



**Seattle Office of
City Auditor**

MEMORANDUM

Date: September 14, 2020

To: Lorena Gonzalez, President, Seattle City Council
Teresa Mosqueda, Chair, Seattle City Council Finance and Housing Committee

From: David G. Jones, City Auditor

RE: Request for one-year suspension of requirement for citywide financial condition report.

This memo is to request a one-year suspension of section 3.40.060 of the Seattle Municipal Code, enacted by [Ordinance 125204](#), requiring the City Auditor to prepare a citywide financial condition report for the City Council.

Ordinance 125204, passed in November 2016, required the City Auditor to prepare a citywide financial condition report for the City Council in September 2017 and September 2018, and biennially thereafter. As required by SMC 3.40.060, we published the [City of Seattle Financial Condition 2012-2016](#) report on September 29, 2017 and the [City of Seattle Financial Condition 2017](#) report on May 13, 2019¹. According to the ordinance, the next report would be due in September 2020.

I am requesting the suspension of this requirement for two reasons. First, our report this year would have covered the City's financial condition through December 31, 2019, the end of the last fiscal year. Given the economic consequences of the COVID-19 pandemic, and other significant events that have occurred in 2020, I do not believe the report would have helped the Seattle City Councilmembers understand the City's current financial condition, and in fact, could have been misleading. Second, the City's audited 2019 Comprehensive Annual Financial Report (CAFR), for fiscal year ending December 31, 2019, was not completed until August 21, 2020 this year, which would have inevitably delayed the report, past when it may have been useful during city budget deliberations.

Regarding future production of this report after this year, we also question whether it is the best use of our office's resources, given other Council priorities and the availability of this data from other sources. For example, Council Central Staff and the City Budget Office (CBO) have been discussing how to use the new Qwestica budget software to increase the quality and timeliness of the budget and financial information needed by the Legislative Department to make budget and fiscal decisions. Those discussions were reinforced by Resolution 31954, adopted on August 10, 2020, which included a request for the Department of Finance and Administrative Services (FAS) and CBO, in consultation with Council Central Staff, to submit a plan by April 31, 2021 to implement a comprehensive budget/fiscal data

¹ This report satisfied the September 2018 report requirement. Because we use financial data from the audited version of City of Seattle's Comprehensive Annual Financial Report (CAFR), and the 2017 audited CAFR was delayed, our report was also late.

sharing system that will allow the public and the Legislative Branch to access the data from the system. It is not yet clear whether such a system could produce information like that provided by the Financial Condition report. Depending on what that plan contains, it may turn out that our report is redundant. Accordingly, I recommend that we revisit this issue next spring after FAS and CBO submit their plan for a comprehensive budget/fiscal data sharing system.

David G. Jones
City Auditor

David G. Jones, City Auditor
700 Fifth Avenue, Suite 2410
P.O. Box 94729
Seattle, Washington 98124-4729

(206) 233-1095
davidg.jones@seattle.gov
<http://www.seattle.gov/cityauditor>