



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of Seattle

For the period January 1, 2023 through December 31, 2023

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

September 30, 2024

Mayor and City Council
City of Seattle
Seattle, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Seattle's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Seattle are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and remaining fund information and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We identified deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to each of its major federal programs, with the exception of the 14.241 - Housing Opportunities for Persons with AIDS on which we issued an adverse opinion on compliance with applicable requirements.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
14.218	CDBG – Entitlement Grants Cluster – Community Development Block Grants/Entitlement Grants
14.218	CDBG - Entitlement Grants Cluster – COVID-19 Community Development Block Grants/Entitlement Grants
14.231	Emergency Solutions Grant Program
14.231	COVID-19 Emergency Solutions Grant Program
14.241	Housing Opportunities for Persons with AIDS
14.241	COVID-19 Housing Opportunities for Persons with AIDS
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.738	COVID-19 Edward Byrne Memorial Justice Assistance Grant Program
21.016	Equitable Sharing Program
21.023	COVID-19 Emergency Rental Assistance Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
66.958	Water Infrastructure Finance and Innovation (WIFIA)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$3,000,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 2023-001, 2023-002, 2023-003, 2023-004, 2023-005 and 2023-006.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

2023-001 The City's internal controls were inadequate for ensuring compliance with federal subrecipient monitoring requirements.

Assistance Listing Number and Title:	14.241, Housing Opportunities for Persons With AIDS 14.241, COVID-19 - Housing Opportunities for Persons With AIDS
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	WAH20-0114, COVID-19 WAH20-F001, WAH21-F001, WAH22-F001
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Background

The purpose of the Housing Opportunities for Persons With AIDS (HOPWA) program is to provide states and localities with resources and incentives to devise long-term strategies for the housing needs of people living with HIV, including those with AIDS or related diseases, and their families.

During fiscal year 2023, the City spent \$3,589,690 in program funds for emergency housing, shared housing arrangements, apartments, single room occupancy (SRO) dwellings, community residences, and essential care services and supplies such as food, medications, medical care, personal protective equipment and information. The City passed down \$3,545,285 to subrecipient organizations to execute these arrangements.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal regulations require the City to clearly identify the subaward contract as a federal award and include all applicable program requirements when passing on federal funding to subrecipients. Further, the City must monitor its subrecipients to ensure they comply with the federal award's terms and conditions. To determine the appropriate level of monitoring, the City must evaluate each subrecipient's risk of noncompliance with federal requirements. For this award, monitoring would include verifying subrecipients provided assistance to participants who met program eligibility requirements and performed inspections for Housing Quality Standards (HQS) outlined in 24 CFR sections 574.310(b)(1)-(2). The amount of verification would depend on each subrecipient's risk of noncompliance.

Description of Condition

The City provided funds to seven local organizations to administer housing assistance programs for people living with HIV, including those with AIDS or related diseases. The City did not have internal controls to ensure compliance with subrecipient monitoring requirements. Our audit found the City did not perform risk assessments for subawards and did not sufficiently monitor subrecipients as federal regulations require.

We consider these deficiencies in internal control to be a material weakness that led to material noncompliance.

Cause of Condition

Due to staff turnover, new staff were unaware of all monitoring requirements. Additionally, for two of the four subrecipients audited, City staff said they believed risk assessments and monitoring were not required for those contracts under the HOPWA Housing as an Intervention to Fight AIDS (HIFA) because it was a new pilot program. The City could not provide documented support that risk assessment and monitoring requirements were waived for this program.

Effect of Condition

The City did not perform risk assessments nor adequately monitor three of four subrecipients we reviewed during the audit. By not conducting risk assessments, the City risks inadequately monitoring its subrecipients to ensure it complies with program requirements and uses federal funds appropriately.

Since the City did not monitor its subrecipients, there was no way for it to confirm the subrecipients provided funds to eligible recipients and that housing units met HQS inspection requirements.

Recommendation

We recommend the City perform sufficient risk assessments over its subrecipients and monitor them accordingly to verify they are complying with the award's terms and conditions and only providing funds to eligible participants. Additionally, we recommend the City provide adequate training to staff responsible for administering federal programs and dedicate the necessary time and resources to staying updated on program guidance and ensuring compliance with all program requirements.

City's Response

HSD acknowledges the identified issues, which were primarily due to a long-term vacancy of key staff responsible for conducting these duties. HSD notes that these are multi-year grants, with previously assessed contracted providers who have experience administering these funding sources for multiple years on behalf of the city. Therefore, HSD prioritized ensuring that essential services and agreements continued uninterrupted to prevent homelessness among vulnerable populations. The vacancy was filled as of October 2023. Risk assessments and monitoring plans are now in place and are expected to be completed before December 2024. Staff is trained on the most current HOPWA procedures and CAPER reporting requirements. HSD remains committed to dedicating the necessary resources to ensure ongoing compliance with all relevant program requirements, while also reinforcing its capacity to deliver essential services to those in need.

Auditor's Remarks

We appreciate the City's commitment to resolving this finding and thank the City for its cooperation and assistance during the audit. We will review the corrective action taken during the next regular audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 332, Requirements for passthrough entities, establishes subrecipient monitoring and management requirements for pass-through entities.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

2023-002 The City did not have adequate internal controls for ensuring compliance with federal reporting requirements.

Assistance Listing Number and Title:	14.241, Housing Opportunities for Persons With AIDS 14.241, COVID-19 Housing Opportunities for Persons With AIDS
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	WA-H20-0114 , COVID-19 WA-H20-F001, WA-H21-F001, WA-H22-F001
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Background

The purpose of the Housing Opportunities for Persons with AIDS (HOPWA) program is to provide states and localities with resources and incentives to devise long-term strategies for meeting the housing needs of people living with HIV, including those with AIDS or related diseases, and their families.

During fiscal year 2023, the City spent \$3,589,690 in program funds for emergency housing, shared housing arrangements, apartments, single room occupancy (SRO) dwellings, community residences, and essential care services and supplies such as food, medications, medical care, personal protective equipment and information. The City passed down \$3,545,285 to subrecipient organizations to execute these arrangements.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients that make first-tier subawards of \$30,000 or more to report them in the FFATA Subaward Reporting System. The City must report subawards and subaward amendments by the end of the month following the month in which it made the subawards and subaward amendments.

Description of Condition

The City’s internal controls were ineffective for ensuring it submitted accurate and on-time FFATA reports for its subawards and subaward amendments, as federal regulations require. Specifically, the City submitted four FFATA reports in July 2024 and three FFATA reports in June 2024 that it should have filed by the end of December 2023. Additionally, the City did not accurately report a subaward amendment on the FFATA report.

We consider this internal control deficiency to be a material weakness that led to material noncompliance.

Cause of Condition

The City’s human services department is required to submit FFATA reports. Staff were aware of the federal FFATA reporting requirements for their subawards. However, the City did not dedicate adequate resources to ensure it submitted the FFATA reports accurately or on time.

Effect of Condition

Failing to submit the required reports on time diminishes the federal government's ability to ensure accountability and transparency of federal spending. The following table summarizes the discrepancies we identified.

Transactions tested	Subaward not reported	Reported late	Subaward amount incorrect	Subaward missing key elements
9	0	7	2	0
Dollar amount of tested transactions	Subaward not reported	Reported late	Subaward amount incorrect	Subaward missing key elements
\$7,450,795	\$0	\$6,477,155	\$973,640	\$0

Recommendation

We recommend the City strengthen its internal controls to ensure it submits complete and accurate FFATA reports for all applicable subawards by the due date, as federal regulations require.

City's Response

HSD acknowledges the deficiencies identified in the audit which were due to a long-term position vacancy and recruiting challenges in a competitive job market. This position was filled as of May 2024, and all outstanding reports for 2022 and 2023 CDBG, HOPWA/HIFA and ESG FFATA reports have been submitted as of July 2024. The city has the resources in place to assure timely accurate and timely FFATA reporting for all applicable sub-awards by the due date as the required by federal regulation.

Auditor's Remarks

We appreciate the City's commitment to resolving this finding and thank the City for its cooperation and assistance during the audit. We will review the corrective action taken during the next regular audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 170, Reporting Subaward and Executive Compensation Information, establishes the Federal Funding Accountability and Transparency Act (FFATA) requirements of reporting the subaward information through the FFATA Subaward Reporting System.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

2023-003 The City did not have adequate internal controls for ensuring compliance with program requirements for reimbursing subrecipients.

Assistance Listing Number and Title:	14.231 – Emergency Solutions Grant Program 14.231 – COVID 19 Emergency Solutions Grant Program
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	E-20-MC-53-0005, E-21-MC-53-0005, E-22-MC-53-0005, COVID-19 E-20-MW-53-0005
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Description of Condition

The City spent \$2,681,349 in Emergency Solutions Grant Program (ESG) award funds in 2023. The ESG Program provides grants to states, metropolitan cities, urban counties, and territories for (1) rehabilitating or converting buildings for use as emergency homeless shelters, (2) paying certain expenses related to operating emergency shelters, (3) providing essential services related to emergency shelters and street outreach for the homeless, and (4) preventing homelessness and providing rapid rehousing assistance.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Reimbursement payments

The City must pay ESG Program subrecipients for allowable costs within 30 days after receiving their complete payment requests. The City did not follow its established controls and did not reimburse at least two subrecipients' payment requests within the required 30 days.

We consider this to be a significant deficiency in internal controls.

Cause of Condition

The City human services department (HSD) received the two invoices from the subrecipient past the City's required submission date and after the 2022 fiscal year end. Department staff had to consider how to process the payments after the fiscal year had closed, which led to delaying payment past the 30-day deadline. In addition, there was turnover in the department and newer staff took longer when reviewing invoice submissions.

Effect of Condition

We tested four out of seven subrecipient payment requests. We found two requests, totaling \$263,062, that the City paid between 34 days and 56 days after it had received them.

Failure to comply with these program requirements may jeopardize the City's eligibility for future federal assistance.

Recommendation

We recommend the City establish and follow internal controls to ensure compliance with federal requirements for reimbursing subrecipients within established timeframes.

City's Response

HSD acknowledges the identified weakness and implemented an updated Accounts Payable control procedure in 2024, that includes an additional standard monthly report and review process to ensure that reimbursements are processed with the required 30-day period.

Auditor's Remarks

We thank the City for its response and consideration in this matter and the steps it is taking to address this issue. We will review the status of the City's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 24 CFR Part 576, Uniform Guidance, section 203, Obligation, expenditure, and payment requirements, describes the requirements for obligation of funds, expenditures, and payments to subrecipients.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

2023-004 The City charged payroll-related expenditures that lacked support to the Community Development Block Grants/Entitlement Grants.

Assistance Listing Number and Title:	14.218 – Community Development Block Grants/Entitlement Grants 14.218 – COVID-19 Community Development Block Grants/Entitlement Grants
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	B18MC530005, B20MC530005, B22MC530005, B23MC530005, COVID-19 B20MW530005
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$2,989
Prior Year Audit Finding:	Yes, Finding 2022-001

Background

The City spent \$6,183,811 in Community Development Block Grants/Entitlement Grants (CDBG) funds in 2023. CDBG is intended to help provide decent and affordable housing, particularly for people with moderate, low and very low incomes. Funds also help recipients implement strategies for achieving an adequate supply of decent housing and providing a suitable living environment and expanded economic opportunities for people with low incomes.

The City may use these grant funds for its program administrative costs. Federal regulations state that personnel expenditures must be supported and recipients must provide reasonable assurance that the charges are accurate, allowable and properly allocated. Further, records must support the distribution of an employee's salary

and wages among specific activities or cost objectives if the employee works on more than one federal ward. The City must base charges to federal awards for salaries and wages on records that accurately reflect the work employees performed.

Description of Condition

Although the City's internal controls were adequate for ensuring it materially complied with the program's allowable activities and costs requirements, during the audit period, the City charged salary and wage expenditures to the CDBG program based on records that did not accurately reflect the work employees performed.

Supervisors in the human services department, office of housing, and parks and recreation department preapproved timesheets. Because the timesheets were preapproved, the City could not provide evidence that the timesheets accurately reflected each employee's actual time worked in the program.

Cause of Condition

Human services department:

The supervisor was on vacation the day payroll was due and approved the time early instead of having a proxy approve the time.

Office of housing:

Management said that if a supervisor is not working on the day payroll approval is due, they will preapprove the employee's timesheet.

Parks and recreation department:

Payroll asked supervisors to approve the time early to ensure time for payroll processing because the pay period end on a holiday. In another instance, the preapproval occurred before management took corrective action in regard to the prior year audit finding.

Effect of Condition and Questioned Costs

Using a statistical sampling method, we selected 28 payroll transactions in the human services department, office of housing, and parks and recreation department. We identified seven payroll charges totaling \$2,989 in known questions costs. Based upon the projection of our statistical sample, we identified an additional \$38,643 in estimated overpayments.

Federal regulations require the State Auditor’s Office to report known and likely questioned costs that are more than \$25,000 for each type of compliance requirement. We question costs when we find the City did not comply with grant regulations and/or when it does not have adequate documentation to support expenditures.

Recommendation

We recommend the City ensure all payroll-related expenditures it charges to the CDBG program are only for allowable activities, are accurate, are properly allocated and comply with the cost principles set forth in 2 CFR 200 Subpart E. We further recommend the City consult with the grantor to determine whether it needs to repay the questioned costs.

City’s Response

The Human Services Department

The Human Services Department has acknowledged the issue identified regarding timesheet pre-approvals and will take immediate steps to address the issue. HSD will ensure that proxy timesheet approvers are properly assigned in cases where the primary supervisor is unavailable on the day payroll approval is due. HSD will maintain compliance with payroll policies and ensure the accuracy of timesheet approvals.

Office of Housing

The Office of Housing has acknowledged the finding regarding timesheet pre-approvals and will take immediate steps to address the issue. Office of Housing will ensure that proxy timesheet approvers are properly assigned in cases where the primary supervisor is unavailable on the day payroll approval is due. This adjustment will be incorporated into the previous improved practices, eliminating the need for pre-approving timesheets. By ensuring that proxy approvers are in place, the department will maintain compliance with payroll policies and ensure the accuracy of timesheet approvals.

Parks and Recreation Department

The Parks and Recreation Department acknowledges the finding regarding timesheet pre-approvals and will ensure that proxy timesheet approvers are assigned moving forward as part of the department's ongoing commitment to improved practices. In addition, the department would like to clarify that the pre-approval noted occurred before the implementation of the current corrective action

plan, which addressed the prior year's finding. The department reassures the State Auditor's Office (SAO) that the newly adopted practices, which prevent pre-approvals, will continue to be strictly followed, ensuring compliance and accuracy in payroll processing, even during pay periods that coincide with holidays.

Auditor's Remarks

We thank the City for its response and consideration in this matter and the steps it is taking to address this issue. We will review the status of the City's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 403, Factors affecting allowability of costs, describes the cost principles for how direct and indirect costs should be charged to federal programs.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

2023-005 The City did not have adequate internal controls for ensuring compliance with federal reporting requirements.

Assistance Listing Number and Title:	14.218 – Community Development Block Grants/Entitlement Grants 14.218 – COVID-19 Community Development Block Grants/Entitlement Grants
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	B18MC530005, B20MC530005, B22MC530005, B23MC530005, COVID-19 B20MW530005
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	Yes, Finding 2022-002

Background

The purpose of the Community Development Block Grants/Entitlement Grants (CDBG) programs is to help provide decent and affordable housing, particularly for people with moderate, low and very low incomes. Funds also help recipients implement strategies for achieving an adequate supply of decent housing and providing a suitable living environment and expanded economic opportunities for people with low incomes. During fiscal year 2023, the City spent \$6,183,811 for its CDBG program. Of this amount, it passed \$3,483,985 through to subrecipients.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

The Federal Funding Accountability and Transparency Act (FFATA) requires direct recipients that make first-tier subawards of \$30,000 or more to report them in the FFATA Subaward Reporting System (FSRS). The City must report subawards and subaward amendments by the end of the month following the month in which it made the subawards and subaward amendments.

Description of Condition

The City’s internal controls were ineffective for ensuring it submitted accurate and timely FFATA reports by the due date for their subawards and subaward amendments, as federal regulations require. Specifically, the City submitted four FFATA reports in June 2024 that it should have filed by the end of December 2023. The City also made errors in information on two of the reported subawards and reported 10 subawards that it should not have reported in FSRS because they were not subawards. Additionally, the City did not submit three subaward amendments FSRS.

We consider this internal control deficiency to be a material weakness that led to material noncompliance.

Cause of Condition

The City’s human services department is required to submit FFATA reports. Staff were aware of the federal FFATA reporting requirements for their subawards, but the City did not dedicate adequate resources to ensure it submitted the FFATA reports accurately or on time.

Effect of Condition

Failing to submit the required reports on time with accurate information diminishes the federal government’s ability to ensure accountability and transparency of federal spending. The following table summarizes the discrepancies we identified.

Transactions Tested	Subaward not reported	Reported late	Subaward amount incorrect	Subaward missing key elements
17	3	7	11	2
Dollar Amount of Tested Transactions	Subaward not reported	Reported late	Subaward amount incorrect	Subaward missing key elements
\$ 9,786,101	\$ 0	\$ 4,429,070	\$ 8,511,301	\$ 3,829,070

Recommendation

We recommend the City strengthen its internal controls to ensure it submits complete and accurate FFATA reports for all applicable subawards by the due date, as federal regulations require.

City's Response

HSD acknowledges the deficiencies identified in the audit which were due to a long-term position vacancy and recruiting challenges in a competitive job market. This position was filled as of May 2024, and all outstanding reports for 2022 and 2023 CDBG, HOPWA/HIFA and ESG FFATA reports have been submitted as of July 2024. The city has the resources in place to assure timely accurate and timely FFATA reporting for all applicable sub-awards by the due date as the required by federal regulation.

Auditor's Remarks

We thank the City for its response and consideration in this matter and the steps it is taking to address this issue. We will review the status of the City's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 170, Reporting Subaward and Executive Compensation Information, establishes the Federal Funding Accountability and Transparency Act (FFATA) requirements of reporting the subaward information through the FFATA Subaward Reporting System (FSRS).

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of Seattle January 1, 2023 through December 31, 2023

2023-006 The City had inadequate internal controls for ensuring compliance with federal requirements for subrecipient monitoring.

Assistance Listing Number and Title:	21.023 - COVID 19 Emergency Rental Assistance Program
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	COVID-19 1505-0270
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Description of Condition

During fiscal year 2023, the City spent \$5,187,384 in federal funding for the Emergency Rental Assistance (ERA) program, which included \$2,907,074 that it passed through to nine subrecipients. The purpose of the ERA is to provide direct payments to eligible entities to assist eligible households with financial assistance and to provide housing stability services and, in the case of ERA 2 as applicable, to fund other affordable rental housing and eviction prevention activities.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

Federal regulations require the City to evaluate every subrecipient's risk of noncompliance with federal requirements to determine the appropriate level of subrecipient monitoring. Subrecipient monitoring requirements include ensuring compliance with program requirements, ensuring the subrecipient receives a federal single audit when required, following up and ensuring the subrecipient promptly and appropriately addresses all audit findings, and issuing a management decision as required.

The City did not have adequate controls for monitoring its subrecipients. Specifically, adequate controls for ensuring a subrecipient received a federal single audit when required and then reviewing subrecipients' audits when applicable.

We consider this internal control deficiency to be a significant deficiency.

Cause of Condition

Employees responsible for ensuring compliance with subrecipient monitoring were unaware of the annual requirement to verify that subrecipients receive a single audit if they have total federal expenditures more than the single audit threshold of \$750,000.

Effect of Condition

The City could not provide supporting documentation showing that it performed the following monitoring procedures to prevent or detect subrecipient noncompliance for all nine subrecipients:

- Verifying if subrecipients received a federal single audit, if required
- Ensuring subrecipients took corrective actions on any deficiencies
- Issuing management decisions within six months of audit reports' publication

Recommendation

We recommend the City establishes internal controls over subrecipient monitoring to ensure it verifies that subrecipients receives a federal single audit and develops follow-up procedures if detects deficiencies.

City's Response

City staff will contact all Community Based Organizations (CBOs) that received Emergency Rental Assistance 2 funding to determine if they were required to complete a Single Audit per the Single Audit Act. This communication will include, if applicable, a request that they submit the organizations most recent audit for review by staff. Should a Single Audit identify any findings or other deficiencies, staff will ask the CBO to provide an update as to the status of the deficiency and if it has been appropriately addressed. Staff will document this communication in the electronic file of the CBO who was required to complete a Single Audit.

Auditor's Remarks

We thank the City for its response and consideration in this matter and the steps it is taking to address this issue. We will review the status of the City's corrective action during our next audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 332, Requirements for passthrough entities, establishes subrecipient monitoring and management requirements for pass-through entities.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Seattle
January 1, 2023 through December 31, 2023

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 2022	Report Reference No.: 1033338	Finding Ref. No.: 2022-001	ALN(s): 14.218
Federal Program Name and Granting Agency: Community Development Block Grants/Entitlement Grants – U.S. Department of Housing and Urban Development COVID-19 Community Development Block Grants/Entitlement Grants – U.S. Department of Housing and Urban Development		Pass-Through Agency Name: N/A	
Finding Caption: The City charged payroll-related expenditures that lacked support to the Community Development Block Grants/Entitlement Grants program.			
Background: During the audit period, the City charged salary and wage expenditures to the CDBG program based on records that did not accurately reflect the work employees had performed. Supervisors in the Office of Housing and employees in the Parks and Recreation Department preapproved timesheets. Because the timesheets were preapproved or lacked evidence of employee approval, the City could not provide evidence that the timesheets accurately reflected each employee’s actual time worked in the program. Questioned costs were \$6,883.			
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>HSD, as the CDBG administrator, in collaboration with its contracted consultant support TDA Consulting, has completed the following steps to support the resolution of the finding</i>			

associated with the pre-approval of timesheets within the Office of Housing and the Department of Parks and Recreation.

HSD and its department partners have assured alignment and adoption of City-Wide Accounting's procedures on avoiding the pre-approval of timesheets. HSD shared its internal practices in addition to City-Wide Accountings with the impacted department partners and verified that the Office of Housing has adopted the corrected procedure since the issuance of the finding. The staff responsible for administering CDBG funds and other federal funds have been oriented to federal requirements regarding the pre-approval of timesheets, with an emphasis on the importance of adhering to these requirements. Additionally, city partners receiving these funds have worked with the City-Wide Accounting team to adopt standardized procedures for the approval, documentation, and tracking of timesheets.

Office of Housing Response

Office of Housing (OH) has implemented recommended procedures as of October 2023. During payroll weeks, the OH Accountant sends a reminder to all managers early in the week to not sign-off on any timesheets until all hours have been worked. After Tuesday at 5:00, the OH Accountant sends a notice to managers that they can now review/approve employee timesheets. The OH Accountant additionally monitors staff timesheets in an effort to ensure that no preapprovals are provided.

Seattle Parks and Recreation

Parks and Recreation Action (SPR) has addressed the recommendation in 2023. SPR's new procedures ensure the payroll team actively reminds SPR staff regarding federal requirements for timesheet submission and approval for federally funded positions. Additionally starting in 2024, the SPR payroll team conduct a periodic audit to ensure employees comply with this requirement.

Also, in response to the 2022 audit finding, the Seattle Conservation Corps (SCC) has made significant improvements in complying with timesheet policies, specifically avoiding early signing CDBG funded timesheets for the Parks Upgrade Program and the Human Support Services staff. As of the implementation of the described improvements SPR has not had a reoccurrence of staff pre-approving timesheets of federally funded positions.

Moving forward, SPR will continue to monitor compliance, train new staff on timesheet procedures, and address any authentication issues. Most recently, SPR introduced a timesheet approval dashboard to actively support those employees who face the greatest challenges in meeting the guidelines.

Audit Period: 2022	Report Reference No.: 1033338	Finding Ref. No.: 2022-002	ALN(s): 14.218
Federal Program Name and Granting Agency: Community Development Block Grants/Entitlement Grants – U.S. Department of Housing and Urban Development COVID-19 Community Development Block Grants/Entitlement Grants – U.S. Department of Housing and Urban Development		Pass-Through Agency Name: N/A	
Finding Caption: The City’s internal controls were inadequate for ensuring compliance with federal reporting requirements.			
Background: The City did not have adequate internal controls to comply with federal reporting requirements. Specifically, we found: <ul style="list-style-type: none"> • The City’s internal controls were ineffective for ensuring it accurately prepared the Financial Summary Reports (PR26 and PR26-CV) based on supporting records. The City did not submit accurate information on these reports in 2022. • The City’s internal controls were ineffective for ensuring it accurately prepared the Cash on Hand Quarterly Reports (PR29 and PR29-CV) reports based on supporting records. The City did not submit accurate information in one of the required quarterly PR29 reports and the four required quarterly PR29-CV reports submitted in 2022. Specifically, the PR29-CV reports did not report any activity even though the City had CDBG-CV funds. • The City’s internal controls were ineffective for ensuring it reported nine subawards obligated in 2022 in the FFATA Subaward Reporting System (FSRS), as federal regulations require. 			
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>Since the issuance of this finding, HSD's Federal Grants Management Unit (FGMU) has commenced with the implementation of newly developed staffing plan and recruited additional permanent staff including administrative support. FGMU has also re-established Federal Funding Accountability and Transparency Act (FFATA) account, reviewed updated</i>			

requirements from the Federal Subaward Reporting System (FSRS) website, and is completing reporting starting with Fiscal Year 2023.

As FGMU approves activity plans and issues Notices to Proceed to its passthrough partners, the FGMU plans to create and file FFATA reports within 30 days of obligation of subawards valued at \$30,000 or above. Copies of completed reports will be kept as an attachment to each approved activity.

In an effort to improve federal reporting compliance, HSD's contractor TDA consultants trained the senior fiscal analyst on how to complete quarterly Cash on Hand Reports in manner that complies with HUD criteria. HSD has clarified roles and responsibilities for reporting and central reporting and archiving of confirmation reports to increase internal control of this function. The outstanding FFATA report for 2023 is complete and 2022 will be completed and submitted by end of July 2024.

Audit Period: 2022	Report Reference No.: 1033338	Finding Ref. No.: 2022-003	ALN(s): 14.231
Federal Program Name and Granting Agency: COVID-19 Emergency Solutions Grant Program – U.S. Department of Housing and Urban Development		Pass-Through Agency Name: N/A	
Finding Caption: The City’s internal controls were inadequate for ensuring compliance with federal suspension and debarment requirements.			
Background: Our audit found the City’s internal controls were inadequate for ensuring staff verified the suspension and debarment status of subrecipients, paid all or in part with federal funds. Specifically, the City did not verify one subrecipient was not suspended or debarred from participating in federal programs before entering into a contract. The City paid this subrecipient \$662,249 in 2022.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <p><i>HSD, as the CDBG administrator, in collaboration with its contracted consultant support TDA Consulting, has completed the following steps to support the resolution of the finding noting internal controls were inadequate for ensuring staff verified the suspension and debarment status of sub-recipients within the Office of Housing.</i></p> <p><i>HSD and its department partners have assured alignment and adoption of federal requirements on the verification and documentation of the suspension and debarment status of sub-recipients. HSD shared its internal practices with the impacted department partners and verified that the Office of Housing has adopted the corrected procedure since the issuance of the finding. Staff responsible for administering CDBG funds and other federal funds have been oriented to the importance of adhering to the debarment verification requirements. Additionally, city partners receiving these funds have worked with other city partners to adopt standardized procedures for the verification and documentation of sub-recipient suspension and debarment status.</i></p> <p>Office of Housing Response</p> <p><i>The procedures described in the Office of Housing’s (OH) 2022 corrective action plan response has been implemented by its contract unit as of October 2023. For all OH contracts expected to receive \$25,000 or more in federal funds, OH program staff person developing the contract will conduct a suspension and debarment on SAM.gov website ensuring that the agency is registered, the agency’s registration status is active, and the agency does not have any active exclusions such as debarment or suspension noted on their account.</i></p>			

Audit Period: 2021	Report Reference No.: 1031261	Finding Ref. No.: 2021-002	ALN(s): 14.218
Federal Program Name and Granting Agency: Community Development Block Grant/Entitlement Grants, Department of Housing and Urban Development		Pass-Through Agency Name: N/A	
Finding Caption: The City's internal controls were inadequate for ensuring compliance with federal reporting requirements.			
Background: Starting in July of federal fiscal year 2021, the City was required to complete the C04PR29 – CDBG-CV Cash on Hand Quarterly Report within 30 days after the end of each quarter. The City did not submit accurate information in the two required quarterly C04PR29 – CDBG-CV reports submitted in 2021. Specifically, the reports did not report any activity even though the City had CDBG-CV funds. The FFATA requires direct recipients that make first-tier subawards of \$30,000 or more to report them in the FFATA Subaward Reporting System (FSRS). The City has until the end of the month, plus one additional month after the subaward is obligated, to fulfill this reporting requirement. We found the City could not demonstrate it reported information for one FFATA subawards and submitted incorrect information for six FFATA subawards.			
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The issue regarding reporting inaccuracies for the CDBG-CV Cash on Hand Quarterly Report and FFATA subaward reporting has been resolved. Dedicated staff have been assigned to oversee these responsibilities, ensuring that reporting for the C04PR29 – CDBG-CV Cash on Hand Quarterly Report will be current by the end of July 2024. Moving forward, the City has implemented measures to ensure accurate and timely submissions for both required reports, aligning with federal mandates and FFATA requirements for subaward reporting.</i>			

Audit Period: 2021	Report Reference No.: 1031261	Finding Ref. No.: 2021-003	ALN(s): 14.231
Federal Program Name and Granting Agency: Emergency Solutions Grant Program		Pass-Through Agency Name: N/A	
Finding Caption: The City did not have adequate controls in place for ensuring compliance with federal requirements for obligating and spending grant funds and reimbursing subrecipients within established timeframes.			
Background: Our audit found the following control deficiencies related to obligating and spending grant funds and reimbursing subrecipients within required timeframes. <u>Obligation</u> After the U.S. Department of Housing and Urban Development signs the grant agreement, the City has a certain number of days to obligate or commit the funds. For annual ESG Program funds, the City must obligate or commit them to the entity that will ultimately carry out eligible program activities within 180 days of HUD signing the agreement. For ESG Program funds received through the Coronavirus, Aid, Relief and Economic Security (CARES) Act (ESG-CV), the City has 240 days to obligate or commit them after HUD signs the agreement. The City’s Human Services Department was unable to provide documentation to demonstrate that it had effective controls for ensuring it obligated grant funds within the required timeframes. <u>Expenditures</u> After HUD signs the agreement with the City, it must spend all grant funds for eligible activity costs within 24 months. For the purpose of this requirement, expenditure means either an actual cash disbursement for or an accrual of direct or indirect costs. The City’s Human Services Department did not have effective controls for ensuring it spent grant funds within 24 months. The City was required to spend the entire 2019 award by September 11, 2021, but the Department was unable to provide accounting records to demonstrate that it had spent the full award by this deadline. <u>Reimbursement payments</u> The City must pay ESG Program subrecipients for allowable costs within 30 days after receiving their complete payment requests. The City did not follow its established controls, and did not reimburse all subrecipients’ payment requests within 30 days as required.			
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			

Corrective Action Taken:

Obligation & Expenditures

HSD has filled the previously long vacant Sr. Grants and Contracts Specialist role to ensure grants are being obligated and expensed in accordance with the award requirements.

Reimbursement Payments

In 2023, HSD has filled long term vacant Sr. Grants and Contracts Specialist role which duties include desk monitoring, accurate and timely invoice processing and compliance reporting and assuring disbursement of grants fund in accordance with the contracted timeframe. Additionally, HSD has strengthened its monitoring of contract invoices to ensure timely processing in accordance with city policy.

Audit Period: 2020	Report Reference No.: 1030244	Finding Ref. No.: 2020-005	CFDA Number(s): 14.231
Federal Program Name and Granting Agency: Emergency Solutions Grant Program, U.S. Department of Housing and Urban Development		Pass-Through Agency Name: n/a	
Finding Caption: The City had inadequate internal controls for ensuring compliance with matching, level of effort and earmarking requirements.			
Background: The City must comply with the following ESG Program requirements for matching, level of effort and earmarking: <ul style="list-style-type: none"> • The City must match the ESG funding provided by the U.S. Department of Housing and Urban Development (HUD) with an equal amount from sources other than those provided under the ESG Program. The City uses Community Development Block Grant (CDBG) Program funds as a source for matching the ESG funding it receives. The City did not perform ongoing monitoring throughout the year to ensure it was matching the funds. • The City cannot use its ESG Program funds to replace funds it provided for street outreach and emergency shelter services during the immediately preceding 12-month period. City management said it monitors this requirement through the budgeting process, but the City did not keep documentation showing that staff reviewed the budget to ensure compliance with level of effort requirements. • The City is limited in the proportion of ESG Program funds it may expend for emergency shelter, street outreach and administrative costs. City management said it reviews the budget annually for compliance. However, the City did not perform ongoing monitoring to ensure it met the requirement and corrected any issues identified. 			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>HSD has since filled long vacant staffing gaps in the Federal Grants Management Unit (FGMU). The recently hired positions have focused on establishing protocols for conducting data quality reviews, creating policies, and implementing internal control procedures to ensure stricter compliance moving forward.</i> <i>HSD is implementing recommended practices for managing the ESG compliance requirements of matching, level of effort, and earmarking. Upon confirmation of the annual allocation from</i>			

HUD, FGMU collaborates with providers to create annual contract budgets reflecting the service earmark restrictions outlined by ESG regulations. This information is used to create sub-award budgets with applicable matching, level of effort, and earmarking restrictions, which are then transmitted to the Finance Team. Budget managers within the Finance Team, in coordination with the FGMU program specialist, review line items to ensure all sub-award budgets comply with ESG regulations. These budgets establish contract budgets in the City's contract management system, producing all of HSD's service agreements and establishing purchase orders for vendor payments. The program specialist responsible for contract management and quality control uses the approved budget line items to ensure all requirements are monitored and enforced as invoices are received from agencies throughout the program year.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Seattle January 1, 2023 through December 31, 2023

Mayor and City Council
City of Seattle
Seattle, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and remaining fund information and each major fund of the City of Seattle, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2024.

Our report includes a reference to other auditors who audited the financial statements of the Light, Water, Drainage and Wastewater, and Solid Waste funds, and the Seattle City Employees' Retirement System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

June 27, 2024

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Seattle
January 1, 2023 through December 31, 2023

Mayor and City Council
City of Seattle
Seattle, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Adverse and Unmodified Opinions

We have audited the compliance of the City of Seattle, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Adverse Opinion on 14.241 - Housing Opportunities for Persons with AIDS

In our opinion, because of the significance of the matter described below, the City did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 14.241 - Housing Opportunities for Persons with AIDS for the year ended December 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2023.

Basis for Adverse and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matter Giving Rise to Adverse Opinion on 14.241 - Housing Opportunities for Persons with AIDS

As described in the accompanying Schedule of Findings and Questioned Costs, and in Finding 2023-001, the City did not comply with the requirements regarding 14.241 - Housing Opportunities for Persons with AIDS for subrecipient monitoring requirements. Compliance with such requirements is necessary, in our opinion for the City to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there

is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures also disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2023-002, 2023-003, 2023-004, 2023-005 and 2023-006. Our opinion on each major federal program is not modified with respect to these matters.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies. In the accompanying Schedule of Federal Award Findings and Questioned Costs, we consider the deficiencies described in Findings 2023-001, 2023-002 and 2023-005 to be material weaknesses and the deficiencies described in Findings 2023-003 and 2023-006 to be significant deficiencies.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 19, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Seattle January 1, 2023 through December 31, 2023

Mayor and City Council
City of Seattle
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and remaining fund information and each major fund of the City of Seattle, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and remaining fund information and each major fund of the City of Seattle, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of:

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

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

Basis for Opinions

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

Matters of Emphasis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the effectiveness of the City's 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.



Pat McCarthy, State Auditor

Olympia, WA

June 27, 2024

City of Seattle
January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2023

Statement of Activities – 2023

Governmental Funds Balance Sheet – 2023

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental
Funds – 2023

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities – 2023

Statement of Net Position – Proprietary Funds – 2023

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
– 2023

Statement of Cash Flows – Proprietary Funds – 2023

Statement of Fiduciary Net Position – Fiduciary Funds – 2023

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2023

Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Budget Comparison Schedules – Major
Governmental – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
– General Fund – 2023

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
– Transportation Fund – 2023

Notes to Required Supplementary Information – Pension and OPEB Plan Information –
2023

Pension Plan Information – Schedule of Changes in Total Pension Liability and Related
Ratios – Police Relief and Pension Fund, Firefighters’ Pension Fund – 2023

Pension Plan Information – Schedule of Proportionate Share of Net Pension Liability –
Seattle City Employees’ Retirement System, Law Enforcement Officers’ and Fire

Fighters' Retirement System Plan 1, Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 – 2023
Pension Plan Information – Schedule of Employer Contributions – Seattle City Employees' Retirement System, Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1, Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 – 2023
OPEB Information – Schedule of Changes in Total OPEB Liability and Related Ratios - City of Seattle Health Care Blended Premium Subsidy Plan, City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 Fire Employees, City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 and Escalator Employees – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Seattle (the City), we offer readers of the City's financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2023. We encourage the reader to consider the information presented here in addition to the information presented in the Letter of Transmittal when evaluating the financial statements following this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found beginning on page 24 of this report.

Fund Financial Statements

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

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

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

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

The City maintains numerous governmental funds that are organized according to type (general, special revenue, debt service, capital projects, and permanent funds). The City's major governmental funds are the General Fund and Transportation Fund. Information for the two major governmental funds is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. Information for the nonmajor funds is presented in the aggregate. Individual fund data for each of the nonmajor governmental funds is provided as supplementary information in the form of combining statements beginning on page 165.

The basic governmental funds financial statements can be found beginning on page 32 of this report.

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

Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail, including the addition of cash flow statements. The proprietary funds financial statements provide separate information for the City Light, Water, and Drainage and Wastewater funds, which are considered major enterprise funds. Data for nonmajor enterprise funds is presented in the aggregate, and the data for internal service funds are presented in the aggregate as well. Information for each of the non-major enterprise funds and internal service funds is provided in the combining statements in this report, starting on page 202.

The basic proprietary fund financial statements begin on page 37 of this report.

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

The basic fiduciary funds financial statements can be found beginning on page 44 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements and begin on page 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding the current funding progress for, and employer contributions to, pensions and other post-employment benefits (OPEB), as well as changes in pension and OPEB liabilities. Also included are budgetary comparisons for major governmental funds and funds for which the budget has been legally adopted. The required supplementary information begins on page 137 of this report.

A statistical section provides financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained within the financial statements, notes to the financial statements, and the required supplementary information with the goal of providing the user with a better understanding of the City's economic condition. The Statistical information begins on page 217 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table A-1

CONDENSED STATEMENT OF NET POSITION
(In Thousands)

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

Changes in net position over time may serve as a useful indicator of a government’s financial position. The City’s total net position was \$9 billion at December 31, 2023, an increase of \$528.2 billion, or 6%, over fiscal year 2022. Total net position for governmental activities increased \$281.5 million while total net position for business-type activities increased \$246.7 million. The increase in net position for business-type activities was due to results of operations in 2023. See the analysis of changes in net position below.

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

The governmental activities net investment in capital assets increased \$135.2 million and business-type activities increased \$299.6 million in 2023. This increase was due to the new capital assets additions, less any related debt used to acquire those assets. Compared to 2022, the capital assets net of accumulated depreciation decreased \$39.5 million for governmental activities and business-type activities increased \$340.2 million. Please refer to Capital Assets section below for the analysis of capital assets year over year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other funding sources, as capital assets cannot be used to liquidate these liabilities.

For governmental activities, total liabilities increased \$440.7 million in 2023. For business-type activities, the total liabilities increased \$461.8 million. For further explanation on the business-type activity increases please refer to the Proprietary Funds explanation in the Financial Analysis of City Funds section after Table A-2.

An additional portion of the City’s net position, \$1.3 billion, or 14.5%, represents resources that are subject to external restrictions on how they may be used. Compared to 2022, the restricted net position increased \$34.7 million in 2023. The restricted net position for business-type activities increased \$587K and unrestricted net position for business-type activities decreased \$53.4 million. For further explanation on these increases please refer to the Analysis of Changes in Net Position section after Table A-2.

Table A-2

CONDENSED STATEMENT OF ACTIVITIES
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 546,602	\$ 463,947	\$ 2,386,470	\$ 2,392,069	\$ 2,933,072	\$ 2,856,016
Operating Grants and Contributions	275,280	404,561	2,500	11,602	277,780	416,163
Capital Grants and Contributions	11,332	3,370	64,721	88,419	76,053	91,789
General Revenues						
Property Taxes	789,865	713,959	—	—	789,865	713,959
Sales Taxes	399,651	389,892	—	—	399,651	389,892
Business Taxes	973,816	918,872	—	—	973,816	918,872
Excise Taxes	90,603	130,697	—	—	90,603	130,697
Other Revenues	173,908	141,606	71,683	(39,458)	245,591	102,148
Total Revenues	<u>3,261,057</u>	<u>3,166,904</u>	<u>2,525,374</u>	<u>2,452,632</u>	<u>5,786,431</u>	<u>5,619,536</u>
Expenses						
Governmental Activities						
General Government	414,762	185,628	—	—	414,762	185,628
Judicial	42,173	40,680	—	—	42,173	40,680
Public Safety	790,705	663,808	—	—	790,705	663,808
Physical Environment	21,496	(55,663)	—	—	21,496	(55,663)
Transportation	574,206	577,573	—	—	574,206	577,573
Economic Environment	525,550	584,249	—	—	525,550	584,249
Health and Human Services	223,273	161,435	—	—	223,273	161,435
Culture and Recreation	425,733	443,726	—	—	425,733	443,726
Interest on Long-Term Debt	(38,322)	(32,657)	—	—	(38,322)	(32,657)
Business-Type Activities						
Light	—	—	1,138,690	1,005,426	1,138,690	1,005,426
Water	—	—	272,268	242,292	272,268	242,292
Drainage and Wastewater	—	—	475,266	434,016	475,266	434,016
Solid Waste	—	—	230,155	209,977	230,155	209,977
Construction & Inspection	—	—	102,105	81,451	102,105	81,451
Total Expenses	<u>2,979,576</u>	<u>2,568,779</u>	<u>2,218,484</u>	<u>1,973,162</u>	<u>5,198,060</u>	<u>4,541,941</u>
Excess Before Special Item and Transfers	281,481	598,125	306,890	479,470	588,371	1,077,595
Special Item - Environmental Remediation Transfers	—	—	(60,172)	—	(60,172)	—
Changes in Net Position	281,481	598,125	246,718	479,470	528,199	1,077,595
Net Position - Beginning of Year	4,407,384	3,809,149	4,091,558	3,611,950	8,498,942	7,421,099
Restatements/Prior-Year Adjustments	—	110	—	138	—	248
Net Position - Beginning of Year as Restated	<u>4,407,384</u>	<u>3,809,259</u>	<u>4,091,558</u>	<u>3,612,088</u>	<u>8,498,942</u>	<u>7,421,347</u>
Net Position - End of Year	<u>\$ 4,688,865</u>	<u>\$ 4,407,384</u>	<u>\$ 4,338,276</u>	<u>\$ 4,091,558</u>	<u>\$ 9,027,141</u>	<u>\$ 8,498,942</u>

Analysis of Changes in Net Position

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

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

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

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

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

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

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

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

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

The City's largest governmental expense continues to be the public safety function, totaling \$790.7 million for 2023, contributing 15.2% of all citywide expenses, and 26.5% of expense in the City's governmental activities. The year-over-year changes reflected the changes in operations of the City's various programs, and the increase in general government was mostly attributed to the accrual of the annual wage increase.

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

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

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

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

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

FINANCIAL ANALYSIS OF CITY FUNDS

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

Governmental Funds

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

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

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

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

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

The General Fund reported an excess of \$211.3 million in 2023 compared to the excess of \$204.2 million in 2022. Fund balance of the General Fund increased by \$184.7 million.

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

The Transportation Fund, a special revenue fund, develops, maintains, and operates the transportation system inclusive of streets, bridges, ramps, retaining walls, seawalls, bike trails, streetlights, and other road infrastructure. At the end of the fiscal year the Transportation Fund reports a fund balance of \$115.1 million, 5.9% more than what was reported for 2022. The \$381.7 million of revenues collected include the excess property tax levy, a commercial parking tax, grants and contributions, and charges for services.

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

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

Proprietary Funds

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

City Light Utility. Capital assets, net of accumulated depreciation and amortization, were \$4.8 billion in 2022, an increase of \$211.2 million over 2022. The new additions of utility plant were \$209.0 million in 2023, including the largest addition of \$158.2 million of

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

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

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

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

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

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

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

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

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

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

Net investment in capital assets was the largest portion of the Fund's net position (\$753.7 million or 91.8%). This amount reflects the Fund's investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers; consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. In 2023, net investment in capital assets increased \$33.4 million from 2022 primarily from an increase in utility plant and construction in progress. Other contributing factors are decreases in debt, debt related accounts, and decrease in construction cash of \$46.4 million as a result construction spending.

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

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

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

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

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

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

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

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

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

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

The largest portion of the Fund's net position (\$725.6 million or 93.9%) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less accumulated depreciation and any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers; consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. In 2023, net investment in capital assets increased \$31.0 million from 2022 due to an increase in capital assets placed in service, net of depreciation offset by the related debt.

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

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

Fiduciary Funds

The City maintains fiduciary funds for the assets of the Seattle City Employees' Retirement System (SCERS), the S. L. Denny Private-Purpose Trust Fund, and a Custodial fund. Due to the City's implementation of GASB 73 the City's Firemen's Pension Fund and the Police Relief and Pension Fund are reported with the City's General Fund. The net position of the combined fiduciary funds at the end of 2023 is 4.02 billion; SCERS represents 99.88% of this amount.

SCERS assets held in trust for the payment of future benefits does not exceed its proportionate share of the total pension liability as of December 31, 2023. The fund uses the services of both active and index fund professional money managers. SCERS net position increased in value by \$371.6 million, or 10.21%, during 2023. For year ending 2023 the member and employer contributions totaled

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Original Budget Compared to Final Budget. The General Fund's final budget increased by \$501 million for budgeted expenditures from the original budget. The increase in allowance for expenditures is mainly due to the adjustments made to the general government by \$114 million, public safety function by \$72 million, economic environment function by \$144 million, and culture and recreation function by \$114 million, which together account for roughly 88% of the increase.

Final Budget Compared to Actual Results. Actual revenue was higher than the final budget by \$276.6 million. The higher amount of actual revenue was driven mainly by taxes, by far the largest revenue source, accounting for 79.2% of total actual revenue. Property taxes, sales taxes, and business taxes (which includes interfund business taxes) are the major sources of budgetary taxes for General Fund. Retail sales and use taxes provide the most opportunity for variability up or down, as it is dependent on spending, which increases or decreases with consumer confidence. Program income, interest, and miscellaneous revenues is another significant source of revenue for the general fund with 8.1% of total actual revenues. The amount received for charges for services and intergovernmental revenues are dependent on corresponding services provided, thus would fluctuate with the applicable programs and services offered.

Actual expenditures were \$667 million less than the final budget. General government accounts for 25.7% of the under expenditures and all other expenditures contributed to the overall under expenditure. In other financing sources, transfers in was \$179 million lower than the final budget and transfer out was \$154 million higher than the final budget.

CAPITAL ASSETS

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

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

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

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

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

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

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

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

The Solid Waste Fund's net capital assets decreased by \$5.5 million in 2023 compared to the prior year. This change is mostly due to a increase in accumulated depreciation \$9 million offset by increases in Plant In Service and Construction in Progress by \$3.5 Million.

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

DEBT ADMINISTRATION

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

The City's bond ratings remained unchanged from the previous year. Since 2017, the City's LTGO bonds have been given the highest possible ratings by the three rating agencies. As such, the City's 2023 LTGO bonds were rated Aaa by Moody's Investors Service, AAA by Fitch Ratings, and AAA by Standard & Poor's. In addition, the City's utilities have stellar credit ratings for revenue debt, reflecting sound finances and good management.

The City's limited and unlimited tax general obligation debt is capped at 7.5% of the assessed value of taxable properties by state law. The February 1, 2024 assessed value based on the latest report for the City was \$301.2 billion, providing the City a legal debt capacity of \$22.6 billion. At the end of 2023, the net outstanding general obligation debt of the City which includes bonds, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$1.0 billion, well below the legal debt capacity, rendering the City's legal debt margin at \$21.6 billion. Within the 7.5% limitation, state law restricts outstanding LTGO bonds to 1.5% of assessed value, which for 2023 was a capacity of \$4.5 billion. At year end 2023, the LTGO net outstanding debt was \$715.4 million.

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

RACE AND SOCIAL JUSTICE INITIATIVE

Since 2004, the City of Seattle's Race and Social Justice Initiative (RSJI) is a citywide effort to end institutional racism and race-based disparities in municipal government. As part of the 2023 Adopted Budget for the city, the following priorities were funded due to their RSJI impacts:

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

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

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

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

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

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

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

ECONOMIC FACTORS

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

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

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

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

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

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

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

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

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

FINANCIAL CONTACT

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

The accompanying notes are an integral part of these financial statements

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

	2023
Governmental Fund Balance	\$ 2,122,114
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	\$ 4,275,003
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	(77,241)
Internal service funds are used by management to charge the costs of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Adjustments to reflect the consolidation of internal service fund (ISF) activities related to enterprise funds and prior-year adjustment (B-6) are added back to ISF total net position, and the latter amounts are included in governmental activities.	500,986
Net Pension Asset	290,082
Deferred outflows of resources	435,147
Deferred inflows of resources	(254,649)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Claims Payable - Current	(19,848)
Accrued Interest Payable	(5,293)
Current Portion of Long-Term Debt	(58,543)
Compensated Absences Payable	(4,302)
General Obligation Bonds Payable	(765,176)
Less Bond Discount and Premium	
Special Assessment Bonds	(92,556)
Net Pension Liability	(865,725)
Notes and Other Long-Term Liabilities	(10,362)
Compensated Absences - Long-Term	(81,750)
Claims Payable - Long-Term	(115,758)
Unfunded Other Post Employment Benefits	(521,537)
Other Liabilities	(61,727)
Net Adjustments	2,566,751
Net Position of Governmental Activities	\$ 4,688,865

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

		2023
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$	192,924
Governmental funds report capital outlay as expenditures and proceeds from the disposition of capital assets as other financing sources. However, in the statement of activities the cost of those assets is allocated over the estimated useful life and reported as depreciation expense and the gain or loss is reported as income.		
Depreciation expense for the year		(167,287)
Capital outlay reported as expenditures		275,995
Retirement and sale of capital assets		(3,265)
Capital assets received as donations		—
Lease expense for the year		4,019
Lease income for the year		3,745
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These are comprised of:		
Unavailable resources - property taxes		—
Other grant revenues		(10,191)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and related items:		
Proceeds of general obligation bonds		4,092
Premium on general obligation bonds		—
Proceeds from loans		—
Principal payments bonds/notes		—
Amortization of bond premium		6,520
Amortization of loss on refunding		840
Bond interest payable		109
Bond expense		—
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences		(515)
Injury and damage claims		(27,216)
Workers' compensation		(6,726)
Total OPEB liability		(57,044)
Environmental liability		78
Debt guarantee of SISC 2004 bonds		443
Pension Expense - GASB68		70,874
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:		
Operating loss (income) allocated to enterprise funds		8,956
Net revenue of internal service funds activities reported with governmental activities		(14,870)
Change in Net Position of Governmental Activities	\$	281,481

The accompanying notes are an integral part of these financial statements

MAJOR PROPRIETARY FUNDS

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

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

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

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

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

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

	Business-Type Activities Enterprise Funds				2023	Governmental Activities
	Light	Water	Drainage and Wastewater	Nonmajor Funds		Internal Service
OPERATING REVENUES						
Charges for Services and Other Revenues	\$ 1,190,910	\$ 301,496	\$ 542,934	\$ 351,130	\$ 2,386,470	\$ 468,727
OPERATING EXPENSES						
Salaries, wages and personnel benefits	—	74,910	75,686	97,078	247,674	195,711
Supplies	—	8,144	8,661	2,119	18,924	43,191
Services	—	58,624	62,621	175,541	296,786	180,580
Intergovernmental Payments	—	50,873	262,403	35,657	348,933	357
Operations and Maintenance	781,536	—	—	—	781,536	—
Taxes	112,389	—	—	—	112,389	10
Depreciation and Amortization	159,459	58,434	45,004	14,700	277,597	55,401
Other Operating Expenses	—	6,894	8,615	3,685	19,194	(30,317)
Total Operating Expenses	<u>1,053,384</u>	<u>257,879</u>	<u>462,990</u>	<u>328,780</u>	<u>2,103,033</u>	<u>444,933</u>
Operating Income (Loss)	137,526	43,617	79,944	22,350	283,437	23,794
NONOPERATING REVENUES (EXPENSES)						
Investment and Interest Income	31,177	11,593	17,883	11,030	71,683	5,736
Interest Expense	(91,586)	(22,062)	(13,261)	(5,359)	(132,268)	(14,691)
Amortization of Bonds Premiums and Discounts, Net	—	—	—	—	—	4,873
Amortization of Refunding Loss	—	—	—	—	—	527
Bond Issuance Costs	—	—	—	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—	—	(210)
Lease Interest Revenue	—	—	—	—	—	507
Lease Revenue	—	—	—	—	—	906
Lease and Subscription Interest Expense	—	(19)	(19)	—	(38)	(4,639)
Lease and Subscription Expense	—	153	187	9	349	24,253
Right to Use Lease and Subscription Amortization	—	—	—	(49)	(49)	(22,069)
Contributions and Grants	1,598	—	735	167	2,500	233
Others, Net	3,153	6,408	(341)	876	10,096	(8,651)
Total Nonoperating Revenues (Expenses)	<u>(55,658)</u>	<u>(3,927)</u>	<u>5,184</u>	<u>6,674</u>	<u>(47,727)</u>	<u>(13,225)</u>
Income (Loss) Before Capital Contributions and Grants, Transfers, and Special Items	81,868	39,690	85,128	29,024	235,710	10,569
Capital Contributions and Grants	43,290	9,820	11,611	—	64,721	8,687
Transfers In	—	—	—	—	—	18,098
Transfers Out	—	—	—	—	—	(36,809)
Environmental Remediation	—	—	(60,172)	—	(60,172)	—
Change in Net Position	<u>125,158</u>	<u>49,510</u>	<u>36,567</u>	<u>29,024</u>	<u>240,259</u>	<u>545</u>
Net Position - Beginning of Year	2,290,333	771,311	736,054	199,202	3,996,900	500,441
Prior-Year Adjustment	—	—	—	—	—	—
Net Position - Beginning of Year as Restated	<u>2,290,333</u>	<u>771,311</u>	<u>736,054</u>	<u>199,202</u>	<u>3,996,900</u>	<u>500,441</u>
Net Position - End of Year	<u>\$ 2,415,491</u>	<u>\$ 820,821</u>	<u>\$ 772,621</u>	<u>\$ 228,226</u>	<u>\$ 4,237,159</u>	<u>\$ 500,986</u>
Internal Service Fund Activities Related to Enterprise Funds					101,117	
Net Position of Business-Type Activities					<u>\$ 4,338,276</u>	
Change in Net Position as above					\$ 240,259	
Internal Service Fund Activities Related to Enterprise Funds					6,459	
Adjusted Change in Net Position of Business-Type Activities					<u>\$ 246,718</u>	

The accompanying notes are an integral part of these financial statements

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

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

PRIVATE-PURPOSE TRUST FUND

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

CUSTODIAL FUND

Custodial Fund is used to report fiduciary activities that are not required to be reported in pension and other employee benefit trust funds, investment trust funds, or private-purpose trust funds.

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

The City presents its component units information in Note 12.

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

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

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

Jointly Governed Organizations. These organizations may appear similar to joint ventures as they provide goods or services to the citizenry of two or more governments. However, they do not meet the definition of a joint venture because there is no ongoing financial interest or responsibility by the participating governments. The City participates with regional local governments in jointly governed organizations. Please see Note 13 for more information.

ACCOUNTING STANDARDS

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

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

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

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Statement of Activities. The Statement of Activities displays the degree to which the direct expenses of a given function or segment is funded by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment, including depreciation on capital assets that are clearly associated with a given function. In general, expenses related to personnel functions are reported as indirect expenses. The City's policy is to allocate indirect costs to a specific function or segment. Program revenues

are revenues derived directly from the program itself. These revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other revenues not included as program revenues are reported as general revenues.

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

- The **Light Fund** accounts for operating the City's electric utility which owns and operates generating, transmission, and distribution facilities. The Light Fund supplies electricity to approximately 480,000 customers in the Seattle area as well as to other city agencies.
- The **Water Fund** accounts for operating the City's water utility. The fund was established to account for activities of the water system operated by Seattle Public Utilities (SPU). The water system, established in 1890, provides water to the greater Seattle area through direct service to customers and through purveyors, such as suburban water districts and municipalities. The activities of the water system include protection of available water supply, transmission of water to customers, development of water conservation programs, evaluation of new water sources, and management of the City's water system assets, which include the Tolt and Cedar River Watersheds, water pipes, pumping stations, and treatment plants.
- The **Drainage and Wastewater Fund** accounts for operating the City's sewer and drainage utility facilities and its pumping stations. These facilities and pumping stations collect the sewage of the City and discharge it into the King County Department of Natural Resources Wastewater Treatment System for treatment and disposal.

Additionally, the City reports the following fund types:

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Financial Statements. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash

flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues that are measurable but not available are recorded as receivables and offset by deferred inflows of resources.

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

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

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

Proprietary Fund Financial Statements. Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability incurred, regardless of the timing of the cash flows. Certain costs in the enterprise funds are reported as an asset and expensed in future years when costs are allocated to those years, and as the utility rates recover these costs. The revenues of the four utilities, which are based upon service rates authorized by the City Council, are determined by monthly or bimonthly billings to customers. Amounts received but not earned at year-end are reported as unearned revenues. Earned but unbilled revenues are accrued as revenues and receivable.

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

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

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

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

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

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

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

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

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

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

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

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/due from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note 4.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

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

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

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

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

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

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

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

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

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

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

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

General Fund Stabilization and Other Reserves. The City created the Revenue Stabilization Account (RSA) to fund activities that would otherwise be reduced in scope, suspended, or eliminated due to unanticipated shortfalls in General Fund revenues. Any use of the RSA shall be accompanied with an ordinance approved by the City Council. The City shall replenish the RSA through (1)

transfers by ordinance from other city funds; (2) automatic transfer of 0.5% of forecasted tax revenues; and (3) 50% of unanticipated excess fund balance of the General Fund. At no time shall the maximum funding level exceed 5% of the General Fund tax revenues forecast.

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

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

Table 1-1

GOVERNMENTAL FUND BALANCES ^a
(In Thousands)

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

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

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

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

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

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

Amending the Budget. Budgetary control for the operating budget generally is maintained at the budget control level (BCL) within departments with the following exceptions: the Library Fund has its total budget set at the fund level by the City Council, but its actual expenditures are controlled by the Library Board; capital projects programmed in the CIP are controlled at the project or project-phase level or program depending on legal requirements; grant-funded activities are controlled as prescribed by law and federal regulations. Examples of the BCL would be "K-12 Programs" and "Post-Secondary Programs" within the Education and Early Learning department or "Inspections" and "Land Use Services" within the Construction & Inspection department.

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

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

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

Budgetary Reporting. Budget amounts shown in the financial statements are the authorized amounts, both original and final, as approved for 2023. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

This annual financial report includes budgetary comparisons for annually budgeted governmental operating funds only. The budgetary comparisons are presented on a budgetary basis. The budgetary basis is substantially the same as the modified accrual basis of accounting in all governmental funds except for the treatment of appropriations that do not lapse, those whose budgets

were approved by the City Budget Office to carry over to the following year. These appropriations are included with expenditures in the City's budgetary basis of accounting.

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

Deficit Fund Balances and Net Position. The Seattle Center Fund reported a deficit fund balance of \$5.9 million as of December 31, 2023. Ordinance 12618 provides the Seattle Center interfund support up to \$18 million through December 31, 2033. The funds will be provided by the Real Estate Excise Tax 2 (REET II) fund. This money was provided to Seattle Center due to the COVID-19 pandemic. The pandemic prevented any events and gatherings which were essential to the Seattle Center's operations and finances during the majority of 2020 and into 2021 when the pandemic peaked. The future revenues from activity of the Seattle Center and newly built arena is how the funds are expected to be repaid before 2033.

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

(3) CASH AND INVESTMENTS

CASH AND EQUITY IN POOLED INVESTMENTS

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

Custodial Credit Risk - Deposits. The custodial credit risk of deposits is the risk that in the event of bank failure of one of the City's depository institutions, the City's deposits or related collateral securities may not be returned in a timely manner. As of December 31, 2023, the City did not have custodial credit risk. The City's deposits are covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) as well as protection provided by the Washington State Public Deposit Protection Commission (PDPC) as established in RCW 39.58. The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks, credit unions, and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. This secures public treasurers' deposits when they exceed the amount insured by the FDIC or NCUA by requiring banks, credit unions, and thrifts to pledge securities as collateral.

As of December 31, 2023, the City held \$15,000 in its cash vault. Additional small amounts of cash were held in departmental revolving fund accounts with the City's various custodial banks, all of which fell within the NCUA/FDIC's \$250,000 standard maximum deposit insurance amount. Any of the City's cash not held in its vault, or a local depository, was held in the City's operating fund (investment pool), and at the close of every business day, any cash remaining in the operating fund is swept into an overnight repurchase agreement that matures the next day.

CITY TREASURY INVESTMENTS

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

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

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

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

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

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

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

The City uses market pricing for its over-the-counter investments as provided by its contractual custodial agent, Principal Financial Services Inc., and the City’s third-party investment accounting vendor Clearwater Analytics LLC. Prices are obtained from the City’s safekeeping bank, Principal. Principal’s primary pricing vendor is Intercontinental Exchange (ICE).

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

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

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

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

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

As of December 31, 2023, the City’s investment pool held the following investments:

Table 3-1

INVESTMENTS AND MATURITIES
TREASURY RESIDUAL POOLED INVESTMENTS
(In Thousands)

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

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

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

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

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

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

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

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

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

Table 3-2

CONCENTRATION OF CREDIT RISK
(In Thousands)

Issuer	Fair Value	Percent of Total Investments
AMAZON.COM INC	\$ 15,194	0.4 %
APPLE INC	7,408	0.2
FEDERAL AGRICULTURE MORTGAGE CORPORATION	248,019	6.8
FEDERAL FARM CREDIT BANK	291,404	8.0
FEDERAL HOME LOAN BANK	572,730	15.6
FEDERAL HOME LOAN MORTGAGE CORPORATION	287,136	7.8
FEDERAL HOME MORTGAGE SECURITIES	36,784	1.0
FEDERAL NATIONAL MORTGAGE ASSOCIATION	293,713	8.0
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT	48,924	1.3
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	22,282	0.6
MUNICIPAL BONDS	150,811	4.1
PITTSBURGH NATIONAL CORPORATION BANK	22,383	0.6
REPURCHASE AGREEMENTS, SWEEP	17,297	0.5
U.S. TREASURY AND GOVERNMENT-BACKED SECURITIES	1,240,539	33.9
WASHINGTON STATE TREASURER'S INVESTMENT POOL	406,431	11.1
Total Investments	<u>\$3,661,055</u>	<u>100.0 %</u>

Custodial Credit Risk - Investments. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not have access to, or be able to recover, its investments or collateral securities that are in the possession of an outside party. The City mitigates custodial credit risk for its investments by having its investment securities held by the City's contractual custodial agent, Wells Fargo, rather than the trading counterparty or the trading counterparty's trust department or agent. The City mitigates counterparty risk by settling trades through its custodian on a delivery-versus-payment method.

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

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

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

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

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

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

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

The following schedule presents investments categorized according to the fair value hierarchy, and is preceded with additional information regarding investments measured at the net asset value as of December 31, 2023:

Table 3-3

SCERS' INVESTMENTS
(In Thousands)

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

INVESTMENTS MEASURED AT THE
NET ASSET VALUE (NAV)

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

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

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

As of December 31, 2023, the fixed income portfolio of the SCERS had the following investment maturities:

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

Investment Type	Fair Value	Investment Maturities (In Years)			
		<1	1 - 5	6 - 10	>10
Agencies	\$ 12,974	\$ —	\$ 12,061	\$ 913	\$ —
Derivatives	1,404	(778)		922	1,259
Asset Backed Security	34,980	—	22,349	9,538	3,094
Foreign Sovereign	5,898	2,154		859	2,884
Corporate Debt	302,754	10,643	129,547	101,208	61,357
Mortgage Backed Security	265,717	—	2,201	5,454	258,062
Municipal	3,286	—	1,407	807	1,072
Treasury Notes and Bonds	151,720	4,954	41,334	41,714	63,718
Total Fixed Income Securities	\$ 778,733	\$ 16,973	\$ 208,899	\$ 161,415	\$ 391,446
Fixed Income Fund	152,504				
Total Fixed income	\$ 931,237				

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

As of December 31, 2023, the fixed income portfolio of the SCERS had the following investment ratings:

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

Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
Agencies	\$ 12,974	\$ 12,974							
Derivatives	1,404								1,404
Asset Backed Security	34,980	25,103	6,456	621	362			194	2,245
Corporate Debt	302,754	7,883	8,709	56,236	127,740	35,495	50,865	14,343	1,483
Foreign Sovereign	5,898		789	3,744					1,366
Mortgage Backed Security	265,717	178,804					73		86,840
Municipal	3,286	310	2,214	762					
Treasury Notes and Bonds	151,720	151,720							
Total Fixed Income Securities	\$ 778,733	\$ 376,794	\$ 18,168	\$ 61,363	\$ 128,102	\$ 35,495	\$ 50,938	\$ 14,537	\$ 93,338
Fixed Income Funds	152,504								
Total Fixed Income	\$ 931,237								

Table 3-6 SCERS' ASSET ALLOCATION

Asset Class	Actual	Target Allocation
Public Equity	46.8 %	48.0 %
Private Equity	14.5	11.0
Core Fixed Income	20.3	18.0
Credit Fixed Income	4.0	7.0
Real Estate	11.5	12.0
Infrastructure	2.9	4.0
Total	100.0 %	100.0 %

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

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

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

SECURITIES LENDING TRANSACTIONS

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

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

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. As of December 31, 2023, the fair value of securities on loan was \$4,806,439. Associated cash collateral totaling \$4,954,916 was received. The fair market value of the reinvested collateral was \$4,975,758 at December 31, 2023.

REVERSE REPURCHASE AGREEMENTS

RCW 35.39.030 and City investment policy allow the investment of City monies in excess of current City needs in reverse repurchase agreements. At December 31, 2023, the City does not engage in this type of investment strategy.

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

TAXES RECEIVABLE

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

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

The City levied \$1.06 per \$1,000 of assessed value for general operations and Firemen's Pension Fund in 2023. In addition, the levy included \$0.92 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2023 levy was \$1.99 per \$1,000 of assessed value. Not included in this total is the King County levy for Medic One/Emergency Medical Services, from which the City receives a direct, proportional distribution of proceeds. This was renewed by voters at election in November 2019 for collection in 2020 at \$0.265 per \$1,000 of assessed value and decreased to \$0.21 in 2023. Further, this doesn't include \$0.39 per \$1,000 of assessed value attributable to the Seattle Metropolitan Park District (SMPD) levy. The SMPD is a separate taxing authority from the City.

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

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

Table 4-1

TAX RECEIVABLES AND REVENUES
As of and for the Year Ended December 31, 2023
(In Thousands)

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

INTERFUND TRANSACTIONS

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

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

Table 4-2

INTERFUND TRANSFERS

(In Thousands)

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

movement.

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

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

Table 4-3

DUE FROM AND TO OTHER FUNDS

(In Thousands)

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

Interfund Advances and Loans. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. Interfund debt is recorded in the appropriate funds even though such debt may result in a noncurrent liability for a governmental fund because the debt is not a general obligation of the City.

At December 31, 2023, the following interfund debt was outstanding:

Table 4-4

ADVANCES, NOTES, AND LOANS FROM AND TO OTHER FUNDS

(In Thousands)

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

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

Table 4-5

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
GOVERNMENTAL ACTIVITIES

(In Thousands)

Deferred Outflows/Inflows of Resources	Governmental Funds	Internal Service Funds	Government-Wide Adjustment	Total
Deferred Outflows of Resources				
Charges on Advanced Refunding	\$ —	\$ —	\$ —	\$ —
Pension and OPEB Plans	—	74,374	435,147	509,521
Total Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ 74,374</u>	<u>\$ 435,147</u>	<u>\$ 509,521</u>
Deferred Inflows of Resources				
Property Taxes	\$ 15,357	\$ —	\$ (17,605)	\$ (2,248)
Special Assessment	87,888	—	(1,452)	86,436
Charges on Advanced Refunding	—	4,106	6,511	10,617
Leases	123	15,825	160,404	176,352
Pension and OPEB Plans	—	10,204	106,791	116,995
Total Deferred Inflows of Resources	<u>\$ 103,368</u>	<u>\$ 30,135</u>	<u>\$ 254,649</u>	<u>\$ 388,152</u>

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

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

Property Taxes. For 2023, total taxes outstanding were recorded as a tax receivable asset within governmental funds. Unable to meet the revenue recognition criteria, the City’s governmental funds recorded the balance of the tax receivable asset as a Deferred Inflow of Resources. The reconciliation of governmental fund financial statements to government-wide financial statements shows an adjustment to remove the deferred inflow of resources recorded by the governmental funds, and to record the tax revenues to the Statement of Activities.

Special Assessment. The Local Improvement District 6750 and Waterfront Local Improvement District 6751 Funds recorded a deferred inflow of resources which reflects the total expected future collections from the Districts. The assessment expected to be collected during the upcoming fiscal period is adjusted from the deferred inflows of resources and recognized as revenue within the government-wide presentation.

Business-Type Activities

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

Deferred Outflows/Inflows of Resources	Seattle Public Utilities					Total
	City Light	Water	Drainage and Wastewater	Solid Waste	Construction & Inspections	
Deferred Outflows of Resources						
Pension and OPEB	\$ 103,575	\$ 30,008	\$ 34,317	\$ 9,206	\$ 33,246	\$ 210,352
Charges on Advance Refunding	9,569	10,811	3,638	1,589	—	25,607
Total Deferred Outflows of Resources	<u>\$ 113,144</u>	<u>\$ 40,819</u>	<u>\$ 37,955</u>	<u>\$ 10,795</u>	<u>\$ 33,246</u>	<u>\$ 235,959</u>
Deferred Inflows of Resources						
Pension and OPEB	\$ 17,247	\$ 4,424	\$ 3,978	\$ 1,648	\$ 2,305	\$ 29,602
Revenue Stabilization Account	40,779	47,550	—	40,549	—	128,878
Regulatory Credits	105,527	—	—	—	—	105,527
Charges/Gains on Advance Refunding	6,229	7,962	14,244	1,585	—	30,020
Total Deferred Inflows of Resources	<u>\$ 169,782</u>	<u>\$ 59,936</u>	<u>\$ 18,222</u>	<u>\$ 43,782</u>	<u>2,305</u>	<u>\$ 294,027</u>

Revenue Stabilization Account. Funding of Revenue Stabilization Accounts (RSAs) from operating cash effectively defers operating revenues. For City Light the balance of the RSA was \$40.8 million as of December 31, 2023. For Seattle Public Utilities (SPU), the balance of the RSA was \$88.1 million as of December 31, 2023, of which \$47.6 million belongs to Water and \$40.5 million belongs to Solid Waste.

Regulatory Credits. This deferral is made up of regulatory credits, which are the result of City Light (as affirmed by Seattle City Council Resolution No. 30942) recognizing the effects of reporting the fair value of exchange contracts in future periods for rate-making purposes and maintaining regulatory accounts to spread the accounting impact of these accounting adjustments. For City Light the balance of the credits was \$105.5 million as of December 31, 2023.

(5) SHORT-TERM ENERGY CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

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

The following table presents (in millions) the aggregate contract amounts, fair value, and unrealized gain (loss) of City Light’s commodity derivative instruments qualifying as normal purchases and normal sales on December 31, 2023:

Table 5-1

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

Fair value measurements as of December 31, 2023, used an income valuation technique consisting of KiodeX Forward Curves, which is considered a level 2 input in accordance with GASB 72, Fair Value Measurement and Application. All derivative instruments not considered as normal purchases and normal sales are to be recorded within the financial statements using derivative accounting according to GASB Statement No. 53. In 2010, the Seattle City Council adopted a resolution granting City Light authority to enter into certain physical put and call options that would not be considered normal purchases and normal sales under GASB Statement No. 53. City Light did not have any such activity for 2023. In addition, the Seattle City Council has deferred recognition of the effects of reporting the fair value of derivative financial instruments for ratemaking purposes, and City Light maintains regulatory accounts to defer the accounting impact of these accounting adjustments in accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements..

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

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

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

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

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

(6) CAPITAL ASSETS

Table 6-1
Page 1 of 2

CHANGES IN CAPITAL ASSETS
(In Thousands)

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

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

Table 6-1
Page 2 of 2

CHANGES IN CAPITAL ASSETS
(In Thousands)

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

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

Table 6-2

DEPRECIATION EXPENSE BY FUNCTION
(In Thousands)

GOVERNMENTAL ACTIVITIES	
General Government	\$ 11,961
Public Safety	1,852
Transportation	102,561
Economic Environment	1
Culture and Recreation	50,922
Subtotal	<u>167,297</u>
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	<u>76,533</u>
Total Governmental Activities	<u>243,830</u>
 BUSINESS-TYPE ACTIVITIES	
Light	\$ 174,100
Water	56,598
Solid Waste	11,137
Drainage and Wastewater	38,569
Planning and Development	972
Total Business-Type Activities	<u>281,376</u>

(7) COMPENSATED ABSENCES

The following table presents accrued compensated absences grouped by governmental activities, business-type activities, and pension trust funds as of December 31, 2023.

Table 7-1		COMPENSATED ABSENCES	
		<i>(In Thousands)</i>	
Governmental Activities			
Governmental Funds	\$		86,051
Internal Service Funds			
Finance and Administrative Services			5,815
Information Technology			<u>9,577</u>
Total Internal Service Funds			<u><u>15,392</u></u>
Business-Type Activities			
Enterprise Funds			
Light			21,331
Water			5,726
Drainage and Wastewater			7,015
Solid Waste			1,575
Construction and Inspection			<u>4,614</u>
Total Enterprise Funds			<u><u>40,261</u></u>
Pension Trust			
Employees' Retirement			<u>388</u>
Total Compensated Absences Liability	\$		<u><u>142,092</u></u>

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

(8) LEASES

Lease Receivable

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

The schedule below shows future expected rent receipts:

Table 8-1 Lease Receivable (In Thousands)

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

Lease Payable

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

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

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

Subscription Based Information Technology Contracts Payable

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

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

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

Table 8-3 Subscription Lease Payable (In Thousands)

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

Subscription payments not included in liability

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

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

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

Public-Private Partnership Agreements (PPPs)

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

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

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

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

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

(9) LONG-TERM DEBT

GENERAL OBLIGATION BONDS

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

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

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

Table 9-1
Page 1 of 2

GENERAL OBLIGATION BONDS
(In Thousands)

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

Table 9-1 **GENERAL OBLIGATION BONDS (continued)**
 Page 2 of 2 **(In Thousands)**

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

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

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

The requirements to amortize the general obligation bonds as of December 31, 2023, are presented in the following table. Debt service for the LTGO bonds is met by transfers from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that authorized the bond issuance and were approved by at least 60% of voters. In such cases, the number of voters approving the bond issuance and tax levy must exceed 40% of the voters in the most recent election preceding the vote on the bonds.

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

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

SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The City is obligated to make payment on special assessment bonds, the debt service of which is paid from collections of related Local Improvement District (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City’s LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation of any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The City redeemed \$1.7 million of special assessment bonds in 2023, and the amount of bonds outstanding at the end of 2023 was \$92.6 million, all of which represents the remaining principal on 2021 bonds issued for the Waterfront LID 6751.

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

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

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

Table 9-4 Local Improvement District Assessment Collection Information

Calendar/Fiscal Year End Dec. 31	Installment Payments Billed ^A	Installment Payments Collected ^B	Unpaid Principal Balance of Assessments ^C	Installments that are Delinquent ^D
Local Improvement District No. 6750 Bonds, 2006				
2014	\$1,186,600	\$1,781,162	11,819,398	\$249,080
2015	1,186,600	1,996,091	10,572,835	291,124
2016	1,148,384	1,768,274	9,153,197	287,510
2017	1,126,841	1,492,796	7,854,542	359,974
2018	1,122,696	1,561,443	7,192,381	378,532
2019	1,451,992	1,535,808	5,860,549	404,062
2020	1,388,604	1,337,357	4,357,624	398,015
2021	1,340,707	1,395,685	3,072,493	472,106
2022	1,315,819	1,006,455	2,007,591	107,789
2023	1,313,417	1,104,457	1,039,206	118,675
Local Improvement District No. 6751 Bonds, 2021				
2021	—	851,926	96,554,415	—
2022	3,714,714	6,125,452	93,795,289	—
2023	4,102,902	3,947,351	93,046,127	—

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

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

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

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

The requirements to amortize the special assessments with governmental commitment as of December 31, 2023 are shown below:

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

Year Ending December 31	Principal	Interest	Total
2024	\$ —	\$ 2,890	\$ 2,890
2025	—	2,890	2,890
2026	—	2,890	2,890
2027	—	2,890	2,890
2028	—	2,890	2,890
2029 - 2043	92,556	43,350	135,906
Total	\$ 92,556	\$ 57,800	\$ 150,356

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding loans drawn in several years from the Washington State Public Works Trust Fund loan program. The loans were drawn at varying annual interest rates ranging from 0.25% to 3.0%. The proceeds of the loans support city road and bridge improvements. The City paid \$1.5 million principal and \$0.2 million interest in 2023. The outstanding balance on the loans was \$11.3 million as of December 31, 2023. The following table presents the annual debt service requirements to maturity on the loans as of December 31.

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

December 31	Principal	Interest	Total
2024	\$ 991	\$ 171	\$ 1,162
2025	924	139	1,063
2026	924	129	1,053
2027	924	118	1,042
2028	924	108	1,032
2029 - 2033	3,806	384	4,190
2034 - 2038	2,858	142	3,000
Total	\$ 11,351	\$ 1,191	\$ 12,542

REVENUE BONDS

The City issues revenue bonds to provide financing for the capital programs of the four utilities – City Light, Water, Drainage and Wastewater, and Solid Waste. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds.

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

Table 9-7
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REVENUE BONDS
(In Thousands)

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

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

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

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

^D Issued as taxable New Clean Renewable Energy Bonds.

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

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

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

Table 9-7
Page 2 of 2REVENUE BONDS
(In Thousands)

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

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

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

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

^D Issued as taxable New Clean Renewable Energy Bonds.

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

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

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

The requirements to amortize the revenue bonds as of December 31, 2023 are presented below:

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

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

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

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

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

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

Table 9-9

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

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,050	\$ 263	\$ 4,483	\$ 1,581	\$ 8,377
2025	2,050	234	9,922	3,031	15,237
2026	1,825	205	10,849	2,882	15,761
2027	1,613	180	11,002	2,721	15,516
2028	1,453	157	11,158	2,557	15,325
2029 - 2033	6,254	501	55,572	10,296	72,623
2034 - 2038	3,381	120	54,140	6,098	63,739
2039 - 2043	—	—	44,895	2,681	47,576
2044 - 2048	—	—	12,996	698	13,694
2049 - 2053	—	—	6,318	325	6,643
2054 - 2058	—	—	2,617	40	2,657
Total	<u>\$ 18,626</u>	<u>\$ 1,660</u>	<u>\$ 223,952</u>	<u>\$ 32,910</u>	<u>\$ 277,148</u>

Table 9-10

CHANGES IN LONG-TERM LIABILITIES ^A
(In Thousands)

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

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

^B The Special Assessment Bonds carry neither premiums nor discounts.

^C See Note 10, Environmental Liabilities for a detailed discussion.

^D See Note 15, Contingencies, for a discussion of risk management, environmental, and other matters. The table in Note 16 also includes information on workers' compensation and health care.

Changes in Long-Term Liabilities

The City's internal service funds predominantly serve governmental funds. For this reason, the above totals for governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$15.4 million and \$1.8 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust fund loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities with the exception of the Department of Construction and Inspections (DCI) for general liability. The General Fund pays for DCI's general liability, if any. Environmental liabilities of governmental activity funds are paid from the governmental funds while environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from City Light. For further discussion on purchased power, see Note 14, Commitments.

ADVANCE AND CURRENT REFUNDINGS

To lower interest costs, the City may on occasion refund and defease certain bonds by issuing new refunding bonds and/or using existing resources to repay certain outstanding bond issues prior to their original maturity dates. In most cases, City resources and the proceeds of refunding bonds are deposited into irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds are considered defeased, and the corresponding liabilities are not included in the statement of net position.

Governmental Type Activity. In June 2023, the City refunded and defeased in substance \$54.4 million of outstanding 2013A Series limited tax general obligation (LTGO) bonds and 2013 Series unlimited tax general obligation (UTGO) bonds. The bonds carried an aggregate average interest rate of 1.2%. The refunding 2023 LTGO and UTGO bonds were issued at an aggregate average interest rate of 3.2%. The City deposited bond proceeds of \$41.0 million for UTGO 2013 and \$14.1 million for LTGO 2013A with an escrow agent, comprised of the par value of the new bonds. This included an additional amount for original issue premiums, \$1.6 million for LTGO and \$5.1 million for UTGO. The escrow agent used the proceeds to pay issue costs of \$156 thousand and purchase state and local government securities to provide for the repayment of old bonds at their September 2023 call date. The difference between the reacquisition price and carrying amount of the old bonds resulted in a refunding gain of \$3.7 million which will be amortized over the life of the old bonds through 2033.

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

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

Table 9-11

REFUNDED/DEFEASED BONDS
(In Thousands)

Name of Issue	Issuance Date	Last Maturity	Effective Interest Rate	Original Amount	LTD Amount Transferred To Trustee	Trustee Redemptions To Date 2023	Defeased Outstanding December 31, 2023
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
2013A Improvement	06/04/13	10/1/2033	2.375	42,315	13,865	13,865	—
Unlimited Tax (Voted)							
2013 Improvement	06/04/13	12/1/2042	3.281	50,000	40,500	40,500	—
REVENUE BONDS							
Municipal Light and Power							
2012 Improvement and Refunding, Series A	07/17/12	06/01/41	3.150	293,280	78,775	78,775	—
2013 Improvement and Refunding	07/09/13	07/01/43	4.050	190,755	156,185	156,185	—
2014 Improvement and Refunding	11/05/14	09/01/44	3.100	265,210	41,465	—	41,465
2015 Improvement and Refunding, Series A	07/09/15	05/01/45	3.570	171,850	29,280	—	29,280
2017 Improvement and Refunding, Series C	09/28/17	09/01/47	3.160	385,530	36,650	—	36,650
Municipal Water							
2012 Improvement and Refunding	05/30/12	49188	2.631	18,750	—	—	18,750
Municipal Drainage and Wastewater							
2014 Improvement and Refunding	07/10/14	52718	3.578	19,235	—	—	19,235
Municipal Solid Waste							
N/A							
Total Refunded/Defeased Bonds				<u>\$ 1,436,925</u>	<u>\$ 396,720</u>	<u>\$ 289,325</u>	<u>\$ 145,380</u>

ARBITRAGE

The City reviews arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. Such reviews are conducted when bonds have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures). As of December 31, 2023, the City reported no arbitrage rebate liability on its general obligation bonds and \$0.3 million on its revenue bonds.

(10) ENVIRONMENTAL LIABILITIES

The following list of liabilities are split between the City Light fund, Drainage and Wastewater fund and the Solid Waste fund. For purposes of this section all liabilities will be listed in regard to The City of Seattle or The City.

Lower Duwamish Waterway (LDW) Superfund site. The U.S. Environmental Protection Agency (EPA) has indicated that it will require the remediation of the LDW site under its Superfund authority. In order to manage the liability, the City has worked with the EPA and other PRPs to complete a Remedial Investigation (RI) and Feasibility Study (FS). On November 2, 2012, the EPA and Ecology approved the Lower Duwamish Waterway Group's FS. The EPA announced their proposed cleanup plan in February 2013 for public comment. The remaining scope of cleanup by PRPs has been decided by the EPA in the 2014 Record of Decision. The City recorded an estimate of its share of the estimated total cost. Remedial design work began in 2019.

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

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

East Waterway Site. In 2006 the EPA issued an AOC for a Supplemental RI and FS for the East Waterway, an operable unit of the Harbor Island Superfund Site. The Port of Seattle (the Port) alone signed the AOC. Both the City and King County signed a Memorandum of Agreement with the Port to participate as cost share partners in the RI/FS work required by the EPA. The RI and FS are complete. The FS identifies a range of alternatives for cleanup construction that range in cost from \$256 million to \$411 million (2016 dollars). EPA released their Proposed Plan in 2023. The Record of Decision is expected in late 2024. Remedial design activities would start in late 2025 at the earliest. The City recorded an estimate of its share of the estimated total cost.

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

Terminal 108. EPA notified the City in 2019 that it is a Potentially Responsible Party for a site adjacent to the Lower Duwamish Waterway that is known as Terminal 108 or T108. The City's potential liability arises from a former sewage treatment plant that was located there. Other PRPs include the Port of Seattle, which is the current owner of the site, King County, the United States and several private entities. In 2020, the Port of Seattle, City of Seattle (SPU), and King County entered into an agreed Administrative Order with EPA and a cost-sharing agreement among themselves to complete an Engineering Evaluation and Cost Analysis (EE/CA). Work has begun on the investigative phase of the EE/CA at the T108 site in accordance with the Administrative Order, which will lead to a recommended removal or cleanup action. Preparation of the draft EE/CA report is expected to begin in late 2024 and continue into 2025. Liabilities are estimated through the EE/CA. The City's ultimate liability is indeterminate.

South Park Marina. The Washington Department of Ecology notified the City in 2016 that it is a Potentially Liable Party for contamination at the South Park Marina, which is adjacent to Terminal 117. The City Light Department is the lead department for the City at this site. The Potentially Liable Parties (PLPs), which are the City, the Port, and South Park Marina (SPM), signed a final Agreed Order for a Remedial Investigation (RI) in April 2019. A Common Interest and Cost Sharing Agreement among the PLPs was signed in 2019 with an interim cost share of one-third each. In 2019, the City contracted with a consultant to complete the RI. The City's share is split between City Light (97.5%) and SPU (2.5%). The City's ultimate liability is indeterminate.

South Park Landfill. The City of Seattle and a private developer are under a Consent Decree with the Washington State Department of Ecology (Ecology) to implement a Cleanup Action Plan for the historic South Park Landfill site under the State Model Toxics Control Act. Previously the City was advancing a design based on an Interim Action Workplan approved by Ecology. SPU delayed the project to re-define the project scope. The delay and scope changes caused the City to fall behind the schedule in the Consent Decree and Ecology has determined that the City must amend the existing Consent Decree and Cleanup Action Plan to reflect the revised project and new timeline.

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

In 2012, the City executed an agreement regarding the developer's interim action that settles City liabilities for the interim cleanup costs but not City liabilities for the permanent cleanup. In 2015, the developer completed Ecology-approved interim cleanup action on its portion of the site. A similar agreement is likely between the City and one additional property owner.

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

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

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

Newhalem. This project is comprised of three sites.

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

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

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

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

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

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

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

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

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB 49. For most of the sites, estimated outlays were based on current cost and no adjustments were made for discounting or inflation. The Duwamish site cost estimates were adjusted to remove discounting and to record the costs in 2023 dollars. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. Costs reflect cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; however, as new information becomes available, estimates may vary significantly due to scope changes, price fluctuations, technological advances, or applicable laws.

The City is pursuing other third parties that may have contributed to the contamination of the sites noted.

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

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

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

	2023
Environmental Liability, Current	\$ 12,975
Environmental Liability, Noncurrent	393,925
Total	\$ 406,900

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

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

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

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

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

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM (SCERS)

Plan Description

The Seattle City Employees’ Retirement System (SCERS) is a cost sharing multiple employer defined benefit public employee retirement plan. SCERS is established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36. SCERS is a pension trust fund of the City.

SCERS is administered by the Retirement System Board of Administration (the Board). The Board consists of seven members including the Chair of the Finance Committee of the Seattle City Council, the City of Seattle Finance Director, the City of Seattle Human Resources Director, two active members and one retired member of the System who are elected by other SCERS members, and one outside board member who is appointed by the other six board members. Elected and appointed board members serve for three-year terms.

All employees of the City are eligible for membership in SCERS except uniformed police and fire personnel who are covered under a retirement system administered by the State of Washington. Employees of METRO and the King County Health Department who established membership in SCERS when these organizations were formerly City of Seattle departments were allowed to continue their membership (there are currently fewer than 15 active members in this category). There are currently 7,513 retirees and beneficiaries receiving benefits, and 9,309 active members of the System. There are 1,647 terminated, vested employees entitled to future benefits, based on the 2022 audited financial report issued by SCERS.

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of credited service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. SCERS provides post-retirement benefit increases including an automatic 1.5% annual Cost-of-Living Adjustment (COLA) increase and a 65% restoration of purchasing power benefit.

The City of Seattle adopted a second tier (Tier II) for the System in 2016. Starting January 1, 2017, new eligible employees join this second tier. Tier II is a defined benefit plan much like the original tier but has a lower contribution rate for members and calculates final average salary based on the highest 60 consecutive months of service. Other changes related to the second tier can be found in the Seattle Municipal Code 4.36.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage.

SCERS issues an independent financial report. A copy of the report is available from the SCERS office, located at 720 Third Avenue, Suite 900, Seattle, WA, 98104. The report can also be requested by telephone at (206) 386-1293 or by accessing the website http://www.seattle.gov/retirement/annual_report.htm.

Summary of Significant Accounting Policies

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

Plan investments, including securities lending transactions as discussed in Note 3, are reported at fair value. Fair value is defined as the amount at which an investment could be exchanged in a current arm's length transaction between willing parties in which the parties each act knowledgeably and prudently. All investments are valued based on objective, observable, unadjusted quoted market prices in an active market on the measurement date, if available. In the absence of such data, valuations are based upon those of comparable securities in active markets. For illiquid or hard to value investments such as real estate, private equity, and other private investments, valuations are based upon data provided by the respective investment managers. These private asset valuations are generally based upon estimated current values and/or independent appraisals.

Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest and dividend income earned, less investment expense, plus income from securities lending activities, less deduction for security lending expenses. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

Contributions and Reserves. Member and employer contribution rates are established by SMC 4.36. The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total required contributions, including amounts necessary to pay administrative costs, are determined through annual actuarial valuations.

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

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

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

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

Information about the Net Pension Liability

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

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

Actuarial assumptions used were as follows:

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

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

- Investment Rate of Return: 6.75% compounded annually, net of expenses
- General Wage Increases: 3.35%
- Inflation: 2.60%
- Actuarial Cost Method: Individual Entry Age Normal

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

Best estimates of geometric real rates of return and target allocation for each major asset class, effective January 1, 2020 are summarized in the following table:

Table 11-2 Estimated Real Rates of Return by Asset Class

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
Equity: Public	4.90%	48.0%
Equity: Private	7.5	11.0
Fixed Income: Core	2.1	18.0
Fixed Income: Credit	5.3	7.0
Real Assets: Real Estate	3.0	12.0
Real Assets: Infrastructure	4.4	4.0
Diversifying Strategies	N/A	—
		100.0%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.75% for 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability, calculated using the discount rate of 6.75%, as well as what the City’s proportionate share of the net pension liability would be when the discount rate moves one percentage point lower and higher (in thousands):

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

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

There were no significant changes in assumptions since the last valuation including the inflation rate, growth rate and discount rate.

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

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

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

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

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

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

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

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense in the fiscal years ended December 31 as follows (in thousands):

Table 11-6 Recognized Pension Plan Expense ^a

Year Ended December 31

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

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

FIREMEN’S PENSION AND POLICE RELIEF AND PENSION FUNDS

Plan Description

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

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

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

for disability benefits under these plans. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and fire fighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. As of January 1, 2023, 508 firefighters and surviving spouses and 587 police retirees and surviving spouses met the eligibility requirements. The City fully reimburses the amount of valid claims for medical and hospitalization costs incurred by active members and pre-Medicare retirees. The City also reimburses the full amount of premiums for part B of Medicare for each retiree eligible for Medicare.

The Seattle Firefighters’ Pension Board is a five-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Firefighters’ Pension Fund. Four staff employees of the board handle all of its operational functions. Staff positions associated with Firefighter’s Pension Fund are not reflected in the City’s position list.

The Seattle Police Pension Board is a seven-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Police Pension Fund. Three staff employees of the board handle all of its operational functions. Staff positions associated with Police Relief and Pension are reflected in the City’s position list.

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

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

These pension plans do not issue separate financial reports.

Current membership in Firemen’s Pension and Police Relief and Pension consisted of the following at December 31, 2023:

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

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits	508	587
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	—	—
Active Plan Members, Vested	—	—
Active Plan Members, Non-vested	—	—

Summary of Significant Accounting Policies

Basis of Accounting. The City fully implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB 73)*, in 2017. The City has determined that the Fireman's Pension and Police Relief Funds are not reported as trust funds, and therefore accounted for as part of the General Fund. The City does not collect contributions or hold assets in trust for the Firemen’s Pension and Police Relief and Pension plans. Any monies provided by the City for future benefit payments are not legally protected from creditors and are not dedicated to the provision of pensions to plan members. Per GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the plans do not meet GASB 68’s the criteria for pension plans administered through trusts. Therefore, the plans are accounted for as part of the General Fund.

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

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

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

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

In July 1994, the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions, thus creating the Firemen's Pension Actuarial Account. In 2006, the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The funding policy does not fund for future medical liabilities. The employer contributions for retiree medical are set equal to the disbursements for medical benefits and administration. All other contributions are considered pension contributions. The fair value of the net assets of Firemen's pension was \$34.55 million as of December 31, 2023. No similar program has been established for the Police Relief and Pension Fund.

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

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

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

Information about the Total Pension Liability

Assumptions and Other Inputs. The total pension liability was determined by an actuarial valuation as of the valuation date (January 1, 2023), calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date (December 31, 2023). Actuarial assumptions used were as follows:

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

Discount Rate. The discount rate used to measure total pension liability was 3.25%. GASB 73 requires the discount rate used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method) to be.

A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years was 3.26% as of December 28, 2023. Rounding this to the nearest 1/4% results in a discount rate of 3.25% as of the December 31, 2023 measurement date.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate. The following presents the Total Pension Liability, calculated using the discount rate of 3.25%, as well as what the Total Pension Liability would be when the discount rate moves one percentage point lower and higher (in thousands):

Table 11-8 Discount Rate Sensitivity of Pension Liability

	1% Lower 2.25%	Current Discount Rate 3.25%	1% Higher 4.25%
Fireman's Pension Plan	\$ 103,641	\$ 95,769	\$ 88,868
Police Relief and Pension Plan	76,595	70,832	65,815

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

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

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

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

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

LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

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

The Washington State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems. The DRS, a department within the primary government of the State of Washington, issues a publicly available annual financial report (AFR) that includes financial statements and required supplementary information for each LEOFF plan. The

DRS AFR may be obtained by writing to Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98540-8380. It may also be downloaded from the DRS website at www.drs.wa.gov.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

<u>Years 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 ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions: Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2023. Employers paid only the administrative expense of 0.20% of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the final average salary (FAS) per year of service based on the highest consecutive 60 months. Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3% for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3% annually, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions: LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18%. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2023.

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

Table 11-11

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

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

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

The Legislature, by means of a special funding arrangement, appropriates money from the State's General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the City as its proportionate share of this amount was \$11,070,416.

Information about the Total Pension Liability

Actuarial Assumptions. The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study and the 2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022 to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments. Actuarial assumptions used were as follows:

- Inflation: 2.75% total economic inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- Investment rate of return: 7.0%
- Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation:

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

Discount Rate. The discount rate used to measure the total pension liability for all DRS plans was 7.0%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return. The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the table below. The inflation component used to create the table is 2.2% and represents WSIB's most recent long-term estimate of broad economic inflation.

Table 11-12 Estimated Rates of Return by Asset Class

<u>Asset Class</u>	<u>Target Allocation</u>	<u>% Long-Term Expected Real Rate of Return Arithmetic</u>
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	100%	

Sensitivity of the Total Pension Liability/(Asset) to Changes in the Discount Rate. The table below presents the City’s proportionate share of the net pension asset calculated using the discount rate of 7.0%, as well as what the City’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate (in thousands):

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

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

Pension Plan Fiduciary Net Position. Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Asset or Liability. At December 31, 2023, the City reported a pension asset of \$290.1 million for its proportionate share of the net pension assets (in thousands) as follows:

Table 11-14 City's Proportionate Share of Net Pension Asset

	Share in Dollars
LEOFF 1	\$ 105,863
LEOFF 2	184,220
Total	\$ 290,083

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows (in thousands):

Table 11-15 Proportionate Share of Plant 1 and Plan 2 Net Pension Asset

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

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

Table 11-16 **Proportionate Share of the Collective Net Pension Asset**

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

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2023. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2022, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2023, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2023, with update procedures used to roll forward the total pension liability to the measurement date.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the City reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (In Thousands):

Table 11-18 Proportionate Share of Deferred Outflows and Inflows of Resources

	LEOFF 1		LEOFF 2	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ —	\$ 75,248	\$ 1,516
Net difference between projected and actual investment earnings on pension plan investments	—	7,020	—	38,980
Changes of assumptions	—	—	47,058	15,132
Changes in proportion and differences between contributions and proportionate share of contributions	—	—	49,185	13,668
Contributions subsequent to the measurement date	—	—	8,697	—
TOTAL	\$ —	\$ 7,020	\$ 180,188	\$ 69,296

Deferred outflows of resources related to pensions resulting from the City contributions made after the measurement date but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Table 11-19 Recognized Pension Plan Expense

Year ended December 31:	LEOFF 1	LEOFF 2
	2024	\$ (4,813)
2025	(6,040)	(17,246)
2026	3,747	38,222
2027	86	16,614
2028	—	17,499
Thereafter	—	58,059

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, attainment of age 59½, or certain unforeseen emergencies.

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

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City has three other postemployment benefits (OPEB) plans – Health Care Blended Premium Subsidy, OPEB benefits under Firemen’s Pension, and Police Relief and Pension. In 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefit Other Than Pensions (GASB 75)*, which concerns the accounting for and disclosure of OPEB. The following table represents the aggregate OPEB amounts for all OPEB plans subject to the requirements of GASB 75 for the year 2023.

Table 11-20 Aggregate OPEB amounts for all OPEB plans subject to GASB 75
(In Thousands)

	Healthcare Blended Premium Subsidy	Firemen’s Pension	Police Relief and Pension	All Plans
OPEB liabilities	\$ 50,016	\$ 255,503	\$ 235,535	\$ 541,054
OPEB assets	—	—	—	—
Deferred outflows of resources	13,554	—	—	13,554
Deferred inflows of resources	34,640	—	—	34,640
OPEB expenses/ expenditures	(1,540)	11,728	(2,500)	7,688

Plan Description

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

OPEB under Firemen’s Pension and Police Relief and Pension Plans - the City’s implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen’s Pension and Police Relief and Pension plans are single employer defined benefit OPEB plans and provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen’s Pension, and RCW 41.20 and 41.26 for Police Relief and Pension and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

On December 31, 2023, the following employees were covered by the benefit terms:

Table 11-21

**OTHER POST-EMPLOYMENT BENEFITS
Employees Covered by Benefit Terms**

	Health Care Blended Premium Subsidy	Firemen’s Pension	Police Relief and Pension Plan
Inactive employees or beneficiaries currently receiving benefits	414	580	482
Inactive employees entitled to but not yet receiving benefits			
Active employees	11,472	3	1
Total	11,886	583	483

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

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

Actuarial Methods and Assumptions

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

Table 11-22

OTHER POST-EMPLOYMENT BENEFITS

Actuarial Assumptions

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2023	1/1/2023	1/1/2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Inflation rate	---	2.50 %	2.50 %
Salary Increases	---	3.25 %	3.25 %
Discount rate	3.72%, based on 20-year municipal bond yields	3.25%, based on 20-year municipal bond yields	3.25%, based on 20-year municipal bond yields
Healthcare cost trend rates	The health care cost trend assumptions were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by City of Seattle.	The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing to 5.1% in 2021 through 2022. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter.	The Modeling is based on the published report by the Society of Actuaries (SOA) on long-term medical trend. For pre-65, trend is 6.40% in 2019, decreasing to 5.80% in 2020, and decreasing by varying amounts until 2028. For post-65, trend is 5.70% in 2019, decreasing to 5.40% in 2020, and decreasing by varying amounts until 2073 thereafter.
Mortality rates	For actives: PubG-2010 Employee Table multiplied by 95%. Retirees: PubG-2010 Retired Mortality Table multiplied by 95%. Disabled: PubG-2010 Disabled Mortality Table multiplied by 95%. Rate are projected generationally using Scale MP-2021 ultimate rates	Pub-2010 Safety Mortality Table (headcount-weighted) with ages det back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017.	Pub-2010 Safety Mortality Table (headcount-weighted) with ages set back one year for males is used for healthy annuitants. Pub-2010 Safety Disabled Mortality Table is used for disabled annuitants. A blend of rates from Pub-2010 Mortality Tables for contingent annuitants and retirees is used for surviving spouses. Mortality rates are projected forward generationally using the ultimate rates in Projection Scale MP-2017
Others		Effective January 1, 2020, the long-term care policy has been expanded to include a \$150 per day coverage for assisted living, including basic room and board.	

The following table presents the sensitivity of total OPEB liability calculation to a 1 percent increase and a 1 percent decrease in the discount rates used to measure the total OPEB liability for each plan:

Table 11-23 **Discount Rate Sensitivity of OPEB Liability**
(In Thousands)

	Total OPEB Liability at Rate		
	1% Decrease	Current Rate	1% Increase
City of Seattle Health Care Blended Premium Subsidy Plan	54,693	50,016	45,779
Firemen’s Pension Plan	283,195	255,503	231,879
Police Relief and Pension Plan	260,631	235,535	214,137

The following table presents the sensitivity of total OPEB liability calculation to a 1 percent increase and a 1 percent decrease in the healthcare cost trend rates used to measure the total OPEB liability:

Table 11-24 **Healthcare Cost Trend Rate Sensitivity of OPEB Liability**
(In Thousands)

	Total OPEB Liability at Rate		
	1% Decrease	Current Rate	1% Increase
City of Seattle Health Care Blended Premium Subsidy Plan	\$ 44,185	\$ 50,016	\$ 56,959
Firemen’s Pension Plan	233,724	255,503	280,216
Police Relief and Pension Plan	215,906	235,535	257,836

Changes in the Total OPEB Liability. The City reported a total OPEB liability of \$541.1 million in 2023. Based on the actuarial valuation date of January 1, 2023, details regarding the City of Seattle Health Care Blended Premium Subsidy Plan, Firemen’s Pension Plan, and Police Relief and Pension Plan as of December 31, 2023 are shown below:

Table 11-25 **Changes in Total OPEB Liability**
(In Thousands)

	Health Care Blended Premium Subsidy Plan	Firemen’s Pension	Police Relief and Pension Plan	Total OPEB Liability
Total OPEB Liability at 1/1/2023	\$ 55,703	\$ 243,775	\$ 238,035	\$ 537,513
Service costs	3,563			3,563
Interest	1,196	8,888	8,653	18,737
Changes of benefit terms				—
Differences between expected and actual experience				—
Effect of plan changes				—
Effect of economic/demographic gains or losses		5,185	(6,517)	(1,332)
Changes of assumptions	(8,010)	11,309	10,101	13,400
Benefit payments	(2,436)	(13,653)	(14,737)	(30,826)
Other changes				—
Total OPEB Liability at 12/31/2023	<u>\$ 50,016</u>	<u>\$ 255,504</u>	<u>\$ 235,535</u>	<u>\$ 541,055</u>

The changes in current year’s assumption, such as discount rate, participation rate and other factors resulted in the increase in the OPEB liability for all OPEB plans by \$5.9 million.

Health Care Blended Premium Subsidy: Mortality and retirement assumptions for LEOFF was updated to reflect the most recent assumptions developed in the Washington State 2013-2018 Demographic Experience Study Report. The trend assumptions on medical claims and retiree premiums were updated to reflect the expected increase on future medical costs, as well as the permanent repeal of the excise tax on high-cost plans (a.k.a. “The Cadillac tax”) originally imposed by the Affordable Care Act in 2010. Discount rate changed from 2.06% as of January 1, 2022 to 3.72% as of January 1, 2023.

Firemen’s Pension: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2023, calculated based on the discount rate of 3.25%, and then projected to the measurement date of December 31, 2023. The December 31, 2023 financial reporting reflects new coverage of \$150 per day for assisted living, including basic room and board.

Police Relief and Pension Fund: The total OPEB liability was determined by an actuarial valuation as of the valuation date January 1, 2023, calculated based on the discount rate of 3.25%, and then projected to the measurement date of December 31, 2023. There have been no significant changes between the valuation date and fiscal year ends.

OPEB plans under Firemen’s Pension and Police Relief and Pension Plan was closed to new entrants.

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$7.7 million. The following table presents deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the City at December 31, 2023 for City of Seattle Health Care Blended Premium Subsidy Plan. Firemen’s Pension and Police Relief and Pension Plan have no deferred outflow of resources and no deferred inflows of resources.

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

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

Deferred outflows of resources of \$.56 million resulting from payments subsequent to the measurement date of the total OPEB liability but before the end of the City’s reporting period will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amount reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense for City of Seattle Health Care Blended Premium Subsidy as follows:

Table 11-27 **Recognized OPEB Expense**
(In Thousands)

	Blended Premium Subsidy Plan	Firemen’s Pension Plan	Police Relief and Pension Plan
Year End December 31:			
2024	\$ (181)	\$ —	\$ —
2025	(180)	—	—
2026	(131)	—	—
2027	(124)	—	—
2028	(104)	—	—
Thereafter	(138)	—	—

(12) COMPONENT UNITS

DISCRETELY PRESENTED COMPONENT UNITS

Seattle Public Library Foundation

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

The City is not financially accountable for the Foundation. The Foundation is considered a nonmajor component unit in accordance with GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14 (GASB 39), and is presented discretely in the City's financial statements because (1) the economic resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; and (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

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

Seattle Investment Fund LLC

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

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

Table 12-1

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

December 31, 2023

(in Thousands)

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

Table 12-2

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

For the Year Ended December 31, 2023

(In Thousands)

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

BLENDED COMPONENT UNIT

Seattle Park District

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

The District is reported as a special revenue fund in the City’s financial statement. Financial reporting for this fund can be found in the nonmajor governmental funds combining statements located in this report. In addition, separate financial statements are available from Seattle Park District, PO Box 34025, Seattle, WA 98124-4025, or by emailing SeattleParkDistrict@Seattle.gov.

(13) JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL

The Seattle-King County Workforce Development Council (WDC) is a joint venture between the City and King County. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor agency to receive the employment and training funds for the County area. The King County Executive and the Mayor of the City, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of WDC board of directors and the joint responsibility for administrative oversight.

An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, the City and King County who each will be responsible for one half of the disallowed amount. As of December 31, 2023, there are no outstanding program eligibility issues that may lead to a liability for the City. WDC contracts with the City which provides programs related to the Workforce Innovation and Opportunity Act.

WDC issues independent financial statements that may be obtained from its offices at 2003 Western Avenue, Suite 250, Seattle, WA; by accessing its website <http://www.seakingwdc.org/annualreport>; or by telephone at 206-448-0474.

KING COUNTY REGIONAL HOMELESSNESS AUTHORITY

The King County Regional Homelessness Authority (the Authority) is a separate independent governmental administrative agency between the City and King County. It was established in the State of Washington on December 12, 2019 pursuant to RCW 39.34.030(3). The purposes of the Authority are providing consolidated, aligned services to individuals and families who are experiencing homelessness or who are at imminent risk of experiencing homelessness in the jurisdictional boundaries of King County; and receiving revenues from the County, Seattle, Funders and other private and public sources for the purpose of the Authority.

The Governing Committee of the Authority consists of King County Executive and two members of the King County Council; Seattle Mayor and two members of the Seattle City Council; three members should be elected officials from cities or towns other than Seattle; and three members representing individuals with Lived Experience, which members shall be selected by the Advisory Committee. All participants do not retain any ongoing financial interest nor any ongoing financial responsibility. Therefore, the Authority is a jointly governed organization.

PUGET SOUND EMERGENCY RADIO NETWORK OPERATOR

Puget Sound Emergency Radio Network Operator (PSERN Operator) is a separate governmental agency pursuant to RCW 39.34.030(3) that is organized as a non-profit corporation under Chapter 24.06 RCW. It is authorized by the Interlocal Corporation Act for the purpose of owning, operating, maintaining, managing and on-going upgrading/replacing of the PSERN system during the Operations Period. The expenses of the PSERN Operator shall be financed through a funding measure approved by voters at the April 2015 election and with user fees (Service Rates) to be assessed against and paid by all User Agencies.

The Board of Directors are composed of four voting members: King County Executive or a designee of the executive approved by the King County Council, City of Seattle Mayor or his/her designee, one mayor or city manager or his/her designee representing the Cities of Bellevue, Issaquah, Kirkland, Mercer Island and Redmond, and one mayor or city manager or his/her designee representing the Cities of Auburn, Federal Way, Kent, Renton and Tukwila. All participants do not have any ongoing financial interest or responsibility; as a result, the PSERN Operator is a jointly governed organization.

OASIS OPEN DEVELOPMENT FOUNDATION, LLC and the OPEN MOBILITY FOUNDATION

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

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

(14) COMMITMENTS

Encumbrances

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

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

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

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

Financial Guarantees

The City has extended nonexchange financial guarantees in the form of contingent loan agreements with other owner/developers of affordable housing. The City will provide credit support, such as assumption of monthly payments for certain bonds and lines of credit issued by these agencies in the event of financial distress. Any guarantee payments made become liabilities of the guaranteed contract holders to be paid back after regaining financial stability. The City's program, managed by the Office of Housing, currently has loan agreements outstanding of \$1.4 Billion. These agreements have maturity ranges up to 50 years. All projects are currently self-supporting, and the City has not made any payments pursuant to these agreements. It is unlikely that the City will make any payments in relation to these guarantees based on available information at the end of December 31, 2023 and standards prescribed under GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.

Capital Improvement Program

The City adopted the 2023 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$7.45 billion for the years 2023-2028. The adopted CIP for 2023 was \$1.5 billion, consisting of \$862.2 million for City-owned utilities and \$660.8 million for non-utility departments. The utility allocations are: \$484.4 million for City Light, \$114.9 million for Water, \$245.0 million for Drainage and Wastewater, and \$18.0 million for Solid Waste. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

Purchased and Wholesale Power

City Light expenses associated with energy received under long-term purchased power agreements at December 31, 2023 are shown in the following table:

Table 14-2

LONG-TERM PURCHASED POWER

(In Millions)

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

Bonneville Power Administration. City Light purchased electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA), under the Block and Slice Power Sales Agreement, a 17-year contract, for the period October 1, 2011 through September 30, 2028. Effective October 1, 2017 there was an amendment to the agreement whereby the City no longer participates as a Slice customer and will now exclusively purchase Block. Block quantities are expected to be recalculated periodically during the term of the contract. Rates will be developed and finalized every two years. Accordingly, certain estimates and assumptions were used in the calculations in the estimated future payments table above.

Lucky Peak. In 1984, City Light entered into a purchase power agreement with four irrigation districts to acquire 100% of the net surplus output of a hydroelectric facility that began commercial operation in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project, and the Federal Energy Regulatory Commission (FERC) license expires in 2030. The agreement, which expires in 2038, obligates City Light to pay all ownership and operating costs, including debt service, over the term of the contract, whether the plant is operating or operable.

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

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

British Columbia-High Ross Agreement. In 1984, an agreement was reached between the Province of British Columbia and City Light under which British Columbia will provide the Department with energy equivalent to that which would have resulted from an addition to the height of Ross Dam. Delivery of this energy began in 1986 and is to be received for 80 years. In addition to the direct costs of energy under the agreement, the Department incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. The final fixed capital payment was made to BC Hydro in 2020. Operations and maintenance payments will be made through the life of the agreement. These other costs are included in utility plant-in-service as an intangible asset and are being amortized to purchase power expense over 15 years, from 2021 through 2035.

Renewable Energy Purchase and/or Exchanges. The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires all qualifying utilities in Washington State with more than 25,000 customers to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits (RECs) as a percentage of total energy delivered to retail customers. The annual target is at least 15% for 2023. The law also has a compliance option for utilities with declining load to spend 1% of revenue requirements on eligible RECs and/or resources. City Light met the requirements of the compliance option in 2023.

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

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

Table 14-3

TRANSMISSION, AND RELATED CONTRACTS
(In Millions)

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

a Bonneville transmission agreement expires July 31, 2025
 b Bonneville Block & Slice agreement expires September 30, 2028
 c Lucky Peak contract expires September 30, 2038

Other Regulatory Commitments

Federal Energy Regulatory Commission (FERC) Fees. Estimated Federal land use and administrative fees related to hydroelectric licenses total \$140.7 million through 2055; these estimates are subject to change. The estimated portion of fees attributed to the Skagit and Tolt licenses are excluded after 2025, when their existing FERC licenses expire. The estimated portion of Boundary fees is included through 2055, the year the current license issued by FERC expires. The Boundary FERC license and related issues are discussed below.

Current Boundary License. City Light’s FERC license for the Boundary Project was re-issued on March 20, 2013 with a 42-year life and a total cost of \$48.6 million. The terms and conditions of the new license have been evaluated and City Light continues the license implementation process, which imposes mitigation of endangered species including water quality standards and conservation management.

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

The cost projections for such mitigation over the expected 42-year life of the license, included in City Light's license application, were estimated to be \$410.0 million adjusted to 2023 dollars, of which \$158.3 million were expended through 2023. Projected mitigation cost estimates are subject to revision as more information becomes available.

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

Total Skagit license mitigation costs from the effective date until expiration of the federal operating license were estimated at December 31, 2023, to be \$178.5 million, of which \$172.6 million has been expended. Total South Fork Tolt license mitigation costs were estimated at \$2.5 million, of which \$2.5 million were expended through 2022 for the rest of the life of the license with no additional costs in 2023. In addition to the costs listed for South Fork Tolt mitigation, the license and associated settlement agreements required certain other actions related to wildlife studies and wetland mitigation for which no set dollar amount was listed. Requirements for these actions have been met, and no further expenditures need to be incurred for these items.

Capital improvement, other deferred costs, and operations and maintenance costs are included in the estimates related to the settlement agreements for both licenses. Amounts estimated are adjusted to 2023 dollars. Department labor and other overhead costs associated with the activities required by the settlement agreements for the licenses are not included in the estimates.

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

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

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

Seattle City Light, with the support of City Council, elected to take a proactive approach to address issues identified within the ESA. City Light is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and watershed groups for bull trout, Chinook salmon, and steelhead in the South Fork Tolt and Skagit Watersheds. The ESA Early Action program is authorized by City Council but is separate from any current FERC license requirements. The program includes habitat acquisition, management and restoration. The ESA Early Action has been successful in protecting listed species. Total costs for City Light's share of the Early Action program from inception in 1999 through December 31, 2023, are estimated to be \$19.7 million, and \$1.8 million has been allocated for the program in the 2024 budget.

Project Impact Payments. Effective May 2020, City Light renewed its contract with Pend Oreille County and committed to pay a total of \$29.8 million over 10 years ending in 2029 to Pend Oreille County for impacts on county governments from the operations of City Light's hydroelectric projects. Effective January 2024, City Light renewed its contract with Whatcom County committing to pay annual impact compensation payments subject to an escalator tied to the Consumer Price Index and ending in 2038. The payments compensate the counties, and certain school districts and towns located in these counties, for loss of revenues and additional financial burdens associated with the projects. The Boundary Project, located on the Pend Oreille River, affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The impact payments totaled \$3.0 million to Pend Oreille County in 2023 and 2022, respectively, and \$1.2 million to Whatcom County in 2023 and 2022, respectively.

Habitat Conservation Program Liability. Seattle Public Utilities (SPU) has prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the HCP is to protect all species of concern that may be affected by the operations of SPU and SCL in the Cedar River Watershed, while allowing the City to continue to provide high quality drinking water to the region. The federal government has accepted the HCP. The total cost of implementing the HCP is expected to be \$117.8 million (in 2023 dollars) over a period of 50 years (from the year 2000 through the year 2050).

Expenditures are being funded from a combination of the Water Fund's operating revenues and issuance of revenue bonds. The total amount expended for the HCP through 2023 is \$106.0 million. The remaining \$11.7 million to complete the HCP is comprised of an \$8.5 million liability and an estimate of \$3.2 million for construction and operating commitments. The construction activities will add to the Water Fund's capital assets and the operating activities are mainly research, monitoring, and maintenance of the HCP Program that will be expensed as incurred.

Distribution System Reservoirs. The Water Fund is required by the Washington State Department of Health (DOH) to complete a program to cover its open, above-ground distribution system reservoirs. The total cost of burying six reservoirs is expected to be approximately \$221.6 million through the year 2025; costs beyond 2025 are not estimable as of the date of this report. As of December 31, 2023 and 2022, total cumulative costs incurred were \$181.6 million and \$179.8 million, respectively.

Wholesale Water Supply Contracts. The City has wholesale contracts with Cascade Water Alliance (CWA) and nineteen individual water districts and municipalities. Sixteen wholesale customers have full and partial requirements contracts which obligate the City to meet the wholesale customers' demand that is not already met by their independent sources of supply. The full and partial requirements contracts include amendment periods where the parties may opt to review and change certain contract terms and conditions in 2022 and 2042. The City and the full and partial requirements Wholesale Customers began the review of certain contract terms in 2021 to determine if any amendments are desired in 2022 under the first amendment period. This review period has been extended by mutual agreement, with potential amendments becoming effective in 2025.

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

The City also has a contract with the City of North Bend to provide untreated water supply up to an average annual amount of 1.1 MGD through 2066 for use in supplementing stream flows.

Wastewater Disposal Agreement. The Wastewater Fund has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division (the Division), which expires in 2036. The monthly wastewater disposal charge paid to the Division is based on the Division's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. Payments made by the Wastewater's Fund were \$186,991,467 and \$170,521,806 for fiscal years 2023 and 2022, respectively.

Contractual Obligations. The City contracts with Waste Management and Recology of King County for the collection of residential and commercial garbage, yard waste, food waste, and recycling. In addition, a few independent vendors provide large scale recycling and food waste for business customers. The collection contracts began in 2019 and are scheduled to end on March 31, 2029, with City options to extend to March 2031 and March 2033. Total payments under these contracts for residential and commercial collection were \$94,330,244 in 2023 and \$89,287,310 in 2022.

The City contracts with Waste Management of Washington, Inc. (formerly known as Washington Waste Systems), for rail-haul and disposal of nonrecyclable City waste. The disposal contract began in 1990 and is scheduled to end on March 31, 2028, however the City may terminate this contract at its option without cause beginning on March 31, 2024. Total payments under the terms of this contract for waste disposal were \$18,758,472 in 2023 and \$17,011,306 in 2022.

The City contracts with Lenz Enterprises, Inc., and Cedar Grove Composting, Inc. to process yard and food waste into marketable products. The Lenz processing contract began in 2014 and the Cedar Grove processing contract began in 2017. Both contracts are scheduled to end on March 31, 2024. Total payments under the terms of these contracts were \$5,045,159 in 2023 and \$4,570,776 in 2022.

The City contracts with Rabanco, LTD., to process recyclables and marketing those commodities. The Rabanco processing contract began in 2016 and is scheduled to end on March 31, 2024, with a City option to extend to March 31, 2027. Total payments, net of recycling revenue, were \$2,953,319 in 2023 and \$2,096,380 in 2022. This variance resulted from fluctuations in recycling commodity pricing.

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

As of December 31, 2023, accrued landfill closure and post closure costs consist primarily of monitoring, maintenance, and estimated construction costs related to regional transit and I-5 improvement projects. It is the City Council's policy to include the Solid Waste Fund's share of all landfill closure and post closure costs in the revenue requirements used to set future solid waste rates. Therefore, the Solid Waste Fund uses regulatory accounting and total estimated landfill closure, and post closure care costs are accrued and also reflected as a future cost in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers and will be fully amortized in 2030. Actual costs for closure and post closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and accrued when identified. Landfill closure costs were fully amortized in 2009 and landfill postclosure costs will continue to amortize until 2030.

(15) CONTINGENCIES

The City is exposed to the risk of loss from torts, theft of or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, failure to supply utilities, environmental regulations, and other third-party liabilities. The City also bears the risk of loss for job-related illnesses and injuries to employees. The City has been self-insured for most of its general liability risks prior to January 1, 1999, for workers' compensation since 1972, and for employees' health care benefits starting in 2000.

In addition, the City purchases excess general liability insurance coverage on a year-to-year basis. The City's self-insured retention for each claim involving general liability is limited to \$10 million per occurrence of such claims through May 2024. Effective June 1, 2023, through May 2024 the City's excess liability insurance limits were \$20 million.

In 2023, the City purchased \$15 million in cyber insurance above a \$1 million self-insured retention. Coverage includes business interruption, system failure, data asset protection, event management, privacy, and network security liability.

The City also purchased an all-risk comprehensive property insurance policy that provides \$500.0 million in limits, subject to various deductible levels depending upon the assets and value of the building. This includes \$100 million in earthquake and flood limits. Hydroelectric and other utility producing, and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, aviation, marine and hull, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment commercial general liability, medical, accidental death and dismemberment, and other miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities, as necessary.

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

Claims liabilities are based on the estimated ultimate cost of settling claims, which include case reserve estimates and incurred but not reported (IBNR) claims. Liabilities for lawsuits and other claims are assessed and projected annually using historical claims, lawsuit data, and current reserves. The Seattle Department of Human Resources estimates case reserves for workers' compensation using statistical techniques and historical experience. In 2023, the City's independent actuaries estimated the ultimate settlement costs for lawsuits, workers' compensation, and other claims at year-end 2022, and health care claims at year-end 2023. The total undiscounted IBNR amount was \$45.9 million in 2023, an increase of \$55.3 million from the prior year.

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

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in 2023. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed for the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Workers' compensation and general liabilities recorded in the financial statements are discounted at 1.80 percent for 2023, the City's 2022 estimated annual effective interest rate of return on investments used by the actuaries. The liabilities for health care claims discounted at 2.938 percent for 2023, the City's 2023 average annual rate of return on investments. The total discounted liability at December 31, 2023, was \$202.8 million consisting of \$123.5 million for general liability, \$18.4 million for health care, and \$60.9 million for workers' compensation.

Table 15-1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following cases from 2022 were resolved:

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

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

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

- A. Sauk-Suiattle Litigation — Federal Claim. The initial lawsuit brought by the Tribe was originally filed in Skagit County Superior Court in July 2021. In that suit, the Tribe alleged violations of the Washington and United States constitutions, in addition to the establishing acts of the Territory of Oregon and State of Washington, and other state and federal law, by blocking the passage of fish. The City removed the case to the federal court in the Western District of Washington and moved to dismiss the case. The Tribe moved to remand the case back to Skagit County. Ultimately, the district court denied the Tribe's motion to remand, and then on December 2, 2021, dismissed all of the Tribe's claims. The Tribe appealed this decision to the United States Court of Appeals for the Ninth Circuit (9th Circuit). On December 30, 2022, the 9th Circuit affirmed the district court's dismissal. On January 3, 2023, the Tribe petitioned for rehearing en banc by the 9th Circuit. On January 26, 2023, the 9th Circuit denied the Tribe's petition. On March 28, 2023, the Tribe appealed the 9th Circuit's denial by petitioning for a writ of certiorari in the United States Supreme Court. On October 2, 2023, the Court denied the Tribe's petition for review, which ended the lawsuit in the City's favor.
- B. II. Sauk-Suiattle Litigation - Tribal Court Claim. On January 6, 2022, the Tribe filed its third complaint out of the same set of operative facts. In the Tribal Court, the Tribe makes the following claims: (1) violations of the Tribe's treaty based usufructuary propely interests through blocking fish passage; (2) that the "blockage of water" constitutes and arbitra1y and capricious seizure of salmon habitat and the Tribe's water property rights in violation of the Fourth Amendment; (3) infringement on the Tribe's members religious and cultural practices protected by the American Indian Religious Freedom Act and the First Amendment; and fraud and intentional or negligent infliction of emotional distress. The City first filed a motion to dismiss these claims in January 2022. In February 2022, the City also filed a complaint in federal court in the Western District of Washington seeking to enjoin the Sauk-Suiattle Tribal Court from exercising jurisdiction. Oral argument in the tribal court occurred on May 24, 2022. On July 5, 2022, the district court issued an order staying the City's case until the tribal court has had a full opportunity to determine its own jurisdiction. On November 10, 2022, the judge in the SaukSuiattle Tribal Court dismissed the Tribe's claims against the City finding that it had no jurisdiction. The Tribe appealed this order to the Tribal Court Appeals, with oral argument scheduled for May 2023. Prior to the date of argument, the Parties reached a settlement that dismissed the appeal and vacated the Tribal trial court order. As part of the settlement, the City agreed to dismiss the Federal District Court matter. The litigation has been fully resolved.

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

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

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

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

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

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

The City's outstanding Section 108 loan balance as of December 31, 2023 is \$3.1 million. BEDI grant funds amount to \$0.5 million and are used as a loan loss reserve.

GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has guaranteed certain bonds issued by public development authorities chartered by the City which are not component units of the City. The guarantees extend through the life of the bonds. If any of these public development authorities have insufficient funds to make scheduled debt payments of the principal and interest on the guaranteed bonds, the City is obligated to transfer sufficient funds to make the payments. Public development authorities for which the City has made all or part of a debt service payment shall reimburse the City for all money drawn on their behalf.

Museum Development Authority. Special obligation refunding bonds were issued on April 29, 2014, in the amount of \$44.4 million. The outstanding amount owed as of December 31, 2023, was \$25.5 million. The bonds will become eligible to be refinanced in 2024 to achieve debt service savings, and will be fully retired by April 1, 2031.

Seattle Indian Services Commission. Special obligation refunding bonds were issued on November 1, 2004, in the amount of \$5.2 million. The outstanding amount as of December 31, 2023, was \$0.4 million. The bonds will be fully retired on November 1, 2024.

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

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

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

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

(16) TAX ABATEMENTS

Table 16-1
 Page 1 of 2
 Tax Abatement Programs
 For the Year Ended December 31, 2023
 (In Thousands)

	Primary Government		Other Governments				
	City of Seattle	King County	State of Washington				
	Multifamily Property Tax Exemption	Historic Properties Incentives	Current Use	Single-family Dwelling Improvement	High Technology	Multi-Unit Urban Housing Property Tax Exemption	Data Center Server Equipment and Power Infrastructure
1) Purpose of program.	Supports mixed-income residential development in the urban centers to ensure affordability as the community grows	Encourages maintenance, improvement and preservation of privately owned historic landmarks	Provides incentives to landowners to voluntarily preserve open space, farmland or forestland	Provides temporary relief from tax increases caused by major additions or remodels to single-family dwellings	Encourages the creation of high-wage, high-skilled jobs in Washington	Provides property tax exemption to improve residential opportunities in urban centers	Supports immediate investments in technology facilities and resulting employment
2) Tax being abated.	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax	Sales and Use Tax	Real Property Tax	Sales and Use Tax
3) Authority under which abatements are entered into.	SMC Chapter 5.73 RCW Chapter 84.14	RCW Chapter 84.26 RCW 84.26.020(2) RCW 84.26.050(2)	RCW 84.33.130 RCW 84.34.010	RCW 84.36.400	RCW Chapter 82.63	RCW 84.14.020	RCW 82.08.986 RCW 82.12.986
4) Criteria to be eligible to receive abatement.	Property owner must set aside 20-25 percent of the homes as income- and rent-restricted and enter a legally binding agreement with the City detailing the affordability requirements and other stipulations for compliance with the program	The property must: (1) be a historic property; (2) fall within a class of historic property determined eligible for special valuation; (3) be rehabilitated at a cost equal to 25 percent or more of pre-improvement assessed value within 24 months prior to the application for special valuation; and (4) be protected by an agreement between the owner and the local review board	Property must be enrolled as: (1) Open space with points awarded per the Public Benefit Rating Systems (PBRS) by resource category (2) Timber land if 5 to 20 acres are manageable forestland, zoned RA, F or A and devoted primarily to the growth, harvest and management of forest crops for commercial purposes per an approved forest stewardship plan (3) Farm and agricultural land if used to produce livestock or agricultural commodities for commercial purposes (4) Forestland if more than 20 acres are primarily devoted to the growth and harvest of timber	Property to be improved must be a single-family dwelling	Purchases must be for the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology	The Property must be located in a targeted residential area, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations, and be completed within three years of the application approval date. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995	Within 6 years of exemption issued, net employment at the data center facility must increase by a minimum of 35 positions or 3 square feet or less of space; positions must be new permanent employment positions requiring 40 hours of weekly work, or equivalent, and receiving a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the data center is located

Table 16-1
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Tax Abatement Programs
For the Year Ended December 31, 2023
(In Thousands)

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

^a Any change in tax revenue to the City is not the direct result of the exemption but rather the associated deferral from adding the new construction of exempt properties to the King County property tax base until after each project's exemption period has terminated.

BUDGET COMPARISON SCHEDULES - MAJOR GOVERNMENTAL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Long-term Debt Issued	—	—	—	—
Refunding Debt Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sales of Capital Assets	—	—	21	21
Leases & Installments	—	—	(4)	(4)
Transfers In	—	—	—	—
Transfers Out	—	—	(22,656)	(22,656)
Total Other Financing Sources (Uses)	—	—	(22,639)	(22,639)
Net Change in Fund Balance	<u>\$ (11,665)</u>	<u>\$ (208,152)</u>	12,989	<u>\$ 221,141</u>
Fund Balance - Beginning of Year			108,688	
Restatements/Prior-year Adjustments			—	
Non-Budgetary Revenues/(Expenditures)			(6,623)	
Fund Balance - End of Year			<u>\$ 115,054</u>	

PENSION AND OPEB PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Firemen's and Police Relief and Pension funds are both pension plans that fail to meet the requirements of GASB Statement No. 68. Therefore, Firemen's and Police Relief and Pension funds are accounted for in accordance with GASB Statement No. 73. The required supplementary information (C3) reports the long-term actuarial data on the Schedule of Funding Progress and Schedule of Employer Contributions as of the plans' reporting dates for the past 10 consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 11.

Under GASB Statement No. 68, the City's cost-sharing multiple-employer plans are the Seattle City Employees' Retirement System (SCERS), the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF1) and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2). As required by GASB Statement No. 68 the required supplementary information (C4, C5) reports a 10 year Schedule of Proportionate Share of the Net Pension Liability as of the plan's measurement date of the collective net pension liability, and a 10 year Schedule of Employer Contribution as of the City's most recent fiscal year-end, for each pension plan separately.

In 2018, the City implemented GASB Statement No. 75, which requires a schedule of changes in total OPEB liability and related ratios for each of the 10 most recent fiscal years as required supplementary information. The schedule separately presents the required information for each OPEB plan (C6).

PENSION PLAN INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS

December 31, 2023

(In Thousands)

Police Relief and Pension Fund

Year Ended	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost				\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
Interest on total pension liability	2,662	1,927	1,927	2,446	3,061	3,024	3,401	N/A	N/A	N/A
Effect of plan changes				—	—	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	(5,787)	(353)	2,428	(1,144)	5,602	2,569	—	N/A	N/A	N/A
Effect of assumption changes or inputs	6,356	(17,510)	4,534	14,260	11,816	(4,809)	1,689	N/A	N/A	N/A
Benefit payments	(9,119)	(8,622)	(8,092)	(7,997)	(8,075)	(13,227)	(5,593)	N/A	N/A	N/A
Net change in pension liability	(5,889)	(24,558)	797	7,564	12,404	(12,443)	(503)	N/A	N/A	N/A
Total pension liability, beginning	76,721	101,279	100,482	92,917	80,513	92,956	93,459	N/A	N/A	N/A
Total pension liability, ending	70,832	76,721	101,279	100,482	92,917	80,513	92,956	N/A	N/A	N/A
Covered payroll	—	—	—	—	—	—	N/A	N/A	N/A	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Firefighters' Pension Fund

Year Ended	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost				\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A
Interest on total pension liability	3,218	2,288	2,205	2,383	3,298	3,325	3,623	N/A	N/A	N/A
Effect of plan changes				—	—	—	—	N/A	N/A	N/A
Effect of economic/demographic gains or (losses)	7,364	5,273	2,206	15,595	(525)	(2,082)	—	N/A	N/A	N/A
Effect of assumption changes or inputs	3,566	(26,820)	7,583	13,867	9,030	(6,739)	2,118	N/A	N/A	N/A
Benefit payments	(9,634)	(7,782)	(8,299)	(7,988)	(6,939)	(7,197)	(7,485)	N/A	N/A	N/A
Net change in pension liability	4,515	(27,040)	3,693	23,857	4,864	(12,693)	(1,744)	N/A	N/A	N/A
Total pension liability, beginning	91,254	118,294	114,601	90,744	85,880	98,573	100,317	N/A	N/A	N/A
Total pension liability, ending	\$95,769	91,254	118,294	114,601	90,744	85,880	98,573	N/A	N/A	N/A
Covered payroll	—	—	—	—	—	—	N/A	N/A	N/A	N/A
Total pension liability as a % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule will be built prospectively until it contains ten years of data.
Covered payroll is the payroll on which contributions to a pension plan are based.

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

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

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

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

Valuation Timing: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply.

Methods and assumptions used to determine contribution rates are:

- Actuarial Cost Method: Individual Entry Age Normal
- Amortization method: Level percent
- Remaining amortization period: Closed 30 years as of January 1, 2013 Valuation
- Asset valuation method: 5 years smoothed, non-asymptotic, none corridor
- Inflation: 2.60%
- Investment rate of return: 6.75%
- Cost of Living Adjustments: Annual compounding COLA of 1.5% assumed
- Mortality: Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale.

PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1
June 30, 2023
(In Thousands)

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

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

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2022 with the results rolled forward to June 30, 2023 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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PENSION PLAN INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
June 30, 2023
(In Thousands)

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

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

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2022 with the results rolled forward to June 30, 2023 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increase: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- Mortality rates: Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

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

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

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

Valuation Timing: Actuarially determined contribution rates are calculated as of January 1, one year prior to the fiscal year in which the contributions will apply. Methods and assumptions used to determine contribution rates are:

- Actuarial Cost Method: Individual Entry Age Normal
- Amortization method: Level percent
- Remaining amortization period: Closed 30 years as of January 1, 2013 Valuation
- Asset valuation method: 5 years smoothed, non-asymptotic, none corridor
- Inflation: 2.60%
- Investment rate of return: 6.75%
- Cost of Living Adjustments: Annual compounding COLA of 1.5% assumed
- Mortality: Various rates based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required contributions ^b	\$	\$	\$	\$	\$	\$	N/A	N/A	N/A	N/A
Contributions in relation to the statutorily or contractually required contributions ^b							N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$	\$	\$	\$	\$	\$	N/A	N/A	N/A	N/A
Covered payroll	\$ 350	\$ 523	\$ 574	\$ 697	\$ 971	\$ 1,165	\$ 2,023	\$ 2,542	\$ 3,930	\$ 4,905
Contributions as a percentage of covered payroll	—%	—%	—%	—%	—%	—%	N/A	N/A	N/A	N/A

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

Covered payroll is the payroll on which contributions to a pension plan are based.

LEOFF Plan 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2021 with the results rolled forward to June 30, 2022 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation
- Salary increase: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is...active, retiree, or survivor).

PENSION PLAN INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2

December 31, 2023
(In Thousands)

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

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

Covered payroll is the payroll on which contributions to a pension plan are based.

Notes to Schedule:

The total pension liability was determined by an actuarial valuation as of June 30, 2021 with the results rolled forward to June 30, 2022 using the following actuarial assumptions:

- Inflation: 2.75% total economic inflation
- Salary increases: in addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity
- Investment rate of return: 7.00%
- Mortality rates were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is...active, retiree, or survivor).

OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
 City of Seattle Health Care Blended Premium Subsidy Plan
 December 31, 2023
(In Thousands)

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

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

Notes to Schedule:

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. Method and assumptions used to determine OPEB liability for fiscal year end 2023 are:

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

OPEB INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 Fire Employees
December 31, 2023
(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability - beginning	\$ 243,775	\$ 290,597	\$ 300,862	\$269,926	\$268,828	\$287,302	N/A	N/A	N/A	N/A
Service cost				—	—	—	N/A	N/A	N/A	N/A
Interest	8,887	5,688	5,894	7,260	10,525	9,855	N/A	N/A	N/A	N/A
Changes in benefit terms				—	—	—	N/A	N/A	N/A	N/A
Differences between expected and actual experience				—	—	—	N/A	N/A	N/A	N/A
Effect of plan changes				7,800	—	—	N/A	N/A	N/A	N/A
Effect of economic/demographic gains or losses	5,185	3,074	(2,075)	580	(7,497)	—	N/A	N/A	N/A	N/A
Changes of assumptions	11,309	(43,039)	(1,718)	27,249	9,583	(16,786)	N/A	N/A	N/A	N/A
Benefit payments	(13,653)	(12,545)	(12,365)	(11,954)	(11,513)	(11,543)	N/A	N/A	N/A	N/A
Other changes				—	—	—	N/A	N/A	N/A	N/A
Total OPEB liability - ending	\$ 255,503	\$ 243,775	\$ 290,598	\$300,861	\$269,926	\$268,828	N/A	N/A	N/A	N/A

Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

Notes to Schedule:

All OPEB plans are funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. Method and assumptions used to determine OPEB liability for fiscal year end 2023 are:

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

OPEB INFORMATION

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

City of Seattle Retiree Medical and Long-Term Care Benefits for LEOFF 1 and Escalator Employees

December 31, 2023

(In Thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability - beginning	\$ 238,034	\$ 293,685	\$308,600	\$287,127	\$297,381	\$318,682	N/A	N/A	N/A	N/A
Service cost				—	—					
Interest	8,653	5,730	6,012	7,682	11,599	10,903	N/A	N/A	N/A	N/A
Changes in benefit terms				—	—					
Differences between expected and actual experience				—	—					
Effect of economic/demographic gains or losses	(6,517)	(12,669)	(534)	3,290	(9,511)					
Changes of assumptions	10,101	(34,313)	(4,348)	26,184	2,637	(17,731)				
Benefit payments	(14,737)	(14,399)	(16,045)	(15,683)	(14,979)	(14,472)				
Other changes				—	—					
Total OPEB liability - ending	\$ 235,534	\$ 238,034	\$293,685	\$308,600	\$287,127	\$297,382	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75

Notes to Schedule:

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

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

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

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington Superintendent of Public Instruction)	Child and Adult Care Food Program	10.558	159842	156,826	-	156,826	121,381	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington Superintendent of Public Instruction)	Child and Adult Care Food Program	10.558	159842	666,904	-	666,904	558,179	
			Total ALN 10.558:	823,730	-	823,730	679,559	
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington Superintendent of Public Instruction)	Summer Food Service Program for Children	10.559	159842	247,016	-	247,016	178,578	
			Total Child Nutrition Cluster:	247,016	-	247,016	178,578	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Senior Farmers Market Nutrition Program	10.576	2269-43429	63,480	-	63,480	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Senior Farmers Market Nutrition Program	10.576	2269-43429	7,025	-	7,025	-	
			Total ALN 10.576:	70,505	-	70,505	-	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Recreation and Conservation Office)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	19-1319	61,724	-	61,724	-	
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Recreation and Conservation Office)	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	20-2121A	22,518	-	22,518	-	
Total ALN 11.438:				84,242	-	84,242	-	
CDBG - Entitlement Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218		-	226,232	226,232	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218		-	7,143	7,143	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218		-	26,996	26,996	-	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	-	499	-	499	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	-	2,713,864	2,713,864	2,713,864	2,713,864	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	-	830,013	830,013	830,013	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	-	321,933	321,933	321,933	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Community Development Block Grants/Entitlement Grants	14.218	-	1,830,714	1,830,714	1,830,714	543,613	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Community Development Block Grants/Entitlement Grants	14.218	-	226,417	226,417	226,417	226,417	
Total CDBG - Entitlement Grants Cluster:				-	6,183,811	6,183,811	3,483,895	

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City of Seattle
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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	-	-	510,428	510,428	510,428	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Emergency Solutions Grant Program	14.231	-	200,317	200,317	200,317	200,317	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Emergency Solutions Grant Program	14.231	-	488,749	488,749	488,749	473,223	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Emergency Solutions Grant Program	14.231	-	10,990	10,990	10,990	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Emergency Solutions Grant Program	14.231	-	1,943,243	1,943,243	1,943,243	1,943,243	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Emergency Solutions Grant Program	14.231	-	38,052	38,052	38,052	-	
Total ALN 14.231:				-	2,681,351	2,681,351	2,616,783	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	-	929	929	-		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	-	8,584	8,584	-		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Home Investment Partnerships Program	14.239	-	1,311,367	1,311,367	-		
				Total ALN 14.239:	1,320,880	1,320,880		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Housing Opportunities for Persons with AIDS	14.241	-	682,474	682,474	682,474		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	COVID 19 - Housing Opportunities for Persons with AIDS	14.241	-	653,823	653,823	653,823		

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Housing Opportunities for Persons with AIDS	14.241	-	1,616,304	1,616,304	1,616,304	1,614,825	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Housing Opportunities for Persons with AIDS	14.241	-	637,090	637,090	637,090	594,164	
Total ALN 14.241:				-	3,589,691	3,589,691	3,545,286	
Office of Community Planning and Development, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Economic Development Initiative, Community Project Funding, and Miscellaneous grants	14.251	-	24,000	24,000	24,000	-	
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Seattle Housing Authority)	Moving to Work Demonstration Program	14.881	813907-2023	630,550	-	630,550	-	
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	18-1274D	482,491	-	482,491	-	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	18-2169D	18,468	-	18,468	-	
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	19-1732D	119,130	-	119,130	-	
NATIONAL PARK SERVICE, INTERIOR, DEPARTMENT OF THE (via Washington State Recreation and Conservation Office)	Outdoor Recreation Acquisition, Development and Planning	15.916	19-1746D	132,765	-	132,765	-	
				Total ALN 15.916:	-	752,854	-	
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF	COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034		-	5,232	5,232	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Services for Trafficking Victims	16.320		-	208,391	208,391	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Missing Children's Assistance	16.543		-	592,392	592,392	-	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Full Life Care)	Crime Victim Assistance	16.575	F22-31219-552	7,024	-	7,024	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	F19-31219-552	70,143	-	70,143	-	
			Total ALN 16.575:	77,167	-	77,167	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Crime Victim Assistance/Discretionary Grants	16.582		-	127,953	127,953	-	
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		-	123,832	123,832	62,566	
COMMUNITY ORIENTED POLICING SERVICE, JUSTICE, DEPARTMENT OF	Public Safety Partnership and Community Policing Grants	16.710		-	109,085	109,085	-	
COMMUNITY ORIENTED POLICING SERVICE, JUSTICE, DEPARTMENT OF	Public Safety Partnership and Community Policing Grants	16.710		-	78,414	78,414	-	
			Total ALN 16.710:	-	187,499	187,499	-	

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				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	COVID 19 - Edward Byrne Memorial Justice Assistance Grant Program	16.738	F20-3144C-072	130,365	-	130,365	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	86,086	86,086	45,591	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	284,091	284,091	284,091	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	51,294	51,294	29,678	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	415,453	415,453	48,829	
			Total ALN 16.738:	130,365	836,924	967,289	408,189	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Body Worn Camera Policy and Implementation	16.835		-	128,368	128,368	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838		-	102,627	102,627	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Comprehensive Opioid, Stimulant, and other Substances Use Program	16.838		-	29,516	29,516	-	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total ALN 16,838:	-	132,143	132,143	-	
CRIMINAL DIVISION, JUSTICE, DEPARTMENT OF	Equitable Sharing Program	16.922	-	-	1,137,835	1,137,835	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	BRM-1613(005)	2,288	-	2,288	-	6
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	14499(002)- RAISE	119,636	-	119,636	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-1140(075)	8,289	-	8,289	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-1577(018)	203,009	-	203,009	-	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-1603(002)	439,760	-	439,760	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CM-TAP-HLP- 1567(002)	1,482,129	-	1,482,129	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	CRRSAA-1555 (005)	135	-	135	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (522)	126,173	-	126,173	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	HSIP-000S (597)	180,389	-	180,389	-	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	SRTS-1140 (074)	595,279	-	595,279	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STBGUL-9917	897	-	897	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-1140 (071)	562,249	-	562,249	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-1140 (072)	381,979	-	381,979	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-1602 (029)	1,100,628	-	1,100,628	-	

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Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-9999 (846)	50,695	-	50,695	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAPUL-9917 (043)	1,008	-	1,008	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington State Department of Transportation)	Highway Planning and Construction	20.205	TAP-9917(035)	21,301	-	21,301	-	6
			Total ALN 20.205:	5,275,844	-	5,275,844	-	
Federal Transit Cluster								
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Federal Transit Capital Investment Grants	20.500		-	18,958,899	18,958,899	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Federal Transit Capital Investment Grants	20.500		-	14,714	14,714	-	

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				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Federal Transit Capital Investment Grants	20.500	-	-	447,835	447,835	-	
			Total ALN 20.500:	-	19,421,448	19,421,448	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via King County Metro)	Federal Transit Formula Grants	20.507	WA-90-0522	87,802	-	87,802	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Federal Transit Formula Grants	20.507		-	310,521	310,521	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Federal Transit Formula Grants	20.507		-	693,294	693,294	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Federal Transit Formula Grants	20.507		-	25,116	25,116	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Federal Transit Formula Grants	20.507		-	19,258	19,258	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Federal Transit Formula Grants	20.507		-	471,182	471,182	-	

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				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	COVID 19 - Federal Transit Formula Grants	20.507		-	3,634	3,634	-	
			Total ALN 20.507:	87,802	1,523,005	1,610,807	-	
FEDERAL TRANSIT ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	State of Good Repair Grants Program	20.525		-	367,832	367,832	-	
			Total Federal Transit Cluster:	87,802	21,312,285	21,400,087	-	
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2022-AG-4310	103,936	-	103,936	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2023-AG-4664- SPD	44,786	-	44,786	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	State and Community Highway Safety	20.600	2023-HVE-4689 -Region 7 & 8 Target Zero Task Force	27,030	-	27,030	-	
			Total ALN 20.600:	175,752	-	175,752	-	

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				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	2023-AG-4756-TSRP	49,535	-	49,535	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Traffic Safety Commission)	National Priority Safety Programs	20.616	2024-FG-5060-TSRP	50,203	-	50,203	-	
Total ALN 20.616:				99,738	-	99,738	-	
Total Highway Safety Cluster:				275,490	-	275,490	-	
OFFICE OF THE SECRETARY, TRANSPORTATION, DEPARTMENT OF	Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program	20.941		-	80,794	80,794	-	
TREASURY, DEPARTMENT OF THE, TREASURY, DEPARTMENT OF THE	Equitable Sharing	21.016		-	3,944,101	3,944,101	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - Emergency Rental Assistance Program	21.023		-	5,187,385	5,187,385	2,907,074	

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				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22-56104-078	880,000	-	880,000	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	22-56104-096	401,606	-	401,606	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	-	-	10,158,496	10,158,496	-	6
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	-	-	2,414,387	2,414,387	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	-	-	36,446,695	36,446,695	21,713,193	
			Total ALN 21.027:	1,281,606	49,019,578	50,301,184	21,713,193	
FEDERAL COMMUNICATIONS COMMISSION, FEDERAL COMMUNICATIONS COMMISSION	Affordable Connectivity Outreach Grant Program	32.011	-	-	1,707	1,707	-	
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS	Promotion of the Arts Grants to Organizations and Individuals	45.024	-	-	10,840	10,840	10,840	

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NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS	Promotion of the Arts Grants to Organizations and Individuals	45.024	-	-	410,500	410,500	410,500	
			Total ALN 45.024:	-	421,340	421,340	421,340	
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES, THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES (via Washington Secretary of State / Washington State Library)	Grants to States	45.310	G-7474	4,451	-	4,451	-	
Clean Water State Revolving Fund Cluster								
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY (via Washington State Department of Ecology)	Clean Water State Revolving Fund	66.458	WQC-2019-SEAPUD-00191-EL220699	8,995,413	-	8,995,413	-	8&6
			Total Clean Water State Revolving Fund Cluster:	8,995,413	-	8,995,413	-	
ENVIRONMENTAL PROTECTION AGENCY, ENVIRONMENTAL PROTECTION AGENCY	Water Infrastructure Finance and Innovation (WIFIA)	66.958		-	34,238,280	34,238,280	-	8&6
ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF (via Washington State Department of Commerce)	Weatherization Assistance for Low-Income Persons	81.042	F21-53104-404	256,896	-	256,896	-	

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ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF (via Washington State Department of Commerce)	Weatherization Assistance for Low- Income Persons	81.042	F22-92401F- 404	5,866	-	5,866	-	
ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF (via Washington State Department of Commerce)	Weatherization Assistance for Low- Income Persons	81.042	F23-53103-404	120,172	-	120,172	-	
ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF (via Washington State Department of Commerce)	Weatherization Assistance for Low- Income Persons	81.042	F23-53104-404	55,782	-	55,782	-	
ENERGY, DEPARTMENT OF, ENERGY, DEPARTMENT OF	Weatherization Assistance for Low- Income Persons	81.042		-	26,498	26,498	-	
TRIO Cluster				438,716	26,498	465,214	-	
OFFICE OF POSTSECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	TRIO Upward Bound	84.047		-	300,069	300,069	-	
OFFICE OF POSTSECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	TRIO Upward Bound	84.047		-	166,434	166,434	-	
Total ALN 81.042:				438,716	26,498	465,214	-	
Total TRIO Cluster:				-	466,503	466,503	-	

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Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2269-38389	779	-	779	779	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2369-46216	16,994	-	16,994	16,994	
			Total ALN 93.041:	17,773	-	17,773	17,773	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2169-97595	91,706	-	91,706	91,706	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2369-46216	45,852	-	45,852	28,963	
			Total ALN 93.043:	137,558	-	137,558	120,669	

Aging Cluster

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2169-97595	73,789	-	73,789	72,028	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2269-38389	675,669	-	675,669	582,508	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2269-39921	180,626	-	180,626	3,021	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2369-46216	1,390,771	-	1,390,771	870,236	
			Total ALN 93.044:	2,320,855	-	2,320,855	1,527,793	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-30882	2,483,594	-	2,483,594	1,906,125	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2169-97595	175,682	-	175,682	167,326	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2269-38389	70,437	-	70,437	55,390	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2369-46216	2,419,667	-	2,419,667	2,225,725	
			Total ALN 93.045:	5,149,380	-	5,149,380	4,354,566	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Nutrition Services Incentive Program	93.053	2269-38389	204,363	-	204,363	204,363	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Nutrition Services Incentive Program	93.053	2369-46216	480,821	-	480,821	480,821	
			Total ALN 93.053:	685,184	-	685,184	685,184	
			Total Aging Cluster:	8,155,419	-	8,155,419	6,567,544	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	National Family Caregiver Support, Title III, Part E	93.052	2269-38389	843,410	-	843,410	739,190	
ADMINISTRATION FOR COMMUNITY LIVING (ACL), HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	National Family Caregiver Support, Title III, Part E	93.052	2369-46216	738,424	-	738,424	490,380	
			Total ALN 93.052:	1,581,834	-	1,581,834	1,229,570	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
HEALTH AND HUMAN SERVICES, DEPARTMENT OF, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Congressional Directives	93.493	-	40,521	-	40,521	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Commerce)	Child Support Services Research	93.564	F21-53101-404	485,553	-	485,553	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Commerce)	Low-Income Home Energy Assistance	93.568	F19-53101-404	1,501	-	1,501	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Commerce)	Low-Income Home Energy Assistance	93.568	F21-5310C-404	622,560	-	622,560	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Commerce)	Low-Income Home Energy Assistance	93.568	F23-53101-404	149,721	-	149,721	-	
			Total ALN 93.568:	773,782	-	773,782	-	

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City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Commerce)	Community Services Block Grant	93.569	F23-32101-005	180,466	-	180,466	-	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Full Life Care)	Medical Assistance Program	93.778	304	560,595	-	560,595	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	2269-43429	12,443,448	-	12,443,448	7,951,123	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Department of Social and Health Services)	Medical Assistance Program	93.778	2369-49987	10,535,030	-	10,535,030	4,702,789	
Total Medicaid Cluster:				23,539,073	-	23,539,073	12,653,913	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via University of Washington School of Medicine)	PPHF Geriatric Education Centers	93.969	UWSC11212	118,077	-	118,077	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D16-572	69,073	-	69,073	-	6
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D17-190	320,077	-	320,077	-	6
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-2012	298,358	-	298,358	-	6
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-140	1,355,247	-	1,355,247	-	6

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	D20-140	8,690,650	-	8,690,650	-	6&7
			Total ALN 97.036:	10,733,405	-	10,733,405	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Hazard Mitigation Grant	97.039	D21-020/State- 772N7	39,044	-	39,044	-	6
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Hazard Mitigation Grant	97.039	D23-030	21,062	-	21,062	-	
			Total ALN 97.039:	60,106	-	60,106	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Emergency Management Performance Grants	97.042	EMS-2022-EP- 00006-S01	451,101	-	451,101	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044		-	1,594	1,594	-	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Assistance to Firefighters Grant	97.044	-	409,141	409,141	-	-	
			Total ALN 97.044:	410,735	410,735	-	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	BRIC: Building Resilient Infrastructure and Communities	97.047	EMS-2020-PC- 0002	716,410	-	716,410	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	-	431,535	431,535	-	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	-	865,639	865,639	-	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	-	130,693	130,693	-	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Port Security Grant Program	97.056	-	1,777	1,777	-	-	
			Total ALN 97.056:	1,429,644	1,429,644	-	-	

The accompanying notes are an integral part of this schedule.

**City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	122,699	-	122,699	88,962	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County)	Homeland Security Grant Program	97.067	EMW-2021-SS -00083-S01	233,415	-	233,415	200,170	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	113,977	-	113,977	79,234	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County Office of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2021-SS- 00083-S01	200,693	-	200,693	21,421	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County Office of Emergency Management)	Homeland Security Grant Program	97.067	EMW-2022-SS- 00056-S01	4,018	-	4,018	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via King County Sheriffs Office)	Homeland Security Grant Program	97.067	EMW-2021-SS- 00083-S01	5,219	-	5,219	-	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2019-SS- 00044-S01	35,126	-	35,126	9,998	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	137,437	-	137,437	68,562	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00088	869,255	-	869,255	425,321	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2021-SS- 00083-S01	578,196	-	578,196	238,164	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2021-SS- 00088-S01	1,360,374	-	1,360,374	802,934	5

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2022-SS- 00056-S01	65,998	-	65,998	43,059	5
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2019-SS- 00044-S01	6,829	-	6,829	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2020-SS- 00080	12,453	-	12,453	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Military Department)	Homeland Security Grant Program	97.067	EMW-2022-SS- 00056-S01	85,998	-	85,998	-	
			Total ALN 97.067:	3,831,687	-	3,831,687	1,977,825	
Countering Weapons of Mass Destruction, HOMELAND SECURITY, DEPARTMENT OF	Homeland Security Biowatch Program	97.091		-	1,662,702	1,662,702	402,761	

The accompanying notes are an integral part of this schedule.

City of Seattle
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
SCIENCE AND TECHNOLOGY, HOMELAND SECURITY, DEPARTMENT OF	Homeland Security, Research, Testing, Evaluation, and Demonstration of Technologies	97.108	-	721,140	721,140	307,561	5	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF	Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	-	126,276	126,276	-		
Total Federal Awards Expended:				69,957,995	136,880,219	206,838,214	59,804,505	

The accompanying notes are an integral part of this schedule.

CITY OF SEATTLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 1 - BASIS OF ACCOUNTING

The City's Schedule of Expenditures of Federal Awards (SEFA) is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types.

NOTE 2 – FEDERAL DE MINIMIS INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – SECTION 108 LOANS

(a) The City participates in HUD's Section 108 Loan Guarantee Program (Section 108). As of December 31, 2023, the outstanding loans due to HUD totaled \$3.1 million. A summary of projects with outstanding loan balances is as follows:

<u>Project</u>	<u>Outstanding Loan Balance as of December 31, 2023</u>
Bush Hotel	\$ 662,000
INSCAPE	1,821,000
12th Avenue Arts	<u>569,000</u>
Total	<u>\$ 3,052,000</u>

These loans are not considered to have continuing compliance requirements under 2 CFR §200.502(b) of the Uniform Guidance, and therefore, are only reported on the SEFA in the year in which funds are expended and drawn.

The City did not establish any new loans in 2023.

NOTE 4 – NONCASH AWARDS – FOOD VOUCHERS

The food voucher expenditures of \$63,480 represent the face value of the food vouchers distributed to the participants of the Senior Farmers' Market Nutrition Program funded by the U.S. Department of Agriculture (ALN 10.576) and provided through the Washington Department of Social and Health Services. Distribution of the vouchers is overseen by the City's Aging and Disability Services (ADS) Division of the Human Services Department. These vouchers are not recognized in the City's basic financial statements.

NOTE 5 – EQUIPMENT AND SUPPLIES PASSED THROUGH TO SUBRECIPIENTS

The City purchases and transfers supplies and equipment to subrecipients. These purchases are reported as grant expenditures on the SEFA in the year in which they occur and are reported in the "Passed Through to Subrecipients" column in the year in which the supplies and equipment are transferred to subrecipients.

NOTE 6 – PRIOR YEAR EXPENDITURES INCLUDED IN SEFA

The SEFA includes federal grant expenditures incurred in prior years. These expenditures were not deemed reportable until 2023 based on established reporting requirements. They were not reported on the SEFA in prior years.

NOTE 7 - 10% FEMA RETAINAGE

The amount held by FEMA as retainage is not included in the SEFA but will be reported when, and in the amount, deemed eligible by the agency's Final Inspection Report.

NOTE 8 – EPA LOANS

The City receives federal revolving grant funds from the U.S. Environmental Protection Agency (EPA) Office of Water. These funds are passed to the City through the Washington State Department of Ecology as loans under ALN 66.458, Capitalization Grants for Clean Water State Revolving Fund. The City also receives the Water Infrastructure Finance and Innovation Act (WIFIA) loan funds under ALN 66.958, directly from the U.S. Environmental Protection Agency (EPA).

These loans are not considered to have continuing compliance requirements under Title 2 CFR Part 200, and therefore are only reported on the SEFA when the expenditures are incurred and submitted for reimbursement. This may result in the prior period expenditures being reported on the SEFA.



**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER
UNIFORM GUIDANCE**

**City of Seattle
January 1, 2023 through December 31, 2023**

This schedule presents the corrective action planned by the City for findings reported in this report in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<p>Finding ref number: 2023-001</p>	<p>Finding caption: The City’s internal controls were inadequate for ensuring compliance with federal subrecipient monitoring requirements.</p>
<p>Name, address, and telephone of contact person: Debra Rhinehart, Federal Grant Management Unit (FGMU) Manager and Danielle Swigart, Senior Grants & Contracts Specialist HSD FGMU 206-684-0574</p>	
<p>Corrective action the auditee plans to take in response to the finding: <i>HSD acknowledges the identified issues, which were primarily due to a long-term vacancy of key staff responsible for conducting these duties. HSD notes that these are multi-year grants, with previously assessed contracted providers who have experience administering these funding sources for multiple years on behalf of the city. Therefore, HSD prioritized ensuring that essential services and agreements continued uninterrupted to prevent homelessness among vulnerable populations. The vacancy was filled as of October 2023. Risk assessments and monitoring plans are now in place and are expected to be completed before December 2024. Staff is trained on the most current HOPWA procedures and CAPER reporting requirements. HSD remains committed to dedicating the necessary resources to ensure ongoing compliance with all relevant program requirements, while also reinforcing its capacity to deliver essential services to those in need.</i></p>	
<p>Anticipated date to complete the corrective action: All HOPWA and HOPWA HIFA 2024 on-site monitoring will be completed by December 2024.</p>	

Finding ref number: 2023-002	Finding caption: The City did not have adequate internal controls for ensuring compliance with federal reporting requirements.
Name, address, and telephone of contact person: Debra Rhinehart, Federal Grant Management Unit (FGMU) Manager and Danielle Swigart, Senior Grants & Contracts Specialist HSD FGMU 206-684-0574	
Corrective action the auditee plans to take in response to the finding: <i>HSD acknowledges the deficiencies identified in the audit which were due to a long-term position vacancy and recruiting challenges in a competitive job market. This position was filled as of May 2024, and all outstanding reports for 2022 and 2023 CDBG, HOPWA/HIFA and ESG FFATA reports have been submitted as of July 2024. The city has the resources in place to assure timely accurate and timely FFATA reporting for all applicable sub-awards by the due date as the required by federal regulation.</i>	
Anticipated date to complete the corrective action: Completed July 2024	

Finding ref number: 2023-003	Finding caption: The City did not have adequate controls in place for ensuring compliance with federal requirements for reimbursing subrecipients within established timeframes.
Name, address, and telephone of contact person: Theresa George, Accounting Manager & Matt Schultz, AP Manager HSD Accounting 206-798-3360	
Corrective action the auditee plans to take in response to the finding: <i>HSD acknowledges the identified weakness and implemented an updated Accounts Payable control procedure in 2024, that includes an additional standard monthly report and review process to ensure that reimbursements are processed with the required 30-day period.</i>	
Anticipated date to complete the corrective action: June 2024	

Finding ref number: 2023-004	Finding caption: The City charged payroll-related expenditures that lacked support to the Community Development Block Grants/Entitlement Grants.
Name, address, and telephone of contact person: Theresa George, Accounting Manager HSD Accounting 206-798-3360	
Corrective action the auditee plans to take in response to the finding: <p><i>The Human Services Department</i></p> <p><i>The Human Services Department has acknowledged the issue identified regarding timesheet pre-approvals and will take immediate steps to address the issue. HSD will ensure that proxy timesheet approvers are properly assigned in cases where the primary supervisor is unavailable on the day payroll approval is due. HSD will maintain compliance with payroll policies and ensure the accuracy of timesheet approvals.</i></p> <p><i>Office of Housing</i></p> <p><i>The Office of Housing has acknowledged the finding regarding timesheet pre-approvals and will take immediate steps to address the issue. Office of Housing will ensure that proxy timesheet approvers are properly assigned in cases where the primary supervisor is unavailable on the day payroll approval is due. This adjustment will be incorporated into the previous improved practices, eliminating the need for pre-approving timesheets. By ensuring that proxy approvers are in place, the department will maintain compliance with payroll policies and ensure the accuracy of timesheet approvals.</i></p> <p><i>Parks and Recreation Department</i></p> <p><i>The Parks and Recreation Department acknowledges the finding regarding timesheet pre-approvals and will ensure that proxy timesheet approvers are assigned moving forward as part of the department's ongoing commitment to improved practices. In addition, the department would like to clarify that the pre-approval noted occurred before the implementation of the current corrective action plan, which addressed the prior year's finding. The department reassures the State Auditor's Office (SAO) that the newly adopted practices, which prevent pre-approvals, will continue to be strictly followed, ensuring compliance and accuracy in payroll processing, even during pay periods that coincide with holidays.</i></p>	
Anticipated date to complete the corrective action: October 2024	

Finding ref number: 2023-005	Finding caption: The City’s internal controls were inadequate for ensuring compliance with federal reporting requirements.
Name, address, and telephone of contact person: Debra Rhinehart, Federal Grant Management Unit (FGMU) Manager HSD FGMU 206-684-0574	
Corrective action the auditee plans to take in response to the finding: <i>HSD acknowledges the deficiencies identified in the audit which were due to a long-term position vacancy and recruiting challenges in a competitive job market. This position was filled as of May 2024, and all outstanding reports for 2022 and 2023 CDBG, HOPWA/HIFA and ESG FFATA reports have been submitted as of July 2024. The city has the resources in place to assure timely accurate and timely FFATA reporting for all applicable sub-awards by the due date as the required by federal regulation.</i>	
Anticipated date to complete the corrective action: July 2024	

Finding ref number: 2023-006	Finding caption: The City had inadequate controls for ensuring compliance with federal requirements for subrecipient monitoring.
Name, address, and telephone of contact person: Daniel Murillo Office of Housing P.O. Box 94725 Seattle, WA 98124-4725 206-684-0338	
Corrective action the auditee plans to take in response to the finding: <i>City staff will contact all Community Based Organizations (CBOs) that received Emergency Rental Assistance 2 funding to determine if they were required to complete a Single Audit per the Single Audit Act. This communication will include, if applicable, a request that they submit the organizations most recent audit for review by staff. Should a Single Audit identify any findings or other deficiencies, staff will ask the CBO to provide an update as to the status of the deficiency and if it has been appropriately addressed. Staff will document this communication in the electronic file of the CBO who was required to complete a Single Audit.</i>	
Anticipated date to complete the corrective action: December 31, 2024	

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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