revenue.

TABLE 14
CITY BONDED DEBT RATIOS ⁽¹⁾

Total City Assessed Value for 2016 Collections ⁽²⁾	\$163,924,328,611
2015 Population Estimate ⁽³⁾	662,400
Assessed Valuation	100% of True and Fair Value
Net Direct Debt to Assessed Value	0.70%
Net Direct and Overlapping Debt to Assessed Value	0.99%
Per Capita Assessed Value	\$247,470
Per Capita Net Direct Debt	\$1,729
Per Capita Net Direct and Overlapping Debt	\$2,449
Net Direct Debt	\$1,145,486,704
Net Direct and Overlapping	\$1,622,054,696

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- (1) Preliminary, subject to change.
- (2) Source: King County Assessor.
- (3) Source: State of Washington Office of Financial Management.

Federal Sequestration

The sequestration provisions of the Budget Control Act of 2011 (“Sequestration”) went into effect on March 1, 2013, and are currently scheduled to remain in effect through federal fiscal year 2024. The City issued general obligation Build America Bonds in 2010, with respect to which the City is eligible for a tax credit subsidy payment of 35% of each interest payment due. As a result of Sequestration, the interest subsidy payment from the federal government that came due on August 1, 2015, was reduced by 7.32% (\$76,228) and payments in 2016 will be reduced by 6.8% (a reduction of approximately \$71,741 for the year). The City has budgeted sufficient cash in its general governmental funds to make timely debt service payments through its 2016 budget cycle, and does not expect Sequestration to materially adversely affect its ability to make debt service payments in the current or future years.

THE CITY OF SEATTLE

The following provides general information about the City.

Municipal Government

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

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

The City is organized under the mayor-council form of government and operates under its City Charter. The Mayor, the city attorney, and the Municipal Court judges are all elected to four-year terms. 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 Council members elected by district will serve four-year terms and the at-large City Council members elected in 2015 will serve a two-year term. In 2017, the at-large positions will be up for election again, and thereafter, all City Council positions will be for staggered four-year terms.

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

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

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

Financial Management

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

Accounting. The accounting and reporting policies of the City conform to generally accepted accounting principles for municipal governments and are regulated by the State Auditor’s Office, which maintains a resident staff at the City to perform a continual current audit as well as an annual, post-fiscal year audit of City financial operations.

The Accounting Services Division of the Department of Finance and Administrative Services maintains general supervision over the accounting functions of the City.

Auditing. The State Auditor is required to examine the affairs of all local governments at least once every three years; the City is audited annually. The examination must include, among other things, the financial condition and resources of the City, compliance with the State Constitution and laws of the State, and the methods and accuracy of the accounts and reports of the City. Reports of the State Auditor's examinations are required to be filed in the office of the State Auditor and in the Department of Finance and Administrative Services. The City's Comprehensive Annual Financial Report may be obtained from the Department of Finance and Administrative Services and is available at <http://www.seattle.gov/cafrs/default.htm>.

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

Municipal Budget. City operations are guided by a budget prepared under the direction of the Mayor by the City Budget Office pursuant to State statute (chapter 35.32A RCW) and based in part on General Fund revenue forecasts prepared by the City's Department of Finance and Administrative Services. The proposed budget is submitted to the City Council by the Mayor each year not later than 90 days prior to the beginning of the next fiscal year. Currently the fiscal year of the City is January 1 through December 31. The City Council considers the proposed budget, holds public hearings on its contents, and may alter and revise the budget at its discretion, subject to the State requirement that budgeted revenues must at least equal expenditures. The City Council is required to adopt a balanced budget at least 30 days before the beginning of the next fiscal year, which may be amended or supplemented from time to time by ordinance. The Mayor may choose to approve the City Council's budget, veto it, or permit it to become law without the Mayor's signature. The Mayor does not have line-item veto power. The 2016 budget was adopted on November 23, 2015. The City's adopted General Subfund budget was \$1,048.1 million in 2015 and \$1,071.6 million in 2016.

Investments

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

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

Authorized Investments for Bond Proceeds. Funds derived from the sale of bonds or other instruments of indebtedness will be invested or used in such manner as the initiating ordinances, resolutions, or bond covenants may lawfully prescribe. In addition to the eligible investments discussed above, bond proceeds may also be invested, subject to certain restrictions, in mutual funds with portfolios consisting of (i) only United States government bonds or United States government-guaranteed bonds issued by federal agencies with average maturities of less than four years; bonds of the State or of any local government in the State that have at the time of the investment one of the four highest credit ratings of a nationally recognized rating agency; general obligation bonds of any other state or local government of any other state that have at the time of the investment one of the four highest credit ratings of a nationally recognized rating agency; (ii) bonds of states and local governments or other issuers authorized by law for investment by local governments that have at the time of investment one of the two highest credit ratings of a nationally recognized rating agency; or (iii) securities otherwise authorized by law for investment by local governments.

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

All cash-related transactions for the City are administered by the Department of Finance and Administrative Services. City cash is deposited into a single bank account and cash expenditures are paid from a consolidated disbursement account. Investments of temporarily idle cash may be made, according to existing City Council-approved policies, by the Treasury Division of the Department of Finance and Administrative Services in securities described above under “Authorized Investments.”

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

As of December 31, 2015, the combined investment portfolios of the City, not including pensions, totaled \$1,762 million at par value. The City’s investment portfolios consist solely of City funds. The City does not invest funds in any other pools, with the exception of tax collection receipts initially held by the County. As of December 31, 2015, the earnings yield on the City’s investment portfolios was 1.11%. As of December 31, 2015, the average maturity of the City’s investment portfolios was 897 days. Approximately 19.7%, or \$298.4 million, was invested in securities with maturities of three months or less. The City held no securities with maturities longer than 15 years.

Investments were allocated as follows:

U.S. Government-Sponsored Enterprises	27%
U.S. Treasuries ⁽¹⁾	26%
Taxable Municipal Bonds	16%
Mortgage-Backed Securities	13%
Commercial Paper	12%
Repurchase Agreements	3%
Certificates of Deposit	3%

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

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

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

Risk Management

The City purchases excess liability insurance to address general, automobile, professional, public official, and other exposures. The policies provide \$40 million limits above a \$6.5 million self-insured retention per occurrence, but coverage excludes partial or complete failure of any of the City's hydroelectric dams. The City also purchases all risk property insurance, including earthquake and flood perils, that provides up to \$500 million in limits subject to a schedule of deductibles and sublimits. City hydroelectric generation and transmission equipment and certain other utility systems and equipment are not covered by the property insurance policy.

The City insures a primary level of fiduciary, crime liability, inland marine, and various commercial general liability, medical, accidental death and dismemberment, and miscellaneous exposures. Surety bonds are purchased for certain public officials, notary publics, and workers who are permanently and totally disabled from a workplace injury or occupational disease.

Pension Plans

The information below describes pension plans available to City employees generally. In January 2016, the City announced plans, as a result of completed labor negotiations, to create a second plan within the Seattle City Employees' Retirement System ("SCERS") system. See "Update on SCERS Pension Benefit Agreement with Coalition and Non-Coalition City Unions" below.

City employees are eligible for coverage by one of the following defined benefit pension plans: SCERS, Firefighters' Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System ("LEOFF"). The first three are administered by the City and are reported as pension trust funds as part of the City's reporting entity. The State administers LEOFF through the Washington State Department of Retirement Systems ("DRS").

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

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

In 2012, the Governmental Accounting Standards Board ("GASB") approved Statements 67 and 68 ("GASB 67 and GASB 68, respectively) that modify the accounting and financial reporting of pensions by state and local governments and pension plans. GASB 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. GASB 68, Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions but does not require changes in funding policies. SCERS and LEOFF will be subject to GASB 67; the City will be subject to GASB 68. GASB 67 was effective for the City's fiscal year ending December 31, 2014; GASB 68 was effective beginning in the City's fiscal year ending December 31, 2015.

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

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after ten years of service. Retirement benefits are calculated as up to 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive

months. The benefit is actuarially reduced for early retirement. As of January 1, 2015, there were 6,019 retirees and beneficiaries receiving benefits, and 8,746 active members of SCERS. There are an additional 1,188 terminated employees who are vested and entitled to future benefits and another 935 who are not vested and not entitled to benefits beyond contributions and accumulated interest. From January 1, 2014, to January 1, 2015, the net number of active members increased by 1.7%, the net number of retirees receiving benefits increased by 2.4%, and the net number of vested terminated members increased by 1.5%.

Certain demographic data from the most recent Actuarial Valuation (as of January 1, 2015), which was completed on May 26, 2015 (the “2014 Actuarial Valuation”), is shown below:

TABLE 15
PLAN MEMBER DEMOGRAPHIC INFORMATION

Age Range	Retirees and Beneficiaries Receiving Benefits		Active Employees	
	Number⁽¹⁾	Percent	Number	Percent
<25	-	0.0%	77	0.9%
25-39	-	0.0%	1,995	22.8%
40-49	10 ⁽²⁾	0.2% ⁽²⁾	2,180	24.9%
50-59	332	5.6%	2,805	32.1%
60-69	2,334	39.3%	1,584	18.1%
70+	3,257	54.9%	104	1.2%

(1) Does not include 86 survivors receiving Option B or Option C benefits for a certain period.

(2) Includes everyone under the age of 50.

Source: 2014 Actuarial Valuation

FINANCIAL CONDITION AND ACTUARIAL VALUATIONS. As a department of the City, SCERS is subject to the City’s internal control structure and is required by SMC 4.36.140.D to transmit a report to the City Council annually regarding the financial condition of SCERS. The most recent such audited report, the 2013 Annual Report, for the year ended December 31, 2014, was transmitted on June 22, 2015, by CliftonLarsonAllen LLP.

On July 17, 2014, the Washington State Auditor’s Office issued a finding of a significant deficiency in internal controls over financial reporting relating to SCERS account reconciliations. As described, the finding stated that general ledger accounts were not analyzed and reconciled with subsidiary information on a monthly basis. The City responded to this finding by stating that SCERS would work with the City’s central accounting unit to establish a common understanding of how investments and investment activities should be reflected in the City’s general ledger. A copy of that audit report is available on the State Auditor’s website (www.sao.wa.gov).

In addition, Milliman Consultants and Actuaries, as consulting actuary, evaluates the funding status of SCERS annually. The most recent actuarial report is the 2014 Actuarial Valuation. A valuation for calendar year 2015 (as of January 1, 2016) is expected to be completed by mid-2016. Historically, the City prepared actuarial valuations biennially, but in 2011, the City began preparing them annually.

As of January 1, 2015, the actuarial value of net assets available for benefits was \$2.267 billion and the actuarial accrued liability was \$3.433 billion. The 2014 Actuarial Valuation utilized the following assumptions:

Investment return	7.50%
Price inflation	3.25%
Expected annual average membership growth	0.50%
Wage inflation	4.00%
Interest on member contributions made prior to January 1, 2012 ⁽¹⁾	5.75%

(1) Contributions made on or after January 1, 2012, are assumed to accrue interest at 4.75%.

To the extent that actuarial accrued liability exceeds plan assets, an unfunded actuarial accrued liability (“UAAL”) exists. The UAAL increased from \$1,165.8 million as of January 1, 2014, to \$1,165.9 million as of January 1, 2015. The funding ratio increased from 64.2% as of January 1, 2014, to 66.0% as of January 1, 2015, which increase is primarily due to the UAAL amortization payment made by the City during the prior year and the recognition of deferred asset gains in the actuarial value of assets (“AVA”). For the year ending December 31, 2014, SCERS assets returned about 5.7% on a market basis (gross of investment expenses), a rate of return less than the assumed rate of 7.50% over a 30-year period. The result is an actuarial loss on assets for 2014, but only one-fifth of this loss will be recognized in the current year AVA. Unlike most public pension systems, prior to January 1, 2011, all valuations were reported on a mark-to-market basis. Consequently, the full impact of annual asset gains or losses occurring in recent years was reflected in each actuarial valuation. To improve its ability to manage short-term market volatility, the City adopted a five-year asset smoothing methodology in 2011 that recognizes the asset gain or loss occurring in each year evenly over a five-year period.

The following table provides historical plan funding information:

TABLE 16
HISTORICAL SCERS ACTUARIAL VALUATION INFORMATION⁽¹⁾

Actuarial Valuation Date (January 1)⁽²⁾	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)⁽³⁾	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll⁽⁴⁾	UAAL as % of Covered Payroll
2006	\$ 1,791.8	\$ 2,017.5	\$ (225.7)	88.8%	\$ 447.0	50.5 %
2008	2,119.4	2,294.6	(175.2)	92.4%	501.9	34.9 %
2010	1,645.3	2,653.8	(1,008.5)	62.0%	580.9	173.6 %
2011 ⁽⁵⁾	2,013.7	2,709.0	(695.4)	74.3%	563.2	123.5 %
2012 ⁽⁵⁾	1,954.3	2,859.3	(905.0)	68.3%	557.0	162.5 %
2013 ⁽⁵⁾	1,920.1	3,025.3	(1,105.2)	63.5%	567.8	194.6 %
2014 ⁽⁵⁾	2,094.3	3,260.1	(1,165.8)	64.2%	597.9	195.0 %
2015 ⁽⁵⁾	2,266.7	3,432.6	(1,165.9)	66.0%	630.9	184.8 %

(1) Dollar amounts shown in millions.

(2) Actuarial valuations were performed biennially until 2010, after which the City began performing an actuarial valuation annually.

(3) Actuarial present value of benefits less actuarial present value of future normal cost. Based on Entry Age Actuarial Cost Method, defined below under “SCERS Contribution Rates.”

(4) Covered Payroll shown for the prior calendar year; includes compensation paid to all active employees on which contributions are calculated.

(5) Beginning with the January 1, 2011, Actuarial Valuation, SCERS has used five-year asset smoothing.

Source: 2014 Actuarial Valuation

SCERS CONTRIBUTION RATES. Member and employer contribution rates are established by Chapter 4.36 of the SMC, which provides that the City contribution must match the normal contributions of members and does not permit the employer rate to drop below the employee rate. The SMC also requires that the

City contribute, in excess of the matching contributions, the amount determined by the most recent actuarial valuation that is required to fully fund the plan. Contribution rates are recommended annually by the Board, based on the system's actuarial valuation. Benefit and contribution rates are set by the City Council.

The actuarially required contribution ("ARC") rate is based on amortizing the required contribution over 30 years, meaning that the total contribution rate must be sufficient to pay for the costs of benefits earned during the current year, as well as the annual cost of amortizing the plan's UAAL over 30 years. The City Council may from time to time set the amortization period by resolution, and in 2013, it passed a resolution to close the 30-year amortization period for calculating UAAL. As a result, for purposes of the 2014 Actuarial Valuation calculation, a 28-year amortization period was used. This policy may be revised by the City Council in future years. The 2014 Actuarial Valuation was prepared using the Entry Age Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of the individual's projected compensation between entry age into the system and assumed exit age (*e.g.*, termination or retirement).

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

TABLE 17
EMPLOYER AND EMPLOYEE SCERS CONTRIBUTION RATES

Calendar Years (beginning Jan. 1)	Employer Rate	Employee Rate	Total Contribution Rate	Total ARC ⁽¹⁾	% of Total ARC Contributed	Total ARC per GASB 27 ⁽²⁾	% of Total ARC Contributed per GASB 27
2011	9.03%	9.03%	18.06%	25.03%	72%	22.14%	82%
2012	11.01%	10.03%	21.04%	21.04%	100%	21.87%	96%
2013	12.89%	10.03%	22.92%	22.92%	100%	24.05%	95%
2014	14.31%	10.03%	24.34%	24.34%	100%	25.63%	95%
2015	15.73%	10.03%	25.76%	25.76%	100%	26.38%	98%

(1) Reflects total actuarial required contribution (*i.e.*, employer plus employee contribution rates). Beginning November 21, 2011, this rate is used for City budgeting purpose.

(2) The primary difference between the Total ARC calculation and that calculated under GASB 27 is that the Total ARC calculation uses a 0.50% membership growth assumption, while GASB specifies no membership growth assumption. Beginning with calendar year 2011, the GASB rate calculations take into account the lag between the determination of the ARC and the expected contribution date associated with that determination (for example, contribution rates for calendar year 2012 were based on the ARC determined as part of the January 1, 2011, Actuarial Valuation).

Source: Seattle Municipal Code; 2014 Budget; Annual Actuarial Valuation Reports

In 2011, the City failed to increase contribution rates sufficiently to fund the ARC. The City limited its contribution to matching the employee contribution (which was capped pursuant to certain collective bargaining agreements described in the following paragraph), without regard to any amortization of UAAL. This resulted in an increase in unfunded liability, underfunded the pension obligations, and deferred pension funding. On November 21, 2011, the City Council adopted Resolution 31334, affirming the City's intent to fully fund the annual ARC each year in its budget. See Table 17—Employer and Employee SCERS Contribution Rates and Table 18—Projected Actuarially Required Total Contribution Rates by Employer and Employee."

The City's contracts with all labor unions that represent SCERS members describe how contribution rates would be changed in the event that higher contributions are needed to improve the funding status of the system. Under these contracts, the City and employees will share in any contribution rate increase equally, up to a maximum increase of 2% in the employee contribution. The 2% employee contribution rate increase was implemented via 1% increases in 2011 and 2012. This contractual restriction shifts the risk of future increases to the City's employer contribution.

Projected total actuarially required contribution rates reported in the 2014 Actuarial Valuation are shown in the table below:

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

Contribution Year⁽¹⁾	Assuming	
	7.50% Returns	Confidence Range⁽²⁾
2016	25.26%	25.26-25.26
2017	25.20%	25.95-24.44
2018	24.88%	26.54-23.24
2019	24.73%	27.55-22.01
2020	24.80%	29.03-20.78
2021	24.80%	30.68-19.27

(1) Contribution year lags valuation year by one. For example, contribution year 2016 is based on the 2014 Actuarial Valuation (as of January 1, 2015) results, amortized over 28 years beginning in 2015 if the contribution rate increase takes place in 2016.

(2) Confidence range if asset return at 95th percentile and if asset return at 5th percentile.

Source: 2014 Actuarial Valuation

Employer contributions were approximately \$77.1 million in 2013 and \$90 million in 2014. In 2015, employer contributions were approximately \$101 million. The employer share for employees of each of the utility funds is allocated to and paid out of the funds of each respective utility.

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

SCERS' net assets increased by \$105.8 million (4.8%) during 2014, including member and employer contributions of \$154.0 million and net revenue from investment activity totaling \$122.5 million. Expenses increased by \$8.9 million in 2014, primarily attributed to a \$8.8 million increase in retiree benefit payments.

Table 19 shows the historical market value of SCERS' net assets (as of each December 31). Table 20 shows the revenue or loss from investment activity for the last ten years.

TABLE 19
MARKET VALUE OF ASSETS

Year	Market Value of
(As of December 31)	Assets (MVA)⁽¹⁾
2006	\$ 2,011.2
2007	2,119.4
2008	1,477.4
2009	1,645.3
2010	1,812.8
2011	1,753.5
2012	1,951.4
2013	2,216.9
2014	2,322.7
2015	2,309.4

(1) In millions.

Source: SCERS Actuarial Valuations

TABLE 20
SCERS INVESTMENT RETURNS

Year (As of December 31)	Net Investment Income (Loss)	
	Amount⁽¹⁾	%⁽²⁾
2005	\$ 129.6	8.1%
2006	242.7	13.9%
2007	138.8	7.3%
2008	(619.7)	-26.8%
2009	194.7	10.8%
2010	208.5	13.2%
2011	(15.8)	0.0%
2012	230.7	14.0%
2013	289.8	15.5%
2014	122.5	5.7%

(1) In millions.

(2) Represents one-year return on asset classes. Based on preliminary results, earnings for 2015 are expected to be approximately 0.3%.

Source: SCERS Annual Reports

The table below shows the historical distribution of SCERS investments over the last five years:

TABLE 21
HISTORICAL SCERS DISTRIBUTION OF INVESTMENTS BY CLASS

Investment Categories (January 1)	2015	2014	2013	2012	2011
Fixed Income	24.2%	23.7%	23.1%	22.8%	15.5%
Domestic Stocks	33.4%	32.1%	30.4%	30.8%	41.9%
International Stocks	26.6%	28.7%	29.0%	25.5%	20.4%
Real Estate	11.0%	10.6%	11.3%	12.7%	10.3%
Alternative Investments	4.8%	4.9%	6.2%	8.1%	11.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SCERS Actuarial Valuations

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

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

Update on SCERS Pension Benefit Agreement with Coalition and Non-Coalition City Unions. As part of an agreement with the Coalition of City Unions, reached in December 2015, and agreements with individual bargaining units that are not part of the Coalition, the City Council is expected to consider ratifying legislation in 2016 to create a new defined benefit retirement plan ("SCERS II") covering non-uniformed employees. The new plan is expected

to be open to employees first hired on or after January 1, 2017. The current SCERS plan is expected to close to new entrants as of that date. The conceptual agreement regarding SCERS II includes, among other adjustments, a slight decrease in benefit levels, raising the minimum retirement age and deferring retirement eligibility by increasing the age-plus-years-of-service required for retirement with full benefits. The City expects SCERS II to provide a more cost-effective method for the City to provide retirement benefits to its employees. It would have no effect on uniformed employees, who will remain in the LEOFF plan.

See “The City of Seattle—Labor Relations.”

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

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

These pension plans provide retirement benefits, death benefits, and certain medical benefits for eligible active and retired employees. Retirement benefits are determined under chapters 41.18 and 41.26 RCW for the Firefighters’ Pension Fund and under chapters 41.20 and 41.26 RCW for the Police Relief and Pension Fund. As of December 31, 2014, membership in these plans consisted of 749 fire employees (23 of whom are active employees) and 761 police employees (13 of whom are active employees). See “Other Post-Employment Benefits” below for a discussion of medical benefits paid to retirees.

These pension plans do not issue separate financial reports. The most recent actuarial valuations, dated January 1, 2015, use the Entry Age Normal (“EAN”) Actuarial Cost Method and value plan assets at fair value. The actuarial valuation for the firefighters’ pension fund uses the following actuarial assumptions: inflation rate (CPI), 2.25%; investment rate of return, 6.00%; and projected salary increases, 2.75%. The actuarial valuation for the Police Relief and Pension Fund uses the following actuarial assumptions: inflation rate (CPI), 2.25%; investment rate of return, 3.50%; and projected salary increases, 2.75%. Postretirement benefit increases are projected based on salary increase assumptions for benefits that increase based on salary and based on CPI assumptions for benefits based on CPI.

Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability of these plans. In 1994, the City established an actuarial fund for the Firefighters’ Pension Fund and adopted a policy of fully funding the actuarial accrued liability (“AAL”) by the year 2018 (which was subsequently extended to 2023). For 2014, the City funded 100% of the ARC but only a portion of the projected payment necessary to fully fund the AAL by 2023. The City’s 2015 budget also anticipated fully funding the ARC and making partial payments toward the full funding of the AAL. As of January 1, 2015, the actuarial value of net assets available for benefits in the Firefighters’ Pension Fund was \$14.7 million, and the AAL was \$82.0 million. As a result, the UAAL was \$67.3 million and the funded ratio was 18.0%. The City’s employer contribution to the fund in 2014 was \$8.5 million, representing 177% of the ARC; there were no current member contributions. Under State law, partial funding of the Firefighters’ Pension Fund may be provided by an annual property tax levy of up to \$0.225 per \$1,000 of assessed value within the City. The City does not currently levy this additional property tax, but makes contributions out of the General Fund levy. The fund also receives a share of the State tax on fire insurance premiums.

The City funds the Police Relief and Pension Fund as benefits become due. As of January 1, 2015, the actuarial value of net assets available for benefits in the Police Relief and Pension Fund was \$5.1 million, and the AAL was

\$99.3 million. As a result, the UAAL was \$94.2 million and the funded ratio was 5.1%. The City's employer contribution to the fund in 2014 was \$9.4 million, representing 160% of the ARC; there were no current member contributions. The fund also receives police auction proceeds of unclaimed property.

Law Enforcement Officers' and Fire Fighters' Retirement System. Substantially all of the City's current uniformed firefighters and police officers are enrolled in LEOFF. LEOFF is a defined benefit plan administered by the DRS. Contributions by employees, employers, and the State are based on gross wages. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. LEOFF participants who joined on or after October 1, 1977, are Plan 2 members. For all of the City's employees who are covered under LEOFF, the City contributed \$13.9 million in 2014 and \$12.9 million in 2013. The following table outlines the contribution rates of employees and employers under LEOFF.

TABLE 22
LEOFF CONTRIBUTION RATES EXPRESSED AS A PERCENTAGE OF COVERED PAYROLL
(As of December 31, 2015)

	Plan 1	Plan 2
Employer	0.18% ⁽¹⁾	5.23% ⁽¹⁾
Employee	0.00	8.41%
State	N/A	3.36%

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

Source: Washington State Department of Retirement Systems

While the City's current contributions represent its full current liability under the retirement systems, any unfunded pension benefit obligations could be reflected in future years as higher contribution rates. The State Actuary's website includes information regarding the values and funding levels of LEOFF. For additional information, see Note 11 to the City's 2014 Comprehensive Annual Financial Report, attached as Appendix B.

According to the Office of the State Actuary's June 1, 2014, valuation, LEOFF had no UAAL. LEOFF Plan 1 had a funded ratio of 127% and LEOFF Plan 2 had a funded ratio of 107%. The assumptions used by the State Actuary in calculating the accrued actuarial assets and liabilities are a 7.8% annual rate of investment return for LEOFF Plan 1 and a 7.5% annual rate of investment return for LEOFF Plan 2, 3.75% general salary increases, and 3.0% consumer price index increase. Liabilities were valued using the EAN Actuarial Cost Method and assets were valued using the AVA, which defers a portion of the annual investment gains or losses over a period of up to eight years.

Other Post-Employment Benefits

The City has liability for two types of other post-employment benefits ("OPEB"): (i) an implicit rate subsidy for health insurance covering employees retiring under SCERS or LEOFF Plan 2 and dependents of employees retiring under LEOFF Plan 1, and (ii) medical benefits for eligible beneficiaries of the City's Firefighters' Pension Fund and Police Relief and Pension Fund. The implicit rate subsidy is the difference between (i) what retirees pay for their health insurance as a result of being included with active employees for rate-setting purposes, and (ii) the estimated required premiums if their rates were set based on claims experience of the retirees as a group separate from active employees. The City has assessed its OPEB liability in order to satisfy the expanded reporting requirements specified by GASB 45. While GASB 45 requires reporting and disclosure of the unfunded OPEB liability, it does not require that it be funded. The City funds its OPEB on a pay-as-you-go basis.

The City commissions a biennial valuation on its OPEB liabilities associated with the implicit rate subsidy for health insurance covering employees retiring under the SCERS or LEOFF plans. The last valuation was as of January 1, 2015, and showed the UAAL for the implicit rate subsidy was \$44.4 million; the City's estimated annual cost in 2015 was \$3.7 million and the City's estimated contribution in 2015 was \$1.1 million. The valuation of the OPEB liability associated with the City's Firefighters' Pension Fund and Police Relief and Pension Fund is updated annually. As of January 1, 2015, the UAAL for OPEB in the City's Firefighters' Pension Fund was \$320.3 million; the annual cost for 2015 was \$16.8 million and the estimated annual contribution for 2015 was \$10.2 million. As of

January 1, 2015, the UAAL for OPEB in the Police Relief and Pension Fund was \$358.3 million; the annual cost for 2015 was \$22.6 million and the estimated annual contribution for 2015 was \$13.2 million.

For additional information regarding the City's OPEB liability, see Note 11 to the City's 2014 Comprehensive Annual Financial Report, attached as Appendix B.

Labor Relations

As of March 2016, the City had 36 separate departments and offices with approximately 13,200 regular and temporary employees. Twenty-six different unions and 51 bargaining units represent approximately 75% of the City's regular employees.

Agreements with the Seattle Police Management Association and IBEW Local 77 Construction Maintenance and Equipment Operators expired in December 2013. Agreements with the Carpenters, Seattle Police Officers' Guild, the Seattle Fire Fighters Union, and the Seattle Fire Chiefs' Association expired in December 2014. The agreement with IBEW Local 77 Material Controllers expired in December 2015, and the IBEW Local 77 City Light and Transportation agreements expire in January 2017. The City is in negotiations for all expired contracts and a newly created IT Professional unit represented by IBEW Local 77.

A tentative agreement with the Coalition of City Unions (comprising bargaining units representing the majority of City employees) and other non-Coalition unions was reached in December 2015. Nearly all of the agreements with the Coalition of City Unions and other non-Coalition unions have been ratified and implemented, or are in the process of ratification and implementation. All of these agreements contain a provision for implementation of a SCERS II Retirement System beginning January 1, 2017. See "Pension Plans—Update on SCERS Pension Benefit Agreement with Coalition and Non-Coalition City Unions." There is no expected date by which other agreements will be reached, and unions continue to operate under the expired contracts.

Emergency Management and Preparedness

The City's Office of Emergency Management ("OEM") is responsible for managing and coordinating the City's resources and responsibilities in dealing with emergencies. The OEM prepares for emergencies, trains City staff in emergency response, provides education to the community about emergency preparedness, plans for emergency recovery, and works to mitigate known hazards. It has identified and assessed many types of hazards that may impact the City, including geophysical hazards (*e.g.*, earthquakes, landslides, tsunamis, seismic seiches, volcanic eruptions, and lahars), infectious disease outbreaks, intentional hazards (*e.g.*, terrorism, breaches in cybersecurity, and civil disorder), transportation incidents, fires, hazardous materials, and unusual weather conditions (*e.g.*, floods, snow, water shortages, and wind storms). However, the City cannot anticipate all potential hazards and their effects, including any potential impact on the economy of the City or the region.

Considerations Related to Alaskan Way Viaduct and Seawall Replacement Program

The Alaskan Way Viaduct and Seawall Replacement Program consists of multiple projects to remove and replace the State Route 99 Alaskan Way Viaduct, replace an existing seawall, and carry out the redevelopment of the City's central waterfront area. The various projects comprising the AWVSR Program are separate public projects by separate lead public agencies being implemented in a coordinated manner pursuant to a series of written agreements.

Many elements of the AWVSR Program are presently underway. The State's project to replace the Alaskan Way viaduct with a bored tunnel (the "State's Project") and the City's Seawall Project are by far the largest projects in the AWVSR Program. There is also coordination between the AWVSR Program waterfront redevelopment elements (*e.g.*, the City's Waterfront Seattle project) and redevelopment projects undertaken by other public agencies in the central waterfront area, such as the Pike Place Market PDA's MarketFront Project.

Status of State's Project. The State's Project has been delayed by more than two years due to the malfunctioning of a deep bore tunneling machine (the "TBM") and is currently scheduled for completion in 2018. Tunneling was suspended for approximately two years following the malfunction in December 2013, resumed in late December 2015, and was suspended again by the State for approximately two weeks to investigate soil loss management issues. The contractor resumed tunneling in February 2016 under a new quality and safety plan. Tunneling could be suspended again at any time, resulting in additional delays.

Direct Cost Overruns. The State's Project is being undertaken pursuant to a contract between the Washington State Department of Transportation ("WSDOT") and a joint venture named Seattle Tunnel Partners. The City is not a party to that contract. Responsibility for direct cost overruns resulting from the repair of the TBM will be governed by that contract; the City has no direct contractual liability.

Indirect Cost Overruns. The City has a series of agreements with WSDOT relating to the coordination of projects within the AWVSR Program, covering various issues including the protection, repair, and relocation of the City's utility infrastructure impacted by or constructed as part of the State's Project. In general, these agreements provide that the City is responsible for relocating certain utility infrastructure that conflicts with the State's Project and the State is responsible for avoiding damage and repairing or replacing damaged utility infrastructure as defined in the agreements. It is the City's position that any increase in these indirect costs resulting from the TBM's malfunction or delays are governed by these agreements, and the City's utilities have budgeted according to the agreed-upon City obligations, plus necessary contingencies. The City and the State are currently in negotiations regarding this indirect cost responsibility as well as direct and indirect costs related to other AWVSR projects affected by the delays.

Authorization for State Project. The State statute that authorized the State's Project (RCW 47.01.402) contains the following language: "The state's contribution shall not exceed two billion four hundred million dollars. If costs exceed two billion four hundred million dollars, no more than four hundred million [dollars] of the additional costs shall be financed with toll revenue. Any costs in excess of two billion eight hundred million dollars shall be borne by property owners in the Seattle area who benefit from replacement of the existing viaduct with the deep bore tunnel." This language does not require the City to cover the excess costs. It is unclear how this provision would be enforced. It does not clearly define the property owners responsible for the excess costs, nor does it define a mechanism by which the property owners would bear the excess costs. The State does not have authority under the State Constitution or other existing State law to directly impose or collect a property tax or other assessment on property owners in the Seattle area. The City cannot predict what, if any, enforcement mechanism the State could employ to implement this provision or whether any such mechanism would be upheld if challenged.

Status of City's Seawall Project. The majority of the City's Seawall Project is currently scheduled for completion in 2017. The current estimate for this portion of the Seawall Project budget is approximately \$371 million. An additional component will be constructed in conjunction with the City's Waterfront Seattle projects (see "Status of Other Waterfront Seattle Projects and Funding Sources" below). The current estimated budget for this final portion is approximately \$38.4 million, for a total Seawall Project estimated budget of approximately \$409.4 million. Approximately \$290 million of this is funded from proceeds of voter-approved bonds, of which the UTGO Bonds represent the final tranche. The remaining amount is expected to be funded from limited tax general obligation bonds (including a portion of the proceeds of the LTGO Bonds) and other City resources as part of the City's normal capital improvement program spending.

Although the City's Seawall Project is located in close proximity to the State's Project and requires schedule and work sequencing and coordination, the State's Project delays have not resulted in significant disruptions to the schedule for completion of the City's Seawall Project to date. Whether additional delays in the State's Project might result in future schedule disruptions or increased Seawall Project costs cannot be predicted at this time.

Status of Other Waterfront Seattle Projects and Funding Sources. In addition to the Seawall Project, a number of other public and private projects comprise the AWVSR Program. The City's Office of the Waterfront has published a budget and a schedule anticipating that a large portion of the other public improvements along the waterfront could be financed through a local improvement district financing, which could occur in approximately mid-2018. The City previously stated that the amount financed by this method could be as much as \$200 million, but no final decisions have been made. Moreover, because of the nature of public processes, hearings, and related legal proceedings involved in the formation of a local improvement district, the City does not control and cannot predict whether a local improvement district will be formed or whether the expectations as to timing or amount financed will ultimately be met. If efforts to form a local improvement district fail or the amount that can be financed through this mechanism is reduced, the City would need to look to other sources of funding to complete the projects or reduce the scope of the projects.

INITIATIVE AND REFERENDUM

State-Wide Measures

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

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

In recent years, several State-wide initiative petitions to repeal or reduce the growth of taxes and fees, including City taxes, have garnered sufficient signatures to reach the ballot. Some of those tax and fee initiative measures have been approved by the voters and, of those, some remain in effect while others have been invalidated by the courts. Tax and fee initiative measures continue to be filed, but it cannot be predicted whether any more such initiatives might gain sufficient signatures to qualify for submission to the State Legislature and/or the voters or, if submitted, whether they ultimately would become law.

Local Measures

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

LEGAL AND TAX INFORMATION

No Litigation Affecting the Bonds

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

Other Litigation

Because of the nature of its activities, the City is subject to certain pending legal actions which arise in the ordinary course of business of running a municipality, including various lawsuits and claims involving claims for money damages. (See Appendix B—The City's 2014 Comprehensive Annual Financial Report—Note 16, Contingencies.) Based on its past experience and the information currently known, the City has concluded that its ability to pay principal of and interest on the Bonds on a timely basis will not be impaired by the aggregate amount of uninsured liabilities of the City and the timing of any anticipated payments of judgments that might result from suits and claims.

Approval of Counsel

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

Limitations on Remedies and Municipal Bankruptcies

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

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

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

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

Tax Exemption—Tax-Exempt Bonds

In the opinion of Bond Counsel, under existing statutes, regulations, rulings, and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel notes that, with respect to corporations, interest on the Tax-Exempt Bonds may be included as an adjustment in the calculation of alternative minimum taxable income of corporations, which may affect the alternative minimum tax liability of such corporations.

In the further opinion of Bond Counsel, the excess of the stated redemption price at maturity of a Tax-Exempt Bond over the issue price of such Tax-Exempt Bond (the first price at which a substantial amount of the Tax-Exempt Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to an owner of a Tax-Exempt Bond before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by an owner of a Tax-Exempt Bond will increase the owner's basis in the applicable Tax-Exempt Bond. The amount of original issue discount that accrues to an owner of the Tax-Exempt Bonds is excluded from the gross income of such owner for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such original issue discount may be included as an adjustment in the calculation of alternative minimum taxable income of corporations, which may affect the alternative minimum tax liability of such corporations.

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

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

The accrual or receipt of interest on the Tax-Exempt Bonds may otherwise affect the federal income tax liability of the owners of the Tax-Exempt Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Tax-Exempt Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers otherwise entitled to claim the refundable credit for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Tax-Exempt Bonds.

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

SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS, THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE INTEREST ON THE TAX-EXEMPT BONDS OR THE MARKET VALUE OF THE TAX-EXEMPT BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE TAX-EXEMPT BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE TAX-EXEMPT BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE TAX-EXEMPT BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE TAX-EXEMPT BONDS.

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

Tax Matters—2016B Bonds

The following discussion generally describes certain aspects of the principal U.S. federal tax treatment of U.S. persons that are Beneficial Owners ("Owners") of 2016B Bonds who have purchased 2016B Bonds in the initial

offering and who hold the 2016B Bonds as capital assets within the meaning of Section 1221 of the Code. For purposes of this discussion, a “U.S. person” means an individual who, for U.S. federal income tax purposes, is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source of income, or (iv) a trust, if either: (A) a United States court is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust or (B) a trust has a valid election in effect to be treated as a United States person under the applicable treasury regulations.

This summary is based on the Code, published revenue rulings, administrative and judicial decisions, and existing and proposed Treasury regulations (all as of the date hereof and all of which are subject to change, possibly with retroactive effect). This summary does not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances, such as an Owner who may purchase 2016B Bonds in the secondary market, or to Owners subject to special rules, such as certain financial institutions, insurance companies, tax-exempt organizations, non-U.S. persons, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code, or dealers in securities. **Accordingly, before deciding whether to purchase any 2016B Bonds, prospective purchasers should consult their own tax advisors regarding the United States federal income tax consequences, as well as tax consequences under the laws of any state, local or foreign taxing jurisdiction or under any applicable tax treaty, of purchasing, holding, owning, and disposing of the 2016B Bonds.**

In General. Interest on the 2016B Bonds is not excludable from the gross income of the Owners for federal income tax purposes.

Payments of Interest. Interest paid on the 2016B Bonds will generally be taxable to Owners as ordinary interest income at the time it accrues or is received, in accordance with the Owner's method of accounting for U.S. federal income tax purposes. Owners who are cash-method taxpayers will be required to include interest in income upon receipt of such interest payment; Owners who are accrual-method taxpayers will be required to include interest as it accrues, without regard to when interest payments are actually received.

Defeasance of 2016B Bonds. If the City defeased any 2016B Bonds, such 2016B Bonds may be deemed to be retired and “reissued” for federal income tax purposes as a result of the defeasance. In such event, the owner of an 2016B Bond would recognize a gain or loss on the 2016B Bond at the time of defeasance.

Backup Withholding. An Owner may, under certain circumstances, be subject to “backup withholding” (currently the rate of this withholding tax is 28%, but may change in the future) with respect to interest on the 2016B Bonds. This withholding generally applies if the Owner of an 2016B Bond (a) fails to furnish the Bond Registrar or other payor with its taxpayer identification number; (b) furnishes the Bond Registrar or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends, or other “reportable payments” as defined in the Code; or (d) under certain circumstances, fails to provide the Bond Registrar or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the Owner is not subject to backup withholding. Any amount withheld may be creditable against the Owner's U.S. federal income tax liability and be refundable to the extent it exceeds the Owner's U.S. federal income tax liability. The amount of “reportable payments” for each calendar year and the amount of tax withheld, if any, with respect to payments on the 2016B Bonds will be reported to the Owners and to the Internal Revenue Service.

ERISA Considerations. The Employees Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans should consult their own tax advisors with respect to the consequences of any investment in the 2016B Bonds.

Continuing Disclosure Undertaking

Basic Undertaking to Provide Annual Financial Information and Notice of Listed Events. To meet the requirements of paragraph (b)(5) of United States Securities and Exchange Commission (“SEC”) Rule 15c2-12 (“Rule 15c2-12”),

as applicable to a participating underwriter for the Bonds, the City will undertake in the Bond Legislation (the “Undertaking”) for the benefit of holders of the Bonds, as follows.

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

- (i) Annual financial information and operating data of the type included in this Official Statement as generally described below under “Type of Annual Information Undertaken to be Provided”; and
- (ii) Timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds:
 - (a) principal and interest payment delinquencies;
 - (b) non-payment related defaults, if material;
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) substitution of credit or liquidity providers, or their failure to perform;
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), other material notices or determinations with respect to the tax status of the Tax-Exempt Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds;
 - (g) modifications to rights of holders of the Bonds, if material;
 - (h) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers;
 - (i) defeasances;
 - (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (k) rating changes;
 - (l) bankruptcy, insolvency, receivership, or similar event of the City, as such “Bankruptcy Events” are defined in the Rule;
 - (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City also will provide or cause to be provided to the MSRB timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

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

- (i) annual financial statements of the City, prepared in accordance with generally accepted accounting principles applicable to governmental units (except as otherwise noted therein), as such principles may be changed from time to time and as permitted by State law, which statements will not be audited, except that if and when audited financial statements are otherwise prepared and available to the City they will be provided;
- (ii) a statement of outstanding general obligation debt of the City;
- (iii) the assessed value of the property within the City subject to *ad valorem* taxation; and

- (iv) *ad valorem* tax levy rates and amounts and percentage of taxes collected.

Annual financial information, as described above, will be provided to the MSRB not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ended December 31, 2015. The annual financial information may be provided in a single document or in multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

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

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

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

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

Compliance with Continuing Disclosure Undertakings of the City. The City has entered into undertakings to provide annual information and the notice of the occurrence of certain events with respect to all bonds issued by the City subject to Rule 15c2-12. The City's review of its compliance during the past five years did not reveal any failure to comply, in a material respect, with any undertakings in effect during this time.

OTHER BOND INFORMATION

Ratings on the Bonds

The LTGO Bonds have been rated "Aa1," "AAA," and "AAA" and the UTGO Bonds have been rated "Aaa," "AAA," and "AAA" by Moody's Investors Service, Standard & Poor's Ratings Services, and Fitch Ratings, respectively. In general, rating agencies base their ratings on rating materials furnished to them (which may include information provided by the City that is not included in this Official Statement) and on the rating agency's own investigations, studies, and assumptions. The ratings reflect only the views of the rating agencies and an explanation of the significance of the ratings may be obtained from the respective rating agencies. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward, suspended, or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision, suspension, or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Bonds.

Financial Advisor

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

Underwriting

The 2016A Bonds are being purchased by _____ at a price of \$_____ and will be reoffered at a price of \$_____. The UTGO Bonds are being purchased by _____ at a price of \$_____ and will be reoffered at a price of \$_____. The 2016B Bonds are being purchased by _____ at a price of \$_____ and will be reoffered at a price of \$_____.

The underwriter for each Series of the Bonds (each, an “Underwriter”) may offer and sell such Series of the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on pages i, ii, and iii hereof, and such initial offering prices may be changed from time to time by the respective Underwriter. After the initial public offering, the public offering prices may be varied from time to time.

Conflicts of Interest

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

Official Statement

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

THE CITY OF SEATTLE

By: _____
Glen M. Lee
Director of Finance

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APPENDIX A
FORMS OF LEGAL OPINIONS

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STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
800 FIFTH AVENUE, SUITE 4100
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SANTA BARBARA
SANTA MONICA
COLORADO
DENVER
NEVADA
RENO
WASHINGTON
SEATTLE

[FORM OF BOND COUNSEL OPINION]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$_____ Limited Tax General Obligation Improvement and Refunding Bonds, 2016A
(the “2016A Bonds”); and
\$_____ Limited Tax General Obligation Improvement Bonds, 2016B (Taxable)
(the “2016B Bonds”)

We have served as bond counsel to The City of Seattle, Washington (the “City”), in connection with the issuance of the above referenced 2016A Bonds and 2016B Bonds (together, the “Bonds”), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us.

The Bonds are issued by the City pursuant to the laws of the State of Washington, Ordinance 124924 and Ordinance 121651 (as amended by Ordinance 122286 and as amended and restated by Ordinance 124343) and Resolution _____ (the “Bond Legislation”) for general City purposes to provide the funds (i) to pay for part of the costs of various projects authorized by the Bond Legislation, (ii) to refund certain outstanding bonds of the City, and (iii) to pay the costs of issuance and sale of the Bonds, all as set forth in the Bond Legislation.

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

Under the Internal Revenue Code of 1986, as amended (the “Code”), the City is required to comply with certain requirements after the date of issuance of the 2016A Bonds in order to maintain the exclusion of the interest on the 2016A Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of 2016A Bond proceeds and the facilities financed or refinanced with 2016A Bond proceeds, limitations on investing gross proceeds of the 2016A Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the 2016A Bonds. The City has covenanted in the 2016A Bond Legislation to comply with those requirements, but if the City fails to comply with those requirements, interest on the 2016A Bonds could become taxable retroactive to the date of issuance of the 2016A Bonds. We have not undertaken and do not undertake to monitor the City's compliance with these requirements.

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

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

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

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

4. Assuming compliance by the City after the date of issuance of the 2016A Bonds with applicable requirements of the Code, the interest on the 2016A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the 2016A Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the 2016A Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the 2016A Bonds received by certain S corporations may be subject to tax, and interest on the 2016A Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the 2016A Bonds.

5. The City, in the Bond Legislation, has declared its intention that interest on the 2016B Bonds not be excludable from gross income for federal income tax purposes.

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

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

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

Respectfully submitted,

STRADLING YOCCA CARLSON & RAUTH

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DENVER
NEVADA
RENO
WASHINGTON
SEATTLE

[FORM OF BOND COUNSEL OPINION]

The City of Seattle, Washington

Re: The City of Seattle, Washington
\$_____ Unlimited Tax General Obligation Improvement Bonds, 2016

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

The Bonds are issued by the City pursuant to Ordinance 124125 and Resolution _____ (together, the “Bond Legislation”) for capital purposes only, to pay the costs of the design, construction, renovation, improvement, and replacement of the Alaskan Way Seawall and related infrastructure, which costs shall not include the replacement of equipment, pursuant to an election authorizing the Bonds and under and in accordance with the Constitution and laws of the State of Washington. Reference is made to the Bonds and the Bond Legislation for the definitions of capitalized terms used and not otherwise defined herein.

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

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

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

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

3. The Bonds constitute valid general obligations of the City payable from annual property taxes to be levied without limitation as to rate or amount on all of the taxable property within the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles if equitable remedies are sought.

4. Assuming compliance by the City after the date of issuance of the Bonds with applicable requirements of the Code, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the Bonds.

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

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

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

Respectfully submitted,

APPENDIX B

THE CITY'S 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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The image shows the interior of a modern building, likely Seattle City Hall. A large, curved wall made of metallic, rectangular panels dominates the left side. To the right, a wide, light-colored wooden staircase leads upwards. The ceiling features exposed wooden beams and modern lighting fixtures. The overall atmosphere is bright and architectural.

The City of Seattle, Washington
Comprehensive Annual Financial Report
For the Year Ended December 31, 2014

Cover Image: Seattle City Hall
Courtesy of the Seattle Municipal Archives

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2014



The City of Seattle

Department of Finance and Administrative Services

Introduction

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CITY OF SEATTLE ELECTED OFFICIALS

As of January 1, 2015

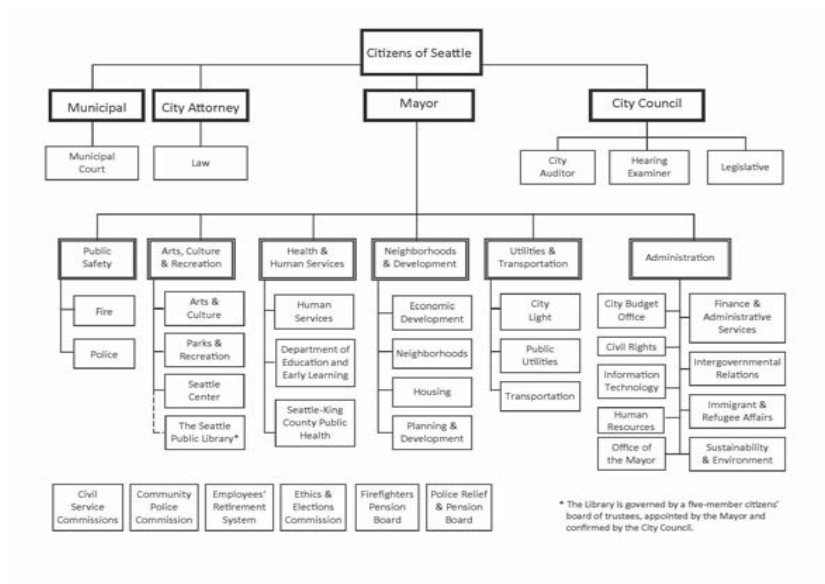


Ed Murray
Mayor



Peter Holmes
City Attorney

CITY ORGANIZATION CHART



XI

CITY COUNCIL



Sally Bagshaw



Tim Burgess
Council President



Sally Clark



Kshama Sawant



Jean Godden



Bruce Harrell



Nick Licata



Mike O'Brien



Tom Rasmussen

XII



City of Seattle

Edward B. Murray, Mayor

Finance and Administrative Services

Fred Podesta, Director

Glen M. Lee, City Finance Director

June 29, 2015

The Honorable Mayor and
Members of the City Council:

I am pleased to submit to you the 2014 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, 2014. 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 and related OMB Circular A-133. 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 operates under a City Charter adopted on March 12, 1946 and last amended by the voters on November 5, 2013, providing for a nonpartisan Mayor-Council form of government. The City Council is currently composed of nine members, with all nine positions elected at large. The City Charter was amended in 2013 to modify the

composition of the City Council and in 2015 will have positions 1 through 7 elected by districts and positions 8 and 9 elected from the City at large. The City provides the full range of municipal services authorized by its charter and operates four rate-funded utilities.

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. The City builds and repairs roads and maintains electric, water, solid waste, sewer and drainage services. 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 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 for a single 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.

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NATIONAL AND LOCAL ECONOMY

U.S. Economy Recoveries from recessions caused by financial crises tend to be weak and protracted. The recovery from the Great Recession, which is now in its 6th year, has not been an exception. Growth has been sluggish when compared with most other recoveries, though the economy has been looking healthier in recent months. By many measures 2014 has been the strongest year of the recovery. More jobs were created in 2014 than in any year since 1999, and consumer sentiment steadily improved over the course of the year, reaching pre-recession levels by year-end. Real GDP declined in first quarter of 2014, in part because of unusually cold winter weather in much of the nation, but then grew at an average rate of 4.0 percent over the year's final three quarters.

The strong growth in the second through fourth quarters of 2014 was led by strong hiring, business investment, and consumer spending, which was supported by lower debt burdens, rising stock and housing prices, and falling energy prices. Also supporting growth was the winding down of fiscal austerity, i.e., spending cuts and tax increases by federal, state, and local governments. Somewhat offsetting these positive developments were the rise in the value of the dollar during the second half of the year. While a stronger dollar benefits consumers, it hurts exporters by making their products more costly, and forces domestic firms to compete with lower priced imports. In addition, the decline in energy prices has caused a slowdown of growth and investment in areas of the nation that produce oil and natural gas.

The economy still has areas of weakness, including wage growth, which is just keeping up with inflation, and housing. Housing prices have been rising, which has lifted many homeowners above water, but construction and sales continue to recover slowly. Sales were supported by investors in 2012 and early 2013, but as prices have risen investors have retreated. Households have been slow to enter the market for a variety of reasons, including the difficulty of qualifying for loans and disillusionment with homeownership.

Looking to the future, economists expect growth to pick up in 2015, aided by stronger wage growth, a strengthening housing recovery, and low energy prices. Solid growth is also forecast for 2016 and 2017, with GDP expected to grow in the 2½ - 3 percent range. Risks to this relatively optimistic forecast come largely from outside of the U.S. They include a slowing of growth and possible financial crisis in China, continued weakness in the Eurozone, political turmoil in oil exporting countries, and an escalation of the confrontation with Russia over the Ukraine.

Seattle Metro Area Economy: The Seattle metro area has rebounded from the recession at a much quicker pace than the nation as a whole. Through February 2015, Seattle metro area (King and Snohomish Counties) employment was up 14.2 percent from its post-recession low in February 2010, compared to an 8.8 percent gain in U.S. employment over the same period. Areas of strength during the recovery have included aerospace, professional, scientific, and technical services, 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 by 3,300 jobs since then. Despite this modest drop in employment, in 2014 the Boeing Company, the region's largest employer, delivered a record 723 jets and booked orders for 1,432 new planes. At the end of 2014 Boeing had a backlog of over 5,000 planes on order.

Thus far during the recovery, the city of Seattle has been one of the fastest growing areas in the Puget Sound Region, in part because of a surge in construction focused in multi-family housing and office space. The construction boom generated a 28.7 percent increase in sales tax revenue from construction activity in 2012 and gains of 9.3 percent and 17.2 percent in 2013 and 2014, respectively. A key driver of

recent growth in Seattle, including the growth in construction activity, has been Amazon, which has been hiring aggressively since the Great Recession ended. Amazon currently leases or owns about 4.2 million square feet of office space in Seattle's South Lake Union neighborhood. It is currently building two of three proposed 1.1 million square foot office towers.

With the recent upturn in aerospace employment now behind us, regional employment growth is predicted to slow going forward, and 2014 is likely to be the peak year for employment growth (at 3.0 percent) during the current cycle. The Puget Sound Economic Forecaster predicts that employment growth will average a modest 1.7 percent per year over the next five years. Personal income growth is forecast to range between five and six percent, which is approximately three percent per year faster than the rate of inflation.

General Subfund: In 2014, general government revenues and other financing sources for the General Subfund totaled approximately \$1.045 million. General Subfund revenues and other financing sources are projected to rise to \$1.050 million in 2015 and \$1.093 million in 2016. These figures are from the April 2015 revenue forecast.

In 2014 total Seattle tax revenue increased by 6.9 percent from 2013 levels. Revenue growth was strongest for the retail sales tax, which posted a 10.1 percent gain in 2014, led by construction, business and professional services, and accommodation and food services. The B&O tax also had a strong year, with an 8.7 percent gain. Growth was weaker for the property tax (3.8 percent) and utility taxes (2.7 percent). Tax revenue growth is expected to fall to 3.6 percent in 2015 as retail sales and B&O tax growth rates drop to the 6 – 7 percent range and property and utility tax growth rates decline from 2014 levels. In 2016, tax revenue is forecast to increase by 4.4 percent.

INITIATIVES

The 2015-2016 Adopted Budgets included a total of more than \$4 billion in annual appropriations, of which \$1.049 billion in 2015 and \$1.068 billion in 2016 year was for the General Fund.

Healthy reserve funds are an essential tool in creating financial stability for the City. It allows the City to preserve services in times of an unexpected revenue contraction, and helps protect the City's high bond rating, which helps keep the City's borrowing costs low. The City maintains two large reserves to help address potential financial stresses on the General Fund: the Revenue Stabilization Account, and the Emergency Subfund.

The Revenue Stabilization Account (RSA), better known as the Rainy Day Fund, buffers the General Fund from unanticipated shortfalls in revenue. By adopted policy, 0.5 percent of General Fund tax revenues are directed into the RSA fund each year, until it reaches a maximum amount established as 5 percent of this same revenue stream. RSA's financial policies facilitated the rebuilding of the reserve fund balance from a low of \$10.5 million in 2010 to \$41.4 million reported at year end 2014.

The City's other large reserve, the Emergency Subfund (ESF), protects the General Fund from the risks of significant and unanticipated expenditures, such as recovery from a major natural disaster. By state law, the City can maintain the equivalent of up to 37.5 cents per \$1,000 of assessed property values in the ESF. As the local economy has recovered, real estate values have increased rather rapidly, and as a result, so has the limit on the ESF balance. At the end of 2014 the City's Emergency Subfund's balance reported \$48.6 million.

The 2015 Adopted and 2016 Endorsed Budget does not anticipate using these reserve resources and continues to fully fund the RSA and ESF at the maximum statutory-authorized. For 2015, the RSA's

fund balance is projected to reach \$44.8 million, and the ESF's fund balance is estimated to grow to \$53.0 million. Both fiscal reserve funds are at record levels for the City.

Beginning in 2015, Office of Civil Rights (OCR) will house the newly created City of Seattle Office of Labor Standards, which will centralize outreach and enforcement of City ordinances addressing labor standards and coordinate with current enforcement staff on shared-jurisdiction claims and cases. The main work program of the Office of Labor Standards includes the Paid Sick and Safe Time Ordinance, the Job Assistance Ordinance, the \$15 Minimum Wage Ordinance, and the Wage Theft Ordinances. For 2015 the office's work will focus primarily on education and outreach for both employers and employees.

In August 2014, the voters of Seattle passed a ballot measure creating the Seattle Metropolitan Park District. State statute authorizes the park district to levy and impose various taxes and fees to generate revenues to maintain, operate and improve parks, community centers, pools, and other recreation facilities and programs. The park district's taxing authority does not begin until January 1, 2016. As a result, in 2015 park district programs will be funded through a \$10 million loan from the City. This 'bridge year' will be paid back by subsequent park district revenues. Beginning in 2016, the park district is projected to collect \$48 million a year that will support Parks operations and capital projects.

The 2015-2016 Adopted Budget creates the new Department of Education and Early Learning (DEEL). To create the new department, the adopted budget transfers all programs currently administered by the Office for Education (OFE), located in the Department of Neighborhoods (DON) and the Education Support Levy, to the new DEEL. Additionally, the budget transfers a number of programs related to early education, child health and childcare from the Human Services Department (HSD).

In November 2014, voters of Seattle approved a four-year, \$58 million Seattle Preschool Services Levy. The levy funds the demonstration phase of Seattle Preschool Program (SPP) which aims to serve 2,000 children in 100 classrooms by 2018. Like the 2011 Families and Education Levy, SPP funds are now administered by newly created Department of Education and Early Learning. For 2015 the Preschool levy is projected to generate \$4.8 million in additional tax resources, and increase to \$8.4 million in 2016.

Voters approved Proposition 1 in the November 2014 election that will expand Metro service in Seattle starting in 2015. The additional service will focus on reducing overcrowding, increasing frequency and reducing unreliability. These services are supported by a \$60 increase in vehicle license fees, and 0.1 percent increase in the sales tax rate collected. The funding measure is expected to raise \$45 million a year for six years.

The 2006 \$365 million voter-approved Bridging the Gap Levy (BTG) expires at the end of 2015 and reduces \$41 million in transportation support for 2016. The 2015-2016 Adopted Budget begins to set the foundation for discussion about future transportation funding needs. The budget provides SDOT with \$40.6 million in General Funds and \$388.8 million from other funding sources in 2015. Collectively, this represents a \$20.7 million (5.0 percent) increase relative to the 2014 Adopted Budget. In 2016, the endorsed budget is \$45.2 million in General Funds and \$296.9 million from other funding sources - a \$66.6 million drop from 2014 Adopted Budget level (16.3 percent reduction).

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, 2012. The Certificate of

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

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

Sincerely,



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



Government Finance Officers Association

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

**City of Seattle
2014 Comprehensive Annual Financial Report**

Department of Finance and Administrative Services

Fred Podesta, Director

Glen Lee, City Finance Director

Citywide Accounting and Payroll Services Division

Janice Marsters, Director

Brandon Johns, Citywide Accounting Manager

Jacqui Anderson
Fon Chang
Grace Chou
Chau Du

Cam Huynh
Scott Leong
Conrad Magbalot
July Maha
Hannah Mitchell-Shapiro

April Nash
Mena Nguyen
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Elsie Ling, Payroll Services Manager

Lillian Marie Alexander
Imelda Apolonio
Mary DeMile

RoseMarie Evans
Angel Hennings
Robert Latorre

Rosalinda Lopez
Shirley Smith
Michiko Togashi

Treasury Services Division

Teri Allen, Director Treasury Operations
Greg Johanson, City Cash Manager
Kellie Craine, Investment Director

Debt Management Services

Michael VanDyck, Citywide Debt Manager

Risk Management

Bruce Hori, Director

Financial Section



Washington State Auditor's Office

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 29, 2015

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, King County, Washington, as of and for the year ended December 31, 2014, 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, 99 percent, and 97 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, 75 percent, and 22 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, King County, Washington, as of December 31, 2014, 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 described in Note 1, during the year ended December 31, 2014, the City has implemented the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, Statement No. 69, *Government Combinations and Disposals of Government Operations* and Statement No. 70, *Nonexchange Financial Guarantees*. 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, 2013, from which such partial information was derived.

We and other auditors have previously audited the City's 2013 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 June 26, 2014. 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, 2013, 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 on pages 9 through 29, budgetary comparison information on pages 157 through 160 and pension trust fund information on pages 161 through 163 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 accompanying information listed as combining and individual fund and other supplementary information on pages 167 through 254 is presented for 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introduction and Statistics Sections is 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 June 29, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results

of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM
ACTING 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, 2014. 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.

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, 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 three 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, Transportation Fund, and Low-Income Housing 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 Firemen's Pension Fund, the Police Relief and Pension 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.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2014 the City's net position totaled \$5.583 billion, with governmental activities accounting for 63.1 percent and business-type activities 36.9 percent, approximately a 2 to 1 ratio.
- Net investment in capital assets, net of depreciation and related debt, accounts for 86.7 percent, \$4.839 billion, of the City's total net position. In one year the value of the City's capital assets grew 10.0 percent, \$440.5 million. Of these assets the City's governmental activities controls \$3.089 billion, with the remaining \$1.750 billion supporting business-type activities.
- The City's remaining net position, 13.3 percent, is available to meet the City's ongoing obligations to citizens and creditors. This balance of restricted and unrestricted net position lost (10.2) percent of its value during 2014, decreasing \$(84.9) million to end the year at \$744.0 million. The City's governmental activities were the primary factor driving this change, accounting for 76.0 percent of the total decrease. At the end of 2014 the governmental activities reported a \$(16.4) million deficit in the unrestricted balance.
- During 2014 the positive change in City's net position totaled \$355.7 million, leading to a 6.8 percent increase over 2013's ending net position of \$5.227 billion. Governmental activities contributed \$134.3 million, 37.8 percent of the change, while the net position of business-type activities account for the remaining two thirds change, \$221.3 million in 2014.
- The City's governmental funds reported a combined ending fund balance of \$679.6 million for 2014, a reduction of (3.9) percent from the prior year's balance of \$707.3 million. The \$(27.7) million decrease in governmental fund balance reported for 2014 is a significant change from 2013 when governmental funds contributed \$68.9 million to the fund balance.
- Of the total decrease in 2014's governmental fund balance, 82.5 percent directly impacted the unassigned fund balance available for all purpose spending. 2014 reported \$75.3 million of unassigned fund, (23.3) percent lower than 2013's reported balance, a reduction of \$(22.9) million.
- Approximately 65.8 percent of the governmental fund balances is externally restricted for specific purposes. During 2014 the level of restrictions on the governmental fund balances fell by \$(12.0) million, reporting a year-end balance of \$446.9 million, a (2.60) percent decrease from 2013.
- Governmental fund balances reported two reservations with year over year growth. At the end of 2014 \$15.6 million is assigned for specific purposes by City's management, a 20.3 percent change over the \$13.0 million balance reported in 2013. The total amount committed by City Council is \$137.1 million, a 3.1 percent change over the \$133.0 million reported within the governmental fund balances from the prior year.
- The City's governmental funds generated revenues totaling \$1.750 billion in the fiscal year ended December 31, 2014, an increase of approximately \$104.3 million, 6.34 percent, from the prior year's balance of \$1.645 billion. Expenditures in governmental funds amounted to \$1.828 billion, an increase of approximately \$125.2 million, 7.35 percent, compared to \$1.703 billion in 2013. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$(78.7) million. The City's General Fund reported an excess of revenues over expenditures totaling \$263.3 million, while the other major and nonmajor governmental funds reported a deficiency of revenues totaling \$(341.9) million.
- During the year, general obligation bonded debt for limited tax (LTGO) and unlimited tax (UTGO) bonds were issued to finance the City's various capital improvement projects. At the end of the fiscal year 2014 the City had \$4.416 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.259 billion in 2013. This represents an increase of approximately \$156.7 million, 3.7 percent.

The City of Seattle

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. At the close of the current fiscal year the City's total net position was \$5.583 billion.

Statement of Net Position

Table A-1

CONDENSED STATEMENT OF NET POSITION (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	Restated 2013	2014	2013	2014	Restated 2013
ASSETS						
Current and Other Assets	\$ 983,515	\$ 982,466	\$ 1,522,551	\$ 1,373,408	\$ 2,506,066	\$ 2,355,874
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	3,915,087	3,733,918	4,979,382	4,683,737	8,894,469	8,417,655
Total Assets	4,898,602	4,716,384	6,501,933	6,057,145	11,400,535	10,773,529
DEFERRED OUTFLOWS OF RESOURCES	456,252	436,014	47,858	52,371	504,110	488,385
LIABILITIES						
Current Liabilities	308,485	300,907	411,184	388,086	719,669	688,993
Noncurrent Liabilities	1,059,202	1,017,856	3,921,491	3,755,471	4,980,693	4,773,327
Total Liabilities	1,367,687	1,318,763	4,332,675	4,143,557	5,700,362	5,462,320
DEFERRED INFLOWS OF RESOURCES	466,094	446,877	155,157	125,336	621,251	572,213
NET POSITION						
Net Investment in Capital Assets	3,088,501	2,889,659	1,750,495	1,508,831	4,838,996	4,398,490
Restricted	448,935	460,885	58,039	57,404	506,974	518,289
Unrestricted	(16,363)	36,212	253,427	274,387	237,064	310,599
Total Net Position	\$ 3,521,073	\$ 3,386,756	\$ 2,061,961	\$ 1,840,622	\$ 5,583,034	\$ 5,227,378

The largest portion of the City's net position, 86.7 percent, reflects an investment of \$4.839 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, \$507.0 million, 9.1 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$237.1 million, 4.3 percent, may be used to meet the government's obligation to citizens and creditors.

The net position for the business-type activities increased 12.0 percent between 2013 and 2014, from \$1.841 billion to \$2.062 billion. The increase in net position is attributed primarily to the performance of the City Light Utility, which accounted for 54.82 percent, or \$121.3 million of the total \$221.3 million change in net position for business-type activities.

Management's Discussion and Analysis

Table A-2

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

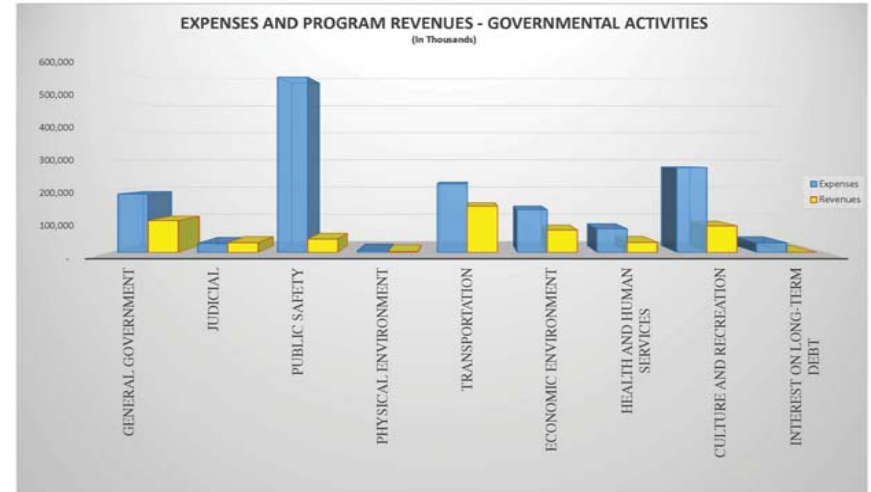
	Governmental Activities		Business-Type Activities		Total	
	2014	Restated 2013	2014	2013	2014	Restated 2013
Revenues						
Program Revenues						
Charges for Services	\$ 357,810	\$ 325,964	\$ 1,685,506	\$ 1,619,118	\$ 2,043,316	\$ 1,945,082
Operating Grants and Contributions	123,986	135,407	6,155	7,055	130,141	142,462
Capital Grants and Contributions	37,895	42,468	48,129	63,760	86,024	106,228
General Revenues						
Property Taxes	431,458	423,927	—	—	431,458	423,927
Sales Taxes	199,735	181,171	—	—	199,735	181,171
Business Taxes	431,436	408,913	—	—	431,436	408,913
Other Taxes	86,226	76,360	—	—	86,226	76,360
Other	13,551	15,349	19,013	5,876	32,564	21,225
Total Revenues	1,682,097	1,609,559	1,758,803	1,695,809	3,440,900	3,305,368
Expenses						
Governmental Activities						
General Government	189,034	161,041	—	—	189,034	161,041
Judicial	28,874	33,517	—	—	28,874	33,517
Public Safety	568,843	515,129	—	—	568,843	515,129
Physical Environment	5,853	10,740	—	—	5,853	10,740
Transportation	222,199	165,742	—	—	222,199	165,742
Economic Environment	138,169	125,191	—	—	138,169	125,191
Health and Human Services	76,562	71,256	—	—	76,562	71,256
Culture and Recreation	275,566	267,043	—	—	275,566	267,043
Interest on Long-Term Debt	31,170	26,417	—	—	31,170	26,417
Business-Type Activities						
Light	—	—	798,161	780,930	798,161	780,930
Water	—	—	221,944	215,600	221,944	215,600
Drainage and Wastewater	—	—	298,633	290,147	298,633	290,147
Solid Waste	—	—	159,501	156,653	159,501	156,653
Planning and Development	—	—	58,304	53,080	58,304	53,080
Downtown Parking Garage	—	—	7,458	8,159	7,458	8,159
Fiber Leasing	—	—	27	54	27	54
Total Expenses	1,536,270	1,376,076	1,544,028	1,504,623	3,080,298	2,880,699
Excess Before Special Item and Transfers	145,827	233,483	214,775	191,186	360,602	424,669
Special Item - Environmental Remediation	—	—	(4,949)	(24,169)	(4,949)	(24,169)
Transfers	(11,512)	(10,861)	11,512	10,861	—	—
Changes in Net Position	134,315	222,622	221,338	177,878	355,653	400,500
Net Position - Beginning of Year	3,386,756	3,164,134	1,840,622	1,662,745	5,227,378	4,826,879
Net Position - End of Year	\$ 3,521,071	\$ 3,386,756	\$ 2,061,960	\$ 1,840,623	\$ 5,583,031	\$ 5,227,379

Analysis of Changes in Net Position

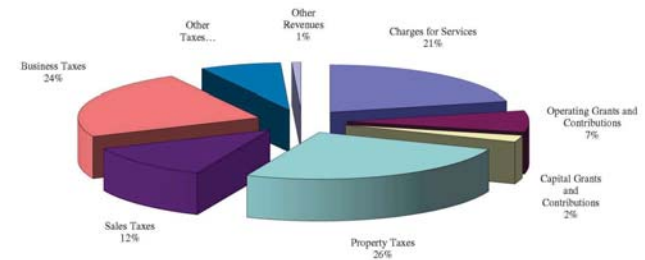
In 2014 the City's total net position increased by \$355.7 million, 6.8 percent. The increase is explained in the following discussion of governmental and business-type activities.

Management's Discussion and Analysis

Governmental Activities



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Total \$1,682.1 Million

Management's Discussion and Analysis

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

Revenues reported at the citywide level were up 4.1 percent year over year, totaling \$3.441 billion in 2014. Out of the \$135.5 million of additional revenues reported in 2014, the City's governmental activities accounted for 53.5 percent of the change. The following table lists the general revenues ranked by the size of their 2014 collections, and highlights the change in general revenues between the 2013 and 2014 financial statements.

2014 Rank	General Tax Revenues	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Property Taxes	\$ 431.5	1.8%	\$ 7.5
2	Business Taxes	431.4	5.5	22.5
3	Sales Taxes	199.7	10.2	18.6
4	Other Taxes	16.8	49.2	5.5
5	Excise Taxes	65.4	6.2	3.8

The City's tax revenues continue to provide the most significant source of revenue for governmental activities, with property, sales and business tax contributing 91.4 percent of all general revenues, and 63.2 percent of the governmental activities general and program revenue combined. The year over year growth in these three tax streams was 4.8 percent or \$48.6 million, and contributed 85.8 percent of the total revenue growth in governmental activities. Other taxes recorded by the City contributed \$9.9 million to the increase in revenues from governmental activities, 12.9 percent more than reported the previous year.

Direct program revenues collected supporting the City's governmental activities were \$519.7 million, 33.8 percent of the total cost, with the remaining \$1.017 billion covered by the City's general resources.

The City's charges for services are the largest component of reported program revenues, and comprise 68.9 percent of program revenue generated by governmental activities. For governmental activities charges for services contribute 21.3 percent of total revenues, with year over year revenues collected for service charges up \$31.8 million, a 9.8 percent increase that raises the total service charge collection to 357.8 million.

Expenses reported at the citywide level were up 6.9 percent year over year, totaling 3.080 billion in 2014. Of the \$199.6 million increase in 2014's expenses 80.3 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 \$1.536 billion for 2014, a 11.6 percent increase over 2013's costs of \$1.376 billion. The following table lists city functions/programs ranked by the size of their 2014 expenses, and highlights the growth in costs between the 2013 and 2014 financial statements.

2014 Rank	Citywide Function/Program	Amount (In Millions)	Percent of Change	Amount of Change (In Millions)
1	Public Safety	\$ 568.8	10.4%	\$ 53.7
2	Culture and Recreation	275.6	3.2	8.5
3	Transportation	222.2	34.1	56.5
4	General Government	189.0	17.4	28.0
5	Economic Environment	138.2	10.4	13.0
6	Health and Human Services	76.6	7.4	5.3

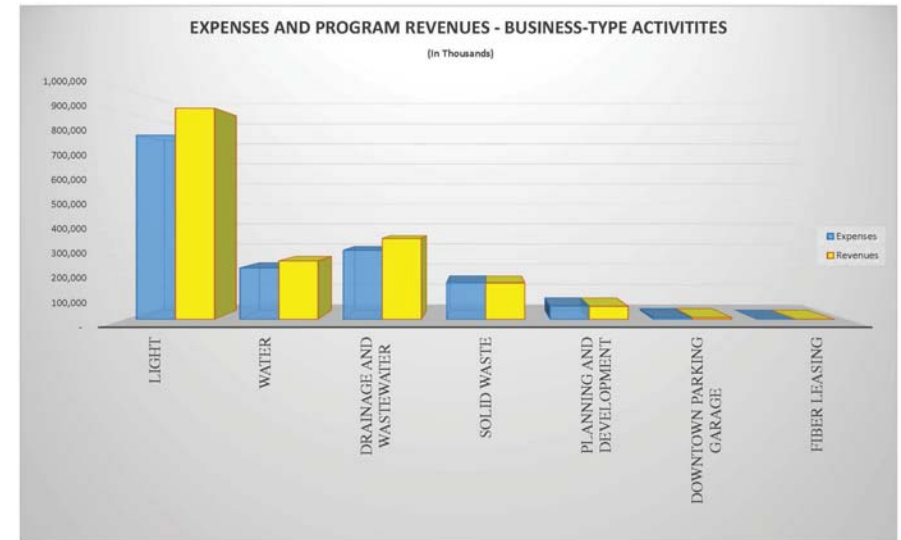
Within the City's governmental activities expenses three functions were the primary driver in the year over year changes. Public safety expenses increased \$53.7 million, transportation increased \$56.4 million, and the general government function \$28.0 million. This accounts for 86.0 percent of the total increase in expenses for the City's governmental activities.

The City's largest governmental expense is the public safety function, totaling 18.5 percent of all citywide expenses and reaching a record level of \$568.8 million for 2014. The public safety function is 37.0 percent of the total expense in the City's governmental activities, and more than double the costs of any other function with the next highest costs reported in culture and recreation at \$275.6 million.

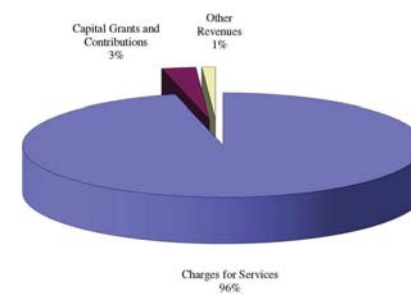
The City's overall capitalization of 2014's expenses from the governmental funds was down (6.1) percent, from \$204.8 million to \$192.2 million. This reflects the net costs of depreciation \$115.0 million, and the additional operating assets and equipment, and changes in work in progress totaling 307.3 million.

The City of Seattle

Business-Type Activities



REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



Total \$1,758.8 Million

Management's Discussion and Analysis

Business-Type Activities. At year end the City's net position for business-type activities was \$2.062 billion, a 12.0 percent increase totaling \$221.3 million. Of this amount \$8.2 million reflects the consolidation of internal service fund activities related to enterprise funds. Key factors for the change were as follows:

The City Light Utility realized a \$121.3 million increase in net position for 2014. A \$44.2 million increase in total operating revenues was primarily due to higher surplus energy available for sale and higher wholesale power prices. An increase in operating expenses of \$23.1 million was due to higher long-term purchased power expenses and higher operating costs related to transmission, conservation, administration, and depreciation. Investment income was higher by \$7.1 million due to favorable swing between years in unrealized fair value gains. Capital contributions and grants were lower by \$21.3 million due to lower in-kind contributions for various construction projects.

The Water Utility experienced an increase of \$31.5 million in net position for 2014. Operating revenues increased \$7.4 million mainly due to increases in direct service revenues; operating expenses increased \$7.9 million in 2014. Factors affecting this change included additional City utility taxes, depreciation and amortization, general, administrative, and utility systems management.

The Drainage and Wastewater Utility net position increased \$48.5 million in 2014. Operating revenues increased by \$8.2 million primarily due to rate increases in 2014 for drainage revenues. The increase was offset by a rise in operating expenses of \$9.1 million. The increase in operating expenses was attributed to several factors including an increase in King County's treatment rate, general, administrative, and City business and occupation taxes.

The Solid Waste Utility realized a net increase of \$1.9 million in net position in 2014. Operating revenues decreased by \$2.2 million mainly due to the rate stabilization fund. Operating expenses increased \$3.4 million. This increase was related to contractual solid waste collection costs and taxes paid to the City.

The City of Seattle

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

	Major Funds					
	General Fund		Transportation Fund		Low-Income Housing Fund	
	2014	2013	2014	2013	2014	2013
Revenues						
Taxes	\$ 926,003	\$ 866,464	\$ 78,477	\$ 75,816	\$ 17,943	\$ 17,952
Licenses and Permits	25,027	22,005	5,066	5,130	—	—
Grants, Shared Revenues, and Contributions	35,666	48,183	46,244	51,755	2,840	2,088
Charges for Services	61,080	50,587	98,365	102,475	—	810
Fines and Forfeits	31,960	41,043	19	8	—	—
Parking Fees and Space Rent	38,223	38,547	84	70	—	—
Program Income, Interest, and Miscellaneous Revenues	42,794	31,346	2,235	122	32,660	11,072
Total Revenues	1,160,753	1,098,175	230,490	235,376	53,443	31,922
Expenditures	897,493	855,584	382,909	321,778	29,181	30,631
Other Financing Sources and Uses						
Long-Term Debt Issued and Refunding Payments, Net	—	—	—	—	—	—
Sales of Capital Assets	—	22,748	2,108	54	—	—
Transfers In (Out)	(255,085)	(231,371)	162,996	108,964	—	—
Total Other Financing Sources and Uses	(255,085)	(208,623)	165,104	109,018	—	—
Fund Balances						
Nonspendable	474	375	1,580	1,345	—	—
Restricted	99,991	99,659	33,816	27,330	99,003	79,264
Committed	76,493	83,155	50,952	44,988	6,416	1,893
Assigned	5,685	5,325	—	—	—	—
Unassigned	134,492	120,446	—	—	—	—
Total Fund Balances	\$ 317,135	\$ 308,960	\$ 86,348	\$ 73,663	\$ 105,419	\$ 81,157

Management's Discussion and Analysis

**Table A-3 REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY
GOVERNMENTAL FUNDS (continued)
(In Thousands)**

	Nonmajor Funds			
	Special Revenue Funds		Debt Service Funds	
	2014	2013	2014	2013
Revenues				
Taxes	\$ 84,719	\$ 82,985	\$ 17,706	\$ 15,930
Licenses and Permits	—	—	—	—
Grants, Shared Revenues, and Contributions	69,986	69,637	979	1,020
Charges for Services	50,346	46,975	—	—
Fines and Forfeits	5,163	56	—	—
Parking Fees and Space Rent	25,227	23,523	357	323
Program Income, Interest, and Miscellaneous Revenues	3,533	2,005	718	571
Total Revenues	238,974	225,181	19,760	17,844
Expenditures	362,177	341,555	83,009	79,854
Other Financing Sources and Uses				
Long-Term Debt Issued and Refunding Payments, Net	—	—	48	4,928
Sales of Capital Assets	20	102	—	—
Transfers In (Out)	136,830	132,750	63,238	62,045
Total Other Financing Sources and Uses	136,850	132,852	63,286	66,973
Fund Balances				
Nonspendable	594	564	—	—
Restricted	87,384	85,725	15,665	15,629
Committed	3,245	2,948	—	—
Assigned	9,933	7,661	—	—
Unassigned	(3,582)	(12,972)	—	—
Total Fund Balances	\$ 97,574	\$ 83,926	\$ 15,665	\$ 15,629

	Nonmajor Funds				Total Governmental Funds	
	Capital Projects Funds		Permanent Funds		2014	2013
	2014	2013	2014	2013		
Revenues						
Taxes	\$ 24,272	\$ 24,352	\$ —	\$ —	\$ 1,149,120	\$ 1,083,499
Licenses and Permits	—	—	—	—	30,093	27,135
Grants, Shared Revenues, and Contributions	5,646	12,101	—	—	161,361	184,784
Charges for Services	11,396	—	—	—	221,187	200,847
Fines and Forfeits	—	—	—	—	37,142	41,107
Parking Fees and Space Rent	—	—	—	—	63,891	62,463
Program Income, Interest, and Miscellaneous Revenues	4,785	351	32	(5)	86,757	45,462
Total Revenues	46,099	36,804	32	(5)	1,749,551	1,645,297
Expenditures	73,457	73,576	5	22	1,828,231	1,703,000
Other Financing Sources and Uses						
Long-Term Debt Issued and Refunding Payments, Net	54,557	105,006	—	—	54,605	109,934
Sales of Capital Assets	—	—	—	—	2,128	22,904
Transfers In (Out)	(113,723)	(78,592)	—	(10)	(5,744)	(6,214)
Total Other Financing Sources and Uses	(59,166)	26,414	—	(10)	50,989	126,624
Fund Balances						
Nonspendable	—	—	2,050	2,050	4,698	4,334
Restricted	110,921	151,134	101	90	446,881	458,831
Committed	—	—	—	—	137,106	132,984
Assigned	—	—	—	—	15,618	12,986
Unassigned	(55,649)	(9,340)	—	(16)	75,261	98,118
Total Fund Balances	\$ 55,272	\$ 141,794	\$ 2,151	\$ 2,124	\$ 679,564	\$ 707,253

The City of Seattle

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.

For 2014 total governmental fund revenues totaled \$1.750 billion. Of this amount the General Fund contributed 66.3 percent, the City's major governmental funds (transportation and low income housing) generated 16.2 percent, and the combining other non-major governmental funds 17.4 percent. Taxes account for 65.7 percent of all governmental revenues. Taxes are recorded across the City's governmental funds although 80.6 percent of all taxes are collected within the General Fund.

The General Fund is the chief operating fund of the City. The Library Fund, previously reported as a special revenue fund, was determined to no longer meet the definition of a special revenue fund, as defined by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As a result, the Library Fund is now reported as part of the General Fund for the GAAP reporting. For comparability, all amounts presented for fiscal year 2013 and 2014 in this discussion and analysis reflect this change unless noted otherwise. Table A-4 provides a summary of activities for the general subfunds at year-end 2014. At the end of 2014 the total fund balance of the General Fund was \$317.1 million, an increase of \$8.2 million in 2013 compared to 2014.

Total revenues for the General Fund amounted to \$1.161 billion, an increase of \$62.6 million or 5.7 percent higher than 2013. The increase is mostly attributable to higher tax revenues, with collections growing at 6.9 percent for the General Fund, generating an additional \$59.5 million to raise total collections to \$926.0 million for 2014. In aggregate all other revenues recorded in the General Fund contributed \$234.8 million, support from these other revenues held constant year over year at 21.4 percent of total General Fund revenues.

Property tax is levied primarily on real estate owned by individuals and businesses. While stable in nature, state law limits growth in the amount of tax that a jurisdiction can collect but does allow for additional voter-approved levies. Initiative 747 and related state laws continue have continued to mute property tax growth as a result of the cap on property tax growth of 1.0 percent plus new construction. Strong growth in the assessed value of property, and newly constructed inventory continued to maintain the level of property tax collections for 2014.

Real Estate Excise Tax (REET) revenues, taxes collected on real estate transactions, contribute 81.6 percent of the City's total excise tax collections. The City's local real estate market continued to maintain strength in both the commercial and private sections, a 10.2 percent increase in 2014's REET revenues brought total collections to \$53.3 million in 2014. REET revenues are recorded within the City's Cumulative Reserve Subfund (CRS), and support many of the City's general government capital investments.

The business and occupation (B&O) tax is levied by the City on the gross receipts of most business activities occurring in Seattle. The City also levies a B&O tax on the gross income derived from sales of utility services within Seattle. Of the \$431.4 million collected, 46.9 percent is generated by taxes assessed on private business activities, with an additional 8.3 percent from commercial parking taxes and 1.9 percent from admission taxes. The City's utilities paid \$129.9 million in business taxes, of which Seattle City Light paid 34.9 percent, and Seattle Public Utilities paid 65.1 percent. Additional utility taxes totaling \$55.6 million were generated from gas, garbage, cable, telephone, and steam power service suppliers.

The retail sales and use tax is imposed on the sale of most goods and certain services in Seattle. The tax is collected and remitted to the state. The state provides the City with its share on a monthly basis. The City's local share of the sales tax accounts for 91.6 percent of all sales taxes, and year over year grew 10.2 percent to reach \$182.9 million. The additional sales tax distributions from the state are resources for criminal justice and brokered natural gas activities, which in 2014 generated a \$15.1 million collection.

For 2014 total governmental fund expenditures totaled \$1.828 billion. Of this amount the General Fund account for 49.1 percent, the City's major governmental funds (transportation and low income housing) consumed 22.5 percent, and the combining other non-major governmental funds 28.3 percent.

General Fund expenditures increased 4.9 percent in 2014 from \$855.6 million to \$897.5 million. Public safety accounts for 57.8 percent of the General Fund's total expenditures in 2014. Public safety's two largest expenditures were for police and fire protection. For 2014 the Police Department incurred \$305.7 million and the Fire Department incurred \$186.1 million of expenditures.

Management's Discussion and Analysis

At the end of the current fiscal year the City's governmental funds reported a combined ending fund balance of \$679.6 million, a decrease of \$(27.7) million in comparison to 2013. Approximately \$75.3 million of this amount represents an unassigned fund balance available for all purpose spending; \$9.9 million is assigned for specific purposes by City's management, and \$137.1 million is committed by City Council. Approximately 65.8 percent of the total fund balances is externally restricted for specific purposes, and the remainder constitutes nonspendable items such as petty cash, inventories, and prepaid amounts.

The Transportation 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 fund balance had increased \$12.7 million, 17.2 percent. The \$230.1 million of revenues collected include excess property tax levy, a commercial parking tax, employee hours tax, grants and contributions, and charges for services. Expenditures totaled \$382.9 million for 2014, up \$61.1 million, 19.0 percent from 2013. The Transportation Fund's other financing sources contributed \$165.1 million of additional resources in 2014, a 51.4 percent increase in support that counters the growth in expenditures.

The Low-Income Housing Fund, a special revenue fund and one of the major governmental funds of the City, manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for seven-year housing levies approved by voters, most recently in 2009. The 2014 fund balance of \$105.4 million reflects an increase of \$24.3 million from 2013. The change in fund balance was driven by relative stability in the funds expenditures, and a significant increase in revenues. Revenues from 2013 to 2014 increased \$21.5 million. A contributing factor of the increase is Council's passage of Ordinance 124388 which adjusted the contribution amounts for downtown affordable housing and childcare incentive programs and to establish automatic inflationary adjustments. A one-time collection from Amazon on the development of two office towers in South Lake Union contributed nearly \$9.0 in additional revenues for 2014. The fund's expenditures decreased by \$1.5 million, (4.7) percent year over year. The decrease in expenditures is attributed to the cyclical nature of the fund. Multifamily construction projects can span several years from acquisition to final construction. Further driving the variations is the cyclical nature of downtown construction and their associated costs.

In 2014 the other special revenue funds (SRF) reported a \$13.6 million increase in fund balance. SRF expenditures increased \$20.6 million to \$362.2 million for 2014. The 6.0 percent increase in expenditures was mirrored by a 6.1 percent rise in program revenues of \$13.8 million to \$239.0 million. Overall the deficiency of revenues over expenditures slightly increases from \$116.4 million in 2013, to \$123.2 million in 2014. The inability of revenues to cover expenditures is supplemented by other financing sources and uses which contributed \$136.8 million of resources in 2014. The 16.3 percent increase in fund balance was driven by changes in fund balance from the Education Development Services Fund totaling \$6.4 million, the 2012 Library Levy \$3.1 million, and the School Zone Automated Camera Fund totaling \$1.5 million. The most significant shift in the SRF's fund balance designation during 2014 was the reduction of the deficit in the unassigned fund balanced, falling from a deficit of \$13.0 million in 2013 to end at \$3.6 million for 2014.

The fund balance in the capital projects funds decreased \$86.5 million, (61.0) percent, from \$141.8 million to \$55.3 million at the end of 2014. The decrease is due mainly to the City's effort to accelerate capital spending from the multipurpose long-term general obligation bond funds. The fund balance in the capital projects funds is all restricted for the City's capital improvement programs, with the exception of funds with a deficit balance reported as unassigned.

The Alaska Way Seawall Construction fund expended 100 percent of the beginning fund balance and by year end had generated a \$35.6 million deficit in unassigned fund balance. Expenditures during the year nearly tripled, increasing \$51.0 million from \$25.9 million in 2013 to \$76.9 million in 2014 as construction activity accelerated. The City's Central Waterfront Improvement (CWI) fund also saw an slightly increased spending level during 2014, increasing to \$9.9 million in 2014. In 2014 revenue had yet to materialize to support these expenditures, with CWI's deficit fund balance nearly doubling from \$10.0 million to \$19.4 million in 2014.

The City of Seattle

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

	General	Judgment/ Claims	Municipal Jail	Arts Account	Cable Television Franchise
Revenues					
Taxes	\$ 872,664	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	16,841	—	—	—	8,186
Grants, Shared Revenues, and Contributions	28,793	—	—	—	—
Charges for Services	50,494	8,777	—	19	—
Fines and Forfeits	30,456	5	—	—	—
Parking Fees and Space Rent	37,290	—	—	53	—
Program Income, Interest, and Miscellaneous Revenues	4,741	12	22	26	64
Total Revenues	1,041,279	8,794	22	98	8,250
Expenditures	734,694	9,960	—	5,378	8,675
Other Financing Sources and Uses					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	(238,990)	—	—	—	(278)
Total Other Financing Sources and Uses	(238,990)	—	—	—	(278)
Fund Balances					
Nonspendable	125	—	—	—	—
Restricted	491	—	—	—	866
Committed	4,802	13,409	—	1,149	3,252
Assigned	3,641	—	193	—	—
Unassigned	44,528	—	—	—	—
Total Fund Balances	\$ 53,587	\$ 13,409	\$ 193	\$ 1,149	\$ 4,118
	Cumulative Reserve	Neighborhood Matching	Bluefield Habitat Maintenance	Development Rights	Emergency
Revenues					
Taxes	\$ 53,338	\$ —	\$ —	\$ —	\$ —
Licenses and Permits	0	—	—	—	—
Grants, Shared Revenues, and Contributions	1,976	—	—	—	—
Charges for Services	1,558	—	—	—	—
Fines and Forfeits	0	—	—	—	—
Parking Fees and Space Rent	339	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	1,471	—	3	—	1
Total Revenues	58,682	—	3	—	1
Expenditures	40,292	2,855	—	—	—
Other Financing Sources and Uses					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	(29,668)	—	—	—	1,867
Total Other Financing Sources and Uses	(29,668)	—	—	—	1,867
Fund Balances					
Nonspendable	2	—	—	—	—
Restricted	56,577	—	—	—	—
Committed	10,218	5,161	208	22	—
Assigned	—	—	—	—	—
Unassigned	41,413	—	—	—	48,551
Total Fund Balances	\$ 108,210	\$ 5,161	\$ 208	\$ 22	\$ 48,551

Management's Discussion and Analysis

Table A-4 **REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**
GENERAL FUND SUBFUNDS (continued)
(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	—	19	—	—	—
Fines and Forfeits	—	—	—	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	—	6,265	—	24,702
Total Revenues	—	19	6,265	—	24,702
Expenditures	—	16	5,409	1,577	16,852
Other Financing Sources and Uses					
Sales of Capital Assets	—	—	—	—	—
Transfers In (Out)	—	—	—	—	—
Total Other Financing Sources and Uses	—	—	—	—	—
Fund Balances					
Nonspendable	—	—	327	—	—
Restricted	—	—	—	—	29,980
Committed	—	125	5,394	237	31,637
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	\$ —	\$ 125	\$ 5,721	\$ 237	\$ 61,617

	Total General Fund			
	Group Term Life Insurance	Library *	2014	2013
Revenues				
Taxes	\$ —	\$ —	\$ 926,002	\$ 866,464
Licenses and Permits	—	—	25,027	22,005
Grants, Shared Revenues, and Contributions	—	4,898	35,667	48,183
Charges for Services	—	213	61,080	50,587
Fines and Forfeits	—	1,499	31,960	41,043
Parking Fees and Space Rent	—	541	38,223	38,547
Program Income, Interest, and Miscellaneous Revenues	5,255	231	42,793	31,346
Total Revenues	5,255	7,382	1,160,752	1,098,175
Expenditures	5,254	66,531	897,493	855,584
Other Financing Sources and Uses				
Sales of Capital Assets	—	—	—	22,748
Transfers In (Out)	—	11,984	(255,085)	(231,371)
Total Other Financing Sources and Uses	—	11,984	(255,085)	(208,623)
Fund Balances				
Nonspendable	—	20	474	375
Restricted	—	12,077	99,991	99,659
Committed	426	453	76,493	83,155
Assigned	—	1,851	5,685	5,325
Unassigned	—	—	134,492	120,446
Total Fund Balances	\$ 426	\$ 14,401	\$ 317,135	\$ 308,960

a As result of GASB Statement No. 54, the Library Fund no longer meets the definition for a special revenue fund and is reported as part of the General Fund for the GAAP reporting.

The City of Seattle

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 \$121.3 million in 2014 compared to \$112.7 million in 2013, an increase of \$8.6 million (7.6 percent). Higher net wholesale energy sales, retail electric sales, and investment earnings were offset in part by higher power related expenses, conservation, general and administrative, and depreciation. Lower transfers from/(to) Rate Stabilization Account (RSA) and capital contributions also decreased revenues.

Net cash provided by operating activities increased by \$67.9 million to \$297.6 million in 2014, compared to \$229.7 million in 2013. Increased cash inflows was resulted from rate increase effective at the beginning of the year, Bonneville Power Administration pass-through rate adjustment, and higher net wholesale energy sales. The higher cash inflows were offset by greater debt service payments, capital construction projects, ongoing operations and transfer to the RSA. Net operating cash decreased by \$65.5 million to \$128.3 million in 2014. Restricted assets increased by \$71.4 million to \$298.4 million in 2014, compared to \$227.0 million in 2013. This increase was primarily due to new debt issued in 2014.

Capital assets, net of accumulated depreciation and amortization, were \$2.728 billion and \$2.541 billion in 2014 and 2013, a net increase of \$187.3 million. The majority of the Utilities' capital asset additions were in the distribution plant and work-in-progress related to distribution systems. The net increase in capital assets was partially offset by a \$47.6 million increase in accumulated depreciation and amortization.

Total liabilities were \$2.278 billion in 2014 and \$2.209 billion in 2013, the majority being revenue bonds payables. The noncurrent portion of the revenue bonds payables were \$1.925 billion in 2014 and \$1.870 billion in 2013. In November 2014, the Utility issued a total of \$265.2 million of revenue and refunding revenue bonds. Interest expense related to these bonds was \$89.6 million in 2014 and \$89.0 million in 2013.

City Light's total net position was \$1.276 billion in 2014 and \$1.154 billion in 2013.

Water Utility. The Utility realized an operating income of \$58.5 million in 2014 compared to \$59.0 million in 2013. Operating revenues increased by \$7.4 million and operating expenses increased by \$7.9 million between 2014 and 2013. The Utility realized a net income of \$31.5 million in 2014 compared to net income of \$28.1 million in 2013. The net income in 2014 was primarily due to increase in direct services revenue, offset by related operating expenses.

Net cash provided by operating activities increased to \$127.9 million in 2014 from \$116.8 million in 2013, an increase of \$11.1 million. Total operating and restricted cash and investments were \$100.2 million in 2014 compared to \$94.6 million in 2013, an increase of \$5.6 million. This increase in cash and investments was primarily due to increased customer receipts.

Utility plant, net of accumulated depreciation, and other capital assets for the year ended December 31, 2014, amounted to \$1.205 billion, an increase of \$8.4 million in 2014. Major capital assets additions in 2014 included water infrastructure improvements and rehabilitation, technology infrastructure improvements, and water conservation projects.

The Water Utility had \$853.5 million in outstanding revenue bonds in 2014 compared to \$887.0 million at year end 2013. The decrease was due to principal payments.

The Water Utility's total net position was \$393.0 million in 2014 and \$361.5 million in 2013.

Drainage and Wastewater Utility. The Utility realized an operating income of \$57.8 million in 2014 compared to \$58.6 million in 2013. Operating revenues increased by \$8.2 million and operating expenses increased by \$9.1 million between 2014 and 2013. The Utility realized a net income of \$48.5 million in 2014 and \$24.6 million in 2013. The increase in net income was mainly due to a \$19.2 million reduction in environmental remediation expenses.

Net cash provided by operating activities increased to \$88.6 million compared to \$79.2 million in 2013. Total operating and restricted cash and investments were \$200.7 million in 2014 compared to \$122.4 million in 2013. This increase in cash and investments was primarily due to new debt issued in 2014 and increase in customer receipts.

Utility plant, net of accumulated depreciation, and other capital assets increased to \$843.8 million in 2014 from \$765.5 million in 2013, an increase of \$78.3 million. Capital outlays of \$95.3 million were offset by depreciation expense of \$22.2 million.

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The Drainage and Wastewater Utility had \$618.9 million outstanding revenue and refunding bond liabilities in 2014, as compared to \$525.3 million in 2013. Total liabilities, including revenue bonds, were \$812.1 million in 2014 and \$705.5 million in 2013.

Total net position for the Drainage and Wastewater Utility was \$344.1 million in 2014 and \$295.6 million in 2013.

Solid Waste Utility. The Utility realized an operating income of \$1.8 million in 2014 compared to \$7.5 million in 2013. Operating revenues decreased by \$2.2 million and operating expenses increased by \$3.4 million between 2014 and 2013. The Utility realized a net income of \$1.9 million in 2014 compared to \$3.3 million in 2013. The net income in 2014 was primarily due to a rate increase offset by transfer to rate stabilization fund and related operating expenses.

Net cash provided by operating activities increased to \$22.9 million in 2014 compared to \$19.6 million in 2013. Total operating and restricted cash and investments were \$81.6 million in 2014 and \$33.3 million in 2013. The \$48.3 million increase in operating and restricted cash and investments is primarily due to new debt issued in 2014 and increase in customer receipts.

The Solid Waste Utility had \$166.9 million outstanding revenue bond liabilities in 2014 compared to \$115.9 million in 2013. The increase was due to new debt issued in 2014.

Total net position for the Solid Waste Utility was \$34.2 million in 2014 and \$32.3 million in 2013.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the Seattle City Employees' Retirement System (SCERS), the Firemen's Pension Fund, the Police Relief and Pension Fund, the S.L. Denny Private Purpose Trust, and various agency funds. The net position of the combined fiduciary funds at the end of 2014 is \$2.343 billion; SCERS represents 99.1 percent of this amount.

SCERS assets held in trust for the payment of future benefits does not exceed the estimate of actuarially accrued liabilities as of December 31, 2014. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$105.8 million, 4.7 percent, during 2014. For year ending 2014 the member and employer contributions totaled \$154.0 million; income from investment activity totaled \$130.8 million. Total benefit payment for 2014 increased by \$8.8 million to \$150.2 million. In 2014 the number of retirees and beneficiaries receiving benefits was 6020, which increased by 140, 2.4 percent compared to 2013.

At December 31, 2014, the net positions of assets held in trust in the Firemen's Pension Fund and the Police Relief and Pension Fund for the payment of future benefits were \$14.7 million and \$5.1 million, respectively.

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.

City Council passed the 2014 Adopted Budget (Ordinance 124349) authorizing a \$4.820 billion budget for the City's annual operations. The General subfund's budgeted expenditures account for 21.2 percent or \$1.024 billion of the total adopted budget. When considering additional budgets for general support transferred and other subfund expenditures reporting within the General Fund's presentation, 2014's total appropriation budget for the General Fund is \$1.351 billion, 28.0 percent of the City's total adopted budget.

The General Fund's 2014 revised appropriation budget differed from the original budget due to supplemental appropriations approved by the City Council during the year and carryforward budgets from the prior year. The final revised budget for the General Fund was \$1.461 billion, a 7.6 percent increase over Council's adopted budget.

The most significant budget activities are described below:

- At year-end 2014 actual expenditures and transfers of \$1.327 billion were \$135.0 million less than budgeted. Of this amount \$97.3 million of the budget will be carried over into 2015 to cover outstanding encumbrances, grants, and capital spending.
- The overall change in the General Fund's carryforward budget from 2013 to 2014 decreased (16.1) percent, from \$97.3 million to \$84.0 million. Nearly 59.6 percent of 2014's carryforward budget is within the Cumulative Reserve Subfunds, with 36.2

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million reported in the Real Estate Excise Tax (REET I and REET II) Subfunds, and 11.6 million in the Unrestricted Cumulative Reserve Subfund. The General Subfund accounted for the remaining 24.8 percent of the carryforward budget, with Police and Fire Departments contributing \$14.8 million of this amount.

- The final budget for the REET I and REET II Cumulative Reserve Subfunds, which includes expenditures and transfers, was \$93.9 million. Approximately 62.3 percent, \$58.5 million of the budget was expended in 2014. The carryforward budget balances for the REET I and REET II Cumulative Reserve Subfunds funds is \$36.2 million and will be used to support capital activity in 2015.
- City Council authorized an additional \$35.9 million of supplemental appropriations for the General subfund in 2014, 94.4 percent were revisions for the General subfund. Budget revisions totaling \$18.3 million applied directly to the Seattle Police Department, \$12.3 million to the Seattle Fire Department, seven executive offices received supplemental appropriations totaling \$2.6 million.
- In 2014 the total revised budget for grant resources within the General Fund totaled \$31.1 million, with actual grant revenue generating \$17.6 million during the year. The adopted budget provided \$1.6 million in additional grant resources and \$17.0 million of budget was carryforward from 2013. Through supplemental legislation the Council authorized an additional \$12.4 million of grant funding during the year. This includes \$11.8 million for the City's public safety functions, supporting 36 projects.
- The General Fund's budget for the public safety function increased 7.3 percent in 2014, totaling \$576.3 million. Adjusting this budget to exclude Fire and Police Pension budgets, the public safety budget for just governmental funds was \$537.6 million, a 6.4 percent increase year over year. The actual costs of current expenditures and capital outlay the City's public safety function totaled \$525.0 million, consuming 97.7 percent of the resources budgeted for 2014, of which 99.0 percent is for current operations and 1.0 percent on capital outlay. The 5.4 percent year over year increase in current expenditures totaling \$26.6 million was 70.4 percent of the total budgeted increase of \$37.8 million. Detailed information on the City's two major public safety departments follows:
 - The Police Department's 2014 final budget was \$319.7 million, a 3.1 percent increase from the 2013 budget level. The Department expended 95.6 percent of its budget during the year, with actual expenditures increasing 3.6 percent, from \$295.1 million in 2013 to \$310.1 million in 2014. Patrol operations were budgeted at \$122.6 million for all five city precincts, a 1.5 percent increase over 2013's budget. Patrol operations for 2014 consumed 98.1 percent of the budgeted resources and accounted for 40.0 percent of the entire Department's annual operating costs. Of the remaining budget, \$8.9 million will carryforward into 2015 for grant purposes.
 - The Fire Department's 2014 final budget was \$192.0 million, a 4.3 percent increase from the 2013 budget level of \$184.1 million. The Department expended 97.0 percent of its budget during the year, with actual expenditures increasing 4.1 percent, from \$178.7 million in 2013 to \$186.1 million in 2014. Fire Operations for 2014 consumed 99.9 percent of the \$149.5 million in budgeted resources and accounted for 80.0 percent of the entire Department's annual operating costs. Of the remaining budget, \$5.9 million will carryforward into 2014 for grant purposes.
- For 2014 the General Fund reports actual revenues of \$1.161 billion, a 5.7 percent increase, \$62.6 million larger than 2013's total balance. The General subfund generated 89.7 percent of these revenues, \$1.041 billion, which was 3.0 percent greater than Council's last revised budget of \$1.041 billion budgeted. A driving factor for the year over year increase in revenues is from the City's tax collection which totaled \$926.0 million. The General subfund's 2014 total tax revenues of \$872.7 million were 4.1 million over budget, and \$54.6 million or 6.7 percent higher than reported in 2013. Revenue reported for grants and contributions was \$43.0 million, only 64.4 percent of the budgeted \$66.8 million, which is expected due to grant awards that span multiple years where remaining budgets are carried over to the following year.

Management's Discussion and Analysis

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	
	2014	Restated 2013	2014	2013	2014	Restated 2013
Land	\$ 571,054	\$ 552,003	\$ 162,685	\$ 159,031	\$ 733,739	\$ 711,034
Plant in Service, Excluding Land	—	—	4,164,713	4,066,334	4,164,713	4,066,334
Buildings and Improvements	1,583,440	1,587,244	28,063	30,067	1,611,503	1,617,311
Machinery and Equipment	126,435	126,413	919	1,471	127,354	127,884
Infrastructure	1,062,176	1,068,908	—	—	1,062,176	1,068,908
Construction in Progress	557,211	383,859	535,574	345,097	1,092,785	728,956
Other Capital Assets	14,758	15,491	87,429	81,738	102,187	97,229
Total Capital Assets	\$ 3,915,074	\$ 3,733,918	\$ 4,979,383	\$ 4,683,738	\$ 8,894,457	\$ 8,417,656

Capital assets, net of depreciation, for governmental activities increased by \$171.1 million in 2014. The main increase is attributable to the following:

- The Department of Transportation capitalized \$50.2 million for various infrastructure assets (roads, bridges, sidewalks, signs, illuminations, and others). The balance of construction in progress increased \$159.9 million, a dramatic shift from 2013 when construction in progress had decreased \$(64.8) million.
- The Department of Parks and Recreation spent \$8.4 million in the improvement of Building 30 at Magnuson Park and capitalized \$38.9 million for various community parks improvements and renovations.

Capital assets, net of depreciation, for business-type activities increased by \$291.7 million in 2014. Major increases included the following:

- Seattle City Light capital assets, net of accumulated depreciation, increased by \$187.3 million in 2014. This increase was primarily comprised of \$107.8 million for distribution plant underground and overhead system, transformers and poles, and streetlights and meters. Construction in progress increased by \$86.9 million due to new customer billing system costing \$13.1 million; investments in the boundary dam power generation, \$12.7 million; Denny power substation, \$11.8 million; and \$49.3 million for various projects predominantly in distribution.
- Drainage and Wastewater Utility net capital assets increased by \$78.3 million compared to last year. Major increases were for replacement, rehabilitation, and construction of new sewer pipelines for \$14.1 million; \$6.5 million to replace damage culverts at 35th Avenue Northeast; \$5.6 million to relocate flood plain & divert portion of creek flow to create natural creek mouth at Beer Sheva Park; and \$2.5 million of drainage improvement at Portland avenue south constructed in coordination with Duwamish Bike Trail project.
- Solid Waste Utility net capital assets increased by \$4.3 million for the year ended December 31, 2013 due to the completion of the new South Transfer Station and IT infrastructure upgrades.
- Waste Utility net capital assets increased by \$23.3 million for the year ended December 31, 2014. The fund spent \$30.9 million for construction projects in progress; only \$1.5 million was capitalized as assets. During 2014 the Solid Waste Utility also retired \$18.4 million of assets.
- Water Utility net capital assets decreased by \$8.2 million compared to last year. Major decreases included are new assets placed in service, \$37.9 million, accumulated depreciation, \$45.1 million, and retirement of capital assets, \$1.0 million.
- Water Utility net capital assets increased by \$8.3 million over the last year. Major increases are new assets placed in service, Water & technology infrastructure improvement and rehabilitation \$16.5 million; water conservation projects \$1.9 million;

The City of Seattle

bridges, water distribution system, water main and water transmission pipelines improvements \$3.9 million. Construction in Progress increased by \$23.5 over last year.

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 2014 the City had \$4.416 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$4.259 billion in 2013. This represents an increase of approximately \$156.7 million (3.7 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 \$10.4 million. In 2014 LTGO and UTGO bonds were issued to finance various capital improvement projects including Seawall, North Precinct, Golf, South Park Bridge, Seattle Symphony and various IT projects. Additionally, the part of the 2014 LTGO bonds proceeds was used for used for the refunding of the 2002 special obligation bonds, series A & B, originally issued by Seattle Chinatown-International District Preservation and Development Authority.

The City also issued revenue bonds: \$265.2 million for the Light Fund, \$133.2 million for the Water Fund and \$95 million for the Solid Waste 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 UTGO bonds are 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 LTGO bonds are rated Aa1 by Moody's, AA+ by Fitch, and AAA by S&P. In addition, the City's utilities have very high 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 assessed value by state law. The 2014 assessed value of taxable properties based on the latest report for the City is \$145.091 billion. At the end of 2014 the net outstanding general obligation debt of the City that includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.011 billion, well below the limit of \$10.882 billion, rendering the City's legal debt margin of \$9.870 billion. Within the 7.5 percent limitation, state law restricts outstanding LTGO bonds to 1.5 percent of assessed value. At year-end 2014 the LTGO net outstanding debt was \$883.5 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 \$110.4 million (\$82.7 million for governmental activities and \$27.7 million for business-type activities) at the end of the year.

In addition, City utilities and Department of Parks and Recreation recognized a combined \$121.2 million in estimated environmental liabilities. Other obligations were accrued for compensation absences for sick leave and other notes and contracts. The other notes and contracts included draws from the State's Public Works Trust Loan (PWT) Program which are serviced with revenues from two participating City departments, one with a governmental-type fund and one whose PWT 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 statements.

ECONOMIC FACTORS

The Seattle metro area has rebounded from the recession at a much quicker pace than the nation as a whole. Through February 2015, Seattle metro area (King and Snohomish Counties) employment was up 14.2 percent from its post-recession low in February 2010, compared to an 8.8 percent gain in U.S. employment over the same period. Areas of strength during the recovery have included aerospace, professional, scientific, and technical services, 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 by 3,300 jobs since then. Despite this modest drop in employment, in 2014 the Boeing Company, the region's largest employer, delivered a record 723 jets and booked orders for 1,432 new planes. At the end of 2014 Boeing had a backlog of over 5,000 planes on order.

Thus far during the recovery, the city of Seattle has been one of the fastest growing areas in the Puget Sound Region, in part because of a surge in construction focused in multi-family housing and office space. The construction boom generated a 28.7 percent increase in sales tax revenue from construction activity in 2012 and gains of 9.3 percent and 17.2 percent in 2013 and 2014, respectively. A

Management's Discussion and Analysis

key driver of recent growth in Seattle, including the growth in construction activity, has been Amazon, which has been hiring aggressively since the Great Recession ended. Amazon currently leases or owns about 4.2 million square feet of office space in Seattle's South Lake Union neighborhood. It is currently building two of three proposed 1.1 million square foot office towers.

With the recent upturn in aerospace employment now behind us, regional employment growth is predicted to slow going forward, and 2014 is likely to be the peak year for employment growth (at 3.0 percent) during the current cycle. The Puget Sound Economic Forecaster predicts that employment growth will average a modest 1.7 percent per year over the next five years. Personal income growth is forecast to range between five and six percent, which is approximately three percent per year faster than the rate of inflation.

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 206-386-9124).

Government-wide Financial Statements

Government-Wide Financial Statements

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STATEMENT OF NET POSITION

December 31, 2014

(In Thousands)

	Primary Government						Component Units			
	Governmental Activities	Business-Type Activities	Comparative Totals		Restated 2013					
			2014							
ASSETS										
Current Assets										
Operating Cash and Equity in Pooled Investments	\$	655,422	\$	346,223	\$	1,001,645	\$	1,021,975	\$	2,886
Restricted Cash and Equity in Pooled Investments		20,014		—		20,014		17,176		—
Investments		—		—		—		—		65,430
Receivables, Net of Allowances		101,623		214,875		316,498		319,446		—
Internal Balances		27,483		(27,483)		—		—		—
Due from Other Governments		95,324		6,645		101,969		124,855		—
Inventories		3,355		37,079		40,434		41,169		—
Prepaid and Other Current Assets		2,284		641		2,925		2,828		—
Total Current Assets		905,505		577,980		1,483,485		1,527,449		68,316
Noncurrent Assets										
Restricted Cash and Equity in Pooled Investments		58,383		503,655		562,038		382,520		—
Contracts and Notes		8,394		1,573		9,967		4,811		—
Conservation Costs, Net		—		259,660		259,660		246,312		—
Landfill Closure and Postclosure Costs, Net		—		13,004		13,004		14,741		—
Environmental Costs and Recoveries		—		35,293		35,293		34,098		—
Net Pension Asset		11,233		—		11,233		16,238		—
Regulatory Asset		—		18,250		18,250		19,741		—
Other Charges and Noncurrent Assets		—		113,137		113,137		109,960		—
Capital Assets, Net of Accumulated Depreciation										
Land and Land Rights		571,056		162,685		733,741		711,036		—
Plant in Service, Excluding Land		—		4,164,715		4,164,715		4,066,335		—
Buildings and Improvements		1,583,439		28,061		1,611,500		1,617,308		—
Machinery and Equipment		125,164		919		126,083		127,336		—
Infrastructure		1,062,176		—		1,062,176		1,068,908		—
Construction in Progress		557,212		535,573		1,092,785		729,504		—
Other Capital Assets		16,040		87,428		103,468		97,229		3
Total Noncurrent Assets		3,993,097		5,923,953		9,917,050		9,246,077		3
Total Assets		4,898,602		6,501,933		11,400,535		10,773,526		68,319
DEFERRED OUTFLOWS OF RESOURCES										
		456,252		47,858		504,110		488,384		—
Total Assets and Deferred Outflows of Resources		5,354,854		6,549,791		11,904,645		11,261,910		68,319

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

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STATEMENT OF NET POSITION

December 31, 2014

(In Thousands)

	Primary Government				Component Units
	Governmental Activities	Business-Type Activities	Comparative Totals		
			2014	Restated 2013	
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 117,571	\$ 76,422	\$ 193,993	\$ 197,035	\$ 2,015
Salaries, Benefits, and Taxes Payable	34,229	16,604	50,833	42,918	—
Contracts Payable	10,044	—	10,044	11,066	—
Due to Other Governments	6,832	11,589	18,421	19,076	—
Interest Payable	9,037	56,264	65,301	69,089	—
Taxes Payable	51	9,375	9,426	12,263	—
Deposits Payable	848	—	848	482	—
Unearned Revenues and Other Credits	8,301	30,702	39,003	30,897	—
Current Portion of Long-Term Debt					
Bonds Payable	68,150	165,990	234,140	226,562	—
Compensated Absences Payable	23,365	3,360	26,725	22,772	—
Notes and Contracts Payable	1,944	2,327	4,271	4,294	—
Claims Payable	22,328	33,302	55,630	44,691	—
Habitat Conservation Program Liability	—	1,138	1,138	805	—
Landfill Closure and Postclosure Liability	—	1,064	1,064	987	—
Other Current Liabilities	5,785	3,048	8,833	6,055	—
Total Current Liabilities	308,485	411,185	719,670	688,992	2,015
Noncurrent Liabilities					
Bonds Payable, Net of Unamortized Premiums, Discounts, and Other	803,128	3,682,955	4,486,083	4,301,241	—
Bond Interest Payable	—	—	—	—	—
Special Assessment Bonds with Governmental Commitment	10,395	—	10,395	13,005	—
Compensated Absences Payable	81,078	30,543	111,621	97,574	—
Claims Payable	61,014	114,911	175,925	178,111	—
Notes and Contracts Payable	12,741	31,562	44,303	48,879	—
Landfill Closure and Postclosure Liability	—	14,990	14,990	15,974	—
Vendor Deposits Payable	—	1,056	1,056	814	—
Habitat Conservation Program Liability	—	6,492	6,492	5,425	—
Unearned Revenues and Other Credits	—	23,544	23,544	20,687	—
Arbitrage Rebate Liability	10	—	10	12	—
Unfunded Other Post Employment Benefits	87,045	15,208	102,253	88,943	—
Other Noncurrent Liabilities	3,791	227	4,018	2,662	—
Total Noncurrent Liabilities	1,059,202	3,921,488	4,980,690	4,773,327	—
Total Liabilities	1,367,687	4,332,673	5,700,360	5,462,319	2,015
DEFERRED INFLOWS OF RESOURCES					
	466,094	155,157	621,251	572,213	—

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

Government-Wide Financial Statements

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STATEMENT OF NET POSITION

December 31, 2014

(In Thousands)

	Primary Government						Component Units			
	Governmental Activities	Business-Type Activities	Comparative Totals							
			2014	Restated 2013						
NET POSITION										
Net Investment in Capital Assets	\$	3,088,501	\$	1,750,495	\$	4,838,996	\$	4,398,491	\$	3
Restricted for										
Debt Service		15,665		—		15,665		15,629		—
Capital Projects		167,498		—		167,498		212,930		291
Rate Stabilization Account		—		25,047		25,047		25,000		—
Education and Development Services		45,812		—		45,812		39,388		17,753
Special Deposits		—		—		—		(441)		—
Conservation and Environmental Costs		—		7,065		7,065		7,157		—
Bonneville Power Administration Projects		—		—		—		443		—
External Infrastructure Costs		—		7,061		7,061		7,131		—
Muckleshoot Settlement		—		—		—		166		—
Other Charges		—		18,866		18,866		17,948		—
Health Care Reserve		29,980		—		29,980		24,771		—
Transportation Programs		33,816		—		33,816		27,330		—
Low-Income Housing Programs		99,003		—		99,003		79,264		—
Other Purposes		55,109		—		55,109		59,431		104
Nonexpendable		2,052		—		2,052		2,141		27,877
Unrestricted		(16,363)		253,427		237,064		310,599		20,276
Total Net Position		3,521,073		2,061,961		5,583,034		5,227,378		66,304
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$	5,354,854	\$	6,549,791	\$	11,904,645	\$	11,261,910	\$	68,319

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

The City of Seattle

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STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

(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	\$ 207,308	\$ (18,274)	\$ 91,011	\$ 11,832	\$ —
Judicial	28,874	—	31,256	160	—
Public Safety	567,507	1,336	25,733	17,412	—
Physical Environment	5,853	—	78	2,349	—
Transportation	217,554	4,645	101,074	15,817	32,549
Economic Environment	138,169	—	35,776	33,657	2,888
Health and Human Services	76,562	—	10	32,451	—
Culture and Recreation	275,566	—	72,873	10,308	2,458
Interest on Long-Term Debt	31,170	—	—	—	—
Total Governmental Activities	1,548,563	(12,293)	357,811	123,986	37,895
BUSINESS-TYPE ACTIVITIES					
Light	793,560	4,602	883,149	3,783	28,368
Water	219,794	2,150	242,786	182	8,932
Drainage and Wastewater	296,630	2,003	337,882	978	10,752
Solid Waste	158,768	733	157,495	953	78
Planning and Development	55,498	2,805	56,743	259	—
Downtown Parking Garage	7,458	—	7,435	—	—
Fiber Leasing	27	—	16	—	—
Total Business-Type Activities	1,531,735	12,293	1,685,506	6,155	48,130
Total Government-Wide Activities	\$ 3,080,298	\$ —	\$ 2,043,317	\$ 130,141	\$ 86,025
COMPONENT UNITS	\$ 5,458	\$ —	\$ 204	\$ 4,505	\$ —

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

Government-Wide Financial Statements

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STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014 (In Thousands)

Net Revenue (Expense) and Changes in Net Position					
Primary Government					
	Governmental Activities	Business-Type Activities	Comparative Totals		Component Units
			2014	Restated 2013	
GOVERNMENTAL ACTIVITIES					
General Government	\$ (86,191)	\$ —	\$ (86,191)	\$ (59,910)	
Judicial	2,542	—	2,542	7,187	
Public Safety	(525,698)	—	(525,698)	(467,832)	
Physical Environment	(3,426)	—	(3,426)	(2,507)	
Transportation	(72,759)	—	(72,759)	(12,694)	
Economic Environment	(65,848)	—	(65,848)	(79,913)	
Health and Human Services	(44,101)	—	(44,101)	(38,565)	
Culture and Recreation	(189,927)	—	(189,927)	(191,586)	
Interest on Long-Term Debt	(31,170)	—	(31,170)	(26,417)	
Total Governmental Activities	(1,016,578)	—	(1,016,578)	(872,237)	
BUSINESS-TYPE ACTIVITIES					
Light	—	117,138	117,138	111,717	
Water	—	29,956	29,956	27,834	
Drainage and Wastewater	—	50,979	50,979	47,760	
Solid Waste	—	(975)	(975)	3,682	
Planning and Development	—	(1,301)	(1,301)	(4,563)	
Downtown Parking Garage	—	(23)	(23)	(1,140)	
Fiber Leasing	—	(11)	(11)	21	
Total Business-Type Activities	—	195,763	195,763	185,311	
Total Government-Wide Activities	(1,016,578)	195,763	(820,815)	(686,926)	
COMPONENT UNITS					\$ (749)
General Revenues					
Property Taxes	431,458	—	431,458	423,928	—
Sales Taxes	199,735	—	199,735	181,171	—
Business Taxes	431,436	—	431,436	408,913	—
Excise Taxes	65,364	—	65,364	61,524	—
Other Taxes	16,771	—	16,771	11,240	—
Penalties and Interest on Delinquent Taxes	4,091	—	4,091	3,596	—
Unrestricted Investment Earnings (Loss)	11,791	16,254	28,045	2,540	3,734
Gain on Sale of Capital Assets	1,761	2,759	4,520	18,684	—
Special Item - Environmental Remediation	—	(4,949)	(4,949)	(24,169)	—
Transfers	(11,512)	11,512	—	(2)	—
Total General Revenues (Loss), Special Item, and Transfers	1,150,895	25,576	1,176,471	1,087,425	3,734
Changes in Net Position	134,317	221,339	355,656	400,499	2,985
Net Position - Beginning of Year	3,386,756	1,840,622	5,227,378	4,817,344	63,319
Prior-Year Adjustments	—	—	—	9,535	—
Net Position - Beginning of Year as Restated	3,386,756	1,840,622	5,227,378	4,826,879	63,319
Net Position - End of Year	\$ 3,521,073	\$ 2,061,961	\$ 5,583,034	\$ 5,227,378	\$ 66,304

Fund Financial Statements

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.

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 met the definition for a special revenue fund and has been included in the General Fund financial statements.

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.

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.

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

The City of Seattle

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2014 (In Thousands)

	General	Transportation	Low-Income Housing
ASSETS			
Cash and Equity in Pooled Investments	\$ 216,746	\$ 58,366	\$ 104,120
Receivables, Net of Allowances			
Taxes	64,268	2,994	427
Accounts	5,967	5,357	292
Contracts and Notes	395	—	—
Special Assessments	—	—	—
Interest and Dividends	(478)	144	83
Unbilled and Others	10	695	—
Due from Other Funds	15,910	48,156	744
Interfund Loans	38,105	—	—
Due from Other Governments	53,398	19,189	1,643
Inventories	—	—	—
Prepaid and Other Current Assets	416	1,578	—
Deposits With Vendor	2	—	—
Advances to Other Funds	—	—	—
Charges and Other Assets	—	—	—
Total Assets	394,739	136,479	107,309
DEFERRED OUTFLOWS OF RESOURCES	7,775	—	403,923
Total Assets and Deferred Outflows of Resources	<u>\$ 402,514</u>	<u>\$ 136,479</u>	<u>\$ 511,232</u>
LIABILITIES			
Accounts Payable	\$ 32,781	\$ 30,884	\$ 869
Contracts Payable	273	8,710	—
Due to Other Funds	11,275	4,094	579
Due to Other Governments	1,806	—	—
Salaries, Benefits, and Taxes Payable	22,207	3,373	—
Interest Payable	4	16	—
Deposits Payable	(4)	457	90
Revenue Collected/Billed in Advance - Current	2,043	1,937	30
Other Current Liabilities	3,073	—	—
Advances from Other Funds	—	—	—
Total Liabilities	73,458	49,471	1,568
DEFERRED INFLOWS OF RESOURCES	<u>11,921</u>	<u>660</u>	<u>404,245</u>

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

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

Fund Financial Statements

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2014 (In Thousands)

	Other Governmental	Comparative Totals	
		2014	Restated 2013
ASSETS			
Cash and Equity in Pooled Investments	\$ 251,398	\$ 630,630	\$ 649,283
Receivables, Net of Allowances			
Taxes	1,555	69,244	66,314
Accounts	5,399	17,015	13,476
Contracts and Notes	—	395	238
Special Assessments	11,568	11,568	13,546
Interest and Dividends	207	(44)	(188)
Unbilled and Others	1,244	1,949	1,503
Due from Other Funds	9,023	73,833	53,962
Interfund Loans	—	38,105	—
Due from Other Governments	20,935	95,165	116,613
Inventories	569	569	535
Prepaid and Other Current Assets	—	1,994	1,664
Deposits With Vendor	—	2	2
Advances to Other Funds	—	—	5,545
Charges and Other Assets	—	—	—
Total Assets	301,898	940,425	922,493
DEFERRED OUTFLOWS OF RESOURCES	44,135	455,833	434,968
Total Assets and Deferred Outflows of Resources	<u>\$ 346,033</u>	<u>\$ 1,396,258</u>	<u>\$ 1,357,461</u>
LIABILITIES			
Accounts Payable	\$ 25,969	\$ 90,503	\$ 97,149
Contracts Payable	1,060	10,043	11,066
Due to Other Funds	42,432	58,380	42,040
Due to Other Governments	5,022	6,828	7,377
Salaries, Benefits, and Taxes Payable	5,435	31,015	26,298
Interest Payable	26	46	34
Deposits Payable	202	745	482
Revenue Collected/Billed in Advance - Current	4,290	8,300	8,530
Other Current Liabilities	2,219	5,292	2,057
Advances from Other Funds	31,611	31,611	195
Total Liabilities	118,266	242,763	195,228
DEFERRED INFLOWS OF RESOURCES	57,104	473,930	454,977

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

The City of Seattle

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2014 (In Thousands)

	General	Transportation	Low-Income Housing
FUND BALANCES			
Nonspendable	\$ 474	\$ 1,580	\$ —
Restricted	99,991	33,816	99,003
Committed	76,493	50,952	6,416
Assigned	5,685	—	—
Unassigned	134,492	—	—
Total Fund Balance	<u>317,135</u>	<u>86,348</u>	<u>105,419</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 402,514</u>	<u>\$ 136,479</u>	<u>\$ 511,232</u>

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

Fund Financial Statements

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BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2014 (In Thousands)

	Other Governmental	Comparative Totals	
		2014	Restated 2013
FUND BALANCES			
Nonspendable	\$ 2,644	\$ 4,698	\$ 4,334
Restricted	214,072	446,882	458,833
Committed	3,245	137,106	132,985
Assigned	9,933	15,618	12,986
Unassigned	(59,231)	75,261	98,118
Total Fund Balance	170,663	679,565	707,256
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 346,033	\$ 1,396,258	\$ 1,357,461

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.	\$ 3,208,929	\$ 3,047,403
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	9,536	3,406
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.	498,046	479,993
Net pension asset net of pension obligations	11,233	16,238
Deferred inflows and outflows of resources	8,255	8,985
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	(14,243)	(21,973)
Accrued Interest Payable	(5,819)	(6,227)
Current Portion of Long-Term Debt	(48,504)	(57,081)
Compensated Absences Payable	(22,770)	(18,951)
General Obligation Bonds Payable	(507,635)	(511,836)
Less Bond Discount and Premium	(40,586)	(41,290)
Special Assessment Bonds	(10,395)	(13,005)
Notes and Other Long-Term Liabilities	(19,349)	(17,567)
Compensated Absences - Long-Term	(75,020)	(63,659)
Claims Payable - Long-Term	(40,233)	(35,063)
Workers' Compensation	(26,167)	(18,427)
Arbitrage	(10)	(12)
Unfunded Other Post Employment Benefits	(83,760)	(71,435)
MOHAI Liabilities	—	—
Net Adjustments	2,841,508	2,679,499
Net Position of Governmental Activities	\$ 3,521,073	\$ 3,386,755

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

The City of Seattle

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2014 (In Thousands)

	General	Transportation	Low-Income Housing
REVENUES			
Taxes	\$ 926,003	\$ 78,477	\$ 17,943
Licenses and Permits	25,027	5,066	—
Grants, Shared Revenues, and Contributions	35,666	46,244	2,840
Charges for Services	61,080	98,365	—
Fines and Forfeits	31,960	19	—
Parking Fees and Space Rent	38,223	84	—
Program Income, Interest, and Miscellaneous Revenues	42,794	2,235	32,660
Total Revenues	1,160,753	230,490	53,443
EXPENDITURES			
Current			
General Government	195,598	—	—
Judicial	29,158	—	—
Public Safety	519,122	—	—
Physical Environment	6,538	—	—
Transportation	9,779	102,153	—
Economic Environment	21,540	—	29,181
Health and Human Services	945	—	—
Culture and Recreation	72,371	—	—
Capital Outlay			
General Government	12,305	—	—
Public Safety	5,914	—	—
Transportation	—	278,550	—
Economic Environment	6	—	—
Culture and Recreation	24,213	—	—
Debt Service			
Principal	3	2,051	—
Interest	1	155	—
Bond Issuance Cost	—	—	—
Other	—	—	—
Total Expenditures	897,493	382,909	29,181
Excess (Deficiency) of Revenues over Expenditures	263,260	(152,419)	24,262
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	—	—	—
Refunding Debt Issued	—	—	—
Premium on Bonds Issued	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—
Sales of Capital Assets	—	2,108	—
Transfers In	20,027	189,540	—
Transfers Out	(275,112)	(26,544)	—
Total Other Financing Sources (Uses)	(255,085)	165,104	—
Net Change in Fund Balance	8,175	12,685	24,262
Fund Balances - Beginning of Year	308,960	73,663	81,157
Fund Balances - End of Year	\$ 317,135	\$ 86,348	\$ 105,419

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

Fund Financial Statements

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Comparative Totals		
	Other Governmental	2014	2013
REVENUES			
Taxes	\$ 126,697	\$ 1,149,120	\$ 1,083,499
Licenses and Permits	—	30,093	27,135
Grants, Shared Revenues, and Contributions	76,611	161,361	184,783
Charges for Services	61,742	221,187	200,847
Fines and Forfeits	5,163	37,142	41,107
Parking Fees and Space Rent	25,584	63,891	62,463
Program Income, Interest, and Miscellaneous Revenues	9,068	86,757	45,463
Total Revenues	304,865	1,749,551	1,645,297
EXPENDITURES			
Current			
General Government	9,064	204,662	209,006
Judicial	—	29,158	27,642
Public Safety	6,656	525,778	504,836
Physical Environment	871	7,409	11,935
Transportation	2,805	114,737	97,676
Economic Environment	89,358	140,079	128,644
Health and Human Services	77,079	78,024	73,151
Culture and Recreation	172,987	245,358	276,197
Capital Outlay			
General Government	23,294	35,599	5,043
Public Safety	19,248	25,162	10,275
Transportation	—	278,550	234,188
Economic Environment	—	6	—
Culture and Recreation	30,920	55,133	41,185
Debt Service			
Principal	59,691	61,745	56,194
Interest	26,415	26,571	26,206
Bond Issuance Cost	259	259	822
Other	—	—	—
Total Expenditures	518,647	1,828,230	1,703,000
Excess (Deficiency) of Revenues over Expenditures	(213,782)	(78,679)	(57,703)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	50,455	50,455	101,115
Refunding Debt Issued	—	—	43,945
Premium on Bonds Issued	4,150	4,150	9,377
Payment to Refunded Bond Escrow Agent	—	—	(44,504)
Sales of Capital Assets	20	2,128	22,903
Transfers In	233,099	442,666	422,670
Transfers Out	(146,755)	(448,411)	(428,881)
Total Other Financing Sources (Uses)	140,969	50,988	126,625
Net Change in Fund Balance	(72,813)	(27,691)	68,922
Fund Balances - Beginning of Year	243,476	707,256	638,334
Fund Balances - End of Year	\$ 170,663	\$ 679,565	\$ 707,256

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

The City of Seattle

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RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014
(In Thousands)

	Comparative Totals	
	2014	Restated 2013
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ (27,691)	\$ 68,922
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	(115,034)	(107,705)
Capital outlay reported as expenditures	307,271	312,501
Retirement and sale of capital assets	(1,306)	(5,891)
Capital assets received as donations	(20,504)	310
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	(264)	—
Reduction of long-term receivable	1,393	7,800
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	(50,455)	(101,115)
Premium on general obligation bonds	(4,150)	(9,377)
Proceeds from bond refunding	—	(43,945)
Principal payments bonds/notes	61,745	56,194
Amortization of bond premium	3,819	—
Amortization of loss on refunding	(465)	—
Minimum capital lease payments	117	—
Bond interest	464	10,244
Remittance to refunding escrow using refunding proceeds	—	44,504
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	(15,180)	(4,417)
Injury and damage claims	(6,675)	1,832
Workers' compensation	(18)	(2,750)
Arbitrage	2	4
Unfunded OPEB liabilities	(12,325)	(9,387)
Net pension asset	(5,006)	(360)
Environmental liability	95	(568)
MOHAL liability	—	8,500
Loan to agencies	4,654	—
Debt guarantee of SISC 2004 bonds	(4,225)	—
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:		
Operating loss (income) allocated to enterprise funds	(8,185)	(4,491)
Net revenue of internal service funds activities reported with governmental activities	26,239	1,819
Change in Net Position of Governmental Activities	\$ 134,316	\$ 222,624

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

Fund Financial Statements

MAJOR PROPRIETARY FUNDS

The **Light Fund** (City Light) accounts for the operations of the City-owned electric utility. City Light owns and operates certain generating, transmission, and distribution facilities and supplies electricity to approximately 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 nonmajor enterprise funds and the internal service funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

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STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2014

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2014	2013	2014	2013
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 128,343	\$ 193,769	\$ 43,553	\$ 28,901
Restricted Cash and Equity in Pooled Investments	—	—	—	10
Receivables, Net of Allowances				
Accounts	70,850	61,511	13,519	13,899
Interest and Dividends	—	—	910	895
Unbilled	64,630	78,837	13,651	13,965
Energy Contracts, Notes, and Other Contracts	—	—	107	120
Due from Other Funds	1,482	26	760	704
Due from Other Governments	2,271	2,464	583	1,510
Materials and Supplies Inventory	30,829	32,020	5,139	5,072
Prepayments and Other Current Assets	474	492	72	72
Total Current Assets	298,879	369,119	78,294	65,148
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	298,389	227,038	56,623	65,689
Notes and Contracts Receivable	—	—	414	521
Conservation Costs, Net	228,107	214,280	31,552	32,032
Landfill Closure and Postclosure Costs, Net	—	—	—	—
Environmental Costs and Recoveries	38,600	34,798	—	—
External Infrastructure Costs	—	—	—	—
Regulatory Asset	—	—	10,988	12,211
Other Charges	52,934	51,943	4,779	5,627
Capital Assets				
Land and Land Rights	70,558	68,188	44,261	43,269
Plant in Service, Excluding Land	3,936,000	3,795,314	1,791,609	1,773,792
Less Accumulated Depreciation	(1,611,477)	(1,563,905)	(681,103)	(646,741)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	250,979	164,051	48,906	25,343
Other Property, Net	82,258	77,322	1,569	1,185
Total Noncurrent Assets	3,346,348	3,069,029	1,309,598	1,312,928
Total Assets	3,645,227	3,438,148	1,387,892	1,378,076
DEFERRED OUTFLOWS OF RESOURCES				
	19,318	26,012	18,914	20,165
Total Assets and Deferred Outflows of Resources	\$ 3,664,545	\$ 3,464,160	\$ 1,406,806	\$ 1,398,241

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

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

Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2014	2013	2014	2013
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 101,301	\$ 74,503	\$ 32,395	\$ 20,863
Restricted Cash and Equity in Pooled Investments	—	—	—	—
Receivables, Net of Allowances				
Accounts	18,042	21,171	12,933	13,068
Interest and Dividends	460	448	69	21
Unbilled	18,272	18,043	417	410
Energy Contracts, Notes, and Other Contracts	76	49	—	—
Due from Other Funds	984	1,015	244	287
Due from Other Governments	2,374	2,267	967	932
Materials and Supplies Inventory	1,043	939	68	108
Prepayments and Other Current Assets	35	35	18	18
Total Current Assets	142,587	118,470	47,111	35,707
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	99,432	47,873	49,173	12,456
Notes and Contracts Receivable	1,159	1,210	—	—
Conservation Costs, Net	—	—	—	—
Landfill Closure and Postclosure Costs, Net	—	—	13,004	14,741
Environmental Costs and Recoveries	3,970	4,850	—	—
External Infrastructure Costs	19,328	19,617	—	—
Regulatory Asset	4,236	3,543	3,026	3,987
Other Charges	35,159	34,026	937	1,066
Capital Assets				
Land and Land Rights	19,767	19,475	15,218	15,218
Plant in Service, Excluding Land	941,062	902,671	132,528	149,171
Less Accumulated Depreciation	(296,915)	(286,172)	(46,989)	(57,795)
Buildings and Improvements	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Construction in Progress	178,366	128,552	53,945	24,554
Other Property, Net	1,558	970	2,044	2,262
Total Noncurrent Assets	1,007,122	876,615	222,886	165,660
Total Assets	1,149,709	995,085	269,997	201,367
DEFERRED OUTFLOWS OF RESOURCES	6,479	6,054	3,146	139
Total Assets and Deferred Outflows of Resources	\$ 1,156,188	\$ 1,001,139	\$ 273,143	\$ 201,506

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

The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2014	2013	2014	2013
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 40,630	\$ 27,628	\$ 346,222	\$ 345,664
Restricted Cash and Equity in Pooled Investments	—	—	—	10
Receivables, Net of Allowances				
Accounts	907	976	116,251	110,625
Interest and Dividends	31	17	1,470	1,381
Unbilled	—	—	96,970	111,255
Energy Contracts, Notes, and Other Contracts	—	—	183	169
Due from Other Funds	905	1,067	4,375	3,099
Due from Other Governments	451	517	6,646	7,690
Materials and Supplies Inventory	—	—	37,079	38,139
Prepayments and Other Current Assets	42	—	641	617
Total Current Assets	42,966	30,205	609,837	618,649
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	38	47	503,655	353,103
Notes and Contracts Receivable	—	—	1,573	1,731
Conservation Costs, Net	—	—	259,659	246,312
Landfill Closure and Postclosure Costs, Net	—	—	13,004	14,741
Environmental Costs and Recoveries	—	—	42,570	39,648
External Infrastructure Costs	—	—	19,328	19,617
Regulatory Asset	—	—	18,250	19,741
Other Charges	—	—	93,809	92,662
Capital Assets				
Land and Land Rights	12,881	12,881	162,685	159,031
Plant in Service, Excluding Land	—	—	6,801,199	6,620,948
Less Accumulated Depreciation	—	—	(2,636,484)	(2,554,613)
Buildings and Improvements	60,132	60,132	60,132	60,132
Less Accumulated Depreciation	(32,070)	(30,066)	(32,070)	(30,066)
Machinery and Equipment	14,766	14,821	14,766	14,821
Less Accumulated Depreciation	(13,847)	(13,350)	(13,847)	(13,350)
Construction in Progress	3,377	2,597	535,573	345,097
Other Property, Net	—	—	87,429	81,739
Total Noncurrent Assets	45,277	47,062	5,931,231	5,471,294
Total Assets	88,243	77,267	6,541,068	6,089,943
DEFERRED OUTFLOWS OF RESOURCES	—	—	47,857	52,370
Total Assets and Deferred Outflows of Resources	\$ 88,243	\$ 77,267	\$ 6,588,925	\$ 6,142,313

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

Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2014

(In Thousands)

	Governmental Activities - Internal Service Funds	
	2014	Restated 2013
ASSETS		
<i>Current Assets</i>		
Operating Cash and Equity in Pooled Investments	\$ 24,792	\$ 27,029
Restricted Cash and Equity in Pooled Investments	20,014	17,166
Receivables, Net of Allowances		
Accounts	240	216
Interest and Dividends	89	47
Unbilled	24	251
Energy Contracts, Notes, and Other Contracts	—	—
Due from Other Funds	9,517	5,997
Due from Other Governments	159	554
Materials and Supplies Inventory	2,786	2,495
Prepayments and Other Current Assets	425	547
Total Current Assets	58,046	54,302
<i>Noncurrent Assets</i>		
Restricted Cash and Equity in Pooled Investments	58,383	29,417
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	108,832	95,996
Plant in Service, Excluding Land	—	—
Less Accumulated Depreciation	—	—
Buildings and Improvements	717,627	700,310
Less Accumulated Depreciation	(211,791)	(195,212)
Machinery and Equipment	223,388	208,675
Less Accumulated Depreciation	(135,206)	(125,456)
Construction in Progress	3,309	2,202
Other Property, Net	—	—
Total Noncurrent Assets	764,542	715,932
Total Assets	822,588	770,234
DEFERRED OUTFLOWS OF RESOURCES		
	—	161
Total Assets and Deferred Outflows of Resources	\$ 822,588	\$ 770,395

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

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STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2014

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2014	2013	2014	2013
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 63,298	\$ 59,622	\$ 8,736	\$ 6,681
Salaries, Benefits, and Payroll Taxes Payable	9,213	7,457	2,543	2,101
Compensated Absences Payable	1,980	2,003	467	427
Due to Other Funds	10,903	9,721	5,146	4,093
Due to Other Governments	—	—	—	69
Interest Payable	29,970	32,096	16,207	16,779
Taxes Payable	7,813	10,520	707	705
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	104,915	99,670	35,015	33,545
Claims Payable	27,676	17,083	1,196	1,203
Notes and Contracts Payable	—	—	1,125	1,125
Habitat Conservation Program Liability	—	—	1,138	805
Landfill Closure and Postclosure Liability	—	—	—	—
Unearned Revenues and Other Credits	19,821	12,921	3,289	1,567
Other Current Liabilities	2,467	3,513	—	—
Total Current Liabilities	278,056	254,606	75,569	69,100
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	16,768	15,509	4,845	4,428
Claims Payable	42,895	54,868	3,802	3,673
Public Works Trust Loan	—	—	14,996	16,121
Landfill Closure and Postclosure Liability	—	—	—	—
Vendor and Other Deposits Payable	—	—	—	18
Habitat Conservation Program Liability	—	—	6,493	5,425
Unearned Revenues and Other Credits	6,902	6,275	347	337
Unfunded Other Post Employment Benefits	7,569	7,582	2,565	2,552
Other Noncurrent Liabilities	134	125	15	76
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	1,925,192	1,870,308	877,256	915,557
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	1,999,460	1,954,667	910,319	948,187
Total Liabilities	2,277,516	2,209,273	985,888	1,017,287
DEFERRED INFLOWS OF RESOURCES				
	111,486	100,672	27,876	19,418

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

Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2014	2013	2014	2013
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 10,178	\$ 11,945	\$ 10,976	\$ 8,906
Salaries, Benefits, and Payroll Taxes Payable	2,417	2,188	805	731
Compensated Absences Payable	446	398	149	146
Due to Other Funds	9,221	5,536	1,246	1,661
Due to Other Governments	11,589	11,624	—	—
Interest Payable	7,226	6,934	2,149	2,337
Taxes Payable	299	334	471	592
General Obligation Bonds Due Within One Year	—	—	—	—
Revenue Bonds Due Within One Year	18,215	15,825	4,895	3,495
Claims Payable	3,566	3,727	811	1,566
Notes and Contracts Payable	1,202	1,116	—	—
Habitat Conservation Program Liability	—	—	—	—
Landfill Closure and Postclosure Liability	—	—	1,064	987
Unearned Revenues and Other Credits	2,888	3,569	4,704	4,309
Other Current Liabilities	581	440	—	—
Total Current Liabilities	67,828	63,636	27,270	24,730
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	—	—	—	—
Compensated Absences Payable	4,625	4,126	1,542	1,509
Claims Payable	72,795	70,158	900	723
Public Works Trust Loan	16,566	17,243	—	—
Landfill Closure and Postclosure Liability	—	—	14,990	15,974
Vendor and Other Deposits Payable	1,018	536	—	—
Habitat Conservation Program Liability	—	—	—	—
Unearned Revenues and Other Credits	—	—	—	—
Unfunded Other Post Employment Benefits	2,505	2,378	895	870
Other Noncurrent Liabilities	59	104	20	2,356
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	—	—
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	646,693	547,321	177,522	117,805
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	744,261	641,866	195,869	139,237
Total Liabilities	812,089	705,502	223,139	163,967
DEFERRED INFLOWS OF RESOURCES	—	—	15,795	5,247

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

The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2014	2013	2014	2013
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 2,266	\$ 2,823	\$ 95,454	\$ 89,977
Salaries, Benefits, and Payroll Taxes Payable	1,626	1,323	16,604	13,800
Compensated Absences Payable	318	224	3,360	3,198
Due to Other Funds	511	379	27,027	21,390
Due to Other Governments	—	—	11,589	11,693
Interest Payable	711	1,509	56,263	59,655
Taxes Payable	85	81	9,375	12,232
General Obligation Bonds Due Within One Year	2,950	1,857	2,950	1,857
Revenue Bonds Due Within One Year	—	—	163,040	152,535
Claims Payable	53	54	33,302	23,633
Notes and Contracts Payable	—	—	2,327	2,241
Habitat Conservation Program Liability	—	—	1,138	805
Landfill Closure and Postclosure Liability	—	—	1,064	987
Unearned Revenues and Other Credits	—	—	30,702	22,366
Other Current Liabilities	—	—	3,048	3,953
Total Current Liabilities	8,520	8,250	457,243	420,322
<i>Noncurrent Liabilities</i>				
Advances from Other Funds/Interfund Notes Payable	6,494	5,050	6,494	5,050
Compensated Absences Payable	2,763	2,792	30,543	28,364
Claims Payable	132	128	120,524	129,550
Public Works Trust Loan	—	—	31,562	33,364
Landfill Closure and Postclosure Liability	—	—	14,990	15,974
Vendor and Other Deposits Payable	38	47	1,056	601
Habitat Conservation Program Liability	—	—	6,493	5,425
Unearned Revenues and Other Credits	16,295	14,075	23,544	20,687
Unfunded Other Post Employment Benefits	1,674	1,388	15,208	14,770
Other Noncurrent Liabilities	—	—	228	2,661
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	56,292	59,440	56,292	59,440
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	3,626,663	3,450,991
Bond Interest Payable	—	—	—	—
Total Noncurrent Liabilities	83,688	82,920	3,933,597	3,766,877
Total Liabilities	92,208	91,170	4,390,840	4,187,199
DEFERRED INFLOWS OF RESOURCES	—	—	155,157	125,337

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

Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2014	Restated 2013
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	\$ 8,036	\$ 9,108
Salaries, Benefits, and Payroll Taxes Payable	3,213	2,821
Compensated Absences Payable	595	624
Due to Other Funds	2,454	447
Due to Other Governments	4	6
Interest Payable	3,172	3,172
Taxes Payable	51	32
General Obligation Bonds Due Within One Year	—	15,089
Revenue Bonds Due Within One Year	21,559	—
Claims Payable	577	598
Notes and Contracts Payable	—	—
Habitat Conservation Program Liability	—	—
Landfill Closure and Postclosure Liability	—	—
Unearned Revenues and Other Credits	—	—
Other Current Liabilities	57	45
Total Current Liabilities	39,718	31,942
<i>Noncurrent Liabilities</i>		
Advances from Other Funds/Interfund Notes Payable		
Compensated Absences Payable	6,058	5,553
Claims Payable	1,434	1,427
Public Works Trust Loan	—	—
Landfill Closure and Postclosure Liability	—	—
Vendor and Other Deposits Payable	104	213
Habitat Conservation Program Liability	—	—
Unearned Revenues and Other Credits	—	—
Unfunded Other Post Employment Benefits	3,284	2,737
Other Noncurrent Liabilities	3	2
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	254,907	237,683
Revenue Bonds Payable, Net of Amortized Premium, Discount and Other	—	—
Bond Interest Payable	—	—
Total Noncurrent Liabilities	265,790	247,615
Total Liabilities	305,508	279,557
DEFERRED INFLOWS OF RESOURCES	—	—

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

The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2014	2013	2014	2013
NET POSITION				
Net Investment in Capital Assets	\$ 1,100,783	\$ 906,092	\$ 351,175	\$ 327,187
Restricted for				
Rate Stabilization Account	25,047	25,000	—	—
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	7,065	7,157
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	—	—	—	—
Muckleshoot Settlement	—	—	—	—
Other Charges	—	—	4,726	5,018
Unrestricted	149,715	223,125	30,075	22,175
Total Net Position	1,275,545	1,154,217	393,041	361,537
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,664,547	\$ 3,464,162	\$ 1,406,805	\$ 1,398,242

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

Fund Financial Statements

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2014	2013	2014	2013
NET POSITION				
Net Investment in Capital Assets	\$ 301,793	\$ 271,756	\$ 10,748	\$ 18,080
Restricted for				
Rate Stabilization Account	—	—	—	—
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	—	—
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	7,061	7,131	—	—
Muckleshoot Settlement	—	—	—	—
Other Charges	14,140	13,393	—	147
Unrestricted	21,104	3,354	23,462	14,066
Total Net Position	344,098	295,634	34,210	32,293
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,156,187	\$ 1,001,136	\$ 273,144	\$ 201,507

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

The City of Seattle

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STATEMENT OF NET POSITION PROPRIETARY FUNDS December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2014	Restated 2013	2014	2013
NET POSITION				
Net Investment in Capital Assets	\$ (14,004)	\$ (14,283)	\$ 1,750,495	\$ 1,508,832
Restricted for				
Rate Stabilization Account	—	—	25,047	25,000
Special Deposits and Other	—	—	—	—
Conservation and Environmental Costs	—	—	7,065	7,157
Bonneville Power Administration Projects	—	—	—	—
External Infrastructure Costs	—	—	7,061	7,131
Muckleshoot Settlement	—	—	—	—
Other Charges	—	—	18,866	18,558
Unrestricted	10,039	380	234,395	263,100
Total Net Position	(3,965)	(13,903)	2,042,929	1,829,778
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 88,243	\$ 77,267	\$ 6,588,926	\$ 6,142,314
Total Net Position as above			\$ 2,042,929	\$ 1,829,778
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			19,032	10,846
Net Position of Business-Type Activities			\$ 2,061,961	\$ 1,840,624

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

Fund Financial Statements

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STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2014

(In Thousands)

	Governmental Activities - Internal Service Funds	
	2014	Restated 2013
Net Investment in Capital Assets	\$ 459,033	\$ 435,506
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	58,045	55,333
Total Net Position	517,078	490,839
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 822,586	\$ 770,396

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STATEMENT OF REVENUES, EXPENSES, AND

CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended December 31, 2014

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2014	2013	2014	2013
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 886,444	\$ 842,230	\$ 242,947	\$ 235,594
OPERATING EXPENSES				
Long-Term Purchased Power	214,262	203,126	—	—
Short-Term Wholesale Power Purchases	14,912	19,759	—	—
Generation	34,962	39,957	—	—
Transmission	52,833	48,213	—	—
Distribution	59,753	59,568	—	—
Conservation and Other Power Expenses	58,151	47,872	—	—
Planning and Development	—	—	1,447	1,085
Utility Systems Management	—	—	14,576	13,889
Field Operations	—	—	27,315	30,007
Project Delivery	—	—	4,332	4,563
Customer Services	37,621	39,177	6,252	7,609
Wastewater Treatment	—	—	—	—
Solid Waste Collection	—	—	—	—
Operations and Maintenance	—	—	—	—
General and Administrative	75,774	71,751	38,916	31,657
City Business and Occupation Taxes	44,588	42,806	30,657	28,776
Other Taxes	35,420	36,515	9,484	9,036
Amortization of Landfill and Postclosure Costs	—	—	—	—
Depreciation and Other Amortization	105,813	102,261	51,466	49,909
Total Operating Expenses	734,089	711,005	184,445	176,531
Operating Income (Loss)	152,355	131,225	58,502	59,063
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	7,933	805	3,082	1,536
Interest Expense	(83,855)	(85,176)	(41,525)	(43,396)
Amortization of Bonds Premiums and Discounts, Net	11,151	11,339	3,286	3,323
Amortization of Refunding Loss	(3,752)	(4,246)	(1,251)	(1,251)
Bond Issuance Costs	(1,473)	(1,225)	—	—
Gain (Loss) on Sale of Capital Assets	1,877	2,201	(720)	(310)
Contributions and Grants	3,783	3,184	182	803
Others, Net	4,942	4,915	1,017	905
Total Nonoperating Revenues (Expenses)	(59,394)	(68,203)	(35,929)	(38,390)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	92,961	63,022	22,573	20,673
Capital Contributions and Grants	28,368	49,696	8,932	7,518
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	—	—	—	—
Change in Net Position	121,329	112,718	31,505	28,191
Net Position - Beginning of Year	1,154,217	1,041,500	361,536	333,344
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	1,154,217	1,041,500	361,536	333,344
Net Position - End of Year	\$ 1,275,546	\$ 1,154,218	\$ 393,041	\$ 361,535

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2014	2013	2014	2013
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 342,000	\$ 333,760	\$ 157,498	\$ 159,742
OPERATING EXPENSES				
Long-Term Purchased Power	—	—	—	—
Short-Term Wholesale Power Purchases	—	—	—	—
Generation	—	—	—	—
Transmission	—	—	—	—
Distribution	—	—	—	—
Conservation and Other Power Expenses	—	—	—	—
Planning and Development	1,787	2,335	163	86
Utility Systems Management	11,374	10,546	1,661	2,256
Field Operations	26,431	27,177	7,216	7,644
Project Delivery	8,100	10,020	546	691
Customer Services	4,403	4,109	5,035	5,649
Wastewater Treatment	140,307	139,434	—	—
Solid Waste Collection	—	—	96,867	95,325
Operations and Maintenance	—	—	—	—
General and Administrative	25,034	17,046	14,493	12,190
City Business and Occupation Taxes	40,266	38,852	17,716	16,838
Other Taxes	4,329	4,340	2,505	2,934
Amortization of Landfill and Postclosure Costs	—	—	1,301	1,340
Depreciation and Other Amortization	22,190	21,254	8,187	7,318
Total Operating Expenses	284,221	275,113	155,690	152,271
Operating Income (Loss)	57,779	58,647	1,808	7,471
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	4,009	2,010	750	(72)
Interest Expense	(20,617)	(21,361)	(5,798)	(5,226)
Amortization of Bonds Premiums and Discounts, Net	1,542	1,396	478	256
Amortization of Refunding Loss	(384)	(374)	(109)	(23)
Bond Issuance Costs	—	—	—	—
Gain (Loss) on Sale of Capital Assets	(817)	(167)	2,420	(52)
Contributions and Grants	978	1,975	953	592
Others, Net	170	121	1,338	317
Total Nonoperating Revenues (Expenses)	(15,119)	(16,400)	32	(4,208)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	42,660	42,247	1,840	3,263
Capital Contributions and Grants	10,752	6,546	78	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Environmental Remediation	(4,949)	(24,169)	—	—
Change in Net Position	48,463	24,624	1,918	3,263
Net Position - Beginning of Year	295,634	271,011	32,293	29,031
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	295,634	271,011	32,293	29,031
Net Position - End of Year	\$ 344,097	\$ 295,635	\$ 34,211	\$ 32,294

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, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2014	2013	2014	2013
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 65,547	\$ 56,311	\$ 1,694,436	\$ 1,627,637
OPERATING EXPENSES				
Long-Term Purchased Power	—	—	214,262	203,126
Short-Term Wholesale Power Purchases	—	—	14,912	19,759
Generation	—	—	34,962	39,957
Transmission	—	—	52,833	48,213
Distribution	—	—	59,753	59,568
Conservation and Other Power Expenses	—	—	58,151	47,872
Planning and Development	—	—	3,397	3,506
Utility Systems Management	—	—	27,611	26,691
Field Operations	—	—	60,962	64,828
Project Delivery	—	—	12,978	15,274
Customer Services	—	—	53,311	56,544
Wastewater Treatment	—	—	140,307	139,434
Solid Waste Collection	—	—	96,867	95,325
Operations and Maintenance	50,899	46,850	50,899	46,850
General and Administrative	11,580	10,648	165,797	143,292
City Business and Occupation Taxes	16	15	133,243	127,287
Other Taxes	35	33	51,773	52,858
Amortization of Landfill and Postclosure Costs	—	—	1,301	1,340
Depreciation and Other Amortization	2,589	2,622	190,245	183,364
Total Operating Expenses	65,119	60,168	1,423,564	1,375,088
Operating Income (Loss)	428	(3,857)	270,872	252,549
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	479	(75)	16,253	4,204
Interest Expense	(2,939)	(3,074)	(154,734)	(158,233)
Amortization of Bonds Premiums and Discounts, Net	198	238	16,655	16,552
Amortization of Refunding Loss	—	—	(5,496)	(5,894)
Bond Issuance Costs	—	—	(1,473)	(1,225)
Gain (Loss) on Sale of Capital Assets	—	—	2,760	1,672
Contributions and Grants	259	501	6,155	7,055
Others, Net	—	—	7,467	6,258
Total Nonoperating Revenues (Expenses)	(2,003)	(2,410)	(112,413)	(129,611)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	(1,575)	(6,267)	158,459	122,938
Capital Contributions and Grants	—	—	48,130	63,760
Transfers In	11,512	10,860	11,512	10,860
Transfers Out	—	—	—	—
Environmental Remediation	—	—	(4,949)	(24,169)
Change in Net Position	9,937	4,593	213,152	173,389
Net Position - Beginning of Year	(13,903)	(18,495)	1,829,777	1,656,391
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	(13,903)	(18,495)	1,829,777	1,656,391
Net Position - End of Year	\$ (3,966)	\$ (13,902)	2,042,929	1,829,780
Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	—	—	19,032	10,846
Net Position of Business-Type Activities	—	—	\$ 2,061,961	\$ 1,840,626
Change in Net Position as above	—	—	\$ 213,152	\$ 173,389
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	—	—	8,185	4,491
Adjusted Change in Net Position of Business-Type Activities	—	—	\$ 221,337	\$ 177,880

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

Fund Financial Statements

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2014	Restated 2013
OPERATING REVENUES		
Charges for Services and Other Revenues	\$ 214,971	\$ 204,295
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	143,593	136,686
General and Administrative	18,979	17,741
City Business and Occupation Taxes	4	4
Other Taxes	419	410
Amortization of Landfill and Postclosure Costs	—	—
Depreciation and Other Amortization	34,600	33,877
Total Operating Expenses	197,595	188,718
Operating Income (Loss)	17,376	15,577
NONOPERATING REVENUES (EXPENSES)		
Investment and Interest Income	1,376	(154)
Interest Expense	(10,609)	(9,743)
Amortization of Bonds Premiums and Discounts, Net	2,802	(63)
Amortization of Refunding Loss	(161)	(80)
Bond Issuance Costs	(107)	(63)
Gain (Loss) on Sale of Capital Assets	938	896
Contributions and Grants	—	794
Others, Net	—	8
Total Nonoperating Revenues (Expenses)	(5,761)	(8,405)
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	11,615	7,172
Capital Contributions and Grants	20,392	31,873
Transfers In	301	—
Transfers Out	(6,069)	(4,650)
Environmental Remediation	—	—
Change in Net Position	26,239	34,395
Net Position - Beginning of Year	490,839	456,445
Prior-Year Adjustment	—	—
Net Position - Beginning of Year as Restated	490,839	456,445
Net Position - End of Year	\$ 517,078	\$ 490,840

The City of Seattle

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 869,121	\$ 814,227	\$ 256,195	\$ 240,904
Cash Paid to Suppliers	(315,600)	(335,199)	(25,846)	(29,818)
Cash Paid to Employees	(173,595)	(170,130)	(62,566)	(56,625)
Cash Paid for Taxes	(82,344)	(79,245)	(39,863)	(37,631)
Net Cash from Operating Activities	297,582	229,653	127,920	116,830
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	(37,257)	(17,911)	—	—
Interest Paid on Long-Term Debt	(33,693)	(16,796)	—	—
Operating Grants Received	5,207	1,761	202	833
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Receipts for Energy Conservation Augmentation	6,722	3,602	—	—
Payments for Energy Conservation Augmentation	(33,111)	(30,992)	—	—
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	—	—	—	—
Net Cash from Noncapital Financing Activities	(92,132)	(60,336)	202	833
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	299,397	204,412	—	1,413
Principal Payments on Long-Term Debt and Refunding	(62,413)	(73,929)	(34,432)	(33,873)
Capital Expenses and Other Charges Paid	(285,447)	(261,255)	(52,164)	(38,279)
Interest Paid on Long-Term Debt	(56,443)	(69,324)	(41,620)	(43,129)
Capital Fees and Grants Received	24,281	33,120	4,388	5,393
Payment to Trustee for Defeased Bonds	(127,102)	(15,153)	—	—
Interest Received for Suburban Infrastructure Improvements	2,063	1,821	—	—
Debt Issuance Costs	(1,663)	(1,225)	—	—
Proceeds from Sale of Capital Assets	2,006	2,097	196	287
Net Cash from Capital and Related Financing Activities	(205,321)	(179,436)	(123,632)	(108,188)
CASH FLOWS FROM INVESTING ACTIVITIES*				
Interest and Investment Income (Loss)	5,797	(1,074)	1,086	(276)
Net Cash from Investing Activities	5,797	(1,074)	1,086	(276)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	5,926	(11,193)	5,576	9,199
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	420,807	432,001	94,599	85,401
End of Year	\$ 426,733	\$ 420,808	\$ 100,175	\$ 94,600
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 128,343	\$ 193,769	\$ 43,553	\$ 28,901
Current Restricted Cash and Equity in Pooled Investments	—	—	—	10
Noncurrent Restricted Cash and Equity in Pooled Investments	298,389	227,038	56,623	65,689
Total Cash at the End of the Year	\$ 426,732	\$ 420,807	\$ 100,176	\$ 94,600

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

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

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Fund Financial Statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 346,022	\$ 329,790	\$ 175,239	\$ 167,646
Cash Paid to Suppliers	(155,801)	(156,949)	(109,584)	(108,635)
Cash Paid to Employees	(57,034)	(50,923)	(22,087)	(20,673)
Cash Paid for Taxes	(44,635)	(42,716)	(20,642)	(18,757)
Net Cash from Operating Activities	88,552	79,202	22,926	19,581
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	—	—	—	—
Interest Paid on Long-Term Debt	—	—	—	—
Operating Grants Received	1,029	1,946	838	896
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Receipts for Energy Conservation Augmentation	—	—	—	—
Payments for Energy Conservation Augmentation	—	—	—	—
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	—	—	—	—
Payments for Environmental Liabilities	(1,850)	(1,903)	—	—
Net Cash from Noncapital Financing Activities	(821)	43	838	896
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	144,425	1,740	107,496	—
Principal Payments on Long-Term Debt and Refunding	(42,524)	(16,310)	(49,017)	(3,330)
Capital Expenses and Other Charges Paid	(89,353)	(83,635)	(29,590)	(10,522)
Interest Paid on Long-Term Debt	(25,429)	(24,204)	(6,977)	(5,709)
Capital Fees and Grants Received	1,887	4,381	78	—
Payment to Trustee for Defeased Bonds	—	—	—	—
Interest Received for Suburban Infrastructure Improvements	—	—	—	—
Debt Issuance Costs	(865)	—	(630)	—
Proceeds from Sale of Capital Assets	222	644	2,420	203
Net Cash from Capital and Related Financing Activities	(11,637)	(117,384)	23,780	(19,358)
CASH FLOWS FROM INVESTING ACTIVITIES*				
Interest and Investment Income (Loss)	2,262	(135)	703	(78)
Net Cash from Investing Activities	2,262	(135)	703	(78)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	78,356	(38,274)	48,247	1,041
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	122,376	160,650	33,320	32,279
End of Year	\$ 200,732	\$ 122,376	\$ 81,567	\$ 33,320
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 101,301	\$ 74,503	\$ 32,395	\$ 20,863
Current Restricted Cash and Equity in Pooled Investments	—	—	—	—
Noncurrent Restricted Cash and Equity in Pooled Investments	99,432	47,873	49,173	12,456
Total Cash at the End of the Year	\$ 200,733	\$ 122,376	\$ 81,568	\$ 33,319

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The City of Seattle

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 69,905	\$ 61,226	\$ 1,716,482	\$ 1,613,793
Cash Paid to Suppliers	(31,367)	(26,087)	(638,198)	(656,688)
Cash Paid to Employees	(31,075)	(29,619)	(346,357)	(327,970)
Cash Paid for Taxes	(1,676)	(1,609)	(189,160)	(179,958)
Net Cash from Operating Activities	5,787	3,911	542,767	449,177
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt and Interfund Loans	(5,050)	(3,181)	(42,307)	(21,092)
Interest Paid on Long-Term Debt	—	—	(33,693)	(16,796)
Operating Grants Received	194	435	7,470	5,871
Transfers In	11,512	10,860	11,512	10,860
Transfers Out	—	—	—	—
Receipts for Energy Conservation Augmentation	—	—	6,722	3,602
Payments for Energy Conservation Augmentation	—	—	(33,111)	(30,992)
Loans Provided to Other Funds	—	—	—	—
Proceeds from Interfund Loans	6,494	5,101	6,494	5,101
Payments for Environmental Liabilities	—	—	(1,850)	(1,903)
Net Cash from Noncapital Financing Activities	13,150	13,215	(78,763)	(45,349)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	—	—	551,318	207,565
Principal Payments on Long-Term Debt and Refunding	(1,857)	(1,262)	(190,243)	(128,704)
Capital Expenses and Other Charges Paid	(813)	(3,082)	(457,367)	(396,773)
Interest Paid on Long-Term Debt	(3,740)	(4,259)	(134,209)	(146,625)
Capital Fees and Grants Received	—	—	30,634	42,894
Payment to Trustee for Defeased Bonds	—	—	(127,102)	(15,153)
Interest Received for Suburban Infrastructure Improvements	—	—	2,063	1,821
Debt Issuance Costs	—	—	(3,158)	(1,225)
Proceeds from Sale of Capital Assets	—	—	4,844	3,231
Net Cash from Capital and Related Financing Activities	(6,410)	(8,603)	(323,220)	(432,969)
CASH FLOWS FROM INVESTING ACTIVITIES*				
Interest and Investment Income (Loss)	468	(83)	10,316	(1,646)
Net Cash from Investing Activities	468	(83)	10,316	(1,646)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	12,995	8,440	151,100	(30,787)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	27,675	19,234	698,778	729,565
End of Year	\$ 40,670	\$ 27,674	\$ 849,878	\$ 698,778
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 40,630	\$ 27,628	\$ 346,222	\$ 345,664
Current Restricted Cash and Equity in Pooled Investments	—	—	—	10
Noncurrent Restricted Cash and Equity in Pooled Investments	38	47	503,655	353,103
Total Cash at the End of the Year	\$ 40,668	\$ 27,675	\$ 849,877	\$ 698,777

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.

Fund Financial Statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2014	Restated 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 212,069	\$ 204,801
Cash Paid to Suppliers	(77,565)	(80,414)
Cash Paid to Employees	(82,954)	(73,900)
Cash Paid for Taxes	(404)	(428)
Net Cash from Operating Activities	51,146	50,059
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt and Interfund Loans		
Interest Paid on Long-Term Debt		
Operating Grants Received	473	794
Transfers In	301	—
Transfers Out	(6,069)	(4,650)
Receipts for Energy Conservation Augmentation	—	—
Payments for Energy Conservation Augmentation	—	—
Loans Provided to Other Funds	—	(50)
Payments for Environmental Liabilities	—	—
Net Cash from Noncapital Financing Activities	(5,295)	(3,906)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Bonds and Other Long-Term Debt	(205)	2,643
Principal Payments on Long-Term Debt and Refunding	14,926	(14,637)
Capital Expenses and Other Charges Paid	(22,384)	(19,778)
Interest Paid on Long-Term Debt	(10,942)	(10,506)
Capital Fees and Grants Received	—	—
Payment to Trustee for Defeased Bonds	—	—
Interest Received for Suburban Infrastructure Improvements	—	—
Debt Issuance Costs	(107)	(63)
Proceeds from Sale of Capital Assets	1,103	915
Net Cash from Capital and Related Financing Activities	(17,609)	(41,426)
CASH FLOWS FROM INVESTING ACTIVITIES*		
Interest and Investment Income (Loss)	1,335	(167)
Net Cash from Investing Activities	1,335	(167)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	29,577	4,560
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of Year	73,612	69,052
End of Year	<u>\$ 103,189</u>	<u>\$ 73,612</u>
CASH AT THE END OF THE YEAR CONSISTS OF		
Operating Cash and Equity in Pooled Investments	\$ 24,792	\$ 27,029
Current Restricted Cash and Equity in Pooled Investments	20,014	17,166
Noncurrent Restricted Cash and Equity in Pooled Investments	58,383	29,417
Total Cash at the End of the Year	<u>\$ 103,189</u>	<u>\$ 73,612</u>

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

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

The City of Seattle

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2014	2013	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 152,355	\$ 131,224	\$ 58,501	\$ 59,062
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	105,813	102,261	51,466	49,909
Depreciation Charged to O&M Accounts	2,289	2,030	—	—
Amortization of Other Liabilities and Other Operating Expenses	22,165	19,533	—	—
Nonoperating Revenues and Expenses	5,193	4,852	2,222	2,549
Changes in Operating Assets and Liabilities				
Accounts Receivable	(9,339)	970	380	1,149
Unbilled Receivables	14,208	(7,822)	315	(2,466)
Other Receivables	17	408	—	—
Due from Other Funds	(1,457)	840	(56)	(467)
Due from Other Governments	193	396	781	(579)
Materials and Supplies Inventory	1,192	(2,936)	(67)	(903)
Accounts Payable	3,676	(3,101)	2,055	977
Salaries, Benefits, and Payroll Taxes Payable	1,786	2,660	442	360
Compensated Absences Payable	1,236	574	458	133
Due to Other Funds	1,152	1,930	1,054	92
Due to Other Governments	—	—	(69)	69
Claims Payable	(1,380)	2,115	122	(247)
Taxes Payable	(2,707)	321	2	94
Unearned Revenues and Other Credits	7,527	—	1,665	(141)
Other Assets and Liabilities	(10,707)	(8,319)	191	252
Rate Stabilization	4,369	(18,285)	8,458	6,985
Total Adjustments	145,226	98,427	69,419	57,766
Net Cash from Operating Activities	<u>\$ 297,581</u>	<u>\$ 229,651</u>	<u>\$ 127,920</u>	<u>\$ 116,828</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 3,623	\$ 22,283	\$ 4,670	\$ 1,901
Amortization of Debt Related Costs, Net	7,399	7,094	—	—
Change in Valuation of Power Exchange Assets or Liabilities	—	(673)	—	—
Allowance for Funds Used During Construction	5,757	3,815	—	—
Power Exchange Revenues	25,321	5,245	—	—
Power Exchange Expenses	(25,592)	(4,994)	—	—
Power Revenue Netted against Power Expenses	6,098	6,465	—	—
Power Expense Netted against Power Revenues	(17,051)	(14,884)	—	—
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 5,555</u>	<u>\$ 24,351</u>	<u>\$ 4,670</u>	<u>\$ 1,901</u>

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

Fund Financial Statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Solid Waste	
	2014	2013	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 57,779	\$ 58,647	\$ 1,806	\$ 7,469
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	22,190	21,254	8,187	7,318
Depreciation Charged to O&M Accounts	—	—	—	—
Amortization of Other Liabilities and Other Operating Expenses	—	—	—	—
Nonoperating Revenues and Expenses	1,384	1,269	2,115	919
Changes in Operating Assets and Liabilities				
Accounts Receivable	3,129	(3,737)	360	(814)
Unbilled Receivables	(229)	(1,315)	(7)	(90)
Other Receivables	—	—	—	—
Due from Other Funds	32	(335)	43	(37)
Due from Other Governments	268	1,080	79	(311)
Materials and Supplies Inventory	(104)	(111)	39	41
Accounts Payable	(1,767)	820	2,070	568
Salaries, Benefits, and Payroll Taxes Payable	229	485	74	121
Compensated Absences Payable	548	123	35	45
Due to Other Funds	3,684	678	(415)	739
Due to Other Governments	(36)	1,181	—	—
Claims Payable	256	(1,897)	3	25
Taxes Payable	(35)	45	(122)	303
Unearned Revenues and Other Credits	—	—	—	—
Other Assets and Liabilities	1,223	1,012	(1,891)	(1,962)
Rate Stabilization	—	—	10,549	5,247
Total Adjustments	30,772	20,552	21,119	12,112
Net Cash from Operating Activities	<u>\$ 88,551</u>	<u>\$ 79,199</u>	<u>\$ 22,925</u>	<u>\$ 19,581</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 7,263	\$ 4,521	\$ —	\$ —
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>\$ 7,263</u>	<u>\$ 4,521</u>	<u>\$ —</u>	<u>\$ —</u>

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

The City of Seattle

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Business-Type Activities - Enterprise Funds			
	Nonmajor Funds		Comparative Totals	
	2014	2013	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 429	\$ (3,857)	\$ 270,870	\$ 252,545
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	2,589	2,622	190,245	183,364
Depreciation Charged to O&M Accounts	—	—	2,289	2,030
Amortization of Other Liabilities and Other Operating Expenses	—	—	22,165	19,533
Nonoperating Revenues and Expenses	—	—	10,914	9,589
Changes in Operating Assets and Liabilities				
Accounts Receivable	134	(254)	(5,336)	(2,686)
Unbilled Receivables	—	—	14,287	(11,693)
Other Receivables	—	—	17	408
Due from Other Funds	162	(255)	(1,276)	(254)
Due from Other Governments	65	(84)	1,386	502
Materials and Supplies Inventory	—	—	1,060	(3,909)
Accounts Payable	(557)	873	5,477	137
Salaries, Benefits, and Payroll Taxes Payable	303	268	2,834	3,894
Compensated Absences Payable	66	259	2,343	1,134
Due to Other Funds	131	33	5,606	3,472
Due to Other Governments	—	—	(105)	1,250
Claims Payable	4	11	(995)	7
Taxes Payable	5	(7)	(2,857)	756
Unearned Revenues and Other Credits	2,220	3,965	11,412	3,824
Other Assets and Liabilities	236	337	(10,948)	(8,680)
Rate Stabilization	—	—	23,376	(6,053)
Total Adjustments	5,358	7,768	271,894	196,625
Net Cash from Operating Activities	<u>\$ 5,787</u>	<u>\$ 3,911</u>	<u>\$ 542,764</u>	<u>\$ 449,170</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ —	\$ —	\$ 15,556	\$ 28,705
Amortization of Debt Related Costs, Net	—	—	7,399	7,094
Change in Valuation of Power Exchange Assets or Liabilities	—	—	—	(673)
Allowance for Funds Used During Construction	—	—	5,757	3,815
Power Exchange Revenues	—	—	25,321	5,245
Power Exchange Expenses	—	—	(25,592)	(4,994)
Power Revenue Netted against Power Expenses	—	—	6,098	6,465
Power Expense Netted against Power Revenues	—	—	(17,051)	(14,884)
Settlement from Nextel	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 17,488</u>	<u>\$ 30,773</u>

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

Fund Financial Statements

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STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Governmental Activities - Internal Service Funds	
	2014	Restated 2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 17,376	\$ 15,577
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization	34,600	33,877
Depreciation Charged to O&M Accounts		
Amortization of Other Liabilities and Other Operating Expenses		
Nonoperating Revenues and Expenses	—	2
Changes in Operating Assets and Liabilities		
Accounts Receivable	(25)	(117)
Unbilled Receivables	227	(247)
Other Receivables	—	—
Due from Other Funds	(3,519)	1,039
Due from Other Governments	395	(199)
Materials and Supplies Inventory	(343)	(316)
Accounts Payable	(1,072)	763
Salaries, Benefits, and Payroll Taxes Payable	392	619
Compensated Absences Payable	477	291
Due to Other Funds	2,008	(67)
Due to Other Governments	(1)	(31)
Claims Payable	(13)	166
Taxes Payable	19	(14)
Unearned Revenues and Other Credits	—	—
Other Assets and Liabilities	625	(1,284)
Rate Stabilization	—	—
Total Adjustments	33,770	34,482
Net Cash from Operating Activities	\$ 51,146	\$ 50,059
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
In-Kind Capital Contributions	\$ 30,935	\$ 31,873
Amortization of Debt Related Costs, Net	253	(143)
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	—	5
Total Noncash Investing, Capital, and Financing Activities	\$ 31,188	\$ 31,735

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

The City of Seattle

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.

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

Fund Financial Statements

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STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS December 31, 2014 (In Thousands)

	Pension Trust Funds	S. L. Denny Private-Purpose Trust	Agency Funds
ASSETS			
Cash and Equity in Pooled Investments	\$ 14,490	\$ 215	\$ 10,653
Short-Term Investments	113,206	—	—
Securities Lending Collateral	25,232	—	—
Investments at Fair Value			
U.S. Government Obligations	175,686	—	—
Mortgage-Backed Securities	118,076	—	—
Government Related and Other	63,275	—	—
Domestic Corporate Bonds	181,903	—	—
Domestic Stocks	750,864	—	—
International Stocks	590,548	—	—
Real Estate	243,558	—	—
Alternative/Venture Capital	106,759	—	—
Total Investments at Fair Value	2,230,669	—	—
Receivables			
Members	2,901	—	—
Employers	4,204	—	—
Due from Other Funds	—	—	—
Other	891	—	11
Interest and Dividends	4,059	—	—
Sales Proceeds	6,237	—	—
Total Receivables	18,292	—	11
Total Assets	2,401,889	215	10,664
LIABILITIES			
Accounts Payable and Other Liabilities	3,377	—	844
Salaries, Benefits, and Payroll Taxes Payable	—	—	2,599
Deposits Payable	—	—	7,207
Claims/Judgments Payable	—	—	13
Securities Lending Collateral	28,229	—	—
Investment Commitments Payable	27,737	—	—
Total Liabilities	59,343	—	10,664
Net Position Held in Trust for Pension Benefits and Other Purposes	\$ 2,342,546	\$ 215	\$ 1

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

The City of Seattle

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Pension Trust Funds	S.L. Denny Private-Purpose Trust
ADDITIONS		
Contributions		
Employer	\$ 127,865	\$ —
Plan Member	63,970	—
Total Contributions	191,835	—
Investment Income		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	94,618	—
Interest	11,621	3
Dividends	25,681	—
Total Investment Activities Income	131,920	3
Investment Activities Expenses		
Investment Management Fees	7,802	—
Investment Consultant Fees	333	—
Investment Custodial Fees	342	—
Total Investment Activities Expenses	8,477	—
Net Income from Investment Activities	123,443	3
From Securities Lending Activities		
Securities Lending Income	24	—
Borrower Rebates	216	—
Total Securities Lending Income	240	—
Securities Lending Expenses		
Management Fees	60	—
Total Securities Lending Expenses	60	—
Net Income from Securities Lending Activities	180	—
Total Net Investment Income	123,623	3
Other Income	2,127	—
Total Additions	317,585	3
DEDUCTIONS		
Benefits	186,416	—
Refund of Contributions	15,104	—
Administrative Expense	6,358	—
Total Deductions	207,878	—
Change in Net Position	109,707	3
Net Position - Beginning of Year	2,232,841	212
Net Position - End of Year	\$ 2,342,548	\$ 215

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

Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

(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 2014, the City implemented GASB Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. This Statement replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trust or equivalent arrangements.

In 2014, the City implemented GASB Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards for mergers, acquisitions and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. Implementation of Statement No. 69 did not impact the City's financial statements.

In 2014, the City implemented GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Implementation of Statement No. 70 did not have a significant impact on the financial statements.

In 2013, the City implemented GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. This Statement amends: (1) certain requirements for inclusion of component units in the financial reporting entity, (2) the criteria for blending component units into the primary government's financial statements, and (3) the reporting of equity interests in component units. Implementation of GASB Statement No. 61 required no changes for the reporting of components units.

In 2013, the City implemented GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53. This Statement sets forth criteria that establish when an effective hedging relationship continues when replacement of a swap counterparty or a swap counterparty's credit support provider occurs, thereby allowing continue application of hedge accounting rules. Implementation of GASB Statement No. 64 did not impact the City's financial statements.

In 2013, the City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Implementation of GASB Statement No. 65 resulted in: the reclassification of several items previously reported as assets and liabilities, and the restatement of net position as (1) assets and deferred outflows of resources less (2) liabilities and deferred inflows of resources.

In 2013, the City implemented GASB Statement No. 66, Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62. This Statement amends: (1) GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type and (2) GASB Statement No. 62 by modifying the specific guidance on accounting for (a) operating lease payments, (b) investment of purchased loans, and (c) servicing fees related to mortgage loans. Implementation of GASB Statement No. 66 did not have a significant impact on the City's financial statements.

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, 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 by law 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 effect 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 Low-Income Housing Fund accounts for activities undertaken by the City that include, but is not limited to: preserving affordable rental units, providing operating and maintenance relief, rental assistance, homebuyer assistance, and acquisition and opportunity loans. These activities are supported by various ordinances and levies dating back to 1981.

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 408,000 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 more than 182 miles of water supply mains and 339 million gallons of distribution storage capacity in the Cedar and Tolt Rivers and Highline Well Field watersheds. The distribution system serves a population of about 1.4 million people.

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 funds comprising: the Employees' Retirement Fund, the Firemen's Pension Fund, and the Police Relief and Pension 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 Firemen's Pension Fund accounts for revenues from a portion of the state-levied fire insurance premium tax and significantly from pension and benefits contributions of the General Fund. It pays medical and pension benefits to sworn firemen. The Police Relief and Pension Fund receives support almost entirely from the General Fund to pay for sworn police personnel's medical and pension benefits that are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

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 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 Planning and Development 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, 2013, 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 quoted market prices. 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.

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.
- Investment decisions should further the City's social policies established by ordinance or policy resolutions of the City Council.
- 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.
- Securities purchased shall have a maximum maturity of fifteen years, and the average maturity of all securities shall be less than five years.
- All transactions are done on a delivery-versus-payment basis.
- The standard of prudence to be used by investment personnel shall be the "Prudent Person Rule" and will be applied in the context of managing an overall portfolio.
- Securities shall not be purchased with trading or speculation as the dominant criterion for the selection of the security.

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 their estimated fair market value at the time of donation. For proprietary funds, contributions of capital assets are reported under Capital Contributions and Grants in the Statement of Revenues, Expenses, and Changes in Fund Net Position.

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. Cost 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, mortgages receivable, 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 an expenditure is 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 2014, the RSA reported an ending fund balance of \$41.4 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 approved 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 2014, the Emergency Subfund reported an ending fund balance of \$48.6 million.

The City of Seattle

A summary of governmental fund balances at December 31, 2014, is as follows:

Table 1-1 **GOVERNMENTAL FUND BALANCES ^a**
(In Thousands)

Fund Balances	General	Transportation	Low-Income Housing	Other Governmental	Total
Nonspendable					
Petty Cash	\$ 51	\$ 1	\$ —	\$ 25	\$ 77
Prepaid Items and Advances	422	1,578	—	—	2,000
Inventory	—	—	—	569	569
Permanent Funds	—	—	—	2,050	2,050
Restricted					
General	491	—	—	5,675	6,166
Capital and Continuing Programs	56,577	—	—	112,156	168,733
Health Care Reserve	29,980	—	—	—	29,980
Library	12,077	—	—	8,033	20,110
Transportation	—	33,816	—	5,149	38,965
Low-Income Housing	—	—	99,003	—	99,003
Human Services	—	—	—	1,601	1,601
Office of Housing	—	—	—	48	48
Seattle Center	—	—	—	1,588	1,588
Parks and Recreation	—	—	—	57	57
Debt Service	—	—	—	15,665	15,665
Municipal Arts	—	—	—	6,734	6,734
Educational and Developmental Services	—	—	—	45,811	45,811
Pike Place Market Renovation	—	—	—	3,591	3,591
Legal Settlement	—	—	—	306	306
Cable Television Franchise	866	—	—	—	866
General Trust	—	—	—	4,363	4,363
General Donation and Gift Trusts	—	—	—	3,193	3,193
Permanent Funds	—	—	—	101	101
Committed					
General	4,802	—	—	—	4,802
Capital and Continuing Programs	10,218	—	—	—	10,218
Municipal Arts	1,149	—	—	—	1,149
Health Care Reserve	31,637	—	—	—	31,637
Employee Benefit Trust Funds	6,182	—	—	—	6,182
Library	453	—	—	—	453
Cable Television Franchise	3,252	—	—	—	3,252
Judgment and Claims	13,409	—	—	—	13,409
Transportation	—	50,952	—	—	50,952
Neighborhood Matching	5,161	—	—	—	5,161
Bluefield Habitat Maintenance	208	—	—	—	208
Development Rights	22	—	—	—	22
Low-Income Housing	—	—	6,415	—	6,415
Human Services	—	—	—	2,160	2,160
Seattle Center	—	—	—	1,085	1,085
Assigned					
General	3,641	—	—	—	3,641
Municipal Jail	193	—	—	—	193
Library	1,851	—	—	—	1,851
Office of Housing	—	—	—	1,566	1,566
Human Services	—	—	—	5,954	5,954
Parks and Recreation	—	—	—	2,413	2,413
Unassigned					
General	44,528	—	—	—	44,528
Revenue Stabilization Account	41,413	—	—	—	41,413
Emergency Subfund	48,551	—	—	—	48,551
Seattle Streetcar	—	—	—	(3,582)	(3,582)
Capital and Continuing Programs	—	—	—	(55,649)	(55,649)
Total	\$ 317,134	\$ 86,347	\$ 105,418	\$ 170,662	\$ 679,561

^a Some amounts may have rounding differences with Balance Sheet.

Notes to Financial Statements

(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, multiyear appropriations made for capital projects, grants, or endowments.

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

	2014
Annual Budget	\$ 1,350,449
Carryovers	
Encumbrances	3,059
Continuing Appropriations	94,276
Intrafund Eliminations	(26,990)
Budget Revisions	41,168
Total Budget	\$ 1,461,962

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 multiyear 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 reappropriate 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 Downtown Parking Garage Fund reported a net position deficit of \$26.6 million at December 31, 2014, a decrease of \$44 thousand from the prior year. This is attributed to the insufficiency of revenues to fully cover its operating expenses, including annual depreciation charge of \$2.0 million and interest expenses on debt service of \$2.9 million. The fund was provided interfund loan of \$6.5 million to cover negative cash at the end of December 31, 2014 compared to \$5.1 million in 2013. Ordinance 124123 authorizing a cash loan of no more than \$5.0 million was amended with Ordinance 124348 to increase the cash loan authority to \$9.5 million that may be provided to Downtown Parking Garage Fund to cover negative cash. The City's Facilities Operating Division is evaluating ways to increase revenues and decrease expenses to resolve the ongoing condition. However, we expect the negative fund equity position will continue because operating revenues were not intended to cover depreciation expense.

The Seattle Streetcar Fund reported a deficit fund balance of \$3.6 million as of December 31, 2014. The fund was created by ordinance 122424 in 2007 and later amended in 2009 by Ordinance 123102 to increase the authorized interfund 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 Central Waterfront Improvement Fund had deficit fund balance of \$19.4 million as of December 31, 2014. Ordinance 123142 created this fund with specific intent that multiple partnerships, 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 interfund loan from the City's Consolidated Residual Cash Pool to \$31.2 million. This loan is to be repaid no later than December 31, 2016 from grants, donations, transfers and other monies as authorized by ordinance.

The Alaskan Way Viaduct Seawall Construction Fund had a deficit fund balance of \$35.4 million as of December 31, 2014. This fund was created by Ordinance 124125 authorizing the issuance of and sale of unlimited tax general obligation bonds and bond anticipation notes, and authorizing the loan of funds 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, as authorized at the November 6, 2012 election. In addition, Ordinance 124125 authorized an interfund loan of up to \$29.0 million which was amended to \$85.0 million by Ordinance 124745. This loan shall be repaid no later than December 31, 2018 from the issuance of the unlimited tax general obligation bonds.

The 2015 Multipurpose LTGO Bond Fund had a deficit fund balance of \$704 thousand at December 31, 2014. Ordinance 124631 authorized a loan through the City's Consolidated Cash Pool of \$2.0 million for bridge financing of the Golf Master Plan implementation project. The loan is to be repaid with proceeds from the sale of 2015 limited tax general obligation bonds and is to be repaid no later than December 31, 2015.

(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, 2014, 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, 2014, 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 of the City's investments in the City's name. As of December 31, 2014, the City's investment pool held the following investments.

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

Investments	Fair Value as of December 31, 2014	Weighted Average Maturity (Days)
Repurchase Agreements	\$ 73,812	2
U.S. Treasury and U.S. Government-Backed Securities	252,188	800
U.S. Government Agency Securities	550,290	1,208
U.S. Government Agency Mortgage-Backed Securities	171,390	2,054
Commercial Paper	319,418	44
Municipal Bonds	227,248	976
Non-negotiable CD	30,000	30
Total	<u>\$ 1,624,346</u>	
Weighted Average Maturity of the City's Pooled Investments		894

The City of Seattle

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. The City's investment policy limits the maturity of individual securities to fifteen years and limits the weighted average maturity of the total investment portfolio to no longer than five years which mitigates interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City mitigates credit risk in many ways as described below.

By state statute the City may purchase only eligible investments as authorized by RCW 35.39, 39.58, 39.59, 39.60, 43.84.080, 43.180.190 and 43.250. Eligible investments include but are not limited to: obligations of the U.S. government; obligations of U.S. government agencies, or of corporations wholly owned by the U.S. government; obligations of government-sponsored corporations which are, or may become, eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve; banker's acceptances purchased on the secondary market rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs), at the time of purchase. If the bankers' acceptance is rated by more than two NRSROs, it must have the highest rating from all of the organizations; commercial paper adherent with policies and procedures of the State Investment Board regarding commercial paper (RCW 39.59.020(4), RCW 43.84.080(7)); certificates of deposit with financial institutions qualified by the Washington Public Deposit Protection Commission; and, obligations of the state of Washington or its political subdivisions. Non-U.S. government securities purchased must have the following ratings at the time of purchase: Securities backed by issuers with long-term credit ratings of Aaa, Aa1, and Aa2 by Moody's Investors Service; AAA, AA+, and AA by Standard & Poor's; and AAA, AA+, and AA by Fitch Ratings; and securities backed by issuers having short-term ratings of MIG1, VMIG1, and P1 by Moody's Investors Service; A1+ and A1 by Standard & Poor's; and F1+ and F1 by Fitch Ratings.

The City invests in U.S. Treasury securities which are considered free of credit risk, and in securities backed by the full faith and credit of the U.S. government, such as bonds issued by the Department of Housing and Urban Development (HUD). The City also invests in securities issued by U.S. government sponsored enterprises including Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank. Material credit risk in the City's investment portfolio resides in its holdings of commercial paper and municipal securities. In accordance with state statutes and its internal investment policy, the City manages that credit risk by purchasing securities backed by issuers having long-term and short-term credit ratings as noted above. The City also subscribes to asset-backed commercial paper research from Moody's Investors Service and Fitch Ratings, conducts internal due diligence of commercial paper and municipal issuers, and maintains an "approved list" of commercial paper issuers based upon internal and external credit research. Finally, the City monitors the credit worthiness of its investments over time until they mature, or are potentially sold.

Concentration Risk. Concentration risk is the risk of loss attributed to the magnitude of investments in a single issuer. In accordance with its investment policy and state statutes, the City manages concentration risk by limiting its investments in any one issuer as follows: 25 percent maximum allocation of the portfolio to certificates of deposit, with a 10 percent maximum allocation per bank; 25 percent maximum allocation of the portfolio to bankers' acceptances, with a 5 percent maximum per issuer; 25 percent maximum allocation of the portfolio to commercial paper, with a 5 percent maximum per issuer; and 25 percent maximum allocation of the portfolio to municipal securities, with a 5 percent maximum allocation per issuer. The City is not limited in its asset allocation to obligations of the following: the U.S. government, U.S. government agencies, or corporations wholly owned by the U.S. government. U.S. government agency collateralized mortgage obligations and pass-through securities combined are limited to a maximum asset allocation of 25 percent of the total portfolio without a maximum allocation per issuer.

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

Issuer	Fair Value	Percent of Total Investments
Federal Home Loan Mortgage Corporation (Freddie Mac)	\$ 268,574	17%
Federal National Mortgage Association (Fannie Mae)	249,772	15
Federal Farm Credit Bank	121,677	7
Federal Home Loan Bank	81,657	5

Notes to Financial Statements

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, BNY Mellon, and not by the trading counterparty or the trading counterparty's trust department or agent. Additionally, the City mitigates counterparty risk by settling its trades delivery-versus-payment through the City's contractual custodial agent.

The City mitigates counterparty custodial risk from repurchase agreements by using a third-party custodian for tri-party repos. The City conforms with the industry standard requiring execution of a master repurchase agreement with each counterparty prior to transacting a repurchase agreement, execution of a third-party custodial agreement between the City, the broker, and the clearing bank, before transacting a third-party repurchase agreement, and over-collateralizing by a minimum of 102 percent. The City did not transact in Tri-Party repo during 2014.

By investment policy, the City maintains a list of approved securities dealers for transacting business. For repurchase agreements, the City transacts only with large primary dealers with investment grade credit ratings provided by at least two of the Nationally Recognized Statistical Rating Organizations (NRSROs). 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	Amount
U.S. Government Obligations	\$ 175,686
Domestic Corporate Bonds	181,903
Other Fixed Income	180,923
Domestic Stocks	743,020
International Stocks	590,548
Real Estate	243,558
Alternative Investments	106,759
Total	<u>\$ 2,222,397</u>

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

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

The City of Seattle

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

Investment Type	Fair Value	Investment Maturities (In Years)			
		<1	1 - 5	6 - 10	>10
U.S. Government					
Treasuries, Notes, and Bonds	\$ 118,203	\$ 20,440	\$ 55,824	\$ 31,535	\$ 10,404
Treasury Inflation-Protected Securities	47,100	16,842	5,498	9,596	15,164
Agencies	5,432	—	2,339	869	2,224
Municipal	4,951	1,455	438	402	2,656
Mortgage-Backed					
Government Pass-Throughs	78,783	27,206	—	3,674	47,903
Corporate Pass-Throughs	12,958	—	—	—	12,958
Government Collateralized Mortgage Obligations	26,335	1,857	4,461	2,152	17,865
Corporate					
Bonds	112,564	55,500	25,801	16,668	14,595
Asset-Backed	11,243	3,155	3,240	2,674	2,174
Private Placements	58,095	1,939	15,196	13,495	27,465
Foreign Sovereign					
Bonds	62,847	20,389	3,846	18,548	20,064
Total Portfolio	<u>\$ 538,511</u>	<u>\$ 148,783</u>	<u>\$ 116,643</u>	<u>\$ 99,613</u>	<u>\$ 173,472</u>

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

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

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

Investment Type	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
U.S. Government								
Treasury Notes and Bonds	\$ —	\$ 99,993	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18,209
Treasury Inflation-Protected Securities	—	30,259	—	—	—	—	—	16,842
Agencies	—	5,363	—	—	—	—	—	69
Municipal	858	1,185	1,453	—	—	—	—	1,455
Mortgage-Backed								
Government Pass-Throughs	—	51,577	—	—	—	—	—	27,206
Corporate Pass-Throughs	2,333	564	1,966	1,503	21	—	—	6,572
Government CMO's	—	14,307	262	281	1	—	426	11,057
Corporate								
Bonds	1,794	6,356	35,936	29,849	1,284	—	—	37,345
Asset-Backed	5,162	1,942	23	—	—	94	728	3,292
Private Placements	2,730	11,055	17,037	13,098	3,159	2,362	702	7,953
Foreign Sovereign								
Bonds	2,580	2,199	4,724	2,141	—	—	—	51,203
Total Portfolio	<u>\$ 15,457</u>	<u>\$ 224,800</u>	<u>\$ 61,401</u>	<u>\$ 46,872</u>	<u>\$ 4,465</u>	<u>\$ 2,456</u>	<u>\$ 1,856</u>	<u>\$ 181,203</u>

Notes to Financial Statements

Table 3-6 SCERS' ASSET ALLOCATION

Asset Class	Actual	Target
Cash and Cash Equivalents	2.7%	—%
Equities		
Domestic	32.9	25.0
International	25.3	26.0
Fixed Income	21.3	20.0
Alternative	7.3	16.0
Real Estate	10.5	13.0
Total	<u>100.0%</u>	<u>100.0%</u>

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, 2014, SCERS has no credit risk exposure to borrowers; amounts owed to borrowers exceed the amount the borrower owes.

Table 3-7

SCERS' SECURITIES LENT AND COLLATERAL
(In Thousands)

Type of Securities Lent	2014		2013	
	Fair Values of Securities Lent	Collateral	Fair Values of Securities Lent	Collateral
U.S. Government and Agencies	\$ 2,616	\$ 2,666	\$ 14,906	\$ 15,247
U.S. Corporate Fixed Income	1,504	1,535	1,461	1,503
U.S. Equities	12,104	12,520	—	—
International Fixed Income	219	225	—	—
International Equity	10,571	11,282	—	—
Total Securities Lent	<u>\$ 27,014</u>	<u>\$ 28,228</u>	<u>\$ 16,367</u>	<u>\$ 16,750</u>
Collateral	2014	2013		
Repurchase Agreements	\$ 24,690	\$ 13,052		
Asset-Backed Securities	1,110	1,267		
Payable/Receivable	2,429	2,431		
Total Collateral	<u>\$ 28,229</u>	<u>\$ 16,750</u>		
Fair Value of Collateral Held	\$ 25,229	\$ 13,595		

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 2014	December 31 2014
	Revenues	Receivables
Property Taxes	\$ 431,458	\$ 8,758
General Business and Occupation Taxes	431,436	58,796
Totals	<u>\$ 862,894</u>	<u>\$ 67,554</u>

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 \$1.80 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2014. In addition, the levy included \$1.247 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2014 levy was \$3.05 per \$1,000 of assessed value. Not included in this total is the levy for Medic One/Emergency Medical Services, which was renewed by voters at election in November 2013 for collection in 2014 at \$0.335 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, 2014, 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	\$ 4,189
	Nonmajor Enterprise	5
	Nonmajor Governmental	3,646
	Internal Service	168
	Fiduciary	13
	Transportation	54
	Light	4,323
	Solid Waste	903
	Water	2,610
	Total General Fund	15,911
Transportation	Drainage and Wastewater	2,820
	Nonmajor Enterprise	118
	General	6,220
	Nonmajor Governmental	34,715
	Internal Service	30
	Light	3,106
	Solid Waste	4
	Water	1,143
	Total Transportation Fund	48,156
Light	Drainage and Wastewater	445
	General	117
	Nonmajor Governmental	23
	Internal Service	178
	Transportation	243
	Solid Waste	159
	Water	316
	Total Light Fund ^b	1,481
Water	Drainage and Wastewater	189
	General	15
	Nonmajor Governmental	0
	Internal Service	15
	Light	527
	Solid Waste	14
	Total Water Fund	760
Low-Income Housing	Nonmajor Governmental	300
	Light	445
	Total Low-Income Housing Fund	745
Solid Waste	Drainage and Wastewater	40
	General	5
	Internal Service	4
	Light	169
	Water	27
	Total Solid Waste Fund	245
Drainage and Wastewater	Nonmajor Enterprise	18
	General	15
	Nonmajor Governmental	1
	Internal Service	15
	Transportation	136
	Light	562
	Solid Waste	1
	Water	236
	Total Drainage and Wastewater Fund	984

Table 4-2 DUE FROM AND TO OTHER FUNDS ^a (continued)
(In Thousands)

Receivable Fund	Payable Fund(s)	Amount
Nonmajor Governmental	Drainage and Wastewater	\$ 240
	General	1,730
	Nonmajor Governmental	1,925
	Internal Service	1,549
	Fiduciary	—
	Low-Income Housing	579
	Transportation	2,546
	Light	404
	Solid Waste	25
	Water	26
	Total Nonmajor Governmental Funds	9,024
Fiduciary	General	25
	Internal Service	16
	Light	109
	Total Fiduciary Funds	150
Nonmajor Enterprise	Drainage and Wastewater	561
	General	187
	Nonmajor Governmental	39
	Internal Service	2
	Transportation	68
	Light	44
	Solid Waste	1
	Water	1
	Total Nonmajor Enterprise Funds	903
Internal Service	Drainage and Wastewater	734
	Nonmajor Enterprise	194
	General	2,942
	Nonmajor Governmental	1,996
	Internal Service	96
	Fiduciary	2
	Transportation	1,061
	Light	1,221
	Solid Waste	92
	Water	781
	Total Internal Service Funds	9,119
Grand Total		\$ 87,478

^a Some amounts may have rounding differences with Balance Sheet or Statement of Net Position.
^b Some amounts vary from the Statement of Net Position due to differential classification within the proprietary funds.

The City of Seattle

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	2015 UTGO Alaskan Way Viaduct Fund	\$ 15,000
	Central Waterfront Improvement Fund	16,610
	Downtown Parking Garage Fund	6,494
Total City		<u>\$ 38,104</u>

The interfund loans for the Downtown Parking Garage, the 2015 UTGO Alaskan Way Viaduct Seawall Fund, and the Central Waterfront Improvement Fund have been approved by the City Council through ordinance. The 2015 UTGO Alaskan Way Viaduct Seawall Fund loan was approved by Ordinances 124125 and 124745 and is to be repaid no later than December 31, 2018 by the issuance of unlimited tax general obligation bonds. The Central Waterfront Improvement Fund loan was approved by Ordinances 123761, 124033, and 124345 and is to be repaid no later than December 31, 2016 from grants, donations, transfers, and other monies as authorized by ordinance. The Downtown Parking Garage's loan authorized by Ordinances 123694, 124123, and 124348 is to be repaid by December 31, 2015 either from operating revenues of the Garage or available General Fund resources.

Table 4-4 INTERFUND TRANSFERS
(In Thousands)

Transfers In	Transfers Out					Total
	General	Internal Service	Nonmajor Enterprise	Nonmajor Governmental	Transportation	
General Fund	\$ —	\$ 88	\$ 11,512	\$ 241,981	\$ 69,000	\$ 322,581
Internal Service	6,069	—	—	—	—	6,069
Nonmajor Governmental	1,394	213	—	25,184	120,540	147,331
Transportation	—	—	—	26,544	—	26,544
Total Transfers	<u>\$ 7,463</u>	<u>\$ 301</u>	<u>\$ 11,512</u>	<u>\$ 293,709</u>	<u>\$ 189,540</u>	<u>\$ 502,525</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.

Notes to Financial Statements

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Governmental Activities

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

Deferred Outflows/Inflows of Resources	General	Transportation	Low-Income Housing	Nonmajor Governmental	Total
Deferred Outflows of Resources					
Housing Loan Guarantees	\$ 7,775	\$ —	\$ 403,923	\$ 44,135	\$ 455,833
Total Deferred Outflows of Resources	<u>\$ 7,775</u>	<u>\$ —</u>	<u>\$ 403,923</u>	<u>\$ 44,135</u>	<u>\$ 455,833</u>
Deferred Inflows of Resources					
Housing Loan Guarantees	\$ 7,775	\$ —	\$ 403,993	\$ 44,134	\$ 455,902
Property Taxes	4,146	660	322	1,481	6,609
Special Assessment	—	—	—	11,489	11,489
Total Deferred Inflows of Resources	<u>\$ 11,921</u>	<u>\$ 660</u>	<u>\$ 404,315</u>	<u>\$ 57,104</u>	<u>\$ 474,000</u>

Housing Loan Guarantees

This balance represents the portfolio of all outstanding housing development loans made through the City's Office of Housing. The loan activity and the associated loan guarantees where recorded with the Low-Income Housing Fund, the Community Development Block Grant Program Funds, and directly within Office of Housing's operating fund. The deferred outflow and deferred inflow of resources are segregated on the balance sheets of the original funds that generated the activity. The deferred outflow of resources represents the loans issued and subject to ongoing use criteria. Although these loans are not expected to be repaid unless the property is sold or there is a change in purpose that would result in a contract default. A default due to compliance would generate a loan balance receivable for the City, and would immediately place a legal obligation on the City for repayment of the loan proceeds. This obligation is presented as the deferred inflow of resources. The result of a loan default scenario would have a net zero impact on the City's net position.

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 \$884 thousand, 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 \$161 thousand, 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 2014 total taxes outstanding of \$6.6 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.

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				
Housing Loan Guarantees	\$ 455,833	\$ —	\$ —	\$ 455,833
Debt Service	—	—	419	419
Total Deferred Outflows of Resources	\$ 455,833	\$ —	\$ 419	\$ 456,252
Deferred Inflows of Resources				
Housing Loan Guarantees	\$ 455,902	\$ —	\$ —	\$ 455,902
Property Taxes	6,609	—	(6,609)	—
Special Assessment	11,488	—	(1,226)	10,262
Total Deferred Inflows of Resources	\$ 473,999	\$ —	\$ (7,835)	\$ 466,164

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			Total
		Water	Drainage and Wastewater	Solid Waste	
Deferred Outflows of Resources					
Charges on Advance Refunding	\$ 19,318	\$ 18,914	\$ 6,479	\$ 3,146	\$ 47,857
Total Deferred Outflows of Resources	\$ 19,318	\$ 18,914	\$ 6,479	\$ 3,146	\$ 47,857
Deferred Inflows of Resources					
Revenue Stabilization Account	\$ 89,355	\$ 27,875	\$ —	\$ 15,795	\$ 133,025
Regulatory Credits	22,130	—	—	—	22,130
Total Deferred Inflows of Resources	\$ 111,485	\$ 27,875	\$ —	\$ 15,795	\$ 155,155

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 \$89.4 million and \$85.0 million for 2014 and 2013, respectively. For the Seattle Public Utilities the balance of the RSA was \$43.7 million and \$24.7 million for 2014 and 2013, 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 \$22.1 million and \$15.7 million for 2014 and 2013, 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 streamflows, 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 in SCL 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:

Year	Aggregate Contract Amount	Aggregate Fair Value	Unrealized Gain (Loss)
2014			
Sales	\$ 13.3	\$ 11.9	\$ 1.4
Purchases	—	—	—
Total	\$ 13.3	\$ 11.9	\$ 1.4
2013			
Sales	\$ 19.4	\$ 22.4	\$ (3.0)
Purchases	1.5	1.7	0.20
Total	\$ 20.9	\$ 24.1	\$ (2.8)

Fair value measurements at December 31, 2014 and 2013 used an income valuation technique consisting of KiodeX Forward Curves and interest rates from HIS Global Insight that are used to calculate discount rates.

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 2014 and 2013. 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.

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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	\$ 552,003	\$ 20,395	\$ 1,344	\$ 571,054
Construction in Progress	383,859	313,486	140,134	557,211
Other Capital Assets	11,522	295	—	11,817
Total Capital Assets Not Being Depreciated	947,384	334,176	141,478	1,140,082
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	2,280,215	53,993	106	2,334,102
Machinery and Equipment	338,590	33,915	9,716	362,789
Infrastructure	1,790,329	50,274	—	1,840,603
Other Capital Assets	5,935	187	—	6,122
Total Capital Assets Being Depreciated	4,415,069	138,369	9,822	4,543,616
Accumulated Depreciation				
Buildings and Improvements	692,971	57,705	14	750,662
Machinery and Equipment	212,177	33,707	9,530	236,354
Infrastructure	721,421	57,006	—	778,427
Other Capital Assets	1,966	1,215	—	3,181
Total Accumulated Depreciation	1,628,535	149,633	9,544	1,768,624
Total Capital Assets Being Depreciated, Net	2,786,534	(11,264)	278	2,774,992
Governmental Activities Capital Assets, Net	\$ 3,733,918	\$ 322,912	\$ 141,756	\$ 3,915,074

^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.

Notes to Financial Statements

Table 6-1

CHANGES IN CAPITAL ASSETS ^a (continued) (In Thousands)

	Restated Balance January 1	Additions	Deletions	Balance December 31
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 159,031	\$ 3,654	\$ —	\$ 162,685
Construction in Progress	345,097	493,743	303,266	535,574
Other Capital Assets	4,417	972	218	5,171
Total Capital Assets Not Being Depreciated	508,545	498,369	303,484	703,430
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	6,620,948	283,515	103,264	6,801,199
Buildings	60,131	—	—	60,131
Machinery and Equipment	14,820	33	88	14,765
Other Capital Assets	79,546	5,709	1,438	83,817
Total Capital Assets Being Depreciated	6,775,445	289,257	104,790	6,959,912
Accumulated Depreciation				
Plant in Service, Excluding Land	2,554,614	187,012	105,140	2,636,486
Buildings	30,064	2,004	—	32,068
Machinery and Equipment	13,349	585	88	13,846
Other Capital Assets	2,225	2	668	1,559
Total Accumulated Depreciation	2,600,252	189,603	105,896	2,683,959
Total Capital Assets Being Depreciated, Net	4,175,193	99,654	(1,106)	4,275,953
Business-Type Activities Capital Assets, Net	\$ 4,683,738	\$ 598,023	\$ 302,378	\$ 4,979,383

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

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION (In Thousands)

GOVERNMENTAL ACTIVITIES

General Government	\$ 2,162
Public Safety	14,205
Transportation	59,157
Economic Environment	19
Culture and Recreation	39,490
Subtotal	115,033

Capital assets held by internal service funds are charged to the various functions based on their usage of the assets

Total Governmental Activities \$ 149,633

BUSINESS-TYPE ACTIVITIES

Light	\$ 112,350
Water	46,445
Solid Waste	7,026
Drainage and Wastewater	21,193
Planning and Development	512
Parking Garage	2,077
Total Business-Type Activities	\$ 189,603

(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 2014 and 2013. The tables present the accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds at the end of 2014 and 2013.

GOVERNMENTAL ACTIVITIES

Governmental Funds

Unpaid compensated absences associated with governmental fund operations of \$97.8 million and \$82.6 million at December 31, 2014 and 2013, respectively, have been recorded in the government-wide financial statements.

Internal Service Funds

Table 7-1 COMPENSATED ABSENCES IN INTERNAL SERVICE FUNDS
(In Thousands)

	2014	2013
Finance and Administrative Services	\$ 4,881	\$ 4,148
Information Technology	1,741	1,737
Totals	<u>\$ 6,622</u>	<u>\$ 5,885</u>

BUSINESS-TYPE ACTIVITIES

Enterprise Funds

Table 7-2 COMPENSATED ABSENCES IN ENTERPRISE FUNDS
(In Thousands)

	2014	2013
Light	\$ 18,747	\$ 17,512
Water	5,313	4,854
Drainage and Wastewater	5,071	4,524
Solid Waste	1,690	1,655
Planning and Development	3,081	3,015
Totals	<u>\$ 33,902</u>	<u>\$ 31,560</u>

PENSION TRUST FUNDS

Table 7-3 COMPENSATED ABSENCES IN PENSION TRUST FUNDS
(In Thousands)

	2014	2013
Employees' Retirement	\$ 123	\$ 127
Firemen's Pension	85	73
Police Relief and Pension	56	60
Totals	<u>\$ 264</u>	<u>\$ 260</u>

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)

Net Capital Lease Assets	Capital Assets Governmental Activities
Machinery and Equipment	\$ 199
Less Accumulated Depreciation	(99)
December 31, 2014	<u>\$ 100</u>
Minimum Capital Lease Payments	Long-Term Liabilities Governmental Activities
2014	\$ 123
Total Minimum Lease Payments	123
Less Interest	(18)
Principal	<u>\$ 105</u>

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 \$5.1 million and \$4.6 million in 2014 and 2013 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 but was renewed for another five years with new expiration date of July 30, 2015. The renewed lease agreement requires a fixed rent of \$23,420 per month subject to increases on each July 1 beginning in 2011 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 \$307,910 and \$318,382 in 2014 and 2013, 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 \$633,452 in 2014.

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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
2015	\$ 5,222	\$ 314	\$ 562	\$ 33	\$ 3	\$ 5	\$ 6,139
2016	3,833	320	562	23	3	—	4,741
2017	3,578	326	574	8	3	—	4,489
2018	2,408	333	572	—	2	—	3,315
2019	1,504	340	441	—	—	—	2,285
2020-2024	3,554	173	44	—	—	—	3,771
Total	\$ 20,099	\$ 1,806	\$ 2,755	\$ 64	\$ 11	\$ 5	\$ 24,740

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:

Year Ending December 31, 2014		
	2014	2013
Minimum Rentals:	\$ 6,084	\$ 4,487
Less: Sublease Rentals	(57)	(57)
	\$ 6,027	\$ 4,430

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 \$1,551,760 in 2014 and \$1,333,827 in 2013.

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 2014 and 2013 were: \$367,701 and \$365,844 for the Water Fund; \$100,237 and \$100,325 for the Drainage and Wastewater Fund, and \$199,195 and \$192,417 for the Solid Waste Fund. Rents are paid as they become due and payable.

Notes to Financial Statements

Minimum payments under the leases are:

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

Minimum Payments					
Year Ending December 31	City Light	Water	Drainage & Wastewater	Solid Waste	Total
2015	\$ 1,415	\$ 363	\$ 97	\$ 195	\$ 2,070
2016	1,424	315	84	157	1,980
2017	1,351	105	31	2	1,489
2018	1,003	105	31	—	1,139
2019	941	105	31	—	1,077
2020 - 2024	—	74	5	—	79
2025 - 2029	—	59	—	—	59
Total	\$ 6,134	\$ 1,126	\$ 279	\$ 354	\$ 7,893

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)

	2014	2013
Non-City Property Occupied by City Departments	\$ 5.2	\$ 5.1
City-Owned Property Occupied by City Departments	53.2	52.5
City-Owned Property Leased to Non-City Tenants	2.3	2.4
Total	\$ 60.7	\$ 60.0

Additionally, in 2014 the SeaPark Garage and the Seattle Municipal Tower Building generated \$2.8 million total parking revenues, which were recorded in the Finance and Administrative Services Fund.

Also, in 2014 the City recognized \$7.4 million in parking revenues in the Downtown Parking Garage Fund, an enterprise fund, from the operation of the garage at Pacific Place.

(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 2014 was \$1.339 billion. The amount of bonds outstanding at December 31, 2014 was \$872.5 million. The following paragraphs discuss the general obligation bonds issued and refunded/defeased during 2014.

In April 2014, the City issued the following series of General Obligation Bonds: (1) \$62.8 million LTGO Improvement Bonds, 2014. The bonds mature from November 2014 through May 2034 with an average coupon rate of 4.3 percent; (2) \$16.4 million UTGO Improvement Bonds, 2014, fully amortizing in December 2043 with an average coupon rate of 4.0 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 Seawall, North Precinct, Golf, South Park Bridge, Seattle Symphony, and various IT projects. In addition, the part of the 2014 LTGO bonds proceeds was used for the refunding of the 2002 special obligation bonds, series A & B, originally issued by Seattle Chinatown-International District Preservation and Development Authority.

City had no short-term general obligation debt at the end of 2014.

The following table presents the individual general obligation bonds outstanding as of December 31, 2014, and other relevant information on each outstanding bond issue.

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions 2014	To Date ^a	Bonds Outstanding December 31
LIMITED TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Deferred Interest Parking Garage, 1998, Series E	11/12/98	12/15/01-14	4.714%	\$ 13,042	\$ 697	\$ 13,042	\$ — ^b
Refunding, 2004	05/24/04	07/01/04-20	4.118	91,805	6,830	91,805	—
Various Purpose and Refunding, 2005	03/23/05	08/01/05-28	4.167	129,540	6,385	85,390	44,150
Various Purpose and Refunding, 2006	04/26/06	03/01/07-26	4.254	24,905	1,515	12,750	12,155
Various Purpose and Refunding, 2007	05/02/07	10/01/07-28	4.251	95,550	4,070	19,575	75,975
Various Purpose and Refunding, 2008	07/02/08	12/01/08-28	4.398	139,830	3,175	37,850	101,980
Various Purpose and Refunding, 2009	03/25/09	11/01/09-05/01/34	3.574	99,860	12,895	52,755	47,105
Improvement and Refunding, 2010, Series A ^b	03/31/10	08/01/10-30	4.394	66,510	—	—	66,510
Improvement and Refunding, 2010, Series B	03/31/10	08/01/10-31	4.394	135,395	9,480	28,640	106,755
Various Purpose, 2011	03/16/11	03/01/11-31	4.431	79,185	7,835	17,940	61,245
Various Purpose and Refunding, 2012	05/16/12	09/01/12-32	4.603	75,590	3,005	5,765	69,825
Improvement, 2013, Series A	06/04/13	10/01/14-33	3.617	42,315	4,200	4,200	38,115
Improvement and Refunding, 2013, Series B	06/04/13	01/01/14-25	1.341	55,075	1,745	1,745	53,330
Improvement and Refunding, 2014	04/10/14	11/1/14-05/1/2034	4.329	62,770	—	—	62,770
Total Limited Tax General Obligation Bonds				1,111,372	61,832	371,457	739,915

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

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions 2014	To Date ^a	Bonds Outstanding December 31
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	\$ 235	\$ 53,070	\$ 795
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	6,555	31,910	28,960
Refunding-Various UTGO Bonds, 2012	05/16/12	12/01/12-21	4.603	46,825	4,495	9,455	37,370
Improvement, 2013	06/04/13	12/01/14-42	4.110	50,000	910	910	49,090
Improvement, 2014	04/10/14	12/01/14-43	4.004	16,400	—	—	16,400
Total Unlimited Tax General Obligation Bonds				227,960	12,195	95,345	132,615
Total General Obligation Bonds				\$1,339,332	\$ 74,027	\$466,802	\$ 872,530

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, 2014, 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	
2015	\$ 68,150	\$ 35,177	\$ 2,950	\$ 2,823	\$ 109,100
2016	68,030	32,392	3,280	2,676	106,378
2017	70,060	29,535	3,630	2,512	105,737
2018	68,920	26,463	4,010	2,331	101,724
2019	60,335	23,459	4,415	2,130	90,339
2020 - 2024	250,770	81,481	29,055	6,891	368,197
2025 - 2029	144,950	32,188	9,130	656	186,924
2030 - 2034	57,525	10,391	—	—	67,916
2035 - 2043	27,320	5,536	—	—	32,856
Total	\$ 816,060	\$ 276,622	\$ 56,470	\$ 20,019	\$ 1,169,171

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 2014 was \$10.4 million. There were no new bond issues in 2014.

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	Maturity	Effective	Bond	Redemptions		Bonds Outstanding
	Date	Date	Rate	Issuance	2014	To Date	December 31
Local Improvement District No. 6750 Bonds, 2006	09/13/06	12/15/07-26	4.102	\$ 21,925	-	\$ 2,610	\$ 10,395

**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	\$ 1,243,211	\$ 3,818,560	\$ 21,031,677	\$ —
2007	1,228,415	2,469,222	19,547,593	53,008
2008	1,221,349	2,172,726	18,261,638	149,411
2009	1,202,504	2,433,616	16,761,182	163,623
2010	1,199,958	2,092,158	15,535,847	152,307
2011	1,194,120	1,991,483	14,265,404	194,705
2012	1,189,621	1,900,225	13,038,066	264,692
2013	1,186,600	2,046,315	11,819,398	249,080
2014	1,186,600	1,781,162	10,572,835	291,124

^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, 2014, 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
2015	\$ —	\$ 434	\$ 434
2016	—	434	434
2017	—	434	434
2018	—	434	434
2019	—	434	434
2020 - 2024	—	2,169	2,169
2025 - 2026	10,395	868	11,263
Total	\$ 10,395	\$ 5,207	\$ 15,602

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 \$2.0 million and \$0.2 million in principal and interest, respectively, in 2014. The outstanding balance on the notes at December 31, 2014, is \$14.6 million. The following table presents the annual debt service requirements to maturity on the notes as of the end of 2014.

**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
2015	\$ 1,912	\$ 126	\$ 2,038
2016	1,723	101	1,824
2017	1,519	78	1,597
2018	1,355	59	1,414
2019	1,275	45	1,320
2020 - 2024	4,438	84	4,522
2025 - 2029	1,725	22	1,747
2030 - 2031	632	2	634
Total	\$ 14,579	\$ 517	\$ 15,096

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 2014 was approximately \$4.747 billion. The total outstanding amount at December 31, 2014, was \$3.543 billion. During 2014 an additional \$493.8 million of revenue bonds were issued.

On November 5, 2014, the City issued \$265.2 million Municipal Light and Power Improvement and Refunding Revenue Bonds (Parity) to advance refund \$125.0 million of the outstanding 2004 bond series and fund certain capital improvements and conservation programs for the City's light system. Also \$615 thousand was used to make a deposit to the Reserve Fund. Further discussion on the advance refunding is shown in the Advance and Current Refunding sections of this note.

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The following table presents the individual revenue bonds outstanding as of December 31, 2014, and other pertinent information on each outstanding bond issue.

Table 9-6 **REVENUE BONDS**
(In Thousands)

Name and Purpose of Issue	Issuance	Maturity	Effective Interest	Bond	Redemptions		Bonds Outstanding
	Date	Dates	Rates	Issuance	2014	To Date	December 31
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
2004 Parity	12/23/04	08/01/05-29	4.159	\$ 284,855	\$ 141,075	\$ 284,855	\$ —
2008 Parity	12/30/08	04/01/09-29	5.522	257,375	15,340	71,575	185,800
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	43,730	130,460	466,410
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	11,985	30,275	266,040
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	4,755	8,525	284,755
2012 Parity, Series B, Refunding	07/17/12	12/01/14	0.750	9,355	4,780	9,355	—
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	3,025	3,025	187,730
2014 Parity	11/05/14	09/01/44	3.098	265,210	—	—	265,210
Total Light Bonds				2,441,915	224,690	538,070	1,903,845
MUNICIPAL WATER BONDS							
2003 Parity, Refunding	05/12/03	09/01/03-33	4.083	271,320	1,940	257,040	14,280
2004 Parity	10/25/04	09/01/05-34	4.580	84,750	1,960	84,750	—
2005 Parity, Refunding	12/28/05	09/01/06-29	4.482	138,040	5,285	30,195	107,845
2006 Parity, Refunding	10/23/06	02/01/08-37	4.424	189,970	5,110	26,930	163,040
2008 Parity, Refunding	12/15/08	08/01/09-38	4.978	205,080	5,460	30,525	174,555
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	5,290	23,660	58,100
2012 Parity, Refunding	05/30/12	09/01/12-34	2.631	238,770	8,500	12,205	226,565
Total Water Bonds				1,318,770	33,545	465,305	853,465
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
2004 Parity	10/28/04	09/01/05-34	4.583	62,010	8,870	62,010	—
2006 Refunding	11/01/06	02/01/07-37	4.423	121,765	20,630	42,280	79,485
2008 Parity	04/16/08	06/01/09-38	4.830	84,645	1,640	8,925	75,720
2009 Parity, Series A ^b	12/17/09	11/01/17-39	3.538	102,535	—	—	102,535
2009 Parity & Refunding, Series B	12/17/09	11/01/10-27	2.907	36,680	3,480	16,935	19,745
2012 Parity & Refunding	06/27/12	09/01/12-42	3.327	222,090	4,945	13,860	208,230
2014 Parity & Refunding	06/17/14	05/01/15-44	3.578	133,180	—	—	133,180
Total Drainage and Wastewater Bonds				762,905	39,565	144,010	618,895
SOLID WASTE BONDS							
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505	82,175	43,270	53,510	28,665
2011 Revenue	06/22/11	08/01/12-36	4.227	45,750	1,080	2,890	42,860
2014 Revenue & Refunding	06/12/14	05/01/15-39	3.337	95,350	—	—	95,350
Total Solid Waste Bonds				223,275	44,350	56,400	166,875
Total Utility Revenue Bonds				\$4,746,865	\$ 342,150	\$1,203,785	\$ 3,543,080

^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.

Notes to Financial Statements

The requirements to amortize the revenue bonds as of December 31, 2014, 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	
2015	\$ 104,915	\$ 89,457	\$ 35,015	\$ 41,836	\$ 18,215	\$ 29,156	\$ 4,895	\$ 7,241	\$ 330,730
2016	101,550	86,427	36,700	40,126	19,080	28,371	5,120	7,533	324,907
2017	102,770	81,316	38,450	38,333	20,000	27,530	5,355	7,299	321,053
2018	103,425	76,422	40,315	36,455	20,910	26,579	5,540	7,104	316,750
2019	100,245	71,413	42,335	34,485	21,905	25,550	5,815	6,827	308,575
2020 - 2024	500,905	281,587	228,435	139,105	116,050	111,342	31,395	29,748	1,438,567
2025 - 2029	358,120	166,086	211,160	83,296	132,560	81,114	40,200	21,114	1,093,650
2030 - 2034	208,675	100,781	137,235	40,170	124,065	48,641	46,010	10,238	715,815
2035 - 2039	208,595	49,359	76,730	11,947	102,350	21,464	22,545	2,495	495,485
2040 - 2044	114,645	10,783	7,090	418	43,760	4,192	—	—	180,888
Total	\$ 1,903,845	\$ 1,013,631	\$ 853,465	\$ 466,171	\$ 618,895	\$ 403,939	\$ 166,875	\$ 99,599	\$ 5,526,420

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 and Wastewater Fund utilize 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, 2014, these loans have an outstanding balance of \$5.0 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, 2014, this loan has an outstanding balance of \$2.1 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, 2014, these loans have an outstanding balance of \$9.0 million.

Amounts paid for all loans in 2014 were \$1,124,987 in principal and \$223,823 in interest. Total loans outstanding as of December 31, 2014 are \$16.1 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, 2014, this loan has an outstanding balance of \$2.0 million.

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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, 2014, the loan has an outstanding balance of \$2.1 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, 2014, the loan has an outstanding balance of \$2.2 million.

In 2008, the Fund entered into a loan agreement with the Washington State Department of Ecology to borrow up to \$7.0 million to support the construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5 percent per annum and are to be repaid over 20 years beginning in 2011. As of December 31, 2014, the loan has an outstanding balance of \$5.7 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, 2014, the loan has an outstanding balance of \$0.4 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, 2014, the loan has an outstanding balance of \$3.6 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, 2014, the loan has an outstanding balance of \$1.9 million.

Amounts paid to all loans in 2014 were \$1,138,134 in principal and \$207,849 in interest. Total loans outstanding as of December 31, 2014 are \$17.8 million. The minimum debt service requirements to maturity are included in Table 9-8.

**Table 9-8 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SEATTLE PUBLIC UTILITIES
PUBLIC WORKS TRUST LOAN AND OTHER NOTES
(In Thousands)**

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2015	\$ 1,125	\$ 209	\$ 1,202	\$ 202	\$ 2,738
2016	1,125	194	1,212	191	2,722
2017	1,125	179	1,223	178	2,705
2018	1,125	163	1,235	164	2,687
2019	1,125	149	1,246	150	2,670
2020 - 2024	5,625	517	6,102	549	12,793
2025 - 2029	3,770	174	4,446	239	8,629
2030 - 2034	1,101	22	1,101	31	2,255
Total	\$ 16,121	\$ 1,607	\$ 17,767	\$ 1,704	\$ 37,199

Notes to Financial Statements

The following table shows the long-term liability activities during the year ended December 31, 2014.

**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	\$ 809,060	\$ 79,170	\$ 72,170	\$ 816,060	\$ 68,150
Issuance Premiums and Discounts, Net	53,919	7,054	5,755	55,218	—
Special Assessment Bonds with Governmental Commitment ^b	13,005	—	2,610	10,395	—
Total Bonds Payable	875,984	86,224	80,535	881,673	68,150
Notes and Contracts					
Capital Leases	2	103	—	105	31
Other Notes and Contracts	16,631	—	2,051	14,580	1,912
Total Notes and Contracts	16,633	103	2,051	14,685	1,943
Environmental Liability ^c					
General Contamination Cleanup	934	—	246	688	—
Compensated Absences	88,786	15,657	—	104,443	23,365
Claims Payable					
Workers' Compensation	28,174	4	—	28,178	8,085
General Liability	44,775	6,235	—	51,010	10,776
Health Care Claims	3,027	440	—	3,467	—
Total Claims Payable ^d	75,976	6,679	—	82,655	18,861
Arbitrage Rebate Liability	12	—	2	10	—
Unfunded Other Post Employment Benefits	74,172	12,872	—	87,044	—
Other Noncurrent Liabilities	216	3,575	—	3,791	—
Total Long-Term Liabilities from Governmental Activities	\$ 1,132,713	\$ 125,110	\$ 82,834	\$ 1,174,989	\$ 112,319
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
General Obligation Bonds	\$ 58,327	\$ —	\$ 1,857	\$ 56,470	\$ 2,950
Revenue Bonds	3,391,490	493,740	342,150	3,543,080	163,040
Issuance Premiums and Discounts, Net	215,007	34,388	—	249,395	—
Total Bonds Payable	3,664,824	528,128	344,007	3,848,945	165,990
Notes and Contracts - Other	35,606	—	1,717	33,889	2,326
Environmental Liability ^c					
General Contamination Cleanup	120,759	—	243	120,517	25,831
Compensated Absences	31,560	2,343	—	33,903	3,360
Claims Payable					
Workers' Compensation	10,774	—	37	10,737	3,100
General Liability	15,294	665	—	16,959	4,372
Total Claims Payable ^d	26,068	665	37	27,696	7,472
Unearned Revenues	20,687	2,857	—	23,544	—
Habitat Conservation Program Liability	6,230	1,401	0	7,631	1,138
Landfill Closure and Postclosure Costs	16,961	—	907	16,054	1,064
Unfunded Other Post Employment Benefits	14,770	437	—	15,207	—
Other Noncurrent Liabilities	3,261	—	1,977	1,284	—
Total Long-Term Liabilities from Business-Type Activities	\$ 3,940,726	\$ 535,831	\$ 348,888	\$ 4,128,670	\$ 207,181

^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 16, 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 of Seattle

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 \$3.2 million and \$2.0 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 Planning and Development (DPD) for general liability. The General Fund pays for DPD'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 15, 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 refundings that occurred in 2014.

General Government

There was no refunding in 2014.

City Light

The Department issued \$265.2 million of revenue and refunding bonds, which provided both new money to the Department and advance refund \$125.4 million of the outstanding 2004 bond series. In addition to advance refunding a portion of the 2004 bond series, the Bonds were issued to finance certain capital improvements and conversation programs for the Light System of the City of Seattle and to make a deposit to the Reserve fund.

The refunding resulted in the recognition of a loss on refunding of \$1.3 million, and the economic gain totaled \$19.0 million at net present value. The arbitrage yield for the bonds is 2.58 percent. The debt service for the 2014 bonds requires a cash flow over the life of the bonds of \$414.4 million, including \$149.2 million in interest. The difference between the cash flows required to service the old and new debt and to complete the refunding totaled \$20.5 million.

Solid Waste

The Department issued \$95.4 million of revenue and refunding bonds, of which \$40.9 million was used to refund the 2007 bond series. Additionally, the Bonds were issued to finance certain capital projects as well as scheduled principal payments for existing bond debt.

The refunding resulted in an economic gain of \$2.3million and reduced the total debt service requirements by \$2.5 million.

Notes to Financial Statements

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	Amount Transferred To Trustee	Trustee Redemptions To Date 2014	Defeased Outstanding December 31
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
Refunding, 2004, Refunded 6/4/13	05/24/04	07/01/04-20	4.118	\$ 91,805	\$ 42,565	\$ 42,565	\$ —
Various Purpose and Refunding, 2005, Refunded 5/16/12	3/23/2005	08/01/05-28	4.603	129,540	20,160	—	20,160
REVENUE BONDS							
Municipal Light and Power							
2004 Parity, Refunded 7/17/12	12/23/04	08/01/05-29	4.230	284,855	166,770	166,770	—
Municipal Water							
2004 Parity, Refunded 5/30/12	10/25/04	09/01/05-34	4.580	84,750	68,125	68,125	—
Municipal Drainage and Wastewater							
2004 Parity, Refunded 6/27/12	10/28/04	09/01/05-34	4.583	62,010	49,950	49,950	—
2006 Parity	11/01/06	02/01/07-37	4.423	121,765	16,330	—	16,330
Municipal Solid Waste							
2007 Parity	12/12/07	02/01/08-33	4.505	82,175	40,855	—	40,855
Total Refunded/Defeased Bonds				<u>\$ 856,900</u>	<u>\$ 404,755</u>	<u>\$ 327,410</u>	<u>\$ 77,345</u>

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 thousand on its general obligation bonds in 2011 and none in 2012, 2013 and 2014 respectively. As of December 31, 2014, arbitrage rebate liability on general obligation bonds and revenue bonds are \$10 thousand and none, respectively.

(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 EPA approved the remedial investigation report. The feasibility study is anticipated to be completed by 2016. 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. 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. In February 2013, the EPA issued the Proposed Plan for cleanup of the Lower Duwamish Waterway Superfund Site for public comment. The remaining scope of cleanup by potentially responsible parties has been decided by the EPA in the 2014 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 selected an allocator. The development of the allocation process agreement is ongoing. Parties participating in the allocation process will share the cost of the allocator and the process.

The City is 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 City's ultimate liability is indeterminate for Terminal 117.

- 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 scheduled for 2015. 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 two 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. One set of remedial investigation and feasibility study reports 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 second remedial investigation is expected to be completed in 2015 followed by the feasibility study in late 2015. A Clean-up Action Plan is expected from the DOE in about 2016.
- South Park. 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. DOE approved an interim cleanup action by the developer on his portion of site property. That cleanup is expected to be 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 asked DOE to approve an interim cleanup on its portion of the site property and awaits DOE's decision about that 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 City is aggressively pursuing other third parties that may have contributed to the contamination of the sites noted above. The City's estimate for realized recoveries was \$0.8 million and \$0.1 million, at December 31, 2014 and 2013, respectively. The City's estimate for not-yet-realized recoveries from other parties for their share of remediation work that offset the City's estimated environmental liability was zero, at December 31, 2014 and 2013, respectively.

The changes in the provision for environmental liability (in millions) at December 31, 2014 and 2013 are as follows:

	2014	2013
Beginning Environmental Liability, Net of Recovery	\$ 121.7	\$ 115.7
Payments or Amortization	(8.5)	(4.9)
Incurred Environmental Liability	8.0	10.9
Ending Environmental Liability, Net of Recovery	<u>\$ 121.2</u>	<u>\$ 121.7</u>

The provision for environmental liability (in millions) included in current and noncurrent liability at December 31, 2014 and 2013, is as follows:

	2014	2013
Environmental Liability, Current	\$ 25.8	\$ 17.1
Environmental Liability, Noncurrent	95.4	104.6
Total	<u>\$ 121.2</u>	<u>\$ 121.7</u>

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.

Table 11-1 PENSION PLAN INFORMATION

	Employees' Retirement	Firemen's Pension	Police Relief and Pension	LEOFF Plan 1	LEOFF Plan 2
Actuarial Valuation Date	1/1/2014	1/1/2014	1/1/2014	6/30/2013	6/30/2013
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Frozen Initial Liability	Aggregate ^a
Asset Valuation Method	5-Year Smoothing Method	Fair Value	Fair Value	8-Year Graded Smoothed Fair Value ^b	8-Year Graded Smoothed Fair Value ^b
Amortization					
Method	Level %	Level \$ ^c	Level \$	Level % ^c	N/A
Period	30.0 years	30.0 years	30.0 years	12.0 years	N/A
Remaining Period	29.0 years		23.0 years	11.0 years	
Approach	Closed	Open	Closed	Closed	Open
Actuarial Assumptions					
Inflation Rate (CPI)	3.25%	2.50% ^d	2.50% ^d	3.00%	3.00%
Investment Rate of Return	7.50%	5.25% ^d	3.75% ^d	7.80%	7.50%
Projected Salary Increases - General	4.00%	3.00% ^d	3.00% ^d	3.75% ^e	3.75%
Projected Salary Increases - Step Merit	N/A	N/A	N/A	Varies ^e	Varies ^e
Postretirement Benefit Increases	1.50%	2.50% ^f	2.50% ^f	3.00%	3.00%

^a The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

^b The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last eight years or, if fewer, the completed years since adoption.

^c Funding is Level %; Amortization is Level \$.

^d Long-term assumption; 2015 and beyond

^e For specific information, please refer to the 2014 Actuarial Valuation Report issued by the Washington Office of the State Actuary.

^f Other post benefits increase at the same rate as the CPI and the CPI is assumed to increase in the loan term at the rate of 2.5% per annum.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a single-employer defined-benefit public employee retirement system established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36.

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. Current membership in SCERS consisted of the following at December 31, 2014:

Retirees and Beneficiaries Receiving Benefits	6,020
Terminated Plan Members Entitled To But Not Yet Receiving Benefits, Vested	1,188
Active Plan Members, Vested and Non-vested	8,746

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2 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.

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 the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. All investments, with the exception of real estate and private equity, are valued based on closing market prices or broker quotes. Securities not having a quoted market price have been valued based on yields currently available on comparable securities of issuers with similar credit ratings. The fair value of real estate investments is based on estimated current values and independent appraisals. The fair value of private equities are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values. Securities and securities lending transactions are reflected in the financial statements on a trade-date basis. The Retirement Board provides its investment managers with a set of investment guidelines. In general, these guidelines require that investments with any one issuer do not exceed 5 percent of the net position value of a manager's portfolio.

The City of Seattle

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 actuarial valuations.

Contribution rates for 2013 were 10.03 percent for members and 12.89 percent for the employer. Plan member and employer contributions for 2013 are \$60,342,581 and \$77,073,667 respectively. There are no long-term contracts for contributions outstanding and no legally required reserves.

Historically, actuarial studies for SCERS were determined through biennial actuarial valuations. Beginning in 2010, actuarial studies are performed annually. The valuation date of the latest study is January 1, 2014, and covers calendar year 2013. Based on this valuation, the Actuarial Value of Assets (AVA) is \$2.094 billion; the Actuarial Accrued Liability (AAL) is \$3.260 billion; the Unfunded Actuarial Accrued Liability (UAAL) is \$1.166 billion; and the Funded Ratio was 64.2 percent.

An actuarial study with valuation date of January 1, 2015, is presently underway, and expected to be available at the Retirement Office after July 1, 2015.

The three-year trend information (in thousands) is presented directly below. The Annual Pension Cost (APC) and Net Pension Obligation (NPO) for years ending 2013 and 2012 are presented in Table 11-2.

Fiscal Year Ending December 31	Annual Pension Cost (APC)	Total Employer Contribution	Percentage of APC Contributed	Net Pension Obligation (NPO)
2011	\$72,346	\$50,301	70%	\$(7,122)
2012	67,062	62,515	93	(2,575)
2013	83,770	77,074	92	4,121

Annual pension cost (APC) and net pension obligation (NPO) (in thousands) were:

Fiscal Year Ending December 31	Annual Required Contribution (ARC) at End of Year	Interest on NPO	ARC Adjustment	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Beginning Balance	NPO Ending Balance
2013	\$ 83,830	\$ (199)	\$ 139	\$ 83,770	\$ 77,074	\$ 6,696	\$ (2,575)	\$ 4,121

Notes to Financial Statements

Seattle City Employees' Retirement System's net pension asset decreased from a net asset of \$2.6 million to a net obligation of \$4.1 million, a decrease of \$6.7 million as calculated in the following table.

Table 11-2
ANNUAL PENSION COST AND NET PENSION OBLIGATION
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended December 31, 2013
(In Thousands)

	2013	2012
Total Normal Cost Rate	14.95%	14.99%
Employee Contribution Rate	10.03	10.03
Employer Normal Cost Rate	4.92	4.96
Total Employer Contribution Rate a	12.89%	11.01%
Amortization Payment Rate	7.97	6.05
Amortization Period (Year)	38 years	Does Not Amortize
GASB 27 Amortization Rate	9.10	6.88
Total Annual Required Contribution (ARC) Rate b	14.02	11.84
Covered Employee Payroll c	\$ 597,934	\$ 567,806
ARC	83,830	67,228
Interest on Net Pension Obligation (NPO)	(199)	(552)
Adjustment to ARC	139	385
Annual Pension Cost (APC)	\$ 83,770	\$ 67,062
Employer Contribution	\$ 77,074	\$ 62,515
Change in NPO	\$ 6,696	\$ 4,547
NPO at Beginning of Year	(2,575)	(7,122)
NPO at End of Year	\$ 4,121	\$ (2,575)

a Beginning with the January 1, 2013 actuarial valuation report, GASB calculations take into account the lag between determination of the actuarial contribution rate and the date of expected contribution rate. For example, the January 1, 2011 valuation calculates the contribution rate beginning January 1 2012. The change was made due to SCER's new funding policy, adopted in 2011, to contribute the actuarially determined contribution rate.

b If the amortization period determined by the actual contribution rate exceeds the maximum amortization period required by GASB Statement No. 27, the ARC is determined using an amortization of the funding excess over 30 years.

c Covered payroll includes compensation paid to all active employees on which contributions were made in the year preceding the valuation date.

The funded status of the Plan as of the latest valuation study is presented below (in thousands). The Required Supplementary Information section, C-4, Pension Plan Information Schedule of Funding Progress, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AAL.

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
\$ 2,094,300	\$ 3,260,100	\$ 1,165,800	64.2%	\$ 597,934	195.0%

Authority to change benefit and contribution rates rests with the City Council. City ordinance does not permit a reduction in the employer contribution rate to less than the employee rate. Trend information on SCERS employer contribution is shown in the Required Supplementary Information section, C-5.

The City's contracts with all labor unions that represent members of SCERS describe how contribution rates would be changed in the event higher contributions are needed to improve the financial status of the Employees' Retirement Fund. If a contribution rate increase is needed, the City intends to apply the same formula to non-represented employees. As described in Seattle Municipal Code 4.36.110, the City will match the match the normal contributions made by members. The City will also contribute, in excess of these matching contributions, the actuarially determined contributions necessary to guarantee benefits payable.

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 829 fire and 739 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 \$9.6 million in 2014 and \$9.9 million in 2013; and for Police Relief and Pension, \$11.5 million in 2014 and \$12.0 million in 2013.

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, 2014:

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	726	748
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	23	13
Active Plan Members, Non-vested	—	—

These pension plans do not issue separate financial reports.

Summary of Significant Accounting Policies

The Firemen's Pension and Police Relief and Pension Funds are accounted for as pension trust funds. The financial statements were prepared using the economic resources measurement focus and the full accrual basis of accounting as shown in Note 1. 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. 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 the plan terms.

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. Actuarial studies with valuations dates of January 1, 2015, which reflects the 2014 fiscal year information, are presently underway and will be available at the Police and Fire Pension offices after July 1, 2015.

Three-year trend information (in thousands) for the Firemen's Pension and the Police Relief and Pension Funds as of the January 1, 2014, actuarial valuation are:

Retirement System	Fiscal Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
Firemen's Pension Fund	2011	\$ 7,333	113%	\$ (6,652)
	2012	7,491	138	(9,479)
	2013	5,100	120	(10,564)
Police Relief and Pension Fund	2011	8,537	131	(2,825)
	2012	6,956	120	(4,184)
	2013	6,499	109	(4,790)

The City of Seattle

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.

The funded status of the plans at the last valuation date is presented below (in thousands). The Required Supplementary Information section, C-4, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AAL.

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
Firemen's Pension Fund	\$ 12,731	\$ 84,344	\$ 71,613	15.0%	N/A	N/A
Police Relief and Pension Fund	3,202	92,615	89,413	3.0	N/A	N/A

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 \$9.8 million as of December 31, 2013. The funding policy does not fund for future medical liabilities. No similar program has been established for the Police Relief and Pension Fund.

The AAL as of December 31, 2013, based on the actuarial valuation as of January 1, 2014, was \$84.3 million for Firemen's Pension and \$92.6 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-5.

The net pension obligation of the Firemen's Pension Fund is a \$10.5 million net pension asset at December 31, 2013. The net pension obligation of the Police Relief and Pension Fund is a \$4.8 million net pension asset at December 31, 2013.

Table 11-3
ANNUAL PENSION COST AND NET PENSION OBLIGATION
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS
For the Year Ended December 31, 2013
(In Thousands)

	Firemen's Pension			Police Relief and Pension		
	2013	2012	2011	2013	2012	2011
Annual Required Contribution (ARC)						
Annual Normal Cost - Beginning of Year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Amortization of UAAL - Beginning of Year	5,054	7,103	6,940	6,167	6,630	8,206
Interest to End of Year a	189	284	278	231	265	328
ARC at End of Year	5,243	7,387	7,218	6,398	6,895	8,534
Interest on NPO	(355)	(266)	(229)	(156)	(113)	(7)
Adjustment to ARC	512	370	344	257	174	10
Annual Pension Cost (APC)	5,400	7,491	7,333	6,499	6,956	8,537
Employer Contribution b	6,485	10,318	8,262	7,105	8,315	11,195
Change in NPO	(1,085)	(2,827)	(929)	(606)	(1,359)	(2,658)
NPO at Beginning of Year	(9,479)	(6,652)	(5,723)	(4,184)	(2,825)	(167)
NPO at End of Year	<u>\$ (10,564)</u>	<u>\$ (9,479)</u>	<u>\$ (6,652)</u>	<u>\$ (4,790)</u>	<u>\$ (4,184)</u>	<u>\$ (2,825)</u>

a Represents the assumed interest rate that year: 4.0% in 2012, 3.75% in 2013. The interest is net of investment expenses.

b Beginning in 2009, administrative expenses paid by the fund are subtracted from employer contributions.

Notes to Financial Statements

Following are the Firemen's Pension and the Police Relief and Pension financial statements for fiscal year ending December 31, 2014.

Table 11-4
STATEMENT OF FIDUCIARY NET POSITION
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS
December 31, 2014
(In Thousands)

	Firemen's Pension	Police Relief and Pension	2014	2013
ASSETS				
Cash and Equity in Pooled Investments	\$ 6,559	\$ 5,206	\$ 11,765	\$ 11,232
Investments at Fair Value				
Domestic Stocks	7,844	—	7,844	6,923
Government and Other	429	—	429	—
Receivables				
Due from Other Funds	—	—	—	0
Other	410	480	890	748
Interest and Dividends	6	—	6	6
Total Receivables	416	480	896	754
Total Assets	15,248	5,686	20,934	18,909
LIABILITIES				
Accounts Payable and Other Liabilities	506	585	1,091	2,976
Total Liabilities	506	585	1,091	2,976
Net Position Held in Trust for Pension Benefits	<u>\$ 14,742</u>	<u>\$ 5,101</u>	<u>\$ 19,843</u>	<u>\$ 15,933</u>

Table 11-5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	<u>Defined Benefit</u>		<u>Postemployment Healthcare</u>		2014	2013
	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>		
ADDITIONS						
Contributions Employer	\$ 7,588	\$ 9,188	\$ 9,567	\$ 11,533	\$ 37,876	\$ 36,010
Investment Income						
From Investment Activities						
Net Appreciation (Depreciation) in Fair Value of Investments	938	—	—	—	938	(49)
Interest	36	—	—	—	36	66
Dividends	138	—	—	—	138	36
Total Net Investment Income	1,112	—	—	—	1,112	53
Other Income	1,439	688	—	—	2,127	1,517
Total Additions	10,139	9,876	9,567	11,533	41,115	37,580
DEDUCTIONS						
Benefits	7,579	7,499	9,567	11,533	36,178	38,060
Administrative Expense	550	477	—	—	1,027	1,155
Total Deductions	8,129	7,976	9,567	11,533	37,205	39,215
Change in Net Position	2,010	1,900	—	—	3,910	(1,635)
Net Position - Beginning of Year	12,731	3,202	—	—	15,933	17,568
Net Position - End of Year	\$ 14,741	\$ 5,102	\$ —	\$ —	\$ 19,843	\$ 15,933

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

Plan Description

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined-benefit plans. LEOFF participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977, are Plan 2 members.

LEOFF was established in 1970 by the state legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers and fire fighters. Membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included prospectively effective July 27, 2003, being an exception. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the legislature. LEOFF retirement benefit provisions are established in state statute and may be amended only by the state legislature. The Washington State Department of Retirement Systems (DRS) administers LEOFF.

LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to Plans 1 and Plan 2 accrue interest at a rate specified by DRS. Regardless of a member's employment status, DRS pays 5.5 percent annual interest compounded quarterly on employee contributions remain in the retirement fund. Employees in Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with 5 years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

<u>Term of Service</u>	<u>Percent of FAS</u>
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 10 years of service. A cost-of-living allowance is granted, indexed to the Seattle Consumer Price Index. LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. The credit can only be purchased at the time of retirement and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance.

Plan 2 retirement benefits are vested after an employee completes 5 years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service or at the age of 53 with 5 years of service, with an allowance of 2 percent of the FAS per year of service (the FAS is based on the highest consecutive 60 months). Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted, indexed to the Seattle Consumer Price Index, capped at 3 percent annually.

Plan 1 provides death and disability benefits. Death benefits for Plan 1 members on active duty consist of the following: (1) if eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) if no eligible spouse or the spouse receiving benefits dies, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60-percent limitation of FAS. In addition, a one time duty-related death benefit is provided to beneficiary or the estate of a LEOFF Plan 1 member.

Plan 1 disability benefit is 50 percent of the FAS plus 5 percent for each eligible child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability benefit or service retirement benefit.

Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53 unless the disability is duty-related and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

Plan 2 members who leave service because of a line-of-duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, Plan 2 members who leave service because of a line-of-duty disability may be eligible to receive a retirement allowance of at least 10 percent of final average salary and two percent per year of service beyond 5 years. The first 10 percent of the FAS is not subject to federal income tax.

The City of Seattle

The following changes to the LEOFF plans are the result of recent years' legislation:

Effective July 1, 2011:

- Department of Retirement Systems is required to include the qualifying foregone compensation that occurred during the 2011-2013 biennium in the benefits calculation of retiring government employees in LEOFF2, PERS, PSERS, SERS, TRS and WSPRS.

Effective June 7, 2012:

- Engrossed House Bill 2771 amends the retirement statutes to clarify that governmental contractors are not employers under the system, unless otherwise qualifying, and that the determination of whether an employee/employer relationship has been established shall be based solely on the relationship between the contracted employee and the governmental employer. Applicable to LEOFF, PERS, PSERS, SERS, and TRS.
- Senate Bill 6134 changes the initial timeline to transfer service credit under RCW 41.26.435 from June 30, 2014, to June 30, 2012. Applicable to LEOFF 2.

Effective July 28, 2013:

- Substitute House Bill 1868 allows catastrophically disabled LEOFF 2 members to be reimbursed for premiums of medical insurance other than those which are provided by the employer, COBRA, or Medicare A and/or B. The reimbursement is limited to payments made after June 20, 2013 that do not exceed the premium reimbursement amounts authorized by COBRA.

Effective January 1, 2014:

- Engrossed Second Substitute Senate Bill 5688 provides that domestic partners registered with the state will be treated the same as married spouses, to the extent that treatment is not in conflict with federal law. The bill's effective date is January 1, 2014.

Effective June 12, 2014:

- Engrossed House Bill 2456 eliminates expiration date on the statutory provision in the LEOFF definition of fire fighter that includes emergency medical technicians (EMTs). This correction allows EMTs continued eligibility for membership in LEOFF.
- Senate Bill 6201 allows LEOFF 2 members to use funds from certain tax qualified plans to purchase a life annuity from the LEOFF 2 trust fund at the time of retirement.

Notes to Financial Statements

There were no other material changes in benefit provisions for the fiscal year ended June 30, 2014. LEOFF pension benefit provisions have been established by RCW 41.26.

There are 45 participating employers in LEOFF Plan 1 and 362 participating employers in Plan 2 as of June 30, 2014. Membership in LEOFF consisted of the following as of the latest actuarial valuation date of June 30, 2013:

	Plan 1	Plan 2
Retirees and Beneficiaries Receiving Benefits		
Terminated Members Entitled To But Not Yet Receiving Benefits	7,729	2,782
Active Plan Members, Vested	1	698
Active Plan Members, Nonvested	143	14,389
Total	—	2,298
	7,873	20,167

All law enforcement officers and fire fighters of the City of Seattle participate in LEOFF. Current active members (vested and non-vested) are 44 under Plan 1 and 2,251 under Plan 2.

DRS prepares an independent financial report. A copy of the report that includes financial statements and required supplementary information for LEOFF may be obtained by writing to Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380; by calling 360-664-7000 in Olympia or 1-800-547-6657; or by accessing their website at <http://www.drs.wa.gov>.

Summary of Significant Accounting Policies

LEOFF plans are accounted for in pension trust funds of DRS using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from national security exchanges and security pricing services or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost which approximates fair market value. Certain pension trust fund investments, including real estate and private equity, are valued based on appraisals or by independent advisors. LEOFF pension plans contain no single investment (other than any issued or explicitly guaranteed by the U.S. government, or involving mutual funds or investment pools) that comprised more than five percent of DRS's net investments.

Contributions and Reserves

Funding Policy

The state legislature establishes laws pertaining to the creation and administration of LEOFF plans. Plan members together with their employers and the state provide funding for all costs of the system based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Plan 2 Retirement Board in accordance with RCW 41.45. All employers are required to contribute at the level required by state law.

The City of Seattle

Required contribution rates for cities (expressed as a percentage of current year covered payroll) at the close of fiscal year 2014 are as follows:

	LEOFF Actual Contribution Rates	
	Plan 1	Plan 2
Employer (includes an administrative expense rate of 0.16 percent)	0.18%	5.23%
Employee	—	8.41
State of Washington Contributions	—	3.36

Administration of the LEOFF plans was funded by an employer rate of 0.18 percent of employee salaries.

The state legislature has the ability, by means of a special funding arrangement, to appropriate money from the state general fund to supplement the current service liability and fund the prior service costs of Plans 1 and 2 in accordance with the requirements of the Pension Funding Council and LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For fiscal year 2014 the state contributed \$55.5 million to LEOFF Plan 2.

Employer Contributions Required and Paid

LEOFF annual required contributions (in millions) and percentage contributed in accordance with the funding policy were:

Year	Plan 1		Plan 2	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2012	\$ —	N/A	\$ 97.3	137%
2013	—	N/A	94.7	144
2014	—	N/A	116.9	121

The City of Seattle required and actual contributions (in thousands) are shown in the following table. Percentages contributed are not available.

	Plan 1	Plan 2
2012	\$ 10	\$ 12,454
2013	9	12,912
2014	8	13,912

There are no long-term contracts for contributions under the LEOFF retirement plans.

Notes to Financial Statements

Reserves

Member Reserves. The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded. Member reserves (in thousands) were:

	June 30, 2014	June 30, 2013
Plan 1	\$ 23,420	\$ 27,340
Plan 2	2,266,386	2,136,678

Benefit Reserves. The benefit reserves reflect the funded liability associated with all retired members. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses. Benefit reserves (in thousands) were:

	June 30, 2014	June 30, 2013
Plan 1	\$ 5,695.389	\$ 5,112.449
Plan 2	6,975.121	5,494.917

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans.

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.

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Funding Policy

Health Care Blended Premium Subsidy. 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 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 is based on an actuarial valuation date of January 1, 2014. The amount of expected contributions and changes in net obligation for Firemen's Pension and Police Pension and Relief are also based on an actuarial valuation date of January 1, 2014, which covers the last three years prior to the valuation date.

Table 11-6 ANNUAL OPEB COST AND NET OPEB OBLIGATION

	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)	Total
Annual Required Contribution	\$ 4,392,000	\$ 14,948,599	\$ 18,919,352	\$ 38,259,951
Interest on Net OPEB Obligation	1,542,000	895,294	769,966	3,207,260
Adjustment to Annual Required Contribution	(2,403,000)	(1,290,664)	(1,264,973)	(4,958,637)
Annual OPEB Cost (Expense)	3,531,000	14,553,229	18,424,345	36,508,574
Expected Contribution (Employer-Paid Benefits)	1,006,000	9,899,000	11,972,000	22,877,000
Increase in Net OPEB Obligation	2,525,000	4,654,229	6,452,345	13,631,574
Net OPEB Obligation – Beginning of Year	44,303,000	23,874,507	20,532,414	88,709,921
Net OPEB Obligation – End of Year	\$ 46,828,000	\$ 28,528,736	\$ 26,984,759	\$ 102,341,495

Notes to Financial Statements

The City's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation for each plan based on an actuarial valuation of January 1, 2014, for Healthcare Blended Premium Subsidy, Firemen's Pension (LEOFF1) and Police Relief and Pension (LEOFF1) are displayed below for the last three years prior to the valuation date.

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare Blended Premium Subsidy	12/31/2011	\$ 7,435,000	32.9%	\$ 39,542,000
	12/31/2012	7,733,000	38.4	44,303,000
	12/31/2013	3,531,000	28.5	46,828,000
Firemen's Pension (LEOFF1)	12/31/2011	14,796,251	69.0	19,992,129
	12/31/2012	13,353,301	71.0	23,874,507
	12/31/2013	14,553,229	68.0	28,528,736
Police Relief and Pension (LEOFF1)	12/31/2011	16,087,490	72.0	16,585,463
	12/31/2012	15,779,894	75.0	20,532,414
	12/31/2013	18,424,345	65.0	26,984,759

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	1/1/2012	—	\$ 74,729	\$ 74,729	—	\$ 891,552	8.4%
	1/1/2013	—	78,945	78,945	—	941,986	8.4
	1/1/2014	—	41,819	41,819	—	1,003,520	4.2
Firemen's Pension (LEOFF1)	1/1/2012	—	236,301	236,301	—	N/A	N/A
	1/1/2013	—	266,522	266,522	—	N/A	N/A
	1/1/2014	—	264,733	264,733	—	N/A	N/A
Police Relief and Pension (LEOFF1)	1/1/2012	—	252,098	252,098	—	N/A	N/A
	1/1/2013	—	295,990	295,990	—	N/A	N/A
	1/1/2014	—	291,524	291,524	—	N/A	N/A

Actuarial Methods and Assumptions

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 11-7 OPEB INFORMATION

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2014	1/1/2014	1/1/2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level amount over past and future service	30-year, open as of 1/1/2014	30-year, closed as of 1/1/2007
Remaining Amortization Period	30 years	30 years	23 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	3.48%	3.75%	3.75%
Medical Inflation		6.3%, grading down to 4.3% in 2083 and beyond.	6.23 %, grading down to 4.3% in 2082 and beyond.
Traditional and Preventive Plans	8.0% in 2014 and 7.5% in 2015		
Group Health Standard and Deductible Plans	7.5%, grading down to 5.2% in 2086 and beyond		
Long-Term Care Inflation Rate	N/A	4.75%	4.75%
Dental Inflation Rate	N/A	Minimum of 5.0 % of medical inflation.	Minimum of 5.0% of medical inflation.
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 using 50% of Scale AA to 2019 (LEOFF 1) or 2034 (LEOFF 2). For general service active employees are based on RP-2000 Table for Males with ages set back three years and RP-2000 Table for Females with ages set back three years. General service retired employees are based on RP2000 Combined Healthy Males with ages set back one year 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, RP-2000 Mortality Table (combined healthy) project to 2019 using 50% of Project Scale AA, with ages set back one year for males and forward one year for females. For disabled members, RP-2000 Mortality Table (combined healthy) projected to 2019 using 50% of Project Scale AA, with ages set forward two years.	For active and service-retired members, RP-2000 Mortality Table (combined healthy) project to 2019 using 50% of Project Scale AA, with ages set back one year for males and forward one year for females. For disabled members, RP-2000 Mortality Table (combined healthy) projected to 2019 using 50% of Project Scale AA, with ages set forward two years.
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

Table 11-7 OPEB INFORMATION (continued)

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Assumptions (continued):			
Morbidity Factors		N/A	N/A
Traditional Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 130.80% for retirees and 133.18% for spouses.		
Preventive Plan	The average medical claim is based on an average loss ratio (claim vs. premium) of 122.68% and 139.85%.		
	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.		
Group Health Standard and Deductible Plans	The average medical claim for the Group Health Standard & Deductible plans is based on an average loss ratio (claim vs. premium) of 108.06% and 108.77% for retirees and spouses respectively.		
	Active employees with current spouse and/or dependent coverage are assumed to elect the same plan and coverage. After retirement, it is assumed that children will have aged off of coverage and will have \$0 liability.		
Other Considerations		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: Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, phone 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 2014 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, 2014

(in Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2014	2013	2014	2013	2014	2013
ASSETS						
Cash and Other Assets	\$ 2,140	\$ 3,484	\$ 746	\$ 628	\$ 2,886	\$ 4,112
Investments	65,424	61,157	6	5	65,430	61,162
Capital Assets, Net	3	3	—	—	3	3
Total Assets	67,567	64,644	752	633	68,319	65,277
LIABILITIES						
Current Liabilities	1,839	1,940	176	18	2,015	1,958
Total Liabilities	1,839	1,940	176	18	2,015	1,958
NET POSITION						
Net Investment in Capital Assets	3	3	—	—	3	3
Restricted	46,025	43,680	—	—	46,025	43,680
Unrestricted	19,700	19,021	576	615	20,276	19,636
Total Net Position	\$ 65,728	\$ 62,704	\$ 576	\$ 615	\$ 66,304	\$ 63,319

The City of Seattle

Table 12-2 CONDENSED STATEMENT OF ACTIVITIES SEATTLE PUBLIC LIBRARY FOUNDATION AND SEATTLE INVESTMENT FUND LLC

For the Year Ended December 31, 2014

(In Thousands)

	Discretely Presented Component Units					
	Seattle Public Library Foundation		Seattle Investment Fund LLC		Total	
	2014	2013	2014	2013	2014	2013
PROGRAM REVENUES						
Contributions/Endowment Gain	\$ 4,505	\$ 6,254	\$ —	\$ —	\$ 4,505	\$ 6,254
Placement/Management Fee Income	-	-	204	204	204	204
Total Program Revenues	4,505	6,254	204	204	4,709	6,458
GENERAL REVENUES						
Investment Income	3,734	7,900	—	—	3,734	7,900
Total Program Support and Revenues	8,239	14,154	204	204	8,443	14,358
EXPENSES						
Support to Seattle Public Library	4,269	7,936	—	—	4,269	7,936
Management and General	574	455	243	642	817	1,097
Fundraising	372	299	—	—	372	299
Total Expenses	5,215	8,690	243	642	5,458	9,332
Change in Net Position	3,024	5,464	(39)	(438)	2,985	5,026
NET POSITION						
Net Position - Beginning of Year	62,704	57,240	615	1,053	63,319	58,293
Net Position - End of Year	\$ 65,728	\$ 62,704	\$ 576	\$ 615	\$ 66,304	\$ 63,319

Notes to Financial Statements

Fiduciary-Type Component Units

Firemen's Pension Fund and the Police Relief and Pension Fund are determined to be nonmajor discrete component units (GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34). In accordance with GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and GASB Statement No. 50, Pension Disclosures - an amendment of GASB Statement No. 25 and No. 27, these funds are reported in Note 11, Pensions, Deferred Compensation, and Other Postemployment Benefits, and in the Fiduciary Funds section.

BLENDED COMPONENT UNIT

Seattle Transportation Benefit District

The Seattle Transportation Benefit District (STBD), a quasi-municipal corporation, was established through City Ordinance 123397 in September 2010 pursuant to RCW 35.21.225 which grants cities the authority to establish such a district. Transportation benefit districts are able to acquire, construct, improve, provide, and fund transportation improvement within district boundaries consistent with any existing state, regional and local transportation plan. RCW 36.73.065 gives districts the authority to impose taxes, fees, charges and tolls to fund this work. Beginning May 1, 2011, the STBD began collecting a \$20 vehicle registration fee on eligible vehicles registered within its boundaries which are the same as the City's. The STBD is governed by the Seattle City Council members acting in an ex-officio capacity, and maintains no employees. STBD's sole purpose is to finance the City's transportation improvements and although it is a legally separate entity, the operations of STBD are so closely related to those of the City that it is reported as if it were part of the primary government.

The Seattle Transportation Benefit District is reported as a special revenue fund in the City's financial statements. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements for the STBD are available from Seattle City Hall, 600 Fourth Avenue, 2nd Floor, Seattle, WA 98104 or by calling 206-233-5005.

(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 pass-through agency to receive the employment and training funds for the Seattle-King 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, 2014, 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 2014, WDC paid \$1.1 million 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 98121-2162, by accessing its website at <http://www.seakingwdc.org/reports/reports-publications.html>, or by telephone at 206-448-0474.

(14) COMMITMENTS

GENERAL

Capital Improvement Program

The City adopted the 2014-2015 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$5.223 billion for the years 2014-2019. The adopted CIP for 2014 was \$923.4 million, consisting of \$508.7 million for City-owned utilities and \$414.7 million for nonutility departments. The utility allocations are: \$291.2 million for City Light, \$67.0 million for Water, \$97.7 million for Drainage and Wastewater, \$28.9 million for Solid Waste, and \$23.9 million for Seattle Public Utilities' technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

CITY LIGHT (SCL)

Expenses associated with energy received under long-term purchased power agreements at December 31, 2014 and 2013 are shown in the following table.

Table 14-1 LONG-TERM PURCHASED POWER
(In Millions)

	2014	2013
Bonneville Block	\$ 78.1	\$ 70.1
Bonneville Slice	77.5	80.0
Lucky Peak, including royalties	6.3	5.2
British Columbia - High Ross Agreement	13.4	13.4
Grant County Public Utility District	3.2	3.0
Grand Coulee Project Hydro Authority	6.0	5.5
Bonneville South Fork Tolt billing credit	(3.30)	(3.30)
Renewable energy - Slate Line Wind	23.7	23.8
Renewable energy - other	7.1	4.5
Exchanges and loss returns energy at fair value	8.9	9.2
Long-term purchased power booked out	(6.70)	(8.30)
Total	<u>\$ 214.2</u>	<u>\$ 203.1</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. Block quantities, Slice percentage, and Bonneville rates 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 3.62763 percent, 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 2014 and 2013 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 provided and billed Lucky Peak \$0.3 million for operational and administrative services in both 2014 and 2013. These amounts are recorded as offsets to purchased power expense. SCL paid \$3.2 million for energy from Lucky Peak in both 2014 and 2013.

SCL's receivables from Lucky Peak were less than \$0.1 million at December 31, 2014 and 2013, respectively. SCL's payables to Lucky Peak were \$0.3 million and \$0.4 million at December 31, 2014 and 2013, 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 3 percent by 2012, at least 9 percent by 2016, and at least 15 percent by 2020. SCL's 2014 and 2013 resource portfolio met the 3 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, 2014 and 2013, 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 2015 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
2015	\$ 286.6
2016	302.8
2017	307.3
2018	324.8
2019	336.5
2020 - 2024	1,766.1
2025 - 2029	1,204.1
Thereafter (through 2065)	239.0
Total	<u>\$ 4,767.2</u>

^a 2015 to 2019 includes estimated REP recoveries from BPA.

^b BPA transmission contract expires July 31, 2025.

^c 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 \$258.9 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 42 year life for the total cost of \$48.6 million. The terms and conditions of the new license have been evaluated. SCL has moved to 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 \$399.1 million adjusted to 2014 dollars, of which \$21.2 million were expended through 2014. 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 of these 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, 2014, to be \$127.8 million, of which \$110.9 million had been expended. Total South Fork Tolt license mitigation costs were estimated at \$1.8 million, of which \$1.3 million were expended through 2014. 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 2014 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, 2014 are estimated to be \$9.0 million. \$0.9 million has been allocated for the program in the 2015 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 \$2.5 million and \$2.4 million to Pend Oreille County, and \$1.0 million and \$1.0 million to Whatcom County in 2014 and 2013, 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 \$107.9 million (in 2014 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 2014 is \$78.6 million. The remaining \$29.3 million to complete the HCP is comprised of a \$7.6 million liability and an estimate of \$21.6 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 expenses 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 four reservoirs is expected to be approximately \$155.8 million through the year 2018; costs beyond 2018 are not estimable as of the date of this report. As of December 31, 2014 and 2013, total cumulative costs incurred were \$146.8 million and \$140.9 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 2061. 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 SPU were \$139.7 million and \$137.7 million for fiscal years 2014 and 2013, 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 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 2014 and 2013 were \$75.6 million and \$74.7 million, respectively.

In 1990, SPU entered into a contract with Waste Management of Washington, Inc. formerly known as 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. The Fund paid WWS \$12.9 million and \$13.3 million under this contract in 2014 and 2013, respectively.

The City also has negotiated a long-term yard waste processing contract with Cedar Grove Composting, Inc. (CGC). This contract expired on March 30, 2014. Total payments to CGC in 2014 and 2013 were \$0.4 million and \$2.7 million, respectively.

Effective April 1, 2014 the City entered into contracts with PacificClean Environmental of Washington, LLC and Lenz Enterprises, Inc. to process yard and food waste into marketable products. The 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. Total payments under the terms of these contracts for 2014 were \$3.4 million.

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. Total payment for recycling processing were \$2.4 million in both year 2014 and 2013.

Landfill Closure and Post-closure Care

At December 31, 2014, accrued landfill closure and post-closure costs consist primarily of monitoring, maintenance, and repair costs. It is the City Council's policy to include the fund's share of all landfill closure and post-closure costs in the revenue requirements used to set future solid waste rates. Therefore, SPU uses regulatory accounting and total estimated landfill closure and post-closure care costs are accrued and also reflected as a future costs in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers. 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, SPU 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.

Since January 1, 1999, the City obtained excess general liability insurance coverage for occurrences on or after said date which covers losses over \$2.5 million per occurrence self-insured retention, with a \$25.0 million limit per occurrence and in the aggregate. Starting February 1, 2002 through 2006, the City's excess general liability insurance covers losses over \$5.0 million per occurrence self-insured retention, with a \$25.0 million limit per occurrence and in the aggregate. In June 2007 the limit was increased to \$30.0 million over a \$5.0 million self-insured retention. In June 2009 the self-insured retention was increased from \$5.0 million to \$6.5 million. Beginning in June 2011 the limit was increased to \$40.0 million over a \$6.5 million self-insured retention. Beginning in June 2014 the limit was increased to \$60.0 million over a \$6.5 million self-insured retention.

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 did not purchase annuity contracts in 2014 to resolve litigation. No structured settlements were entered into by the City in 2014. No large liability settlements were received in 2014. No settlements made in 2014, 2013, or 2012 were in excess of insurance coverage.

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 2014 the City's independent actuary estimated the ultimate settlement costs for lawsuits, workers' compensation, other claims, and health care at year-end 2013. The total undiscounted IBNR amount increased by \$5.6 million in 2014, the IBNR amount was \$40.4 million in 2014 and \$34.8 million in 2013.

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

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in 2014 and \$0.3 million in 2013. 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 0.931 percent for 2014 and 0.675 percent for 2013, the City's average annual rate of return on investments. The total discounted liability at December 31, 2014, was \$109.5 million consisting of \$67.0 million for general liability, \$3.5 million for health care, and \$39.0 million for workers' compensation.

The City of Seattle

Table 15-1

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

	General Liability		Health Care		Workers' Compensation		Total City	
	2014	2013	2014	2013	2014	2013	2014	2013
UNDISCOUNTED								
Balance - Beginning of Fiscal Year	\$ 61,659	\$ 67,732	\$ 3,047	\$ 2,265	\$ 40,085	\$ 36,024	\$ 104,791	\$ 106,021
Less Payments and Expenses During the Year	(12,953)	(16,589)	(142,880)	(134,747)	(13,363)	(12,954)	(169,196)	(164,290)
Plus Claims and Changes in Estimates	20,567	10,516	143,332	135,529	13,660	17,015	177,559	163,060
Balance - End of Fiscal Year	<u>\$ 69,273</u>	<u>\$ 61,659</u>	<u>\$ 3,499</u>	<u>\$ 3,047</u>	<u>\$ 40,382</u>	<u>\$ 40,085</u>	<u>\$ 113,154</u>	<u>\$ 104,791</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF								
Governmental Activities	\$ 52,765	\$ 45,960	\$ 3,499	\$ 3,047	\$ 29,190	\$ 28,997	\$ 85,454	\$ 78,004
Business-Type Activities	16,508	15,699	—	—	11,192	11,088	27,700	26,787
Fiduciary Activities	—	—	—	—	—	—	—	—
Balance - End of Fiscal Year	<u>\$ 69,273</u>	<u>\$ 61,659</u>	<u>\$ 3,499</u>	<u>\$ 3,047</u>	<u>\$ 40,382</u>	<u>\$ 40,085</u>	<u>\$ 113,154</u>	<u>\$ 104,791</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF								
Governmental Activities	\$ 51,010	\$ 44,776	\$ 3,467	\$ 3,027	\$ 28,178	\$ 28,174	\$ 82,655	\$ 75,977
Business-Type Activities	15,959	15,294	—	—	10,805	10,774	26,764	26,068
Fiduciary Activities	—	—	—	—	—	—	—	—
Balance - End of Fiscal Year	<u>\$ 66,969</u>	<u>\$ 60,070</u>	<u>\$ 3,467</u>	<u>\$ 3,027</u>	<u>\$ 38,983</u>	<u>\$ 38,948</u>	<u>\$ 109,419</u>	<u>\$ 102,045</u>

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

- City Light Boundary Unit 55 Delay Claims. The City entered into a generator rebuild contract with Toshiba International Corporation for Units 55 and 56 at the City's Boundary Hydroelectric Project. The rebuild contract specified a turnover date of March 29, 2013 for Unit 55. Toshiba was materially late on a number of matters, which triggered liquidated damage claims under the contract with Toshiba. The liquidated damages clause allows for \$11 thousand per day, and the City has made liquidated damages claims against Toshiba for the period of March 29, 2013 through July 17, 2013. These claims total \$1.2 million and are currently being negotiated with Toshiba. The ultimate recovery amount is indeterminable as of the date of this note.
- 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 the proceeding before the Federal Energy Regulatory Commission (FERC) various public and private California entities sought refunds in markets that had been created by the State of California. City Light had sold energy in one of these markets. In February 2011 the City agreed to a settlement, which was eventually approved by the trial court and FERC. Under the settlement, the City resolved this matter for \$9.0 million, none of which was immediately paid by the City. As part of the settlement, the City assigned its accounts receivable from the California Independent System 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 City Light recovering monies in the Pacific Northwest Refund Case, discussed below. To date, the City has received \$2.3 million in payments in the Pacific Northwest Refund Case, has been paid to the California parties.

Notes to Financial Statements

Pacific Northwest Refund Case and Appeal. In the 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. Two witnesses provided testimony on behalf of City Light, and were cross-examined by the sellers. FERC has received the parties closing briefs and the City is awaiting the preliminary ruling from the trial judge. Prior to the FERC trial, the City settled refund claims with twelve entities, with a combined total settlement amount of \$2.6 million. During the middle of the FERC trial, the City also reached a settlement with Powerex Corp for \$2.0 million. The Powerex settlement was subsequently approved by FERC on March 7, 2014. In March 2014, the trial judge issued a 569 page initial decision which generally denied the City's and the California parties' claims. The City filed a brief objecting to the Initial Decision in May 2014 and the parties are awaiting a final decision from FERC. Prior to and during the FERC trial, the City settled claims with fourteen entities for a combined total settlement of \$4.5 million. On February 17, 2015, the 9th Circuit issued an order reactivating six dormant appeals that were stayed pending results of the related FERC litigation. A briefing schedule was issued by the 9th Circuit requiring all briefs completed by early May and oral argument to occur during the week of June 15, 2015.

- Utility Tax Refund. A wireless telecommunications subsidiary company served dozens of cities in Washington including Seattle. In November 2010 the company made utility tax refund requests. Pursuant to the refund requests, a lawsuit was filed in King County Superior Court against more than 100 cities in April 2012 appealing the cities' denial or failure to respond. The City of Seattle was not a defendant in the initial complaint, but was added with some other cities in August 2012. The lawsuit arises from its parent company being sued in a class action for improperly charging its customers for local utility taxes on wireless internet services. Those services may not have been taxable. As part of the settlement of the class action lawsuit, the parent company was required to present refund claims to the cities; the claim against the City of Seattle is approximately \$5.0 million. In May 2013, the court granted motions to dismiss Seattle and most other cities. However, the City is continuing an audit of the company and after the conclusion of the audit, it is likely that the company will refile the lawsuit against Seattle and the other cities that have not settled. The likelihood of a material adverse outcome in this matter cannot be predicted.
- Public Records Request Claim. The parent company of a local television station in Seattle made public records request to the Seattle Police Department for in-car videos and sued the City when they were not produced. The Trial court held some records were improperly withheld. Both parties appealed and oral argument was heard by the Washington Supreme Court in May 2013. The Court issued its decision on July 12, 2014 holding that SPD violated the PRA and remanded for further proceedings regarding penalties and attorney fees. The plaintiff moved for attorney fees and costs for the Supreme Court appeal. The Court awarded the plaintiff costs and fees of \$52.4 thousand which the City has paid. The City cannot predict whether a material adverse outcome will occur.
- Leaks and Cracks in Reservoirs. The City discovered leaks and cracks in various reservoirs. Discussions with the designer have commenced to determine the cause of the leaks and cracks. Costs of repairs and/or damages are expected to exceed the material amount. The amount is indeterminable as of the date of this note.

There may be other litigation or claims involving alleged substantial sums of money owing; however, the prospect of material adverse outcomes therein is remote. 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, 2014, twelve projects remained outstanding with a combined total amount of \$25.3 million. BEDI grant funds amount to \$3.75 million, of which a portion is being held as loan loss reserves.

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.

The City has not paid debt service on any of the guaranteed bonds during fiscal year 2014.

Museum Development Authority

Special obligation refunding bonds. Series 2014 issued on April 29 2014, in the amount of \$44,375,000. The outstanding amount as of December 31 2014 is \$44,375,000. The bonds will be fully retired by April 1, 2031.

Pike Place Market Preservation and Development Authority

Special obligation refunding bonds issued on March 28, 2002, in the amount of \$5,925,000. The outstanding amount as of December 31 2014 is \$2,410,000. The bonds will be fully retired on November 1, 2017.

Seattle Chinatown-International District Preservation and Development Authority

Refunding bonds issued on September 26, 2007, in the amount of \$7,355,000. The outstanding amount as of December 31, 2014, was \$5,465,000. 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 \$5,210,000. The outstanding amount as of December 31 2014 is \$3,525,000. 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 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 is scheduled to occur on 5/1/2015 in the amount of \$75 thousand.

As of Dec 31, 2014, the Commission's remaining principal and interest amounts the City guaranteed are \$3,525,000 and \$898,630 respectively. Based on the expected cash outflows and discount rate equal to the interest earned from the City's consolidated cash pool (0.862%), the City has recognized a liability of \$4.2 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 11/01/2024.

(16) RESTATEMENTS, PRIOR-PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING PRINCIPLES, AND RECLASSIFICATIONS**GOVERNMENTAL ACTIVITIES**

Various departments recorded prior period adjustments to Fixed Asset related accounts. These include: 1) Department of Parks and Recreation (DPR) reported an additional \$9.2 million capitalization of Land and Equipment, net of accumulated depreciation, 2) DPR reported \$1.9 million addition to Construction in Progress, 3) Seattle Center reported \$0.2 million reduction to Construction in Progress, and 4) the Seattle Police Department reported \$1.4 million reduction to Construction in Progress.

(17) SUBSEQUENT EVENTS

On May 21, 2015, pursuant to City Ordinances 124125 and 124637 the City issued (1) \$160.9 million of Limited Tax General Obligation (LTGO) Improvement and Refunding Bonds with an average coupon rate of 4.871 percent and a final maturity of June 1, 2035; (2) \$169.1 million of Unlimited Tax General Obligation (UTGO) Improvement Bonds with an average coupon rate of 4.122 percent and a final maturity of December 1, 2044; and (3) \$28.2 million of LTGO Improvement Bonds with an average coupon rate of 3.454 percent and a final maturity of April 1, 2035.

On June 10, 2015, pursuant to City Council Resolution 31586 the City issued \$340.8 million of Water System Improvement and Refunding Revenue Bonds with an average coupon rate of 4.531 percent and a final maturity of May 1, 2045.

On June 25, 2015, pursuant to City Council Resolution 31589 the City issued \$35.8 million of Solid Waste Revenue Bonds with an average coupon rate of 4.478 percent and a final maturity of February 1, 2040.

Required Supplementary Information

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.

The City of Seattle

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 267,091	\$ 267,091	\$ 268,745	\$ 1,654
Retail Sales and Use Taxes	188,058	188,058	199,735	11,677
Business Taxes	265,497	265,497	265,830	333
Excise Taxes	55,640	55,640	57,739	2,099
Other Taxes	—	—	4,024	4,024
Interfund Business Taxes	129,518	129,518	129,929	411
Total Taxes	905,804	905,804	926,002	20,198
Licenses and Permits	23,887	23,887	28,014	4,127
Grants, Shared Revenues, and Contributions	38,112	50,941	30,769	(20,172)
Charges for Services	46,581	54,323	60,867	6,544
Fines and Forfeits	35,033	35,033	30,460	(4,573)
Parking Fees and Space Rent	37,000	37,000	37,682	682
Program Income, Interest, and Miscellaneous Revenues	218,827	218,860	213,004	(5,856)
Total Revenues	1,305,244	1,325,848	1,326,798	950
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	404,016	404,457	370,366	34,091
Judicial	28,819	29,433	29,158	275
Public Safety	499,808	529,238	520,199	9,039
Physical Environment	6,972	7,579	6,854	725
Transportation	9,686	9,686	9,779	(93)
Economic Environment	23,076	29,827	22,422	7,405
Health and Human Services	937	1,024	1,020	4
Culture and Recreation	6,712	6,795	6,715	80
Capital Outlay				
General Government	43,056	43,527	12,305	31,222
Public Safety	15,913	17,964	5,914	12,050
Physical Environment	—	—	—	—
Transportation	13,589	13,589	—	13,589
Economic Environment	5,307	283	7	276
Culture and Recreation	47,254	47,600	24,076	23,524
Debt Service				
Interest	505	505	—	505
Total Expenditures and Encumbrances	1,105,650	1,141,507	1,008,815	132,692
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	199,594	184,341	317,983	(131,742)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	4,578	4,578	—	(4,578)
Transfers In	9,517	9,528	7,466	(2,062)
Transfers Out	(315,143)	(320,456)	(322,585)	(2,129)
Total Other Financing Sources (Uses)	(301,048)	(306,350)	(315,119)	(8,769)
Net Change in Fund Balance	<u>\$ (101,454)</u>	<u>\$ (122,009)</u>	2,864	<u>\$ (8,769)</u>
Budgetary Fund Balance - Beginning of Year			231,258	
Net Change in Encumbrances			(2,048)	
Net Change in Unappropriable Reserves			41,844	
Budgetary Fund Balance - End of Year			273,918	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			24,388	
Encumbrances			4,426	
Reimbursements				
Budgeted as Revenues			173,429	
Budgeted as Expenditures			(173,429)	
GASB Statement No. 54 Reporting Adjustment			14,402	
Library Fund Balances			—	
Fund Balance (GAAP) - End of Year			<u>\$ 317,134</u>	

Required Supplementary Information

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TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 42,232	\$ 42,232	\$ 42,718	\$ 486
Business Taxes	32,807	32,807	35,677	2,870
Other Taxes	—	—	81	81
Total Taxes	75,039	75,039	78,476	3,437
Licenses and Permits	9,456	9,456	5,066	(4,390)
Grants, Shared Revenues, and Contributions	49,747	49,492	46,244	(3,248)
Charges for Services	68,517	71,921	98,365	26,444
Fines and Forfeits	—	—	19	19
Parking Fees and Space Rent	—	—	84	84
Program Income, Interest, and Miscellaneous Revenues	244	2,126	2,235	109
Total Revenues	203,003	208,034	230,489	22,455
EXPENDITURES AND ENCUMBRANCES				
Current				
Transportation	106,129	113,981	104,424	9,557
Capital Outlay				
Transportation	485,340	406,453	278,550	127,903
Debt Service				
Principal	2,051	2,051	2,051	—
Interest	155	155	155	—
Total Expenditures and Encumbrances	593,675	522,640	385,180	137,460
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(390,672)	(314,606)	(154,691)	(115,005)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,977	1,977	2,108	131
Transfers In	194,862	194,862	189,540	(5,322)
Transfers Out	(27,112)	(27,112)	(26,544)	568
Total Other Financing Sources (Uses)	169,727	169,727	165,104	(4,623)
Net Change in Fund Balance	<u>\$ (220,945)</u>	<u>\$ (144,879)</u>	10,413	<u>\$ (119,628)</u>
Budgetary Fund Balance - Beginning of Year			(6,174)	
Net Change in Encumbrances			2,272	
Net Change in Unappropriable Reserves			(49,141)	
Budgetary Fund Balance - End of Year			(42,630)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			128,977	
Fund Balance (GAAP) - End of Year			<u>\$ 86,347</u>	

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LOW-INCOME HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2014

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
General Property Taxes	\$ 18,963	\$ 18,963	\$ 17,943	\$ (1,020)
Grants, Shared Revenues, and Contributions	20,669	21,816	2,840	(18,976)
Charges for Services	2,508	2,508	—	(2,508)
Program Income, Interest, and Miscellaneous Revenues	36,857	37,074	32,660	(4,414)
Total Revenues	78,997	80,361	53,443	(26,918)
EXPENDITURES AND ENCUMBRANCES				
Current				
Economic Environment	144,272	145,637	29,181	116,456
Total Expenditures and Encumbrances	144,272	145,637	29,181	116,456
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(65,275)	(65,276)	24,262	89,538
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ (65,275)	\$ (65,276)	24,262	\$ 89,538
Budgetary Fund Balance - Beginning of Year			(20,119)	
Net Change in Unappropriable Reserves			(14,454)	
Budgetary Fund Balance - End of Year			(10,311)	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			115,730	
Fund Balance (GAAP) - End of Year			\$ 105,419	

PENSION PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Defined benefit pension plans are required to provide two schedules of long-term actuarial data, 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.

The City of Seattle

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PENSION PLAN INFORMATION
SCHEDULE OF FUNDING PROGRESS
December 31, 2014
(In Thousands)

Retirement System	Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) ^a	Unfunded Actuarial Accrued Liabilities (UAAL) ^b	Funded Ratio	Covered Payroll ^c	UAAL as a Percentage of Covered Payroll
Seattle City Employees' Retirement System (SCERS)	2008	\$ 2,119,400	\$ 2,294,600	\$ 175,200	92.4%	501,900	34.9%
	2010	1,645,300	2,653,800	1,008,500	62.0	580,900	173.6
	2011	2,013,700	2,709,000	695,400	74.3	563,200	123.5
	2012	1,954,300	2,859,300	905,000	68.3	557,000	162.5
	2013	1,920,100	3,025,300	1,105,000	63.5	567,806	194.6
	2014	2,094,300	3,260,100	1,165,800	64.2	597,934	195.0
Firemen's Pension Fund	2009	11,498	141,621	130,123	8.0	N/A	N/A
	2010	13,273	143,499	130,226	9.0	N/A	N/A
	2011	11,430	126,794	115,364	9.0	N/A	N/A
	2012	10,877	138,611	127,734	8.0	N/A	N/A
	2013	12,943	106,424	93,481	12.0	N/A	N/A
	2014	12,371	84,344	71,613	15.0	N/A	N/A
Police Relief and Pension Fund	2009	423	132,118 ^e	131,695 ^e	—	N/A	N/A
	2010	280	129,393	129,113	—	N/A	N/A
	2011	1,105	137,497	136,392	1.0	N/A	N/A
	2012	3,746	111,458	107,712	3.0	N/A	N/A
	2013	4,625	104,729	100,104	4.0	N/A	N/A
	2014	3,202	92,615	89,413	3.0	N/A	N/A

^a Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method for SCERS, Firemen's Pension, and Police Relief and Pension.

^b Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.

^c Covered payroll includes compensation paid to all active employees on which contributions are calculated. Not applicable for Firemen's Pension and Police Relief and Pension plans. These plans primarily cover inactive participants and there are no current member contributions.

^d The funding ratio had been 62.0%, based on previous, January 1, 2010 actuarial valuation. The increase in the funding ratio is due mainly to the adoption of the asset smoothing method.

^e Reflects a \$514,000 actuarial adjustment for the 2009 AAL and UAAL.

Required Supplementary Information

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PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2014
(In Thousands)

Retirement System	Fiscal Year Ending December 31	Covered Employee Payroll ^a	Actual Employer Contributions ^b	Actual Employer Contribution Percentage ^b	Annual Required Contribution (ARC) ^c	Percentage of ARC Contributed ^c
Seattle City Employees' Retirement System (SCERS)	2008	\$ 570,530	\$ 45,814	8.03 %	8.03%	100 %
	2009	580,948	46,650	8.03	8.03	100
	2010	563,198	45,225	8.03	17.00	47
	2011	557,000	50,301	9.03	13.11	69
	2012	567,806	62,515	11.01	11.84	93
	2013	597,934	77,074	12.89	14.02	92
Firemen's Pension Fund	2008	N/A	15,027	N/A	10,673	141
	2009	N/A	11,422	N/A	8,266	138
	2010	N/A	7,255	N/A	7,975	91
	2011	N/A	8,262	N/A	7,218	114
	2012	N/A	10,318	N/A	7,387	140
	2013	N/A	6,485	N/A	5,243	124
Police Relief and Pension Fund	2008	N/A	9,723	N/A	9,248	105
	2009	N/A	7,939	N/A	8,635	95
	2010	N/A	9,843	N/A	7,907	124
	2011	N/A	11,195	N/A	8,534	131
	2012	N/A	8,315	N/A	6,895	121
	2013	N/A	7,105	N/A	6,398	111

^a Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll for SCERS. Not applicable to the Firemen's Pension and Police Relief and Pension because these plans primarily cover inactive participants and there are no current member contributions.

^b The actual and required employer contributions for SCERS are expressed as a percentage of payroll after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.

^c The City makes employer contributions as a percentage of actual payroll for SCERS as set in City ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the ARC is equal to the actual dollar amount of the employer contributions. The City ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate.

^d The latest actuarial valuation for SCERS was completed as of January 1, 2013.

**Combining and Individual
Fund and Other
Supplementary Information**

Nonmajor Governmental Funds

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

The **Seattle Transportation Benefit District Fund** accounts for the independent taxing district created and governed by the City Council. The purpose of the district is to fund transportation improvements within the boundaries of the City through an imposed \$20 vehicle registration fee. 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 City of Seattle

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 **Transportation Bond Fund** was established in 1997 to account for part of the proceeds of a limited tax general obligation bond issue in the amount of \$9.5 million for designated transportation programs and projects (Ordinances 118503 and 118528).

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 **City Facilities Renovation and Improvement Fund** received \$22.2 million of unlimited tax general obligation bond proceeds under the 1-2-3 Bond/Levy Program approved by voters in September 1984. It provides funds to renovate libraries, fire stations, Seattle Center facilities, harbor patrol stations, and other facilities (Ordinance 111717).

The **Conservation Futures Fund** was established in 1990 to account for the proceeds from the Conservation Futures Levy which are allocated to the City by King County and for the City's matching amounts. The funds are to acquire suitable greenbelt areas for conserving and enhancing the quality of the environment (Ordinances 114763, 114978, and 116908).

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).

Nonmajor Governmental Funds

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 **South Police Stations Fund** was established in 1999 to account for moneys to be used for the design of the new South Police Station and modification of existing stations (Ordinance 119432).

The **Public Safety Information Technology Fund** was established in 1999 to account for part of the proceeds from the sale of limited tax general obligation bonds for the purpose of acquiring public safety information technology (Ordinance 119630).

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 **2003 Long-Term General Obligation Project Fund** was established to account for the proceeds of bonds issued in February 2003 to provide funding for Seattle Center's Roof and Structural Repairs, Park 90/5 Facility Earthquake Repair, and the SR519 and Alaskan Way Viaduct/Seawall Projects of the Seattle Department of Transportation (Ordinance 120979).

The **2006 Multipurpose Long-Term General Obligation Bond Fund** was established to account for up to \$24.1 million proceeds of limited tax general obligation bonds issued in 2006 for funding for the costs of the Viaduct, Pier 59, Mercer Corridor, and South Lake Union Streetcar projects; as well as for the refinancing of earthquake repair costs of the Park 90/5 Facility (Ordinance 121982).

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 **2007 Multipurpose Long-Term General Obligation Bond Fund** was established in 2006 to account for the acquisition of real property in the Northgate area for future general municipal purposes and for the costs of improvements to the Seattle Aquarium. Funds for these projects were initially provided from interfund loans to be repaid from future proceeds of limited tax general obligation bonds to be issued by the City (Ordinance 122121). The other part of the proceeds of the bond issue (Ordinance 122286) provided funding for the Parking Pay Stations, Alaska Tunnel/Seawall, Monorail Rehabilitation projects and the Zoo Garage construction.

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

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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).

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).

2014 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).

2014 Long-Term General Obligation Bond was established in 2015 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)

PERMANENT FUNDS

The **H. H. Dearborn Fund** holds a \$50,000 non-expendable gift to the City. The investment income is available for charitable purposes.

The **Beach Maintenance Trust Fund** received \$2.0 million appropriated from the City's Shoreline Park Improvement Fund. The earnings on this fund are used solely to maintain public beaches in Seattle.

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SUMMARY BY FUND TYPE December 31, 2014 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals		
					2014	2013	
ASSETS							
Cash and Equity in Pooled Investments	\$ 116,464	\$ 15,573	\$ 117,212	\$ 2,149	\$ 251,398	\$ 297,185	
Receivables, Net of Allowances						—	
Taxes	1,171	289	93	—	1,553	2,143	
Accounts	4,807	—	592	—	5,399	5,407	
Special Assessments	—	—	11,568	—	11,568	13,546	
Interest and Dividends	103	5	99	2	209	204	
Unbilled and Others	1,243	—	—	—	1,243	1,254	
Due from Other Funds	5,203	—	3,821	—	9,024	6,096	
Due from Other Governments	20,887	—	48	—	20,935	15,456	
Inventories	569	—	—	—	569	535	
Prepaid and Other Current Assets	—	—	—	—	—	—	
Charges and Other Assets	—	—	—	—	—	—	
Total Assets	150,447	15,867	133,433	2,151	301,898	341,826	
DEFERRED OUTFLOWS OF RESOURCES							
	44,135	—	—	—	44,135	43,216	
Total Assets and Deferred Outflows of Resources	\$ 194,582	\$ 15,867	\$ 133,433	\$ 2,151	\$ 346,033	\$ 385,042	
LIABILITIES							
Accounts Payable	\$ 23,193	\$ —	\$ 2,776	\$ —	\$ 25,969	\$ 29,831	
Contracts Payable	505	—	555	—	1,060	2,326	
Due to Other Funds	12,152	—	30,279	—	42,431	35,946	
Due to Other Governments	5,022	—	—	—	5,022	5,063	
Salaries, Benefits, and Taxes Payable	5,436	—	—	—	5,436	4,850	
Interest Payable	4	—	24	—	28	8	
Deposits Payable	188	—	14	—	202	220	
Revenue Collected/Billed in Advance	3,270	—	1,019	—	4,289	4,903	
Other Current Liabilities	2,219	—	—	—	2,219	261	
Advances from Other Funds	—	—	31,610	—	31,610	195	
Total Liabilities	51,989	—	66,277	—	118,266	83,603	
DEFERRED INFLOWS OF RESOURCES	45,018	202	11,884	—	57,104	57,963	
FUND BALANCES							
Nonspendable	595	—	—	2,050	2,645	2,614	
Restricted	87,384	15,665	110,920	101	214,070	252,580	
Committed	3,245	—	—	—	3,245	2,948	
Assigned	9,933	—	—	—	9,933	7,661	
Unassigned	(3,582)	—	(55,648)	—	(59,230)	(22,327)	
Total Fund Balances	97,575	15,665	55,272	2,151	170,663	243,476	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 194,582	\$ 15,867	\$ 133,433	\$ 2,151	\$ 346,033	\$ 385,042	

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2014 (In Thousands)

	Parks and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation	Seattle Center
ASSETS					
Cash and Equity in Pooled Investments	\$ 7,468	\$ 586	\$ 269	\$ 3,543	\$ 1,550
Receivables, Net of Allowances					
Taxes	—	—	—	191	—
Accounts	1,385	63	—	—	3,050
Contracts and Notes	—	—	—	—	—
Interest and Dividends	1	—	—	3	20
Unbilled and Others	203	—	—	—	874
Due from Other Funds	1,402	12	150	—	126
Due from Other Governments	172	3,108	—	—	—
Inventories	316	—	—	—	253
Prepaid and Other Current Assets	—	—	—	—	—
Contracts and Notes - Noncurrent	—	—	—	—	—
Advances to Other Funds	—	—	—	—	—
Total Assets	10,947	3,769	419	3,737	5,873
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 10,947	\$ 3,769	\$ 419	\$ 3,737	\$ 5,873
LIABILITIES					
Accounts Payable	\$ 2,273	\$ —	\$ 111	\$ —	\$ 795
Contracts Payable	505	—	—	—	—
Due to Other Funds	894	5,544	2	—	187
Due to Other Governments	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	2,879	—	—	—	1,173
Interest Payable	—	3	—	—	—
Deposits Payable	184	—	—	—	3
Revenue Collected/Billed in Advance	—	1,804	—	—	768
Other Current Liabilities	1,421	—	—	—	—
Advances from Other Funds	—	—	—	—	—
Total Liabilities	8,156	7,351	113	—	2,926
DEFERRED INFLOWS OF RESOURCES	—	—	—	146	—
FUND BALANCES					
Nonspendable	321	—	—	—	274
Restricted	57	—	306	3,591	1,588
Committed	—	—	—	—	1,085
Assigned	2,413	—	—	—	—
Unassigned	—	(3,582)	—	—	—
Total Fund Balances	2,791	(3,582)	306	3,591	2,947
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,947	\$ 3,769	\$ 419	\$ 3,737	\$ 5,873

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2014 (In Thousands)

	Human Services Operating	Office of Housing	Housing Community Development Revenue Sharing	Education and Development Services	2012 Library Levy
ASSETS					
Cash and Equity in Pooled Investments	\$ 16,702	\$ 585	\$ 424	\$ 49,343	\$ 9,308
Receivables, Net of Allowances					
Taxes	—	—	—	667	313
Accounts	8	70	124	—	—
Contracts and Notes	—	—	—	—	—
Interest and Dividends	6	—	1	41	8
Unbilled and Others	166	—	—	—	—
Due from Other Funds	1,049	769	—	193	—
Due from Other Governments	13,742	703	2,513	—	—
Inventories	—	—	—	—	—
Prepaid and Other Current Assets	—	—	—	—	—
Contracts and Notes - Noncurrent	—	—	—	—	—
Advances to Other Funds	—	—	—	—	—
Total Assets	31,673	2,127	3,062	50,244	9,629
DEFERRED OUTFLOWS OF RESOURCES	380	—	43,755	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 32,053</u>	<u>\$ 2,127</u>	<u>\$ 46,817</u>	<u>\$ 50,244</u>	<u>\$ 9,629</u>
LIABILITIES					
Accounts Payable	\$ 14,075	\$ 57	\$ 851	\$ 3,551	\$ 186
Contracts Payable	—	—	—	—	—
Due to Other Funds	408	247	911	319	1,163
Due to Other Governments	5,022	—	—	—	—
Salaries, Benefits, and Taxes Payable	1,069	160	—	60	13
Interest Payable	—	—	1	—	—
Deposits Payable	—	1	—	—	—
Revenue Collected/Billed in Advance	586	48	64	—	—
Other Current Liabilities	798	—	—	—	—
Advances from Other Funds	—	—	—	—	—
Total Liabilities	21,958	513	1,827	3,930	1,362
DEFERRED INFLOWS OF RESOURCES	380	—	43,755	503	234
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	1,601	48	1,235	45,811	8,033
Committed	2,160	—	—	—	—
Assigned	5,954	1,566	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	9,715	1,614	1,235	45,811	8,033
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 32,053</u>	<u>\$ 2,127</u>	<u>\$ 46,817</u>	<u>\$ 50,244</u>	<u>\$ 9,629</u>

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2014 (In Thousands)

	School Zone Automatic Camera Fund	Business Improvement Areas	Seattle Transportation Benefit District	General Trust	Municipal Arts
ASSETS					
Cash and Equity in Pooled Investments	\$ 2,099	\$ 6,071	\$ 3,972	\$ 4,278	\$ 6,649
Receivables, Net of Allowances					
Taxes	—	—	—	—	—
Accounts	—	—	—	2	—
Contracts and Notes	—	—	—	—	—
Interest and Dividends	3	6	3	3	5
Unbilled and Others	—	—	—	—	—
Due from Other Funds	1,098	6	—	170	155
Due from Other Governments	—	—	646	—	—
Inventories	—	—	—	—	—
Prepaid and Other Current Assets	—	—	—	—	—
Contracts and Notes - Noncurrent	—	—	—	—	—
Advances to Other Funds	—	—	—	—	—
Total Assets	3,200	6,083	4,621	4,453	6,809
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 3,200</u>	<u>\$ 6,083</u>	<u>\$ 4,621</u>	<u>\$ 4,453</u>	<u>\$ 6,809</u>
LIABILITIES					
Accounts Payable	\$ —	\$ 408	\$ 756	\$ 47	\$ 32
Contracts Payable	—	—	—	—	—
Due to Other Funds	1,655	—	261	2	9
Due to Other Governments	—	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	41	34
Interest Payable	—	—	—	—	—
Deposits Payable	—	—	—	—	—
Revenue Collected/Billed in Advance	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—
Advances from Other Funds	—	—	—	—	—
Total Liabilities	1,655	408	1,017	90	75
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—
FUND BALANCES					
Nonspendable	—	—	—	—	—
Restricted	1,545	5,675	3,604	4,363	6,734
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Total Fund Balances	1,545	5,675	3,604	4,363	6,734
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,200</u>	<u>\$ 6,083</u>	<u>\$ 4,621</u>	<u>\$ 4,453</u>	<u>\$ 6,809</u>

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE December 31, 2014 (In Thousands)

	General Donation and Gift Trust		Comparative Totals			
		2014		2013		
ASSETS						
Cash and Equity in Pooled Investments	\$	3,617	\$	116,464	\$	106,513
Receivables, Net of Allowances						
Taxes		—		1,171		1,192
Accounts		105		4,807		5,408
Contracts and Notes		—		—		—
Interest and Dividends		3		103		85
Unbilled and Others		—		1,243		1,254
Due from Other Funds		73		5,203		5,983
Due from Other Governments		3		20,887		15,448
Inventories		—		569		535
Prepaid and Other Current Assets		—		—		—
Contracts and Notes - Noncurrent		—		—		—
Advances to Other Funds		—		—		—
Total Assets		3,801		150,447		136,418
DEFERRED OUTFLOWS OF RESOURCES						
		—		44,135		43,216
Total Assets and Deferred Outflows of Resources	\$	3,801	\$	194,582	\$	179,634
LIABILITIES						
Accounts Payable	\$	51	\$	23,193	\$	25,297
Contracts Payable		—		505		630
Due to Other Funds		550		12,152		10,951
Due to Other Governments		—		5,022		5,021
Salaries, Benefits, and Taxes Payable		7		5,436		4,849
Interest Payable		—		4		4
Deposits Payable		—		188		206
Revenue Collected/Billed in Advance		—		3,270		4,188
Other Current Liabilities		—		2,219		261
Advances from Other Funds		—		—		195
		—		—		—
Total Liabilities		608		51,989		51,602
DEFERRED INFLOWS OF RESOURCES						
		—		45,018		44,105
FUND BALANCES						
Nonspendable		—		595		564
Restricted		3,193		87,384		85,725
Committed		—		3,245		2,948
Assigned		—		9,933		7,662
Unassigned		—		(3,582)		(12,972)
Total Fund Balances		3,193		97,575		83,927
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	3,801	\$	194,582	\$	179,634

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE December 31, 2014 (In Thousands)

				Comparative Totals	
	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2014	2013
ASSETS					
Cash and Equity in Pooled Investments	\$ 14,706	\$ 8	\$ 858	\$ 15,572	\$ 15,544
Receivables, Net of Allowances					
Taxes	289	—	—	289	347
Interest and Dividends	5	—	1	6	5
Due from Other Funds	—	—	—	—	—
Due from Other Governments	—	—	—	—	—
Charges and Other Assets	—	—	—	—	—
Total Assets	15,000	8	859	15,867	15,896
DEFERRED OUTFLOWS OF RESOURCES					
	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 15,000	\$ 8	\$ 859	\$ 15,867	\$ 15,896
LIABILITIES					
Due to Other Governments	\$ —	\$ —	\$ —	\$ —	\$ —
Total Liabilities	—	—	—	—	—
DEFERRED INFLOWS OF RESOURCES					
	202	—	—	202	266
FUND BALANCES					
Restricted	14,798	8	859	15,665	15,629
Total Fund Balances	14,798	8	859	15,665	15,629
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,000	\$ 8	\$ 859	\$ 15,867	\$ 15,895

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	Transportation Bond	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement
ASSETS				
Cash and Equity in Pooled Investments	\$ 3	\$ 404	\$ 406	\$ 30
Receivables, Net of Allowances				
Taxes	—	—	—	—
Accounts	—	—	—	—
Special Assessments	—	—	—	—
Interest and Dividends	—	1	—	—
Unbilled and Others	—	—	—	—
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	4	—
Total Assets	3	405	410	30
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 3</u>	<u>\$ 405</u>	<u>\$ 410</u>	<u>\$ 30</u>
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ 9	\$ —
Contracts Payable	—	—	—	—
Due to Other Funds	—	—	13	—
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	—	—	—	—
Deposits Payable	—	—	—	—
Revenue Collected/Billed in Advance - Current	—	—	—	—
Advances from Other Funds	—	—	—	—
Total Liabilities	—	—	22	—
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
FUND BALANCES				
Restricted	3	405	388	30
Unassigned	—	—	—	—
Total Fund Balances	<u>3</u>	<u>405</u>	<u>388</u>	<u>30</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3</u>	<u>\$ 405</u>	<u>\$ 410</u>	<u>\$ 30</u>

The City of Seattle

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	Park Mitigation and Remediation	City Facilities Renovation and Improvement	Conservation Futures	Open Spaces and Trails Bond
ASSETS				
Cash and Equity in Pooled Investments	\$ 19,001	\$ 89	\$ 32	\$ 51
Receivables, Net of Allowances				
Taxes	—	—	—	—
Accounts	—	—	—	—
Special Assessments	—	—	—	—
Interest and Dividends	15	—	—	—
Unbilled and Others	—	—	—	—
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Total Assets	19,016	89	32	51
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 19,016</u>	<u>\$ 89</u>	<u>\$ 32</u>	<u>\$ 51</u>
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	—	—
Due to Other Funds	4	—	—	2
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	—	—	—	—
Deposits Payable	—	—	—	—
Revenue Collected/Billed in Advance - Current	—	—	—	—
Advances from Other Funds	—	—	—	—
Total Liabilities	4	—	—	2
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
FUND BALANCES				
Restricted	19,012	89	32	49
Unassigned	—	—	—	—
Total Fund Balances	<u>19,012</u>	<u>89</u>	<u>32</u>	<u>49</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,016</u>	<u>\$ 89</u>	<u>\$ 32</u>	<u>\$ 51</u>

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	South Police Stations
ASSETS				
Cash and Equity in Pooled Investments	\$ 49,432	\$ 1,275	\$ 1,311	\$ 1
Receivables, Net of Allowances				
Taxes	72	—	—	—
Accounts	5	53	—	—
Special Assessments	—	—	—	—
Interest and Dividends	41	1	1	—
Unbilled and Others	—	—	—	—
Due from Other Funds	28	21	—	—
Due from Other Governments	22	—	—	—
Total Assets	49,600	1,350	1,312	1
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 49,600</u>	<u>\$ 1,350</u>	<u>\$ 1,312</u>	<u>\$ 1</u>
LIABILITIES				
Accounts Payable	\$ 373	\$ 20	\$ —	\$ —
Contracts Payable	—	—	—	—
Due to Other Funds	698	3	—	—
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	—	—	—	—
Deposits Payable	—	—	—	—
Revenue Collected/Billed in Advance - Current	1,019	—	—	—
Advances from Other Funds	—	—	—	—
Total Liabilities	2,090	23	—	—
DEFERRED INFLOWS OF RESOURCES	379	—	—	—
FUND BALANCES				
Restricted	47,131	1,327	1,312	1
Unassigned	—	—	—	—
Total Fund Balances	47,131	1,327	1,312	1
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 49,600</u>	<u>\$ 1,350</u>	<u>\$ 1,312</u>	<u>\$ 1</u>

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	Public Safety Information Technology	2003 Fire Facilities	2003 Long-Term General Obligation Project	2006 Multipurpose Long-Term General Obligation Bond
ASSETS				
Cash and Equity in Pooled Investments	\$ —	\$ 11,991	\$ —	\$ —
Receivables, Net of Allowances				
Taxes	—	21	—	—
Accounts	—	227	—	—
Special Assessments	—	—	—	—
Interest and Dividends	—	10	—	—
Unbilled and Others	—	—	—	—
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Total Assets	—	12,249	—	—
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ 12,249</u>	<u>\$ —</u>	<u>\$ —</u>
LIABILITIES				
Accounts Payable	\$ —	\$ 666	\$ —	\$ —
Contracts Payable	—	247	—	—
Due to Other Funds	—	417	—	—
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	—	—	—	—
Deposits Payable	—	14	—	—
Revenue Collected/Billed in Advance - Current	—	—	—	—
Advances from Other Funds	—	—	—	—
Total Liabilities	—	1,344	—	—
DEFERRED INFLOWS OF RESOURCES	—	17	—	—
FUND BALANCES				
Restricted	—	10,888	—	—
Unassigned	—	—	—	—
Total Fund Balances	—	10,888	—	—
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ —</u>	<u>\$ 12,249</u>	<u>\$ —</u>	<u>\$ —</u>

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	Local Improvement, District No. 6750	2007 Multipurpose Long-Term General Obligation Bond	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond
ASSETS				
Cash and Equity in Pooled Investments	\$ 164	\$ —	\$ 759	\$ 810
Receivables, Net of Allowances				
Taxes	—	—	—	—
Accounts	—	—	74	6
Special Assessments	11,568	—	—	—
Interest and Dividends	1	—	1	1
Unbilled and Others	—	—	—	—
Due from Other Funds	—	—	—	—
Due from Other Governments	—	—	—	—
Total Assets	11,733	—	834	817
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	\$ 11,733	\$ —	\$ 834	\$ 817
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Contracts Payable	—	—	74	7
Due to Other Funds	—	—	3	—
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	—	—	—	—
Deposits Payable	—	—	—	—
Revenue Collected/Billed in Advance - Current	—	—	—	—
Advances from Other Funds	—	—	—	—
Total Liabilities	—	—	77	7
DEFERRED INFLOWS OF RESOURCES				
Total Liabilities and Deferred Inflows of Resources	11,488	—	—	—
FUND BALANCES				
Restricted	245	—	757	810
Unassigned	—	—	—	—
Total Fund Balances	245	—	757	810
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,733	\$ —	\$ 834	\$ 817

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond
ASSETS				
Cash and Equity in Pooled Investments	\$ 1,771	\$ 10,022	\$ 1,919	\$ 8,319
Receivables, Net of Allowances				
Taxes	—	—	—	—
Accounts	41	21	—	165
Special Assessments	—	—	—	—
Interest and Dividends	2	8	1	8
Unbilled and Others	—	—	—	—
Due from Other Funds	29	30	339	—
Due from Other Governments	—	—	—	22
Total Assets	1,843	10,081	2,259	8,514
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	\$ 1,843	\$ 10,081	\$ 2,259	\$ 8,514
LIABILITIES				
Accounts Payable	\$ —	\$ 13	\$ 2	\$ 1,167
Contracts Payable	41	21	—	165
Due to Other Funds	62	302	45	474
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	—	—	—	—
Deposits Payable	—	—	—	—
Revenue Collected/Billed in Advance - Current	—	—	—	—
Advances from Other Funds	—	—	—	—
Total Liabilities	103	336	47	1,806
DEFERRED INFLOWS OF RESOURCES				
Total Liabilities and Deferred Inflows of Resources	—	—	—	—
FUND BALANCES				
Restricted	1,740	9,745	2,212	6,708
Unassigned	—	—	—	—
Total Fund Balances	1,740	9,745	2,212	6,708
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,843	\$ 10,081	\$ 2,259	\$ 8,514

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	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	\$ 1,876	\$ 2	\$ 941	\$ 6,603
Receivables, Net of Allowances				
Taxes	—	—	—	—
Accounts	—	—	—	—
Special Assessments	—	—	—	—
Interest and Dividends	2	—	—	6
Unbilled and Others	—	—	—	—
Due from Other Funds	2,073	15	—	1,286
Due from Other Governments	—	—	—	—
Total Assets	3,951	17	941	7,895
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 3,951	\$ 17	\$ 941	\$ 7,895
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ 522
Contracts Payable	—	—	—	—
Due to Other Funds	24,514	2,764	—	278
Due to Other Governments	—	—	—	—
Salaries, Benefits, and Taxes Payable	—	—	—	—
Interest Payable	10	14	—	—
Deposits Payable	—	—	—	—
Revenue Collected/Billed in Advance - Current	—	—	—	—
Advances from Other Funds	15,000	16,610	—	—
Total Liabilities	39,524	19,388	—	800
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
FUND BALANCES				
Restricted	—	—	941	7,095
Unassigned	(35,573)	(19,371)	—	—
Total Fund Balances	(35,573)	(19,371)	941	7,095
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,951	\$ 17	\$ 941	\$ 7,895

The City of Seattle

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS December 31, 2014 (In Thousands)

	2015 Multipurpose Long-Term General Obligation Bond	Comparative Totals	
		2014	2013
ASSETS			
Cash and Equity in Pooled Investments	\$ —	\$ 117,212	\$ 173,005
Receivables, Net of Allowances			
Taxes	—	93	604
Accounts	—	592	—
Special Assessments	—	11,568	13,546
Interest and Dividends	—	99	113
Unbilled and Others	—	—	—
Due from Other Funds	—	3,821	114
Due from Other Governments	—	48	8
Total Assets	—	133,433	187,390
DEFERRED OUTFLOWS OF RESOURCES	—	—	—
Total Assets and Deferred Outflows of Resources	\$ —	\$ 133,433	\$ 187,390
LIABILITIES			
Accounts Payable	\$ 4	\$ 2,776	\$ 4,535
Contracts Payable	—	555	1,696
Due to Other Funds	700	30,279	24,996
Due to Other Governments	—	—	43
Salaries, Benefits, and Taxes Payable	—	—	—
Interest Payable	—	24	4
Deposits Payable	—	14	14
Revenue Collected/Billed in Advance - Current	—	1,019	714
Advances from Other Funds	—	31,610	—
Total Liabilities	704	66,277	32,002
DEFERRED INFLOWS OF RESOURCES	—	11,884	13,592
FUND BALANCES			
Restricted	—	110,920	151,136
Unassigned	(704)	(55,648)	(9,340)
Total Fund Balances	(704)	55,272	141,796
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ —	\$ 133,433	\$ 187,390

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS PERMANENT December 31, 2014 (In Thousands)

	H. H. Dearborn	Beach Maintenance Trust	Comparative Totals	
			2014	2013
ASSETS				
Cash and Equity in Pooled Investments	\$ 142	\$ 2,007	\$ 2,149	\$ 2,123
Receivables, Net of Allowances Interest and Dividends	—	2	2	1
Total Assets	142	2,009	2,151	2,124
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 142</u>	<u>\$ 2,009</u>	<u>\$ 2,151</u>	<u>\$ 2,124</u>
LIABILITIES				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Due to Other Funds	—	—	—	—
Total Liabilities	—	—	—	—
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
FUND BALANCES				
Nonspendable	50	2,000	2,050	2,050
Restricted	92	9	101	90
Unassigned	—	—	—	(16)
Total Fund Balances	142	2,009	2,151	2,124
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 142</u>	<u>\$ 2,009</u>	<u>\$ 2,151</u>	<u>\$ 2,124</u>

The City of Seattle

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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, 2014 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2014	2013
REVENUES						
Taxes	\$ 84,719	\$ 17,706	\$ 24,272	\$ —	\$ 126,697	\$ 123,268
Grants, Shared Revenues, and Contributions	69,986	979	5,646	—	76,611	82,357
Charges for Services	50,346	—	11,396	—	61,742	46,975
Fines and Forfeits	5,163	—	—	—	5,163	56
Parking Fees and Space Rent	25,227	357	—	—	25,584	23,846
Program Income, Interest, and Miscellaneous Revenues	3,533	718	4,785	32	9,068	2,923
Total Revenues	238,974	19,760	46,099	32	304,865	279,825
EXPENDITURES						
Current						
General Government	9,064	—	—	—	9,064	30,603
Public Safety	6,656	—	—	—	6,656	12,326
Physical Environment	871	—	—	—	871	617
Transportation	2,805	—	—	—	2,805	1,059
Economic Environment	89,358	—	—	—	89,358	78,856
Health and Human Services	77,079	—	—	—	77,079	73,089
Culture and Recreation	172,982	—	—	5	172,987	206,638
Capital Outlay						
General Government	—	—	23,294	—	23,294	—
Public Safety	3,136	—	16,112	—	19,248	—
Transportation	—	—	—	—	—	—
Culture and Recreation	225	—	30,695	—	30,920	10,895
Debt Service						
Principal	—	57,081	2,610	—	59,691	54,078
Interest	—	25,928	487	—	26,415	26,023
Bond Issuance Cost	—	—	259	—	259	822
Other	—	—	—	—	—	—
Total Expenditures	362,176	83,009	73,457	5	518,647	495,006
Excess (Deficiency) of Revenues over Expenditures	(123,202)	(63,249)	(27,358)	27	(213,782)	(215,181)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	—	48	50,407	—	50,455	101,115
Refunding Debt Issued	—	—	—	—	—	43,945
Premium on Bonds Issued	—	—	4,150	—	4,150	9,377
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	(44,504)
Sales of Capital Assets	20	—	—	—	20	102
Transfers In	169,611	63,238	250	—	233,099	225,307
Transfers Out	(32,781)	—	(113,973)	—	(146,755)	(109,113)
Total Other Financing Sources (Uses)	136,850	63,286	(59,166)	—	140,969	226,229
Net Change in Fund Balance	13,648	37	(86,524)	27	(72,813)	11,048
Fund Balances - Beginning of Year	83,927	15,628	141,796	2,124	243,476	232,428
Fund Balances - End of Year	<u>\$ 97,575</u>	<u>\$ 15,665</u>	<u>\$ 55,272</u>	<u>\$ 2,151</u>	<u>\$ 170,663</u>	<u>\$ 243,476</u>

Nonmajor Governmental Funds

D-7 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 1 of 4 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2014
(In Thousands)

	Park and Recreation	Seattle Streetcar	Key Arena Settlement Proceeds	Pike Place Market Renovation
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ 7,854
Grants, Shared Revenues, and Contributions	252	2,123	—	—
Charges for Services	34,997	127	—	—
Fines and Forfeits	1	—	—	—
Parking Fees and Space Rent	6,970	67	—	—
Program Income, Interest, and Miscellaneous Revenues	389	(30)	—	44
Total Revenues	42,609	2,287	—	7,898
EXPENDITURES				
Current				
General Government	—	—	—	256
Public Safety	—	—	—	—
Physical Environment	—	—	—	—
Transportation	—	2,049	—	—
Economic Environment	—	—	—	—
Health and Human Services	—	—	—	—
Culture and Recreation	130,361	—	89	—
Capital Outlay				
Public Safety	—	—	—	—
Culture and Recreation	54	—	32	—
Total Expenditures	130,415	2,049	121	256
Excess (Deficiency) of Revenues over Expenditures	(87,806)	238	(121)	7,642
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	20	—	—	—
Transfers In	88,900	—	—	—
Transfers Out	(2,565)	—	—	(8,952)
Total Other Financing Sources (Uses)	86,355	—	—	(8,952)
Net Change in Fund Balance	(1,451)	238	(121)	(1,310)
Fund Balances - Beginning of Year	4,242	(3,820)	427	4,901
Fund Balances - End of Year	\$ 2,791	\$ (3,582)	\$ 306	\$ 3,591

The City of Seattle

D-7 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 2 of 4 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2014
(In Thousands)

	Seattle Center	Human Services Operating	Office of Housing	Housing and Community Development Revenue Sharing
REVENUES				
Taxes	\$ —	\$ 935	\$ 1,810	\$ —
Grants, Shared Revenues, and Contributions	62	54,134	1,879	10,090
Charges for Services	7,087	4,240	804	4
Fines and Forfeits	—	82	—	—
Parking Fees and Space Rent	18,190	—	—	—
Program Income, Interest, and Miscellaneous Revenues	427	116	893	452
Total Revenues	25,766	59,507	5,386	10,546
EXPENDITURES				
Current				
General Government	—	8,808	—	—
Public Safety	—	5,034	—	—
Physical Environment	—	—	—	—
Transportation	—	—	—	—
Economic Environment	—	58,927	5,545	10,121
Health and Human Services	—	50,141	—	—
Culture and Recreation	37,815	—	—	743
Capital Outlay				
Public Safety	—	—	—	—
Culture and Recreation	96	—	—	—
Total Expenditures	37,911	122,910	5,545	10,864
Excess (Deficiency) of Revenues over Expenditures	(12,145)	(63,403)	(159)	(318)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Transfers In	13,218	67,275	195	—
Transfers Out	(126)	—	—	—
Total Other Financing Sources (Uses)	13,092	67,275	195	—
Net Change in Fund Balance	947	3,872	36	(318)
Fund Balances - Beginning of Year	2,000	5,843	1,578	1,553
Fund Balances - End of Year	\$ 2,947	\$ 9,715	\$ 1,614	\$ 1,235

Nonmajor Governmental Funds

D-7 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 3 of 4 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2014
(In Thousands)

	Education and Development Services	2012 Library Levy	School Zone Automatic Camera Fund	Business Improvement Areas	Seattle Transportation Benefit District
REVENUES					
Taxes	\$ 32,674	\$ 17,082	\$ —	\$ 16,739	\$ 7,625
Grants, Shared Revenues, and Contributions	—	—	—	—	—
Charges for Services	—	—	—	—	—
Fines and Forfeits	—	—	5,079	—	—
Parking Fees and Space Rent	—	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	685	116	17	120	30
Total Revenues	33,359	17,198	5,096	16,859	7,655
EXPENDITURES					
Current					
General Government	—	—	—	—	—
Public Safety	—	—	—	—	—
Physical Environment	—	—	—	—	—
Transportation	—	—	—	—	756
Economic Environment	—	—	—	14,419	—
Health and Human Services	26,936	—	—	—	—
Culture and Recreation	—	1,517	—	—	—
Capital Outlay					
Public Safety	—	—	—	—	—
Culture and Recreation	—	—	—	—	—
Total Expenditures	26,936	1,517	—	14,419	756
Excess (Deficiency) of Revenues over Expenditures	6,423	15,681	5,096	2,440	6,899
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	—	—	—	—	—
Transfers In	—	—	—	—	—
Transfers Out	—	(12,560)	(3,551)	—	(5,026)
Total Other Financing Sources (Uses)	—	(12,560)	(3,551)	—	(5,026)
Net Change in Fund Balance	6,423	3,121	1,545	2,440	1,873
Fund Balances - Beginning of Year	39,388	4,912	—	3,235	1,731
Fund Balances - End of Year	\$ 45,811	\$ 8,033	\$ 1,545	\$ 5,675	\$ 3,604

The City of Seattle

D-7 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 4 of 4 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
For the Year Ended December 31, 2014
(In Thousands)

				Comparative Totals	
	General Trust	Municipal Arts	General Donations and Gift Trust	2014	2013
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ 84,719	\$ 82,985
Grants, Shared Revenues, and Contributions	397	—	1,049	69,986	69,637
Charges for Services	—	3,086	—	50,345	46,975
Fines and Forfeits	2	—	—	5,164	56
Parking Fees and Space Rent	—	—	—	25,227	23,523
Program Income, Interest, and Miscellaneous Revenues	96	110	68	3,533	2,006
Total Revenues	495	3,196	1,117	238,974	225,182
EXPENDITURES					
Current					
General Government	—	—	—	9,064	13,426
Public Safety	1,019	—	603	6,656	1,501
Physical Environment	—	—	872	872	617
Transportation	—	—	—	2,805	1,059
Economic Environment	—	—	347	89,359	78,856
Health and Human Services	—	—	3	77,080	73,089
Culture and Recreation	66	2,250	141	172,982	162,134
Capital Outlay					
Public Safety	2,627	—	508	3,135	—
Culture and Recreation	—	—	43	225	10,872
Total Expenditures	3,712	2,250	2,517	362,178	341,554
Excess (Deficiency) of Revenues over Expenditures	(3,217)	946	(1,400)	(123,204)	(116,372)
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	—	—	—	20	102
Transfers In	25	—	—	169,613	163,012
Transfers Out	—	—	—	(32,780)	(30,262)
Total Other Financing Sources (Uses)	25	—	—	136,853	132,852
Net Change in Fund Balance	(3,192)	946	(1,400)	13,649	16,480
Fund Balances - Beginning of Year	7,555	5,788	4,593	83,927	67,447
Fund Balances - End of Year	\$ 4,363	\$ 6,734	\$ 3,193	\$ 97,576	\$ 83,927

Nonmajor Governmental Funds

D-8 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
For the Year Ended December 31, 2014
(In Thousands)

	Comparative Totals				
	General Bond Interest and Redemption	Interfund Notes Payable - Local Improvement Districts	Local Improvement Guaranty	2014	2013
REVENUES					
Taxes	\$ 17,706	\$ —	\$ —	\$ 17,706	\$ 15,930
Grants, Shared Revenues, and Contributions	979	—	—	979	1,020
Parking Fees and Space Rent	357	—	—	357	323
Program Income, Interest, and Miscellaneous Revenues	705	—	13	718	571
Total Revenues	19,747	—	13	19,760	17,844
EXPENDITURES					
Debt Service					
Principal	57,081	—	—	57,081	54,078
Interest	25,928	—	—	25,928	25,486
Bond Issuance Cost	—	—	—	—	290
Other	—	—	—	—	—
Total Expenditures	83,009	—	—	83,009	79,854
Excess (Deficiency) of Revenues over Expenditures	(63,262)	—	13	(63,249)	(62,010)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	48	—	—	48	4,929
Refunding Debt Issued	—	—	—	—	43,945
Premium on Bonds Issued	—	—	—	—	557
Payment to Refunded Bond Escrow Agent	—	—	—	—	(44,504)
Transfers In	63,238	—	—	63,238	62,045
Total Other Financing Sources (Uses)	63,286	—	—	63,286	66,972
Net Change in Fund Balance	24	—	13	37	4,962
Fund Balances - Beginning of Year	14,775	8	846	15,628	10,666
Fund Balances - End of Year	\$ 14,799	\$ 8	\$ 859	\$ 15,665	\$ 15,628

The City of Seattle

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 1 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	Transportation Bond	Public Safety Facilities and Equipment	Shoreline Park Improvement	Community Improvement
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	5	—
Charges for Services	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	26	7	1
Total Revenues	—	26	12	1
EXPENDITURES				
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	—	—	—	—
Culture and Recreation	—	—	83	21
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	—	—	83	21
Excess (Deficiency) of Revenues over Expenditures	—	26	(71)	(20)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	(3)	—	—	—
Total Other Financing Sources (Uses)	(3)	—	—	—
Net Change in Fund Balance	(3)	26	(71)	(20)
Fund Balances - Beginning of Year	6	379	459	50
Fund Balances - End of Year	\$ 3	\$ 405	\$ 388	\$ 30

Nonmajor Governmental Funds

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 2 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	Park Mitigation and Remediation	City Facilities Renovation and Improvement	Conservation Futures	Open Spaces and Trails Bond
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	—	—
Charges for Services	11,389	—	—	—
Program Income, Interest, and Miscellaneous Revenues	671	1	1	1
Total Revenues	12,060	1	1	1
EXPENDITURES				
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	—	—
Transportation	—	—	—	—
Culture and Recreation	686	—	—	11
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	686	—	—	11
Excess (Deficiency) of Revenues over Expenditures	11,374	1	1	(10)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	11,374	1	1	(10)
Fund Balances - Beginning of Year	7,638	88	31	59
Fund Balances - End of Year	\$ 19,012	\$ 89	\$ 32	\$ 49

The City of Seattle

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 3 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	Seattle Center and Parks Multipurpose Levy	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	South Police Stations
REVENUES				
Taxes	\$ 24,220	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	2,817	250	—	—
Charges for Services	6	—	—	—
Program Income, Interest, and Miscellaneous Revenues	647	77	20	—
Total Revenues	27,690	327	20	—
EXPENDITURES				
Capital Outlay				
General Government	—	—	1	—
Public Safety	—	—	—	—
Transportation	—	—	—	—
Culture and Recreation	17,938	625	—	—
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	17,938	625	1	—
Excess (Deficiency) of Revenues over Expenditures	9,752	(298)	19	—
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	250	—	—
Transfers Out	(1,342)	—	—	(1)
Total Other Financing Sources (Uses)	(1,342)	250	—	(1)
Net Change in Fund Balance	8,410	(48)	19	(1)
Fund Balances - Beginning of Year	38,721	1,375	1,293	2
Fund Balances - End of Year	\$ 47,131	\$ 1,327	\$ 1,312	\$ 1

Nonmajor Governmental Funds

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 4 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	Public Safety Information Technology	2003 Fire Facilities	2003 Long-Term General Obligation Project	2006 Multipurpose Long-Term General Obligation Bond
REVENUES				
Taxes	\$ —	\$ 36	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	—	—
Charges for Services	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	—	246	—	1
Total Revenues	—	282	—	1
EXPENDITURES				
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	6,165	—	—
Transportation	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	—	6,165	—	—
Excess (Deficiency) of Revenues over Expenditures	—	(5,883)	—	1
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	(536)	—	(11)	(65)
Total Other Financing Sources (Uses)	(536)	—	(11)	(65)
Net Change in Fund Balance	(536)	(5,883)	(11)	(64)
Fund Balances - Beginning of Year	536	16,771	11	64
Fund Balances - End of Year	\$ —	\$ 10,888	\$ —	\$ —

The City of Seattle

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 5 of 6 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	Local Improvement, District No. 6750	2007 Multipurpose Long-Term General Obligation Bond	2008 Multipurpose Long-Term General Obligation Bond	2009 Multipurpose Long-Term General Obligation Bond
REVENUES				
Taxes	\$ 17	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	879	—	—	—
Charges for Services	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	585	—	31	20
Total Revenues	1,481	—	31	20
EXPENDITURES				
Capital Outlay				
General Government	—	—	—	—
Public Safety	—	—	804	—
Transportation	—	—	—	—
Culture and Recreation	—	—	—	—
Debt Service				
Principal	2,610	—	—	—
Interest	486	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	3,096	—	804	—
Excess (Deficiency) of Revenues over Expenditures	(1,615)	—	(773)	20
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	(12)	(212)	(712)
Total Other Financing Sources (Uses)	—	(12)	(212)	(712)
Net Change in Fund Balance	(1,615)	(12)	(985)	(692)
Fund Balances - Beginning of Year	1,860	12	1,742	1,502
Fund Balances - End of Year	\$ 245	\$ —	\$ 757	\$ 810

Nonmajor Governmental Funds

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 6 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	2010 Multipurpose Long-Term General Obligation Bond	2011 Multipurpose Long-Term General Obligation Bond	2012 Multipurpose Long-Term General Obligation Bond	2013 Multipurpose Long-Term General Obligation Bond
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	—	—
Charges for Services	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	65	226	101	385
Total Revenues	65	226	101	385
EXPENDITURES				
Capital Outlay				
General Government	—	48	—	6,657
Public Safety	—	—	—	9,142
Transportation	—	—	—	—
Culture and Recreation	174	577	1,893	2,285
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	—	—	—	—
Total Expenditures	174	625	1,893	18,084
Excess (Deficiency) of Revenues over Expenditures	(109)	(399)	(1,792)	(17,699)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	(3,798)	(4,432)	(5,909)	—
Total Other Financing Sources (Uses)	(3,798)	(4,432)	(5,909)	—
Net Change in Fund Balance	(3,907)	(4,831)	(7,701)	(17,699)
Fund Balances - Beginning of Year	5,647	14,576	9,913	24,407
Fund Balances - End of Year	\$ 1,740	\$ 9,745	\$ 2,212	\$ 6,708

The City of Seattle

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 7 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

	Alaskan Way Seawall Construction	Central Waterfront Improvement	2013 King County Parks Levy Fund	2014 Long-Term General Obligation Bond
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Grants, Shared Revenues, and Contributions	—	—	1,696	—
Charges for Services	—	—	—	—
Program Income, Interest, and Miscellaneous Revenues	361	(118)	2	1,429
Total Revenues	361	(118)	1,698	1,429
EXPENDITURES				
Capital Outlay				
General Government	—	—	—	16,589
Public Safety	—	—	—	—
Transportation	—	—	—	—
Culture and Recreation	—	—	757	4,942
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Bond Issuance Cost	111	—	—	148
Total Expenditures	111	—	757	21,679
Excess (Deficiency) of Revenues over Expenditures	250	(118)	941	(20,250)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	16,352	—	—	34,055
Premium on Bonds Issued	763	—	—	3,386
Sales of Capital Assets	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	(76,932)	(9,913)	—	(10,096)
Total Other Financing Sources (Uses)	(59,817)	(9,913)	—	27,345
Net Change in Fund Balance	(59,567)	(10,031)	941	7,095
Fund Balances - Beginning of Year	23,994	(9,340)	—	—
Fund Balances - End of Year	\$ (35,573)	\$ (19,371)	\$ 941	\$ 7,095

Nonmajor Governmental Funds

D-9 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
Page 8 of 8 **IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
For the Year Ended December 31, 2014
(In Thousands)

		Comparative Totals	
	2015 Multipurpose Long-Term General Obligation Bond	2014	2013
REVENUES			
Taxes	\$ —	\$ 24,273	\$ 24,352
Grants, Shared Revenues, and Contributions	—	5,647	12,101
Charges for Services	—	11,395	—
Program Income, Interest, and Miscellaneous Revenues	—	4,786	351
Total Revenues	—	46,101	36,804
EXPENDITURES			
Capital Outlay			
General Government	—	23,295	17,177
Public Safety	—	16,111	10,825
Transportation	—	—	—
Culture and Recreation	704	30,696	44,505
Debt Service			
Principal	—	2,610	—
Interest	—	486	537
Bond Issuance Cost	—	259	532
Total Expenditures	704	73,457	73,576
Excess (Deficiency) of Revenues over Expenditures	(704)	(27,356)	(36,772)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	—	50,407	96,186
Premium on Bonds Issued	—	4,149	8,820
Sales of Capital Assets	—	—	—
Transfers In	—	250	250
Transfers Out	—	(113,974)	(78,841)
Total Other Financing Sources (Uses)	—	(59,168)	26,415
Net Change in Fund Balance	(704)	(86,524)	(10,357)
Fund Balances - Beginning of Year	—	141,796	152,153
Fund Balances - End of Year	\$ (704)	\$ 55,272	\$ 141,796

The City of Seattle

D-10 **COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
For the Year Ended December 31, 2014
(In Thousands)

			Comparative Totals	
	H. H. Dearborn	Beach Maintenance Trust	2014	2013
REVENUES				
Program Income, Interest, and Miscellaneous Revenues	\$ 2	\$ 30	\$ 32	\$ (5)
Total Revenues	2	30	32	(5)
EXPENDITURES				
Capital Outlay				
Culture and Recreation	—	5	5	23
Total Expenditures	—	5	5	23
Excess (Deficiency) of Revenues over Expenditures	2	25	27	(28)
OTHER FINANCING SOURCES (USES)				
Transfers Out	—	—	—	(10)
Total Other Financing Sources (Uses)	—	—	—	(10)
Net Change in Fund Balance	2	25	27	(38)
Fund Balances - Beginning of Year	140	1,984	2,124	2,162
Fund Balances - End of Year	\$ 142	\$ 2,009	\$ 2,151	\$ 2,124

Budget and Actual

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, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 267,091	\$ 268,745	\$ —	\$ 1,654
Retail Sales and Use Taxes	188,058	199,735	—	11,677
Business Taxes	265,497	265,830	—	333
Excise Taxes	55,640	57,739	—	2,099
Other Taxes	—	4,024	—	4,024
Interfund Business Taxes	129,518	129,929	—	411
Total Taxes	905,804	926,002	—	20,198
Licenses and Permits	23,887	28,014	—	4,127
Grants, Shared Revenues, and Contributions	50,941	30,769	—	(20,172)
Charges for Services	54,323	60,867	—	6,544
Fines and Forfeits	35,033	30,460	—	(4,573)
Parking Fees and Space Rent	37,000	37,682	—	682
Program Income, Interest, and Miscellaneous Revenues	218,860	213,004	—	(5,856)
Total Revenues	1,325,848	1,326,798	—	950
EXPENDITURES AND ENCUMBRANCES				
CITY AUDITOR	2,298	1,761	350	187
CITY BUDGET OFFICE	5,200	3,808	295	1,097
CIVIL SERVICE COMMISSIONS	386	309	—	77
CRIMINAL JUSTICE				
Jail Services	17,202	17,005	—	197
Indigent Defense Services	6,033	5,702	—	331
Total Criminal Justice	23,235	22,707	—	528
ETHICS AND ELECTIONS	986	895	—	91
EXECUTIVE				
Sustainability and Environment	5,527	4,728	316	483
Mayor's Office	4,916	4,683	3	230
Economic Development	8,090	7,213	300	577
Intergovernmental Relations	2,266	1,987	50	229
Immigrant and Refugee Affairs	818	554	118	146
Community Police Commission	852	465	362	25
Civil Rights	3,345	3,151	—	194
Total Executive	25,814	22,781	1,149	1,884
FINANCE AND ADMINISTRATIVE SERVICES	72	72	—	—

The City of Seattle

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GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
FINANCE GENERAL				
Appropriations to Special Purpose Funds	\$ 34,453	\$ 33,028	\$ —	\$ 1,425
Reserves	41,407	26,998	265	14,144
Support to Operating Funds	39,274	39,258	—	16
Transferred Programs	93	93	—	—
Support to Parks Capital Expenditures	—	—	—	—
Total Finance General	115,227	99,377	265	15,585
FIRE				
Administration	8,010	8,004	—	6
Resource Management	12,135	12,133	—	2
Operations	149,555	149,552	—	3
Fire Prevention	7,612	7,440	—	172
Grants and Reimbursables	14,728	8,955	—	5,773
Total Department	192,040	186,084	—	5,956
HEARING EXAMINER	696	638	—	58
LAW				
Administration	2,619	2,228	—	391
Civil Law	12,515	12,860	—	(345)
Criminal Prosecution	7,157	6,832	—	325
Precinct Liaison	599	576	—	23
Total Department	22,890	22,496	—	394
LEGISLATIVE	14,232	12,928	258	1,046
LIBRARY	20	20	—	—
MUNICIPAL COURT				
Court Operations	16,819	16,749	—	70
Corporate Services	6,828	6,644	—	184
Court Compliance	5,785	5,765	—	20
Total Department	29,432	29,158	—	274
NEIGHBORHOODS				
Director's Office	744	442	133	169
Customer Service and Operations	1,526	1,473	—	53
Community Building	4,214	3,587	375	252
Office for Education	1,024	945	76	3
Youth Violence Prevention	6,483	5,361	75	1,047
Total Department	13,991	11,808	659	1,524

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, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
HUMAN RESOURCES				
Employment and Training	\$ 4,699	\$ 4,577	\$ —	\$ 122
Employee Health Services	3,062	3,053	—	9
Citywide Personnel	3,071	3,047	—	24
Labor Relations and Class Compensation	3,504	3,484	—	20
Total Department	14,336	14,161	—	175
POLICE				
Chief of Police	24,591	15,755	41	8,795
Professional Accountability	2,362	2,356	119	(113)
Chief of Staff Program	25,191	24,877	68	246
Deputy Chief Operations	3,442	3,401	—	41
Special Operations Bureau	53,783	53,051	397	335
Professional Standards Program	14,360	14,238	—	122
West Precinct Patrol	31,500	30,484	—	1,016
North Precinct Patrol	33,773	33,336	—	437
South Precinct Patrol	18,227	18,184	—	43
East Precinct Patrol	24,989	24,344	—	645
Southwest Precinct Patrol	16,500	16,283	12	205
Criminal Investigation Administration	8,701	8,602	10	89
Violent Crimes Investigation	8,409	8,366	—	43
Narcotics Investigation	5,165	5,072	—	93
Coordinated Criminal Investigations	4,794	4,792	—	2
Special Victims Program	6,799	6,538	—	261
Field Support	37,112	36,009	69	1,034
Total Department	319,698	305,688	716	13,294
JUDGMENTS/CLAIMS	25,114	9,960	—	15,154
ARTS ACCOUNT	6,166	5,378	668	120
CABLE TELEVISION FRANCHISE	8,710	8,675	—	35
CUMULATIVE RESERVE				
Real Estate Excise Tax I	49,439	22,247	67	27,125
Real Estate Excise Tax II	18,556	6,491	—	12,065
Capital Projects Asset Preservation	12,048	6,874	—	5,174
Capital Projects Street Vacation	827	—	—	827
Unrestricted	14,872	4,681	—	10,191
Total Cumulative Reserve	95,742	40,293	67	55,382

The City of Seattle

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GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2014

(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOOD MATCHING	\$ 8,052	\$ 2,855	\$ —	\$ 5,197
EMERGENCY	—	—	—	—
TRANSIT BENEFIT	3,163	2,987	—	176
SPECIAL EMPLOYMENT	200	16	—	184
INDUSTRIAL INSURANCE	19,811	16,441	—	3,370
UNEMPLOYMENT COMPENSATION	2,075	1,923	—	152
HEALTH CARE	185,613	175,089	—	10,524
GROUP TERM LIFE INSURANCE	6,304	6,080	—	224
Total Expenditures and Encumbrances	1,141,503	1,004,388	4,427	132,688
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	184,345	322,410	(4,427)	133,638
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	4,578	—	—	(4,578)
Transfers In	9,528	7,466	—	(2,062)
Transfers Out	(320,456)	(322,585)	—	(2,129)
Total Other Financing Sources (Uses)	(306,350)	(315,119)	—	(8,769)
Net Change in Fund Balance	\$ (122,005)	7,291	\$ (4,427)	\$ 124,869
Fund Balance - Beginning of Year		295,443		
Fund Balance - End of Year		\$ 302,734		

Budget and Actual

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TRANSPORTATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2014

(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ 42,232	\$ 42,718	\$ —	\$ 486
Business Taxes	32,807	35,677	—	2,870
Other Taxes	—	81	—	81
Total Taxes	75,039	78,476	—	3,437
Licenses and Permits	9,456	5,066	—	(4,390)
Grants, Shared Revenues, and Contributions	49,492	46,244	—	(3,248)
Charges for Services	71,921	98,365	—	26,444
Fines and Forfeits	—	19	—	19
Parking Fees and Space Rent	—	84	—	84
Program Income, Interest, and Miscellaneous Revenues	2,126	2,235	—	109
Total Revenues	208,034	230,489	—	22,455
EXPENDITURES AND ENCUMBRANCES				
Bridges and Structures	9,194	8,488	27	679
Engineering Services	2,034	4,521	16	(2,503)
Mobility Operations	46,300	40,068	1,351	4,881
Right-of-Way Management	20,368	18,598	563	1,207
Street Maintenance	23,629	22,032	—	1,597
Urban Forestry	4,937	4,818	—	119
Department Management	3,972	362	315	3,295
General Expense	5,754	5,472	—	282
Major Maintenance/Replacement	88,366	54,852	—	33,514
Major Projects	206,132	178,915	—	27,217
Mobility Capital	111,955	44,783	—	67,172
Total Expenditures and Encumbrances	522,641	382,909	2,272	137,460
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(314,607)	(152,420)	(2,272)	159,915
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	1,977	2,108	—	131
Transfers In	194,862	189,540	—	(5,322)
Transfers Out	(27,112)	(26,544)	—	568
Total Other Financing Sources (Uses)	169,727	165,104	—	(4,623)
Net Change in Fund Balance	\$ (144,880)	12,684	\$ (2,272)	\$ 155,292
Fund Balance - Beginning of Year		73,663		
Fund Balance - End of Year		\$ 86,347		

The City of Seattle

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LOW-INCOME HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 18,963	\$ 17,943	\$ —	\$ (1,020)
Grants, Shared Revenues, and Contributions	21,816	2,840	—	(18,976)
Charges for Services	2,508	—	—	(2,508)
Program Income, Interest, and Miscellaneous Revenues	37,074	32,660	—	(4,414)
Total Revenues	80,361	53,443	—	(26,918)
EXPENDITURES AND ENCUMBRANCES				
Community Development	46	—	—	46
Administration and Management	21,338	157	—	21,181
Multifamily Production and Preservation	100,619	25,268	—	75,351
Single Family	23,634	3,756	—	19,878
Total Expenditures and Encumbrances	145,637	29,181	—	116,456
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(65,276)	24,262	—	89,538
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Change in Fund Balance	\$ (65,276)	24,262	\$ —	\$ 89,538
Fund Balance - Beginning of Year		81,157		
Fund Balance - End of Year		\$ 105,419		

Budget and Actual

D-14

PARK AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 564	\$ 252	\$ —	\$ (312)
Charges for Services	36,704	34,997	—	(1,707)
Fines and Forfeits	—	1	—	1
Parking Fees and Space Rent	7,209	6,970	—	(239)
Program Income, Interest, and Miscellaneous Revenues	190	389	—	199
Total Revenues	44,667	42,609	—	(2,058)
EXPENDITURES AND ENCUMBRANCES				
Gasworks Park Contamination Remediation	60	43	—	17
Swimming, Boating, and Aquatics	9,385	9,213	—	172
Recreation Facilities and Programs	25,045	24,408	587	50
Facility and Structure Maintenance	15,777	15,467	66	244
Park Cleaning, Landscaping, and Restoration	31,050	30,550	16	484
Seattle Conservation Corps	4,082	3,362	—	720
Seattle Aquarium	3,275	2,451	—	824
Woodland Park Zoo	6,820	6,677	—	143
Planning, Development, and Acquisition	6,243	5,636	138	469
Judgments and Claims	652	652	—	—
Finance and Administration	8,415	8,100	2	313
Policy Direction and Leadership	6,158	6,434	13	(289)
Golf	8,971	8,430	—	541
Environmental Learning and Programs	1,494	1,454	—	40
Natural Resources Management	7,401	7,540	52	(191)
Total Expenditures and Encumbrances	134,828	130,417	874	3,537
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(90,161)	(87,808)	(874)	1,479
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	—	20	—	20
Transfers In	89,482	88,900	—	(582)
Transfers Out	(2,653)	(2,565)	—	88
Total Other Financing Sources (Uses)	86,829	86,355	—	(474)
Net Change in Fund Balance	\$ (3,332)	(1,453)	\$ (874)	\$ 1,005
Fund Balance - Beginning of Year		4,242		
Fund Balance - End of Year		\$ 2,789		

The City of Seattle

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LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 7,255	\$ 4,898	\$ —	\$ (2,357)
Charges for Services	209	213	—	4
Fines and Forfeits	1,564	1,499	—	(65)
Parking Fees and Space Rent	458	541	—	83
Program Income, Interest, and Miscellaneous Revenues	372	231	—	(141)
Total Revenues	9,858	7,382	—	(2,476)
EXPENDITURES AND ENCUMBRANCES				
Administrative Services	10,617	9,285	32	1,300
City Librarian's Office	994	758	—	236
Library Capital Improvements	7	—	—	7
Library Services	46,238	45,541	3	694
Grants, Trusts, and Memorials	12,667	4,228	—	8,439
Bunn Projects - Principal and Interest	2,552	627	—	1,925
Information Technology	5,875	4,959	2	914
Human Resources	1,226	1,134	—	92
Total Expenditures and Encumbrances	80,176	66,532	37	13,607
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(70,318)	(59,150)	(37)	11,131
OTHER FINANCING SOURCES (USES)				
Transfers In	61,673	60,610	—	(1,063)
Transfers Out	(586)	(576)	—	10
Total Other Financing Sources (Uses)	61,087	60,034	—	(1,053)
Net Change in Fund Balance	\$ (9,231)	884	\$ (37)	\$ 10,078
Fund Balance - Beginning of Year		13,517		
Fund Balance - End of Year		\$ 14,401		

Budget and Actual

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SEATTLE CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	\$ —	\$ 62	\$ —	\$ 62
Charges for Services	9,413	7,087	—	(2,326)
Parking Fees and Space Rent	14,481	18,190	—	3,709
Program Income, Interest, and Miscellaneous Revenues	(571)	427	—	998
Total Revenues	23,323	25,766	—	2,443
EXPENDITURES AND ENCUMBRANCES				
Access	1,120	1,109	—	11
Administration	7,199	7,094	23	82
Cultural Facilities	228	225	—	3
Commercial Events	1,042	1,020	9	13
Festivals	1,502	1,467	—	35
Campus Grounds	11,996	11,995	128	(127)
Judgments and Claims	703	703	—	—
Key Arena	7,808	7,805	15	(12)
McCaw Hall	4,403	4,394	11	(2)
Community Programs	2,121	2,099	2	20
Total Expenditures and Encumbrances	38,122	37,911	188	23
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(14,799)	(12,145)	(188)	2,466
OTHER FINANCING SOURCES (USES)				
Transfers In	13,225	13,217	—	(8)
Transfers Out	(126)	(126)	—	—
Total Other Financing Sources (Uses)	13,099	13,091	—	(8)
Net Change in Fund Balance	\$ (1,700)	946	\$ (188)	\$ 2,458
Fund Balance - Beginning of Year		2,000		
Fund Balance - End of Year		\$ 2,946		

The City of Seattle

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HUMAN SERVICES OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ 935	\$ 935	\$ —	\$ —
Grants, Shared Revenues, and Contributions	53,361	54,134	—	773
Charges for Services	1,343	4,240	—	2,897
Fines and Forfeits	(101)	82	—	183
Program Income, Interest, and Miscellaneous Revenues	(728)	116	—	844
Total Revenues	54,810	59,507	—	4,697
EXPENDITURES AND ENCUMBRANCES				
Youth and Family Empowerment	25,396	24,545	13	838
Transitional Living and Support	51,938	41,015	52	10,871
Aging and Disability Services	35,536	34,842	10	684
Leadership and Administration	9,368	8,800	35	533
Public Health Services	13,729	13,706	—	23
Community Support and Self-Sufficiency	1,553	—	—	1,553
Total Expenditures and Encumbrances	137,520	122,908	110	14,502
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(82,710)	(63,401)	(110)	19,199
OTHER FINANCING SOURCES (USES)				
Transfers In	66,562	67,275	—	713
Net Change in Fund Balance	<u>\$ (16,148)</u>	3,874	<u>\$ (110)</u>	<u>\$ 19,912</u>
Fund Balance - Beginning of Year		5,843		
Fund Balance - End of Year		<u>\$ 9,717</u>		

Budget and Actual

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OFFICE OF HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
General Property Taxes	\$ —	\$ 1,810	\$ —	\$ 1,810
Grants, Shared Revenues, and Contributions	1,732	1,879	—	147
Charges for Services	5,246	779	—	(4,467)
Parking Fees and Space Rent	—	25	—	25
Program Income, Interest, and Miscellaneous Revenues	(15)	894	—	909
Total Revenues	6,963	5,387	—	(1,576)
EXPENDITURES AND ENCUMBRANCES				
Office of Housing	5,342	4,886	49,014	(48,558)
HUD Challenge Grant	2,133	658	57,937	(56,462)
Total Expenditures and Encumbrances	7,475	5,544	106,951	(105,020)
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(512)	(157)	(106,951)	(106,596)
OTHER FINANCING SOURCES (USES)				
Transfers In	195	195	—	—
Net Change in Fund Balance	<u>\$ (317)</u>	38	<u>\$ (106,951)</u>	<u>\$ (106,596)</u>
Fund Balance - Beginning of Year		1,578		
Fund Balance - End of Year		<u>\$ 1,616</u>		

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).

Nonmajor Enterprise Funds

The City of Seattle

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COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2014
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2014	2013	2014	Restated 2013
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 40,572	\$ 27,573	\$ 38	\$ 38
Receivables, Net of Allowances				
Accounts	757	849	98	58
Interest and Dividends	31	17	—	—
Due from Other Funds	905	1,067	—	—
Due from Other Governments	451	517	—	—
Prepayments and Other Current Assets	42	—	—	—
Total Current Assets	42,758	30,023	136	96
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	38	47	—	—
Capital Assets				
Land and Land Rights	—	—	12,881	12,881
Buildings and Improvements	—	—	60,132	60,132
Less Accumulated Depreciation	—	—	(32,070)	(30,066)
Machinery and Equipment	14,308	14,389	458	432
Less Accumulated Depreciation	(13,761)	(13,337)	(85)	(13)
Construction in Progress	3,377	2,597	—	—
Total Noncurrent Assets	3,962	3,696	41,316	43,366
Total Assets	46,720	33,719	41,452	43,462
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 46,720	\$ 33,719	\$ 41,452	\$ 43,462

Nonmajor Enterprise Funds

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Page 2 of 4

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2014
(In Thousands)

	Fiber Leasing		Comparative Totals	
	2014	2013	2014	Restated 2013
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 20	\$ 17	\$ 40,630	\$ 27,628
Receivables, Net of Allowances				
Accounts	52	69	907	976
Interest and Dividends	—	—	31	17
Due from Other Funds	—	—	905	1,067
Due from Other Governments	—	—	451	517
Prepayments and Other Current Assets	—	—	42	—
Total Current Assets	72	86	42,966	30,205
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	—	—	38	47
Capital Assets				
Land and Land Rights	—	—	12,881	12,881
Buildings and Improvements	—	—	60,132	60,132
Less Accumulated Depreciation	—	—	(32,070)	(30,066)
Machinery and Equipment	—	—	14,766	14,821
Less Accumulated Depreciation	—	—	(13,846)	(13,350)
Construction in Progress	—	—	3,377	2,597
Total Noncurrent Assets	—	—	45,278	47,062
Total Assets	72	86	88,244	77,267
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 72	\$ 86	\$ 88,244	\$ 77,267

The City of Seattle

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COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2014
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2014	2013	2014	Restated 2013
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 891	\$ 888	\$ 1,375	\$ 1,935
Salaries, Benefits, and Payroll Taxes Payable	1,626	1,323	—	—
Compensated Absences Payable	318	224	—	—
Due to Other Funds	318	180	132	135
Bond Interest Payable	—	—	711	1,509
Taxes Payable	—	—	85	81
General Obligation Bonds Due Within One Year	—	—	2,950	1,857
Claims Payable	53	54	—	—
Total Current Liabilities	3,206	2,669	5,253	5,517
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	2,763	2,792	—	—
Claims Payable	132	128	—	—
Vendor and Other Deposits Payable	38	47	—	—
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	56,292	59,440
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	16,295	14,075	—	—
Unfunded Other Post Employment Benefits	1,674	1,388	—	—
Advances from Other Funds	—	—	6,494	5,050
Total Noncurrent Liabilities	20,902	18,430	62,786	64,490
Total Liabilities	24,108	21,099	68,039	70,007
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
NET POSITION				
Net Investment in Capital Assets	3,923	3,648	(17,927)	(17,931)
Unrestricted	18,689	8,971	(8,661)	(8,613)
Total Net Position	22,612	12,619	(26,588)	(26,544)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 46,720	\$ 33,718	\$ 41,451	\$ 43,463

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
December 31, 2014
(In Thousands)

	Fiber Leasing		Comparative Totals	
	2014	2013	2014	Restated 2013
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ 2,266	\$ 2,823
Salaries, Benefits, and Payroll Taxes Payable	—	—	1,626	1,323
Compensated Absences Payable	—	—	318	224
Due to Other Funds	61	64	511	379
Bond Interest Payable	—	—	711	1,509
Taxes Payable	—	—	85	81
General Obligation Bonds Due Within One Year	—	—	2,950	1,857
Claims Payable	—	—	53	54
Total Current Liabilities	61	64	8,520	8,250
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	—	—	2,763	2,792
Claims Payable	—	—	132	128
Vendor and Other Deposits Payable	—	—	38	47
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	—	—	56,292	59,440
Bond Interest Payable	—	—	—	—
Unearned Revenues and Other Credits	—	—	16,295	14,075
Unfunded Other Post Employment Benefits	—	—	1,674	1,388
Advances from Other Funds	—	—	6,494	5,050
Total Noncurrent Liabilities	—	—	83,688	82,920
Total Liabilities	61	64	92,208	91,170
DEFERRED INFLOWS OF RESOURCES	—	—	—	—
NET POSITION				
Net Investment in Capital Assets	—	—	(14,004)	(14,283)
Unrestricted	12	22	10,040	380
Total Net Position	12	22	(3,964)	(13,903)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 73	\$ 86	\$ 88,244	\$ 77,267

The City of Seattle

E-2 **COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**
Page 1 of 2 **IN FUND NET POSITION**
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2014	Restated 2013	2014	Restated 2013
OPERATING REVENUES				
Charges for Services and Other Fees	\$ 58,104	\$ 49,217	\$ 7,434	\$ 7,019
OPERATING EXPENSES				
Operations and Maintenance	48,269	43,509	2,609	3,287
General and Administrative	11,580	10,648	—	—
City Business and Occupation Taxes	—	—	16	15
Other Taxes	—	—	35	33
Depreciation and Amortization	512	612	2,077	2,010
Total Operating Expenses	60,361	54,769	4,737	5,345
Operating Income (Loss)	(2,257)	(5,552)	2,697	1,674
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	479	(75)	—	—
Interest Expense	—	—	(2,939)	(3,074)
Amortization of Bonds Premiums	—	—	198	238
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Contributions and Grants	259	501	—	—
Total Nonoperating Revenues (Expenses)	738	426	(2,741)	(2,836)
Income (Loss) Before Capital Contributions and Grants and Transfers	(1,519)	(5,126)	(44)	(1,162)
Transfers In	11,512	10,860	—	—
Change in Net Position	9,993	5,734	(44)	(1,162)
Net Position - Beginning of Year	12,619	6,886	(26,544)	(25,382)
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	12,619	6,886	(26,544)	(25,382)
Net Position - End of Year	\$ 22,612	\$ 12,620	\$ (26,588)	\$ (26,544)

Nonmajor Enterprise Funds

E-2 **COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**
Page 2 of 2 **IN FUND NET POSITION**
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Fiber Leasing		Comparative Totals	
	2014	Restated 2013	2014	Restated 2013
OPERATING REVENUES				
Charges for Services and Other Fees	\$ 9	\$ 75	\$ 65,547	\$ 56,311
OPERATING EXPENSES				
Operations and Maintenance	20	53	50,898	46,849
General and Administrative	—	—	11,580	10,648
City Business and Occupation Taxes	—	—	16	15
Other Taxes	—	—	35	33
Depreciation and Amortization	—	—	2,589	2,622
Total Operating Expenses	20	53	65,118	60,167
Operating Income (Loss)	(11)	22	429	(3,856)
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	—	—	479	(75)
Interest Expense	—	—	(2,939)	(3,074)
Amortization of Bonds Premiums	—	—	198	238
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Contributions and Grants	—	—	259	501
Total Nonoperating Revenues (Expenses)	—	—	(2,003)	(2,410)
Income (Loss) Before Capital Contributions and Grants and Transfers	(11)	22	(1,574)	(6,266)
Transfers In	—	—	11,512	10,860
Change in Net Position	(11)	22	9,938	4,594
Net Position - Beginning of Year	22	—	(13,903)	(18,496)
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	22	—	(13,903)	(18,496)
Net Position - End of Year	\$ 11	\$ 22	\$ (3,965)	\$ (13,902)

The City of Seattle

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COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Planning and Development		Downtown Parking Garage	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 60,709	\$ 52,691	\$ 9,170	\$ 8,529
Cash Paid to Suppliers	(28,027)	(23,158)	(3,318)	(2,898)
Cash Paid to Employees	(31,074)	(29,611)	—	—
Cash Paid for Taxes	—	—	(1,676)	(1,609)
Net Cash from Operating Activities	1,608	(78)	4,176	4,022
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	194	435	—	—
Transfers In	11,512	10,860	—	—
Proceeds from Interfund Loans	—	—	6,494	5,051
Principal Payments on Interfund Loans	—	—	(5,050)	(3,181)
Net Cash from Noncapital Financing Activities	11,706	11,295	1,444	1,870
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Long-Term Debt	—	—	(1,857)	(1,262)
Capital Expenses and Other Charges Paid	(787)	(2,656)	(26)	(425)
Interest Paid on Long-Term Debt	—	—	(3,740)	(4,259)
Net Cash from Capital and Related Financing Activities	(787)	(2,656)	(5,623)	(5,946)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	465	(82)	3	—
Net Increase (Decrease) in Cash and Equity in Pooled Investments	12,992	8,479	—	(54)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	27,620	19,142	38	92
End of Year	\$ 40,612	\$ 27,621	\$ 38	\$ 38
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 40,572	\$ 27,573	\$ 38	\$ 38
Noncurrent Restricted Cash and Equity in Pooled Investments	38	47	—	—
Total Cash at the End of the Year	\$ 40,610	\$ 27,620	\$ 38	\$ 38

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2014 (In Thousands)

	Fiber Leasing		Comparative Totals	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 26	\$ 6	\$ 69,905	\$ 61,226
Cash Paid to Suppliers	(22)	(31)	(31,367)	(26,087)
Cash Paid to Employees	(1)	(8)	(31,075)	(29,619)
Cash Paid for Taxes	—	—	(1,676)	(1,609)
Net Cash from Operating Activities	3	(33)	5,787	3,911
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	—	—	194	435
Transfers In	—	—	11,512	10,860
Proceeds from Interfund Loans	—	50	6,494	5,101
Principal Payments on Interfund Loans	—	—	(5,050)	(3,181)
Net Cash from Noncapital Financing Activities	—	50	13,150	13,215
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Paid on Long-Term Debt	—	—	(1,857)	(1,262)
Capital Expenses and Other Charges Paid	—	—	(813)	(3,081)
Interest Paid on Long-Term Debt	—	—	(3,740)	(4,259)
Net Cash from Capital and Related Financing Activities	—	—	(6,410)	(8,602)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	—	—	468	(82)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	3	17	12,995	8,442
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	17	—	27,675	19,234
End of Year	\$ 20	\$ 17	\$ 40,670	\$ 27,676
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 20	\$ 17	\$ 40,630	\$ 27,628
Noncurrent Restricted Cash and Equity in Pooled Investments	—	—	38	47
Total Cash at the End of the Year	\$ 20	\$ 17	\$ 40,668	\$ 27,675

The City of Seattle

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COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Planning and Development		Downtown Parking Garage	
	2014	2013	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (2,258)	\$ (5,552)	\$ 2,697	\$ 1,673
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	512	612	2,077	2,010
Changes in Operating Assets and Liabilities				
Accounts Receivable	158	(152)	(40)	(34)
Unbilled Receivables	—	—	—	—
Due from Other Funds	162	(254)	—	—
Due from Other Governments	65	(84)	—	—
Accounts Payable	3	490	(560)	383
Salaries, Benefits, and Payroll Taxes Payable	303	268	—	—
Compensated Absences Payable	66	259	—	—
Due to Other Funds	138	22	(3)	(3)
Claims Payable	4	11	—	—
Taxes Payable	—	—	5	(7)
Unearned Revenues	2,220	3,965	—	—
Other Assets and Liabilities	236	337	—	—
Total Adjustments	3,867	5,474	1,479	2,349
Net Cash from Operating Activities	<u>\$ 1,609</u>	<u>\$ (78)</u>	<u>\$ 4,176</u>	<u>\$ 4,022</u>

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Fiber Leasing		Comparative Totals	
	2014	2013	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (10)	\$ 22	\$ 429	\$ (3,857)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	—	—	2,589	2,622
Changes in Operating Assets and Liabilities				
Accounts Receivable	16	(69)	134	(255)
Unbilled Receivables	—	—	—	—
Due from Other Funds	—	—	162	(254)
Due from Other Governments	—	—	65	(84)
Accounts Payable	—	—	(557)	873
Salaries, Benefits, and Payroll Taxes Payable	—	—	303	268
Compensated Absences Payable	—	—	66	259
Due to Other Funds	(3)	14	132	33
Claims Payable	—	—	4	11
Taxes Payable	—	—	5	(7)
Unearned Revenues	—	—	2,220	3,965
Other Assets and Liabilities	—	—	236	337
Total Adjustments	13	(55)	5,359	7,768
Net Cash from Operating Activities	<u>\$ 3</u>	<u>\$ (33)</u>	<u>\$ 5,788</u>	<u>\$ 3,911</u>

Internal Service Funds

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.

The City of Seattle

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COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

December 31, 2014

(In Thousands)

	Finance and Administrative Services		Information Technology		Comparative Totals			
					2014	Restated 2013		
ASSETS								
<i>Current Assets</i>								
Cash and Equity in Pooled Investments	\$	22,536	\$	2,256	\$	24,792	\$	27,029
Restricted Cash and Equity in Pooled Investments		20,014		—		20,014		17,166
Receivables, Net of Allowances								
Accounts		225		15		240		216
Interest and Dividends		41		47		88		47
Unbilled		24		—		24		251
Due from Other Funds		8,190		1,327		9,517		5,997
Due from Other Governments		83		76		159		554
Materials and Supplies Inventory		2,382		404		2,786		2,495
Prepayments and Other		24		401		425		547
Total Current Assets		53,519		4,526		58,045		54,302
<i>Noncurrent Assets</i>								
Restricted Cash and Equity in Pooled Investments		2,146		56,237		58,383		29,417
Capital Assets								
Land and Land Rights		108,832		—		108,832		95,996
Buildings and Improvements		717,530		97		717,627		700,310
Less Accumulated Depreciation		(211,782)		(10)		(211,792)		(195,212)
Machinery and Equipment		165,574		57,814		223,388		208,675
Less Accumulated Depreciation		(98,623)		(36,583)		(135,206)		(125,456)
Construction in Progress		472		2,837		3,309		2,202
Total Noncurrent Assets		684,149		80,392		764,541		715,932
Total Assets		737,668		84,918		822,586		770,234
DEFERRED OUTFLOWS OF RESOURCES								
		—		—		—		161
Total Assets and Deferred Outflows of Resources	\$	737,668	\$	84,918	\$	822,586	\$	770,395

Internal Service Funds

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COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

December 31, 2014

(In Thousands)

	Comparative Totals			
	Finance and Administrative Services	Information Technology	2014	Restated 2013
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 5,436	\$ 2,600	\$ 8,036	\$ 9,108
Salaries, Benefits, and Payroll Taxes Payable	2,280	933	3,213	2,821
Due to Other Funds	475	1,980	2,455	447
Due to Other Governments	4	—	4	6
Interest Payable	2,936	235	3,171	3,172
Taxes Payable	39	12	51	32
Current Portion of Long-Term Debt				
General Obligation Bonds Due Within One Year	17,359	4,200	21,559	15,089
Claims Payable	559	18	577	598
Compensated Absences Payable	379	216	595	624
Other Current Liabilities	3	54	57	45
Total Current Liabilities	29,470	10,248	39,718	31,942
Noncurrent Liabilities				
Compensated Absences Payable	4,502	1,556	6,058	5,553
Claims Payable	1,389	45	1,434	1,427
Vendor and Other Deposits Payable	104	—	104	213
General Obligation Bonds Payable, Net of Amortized Premium, Discount and Other	227,740	27,167	254,907	237,683
Bond Interest Payable	—	—	—	—
Unfunded Other Post Employment Benefits	2,483	801	3,284	2,737
Other Noncurrent Liabilities	3	—	3	2
Total Noncurrent Liabilities	236,221	29,569	265,790	247,615
Total Liabilities	265,691	39,817	305,508	279,557
DEFERRED INFLOWS OF RESOURCES				
	—	—	—	—
NET POSITION				
Net Investment in Capital Assets	436,905	22,128	459,033	435,506
Unrestricted	35,072	22,973	58,045	55,333
Total Net Position	471,977	45,101	517,078	490,839
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 737,668	\$ 84,918	\$ 822,586	\$ 770,396

The City of Seattle

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2014
(In Thousands)**

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2014	Restated 2013
OPERATING REVENUES				
Charges for Services	\$ 76,511	\$ 48,954	\$ 125,465	\$ 117,270
Rents, Parking, and Concessions	89,506	—	89,506	87,025
Total Operating Revenues	166,017	48,954	214,971	204,295
OPERATING EXPENSES				
Operations and Maintenance	108,950	34,643	143,593	136,686
General and Administrative	9,920	9,059	18,979	17,741
City Business and Occupation Taxes	4	—	4	4
Other Taxes	418	1	419	410
Depreciation and Amortization	28,553	6,047	34,600	33,877
Total Operating Expenses	147,845	49,750	197,595	188,718
Operating Income (Loss)	18,172	(796)	17,376	15,577
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	760	616	1,376	(154)
Interest Expense	(9,517)	(1,092)	(10,609)	(9,743)
Amortization of Bonds Premiums	2,281	521	2,802	(63)
Amortization of Refunding Loss	(161)	—	(161)	(80)
Bond Issuance Costs	—	(107)	(107)	(63)
Gain (Loss) on Sale of Capital Assets	942	(3)	939	896
Contributions and Grants	—	—	—	794
Others, Net	—	—	—	8
Total Nonoperating Revenues (Expenses)	(5,695)	(65)	(5,760)	(8,405)
Income (Loss) Before Contributions, Grants, and Transfers	12,477	(861)	11,616	7,172
Capital Contributions and Grants	19,918	473	20,391	31,873
Transfers In	—	301	301	—
Transfers Out	(5,864)	(205)	(6,069)	(4,650)
Change in Net Position	26,531	(292)	26,239	34,395
Net Position - Beginning of Year	445,445	45,394	490,839	456,445
Prior-Year Adjustment	—	—	—	—
Net Position - Beginning of Year as Restated	445,445	45,394	490,839	456,445
Net Position - End of Year	\$ 471,976	\$ 45,102	\$ 517,078	\$ 490,840

Internal Service Funds

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**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2014
(In Thousands)**

	Finance and Administrative Services	Information Technology	Comparative Totals	
			2014	Restated 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 163,036	\$ 49,033	\$ 212,069	\$ 204,801
Cash Paid to Suppliers	(60,524)	(17,041)	(77,565)	(80,414)
Cash Paid to Employees	(57,810)	(25,144)	(82,954)	(73,900)
Cash Paid for Taxes	(413)	9	(404)	(428)
Net Cash from Operating Activities	44,289	6,857	51,146	50,059
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans Provided to Other Funds	—	—	—	(50)
Operating Grants and Contributions Received	—	473	473	794
Transfers In	—	301	301	—
Transfers Out	(5,864)	(205)	(6,069)	(4,650)
Net Cash from Noncapital Financing Activities	(5,864)	569	(5,295)	(3,906)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Long-Term Debt	—	(205)	(205)	2,643
Principal Payments on Long-Term Debt	(14,884)	29,810	14,926	(14,637)
Capital Fees and Grants Received	—	—	—	—
Capital Expenses and Other Charges Paid	(16,989)	(5,395)	(22,384)	(19,778)
Interest Paid on Long-Term Debt	(9,732)	(1,209)	(10,941)	(10,506)
Debt Issuance Costs	—	(107)	(107)	(63)
Proceeds from Sale of Capital Assets	1,103	—	1,103	915
Net Cash from Capital and Related Financing Activities	(40,502)	22,894	(17,608)	(41,426)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Investment Income (Loss)	749	586	1,335	(167)
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(1,328)	30,906	29,578	4,560
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	46,025	27,587	73,612	69,052
End of Year	\$ 44,697	\$ 58,493	\$ 103,190	\$ 73,612
CASH AT THE END OF THE YEAR CONSISTS OF				
Current Assets Cash and Equity in Pooled Investments	\$ 22,536	\$ 2,256	\$ 24,792	\$ 27,029
Current Restricted Cash and Equity in Pooled Investments	20,014	—	20,014	17,166
Noncurrent Restricted Cash and Equity in Pooled Investments	2,146	56,237	58,383	29,417
Total Cash at the End of the Year	\$ 44,696	\$ 58,493	\$ 103,189	\$ 73,612

The City of Seattle

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COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2014

(In Thousands)

			Comparative Totals	
	Finance and Administrative Services	Information Technology	2014	Restated 2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 18,172	\$ (796)	\$ 17,376	\$ 15,577
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	28,553	6,047	34,600	33,877
Nonoperating Revenues and Expenses	—	—	—	2
Changes in Operating Assets and Liabilities			—	
Accounts Receivable	(47)	22	(25)	(117)
Unbilled Receivables	227	—	227	(247)
Due from Other Funds	(3,093)	(427)	(3,520)	1,039
Due from Other Governments	(69)	464	395	(199)
Materials and Supplies Inventory	(187)	(156)	(343)	(316)
Accounts Payable	(760)	(312)	(1,072)	763
Salaries, Benefits, and Payroll Taxes Payable	294	98	392	619
Compensated Absences Payable	446	31	477	291
Due to Other Funds	148	1,860	2,008	(67)
Due to Other Governments	(1)	—	(1)	(31)
Claims Payable	(14)	—	(14)	166
Taxes Payable	9	10	19	(14)
Other Assets and Liabilities	609	16	625	(1,284)
Total Adjustments	26,115	7,653	33,768	34,482
Net Cash from Operating Activities	\$ 44,287	\$ 6,857	\$ 51,144	\$ 50,059
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
In-Kind Capital Contributions	\$ 30,935	\$ —	\$ 30,935	\$ 31,873
Amortization of Debt Related Costs, Net	(161)	413	252	(143)
Settlement from Nextel	—	—	—	5

Fiduciary Funds

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.

The **Firemen's Pension Fund** receives General Fund contributions and a portion of the state-levied fire insurance premium tax. These moneys pay for fire fighters' medical and pension benefits which are not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

The **Police Relief and Pension Fund** receives support almost entirely from the General Fund. The General Fund contributions pay for sworn police personnel's medical and pension benefits which are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

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.

Fiduciary Funds

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COMBINING STATEMENT OF FIDUCIARY NET POSITION

PENSION TRUST FUNDS

December 31, 2014

(In Thousands)

	Employees' Retirement	Firemen's Pension	Police Relief and Pension	Comparative Totals	
				2014	2013
ASSETS					
Cash and Equity in Pooled Investments	\$ 2,726	\$ 6,559	\$ 5,206	\$ 14,491	\$ 11,274
Short-Term Investments	113,206	—	—	113,206	42,433
Securities Lending Collateral	25,232	—	—	25,232	13,595
Investments at Fair Value					
U.S. Government Obligations	175,686	—	—	175,686	170,501
Mortgage-Backed Securities	118,076	—	—	118,076	115,344
Government Related and Other	62,847	429	—	63,276	63,253
Domestic Corporate Bonds	181,903	—	—	181,903	168,108
Domestic Stocks	743,020	7,844	—	750,864	707,111
International Stocks	590,548	—	—	590,548	624,912
Real Estate	243,558	—	—	243,558	231,617
Alternative/Venture Capital	106,759	—	—	106,759	106,263
Total Investments at Fair Value	2,222,397	8,273	—	2,230,670	2,187,109
Receivables					
Members	2,901	—	—	2,901	2,737
Employers	4,204	—	—	4,204	2,992
Due from Other Funds	—	—	—	—	—
Other	—	410	481	891	748
Interest and Dividends	4,053	6	—	4,059	4,178
Sales Proceeds	6,237	—	—	6,237	5,727
Total Receivables	17,395	416	481	18,292	16,382
Total Assets	2,380,956	15,248	5,687	2,401,891	2,270,793
LIABILITIES					
Accounts Payable and Other Liabilities	2,286	506	585	3,377	4,854
Securities Lending Collateral	28,229	—	—	28,229	16,750
Investment Commitments Payable	27,737	—	—	27,737	16,347
Total Liabilities	58,252	506	585	59,343	37,951
Net Position Held in Trust for Pension Benefits	\$ 2,322,704	\$ 14,742	\$ 5,101	\$ 2,342,548	\$ 2,232,842

The City of Seattle

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**COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended December 31, 2014
(In Thousands)**

	Defined Benefit		
	Employees' Retirement	Firemen's Pension	Police Relief and Pension
ADDITIONS			
Contributions			
Employer	\$ 89,989	\$ 7,588	\$ 9,188
Plan Member	63,970	—	—
Total Contributions	153,959	7,588	9,188
Investment Income			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	93,681	938	—
Interest	11,584	36	—
Dividends	25,543	138	—
Total Investment Activities Income	130,808	1,112	—
Investment Activities Expenses			
Investment Management Fees	7,802	—	—
Investment Consultant Fees	333	—	—
Investment Custodial Fees	342	—	—
Total Investment Activities Expenses	8,477	—	—
Net Income from Investment Activities	122,331	1,112	—
From Securities Lending Activities			
Securities Lending Income	24	—	—
Borrower Rebates	216	—	—
Total Securities Lending Income	240	—	—
Securities Lending Expenses			
Management Fees	60	—	—
Total Securities Lending Expenses	60	—	—
Net Income from Securities Lending Activities	180	—	—
Total Net Investment Income	122,511	1,112	—
Other Income	—	1,439	688
Total Additions	276,470	10,139	9,876
DEDUCTIONS			
Benefits	150,239	7,579	7,499
Refund of Contributions	15,104	—	—
Administrative Expense	5,331	550	478
Total Deductions	170,674	8,129	7,977
Change in Net Position	105,796	2,010	1,899
Net Position - Beginning of Year	2,216,908	12,731	3,202
Net Position - End of Year	\$ 2,322,704	\$ 14,741	\$ 5,101

Fiduciary Funds

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**COMBINING STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended December 31, 2014
(In Thousands)**

	Postemployment Healthcare		Comparative Totals	
	Firemen's Pension	Police Relief and Pension	2014	2013
ADDITIONS				
Contributions				
Employer	\$ 9,567	\$ 11,533	\$ 127,865	\$ 113,083
Plan Member	—	—	63,970	60,343
Total Contributions	9,567	11,533	191,835	173,426
Investment Income				
From Investment Activities				
Net Appreciation (Depreciation) in Fair Value of Investments	—	—	94,619	266,484
Interest	—	—	11,620	9,355
Dividends	—	—	25,681	22,364
Total Investment Activities Income	—	—	131,920	298,203
Investment Activities Expenses				
Investment Management Fees	—	—	7,802	7,606
Investment Consultant Fees	—	—	333	499
Investment Custodial Fees	—	—	342	284
Total Investment Activities Expenses	—	—	8,477	8,389
Net Income from Investment Activities	—	—	123,443	289,814
From Securities Lending Activities				
Securities Lending Income	—	—	24	12
Borrower Rebates	—	—	216	64
Total Securities Lending Income	—	—	240	76
Securities Lending Expenses				
Management Fees	—	—	60	19
Total Securities Lending Expenses	—	—	60	19
Net Income from Securities Lending Activities	—	—	180	57
Total Net Investment Income	—	—	123,623	289,871
Other Income	—	—	2,127	1,517
Total Additions	9,567	11,533	317,585	464,814
DEDUCTIONS				
Benefits	9,567	11,533	186,417	179,484
Refund of Contributions	—	—	15,104	15,278
Administrative Expense	—	—	6,359	6,214
Total Deductions	9,567	11,533	207,880	200,976
Change in Net Position	—	—	109,705	263,838
Net Position - Beginning of Year	—	—	2,232,841	1,969,004
Net Position - End of Year	\$ —	\$ —	\$ 2,342,546	\$ 2,232,842

The City of Seattle

G-3 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Page 1 of 2 AGENCY FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
GUARANTY DEPOSITS FUND				
<i>Assets</i>				
Cash	\$ 7,897	\$ 4,733	\$ 5,422	\$ 7,208
Total Assets	<u>\$ 7,897</u>	<u>\$ 4,733</u>	<u>\$ 5,422</u>	<u>\$ 7,208</u>
<i>Liabilities</i>				
Deposits Payable	\$ 7,897	\$ 6,577	\$ 7,266	\$ 7,208
Total Liabilities	<u>\$ 7,897</u>	<u>\$ 6,577</u>	<u>\$ 7,266</u>	<u>\$ 7,208</u>
PAYROLL WITHHOLDING FUND				
<i>Assets</i>				
Cash	\$ 2,362	\$ 290,214	\$ 289,935	\$ 2,641
Accounts Receivable	(1)	2	—	1
Total Assets	<u>\$ 2,361</u>	<u>\$ 290,216</u>	<u>\$ 289,935</u>	<u>\$ 2,642</u>
<i>Liabilities</i>				
Accounts Payable	\$ 156	\$ 7	\$ 18	\$ 145
Salaries, Benefits, and Payroll Taxes Payable	2,195	293,864	293,576	2,483
Claims/Judgments Payable	10	3	—	13
Total Liabilities	<u>\$ 2,361</u>	<u>\$ 293,874</u>	<u>\$ 293,594</u>	<u>\$ 2,641</u>
MULTIFAMILY RENTAL HOUSING IMPROVEMENT FUND				
<i>Assets</i>				
Cash	\$ 31	\$ 10	\$ 41	\$ —
Total Assets	<u>\$ 31</u>	<u>\$ 10</u>	<u>\$ 41</u>	<u>\$ —</u>
<i>Liabilities</i>				
Deposits Payable	\$ 31	\$ 10	\$ 41	\$ —
Total Liabilities	<u>\$ 31</u>	<u>\$ 10</u>	<u>\$ 41</u>	<u>\$ —</u>
SALARY FUND				
<i>Assets</i>				
Cash	\$ 58	\$ 662,041	\$ 661,993	\$ 106
Accounts Receivable	40	10	40	10
Total Assets	<u>\$ 98</u>	<u>\$ 662,051</u>	<u>\$ 662,033</u>	<u>\$ 116</u>
<i>Liabilities</i>				
Accounts Payable	\$ —	\$ —	\$ —	\$ —
Salaries, Benefits, and Payroll Taxes Payable	98	664,108	664,090	116
Total Liabilities	<u>\$ 98</u>	<u>\$ 664,108</u>	<u>\$ 664,090</u>	<u>\$ 116</u>

Fiduciary Funds

G-3 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Page 2 of 2 AGENCY FUNDS
For the Year Ended December 31, 2014
(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
VOUCHER FUND				
<i>Assets</i>				
Cash	\$ 509	\$ 3,440,137	\$ 3,439,947	\$ 699
Total Assets	<u>\$ 509</u>	<u>\$ 3,440,137</u>	<u>\$ 3,439,947</u>	<u>\$ 699</u>
<i>Liabilities</i>				
Accounts Payable	\$ 509	\$ 3,516,601	\$ 3,516,410	\$ 700
Total Liabilities	<u>\$ 509</u>	<u>\$ 3,516,601</u>	<u>\$ 3,516,410</u>	<u>\$ 700</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>
TOTALS - ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and Equity in Pooled Investments	\$ 10,857	\$ 4,397,135	\$ 4,397,338	\$ 10,654
Accounts Receivable	40	10	40	10
Total Assets	<u>\$ 10,897</u>	<u>\$ 4,397,145</u>	<u>\$ 4,397,378</u>	<u>\$ 10,664</u>
<i>Liabilities</i>				
Accounts Payable	\$ 665	\$ 3,516,608	\$ 3,516,428	\$ 845
Salaries, Benefits, and Payroll Taxes Payable	2,293	957,972	957,666	2,599
Deposits Payable	7,928	6,587	7,307	7,208
Claims/Judgments Payable	10	3	—	13
Total Liabilities	<u>\$ 10,896</u>	<u>\$ 4,481,170</u>	<u>\$ 4,481,401</u>	<u>\$ 10,665</u>

Capital Assets

Capital Assets

H-1

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

December 31, 2014

(In Thousands)

	2014	Restated 2013
CAPITAL ASSETS		
Land	\$ 462,223	\$ 456,008
Buildings	873,695	873,801
Improvements Other than Buildings	742,536	706,105
Equipment	138,476	129,915
Infrastructure	1,840,603	1,790,329
Construction in Progress	553,903	381,657
Other Capital Assets	17,774	17,457
Total Capital Assets	<u>\$ 4,629,210</u>	<u>\$ 4,355,272</u>
INVESTMENT IN CAPITAL ASSETS FROM		
General Fund	\$ 310,979	\$ 296,533
Special Revenue Funds	3,268,052	3,009,688
Capital Project Funds	944,148	943,799
Donations	106,031	105,252
Total Investment in Capital Assets	<u>\$ 4,629,210</u>	<u>\$ 4,355,272</u>

The City of Seattle

H-2 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Page 1 of 2 SCHEDULE BY FUNCTION
December 31, 2014
(In Thousands)

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>
General Government	\$ 21,004	\$ 103,365	\$ 151
Security of Persons and Property	—	—	—
Transportation	115,673	63,839	231
Economic Environment	1,305	—	—
Judicial	—	—	—
Culture and Recreation	324,241	706,491	742,154
Total	<u>\$ 462,223</u>	<u>\$ 873,695</u>	<u>\$ 742,536</u>

Capital Assets

H-2 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Page 2 of 2 SCHEDULE BY FUNCTION
December 31, 2014
(In Thousands)

	<u>Equipment</u>	<u>Infrastructure</u>	<u>Other Capital Assets</u>	<u>Total</u>
General Government	\$ 27,214	\$ —	\$ —	151,734
Security of Persons and Property	79,020	—	—	79,020
Transportation	12,555	1,840,603	1,612	2,034,513
Economic Environment	82	—	—	1,387
Judicial	82	—	—	82
Culture and Recreation	19,523	—	16,162	1,808,571
Total	<u>\$ 138,476</u>	<u>\$ 1,840,603</u>	<u>\$ 17,774</u>	4,075,307
Construction in Progress				<u>553,903</u>
Total Investment in Capital Assets				<u>\$ 4,629,210</u>

H-3 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
For the Year Ended December 31, 2014
(In Thousands)

	Restated Balance January 1	Additions	Deductions	Balance December 31
General Government	\$ 153,191	\$ 143	\$ 1,600	\$ 151,734
Security of Persons and Property	72,677	8,839	2,495	79,021
Transportation	1,984,081	51,632	1,200	2,034,513
Economic Environment	1,399	6	19	1,386
Judicial	82	—	—	82
Culture and Recreation	1,762,185	46,592	206	1,808,571
Total	3,973,615	107,212	5,520	4,075,307
Construction in Progress	381,657	310,584	138,338	553,903
Total Investment in Capital Assets	\$ 4,355,272	\$ 417,796	\$ 143,858	\$ 4,629,210

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

The City of Seattle

Table S-1

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2014	2013	2012	2011	2010
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 3,088,501	\$ 2,880,124	\$ 2,783,738	\$ 2,627,462	\$ 2,513,808
Restricted	448,935	460,885	406,454	419,675	372,289
Unrestricted	(16,363)	36,212	(35,593)	(101,021)	(98,786)
Total Governmental Activities Net Position	\$ 3,521,073	\$ 3,377,221	\$ 3,154,599	\$ 2,946,116	\$ 2,787,311
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	\$ 1,750,495	\$ 1,508,831	\$ 1,391,130	\$ 1,243,622	\$ 1,228,030
Restricted	58,039	57,404	56,210	81,904	79,372
Unrestricted	253,427	274,388	215,405	205,493	106,013
Total Business-Type Activities Net Position	\$ 2,061,961	\$ 1,840,623	\$ 1,662,745	\$ 1,531,019	\$ 1,413,415
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	\$ 4,838,996	\$ 4,388,955	\$ 4,174,868	\$ 3,871,084	\$ 3,741,838
Restricted	506,974	518,289	462,664	501,579	451,661
Unrestricted	237,064	310,600	179,812	104,472	7,227
Total Primary Government Net Position	\$ 5,583,034	\$ 5,217,844	\$ 4,817,344	\$ 4,477,135	\$ 4,200,726

	2009	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 2,350,564	\$ 2,184,161	\$ 2,011,575	\$ 1,825,203	\$ 1,679,338
Restricted	225,157	271,204	194,618	183,340	142,509
Unrestricted	146,711	194,962	322,784	273,696	211,426
Total Governmental Activities Net Position	\$ 2,722,432	\$ 2,650,327	\$ 2,528,977	\$ 2,282,239	\$ 2,033,273
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	\$ 1,257,195	\$ 1,128,319	\$ 967,028	\$ 813,091	\$ 664,469
Restricted	71,801	63,913	48,561	59,161	147,980
Unrestricted	49,827	166,634	195,226	234,582	125,159
Total Business-Type Activities Net Position	\$ 1,378,823	\$ 1,358,866	\$ 1,210,815	\$ 1,106,834	\$ 937,608
PRIMARY GOVERNMENT					
Net Investment in Capital Assets	\$ 3,607,759	\$ 3,312,480	\$ 2,978,603	\$ 2,638,294	\$ 2,343,807
Restricted	296,958	335,117	243,179	242,501	290,489
Unrestricted	196,538	361,596	518,010	508,278	336,585
Total Primary Government Net Position	\$ 4,101,255	\$ 4,009,193	\$ 3,739,792	\$ 3,389,073	\$ 2,970,881

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.

Statistics

Table S-2

Page 1 of 4

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2014	2013	2012	2011	2010
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 189,034	\$ 161,041	\$ 164,040	\$ 179,498	\$ 182,058
Judicial	28,874	33,517	26,121	25,623	26,298
Public Safety	568,843	515,129	475,747	471,205	476,861
Physical Environment	5,853	10,740	6,357	10,697	8,346
Transportation	222,199	165,742	133,511	111,038	122,376
Economic Environment	138,169	125,191	125,917	101,242	119,595
Health and Human Services	76,562	71,256	65,266	71,399	72,680
Culture and Recreation	275,566	267,043	239,003	245,671	258,639
Interest on Long-Term Debt	31,170	26,417	39,998	40,425	38,929
Total Governmental Activities Expenses	1,536,270	1,376,076	1,275,960	1,256,798	1,305,782
<i>Business-Type Activities</i>					
Light	798,161	780,930	731,459	723,665	730,758
Water	221,944	215,600	203,610	198,929	209,554
Drainage and Wastewater	298,633	290,147	272,423	269,224	245,589
Solid Waste	159,501	156,653	150,115	149,157	141,852
Planning and Development	58,304	53,080	46,542	44,087	47,699
Downtown Parking Garage	7,458	8,159	7,701	7,740	7,648
Fiber Leasing	27	54	—	—	—
Total Business-Type Activities Expenses	1,544,028	1,504,623	1,411,850	1,392,802	1,383,100
Total Primary Government Expenses	3,080,298	2,880,699	2,687,810	2,649,600	2,688,882
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	91,011	85,923	79,048	73,960	60,333
Judicial	31,256	40,545	33,748	33,048	31,078
Public Safety	25,733	19,245	19,277	18,939	18,848
Physical Environment	78	47	—	2	1,985
Transportation	101,074	100,830	81,972	64,331	55,680
Economic Environment	35,776	12,250	7,303	7,299	4,419
Health and Human Services	10	8	—	1,276	9
Culture and Recreation	72,873	67,116	53,450	50,273	54,886
Operating Grants and Contributions	123,986	135,407	130,377	136,679	118,619
Capital Grants and Contributions	37,895	42,468	48,092	47,503	56,377
Total Governmental Activities Program Revenues	519,692	503,839	453,267	433,310	402,234
<i>Business-Type Activities</i>					
Charges for Services					
Light	883,149	839,767	797,445	769,316	729,650
Water	242,786	235,114	213,164	194,342	194,987
Drainage and Wastewater	337,882	329,386	297,443	274,553	245,959
Solid Waste	157,495	159,741	156,927	154,159	146,944
Planning and Development	56,743	48,016	40,869	35,087	28,627
Downtown Parking Garage	7,435	7,019	6,588	5,937	6,580
Fiber Leasing	16	75	—	—	—
Operating Grants and Contributions	6,155	7,055	6,749	5,518	5,953
Capital Grants and Contributions	48,129	63,760	48,438	51,522	41,846
Total Business-Type Activities Program Revenues	1,739,790	1,689,933	1,567,623	1,490,434	1,400,546
Total Primary Government Program Revenues	2,259,482	2,193,772	2,020,890	1,923,744	1,802,780
NET (EXPENSE) REVENUE					
Governmental Activities	(1,016,578)	(872,237)	(822,693)	(823,488)	(903,548)
Business-Type Activities	195,761	185,310	155,773	97,632	17,446
Total Primary Government Net Expense	(820,817)	(686,927)	(666,920)	(725,856)	(886,102)

The City of Seattle

Table S-2

Page 2 of 4

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2009	2008	2007	2006	2005
EXPENSES					
<i>Governmental Activities</i>					
General Government	\$ 106,732	\$ 143,855	\$ 103,323	\$ 128,758	\$ 102,362
Judicial	27,526	26,762	24,030	20,344	18,429
Public Safety	473,527	455,701	396,669	354,083	325,416
Physical Environment	32,543	7,707	9,991	7,331	6,614
Transportation	137,015	127,872	124,493	87,610	87,542
Economic Environment	98,940	104,660	98,337	78,957	91,060
Health and Human Services	75,788	69,181	63,276	56,904	56,572
Culture and Recreation	249,160	257,578	224,455	215,081	199,169
Interest on Long-Term Debt	36,825	39,336	34,048	35,399	39,539
Total Governmental Activities Expenses	1,238,056	1,232,652	1,078,622	984,467	926,703
<i>Business-Type Activities</i>					
Light	733,405	791,837	764,786	699,164	683,476
Water	200,921	180,855	169,631	161,943	148,992
Drainage and Wastewater	244,295	231,318	225,833	199,378	178,447
Solid Waste	145,526	120,941	119,714	114,527	110,044
Planning and Development	55,954	56,882	56,139	50,203	43,487
Downtown Parking Garage	7,824	8,545	8,336	8,035	8,414
Fiber Leasing	—	—	—	—	—
Total Business-Type Activities Expenses	1,387,925	1,390,378	1,344,439	1,233,250	1,172,860
Total Primary Government Expenses	2,625,981	2,623,030	2,423,061	2,217,717	2,099,563
PROGRAM REVENUES					
<i>Governmental Activities</i>					
Charges for Services					
General Government	58,127	102,697	69,636	51,071	47,054
Judicial	28,376	22,032	19,851	17,852	16,794
Public Safety	22,740	16,254	21,850	14,422	12,788
Physical Environment	1,745	1,632	1,660	1,587	1,220
Transportation	62,230	44,093	28,860	25,306	28,936
Economic Environment	11,922	17,440	25,100	7,519	12,765
Health and Human Services	9	12	17	62	4
Culture and Recreation	58,977	59,586	57,283	62,768	50,192
Operating Grants and Contributions	104,382	95,236	93,184	93,850	93,656
Capital Grants and Contributions	36,834	31,527	31,577	52,174	66,991
Total Governmental Activities Program Revenues	385,342	390,509	349,018	326,611	330,400
<i>Business-Type Activities</i>					
Charges for Services					
Light	717,775	872,099	829,679	817,310	733,865
Water	190,283	163,996	159,967	153,171	145,865
Drainage and Wastewater	244,773	216,957	201,139	186,118	175,782
Solid Waste	135,393	124,353	121,913	112,474	111,228
Planning and Development	33,379	42,929	49,471	44,655	37,695
Downtown Parking Garage	6,862	6,530	6,805	6,608	6,180
Fiber Leasing	—	—	—	—	—
Operating Grants and Contributions	4,789	4,099	6,208	2,412	2,973
Capital Grants and Contributions	59,983	81,425	53,063	49,437	30,750
Total Business-Type Activities Program Revenues	1,393,237	1,512,388	1,428,245	1,372,185	1,244,338
Total Primary Government Program Revenues	1,778,579	1,902,897	1,777,263	1,698,796	1,574,738
NET (EXPENSE) REVENUE					
Governmental Activities	(852,714)	(842,143)	(729,604)	(657,856)	(596,303)
Business-Type Activities	5,312	122,010	83,806	138,935	71,478
Total Primary Government Net Expense	(847,402)	(720,133)	(645,798)	(518,921)	(524,825)

Statistics

Table S-2

Page 3 of 4

CHANGES IN NET POSITION Last Ten Fiscal Years (Accrual Basis of Accounting) (In Thousands)

	2014	2013	2012	2011	2010
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 431,458	\$ 423,927	\$ 412,872	\$ 397,288	\$ 391,798
Sales Taxes	199,735	181,171	169,681	158,582	146,970
Business Taxes	395,759	408,913	358,931	339,703	331,570
Excise Taxes	57,739	61,524	54,637	35,203	28,815
Other Taxes	60,073	11,240	44,352	39,014	31,119
Penalties and Interest on Delinquent Taxes	4,091	3,596	2,795	3,240	3,475
Unrestricted Investment Earnings (Loss)	11,791	(1,663)	6,458	5,536	4,685
Gain (Loss) on Sale of Capital Assets	1,761	17,012	1,502	14,224	40,095
Transfers	(11,512)	(10,861)	(10,095)	(9,373)	(10,100)
Total Governmental Activities	1,150,895	1,094,859	1,041,133	983,417	968,427
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	16,254	4,204	11,789	11,078	8,796
Gain on Sale of Capital Assets	2,759	1,672	619	924	198
Special Item - Environmental Remediation	(4,949)	(24,169)	(37,066)	538	(1,948)
Transfers	11,512	10,861	10,095	9,373	10,100
Total Business-Type Activities	25,576	(7,432)	(14,563)	21,913	17,146
Total Primary Government	1,176,471	1,087,427	1,026,570	1,005,330	985,573
CHANGES IN NET POSITION					
Governmental Activities	134,317	222,622	218,440	159,929	64,879
Business-Type Activities	221,339	177,878	141,210	119,545	34,592
Total Primary Government	\$ 355,656	\$ 400,500	\$ 359,650	\$ 279,474	\$ 99,471

The City of Seattle

Table S-2

Page 4 of 4

CHANGES IN NET POSITION Last Ten Fiscal Years (Accrual Basis of Accounting) (In Thousands)

	2009	2008	2007	2006	2005
GENERAL REVENUES, SPECIAL ITEM, AND TRANSFERS					
<i>Governmental Activities</i>					
Taxes					
Property Taxes	\$ 388,341	\$ 368,515	\$ 359,651	\$ 318,490	\$ 311,613
Sales Taxes	150,515	171,917	171,846	155,311	146,060
Business Taxes	329,572	330,369	332,238	311,015	280,139
Excise Taxes	27,710	36,091	76,918	58,397	55,507
Other Taxes	28,582	25,395	12,765	4,929	4,636
Penalties and Interest on Delinquent Taxes	3,867	2,410	4,276	3,349	2,125
Unrestricted Investment Earnings (Loss)	8,898	24,140	33,155	22,021	10,288
Gain (Loss) on Sale of Capital Assets	(2,422)	15,461	891	35,353	2,921
Transfers	(10,245)	(10,803)	(10,612)	(9,260)	(8,456)
Total Governmental Activities	924,818	963,495	981,128	899,605	804,833
<i>Business-Type Activities</i>					
Unrestricted Investment Earnings	4,837	13,530	19,106	16,241	10,811
Gain on Sale of Capital Assets	4,495	1,708	276	1,823	438
Special Item - Environmental Remediation	(4,289)	—	—	—	—
Transfers	10,245	10,803	10,612	9,260	8,456
Total Business-Type Activities	15,288	26,041	29,994	27,324	19,705
Total Primary Government	940,106	989,536	1,011,122	926,929	824,538
CHANGES IN NET POSITION					
Governmental Activities	72,104	121,352	251,524	241,749	208,530
Business-Type Activities	20,600	148,051	113,800	166,259	91,183
Total Primary Government	\$ 92,704	\$ 269,403	\$ 365,324	\$ 408,008	\$ 299,713

Statistics

Table S-3 **FUND BALANCES OF GOVERNMENTAL FUNDS**
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2014	2013	2012	2011	2010
GENERAL FUND					
Nonspendable	\$ 473	\$ 375	\$ 555	\$ 572	\$ 401
Restricted	99,991	99,659	82,520	58,917	63,695
Committed	76,493	83,155	79,508	58,713	44,240
Assigned	5,685	5,325	6,417	6,808	17,958
Unassigned	134,492	120,446	105,992	79,765	53,147
Reserved	—	—	—	—	—
Unreserved	—	—	—	—	—
Total General Fund	<u>\$ 317,134</u>	<u>\$ 308,960</u>	<u>\$ 274,992</u>	<u>\$ 204,775</u>	<u>\$ 179,441</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ 4,224	\$ 3,959	\$ 2,618	\$ 2,714	\$ 2,447
Restricted	346,892	359,172	321,884	358,710	306,545
Committed	60,612	49,829	40,248	60,156	41,379
Assigned	9,933	7,661	12,583	8,816	7,910
Unassigned	(59,231)	(22,328)	(13,991)	(12,064)	(11,911)
Reserved	—	—	—	—	—
Unreserved, Reported in					
Special Revenue Funds	—	—	—	—	—
Capital Projects Funds	—	—	—	—	—
Permanent Funds	—	—	—	—	—
Total All Other Governmental Funds	<u>\$ 362,430</u>	<u>\$ 398,293</u>	<u>\$ 363,342</u>	<u>\$ 418,332</u>	<u>\$ 346,370</u>
GENERAL FUND					
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—	—
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Reserved	78,835	140,325	129,350	91,018	95,855
Unreserved	118,611	131,085	197,678	150,280	107,817
Total General Fund	<u>\$ 197,446</u>	<u>\$ 271,410</u>	<u>\$ 327,028</u>	<u>\$ 241,298</u>	<u>\$ 203,672</u>
ALL OTHER GOVERNMENTAL FUNDS					
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—	—
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
Reserved	319,104	261,463	226,965	218,682	185,917
Unreserved, Reported in					
Special Revenue Funds	40,157	96,337	39,589	41,694	31,368
Capital Projects Funds	—	—	(1,846)	(3,125)	—
Permanent Funds	101	121	83	—	—
Total All Other Governmental Funds	<u>\$ 359,362</u>	<u>\$ 357,921</u>	<u>\$ 264,791</u>	<u>\$ 257,251</u>	<u>\$ 217,285</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.

The City of Seattle

Table S-4 **CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2014	2013	2012	2011	2010
REVENUES					
Taxes	\$ 1,149,120	\$ 1,083,499	\$ 1,044,608	\$ 973,181	\$ 933,641
Licenses and Permits	30,093	27,135	25,238	22,966	26,514
Grants, Shared Revenues, and Contributions	161,361	184,784	177,775	167,813	179,842
Charges for Services	221,187	200,847	182,595	167,644	171,509
Fines and Forfeits	37,142	41,107	34,340	34,066	32,300
Parking Fees and Space Rent	63,891	62,463	57,107	51,004	46,858
Program Income, Interest, and Miscellaneous Revenues	86,757	45,462	43,649	39,706	26,037
Total Revenues	<u>1,749,551</u>	<u>1,645,297</u>	<u>1,565,312</u>	<u>1,456,380</u>	<u>1,416,701</u>
EXPENDITURES					
Current					
General Government	204,662	191,829	180,187	193,697	203,607
Judicial	29,158	27,642	26,654	25,855	26,300
Public Safety	525,778	494,011	461,235	451,734	445,002
Physical Environment	7,409	11,935	7,748	11,190	9,058
Transportation	114,737	97,676	92,212	90,966	93,381
Economic Environment	140,079	128,644	128,711	106,234	123,430
Health and Human Services	78,024	73,151	67,103	73,100	73,956
Culture and Recreation	245,358	231,694	216,508	211,523	233,284
Capital Outlay					
General Government	35,599	22,220	10,684	13,862	16,799
Judicial	—	—	—	—	—
Public Safety	25,162	21,100	27,743	8,320	21,815
Physical Environment	—	—	—	—	—
Transportation	278,550	234,188	228,272	167,590	169,636
Economic Environment	7	—	69	—	5
Culture and Recreation	55,132	85,690	55,507	50,383	63,521
Debt Service					
Principal	61,745	56,194	53,523	47,909	45,826
Advance Refunding to Escrow	—	—	—	—	—
Interest	26,571	26,206	25,339	26,754	24,596
Bond Issuance Cost	259	822	258	369	1,303
Other	—	—	305	—	—
Total Expenditures	<u>1,828,230</u>	<u>1,703,002</u>	<u>1,582,058</u>	<u>1,479,486</u>	<u>1,551,519</u>
Excess (Deficiency) of					
Revenues over Expenditures	(78,679)	(57,705)	(16,746)	(23,106)	(134,818)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	50,455	101,115	108,085	79,433	85,325
Refunding Debt Issued	—	43,945	—	—	115,185
Premium on Bonds Issued	4,150	9,377	21,140	5,181	13,270
Capital Leases Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	(44,503)	(91,574)	—	(125,170)
Sales of Capital Assets	2,128	22,904	2,282	41,161	21,310
Transfers In	442,666	375,772	334,611	292,224	298,519
Transfers Out	(448,411)	(381,986)	(342,571)	(297,597)	(304,618)
Total Other Financing Sources (Uses)	<u>50,988</u>	<u>126,624</u>	<u>31,973</u>	<u>120,402</u>	<u>103,821</u>
Net Change in Fund Balance	<u>\$ (27,691)</u>	<u>\$ 68,919</u>	<u>\$ 15,227</u>	<u>\$ 97,296</u>	<u>\$ (30,997)</u>
Debt Service as a Percentage of					
Noncapital Expenditures	5.81 %	5.93 %	6.26 %	5.91 %	5.28 %

Statistics

Table S-4 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Page 2 of 2

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

	2009	2008	2007	2006	2005
REVENUES					
Taxes	\$ 927,287	\$ 934,544	\$ 957,242	\$ 851,366	\$ 799,928
Licenses and Permits	28,298	29,091	33,439	28,348	25,612
Grants, Shared Revenues, and Contributions	173,231	133,772	130,869	158,922	155,130
Charges for Services	157,081	142,797	149,049	125,245	127,436
Fines and Forfeits	29,645	25,572	22,701	21,230	19,759
Parking Fees and Space Rent	42,404	37,961	38,029	44,742	42,703
Program Income, Interest, and Miscellaneous Revenues	34,011	102,077	81,200	46,892	68,968
Total Revenues	1,391,957	1,405,814	1,412,529	1,276,745	1,239,536
EXPENDITURES					
Current					
General Government	202,974	195,947	154,672	160,282	136,309
Judicial	26,812	26,584	24,142	20,569	19,229
Public Safety	431,413	421,105	377,367	352,395	333,548
Physical Environment	16,528	8,454	10,752	7,574	6,902
Transportation	111,531	107,532	95,474	82,612	94,806
Economic Environment	103,462	109,903	103,350	83,327	95,186
Health and Human Services	76,471	70,032	64,490	58,723	57,017
Culture and Recreation	223,340	215,458	199,214	191,618	181,318
Capital Outlay					
General Government	24,651	12,953	16,823	42,691	36,885
Judicial	—	—	—	—	6
Public Safety	20,781	12,643	38,345	3,928	4,829
Physical Environment	—	5	10	—	—
Transportation	179,231	100,636	105,079	80,913	61,555
Economic Environment	28	22	270	16	—
Culture and Recreation	72,905	72,322	88,641	85,438	77,023
Debt Service					
Principal	43,064	51,855	61,236	71,672	92,198
Advance Refunding to Escrow	6	35,152	6,270	—	9,596
Interest	24,191	35,738	34,923	37,599	36,462
Bond Issuance Cost	727	632	256	380	438
Other	—	—	—	177	40
Total Expenditures	1,558,115	1,476,973	1,381,314	1,279,914	1,243,347
Excess (Deficiency) of Revenues over Expenditures	(166,158)	(71,159)	31,215	(3,169)	(3,811)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	87,810	84,960	36,365	49,635	60,840
Refunding Debt Issued	4,390	54,870	60,870	2,195	71,450
Premium on Bonds Issued	8,152	7,545	4,178	378	7,837
Capital Leases Issued	20	—	—	—	—
Payment to Refunded Bond Escrow Agent	(4,735)	(56,920)	(62,535)	(2,253)	(75,412)
Sales of Capital Assets	624	408	4,348	35,756	27,218
Transfers In	371,345	350,078	306,914	282,578	290,069
Transfers Out	(373,971)	(332,266)	(288,087)	(287,529)	(289,857)
Total Other Financing Sources (Uses)	93,635	108,675	62,053	80,760	92,145
Net Change in Fund Balance	\$ (72,523)	\$ 37,516	\$ 93,268	\$ 77,591	\$ 88,334
Debt Service as a Percentage of Noncapital Expenditures	5.28%	6.72%	8.39%	10.16%	11.98%

The City of Seattle

Table S-5

TAX REVENUES BY SOURCE

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

Year	General Property Tax	Retail Sales and Use Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
2005	\$ 311,461	\$ 146,060	\$ 280,163	\$ 55,507	\$ 6,737	\$ 799,928
2006	318,366	155,311	311,015	58,572	8,103	851,367
2007	359,651	171,846	332,238	76,918	16,589	957,242
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	431,436	65,364	16,771	1,144,764

Table S-6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE

OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Assessed and Estimated Actual Value * (In Thousands)			Total Direct Tax Rate	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total			
2005	\$ 84,157,435	\$ 4,120,671	\$ 88,278,106	\$ 3.585	5.17%	\$ 154.063
2006	91,625,334	4,081,299	95,706,633	3.378	8.41	165.382
2007	101,522,467	4,686,021	106,208,488	3.221	10.97	181.312
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)	202.099
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)	189.451
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	212.086

a Real property has been assessed at 100 percent of estimated actual value.

Statistics

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 ^f (\$1,000)	Annual Growth
	General Fund	Special Revenue Funds	Debt Service Funds	City Total	State	County ^b	School	Port of Seattle			
2005	2.351	0.933	0.301	3.585	2.690	1.382	2.302	0.253	10.212	\$ 901,496	3.3%
2006	2.230	0.870	0.278	3.378	2.498	1.329	2.192	0.233	9.630	921,573	2.2
2007	1.878	1.091	0.252	3.221	2.325	1.496	2.006	0.232	9.280	985,615	6.9
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	2.0
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

a Source: King County Assessor and City of Seattle Budget Office.

b For the purposes of this table the City's share of the Countywide Emergency Medical Service (EMS) levy is included in the County's tax levy rate. EMS rate is 0.335 in 2014.

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	2014			2005		
	Assessed Valuation ^f (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^f (In Millions)	Percentage of Assessed Valuation	Rank
Union Square Limited Partnership	\$ 593.7	0.41%	1	\$ 391.1	0.41%	3
1201 Tab Owner LLC (formerly Wright Runstad)	457.6	0.32	2			
FSP-RIC LLC (formerly Northwestern Mutual Life Ins)	425.2	0.29	3			
The Boeing Company	415.1	0.29	4	330	0.35	5
City Centre Associates JV	377.5	0.26	5	252.1	0.26	7
Columbia Center Property	339.9	0.23	6			
999 Third Avenue Property	284.7	0.20	7			
Seattle Sheraton	269.6	0.19	8			
Puget Sound Energy-Gas/Electric	258.4	0.18	9	168.6	0.18	10
Essex Portfolio LP	257.7	0.15	10			
Qwest Corporation				429.9	0.45	1
EOP Northwest Properties				402.3	0.42	2
Bank of America				366.0	0.38	4
Washington Mutual/Wright Runstad				277.1	0.29	6
Starwood Hotel & Resorts (Westin Hotel)				208.3	0.22	8
Martin Selig				180.3	0.19	9

d Source: King County Assessor.

e The above listing includes taxpayers paying real and personal property taxes as property owners. It does not include taxpayers paying leasehold excise taxes based on rental payments for property they lease from other entities.

f Assessed valuations for taxes collected in the succeeding year.

The City of Seattle

Table S-9 PRINCIPAL REVENUE SOURCES
Page 1 of 2
Current Year and Nine Years Ago
(In Thousands)

Customer Name	CITY LIGHT ^a					
	2014			2005		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Nucor Corporation	\$ 22,457	3.12%	1	\$ 17,466	3.10%	1
University of Washington	22,147	3.07	2	16,167	2.87	2
City of Seattle	19,685	2.73	3	6,430	1.14	4
Boeing Company	15,999	2.22	4	14,029	2.49	3
King County b	10,491	1.46	5	5,507	0.98	7
International Gateway/Sabey	10,311	1.43	6	5,954	1.06	5
US Government	7,073	0.98	7	5,616	1.00	6
2001 Sixth LLC	6,290	0.87	8			
Saint Gobain	6,088	0.84	9			
Martin Selig Properties	5,619	0.78	10			
Unico Properties/Union Square Ltd.				4,124	0.73	9
Equity Office Properties				4,204	0.75	8
Seattle Public Schools				3,042	0.54	10
Total Top Ten	\$ 126,160	17.50%		\$ 82,539	14.66%	

a Source: 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 ^a					
	2014			2006 ^b		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 20,831	8.57%	1	\$ 14,148	15.41%	1
Northshore Utility District	5,386	2.22	2	4,351	4.74	2
Highline Water District	4,173	1.72	3	3,385	3.69	3
Woodinville Water District	3,821	1.57	4	2,297	2.50	5
Soos Creek Water and Sewer District	3,644	1.50	5	2,076	2.26	7
University of Washington	3,615	1.49	6	2,141	2.33	6
City of Seattle	3,583	1.47	7	3,357	3.66	4
Port of Seattle	2,998	1.23	8	1,583	1.72	10
City of Mercer Island	2,408	0.99	9	1,866	2.03	8
King County Water District #20	2,162	0.89	10			
Cedar River Water & Sewer District				1,784	1.94	9
Total Top Ten	\$ 52,621	21.65%		\$ 36,988	40.28%	

c Source: Seattle Public Utilities (SPU) billing records.

d Using 2006 data, the latest and closest available in 2006 CAFR.

Statistics

Table S-9
Page 2 of 2
PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)

DRAINAGE AND WASTEWATER ^a						
Customer Name	2014			2006 ^b		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 8,815	2.64%	1	\$ 3,469	2.68%	2
University of Washington	7,934	2.38	2	5,020	3.88	1
Port of Seattle	5,068	1.52	3	1,883	1.46	3
King County	3,235	0.97	4	1,522	1.18	5
Seattle Housing Authority	3,203	0.96	5	1,845	1.43	4
Seattle Public Schools	1,822	0.55	6	1,312	1.01	6
BNSF Rwy Co.	1,351	0.40	7	507	0.39	10
Seattle Tunnel Partners	1,332	0.40	8			
Darigold	1,093	0.33	9			
The Boeing Company	890	0.27	10	712	0.55	7
Swedish Medical Center				651	0.50	8
Harborview Medical Center				556	0.43	9
Total Top Ten	\$ 34,743	10.42%		\$ 17,477	13.51%	

a Source: Seattle Public Utilities (SPU) billing records.

b Using 2006 data, the latest and closest available in 2006 CAFR

SOLID WASTE ^a						
Customer Name	2014			2006 ^b		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 1,005	0.64%	1	\$ 474	0.42%	1
Fred Meyer/QFC	803	0.51	2			
Starbucks	704	0.45	3			
Goodwill Industries	626	0.40	4	287	0.26	3
Seattle Housing Authority	541	0.34	5	323	0.29	2
Swedish Medical Center	504	0.32	6	222	0.20	5
Pike Place Market	437	0.28	7	211	0.19	6
King County	404	0.26	8			
Safeway	369	0.23	9			
Vigor Marine	368	0.23	10			
VW Vender Haul				243	0.22	4
Harbor View Environment Services				198	0.18	7
Virginia Mason Hospital				182	0.16	8
Associated Grocers				152	0.14	9
Pacific Place				150	0.13	10
Total Top Ten	\$ 5,761	3.66%		\$ 2,442	2.19%	

a Source: Seattle Public Utilities (SPU) billing records.

b Using 2006 data, the latest and closest available in 2006 CAFR.

The City of Seattle

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	Total Collections to Date		
			Amount	Percentage of Adjusted Levy			Subsequent Collections	Amount	Percentage of Net Levy
2005	\$314,357,618	\$ 313,008,315	\$307,392,432	98.21%	\$ (164,595)	\$312,843,720	\$ 1,407,361	\$308,799,793	98.71%
2006	321,085,515	320,407,560	314,611,894	98.19	(278,157)	320,129,403	5,542,455	320,154,349	100.01
2007	361,810,037	360,253,854	354,036,495	98.27	(185,735)	360,068,119	5,940,218	359,976,713	99.97
2008	371,971,172	370,579,618	363,923,901	98.20	(45,352)	370,534,266	6,503,468	370,427,369	99.97
2009	391,665,366	389,564,212	382,220,305	98.11	(89,111)	389,475,101	7,224,143	389,444,448	99.99
2010	396,716,770	394,203,623	387,023,382	98.18	87,007	394,290,630	7,209,459	394,232,841	99.99
2011	401,332,061	399,082,252	392,544,843	98.36	(112,527)	398,969,725	6,359,183	398,904,026	99.98
2012	417,706,022	415,720,650	408,919,797	98.36	(97,357)	415,623,293	5,967,032	414,886,829	99.82
2013	419,470,830	418,268,215	411,963,480	98.49	(14,768)	418,253,447	4,697,846	416,661,326	99.62
2014	433,746,570	432,690,228	426,568,295	98.59	—	432,690,228	—	426,568,295	98.59

a Net of initial adjustments in year of levy.

Statistics

Table S-11
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Premiums, Discounts, and Other Adjustments	Net General Obligation Bonds	Special Assessment Bonds	Notes and Contracts	Capital Leases
2005	\$ 794,075	\$ 15,249	\$ 809,324	\$ —	\$ 21,890	\$ 29
2006	746,365	13,992	760,357	21,925	24,494	15
2007	720,025	16,540	736,565	20,545	21,923	3
2008	721,160	22,222	743,382	19,205	19,738	0
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	6
2012	772,950	56,070	829,020	13,005	18,748	2
2013	809,060	53,919	862,979	13,005	16,631	2
2014	816,060	55,218	871,278	10,395	14,580	105

Fiscal Year	Business-Type Activities						
	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
2005	\$ 71,124	\$ 1,472,650	\$ 776,790	\$ 294,870	\$ 21,495	\$ 61,080	\$ 2,698,009
2006	70,023	1,409,215	861,670	334,625	17,325	70,489	2,763,347
2007	65,702	1,342,460	841,785	325,460	91,695	72,489	2,739,591
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

Fiscal Year	Business-Type Activities	
	Solid Waste Revenue Anticipation Notes	Notes and Contracts
2005	\$ 11,976	\$ 14,781
2006	23,576	10,942
2007	—	7,048
2008	—	20,240
2009	—	23,861
2010	—	34,107
2011	—	36,222
2012	—	34,753
2013	—	35,606
2014	—	33,889

Fiscal Year	Primary Government			
	Total	Percentage of Personal Income ^a	Debt Per Capita	Total Personal Income ^a
2005	\$ 3,556,009	13.75%	\$ 6,009	\$ 25,857,198
2006	3,604,656	12.84	6,022	28,079,681
2007	3,525,675	11.33	5,813	31,104,558
2008	3,985,320	13.84	6,493	28,803,559
2009	3,872,142	13.26	6,200	29,201,816
2010	4,208,488	14.50	6,537	29,019,204
2011	4,378,833	14.60	6,802	29,987,391
2012	4,534,817	12.04	6,879	37,652,394
2013	4,593,047	11.42	6,901	40,204,185
2014	4,779,192	N/A	6,901	N/A

^a Personal income data is not available for 2014.

The City of Seattle

Table S-12
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Bonded Debt Outstanding (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
2005	\$ 794,075	\$ 12,428	\$ 796,896	0.90%	\$ 1,391
2006	746,365	15,724	744,633	0.78	1,287
2007	720,025	15,216	721,349	0.68	1,231
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	0.60	1,344

Fiscal Year	Business-Type Activities				
	General Bonded Debt Outstanding (In Thousands)	Premiums, Discounts, and Other Adjustments (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)	Percentage of Actual Taxable Value of Property ^a	Per Capita
2005	\$ 71,124	\$ 70,489	\$ 132,204	15%	\$ 231
2006	70,023	72,489	140,512	15	243
2007	65,702	74,336	138,191	13	236
2008	64,524	69,123	138,860	11	234
2009	63,319	119,651	132,442	10	220
2010	62,093	126,463	181,744	15	299
2011	60,846	221,756	187,309	16	306
2012	59,589	221,756	281,345	24	456
2013	58,327	215,007	273,334	21	436
2014	56,470	249,395	305,865	21	478

Fiscal Year	Business-Type Activities		
	Annual Debt Service Payments	Net Operating Income ^a	Percentage of Debt Service to Net Operating Income ^c
2005	\$ 4,885	\$ 4,154	117.60%
2006	4,907	4,462	109.97
2007	5,151	4,599	112.00
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

Fiscal Year	Primary Government		
	General Bonded Debt Outstanding (In Thousands)	Externally Restricted Fund Balance (In Thousands)	Net General Bonded Debt Outstanding (In Thousands)
2005	\$ 941,528	\$ 12,428	\$ 929,100
2006	900,869	15,724	885,145
2007	874,756	15,216	859,540
2008	882,242	14,288	867,954
2009	931,129	11,220	919,909
2010	1,020,699	9,804	1,010,895
2011	1,047,604	9,653	1,037,951
2012	1,110,365	9,719	1,100,646
2013	1,136,313	9,775	1,126,538
2014	1,177,143	10,131	1,167,012

^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 is being paid for by user fee revenues derived from the garage. The ultimate recourse for the payment of these bonds remains with the City's General Fund.

^c Excludes amortization.

Statistics

Table S-13
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
December 31, 2014

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	\$ 826,768	37.28%	\$ 309,046
Port of Seattle	225,420	37.38	84,262
Seattle School District No. 001	45,381	99.47	45,140
Highline School District No. 401	253,586	0.01	25
Subtotal Overlapping Debt	1,351,155		438,473
City of Seattle Direct Debt	857,819	100.00	857,819
Total Direct and Overlapping Debt	<u>\$ 2,208,974</u>		<u>\$ 1,296,292</u>

^a Percentage rates were provided by King County except for City of Seattle.

^b Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

The City of Seattle

Table S-14
LEGAL DEBT MARGIN INFORMATION

	General Capacity ^a		Special Purpose Capacity ^a		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 - \$145,091,711 ^b					
2.50% of Assessed Value	\$ —	\$ 3,627,292,785	\$ 3,627,292,785	\$ 3,627,292,785	\$ 10,881,878,355
1.50% of Assessed Value	2,176,375,671	(2,176,375,671)	—	—	—
	2,176,375,671	1,450,917,114	3,627,292,785	3,627,292,785	10,881,878,355
Statutory Debt Limit Less Debt Outstanding ^c					
Bonds	(739,915,000)	(132,615,000)	—	—	(872,530,000)
Guarantee on PDA Bonds	(55,755,000)	—	—	—	(55,755,000)
Public Works Trust Fund Loans	(14,579,719)	—	—	—	(14,579,719)
Compensated Absences	(97,790,000)	—	—	—	(97,790,000)
Total Debt Outstanding	(908,039,719)	(132,615,000)	—	—	(1,040,654,719)
Add:					
Available Net Position In Redemption Funds	10,130,770	4,667,439	—	—	14,798,209
Compensated Absences for Sick Leave	14,430,000	—	—	—	14,430,000
Net Debt Outstanding	(883,478,949)	(127,947,561)	—	—	(1,011,426,510)
LEGAL DEBT MARGIN	<u>\$ 1,292,896,722</u>	<u>\$ 1,322,969,553</u>	<u>\$ 3,627,292,785</u>	<u>\$ 3,627,292,785</u>	<u>\$ 9,870,451,845</u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
2005	\$ 7,177,997,496	\$ 992,974,845	\$ 6,185,022,651	13.83%
2006	7,965,636,558	943,898,454	7,021,738,104	11.85
2007	9,121,584,801	923,986,450	8,197,598,351	10.13
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	9,870,431,847	9.29

^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 22, 2014 for taxes payable in 2013.

^c State law and the State Auditor's Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating the legal debt margin, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.

^d The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority, the Pike Place Market Preservation and Development Authority, the Seattle-Chinatown International District Preservation Development Authority, and the Seattle Indian Service Commission.

^e Includes City Obligations to repay loans from the Washington State Public Works Assistance Account despite accounting procedures prescribed by the State Auditor that currently do not include amounts loaned by the State and federal governments in calculating debt capacity. However, the City's bond counsel does include State and federal loans to the City, including Public Works Assistance Account indebtedness, as within the applicable statutory and constitutional debt limits.

^f The State Auditor requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt margin. All compensated absences except the sick leave estimate meet this criterion. The City's bond counsel does include compensated absences as debt for the purpose of calculating the City's debt capacity.

^g Does not include available net position in the Local Improvement Guaranty Fund, Interfund Notes Payable Fund, and Local Improvement District No. 6750 Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

Statistics

Table S-15 **PLEDGED-REVENUE COVERAGE**
Last Ten Fiscal Years
(In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS ^a							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2005	\$ 749,289	\$ 500,372	\$ 248,917	\$ 68,932	\$ 64,596	1.86	
2006	835,005	512,882	322,123	72,408	63,435	2.37	
2007	783,775	527,353	256,422	69,858	66,755	1.88	
2008	798,108	519,471	278,637	65,218	70,460	2.05	
2009	690,760	491,065	199,695	70,514	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	489,099	306,139	80,129	88,995	1.81	
2013	833,834	514,269	319,565	80,960	91,840	1.85	
2014	872,837	531,464	341,373	85,086	99,670	1.85	

WATER ^b							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2005	\$ 146,119	\$ 55,026	\$ 91,093	\$ 34,347	\$ 19,970	1.68	
2006	155,175	64,312	90,863	31,030	21,490	1.73	
2007	160,161	67,058	93,103	35,030	17,185	1.78	
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	

DRAINAGE AND WASTEWATER ^c							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2005	\$ 176,482	\$ 126,763	\$ 49,719	\$ 8,055	\$ 10,168	2.73	
2006	186,832	141,866	44,966	8,049	10,794	2.39	
2007	202,408	164,246	38,162	7,824	10,849	2.04	
2008	224,109	167,338	56,771	9,872	13,401	2.44	
2009	250,194	183,127	67,067	17,102	12,915	2.23	
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	

SOLID WASTE ^d							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Interest	Principal		
2005	\$ 111,231	\$ 86,768	\$ 24,463	\$ 1,382	\$ 3,965	4.58	
2006	112,474	89,980	22,494	1,175	4,170	4.21	
2007	121,931	93,562	28,369	978	4,390	5.28	
2008	124,353	90,616	33,737	3048	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	

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 Debt service requirements for outstanding bond anticipation notes (BAN) were not included in calculating bond coverage ratio. There were outstanding BANS in 2003-2006. Operating expenses does not include city public utility taxes, depreciation and amortization, interest paid on revenue bonds, amortization of debt expenses and loss, capitalized interest, and amortization of landfill and postclosure costs.

The City of Seattle

Table S-16 **DEMOGRAPHIC AND ECONOMIC STATISTICS**
Last Ten Fiscal Years

Year	Population ^a		Per Capita Income ^b		Median Age King County ^d	Public School Enrollment ^e	King County Average Annual Unemployment Rate ^f
	King County	Seattle	King County	Region PMSA ^c			
2005	1,808,300	573,000	\$ 49,488	\$ 45,680	36.83	46,239	4.8%
2006	1,835,300	578,700	53,488	49,275	36.93	45,654	4.2
2007	1,861,300	586,200	57,710	53,061	36.97	45,262	3.7
2008	1,884,200	592,800	58,141	53,999	37.00	45,574	4.3
2009	1,909,300	602,000	53,933	50,644	37.08	45,944	7.9
2010	1,933,400	608,660	54,927	51,370	37.05	47,008	8.8
2011	1,942,600	612,100	57,837	53,931	37.40	48,496	8.1
2012	1,957,000	616,500	60,090	52,627	37.72	49,864	6.8
2013	1,981,900	626,600	62,770	55,190	37.70	51,010	8.1
2014	2,017,250	640,500	N/A	N/A	37.10	51,988	5.0

a. As of April 1. Source: Washington State Office of Financial Management, "2014 Population Trends for Washington State" estimates only.

b. Source: U. S. Bureau of Economic Analysis.

c. Source: U. S. Bureau of Economic Analysis includes Seattle, Bellevue, and Everett.

d. Source: Washington State Office of Financial Management.

e. Source: Seattle Public Schools.

f. Source: Washington State Employment Security Department, March 24, 2015.

Table S-17 **PRINCIPAL INDUSTRIES ^{gh}**
Current Year and Nine Years Ago

Industry	2014			2005		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Professional and Business Services	207,933	16.3%	1	172,475	14.9%	1
Educational and Health Services	167,983	13.1	2	132,933	11.5	2
Retail Trade	127,958	10.0	3	113,950	9.9	3
Leisure and Hospitality	124,883	9.8	4	105,992	9.2	5
Manufacturing	107,025	8.4	5	107,067	9.3	4
Total Local Government	92,400	7.2	6	85,242	7.4	6
Information	85,583	6.7	7	70,067	6.1	8
Financial Activities	72,000	5.6	8	79,367	6.9	7
Wholesale Trade	61,650	4.8	9	61,600	5.3	10
Construction	60,792	4.8	10	63,158	5.5	9

Total Top Ten Industries 1,108,207 86.7% 991,851 86.0%

g Source: Washington Employment Security Department Labor Market and Economic Analysis.

h Data is provided for King County, which includes the Seattle Metropolitan Area

Statistics

Table S-18
Page 1 of 2
FULL-TIME-EQUIVALENT^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Community Police Commission	3.00	—	—	—	—
Fire	1,151.55	1,150.55	1,152.55	1,151.55	1,155.55
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	169.60	169.60	159.10	160.60	155.10
Municipal Court	213.10	212.60	214.10	214.10	222.10
Police	1,999.35	1,947.35	1,930.85	1,934.85	1,922.25
Police Relief and Pension Board	3.00	3.00	3.00	3.00	3.00
Public Safety	—	—	—	1.00	1.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	30.84	28.09	19.85	20.60	23.10
Library	558.40	558.40	509.00	503.20	511.82
Parks and Recreation	888.45	853.57	863.09	890.89	1,002.49
Seattle Center	242.66	241.62	245.12	245.12	257.77
HEALTH AND HUMAN SERVICES					
Human Services	344.60	341.35	316.10	322.60	326.35
Educational and Developmental Services Levy	9.00	9.00	9.00	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	25.50	22.50	24.00	22.00	20.00
Housing	37.00	37.50	37.50	38.50	40.50
Neighborhoods	46.00	42.50	40.50	74.75	86.50
Neighborhood Matching Subfund	7.00	6.00	6.00	—	—
Planning and Development	406.00	397.25	393.26	398.01	409.00
UTILITIES AND TRANSPORTATION					
City Light	1,857.25	1,830.25	1,810.50	1,810.50	1,839.10
Seattle Public Utilities	1,446.55	1,401.05	1,411.05	1,420.75	1,449.25
Transportation	793.00	727.50	721.00	768.50	792.00
ADMINISTRATION					
City Auditor	9.50	9.50	9.00	8.00	8.00
City Budget	29.50	28.50	27.50	28.50	0.00
Civil Rights	23.50	23.00	22.50	21.50	22.50
Civil Service Commission	2.60	2.60	—	1.80	1.80
Employees' Retirement System	20.00	18.00	18.00	15.50	15.50
Ethics and Elections Commission	6.20	6.20	5.20	5.20	5.20
Finance and Administrative Services ^b	602.25	528.75	521.75	523.75	579.00
Hearing Examiner	4.63	4.63	4.63	4.63	4.63
Immigrant and Refugee Affairs	3.00	3.00	2.00	—	—
Information Technology	194.25	192.25	190.25	195.00	205.00
Intergovernmental Relations	10.50	10.50	10.50	11.50	11.50
Legislative	86.50	86.50	86.00	86.00	89.00
Mayor	28.50	28.50	28.50	28.50	28.50
Department of Human Resources ^d	92.75	103.75	103.25	104.25	115.00
Policy and Management ^c	—	—	—	—	—
Sustainability and Environment	12.00	10.00	14.75	11.00	8.00
Total Full-Time Equivalents	<u>11,358.53</u>	<u>11,039.36</u>	<u>10,913.40</u>	<u>11,029.65</u>	<u>11,314.51</u>

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

The City of Seattle

Table S-18
Page 2 of 2
FULL-TIME-EQUIVALENT
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2009	2008	2007	2006	2005
PUBLIC SAFETY					
Community Police Commission	—	—	—	—	—
Fire	1,163.05	1,163.05	1,146.05	1,142.80	1,127.05
Firemen's Pension Board	4.00	4.00	4.00	4.00	4.00
Law	154.10	155.10	152.10	147.60	137.60
Municipal Court	235.60	234.60	235.60	234.60	226.10
Police	1,859.75	1,851.75	1,851.25	1,840.25	1,805.75
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	1.00
ARTS, CULTURE, AND RECREATION					
Arts and Cultural Affairs	25.10	25.10	24.10	23.10	22.10
Library	527.46	533.41	529.03	506.17	478.56
Parks and Recreation	1,002.90	1,002.95	989.45	979.44	941.75
Seattle Center	271.53	278.30	278.30	264.80	253.90
HEALTH AND HUMAN SERVICES					
Human Services	337.85	323.85	323.60	314.85	305.10
Educational and Developmental Services Levy	—	—	—	—	—
NEIGHBORHOODS AND DEVELOPMENT					
Economic Development	19.50	24.60	10.50	21.60	21.00
Housing	41.00	41.50	41.75	41.75	41.75
Neighborhoods	88.00	87.00	85.00	86.50	86.25
Neighborhood Matching Subfund	—	—	—	—	—
Planning and Development	437.00	441.00	434.00	394.50	374.00
UTILITIES AND TRANSPORTATION					
City Light	1,881.83	1,821.33	1,752.33	1,752.10	1,734.10
Seattle Public Utilities	1,481.00	1,458.06	1,367.94	1,402.40	1,399.40
Transportation	798.50	778.00	675.50	642.25	622.50
ADMINISTRATION					
City Auditor	8.00	9.00	9.00	9.00	9.00
City Budget	36.00	38.00	—	—	—
Civil Rights	22.50	22.50	22.50	22.50	22.50
Civil Service Commission	1.80	1.80	1.80	1.60	1.60
Employees' Retirement System	15.50	14.50	14.50	12.50	12.50
Ethics and Elections Commission	5.20	5.20	5.20	5.20	5.20
Finance and Administrative Services ^b	601.00	597.00	588.50	579.50	562.95
Hearing Examiner	4.75	4.75	4.50	4.50	4.90
Immigrant and Refugee Affairs	—	—	—	—	—
Information Technology	216.00	217.00	216.00	203.50	191.50
Intergovernmental Relations	10.50	10.50	10.50	10.50	10.50
Legislative	88.00	88.00	87.00	85.00	83.70
Mayor	24.50	25.50	24.50	22.50	22.50
Department of Human Resources ^d	128.00	123.50	121.50	105.00	101.50
Policy and Management ^c	18.00	18.50	18.50	16.00	15.00
Sustainability and Environment	7.00	7.00	6.00	5.00	4.00
Total Full-Time Equivalents	<u>11,518.92</u>	<u>11,410.35</u>	<u>11,034.50</u>	<u>10,885.01</u>	<u>10,632.26</u>

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

Statistics

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OPERATING INDICATORS

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 16,571,652	\$ 8,887,550	\$ 11,340,687	\$ 11,476,891	\$ 11,021,455
Per capita	\$ 25.87	\$ 14.18	\$ 18.4	\$ 18.86	\$ 18.11
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	6,674	7,573	8,162	8,481	9,908
Traffic criminal filings	802	1048	953	1,109	4,752
DUI filings	1,074	1,111	1,369	1,667	1,343
Non-traffic infraction filings	2,182	2,190	3,122	4,787	5,501
Traffic infraction filings	41,467	42,091	36,872	46,136	55,108
Parking infractions	527,782	631,388	578,507	580,841	600,543
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	464,787	458,644	453,000	456,534	502,903
Parks and Recreation					
Park use permits issued					
Number	759	651	646	670	614
Amount	\$ 273,316	\$ 511,114	\$ 493,691	\$ 454,327	\$ 302,690
Facility use permits issued including pools					
Number	24,543	24,740	25,944	26,051	27,384
Amount	\$ 7,278,825	\$ 6,973,400	\$ 6,502,337	\$ 6,147,176	\$ 5,014,973
Facility use permits issued excluding pools					
Number	23,749	24,182	25,353	25,472	26,661
Amount	\$ 6,543,601	\$ 6,313,899	\$ 5,935,997	\$ 5,573,454	\$ 4,480,703
Picnic permits issued					
Number	4,027	3,967	3,664	3,463	3,658
Amount	\$ 386,272	\$ 381,309	\$ 363,842	\$ 345,209	\$ 303,075
Ball field usage					
Scheduled hours	170,014	161,571	147,142	128,352	125,891
Amount	\$ 2,797,013	\$ 2,477,333	\$ 2,668,292	\$ 2,480,476	\$ 1,909,705
Weddings					
Number	254	258	250	233	272
Amount	\$ 89,486	\$ 94,845	\$ 94,295	\$ 80,900	\$ 89,350
NEIGHBORHOODS AND DEVELOPMENT					
Planning and Development					
Permits					
Number issued	12,047	8,350	7,316	7,075	6,287
Value of issued permits	\$ 3,789,737,682	\$ 3,064,690,426	\$ 2,450,807,519	\$ 2,144,525,229	\$ 1,582,129,040
UTILITIES					
City Light					
Customers	415,056	408,055	402,608	400,351	398,858
Operating revenues	\$ 8,866,445,525	\$ 842,229,890	\$ 800,273,311	\$ 771,464,570	\$ 732,977,819
Water					
Population served	1,336,700	1,326,000	1,314,932	1,303,847	1,292,994
Billed water consumption, daily average, in gallons	113,863,391	113,107,019	112,036,939	110,200,000	110,424,484
Operating revenues	\$ 242,946,509	\$ 235,593,735	\$ 213,474,169	\$ 194,572,652	\$ 195,203,465
Drainage and Wastewater					
Operating revenues	\$ 341,999,940	\$ 333,760,233	\$ 304,001,717	\$ 278,956,907	\$ 249,733,795
Solid Waste					
Customers					
Residential garbage customers	160,063	163,413	164,241	166,637	165,541
Residential dumpsters customers	142,035	135,499	129,761	127,678	126,593
Commercial garbage customers	8,168	8,156	8,148	8,179	8,248
Operating revenues	\$ 157,497,819	\$ 159,741,503	\$ 156,926,774	\$ 154,200,068	\$ 150,905,931

The City of Seattle

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OPERATING INDICATORS

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2009	2008	2007	2006	2005
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$ 22,217,971	\$ 16,351,377	\$ 17,664,500	\$ 18,340,656	\$ 16,657,222
Per capita	\$ 36.91	\$ 27.52	\$ 32.76	\$ 31.69	\$ 29.13
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	10,724	9,461	12,003	12,882	12,098
Traffic criminal filings	5,344	5,124	5,100	4,156	2098
DUI filings	1,422	1,167	1,390	1,496	1437
Non-traffic infraction filings	6,111	6,437	7,880	7,310	7,416
Traffic infraction filings	57,960	69,949	74,490	59,828	59,120
Parking infractions	568,616	477,024	430,240	385,852	438,303
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	465,325	432,790	448,104	403,415	454,990
Parks and Recreation					
Park use permits issued					
Number	639	599	529	667	649
Amount	\$ 204,527	\$ 212,403	\$ 75,459	\$ 217,782	\$ 229,420
Facility use permits issued including pools					
Number	26,922	24,977	23,487	N/A	N/A
Amount	\$ 4,957,236	\$ 2,571,854	\$ 2,374,230	N/A	N/A
Facility use permits issued excluding pools					
Number	26,190	23,577	22,113	2314	N/A
Amount	\$ 4,469,322	\$ 2,127,367	\$ 1,997,402	\$ 790,551	\$ 567,975
Picnic permits issued					
Number	3,547	3,420	3,469	3,253	3,273
Amount	\$ 249,110	\$ 228,965	\$ 229,715	\$ 220,595	\$ 218,045
Ball field usage					
Scheduled hours	161,937	147,911	145,481	144,760	142,360
Amount	\$ 1,457,708	\$ 1,444,393	\$ 1,600,578	\$ 1,413,035	\$ 1,474,107
Weddings					
Number	268	235	254	238	197
Amount	\$ 91,238	\$ 80,955	\$ 87,900	\$ 82,079	\$ 69,670
NEIGHBORHOODS AND DEVELOPMENT					
Planning and Development					
Permits					
Number issued	5,917	7,890	8,865	8,576	7,178
Value of issued permits	\$ 1,987,486,066	\$ 2,580,055,297	\$ 3,097,812,568	\$ 2,021,878,195	\$ 1,681,651,482
UTILITIES					
City Light					
Customers	394,731	387,715	383,127	379,230	375,869
Operating revenues	\$ 723,128,042	\$ 877,392,652	\$ 832,524,784	\$ 831,810,233	\$ 748,552,561
Water					
Population served	1,280,557	1,265,878	1,251,998	1,236,849	1,221,601
Billed water consumption, daily average, in gallons	122,038,356	117,406,451	120,690,060	124,955,842	118,854,138
Operating revenues	\$ 191,369,588	\$ 164,405,030	\$ 160,161,307	\$ 155,175,008	\$ 146,118,856
Drainage and Wastewater					
Operating revenues	\$ 250,194,607	\$ 224,109,335	\$ 202,407,690	\$ 186,832,412	\$ 176,482,071
Solid Waste					
Customers					
Residential garbage customers	167,047	166,914	166,052	165,551	165,561
Residential dumpsters customers	127,971	122,503	119,667	117,899	115,838
Commercial garbage customers	8,462	9,747	8,505	8,481	8,697
Operating revenues	\$ 135,641,160	\$ 124,353,043	\$ 121,930,923	\$ 112,474,339	\$ 111,230,835

Statistics

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CAPITAL ASSET STATISTICS

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2014	2013	2012	2011	2010
PUBLIC SAFETY					
Fire					
Boats	7	6	3	3	3
Fire-fighting apparatus	216	184	164	163	162
Stations	33	33	33	33	33
Training towers	2	2	2	2	2
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	280	272	273	270	270
Motorcycles	37	37	37	37	37
Scoters	80	75	73	67	63
Trucks, vans, minibuses	91	89	87	88	86
Automobiles	196	194	194	194	194
Patrol boats	10	10	10	10	10
Bicycles	154	154	154	154	154
Horses	7	7	7	7	8
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	27	27	27	27
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	11,744,881	11,435,302	10,932,677	11,376,194	11,914,050
Collection, print and non-print	2,214,169	2,435,520	2,403,693	2,280,511	2,294,601
Parks and Recreation					
Major parks	14	14	14	14	13
Open space acres acquired since 1989	731	711	695	665	663
Total acreage	6,367	6,298	6,251	6,188	6,185
Children's play areas	158	138	136	135	133
Neighborhood playgrounds	40	43	41	40	38
Community playfields	38	38	38	38	38
Community recreation centers	27	25	24	26	26
Visual and performing arts centers	5	5	6	6	6
Theaters	1	1	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	64	64	64	64	64
Viewpoints	11	11	11	11	9
Bathing beaches (life-guarded)	9	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit ^a	—	—	—	—	10,588

The City of Seattle

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CAPITAL ASSET STATISTICS

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2009	2008	2007	2006	2005
PUBLIC SAFETY					
Fire					
Boats	3	3	2	2	2
Fire-fighting apparatus	162	162	163	163	163
Stations	33	33	33	33	33
Training towers	2	2	1	1	1
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	270	270	265	252	252
Motorcycles	37	37	45	50	48
Scoters	58	58	50	53	55
Trucks, vans, minibuses	84	84	81	81	79
Automobiles	194	194	197	194	189
Patrol boats	10	10	10	10	9
Bicycles	146	146	137	137	137
Horses	8	8	8	8	8
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	24	24	24	24
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	10,025,029	9,085,490	8,661,263	7,449,761	6,575,866
Collection, print and non-print	2,446,355	2,352,381	2,273,440	2,173,903	1,889,599
Parks and Recreation					
Major parks	13	13	13	13	13
Open space acres acquired since 1989	654	638	630	630	630
Total acreage	6,171	6,155	6,036	6,036	6,036
Children's play areas	131	130	130	130	130
Neighborhood playgrounds	38	38	38	38	38
Community playfields	33	33	33	33	33
Community recreation centers	26	26	26	25	25
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	62	62	62	62	62
Viewpoints	8	8	8	8	8
Bathing beaches (life-guarded)	9	9	9	9	7
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit ^a	10,216	10,655	10,655	14,600	14,577

Statistics

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CAPITAL ASSET STATISTICS BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2014	2013	2012	2011	2010
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,975,100	1,991,600	1,991,600	1,920,700	1,920,700
Maximum system load (KW)	1,860,256	1,796,728	1,739,238	1,841,255	1,858,735
Total system energy (1,000 KW) (firm load)	9,844,209	10,016,469	10,121,611	9,865,376	10,139,898
Meters	422,613	406,274	407,614	406,195	402,854
Water					
Reservoirs, standpipes, tanks	29	26	27	27	27
Fire hydrants	18,000	18,655	18,550	18,503	18,473
Water mains					
Supply, in miles	193	182	182	187	187
Water storage, in thousand gallons	—	—	—	—	—
Meters	354,500	398,369	338,869	338,869	302,880
	191,403	187,159	188,883	188,457	188,226
Drainage and Wastewater					
Combined sewers, life-to-date, in miles					
Sanitary sewers, life-to-date, in miles	474	472	471	471	472
Storm drains, life-to-date, in miles	947	949	948	957	956
Pumping stations	481	479	474	473	470
	68	67	67	66	67
Solid Waste					
Transfer stations					
	2	2	2	2	2
Transportation					
Arterial streets, in miles	1,547	1,540	1,540	1,537	1,531
Non-arterial streets (paved and unpaved), in miles	2,407	2,412	2,412	2,411	2,412
Sidewalks, in miles	2,230	2,230	2,256	2,262	2,262
Stairways	509	505	507	507	498
Length of stairways, in feet	36,269	35,112	35,122	35,061	35,181
Number of stairway treads	23,344	24,050	24,050	24,009	23,950
Street trees					
City-maintained	41,000	41,000	41,000	40,000	40,000
Maintained by property owners	125,000	125,000	125,000	125,000	125,000
Total platted streets, in miles	1,677	1,677	1,677	1,666	1,666
Traffic signals	1,041	1,070	1,060	1,053	1,040
Parking meters					
Downtown	—	6	93	231	941
Outlying	—	4	26	85	97
Parking pay stations					
Downtown ^b	892	961	973	998	856
Outlying ^b	1,112	1,174	1,198	1,227	1,315
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	93	99	95	90	88
Partial City maintenance	54	32	44	44	54
Retaining walls/seawalls	580	592	592	592	592

The City of Seattle

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CAPITAL ASSET STATISTICS BY DEPARTMENT/OFFICE Last Ten Fiscal Years

	2009	2008	2007	2006	2005
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,920,700	1,920,700	1,920,700	1,920,700	1,920,700
Maximum system load (KW)	1,900,878	1,767,805	1,822,342	1,714,080	1,798,926
Total system energy (1,000 KW) (firm load)	10,323,915	10,203,415	9,990,486	9,703,046	9,560,928
Meters	394,455	391,022	385,621	382,436	379,599
Water					
Reservoirs, standpipes, tanks	30	30	29	38	68
Fire hydrants	18,436	18,398	18,347	18,475	18,762
Water mains					
Supply, in miles	224	182	182	181	181
Water storage, in thousand gallons	—	—	—	—	—
Meters	370,000	377,080	377,080	494,080	494,080
	187,154	185,395	183,699	182,037	181,038
Drainage and Wastewater					
Combined sewers, life-to-date, in miles					
Sanitary sewers, life-to-date, in miles	473	444	444	464	451
Storm drains, life-to-date, in miles	958	985	985	968	972
Pumping stations	473	472	472	474	467
	65	68	68	68	68
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in miles	1,531	1,531	1,534	1,534	1,534
Non-arterial streets (paved and unpaved), in miles	2,412	2,412	2,412	2,412	2,412
Sidewalks, in miles	2,258	2,256	1,956	1,956	1,954
Stairways	494	482	482	482	479
Length of stairways, in feet	35,215	34,775	34,643	34,643	33,683
Number of stairway treads	23,666	23,407	23,211	23,211	22,471
Street trees					
City-maintained	40,000	35,000	34,000	34,000	34,000
Maintained by property owners	125,000	105,000	100,000	100,000	100,000
Total platted streets, in miles	1,666	1,666	1,666	1,666	1,666
Traffic signals	1,030	1,001	991	1,000	1,000
Parking meters					
Downtown	941	700	747	2,819	4,298
Outlying	97	300	353	904	1,967
Parking pay stations					
Downtown ^b	850	1,215	925	758	500
Outlying ^b	1,127	630	565	318	N/A
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	88	88	84	84	85
Partial City maintenance	55	55	55	61	58
Retaining walls/seawalls	582	582	582	582	561

a As of 2010 the Parks and Recreation Department no longer manages aquarium specimens.

b City redefined areas starting in 2008.

Statistics

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MISCELLANEOUS STATISTICS

December 31, 2014 - Unless Otherwise Indicated

CITY GOVERNMENT

Date of incorporation	December 2, 1869
Present charter adopted	March 12, 1946
Form: Mayor-Council (Nonpartisan)	

GEOGRAPHICAL 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
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Climate

Temperature

30-year average, mean annual	52.5
January 2014 average high	49.3
January 2014 average low	39.4
July 2014 average high	80.4
July 2014 average low	58.0

Rainfall

30-year average, in inches	37.55
2014 in inches	48.50

POPULATION

Year	City of Seattle	Seattle Metropolitan Area ^{ab}
1940	368,302	N/A
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
2001	568,100	2,376,900
2002	570,800	2,402,300
2003	571,900	2,416,800
2004	572,600	2,433,100
2005	573,000	2,464,100
2006	578,700	2,507,100
2007	586,200	2,547,600
2008	592,800	2,580,800
2009	602,000	2,613,600
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
King County		2,017,250
Percentage in Seattle		31.8%

a. Source: Washington State Office of Financial Management

b Based on population in King and Snohomish Counties.

The City of Seattle

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MISCELLANEOUS STATISTICS

December 31, 2014 - Unless Otherwise Indicated

ELECTIONS (November 4)

Active registered voters	415,106
Percentage voted last general election	57.63
Total voted	239,321

PENSION BENEFICIARIES

Employees' Retirement	6,020
Firemen's Pension	726
Police Pension	748

VITAL STATISTICS

Rates per thousand of residents

Births (2013)	12.6
Deaths (2013)	6.9

PUBLIC EDUCATION (2013-14 School Year)

Enrollment (October 1)	51,998
Teachers (October 1)	3,122
School programs	
Regular elementary programs	60
Regular middle school programs	10
Regular high school programs	12
K-8 school programs	10
Alternative/Non-traditional school programs	5
Total number of school programs	97

PROPERTY TAXES

Assessed valuation (January 2014)	\$128,205,753,919
Tax levy (City)	\$390,707,880

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	\$ 3.04836	\$ 1,060.83
Emergency Medical Services	0.33500	116.58
State of Washington	2.47044	859.71
School District No. 1	2.54933	887.17
King County	1.51604	527.58
Port of Seattle	0.21533	74.93
King County Ferry District	0.00349	1.21
King County Flood Control Zone	0.15369	53.48
Totals	\$ 10.29168	\$ 3,581.49

MISCELLANEOUS STATISTICS
December 31, 2014 - Unless Otherwise Indicated

PORT OF SEATTLE

Bonded Indebtedness

General obligation bonds	\$ 225,420,000
Revenue bonds	2,587,510,000
Passenger facility charges bonds	135,100,000
Commercial Paper	42,655,000

Waterfront (mileage)

Salt water	13.4
Fresh water	0.7

Value of Land Facilities

Waterfront	\$ 2,171,976,339
Sea-Tac International Airport	\$ 5,311,377,759

Marine Container Facilities/Capacities

4 container terminals with 11 berths covering 520 acres
1.59 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	25
Cargo airlines	5
Charter airlines	3
Loading bridges	69

2014 Port Activity (in millions)

Import	\$ 14,258
Export	\$ 6,942

City of Seattle
2014 Comprehensive Annual Financial Report

Department of Finance and Administrative Services
CAFR Production Staff

Janice Marsters
Director of Accounting and Payroll Services

Brandon Johns
Citywide Accounting Manager

Principal Accountants:

Jacqui Anderson
Fon Chang
Cam Huynh
Scott Leong
Judy Maha
Hannah Mitchell-Shapiro
Jake Yoon

Senior Accountants:

Conrad Magbalot
Mena Nguyen

Accountant:

Grace Chou
April Nash

Sr. Management Systems Analyst:

Steve Spada

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND ECONOMIC INFORMATION

Seattle is the largest city in the Pacific Northwest, serves as the County seat and is the center of the County's economic activity. King County is the largest county in the State in population, number of cities and employment, and the fourteenth most populated county in the United States. Of the State's population, nearly 30% reside in the County, and of the County's population, 32% live in the City of Seattle.

Population

Historical and current population figures for the State, the County, and the City are given below.

POPULATION			
Year	Washington	King County	Seattle
1980 ⁽¹⁾	4,130,163	1,269,749	493,846
1990 ⁽¹⁾	4,866,692	1,507,319	516,259
2000 ⁽¹⁾	5,894,121	1,737,034	563,374
2010 ⁽¹⁾	6,724,540	1,931,249	608,660
2011 ⁽²⁾	6,767,900	1,942,600	612,100
2012 ⁽²⁾	6,817,770	1,957,000	616,500
2013 ⁽²⁾	6,882,400	1,981,900	626,600
2014 ⁽²⁾	6,968,170	2,017,250	640,500
2015 ⁽²⁾	7,061,410	2,052,800	662,400

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: State of Washington, Office of Financial Management

Per Capita Income

The following table presents per capita personal income for the Seattle Metropolitan Division (the cities of Seattle, Bellevue, and Everett), the County, the State, and the U.S.

PER CAPITA INCOME					
	2010	2011	2012	2013	2014
Seattle MD	\$ 51,370	\$ 53,931	\$ 56,267	\$ 58,483	\$ 62,481
King County	54,927	57,837	60,090	62,770	68,877
State of Washington	42,024	43,878	46,045	47,717	49,610
U.S.	39,791	41,560	43,735	44,765	46,049

Source: U.S. Bureau of Economic Analysis, U.S. Department of Commerce

Construction

The table below lists the value of housing construction for which building permits have been issued by entities within the City. The value of public construction is not included in this table.

CITY OF SEATTLE RESIDENTIAL BUILDING PERMIT VALUES

Year	New Single Family Units		New Multifamily Units		Total Value(\$)
	Number	Value(\$)	Number	Value(\$)	
2010	241	\$ 53,269,934	2,456	\$ 192,261,935	\$ 245,531,869
2011	316	71,808,767	2,857	376,591,834	448,400,601
2012	498	120,592,378	6,799	984,110,088	1,104,702,466
2013	822	205,297,350	5,855	805,297,482	1,010,594,832
2014	898	227,307,102	6,547	881,734,102	1,109,041,204
2015	810	215,818,201	10,530	1,684,630,374	1,900,448,575

Source: U.S. Bureau of the Census

Retail Activity

The following table presents taxable retail sales in King County and Seattle.

KING COUNTY AND THE CITY OF SEATTLE TAXABLE RETAIL SALES

Year	King County	Seattle
2009	\$ 39,594,903,520	\$ 15,101,407,742
2010	39,275,353,140	14,783,168,932
2011	40,846,118,928	15,751,585,856
2012	43,506,804,227	17,162,539,275
2013	46,601,198,766	18,258,200,683
2014	49,638,174,066	19,995,171,842
2014 ⁽¹⁾	36,236,439,424	14,591,277,196
2015 ⁽¹⁾	40,150,081,755	16,443,790,941

(1) Through the third quarter.

Source: Washington State Department of Revenue

Industry and Employment

The following table presents major Puget Sound-area employers and their State-wide employment data in 2015.

PUGET SOUND AREA MAJOR EMPLOYERS	
Employer	Employees
The Boeing Company	80,100
Joint Base Lewis-McChord	60,000
Microsoft Corp.	41,700
Navy Region Northwest	37,700
University of Washington	34,700
Amazon.com Inc.	24,000
Wal-Mart Stores, Inc.	18,100 ⁽¹⁾
Providence Health & Services	17,600
Fred Meyer Stores	15,900
Costco Wholesale Corp.	14,900
King County Government	14,500 ⁽²⁾
City of Seattle	13,300 ⁽³⁾
Starbucks Corp.	12,400 ⁽¹⁾
Franciscan Health System	11,800
Swedish Health Services	11,600
MultiCare Health System	10,900

(1) Does not include part-time or seasonal employment figures.

(2) Estimated employee count based on company square footage.

(3) Source: City of Seattle, as of November 2015. Figure includes temporary workers.

Source: *Puget Sound Business Journal Book of Lists, 2016*

KING COUNTY
RESIDENT CIVILIAN LABOR FORCE AND EMPLOYMENT
AND NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT⁽¹⁾

	Annual Average				
	2011	2012	2013	2014	2015
Civilian Labor Force	1,115,790	1,129,670	1,139,610	1,158,230	1,177,297
Total Employment	1,025,070	1,055,000	1,079,950	1,104,930	1,124,990
Total Unemployment	90,720	74,670	59,660	53,300	52,307
Percent of Labor Force	8.1%	6.6%	5.2%	4.6%	4.4%
NAICS INDUSTRY	2011	2012	2013	2014	2015
Total Nonfarm	1,168,100	1,196,042	1,237,217	1,278,033	1,313,475
Total Private	1,003,175	1,030,608	1,069,975	1,108,425	1,139,325
Goods Producing	148,942	154,283	162,508	168,283	174,042
Mining and Logging	525	425	458	425	567
Construction	48,258	50,625	55,883	60,792	66,308
Manufacturing	100,192	103,225	106,167	107,025	107,167
Service Providing	1,019,158	1,041,758	1,074,708	1,109,750	1,139,433
Trade, Transportation, and Utilities	210,850	216,167	225,167	235,758	244,667
Information	80,183	81,017	82,617	85,583	89,400
Financial Activities	68,175	68,850	70,892	72,000	69,025
Professional and Business Services	184,567	192,525	201,042	207,933	216,083
Educational and Health Services	157,008	159,275	162,633	167,983	169,950
Leisure and Hospitality	111,075	114,850	120,575	124,883	129,675
Other Services	42,375	43,642	44,542	46,000	46,483
Government	164,925	165,433	167,242	169,608	174,150
Workers in Labor/Management Disputes	0	0	0	0	0
	Mar. 2016				
Civilian Labor Force	1,203,151				
Total Employment	1,146,679				
Total Unemployment	57,472				
Percent of Labor Force	4.7%				

(1) Columns may not add to totals due to rounding.

Source: Washington State Employment Security Department

APPENDIX D

BOOK-ENTRY TRANSFER SYSTEM

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BOOK-ENTRY TRANSFER SYSTEM

The following information has been provided by DTC. The City makes no representation as to the accuracy or completeness thereof. Purchasers of the Bonds (the “Beneficial Owners”) should confirm the following with DTC or its participants (the “Participants”).

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each Series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The following information has been provided by the City.

The City and the Bond Registrar may treat DTC (or its nominee) as the sole and exclusive Registered Owner of the Bonds registered in such name for the purposes of payment of the principal of, premium, if any, or interest with respect to those Bonds, selecting Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners of Bonds under the Bond Legislation, registering the transfer of Bonds, obtaining any consent or other action to be taken by Registered Owners of Bonds, and for all other purposes whatsoever; and the City and the Bond Registrar shall not be affected by any notice to the contrary. The City and the Bond Registrar shall not have any responsibility or obligation to any direct or indirect DTC participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any such participant, or any other person which is not shown on the Bond Register as being a Registered Owner of Bonds, with respect to: (i) the Bonds; (ii) any records maintained by DTC or any such participant; (iii) the payment by DTC or such participant of any amount in respect of the principal of, premium, if any, or interest with respect to the Bonds; (iv) any notice which is permitted or required to be given to Registered Owners of Bonds under the Bond Legislation; (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC as Registered Owner of the Bonds.

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