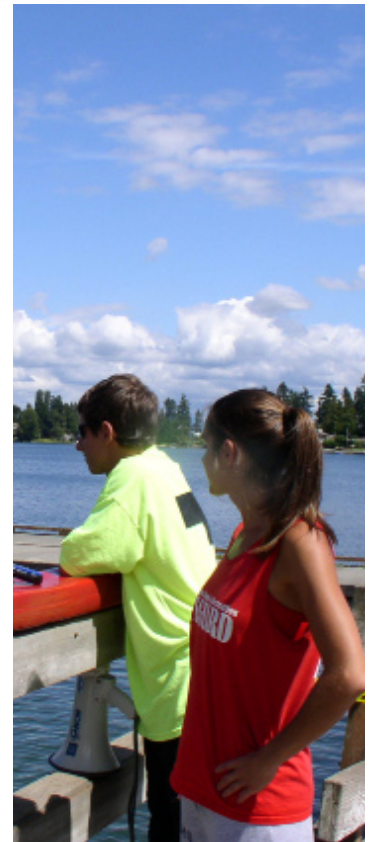


# 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2009

*The City of* **SEATAC** *Washington*



City of SeaTac, Washington  
4800 South 188th Street  
SeaTac, Washington 98188



## **In Memoriam**

Councilmember Joseph D. Brennan

Joe was a founding father of our City having worked tirelessly to gain the city's incorporation in 1990. He served on the SeaTac City Council from its inception until his passing on October 14, 2008 following a heroic battle with a long-term illness. During his time on the City Council, he served twice as Mayor and twice as Deputy Mayor. Joe's public service also included four years in the Navy, 13 years as a volunteer firefighter and emergency medical technician, and 11 years as a fire commissioner. Somehow, he also found time to volunteer in our public schools earning a Golden Acorn Award.

Anyone fortunate enough to have known Joe will fondly remember his warm embrace, singing, and incredible sense of humor. He famously provided levity when it was needed most. He was a mentor for many and while he was open to debate, he always had the best interests of the community at heart.

Joe moved to SeaTac in 1959 and made it his home. The City of SeaTac would not be the community it is today without Joe Brennan's passion, dedication, and service. Our thoughts and prayers continue to be with Betty, his wife of 54 years, their five children, and six grandchildren.



## **About the Comprehensive Annual Financial Report (CAFR)**

The CAFR is a document full of dollar figures, financial analyses, graphs, tables and statistics. We have not forgotten, however, that it takes people to implement the City Council's policies, programs and goals that help to sustain the financial integrity of SeaTac. City staff takes great pride in providing services to the citizens and business community of SeaTac, and that is reflected in this year's document.

# 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2009

Prepared by the  
City of SeaTac Finance Department

City of SeaTac, Washington  
4800 South 188th Street  
SeaTac, Washington 98188



*This page intentionally left blank*

Click on a topic to go directly to that page in the CAFR.

# CITY OF SEATAC, WASHINGTON COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2009

## TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>	<b>PAGE</b>
Letter of Transmittal.....	1
City Organization Chart .....	7
City Officials.....	8
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	9
Management's Discussion and Analysis .....	11
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets .....	25
Statement of Activities .....	26
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	28
Reconciliation of Fund Balance of Governmental Funds to Net Assets of Governmental Activities .....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	34
Statement of Net Assets – Proprietary Funds .....	35
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds .....	36
Statement of Cash Flows – Proprietary Funds .....	38
Statement of Fiduciary Net Assets .....	40
Notes to the Financial Statements.....	41
<b>Required Supplementary Information</b>	
Schedule of Funding Progress for LEOFF 1 Retiree Medical Benefits.....	77
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:</i>	
General Fund #001 .....	78
Arterial Street Fund #102.....	79
Port of Seattle ILA Fund #105 .....	80
Hotel/Motel Tax Fund #107.....	81
<b>Other Supplementary Information</b>	
<i>Combining and Individual Fund Statements and Schedules:</i>	
Overview of Nonmajor Governmental Funds.....	83
Combining Balance Sheet – Nonmajor Governmental Funds .....	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	88
Combining Statement of Changes in Assets & Liabilities – All Agency Funds .....	92

Click on a topic to go directly to that page in the CAFR.

**CITY OF SEATAC, WASHINGTON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*For the Fiscal Year Ended December 31, 2009*

**TABLE OF CONTENTS**

<b>FINANCIAL SECTION CONTINUED</b>	<b>PAGE</b>
<i>Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:</i>	
City Street Fund #101 .....	93
Contingency Reserve Fund #103 .....	94
Transit Planning Fund #106.....	95
Building Management Fund #108.....	96
Facility Repair and Replacement Fund #110.....	97
Des Moines Creek Bain ILA Fund #111 .....	98
LTGO City Hall Bond Fund #201 .....	99
Transportation Bond Fund #202 .....	100
Hotel/Motel Tax Bond Fund #203 .....	101
Special Assessment Debt Fund #204.....	102
LID Guarantee Fund #205.....	103
2009 LTGO Refunding Bond Fund #206 .....	104
Transportation Bonds Reserve Fund #210.....	105
Municipal Capital Improvement Fund #301 .....	106
Fire Equipment Capital Reserve Fund #303.....	107
Municipal Facilities Capital Improvement Fund #306 .....	108
Transportation Capital Improvement Fund #307 .....	109
Light Rail Station Areas CIP #308 .....	110
 <b>STATISTICAL SECTION</b>	
Statistical Section Overview .....	111
<i>Financial Trends Information:</i>	
Schedule 01: Net Assets by Component, Last Five Fiscal Years .....	113
Schedule 02: Changes in Net Assets, Last Five Fiscal Years .....	114
Schedule 03: Fund Balances, Governmental Funds, Last Ten Years .....	118
Schedule 04: Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Yrs..	120
<i>Revenue Capacity Information:</i>	
Schedule 05: Assessed/Actual Value of Taxable Property, Last Ten Fiscal Years .....	122
Schedule 06: Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years.....	123
Schedule 07: Principal Property Tax Payers, Current Year and Nine Years Ago .....	124
Schedule 08: Property Tax Levies and Collections, Last Ten Fiscal Years .....	125
<i>Debt Capacity Information:</i>	
Schedule 09: Ratios of Outstanding Debt by Type, Last Ten Fiscal Years.....	126
Schedule 10: Direct and Overlapping Activities Debt, as of December 31, 2007 .....	127
Schedule 11: Legal Debt Margin Information, Last Ten Fiscal Years .....	128
Schedule 12: Pledged-Revenue Coverage, Last Ten Fiscal Years .....	129
<i>Demographic and Economic Information:</i>	
Schedule 13: Demographic and Economic Statistics, Last Ten Calendar Years.....	130
Schedule 14: Principal Employers, Current Year and Nine Years Ago.....	131
<i>Operating Information:</i>	
Schedule 15: Full-time Equivalent Government Employees by Function/Program.....	132
Schedule 16: Operating Indicators by Function/Program, Last Ten Fiscal Years.....	134
Schedule 17: Capital Asset Statistics by Function/Program, Last Ten Fiscal Years.....	136

## Introductory Section

**Zenetta Young**  
**Administrative Assistant II**  
**206.973.4660 • City Clerk's Office**

Zenetta is the Administrative Assistant for the City Clerk's Office. As a Passport Agent, Zenetta works with residents by providing passport information and taking in the appropriate documents. Zenetta is also responsible for processing and forwarding Public Disclosure Requests from residents. She researches information regarding City policies, ordinances, contracts and all other public records for the public and staff. Please contact Zenetta for information on passports or other general City information.



# Introductory Section





November 30, 2010

4800 South 188<sup>th</sup> Street  
SeaTac, WA 98188-8605

City Hall: 206.973.4800  
Fax: 206.973.4809  
TDD: 206.973.4808

Honorable Mayor, Councilmembers, City Manager and SeaTac Residents:

We are pleased to present the City of SeaTac's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended December 31, 2009. We prepare these financial statements in conformity with generally accepted accounting principles (GAAP) and they have been audited in accordance with generally accepted auditing standards by the Washington State Auditor's Office. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it.

The Comprehensive Annual Financial Report has several significant uses. First, it provides a general overview of the City's finances to the general public and taxpayers. Second, it is referenced by bond buyers and rating agencies to evaluate the City's fiscal stability and creditworthiness. Finally, the CAFR is a series of financial statements that have been audited by the State Auditor's Office and provides assurances that assets have been safeguarded and funds are expended as they were legally appropriated in the annual budget.

The City of SeaTac Finance Department is responsible for the accuracy, completeness and fairness of the presentation of the information contained in this report. The data and disclosures are believed to be accurate in all material respects and fairly represent SeaTac's financial position and results of operations. All significant information necessary for an understanding of the affairs and financial condition of the City has been disclosed. City management has developed an internal control structure that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's internal control structure is designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Mayor  
*Terry Anderson*

Deputy Mayor  
*Gene Fisher*

Councilmembers  
*Rick Forschler*  
*Tony Anderson*  
*Ralph Shape*  
*Pam Fernald*  
*Mia Gregerson*

Interim City Manager  
*Todd Cutts*

City Attorney  
*Mary Mirante Bartolo*

City Clerk  
*Kristina Gregg*

As a recipient of federal, state and county financial assistance, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The City expended less than \$500,000 in federal awards in 2009, and therefore was exempt from federal audit requirements for the year 2009.

This Comprehensive Annual Financial Report is presented in conformity with Governmental Accounting Standards Board (GASB) Statement 34. The implementation of GASB 34 modified the presentation of financial information for the City of SeaTac effective with financial statements ending December 31, 2003. GAAP requires that management provide narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of GAAP requires that

management provide a narrative introduction, overview, and analysis to accompany the transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

The City's 2009 financial audit has been completed and the City has been issued an unqualified opinion. The Independent Auditor's Report is included in the Financial Section of this document.

### **THE CITY OF SEATAC AND ITS SERVICES**

The City of SeaTac operates as a Non-Charter Code City under the laws of the State of Washington. The City has a Council-Manager form of government with daily operations administered by a full-time City Manager and a seven member City Council, with one of its members serving as Mayor. The Council establishes policies, provides the necessary resources to operate the City through the budget process and adopts local laws through ordinances. The seven-member City Council is elected at-large rather than by district, and serve a four-year term. Elections are staggered on a two-year cycle.

The City is located in King County, the most populous county in the State of Washington. SeaTac is strategically located between the labor and consumer markets of the two largest cities in the area, Seattle and Tacoma. SeaTac currently serves 25,730 residents within its incorporated limits and has a work force of approximately 38,000 employees. It also accommodates over 85,500 people traveling through Seattle-Tacoma International Airport daily. Population and employment figures are expected to increase to 30,850 and 42,800, respectively, by the year 2020.

The area that became the incorporated City of SeaTac was originally a community that was predominately rural. World War II and the sudden growth of defense activities nearly tripled the population of the area. In 1942, the Port of Seattle began the development of a new airport called Seattle-Tacoma International Airport in South King County. Within two decades, the Airport had expanded to 1,400 acres and had a thriving suburban community around it. Seattle-Tacoma International Airport is the key international air hub for the Pacific Northwest. In 2009, the Airport handled over 31 million passengers.

The City's boundaries surround the airport resulting in a significant number of employers who are connected to the air travel industry. This group includes airlines, hotels, car rental agencies and park-and-fly operations. Additionally, the Boeing Company houses its regional Spares Division facility in the City.

The City is a general-purpose governmental entity and provides the full range of municipal services allowed by statute or charter. The City provides a wide range of services to its residents as well as to the adjacent area. These services include police protection (contracted through King County), fire protection, parks, land use management, development regulation, street construction and maintenance, and storm drainage management. Other governmental agencies also provide services to the City of SeaTac and the surrounding area. They include the Highline School District, King County Metropolitan Services (a regional agency that provides transportation and sewage treatment services), Sound Transit (another regional agency providing transportation services), the King County Library System, and a number of water and sanitary sewer districts. The City is not financially accountable for these legally separate entities, nor do they meet the component unit criteria, so their operations are not included in the City's CAFR.

### **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is a perspective of past activities that influence the City's financial condition. The following information is presented to place that information in context with the general economy.

#### **Local Economy**

The City of SeaTac's economy is based on a strong air travel sector coupled with diversified industries, trades and services. The three largest local economic sectors are airlines, lodging and rental cars. Alaska

Airlines is the largest employer and taxpayer in the City, representing 12.9% of the total assessed valuation for the City. Northwest, United, Horizon Air, Southwest, Delta, and Continental Airlines combine to account for an additional 16.6% of the City's property tax base.

With approximately 5,350 rooms located in the City, a strong hotel/motel sector provides a number of jobs in SeaTac. The largest facilities operating in the City are the Doubletree and Marriott Hotels. A number of other hotels and motels also service the traveling public, with the majority located along International Boulevard near Sea-Tac Airport. Several additional hotels have been constructed over the past few years, providing additional traveler accommodation space in the City.

Schedule 7 in the Statistical Section lists the ten largest property taxpayers in the City. This list includes seven airlines, one airplane manufacturer, one industrial real estate developer and one hotel. In addition, there is a wide range of other firms located in the community, including car rental agencies, automobile sales and manufacturing facilities, as well as distribution, wholesaling and retailing operations, illustrating the diversified character of the economy. The City, in partnership with the business community, continues its efforts to attract new business to the area.

As noted earlier, the City is geographically located in southern King County with the City's borders surrounding the Seattle-Tacoma International Airport. With this location, the City's economy is highly impacted by international, national and regional events that affect air travel and the tourism/business travel industry. This was highlighted by the events of September 11, 2001, with its rippling effects on the travel sector in general and our City in particular. With the City's reliance on property and sales taxes, and, to a lesser degree parking taxes and hotel/motel taxes, the downturn in business and personal travel had an impact on the City's financial condition.

For most cities, property taxes represent the most stable element of their revenue stream. However, SeaTac is unique with a large component of its property tax base centered in the assets of airline companies, with approximately 40% of the City's total property tax levy paid by the airlines. In this area, there exists a potential for decreases in collections stemming from changes in the economy and its effect on the travel sector and the financial stability of particular airlines. The City recognizes this and continues to monitor the payment streams from these taxpayers.

Property tax revenues account for 39.6% of total general governmental tax revenue, and the City Council has elected to levy property taxes less than the limit allowed under state law since 1994. A number of recent changes, however, have limited the City's future property tax revenue generating abilities. The most significant impact is Initiative 747, approved by Washington voters in November 2001. This initiative limited the annual growth in the tax levy to the lower of 1% or inflation, defined by the implicit price deflator (IPD). On November 8, 2007, the Washington State Supreme Court ruled that Initiative 747 is unconstitutional. In a special legislative session held on November 29, 2007, the 1% property tax increase limitation was reinstated by the Washington State Legislature. Although the City's assessed valuation has continued to grow steadily as shown in Schedule 5 in the Statistical Section, property tax revenue has not increased at the same rate as the tax base due to the 1% property tax increase limitation.

Traditionally, sales taxes have been a strong revenue source for the City, accounting for approximately 33.7% of general governmental tax revenues in 2009. However, sales tax revenue decreased by 16% in 2009 due to the recessionary decline in sales. Although construction sales taxes remained constant from the prior year, general sales taxes declined by \$1.9 million. Sales tax revenues that are generated by Port of Seattle airport capital improvements are accounted for in a capital projects fund and are dedicated to specific capital expenditures because they are not an ongoing, operating revenue source. The City continues to work to expand economic opportunities and has identified targeted markets for economic development. Through this activity, the City strives to grow the local economy while increasing business-related revenue to the City.

Parking tax revenue, derived primarily from airport-related parking throughout the City, is dedicated to funding transportation improvements. Recent declines in parking tax revenues have reduced funding for

long-term transportation capital projects in terms of both scale and timing. However, short-term projects have been largely unaffected by the downturn in parking taxes since these projects were fully funded through grants and parking tax revenues already received. The commercial parking tax rate was increased effective January 1, 2006, and provides for incremental changes to the parking tax rate on a yearly basis through 2010. A portion of the additional parking tax revenue stream is dedicated to certain transportation projects identified in an Interlocal Agreement with the Port. Parking tax revenue decreased approximately 5.5% in 2009 due to the recessionary decline in travel.

The 1% Lodging Tax approved by the City Council in 1998 is deposited into a dedicated special revenue fund and used to fund tourism-related activities. In accordance with State law, lodging taxes can only be spent on activities that increase tourism and visitation to the City. The City is committed to expending resources whose affect is to increase the number of tourists to the City. The City has and will continue to expend hotel/motel funds towards this purpose. Lodging tax revenue decreased approximately 20.6% in 2009 due to the recessionary decline in travel.

### **Economic Outlook**

According to the Washington State Economic and Revenue Forecast Council, uncertainty is plaguing the economy both at the national and state level. The recovery in Washington State lost momentum in the summer of 2010 as a result of the sharp slowdown in the U.S. economy. After strong growth in the spring, the state's private sector added just 6,600 jobs in June, July and August. This was slightly better than the national rate, but still weaker than previously forecasted. During the same period, state and local governments shed 5,400 jobs, offsetting most of the private sector gains. State and local government employment will continue to decline due to severe budgetary pressures. Recent housing data has been disappointing due to the expiration of federal tax credits. Initial claims for unemployment have also been trending up since February and the unemployment rate remains high. Despite some easing in credit conditions, small businesses continue to face a challenging credit environment. Consumer confidence is still in recessionary territory, with a high unemployment rate continuing to weigh on confidence.

The employment recovery in Washington this recession has been the weakest of any post-war recovery. Not only is the state coming back from the largest employment deficit since the Great Depression, it is coming back at a slower rate than any of the past four recessions. In 1981-82, which prior to this had been the worst post-war recession, 2.9% of the labor force in the state lost their jobs. This time around, 5.5% of the labor force lost their jobs.

Economic conditions have improved slower than anticipated in previous forecasts. The economy is getting better, but at a slower than expected pace. Major state economic variables are also coming in slightly weaker than what had been expected. The reason behind that are not Washington specific, but have to do with the slowing national economy. The downward revisions to the Washington State economic forecast reflect the anemic national recovery. The balance of risks, given the increased uncertainty and fragile and uneven nature of this recovery, remains weighted more heavily to the downside.

The economic recovery in Washington is expected to be U-shaped and slow, much like the national recovery, although the state is expected to outperform the U.S. economy in income growth. The risk of double-dip recession has increased, but the odds are that it is still unlikely to happen. The economy will muddle along with modest growth. The state's trade intensity should help boost activity as economies recover around the world, particularly in the Pacific Rim. Additionally, the stability and growth prospects of the state's major industries, software and aerospace, will help drive employment and personal income growth. Washington is also a good location for business expansion as West Coast economies turn around.

Washington State is still expected to outperform the nation in the recovery. Exports will benefit from robust economic growth in the economies of the state's trading partners. An increase in migration from surrounding states will also provide a boost as Washington State outperforms them in the recovery. Aerospace has remained relatively stable during the downturn and should return to growth soon. Boeing navigated the recession with only minimal job cuts. Both air cargo and passenger traffic is now rebounding. Boeing has an

extensive backlog of orders that will take years to work through. Software employment has netted 1,100 new jobs in 2010, and Microsoft has fared well, spurred by the overwhelming success of its launch of Windows 7 in October 2009, and employment in their software publishing is expected to continue to increase. The company also recently increased its dividend by 23%, further demonstrating its solid financial position. Strength in these firms will help drive employment in their respective industries and generate a local base of skilled labor that will spur growth of supplier firms.

Both the local community and national economic trends impact city fiscal conditions, creating budget pressures for cities on the revenue and the expenditure side of the equation. Cities continue to deal with the effects of the worst economic turmoil the country has seen since the Great Depression of the 1930's, the burst of a nation-wide housing bubble, and sky-rocketing infrastructure material costs, health insurance costs and volatile energy prices. The nation's economy has seen the stock market plummet, the state's deficit has ballooned, and the headlines of job losses continue.

Competition for dwindling operating budget resources requires city councils to make tough choices. Particularly as the national economic downturn continues to impact Washington, cities will be forced to prioritize services. Choosing between police officers on the street, recreational programs for teens, or street maintenance and preservation won't be an easy task. City budget shortfalls jeopardize Washington's economic vitality. City streets, parks and utility systems provide a foundation for businesses and residents. Cities will need continued state investment and new tools to emerge from this budget crisis.

The long-term future of the air travel industry remains positive. This is important because it impacts so many sectors which are vital to SeaTac's economy.

SeaTac is in a continuous process of both short-term and long-term financial planning. Short term financial planning is inherent in the development of the City's annual budget. Concurrent with the annual budget is the City's long-term capital needs, and potential funding is assessed with the development of the six-year capital facilities plan. The capital facilities plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

The challenge is to control costs that grow at a faster rate than revenue. Areas of particular concern are health care and public safety costs. Continuing to fund these sectors will draw valuable resources from other areas. As SeaTac moves forward, economic conditions will be continually monitored and adjustments to City spending and services made to maintain the City's financial health. Long-term plans will be focused on ensuring that SeaTac continues to be an economically strong and viable city.

### **MAJOR INITIATIVES**

The City purchased a retail building (SeaTac Center) near the South 154<sup>th</sup> Street Light Rail Station for \$12.3 million in December 2009. This purchase assists the City in its planning efforts to redevelop this area sometime in the future. The City will hold this property until the economy improves and development decisions can be made. The building has approximately 61,600 square feet of retail space available for lease, most of which was being leased out by the prior owner when the building was purchased.

The City entered into a joint venture with the cities of Auburn, Burien, Federal Way, Renton, Tukwila and Des Moines to establish the South Correctional Entity (SCORE). This entity was established to construct, own and operate a correctional facility and to provide correctional services and functions incidental to this service, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the Member Cities noted above.

The City issued \$4.2 million in 2009 Limited Tax General Obligation Refunding Bonds. The proceeds were used to refund \$2.8 million of the City's 1998 Limited Tax General Obligation (Hotel/Motel Tax) Bonds and \$1.5 million of the 1998 Limited Tax General Obligation Refunding Bonds. The interest cost savings to the

City was 8.7%, with a net present value savings of approximately \$374,000.

**AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of SeaTac for its Comprehensive Annual Financial Report for fiscal year 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. 2008 was the 17<sup>th</sup> year the City has been honored with this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

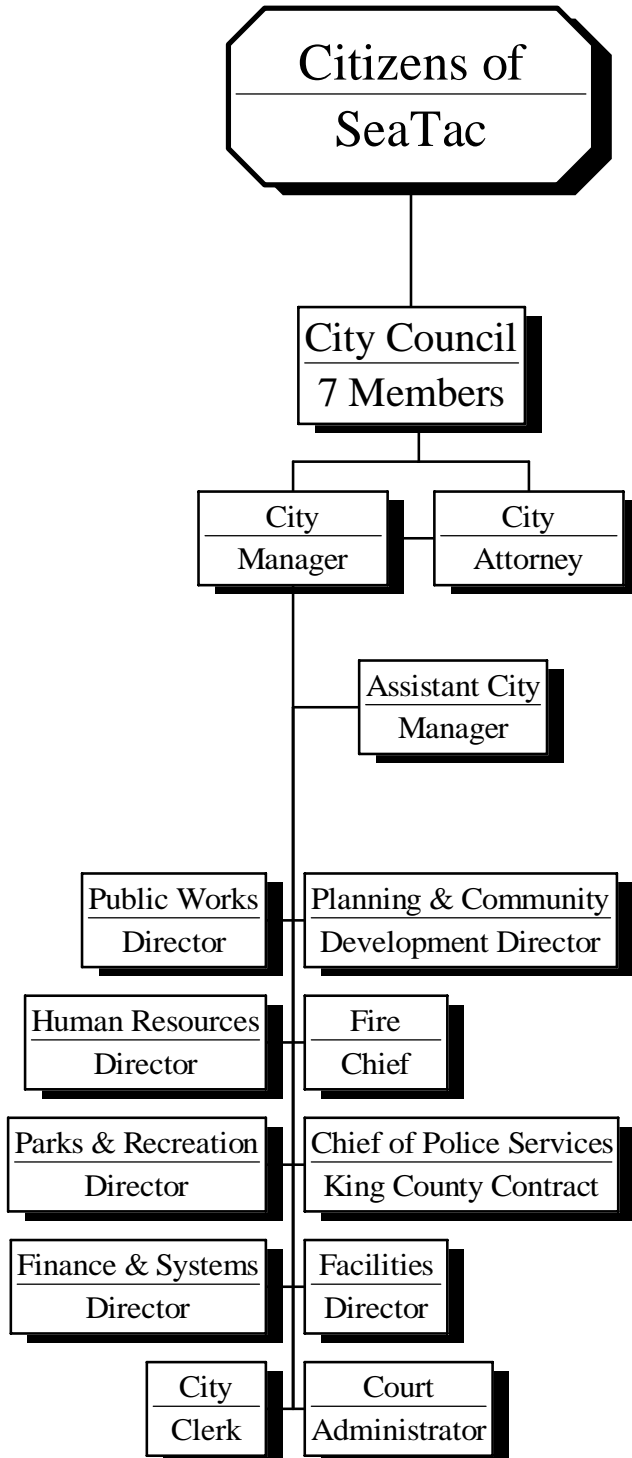
A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and are submitting it to GFOA for review.

Preparation of this report could not have been accomplished without the professional, efficient and dedicated efforts of Brenda Rolph, Assistant Finance Director. I would also like to thank the rest of the Finance and Systems Department staff, a team of professionals that play an integral part in the successful daily operations of the City. Credit for the design of this year's CAFR goes to Gwen Rathe of the Parks & Recreation Department. Further appreciation is extended to the Mayor, the City Council and the City Manager for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner. The assistance of the auditors from the State Auditor's Office is also greatly appreciated.

Sincerely,



Michael J. McCarty  
Finance and Systems Director



**2009 City Council**



Back row (left to right): Barry Ladenburg, Chris Wythe, Deputy Mayor Gene Fisher and Tony Anderson.  
Front row (left to right): Terry Anderson, Mayor Ralph Shape and Mia Gregerson.

<u>Position No.</u>	<u>Elected Official</u>	<u>Term Expiration</u>
#1 .....	Gene Fisher, Deputy Mayor .....	12/31/11
#2 .....	Chris Wythe, Councilmember .....	12/31/09
#3 .....	Terry Anderson, Councilmember .....	12/31/11
#4 .....	Anthony (Tony) Anderson, Councilmember .....	12/31/09
#5 .....	Ralph Shape, Mayor .....	12/31/11
#6 .....	Barry Ladenburg, Councilmember .....	(Eff 12/09/08 – 11/23/09)
#6 .....	Pam Fernald, Councilmember (Not in Picture) .....	(Eff 11/24/09 – 12/31/13)
#7 .....	Mia Gregerson, Councilmember .....	12/31/11

<u>Position</u>	<u>Appointed Official</u>
City Manager (Through 10/22/09).....	Craig Ward
Acting City Manager (Effective 12/23/09) .....	Todd Cutts
City Attorney .....	Mary Mirante Bartolo
City Clerk .....	Kristina M. Gregg
Court Administrator .....	Mary Pederson
Chief of Police Services .....	Jim Graddon
Facilities Director .....	Patrick Patterson
Finance and Systems Director.....	Michael J. McCarty
Fire Chief .....	Robert Meyer
Human Resources Director (Through 7/31/09).....	Stephen Mahaffey
Human Resources Director (Effective 8/18/09) .....	Anh Hoang
Parks and Recreation Director.....	Kit Ledbetter
Planning and Community Development Director .....	Stephen Butler
Public Works Director .....	Tom Gut



# Financial Section

**Linda Croasdill/Kathleen Cummings**  
**Recreation Program Specialist/  
Recreation Services Coordinator**  
**206.973.4690 • Senior Center**

Kathleen and Linda oversee the many facets of the Senior Program. Located in the SeaTac Community Center, the program serves more than 13,000 lunches annually. One of the most popular programs is the trip program with more than 75 trips offered each year. The Senior Center also has a large and dedicated crew of volunteers and a Meals on Wheels Program that delivers 12,000 meals each year to the homebound. Additionally, there is a full selection of classes, workshops and activities that ensure there is something for everyone. Drop in and join them for coffee one morning in the City's beautiful senior center lobby. They'd love to meet you!



# Financial Section



**Washington State Auditor  
Brian Sonntag**

**INDEPENDENT AUDITOR'S REPORT**

November 30, 2010

Mayor and City Council  
City of SeaTac  
SeaTac, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of SeaTac, King County, Washington, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of SeaTac, King County, Washington, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated November 30, 2010, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 11 through 24, information on post-employment benefits other than pensions on page 77, and budgetary comparison on pages 78 through 81 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as other supplementary information on pages 83 through 110 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

**CITY OF SEATAC, WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED 2009**

**INTRODUCTION**

The City of SeaTac's *Management's Discussion and Analysis (MD&A)* provides a narrative overview of the City's financial activities and position for the fiscal year ended December 31, 2009. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2009, this information should be read in conjunction with both the financial statements and the notes to the financial statements.

**BASIS OF FINANCIAL INFORMATION**

The City's government-wide financial statements have been prepared on the full accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). The City's fund financial statements for governmental funds (*general, special revenue, debt service, and capital projects*) have been prepared on the modified accrual basis of accounting in conformity with GAAP. The City's proprietary funds (*enterprise and internal service*) are accounted for on the accrual basis, again in conformity with GAAP. A detailed discussion of the government-wide and fund financial statements can be found in later sections of this document.

**FINANCIAL HIGHLIGHTS**

- For the year ended December 31, 2009, total net assets for the City were \$469.6 million. Of this amount, \$418.3 million or 89% was invested in capital assets (net of related debt) including infrastructure, construction in progress, land, buildings, equipment and other improvements. Net assets in the amount of \$20.1 million were restricted for debt service, capital projects, including Des Moines Creek Basin projects and transportation projects, and tourism promotion/facilities. The remaining net asset balance of \$31.2 million was unrestricted and available for general City operations.
- At the end of 2009, unreserved fund balance for the *General Fund* was \$8.0 million or 28% of total *General Fund* expenditures, excluding transfers out and other financing uses. This is a decrease in ending fund balance of \$2.2 million or 21.4% from 2008. The large decline in ending fund balance was due in part to the recession which caused a reduction in *General Fund* revenues of \$1.3 million. 2009 expenditures increased by \$1.8 million over 2008 adding to the decline in ending fund balance.
- The City entered into a joint venture with the Cities of Auburn, Burien, Federal Way, Renton, and Tukwila (the "Owner Cities") and the City of Des Moines (a "Host City") to establish the South Correctional Entity (SCORE). This entity was established to construct, operate, own, etc. a correctional facility and to provide correctional services and functions incidental to this service. Special obligation bonds were issued by the SCORE Public Development Authority (PDA) in the amount of \$86 million. The City of SeaTac is obligated for 3% of this outstanding debt which equates to approximately \$2.6 million (principal only) or \$4.6 million (principal and interest). Since the majority of the SCORE bonds issued were Build America Bonds, the City will be saving \$1.03 million in interest costs due to a 35% interest subsidy from the federal government.
- The City issued \$4.2 million in 2009 *Limited Tax General Obligation Refunding Bonds*. The proceeds were used to refund \$2.8 million of the City's 1998 *Limited Tax General Obligation (Hotel/Motel Tax) Bonds* and \$1.5 million of the 1998 *Limited Tax General Obligation Refunding Bonds*. The interest cost savings to the City was 8.7% with a net present value savings of \$373,529.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's financial statements are prepared on both a government-wide and an individual fund basis. Both perspectives allow for annual comparisons against other governments, improve the City's accountability and provide a comprehensive user friendly reporting format to use in understanding the City's financial condition.

Since incorporation in 1990, the City's financial statements have been prepared based on specific types of funds, i.e. capital project funds, debt service funds, etc. Due to the GASB Statement No. 34 reporting model (used since 2003), the previous reporting method was dramatically modified. The City's basic financial statements are now presented in four parts: 1) the *Management's Discussion and Analysis (MD&A)*, 2) the government-wide financial statements, 3) the fund financial statements, and 4) the notes to the financial statements. Other *required supplementary information* is also provided in addition to the basic financial statements in the City's *Comprehensive Annual Financial Report (CAFR)*.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with an overview of the City's financial condition and activities as a whole. This broad overview is similar to the financial reporting for a private-sector business. The government-wide financial statements have separate columns for *governmental activities* and *business-type activities*. Governmental activities of the City include the following functions: *Judicial, General Government, Public Safety, Physical Environment, Transportation, Human Services, Economic Environment, Health, and Culture & Recreation*. Governmental activities are supported by taxes and intergovernmental revenues while the City's business-type activities are funded through user fees and charges. The City's only business-type activity is a surface water management utility which is funded through surface water management fees.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, highlighting the difference between the two as *net assets*. The *Statement of Net Assets* is similar to the balance sheet of a private sector business. Over time, increases or decreases in net assets may serve as a useful indicator of improvement or deterioration in the City's overall financial position.

The *Statement of Activities* was designed to show how the City's net assets changed during the year. This financial statement separates the City's programs into governmental activities and business-type activities. Revenues in the areas of charges for services, operating grants and capital grants are matched to the proper program. The revenues generated by the program are then compared to the expenses for the program. The end result is the net expense or net revenue by program. The net expense or net revenue shows if the program is self-supporting or if it relies on the general taxing authority of the City.

All activity on the *Statement of Activities* is reported on the accrual basis of accounting. This means that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such as uncollectible taxes, unpaid vendor invoices, and earned but unused vacation leave are included in the *Statement of Activities* as revenue and expenses even though no cash has changed hands. The government-wide financial statements are located immediately following *Management's Discussion and Analysis*.

### **Fund Financial Statements**

The City's annual financial report also includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City's finances based on the type of activity (governmental or business-type), the fund financial statements are presented in columns by major governmental fund and by major proprietary fund. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities that meet certain common objectives. Funds are often established to comply with special regulations, restrictions, or limitations. The City of SeaTac, like other state and local governments, uses fund accounting to ensure and show compliance with finance-

related legal requirements. The City's funds are divided into two categories which include governmental and proprietary funds.

**Governmental funds** are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, the basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements focus on near term revenues and expenditures, while the government-wide financial statements include both near term and long term revenues and expenses. The information in the governmental fund statements can be used to evaluate the City's near term funding requirements and fiscal health. Comparing the governmental fund statements with the government-wide statements can assist the reader in understanding the long term impact of the City's current year financing decisions. To assist in this comparison, reconciliations between the governmental fund statements and the government-wide statements are included on the *Reconciliation of the Fund Balances of Governmental Funds to the Net Assets of the Governmental Activities* and on the *Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities*.

In 2009, the City of SeaTac maintained twenty-two individual governmental funds. The City's eight major governmental funds, as determined by the parameters of GASB Statement No. 34, are the *General Fund*, the *Arterial Street Fund*, the *Port of Seattle Interlocal Agreement Fund*, the *Hotel/Motel Tax Fund*, the *Special Assessment Debt Fund*, the *Municipal Facilities Capital Improvement Fund*, the *Transportation Capital Improvement Fund*, and *Light Rails Station Areas Capital Improvement Fund*. These funds are presented separately in the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances*. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds".

The City maintains budgetary control over its operating funds through the adoption of an annual budget. Budgets are adopted at the fund level according to Washington State law. Budgetary comparison schedules are presented in the Financial Section of the CAFR for all governmental funds.

**Proprietary funds** are used by the City to account for its business-type activities. Business-type activities provide goods and services to a group of customers. These services are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services provided.

The City of SeaTac utilizes two types of proprietary funds, including enterprise funds and an internal service fund. Enterprise funds are used to account for goods and services provided to citizens. Internal service funds are used to account for goods and services provided internally to various City departments.

Enterprise fund financial statements report the same functions that are presented as "business-type activities" in the government-wide statements. The enterprise funds of the City all relate to the City's surface water management utility for operations, construction and related debt service.

Internal service funds are used to account for and distribute costs for a business-type function. These costs are distributed internally among the City's funds based on services used. The City uses an internal service fund to account for the repair and replacement of the City's vehicles and other large types of equipment. Internal service fund customers include both governmental and business-type activities. Although profits are prorated in the government-wide *Statement of Activities*, the internal service fund's assets and liabilities are predominately governmental in nature, so they have all been included in the governmental activities column of the government-wide *Statement of Net Assets*.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is important to a full understanding of the data in the government-wide and fund financial statements. The notes are located immediately following the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

Over a period of time, net assets can be a useful indicator of the City's financial position. The table below is a condensed version of the City's *Statement of Net Assets*.

**City of SeaTac's Net Assets**

Assets:	Governmental Activities		Business-type Activities		Total	
	2009	2008*	2009	2008	2009	2008
Current & other assets	\$ 54,104,685	\$ 68,387,130	\$ 4,301,198	\$ 7,619,963	\$ 58,405,883	\$ 76,007,093
Capital assets, net	402,650,012	389,850,687	24,946,203	22,255,998	427,596,215	412,106,685
<b>Total Assets</b>	<b>456,754,697</b>	<b>458,237,817</b>	<b>29,247,401</b>	<b>29,875,961</b>	<b>486,002,098</b>	<b>488,113,778</b>
<b>Liabilities:</b>						
Long-term liabilities	11,987,232	10,845,589	56,846	1,555,842	12,044,078	12,401,431
Other liabilities	3,134,837	3,929,967	1,271,622	200,740	4,406,459	4,130,707
<b>Total Liabilities</b>	<b>15,122,069</b>	<b>14,775,556</b>	<b>1,328,468</b>	<b>1,756,582</b>	<b>16,450,537</b>	<b>16,532,138</b>
<b>Net Assets:</b>						
Inv in capital assets, net of related debt	394,579,043	383,345,687	23,726,821	20,754,285	418,305,864	404,099,972
Restricted	19,652,419	20,023,570	403,925	3,117,385	20,056,344	23,140,955
Unrestricted	27,401,166	40,093,004	3,788,187	4,247,709	31,189,353	44,340,713
<b>Total Net Assets</b>	<b>\$ 441,632,628</b>	<b>\$ 443,462,261</b>	<b>\$ 27,918,933</b>	<b>\$ 28,119,379</b>	<b>\$ 469,551,561</b>	<b>\$ 471,581,640</b>

\*Restated for prior year adjustment in the amount of (\$1,925,600).

The City's total net assets decreased by \$2.0 million in 2009. Investments in capital assets, less any related outstanding debt used to acquire the assets, increased by \$14.2 million or 3.5%. The City's total restricted assets decreased by \$3.1 million while the total unrestricted assets dropped by \$13.2 million. The shift from unrestricted net assets to investment in capital assets was largely due to the purchase of SeaTac Center in December 2009 in the amount of \$12.3 million. This property will be used for future economic development, including transportation infrastructure modifications, in the South 154<sup>th</sup> Street Light Rail Station Area.

In 2009, \$20 million of the City's *net assets for governmental activities* represented resources that are subject to external restrictions on how they may be used. The restricted net assets are for debt service, capital projects including transportation projects, tourism promotion/facilities and Des Moines Creek Basin projects. The 2008 restricted net asset balance was \$20 million. The remaining balance of unrestricted net assets (\$27.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

For business-type activities, \$404 thousand in net assets are restricted for debt service. In 2008, restricted assets were \$3.1 million. The reduction in 2009 is due to the transfer out of Des Moines Creek Basin restricted assets. The City Council approved the establishment of a special revenue fund called the *Des Moines Creek Basin ILA Fund*. All transactions and balances related to the Des Moines Creek Basin ILA were moved to this new fund and are now shown in the governmental activities column. Unrestricted net assets are \$3.8 million and can be used for general surface water management purposes.

**Changes in Net Assets**

Changes in net assets, as shown on the government-wide *Statement of Activities*, shows the net change or the difference between the total revenue activity and the total expense activity that took place during the current reporting period. The changes in net assets figure is added to the beginning net assets figure to derive an accumulated ending net assets figure for the City since incorporation. This figure is a quick way to view the City's financial condition based on historic financial transactions.



The table below represents a condensed version of the City's changes in net assets. The table designates revenues as either program revenues or as general revenues. Program revenues are revenues generated by specific functions of the City. The expenses are listed by program or specific function. Net assets are derived from netting the revenues against the expenses. As shown in the table, both governmental activities and business-type activities had negative changes in net assets.

**City of SeaTac's Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2009	2008*	2009	2008	2009	2008
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 4,648,513	\$ 4,729,695	\$ 1,823,406	\$ 1,724,552	\$ 6,471,919	\$ 6,454,247
Operating grants & contrib	1,037,018	988,867	-	267,032	1,037,018	1,255,899
Capital grants & contrib	658,640	1,730,588	2,011,024	59,646	2,669,664	1,790,234
<i>General Revenues:</i>						
Property taxes	11,844,007	11,474,343	-	-	11,844,007	11,474,343
Sales taxes	10,099,388	12,009,313	-	-	10,099,388	12,009,313
Parking taxes	5,425,041	5,742,441	-	-	5,425,041	5,742,441
Excise taxes	2,535,324	1,599,482	-	-	2,535,324	1,599,482
Investment interest	801,719	3,321,916	69,623	190,416	871,342	3,512,332
Unrestric grants/contrib	176,980	172,550	-	-	176,980	172,550
Gains on Asset Sales	11,160	286,947	-	-	11,160	286,947
<b>Total Revenues</b>	<b>37,237,790</b>	<b>42,056,142</b>	<b>3,904,053</b>	<b>2,241,646</b>	<b>41,141,843</b>	<b>44,297,788</b>
<b>Expenses:</b>						
Judicial*	811,733	790,110	-	-	811,733	790,110
General Government*	5,890,170	5,883,153	-	-	5,890,170	5,883,153
Public Safety	16,674,605	15,377,077	-	-	16,674,605	15,377,077
Physical Environment	569,509	38,850	1,400,529	1,789,481	1,970,038	1,828,331
Transportation	9,865,967	8,270,710	-	-	9,865,967	8,270,710
Human Services/Health	524,796	404,361	-	-	524,796	404,361
Economic Environment	3,086,954	2,871,801	-	-	3,086,954	2,871,801
Culture & Recreation	3,865,811	3,385,174	-	-	3,865,811	3,385,174
Interest on long-term debt	481,848	681,048	-	-	481,848	681,048
<b>Total Expenses</b>	<b>41,771,393</b>	<b>37,702,284</b>	<b>1,400,529</b>	<b>1,789,481</b>	<b>43,171,922</b>	<b>39,491,765</b>
<b>Inc (Dec) in Net Assets Before Transfers</b>	<b>(4,533,603)</b>	<b>4,353,858</b>	<b>2,503,524</b>	<b>452,165</b>	<b>(2,030,079)</b>	<b>4,806,023</b>
Transfers	2,703,970	177,450	(2,703,970)	(177,450)	-	-
<b>Inc (Dec) in Net Assets</b>	<b>(1,829,633)</b>	<b>4,531,308</b>	<b>(200,446)</b>	<b>274,715</b>	<b>(2,030,079)</b>	<b>4,806,023</b>
<b>Net Assets-Beg (as prev rptd)</b>	<b>445,387,861</b>	<b>441,080,490</b>	<b>28,119,379</b>	<b>27,844,664</b>	<b>473,507,240</b>	<b>468,925,154</b>
Prior Year Adjustments	(1,925,600)	(223,937)	-	-	(1,925,600)	(223,937)
<b>Net Assets-Beg (as restated)</b>	<b>443,462,261</b>	<b>440,856,553</b>	<b>28,119,379</b>	<b>27,844,664</b>	<b>471,581,640</b>	<b>468,701,217</b>
<b>Net Assets-Ending</b>	<b>\$ 441,632,628</b>	<b>\$ 445,387,861</b>	<b>\$ 27,918,933</b>	<b>\$ 28,119,379</b>	<b>\$ 469,551,561</b>	<b>\$ 473,507,240</b>

*For 2008, \$290,664 was added to Judicial and removed from General Government due to a prior year misclassification.*

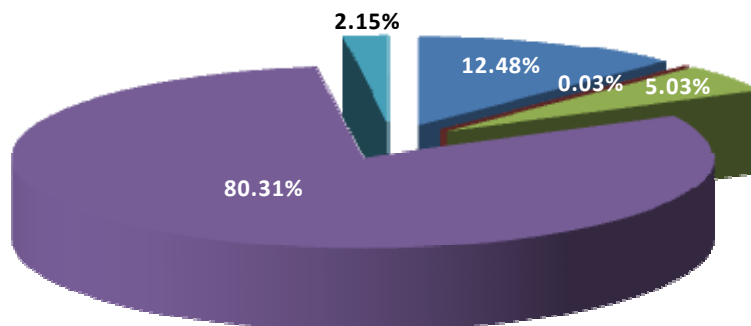
**Governmental Activities:** Net assets decreased by \$1.8 million, representing 90% of the total decline in net assets for the City of SeaTac in 2009. Prior period adjustments were made in 2009 due to transfers of surface water management capital assets out of governmental activities into the business-type activities column. This capital asset transfer was in the amount of \$1,891,904. In addition, \$33,696 was double booked in construction in progress for a Public Works infrastructure project.

In 2009, total governmental activities revenue declined by \$4.8 million. The following are some of the key revenue changes in 2009:

- Sales taxes decreased by 16% in 2009 due to the recessionary decline in sales. Although construction sales taxes remained constant from the prior year, general sales taxes declined by \$1.9 million. For 2010, general sales tax revenues are rising on the average 3.4% per month when compared to the same month in 2009.
- Interest earnings continue to decline. Although the City had 81.3% of its excess funds invested in investments outside of the State Treasurer's Investment Pool earning 1.43% to 4.54%, investment interest earnings still declined \$2.5 million from 2008. The Pool interest rate started 2009 at 1.27% and declined down to .33%. Additionally, 2009 cash balances declined \$7.8 million from 2008 providing fewer excess funds to invest.
- Capital grants and contributions decreased by \$1.1 million. In 2009, the City received fewer transportation grants for major infrastructure projects. Grants for infrastructure projects can vary substantially year to year as do the quantity and dollar amounts spent for the actual capital projects vary from year to year.

### Revenues by Source for Governmental Activities

■ Charges for Services      ■ Gain on Sale of Assets      ■ Grants & Contributions  
 ■ Tax Revenues              ■ Investment Earnings



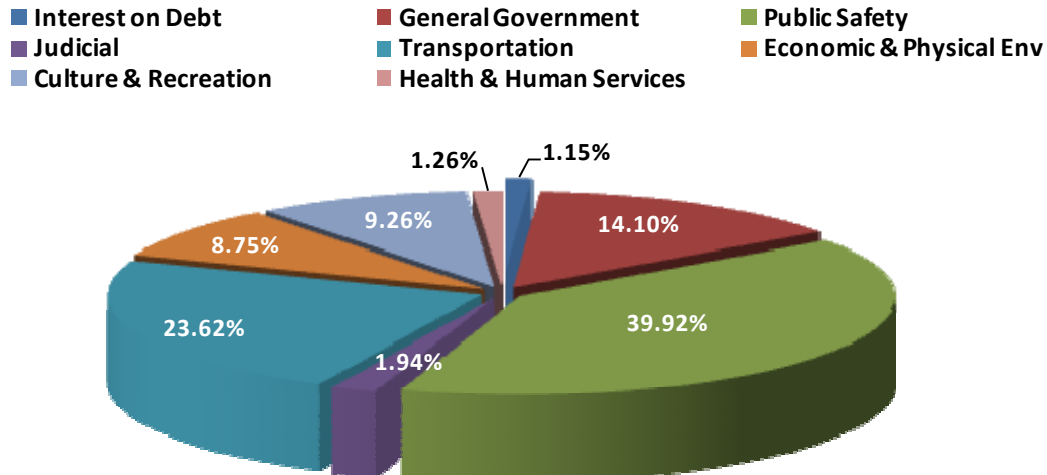
Notes: Tax revenues including property, sales, parking and excise taxes and are a large portion (80.31%) of the City's income. Please note that transfers in from other funds are not included in this chart.

For governmental activities, total expenses increased by \$4.1 million or 10% over 2009. Eight of the nine programs in governmental activities show expense increases in 2009. The major expense changes are described below:

- ✚ *Public Safety* increased by 8.4% or \$1.3 million in 2009. A portion of the increase was due to base Police Service expenses increasing by 5.3% in 2009. This City contracts with King County for Police Services and the approved labor contract with the King County Police Officers Guild accounted for some of the rise in Public Safety costs. Overall Fire Department General Fund expenditures increased by \$490 thousand. The majority of these increases were in the categories and salaries and benefits.
- ✚ *Physical Environment* expenses increased for governmental activities by \$530.7 thousand. This increase is due to moving the Des Moines Creek Basin related expenditures out of surface water management, business-type activities, and into its own special revenue fund.

Human Services/Health increased by 29.7% over 2008. The increases were in the areas of various Human Services contracts and use of Human Services budget reserve. The recession created a higher need for these types of services, thereby, creating additional service expenditures.

**Expenses by Function for Governmental Activities**



Notes: Public Safety expenses are for contracted police services (King County) and in-house fire services. Transfers out to other funds are not included in this chart.

**Business-type Activities:** Net assets decreased by \$200 thousand in 2009. Total business-type revenues increased by \$1.7 million over 2008. This difference was due in large part to the capital asset contributions (\$1.9 million) the surface water management system received when the general governmental funds transferred infrastructure assets that were included in transportation projects completed in 2009. The capital assets included storm runoff control vaults/tanks, catch basins, manholes and drainage piping and culverts.

In 2009, total business-type expenses declined by \$389 thousand. This expense decrease was due to the transfer of expenses incurred for the Des Moines Creek Basin which were transferred out of surface water management into its own special revenue fund. Members of the Des Moines Creek Basin Committee include the City of Des Moines, the Port of Seattle, the Washington State Department of Transportation and the City of SeaTac. The City of SeaTac is acting as Treasurer. It is anticipated that the amount spent on the Des Moines Creek Basin will continue to decline as construction projects are completed.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As previously discussed, the City of SeaTac uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following analysis is provided for select governmental funds including the *General Fund* and the seven other major funds as listed below. The City's surface water management proprietary funds are also described below.

**Governmental Funds**

The purpose of the City's governmental funds is to report on short term revenues/financial resources and expenditures. This information helps determine the City's financial requirements for the near future. In particular, unreserved fund balance is a good indicator of the City's resources available for spending at the end of the year.

At the end of the 2009, the City's combined ending governmental fund balance was \$44.7 million versus the 2008 ending fund balance of \$61.2 million. Included in the ending fund balance is \$5 million reserved for tourism related capital projects due to unspent debt proceeds. At the end of the current year, total *unreserved* fund balance for all governmental funds totaled \$39.7 million. This is a decline of \$16.4 million from 2008. Most of this decline was due to the purchase of the SeaTac Center property at the end of 2009.

The *General Fund* is the primary operating fund of the City through which most receipts and payments of ordinary City operational expenditures are processed. Property taxes and sales taxes are the primary revenue sources for the *General Fund*. In both 2008 and 2009, property taxes recorded into the *General Fund* equaled approximately \$11 million. Please note that property taxes of approximately \$425 thousand were also recorded directly into the *Long-term General Obligation Debt Service Fund* for both years. In 2009, sales taxes recorded into the General Fund were \$8 million compared to \$9.7 million in 2008. The recession continues to affect retail sales. At the end of 2009, the fund balance of the *General Fund* was \$8 million. This was a decrease of \$2.2 million from the prior year. A decline in a variety of revenues including taxes, fines and forfeitures and interest earnings contributed to this decrease. Public Safety expenditures increased by \$1.3 million which also added to the ending fund balance decline.

The *Arterial Street Fund* was originally added as a major fund in 2007 due to parking tax revenues. Parking taxes are an important funding source for capital infrastructure projects and are transferred into the *Transportation CIP Fund* annually. The *Arterial Street Fund* ended the year with \$3.9 million in ending fund balance which is a decrease of \$700 thousand from 2008. No transfer into the *Transportation CIP Fund* was required in 2009. Actual expenditures finished at 76% of the final \$7.3 million budget (excluding transfers out) due to projects and studies not being fully completed in 2009.

The *Port of Seattle Interlocal Agreement Fund* is a special revenue fund which accounts for community relief payments received from the Port of Seattle in 1998 and 1999 and street vacation fees received in 2000 and 2001. The community relief payments were part of an interlocal agreement in which the funds were to be used for community improvements. Interest earnings and adjustments related to investments were the only revenue sources in this Fund. The 2009 unreserved ending fund balance for this Fund was \$4.7 million. The Fund's 2008 unreserved ending fund balance was \$17.2 million. This Fund paid for the purchase of SeaTac Center via a transfer to the *Light Rails Station Areas CIP Fund* (transfer amount equaled \$12.7 million), thereby, creating the ending fund balance decline. It is anticipated the general obligation bonds will be issued to repay \$6 million of the purchase. Lease revenues from the building will provide the revenue source for the payment of the principal and interest on the bonds.

The *Hotel/Motel Tax Fund* is a special revenue fund whose purpose is to account for hotel/motel taxes collected and expended for tourism promotion and tourism facilities, including both capital and operating costs. The Fund's ending fund balance includes unexpended restricted bond proceeds of \$5 million to be used for capital facilities or improvements related to tourism. Unrestricted fund balance in this Fund is \$3.3 million which is down \$400,000 from last year.

The *Special Assessment Debt Service Fund* is a debt service fund used to make the debt service payments on the City's single Local Improvement District (LID). This fund was included as a major fund due to its \$876 thousand special assessments deferred revenue (liability) balance. The ending fund balances for 2009 and 2008 were \$31 thousand and \$19 thousand, respectively. This Fund carries a small fund balance because the cash collected from the LID is used to make the principal and interest payments on the bonds issued to pay for some of the initial construction improvement costs for the 28<sup>th</sup>/24<sup>th</sup> Avenue South arterial project.

The *Municipal Facilities Capital Improvement Fund* is a capital projects fund whose purpose is to account for the expenditures related to major municipal capital projects including the purchase of land and the construction or major renovation of buildings. In 2009, the major revenue sources in this Fund were transfers in from the *Municipal Capital Improvements Fund* to design and construct Fire Station #45 and #46. At the end of 2009, the fund balance in the *Municipal Facilities Capital Improvement Fund* was \$3.7 million. Out of the final \$7.6 million budget, \$3.4 million was actually spent leaving a higher than anticipated ending fund balance.

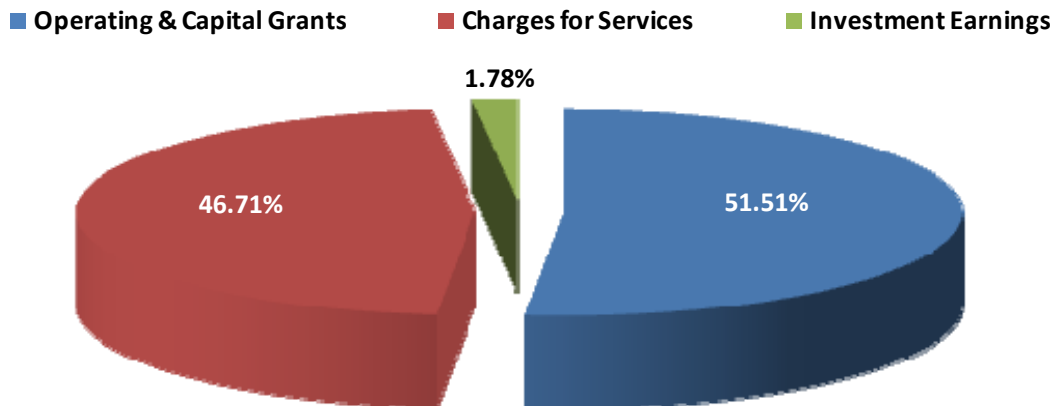
The *Transportation Capital Improvement Fund* is a capital projects fund whose purpose is to account for the revenues and expenditures related to transportation improvements. In 2009, the major revenue sources for this Fund included various indirect federal and State transportation grants and mitigation fees. Ending fund balance for this Fund was \$6.3 million for 2009 and \$7.6 million for 2008. It is expected that the levels of revenues, expenditures and the ending fund balance for this Fund will vary from year to year depending on the size of the capital projects and the level of grant funding.

The *Light Rails Station Areas CIP Fund* is a new fund established in 2009 to account for revenues and capital expenditures near the City's two light rail station areas (S 176<sup>th</sup> Street and S 154<sup>th</sup> Street). In 2009, SeaTac Center was purchased for \$12.3 million. Transfers in from the *Port of Seattle ILA Fund* provided the revenue to purchase the building.

**Business-Type Funds**

The City's only business-type funds are the three surface water management funds. These funds are proprietary funds whose financial statements provide similar, but sometimes more detailed, information than the government-wide financial statements. The *Surface Water Management Operating Fund* accounts for the surface water management fees and the related maintenance and operations costs of the utility, including depreciation. The *Surface Water Management Construction Fund* accounts for the capital costs incurred related to surface water capital improvements. The third fund is a non-major fund called the *Surface Water Management Bonds Reserve Fund*. This Fund is a reserve fund held for debt service on revenue bonds. The combined ending net asset balance for these three funds was \$27.9 million and of this amount, \$3.8 million or 13.5% was unrestricted.

**Revenues by Source for Business-type Activities**



Notes: This chart reflects the resources provided by the City's surface water management utility, excluding transfers in. As shown, the majority of the revenues came from operating and capital contributions and charges for services, specifically storm drainage fees. Note: All expenses are 100% SWM, under the physical environment function, so no chart is being provided for the expenses.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The *General Fund* finished 2009 with \$8 million in ending fund balance. The original budgeted ending fund balance amount was \$10 million. The ending fund balance came in under budget by \$2 million or 20%. Most of this difference (\$1.7 million) was due to a revenue shortfall in the area of taxes. Sales taxes came in under estimate by \$2.4 million or 23.4% while leasehold excise taxes added an additional \$319 thousand over the budgeted expectations.

General Fund actual revenues exceeded revenue estimates in only three of the eight revenue categories including licenses and permits, intergovernmental and rents/leases and concessions. The five categories in which revenues were under estimates include the following: taxes, charges for services, fines and forfeitures, investment earnings, and miscellaneous. As noted above, sales tax shortfalls were a major factor in the General Fund ending fund balance declining. Investment earnings were 81.3% under budget because of lower interest rates being paid by the Washington State Local Government Investment Pool (LGIP) and other government investments. Additionally, cash balances available for investment have declined over the last few years due to the repayment of the interfund loan from the Port of Seattle ILA Fund in 2008 and with the ongoing recession which appears to be affecting governments more and more as each year passes by.

The General Fund's actual expenditures were \$1.4 million less than the 2009 original budget and \$381 thousand less than the 2009 amended budget. The major budget reduction was in Parks and Recreation. The City originally budgeted \$1 million for a payment to the YMCA for twenty years worth of prepaid recreation services available to SeaTac residents. It was determined that the expenditure for these services should be budgeted over 20 years.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets**

At the end of 2009, the City had \$402.7 million (net of accumulated depreciation) in governmental activities capital assets, including one internal service fund, and \$24.9 million (net) in business-type activities. Total internal service fund capital assets (net) were just under \$1.1 million. These assets were included in the governmental activities column of the government-wide Statement of Net Assets. Additional information on capital assets can be found in the Financial Statement Notes, specifically Note No. 5 – Capital Assets and Depreciation. The following table summarizes the City's capital assets for the year ended 2009:

**City of SeaTac's Capital Assets**

Capital Assets:	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 320,879,257	\$ 316,937,825	\$ -	\$ -	\$ 320,879,257	\$ 316,937,825
Intangible Assets-Easements	71,226	71,226	35,442	5,000	106,668	76,226
Constr in Progress (CIP)	1,724,223	11,635,056	11,695,651	10,847,878	13,419,874	22,482,934
Buildings/Building Impr	42,269,237	26,293,442	228,560	228,560	42,497,797	26,522,002
Other Improvements	9,703,085	9,383,711	16,962,293	14,829,042	26,665,378	24,212,753
Infrastructure	74,041,058	68,871,109	-	-	74,041,058	68,871,109
Equipment/Vehicles	5,589,555	5,528,193	-	-	5,589,555	5,528,193
Equipment/Vehicles-Eq Rental	2,502,171	2,298,476	-	-	2,502,171	2,298,476
Intangible Assets-Software	665,802	612,670	-	-	665,802	612,670
Less: Depreciation	(54,795,602)	(49,855,422)	(3,975,743)	(3,654,482)	(58,771,345)	(53,509,904)
<b>Total Capital Assets (Net)</b>	<b>\$ 402,650,012</b>	<b>\$ 391,776,286</b>	<b>\$ 24,946,203</b>	<b>\$ 22,255,998</b>	<b>\$ 427,596,215</b>	<b>\$ 414,032,284</b>

In 2009, the largest increase in assets for governmental activities came in the areas of land and buildings. The City purchased SeaTac Center which included land valued at approximately \$3.9 million and a commercial building worth approximately \$8.4 million. As stated earlier in the MD&A, the land and building was purchased for future economic development in the South 154<sup>th</sup> Street Light Rail Station Area. This property will be held until the economy improves and development decisions can be made. Construction in progress was reduced by \$9.9 million due to the completion of Fire Station #46 and the completion of Westside Trail – North SeaTac Park to Sunnydale and Military Road South – South 176<sup>th</sup> Street to S 188<sup>th</sup> Street.

**Long-term Debt**

The City of SeaTac is authorized to issue long-term debt pursuant to the laws of the State of Washington. The City has three types of allowable long-term debt outstanding including general obligation debt (councilmanic), revenue debt and special assessment debt. No voter-approved general obligation debt is outstanding. The table below provides a summary of the City's outstanding debt for 2009 and 2008 by type:

**City of SeaTac's Outstanding Debt by Type**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 6,802,050	\$ 4,895,000	\$ -	\$ -	\$ 6,802,050	\$ 4,895,000
Special Assessment Debt	650,000	845,000	-	-	650,000	845,000
Revenue Bonds	3,080,000	3,770,000	1,380,000	1,695,000	4,460,000	5,465,000
<b>Total</b>	<b>\$ 10,532,050</b>	<b>\$ 9,510,000</b>	<b>\$ 1,380,000</b>	<b>\$ 1,695,000</b>	<b>\$ 11,912,050</b>	<b>\$ 11,205,000</b>

**General Obligation Debt**

According to Washington State law, the City's debt capacity for *general government purposes* is limited to 2.5% or \$122.2 million of the City's assessed valuation. Of this 2.5%, the City Council has the authority to issue bonds and/or approve lease purchase agreements up to 1.5% or \$73.3 million. The City's 2008 assessed valuation was \$4,886,455,259. The 2008 assessed valuation is used to calculate the taxes to be collected in 2009. At the end of 2009, the City had \$10.5 million in outstanding councilmanic (non-voted) general obligation debt. Repayment of this debt is guaranteed through the general taxing authority of the City.

In 2009, the City issued Limited Tax General Obligation Refunding Bonds in the amount \$4,215,000. The proceeds from the sale were used to refund the following: 1) \$2,755,000 of the City's Limited Tax General Obligation (Hotel/Motel Tax) Bonds, 1998 maturing on December 1 in years 2010 through 2018 (the "1998 Refunded Bonds") and 2) \$1,545,000 of the City's Limited Tax General Obligation Refunding Bonds, 1998 maturing on December 1 in years 2010 through 2013 (the "1998 Refunding Refunded Bonds"). The proceeds were placed in escrow until the call date for the Refunded Bonds (January 21, 2010) at which time they were called at a price of par plus accrued interest.

Also in 2009, pursuant to a *South Correctional Entity* ("SCORE") interlocal agreement among the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, Washington, dated October 1, 2009 and Chapter 39.34 (the "Interlocal Cooperation Act") of the Revised Code of Washington ("RCW"), the Member Cities agreed to jointly construct, equip, maintain and operate a consolidated correctional facility to be located in Des Moines, to serve the Member Cities and State agencies and other governments to provide correctional services essential to the preservation of the public health, safety and welfare. SCORE, as a governmental administrative agency was formed under the Interlocal Cooperation Act.

To finance and refinance the costs of acquisition, construction, equipping and improvement of the correctional facility, the City of Renton, chartered the *South Correctional Entity Facility Public Development Authority* (the "Authority") as a public corporation pursuant to RCW 35.21.730 through 35.21.757 (the "Public Corporation Act") and Ordinance No. 5444, passed on February 2, 2009. The Administrative Board of SCORE serves as *ex officio* as the Board of Directors of the Authority. The Authority is a legal entity separate from SCORE and member Cities. Each Owner City (excludes Des Moines) is obligated by the Interlocal Agreement to budget for and pay its share of the principal and interest on the Series 2009 Bonds as the same become due and payable. The City of SeaTac's Owner Percentage is 3% or \$2,587,050 of the SCORE bonds.

In addition to the debt capacity limits for *general government purposes* (described above), there are other statutory limits of 2.5% for *parks and open space* and 2.5% for *utilities* for a combined total debt capacity of

7.5% or \$366.5 million of the City's assessed valuation. Additional information can be found in the *Statistical Section* of the City's *2009 Comprehensive Annual Financial Report*.

**Revenue Debt**

Enterprise funds are permitted to issue revenue debt without limitation. Repayment of the debt is through user fees of the issuing fund. This debt is issued following a majority vote of the City Council. As of the end of 2009, the City had \$1.38 million in outstanding revenue debt issued for surface water management purposes. The City also had \$3.1 million in governmental activities revenue debt for transportation purposes. No new revenue debt was issued in 2009.

**Special Assessment Debt**

Special assessment debt is created through the formation of a local improvement district (LID). LID debt pays for significant public improvements (roads, sidewalks, utilities, etc.) that benefit specific properties. Following the formation of a LID and the completion of the improvements, the benefiting property owners are assessed their proportional share of the costs with repayment permitted over a period of years. The City sells LID bonds to cover the cost of the improvements and repayment is backed by liens placed on the benefiting properties. The City's current outstanding LID debt is only an obligation of the *Special Assessment Debt Fund* and the *LID Guarantee Fund* and are not a general obligation of the City.

At the end of 2009, the City had LID bonds outstanding totaling \$650,000. No new special assessment debt was issued. Additional information on the City's long term debt can be found in *Note 08 Long Term Debt and Leases* in the *2009 Notes to the Financial Statements*.

**ECONOMIC FACTORS AND THE BUDGET**

Washington State's seasonally adjusted unemployment rate decreased to 8.9 percent in August 2010 per Washington State Employment Security Department. This is down 0.3 percentage points from the August 2009 level. The unemployment rate which was near historical lows three years ago continues to be a big concern for many government agencies in Washington. 2010 unemployment trends are showing that job losses are primarily due to declining government jobs which are more than offsetting the growth in the private sector. It is anticipated that further revenue reductions at all levels of government will require more expenditure reductions, especially in the employment area.

Although taxable retail sales have historically increased an average of 5% over the last few years, 2010 sales taxes are showing average monthly increases of only 3.4% over 2009. This is a definite improvement over the 16% year-over-year decline reported last year. The City Manager, City Council and the Finance Director continue to work diligently on keeping expenditures down due to lowered revenue expectations.

For 2010, the City's original budgeted General Fund unreserved/undesignated fund balance was estimated to end at \$7.8 million. The City Council reduced the *General Fund* target fund balance policy of *four months of operating expenditures* to *three months of operating expenditures* to be more inline the Government Finance Officers Association's (GFOA) recommended policies. This policy change assisted in filling in approximately \$1 million of a \$2.1 million budget gap in the *General Fund*.

Although the City of SeaTac's Operating Budget continues to follow the historic practice of conservative budgeting, spending and forecasting, 2009 ended up being one of the City's more difficult years due to actual expenditures exceeding actual revenues by \$3.1 million as shown in the chart below:



**City of SeaTac's General Fund  
Budget versus Actual**

	<b>2007 Final</b>	<b>2008 Final</b>	<b>2009 Original</b>	<b>2009 Final</b>
<b>Budget:</b>				
Budgeted Revenues	\$ 25,074,111	\$ 27,156,062	\$ 28,848,875	\$ 28,868,875
Budgeted Expenditures	\$ 26,003,196	\$ 28,011,811	\$ 30,071,724	\$ 29,012,835
<b>Budgeted Difference</b>	<b>\$ (929,085)</b>	<b>\$ (855,749)</b>	<b>\$ (1,222,849)</b>	<b>\$ (143,960)</b>
<b>Actual:</b>				
Actual Revenues	\$ 27,685,161	\$ 26,841,221	<b>N/A</b>	\$ 25,558,895
Actual Expenditures	\$ 25,132,823	\$ 26,868,014	<b>N/A</b>	\$ 28,631,633
<b>Actual Difference</b>	<b>\$ 2,552,338</b>	<b>\$ (26,793)</b>	<b>N/A</b>	<b>\$ (3,072,738)</b>

*Note: Figures exclude other financing sources & uses.*

**REQUESTS FOR INFORMATION**

This financial report was designed to provide a general overview of the City of SeaTac's finances for readers with an interest in the City's finances. Questions regarding any of the information in this report, or requests for additional information should be addressed to the *City of SeaTac, Finance and Systems Director, 4800 South 188<sup>th</sup> Street, SeaTac, WA 98188-8605.*



# Basic Financial Statements

**Colleen Brandt-Schluter**  
**Human Services Manager**  
**206.973.4815**

Colleen maintains and enhances the quality of life for all community residents through the provision and support of effective and accessible human services that are culturally relevant, physically accessible, near adequate public transportation, affordable, and immediate. The community's most pressing human service needs are then addressed through grants from the City of SeaTac to human service provider agencies. She also administers a Minor Home Repair Program and a Recreation Scholarship Program for income eligible SeaTac residents. Please contact Colleen for more information on the City's Human Service or Minor Home Repair Programs.





**Statement of Net Assets**  
**December 31, 2009**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash & cash equivalents	\$ 10,188,452	\$ 395,539	\$ 10,583,991
Cash with fiscal agents	26,326	-	26,326
Investments	35,541,428	3,012,368	38,553,796
Receivables (net)			
Taxes	2,292,940	-	2,292,940
Customer/other miscellaneous	1,211,783	384,842	1,596,625
Special assessments with gov commitment	876,118	-	876,118
Interest on investments	179,241	5,860	185,101
Internal balances	(87,067)	87,067	-
Prepaid items	1,094,119	-	1,094,119
Temporarily restricted:			
Cash & cash equivalents, noncurrent	-	403,925	403,925
Deferred charges	30,508	11,597	42,105
Investment in joint venture	2,750,837	-	2,750,837
Capital assets not being depreciated:			
Land	320,879,257	-	320,879,257
Intangible assets - easements	71,226	35,442	106,668
Construction in progress	1,724,223	11,695,651	13,419,874
Capital assets, net of accum deprec (Note 5):			
Buildings	35,908,979	203,051	36,112,030
Improvements other than buildings	6,934,664	13,012,059	19,946,723
Machinery, equipment & intangibles	3,891,607	-	3,891,607
Infrastructure	33,240,056	-	33,240,056
<b>Total Assets</b>	<b>\$ 456,754,697</b>	<b>\$ 29,247,401</b>	<b>\$ 486,002,098</b>
<b>Liabilities</b>			
Accounts payable & accrued expenses	1,559,354	23,838	1,583,192
Due to other governments	354,630	-	354,630
Accrued interest payable	28,452	5,267	33,719
Custodial accounts/other current liab	316,283	27,741	344,024
Unearned revenue	876,118	-	876,118
Noncurrent liabilities (Note 8A):			
Due within one year	1,557,013	294,161	1,851,174
Due in more than one year	10,430,219	977,461	11,407,680
<b>Total Liabilities</b>	<b>15,122,069</b>	<b>1,328,468</b>	<b>16,450,537</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	394,579,043	23,726,821	418,305,864
Restricted for:			
Tourism promotion/facilities	5,710,933	-	5,710,933
Debt service	979,487	403,925	1,383,412
Capital projects	415,241	-	415,241
Transportation purposes/projects	10,379,414	-	10,379,414
Des Moines Creek Basin ILA projects	2,167,344	-	2,167,344
Unrestricted	27,401,166	3,788,187	31,189,353
<b>Total Net Assets</b>	<b>\$ 441,632,628</b>	<b>\$ 27,918,933</b>	<b>\$ 469,551,561</b>

The notes to the financial statements are an integral part of this statement.

**Statement of Activities**  
**For the Year Ended December 31, 2009**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>
<b>Functions/Programs</b>				
<i>Governmental Activities:</i>				
Judicial	\$ 811,733	\$ 640,646	\$ 11,696	\$ -
General Government	5,890,170	1,220,039	500	-
Public Safety	16,674,605	190,020	126,279	163,787
Physical Environment	569,509	576,201	121,487	-
Transportation	9,865,967	126,149	732,048	222,115
Health & Human Services	524,796	-	28,757	-
Economic Environment	3,086,954	1,129,684	-	-
Culture & Recreation	3,865,811	765,774	16,251	272,738
Interest on long-term debt	481,848	-	-	-
<b>Total Governmental Activities</b>	<b>41,771,393</b>	<b>4,648,513</b>	<b>1,037,018</b>	<b>658,640</b>
<i>Business-type Activities:</i>				
Surface Water Utilities	1,400,529	1,823,406	-	2,011,024
<b>Total Business-type Activities</b>	<b>1,400,529</b>	<b>1,823,406</b>	<b>-</b>	<b>2,011,024</b>
<b>Total Government</b>	<b>\$ 43,171,922</b>	<b>\$ 6,471,919</b>	<b>\$ 1,037,018</b>	<b>\$ 2,669,664</b>

The notes to the financial statements are an integral part of this statement.

	Net (Expense) Revenue & Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>			
<i>Governmental Activities:</i>			
Judicial	\$ (159,391)	\$ -	\$ (159,391)
General Government	(4,669,631)	-	(4,669,631)
Public Safety	(16,194,519)	-	(16,194,519)
Physical Environment	128,179	-	128,179
Transportation	(8,785,655)	-	(8,785,655)
Health & Human Services	(496,039)	-	(496,039)
Economic Environment	(1,957,270)	-	(1,957,270)
Culture & Recreation	(2,811,048)	-	(2,811,048)
Interest on long-term debt	(481,848)	-	(481,848)
<b>Total Governmental Activities</b>	<b>(35,427,222)</b>	<b>-</b>	<b>(35,427,222)</b>
<i>Business-type Activities:</i>			
Surface Water Utilities	-	2,433,901	2,433,901
<b>Total Business-type Activities</b>	<b>-</b>	<b>2,433,901</b>	<b>2,433,901</b>
<b>Total Government</b>	<b>(35,427,222)</b>	<b>2,433,901</b>	<b>(32,993,321)</b>
<b>General Revenues</b>			
Property taxes	11,844,007	-	11,844,007
Sales taxes	10,099,388	-	10,099,388
Parking taxes	5,425,041	-	5,425,041
Excise taxes	2,535,324	-	2,535,324
Unrestricted grants & contributions	176,980	-	176,980
Investment earnings	801,719	69,623	871,342
Gain on sale of capital assets	11,160	-	11,160
<b>Total General Revenues</b>	<b>30,893,619</b>	<b>69,623</b>	<b>30,963,242</b>
Transfers	2,703,970	(2,703,970)	-
<b>Total General Revenues &amp; Transfers</b>	<b>33,597,589</b>	<b>(2,634,347)</b>	<b>30,963,242</b>
Change in Net Assets	(1,829,633)	(200,446)	(2,030,079)
Net Assets-Beg (as prev reported)	445,387,861	28,119,379	473,507,240
Prior Year Adjustments	(1,925,600)	-	(1,925,600)
<b>Net Assets-Beginning (as restated)</b>	<b>443,462,261</b>	<b>28,119,379</b>	<b>471,581,640</b>
<b>Net Assets-Ending</b>	<b>\$ 441,632,628</b>	<b>\$ 27,918,933</b>	<b>\$ 469,551,561</b>

**Balance Sheet**  
**December 31, 2009**

	<u>General</u>	<u>Arterial Street Fund</u>	<u>Port of Seattle ILA</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
<b>Assets</b>					
Cash & cash equivalents	\$ 1,201,945	\$ 592,801	\$ 341,763	\$ 708,982	\$ 19,451
Deposits with fiscal agents	-	-	-	-	-
Investments	5,080,085	3,013,420	4,315,885	7,633,078	-
Receivables (net of allow- ance for uncollectibles):					
Taxes	1,694,557	360,095	-	63,560	-
Customer accounts	869,851	13,610	-	-	-
Spec assessment w/gov com	-	-	-	-	876,118
Interest receivable	44,896	-	-	-	-
Prepaid items	1,067,462	-	-	-	-
<b>Total Assets</b>	<b>\$ 9,958,796</b>	<b>\$ 3,979,926</b>	<b>\$ 4,657,648</b>	<b>\$ 8,405,620</b>	<b>\$ 895,569</b>
<b>Liabilities</b>					
Accounts payable	516,790	86,694	-	102,768	-
Due to other governments	354,630	-	-	-	-
Custodial accounts payable	254,450	32,298	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	796,650	-	-	-	-
Unearned revenue	-	-	-	-	876,118
<b>Total Liabilities</b>	<b>1,922,520</b>	<b>118,992</b>	<b>-</b>	<b>102,768</b>	<b>876,118</b>
<b>Fund Balances</b>					
<i>Reserved for:</i>					
Capital improvements	-	-	-	5,001,021	-
<i>Unreserved, designated for:</i>					
LEOFF I retiree benefits	225,000	-	-	-	-
<i>Unresvd, undesig reported in:</i>					
General Fund	7,811,276	-	-	-	-
Special revenue funds	-	3,860,934	4,657,648	3,301,831	-
Debt service funds	-	-	-	-	19,451
Capital project funds	-	-	-	-	-
<b>Total Fund Balances</b>	<b>8,036,276</b>	<b>3,860,934</b>	<b>4,657,648</b>	<b>8,302,852</b>	<b>19,451</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 9,958,796</b>	<b>\$ 3,979,926</b>	<b>\$ 4,657,648</b>	<b>\$ 8,405,620</b>	<b>\$ 895,569</b>

The notes to the financial statements are an integral part of this statement.



	Municipal Facilities CIP	Transportation CIP	Light Rails Station Areas CIP	Other Governmentl Funds	Total Governmental Funds
<b>Assets</b>					
Cash & cash equivalents	\$ 407,102	\$ 604,658	\$ 748,917	\$ 5,389,511	\$ 10,015,130
Deposits with fiscal agents	-	-	26,326	-	26,326
Investments	3,602,942	5,654,921	-	3,731,757	33,032,088
Receivables (net of allow- ance for uncollectibles):					
Taxes	-	-	-	174,728	2,292,940
Customer accounts	-	5,280	-	323,042	1,211,783
Spec assessment w/gov com	-	-	-	-	876,118
Interest receivable	45,617	19,550	-	-	110,063
Prepaid items	-	-	-	-	1,067,462
<b>Total Assets</b>	<b>\$ 4,055,661</b>	<b>\$ 6,284,409</b>	<b>\$ 775,243</b>	<b>\$ 9,619,038</b>	<b>\$ 48,631,910</b>
<b>Liabilities</b>					
Accounts payable	328,668	18,142	40,396	454,163	1,547,621
Due to other governments	-	-	-	-	354,630
Custodial accounts payable	-	-	-	-	286,748
Deposits payable	-	-	-	29,535	29,535
Deferred revenue	-	-	-	-	796,650
Unearned revenue	-	-	-	-	876,118
<b>Total Liabilities</b>	<b>328,668</b>	<b>18,142</b>	<b>40,396</b>	<b>483,698</b>	<b>3,891,302</b>
<b>Fund Balances</b>					
<i>Reserved for:</i>					
Capital improvements	-	-	-	-	5,001,021
<i>Unreserved, designated for:</i>					
LEOFF I Retiree Benefits	-	-	-	-	225,000
<i>Unresvd, undesig reported in:</i>					
General Fund	-	-	-	-	7,811,276
Special revenue funds	-	-	-	4,313,885	16,134,298
Debt service funds	-	-	-	988,488	1,007,939
Capital project funds	3,726,993	6,266,267	734,847	3,832,967	14,561,074
<b>Total Fund Balances</b>	<b>3,726,993</b>	<b>6,266,267</b>	<b>734,847</b>	<b>9,135,340</b>	<b>44,740,608</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 4,055,661</b>	<b>\$ 6,284,409</b>	<b>\$ 775,243</b>	<b>\$ 9,619,038</b>	<b>\$ 48,631,910</b>

**Reconciliation of Fund Balances of Governmental Funds  
to the Net Assets of Governmental Activities  
December 31, 2009**

**Amounts reported for governmental activities in the Statement of Net Assets are different because:**

**Governmental funds total fund balance on December 31, 2008** **\$ 44,740,608**  
*(as shown on the Balance Sheet for Governmental Funds)*

Capital assets used in governmental activities are not financial resources and are not reported in the individual governmental funds.

*These capital assets consist of:*

Land	\$ 320,879,257	
Intangibles - easements	71,226	
Construction in progress	1,724,223	
Buildings & structures	42,269,237	
Other improvements	9,703,086	
Infrastructure	74,041,058	
Equipment	5,589,555	
Intangibles - software	665,802	
Less: accumulated depreciation	<u>(53,439,994)</u>	401,503,450

Investment in joint ventures are not a financial resource and, therefore, are not reported in the governmental funds. 2,750,837

The focus of governmental funds is on short-term financing; assets are deferred in the individual governmental funds and are not included in fund balances. 796,650

Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the governmental funds. Investment interest is accrued beyond the City's 60 day measurable and available period. 59,918

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the individual governmental funds.

*These long-term liabilities consist of:*

Bonds payable	\$ (10,532,050)	
Premium on bond issue (amortized over life of debt)	(161,345)	
Bond issue costs (amortized over life of debt)	30,508	
Accrued interest payable	(28,452)	
Other post employment benefits payable	(199,927)	
Compensated absences payable	<u>(1,093,910)</u>	(11,985,176)

An Equipment Rental Internal Service Fund is used by management to charge the costs of repairing and replacing equipment to individual governmental funds. These assets and liabilities are included in governmental activities in the Statement of Net Assets. 3,766,341

**Net assets of governmental activities** **\$ 441,632,628**  
*(as shown on the Government-wide Statement of Net Assets)*

The notes to the financial statement are an integral part of this statement.



**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended December 31, 2009**

	<b>General</b>	<b>Arterial Street Fund</b>	<b>Port of Seattle ILA</b>	<b>Hotel/Motel Tax</b>	<b>Special Assessment Debt</b>
<b>Revenues</b>					
Taxes	\$ 21,560,144	\$ 4,571,041	\$ -	\$ 594,590	\$ -
Licenses & permits	1,233,108	-	-	-	-
Intergovernmental	802,434	600,567	-	-	-
Charges for services	946,572	585	-	-	-
Fines & forfeitures	585,825	-	-	-	-
Investment & other earnings	177,837	64,692	55,211	124,042	68,955
Special assessments	-	-	-	-	190,445
Rents/leases & concessions	210,705	-	-	-	-
Miscellaneous	42,270	766	98,766	-	-
<b>Total Revenues</b>	<b>25,558,895</b>	<b>5,237,651</b>	<b>153,977</b>	<b>718,632</b>	<b>259,400</b>
<b>Expenditures</b>					
<i>Current Operations:</i>					
Judicial	809,236	-	-	-	-
General Government	5,436,680	-	-	-	-
Public Safety	16,209,702	-	-	-	-
Physical Environment	15,367	-	-	-	-
Transportation	662,535	5,121,446	-	-	-
Health & Human Services	523,242	-	-	-	-
Economic Environment	1,981,616	-	-	1,100,618	-
Culture & Recreation	2,933,383	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	-	195,000
Interest & other costs	-	-	-	-	51,513
Capital outlay	59,872	431,568	-	-	-
<b>Total Expenditures</b>	<b>28,631,633</b>	<b>5,553,014</b>	<b>-</b>	<b>1,100,618</b>	<b>246,513</b>
Excess (deficiency) of revenues over (under) expenditures	(3,072,738)	(315,363)	153,977	(381,986)	12,887
<b>Other Financing Sources (Uses)</b>					
Transfers in	877,650	-	-	-	-
Transfers out	-	(396,800)	(12,700,000)	-	-
Refunding debt proceeds	-	-	-	-	-
Pymt to ref bonds escr agent	-	-	-	-	-
Disposition of capital assets	-	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>877,650</b>	<b>(396,800)</b>	<b>(12,700,000)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(2,195,088)	(712,163)	(12,546,023)	(381,986)	12,887
<b>Fund Balances-Beginning</b>	<b>10,231,364</b>	<b>4,573,097</b>	<b>17,203,671</b>	<b>8,684,838</b>	<b>6,564</b>
<b>Fund Balances-Ending</b>	<b>\$ 8,036,276</b>	<b>\$ 3,860,934</b>	<b>\$ 4,657,648</b>	<b>\$ 8,302,852</b>	<b>\$ 19,451</b>

The notes to the financial statements are an integral part of this statement.

	Municipal Facilities CIP	Transportation CIP	Light Rails Station Areas CIP	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 3,213,069	\$ 29,938,844
Licenses & permits	-	-	-	-	1,233,108
Intergovernmental	-	222,115	-	546,209	2,171,325
Charges for services	-	310,340	-	219,076	1,476,573
Fines & forfeitures	-	-	-	-	585,825
Investment & other earnings	104,027	69,215	1,822	79,879	745,680
Special assessments	-	-	-	-	190,445
Rents/leases & concessions	-	-	-	398,853	609,558
Miscellaneous	(63,852)	(20,203)	-	(11,024)	46,723
<b>Total Revenues</b>	<b>40,175</b>	<b>581,467</b>	<b>1,822</b>	<b>4,446,062</b>	<b>36,998,081</b>
<b>Expenditures</b>					
<i>Current Operations:</i>					
Judicial	-	-	-	-	809,236
General Government	17,250	-	-	19,251	5,473,181
Public Safety	118,878	-	-	1,284	16,329,864
Physical Environment	-	-	-	529,518	544,885
Transportation	-	767,993	-	74,308	6,626,282
Health & Human Services	-	-	-	-	523,242
Economic Environment	-	-	-	-	3,082,234
Culture & Recreation	-	-	-	161,079	3,094,462
<i>Debt Service:</i>					
Principal	-	-	-	1,285,000	1,480,000
Interest & other costs	-	-	-	388,331	439,844
Capital outlay	3,286,231	1,138,887	12,316,975	724,378	17,957,911
<b>Total Expenditures</b>	<b>3,422,359</b>	<b>1,906,880</b>	<b>12,316,975</b>	<b>3,183,149</b>	<b>56,361,141</b>
Excess (deficiency) of revs over expenditures	(3,382,184)	(1,325,413)	(12,315,153)	1,262,913	(19,363,060)
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,200,000	-	13,050,000	2,733,783	17,861,433
Transfers out	-	-	-	(1,854,800)	(14,951,600)
Refunding debt proceeds	-	-	-	4,376,345	4,376,345
Pymt to ref bonds escr agent	-	-	-	(4,376,345)	(4,376,345)
Disposition of capital assets	-	-	-	11,160	11,160
<b>Total Other Fin Sources (Uses)</b>	<b>1,200,000</b>	<b>-</b>	<b>13,050,000</b>	<b>5,266,488</b>	<b>2,920,993</b>
Net Change in Fund Balances	(2,182,184)	(1,325,413)	734,847	6,529,401	(16,442,067)
<b>Fund Balances-Beginning</b>	<b>5,909,177</b>	<b>7,591,680</b>	<b>-</b>	<b>6,982,284</b>	<b>61,182,675</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,726,993</b>	<b>\$ 6,266,267</b>	<b>\$ 734,847</b>	<b>\$ 9,135,340</b>	<b>\$ 44,740,608</b>

**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, 2009**

**Amounts reported for governmental activities in the Statement of Activities are different because:**

**Net change in fund balance for all governmental funds combined** **\$ (16,442,067)**  
*(as shown on the Statement of Revenues, Expenditures and  
Changes in Fund Balances for Governmental Funds)*

Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities the cost of those  
assets are allocated over their estimated useful lives and  
reported as depreciation expense. This is the amount  
by which capital outlays exceeded depreciation in the  
current period:

Capital outlay	\$ 17,752,048	
Depreciation expense	<u>(4,933,000)</u>	12,819,048

Investment in joint ventures are not considered financial resources and are,  
therefore, not reported in the governmental funds. 163,787

The issuance of long-term debt is a resource and the repayment  
of bond principal is an expenditure in governmental funds,  
but those transactions increase or reduce long-term liabilities  
in the Statement of Net Assets. These debt related items  
consist of:

Refunding Debt Proceeds	\$ (4,215,000)	
Premium on Debt Refunding	(161,345)	
Refunding Debt Issue Costs	30,508	
Debt Principal Repayments	<u>5,780,000</u>	1,434,163

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the govern-  
mental funds. Change in investment interest receivable due  
beyond the City's 60 day measurable and available period. 11,162

Some revenues will not be collected for several months after the  
City's fiscal year ends and are not considered available revenues  
in the governmental funds. Deferred revenues increased by this  
amount for the current year. 8,724

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 the governmental funds. These  
expenses consist of:

Net decrease in accrued interest	\$ 3,833	
Net increase in other post employment benefits	(54,603)	
Net decrease in compensated absences	<u>96,355</u>	45,585

An Equipment Rental Internal Service Fund is used by  
management to charge the costs of equipment repairs and  
replacements to individual funds. The profit (loss) of this Fund  
is reported on the Statement of Activities as governmental activity. 129,965

**Change in net assets of governmental activities** **\$ (1,829,633)**

*(as shown on the Statement of Activities-Governmental Activities)*

The notes to the financial statements are an integral part of this statement.

## Statement of Net Assets

December 31, 2009

## Business-type Activities-Enterprise Funds

	Surface Water Management Operating	Surface Water Management Construction	Surface Water Mgt Bonds Resv	Total Enterprise Funds	Governmental Activities- Internal Service Funds
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 164,812	\$ 230,727	\$ -	\$ 395,539	\$ 173,322
Investments	2,007,894	1,004,474	-	3,012,368	2,509,341
Customer receivables (net)	144,896	239,946	-	384,842	-
Interest receivable	1,827	4,033	-	5,860	9,260
Prepaid items	-	-	-	-	26,657
<b>Total Current Assets</b>	<b>2,319,429</b>	<b>1,479,180</b>	<b>-</b>	<b>3,798,609</b>	<b>2,718,580</b>
<i>Noncurrent Assets:</i>					
Restricted cash & investments:					
Bond covenant accounts	-	-	403,925	403,925	-
Deferred charges & other assets:					
Deferred charges	11,597	-	-	11,597	-
Capital assets:					
Depreciable assets (net)	1,302,976	11,912,134	-	13,215,110	1,146,561
Intangible assets	-	35,442	-	35,442	-
Construction in progress	-	11,695,651	-	11,695,651	-
<b>Total Noncurrent Assets</b>	<b>1,314,573</b>	<b>23,643,227</b>	<b>403,925</b>	<b>25,361,725</b>	<b>1,146,561</b>
<b>Total Assets</b>	<b>\$ 3,634,002</b>	<b>\$ 25,122,407</b>	<b>\$ 403,925</b>	<b>\$ 29,160,334</b>	<b>\$ 3,865,141</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts payable	19,380	4,458	-	23,838	11,733
Accrued interest payable	5,267	-	-	5,267	-
Compensated absences	4,470	-	-	4,470	-
Revenue bonds pay (net)	289,691	-	-	289,691	-
Other current liabilities	-	27,741	-	27,741	-
<b>Total Current Liabilities</b>	<b>318,808</b>	<b>32,199</b>	<b>-</b>	<b>351,007</b>	<b>11,733</b>
<i>Noncurrent Liabilities:</i>					
Compensated absences	36,173	-	-	36,173	-
Revenue bonds pay (net)	941,288	-	-	941,288	-
<b>Total Noncurrent Liabilities</b>	<b>977,461</b>	<b>-</b>	<b>-</b>	<b>977,461</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,296,269</b>	<b>32,199</b>	<b>-</b>	<b>1,328,468</b>	<b>11,733</b>
Invested in capital assets, net of related debt	83,594	23,643,227	-	23,726,821	1,146,561
<i>Restricted for:</i>					
Debt service	-	-	403,925	403,925	-
Unrestricted	2,254,139	1,446,981	-	3,701,120	2,706,847
<b>Total Net Assets</b>	<b>\$ 2,337,733</b>	<b>\$ 25,090,208</b>	<b>\$ 403,925</b>	<b>\$ 27,831,866</b>	<b>\$ 3,853,408</b>
Cumulative adjustment to reflect the consolidation of the Equipment Rental Internal Service Fund activities as related to enterprise funds.				87,067	
<b>Net assets of business-type activities</b>				<b>\$ 27,918,933</b>	

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2009**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities-Internal Service Funds</b>
	<b>Surface Water Management Operating</b>	<b>Surface Water Management Construction</b>	<b>Surface Water Mgt Bonds Resv</b>	<b>Total Enterprise Funds</b>	
<b>Operating Revenues</b>					
<i>Charges for Services:</i>					
Surface water utilities	\$ 1,823,406	\$ -	\$ -	\$ 1,823,406	\$ -
Equipment rental	-	-	-	-	544,732
<b>Total Operating Revenues</b>	<b>1,823,406</b>	<b>-</b>	<b>-</b>	<b>1,823,406</b>	<b>544,732</b>
<b>Operating Expenses</b>					
Maintenance & operations	975,389	17,561	-	992,950	213,374
Depreciation	66,730	254,532	-	321,262	223,418
<b>Total Operating Expenses</b>	<b>1,042,119</b>	<b>272,093</b>	<b>-</b>	<b>1,314,212</b>	<b>436,792</b>
<b>Operating Income (Loss)</b>	<b>781,287</b>	<b>(272,093)</b>	<b>-</b>	<b>509,194</b>	<b>107,940</b>
<b>Nonoperating Revenues (Exps)</b>					
Investment earnings	48,554	21,069	-	69,623	44,876
Interest expense	(76,196)	-	-	(76,196)	-
Debt issuance costs	(32,972)	-	-	(32,972)	-
<b>Total Nonop Revs (Exps)</b>	<b>(60,614)</b>	<b>21,069</b>	<b>-</b>	<b>(39,545)</b>	<b>44,876</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<b>720,673</b>	<b>(251,024)</b>	<b>-</b>	<b>469,649</b>	<b>152,816</b>
Capital grants	-	89,120	-	89,120	-
Capital contributions	30,000	2,097,767	-	2,127,767	-
Transfers in	-	1,000,000	-	1,000,000	-
Transfers out	(1,290,850)	(2,618,983)	-	(3,909,833)	-
<b>Change in Net Assets</b>	<b>(540,177)</b>	<b>316,880</b>	<b>-</b>	<b>(223,297)</b>	<b>152,816</b>
<b>Net Assets-Beginning</b>	<b>2,877,910</b>	<b>24,773,328</b>	<b>403,925</b>		<b>3,700,592</b>
<b>Net Assets-Ending</b>	<b>\$ 2,337,733</b>	<b>\$ 25,090,208</b>	<b>\$ 403,925</b>		<b>\$ 3,853,408</b>

An Equipment Rental Internal Service Fund is used to charge the cost of equipment repairs & replacements to individual funds. This is the current year adjustment for the internal service fund that is reported with the business-type activities in the Statement of Activities.

22,851

***Change in net assets of business-type activities*** **\$ (200,446)**

The notes to the financial statements are an integral part of this statement.





**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental</b>
	<b>Surface Water</b>	<b>Surface Water</b>	<b>Surface</b>	<b>Total</b>	<b>Activities-</b>
	<b>Management</b>	<b>Management</b>	<b>Water Mgt</b>	<b>Enterprise</b>	<b>Internal</b>
	<b>Operating</b>	<b>Construction</b>	<b>Bonds</b>	<b>Funds</b>	<b>Service Funds</b>
			<b>Resv</b>		
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 1,717,767	\$ -	\$ -	\$ 1,717,767	\$ -
Receipts from other funds	122,000	-	-	122,000	544,732
Payments to suppliers	(391,496)	(110,370)	-	(501,866)	(222,979)
Payments to employees	(530,687)	-	-	(530,687)	-
Payments to other funds	(115,320)	-	-	(115,320)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>802,264</b>	<b>(110,370)</b>	<b>-</b>	<b>691,894</b>	<b>321,753</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Intergovernmental revenue for DMC Basin projects	-	-	-	-	-
Intergovernmental payments for DMC Basin projects	-	-	-	-	-
Subsidy from state grant	9,995	-	-	9,995	-
Transfers from other funds	-	1,000,000	-	1,000,000	-
Transfers to other funds	(1,290,850)	(2,618,983)	-	(3,909,833)	-
<b>Net Cash Provided (Used) by Noncapital Fin Activities</b>	<b>(1,280,855)</b>	<b>(1,618,983)</b>	<b>-</b>	<b>(2,899,838)</b>	<b>-</b>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>					
Proceeds from sale of assets	-	-	-	-	13,680
Capital contributions	-	-	-	-	-
Purchase of capital assets	(241,347)	(833,320)	-	(1,074,667)	(387,123)
Principal paid on capital debt	(315,000)	-	-	(315,000)	-
Interest paid on capital debt	(77,377)	-	-	(77,377)	-
Debt cost paid on capital debt	(304)	-	-	(304)	-
<b>Net Cash Provided (Used) by Capital &amp; Related Fin Activities</b>	<b>(634,028)</b>	<b>(833,320)</b>	<b>-</b>	<b>(1,467,348)</b>	<b>(373,443)</b>
<b>Cash Flows from Investing Activities</b>					
Proceeds from sale of investments	2,000,000	-	-	2,000,000	500,000
Purchase of investments	(2,000,000)	(1,000,000)	-	(3,000,000)	(1,002,174)
Interest received	63,375	13,524	-	76,899	57,848
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>63,375</b>	<b>(986,476)</b>	<b>-</b>	<b>(923,101)</b>	<b>(444,326)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,049,244)</b>	<b>(3,549,149)</b>	<b>-</b>	<b>(4,598,393)</b>	<b>(496,016)</b>
<b>Cash &amp; Cash Equivalents-Beg</b>	<b>1,214,056</b>	<b>3,779,876</b>	<b>403,925</b>	<b>5,397,857</b>	<b>669,338</b>
<b>Cash &amp; Cash Equivalents-End</b>	<b>\$ 164,812</b>	<b>\$ 230,727</b>	<b>\$ 403,925</b>	<b>\$ 799,464</b>	<b>\$ 173,322</b>

The notes to the financial statements are an integral part of this statement

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Surface Water Mgt Bonds Resv	Total Enterprise Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ 781,287	\$ (272,093)	\$ -	\$ 509,194	\$ 107,940
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	66,730	254,532	-	321,262	223,418
(Increase) decrease in accounts receivable pertaining to operating activities	(5,499)	-	-	(5,499)	-
(Increase) decrease in prepaid insurance	-	-	-	-	(1,351)
Increase (decrease) in accounts payable pertaining to operating activities	(40,724)	(92,809)	-	(133,533)	(8,254)
Increase (decrease) in compensated balances	470	-	-	470	-
Total adjustments	20,977	161,723	-	182,700	213,813
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 802,264</b>	<b>\$ (110,370)</b>	<b>\$ -</b>	<b>\$ 691,894</b>	<b>\$ 321,753</b>

**Noncash capital activities**

Contributions of capital assets (other improvements) paid for in prior years by the Transportation CIP Fund.	-	1,891,904	-	1,891,904	-
Contributions of capital assets (other improvements) as defined by the Des Moines Creek Basin Interlocal Agreement by percentage of maint- enance responsibility (41% for SeaTac).	-	205,863	-	205,863	-

Statement of Fiduciary Net Assets  
December 31, 2009

	<u>Clearing Agency Funds</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 841,438
<b>Total Assets</b>	<b>\$ 841,438</b>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Uncleared Accounts Payable Checks	390,845
Uncleared Payroll Payable Checks	450,593
<b>Total Liabilities</b>	<b>841,438</b>
<b>Net Assets</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF SEATAC, WASHINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City of SeaTac, Washington was incorporated on February 28, 1990 and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a Council-Manager form of government. The City is administered by a full-time City Manager and a seven member City Council, with one of its members serving as Mayor. Councilmember terms are for a period of four years.

The City of SeaTac is a general purpose government. The City's Comprehensive Annual Financial Report (CAFR) includes all funds that are controlled by or are dependent on the City of SeaTac. There are three separate tests for determining whether a legally separate entity is a component of a primary government's financial reporting entity. These tests involve: 1) appointment of the voting majority of the potential component unit's governing board, along with evidence that the appointment process creates an ongoing relationship between the primary government and the potential component unit; 2) the potential component unit's fiscal dependence on the primary government; or 3) the likelihood that exclusion of the potential component unit from the primary government's financial reporting entity would result in misleading financial reporting. There were no component units meeting these three tests in 2009.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the *Statement of Net Assets* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City's policy is to not allocate indirect costs to a specific function or segment. Program revenues include the following: 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 and capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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 revenues in the year for 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 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. In turn, the City considers property taxes to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments and other post-employment benefits, are recorded only when a payment is due.

Taxes (includes property, sales, hotel/motel and parking) and interest earnings associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund (#001)* is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Arterial Street Fund (#102)* accounts for parking tax revenues which are used to fund various transportation programs. The parking tax revenues also cover interfund transfers to the *Transportation Capital Improvement Fund (#307)*.

The *Port of Seattle Interlocal Agreement Fund (#105)* accounts for community relief payments received in prior years from the Port of Seattle to be expended at the City's discretion for community improvements.

The *Hotel/Motel Tax Fund (#107)* is used to account for a 1% lodging tax used for tourism promotion and the acquisition and operation of tourism-related facilities.

The *Special Assessment Debt Fund (#204)* accounts for special assessment collections and debt service payments for local improvement districts (LID's) located within the City. The City currently has one local improvement district.

The *Municipal Facilities CIP Fund (#306)* accounts for the expenditures related to the construction of City buildings and major land acquisition.

The *Transportation Capital Improvement Fund (#307)* accounts for transportation related infrastructure improvement projects throughout the City. The major revenue sources for this Fund include parking taxes and various grants.

The *Light Rails Station Areas Capital Improvement Fund* (#308) accounts for land and building acquisitions and construction projects in the City's two light rail station areas near S 176<sup>th</sup> Street and S 154<sup>th</sup> Street.

The City reports the following major proprietary funds:

The *Surface Water Management Fund* (#403) accounts for the cost of maintaining the City's storm drainage system. Activities which are primarily supported through user charges include administration, operations, maintenance, repairs and debt service.

The *Surface Water Management Construction Fund* (#406) accounts for capital improvements to the City's storm drainage system.

The City has one additional surface water management fund, the *Surface Water Management Reserve Fund* (#410), which is a non-major proprietary fund. Since this Fund is the only non-major proprietary fund, it has been included a column by itself.

Additionally, the City reports one internal service fund as follows:

The *Equipment Rental Fund* (#501) accounts for the costs of maintaining and replacing all City vehicles and auxiliary equipment except for fire apparatus and police vehicles. This Fund also accumulates resources for the future replacement of existing vehicles.

Lastly, the City has two fiduciary funds including a claims clearing fund and a payroll clearing fund. Both of these funds are agency funds that are used to hold cash related to outstanding checks that have been issued by the City but have not yet been cashed.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The interfund activities for the City's *Equipment Rental Fund* have been eliminated in the government-wide financial statements.

Amounts reported as program revenues include the following: 1) charges to customers, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes, investment earnings, unrestricted grants and contributions and gains on the sale of capital assets.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the *Surface Water Management Fund* are surface water management fees and charges. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, including maintenance and operations, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first then unrestricted resources, as needed.

**D. Budgetary Information**

**1. Scope of the Budget**

The City of SeaTac budgets in accordance with the provisions of the Revised Code of Washington (RCW) 35A.33. Annual appropriated budgets have been adopted for most of the City funds including the following: the *General Fund*, Special Revenue Funds (*Arterial Street, Port of Seattle ILA, Transit Planning, Hotel/Motel Tax, Building Management and Facility Repair and Replacement Fund*), Debt Service Funds (*City Hall Limited Tax GO Bond, Transportation Bond, Hotel/Motel Tax Bond, Special Assessment Debt and 2009 LTGO Refunding Bond*), Capital Project Funds (*Municipal Capital Improvement, Fire Equipment Capital Reserve, Municipal Facilities CIP, Transportation CIP and Light Rail CIP*), Enterprise Funds (*Surface Water Management Utility and Surface Water Management Construction*) and Internal Service Fund (*Equipment Rental*). In 2009, annual appropriated budgets were not prepared for the *Contingency Reserve Fund, the LID Guarantee Fund, the Transportation Bonds Reserve Fund and the Surface Water Management Bonds Reserve Fund*.

Budgets for the General, special revenue, debt service and capital project funds are adopted on the modified accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles (GAAP). Budgetary accounts are integrated into the City's accounting system in all budgeted funds and any unexpended appropriations lapse at the end of the fiscal year.

Annual appropriated budgets are adopted at the fund level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers track expenditures for individual functions and activities by object class.

**2. Amending the Budget**

The City's annual budget is adopted at the fund level by ordinance. When the City Council determines that it is in the best interest of the City to increase or decrease the total appropriation for a particular fund, it may amend the budget by ordinance. The City Manager is authorized to transfer budgeted amounts below fund level, if necessary. Revisions that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council but may not require a budget amendment if it is anticipated that total expenditures will not exceed the total budget for a fund.

The budgetary comparison schedules located in the *Required Supplementary Information* and the *Other Supplementary Information* sections include original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all transfers, allocations, supplemental appropriations, and other legally authorized changes applicable for the fiscal year.

**3. Excess of Expenditures Over Appropriations**

There were no City funds in which expenditures exceeded appropriations.

**E. Assets, Liabilities and Fund Equity**

**1. Cash and Cash Equivalents**

It is the City's policy to invest all temporary cash surpluses. At December 31, 2009, the City had holdings of \$10,987,916 in short-term residual investments of surplus cash. This amount



is classified on the balance sheet as *cash and cash equivalents* in various funds. Included in this category are all funds invested in the State Treasurer's Local Government Investment Pool. The interest on these investments is credited to all funds based on ownership of the investments with the exception of the debt reserve funds including the *LID Guarantee Fund*, the *Transportation Bond Reserve Fund* and the *Surface Water Management Bond Reserve Fund*. The interest on those three funds is allocated to the General Fund.

The amount reported as cash and cash equivalents also includes compensating balances maintained with certain banks in lieu of payments for services rendered. The compensating balances average maintained during 2009 was \$6,559,914. For purposes of the *Statement of Cash Flows*, proprietary funds consider all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash on deposit with financial institutions in both demand and time deposit accounts and amounts invested in the Local Government Investment Pool. Additional information is presented in *Note 3 Deposits and Investments*.

## 2. Investments

Investments are reported on the financial statements at fair value. Washington State statutes provide for the City to hold investments consisting of obligations of the U.S. Government, repurchase agreements, prime banker's acceptances, and time certificates of deposit issued by Washington State depositories that participate in the Washington State Public Depository Protection Pool (PDPC). The PDPC is a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. Additional investment information is presented in *Note 3 Deposits and Investments*.

## 3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See *Note 4 Property Taxes*), sales taxes, hotel/motel taxes and parking taxes. Accrued interest receivable consists of amounts earned on investments at the end of the year.

Special assessments are recorded when levied. Special assessments receivable consist of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2009, no special assessments receivable were delinquent.

Accounts receivable consists of amounts owed from private individuals, organizations and other governmental agencies for goods, services and interlocal agreements including amounts owed for which billings have not been prepared.

## 4. Amounts Due to and from Other Funds and Governments, Interfund Loans and Advances Receivable

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund loans receivable/payable". All other outstanding balances between funds are reported as "due to/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." Any interfund loans in the governmental funds are eliminated on the government-wide *Statement of Net Assets*. A separate schedule of interfund transfers is furnished in *Note 12 Interfund Transfers*.

**5. Inventories**

All inventories of the City consist of expendable supplies held for consumption. These costs are recorded as expenditures at the time individual inventory items are purchased. The amount outstanding at the end of the reporting period is immaterial and is, therefore, not included on the balance sheet. Inventories in the enterprise and internal service funds are recorded in this manner because the majority of the supplies and service related expenses of these funds are purchased and consumed at the time of purchase.

**6. Restricted Assets**

The *Surface Water Bonds Reserve Fund (#410)* contains restricted resources for debt service. Specific debt service reserve requirements are described in *Note 9 Long-term Debt and Leases*.

The restricted assets of these Surface Water Management enterprise funds are as follows:

Cash and Investments – Debt Service	<u>\$403,925</u>
<b>Total Restricted Assets</b>	<b><u>\$403,925</u></b>

**7. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), 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 more than \$5,000 and a life greater than four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital improvements and infrastructure are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the asset constructed. No interest expense was incurred by the City during the fiscal year. Property, plant and equipment are depreciated using the straight line depreciation method over the following estimated useful lives:

Assets	Capitalization Threshold	Estimated Service Life
Construction in Progress	Capitalize All	Not Depreciated
Land & Land Improvements	Capitalize All	Not Depreciated
Intangible Assets - Easements	\$5,000	Varies Based on Easement
Intangible Assets – Perpetual Easements	\$5,000	Not Depreciated
Intangible Assets - Software	\$5,000	4 Years
Equipment/Machinery/Vehicles	\$5,000	4 - 20 Years
Buildings/Building Improvements	\$25,000	20 - 40 Years
Other Improvements	\$25,000	20 - 50 Years
Surface Water Management Infrastructure	\$25,000	50 Years
Transportation Infrastructure	\$100,000	10 - 50 Years

Additional information is presented in *Note 5 Capital Assets and Depreciation*.

**8. Compensated Absences**

The City records an estimated liability for unused vacation and sick leave. Upon separation from employment, employees receive payment equal to 25% of their accrued and unused sick leave. The maximum sick leave cash-out is 64 hours. This cash-out does not apply to employees who leave during their probationary period. It is the City's policy that payment for accumulated vacation and sick leave be based on the employee's last hourly rate of pay. The City's policy for vacation allows for a maximum accumulation and payment equal to the amount of vacation time the employee could have earned over a period of two years at the employee's current rate of accrual. Compensatory time can also be accrued up to a maximum of 80 hours.

The liability for accumulated unused vacation and sick leave for governmental funds is reported in the government-wide *Statement of Net Assets*. This total liability is \$1,093,909 at December 31, 2009. It is estimated that \$164,086 of this liability will be due within one year. No current liability has been recorded for compensated absences in the governmental funds.

Accumulated amounts of compensated absences, including vacation and sick leave benefits, are accrued as expenses as incurred in proprietary funds. The total liability amount in the City's *Surface Water Management Fund* at December 31, 2009 is \$40,643. It is estimated that \$4,470 of this liability will be due within one year.

**9. Other Accrued Liabilities**

This account includes accrued interest payable to bondholders since the last interest payment on the *1999 Storm Water Revenue Refunding Bonds*.

**10. Long-Term Debt**

All payables, accrued liabilities and long-term obligations from governmental funds are reported in the government-wide financial statements. All payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds, capital leases and long-term loans are recognized as liabilities of the governmental fund when due. Additional information and debt schedules are presented in *Note 9 Long-term Debt and Leases*.

**11. Deferred Revenues**

This account includes amounts recognized as receivables but not revenues in governmental funds because revenue recognition criteria have not been met.

**12. Fund Equity - Reserves and Designations**

The City recognizes in its reporting that assets are sometimes not "available spendable resources" or at times legally available for appropriations, because they are contractually or legally restricted for some specific future use. When this is the case, as for example with debt service, fund equity is "reserved". However, when management sets aside portions of fund equity based upon tentative future plans or for administrative convenience, these restrictions are reported as "designations" of unreserved fund equity. Designations are not used in proprietary funds. Additional information and schedules are presented in *Note 16*

*Reservations and Designations of Fund Equity.*

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations at the fund level in any funds of the City.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At December 31, 2009, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

Bank of America, Checking Accounts.....	\$2,243,192
Cash Equivalents with State Treasurer's Investment Pool .....	8,734,324
City Hall Postage Meter Fund.....	8,000
Petty Cash/Change Funds.....	2,400
<b>Total Cash and Cash Equivalents.....</b>	<b><u>\$10,987,916</u></b>

The City's deposits are covered entirely by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

In accordance with State law, all investments of the City's funds must be obligations of the U.S. Government, repurchase agreements, prime banker's acceptances, and time certificates of deposit issued by Washington State depositories that participate in the Washington State Public Depository Protection Pool (PDPC).

As of December 31, 2009, the City held the investments listed below, including Investments in the State Treasurer's Local Government Investment Pool which are classified as cash and cash equivalents on City balance sheets and statements of net assets. These investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Investment	Call Date	Maturity Date	Maturities	Recorded/ Fair Value
1) Federal Home Loan Bank Bonds	N/A	06/11/10	\$11,000,000	\$11,137,500
2) Federal Home Loan Bank Bonds	N/A	06/11/10	5,000,000	5,090,625
3) Federal Home Loan Bank Bonds	N/A	07/06/10	2,000,000	2,043,750
4) Federal Home Loan Mortgage Corp	N/A	02/15/11	5,000,000	5,145,215
5) Federal National Mortgage Association	06/08/10	12/08/11	10,000,000	10,028,125
6) Federal National Mortgage Association	03/19/10	03/19/12	5,000,000	5,025,0000
<b>Subtotal</b>			<b>\$38,000,000</b>	<b>\$38,470,215</b>
7) State Treasurer's Local Government Investment Pool	N/A	Daily Basis	8,734,324	8,734,324
<b>Total Investments</b>			<b>\$46,734,324</b>	<b>\$47,204,539</b>

*Interest Rate Risk.* The City currently does not have a policy governing its exposure to interest rate risk, but historically the majority of the City's investments have been in the State Treasurer's Local Government Investment Pool which reduces the City's interest rate risk due to the shorter term maturities of the investments in the Pool. At the end of 2009, due to the rapidly declining interest rates, the City had 81% of its investments in Federal government notes and bonds at interest rates ranging from 1.43% to 4.54%. The interest rate on these investments exceeded the LGIP's December 2009 interest rate of .33%. The Pool's interest rate at the end of July 2010 was .27%.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction, the City would not be able to recover the value of the investment in collateral securities. The City's investment policy established by Resolution #95-017 states that all security transactions entered into by the City shall be conducted on a delivery versus payment basis whereby the securities are delivered to a third party, such as a safekeeping bank acting as an agent for the City, before payment is released. All of the City's investments, excluding the State Treasurer's Local Government Investment Pool, are held by the City's custodial agent in the City's name, thereby, reducing the City's custodial credit risk.

Investments in the State Treasurer's Local Government Investment Pool, which is a 2a7-like unrated pool, are not subject to custodial credit risk because the investments held must be evidenced by securities that exist in physical or book entry form to be exposed to this type of risk. Instead, the investment in the Pool is treated as a type of investment with a fair value equal to the net realizable value of the entity's share of the Pool based on the Pool's valuation method. The City has reported its total investment in the State Treasurer's Local Government Investment Pool at fair value. The City has received assurances from the State Treasurer's Office that the fair value of the total investment reported on the December 31, 2009 account statements is the same as the value of the pool shares.

*Credit Risk.* No credit rating is available for the State Treasurer's Local Government Investment Pool because the Pool has not been rated. The City's other six investments have been rated as AAA by both Standard & Poor's and Moody's Investors Services. The City currently does not have a policy related to credit risk.

*Concentration of Credit Risk.* The City's investment policy states that the City will diversify its investments by security type and institution. No more than 30% of the City's total investment portfolio will be invested in a single security type or deposited with a single financial institution with the exception of US Treasury securities and the State investment Pool. The City does not have investment positions of more than 5% from a single issuer outside of U.S. government obligations.

At the end of 2009, three governmental funds (*Contingency Reserve Fund, Municipal Capital Facilities Fund, and the Transportation CIP Fund*) show negative figures in the miscellaneous revenue category on the *Statement of Revenues, Expenditures and Changes in Fund Balance* and the *Combining Statement of Revenues, Expenditures, and Changes in Fund Balances*. These negative figures were caused by the reallocation of investments from one fund to another when the investments were purchased in the prior year. The City purchased a higher than average amount of investments outside of the Investment Pool to lock in a higher interest rate, thereby, creating the need to reallocate investments if cash was lower than anticipated.

**NOTE 4 - PROPERTY TAXES**

The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed daily via wire transfer.

**Property Tax Calendar**

<b>January 1st</b>	Taxes are levied and become an enforceable lien against properties.
<b>February 14th</b>	Tax bills are mailed.
<b>April 30th</b>	First of two equal installment payments is due.
<b>May 31st</b>	Assessed value of property established for next year's levy at 100 percent of market value.
<b>October 31st</b>	Second installment is due.

Property taxes are levied by the King County Assessor. Property taxes are billed and collected by King County Treasury Operations. First half taxes must be paid or postmarked (U.S. Postal Service postmark) by April 30th or the full year tax becomes delinquent on May 1. Interest is 1 percent per month on the full amount due (from month of delinquency to month of payment). The penalty is 3 percent (current year tax

only) on amount unpaid on June 1st, and 8 percent (current year tax only) on amount unpaid on Dec. 1st. Second half taxes must be paid or postmarked (U.S. Postal Service postmark) by Oct. 31st or they become delinquent on Nov. 1<sup>st</sup> per RCW 84.56.020.

During the year, property tax revenues are recognized when cash is received. At year-end, property taxes are recorded as a receivable. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. The portion of the property taxes that is not expected to be collected within 60 days is classified as deferred revenue in the governmental fund statements.

The City may levy up to \$3.10 per \$1,000 of assessed valuation (assumes that the King County Library District is levying its statutory maximum of \$.50 per \$1,000 of assessed valuation) for general governmental services subject to the limitations below:

*1% Constitutional Limit.* The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of the market value. Levies for ports and public utility districts are excluded from this \$10 limit.

*Statutory Maximum Rates for Districts:* State law (RCW 84.52.043) establishes maximum levy rates for the various types of taxing districts (the State, counties, cities and towns, fire districts, etc). In addition, this statute establishes a maximum aggregate rate of \$5.90 per \$1,000 of assessed value for counties, cities, fire districts, library districts and certain other junior taxing districts. The State school levy for support of common schools is not subject to the \$5.90 limit, but is subject to the constitutional \$10.00 limit.

*The 101% Percent Limit.* Washington State law in RCW 84.55.010 limits the growth of regular property taxes to the lesser of one percent or inflation, defined by the implicit price deflator (IPD), after adjustments for new construction. Any levy by a taxing district in excess of the taxing district's limit requires voter approval. If such a levy is approved, it becomes the base for calculation of future levies, unless approved for a limited time or purpose. The property tax growth limit applies to the regular (non-voted-approved) levies of each property taxing district. The limit does not apply to excess or voter-approved levies, such as local school maintenance and operation levies and levies to retire bond issues.

*When Rates are Exceeded:* The statutes establish a district hierarchy for rate reductions if the aggregate limits are exceeded and rates are reduced accordingly.

The City's property tax levy rate was \$2.34 per \$1,000 of assessed value. Based on a City-wide assessed valuation of \$4,887,648,387 the total property tax levy for 2009 was \$11,778,488. (*Note: Property taxes collected in 2009 are based on the 2008 assessed valuation.*)

## **NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

### **A. Capital Assets for Governmental Activities**

Capital assets are long-lived assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment and software, improvements other than buildings, infrastructure, land, capital easements and construction in progress.

Starting in 2003, the City was required by GASB Statement #34 to start reporting capital assets used in governmental activities in the government-wide *Statement of Net Assets*. Governmental capital assets are not reported in the fund balance sheets but are recorded as expenditures in the year purchased. Capital assets were previously reported in the General Fixed Assets Account Group, which was eliminated by GASB Statement #34. In addition, GASB Statement #34 required the City to depreciate its governmental capital assets. The depreciation expense for these assets is recorded in the government-wide *Statement of Activities* and not in the fund financial statements. The City uses the straight-line method of depreciation with no salvage value for its governmental capital assets.

In 2009, the City transferred \$1,891,904 in surface water management assets out of governmental-activities into the *Surface Water Management Construction Fund #406*. In addition, infrastructure assets of the amount of \$33,696 were double booked requiring an adjustment. Both of these items are being treated as prior year adjustments, as shown on the government-wide *Statement of Activities*. A related disclosure can be found in *Note 17 – Other Disclosures – Prior Period Adjustments*.

The table below summarizes the changes in the City's governmental capital assets during 2009. Please note that \$1,146,561 (net) of internal service fund depreciated capital assets for the *Equipment Rental Fund (#501)* are shown in the table below and are not shown in the proprietary capital assets table. Under GASB 34, internal service fund assets and liabilities that are not eliminated are generally included in the governmental activities column of the government-wide *Statement of Net Assets*.

<b>Governmental Activities Capital Assets</b>	<b>Beginning Balance 01/01/2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2009</b>
<b>Capital assets not being depreciated:</b>				
Land	\$316,937,825	3,941,432	0	\$320,879,257
Intangible Assets–Capital Easements	71,226	0	0	71,226
Construction in Progress (CIP)	11,635,056	1,570,456	11,481,289	1,724,223
<b>Total assets not being depreciated</b>	<b>\$328,644,107</b>	<b>5,511,888</b>	<b>11,481,289</b>	<b>\$322,574,706</b>
<b>Capital assets being depreciated:</b>				
Buildings/Bldg Improvements	26,293,442	15,975,795	0	42,269,237
Other Improvements	9,383,711	319,374	0	9,703,085
Infrastructure	68,871,109	5,169,949	0	74,041,058
Equipment/Vehicles/Machinery	5,528,193	258,584	197,222	5,589,555
Equipment/Vehicles/Machinery (E/R)	2,298,476	203,695	0	2,502,171
Intangible Assets-Software	612,670	72,148	19,016	665,802
<b>Total assets being depreciated</b>	<b>112,987,601</b>	<b>21,999,545</b>	<b>216,238</b>	<b>134,770,908</b>
<b>Total governmental capital assets before depreciation</b>	<b>\$441,631,708</b>	<b>27,511,432</b>	<b>11,697,527</b>	<b>\$457,445,614</b>
<b>Less accumulated depreciation for:</b>				
Buildings/Bldg Improvements	5,618,965	741,293	0	6,360,258
Other Improvements	2,179,354	589,068	0	2,768,422
Equipment/Vehicles/Machinery	2,866,523	312,063	197,222	2,981,364
Equipment/Vehicles/Machinery (E/R)	1,132,192	223,418	0	1,355,610
Infrastructure	37,574,599	3,226,403	0	40,801,002
Intangible Assets-Software	483,789	64,173	19,016	528,946
<b>Total accumulated depreciation</b>	<b>49,855,422</b>	<b>5,156,418</b>	<b>216,238</b>	<b>54,795,602</b>
<b>Total governmental capital assets after depreciation</b>	<b>\$391,776,286</b>	<b>22,355,015</b>	<b>11,481,289</b>	<b>\$402,650,012</b>

Depreciation expense was charged in the government-wide *Statement of Activities* for the following governmental activities by function:

<b>Governmental Activities:</b>	
Judicial	\$ 1,186
General Government	495,222
Public Safety	333,744
Physical Environment	24,624
Transportation	3,254,802
Transportation (Equipment Rental – Internal Service Fund)	223,418
Economic Environment	17,449
Culture and Recreation	805,973
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$5,156,418</b>

**B. Capital Assets for Business-type Activities**

Capital assets for the business-type proprietary funds are capitalized in their respective Statement of Net Assets. These assets are stated at cost, estimated cost when original cost is not available, or fair market at the time received in the case of contributions. Depreciation expense is charged to the operations of proprietary funds to allocate the cost of fixed assets over their estimated useful lives, using the straight-line method with useful lives of 5 to 50 years. A salvage value of 10% is used for the City’s proprietary fund capital assets.

The following schedule summarizes the capital asset data for business-type proprietary funds for 2009:

<b>Business-Type Activities Capital Assets</b>	<b>Beginning Balance 01/01/2009</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2009</b>
<b>Capital assets not being depreciated:</b>				
Construction in Progress-SWM	\$10,847,878	847,773	0	\$11,695,651
Intangible Assets-Easements-SWM	5,000	30,442	0	35,442
<b>Total assets not being depreciated</b>	<b>10,852,878</b>	<b>878,215</b>	<b>0</b>	<b>11,731,093</b>
<b>Capital assets being depreciated:</b>				
Buildings-SWM	228,560	0	0	228,560
Other Improvements-SWM	14,829,042	2,133,251	0	16,962,293
Equipment-SWM	0	0	0	0
<b>Total assets being depreciated</b>	<b>15,057,602</b>	<b>2,133,251</b>	<b>0</b>	<b>17,190,853</b>
<b>Total business-type capital assets before depreciation</b>	<b>\$25,910,480</b>	<b>3,011,466</b>	<b>0</b>	<b>\$28,921,946</b>
<b>Less accumulated depreciation for:</b>				
Buildings	20,348	5,161	0	25,509
Other Improvements	3,634,134	316,100	0	3,950,234
Equipment/Vehicles	0	0	0	0
<b>Total accumulated depreciation</b>	<b>3,654,482</b>	<b>321,261</b>	<b>0</b>	<b>3,975,743</b>
<b>Total business-type capital assets after depreciation</b>	<b>\$22,255,998</b>	<b>2,690,205</b>	<b>0</b>	<b>\$24,946,203</b>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type Activities:</b>	
Utilities/Physical Environment (Surface Water Management Utility)	\$321,261
<b>Total Depreciation Expense-Business-type Activities</b>	<b>\$321,261</b>



**C. Construction Commitments**

The following table describes the active construction projects on December 31, 2009 and the City's commitment with the contractor:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Sunrise View Bypass Pipeline (SD-062) – Les Russell Construction, LLC	\$ 607,089	\$ 65,475
Fire Station #45 - TCA Architecture – Planning (Professional Design Services)	3,868	82,051
S 154 <sup>th</sup> Street Imp – 24 <sup>th</sup> Ave S to 32 <sup>nd</sup> Ave South (ST-130) - Reid Middleton (Professional Engineering Services)	356,708	247,218
42 <sup>nd</sup> Ave Sidewalk Project – Gray and Osborne, Inc (Professional Engineering Services)	131,450	30,170
<b>Total Outstanding Construction Commitments</b>	<b>\$1,099,115</b>	<b>\$424,914</b>

**NOTE 6 - PENSION PLANS**

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: *Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380*. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

**A. Public Employees' Retirement System (PERS) Plans 1, 2 and 3**

**Plan Description**

PERS is a cost-sharing multiple employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined contribution component.

Membership in the system includes: elected officials; State employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for State and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for State and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plans 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in State statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise, an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirements Benefits Board.

#### *Judicial Benefit Multiplier*

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM). Justices or judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of the average financial compensation. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of average compensation.

Members who choose to participate in JBM would accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75% of the AFC, pay higher

contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required to participate in the JBM Program would return to prior PERS Plan if membership had previously been established, be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiple for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

<b>PERS Membership</b>	
Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to but not yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
<b>Total PERS Members</b>	<b>262,057</b>

**Funding Policy**

Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for State government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board set Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under State statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of the current-year covered payroll, as of December 31, 2008 were as follows:

Members not participating in JBM (includes the City of SeaTac):

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>Employer<sup>1</sup></b>	5.31% <sup>2</sup>	5.31% <sup>2</sup>	5.31% <sup>3</sup>
<b>Employee</b>	6.00% <sup>4</sup>	3.90% <sup>4</sup>	Varies <sup>5</sup>

<sup>1</sup>The employer rates include the employer administrative expense fee currently set at 0.16%.

<sup>2</sup>The employer rate for State elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

<sup>3</sup>The Plan 3 defined benefit portion only.

<sup>4</sup>The employee rate for State elected officials is 7.5% for Plan 1 and 3.90% for Plan 2.

<sup>5</sup>Variable from 5.0% minimum to 15.0% maximum based on rate selected by PERS 3 member.

Members participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>Employer-State Agency<sup>1</sup></b>	7.81%	7.81%	7.81% <sup>2</sup>
<b>Employer-Local Gov<sup>1</sup></b>	5.31%	5.31%	5.31% <sup>2</sup>
<b>Employee-State Agency</b>	9.76%	7.25%	7.50% <sup>3</sup>
<b>Employee-Local Gov</b>	12.26%	9.75%	7.50% <sup>3</sup>

<sup>1</sup>The employer rates include the employer administrative expense fee currently set at 0.16%.

<sup>2</sup>Plan 3 defined benefit portion only.

<sup>3</sup>Minimum rate.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>2009</b>	\$13,731	\$509,276	\$31,287
<b>2008</b>	\$23,327	\$496,123	\$30,245
<b>2007</b>	\$17,209	\$373,067	\$21,306

**B. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) - Plans 1 and 2**

**Plan Description**

LEOFF is a cost-sharing multiple employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters and of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 memberships. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the State pays

through State legislative appropriations. LEOFF retirement provisions are established in State statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary is as follows:

<b>Term of Service</b>	<b>Percent of Final Average Salary</b>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit, and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

There are 375 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

<b>LEOFF Membership</b>	
Retirees and Beneficiaries Receiving Benefits	9,268
Terminated Plan Members Entitled to but not yet Receiving Benefits	650
Active Plan Members Vested	13,120
Active Plan Members Non-vested	3,927
<b>Total LEOFF Members</b>	<b>26,965</b>

**Funding Policy**

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by State law. The Legislature, by means of a special funding arrangement, appropriated money from the State General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF 2 Retirement Board. However, this special funding situation is not mandated by the State constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of the current-year covered payroll, as of December 31, 2009, were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
<b>Employer<sup>1</sup></b>	0.16%	5.24% <sup>2</sup>
<b>Employee</b>	0.00%	8.46%
<b>State</b>	N/A	3.38%

<sup>1</sup>The employer rates include the employer administrative expense fee currently set at 0.16%.

<sup>2</sup>The employer rate for ports and universities is 8.99%.

Both the City and the employees made the required contributions. The City's required contributions for the years ended December 31 were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
<b>2009</b>	\$0	\$229,797
<b>2008</b>	\$0	\$214,477
<b>2007</b>	\$0	\$190,445

**Public Safety Employees' Retirement System (PSERS) Plan 2**

**Plan Description**

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least of the one PSERS eligibility criteria.

A *covered employer* is one that participates in PSERS. Covered employers include State of Washington agencies: Department of Corrections; Parks and Recreation Commission, Gambling Commission, Washington State Patrol and Liquor Control Board; Washington State counties; and Washington State cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington and carry a firearm as part of the job; OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria.

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in State statute and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation per

year of service. The average final compensation is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. There is no cap on years of service credit and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at three percent annually.

There are 73 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2008:

<b>PSERS Membership</b>	
Retirees and Beneficiaries Receiving Benefits	1
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	3,981
<b>Total PSERS Members</b>	<b>3,982</b>

**Funding Policy**

Each biennium, the State Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislative. The methods used to determine the contribution requirements are established under State statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2009, were as follows:

<b>PSERS Plan 2</b>	
Employer <sup>1</sup>	7.85%
Employee	6.55%

<sup>1</sup>The employer rate includes an administrative expense fee of 0.16%.

Both the City and the employees made the required contributions. The City's required contributions for the year ended December 31 were as follows:

<b>PSERS Plan 2</b>	
2009	\$0
2008	\$0
2007	\$0

**C. City of SeaTac Money Purchase Retirement Trust**

The City of SeaTac Money Purchase Retirement Trust is a defined contribution plan which was established as an alternative to the federal Social Security System. By unanimous vote of City employees, and with an effective date of September 1, 1990, this alternative plan was designed to provide the employees with benefits that equal or exceed the present Social Security system including inflation. The Trust Plan includes the following benefits: disability benefits, survivor benefits for spouse and children, lump sum death benefits, and retirement and investment benefit options. Contributions into the plan are not subject to federal income taxation as is the case with Social Security contributions.

All full-time employees are required to participate. Under this program, employees contribute 6.2% of their salary into a deferred savings account. The City contributes, on behalf of each employee, an amount equal to what the City would have paid to Social Security. This amount is a composite of a cash match (approximately 4.915%) and insurance payments (approximately 1.285%) for disability, survivor, accidental death and dismemberment, and lump sum death benefit coverages.

As of December 31, 2009, there were 166 active members in the City of SeaTac Retirement Trust. Actual employee contributions during the year amounted to \$742,563. Actual employer contributions were \$590,802.

Actuarial determinations are not required because (1) long-term disability and survivor income insurance are provided by a group insurance policy with Standard Insurance Company; and (2) benefits paid to participants upon retirement are limited to (a) a non-forfeitable, nontransferable annuity contract purchased by the plan's trustee, (b) retirement benefits paid from the employee's deferred savings to which no contributions by the City or the participants can be added after retirement, or (c) a single lump-sum payment equal to the accumulated balance in the employee's deferred savings account as of his or her retirement date.

The City's retirement plan provisions or contribution requirements can be changed by amending the adoption agreement. An amendment is approved by the City Council.

The following are the major benefits provided by the City's benefit plan:

**1) Disability**

Disability benefits provide 60% of compensation with a \$5,000 per month maximum. Disability benefit premiums are paid 100% by the City's contributions.

**2) Survivor**

Survivor benefits cease for spouse upon decree of divorce. Eligible child benefits cease on the date an unmarried child reaches age 19. If a registered student in full-time attendance at an accredited educational institution, benefits cease on the date the child reaches 25 years of age. Survivor benefit premiums are paid 100% by the City's contributions.

a) Surviving children **or** spouse - Benefits will include 30% of the first \$3,000 of monthly earnings, with a monthly minimum benefit amount of \$100.

b) Surviving children **and** spouse - Benefits will include 60% of the first \$3,000 of monthly earnings, with a monthly minimum benefit of \$200.

**3) Lump Sum Death Benefits**

These benefits equal 100% of annual earnings to a maximum of \$100,000, rounded to the next higher multiple of \$1,000 salary amount. The premium for this benefit is paid by the City.

**4) Retirement Benefits**

Employee and employer contributions for retirement benefits are 100% vested.

Each employee may direct his/her investment among various investment options for both employee and employer contributions. In addition, participants may borrow up to 50% of their vested (employee and employer contributions) account balance to a maximum outstanding balance of \$50,000, repayable through payroll deduction. Upon separation of service prior to



retirement, all employee contributions may be withdrawn without regard to age, net of any outstanding loans. Employer contributions must be left in the plan and distributed when the participant attains age 55.

Plan assets are not the property of the City and are not subject to the claims of the City's general creditors. The program is administered by a private consulting firm, the International City Management Association (ICMA).

### **NOTE 7 - RISK MANAGEMENT**

The City of SeaTac is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and joint purchase insurance and administrative services. As of August 31, 2009, the CIAW had 86 regular members and 170 associate members.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Employment Practices and Management Liability is on a "claims made basis". All other coverages are on an "occurrence basis". The pool provides the following forms of group purchased insurance coverage for its members: property, general liability, law enforcement liability, automobile liability, employment practices liability, boiler and machinery, bonds of various types and public officials' liability.

The pool acquires liability insurance through St. Paul Fire & Marine Insurance Company (Travelers) that is subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool also purchases a Stop Loss Policy in the amount of \$5,500,000 to cap the total claims paid by the pool in any one year.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$9,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new regular member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31<sup>st</sup> before terminating participation the following September 1<sup>st</sup>. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member remains responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Government Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the years ended August 31, 2008 and 2009, were \$1,321,289 and \$1,389,379 respectively.

A governing board is selected by the membership and is responsible for conducting the business affairs of

the pool. The Board of Directors has contracted with Canfield & Associates to perform day-to-day administration of the pool. The pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

The City's industrial insurance is provided by Washington State and is administered by the Department of Labor and Industries. Coverage is purchased by means of standard rates per working hour and is computed by the total number of hours worked by employees multiplied by the basic premium rate assigned to the business risk classification. The following are benefits provided by industrial insurance: medical services, damaged clothing, travel expenses, time-loss payments, vocational rehabilitation, partial disability awards, pension awards and survivor benefits.

The City's unemployment insurance is through the Federal/State system, which provides some compensation to workers who are temporarily and involuntarily unemployed. It is administered in Washington State by the Employment Security Department in accordance with the provisions of the Employment Security Act. The City's employer status for unemployment insurance is as a "taxable" employer.

There were no significant reductions in insurance coverage from 2009 in any of the major categories of risk. Also, the amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

#### **NOTE 8 – LONG-TERM DEBT AND LEASES**

As of December 31, 2009, the City had no short term debt outstanding. Additionally, there was no short term debt activity during the year.

#### **NOTE 9 – LONG-TERM DEBT AND LEASES**

##### **A. LONG TERM DEBT**

###### **General Obligation Bonds**

General obligation bonds are a direct obligation of the City for which its full faith and credit are pledged. Debt service (principal, interest and fees) is paid out of "debt service funds". Debt service for City Council authorized (councilmanic issues) are currently funded by property taxes and hotel/motel taxes. Outstanding general obligation debt is reported in the government-wide *Statement of Net Assets* and not in the fund financial statements.

In November 2009, the South Correctional Entity Facility Public Development Authority (the "SCORE PDA") issued \$86 million in special obligation bonds to carry out the facility development project. SCORE issued 2009 Series A (tax exempt) bonds in the amount of \$8,205,000 and Series B (taxable) bonds in the amount of \$78,030,000. The City of SeaTac is obligated for paying \$246,150 and \$2,340,900, respectively, which equates to 3% of the outstanding bonds. These bonds were issued for the purpose of providing money to pay part of the costs of construction and acquisition of certain improvements to the jail facility. The Series A bonds are payable semi-annually with interest-only payments until January 1, 2015, when annual principal payments will be required. The final payment will be January 1, 2022. The Series B bonds are payable semi-annually with interest-only payments until January 1, 2013 when annual principal payments will also be required. The final payment will be January 1, 2039. The SCORE bonds are secured by the full faith and credit of the Cities of Auburn, Burien, Federal Way, Renton, SeaTac and Tukwila (the "Owner Cities"). Additional information on the City's joint venture with SCORE is presented in *Note 14 - Joint Ventures – South Correctional Entity (SCORE)*

On December 22, 2009, the City issued par value *Limited Tax General Obligation Refunding Bonds*, in the amount \$4,215,000. The proceeds from the sale were used to refund the following bonds

totaling \$4,300,000: 1) \$2,755,000 of the City's *Limited Tax General Obligation (Hotel/Motel Tax) Bonds, 1998* maturing on December 1 in years 2010 through 2018 (the "1998 Refunded Bonds") and 2) \$1,545,000 of the City's *Limited Tax General Obligation Refunding Bonds, 1998* maturing on December 1 in years 2010 through 2013 (the "1998 Refunding Refunded Bonds"). The proceeds were placed in escrow until the call date of the Refunded Bonds was reached (approximately one month) at which time they were called at a price of par plus accrued interest. The purpose of the refunding was to accomplish an interest cost savings to the City of 8.686725% with a net present value of \$373,529 as represented as the difference between debt service on the Bonds and debt service on the prior issues discounted to the issue date using the yield on the Bonds as the discount rate.

General obligation bonds outstanding as of the end of 2009 are as follows:

Description/ Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
2009 LTGO Refunding (2010 – 2018)	2.00% - 4.00%	\$4,215,000	\$4,215,000
2009 South Correctional Entity Facility Public Development Authority Bonds Series 2009A Bonds (2015/2016/2017/2021/2022)	4.00% - 5.00%	\$246,150	\$246,150
2009 South Correctional Entity Facility Public Development Authority Bonds (Series 2009B Bonds (Taxable Build America Bonds – Direct Payment) (2013/2014/2016/2018-2021/2022-2039)	3.001% - 6.616%	\$2,340,900	\$2,340,900
<b>Total General Obligation Bonds</b>		<b>\$6,802,050</b>	<b>\$6,802,050</b>

The annual debt service requirements to maturity for general obligation bonds are as follows:

<b>General Obligation Bonds – Governmental Activities</b>					
<b>2009 LTGO Refunding Bonds</b>			<b>2009 SCORE Bonds (2009A &amp; 2009B)</b>		
<b>Rating: Standard &amp; Poor's AA+</b>			<b>Ratings: Moody's A1 &amp; S&amp;P AA</b>		
<b>Year Ending Dec 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Year Ending Dec 31</b>	<b>Principal</b>	<b>Interest<sup>1</sup></b>
2010	\$ 655,000	\$100,193	2010	\$ 0	\$ 101,826
2011	660,000	93,300	2011	0	154,672
2012	670,000	80,100	2012	0	154,672
2013	680,000	66,700	2013	57,450	153,810
2014	295,000	53,100	2014	58,500	151,997
2015-2019	1,255,000	124,600	2015-2019	322,500	721,362
2020-2024	0	0	2020-2024	387,150	633,065
2025-2029	0	0	2025-2029	470,250	505,012
2030-2034	0	0	2030-2034	577,950	334,753
2035-2039	0	0	2035-2039	713,250	121,942
<b>Total Ref Bonds</b>	<b>\$4,215,000</b>	<b>\$517,993</b>	<b>Total SCORE Bonds</b>	<b>\$2,587,050</b>	<b>\$3,033,111</b>

<sup>1</sup>Note: A portion of the SCORE Bonds were issued as Build America Bonds; the interest shown is the gross interest and does not net out the 35% subsidy payment SCORE expects to receive from the federal government to pay a portion of the interest payment due on the 2009 SCORE Bonds. See Note 14 – Joint Ventures – South Correctional Entity for additional information.

The City has used 10% of its Councilmanic (non-voted) general purpose debt capacity and has \$61 million left in available debt capacity. For voted debt, the City has \$45.2 million in remaining debt capacity with no voted debt outstanding.

The City had no arbitrage rebate liability for outstanding tax exempt bonds in 2009.

At December 31, 2009, the City had \$7,849 in cash and cash equivalents in debt service funds to service the general bonded debt. Additionally, all general obligation bond proceeds have been fully expended except the debt issue for the City's 1998 Limited Tax General Obligation Bonds (Hotel/Motel Tax Bonds) in the amount of \$5,001,021 (including the premium) which were refunded in 2009 as stated above. These bond proceeds will be used for the acquisition/construction of tourism related capital facilities per Ordinance #98-1049.

**Revenue Bonds**

Revenue bonds are paid from service revenues generated from the surface water management utility charge and parking tax revenues. Both the liability and debt service payment for the Storm Water Revenue Refunding Bonds are reported in the *Surface Water Management Operating Fund (#403)*. In addition, debt service on the Local Option Transportation Tax Revenue Refunding Bonds is paid out of the *Transportation Bond Debt Service Fund (#202)*. Outstanding liability for this issue is reported in the government-wide *Statement of Net Assets* in the governmental activities column. Neither the full faith and credit of the City nor the taxing power of the City, other than to the extent of the pledge of the revenues, is pledged to the payment of the bonds. Local Option Transportation Tax Revenues (aka parking taxes) are the pledged revenue source for the 1999 *Transportation Revenue Refunding Bonds* and storm drainage fees and charges are the pledged revenue source for the 1999 *Storm Water Revenue Refunding Bonds*. The City issued no additional revenue bonds in 2009 and had no arbitrage rebate liability for existing bonds.

Revenue bonds currently outstanding are as follows:

Description/ Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
1999 Local Option Transportation Tax Revenue Refunding (1999 – 2013)	3.25% - 4.70%	\$6,675,000	\$3,080,000
1999 Storm Water Revenue Refunding (1999 – 2013)	3.25% - 4.70%	3,320,000	1,380,000
<b>Total Revenue Bonds</b>		<b>\$9,995,000</b>	<b>\$4,460,000</b>

The annual debt service requirements to maturity for revenue bonds are as follows:

Revenue Bonds					
Governmental Activities-Transportation			Business-type Activities-SWM		
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
2010	\$ 720,000	\$141,043	2010	\$ 320,000	\$ 63,203
2011	755,000	109,002	2011	335,000	48,963
2012	785,000	74,650	2012	355,000	33,720
2013	820,000	38,540	2013	370,000	17,390
Subtotal-Trans	<b>\$3,080,000</b>	<b>\$363,235</b>	Subtotal-SWM	<b>\$1,380,000</b>	<b>\$163,276</b>
<b>Total Revenue Bonds</b>			<b>\$4,460,000</b>		
			<b>\$526,511</b>		

In proprietary funds, unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issues costs and discount.

At December 31, 2009, the proprietary funds contained restricted assets in the amount of \$403,925 in sinking funds and reserves as required by bond indentures. Additionally, all revenue bond proceeds have been fully expended. In April 2010, the City's revenue bonds were called and paid off in full. For more information see *Note 17 – Other Disclosures – Subsequent Events*.

**Special Assessment Bonds**

Special assessment bonds are not a direct responsibility of the City, but are funded from the collection of special assessment installment payments. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The City is obligated for special assessment debt to the extent that it is required to establish an LID guarantee fund for the purpose of guaranteeing the payment of local improvement bonds in the event there are insufficient funds in the *Special Assessment Debt Fund (#204)*. This Fund pays the debt service principal and interest costs with installment payments from the assessments of benefiting property owners.

Delinquent assessments receivable had a balance of zero at the end of the year. The outstanding liability from the special assessment bond issue is reported in the government-wide *Statement of Net Assets*. In 2009, no additional special assessment bonds were issued and the City had no arbitrage rebate liability.

Special assessment bonds currently outstanding are as follows:

Description/Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
Local Improvement District #1 (2001-2015)	5.00% - 6.20%	\$2,871,819	\$650,000
<b>Total Special Assessment Bonds</b>		<b>\$2,871,819</b>	<b>\$650,000</b>

The annual debt service requirements to maturity for special assessments bonds are listed in the table below (Note: Estimated debt maturities are June 1<sup>st</sup> of each year):

<b>Special Assessment Bonds</b>					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
<b>2012</b>	\$ 65,000	47,483	<b>2014</b>	\$195,000	\$ 24,083
<b>2013</b>	195,000	35,880	<b>2015</b>	195,000	12,090
			<b>Total SA Bonds</b>	<b>\$650,000</b>	<b>\$119,536</b>

On December 31, 2009, the *Special Assessment Debt Fund* had \$19,451 in cash and the *LID Guarantee Fund* had \$84,500.

**Compensated Absences**

The City’s liability for governmental fund compensated absences is reported in the government-wide *Statement of Net Assets*. The compensated absences liability for proprietary funds is accounted for in the *Surface Water Management Operating Fund (#403)*. Additional information on compensated absences can be found in *Note 1 Section E-8 Compensated Absences*.

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Beginning Balance 01/01/09	Additions	Reductions	Ending Balance 12/31/09	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 4,895,000	\$6,802,050	\$4,895,000	\$ 6,802,050	\$ 655,000
Revenue bonds	3,770,000	0	690,000	3,080,000	720,000
Special assessment bonds	845,000	0	195,000	650,000	0
Other postemployment benefits	145,324	54,603	0	199,927	0
Compensated absences	1,190,264	600,953	697,307	1,093,910	164,086
<i>Deferred amount adjustments:</i>					
<i>Unamortized premium</i>	0	161,345	0	161,345	17,927
<b>Governmental activities long-term liabilities</b>	<b>\$10,845,588</b>	<b>\$7,618,951</b>	<b>\$6,477,307</b>	<b>\$11,987,232</b>	<b>\$1,557,013</b>
<b>Business-type Activities:</b>					
Revenue bonds	\$1,695,000	\$ 0	\$315,000	\$1,380,000	\$320,000
<i>Deferred amount adjustments:</i>					
<i>Unamortized discount</i>	(7,963)	0	(1,346)	(6,617)	(1,346)
<i>Def amount on refunding</i>	(171,368)	0	(28,963)	(142,404)	(28,963)
<b>Total bonds payable-net</b>	<b>1,515,669</b>	<b>0</b>	<b>284,691</b>	<b>1,230,979</b>	<b>289,691</b>
Compensated absences	40,173	6,048	5,578	40,643	4,470
<b>Business-type activities long-term liabilities</b>	<b>\$1,555,842</b>	<b>\$6,048</b>	<b>\$290,269</b>	<b>\$1,271,622</b>	<b>\$294,161</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year end, internal service funds had no compensated absence liabilities. The chart above includes the City's estimate of compensated absences due within one year for both types of activities. Typically, the governmental activities estimated amount is funded out of the *General Fund* while the business-type activities estimated amount is funded out of the *Surface Water Management Operating Fund*.

## B. LEASES

### Operating Lease Obligations

The City leases 20,900 square feet of land known to be a portion of the highway right-of-way of SR 5, South 188<sup>th</sup> Street interchange from the Washington State Department of Transportation. The lease was renewed for a five year term effective October 1, 2006 and can be renewed for an additional five year period. Monthly rent adjustments can be made based on the U.S. CPI-U or by an amount that reflects changes in comparable rents as identified by a State appraisal. The City spent \$14,931 on this lease in 2009.

The City leases copier equipment under a four year cancellable operating lease. This lease was effective on October 1, 2007. The City pays \$2,334 per month for the term of the lease. The operating lease includes a per copy fee for repair and maintenance which includes all supplies except paper.

### Operating Lease Receivables

The City has seven agreements to lease out portions of the second floor in City Hall as follows: 1) The first lease agreement is a lease for 8,921 square feet and was renewed through October 1, 2012. The lease amount is \$17,162 per month; 2) The second lease is for 3,030 square feet and was renewed through November 30, 2012. This lease amount is \$5,176 per month for a thirty-six month period; 3) The third lease agreement is for 1,000 square feet effective through July 31, 2012 in the amount of \$1,500 per month. This lease amount increases by 3% annually. This lease agreement was amended in February 2009 and the square footage was reduced from 1,980 square feet to 1,000 square feet; 4) The fourth lease agreement is for 3,300 square feet and is effective through

March 31, 2011. The current monthly lease payment is \$5,367 and will increase by 2% annually; 5) The fifth lease agreement is for 500 square feet and has a termination date of March 31, 2011. The current monthly lease payment is \$771 and will increase 2% annually; 6) The sixth lease agreement is for 208 square feet in the amount of \$312 month through April 30, 2010 and \$321 per month for the following year. This agreement may be terminated by either party with 90 days written notice and 7) The final lease agreement is for 3,265 sq feet in the amount of \$4,487 per month. This lease agreement is for 36 months ending April 30, 2011 and can be terminated by either party with 90 days written notice.

The City also has two lease agreements to house antennas on roofs of City buildings. One antenna is on the roof of City Hall and the other one is on the roof of the SeaTac Community Center. The first agreement was extended in 2007 for a term of five years until August 21, 2012. The lessee can extend for one additional five year term. The current amount of the lease is \$2,664 per month with an annual increase of 3% per year. The second lease agreement is for a term of five years through April 25, 2012. The current lease payment is \$1,651 per month and includes an annual increase of 3%.

The City has one parking and one land lease agreement as follows: 1) Parking lease for use of parking space at Riverton Heights School at \$100 week with a termination clause of 30 days written notice by either party and 2) A 50 year land lease for 6.5 acres through December 31, 2054 with the ability to extend the lease for two additional periods of ten years each. The lease payment is \$29,000 annually and includes a standard 1% payment escalation.

On December 31, 2009, the City purchased a retail building (SeaTac Center) near the S 154<sup>th</sup> Street Light Rail Station for \$12.3 million. This purchase assists the City in its planning efforts to redevelop this area some time in the future. The building has 61,641 square feet of retail space available for lease, most of which was being leased out by the prior owner when the building was purchased. In early 2010, the City hired a property manager to handle the leasing transactions and other property management functions for this building.

#### **NOTE 10 – CONTINGENCIES AND LITIGATION**

The City Attorney reports that, as of December 31, 2009, a small number of tort claims and lawsuits had been filed against the City, none of which involve monetary damages or issues sufficient to materially affect the financial position of the City as set forth in these financial statements. Payment of any valid claims or adverse judgments resulting from the lawsuits should be covered by insurance. It is believed, at this point, that none of the claims or suits have any significant probability of resulting in a plaintiff's award.

The City Attorney has received no information, and has no knowledge of, any other threatened or potential claims or lawsuits which would materially affect the City's financial condition, as of the aforesaid date, or the current date.

#### **NOTE 11 – RESTRICTED NET ASSETS**

The government-wide *Statement of Net Assets* reports \$20,056,344 in restricted net assets. None of the net assets are restricted by enabling legislation.

#### **NOTE 12 - INTERFUND TRANSFERS**

During 2009, the City had a number of interfund transfers. Most of the City's interfund transfers are considered nonreciprocal interfund activities and are legally authorized transfers of resources from one fund to another fund. The receiving fund accounts for the transfer in as an "other financing source" while the



paying fund accounts for the transfer out as an “other financing use”. Transfers are included in the operating statements of the respective funds.

The following table summarizes the interfund transfer activity for both the governmental and the proprietary funds by major fund for 2009:

		Transfers From (Out)						
		Arterial Street Fund #102	Port of Seattle ILA Fund #105	SWM Operating Fund #403	SWM Construction Fund #406	Other Non-Major Funds	Totals	
<b>Transfers To (In)</b>	General Fund #001	\$396,800	\$ 0	\$ 176,050	\$ 0	\$ 304,800	\$ 877,650	
	Municipal Facility CIP #306	0	0	0	0	1,200,000	1,200,000	
	Light Rails Station Areas CIP #308	0	12,700,000	0	0	350,000	13,050,000	
	SWM Construction Fund #406	0	0	1,000,000	0	0	1,000,000	
	Other Non-Major Funds	0	0	114,800	2,618,983	0	2,733,783	
	<b>Total Transfers</b>	<b>\$396,800</b>	<b>\$12,700,000</b>	<b>\$1,290,850</b>	<b>\$2,618,983</b>	<b>\$1,854,800</b>	<b>\$18,861,433</b>	
	<b>Transfer in of capital assets:</b>							
		To Surface Water Management Construction Fund #406 from Des Moines Creek Basin ILA Fund #111						205,863
		To Surface Water Management Construction Fund #406 from Transportation CIP Fund #307 (Prior Year Adjustment)						1,891,904
		<b>Total Interfund Transfers</b>						<b>\$20,959,200</b>

In the proprietary statements, the transfer in of capital assets from the governmental funds is shown as a capital contribution. During the year, capital assets were purchased by a governmental fund, the *Des Moines Creek Basin ILA Fund*, in the amount of \$205,863 and were transferred into the *Surface Water Management Construction Fund*. When equipment is purchased by governmental funds, the amounts paid for the assets are recorded as capital expenditures on the governmental *Statement of Revenues, Expenditures and Changes in Fund Balance* statement. The capital expenditures are then eliminated as part of the government-wide reconciliation process and are shown as assets on the *Statement of Net Assets*. Additionally, capital infrastructure assets paid for in prior years by a governmental fund, the *Transportation CIP Fund*, were transferred out in the amount of \$1,891,904 to the *Surface Water Management Construction Fund*. This transfer out was recorded as part of the prior year adjustment shown on the government-wide *Statement of Activities*. Additional information on prior year adjustments can be found in *Note 17 – Other Disclosures – Prior Year Adjustments*.

The following provides a description of the City’s interfund transfers by major fund:

**General Fund #001**

There were four interfund transfers made into the *General Fund* in 2009. Two of the transfers were made to reimburse administrative costs incurred by programs funded in the *General Fund*. The two administrative transfers were as follows: 1) *Arterial Street Fund #102*- \$396,800 and 2) *Surface Water Management Operating Fund #403* - \$176,050.

The third transfer into the *General Fund* was from the *Building Management Fund #108* in the amount of \$285,300. This is an annual transfer made to the *General Fund* from the lease of office space in City Hall. This transfer covers approximately 33% of the expenditures for City Hall maintenance, which is budgeted in the Facilities Department in the *General Fund*. It represents the estimated cost to provide maintenance to the leased areas on the second floor of City Hall. The final transfer into the *General Fund* was from the *LID Guarantee Fund #205* in the amount of \$19,500. This transfer was made to reduce the required reserve to the amount set by the LID ordinance. Total transfers into the *General Fund* were \$877,650.

**Municipal Facilities CIP Fund #306**

A transfer was made into this Fund from the *Municipal Capital Improvements Fund #301* in the amount of \$1,200,000. The purpose of this transfer was to provide funding for the design and a portion of the construction costs for Fire Station #45.

**Light Rails Station Areas CIP Fund #308**

A transfer in the amount of \$12,700,000 was made from the *Port of Seattle ILA Fund #105* in 2009. These funds were used to purchase property in the South 154<sup>th</sup> Street Station Area that will be used for future economic development. Additionally, a transfer in from the *Municipal Capital Improvements Fund #301* was made to fund portions of two future Light Rail Station Area Projects in the amount of \$350,000.

**Surface Water Management Fund #403**

Three transfers were made out of the *Surface Water Management Operating Fund #403* as follows: 1) \$114,800 was transferred to the *Surface Water Management Construction Fund #406* for the Des Moines Creek Basin Replacement Project and for Des Moines Creek Basin general maintenance and operational costs; 2) \$176,050 was transferred to the *General Fund* to reimburse the Fund for administrative costs incurred related to surface water management functions and to cover 1/3 of the annual maintenance costs for the Maintenance Facility and 3) \$1,000,000 was transferred to the *Surface Water Management Construction Fund #406* for future construction projects.

**Other Funds**

The *Des Moines Creek Basin ILA Fund #111* received a transfer from the *Surface Water Management Construction Fund #406* in the amount of \$2,618,983. The transfer was made to close out the Des Moines Creek Basins' funds to its own special revenue fund for improved accounting and financial reporting. The City of SeaTac serves as Treasurer for the Des Moines Creek Basin Committee.

**NOTE 13 - RECEIVABLE AND PAYABLE BALANCES**

**A. Receivables**

The receivable balances for the major funds at December 31, 2009 were as follows:

Fund	Customer Accounts (Net) <sup>1</sup>	Taxes	Special Assessments & Interest	Total
<b>Governmental Activities:</b>				
General #001	\$ 869,851	\$1,694,557	\$ 44,896	<b>\$2,609,304</b>
Street #102	13,610	360,095	0	<b>373,705</b>
Hotel/Motel Tax #107	0	63,560	0	<b>63,560</b>
Special Assessment Debt #204	0	0	876,118	<b>876,118</b>
Municipal Facilities CIP #306	0	0	45,617	<b>45,617</b>
Transportation CIP #307	5,280	0	19,550	<b>24,830</b>
Other Non-Major Funds	323,042	174,728	0	<b>497,770</b>
<b>Subtotal Governmental Activities</b>	<b>\$1,211,783</b>	<b>\$2,292,940</b>	<b>\$986,181</b>	<b>\$4,490,904</b>
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>				
Internal service fund adjustment	0	0	9,260	9,260
Investment interest receivable	0	0	59,918	59,918
<b>Total Governmental Activities</b>	<b>\$1,211,783</b>	<b>\$2,292,940</b>	<b>\$1,055,359</b>	<b>\$4,560,082</b>
<i>Amounts not scheduled for collection during the subsequent year for governmental activities</i>	0	0	730,098	<b>730,098</b>
<b>Business-type Activities:</b>				
Surface Water Mgt Ops #403	\$144,896	\$0	\$1,827	<b>\$146,723</b>
Surface Water Mgt Constr #406	239,946	0	4,033	<b>243,979</b>
<b>Total Business-type Activities</b>	<b>\$384,842</b>	<b>\$0</b>	<b>\$5,860</b>	<b>\$390,702</b>

<sup>1</sup> Allowance for uncollectible customer accounts is deducted from the amounts in the table above.

## B. Payables

The City's payable balances for the major funds at December 31, 2009 were as follows:

Fund	Accounts	Due to Other Gov	Deposits/ Custodial/ Other	Interest	Total
General #001	\$ 516,790	\$354,630	\$254,450	\$ 0	<b>\$1,125,870</b>
Street #102	86,694	0	32,298	0	<b>118,992</b>
Hotel/Motel Tax #107	102,768	0	0	0	<b>102,768</b>
Municipal Facilities CIP #306	328,668	0	0	0	<b>328,668</b>
Transportation CIP #307	18,142	0	0	0	<b>18,142</b>
Light Rail Station Areas CIP #308	40,396	0	0	0	<b>40,396</b>
Other Non-Major	454,163	0	29,535	0	<b>483,698</b>
<b>Subtotal Governmental Act</b>	<b>\$1,547,621</b>	<b>\$354,630</b>	<b>\$316,283</b>	<b>\$ 0</b>	<b>\$2,218,534</b>
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>					
Internal service fund adjustment	11,733	0	0	0	11,733
Bond interest payable	0	0	0	28,452	28,452
<b>Total Governmental Activities</b>	<b>\$1,559,354</b>	<b>\$354,630</b>	<b>\$316,283</b>	<b>\$28,452</b>	<b>\$2,258,719</b>
<b>Business-type Activities:</b>					
Surface Water Management #403	\$19,380	\$0	\$ 0	\$5,267	<b>\$24,647</b>
Surface Water Mgt Construc #406	4,458	0	27,741	0	<b>32,199</b>
<b>Total Business-type Activities</b>	<b>\$23,838</b>	<b>\$0</b>	<b>\$27,741</b>	<b>\$5,267</b>	<b>\$56,846</b>

**NOTE 14 – JOINT VENTURES – SOUTH CORRECTIONAL ENTITY (SCORE)**

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the “Original Interlocal Agreement”) was entered into by seven participating municipal governments, the “Member Cities” of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac, and Tukwila, under the authority of the “Interlocal Cooperation Act” (RCW 39.34). This “Original Interlocal Agreement” was amended and restated October 1, 2009 and named the City of Des Moines as the “Host City” and the remaining Member Cities as “Owner Cities”. This interlocal agreement is known as the “formation Interlocal Agreement”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Agreement.

SCORE, a governmental administrative agency pursuant to RCW 39.34.030 (3), has the power to acquire, construct, own, operate, maintain, equip and improve a correctional facility known as the “SCORE Facility” and to provide correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. The SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility will be provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the “SCORE PDA”), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755 and secured by the full faith and credit of the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila (the “Owner Cities”). The SCORE PDA issued \$86 million in special obligation bonds in 2009 to carry out the facility development project. The following is a summary of the debt service requirements for the bond issue:

<b>Summary of Debt Service Requirements</b>										
<b>Debt Service Schedule</b>					<b>Debt Service Allocation to Owner Cities</b>					
Year	Principal	Interest*	35% BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2010	\$ 0	\$ 3,394,191	\$ (265,223)	\$ 3,128,968	\$ 969,980	\$ 125,159	\$ 563,214	\$ 1,126,428	\$ 93,869	\$ 250,317
2011	0	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2012	0	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2013	1,915,000	5,126,998	(1,675,089)	5,366,909	1,663,742	214,676	966,044	1,932,087	161,007	429,353
2014	1,950,000	5,066,566	(1,654,975)	5,361,591	1,662,093	214,464	965,086	1,930,173	160,848	428,927
2015-2019	10,750,000	24,045,404	(8,092,315)	26,703,089	8,277,958	1,068,124	4,806,556	9,613,112	801,093	2,136,247
2020-2024	12,905,000	21,102,168	(7,405,227)	26,601,941	8,246,602	1,064,078	4,788,349	9,576,699	798,058	2,128,155
2025-2029	15,675,000	16,833,706	(6,067,796)	26,440,910	8,196,682	1,057,636	4,759,364	9,518,728	793,227	2,115,273
2030-2034	19,265,000	11,158,380	(4,128,483)	26,294,897	8,151,418	1,051,796	4,733,081	9,466,163	788,847	2,103,592
2035-2039	23,775,000	4,064,705	(1,697,914)	26,141,791	8,103,955	1,045,672	4,705,522	9,411,045	784,254	2,091,343
Totals	\$86,235,000	\$101,103,582	\$(34,337,200)	\$153,001,382	\$47,430,428	\$6,120,057	\$27,540,248	\$55,080,497	\$4,590,041	\$12,240,109

Note: Interest is to be paid from bond proceeds during the construction period (2010 -2011).

The City of SeaTac reports its share of equity interest in the Governmental Activities column within the government-wide financial statements as a noncurrent asset. The following is condensed (unaudited) financial information as of December 31, 2009 related to SCORE:

<b>South Correctional Entity (SCORE) 2009 Owner Cities Equity Allocation</b>				
<b>Member City</b>	<b>Percent of Equity</b>	<b>2008 Equity Balance</b>	<b>2009 Distribution</b>	<b>2009 Equity Balance</b>
Auburn	31.00%	0	\$1,692,471	\$1,692,471
Burien	4.00%	0	218,383	218,383
Federal Way	18.00%	0	982,725	982,725
Renton	36.00%	0	1,965,450	1,965,450
SeaTac	3.00%	0	163,787	163,787
Tukwila	8.00%	0	436,767	436,767
<b>Grand Total</b>	<b>100.00%</b>	<b>0</b>	<b>\$5,459,583</b>	<b>\$5,459,583</b>

Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE office, City of Renton, 1055 South Grady Way, Renton, WA 98057.

**NOTE 15 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

In 2007, the City of SeaTac implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*. The following describes the details of the plan for these benefits:

*Plan Description:* In accordance with the Revised Code of Washington (RCW) Chapter 41.26, the City of SeaTac provides lifetime postemployment healthcare benefits to all LEOFF 1 (Law Enforcement Officers and Fire Fighters hired prior to 10/1/77) retirees. Currently five retirees meet those eligibility requirements.

*Funding Policy:* The City contributes 100% of the cost of medical insurance premiums for all LEOFF 1 retirees (excludes spouses). In addition, the City reimburses LEOFF 1 retirees for all validated claims for medical, dental (\$500 annual limit) and hospitalization costs incurred by the retirees. Only those medical services and expenditures which are deemed reasonable and necessary by the LEOFF Board will be paid by the City. State statute provides that the City's responsibility for medical payments of LEOFF 1 retirees is secondary to any other coverage retirees receive or are eligible to receive. LEOFF Board policies and procedures stipulate that medical services payable under this benefit plan be reduced by any amount received or eligible to be received under worker's compensation, Medicare, insurance provided by another employer, other pension plan, or other similar sources. In the event any such alternative source of payment is available, it shall be incumbent upon the requesting member to apprise the Board of such source, if known to the member, and failure to do so may result in the loss of medical benefits.

Although the City has designated \$225,000 of its fund balance in the General Fund for future LEOFF 1 retiree benefits, designations are set up to reflect management's intended future use of funds. A dedicated trust fund has not been established for this purpose; therefore, the City's current funding policy is based upon pay-as-you-go financing requirements. During the year, the City contributed \$61,828 to the plan for postemployment health care.

*Annual OPEB Cost and Net OPEB Obligation:* The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of fifteen years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution (ARC)	\$123,423
Interest on net OPEB obligation	6,540
Adjustment to annual required contribution	<u>(13,532)</u>
Annual OPEB cost (expense)	116,431
Contributions made	<u>(61,828)</u>
Increase in net OPEB obligation	54,603
Net OPEB Obligation – Beginning of Year	<u>145,324</u>
Net OPEB Obligation – End of Year	<u>\$ 199,927</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 and the two preceding fiscal years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Contribution as a Percentage of Annual OPEB Cost</b>	<b>OPEB Obligation</b>
2007	\$128,895	44%	\$72,923
2008	\$125,387	42%	\$145,324
2009	\$116,431	53%	\$199,927

*Funded Status and Funding Progress:* As of June 30, 2007, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$1,325,508 all of which was unfunded. There is no covered payroll (annual payroll of active employees covered by the plan) calculation because there are no active employees covered by the plan.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about where the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions:* The actuarial cost method used to determine the actuarial accrued liability was the Projected Unit Credit method. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions are individually and collectively reasonable for purposes of this valuation.

The following simplifying assumptions were made:

*Retirement age for active employees:* The City has no active LEOFF 1 employees. Therefore, this did not affect the actuarial accrued liability calculation.

*Mortality:* Mortality rates were assumed to follow the LEOFF 1 mortality rates used in the June 30, 2007 actuarial valuation report issued by the Office of the State Actuary (OSA) for Washington State.

*Healthcare cost trend rate and inflation rate:* The medical inflation trend is the percent that medical costs are expected to increase in future years. The expected medical inflation trend starts at 9.0% in 2007 and decreases to 5.0% in 2015; It remains at 5.0% after 2015. The expected long-term health care inflation assumption of 4.5% was used based on health care actuaries contracted at Milliman. Healthcare costs were also determined by Milliman and used by OSA in the State-wide LEOFF 1 medical study performed in 2007. The results were based on grouped data with four active groupings and four inactive groupings.

*Healthcare costs:* Milliman health care actuaries determined medical claim costs.

*Demographic assumptions:* It is assumed that participation will be at 100% and Medicare coverage will also be 100%.

*Interest discount rate:* An expected long-term yield of 4.5% was chosen because liabilities will be funded on a pay-as-you-go basis and LEOFF 1 accounts are invested in short term investment products.

*Inflation Rate:* The expected long-term inflation assumption of 3.5% was based on the CPI for Urban Wage Earners and Clerical Workers for Washington – All items.

*Long-term care assumptions:* Milliman health care actuaries developed long-term care assumptions for two types of long-term care including institutional and non-institutional. Four assumptions were developed dealing with long-term care including: annual cost, the incidence rate, length of stay and the inflation rate. Various tables involving these assumptions were established based on age.

**NOTE 16 - RESERVATIONS AND DESIGNATIONS OF FUND EQUITY**

In governmental funds, reservations of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose. Designations of fund balance reflect management’s intended use of resources and reflect actual plans approved by either the government’s legislative body or chief executive officer.

The following is an analysis of fund equity reservations and designations by fund for the City’s governmental funds:

<b>Fund Name/#</b>	<b>Unreserved Designated for LEOFF 1 Benefits</b>	<b>Reserved for Capital Improvements (Bond Proceeds)</b>
General Fund #001	\$225,000	\$ 0
Hotel/Motel Tax Fund #107	0	5,001,021
<b>Total</b>	<b>\$225,000</b>	<b>\$5,001,021</b>

**NOTE 17 – OTHER DISCLOSURES**

**A. Prior Period Adjustments**

In 2009, prior period adjustments totaled (\$1,925,600) in the governmental activities column of the government-wide *Statement of Activities*. The City transferred \$1,891,904 in surface water management assets out of governmental-activities into the *Surface Water Management Construction Fund #406*. The capital transfers were for assets related to the Military Road South/South 176<sup>th</sup> – South 188<sup>th</sup> Street project and the Westside Trail project. In addition, construction in progress on the Military Road South/South 176<sup>th</sup> – South 188<sup>th</sup> Street project was double booked in the amount of

\$33,696 requiring an adjustment. Both of these items are being treated as prior year adjustments, as shown on the Government-wide *Statement of Activities*.

**B. Subsequent Events**

In April 2010, the City Council passed Ordinance #10-1014 authorizing the redemption of the *1999 Local Option Tax Revenue Refunding Bonds* (\$3,080,000) and the *1999 Storm Water Revenue Refunding Bonds* (\$1,380,000). The City saved approximately \$424,400 in interest costs by redeeming these bonds on their call date.



# Required Supplementary Information

**Stephanie Johnson/Balvir Toor**  
**Human Resources Analyst/  
Human Resources Technician**  
**206.973.4650 • Human Resources**

Stephanie and Balvir work in the City's Human Resources Department. They play an essential role in the City's recruiting efforts by coordinating and administering various aspects of the City's hiring process including advertising, screening, testing, interviewing and selection. For additional information on recruiting or job opportunities, please contact Stephanie or Balvir.





**Required Supplementary Information**  
**Schedule of Funding Progress**  
**for LEOFF 1 Retiree Medical Benefits**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (PUC) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a)/c)</b>
9/30/2006	\$0	\$1,384,278	\$1,384,278	0.0%	\$0	0.0%
6/30/2007	\$0	\$1,325,508	\$1,325,508	0.0%	\$0	0.0%

**Notes to the Schedule of Funding Progress**

The City is using the alternative measurement method as permitted under GASB Statement No. 45. The City utilizes actuarial valuation tools provided by the Office of the State Actuary (OSA) for Washington State. Retirement, disability, termination, and mortality rates were assumed to follow LEOFF 1 rates used in the June 30, 2007 actuarial report issued by OSA.

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 23,870,927	\$ 23,870,927	\$ 21,560,144	\$ (2,310,783)
Licenses & permits	1,156,400	1,156,400	1,233,108	76,708
Intergovernmental	625,889	645,489	802,434	156,945
Charges for services	1,164,109	1,164,109	946,572	(217,537)
Fines and forfeitures	809,550	809,550	585,825	(223,725)
Investment earnings	949,000	949,000	177,837	(771,163)
Rents/leases & concessions	199,550	199,550	210,705	11,155
Miscellaneous	73,450	73,850	42,270	(31,580)
<b>Total Revenues</b>	<b>28,848,875</b>	<b>28,868,875</b>	<b>25,558,895</b>	<b>(3,309,980)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Judicial	813,440	792,437	809,236	(16,799)
General Government	5,682,325	5,493,318	5,436,680	56,638
Public Safety	16,164,209	16,363,579	16,209,702	153,877
Physical Environment	15,367	15,367	15,367	-
Transportation	722,296	696,561	662,535	34,026
Health & Human Services	538,113	536,913	523,242	13,671
Economic Environment	2,177,347	2,081,573	1,981,616	99,957
Culture & Recreation	3,953,627	2,956,087	2,933,383	22,704
Capital outlay	5,000	77,000	59,872	17,128
<b>Total Expenditures</b>	<b>30,071,724</b>	<b>29,012,835</b>	<b>28,631,633</b>	<b>381,202</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,222,849)</i>	<i>(143,960)</i>	<i>(3,072,738)</i>	<i>(2,928,778)</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	877,650	877,650	877,650	-
Transfers out	(298,063)	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>579,587</b>	<b>877,650</b>	<b>877,650</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(643,262)</i>	<i>733,690</i>	<i>(2,195,088)</i>	<i>(2,928,778)</i>
<b>Fund Balances-Beginning</b>	<b>10,693,489</b>	<b>10,231,364</b>	<b>10,231,364</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 10,050,227</b>	<b>\$ 10,965,054</b>	<b>\$ 8,036,276</b>	<b>\$ (2,928,778)</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,350,000	\$ 5,350,000	\$ 4,571,041	\$ (778,959)
Intergovernmental	631,000	631,000	600,567	(30,433)
Charges for services	700	700	585	(115)
Investment earnings	66,000	66,000	64,692	(1,308)
Miscellaneous	1,000	1,000	766	(234)
<b>Total Revenues</b>	<b>6,048,700</b>	<b>6,048,700</b>	<b>5,237,651</b>	<b>(811,049)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	3,831,822	5,543,763	5,121,446	422,317
Capital Outlay	1,432,113	1,732,113	431,568	1,300,545
<b>Total Expenditures</b>	<b>5,263,935</b>	<b>7,275,876</b>	<b>5,553,014</b>	<b>1,722,862</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	784,765	(1,227,176)	(315,363)	911,813
<b>Other Financing Sources (Uses)</b>				
Transfers out	(996,800)	(996,800)	(396,800)	600,000
<b>Total Other Fin Sources (Uses)</b>	<b>(996,800)</b>	<b>(996,800)</b>	<b>(396,800)</b>	<b>600,000</b>
<i>Net Change in Fund Balances</i>	(212,035)	(2,223,976)	(712,163)	1,511,813
<b>Fund Balances-Beginning</b>	<b>3,054,388</b>	<b>4,573,097</b>	<b>4,573,097</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 2,842,353</b>	<b>\$ 2,349,121</b>	<b>\$ 3,860,934</b>	<b>\$ 1,511,813</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 650,000	\$ 650,000	\$ 55,211	\$ (594,789)
Miscellaneous	-	-	98,765	98,765
<b>Total Revenues</b>	<b>650,000</b>	<b>650,000</b>	<b>153,976</b>	<b>(496,024)</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>650,000</i>	<i>650,000</i>	<i>153,976</i>	<i>(496,024)</i>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(12,700,000)	(12,700,000)	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>(12,700,000)</b>	<b>(12,700,000)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>650,000</i>	<i>(12,050,000)</i>	<i>(12,546,024)</i>	<i>(496,024)</i>
<b>Fund Balances-Beginning</b>	<b>16,564,561</b>	<b>17,203,671</b>	<b>17,203,671</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 17,214,561</b>	<b>\$ 5,153,671</b>	<b>\$ 4,657,647</b>	<b>\$ (496,024)</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 850,000	\$ 850,000	\$ 594,590	\$ (255,410)
Investment earnings	275,000	275,000	124,042	(150,958)
<b>Total Revenues</b>	<b>1,125,000</b>	<b>1,125,000</b>	<b>718,632</b>	<b>(406,368)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Economic Environment	1,246,925	1,422,025	1,100,618	321,407
<b>Total Expenditures</b>	<b>1,246,925</b>	<b>1,422,025</b>	<b>1,100,618</b>	<b>321,407</b>
<i>Excess (deficiency) of revenues   over (under) expenditures</i>	<i>(121,925)</i>	<i>(297,025)</i>	<i>(381,986)</i>	<i>(84,961)</i>
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(121,925)</i>	<i>(297,025)</i>	<i>(381,986)</i>	<i>(84,961)</i>
<b>Fund Balances-Beginning</b>	<b>8,449,080</b>	<b>8,684,838</b>	<b>8,684,838</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 8,327,155</b>	<b>\$ 8,387,813</b>	<b>\$ 8,302,852</b>	<b>\$ (84,961)</b>

\*Budgetary basis is the same as GAAP basis.





# Other Supplementary Information

**Kim Cooper**  
**Victim Advocate**  
**206.973.4634**

Kim is the Victim Advocate for the Legal Department. She helps victims through the legal process when criminal charges have been filed in the SeaTac Municipal Court. She explains the legal and court processes, determines the wishes of the victim in regard to criminal cases and works with the Prosecutor regarding those wishes. Her job includes helping to relieve some of the concerns of victims, providing support for them and referring victims to specific services which are available in our community. Kim also assists victims in obtaining Order of Protection and/or Orders Prohibiting Contact. Please contact Kim with questions in this area.





The City currently has eight *major governmental funds* (*General, Arterial Street, Port of Seattle ILA, Hotel/Motel Tax, Special Assessment, Municipal Facilities CIP, Transportation CIP and Light Rails Station Areas CIP*). These funds are reported separately in the governmental funds financial statements.

The City has fourteen funds that are considered to be *nonmajor governmental funds* under GASB Statement 34. These funds fall within three fund types including special revenue funds, debt service funds and capital project funds. These funds are combined and are included in the “*Other Governmental Funds*” column of the governmental funds financial statements and are described below.

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City has six special revenue funds that are nonmajor governmental funds as follows:

1. The *City Street Fund* will be closed in 2010. This Fund was merged with the *Arterial Street Fund*.
2. The *Contingency Reserve Fund* provides funding to meet any municipal expenditures, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget.
3. The *Transit Planning Fund* accounts for interlocal revenue the City receives from the regional transit authority and expends on efforts to facilitate the development of a central light rail transit system through the City.
4. The *Building Management Fund* accounts for rental revenues and operating costs for building maintenance, tenant improvements and management services associated with the lease of office space within City Hall and retail space at SeaTac Center.
5. The *Facility Repair and Replacement Fund* was established to provide for on-going renovation and major maintenance for City buildings and park related facilities under \$25,000.
6. The *Des Moines Creek Basin ILA Fund* was established in 2009 to account for the revenues and expenditures related to the Des Moines Creek Basin. The City serves as Treasurer for this Committee.

### Debt Service Funds

Debt service funds account for the payment of principal and interest on general government debt. The City has six nonmajor debt service funds as follows:

1. The *Limited Tax General Obligation City Hall Bond Fund* is used to account for the debt service on bonds issued to acquire a new City Hall facility. These bonds were refunded in 2009.
2. The *Transportation Bond Fund* is used to account for the debt service on bonds issued to develop and construct new road projects throughout the City. This Fund will be closed in 2010.
3. The *Hotel/Motel Tax Bond Fund* is used to account for the debt service on bonds issued to finance the acquisition of tourism-related facilities. These bonds were refunded in 2009.
4. The *Local Improvement District Guarantee Bond Fund* provides financial security for outstanding LID bonds and special assessment debt.
5. The *2009 Limited Tax General Obligation Bond Refunding Fund* was established to service the debt on the *LTGO City Hall Bonds* and the *Hotel/Motel Tax Bonds* that were refunded in 2009.
6. The *Transportation Bonds Reserve Fund* sets aside an amount equal to the highest annual debt payment in accordance with a requirement of the transportation bond issue.

### Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The City has two nonmajor capital project funds as follows:

1. The *Municipal Capital Improvements Fund* accounts for capital expenditures for non-transportation capital improvements, including parks improvements, facility improvements, and computer equipment/hardware.
2. The *Fire Equipment Capital Reserve Fund* accounts for the replacement of major Fire Department capital equipment including pumper trucks, vehicles and equipment.

**Combining Balance Sheet  
December 31, 2009**

**Special Revenue Funds**

	<u>City Street</u>	<u>Contingency Reserve</u>	<u>Transit Planning</u>	<u>Building Management</u>
<b>Assets</b>				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 69,706	\$ 57,154	\$ 137,415	\$ 489,734
Investments	-	719,390	-	501,973
Receivables (net):				
Taxes	-	-	-	-
Customer accounts	-	-	69,202	1,000
<b>Total Assets</b>	<b>\$ 69,706</b>	<b>\$ 776,544</b>	<b>\$ 206,617</b>	<b>\$ 992,707</b>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	24,110	7,613
Deposits payable	-	-	-	29,535
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>24,110</b>	<b>37,148</b>
<b>Fund Balances</b>				
<i>Unreserved, reported in:</i>				
Special revenue funds	69,706	776,544	182,507	955,559
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
<b>Total Fund Balances</b>	<b>69,706</b>	<b>776,544</b>	<b>182,507</b>	<b>955,559</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 69,706</b>	<b>\$ 776,544</b>	<b>\$ 206,617</b>	<b>\$ 992,707</b>

	Special Revenue Funds			Debt Service	
	Facility Repair and Replacement	Des Moines Creek Basin ILA Fund	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 162,225	\$ 2,528,448	\$ 3,444,682	\$ 4,404	\$ 2,077
Investments	-	-	1,221,363	-	-
Receivables (net)					
Taxes	-	-	-	-	-
Customer accounts	-	-	70,202	-	-
<b>Total Assets</b>	<b>\$ 162,225</b>	<b>\$ 2,528,448</b>	<b>\$ 4,736,247</b>	<b>\$ 4,404</b>	<b>\$ 2,077</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts payable	-	361,104	392,827	-	-
Deposits payable	-	-	29,535	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>361,104</b>	<b>422,362</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
<i>Unreserved, reported in:</i>					
Special revenue funds	162,225	2,167,344	4,313,885	-	-
Debt service funds	-	-	-	4,404	2,077
Capital project funds	-	-	-	-	-
<b>Total Fund Balances</b>	<b>162,225</b>	<b>2,167,344</b>	<b>4,313,885</b>	<b>4,404</b>	<b>2,077</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 162,225</b>	<b>\$ 2,528,448</b>	<b>\$ 4,736,247</b>	<b>\$ 4,404</b>	<b>\$ 2,077</b>

**Combining Balance Sheet  
December 31, 2009**

	<b>Debt Service</b>				
	<b>Hotel/Motel Bonds</b>	<b>LID Guarantee</b>	<b>2009 LTGO Bond Refunding</b>	<b>Transportation Bonds Reserve</b>	<b>Total Debt Service Funds</b>
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 3,445	\$ 84,500	\$ -	\$ 894,062	\$ 988,488
Investments	-	-	-	-	-
Receivables (net)					
Taxes	-	-	-	-	-
Customer accounts	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,445</b>	<b>\$ 84,500</b>	<b>\$ -</b>	<b>\$ 894,062</b>	<b>\$ 988,488</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts payable	-	-	-	-	-
Deposits payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
<i>Unreserved, reported in:</i>					
Special revenue funds	-	-	-	-	-
Debt service funds	3,445	84,500	-	894,062	988,488
Capital project funds	-	-	-	-	-
<b>Total Fund Balances</b>	<b>3,445</b>	<b>84,500</b>	<b>-</b>	<b>894,062</b>	<b>988,488</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 3,445</b>	<b>\$ 84,500</b>	<b>\$ -</b>	<b>\$ 894,062</b>	<b>\$ 988,488</b>

	Capital Project Funds			Total Nonmajor Governmental Funds
	Municipal Capital Imp Fund	Fire Equipment Capital Reserve	Total Capital Project Funds	
<b>Assets</b>				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 733,040	\$ 223,301	\$ 956,341	\$ 5,389,511
Investments	2,007,894	502,500	2,510,394	3,731,757
Receivables (net)				
Taxes	174,728	-	174,728	174,728
Customer accounts	252,840	-	252,840	323,042
<b>Total Assets</b>	<b>\$ 3,168,502</b>	<b>\$ 725,801</b>	<b>\$ 3,894,303</b>	<b>\$ 9,619,038</b>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts payable	61,336	-	61,336	454,163
Deposits payable	-	-	-	29,535
<b>Total Liabilities</b>	<b>61,336</b>	<b>-</b>	<b>61,336</b>	<b>483,698</b>
<b>Fund Balances</b>				
<i>Unreserved, reported in:</i>				
Special revenue funds	-	-	-	4,313,885
Debt service funds	-	-	-	988,488
Capital project funds	3,107,166	725,801	3,832,967	3,832,967
<b>Total Fund Balances</b>	<b>3,107,166</b>	<b>725,801</b>	<b>3,832,967</b>	<b>9,135,340</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 3,168,502</b>	<b>\$ 725,801</b>	<b>\$ 3,894,303</b>	<b>\$ 9,619,038</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2009**

**Special Revenue Funds**

	<b>City Street</b>	<b>Contingency Reserve</b>	<b>Transit Planning</b>	<b>Building Management</b>
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	96,071	-
Charges for services	-	-	-	-
Investment earnings	-	10,405	706	14,008
Rents & leases	-	-	-	398,853
Miscellaneous	-	(14,709)	-	3,684
<b>Total Revenues</b>	<b>-</b>	<b>(4,304)</b>	<b>96,777</b>	<b>416,545</b>
<b>Expenditures</b>				
<i>Current Operations:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	70,632	-
Culture & Recreation	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>70,632</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	(4,304)	26,145	416,545
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(285,300)
Refunding debt proceeds	-	-	-	-
Pymts to ref bonds escrow agent	-	-	-	-
Disposition of capital assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(285,300)</b>
Net Change in Fund Balances	-	(4,304)	26,145	131,245
<b>Fund Balances-Beginning</b>	<b>69,706</b>	<b>780,848</b>	<b>156,362</b>	<b>824,314</b>
<b>Fund Balances-Ending</b>	<b>\$ 69,706</b>	<b>\$ 776,544</b>	<b>\$ 182,507</b>	<b>\$ 955,559</b>



	Special Revenue Funds			Debt Service	
	Facility Repair and Replacement	Des Moines Creek Basin ILA	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 425,000	\$ 854,000
Intergovernmental	-	165,200	261,271	-	-
Charges for services	-	-	-	-	-
Investment earnings	2,380	3,742	31,241	775	1,542
Rents & leases	-	-	398,853	-	-
Miscellaneous	-	-	(11,025)	-	-
<b>Total Revenues</b>	<b>2,380</b>	<b>168,942</b>	<b>680,340</b>	<b>425,775</b>	<b>855,542</b>
<b>Expenditures</b>					
<i>Current Operations:</i>					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	529,518	529,518	-	-
Transportation	-	-	70,632	-	-
Culture & Recreation	42,997	-	42,997	-	-
<i>Debt Service:</i>					
Principal	-	-	-	345,000	690,000
Interest	-	-	-	81,180	172,092
Other	-	-	-	303	304
Capital outlay	-	205,863	205,863	-	-
<b>Total Expenditures</b>	<b>42,997</b>	<b>735,381</b>	<b>849,010</b>	<b>426,483</b>	<b>862,396</b>
Excess (deficiency) of revenues over (under) expenditures	(40,617)	(566,439)	(168,670)	(708)	(6,854)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	2,733,783	2,733,783	-	-
Transfers out	-	-	(285,300)	-	-
Refunding debt proceeds	-	-	-	-	-
Pymts to ref bonds escrow agen	-	-	-	-	-
Disposition of capital assets	-	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>2,733,783</b>	<b>2,448,483</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(40,617)	2,167,344	2,279,813	(708)	(6,854)
<b>Fund Balances-Beginning</b>	<b>202,842</b>	<b>-</b>	<b>2,034,072</b>	<b>5,112</b>	<b>8,931</b>
<b>Fund Balances-Ending</b>	<b>\$ 162,225</b>	<b>\$ 2,167,344</b>	<b>\$ 4,313,885</b>	<b>\$ 4,404</b>	<b>\$ 2,077</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2009**

	<b>Debt Service Funds</b>				
	<b>Hotel/Motel Tax Bonds</b>	<b>LID Guarantee</b>	<b>2009 LTGO Bond Refunding</b>	<b>Transp Bonds Reserve</b>	<b>Total Debt Service Funds</b>
<b>Revenues</b>					
Taxes	\$ 382,700	\$ -	\$ -	\$ -	\$ 1,661,700
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	633	-	-	-	2,950
Rents & leases	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>383,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,664,650</b>
<b>Expenditures</b>					
<i>Current Operations:</i>					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
<i>Debt Service:</i>					
Principal	250,000	-	-	-	1,285,000
Interest	134,147	-	-	-	387,419
Other	304	-	-	-	911
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>384,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,673,330</b>
Excess (deficiency) of revenues over expenditures	(1,118)	-	-	-	(8,680)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(19,500)	-	-	(19,500)
Refunding debt proceeds	-	-	4,376,345	-	4,376,345
Pymts to ref bonds escrow agent	-	-	(4,376,345)	-	(4,376,345)
Disposition of capital assets	-	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>(19,500)</b>	<b>-</b>	<b>-</b>	<b>4,356,845</b>
Net Change in Fund Balances	(1,118)	(19,500)	-	-	4,348,165
<b>Fund Balances-Beginning</b>	<b>4,563</b>	<b>104,000</b>	<b>-</b>	<b>894,062</b>	<b>1,016,668</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,445</b>	<b>\$ 84,500</b>	<b>\$ -</b>	<b>\$ 894,062</b>	<b>\$ 5,364,833</b>

	Capital Project Funds			Total Nonmajor Governmental Funds
	Municipal Capital Imp	Equipment Capital Reserve	Total Capital Project Funds	
<b>Revenues</b>				
Taxes	\$ 1,551,369	\$ -	\$ 1,551,369	\$ 3,213,069
Intergovernmental	284,938	-	284,938	546,209
Charges for services	219,076	-	219,076	219,076
Investment earnings	40,113	5,575	45,688	79,879
Rents & leases	-	-	-	398,853
Miscellaneous	-	-	-	(11,025)
<b>Total Revenues</b>	<b>2,095,496</b>	<b>5,575</b>	<b>2,101,071</b>	<b>4,446,061</b>
<b>Expenditures</b>				
<i>Current Operations:</i>				
General Government	19,251	-	19,251	19,251
Public Safety	1,284	-	1,284	1,284
Physical Environment	-	-	-	529,518
Transportation	3,676	-	3,676	74,308
Culture & Recreation	118,082	-	118,082	161,079
<i>Debt Service:</i>				
Principal	-	-	-	1,285,000
Interest	-	-	-	387,419
Other	-	-	-	911
Capital outlay	502,765	15,750	518,515	724,378
<b>Total Expenditures</b>	<b>645,058</b>	<b>15,750</b>	<b>660,808</b>	<b>3,183,148</b>
Excess (deficiency) of revenues over expenditures	1,450,438	(10,175)	1,440,263	1,262,913
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	2,733,783
Transfers out	(1,550,000)	-	(1,550,000)	(1,854,800)
Refunding debt proceeds	-	-	-	4,376,345
Pymts to ref bonds escrow agent	-	-	-	(4,376,345)
Disposition of capital assets	-	11,160	11,160	11,160
<b>Total Other Fin Sources (Uses)</b>	<b>(1,550,000)</b>	<b>11,160</b>	<b>(1,538,840)</b>	<b>890,143</b>
Net Change in Fund Balances	(99,562)	985	(98,577)	2,153,056
<b>Fund Balances-Beginning</b>	<b>3,206,728</b>	<b>724,816</b>	<b>3,931,544</b>	<b>6,982,284</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,107,166</b>	<b>\$ 725,801</b>	<b>\$ 3,832,967</b>	<b>\$ 9,135,340</b>

**Combining Statement of Changes in Assets & Liabilities - All Agency Funds**  
**For the Fiscal Year Ended December 31, 2009**

	<u>Agency Funds</u>		
	<u>Accounts Payable (Claims) Clearing Fund</u>	<u>Payroll Payable Clearing Fund</u>	<u>Total</u>
<b>Additions</b>			
New uncleared checks	\$ 44,141,461	\$ 17,100,812	\$ 61,242,273
<b>Total Additions</b>	<u>\$ 44,141,461</u>	<u>\$ 17,820,202</u>	<u>\$ 61,961,663</u>
<b>Deductions</b>			
Cashed cleared checks	44,781,359	17,106,553	61,887,912
<b>Total Deductions</b>	<u>44,781,359</u>	<u>17,106,553</u>	<u>61,887,912</u>
<i>Change in Assets &amp; Liabilities</i>	<u>(639,898)</u>	<u>(5,741)</u>	<u>(645,639)</u>
<b>Assets &amp; Liabilities-Beginning</b>	<u>1,030,743</u>	<u>456,333</u>	<u>1,487,076</u>
<b>Assets &amp; Liabilities-Ending</b>	<u>\$ 390,845</u>	<u>\$ 450,592</u>	<u>\$ 841,437</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues         over (under) expenditures</i>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	-	-	-	-
<b>Fund Balances-Beginning</b>	<b>-</b>	<b>-</b>	<b>69,706</b>	<b>(69,706)</b>
<b>Fund Balances-Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,706</b>	<b>\$ 69,706</b>

\*Budgetary basis is the same as GAAP basis; City Street Fund #101 closed in 2010.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 10,406	\$ 10,406
Miscellaneous	-	-	(14,710)	(14,710)
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>(4,304)</b>	<b>(4,304)</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(4,304)	(4,304)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	-	-	(4,304)	(4,304)
<b>Fund Balances-Beginning</b>	<b>755,000</b>	<b>780,848</b>	<b>780,848</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 755,000</b>	<b>\$ 780,848</b>	<b>\$ 776,544</b>	<b>\$ (4,304)</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 96,071	\$ 48,071
Investment earnings	3,000	3,000	706	(2,294)
<b>Total Revenues</b>	<b>51,000</b>	<b>51,000</b>	<b>96,777</b>	<b>45,777</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	89,260	89,260	70,632	18,628
<b>Total Expenditures</b>	<b>89,260</b>	<b>89,260</b>	<b>70,632</b>	<b>18,628</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(38,260)	(38,260)	26,145	64,405
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(38,260)	(38,260)	26,145	64,405
<b>Fund Balances-Beginning</b>	<b>114,259</b>	<b>156,362</b>	<b>156,362</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 75,999</b>	<b>\$ 118,102</b>	<b>\$ 182,507</b>	<b>\$ 64,405</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 20,000	\$ 20,000	\$ 14,008	\$ (5,992)
Rents & leases	482,200	482,200	398,853	(83,347)
Miscellaneous	720	720	3,684	2,964
<b>Total Revenues</b>	<b>502,920</b>	<b>502,920</b>	<b>416,545</b>	<b>(86,375)</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	502,920	502,920	416,545	(86,375)
<b>Other Financing Sources (Uses)</b>				
Transfers out	(285,300)	(285,300)	(285,300)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(285,300)</b>	<b>(285,300)</b>	<b>(285,300)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	217,620	217,620	131,245	(86,375)
<b>Fund Balances-Beginning</b>	<b>793,973</b>	<b>824,314</b>	<b>824,314</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 1,011,593</b>	<b>\$ 1,041,934</b>	<b>\$ 955,559</b>	<b>\$ (86,375)</b>

\*Budgetary basis is the same as GAAP basis.



Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 4,200	\$ 4,200	\$ 2,380	\$ (1,820)
<b>Total Revenues</b>	<b>4,200</b>	<b>4,200</b>	<b>2,380</b>	<b>(1,820)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Public Safety	56,715	37,688	-	37,688
Transportation	-	3,344	-	3,344
Culture & Recreation	104,566	95,661	42,997	52,664
<b>Total Expenditures</b>	<b>161,281</b>	<b>136,693</b>	<b>42,997</b>	<b>93,696</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(157,081)</i>	<i>(132,493)</i>	<i>(40,617)</i>	<i>91,876</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	50,000	50,000	-	(50,000)
<b>Total Other Fin Sources (Uses)</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>(50,000)</b>
<i>Net Change in Fund Balances</i>	<i>(107,081)</i>	<i>(82,493)</i>	<i>(40,617)</i>	<i>41,876</i>
<b>Fund Balances-Beginning</b>	<b>175,161</b>	<b>202,842</b>	<b>202,842</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 68,080</b>	<b>\$ 120,349</b>	<b>\$ 162,225</b>	<b>\$ 41,876</b>

\*Budgetary basis is the same as GAAP basis.

**CITY OF SEATAC, WASHINGTON**

**2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT Des Moines Creek Basin ILA Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 228,722	\$ 165,200	\$ (63,522)
Investment earnings	-	17,800	3,742	(14,058)
<b>Total Revenues</b>	<b>-</b>	<b>246,522</b>	<b>168,942</b>	<b>(77,580)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Physical Environment	-	407,136	529,518	(122,382)
Capital outlay		999,421	205,863	793,558
<b>Total Expenditures</b>	<b>-</b>	<b>1,406,557</b>	<b>735,381</b>	<b>671,176</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(1,160,035)	(566,439)	593,596
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	2,830,652	2,733,783	(96,869)
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>2,830,652</b>	<b>2,733,783</b>	<b>(96,869)</b>
<i>Net Change in Fund Balances</i>	-	1,670,617	2,167,344	496,727
<b>Fund Balances-Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ -</b>	<b>\$ 1,670,617</b>	<b>\$ 2,167,344</b>	<b>\$ 496,727</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 425,000	\$ 425,000	\$ 425,000	\$ -
Investment earnings	3,000	3,000	775	(2,225)
<b>Total Revenues</b>	<b>428,000</b>	<b>428,000</b>	<b>425,775</b>	<b>(2,225)</b>
<b>Expenditures</b>				
<i>Debt Service:</i>				
Principal	345,000	345,000	345,000	-
Interest	81,180	81,180	81,180	-
Other	310	310	303	7
<b>Total Expenditures</b>	<b>426,490</b>	<b>426,490</b>	<b>426,483</b>	<b>7</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	1,510	1,510	(708)	(2,218)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	1,510	1,510	(708)	(2,218)
<b>Fund Balances-Beginning</b>	<b>4,214</b>	<b>5,112</b>	<b>5,112</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 5,724</b>	<b>\$ 6,622</b>	<b>\$ 4,404</b>	<b>\$ (2,218)</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 854,000	\$ 854,000	\$ 854,000	\$ -
Investment earnings	6,000	6,000	1,542	(4,458)
<b>Total Revenues</b>	<b>860,000</b>	<b>860,000</b>	<b>855,542</b>	<b>(4,458)</b>
<b>Expenditures</b>				
<i>Debt service:</i>				
Principal	690,000	690,000	690,000	-
Interest	172,093	172,093	172,092	1
Other	310	310	304	6
<b>Total Expenditures</b>	<b>862,403</b>	<b>862,403</b>	<b>862,396</b>	<b>7</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(2,403)	(2,403)	(6,854)	(4,451)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(2,403)	(2,403)	(6,854)	(4,451)
<b>Fund Balances-Beginning</b>	<b>7,026</b>	<b>8,931</b>	<b>8,931</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 4,623</b>	<b>\$ 6,528</b>	<b>\$ 2,077</b>	<b>\$ (4,451)</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 382,700	\$ 382,700	\$ 382,700	\$ -
Investment earnings	2,300	2,300	633	(1,667)
<b>Total Revenues</b>	<b>385,000</b>	<b>385,000</b>	<b>383,333</b>	<b>(1,667)</b>
<b>Expenditures</b>				
<i>Debt service:</i>				
Principal	250,000	250,000	250,000	-
Interest	134,148	134,148	134,147	1
Other	310	310	304	6
<b>Total Expenditures</b>	<b>384,458</b>	<b>384,458</b>	<b>384,451</b>	<b>7</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	542	542	(1,118)	(1,660)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	542	542	(1,118)	(1,660)
<b>Fund Balances-Beginning</b>	<b>3,657</b>	<b>4,563</b>	<b>4,563</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 4,199</b>	<b>\$ 5,105</b>	<b>\$ 3,445</b>	<b>\$ (1,660)</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment & other earnings	\$ 70,080	\$ 70,080	\$ 68,955	\$ (1,125)
Special assessments	152,370	152,370	190,445	38,075
<b>Total Revenues</b>	<b>222,450</b>	<b>222,450</b>	<b>259,400</b>	<b>36,950</b>
<b>Expenditures</b>				
<i>Debt service:</i>				
Principal	195,000	195,000	195,000	-
Interest	51,285	51,285	51,285	-
Other	370	370	228	142
<b>Total Expenditures</b>	<b>246,655</b>	<b>246,655</b>	<b>246,513</b>	<b>142</b>
Excess (deficiency) of revenues over (under) expenditures	(24,205)	(24,205)	12,887	37,092
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(24,205)</i>	<i>(24,205)</i>	<i>12,887</i>	<i>37,092</i>
<b>Fund Balances-Beginning</b>	<b>30,980</b>	<b>6,564</b>	<b>6,564</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 6,775</b>	<b>\$ (17,641)</b>	<b>\$ 19,451</b>	<b>\$ 37,092</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers out	(19,500)	(19,500)	(19,500)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(19,500)</b>	<b>(19,500)</b>	<b>(19,500)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(19,500)</i>	<i>(19,500)</i>	<i>(19,500)</i>	<i>-</i>
<b>Fund Balances-Beginning</b>	<b>104,000</b>	<b>104,000</b>	<b>104,000</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 84,500</b>	<b>\$ 84,500</b>	<b>\$ 84,500</b>	<b>\$ -</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Refunding debt proceeds	-	4,376,346	4,376,346	-
Debt redemption	-	(4,376,346)	(4,376,346)	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	-	-	-	-
<b>Fund Balances-Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\*Budgetary basis is the same as GAAP basis.



**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses)	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	-	-	-	-
Fund Balances-Beginning	-	-	<b>894,063</b>	<b>(894,063)</b>
<b>Fund Balances-Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 894,063</b>	<b>\$ 894,063</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,603,160	\$ 2,657,593	\$ 1,551,369	\$ (1,106,224)
Intergovernmental	324,000	558,100	284,938	(273,162)
Charges for services	226,000	226,000	219,076	(6,924)
Investment earnings	50,000	50,000	40,113	(9,887)
<b>Total Revenues</b>	<b>3,203,160</b>	<b>3,491,693</b>	<b>2,095,496</b>	<b>(1,396,197)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
General Government	75,800	75,800	19,251	56,549
Public Safety	-	1,300	1,284	16
Transportation	-	-	3,676	(3,676)
Culture & Recreation	18,250	426,350	118,082	308,268
Capital outlay	1,142,692	780,719	502,765	277,954
<b>Total Expenditures</b>	<b>1,236,742</b>	<b>1,284,169</b>	<b>645,058</b>	<b>639,111</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>1,966,418</i>	<i>2,207,524</i>	<i>1,450,438</i>	<i>(757,086)</i>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,550,000)	(1,550,000)	(1,550,000)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(1,550,000)</b>	<b>(1,550,000)</b>	<b>(1,550,000)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>416,418</i>	<i>657,524</i>	<i>(99,562)</i>	<i>(757,086)</i>
<b>Fund Balances-Beginning</b>	<b>3,476,842</b>	<b>3,206,728</b>	<b>3,206,728</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,893,260</b>	<b>\$ 3,864,252</b>	<b>\$ 3,107,166</b>	<b>\$ (757,086)</b>

\*Budgetary basis is the same as GAAP basis.

**CITY OF SEATAC, WASHINGTON**

***Fire Equip Capital Reserve Fund 2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT***

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 32,000	\$ 32,000	\$ 5,575	\$ (26,425)
<b>Total Revenues</b>	<b>32,000</b>	<b>32,000</b>	<b>5,575</b>	<b>(26,425)</b>
<b>Expenditures</b>				
Capital outlay	-	15,751	15,750	1
<b>Total Expenditures</b>	<b>-</b>	<b>15,751</b>	<b>15,750</b>	<b>1</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>32,000</i>	<i>16,249</i>	<i>(10,175)</i>	<i>(26,424)</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	248,063	248,063	-	(248,063)
Disposition of capital assets	-	-	11,160	11,160
<b>Total Other Fin Sources (Uses)</b>	<b>248,063</b>	<b>248,063</b>	<b>11,160</b>	<b>(236,903)</b>
<i>Net Change in Fund Balances</i>	<i>280,063</i>	<i>264,312</i>	<i>985</i>	<i>(263,327)</i>
<b>Fund Balances-Beginning</b>	<b>550,492</b>	<b>724,816</b>	<b>724,816</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 830,555</b>	<b>\$ 989,128</b>	<b>\$ 725,801</b>	<b>\$ (263,327)</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 50,000	\$ 50,000	\$ 104,027	\$ 54,027
Miscellaneous	-	-	(63,852)	(63,852)
<b>Total Revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>40,175</b>	<b>(9,825)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
General Government	-	-	17,250	(17,250)
Public Safety	-	-	118,878	(118,878)
Capital outlay	2,550,000	7,564,564	3,286,231	4,278,333
<b>Total Expenditures</b>	<b>2,550,000</b>	<b>7,564,564</b>	<b>3,422,359</b>	<b>4,142,205</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(2,500,000)</i>	<i>(7,514,564)</i>	<i>(3,382,184)</i>	<i>4,132,380</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,200,000	1,200,000	1,200,000	-
<b>Total Other Fin Sources (Uses)</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(1,300,000)</i>	<i>(6,314,564)</i>	<i>(2,182,184)</i>	<i>4,132,380</i>
<b>Fund Balances-Beginning</b>	<b>1,372,720</b>	<b>5,909,177</b>	<b>5,909,177</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 72,720</b>	<b>\$ (405,387)</b>	<b>\$ 3,726,993</b>	<b>\$ 4,132,380</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 300,731	\$ 300,731	\$ 222,115	\$ (78,616)
Charges for services	50,000	50,000	310,340	260,340
Investment earnings	190,000	190,000	69,215	(120,785)
<b>Total Revenues</b>	<b>540,731</b>	<b>540,731</b>	<b>581,467</b>	<b>40,736</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	1,387,890	2,165,766	767,993	1,397,773
Capital outlay	3,743,760	3,570,306	1,138,887	2,431,419
<b>Total Expenditures</b>	<b>5,131,650</b>	<b>5,736,072</b>	<b>1,906,880</b>	<b>3,829,192</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(4,590,919)	(5,195,341)	(1,325,413)	3,869,928
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	-	-	-	-
<i>Net Change in Fund Balances</i>	(4,590,919)	(5,195,341)	(1,325,413)	3,869,928
<b>Fund Balances-Beginning</b>	<b>6,756,793</b>	<b>7,591,680</b>	<b>7,591,680</b>	-
<b>Fund Balances-Ending</b>	<b>\$ 2,165,874</b>	<b>\$ 2,396,339</b>	<b>\$ 6,266,267</b>	<b>\$ 3,869,928</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 1,822	\$ 1,822
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>1,822</b>	<b>1,822</b>
<b>Expenditures</b>				
Capital outlay	5,018,000	17,718,000	12,316,975	5,401,025
<b>Total Expenditures</b>	<b>5,018,000</b>	<b>17,718,000</b>	<b>12,316,975</b>	<b>5,401,025</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(5,018,000)</i>	<i>(17,718,000)</i>	<i>(12,315,153)</i>	<i>5,402,847</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	950,000	13,650,000	13,050,000	(600,000)
Disposition of capital assets	7,000,000	7,000,000	-	(7,000,000)
<b>Total Other Fin Sources (Uses)</b>	<b>7,950,000</b>	<b>20,650,000</b>	<b>13,050,000</b>	<b>(7,600,000)</b>
<i>Net Change in Fund Balances</i>	<i>2,932,000</i>	<i>2,932,000</i>	<i>734,847</i>	<i>(2,197,153)</i>
<b>Fund Balances-Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 2,932,000</b>	<b>\$ 2,932,000</b>	<b>\$ 734,847</b>	<b>\$ (2,197,153)</b>

\*Budgetary basis is the same as GAAP basis.

# Statistical Section

**Sandy Neilson**  
**Permit Coordinator**  
**206.973.4830 • Planning Department**

Sandy provides development review coordination for the City Planners related to all land use applications including short plats, lot line adjustments, SEPA, conditional use permits, variance permits, development agreements, subdivisions, rezones, and all Building and Engineering Permits. She serves as the liaison between applicants, the Planning Department, as well as other departments, and acts as counter/phone coverage back-up to instill high quality customer service. Please contact Sandy for further information or questions related to Planning permits.



## Statistical Section



This part of the City of SeaTac's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

**Financial Trends Information:** *These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Schedule 01	Net Assets by Component, Last Seven Fiscal Years
Schedule 02	Changes in Net Assets, Last Seven Fiscal Years
Schedule 03	Fund Balances, Governmental Funds, Last Ten Fiscal Years
Schedule 04	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

**Revenue Capacity Information:** *These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.*

Schedule 05	Assessed/Actual Value of Taxable Property, Last Ten Fiscal Years
Schedule 06	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
Schedule 07	Principal Property Tax Payers, Current Year and Nine Years Ago
Schedule 08	Property Tax Levies and Collections, Last Ten Fiscal Years

**Debt Capacity Information:** *These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Schedule 09	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
Schedule 10	Direct and Overlapping Activities Debt, as of December 31, 2009
Schedule 11	Legal Debt Margin Information, Last Ten Fiscal Years
Schedule 12	Pledged-Revenue Coverage, Last Ten Fiscal Years

**Demographic and Economic Information:** *These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place and to help make comparisons over time and with other governments.*

Schedule 13	Demographic and Economic Statistics, Last Ten Calendar Years
Schedule 14	Principal Employers, Current Year and Nine Years Ago

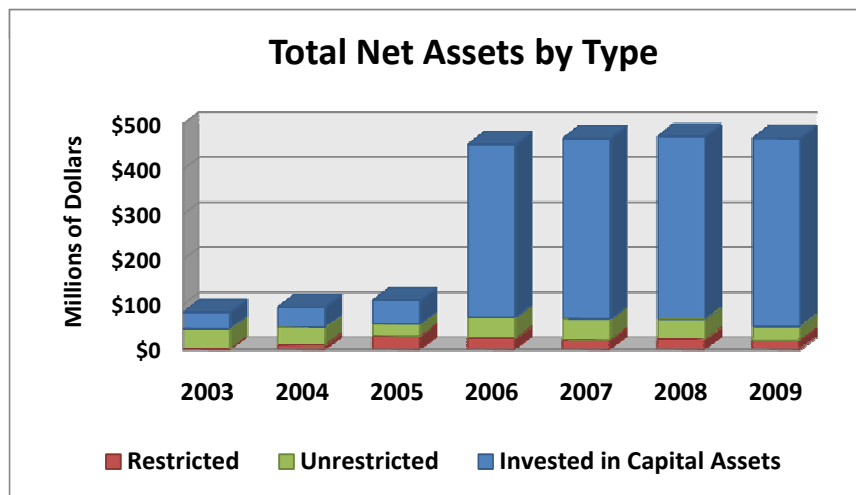
**Operating Information:** *These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

Schedule 15	Full-time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
Schedule 16	Operating Indicators by Function/Program, Last Ten Fiscal Years
Schedule 17	Capital Asset Statistics by Function/Program, Last Ten Fiscal Years



**Net Assets by Component**  
**Last Seven Fiscal Years\***  
*(accrual basis of accounting)*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>							
Inv in cap assets, net of related debt	\$ 33,832,913	\$ 39,581,220	\$ 45,785,324	\$ 373,017,719	380,357,873	385,271,287	394,579,043
Restricted	-	9,209,645	26,616,872	19,086,567	18,622,703	20,023,570	19,652,419
Unrestricted	43,679,986	36,073,375	23,348,206	43,460,578	42,099,914	40,093,004	27,401,166
<b>Total gov activities net assets</b>	<b>\$ 77,512,899</b>	<b>\$ 84,864,240</b>	<b>\$ 95,750,402</b>	<b>\$ 435,564,864</b>	<b>441,080,490</b>	<b>445,387,861</b>	<b>441,632,628</b>
<b>Business-type activities</b>							
Inv in cap assets, net of related debt	\$ 2,481,789	\$ 4,928,839	\$ 6,715,444	\$ 10,850,179	20,534,520	20,754,285	23,726,821
Restricted	403,925	403,925	3,243,495	5,268,708	2,438,673	3,117,385	403,925
Unrestricted	2,743,341	3,973,619	3,662,936	3,915,867	4,871,471	4,247,709	3,788,187
<b>Total bus-type activities net assets</b>	<b>\$ 5,629,055</b>	<b>\$ 9,306,383</b>	<b>\$ 13,621,875</b>	<b>\$ 20,034,754</b>	<b>27,844,664</b>	<b>28,119,379</b>	<b>27,918,933</b>
<b>Primary government</b>							
Inv in cap assets, net of related debt	\$ 36,314,702	\$ 44,510,059	\$ 52,500,768	\$ 383,867,898	\$ 400,892,393	\$ 406,025,572	\$ 418,305,864
Restricted	403,925	9,613,570	29,860,367	24,355,275	21,061,376	23,140,955	20,056,344
Unrestricted	46,423,327	40,046,994	27,011,142	47,376,445	46,971,385	44,340,713	31,189,353
<b>Total primary government net assets</b>	<b>\$ 83,141,954</b>	<b>\$ 94,170,623</b>	<b>\$ 109,372,277</b>	<b>\$ 455,599,618</b>	<b>\$ 468,925,154</b>	<b>\$ 473,507,240</b>	<b>\$ 469,551,561</b>



\*The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

\*\*In 2007, the City added \$321,318,823 (net of accumulated depreciation) in retroactive infrastructure assets per GASB Statement #34. 2006 was restated in the 2007 annual report to include the retroactive infrastructure.

Source: City of SeaTac Finance Department

**Changes in Net Assets**  
**Last Seven Fiscal Years\***  
*(accrual basis of accounting)*

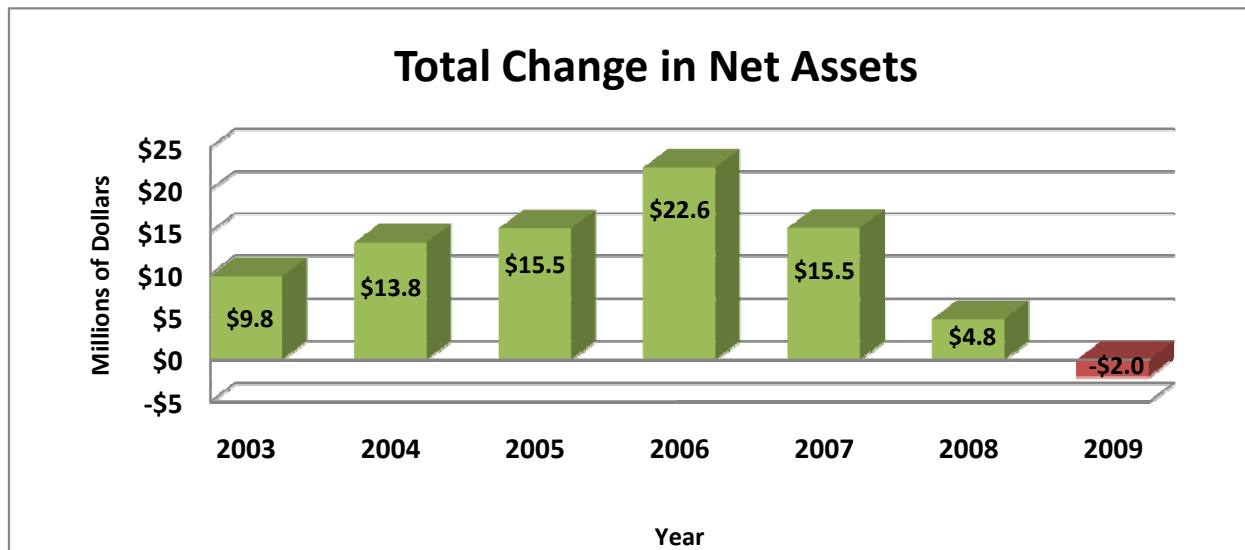
	Fiscal Year			
	2003*	2004*	2005*	2006*
<b>Expenses</b>				
<b>Governmental activities</b>				
Judicial	\$ 476,308	\$ 471,716	\$ 500,529	\$ 539,224
General Government	3,844,837	3,875,440	4,369,176	4,760,874
Public Safety	11,203,830	11,355,501	12,664,279	13,196,630
Physical Environment	12,352	12,217	36,668	37,192
Transportation	2,213,416	2,745,371	2,869,393	3,216,778
Health & Human Services	262,789	342,036	397,254	363,081
Economic Environment	2,190,283	2,165,015	2,063,738	2,363,395
Culture & Recreation	2,408,821	2,400,643	4,092,060	2,962,271
Interest on long-term debt	1,647,210	844,362	310,396	1,019,827
<b>Total governmental activities expenses</b>	<b>24,259,846</b>	<b>24,212,301</b>	<b>27,303,493</b>	<b>28,459,272</b>
<b>Business-type activities</b>				
Surface Water Management	929,998	925,997	6,813,067	7,106,549
<b>Total business-type activities expenses</b>	<b>929,998</b>	<b>925,997</b>	<b>6,813,067</b>	<b>7,106,549</b>
<b>Total primary government expenses</b>	<b>\$ 25,189,844</b>	<b>\$ 25,138,298</b>	<b>\$ 34,116,560</b>	<b>\$ 35,565,821</b>
<b>Program Revenues</b>				
<b>Governmental activities</b>				
Charges for Services:				
Judicial	\$ 338,556	\$ 545,983	\$ 317,358	\$ 292,672
General Government	964,091	1,481,767	1,127,189	1,283,816
Public Safety	133,122	160,473	146,145	207,016
Physical Environment	354,513	321,488	774,611	548,649
Transportation	278,896	71,059	1,167,970	1,529,485
Economic Environment	525,246	507,994	724,862	1,484,666
Culture & Recreation	307,023	247,894	283,617	501,447
Operating grants and contributions	1,079,594	972,119	951,684	777,941
Capital grants and contributions	4,113,007	2,901,572	3,677,303	5,049,620
<b>Total governmental activities revenues</b>	<b>8,094,048</b>	<b>7,210,349</b>	<b>9,170,739</b>	<b>11,675,312</b>
<b>Business-type activities</b>				
Charges for Services:				
Surface Water Management	1,655,503	1,672,548	1,653,498	1,672,540
Operating grants and contributions	36,448	3,148,414	4,475,740	6,437,829
Capital grants and contributions	-	-	4,963,088	5,170,446
<b>Total business-type activities revenues</b>	<b>1,691,951</b>	<b>4,820,962</b>	<b>11,092,326</b>	<b>13,280,815</b>
<b>Total primary government revenues</b>	<b>\$ 9,785,999</b>	<b>\$ 12,031,311</b>	<b>\$ 20,263,065</b>	<b>\$ 24,956,127</b>

\*Expenses were increased in Judicial and reduced in General Government due to function misclassification:  
 2003 - \$174,302, 2004 - \$154,648, 2005 - \$168,068, 2006 - \$167,302, 2007 - \$250,753, 2008 - \$290,664

Source: City of SeaTac Finance Department

	Fiscal Year		
	2007*	2008*	2009
<b>Expenses</b>			
<b>Governmental activities</b>			
Judicial	\$ 663,284	\$ 790,110	\$ 811,733
General Government	5,251,875	5,883,153	5,890,170
Public Safety	14,728,009	15,377,077	16,674,605
Physical Environment	37,406	38,850	569,509
Transportation	6,914,777	8,270,710	9,865,967
Health & Human Services	410,998	404,361	524,796
Economic Environment	2,761,904	2,871,801	3,086,954
Culture & Recreation	3,451,861	3,385,174	3,865,811
Interest on long-term debt	963,371	681,048	481,848
<b>Total governmental activities expenses</b>	<b>35,183,485</b>	<b>37,702,284</b>	<b>41,771,393</b>
<b>Business-type activities</b>			
Surface Water Management	3,485,317	1,789,481	1,400,529
<b>Total business-type activities expenses</b>	<b>3,485,317</b>	<b>1,789,481</b>	<b>1,400,529</b>
<b>Total primary government expenses</b>	<b>\$ 38,668,802</b>	<b>\$ 39,491,765</b>	<b>\$ 43,171,922</b>
<b>Program Revenues</b>			
<b>Governmental activities</b>			
Charges for Services:			
Judicial	560,796	1,012,630	640,646
General Government	1,429,436	1,389,270	1,220,039
Public Safety	245,149	147,121	190,020
Physical Environment	459,855	651,552	576,201
Transportation	28,513	40,989	126,149
Economic Environment	1,164,167	938,083	1,129,684
Culture & Recreation	336,334	550,050	765,774
Operating grants and contributions	1,001,092	988,867	1,037,018
Capital grants and contributions	2,401,562	1,730,588	658,640
<b>Total governmental activities revenues</b>	<b>7,626,904</b>	<b>7,449,150</b>	<b>6,344,171</b>
<b>Business-type activities</b>			
Charges for Services:			
Surface Water Management	1,677,607	1,724,552	1,823,406
Operating grants and contributions	998,049	267,032	-
Capital grants and contributions	8,411,990	59,646	2,011,024
<b>Total business-type activities revenues</b>	<b>11,087,646</b>	<b>2,051,230</b>	<b>3,834,430</b>
<b>Total primary government revenues</b>	<b>\$ 18,714,550</b>	<b>\$ 9,500,380</b>	<b>\$ 10,178,601</b>

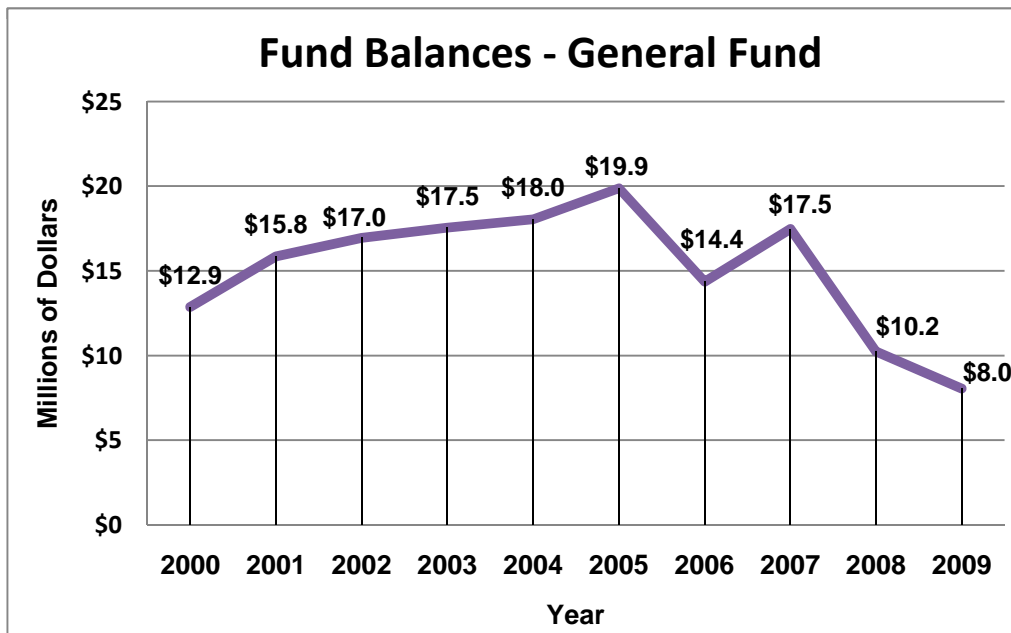
	Fiscal Year			
	2003	2004	2005	2006
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (16,165,798)	\$ (17,001,952)	\$ (18,132,754)	\$ (16,783,960)
Business-type activities	761,953	3,894,965	4,279,259	6,174,266
<b>Total primary government net expense</b>	<b>\$ (15,403,845)</b>	<b>\$ (13,106,987)</b>	<b>\$ (13,853,495)</b>	<b>\$ (10,609,694)</b>
<b>Gen Revs &amp; Other Changes in Net Assets</b>				
<b>Governmental activities:</b>				
Taxes				
Property	\$ 9,179,835	\$ 10,308,745	\$ 9,658,466	\$ 9,981,978
Sales	9,257,043	9,727,717	10,724,177	11,529,925
Parking	3,813,041	3,954,493	3,668,067	4,842,438
Excise Taxes	1,557,403	1,844,478	2,918,680	2,992,277
Unrestricted grants and contributions	159,288	181,935	178,237	163,111
Investment earnings	963,865	800,502	1,920,309	3,292,149
Gain on sale of capital assets	148,418	-	28,273	39,623
Transfers	2,428,500	276,250	176,250	176,250
<b>Total governmental activities revenues</b>	<b>27,507,393</b>	<b>27,094,120</b>	<b>29,272,459</b>	<b>33,017,751</b>
<b>Business-type activities</b>				
Investment earnings	61,077	58,613	212,483	409,863
Transfers	(2,382,290)	(276,250)	(176,250)	(176,250)
<b>Total business-type activities revenues</b>	<b>(2,321,213)</b>	<b>(217,637)</b>	<b>36,233</b>	<b>233,613</b>
<b>Total primary government general revs and other changes in net assets</b>	<b>\$ 25,186,180</b>	<b>\$ 26,876,483</b>	<b>\$ 29,308,692</b>	<b>\$ 33,251,364</b>
<b>Change in Net Assets</b>				
Governmental activities	\$ 11,341,595	\$ 10,092,168	\$ 11,139,705	\$ 16,233,791
Business-type activities	(1,559,260)	3,677,328	4,315,492	6,407,879
<b>Total primary government</b>	<b>\$ 9,782,335</b>	<b>\$ 13,769,496</b>	<b>\$ 15,455,197</b>	<b>\$ 22,641,670</b>



	Fiscal Year		
	2007	2008	2009
<b>Net (Expense)/Revenue</b>			
Governmental activities	\$ (27,556,581)	\$ (30,253,134)	\$ (35,427,222)
Business-type activities	7,602,329	261,749	2,433,901
<b>Total primary government net expense</b>	<b>\$ (19,954,252)</b>	<b>\$ (29,991,385)</b>	<b>\$ (32,993,321)</b>
<b>Gen Revs &amp; Other Changes in Net Assets</b>			
<b>Governmental activities:</b>			
Taxes			
Property	10,907,678	11,474,343	11,844,007
Sales	11,650,579	12,009,313	10,099,388
Parking	5,278,931	5,742,441	5,425,041
Excise Taxes	3,012,141	1,599,482	2,535,324
Unrestricted grants and contributions	184,564	172,550	176,980
Investment earnings	4,034,684	3,321,916	801,719
Gain on sale of capital assets	-	286,947	11,160
Transfers	177,550	177,450	2,703,970
<b>Total governmental activities revenues</b>	<b>35,246,127</b>	<b>34,784,442</b>	<b>33,597,589</b>
<b>Business-type activities</b>			
Investment earnings	385,131	190,416	69,623
Transfers	(177,550)	(177,450)	(2,703,970)
<b>Total business-type activities revenues</b>	<b>207,581</b>	<b>12,966</b>	<b>(2,634,347)</b>
<b>Total primary government general revs and other changes in net assets</b>	<b>\$ 35,453,708</b>	<b>\$ 34,797,408</b>	<b>\$ 30,963,242</b>
<b>Change in Net Assets</b>			
Governmental activities	\$ 7,689,546	\$ 4,531,308	\$ (1,829,633)
Business-type activities	7,809,910	274,715	(200,446)
<b>Total primary government</b>	<b>\$ 15,499,456</b>	<b>\$ 4,806,023</b>	<b>\$ (2,030,079)</b>

**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

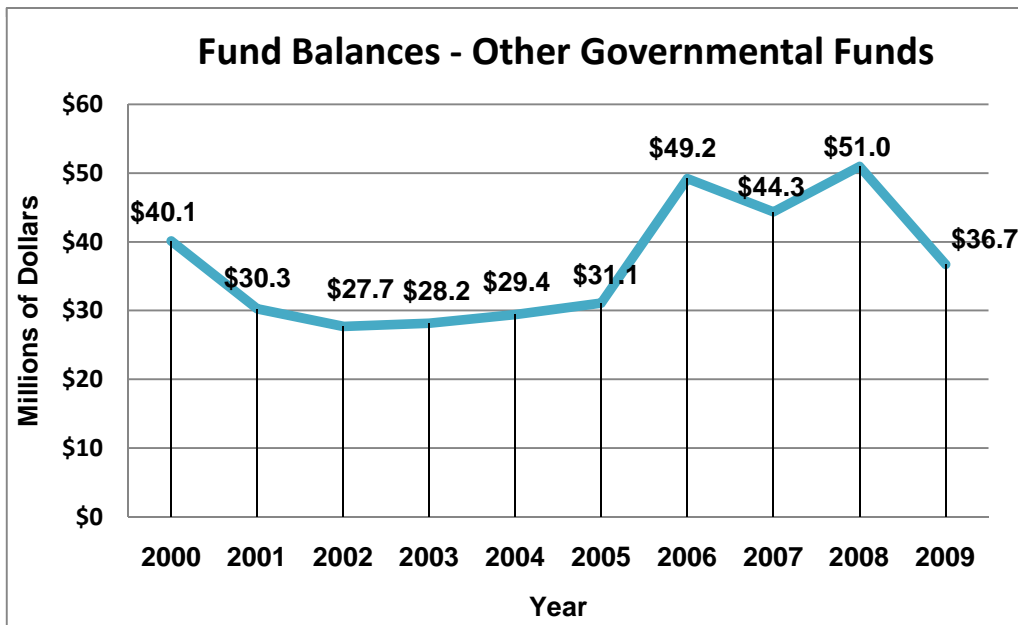
	<b>Fiscal Year</b>				
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,860,657	15,841,399	16,950,636	17,539,235	18,041,692
<b>Total General Fund</b>	<b>\$ 12,860,657</b>	<b>\$ 15,841,399</b>	<b>\$ 16,950,636</b>	<b>\$ 17,539,235</b>	<b>\$ 18,041,692</b>
<b>All Other Governmental Funds</b>					
Reserved	-	9,893,115	9,893,115	14,230,038	13,769,964
Unreserved, reported in:					
Special revenue funds	23,221,032	17,251,606	17,243,419	10,992,616	11,872,393
Debt service funds	344,359	574,668	385,887	848,561	1,323,878
Capital project funds	16,543,019	2,546,763	174,974	2,082,490	2,452,746
<b>Total All Other Gov Funds</b>	<b>\$ 40,108,410</b>	<b>\$ 30,266,152</b>	<b>\$ 27,697,395</b>	<b>\$ 28,153,705</b>	<b>\$ 29,418,981</b>
<b>Total All Governmental Funds</b>	<b>\$ 52,969,067</b>	<b>\$ 46,107,551</b>	<b>\$ 44,648,031</b>	<b>\$ 45,692,940</b>	<b>\$ 47,460,673</b>



Source: City of SeaTac Finance Department



	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	19,869,496	14,359,762	17,464,249	10,231,364	8,036,276
<b>Total General Fund</b>	<b>\$ 19,869,496</b>	<b>\$ 14,359,762</b>	<b>\$ 17,464,249</b>	<b>\$ 10,231,364</b>	<b>\$ 8,036,276</b>
<b>All Other Governmental Funds</b>					
Reserved	13,467,737	12,874,174	12,716,413	5,001,021	5,001,021
Unreserved, reported in:					
Special revenue funds	12,575,212	15,563,694	15,621,687	27,494,657	16,134,298
Debt service funds	1,260,669	1,246,860	1,058,482	1,023,232	1,007,939
Capital project funds	3,808,100	19,515,144	14,941,824	17,432,401	14,561,074
<b>Total All Other Gov Funds</b>	<b>\$ 31,111,718</b>	<b>\$ 49,199,872</b>	<b>\$ 44,338,406</b>	<b>\$ 50,951,311</b>	<b>\$ 36,704,332</b>
<b>Total All Governmental Funds</b>	<b>\$ 50,981,214</b>	<b>\$ 63,559,634</b>	<b>\$ 61,802,655</b>	<b>\$ 61,182,675</b>	<b>\$ 44,740,608</b>



**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

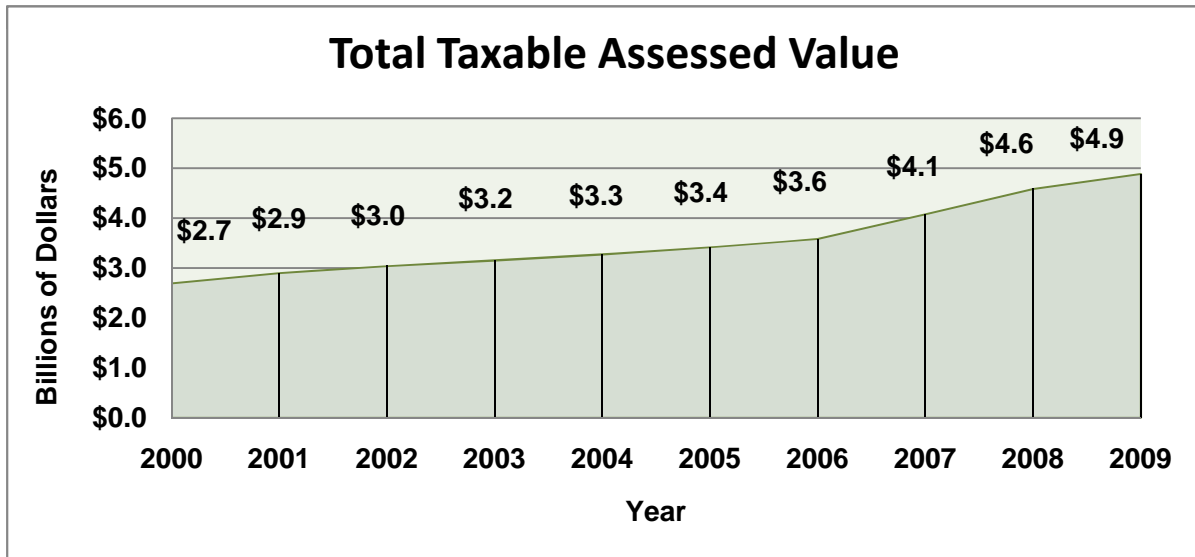
	<b>Fiscal Year</b>				
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Revenues</b>					
Taxes	\$ 23,487,893	\$ 23,993,745	\$ 23,953,012	\$ 23,249,738	\$ 24,940,541
Licenses & permits	3,739,957	3,468,581	1,106,849	961,481	762,453
Intergovernmental	7,713,254	3,859,174	5,800,892	5,399,203	4,238,139
Charges for services	987,134	906,220	666,738	934,877	893,189
Fines & forfeitures	367,737	226,778	317,395	328,061	309,979
Investments & other earnings	2,817,935	2,624,043	1,234,270	941,487	776,325
Special assessments	4,011,814	313,441	269,578	176,062	318,017
Rents/leases & concessions	162,498	-	481,071	492,620	409,438
Miscellaneous	-	428,168	185,571	69,182	248,988
<b>Total Revenues</b>	<b>43,288,222</b>	<b>35,820,150</b>	<b>34,015,376</b>	<b>32,552,711</b>	<b>32,897,069</b>
<b>Expenditures</b>					
Judicial	306,971	302,459	274,968	295,566	311,322
General Government	3,908,782	4,688,744	4,275,482	3,407,377	3,534,106
Public Safety	9,933,913	10,070,439	10,600,382	10,616,064	11,430,548
Physical Environment	516,118	496,411	506,414	12,352	12,217
Transportation	1,125,881	1,195,781	2,211,144	2,185,616	2,749,962
Health & Human Services	5,325	4,542	1,358,756	261,858	341,478
Economic Environment	2,208,441	2,211,144	2,454,417	2,162,814	2,153,881
Culture & Recreation	1,813,989	2,014,601	1,976,723	1,979,991	2,072,165
Debt Service					
Principal	850,000	1,066,819	1,420,000	1,170,000	1,345,000
Interest & other costs	838,572	965,286	1,075,063	929,285	875,891
Capital outlay	13,246,854	20,632,693	11,700,139	11,862,504	6,570,591
<b>Total Expenditures</b>	<b>34,754,846</b>	<b>43,648,919</b>	<b>37,853,488</b>	<b>34,883,427</b>	<b>31,397,161</b>
<b>Excess of Revs Over (Under) Exp</b>	<b>8,533,376</b>	<b>(7,828,769)</b>	<b>(3,838,112)</b>	<b>(2,330,716)</b>	<b>1,499,908</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	10,110,400	5,323,072	-	8,373,188	3,714,944
Transfers out	(10,139,150)	(4,355,819)	-	(5,990,898)	(3,438,694)
Proceeds from refunding bonds	-	-	-	-	-
Disposition of capital assets	3,000	-	-	160,180	2,957
<b>Total Other Fin Sources (Uses)</b>	<b>2,846,069</b>	<b>967,253</b>		<b>2,542,470</b>	<b>279,207</b>
<b>Net Change in Fund Balances</b>	<b>\$ 11,379,445</b>	<b>\$ (6,861,516)</b>	<b>\$ (3,838,112)</b>	<b>\$ 211,754</b>	<b>\$ 1,779,115</b>
<b>Debt Service as Percentage of Noncapital Expenditures</b>	<b>7.85%</b>	<b>8.83%</b>	<b>9.54%</b>	<b>9.12%</b>	<b>8.95%</b>

Source: City of SeaTac Finance Department

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes	\$ 26,654,825	\$ 29,551,984	\$ 31,445,697	\$ 30,852,914	\$ 29,938,844
Licenses & permits	813,990	2,652,621	1,315,308	1,129,405	1,233,108
Intergovernmental	6,095,964	6,548,241	3,789,681	3,065,715	2,171,325
Charges for services	1,520,777	1,626,207	1,292,725	1,619,448	1,476,573
Fines & forfeitures	288,338	253,705	529,630	847,886	585,825
Investment & other earnings	1,814,921	3,240,316	3,595,449	3,473,818	745,680
Special assessments	171,795	251,633	152,366	152,366	190,445
Rents/leases & concessions	399,558	430,635	539,607	629,795	609,558
Miscellaneous	41,224	55,271	173,410	35,807	46,723
<b>Total Revenues</b>	<b>37,801,392</b>	<b>44,610,613</b>	<b>42,833,873</b>	<b>41,807,154</b>	<b>36,998,081</b>
<b>Expenditures</b>					
Judicial	326,118	358,576	399,029	488,848	809,236
General Government	4,029,965	4,365,134	4,928,824	5,598,626	5,473,181
Public Safety	12,021,721	12,793,339	14,053,771	14,893,442	16,329,864
Physical Environment	12,110	12,623	12,783	14,227	544,885
Transportation	2,684,377	3,165,853	4,839,106	4,921,651	6,626,282
Health & Human Services	397,728	363,812	409,408	402,771	523,242
Economic Environment	2,113,262	2,359,420	2,755,828	2,866,736	3,082,234
Culture & Recreation	2,091,595	2,413,454	3,036,033	2,834,052	3,094,462
Debt Service					
Principal	1,275,000	1,425,000	1,385,000	1,425,000	5,780,000
Interest & other costs	951,946	1,023,841	967,557	685,409	516,189
Capital outlay	8,324,953	3,934,043	11,981,558	9,133,556	17,957,911
<b>Total Expenditures</b>	<b>34,228,775</b>	<b>32,215,095</b>	<b>44,768,897</b>	<b>43,264,318</b>	<b>60,737,486</b>
<b>Excess of Revs Over (Under) Exp</b>	<b>3,572,617</b>	<b>12,395,518</b>	<b>(1,935,024)</b>	<b>(1,457,164)</b>	<b>(23,739,405)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,717,556	14,341,409	4,277,846	11,598,317	17,861,433
Transfers out	(4,541,306)	(14,165,159)	(4,100,296)	(11,420,867)	(14,951,600)
Proceeds from refunding bonds	-	-	-	-	4,376,345
Disposition of capital assets	775	6,653	495	659,734	11,160
<b>Total Other Fin Sources (Uses)</b>	<b>177,025</b>	<b>182,903</b>	<b>178,045</b>	<b>837,184</b>	<b>7,297,338</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,749,642</b>	<b>\$ 12,578,421</b>	<b>\$ (1,756,979)</b>	<b>\$ (619,980)</b>	<b>\$ (16,442,067)</b>
<b>Debt Service as Percentage of Noncapital Expenditures</b>	<b>8.60%</b>	<b>8.66%</b>	<b>7.18%</b>	<b>6.18%</b>	<b>14.72%</b>

**Assessed/Actual Value of Taxable Property  
 Last Ten Fiscal Years**

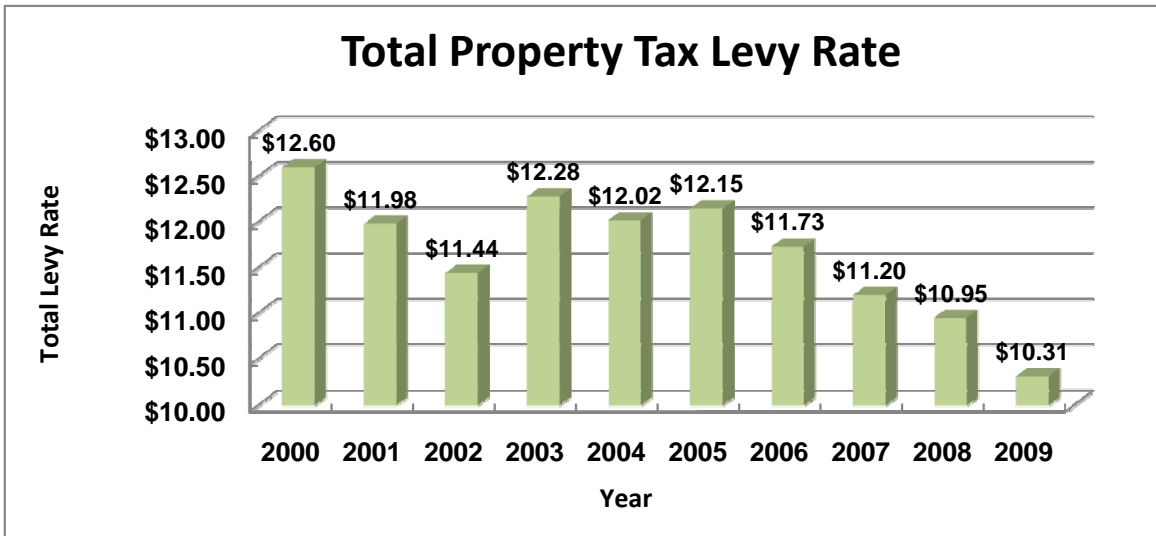
<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>State Public Service Property</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>
2000	\$ 1,418,205,605	\$ 107,631,209	\$ 1,169,867,151	\$ 2,695,703,965	\$ 2.90
2001	1,548,111,715	112,651,309	1,238,983,652	2,899,746,676	2.85
2002	1,689,747,755	117,031,629	1,235,866,231	3,042,645,615	2.80
2003	1,754,591,387	121,512,022	1,277,160,193	3,153,263,602	2.87
2004	1,848,206,257	154,766,946	1,272,240,076	3,275,213,279	2.82
2005	1,986,077,835	137,381,893	1,293,637,561	3,417,097,289	2.80
2006	2,057,833,738	136,008,552	1,391,644,445	3,585,486,735	2.77
2007	2,361,159,577	149,422,892	1,567,391,836	4,077,974,305	2.61
2008	2,677,634,353	155,236,682	1,754,135,899	4,587,006,934	2.45
2009	2,983,973,300	154,673,157	1,749,001,930	4,887,648,387	2.34



Source: King County Assessor's Office

**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed value)*

Fiscal Year	City Direct Rates <sup>1</sup>	Overlapping Rates <sup>2</sup>								Total Tax Rate
	Basic Rate	State of Washington	King County	Port of Seattle	Emergency Medical Services	School District #401	Library District	Flood Control Zone District	Ferry District	
2000	\$2.90	\$ 3.30	\$ 1.69	\$ 0.22	\$ 0.27	\$ 3.63	\$ 0.59	N/A	N/A	\$12.60
2001	2.85	3.15	1.55	0.19	0.25	3.43	0.56	N/A	N/A	11.98
2002	2.80	2.99	1.45	0.19	0.25	3.23	0.53	N/A	N/A	11.44
2003	2.87	2.90	1.35	0.26	0.24	4.11	0.55	N/A	N/A	12.28
2004	2.82	2.76	1.43	0.25	0.24	3.98	0.54	N/A	N/A	12.02
2005	2.80	2.69	1.38	0.25	0.23	4.27	0.53	N/A	N/A	12.15
2006	2.77	2.50	1.33	0.23	0.22	4.15	0.53	N/A	N/A	11.73
2007	2.61	2.33	1.29	0.23	0.21	4.03	0.50	N/A	N/A	11.20
2008	2.45	2.13	1.21	0.22	0.30	4.03	0.45	0.10	0.06	10.95
2009	2.34	1.96	1.10	0.20	0.27	3.88	0.42	0.09	0.05	10.31



<sup>1</sup> Increases to the City's basic property tax rate is limited by State law to annual increases of the lower of 1% or inflation, defined by the implicit price deflator (IPD), plus new construction and state-assessed property valuation increases. For 2009, the City's maximum statutory levy rate calculated by the King County Assessor's Office is \$3.23881.

<sup>2</sup> Overlapping rates are those of state, county and local public agencies that apply to property owners within the City of SeaTac. Not all overlapping rates apply to all SeaTac property owners. For example, although the State of Washington property tax rate applies to all city property owners, the Flood Control Zone District applies only to the city property owners whose property is located within that district's geographic boundaries.

Source: King County Assessor's Office

**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>2009</b>			<b>2000</b>		
	<b>Taxable Assessed Value<sup>2</sup></b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value<sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Alaska Airlines	\$ 631,365,262	1	12.92%	\$ 356,249,667	1	13.22%
Northwest Airlines	260,524,507	2	5.33%	139,873,850	3	5.19%
United Airlines	152,131,727	3	3.11%	197,508,752	2	7.33%
Horizon Air	144,237,248	4	2.95%	76,412,409	5	2.83%
Southwest Airlines	103,281,854	5	2.11%	55,564,109	8	2.06%
Boeing	101,283,404	6	2.07%	94,406,378	4	3.50%
Delta Airlines	81,492,710	7	1.67%	56,274,592	7	2.09%
Continental Airlines	70,046,000	8	1.43%	-	-	-
AMB Property	66,165,900	9	1.35%	-	-	-
Doubletree Hotel	54,906,448	10	1.12%	51,373,657	9	1.91%
American Airlines	-		-	67,423,509	6	2.50%
US Airways	-		-	32,614,353	10	1.21%
<b>Total</b>	<b>\$ 1,665,435,060</b>		<b>34.07%</b>	<b>\$ 1,127,701,276</b>		<b>38.12%</b>

**Notes:**

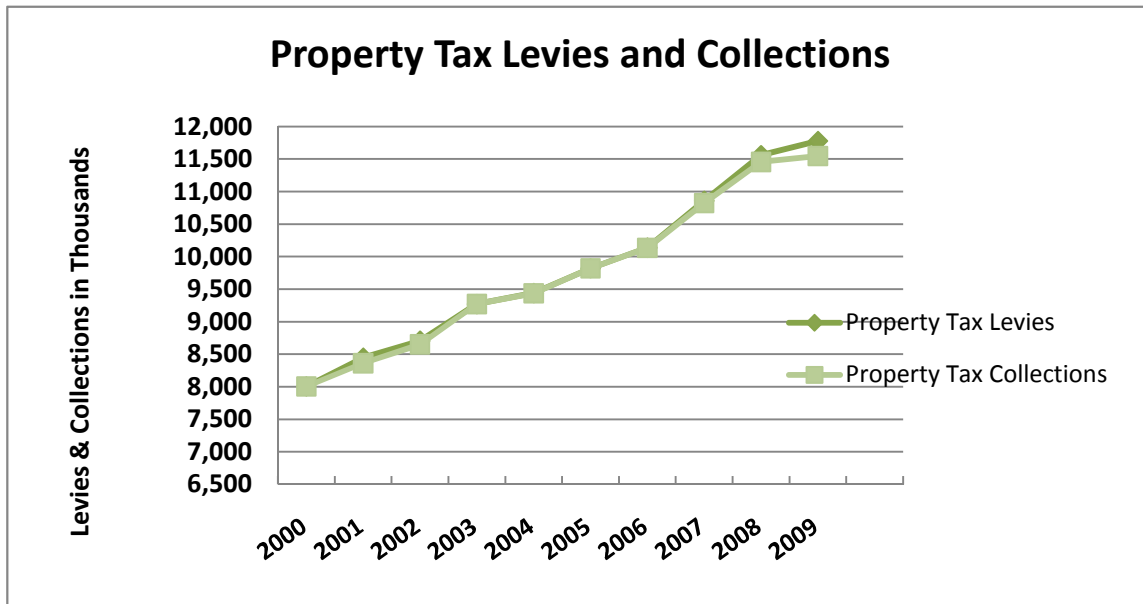
<sup>1</sup>1999 year end assessed valuations used for taxes collected in 2000. Total assessed valuation for the City at the end of 1999 was \$2,695,703,965.

<sup>2</sup>2009 year end assessed valuations used for taxes collected in 2010. Total assessed valuation for the City at the end of 2009 was \$4,887,648,387.

**Source: King County Assessor's Office**

**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 8,006,413	\$ 7,713,579	96.34%	\$ 290,330	\$ 8,003,909	99.97%
2001	8,446,329	8,125,249	96.20%	237,060	8,362,309	99.01%
2002	8,705,946	8,419,092	96.71%	232,798	8,651,890	99.38%
2003	9,272,729	8,597,077	92.71%	674,853	9,271,930	99.99%
2004	9,439,561	9,171,933	97.16%	265,474	9,437,407	99.98%
2005	9,820,965	9,184,840	93.52%	635,150	9,819,990	99.99%
2006	10,138,114	9,591,081	94.60%	544,812	10,135,893	99.98%
2007	10,859,535	10,685,445	98.40%	136,243	10,821,688	99.65%
2008	11,560,208	11,297,430	97.73%	157,842	11,455,272	99.09%
2009	11,778,488	11,546,499	98.03%	-	11,546,499	98.03%

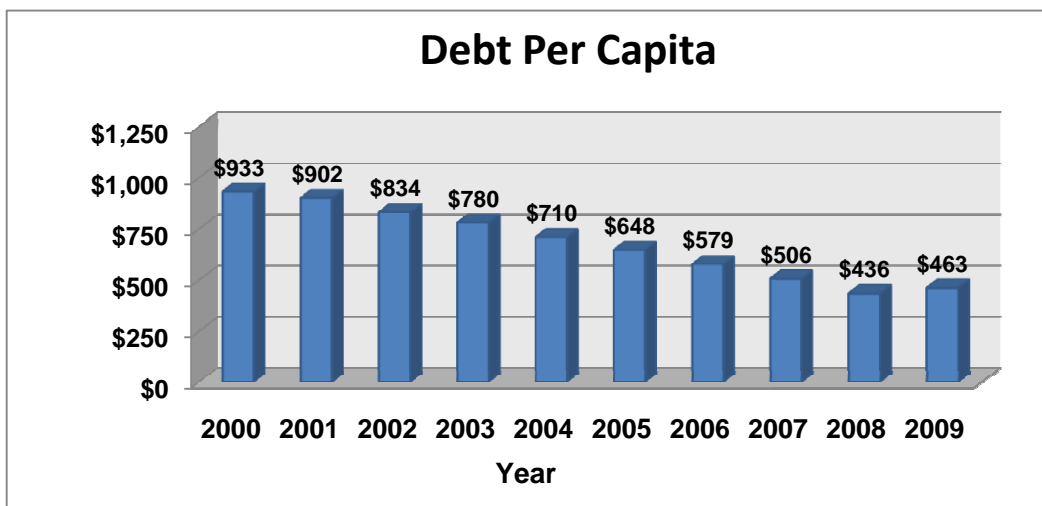


Source: King County Department of Finance and City of SeaTac Finance Department

**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt	% of Actual Taxable Value of Property	Per Capita	Other Governmental Activities Debt			
	General Obligation Bonds			Special Assessment Debt	Public Works Trust Fund Loan	Installation Contracts	Transportation Revenue & Ref Bonds
2000	\$ 8,885,000	0.31%	\$ 348	\$ 2,871,819	-	-	\$ 8,265,000
2001	8,460,000	0.28%	333	2,695,000	394,819	-	7,800,000
2002	8,015,000	0.25%	317	2,210,000	263,214	-	7,310,000
2003	7,550,000	0.23%	301	2,025,000	131,607	-	6,790,000
2004	7,060,000	0.21%	281	1,715,000	-	-	6,245,000
2005	6,545,000	0.18%	260	1,525,000	-	-	5,675,000
2006	6,015,000	0.15%	238	1,240,000	-	-	5,065,000
2007	5,465,000	0.12%	214	1,040,000	-	-	4,430,000
2008	4,895,000	0.11%	190	845,000	-	-	3,770,000
2009	6,802,050	0.15%	264	650,000	-	-	3,080,000

Fiscal Year	Business-type Activities Storm Sewer	Total Primary Government	Per Capita	% of Personal Income
	Rev & Ref Bonds			
2000	\$ 3,755,000	\$ 23,776,819	\$ 933	4.74%
2001	3,540,000	22,889,819	902	4.44%
2002	3,315,000	21,113,214	834	3.96%
2003	3,075,000	19,571,607	780	3.43%
2004	2,820,000	17,840,000	710	3.05%
2005	2,555,000	16,300,000	648	2.73%
2006	2,280,000	14,600,000	579	2.33%
2007	1,995,000	12,930,000	506	2.15%
2008	1,695,000	11,205,000	436	1.85%
2009	1,380,000	11,912,050	463	1.97%



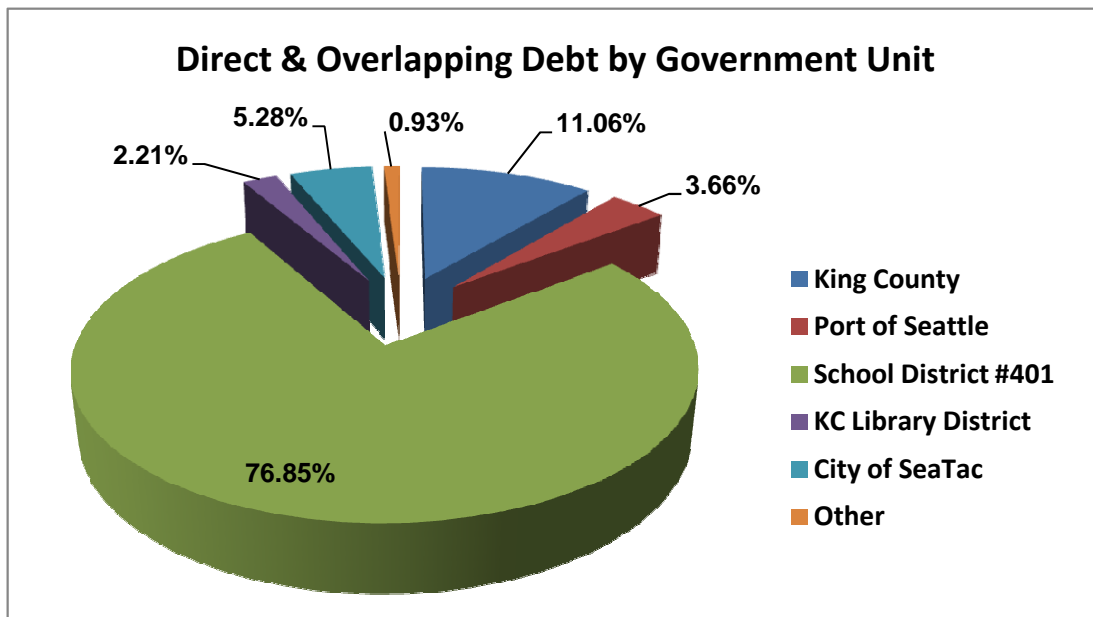
Source: City of SeaTac Finance Department

Note: Please refer to Schedule 13, Demographic and Economic Statistics, for population and personal income per capita figures.



**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2009**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to SeaTac</b>	<b>Estimated Amount Applicable to SeaTac</b>
King County	\$1,078,489,000	1.32%	\$14,236,055
Port of Seattle	357,315,000	1.32%	4,716,558
School District #401	310,983,373	31.82%	98,954,909
School District #403	278,205,000	0.01%	27,821
School District #406	33,100,000	0.03%	9,930
School District #415	233,140,534	0.46%	1,072,446
Hospital District #1	39,455,000	0.23%	90,747
King County Library District	129,925,000	2.19%	2,845,358
Subtotal Overlapping Debt			121,953,823
SeaTac Direct Debt			6,802,050
<b>Total Direct and Overlapping Debt</b>			<b>\$128,755,873</b>



Source: King County Department of Finance and City of SeaTac Finance Department

**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2000	2001	2002	2003	2004
Debt Limit	\$202,177,797	\$217,481,001	\$228,198,420	\$236,494,770	\$245,640,996
Total net debt applicable to limit	9,290,000	8,885,000	8,427,899	7,982,293	7,516,322
<b>Legal debt margin</b>	<b>\$192,887,797</b>	<b>\$208,596,001</b>	<b>\$219,770,521</b>	<b>\$228,512,477</b>	<b>\$238,124,674</b>
Total net debt applicable to the limit as a % of debt limit	4.59%	4.09%	3.69%	3.38%	3.06%

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$256,282,296	\$268,911,505	\$305,848,074	\$344,025,519	\$366,573,630
Total net debt applicable to limit	7,025,358	6,542,694	6,012,361	5,463,198	4,885,324
<b>Legal debt margin</b>	<b>\$249,256,938</b>	<b>\$262,368,811</b>	<b>\$299,835,713</b>	<b>\$338,562,321</b>	<b>\$361,688,306</b>
Total net debt applicable to the limit as a % of debt limit	2.74%	2.43%	1.97%	1.59%	1.33%

**Legal Debt Margin Calculation for Fiscal Year 2009**

Assessed Value	\$4,887,648,387
<i>Debt Limit:</i>	
2.5% of general purpose limit, voted and non-voted	122,191,210
2.5% of utility purpose limit, voted	122,191,210
2.5% of open space, voted	122,191,210
<b>Total debt limit</b>	<b><u>366,573,630</u></b>
<i>Debt applicable to limit:</i>	
General Obligation Bonds (Net)	<u>4,885,324</u>
<b>Legal Debt Margin</b>	<b><u>\$361,688,306</u></b>



Source: City of SeaTac Finance Department

**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

<b>Storm Water Utility Revenue Bonds</b>						
Fiscal Year	Gross Revenue <sup>1</sup>	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 2,161,617	\$ 854,470	\$ 1,307,147	\$ 205,000	\$ 183,750	3.36
2001	1,931,993	860,881	1,071,112	215,000	173,327	2.76
2002	1,746,270	682,842	1,063,428	225,000	161,647	2.75
2003	1,753,028	657,459	1,095,569	240,000	149,357	2.81
2004	1,731,015	629,515	1,101,500	255,000	136,257	2.82
2005	1,865,981	746,187	1,119,794	265,000	125,930	2.86
2006	2,082,403	953,737	1,128,666	275,000	114,800	2.90
2007	2,061,994	868,798	1,193,196	285,000	102,975	3.08
2008	1,914,968	1,001,452	913,516	300,000	90,577	2.34
2009	1,892,833	992,950	899,883	315,000	76,196	2.30

<b>Local Option Transportation Tax Revenue Bonds</b>						
Fiscal Year	Gross Revenue <sup>2</sup>	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 4,294,521	\$ 511,791	\$ 3,782,730	\$ 445,000	\$ 419,793	4.37
2001	4,167,348	572,751	3,594,597	465,000	396,965	4.17
2002	3,260,767	802,280	2,458,487	490,000	371,495	2.85
2003	3,449,765	832,634	2,617,131	520,000	344,522	3.03
2004	3,253,554	814,720	2,438,834	545,000	315,847	2.83
2005	3,076,030	823,963	2,252,067	570,000	282,102	2.64
2006	3,028,853	1,051,311	1,977,542	610,000	255,290	2.29
2007	3,311,409	1,401,777	1,909,632	635,000	228,755	2.21
2008	3,788,769	1,570,713	2,218,056	660,000	201,132	2.58
2009	4,044,076	2,115,221	1,928,855	690,000	172,092	2.24

<b>Local Improvement District No. 1 Special Assessment Bonds</b>				
Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2000	-	-	-	-
2001	\$ 512,625	\$ 176,819	\$ 107,232	1.80
2002	446,788	485,000	151,972	0.70
2003	325,248	185,000	127,010	1.04
2004	454,191	310,000	117,270	1.06
2005	285,543	190,000	100,565	0.98
2006	357,716	285,000	90,080	0.95
2007	240,540	200,000	74,057	0.88
2008	233,350	195,000	62,627	0.91
2009	259,401	195,000	51,285	1.05

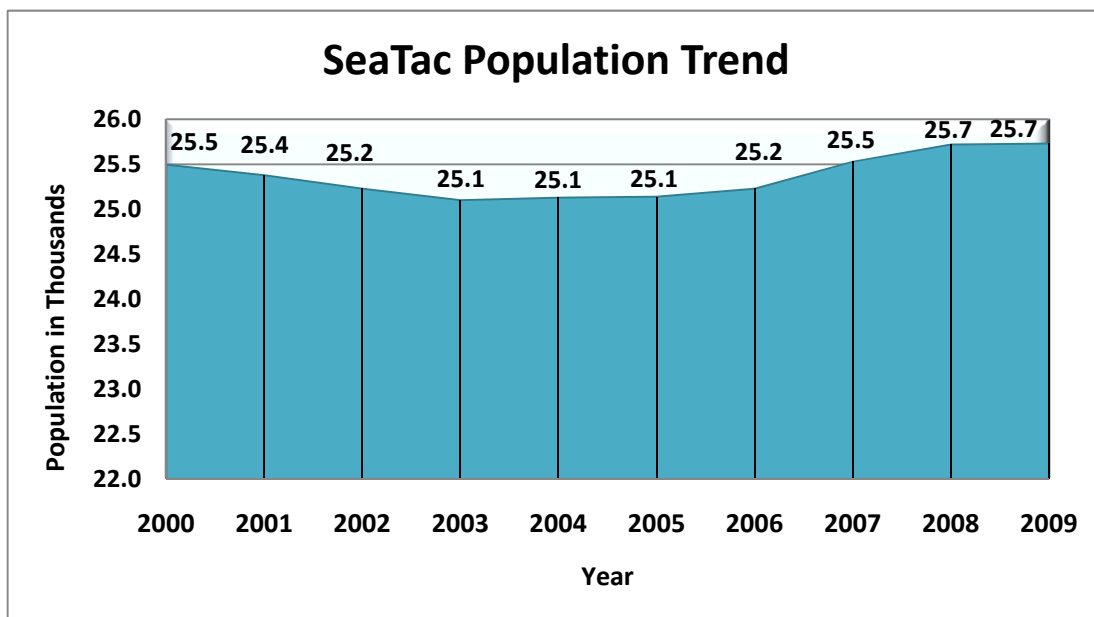
<sup>1</sup>Includes storm drainage utility charges and interest revenue.

<sup>2</sup>Includes parking tax, intergovernmental and miscellaneous revenue.

Source: City of SeaTac Finance Department

**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<b>Calendar Year</b>	<b>Population (A)</b>	<b>Total Personal Income (B)</b>	<b>Personal Income Per Capita (C)</b>	<b>Median Age (D)</b>	<b>Public School Enrollment (E)</b>	<b>Unemployment Rate King County (F)</b>
2000	25,496	\$1,132,965,752	\$ 44,437	35.70	3,301	4.1%
2001	25,380	1,112,684,580	43,841	35.92	3,341	5.1%
2002	25,320	1,122,005,160	44,313	36.13	3,498	6.1%
2003	25,100	1,116,498,200	44,482	36.38	3,396	6.2%
2004	25,130	1,238,557,180	49,286	36.60	3,499	5.2%
2005	25,140	1,212,150,240	48,216	36.83	3,192	4.7%
2006	25,230	1,328,485,650	52,655	36.94	3,182	4.2%
2007	25,530	1,473,336,300	57,710	36.98	3,098	3.7%
2008	25,720	1,495,386,520	58,141	37.00	3,073	4.2%
2009	25,730	(G)	(G)	37.08	2,858	6.8%



- (A) Washington State Office of Financial Management
- (B) King County per capita personal income applied to SeaTac population.
- (C) Per capita personal income is provided by the U.S. Bureau of Economic Analysis. Estimates are for King County, in which SeaTac is located. SeaTac data is not available.
- (D) Washington State Office of Financial Management
- (E) Highline School District #401
- (F) Washington State Employment Security Department
- (G) Data not available at time of publication.

Principal Employers  
Current Year and Nine Years Ago

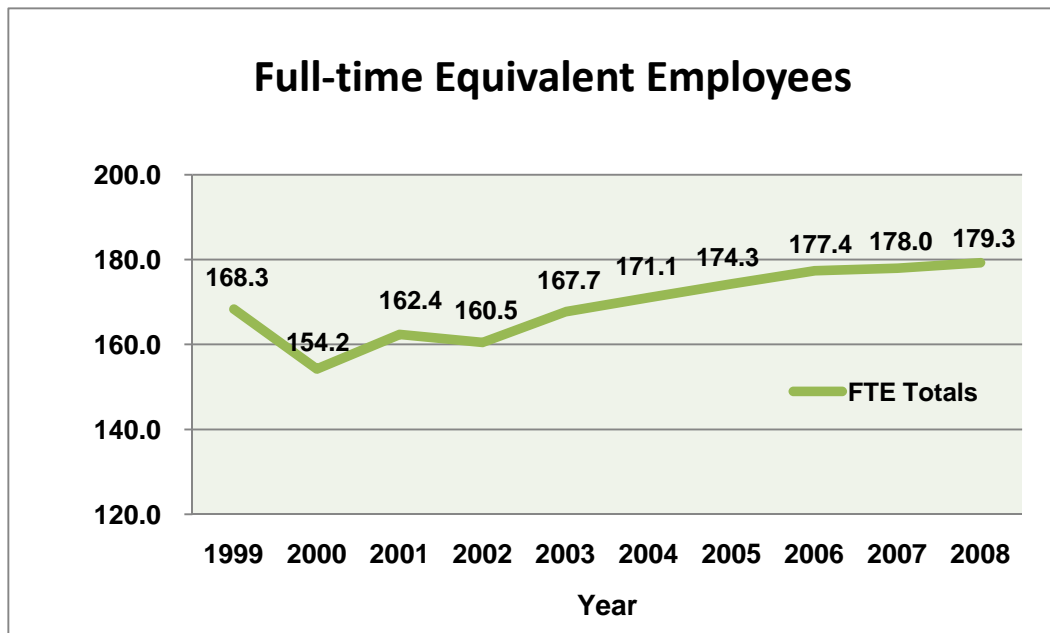
Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Port of Seattle <sup>1</sup>	1,090	1	5.48%	N/A	-	-
HMS Host	600	2	3.02%	N/A	-	-
Amicable Healthcare Inc.	500	3	2.51%	N/A	-	-
Doubletree Hotel	400	4	2.01%	N/A	-	-
Marriott Hotel	350	5	1.76%	N/A	-	-
Lynden Inc	300	6	1.51%	N/A	-	-
Alaska Airlines Inc.	260	7	1.31%	N/A	-	-
Horizon Air Industries Inc.	250	8	1.26%	N/A	-	-
Southwest Airlines Co	200	9	1.01%	N/A	-	-
Airserv	200	10	1.01%	N/A	-	-
<b>Total</b>	<b>4,150</b>		<b>20.86%</b>	<b>-</b>		<b>-</b>

<sup>1</sup>Data provided by the Port of Seattle. The Port of Seattle employed 1,090 regular full-time/part-time employees in the City of SeaTac; 517 in the City of Seattle and 1 in Tokyo.

**Source: Original information was generated from Claritas Business Point; Information was modified for the Port of Seattle which was listed as "Seattle Tacoma International Airport" by Claritas with an employee count of 21,000. Information is not available for 2000.**

**Full-time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Judicial</b>	6.0	6.0	6.00	5.00	5.40
<b>General Government</b>					
City Manager's Office	10.0	7.0	5.00	5.50	5.75
Finance/IS	8.0	8.5	8.50	7.00	8.50
GIS	1.5	1.0	0.50	0.50	0.50
City Clerk's Office	3.0	3.0	3.00	3.00	3.00
Legal Services	7.0	7.0	7.00	7.00	7.00
Human Resources	3.5	3.6	3.60	3.60	3.60
Facilities/Property Mgt Services	-	-	0.50	3.50	4.50
<b>Public Safety</b>					
Police Administration/Other	-	-	-	1.69	1.69
Fire	48.0	47.0	47.00	47.00	50.00
<b>Transportation</b>	18.6	17.9	23.46	21.93	21.43
<b>Health &amp; Human Services</b>	1.0	1.0	1.00	0.50	0.50
<b>Economic Environment</b>					
Building	17.5	12.0	11.00	11.00	11.00
Planning	11.0	8.0	9.00	9.00	10.00
Tourism	-	-	1.00	1.00	0.75
<b>Culture and Recreation</b>	23.0	22.0	28.62	25.83	26.29
<b>Surface Water Management</b>	10.2	10.2	7.20	7.45	7.81
<b>Total</b>	<b>168.30</b>	<b>154.20</b>	<b>162.38</b>	<b>160.50</b>	<b>167.72</b>



Source: City of SeaTac Finance Department

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Judicial</b>	5.40	5.40	6.00	6.50	7.00
<b>General Government</b>					
City Manager's Office	4.75	4.50	4.65	5.05	5.06
Finance/IS	9.50	9.17	9.50	10.00	10.00
GIS	2.38	2.00	2.50	3.25	2.46
City Clerk's Office	3.00	3.00	3.00	3.00	3.00
Legal Services	7.00	7.00	7.00	7.00	7.00
Human Resources	3.10	3.60	3.60	3.60	3.55
Facilities/Property Mgt Services	4.50	4.50	4.80	4.80	4.84
<b>Public Safety</b>					
Police Administration/Other	1.69	1.69	1.69	1.69	1.53
Fire	53.00	53.00	53.00	52.19	51.92
<b>Transportation</b>	20.94	21.44	22.13	20.94	21.79
<b>Health &amp; Human Services</b>	1.00	1.00	1.00	1.00	1.00
<b>Economic Environment</b>					
Building	11.00	11.00	10.08	11.00	11.00
Planning	8.00	10.96	10.96	10.09	9.42
Tourism	0.75	0.75	1.50	1.25	1.50
<b>Culture and Recreation</b>	26.90	27.45	28.11	28.81	30.05
<b>Surface Water Management</b>	8.14	7.83	7.83	7.83	8.16
<b>Total</b>	<b>171.05</b>	<b>174.29</b>	<b>177.35</b>	<b>178.00</b>	<b>179.28</b>

**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>				
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Judicial</b>					
Traffic & non-traffic filings	3,421	2,934	3,566	2,861	3,938
Criminal traffic/non-traffic filings	1,265	1,271	1,075	1,335	1,100
Parking filings	478	278	520	645	283
Number of in custody hearings	936	891	955	218	244
Number of video arraignments	788	712	754	774	746
Orders for protection filed	16	15	15	3	3
Code enforcement citations	N/A	68	57	57	16
Anti-Harassment orders	N/A	N/A	N/A	N/A	N/A
Red light camera photo enforcement	N/A	N/A	N/A	N/A	N/A
<b>General Government</b>					
Business licenses Issued	1,807	1,839	1,780	1,921	1,879
Ordinances/Resolutions/Motions passed	147	130	148	136	98
Number of employment applications	N/A	N/A	N/A	417	624
<b>Public Safety - Fire</b>					
Number of emergency fire calls	1,002	1,009	1,125	1,221	1,254
Number of medical emergency calls	2,370	2,325	2,575	2,683	2,805
Number of fire inspections	997	2,210	2,158	2,433	2,787
Number of permits issued	383	340	365	368	470
Total staff training hours	3,965	6,031	4,125	4,033	10,084
<b>Public Safety - Police</b>					
Dispatched calls for service	10,238	10,340	9,896	9,916	9,933
Part 1 crimes*	1,691	1,865	1,605	1,691	1,865
Part 2 crimes**	1,676	1,835	1,626	1,676	1,835
Total cases cleared	522	310	398	479	545
Traffic citations	7,510	4,321	6,380	5,832	5,102
Red light photo enforcement-eff 4/1/07	N/A	N/A	N/A	N/A	N/A
Adult & juvenile arrests	988	1,053	1,243	1,497	1,569
Response times (in progress)					
Priority X - Critical Dispatch	4.18	3.74	3.95	4.37	3.27
Priority 1 - Immediate Dispatch	8.25	8.22	7.70	8.34	7.77
Priority 2 - Prompt Dispatch	14.60	16.38	13.62	14.01	13.32
<b>Health &amp; Human Services</b>					
Number of Human Svs clients served	5,782	7,766	7,767	6,980	7,609
<b>Economic Environment</b>					
Valuation of permitted bldg apps	\$158m	\$19.2m	\$29m	\$29.1m	\$42.5m
Number of short plat applications	10	9	9	5	13
Number of bldg permits issued	406	322	308	289	270
<b>Culture and Recreation</b>					
Number of special event participants	9,500	8,255	8,860	9,080	9,260
Number of Meals on Wheels served	10,756	9,424	9,053	11,117	12,870

\*Part 1 crimes include arson, criminal homicide, robbery, aggravated assault, forcible rape, etc.

\*\*Part 2 crimes include simple assaults, vandalism, prostitution, drug violations, forgery, fraud, etc.

**Source: City of SeaTac Finance Department Budget Documents; N/A = Information not available**



Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Judicial</b>					
Traffic & non-traffic filings	2,139	2,752	2,993	2,592	1,827
Criminal traffic/non-traffic filings	422	1,262	1,364	1,635	1,066
Parking filings	309	298	347	396	278
Number of in custody hearings	261	239	367	284	302
Number of video arraignments	772	913	1,144	1,074	1,156
Orders for protection filed	7	30	45	34	21
Code enforcement citations	42	25	44	21	15
Anti-Harassment orders	2	7	13	4	11
Red light camera photo enforcement	N/A	N/A	5,124	7,009	4,040
<b>General Government</b>					
Business licenses Issued	1,850	1,910	1,911	1,912	1,944
Ordinances/Resolutions/Motions passed	102	128	133	138	137
Number of employment applications	1,104	1,098	933	1,021	1,103
<b>Public Safety - Fire</b>					
Number of emergency fire calls	1,223	1,320	1,173	1,169	1,002
Number of medical emergency calls	3,106	2,966	3,064	3,224	3,097
Number of fire inspections	2,691	2,809	2,800	1,876	2,023
Number of permits issued	533	411	411	421	399
Total staff training hours	9,442	7,283	9,100	7,966	7,117
<b>Public Safety - Police</b>					
Dispatched calls for service	10,955	11,297	11,038	10,023	9,100
Part 1 crimes	2,346	2,179	1,917	1,676	1,656
Part 2 crimes	1,838	1,906	1,949	1,942	2,079
Total cases cleared	517	523	482	413	439
Traffic citations	4,144	3,818	3,907	2,592	1,827
Red light photo enforcement (eff 4/1/07)	N/A	N/A	4,220	6,769	3,783
Adult & Juvenile arrests	1,344	1,650	1,528	1,393	1,378
Response times (in progress)					
Priority X - Critical Dispatch (min)	3.76	5.10	3.97	4.03	4.78
Priority 1 - Immediate Dispatch (min)	9.15	8.17	8.24	8.83	8.67
Priority 2 - Prompt Dispatch (min)	16.09	14.33	15.22	15.18	13.89
<b>Health &amp; Human Services</b>					
No of Human Services clients served	8,183	9,671	13,078	16,725	17,627.00
<b>Economic Environment</b>					
Valuation of permitted bldg apps	\$30.0m	\$128.9m	\$88.1m	\$42.4m	\$75.2m
Number of short plat applications	16	16	25	10	3
Number of bldg permits issued	291	296	341	290	238
<b>Culture and Recreation</b>					
Number of special event participants	11,715	12,100	7,085	10,800	10,200
Number of Meals on Wheels served	13,800	13,520	11,480	12,300	11,590

**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<b>Fiscal Year</b>				
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>General Government</b>					
City Hall (sq feet)	-	-	81,000	81,000	81,000
<b>Public Safety - Fire</b>					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
<b>Transportation - Public Works</b>					
Streets (miles)	79	81	84	82	82
<b>Culture and Recreation</b>					
Community Center					
Quantity	2	2	2	2	2
Square Footage	25,809	25,809	25,809	25,809	25,809
Community Parks					
Developed (acres)	59.9	59.9	49.0	63.0	63.0
Undeveloped (acres)	24.0	24.0	11.0	35.0	35.0
Neighborhoods Parks					
Developed (acres)	6.0	6.0	10.0	10.0	10.0
Undeveloped (acres)	0.5	0.5	0.5	0.5	0.5
Regional Parks					
Developed (acres)	80.0	80.0	80.0	80.0	80.0
Undeveloped (acres)	223.0	223.0	211.4	211.4	211.4
Pocket Parks/Mini Parks					
Developed (sq ft)	58,440	58,440	58,548	58,548	58,548
Trails/Linear Parks					
Developed (lineal ft)	11,850	11,850	15,100	15,100	15,430
Badminton Courts	N/A	N/A	3	3	3
Baseball/Softball Fields, Adult	N/A	N/A	4	4	4
Baseball/Softball Fields, Youth	N/A	N/A	6	6	6
Basketball Courts, Indoor	N/A	N/A	1	1	1
Basketball Courts, Outdoor	N/A	N/A	10	10	10
BMX Track	N/A	N/A	1	1	1
Boat Launch	N/A	N/A	1	1	1
Botanical Gardens	N/A	N/A	1	1	1
Fishing Pier	N/A	N/A	1	1	1
Football/Soccer Fields	N/A	N/A	7	7	7
Japanese Garden	N/A	N/A	-	-	-
Pickleball Courts, Indoor	N/A	N/A	3	3	3
Picnic Shelters	N/A	N/A	2	2	2
Picnic Table Areas	N/A	N/A	N/A	1	1
Playgrounds	N/A	N/A	6	6	6
Roller Hockey	N/A	N/A	1	1	1
Skateboard Parks	N/A	N/A	1	1	1
Tennis Courts	N/A	N/A	10	10	10
Theater, Outdoor	N/A	N/A	1	1	1
Volleyball Courts	N/A	N/A	3	3	3
Weight/Fitness Room	N/A	N/A	1	1	1

Source: City of SeaTac Comprehensive Plans 1999 - 2009

Function/Program	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Government</b>					
City Hall (sq feet)	81,000	81,000	81,000	81,000	81,000
<b>Public Safety - Fire</b>					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
<b>Transportation - Public Works</b>					
Streets (miles)	79	81	76	78	78
<b>Culture and Recreation</b>					
Community Center					
Quantity	2	2	2	2	2
Square Footage	28,809	28,809	28,809	28,809	28,809
Community Parks					
Developed (acres)	63.0	63.0	63.0	63.0	63.0
Undeveloped (acres)	35.0	35.0	35.0	35.0	35.0
Neighborhoods Parks					
Developed (acres)	10.0	10.0	10.0	10.0	10.0
Undeveloped (acres)	0.5	0.5	0.5	8.3	8.3
Regional Parks					
Developed (acres)	80.0	80.0	80.0	80.0	80.0
Undeveloped (acres)	211.4	211.4	211.4	211.4	211.4
Pocket Parks/Mini Parks (sq ft)					
Developed	58,548	58,548	58,548	58,548	58,548
Trails/Linear Parks					
Developed (lineal ft)	15,430	15,430	15,430	22,630	22,630
Badminton Courts	3	3	3	3	3
Baseball/Softball Fields, Adult	4	4	4	4	4
Baseball/Softball Fields, Youth	6	6	6	6	6
Basketball Courts, Indoor	1	1	1	1	2
Basketball Courts, Outdoor	10	10	11	11	11
BMX Track	1	1	1	1	1
Boat Launch	1	1	1	1	1
Botanical Gardens	1	1	1	1	1
Fishing Pier	1	1	1	1	1
Football/Soccer Fields	7	7	7	7	7
Japanese Garden	-	1	1	1	1
Pickleball Courts, Indoor	3	3	3	3	3
Picnic Shelters	2	2	2	2	2
Picnic Table Areas	1	1	2	2	2
Playgrounds	6	7	7	7	7
Roller Hockey	1	1	1	1	1
Skateboard Parks	1	1	1	1	1
Tennis Courts	10	10	10	10	10
Theater, Outdoor	1	1	1	1	1
Volleyball Courts	3	3	3	3	5
Weight/Fitness Room	1	1	1	1	2



*This page intentionally left blank*



City of SeaTac, Washington  
4800 South 188th Street  
SeaTac, Washington 98188

