

2007 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

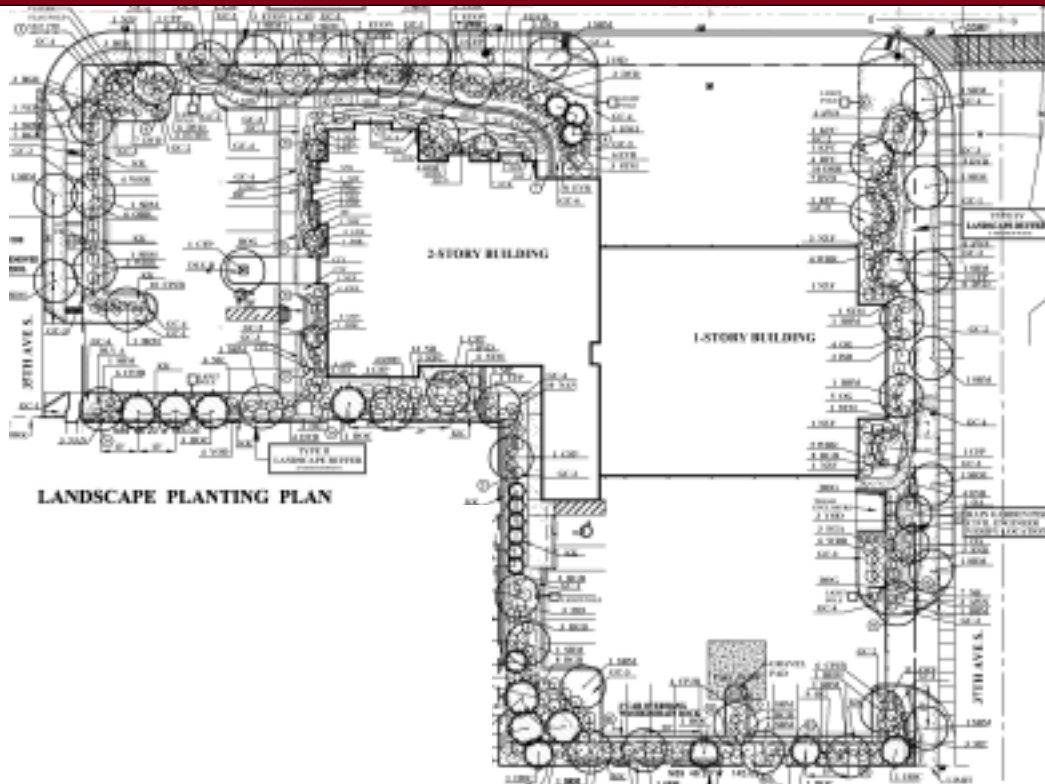


New Fire Department Headquarters

City of SeaTac, Washington

4800 South 188th Street
SeaTac, Washington 98188





About the Project

City of SeaTac Fire Department Headquarters

3521 S. 170th St., SeaTac

Building Size: 24,651 sf

Lot Size: 1.2 acres

Total Estimated Project Cost: \$7,702,000

Project Manager: Pat Patterson, Facilities Director, City of SeaTac

Architects: David A. Clark Architects

A structural analysis completed in 2006 combined with the results of a fire services study done several years ago determined that the City's main fire station should be replaced and be more centrally located. As a result, four properties were acquired around the existing Fire Station 46 and a new main station will be built at that location. The building was designed for longevity and sustainability anticipating fire service needs 50 years into the future. It will house the fire administration offices along with a training room which will also serve as an emergency operation center in the event of a disaster within the City. Construction began in the Spring of 2008 and will be completed in 2009.

2007 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

Prepared by the
City of SeaTac Finance Department

City of SeaTac, Washington

4800 South 188th Street
SeaTac, Washington 98188



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CITY OF SEATAC, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended December 31, 2007

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CITY OF SEATAC, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2007

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Introductory Section



Introductory Section



4800 South 188th Street
SeaTac, WA 98188-8605

City Hall: 206.973.4800
Fax: 206.973.4809
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Mayor
Ralph Shape

Deputy Mayor
Gene Fisher

Councilmembers
Chris Wythe
Terry Anderson
Tony Anderson
Barry Ladenburg
Mia Gregerson

City Manager
Craig Ward

Assistant City Manager
Todd Cutts

City Attorney
Mary Mirante Bartolo

City Clerk
Kristina Gregg

February 26, 2009

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, 2007. 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.

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 results of the City's annual single audit for the fiscal year ended December 31, 2007, provided no instances of material weakness in the internal control structure or significant violations of applicable laws. The City's Single Audit Report is issued separately and is available upon request or directly from the Washington State Auditor's Office.

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 2007 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 25,530 residents within its incorporated limits and has a work force of approximately 41,000 employees. It also accommodates over 85,700 people traveling through Seattle-Tacoma International Airport daily.

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 2007, 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), 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 15% of the total assessed valuation for the City. Northwest, United, Horizon Air, Southwest, Delta, American, Continental and Hawaiian Airlines combine to account for an additional 22.8% 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 Hotel and the Marriott Corporation. A number of other hotels and motels also service the traveling public, with the majority located along International Boulevard near Sea-Tac Airport. In the past few years several new hotels and motels have been constructed, providing additional traveler accommodation space in the City.

Schedule 7 in the Statistical Section lists the twelve property largest taxpayers in the City. This list includes nine airlines, one airplane manufacturer and two hotels. 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 almost 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 36.7% 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 1% unless approved by voters. A June 2006 ruling in King County Superior Court declared Initiative 747 is unconstitutional. The State of Washington appealed the ruling to the Washington State Supreme Court and also sought and was granted a "stay", which meant that the 1% limit of Initiative 747 would remain in effect until and unless the court ruled differently. The State Supreme Court heard the appeal on May 8, 2007, and on November 8, 2007, upheld the lower court's ruling that I-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.

The downturn in sales tax revenues beginning in 2002 caused the City to use more conservative budgeting and spending practices. In addition to having dealt with this downturn in retail sales, 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. Traditionally, sales taxes have been a strong revenue source for the City, accounting for approximately 37% of general governmental tax revenues in 2007. 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.

In addition to the reduction in sales taxes in 2002, the City experienced declines in its parking tax revenues. Parking tax revenue, derived primarily from airport-related parking throughout the City, is dedicated to funding transportation improvements. The continuing decline in parking tax revenues during 2002 and 2003 reduced funding for long-term transportation capital projects in terms of both scale and timing. However, short-term projects were 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.

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.

Economic Outlook

According to the Washington State Economic and Revenue Forecast Council, while Washington suffered a greater percent decline in employment than the nation as a whole during the 2001 recession and subsequent "jobless recovery", it also snapped back from the recovery at a faster rate than that of the nation. The state showed positive annual growth in 2003 while the U.S. showed negative growth, and continued to outpace the national growth through 2007. Due to its faster growth, the state regained its pre-recession employment peak in December 2004, two months sooner than the U.S., despite having suffered sharper recessionary losses.

Most of the state's 2007 employment growth was accounted for by construction, durable manufacturing, trade, professional and business services, education and health services, and leisure and hospitality. Although Washington's employment growth rate dropped slightly from 3.0 to 2.5 percent in 2007, its ranking improved from 9th to 7th in the nation. The nation's growth rate over the same period went from 1.7 to 1.1 percent. While the state was near the bottom of the state rankings during the recession, subsequent growth has brought the state's five-year average rank to 9th, with a growth rate of 2.0 percent versus 1.1 percent for the nation as a whole.

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 are facing 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. It should also be noted that Sea-Tac Airport is in the midst of a multi-year capital improvement program that includes significant expansion to accommodate anticipated increases in air operations. The plan includes construction of a third runway, airfield pavement and

infrastructure improvements, main terminal upgrade and expansion, and replacement of the satellite transit system.

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.

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 the years 1991 through 2004, and 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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. This team includes Bart Perman, Ruth Black, Melinda King, Mary Ann Brown, Jamie Kerin, Leslie Stevenson, Marcos Rubalcaba, Mike Butay, Zinta Smidchens, Chiaki Sakuma and Scott Wong. 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of SeaTac
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

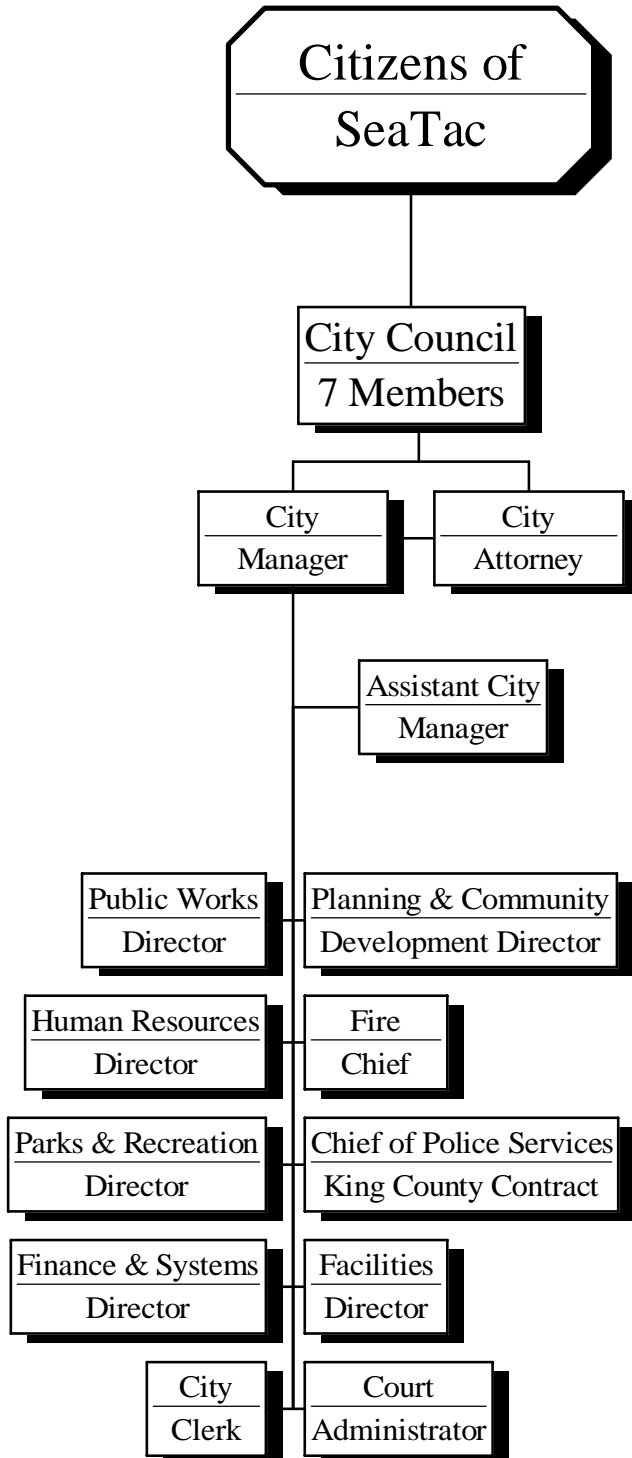


Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



2007 City Council



Back row (left to right): Chris Wythe, Deputy Mayor Ralph Shape, Joe Brennan and Don DeHan
Front row (left to right): Terry Anderson, Mayor Gene Fisher and Tony Anderson

<u>Position No.</u>	<u>Elected Official</u>	<u>Term Expiration</u>
#1	Gene Fisher, Mayor.....	12/31/07
#2	Chris Wythe, Councilmember	12/31/09
#3	Terry Anderson, Councilmember	12/31/07
#4	Anthony (Tony) Anderson, Councilmember	12/31/09
#5	Ralph Shape, Deputy Mayor	12/31/07
#6	Joe Brennan, Councilmember.....	12/31/09
#7	Don DeHan, Councilmember	12/31/07

<u>Position</u>	<u>Appointed Official</u>
City Manager	Craig Ward
Assistant City Manager	Tina J. Rogers
City Attorney	Mary Mirante Bartolo
City Clerk (Through 06/30/07).....	Judith L. Cary
City Clerk (Effective 07/01/07	Kristina M. Gregg
Court Administrator	Mary Pederson
Chief of Police Services (Through 02/16/07)	Greg Dymerski
Chief of Police Services (Effective 02/17/07).....	Jim Graddon
Facilities Director	Patrick Patterson
Finance and Systems Director.....	Michael J. McCarty
Fire Chief	Robert Meyer
Human Resources Director.....	Stephen Mahaffey
Parks and Recreation Director.....	Kit Ledbetter
Planning and Community Development Director	Stephen Butler
Public Works Director	Dale Schroeder

Financial Section



Financial Section



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

April 3, 2009

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, 2007 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. 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, 2007, 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.

As described in Note 14, during the year ended December 31, 2007, the City has implemented the Governmental Accounting Standards Board's Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

As described in Note 5, during the year ended December 31, 2007, the City has implemented the Governmental Accounting Standards Board's Statement 51, Intangible Assets.

The management's discussion and analysis on pages 11 through 24 and budgetary comparison information on pages 77 through 80 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 combining financial statements and supplemental information on pages 82 through 103 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 Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

**CITY OF SEATAC, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 2007**

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, 2007. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2007, 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

- In 2007, the City completed its implementation of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, by adding its retroactive capital asset infrastructure (land, roads, sidewalks, bridges, etc.) for the period starting in 1990 (the City's year of incorporation) through 2002. The City added \$321,318,823 (net of accumulated depreciation) in general governmental infrastructure assets. The addition of these infrastructure assets created a large prior year adjustment and a restatement of beginning net assets for governmental activities.
- For the year ended December 31, 2007, total net assets for the City equaled \$468.9 million. Of this amount, \$400.9 million or 85.5% 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 \$21.0 million were restricted for debt service, capital projects, including Des Moines Creek Basin projects and transportation projects, tourism promotion/facilities, and special revenue purposes. The remaining net asset balance of \$47.0 million was unrestricted and available for general City operations.
- Net assets for the City's business-type activities were \$27.8 million. Of this amount, \$20.5 million was invested in capital asset net of related debt. This increased by \$9.7 million over 2006 due in main part to capital asset contributions received in the amount of \$7.8 million from general governmental activities. These capital assets consisted of surface water infrastructure that was paid for as part of various transportation projects.
- In 2007, the City's overall financial position improved by \$7.7 million for governmental activities as noted by the Change in Net Assets on the *Statement of Activities*. For the business-type activities, the City's overall financial position increased by \$7.8 million due to the asset contributions that were received by the surface water management funds.
- At the end of 2007, unreserved fund balance for the *General Fund* was \$17.5 million or 69.5% of total *General Fund* expenditures, excluding transfers out and other financing uses. This is an increase in ending fund balance of 21.7% over 2006.

- The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, using the alternative measurement method. The City's annual OPEB cost for 2007 was \$128,895 and ended the year with a net OPEB obligation of \$72,923. The City's actuarial accrued liability as of September 30, 2006 was \$1,384,278.

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 the *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*.

The City of SeaTac maintains nineteen 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 Capital Improvement Fund*, the *Municipal Facilities Capital Improvement Fund*, and the *Transportation 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, except the *Contingency Reserve Fund*, the *LID Guarantee Fund* and the *Transportation Bond Reserve Fund* all of which did not have appropriated expenditure budgets for 2007.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current & other assets	\$ 67,793,313	\$ 69,498,544	\$ 7,647,315	\$ 10,554,730	\$ 75,440,628	\$ 80,053,274
Capital assets, net (as restated)*	388,047,874	381,862,719	22,303,566	12,871,556	410,351,440	394,734,275
Total Assets	455,841,187	451,361,263	29,950,881	23,426,286	485,792,068	474,787,549
Liabilities:						
Long-term liabilities	12,100,365	13,147,378	1,824,210	2,072,430	13,924,575	15,219,808
Other liabilities	2,660,332	2,649,021	282,007	1,319,102	2,942,339	3,968,123
Total Liabilities	14,760,697	15,796,399	2,106,217	3,391,532	16,866,914	19,187,931
Net Assets:						
Inv in capital assets, net of related debt (as restated)*	380,357,873	373,017,719	20,534,520	10,850,179	400,892,393	383,867,898
Restricted (restated)**	18,622,703	19,086,567	2,438,673	5,268,708	21,061,376	24,355,275
Unrestricted (restated)**	42,099,914	43,460,578	4,871,471	3,915,867	46,971,385	47,376,445
Total Net Assets	\$ 441,080,490	\$ 435,564,864	\$ 27,844,664	\$ 20,034,754	\$ 468,925,154	\$ 455,599,618

*Capital assets and invested in capital assets, net of related debt, were restated in 2006 and 2007 due to the addition of GASB Statement No. 34 retroactive infrastructure assets and other capital asset prior year adjustments that were made in 2007.

**Restricted and unrestricted net assets were restated in 2006 to move \$25,688,544 out of restricted net assets into unrestricted net assets to be consistent with the categorization of revenue sources in 2007.

The City's total net assets increased by \$13.3 million over 2006. Investments in capital assets, less any related outstanding debt used to acquire the assets, increased by 4.5%. Capital assets were restated for both years due to the addition of the retroactive infrastructure assets as per GASB Statement No. 34. For governmental activities, the City added \$300,911,865 in land, \$53,675,455 in other improvements related to transportation infrastructure, \$71,226 in capital easements and a reduction was made to construction in progress in the amount of \$1,168,680. Accumulated depreciation increased by \$32,171,043. The net effect of these additions was \$321,318,823. The capital asset restatement in 2006 was in the amount of \$323,580,671 and included most of the same adjustments made in 2007. For business-type activities, 2006 was restated to include \$5,000 in capital easements that were in place prior to 2006.

In 2007, \$18.6 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 other special revenue purposes. The 2006 restricted net asset balance was restated down by \$25.7 million to be consistent with the treatment of various revenue sources (i.e. community relief funds and revenues transferred/recorded in capital project funds that are not restricted to capital purchases) in 2007. The remaining balance of unrestricted net assets (\$42.1 million) may be used to meet the government's ongoing obligations to citizens and creditors. The 2006 unrestricted net asset balance was restated up in the same amount as the restricted net assets were restated down.

For business-type activities, \$2.4 million in net assets are restricted for debt service and the Des Moines Creek Basin interlocal agreement projects including restoration, maintenance and operations and a future facility replacement fund. Unrestricted net assets are \$4.9 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 positive changes in net assets.

City of SeaTac's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 4,224,250	\$ 5,847,751	\$ 1,677,607	\$ 1,672,540	\$ 5,901,857	\$ 7,520,291
Operating grants & contrib	1,001,092	777,941	998,049	6,437,829	1,999,141	7,215,770
Capital grants & contrib	2,401,562	5,049,620	8,411,990	5,170,446	10,813,552	10,220,066
<i>General Revenues:</i>						
Property taxes	10,907,678	9,981,978	-	-	10,907,678	9,981,978
Sales taxes	11,650,579	11,578,868	-	-	11,650,579	11,578,868
Parking taxes	5,278,931	4,842,438	-	-	5,278,931	4,842,438
Excise taxes	3,012,141	2,943,334	-	-	3,012,141	2,943,334
Investment interest	4,034,684	3,292,149	385,131	409,863	4,419,815	3,702,012
Miscellaneous	184,564	202,734	-	-	184,564	202,734
Total Revenues	42,695,481	44,516,813	11,472,777	13,690,678	54,168,258	58,207,491
Expenses:						
Judicial	412,531	371,922	-	-	412,531	371,922
General Government	5,502,628	4,928,176	-	-	5,502,628	4,928,176
Public Safety	14,728,009	13,196,630	-	-	14,728,009	13,196,630
Physical Environment	37,406	37,192	3,485,317	7,106,549	3,522,723	7,143,741
Transportation	6,914,777	3,216,778	-	-	6,914,777	3,216,778
Human Services/Health	410,998	363,081	-	-	410,998	363,081
Economic Environment	2,761,904	2,363,395	-	-	2,761,904	2,363,395
Culture & Recreation	3,451,861	2,962,271	-	-	3,451,861	2,962,271
Interest on long-term debt	963,371	1,019,827	-	-	963,371	1,019,827
Total Expenses	35,183,485	28,459,272	3,485,317	7,106,549	38,668,802	35,565,821
Inc (Dec) in Net Assets						
Before Transfers	7,511,996	16,057,541	7,987,460	6,584,129	15,499,456	22,641,670
Transfers	177,550	176,250	(177,550)	(176,250)	-	-
Inc (Dec) in Net Assets	7,689,546	16,233,791	7,809,910	6,407,879	15,499,456	22,641,670
Net Assets-Beg (as restated)*	435,564,864	95,750,402	20,034,754	13,621,875	455,599,618	109,372,277
Prior Year Adjust (as restated)*	(2,173,920)	323,580,671	-	5,000	(2,173,920)	323,585,671
Net Assets-Beg (as restated)*	433,390,944	419,331,073	20,034,754	13,626,875	453,425,698	432,957,948
Net Assets-Ending	\$ 441,080,490	\$ 435,564,864	\$ 27,844,664	\$ 20,034,754	\$ 468,925,154	\$ 455,599,618

*Per GAAP, when comparative statements are presented, corresponding adjustments should be made to the transactions & balances for all periods to incorporate the retroactive application of the prior period adjustments. The portion of the 2007 prior period adjustments for the retroactive capital asset adjustments that pertain to the years before 2006 were moved to 2006 in the table above (includes both governmental activities and business-type activities).

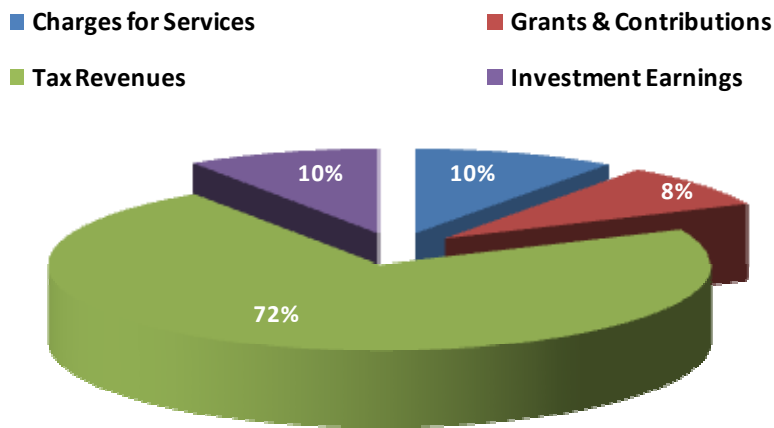
Governmental Activities: Net assets (as restated) increased by \$5.5 million, representing 41.4% of the total growth in net assets for the City of SeaTac in 2007. Net assets were restated in the *Changes in Net Assets* table above to provide a more accurate comparison between 2006 and 2007. The prior period adjustment incurred in 2007 due to the addition of retroactive infrastructure assets and other capital adjustments were more accurately allocated between 2006 and 2007. Transactions occurring before 2006 were shown above as a prior year adjustment in 2006.

In 2007, total governmental activities revenue declined by \$1.8 million. The following are some of the key revenue changes in 2007:

- Capital grants and contributions decreased by \$2.7 million. In 2007, the City received \$2.4 million in transportation capital grants and \$4.8 million in 2006. Most of the decline is due to receipt of capital contributions in 2006 from Sound Transit to pay for area improvements for two light rail stations as per a developer agreement with Sound Transit.

- Parking taxes increased by \$436 thousand over 2006. The City increased the commercial parking tax rate from \$1.75 per transaction to \$2.00 per transaction for vehicles parked over 2 hours. The \$1.00 per transaction fee was not changed for vehicles parking less than 2 hours. A five year rate increase phase in plan was adopted in November 2005.
- Investment interest increased by \$743 thousand due to slightly higher interest rates (2007 average was 5.0897% versus 4.9033% in 2006) in the Washington State Local Government Investment Pool (LGIP). In addition, the City purchased various U.S. government agency securities during the year with interest rates of approximately 5%.

Revenues by Source for Governmental Activities



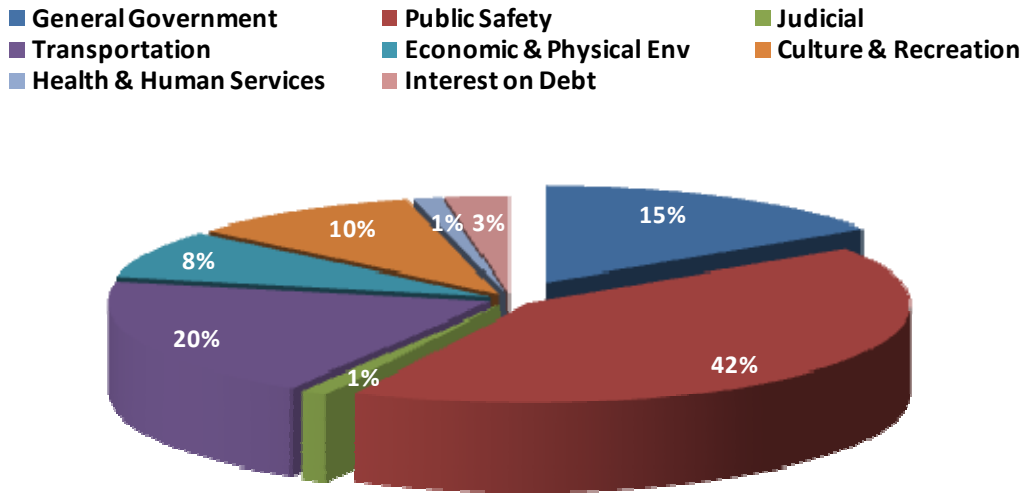
Notes: Tax revenues including property, sales, parking and excise taxes and are a large portion (72%) of the City's income. Please note that transfers in from other funds are not included in this chart.

For governmental activities, total expenses increased by \$6.7 million or 23.5% over 2006. Eight of the nine programs in governmental activities show increased expenses over 2006. The major expense changes are described below:

- The largest program increase of \$3.7 million or 115.7% is in *Transportation* and is due to capital infrastructure improvements. The City spent \$2.7 million more in transportation capital improvements in the *Transportation CIP Fund #307* in 2007. The largest transportation project was the Military Road S/S 176th to 188th street improvement project which included sidewalks, a new traffic signal, road widening for bicycle lanes and a center two way left turn lane.
- *Economic Environment* expenses increased by 16.9% or \$398 thousand due in large part to new economic development programs and consulting contracts being added to the *Hotel/Motel Tax Fund*. Some of the new items added include market data research, brand development and marketing, entertainment district implementation and increased levels of service in the area of cooperative tourism promotion.

- *Culture and Recreation* expenses rose 16.5% or \$490 thousand in 2007. The City completed a \$3.8 million renovation project at Valley Ridge Park which included replacing the grass playing fields with synthetic turf fields. It is anticipated that user fees charged at Valley Ridge Park will recover the cost of the turf field within approximately five years.
- *Human Service* expenditures increased by 13.2% or \$48,000 in 2007. This increase was directed toward contracts with various human services agencies and Community Development Block Grant projects for minor home repairs. The City allocates 1 ½% of the General Fund operating expenditure budget to human services so as the operating budget rises or falls so does this program.

Expenses by Function for Governmental Activities



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

Business-type Activities: Net assets increased by \$7.8 million in 2007. Since incorporation, the City has paid for various transportation projects out of general governmental revenues. These transportation projects included components of surface water management infrastructure including storm runoff control vaults/tanks, catch basins, manholes and drainage piping and culverts. In 2007, these assets (\$7.8 million) were transferred to the *Surface Water Management Construction Fund* at book value.

Total surface water management revenues decreased by \$2.2 million over 2006. This revenue decrease is due to lower intergovernmental revenues and capital contributions from the City of Des Moines, the Port of Seattle and the Washington State Department of Transportation. These funds are dedicated to the Des Moines Creek Basin projects established by an interlocal agreement in which the City of SeaTac is acting as Treasurer. Total expenses decreased by \$3.6 million. Again, the bulk of the expenses are related to the joint Des Moines Creek Basin Interlocal Agreement projects. The capital restoration projects are near completion, so expenses will continue to decline for these projects.

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 2007, the City's combined ending governmental fund balance was \$61.8 million versus the 2006 ending fund balance of \$63.6 million. Included in the ending fund balance is \$7.7 million reserved for an interfund loan and \$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 equaled \$49.1 million.

The *General Fund* is the primary operating fund of the City through which most receipts and payments of ordinary City operations are processed. Property taxes and sales taxes are the primary revenue sources for the *General Fund*. In 2007, property taxes recorded into the *General Fund* equaled \$11.1 million while in 2006 they were \$9.8 million. Please note that property taxes of approximately \$430 thousand were also recorded directly into the *Long-term General Obligation Debt Service Fund* for both years. In 2007, sales taxes recorded into the *General Fund* were \$9.0 million compared to \$8.5 million in 2006. At the end of 2007, the fund balance of the *General Fund* was \$17.4 million, an increase of \$3 million. The increase can be attributed to \$2.6 million in additional revenues from property taxes (\$1.7 million) and building and other permits (\$528,000). As a measure of the fund's liquidity, the ending fund balance was 70% of the Fund's 2007 expenditures, excluding transfers out.

The *Arterial Street Fund* was 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. Parking taxes also help fund general street operations in the *Street Fund*. The *Arterial Street Fund* ended the year with \$2.1 million in ending fund balance which is a reduction of \$1.3 million from 2006.

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 to be used for community improvements. Interest earnings were the only revenue source in this Fund. The 2007 ending fund balance for this Fund was \$16.1 million which includes a reservation of \$7.7 million for an interfund loan receivable. The Fund's 2006 ending fund balance was \$15.3 million. The City Council established a policy that beginning in 1999, only the interest earned on the ILA monies will be budgeted for expenditure.

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. In 2007, the *Hotel/Motel Fund* collected \$830 thousand in hotel/motel taxes which is an increase of \$122 thousand over 2006. At the end of 2007, the fund balance of the *Hotel/Motel Tax Fund* was \$8.3 million versus \$8.1 million for the prior year. Both years included unexpended restricted bond proceeds of \$5 million to be used for capital facilities or improvements related to tourism. Debt service payments on the bonds were paid from collected hotel/motel taxes receipted into a separate debt service fund. An additional \$383 thousand in hotel/motel taxes were collected and dedicated to paying the debt.

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 was included as a major fund due to its \$1.2 million special assessments receivables balance. The ending fund balances for 2007 and 2006 were \$31 thousand and \$65 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 28th/24th Avenue South arterial project.

The *Municipal Capital Improvements Fund* has two major revenue sources which include sales taxes and real estate excise taxes. The City has implemented an informal policy of using sales tax revenues from major construction projects for its own capital purchases and projects. In 2007, sales taxes in this Fund were \$1.5 million versus \$2.0 million in the prior year. Ending 2007 fund balance was \$4.2 million, a decrease of \$3 million or 42% over the 2006 balance of \$7.2 million. The ending fund balance decline can be attributed to major improvements made at Valley Ridge Park which includes the installation of synthetic turf in the fields.

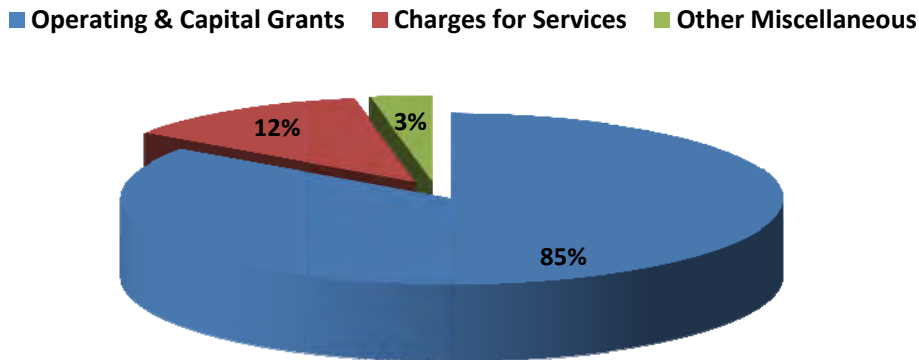
The *Municipal Facilities Capital Improvement Fund* is a capital projects fund whose purpose is to account for the expenditures related to major municipal capital projects including the purchase of land and construction or major renovation of buildings. In 2007, the only major revenue source in this Fund was a transfer from the General Fund to make the annual interest payment on the interfund loan. At the end of 2007, the fund balance in the *Municipal Facilities Capital Improvement Fund* was a balance of \$448 thousand versus a fund balance of \$2.6 million in 2006. The City is currently building a new fire station to replace Fire Station #46. It anticipated that the fire station will be completed in 2009.

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 2007, the major revenue sources for this Fund included various indirect federal and State transportation grants and a transfer in of \$2.7 million from the *Arterial Street Fund*. Ending fund balance for this Fund was \$ 8.8 million for 2007 and \$8.4 million for 2006. 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.

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 non-major fund listed under "*Other Enterprise Funds*". This Fund is a reserve fund held for debt service on revenue bonds. The combined ending net asset balance for these three funds was \$27.8 million and of this amount, \$4.9 million or 17.7% was unrestricted. There is \$2.0 million in restricted funds for Des Moines Creek Basin Interlocal Agreement related projects for restoration, maintenance and operations and a replacement fund.

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 intergovernmental service revenues & capital contributions (shown under operating and capital grants) for the joint Des Moines Creek Basin projects with four other governmental agencies. All expenses are 100% SWM so no chart is being provided for the expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The *General Fund* finished 2007 with just under \$17.5 million in ending fund balance. The original budgeted ending fund balance amount was \$13.7 million. Through higher revenues (\$2.6 million more than anticipated), lower expenditures (spent \$870 thousand less than budgeted), and a higher beginning fund balance (\$676 thousand additional), the City improved its ending financial position in the General Fund by 26% or \$3.5 million over the original 2007 budget.

General Fund actual revenues exceeded revenue estimates in all eight revenue categories including taxes, licenses and permits, intergovernmental, charges for services, fines and forfeitures, investment earnings, rents/leases and concessions and miscellaneous revenues. Taxes were 7.3% or \$1.5 million over budget. This overage was largely due to conservative property tax estimates. It was originally anticipated that delinquencies would be much higher than they were. Licenses and permits exceeded estimates by 67% or \$528 thousand due in large part to high valuation building permits that were issued for Sound Transit light rail projects, Bow Lake Elementary School, Sound View Apartments and Sunset Station Apartments. In addition, \$120 thousand was received for performing electrical inspections for the City of Tukwila. These inspections were not included in the budget. Intergovernmental revenues exceeded final budget estimates by 38% or \$192 thousand. The City received federal and State funds to reimburse expenditures related to the 2006 severe windstorm which were not budgeted for and additional grants for recycling and traffic safety.

The *General Fund's* final expenditure budget was 2% higher (\$445,000) than the 2007 original budget. The following budget amendments made were made during the year: 1) Unspent expenditure budgets were carried forward from 2006 (\$212,401), 2) Contract for a seismic evaluation of City Hall (\$17,000), 3) Additional funding for the settlement of the International Association of Fire Fighters (IAFF) collective bargaining agreement (\$76,000), 4) Additional funds (\$50,000) for public defender services in the Municipal Court, 5) Hiring of a joint Emergency Preparedness Coordinator with the Cities of Normandy Park, Burien and Des Moines (\$30,000) and 6) Contracting for services to perform a co-operative fire services study with the City of Tukwila (\$60,000 with Tukwila to reimburse the City of SeaTac for \$30,000).

Only one program (capital outlay) in the *General Fund* slightly exceeded its expenditure budget by \$298. The other nine programs in the *General Fund* were all under budget.

CAPITAL ASSETS AND LONG-TERM DEBT**Capital Assets**

At the end of 2007, the City had \$388.1 million (net of accumulated depreciation) in governmental activities capital assets, including one internal service fund, and \$22.3 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 2007:

City of SeaTac's Capital Assets

Capital Assets:	Governmental Activities		Business-type Activities		Total	
	2007	2006 Restated*	2007	2006 Restated*	2007	2006 Restated*
Land	\$ 315,797,141	\$ 313,197,291	\$ -	\$ -	\$ 315,797,141	\$ 313,197,291
Intangible Assets-Easements	71,226	71,226	5,000	5,000	76,226	76,226
Constr in Progress (CIP)	10,100,482	9,822,961	10,568,325	8,897,035	20,668,807	18,719,996
Buildings/Building Impr	26,641,227	26,628,029	228,560	228,560	26,869,787	26,856,589
Other Improvements	4,358,804	4,209,998	14,829,042	6,984,152	19,187,846	11,194,150
Infrastructure	68,876,503	60,883,583	-	-	68,876,503	60,883,583
Equipment/Vehicles	5,906,584	5,269,613	-	1,565	5,906,584	5,271,178
Equipment/Vehicles-Eq Rental	2,097,267	2,079,952	-	-	2,097,267	2,079,952
Intangible Assets-Software	616,778	448,721	-	-	616,778	448,721
Less: Depreciation	(46,418,139)	(40,748,655)	(3,327,362)	(3,244,756)	(49,745,501)	(43,993,411)
Total Capital Assets (Net)	\$ 388,047,873	\$ 381,862,719	\$ 22,303,565	\$ 12,871,556	\$ 410,351,438	\$ 394,734,275

*2006 Restated to include retroactive infrastructure additions and other capital asset adjustments.

In 2007, the City added \$321,318,823 (net of accumulated depreciation) in transportation related infrastructure assets for the period of 1990 through 2002. For purposes of comparing 2006 to 2007, tables displayed in the *Management's Discussion & Analysis (MD&A)* reflect restatements of various 2006 figures, specifically capital assets and net assets, because many of the retroactive asset additions occurred prior to 2006. The net amount of capital assets affecting 2006 was \$323,580,671.

For the business-type activities, only one restatement change was included in 2006. A capital easement in the amount of \$5,000 was added as a restatement to 2006. The business-type activities did receive \$7.8 million in infrastructure contributions that arose from the retroactive infrastructure analysis. The assets were contributed on the last day of 2007 at book value.

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 2007 and 2006 by type:

City of SeaTac's Outstanding Debt by Type

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 5,465,000	\$ 6,015,000	\$ -	\$ -	\$ 5,465,000	\$ 6,015,000
Special Assessment Debt	1,040,000	1,240,000	-	-	1,040,000	1,240,000
Revenue Bonds	4,430,000	5,065,000	1,995,000	2,280,000	6,425,000	7,345,000
Total	\$ 10,935,000	\$ 12,320,000	\$ 1,995,000	\$ 2,280,000	\$ 12,930,000	\$ 14,600,000

General Obligation Debt

According to Washington State law, the City's debt capacity for *general government purposes* is limited to 2.5% or \$102 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 \$61.2 million. The City's 2006 assessed valuation was \$4,077,974,305. The 2006 assessed valuation is used to calculate the taxes to be collected in 2007. At the end of 2007, the City had \$5.5 million in outstanding councilmanic (non-voted) general obligation debt. Repayment of this debt is guaranteed through the general taxing authority of the City. No new general obligation debt was issued in 2007.

In addition to the debt capacity limits for *general government purposes*, 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 \$305.9

million of the City's assessed valuation. Additional information can be found in the *Statistical Section* of the City's 2007 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 2007, the City had \$2.0 million in outstanding revenue debt issued for surface water management purposes. The City also had \$4.4 million in governmental activities revenue debt for transportation purposes. No new revenue debt was issued in 2007.

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 2007, the City had LID bonds outstanding totaling \$1.0 million. No new special assessment debt was issued. Additional information on the City's long term debt can be found in *Note 09 Long Term Debt and Leases* in the 2007 Notes to the Financial Statements.

ECONOMIC FACTORS AND THE BUDGET

Washington State's seasonally adjusted unemployment rate increased to 6.0 percent in August 2008 per Washington State Employment Security Department. This is up 1.4 percentage points from the August 2007 level. The unemployment rate which was near historical lows last year is now a concern for many government agencies in Washington. It is anticipated that revenue reductions at all levels of government will require expenditure reductions. A solid review of all programs will be made in the City's 2009 Budget to ensure a balanced budget.

In August 2008, King County's median price for a single family residence declined by \$53,000 (11%) to just under \$424,000 per the Northwest Multiple Listing Service. It is not anticipated that this decline will have a large effect on property tax valuations or revenues because the King County Assessor's Office appraised property based on three years of sales and the appraised value is as of January 1, 2008 for 2009 property tax collections. Per the King County Assessor's Office, while real estate activity was slowing in King County, sales prices and values were increasing in many cases up until January 1, 2008.

Taxable retail sales totals have increased an average of 5% over the last few years. It is anticipated that the retail sales figures will continue to remain strong. Additionally, with the passage of the streamlined sales tax legislation in March 2007, the City of SeaTac stands to gain additional sales tax revenues starting in mid 2008. These economic factors have and continue to impact both revenue and expenditure decisions made during the budget process.

For 2008, the City's budgeted General Fund unreserved/undesignated fund balance is estimated to end at \$16 million. Since 2007 ended with a fund balance that was \$3.5 million higher than estimated, it is anticipated that 2008 will also end higher by a similar amount. The City was able to maintain its unreserved/undesignated target fund balance (4 months of operating expenditures) of \$9.1 million, without incurring additional debt. With the continuing positive economic environment, the City's revenues are expected to, at a minimum, remain stable with the hopes that the moderate rate of growth will continue.

CITY OF SEATAC, WASHINGTON
2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT *Management's Discussion & Analysis*

The City of SeaTac's Operating Budget continues to follow its historic practice of conservative budgeting, spending and forecasting to ensure stability and to minimize the effects of future negative economic impacts.

The following chart highlights these conservative budgeting practices:

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

	2005 Final	2006 Final	2007 Original	2007 Final
Budget:				
Budgeted Revenues	21,552,164	23,846,342	26,018,861	26,048,861
Budgeted Expenditures	22,788,430	34,621,544	25,963,130	26,408,531
Budgeted Difference	(1,236,266)	(10,775,202)	55,731	(359,670)
Actual:				
Actual Revenues	23,476,806	26,988,209	N/A	28,660,406
Actual Expenditures	21,649,001	34,497,944	N/A	25,555,919
Actual Difference	1,827,805	(7,509,735)	N/A	3,104,487

Note: Figures include 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 188th Street, SeaTac, WA 98188-8605.*

Basic Financial Statements



Basic Financial Statements

Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash & cash equivalents	\$ 38,091,258	\$ 4,213,937	\$ 42,305,195
Investments	24,757,647	-	24,757,647
Receivables (net)			
Taxes	2,556,312	-	2,556,312
Customer accounts	736,394	925,151	1,661,545
Special assessments	1,243,349	-	1,243,349
Interest on investments	332,362	-	332,362
Internal balances	(53,239)	53,239	-
Prepaid items	129,230	-	129,230
Restricted assets, temporary:			
Cash & cash equivalents, current	-	1,822,153	1,822,153
Cash & cash equivalents, noncurrent	-	616,520	616,520
Deferred charges	-	16,315	16,315
Capital assets not being depreciated:			
Land	315,797,141	-	315,797,141
Intangible assets - easements	71,226	5,000	76,226
Construction in progress	10,100,483	10,568,325	20,668,808
Capital assets, net of accum deprec (Note 5):			
Buildings	21,511,944	213,372	21,725,316
Improvements other than buildings	2,467,202	11,516,869	13,984,071
Machinery, equipment & intangibles	3,467,053	-	3,467,053
Infrastructure	34,632,825	-	34,632,825
Total Assets	\$ 455,841,187	\$ 29,950,881	\$ 485,792,068
Liabilities			
Accounts payable & accrued expenses	979,255	274,459	1,253,714
Due to other governments	209,206	-	209,206
Accrued interest payable	36,646	7,548	44,194
Custodial accounts/deposits payable	216,297	-	216,297
Unearned revenue	1,218,928	-	1,218,928
Noncurrent liabilities (Note 9A):			
Due within one year	1,393,866	275,518	1,669,384
Due in more than one year	10,706,499	1,548,692	12,255,191
Total Liabilities	14,760,697	2,106,217	16,866,914
Net Assets			
Invested in capital assets, net of related debt	380,357,873	20,534,520	400,892,393
Restricted for:			
Special revenue	794,381	-	794,381
Tourism promotion/facilities	5,041,150	-	5,041,150
Debt service	1,021,836	403,925	1,425,761
Capital projects	686,050	-	686,050
Transportation purposes/projects	11,079,286	-	11,079,286
Des Moines Creek Basin ILA projects	-	2,034,748	2,034,748
Unrestricted	42,099,914	4,871,471	46,971,385
Total Net Assets	\$ 441,080,490	\$ 27,844,664	\$ 468,925,154

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

Statement of Activities
For the Year Ended December 31, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Functions/Programs				
<i>Governmental Activities:</i>				
Judicial	\$ 412,531	\$ 560,796	\$ -	\$ -
General Government	5,502,628	1,429,436	600	-
Public Safety	14,728,009	245,149	214,975	2,000
Physical Environment	37,406	459,855	76,684	-
Transportation	6,914,777	28,513	666,039	2,384,562
Health & Human Services	410,998	-	31,523	-
Economic Environment	2,761,904	1,164,167	-	-
Culture & Recreation	3,451,861	336,334	11,271	15,000
Interest on long-term debt	963,371	-	-	-
Total Governmental Activities	35,183,485	4,224,250	1,001,092	2,401,562
<i>Business-type Activities:</i>				
Surface Water Utilities	3,485,317	1,677,607	998,049	8,411,990
Total Business-type Activities	3,485,317	1,677,607	998,049	8,411,990
Total Government	\$ 38,668,802	\$ 5,901,857	\$ 1,999,141	\$ 10,813,552

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
Functions/Programs			
<i>Governmental Activities:</i>			
Judicial	\$ 148,265	\$ -	\$ 148,265
General Government	(4,072,592)	-	(4,072,592)
Public Safety	(14,265,885)	-	(14,265,885)
Physical Environment	499,133	-	499,133
Transportation	(3,835,663)	-	(3,835,663)
Health & Human Services	(379,475)	-	(379,475)
Economic Environment	(1,597,737)	-	(1,597,737)
Culture & Recreation	(3,089,256)	-	(3,089,256)
Interest on long-term debt	(963,371)	-	(963,371)
Total Governmental Activities	(27,556,581)	-	(27,556,581)
<i>Business-type Activities:</i>			
Surface Water Utilities	-	7,602,329	7,602,329
Total Business-type Activities	-	7,602,329	7,602,329
Total Government	(27,556,581)	7,602,329	(19,954,252)
General Revenues			
Property taxes	10,907,678	-	10,907,678
Sales taxes	11,650,579	-	11,650,579
Parking taxes	5,278,931	-	5,278,931
Excise taxes	3,012,141	-	3,012,141
Unrestricted grants & contributions	184,564	-	184,564
Investment earnings	4,034,684	385,131	4,419,815
Total General Revenues	35,068,577	385,131	35,453,708
Transfers	177,550	(177,550)	-
Total General Revenues & Transfers	35,246,127	207,581	35,453,708
Change in Net Assets	7,689,546	7,809,910	15,499,456
Net Assets-Beg (as prev reported)	111,984,193	20,029,754	132,013,947
Prior Year Adjustments	321,406,751	5,000	321,411,751
Net Assets-Beginning (as restated)	433,390,944	20,034,754	453,425,698
Net Assets-Ending	\$ 441,080,490	\$ 27,844,664	\$ 468,925,154

Balance Sheet
December 31, 2007

	<u>General</u>	<u>Arterial Street Fund</u>	<u>Port of Seattle ILA</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
Assets					
Cash & cash equivalents	\$ 6,208,569	\$ 1,875,062	\$ 319,974	\$ 3,414,501	\$ 6,734
Investments	10,029,616	-	8,064,195	5,047,152	-
Receivables (net of allow- ance for uncollectibles):					
Taxes	1,945,585	360,233	-	107,022	-
Customer accounts	585,534	13,325	-	-	-
Special assessments	-	-	-	-	1,243,349
Interfund loans receivable	-	-	7,715,392	-	-
Prepaid items	103,923	-	-	-	-
Total Assets	\$ 18,873,227	\$ 2,248,620	\$ 16,099,561	\$ 8,568,675	\$ 1,250,083
Liabilities					
Accounts payable	408,999	26,963	-	282,525	-
Interfund loans payable	-	-	-	-	-
Due to other governments	209,206	-	-	-	-
Custodial accounts payable	116,790	85,037	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	673,983	-	-	-	-
Unearned revenue	-	-	-	-	1,218,928
Total Liabilities	1,408,978	112,000	-	282,525	1,218,928
Fund Balances					
<i>Reserved for:</i>					
Interfund loans receivable	-	-	7,715,392	-	-
Capital improvements	-	-	-	5,001,021	-
<i>Unreserved, designated for:</i>					
LEOFF I retiree benefits	225,000	-	-	-	-
<i>Unreserved, undesignated reported in:</i>					
General Fund	17,239,249	-	-	-	-
Special revenue funds	-	2,136,620	8,384,169	3,285,129	-
Debt service funds	-	-	-	-	31,155
Capital project funds	-	-	-	-	-
Total Fund Balances	17,464,249	2,136,620	16,099,561	8,286,150	31,155
Total Liab & Fund Balances	\$ 18,873,227	\$ 2,248,620	\$ 16,099,561	\$ 8,568,675	\$ 1,250,083

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

	Municipal Capital Imp Fund	Municipal Facilities CIP	Transportation CIP	Other Governmentl Funds	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 4,143,705	\$ 8,178,617	\$ 8,870,505	\$ 4,287,483	\$ 37,305,150
Investments	-	-	-	-	23,140,963
Receivables (net of allow- ance for uncollectibles):					
Taxes	143,472	-	-	-	2,556,312
Customer accounts	8,564	-	65,548	63,423	736,394
Special assessments	-	-	-	-	1,243,349
Interfund loans receivable	-	-	-	-	7,715,392
Prepaid items	-	-	-	-	103,923
Total Assets	\$ 4,295,741	\$ 8,178,617	\$ 8,936,053	\$ 4,350,906	\$ 72,801,483
Liabilities					
Accounts payable	70,137	15,229	123,671	37,498	965,022
Interfund loans payable	-	7,715,392	-	-	7,715,392
Due to other governments	-	-	-	-	209,206
Custodial accounts payable	-	-	-	-	201,827
Deposits payable	-	-	-	14,470	14,470
Deferred revenue	-	-	-	-	673,983
Unearned revenue	-	-	-	-	1,218,928
Total Liabilities	70,137	7,730,621	123,671	51,968	10,998,828
Fund Balances					
<i>Reserved for:</i>					
Interfund loans receivable	-	-	-	-	7,715,392
Capital improvements	-	-	-	-	5,001,021
<i>Unreserved, designated for:</i>					
LEOFF I Retiree Benefits	-	-	-	-	225,000
<i>Unresvd, undesig reported in:</i>					
General Fund	-	-	-	-	17,239,249
Special revenue funds	-	-	-	1,815,769	15,621,687
Debt service funds	-	-	-	1,027,327	1,058,482
Capital project funds	4,225,604	447,996	8,812,382	1,455,842	14,941,824
Total Fund Balances	4,225,604	447,996	8,812,382	4,298,938	61,802,655
Total Liab & Fund Balances	\$ 4,295,741	\$ 8,178,617	\$ 8,936,053	\$ 4,350,906	\$ 72,801,483

**Reconciliation of Fund Balances of Governmental Funds
to the Net Assets of Governmental Activities
December 31, 2007**

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

Governmental funds total fund balance on December 31, 2007 **\$ 61,802,655**
(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	\$ 315,797,141	
Intangibles - easements	71,226	
Construction in progress	10,100,483	
Buildings & structures	26,641,227	
Other improvements	4,358,804	
Infrastructure	68,876,503	
Equipment	5,906,584	
Intangibles - software	616,778	
Less: accumulated depreciation	<u>(45,405,456)</u>	386,963,290

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. 673,983

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. 313,450

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	\$ (10,935,000)	
Accrued interest payable	(36,646)	
Other post employment benefits payable	(72,923)	
Compensated absences payable	<u>(1,092,442)</u>	(12,137,011)

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. 3,464,123

Net assets of governmental activities **\$ 441,080,490**

(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, 2007

	General	Arterial Street Fund	Port of Seattle ILA	Hotel/Motel Tax	Special Assessment Debt
Revenues					
Taxes	\$ 21,756,042	\$ 4,412,531	\$ -	\$ 830,022	\$ -
Licenses & permits	1,314,808	-	-	-	-
Intergovernmental	696,847	54,704	-	-	-
Charges for services	1,130,722	-	-	-	-
Fines & forfeitures	529,630	-	-	-	-
Investment & other earnings	1,934,799	-	777,732	358,572	88,174
Special assessments	-	-	-	-	152,366
Rents/leases & concessions	162,498	-	-	-	-
Miscellaneous	159,815	5,185	-	39	-
Total Revenues	27,685,161	4,472,420	777,732	1,188,633	240,540
Expenditures					
<i>Current operations:</i>					
Judicial	399,029	-	-	-	-
General Government	4,876,993	-	-	-	-
Public Safety	14,042,881	-	-	-	-
Physical Environment	12,783	-	-	-	-
Transportation	592,239	2,601,778	-	-	-
Health & Human Services	409,408	-	-	-	-
Economic Environment	1,882,073	-	-	873,755	-
Culture & Recreation	2,492,963	-	-	-	-
Debt service					
Principal	-	-	-	-	200,000
Interest & other costs	402,239	-	-	-	74,422
Capital outlay	22,215	-	-	-	-
Total Expenditures	25,132,823	2,601,778	-	873,755	274,422
Excess (deficiency) of revenues over (under) expenditures	2,552,338	1,870,642	777,732	314,878	(33,882)
Other Financing Sources (Uses)					
Transfers in	974,750	-	-	-	-
Transfers out	(423,096)	(3,217,810)	-	-	-
Disposition of capital assets	495	-	-	-	-
Total Other Fin Sources (Uses)	552,149	(3,217,810)	-	-	-
Net Change in Fund Balances	3,104,487	(1,347,168)	777,732	314,878	(33,882)
Fund Balances-Beginning	14,359,762	3,483,788	15,321,829	7,971,272	65,037
Fund Balances-Ending	\$ 17,464,249	\$ 2,136,620	\$ 16,099,561	\$ 8,286,150	\$ 31,155

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

	Municipal Capital Imp Fund	Municipal Facilities CIP	Transportation CIP	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 2,769,702	\$ -	\$ -	\$ 1,677,400	\$ 31,445,697
Licenses & permits	-	-	500	-	1,315,308
Intergovernmental	15,000	-	2,384,562	638,568	3,789,681
Charges for services	58,196	-	103,027	780	1,292,725
Fines & forfeitures	-	-	-	-	529,630
Investment & other earnings	-	-	436,172	-	3,595,449
Special assessments	-	-	-	-	152,366
Rents/leases & concessions	-	-	-	377,109	539,607
Miscellaneous	-	-	753	7,618	173,410
Total Revenues	2,842,898	-	2,925,014	2,701,475	42,833,873
Expenditures					
<i>Current operations:</i>					
Judicial	-	-	-	-	399,029
General Government	37,960	-	-	13,871	4,928,824
Public Safety	10,890	-	-	-	14,053,771
Physical Environment	-	-	-	-	12,783
Transportation	-	-	1,028,537	696,297	4,918,851
Health & Human Services	-	-	-	-	409,408
Economic Environment	-	-	-	-	2,755,828
Culture & Recreation	486,730	-	-	56,340	3,036,033
Debt service					
Principal	-	-	-	1,185,000	1,385,000
Interest & other costs	-	-	-	490,896	967,557
Capital outlay	5,263,699	2,305,995	4,164,725	145,179	11,901,813
Total Expenditures	5,799,279	2,305,995	5,193,262	2,587,583	44,768,897
Excess (deficiency) of revs over expenditures	(2,956,381)	(2,305,995)	(2,268,248)	113,892	(1,935,024)
Other Financing Sources (Uses)					
Transfers in	-	157,761	2,700,000	445,335	4,277,846
Transfers out	-	-	-	(459,390)	(4,100,296)
Disposition of capital assets	-	-	-	-	495
Total Other Fin Sources (Uses)	-	157,761	2,700,000	(14,055)	178,045
Net Change in Fund Balances	(2,956,381)	(2,148,234)	431,752	99,837	(1,756,979)
Fund Balances-Beginning	7,181,985	2,596,230	8,380,630	4,199,101	63,559,634
Fund Balances-Ending	\$ 4,225,604	\$ 447,996	\$ 8,812,382	\$ 4,298,938	\$ 61,802,655

**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, 2007

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

Net change in fund balance for all governmental funds combined **\$ (1,756,979)**
*(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	\$ 11,896,813	
Depreciation expense	<u>(3,439,706)</u>	8,457,107

The net effect of various transactions involving capital assets
(i.e. sales, trade-ins and donations) is a decrease to net assets. (28,486)

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. This amount is for principal
repayments. 1,385,000

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. 313,450

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 decreased by this
amount for the current year. (579,627)

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	\$ 4,186	
Net increase in other post employment benefits	(72,923)	
Net increase in compensated absences	<u>(265,064)</u>	(333,801)

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. 232,882

Change in net assets of governmental activities	\$ 7,689,546
<i>(as shown on the Statement of Activities-Governmental Activities)</i>	

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

Statement of Net Assets
December 31, 2007

Business-type Activities-Enterprise Funds

	<u>Surface Water Management Operating</u>	<u>Surface Water Management Construction</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
Assets					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 3,038,708	\$ 1,175,229	\$ -	\$ 4,213,937	\$ 786,108
Investments	-	-	-	-	1,616,684
Customer receivables (net)	90,928	834,223	-	925,151	-
Interest receivable	-	-	-	-	18,913
Prepaid items	-	-	-	-	25,307
Restricted cash & investments:					
DMC Basin restoration	-	1,675,513	-	1,675,513	-
DMC Basin mtc & ops	-	146,640	-	146,640	-
Total Current Assets	3,129,636	3,831,605	-	6,961,241	2,447,012
<i>Noncurrent Assets:</i>					
Restricted cash & investments:					
DMC Basin replacement	-	212,595	-	212,595	-
Bond covenant accounts	-	-	403,925	403,925	-
Deferred charges & other assets:					
Deferred charges	16,315	-	-	16,315	-
Capital assets:					
Depreciable assets (net)	1,194,686	10,535,555	-	11,730,241	1,084,583
Intangible assets	-	5,000	-	5,000	-
Construction in progress	-	10,568,325	-	10,568,325	-
Total Noncurrent Assets	1,211,001	21,321,475	403,925	22,936,401	1,084,583
Total Assets	\$ 4,340,637	\$ 25,153,080	\$ 403,925	\$ 29,897,642	\$ 3,531,595
Liabilities					
<i>Current Liabilities:</i>					
Accounts payable	64,837	209,622	-	274,459	14,233
Accrued interest payable	7,548	-	-	7,548	-
Compensated absences	5,827	-	-	5,827	-
Revenue bonds pay (net)	269,691	-	-	269,691	-
Total Current Liabilities	347,903	209,622	-	557,525	14,233
<i>Noncurrent Liabilities:</i>					
Compensated absences	33,023	-	-	33,023	-
Revenue bonds pay (net)	1,515,669	-	-	1,515,669	-
Total Noncurrent Liabilities	1,548,692	-	-	1,548,692	-
Total Liabilities	1,896,595	209,622	-	2,106,217	14,233
Net Assets					
Invested in capital assets, net of related debt	(574,360)	21,108,880	-	20,534,520	1,084,583
<i>Restricted for:</i>					
DMC Basin ILA projects	-	2,034,748	-	2,034,748	-
Debt service	-	-	403,925	403,925	-
Unrestricted	3,018,402	1,799,830	-	4,818,232	2,432,779
Total Net Assets	\$ 2,444,042	\$ 24,943,458	\$ 403,925	\$ 27,791,425	\$ 3,517,362
Cumulative adjustment to reflect the consolidation of the Equipment Rental Internal Service Fund activities as related to enterprise funds.				53,239	
Net assets of business-type activities				\$ 27,844,664	

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, 2007

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues					
<i>Charges for Services:</i>					
Surface water utilities	\$ 1,676,908	\$ -	\$ -	\$ 1,676,908	\$ -
Equipment rental	-	-	-	-	522,210
Total Operating Revenues	1,676,908	-	-	1,676,908	522,210
Operating Expenses					
Maintenance & operations	844,593	24,205	-	868,798	206,075
Depreciation	21,786	62,228	-	84,014	201,798
Total Operating Expenses	866,379	86,433	-	952,812	407,873
Operating Income (Loss)	810,529	(86,433)	-	724,096	114,337
Nonoperating Revenues (Exps)					
Intergovernmental Revs	-	998,049	-	998,049	-
Intergovernmental Exp	-	(2,423,356)	-	(2,423,356)	-
Investment earnings	153,165	231,966	-	385,131	125,785
Interest expense	(101,942)	-	-	(101,942)	-
Debt issuance costs	(32,972)	-	-	(32,972)	-
Gain (loss) on disp of assets	744	-	-	744	13,525
Misc nonoperat revs (exps)	755	(800)	-	(45)	-
Total Nonop Revs (Exps)	19,750	(1,194,141)	-	(1,174,391)	139,310
Income (Loss) Before Contributions & Transfers	830,279	(1,280,574)	-	(450,295)	253,647
Capital contributions	-	8,411,990	-	8,411,990	5,000
Transfers in	-	79,950	-	79,950	-
Transfers out	(257,500)	-	-	(257,500)	-
Change in Net Assets	572,779	7,211,366	-	7,784,145	258,647
Net Assets-Beg (as prev reprtd)	1,871,263	17,727,092	403,925		3,258,715
Prior Year Adjustment	-	5,000	-		-
Net Assets-Beginning	1,871,263	17,732,092	403,925		3,258,715
Net Assets-Ending	\$ 2,444,042	\$ 24,943,458	\$ 403,925		\$ 3,517,362

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.

25,765

Change in net assets of business-type activities **\$ 7,809,910**

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



Statement of Cash Flows
For the Year Ended December 31, 2007

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,583,888	\$ -	\$ -	\$ 1,583,888	\$ -
Receipts from other funds	122,000	-	-	122,000	522,210
Payments to suppliers	(304,495)	(121,571)	-	(426,066)	(208,936)
Payments to employees	(426,976)	-	-	(426,976)	-
Payments to other funds	(117,676)	-	-	(117,676)	-
Net Cash Provided (Used) by Operating Activities	856,741	(121,571)	-	735,170	313,274
Cash Flows from Noncapital Financing Activities					
Intergovernmental revenue for DMC Basin projects	-	178,572	-	178,572	-
Intergovernmental payments for DMC Basin projects	-	(3,013,567)	-	(3,013,567)	-
Transfers from other funds	-	79,950	-	79,950	-
Transfers to other funds	(257,500)	-	-	(257,500)	-
Net Cash Provided (Used) by Noncapital Fin Activities	(257,500)	(2,755,045)	-	(3,012,545)	-
Cash Flows from Capital & Related Financing Activities					
Proceeds from sale of assets	900	-	-	900	28,192
Capital contributions	-	793,292	-	793,292	-
Purchase of capital assets	-	(1,675,412)	-	(1,675,412)	(141,918)
Principal paid on capital debt	(285,000)	-	-	(285,000)	-
Interest paid on capital debt	(102,975)	-	-	(102,975)	-
Debt cost paid on capital debt	(303)	-	-	(303)	-
Net Cash Provided (Used) by Capital & Related Fin Activities	(387,378)	(882,120)	-	(1,269,498)	(113,726)
Cash Flows from Investing Activities					
Purchase of investments	-	-	-	-	(1,608,736)
Interest received	153,165	231,966	-	385,131	98,925
Net Cash Provided (Used) by Investing Activities	153,165	231,966	-	385,131	(1,509,811)
Net Increase (Decrease) in Cash and Cash Equivalents	365,028	(3,526,770)	-	(3,161,742)	(1,310,263)
Cash & Cash Equivalents-Beg	2,673,680	6,736,747	403,925	9,814,352	2,096,371
Cash & Cash Equivalents-End	\$ 3,038,708	\$ 3,209,977	\$ 403,925	\$ 6,652,610	\$ 786,108

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	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 810,529	\$ (86,433)	\$ -	\$ 724,096	\$ 114,337
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	21,786	62,228	-	84,014	201,798
(Increase) decrease in accounts receivable pertaining to operating activities	1,800	-	-	1,800	-
(Increase) decrease in prepaid insurance	-	-	-	-	(2,773)
Increase (decrease) in accounts payable pertaining to operating activities	16,156	(97,366)	-	(81,210)	(88)
Increase (decrease) in compensated balances	6,470	-	-	6,470	-
Total adjustments	46,212	(35,138)	-	11,074	198,937
Net Cash Provided (Used) by Operating Activities	\$ 856,741	\$ (121,571)	\$ -	\$ 735,170	\$ 313,274

Noncash capital activities

Contributions of capital assets (equip- ment) purchased in 2007 by the Municipal Capital Improvement Fund	-	-	-	-	5,000
Contributions of capital assets (infra- structure) paid for by governmental funds since incorporation in 1990.	-	7,815,873	-	-	-
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).	-	1,675,412	-	-	-

Statement of Fiduciary Net Assets
December 31, 2007

	<u>Clearing Agency Funds</u>
Assets	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 3,825,983
Total Assets	\$ 3,825,983
Liabilities	
<i>Current Liabilities:</i>	
Uncleared Accounts Payable Checks	3,427,994
Uncleared Payroll Payable Checks	397,989
Total Liabilities	3,825,983
Net Assets	\$ -

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

CITY OF SEATAC, WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 any of these three tests in 2007.

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

The City implemented the reporting requirements of the Governmental Accounting Standards Board (GASB) Statement 34 in 2003. This change resulted in new government-wide financial statements as an addition to the fund based financial statements.

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. 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 and claims and judgments, are recorded only when 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 fund interfund transfers to the *City Street Fund (#102)* and the *Transportation Capital Improvement Fund (#307)*. The *Arterial Street Fund* was added as a major fund in 2007.

The *Port of Seattle Interlocal Agreement Fund (#105)* accounts for community relief payments received 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 Capital Improvement Fund (#301)* funds the purchase of both capital equipment and capital improvement projects paid for by real estate excise taxes and sales taxes from major infrastructure projects in the City.

The *Municipal Facilities Capital Improvement Fund* (#306) accounts for the acquisition or construction of municipal facilities, including land.

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

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 is currently working jointly via Interlocal Agreement (ILA) with four other agencies to fund major improvements to the Des Moines Creek Basin. The City of SeaTac acts as the Treasurer in the Des Moines Creek Basin ILA and uses the *Surface Water Management Construction Fund* to track related revenues and expenses.

The City has one additional surface water management fund, the *Surface Water Management Reserve Fund* (#410), which is reported as a non-major proprietary fund.

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 majority of the effects of interfund activity 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 of 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 (*City Street, Arterial Street, Transit Planning, Hotel/Motel Tax, Building Management and Facility Repair and Replacement Fund*), Debt Service Funds (*City Hall Limited Tax Bond, Transportation Bond, Hotel/Motel Tax Bond, and Special Assessment Debt*), Capital Project Funds (*Municipal Capital Improvement, Fire Equipment Reserve, Municipal Facilities CIP, and Transportation CIP*), Enterprise Funds (*Surface Water Management Utility and Surface Water Management Construction*) and Internal Service Fund (*Equipment Rental*). Annual appropriated budgets have not been prepared for the *Port of Seattle ILA Fund, the Contingency Reserve Fund, the LID Guarantee Fund, the Transportation Bonds Reserve Fund and the Surface Water Management Bonds Reserve Fund*. Most of these funds are debt service reserve funds and it is anticipated that no expenditures will be required.

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), with the exception of interfund loan proceeds and disbursements, which are recognized as other financing sources and other financing uses for budgetary purposes. A reconciliation of fund balance reported on a budgetary basis with fund balance reported on a GAAP basis is presented in *Note 16 Restatement of Beginning Fund Balance/Budgetary Basis of Accounting*.

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 Manager is authorized to transfer budgeted amounts between object classes within any program; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by ordinance.

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, 2007, the City had holdings of \$44,743,869 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 seven funds including the *General Fund*, the *Port of Seattle ILA Fund*, the *Hotel/Motel Tax Fund*, the *Transportation CIP Fund*, the *Surface Water Management Utility Fund*, the *Surface Water Management Construction Fund*, and the *Equipment Rental Fund* based upon ownership of investments. The interest from the other 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 2007 was \$1,837,979. 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, 2007, \$15,347 of special assessments receivable were delinquent. In addition, \$9,074 in interest was due on the delinquent assessments.

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.” The City’s interfund loan in the governmental funds has been eliminated on the government-wide *Statement of Net Assets*. A separate schedule of interfund loan receivables and payables is furnished in *Note 12 Interfund Balances and 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 City’s *Surface Water Management Construction Fund (#406)* contains resources for Des Moines Creek Basin restoration construction projects, maintenance and operation, and future infrastructure replacement as defined by interlocal agreements. 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 – Des Moines Creek Basin ILA Projects	\$2,034,748
Cash and Investments – Debt Service	<u>403,925</u>
Total Restricted Assets	<u>\$2,438,673</u>

7. Capital Assets (See Note 5)

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 \$1,000 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 assets and improvements 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 – Perpetual Easements	\$5,000	Not Depreciated
Equipment/Machinery/Vehicles	\$1,000	4 - 20 Years
Buildings & Bldg Improvements	\$25,000	20 - 40 Years
Intangible Assets - Software	\$1,000	4 Years
Intangible Assets - Easements	\$5,000	Varies Based on Easement
Other Improvements	\$25,000	20 - 50 Years
Transportation Infrastructure	\$100,000	10 - 50 Years
Surface Water Mgt Infrastructure	\$25,000	50 Years

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 \$1,092,441 at December 31, 2007. It is estimated that \$163,866 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, 2007 is \$38,851. It is estimated that \$4,274 of this liability will be due within one year.

9. Other Accrued Liabilities

This account includes accrued employee benefits payable.

10. Long-Term Debt

All payables, accrued liabilities and long-term obligations 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 financial statements.

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 15 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, 2007, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

Bank of America, Checking Accounts.....	\$ (1,731,291)
Cash Equivalents with State Treasurer's Pool.....	46,470,360
EBS/Neopost, Postage Meter Account.....	3,000
Petty Cash/Change Funds.....	1,800
Total Cash and Cash Equivalents.....	<u>\$44,743,869</u>

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, 2007, 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
Federal Farm Credit Bank Bonds	N/A	09/17/08	\$ 10,000,000	\$10,012,500
Federal Home Loan Bank Bonds	10/16/08	10/16/09	10,600,000	10,659,625
Federal National Mortgage Assoc Notes	3/26/08	03/26/10	4,000,000	4,013,750
Subtotal			\$24,600,000	\$24,685,875
State Treasurer's Local Government Investment Pool	N/A	Daily Basis	46,470,360	46,470,360
Total Investments			\$71,070,360	\$71,156,235

Interest Rate Risk. The City currently does not have a policy governing its exposure to interest rate risk, but as shown above, the majority of the City's investments are in the State Treasurer's Local Government Investment Pool which reduces the City's interest rate risk.

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, 2007 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 three investments have been rated as follows: 1) Federal Farm Credit Bank Bonds – AAA by both Standard & Poor's and Moody's Investors Services, 2) Federal Home Loan Bank Bonds – AAA by both Standard & Poor's and Moody's Investors Services and 3) Federal National Mortgage Association Notes – 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.

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

January 1st	Taxes are levied and become an enforceable lien against properties.
February 14th	Tax bills are mailed.
April 30th	First of two equal installment payments is due.
May 31st	Assessed value of property established for next year's levy at 100 percent of market value.
October 31st	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. 1st 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 \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

The Washington State Constitution limits the total regular property taxes to one percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the one 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.

The City's property tax levy rate was \$2.61 per \$1,000 of assessed value. Based on a city-wide assessed valuation of \$4,077,974,305, the total property tax levy for 2007 was \$10,638,145. (Note: Property taxes collected in 2007 are based on the 2006 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* only 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 2007, the City retroactively added all of its major infrastructure assets in the government-wide *Statement of Net Assets*. These retroactive infrastructure assets were added for the years beginning in 1990 (the City's incorporation) through 2002. The City added \$300,911,865 in land, \$53,675,455 in other transportation improvements, \$71,226 in capital easements and a reduction was made to construction in progress in the amount of \$1,168,680. The City capitalized all easements over \$5,000 and has now fully implemented GASB Statement #51 which requires the City to capitalize intangible assets including capital easements. In addition, accumulated depreciation increased by \$32,171,043 for the other transportation improvements category. All of these infrastructure assets were added as a prior period adjustment totaling \$321,318,823 and will be included in the *Statement of Activities*. In addition, other capital asset adjustments related to prior years were made as follows: 1) City Center land was removed in the amount of \$43,686. Expenditures were incurred for services related to potential land acquisitions and not for actual land acquisitions, 2) Depreciation for the Community Center building addition was reduced by \$1,550,211 due to errors in the software depreciation calculation, 3) Surface water management assets that were paid for with general government funds were transferred into the *Surface Water Management Construction Fund #406* in the amount of \$1,264,068, 4) Construction in Progress was overstated for the Military Road S/S 176th – 186th expenditures by \$154,529 due to some project expenditures being coded to capital that were not City infrastructure, 5) A fully depreciated fire truck was added back to equipment in the amount of \$190,000. Accumulated depreciation was increased by the same amount. It was inadvertently removed because it was believed that the City no longer had this asset and 6) Software was increased by \$3,689 and equipment was reduced by \$3,689 due to door access software being placed into the wrong asset classification.

Beginning net assets and affected note disclosures were restated due to the addition of these retroactive infrastructure assets and other capital asset adjustments. A prior period adjustment was required on the *Statement of Activities* for all of the adjustments except for the fire truck and the software misclassification. See *Note #17 – Other Disclosures* for additional information on the prior period adjustment.

The table below summarizes the changes in the City's governmental capital assets during 2007. Please note that \$1,084,583 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*.

Governmental Activities Capital Assets	Beginning Balance 01/01/2007 (as restated)	Increases	Decreases	Ending Balance 12/31/2007
Capital assets not being depreciated:				
Land	\$313,153,604	\$2,643,537	\$ 0	\$315,797,141
Intangible Assets–Capital Easements	71,226	0	0	71,226
Construction in Progress (CIP)	11,087,030	9,081,843	10,068,391	10,100,482
Total assets not depreciated	324,311,860	11,725,380	10,068,391	325,968,849
Capital assets being depreciated:				
Buildings/Bldg Improvements	26,628,029	59,598	46,400	26,641,227
Other Improvements	4,209,998	148,806	0	4,358,804
Infrastructure	60,883,583	7,992,920	0	68,876,503
Equipment/Vehicles/Machinery	5,455,924	459,601	8,941	5,906,584
Equipment/Vehicles/Machinery (E/R)	2,079,952	146,918	129,603	2,097,267
Intangible Assets-Software	452,410	164,368	0	616,778
Total assets being depreciated	99,709,896	8,972,211	184,944	108,497,163
Total governmental capital assets before depreciation	\$424,021,756	\$20,697,591	10,253,335	\$434,466,012
Less accumulated depreciation for:				
Buildings/Bldg Improvements	4,488,124	657,073	15,914	5,129,283
Other Improvements	1,625,048	266,554	0	1,891,602
Equipment/Vehicles/Machinery	3,322,800	419,503	6,874	3,735,429
Equipment/Vehicles/Machinery (E/R)	925,821	201,798	114,936	1,012,683
Infrastructure	32,277,351	1,966,327	0	34,243,678
Intangible Assets-Software	275,215	130,249	0	405,464
Total accumulated depreciation	42,914,359	3,641,504	137,724	46,418,139
Total governmental capital assets after depreciation	\$381,107,397	\$17,056,087	\$10,115,611	\$388,047,873

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

Governmental Activities:	
Judicial	\$ 2,225
General Government	548,608
Public Safety	393,776
Physical Environment	24,623
Transportation	2,009,051
Transportation (Equipment Rental – Internal Service Fund)	201,798
Economic Environment	6,396
Culture and Recreation	455,027
Total Depreciation Expense-Governmental Activities	\$3,641,504

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 2007. Note that beginning balances were restated to add intangible assets related to perpetual capital easements in the amount of \$5,000. This was included as a prior period adjustment in the *Statement of Revenues, Expenses and Changes in Net Assets for Propriety Funds*. In addition, \$7,815,973 in surface water infrastructure assets were contributed to the *Surface Water Management Construction Fund #406* at book value on December 31, 2007 from general governmental capital infrastructure asset improvements that were made since the City incorporated in 1990.

Business-Type Activities Capital Assets	Beginning Balance (as restated) 01/01/2007	Increases	Decreases	Ending Balance 12/31/2007
Capital assets not being depreciated:				
Construction in Progress-SWM	\$8,897,035	1,675,412	4,122	\$10,568,325
Intangible Assets - Easements	5,000	0	0	5,000
Total assets not being depreciated	8,902,035	1,675,412	4,122	10,573,325
Capital assets being depreciated:				
Buildings-SWM	228,560	0	0	228,560
Other Improvements-SWM	6,984,152	7,844,890	0	14,829,042
Equipment-SWM	1,565	0	1,565	0
Total assets being depreciated	7,214,277	7,844,890	1,565	15,057,602
Total business-type capital assets before depreciation	\$16,116,312	9,520,302	5,687	25,630,927
Less accumulated depreciation for:				
Buildings	10,028	5,160	0	15,188
Other Improvements	3,233,320	78,854	0	3,312,174
Equipment/Vehicles	1,408	0	1,408	0
Total accumulated depreciation	3,244,756	84,014	1,408	3,327,362
Total business-type capital assets after depreciation	\$12,871,556	9,436,288	4,279	\$22,303,565

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

Business-type Activities:	
Utilities/Physical Environment (Surface Water Management Utility)	\$84,014
Total Depreciation Expense-Business-type Activities	\$84,014

C. Construction Commitments

The City had three active construction projects on December 31, 2007. The following describes the active construction projects and the City's commitment with the contractor:

Project	Spent to Date	Remaining Commitment
Military Road South - South 176 th Street to South 188 th Street (Project #ST-078 with Tucci & Sons)	\$4,666,379	\$1,887,429
156 th Des Moines Memorial Drive Intersection (Project #ST-120 with Dennis R. Craig Construction)	264,211	0
2007 Pedestrian Improvement (Project #ST-824 with Precision Earthworks)	0	214,675
Total Outstanding Construction Commitments	\$4,930,590	\$2,102,104

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*.

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.

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.

Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age 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 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 retirements from inactive status prior to the age of 65 may receive actually 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 additional COLA amount (indexed to the Seattle Consumer price Index), capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

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, or at the age of 55 with 20 years of service, with an allowance of two 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. Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at the age of 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 (indexed to the Seattle 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. Retirements 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 may choose to participate in the Judicial Benefit Multiplier Program (JBM). Current justices or judges in PERS Plan 1 and 2 may 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 average financial compensation. Judges in PERS Plan 3 can 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 will accrue service credit at the higher multiplier beginning with the date of their election, 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 do not choose to participate will: 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.

Justices and judges who are newly elected or appointed to judicial services and choose to become PERS members on or after January 1, 2007, or who have not previously opted in PERS membership,

are required to participate in the JBM Program.

Justices and judges who are newly elected or appointed to judicial service will: 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 multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,188 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

PERS Membership	
Retirees and Beneficiaries Receiving Benefits	70,201
Terminated Plan Members Entitled to but not yet Receiving Benefits	25,610
Active Plan Members Vested	105,215
Active Plan Members Non-vested	49,812
Total PERS Members	250,838

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, 2007 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>
Employer¹	6.13% ²	6.13% ²	6.13% ³
Employee	6.00% ⁴	4.15% ⁴	Varies ⁵

¹The employer rates include the employer administrative expense fee currently set at 0.16%.

²The employer rate for State elected officials is 9.12% for Plan 1 and 6.13% for Plan 2 and Plan 3.

³The Plan 3 defined benefit portion only.

⁴The employee rate for state elected officials is 7.5% for Plan 1 and 4.15% for Plan 2.

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

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>
2007	\$17,209	\$373,067	\$21,306
2006	\$10,237	\$182,999	\$9,865
2005	\$6,753	\$103,415	\$6,910

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 and fire fighters. 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. In addition, effective July 24, 2005, current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established 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.

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:

Term of Service	Percent of Final Average Salary
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).

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 retirements prior to the age of 53 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 383 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2006:

LEOFF Membership	
Retirees and Beneficiaries Receiving Benefits	8,951
Terminated Plan Members Entitled to but not yet Receiving Benefits	602
Active Plan Members Vested	12,711
Active Plan Members Non-vested	3,603
Total LEOFF Members	25,867

Funding Policy

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the 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 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, 2007, were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer¹	0.16%	5.35% ²
Employee	0.00%	8.64%
State	N/A	3.45%

¹The employer rates include the employer administrative expense fee currently set at 0.16%.

²The employer rate for ports and universities is 8.80%.

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>
2007	\$0	\$190,445
2006	\$0	\$157,716
2005	\$0	\$128,622

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

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

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 10.93.030; 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.

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 retirees 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 69 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of September 30, 2006:

PSERS Membership	
Retirees and Beneficiaries Receiving Benefits	0
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	2,073
Total PSERS Members	2,073

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, 2007, were as follows:

PSERS Plan 2	
Employer ¹	8.55%
Employee	6.57%

¹The 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:

PSERS Plan 2	
2007	\$0
2006	\$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 is designed to provide the employees with benefits that equal or exceed the present Social Security system. Further, it has been designed to keep pace with or exceed future benefits of Social Security due to inflation. The benefit 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, 2007, there were 162 active members in the City of SeaTac Retirement Trust. Actual employee contributions during the year amounted to \$649,181. Actual employer contributions were \$515,436.

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 maintains insurance against most normal hazards and general liability claims against the City. The policies include coverage for property, general liability, auto liability, boiler and machinery, earthquakes, and errors and omissions. Public official performance bonds were obtained for the City Manager, Finance Director, Court Administrator and City Clerk to provide public officials liability protection.

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 2006 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 – SHORT TERM DEBT

As of December 31, 2007, the City had no short term debt outstanding.

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 is paid from debt service funds. Debt service for City Council authorized or councilmanic issues are funded from regular property taxes and hotel/motel tax revenue. Outstanding general obligation debt is reported in the government-wide *Statement of Net Assets* and not in the fund financial statements. The City issued no additional general obligation bonds in 2007 and had no arbitrage liability for existing bonds.

General obligation bonds currently outstanding are as follows:

Description/ Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
1998 LTGO Hotel/Motel Tax (1999 – 2018)	4.20% - 4.70%	\$5,000,000	\$3,245,000
1998 LTGO Refunding (1999 - 2013)	3.35% - 4.40%	3,645,000	2,220,000
Total General Obligation Bonds		\$8,645,000	\$5,465,000

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

General Obligation Bonds – Governmental Activities					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
2008	\$570,000	\$238,622	2014	\$ 305,000	\$ 76,048
2009	595,000	215,327	2015	315,000	62,475
2010	620,000	190,510	2016	330,000	48,143
2011	650,000	164,160	2017	345,000	32,963
2012	675,000	136,210	2018	360,000	16,920
2013	700,000	106,848	Total GO Bonds	\$5,465,000	\$1,288,226

The City has used only 9.8% of its Councilmanic (non-voted) general purpose debt capacity and has \$55.2 million left in available debt capacity. For voted debt, the City has over \$40.8 million in remaining debt capacity with no voted debt outstanding.

At December 31, 2007, the City has \$1,802 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 Hotel/Motel Tax Bonds in the amount of \$5,001,021 (including the premium). 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 Bonds are reported in the *Surface Water Management Operating Fund (#403)*. In addition, debt service on the Local Option Transportation Tax Revenue 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 Refunding bonds and storm drainage fees and charges are the pledged revenue source for the 1999 Storm Water Refunding bonds. The City issued no additional revenue bonds in 2007 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 Transportation Refunding (1999 – 2013)	3.25% - 4.70%	\$6,675,000	\$4,430,000
1999 Storm Water Refunding (1999 – 2013)	3.25% - 4.70%	3,320,000	1,995,000
Total Revenue Bonds		\$9,995,000	\$6,425,000

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
2008	\$ 660,000	\$201,133	2008	\$ 300,000	\$ 90,577
2009	690,000	172,092	2009	315,000	77,377
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	\$4,430,000	\$736,460	Subtotal-SWM	\$1,995,000	\$331,230
Total Revenue Bonds				\$6,425,000	\$1,067,690

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, 2007, 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.

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)*. Debt service principal and interest costs are paid from the *Special Assessment Debt Fund* and are funded with installment payments from assessments of benefiting property owners.

Delinquent assessments receivable totaled \$15,347 at the end of the year. In addition, \$9,074 in delinquent assessment interest receivable was due. The outstanding liability from the special assessment bond issue is reported in the government-wide *Statement of Net Assets*. In 2007, 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
LID #1 (2001-2015)	5.00% - 6.20%	\$2,871,819	\$1,040,000
Total Special Assessment Bonds		\$2,871,819	\$1,040,000

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

Special Assessment Bonds					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
2010	\$ 65,000	\$62,628	2013	\$195,000	\$35,880
2011	195,000	58,890	2014	195,000	24,083
2012	195,000	47,483	2015	195,000	12,090
			Total SA Bonds	\$1,040,000	\$241,054

On December 31, 2007, the *Special Assessment Debt Fund* had \$6,734 in cash and the *LID Guarantee Fund* had \$124,000.

Advance Refundings

In 1998, the City refunded one general obligation bond issue by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In 1999, the City refunded two revenue bond issues in the same manner. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's financial statements. Refunded general obligation bonds payable were \$2,160,000 at year end. Refunded revenue bonds payable totaled \$6,255,000 at year end.

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, 2007 was as follows:

	Balance 01/01/07	Additions	Reductions	Balance 12/31/07	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 6,015,000	\$ 0	\$ 550,000	\$ 5,465,000	\$ 570,000
Revenue bonds	5,065,000	0	635,000	4,430,000	660,000
Special assessment	1,240,000	0	200,000	1,040,000	0
Other postemployment benefits	0	72,923	0	72,923	0
Compensated absences	827,378	667,609	402,546	1,092,441	163,866
Governmental activities long-term liabilities	\$13,147,378	\$740,532	\$1,787,546	\$12,100,364	\$1,393,866
Business-type Activities:					
Revenue bonds	\$2,280,000	\$ 0	\$285,000	\$1,995,000	\$300,000
<i>Less deferred amounts:</i>					
<i>Unamortized discount</i>	(10,655)	0	(1,346)	(9,309)	(1,346)
<i>Def Amt on Refunding</i>	(229,295)	0	(28,964)	(200,331)	(28,963)
Total bonds payable-net	2,040,050	0	254,690	1,785,360	269,691
Compensated absences	32,380	6,471	0	38,851	5,827
Business-type activities long-term liabilities	\$2,072,430	\$6,471	\$254,690	\$1,824,211	\$275,518

The chart above reflects the City's estimate of compensated absences payable within one year. 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 Leases

The City leases 20,900 square feet of land known to be a portion of the highway right-of-way of SR 5, South 188th 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 \$14,644 on this lease in 2007.

The City leases copier equipment under a four year cancellable operating lease. This lease was effective on October 1, 2007. The City paid \$4,487 in 2007 and will continue to pay \$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.

The City has five 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, 2009. The lease amount is \$5,808 per month for the first twelve months, \$5,871 for the next twelve months and \$5,934 for the final twelve months; 3) The third lease agreement is for 1,980 square feet effective through July 31, 2012 in the amount of \$2,626 per month. The lease amount increases by 2% to 3% annually; 4) The fourth lease agreement is for 3,300 square feet and is effective through March 31, 2011. The current monthly lease payment is \$4,813 and will increase by 2% annually; and 5) The final lease agreement is for 500 square feet and has a termination date of March 31, 2011. The current monthly lease payment is \$729 and will increase 2% annually.

The City also has two lease agreements to house antennas on the roof of City Hall and the roof of the 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 \$2,511 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 \$1,500 per month and includes an annual increase of 3%.

Capital Leases

The City has entered into no capital leases as of December 31, 2007.

NOTE 10 – CONTINGENCIES AND LITIGATION

The City Attorney reports that, as of December 31, 2007, 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 \$21,061,376 in restricted net assets. None of the net assets are restricted by enabling legislation.

NOTE 12 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

On December 31, 2007, the City had one interfund loan outstanding. Interfund loans receivable and interfund loans payable are considered reciprocal interfund activity and are shown on the respective funds' balance sheets. Interfund loans do not affect total fund equity.

In 2001, the City Council approved an interfund loan from the *Port of Seattle ILA Fund (#105)* to the *Municipal Facilities Construction Fund (#306)* to purchase an office building for a new City Hall. The original loan was in the amount of \$9,893,115. Interfund loans receivable was recorded on the balance sheet of the *Port of Seattle ILA Fund* and interfund loans payable was recorded on the balance sheet of the *Municipal Facilities Construction Fund*. As stated in the loan resolution, the original intent of the City Council was to loan the funds for a short period of time until councilmanic general obligation bonds could be issued to repay the loan.

In 2002, the Council approved a long-term plan to repay this interfund loan back to the *Port of Seattle ILA Fund* in lieu of issuing bonds. The interest rate applied to the loan adjusts monthly based on the net interest rate earned by the City for funds deposited in the State Treasurer's Local Government Investment Pool (LGIP).

In 2007, principal payments on the interfund loan were made in the amount of \$157,761 and interest payments totaled \$402,239.

The table below shows the interfund balances/loans at December 31, 2007:

Due To	Due From	
	Municipal Capital Improvement Fund #306	Total
Port of Seattle Interlocal Agreement Fund #105	\$7,715,392	\$7,715,392

B. Interfund Transfers

During 2007, 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 2007:

Transfers To (In)	Transfers From (Out)					Total
	General Fund #001	Arterial Street Fund #102	SWM Operating Fund #403	Other Non-Major Funds		
General Fund #001	\$ 0	\$ 337,810	\$177,550	\$459,390		\$ 974,750
Municipal CIP Fac #306	157,761	0	0	0		157,761
Transportation CIP #307	0	2,700,000	0	0		2,700,000
Other Non-Major Funds	265,335	180,000	79,950	0		525,285
Total Transfers	\$423,096	\$3,217,810	\$257,500	\$459,390		\$4,357,796
Transfer in of general capital assets:						
To Equipment Rental Internal Service Fund #501 from Municipal CIP Fund #301						5,000
Total transfers in of general capital assets						5,000
Total Interfund Transfers						\$4,362,796

In the proprietary statements, the transfer in of capital assets from the governmental funds is shown as a capital contribution to the "internal service funds" in the amount of \$5,000. During the year, capital assets were purchased by governmental funds and transferred into the *Equipment Rental Internal Service Fund*. The amounts paid for the assets were recorded as capital expenditures on the governmental *Statement of Revenues, Expenditures and Changes in Fund* statement. The capital expenditures were eliminated as part of the government-wide reconciliation process and are shown as assets on the *Statement of Net Assets* in the governmental activities column with the other *Equipment Rental Internal Service Fund* assets.

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

General Fund #001

There were five interfund transfers made into the General Fund in 2007. Three of the transfers were made to cover some of the administrative costs incurred by programs funded in the General Fund. The three administrative transfers were as follows: 1) *Street Fund #101*- \$60,490, 2) *Arterial Street Fund #102*- \$337,810 and 3) *Surface Water Management Operating Fund #403* - \$177,550.

The fourth transfer into the *General Fund* was from the *Building Management Fund #108* in the amount of \$242,900. 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 \$156,000. The transfer was made to reduce the required reserve to the amount set by the LID ordinance. Total transfers into the *General Fund* were \$974,750.

Municipal Facilities CIP Fund #306

One transfer was made into this Fund from the *General Fund* in the amount of \$157,761. The purpose of this transfer was to provide funds to make the annual interfund loan principal payment. The original loan was from the *Port of Seattle ILA Fund #105* to the *Municipal Facilities CIP Fund #306* for the purchase and remodel of a City Hall building.

Transportation CIP Fund #307

A transfer was made from the *Arterial Street Fund #102* into the *Transportation CIP Fund #307* in the amount of \$2,700,000 for transportation projects in the City's transportation capital improvement plan. Parking tax revenues were used to fund this transfer. This transfer is a recurring annual transfer, but the amount varies from year to year depending on the projects in the capital budget.

Surface Water Management Fund #403

Two transfers were made out of the *Surface Water Management Operating Fund* as follows: 1) \$79,950 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 operations and 2) \$177,550 was transferred to the *General Fund* to reimburse for administrative costs incurred by the surface water management funds.

Other Funds

A transfer was made from the *Arterial Street Fund #102* into the *Street Fund #101* in the amount of \$180,000. This transfer was for the maintenance of City streets and related infrastructure. This annual transfer is paid for with parking taxes. The amount of the transfer will vary depending on the needs in the current years' budget.

The *Fire Equipment Capital Reserve Fund #303* received a transfer from the *General Fund* in the amount of \$225,000. This transfer was used to replace Fire Department capital assets. Transfers in from the *General Fund* are the only revenue source for the *Fire Equipment Capital Reserve Fund*.

The *Facility Repair and Replacement Fund #110* received a transfer from the *General Fund* in the amount of \$40,335 to pay for scheduled repairs and replacements for buildings and in parks. Transfers in are the only revenue source for this Fund.

NOTE 13 - RECEIVABLE AND PAYABLE BALANCES

A. Receivables

The receivable balances for the major funds at December 31, 2007 were as follows:

Fund	Customer Accounts (Net) ¹	Taxes	Special Assessments & Interest Rec	Total
Governmental Activities:				
General Fund #001	\$585,534	\$1,945,585	\$ 0	\$2,531,119
Arterial Street Fund #102	13,325	360,233	0	373,558
Hotel/Motel Tax #107	0	107,022	0	107,022
Special Assessment Debt #204	0	0	1,243,349	1,243,349
Capital Improvement #301	8,564	143,472	0	152,036
Transportation CIP #307	65,548	0	0	65,548
Other Non-Major Funds	63,423	0	0	63,423
Subtot Governmental Activities	\$736,394	\$2,556,312	\$1,243,349	\$4,536,055
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>				
Internal service fund adjustment	0	0	18,912	18,912
Investment interest receivable	0	0	313,450	313,450
Total Governmental Activities	\$736,394	\$2,556,312	\$1,575,711	\$4,868,417
<i>Amounts not scheduled for collection during the subsequent year for governmental activities</i>	0	0	1,066,562	1,066,562
Business-type Activities:				
Surface Water Mgmt Ops #403	\$ 90,928	\$0	\$0	\$ 90,928
Surface Water Mgt Construct #406	834,223	0	0	834,223
Total Business-type Activities	\$925,151	\$0	\$0	\$925,151

¹\$6,245 is included in allowance for uncollectible customer accounts.

B. Payables

The City's payable balances for the major funds at December 31, 2007 were as follows:

Fund	Accounts	Due to Other Gov	Deposits & Custodial	Interest	Total
General Fund #001	\$408,999	\$209,206	\$116,790	\$ 0	\$734,995
Arterial Street #102	26,963	0	85,037	0	112,000
Hotel/Motel Tax #107	282,525	0	0	0	282,525
Cap Improvement #301	70,137	0	0	0	70,137
Municipal Facilities CIP #306	15,229	0	0	0	15,229
Transportation CIP #307	123,671	0	0	0	123,671
Other Non-Major	37,498	0	14,470	0	51,968
Subtotal Governmental Act	\$965,022	\$209,206	\$216,297	\$ 0	\$1,390,525
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>					
Internal service fund adjustment	14,233	0	0	0	14,233
Bond interest payable	0	0	0	36,646	36,646
Total Governmental Activities	\$979,255	\$209,206	\$216,297	\$36,646	\$1,441,404
Business-type Activities:					
Surface Water Management #403	\$ 64,837	\$0	\$0	\$7,548	\$ 72,385
Surface Water Mgt Construc #406	209,622	0	0	0	209,622
Total Business-type Activities	\$274,459	\$0	\$0	\$7,548	\$282,007

NOTE 14 – 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 \$55,972 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)	\$128,895
Interest on net OPEB obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost (expense)	128,895
Contributions made	<u>(55,972)</u>
Increase in net OPEB obligation	72,923
Net OPEB Obligation – Beginning of Year	<u>0</u>
Net OPEB Obligation – End of Year	<u><u>\$ 72,923</u></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 2007 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2005 ¹	N/A	N/A	N/A
2006 ¹	N/A	N/A	N/A
2007	\$128,895	44%	\$72,923

¹Note: 2007 is the first year of GASB Statement No. 45 implementation for the City.

Funded Status and Funding Progress: As of end of 2007, the actuarial accrued liability (AAL) for benefits was \$1,311,515 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. (Note: a single retirement age of 56.22 was assumed for entities with active members).

Mortality: Mortality rates were assumed to follow the LEOFF 1 mortality rates used in the September 30, 2006 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 15 - 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:

Fund	Unreserved Designated for LEOFF 1 Benefits	Reserved for Interfund Receivables	Reserved for Capital Improvements (Bond Proceeds)
General Fund #001	\$225,000	\$ 0	\$ 0
Port of Seattle ILA Fund #105	0	7,715,392	0
Hotel/Motel Tax Fund #107	0	0	5,001,021
Total	\$225,000	\$7,715,392	\$5,001,021

NOTE 16 – RESTATEMENT OF BEGINNING FUND BALANCE/BUDGETARY BASIS OF ACCOUNTING

On both the *Port of Seattle ILA Fund (#105)* and the *Municipal Facilities Capital Improvement Fund (#306)* *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)* a change in budgetary basis was recorded as a restatement of beginning fund balance. This restatement is due to the 2001 interfund loan made by the *Port of Seattle ILA Fund* to the *Municipal Facilities Construction Fund*, previously addressed in *Note 1 Summary of Significant Accounting Policies* and *Note 12 Interfund Balances and Transfers*. The restatement is in the amount of \$7,873,153 which is the balance on the interfund loan on January 1, 2007.

In 2001, the City budgeted bond proceeds to pay for the City Hall building purchase, but an interfund loan was utilized instead. Washington State law RCW 35A.33.120 requires that the City not budget a negative fund balance, thus requiring the City to recognize the interfund loan proceeds, on a budgetary basis, as an other financing source similar to bond proceeds. To ensure that the City's total fund balance is not overstated, on a budgetary basis, other financing uses have been recorded in the *Port of Seattle ILA Fund*. The resulting restatements in beginning fund balances of these two funds offset each other and have no net effect on the total beginning fund balances of the City.

NOTE 17 – OTHER DISCLOSURES

In 2007, prior period adjustments totaling \$321,406,751 were made for governmental activities as follows: 1) As required by GASB Statement #34, retroactive capital infrastructure assets were added totaling \$321,318,823 (net of accumulated depreciation). See *Note #5 – Capital Assets and Depreciation* for more detail on the infrastructure asset additions and 2) Other capital asset adjustments related to prior years were made in the amount of \$87,928 (net increase to net assets). The following are the adjustments made: City Center land was removed because it was capitalized in error (-\$43,686 from net assets), a reduction in accumulated depreciation was made for the Community Center building addition (+\$1,550,211 added to net assets), construction in progress was reduced for the Military Road S/ S 176th – 186th transportation improvement project due to the over capitalization of expenditures that did not belong to the City (-\$154,529 from net assets) and the City contributed assets to the *Surface Water Management Construction Fund* (-\$1,264,068 from net assets). These prior period adjustments have been included in the government-wide *Statement of Activities*. In addition, capital asset beginning balances have been restated in both the government-wide *Statement of Net Assets* and the summary tables in *Note #5 – Capital Assets and Depreciation*.

For the business-type activities, a prior period adjustment of \$5,000 was made in 2007 to add a capital easement to be used for surface water management activities. This adjustment is shown on both the *Government-wide Statement of Activities* and the *Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds*. This adjustment also created a restatement of beginning balances in the two financial statements and the capital asset summary table in *Note #5 – Capital Assets and Depreciation*.



Required Supplementary Information



Required Supplementary
Information

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 20,273,557	\$ 20,273,557	\$ 21,756,042	\$ 1,482,485
Licenses & permits	786,415	786,415	1,314,808	528,393
Intergovernmental	474,949	504,949	696,847	191,898
Charges for services	926,550	926,550	1,130,722	204,172
Fines and forfeitures	492,940	492,940	529,630	36,690
Investment earnings	1,930,000	1,930,000	1,934,799	4,799
Rents/leases & concessions	129,100	129,100	162,498	33,398
Miscellaneous	30,600	30,600	159,815	129,215
Total Revenues	25,044,111	25,074,111	27,685,161	2,611,050
Expenditures				
<i>Current operations:</i>				
Judicial	439,345	439,345	399,029	40,316
General Government	5,268,351	5,199,441	4,876,993	322,448
Public Safety	13,838,332	14,320,906	14,042,881	278,025
Physical Environment	12,790	12,790	12,783	7
Transportation	622,693	627,775	592,239	35,536
Health & Human Services	422,996	432,996	409,408	23,588
Economic Environment	1,992,499	2,016,499	1,882,073	134,426
Culture & Recreation	2,500,055	2,511,527	2,492,963	18,564
<i>Debt service:</i>				
Interest	420,000	420,000	402,239	17,761
Capital outlay	40,734	21,917	22,215	(298)
Total Expenditures	25,557,795	26,003,196	25,132,823	870,373
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(513,684)</i>	<i>(929,085)</i>	<i>2,552,338</i>	<i>3,481,423</i>
Other Financing Sources (Uses)				
Transfers in	974,750	974,750	974,750	-
Transfers out	(405,335)	(405,335)	(423,096)	(17,761)
Disposition of capital assets	-	-	495	495
Total Other Fin Sources (Uses)	569,415	569,415	552,149	(17,266)
<i>Net Change in Fund Balances</i>	<i>55,731</i>	<i>(359,670)</i>	<i>3,104,487</i>	<i>3,464,157</i>
Fund Balances-Beginning	13,684,101	14,359,762	14,359,762	-
Fund Balances-Ending	\$ 13,739,832	\$ 14,000,092	\$ 17,464,249	\$ 3,464,157

*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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 4,391,000	\$ 4,391,000	\$ 4,412,531	\$ 21,531
Intergovernmental	34,274	34,274	54,704	20,430
Miscellaneous	-	-	5,185	5,185
Total Revenues	4,425,274	4,425,274	4,472,420	47,146
Expenditures				
<i>Current operations:</i>				
Transportation	2,231,884	3,467,134	2,601,778	865,356
Total Expenditures	2,231,884	3,467,134	2,601,778	865,356
<i>Excess (deficiency) of revenues over (under) expenditures</i>	2,193,390	958,140	1,870,642	912,502
Other Financing Sources (Uses)				
Transfers out	(3,217,810)	(3,217,810)	(3,217,810)	-
Total Other Fin Sources (Uses)	(3,217,810)	(3,217,810)	(3,217,810)	-
<i>Net Change in Fund Balances</i>	(1,024,420)	(2,259,670)	(1,347,168)	912,502
Fund Balances-Beginning	3,404,221	3,483,788	3,483,788	-
Fund Balances-Ending	\$ 2,379,801	\$ 1,224,118	\$ 2,136,620	\$ 912,502

*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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 670,000	\$ 670,000	\$ 777,732	\$ 107,732
Total Revenues	670,000	670,000	777,732	107,732
Expenditures	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>670,000</i>	<i>670,000</i>	<i>777,732</i>	<i>107,732</i>
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	<i>670,000</i>	<i>670,000</i>	<i>777,732</i>	<i>107,732</i>
Fund Balances-Beg (as prev reported)	15,086,764	15,321,829	15,321,829	-
	(7,873,153)	(7,873,153)	(7,873,153)	-
Fund Balances-Beg (as restated)	7,213,611	7,448,676	7,448,676	-
Change in budgetary basis of acctg*				
Fund Balances-Ending	\$ 7,883,611	\$ 8,118,676	\$ 8,226,408	\$ 107,732

*See Note 16 - Restatement of Beg Fund Balance/Budgetary Basis of Accounting.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 725,000	\$ 725,000	\$ 830,022	\$ 105,022
Investment earnings	360,000	360,000	358,572	(1,428)
Miscellaneous	-	-	39	39
Total Revenues	1,085,000	1,085,000	1,188,633	103,633
Expenditures				
<i>Current operations:</i>				
Economic Environment	944,170	1,059,170	873,755	185,415
Total Expenditures	944,170	1,059,170	873,755	185,415
<i>Excess (deficiency) of revenues over (under) expenditures</i>	140,830	25,830	314,878	289,048
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	140,830	25,830	314,878	289,048
Fund Balances-Beginning	7,863,870	7,971,272	7,971,272	-
Fund Balances-Ending	\$ 8,004,700	\$ 7,997,102	\$ 8,286,150	\$ 289,048

*Budgetary basis is the same as GAAP basis.



Other Supplementary Information

Other Supplementary Information



Other Supplementary
Information

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

The City has eleven 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 five special revenue funds that are nonmajor governmental funds as follows:

1. The *City Street Fund* accounts for the maintenance and improvements of the City's street system.
2. The *Contingency Reserve Fund* provides funding to meet any municipal expenses, 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.
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.

Debt Service Funds

Debt service funds account for the payment of principal and interest on general government debt. The City has five 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.
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.
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.
4. The *Local Improvement District Guarantee Bond Fund* provides financial security for outstanding LID bonds and special assessment debt.
5. The *Transportation Bonds Reserve Fund* segregates 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 one nonmajor capital project funds as follows:

1. The *Fire Equipment Capital Reserve Fund* accounts for the replacement of major Fire Department capital equipment including pumper trucks and other vehicles.

**Combining Balance Sheet
December 31, 2007**

Special Revenue Funds

	<u>City Street</u>	<u>Contingency Reserve</u>	<u>Transit Planning</u>	<u>Building Management</u>
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 148,611	\$ 755,000	\$ 134,645	\$ 623,173
Receivables (net):				
Customer accounts	4,345	-	16,587	42,491
Total Assets	\$ 152,956	\$ 755,000	\$ 151,232	\$ 665,664
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	22,672	-	1,900	6,145
Deposits payable	-	-	-	14,470
Total Liabilities	22,672	-	1,900	20,615
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	130,284	755,000	149,332	645,049
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Total Fund Balances	130,284	755,000	149,332	645,049
Total Liab & Fund Balances	\$ 152,956	\$ 755,000	\$ 151,232	\$ 665,664

	Special Revenue Funds		Debt Service	
	Facility Reserve and Replacement	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 136,104	\$ 1,797,533	\$ 1,393	\$ 7,463
Receivables (net)				
Customer accounts	-	63,423	-	-
Total Assets	\$ 136,104	\$ 1,860,956	\$ 1,393	\$ 7,463
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	-	30,717	-	-
Deposits payable	-	14,470	-	-
Total Liabilities	-	45,187	-	-
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	136,104	1,815,769	-	-
Debt service funds	-	-	1,393	7,463
Capital project funds	-	-	-	-
Total Fund Balances	136,104	1,815,769	1,393	7,463
Total Liab & Fund Balances	\$ 136,104	\$ 1,860,956	\$ 1,393	\$ 7,463

**Combining Balance Sheet
December 31, 2007**

Debt Service

	<u>Hotel/Motel Bonds</u>	<u>LID Guarantee</u>	<u>Transportation Bonds Reserve</u>	<u>Total Debt Service Funds</u>
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 409	\$ 124,000	\$ 894,062	\$ 1,027,327
Receivables (net)				
Customer accounts	-	-	-	-
Total Assets	\$ 409	\$ 124,000	\$ 894,062	\$ 1,027,327
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	-	-	-	-
Debt service funds	409	124,000	894,062	1,027,327
Capital project funds	-	-	-	-
Total Fund Balances	409	124,000	894,062	1,027,327
Total Liab & Fund Balances	\$ 409	\$ 124,000	\$ 894,062	\$ 1,027,327

	<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Equipment Capital Reserve</u>	<u>Total Capital Project Funds</u>	
Assets			
<i>Current Assets:</i>			
Cash & cash equivalents	\$ 1,462,623	\$ 1,462,623	\$ 4,287,483
Receivables (net)			
Customer accounts	-	-	63,423
Total Assets	\$ 1,462,623	\$ 1,462,623	\$ 4,350,906
Liabilities			
<i>Current Liabilities:</i>			
Accounts payable	6,781	6,781	37,498
Deposits payable	-	-	14,470
Total Liabilities	6,781	6,781	51,968
Fund Balances			
<i>Unreserved, reported in:</i>			
Special revenue funds	-	-	1,815,769
Debt service funds	-	-	1,027,327
Capital project funds	1,455,842	1,455,842	1,455,842
Total Fund Balances	1,455,842	1,455,842	4,298,938
Total Liab & Fund Balances	\$ 1,462,623	\$ 1,462,623	\$ 4,350,906

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007**

Special Revenue Funds

	City Street	Contingency Reserve	Transit Planning	Building Management
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & permits	-	-	-	-
Intergovernmental	611,335	-	27,233	-
Charges for services	780	-	-	-
Fines & forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Rents & leases	-	-	-	377,109
Miscellaneous	6,673	-	-	945
Total Revenues	618,788	-	27,233	378,054
Expenditures				
<i>Current operations:</i>				
Judicial	-	-	-	-
General Government	-	-	-	13,871
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	657,913	-	36,564	-
Health & Human Services	-	-	-	-
Economic Environment	-	-	-	-
Culture & Recreation	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	19,722
Total Expenditures	657,913	-	36,564	33,593
Excess (deficiency) of revenues over (under) expenditures	(39,125)	-	(9,331)	344,461
Other Financing Sources (Uses)				
Transfers in	180,000	-	-	-
Transfers out	(60,490)	-	-	(242,900)
Total Other Fin Sources (Uses)	119,510	-	-	(242,900)
Net Change in Fund Balances	80,385	-	(9,331)	101,561
Fund Balances-Beginning	49,899	755,000	158,663	543,488
Fund Balances-Ending	\$ 130,284	\$ 755,000	\$ 149,332	\$ 645,049

	Special Revenue Funds		Debt Service	
	Facility Repair and Replacement	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
Revenues				
Taxes	\$ -	\$ -	\$ 428,000	\$ 866,400
Licenses & permits	-	-	-	-
Intergovernmental	-	638,568	-	-
Charges for services	-	780	-	-
Fines & forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Rents & leases	-	377,109	-	-
Miscellaneous	-	7,618	-	-
Total Revenues	-	1,024,075	428,000	866,400
Expenditures				
<i>Current operations:</i>				
Judicial	-	-	-	-
General Government	-	13,871	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	1,820	696,297	-	-
Health & Human Services	-	-	-	-
Economic Environment	-	-	-	-
Culture & Recreation	56,340	56,340	-	-
<i>Debt service:</i>				
Principal	-	-	320,000	635,000
Interest	-	-	107,995	228,755
Other	-	-	303	304
Capital outlay	-	19,722	-	-
Total Expenditures	58,160	786,230	428,298	864,059
Excess (deficiency) of revenues over (under) expenditures	(58,160)	237,845	(298)	2,341
Other Financing Sources (Uses)				
Transfers in	40,335	220,335	-	-
Transfers out	-	(303,390)	-	-
Total Other Fin Sources (Uses)	40,335	(83,055)	-	-
Net Change in Fund Balances	(17,825)	154,790	(298)	2,341
Fund Balances-Beginning	153,929	1,660,979	1,691	5,122
Fund Balances-Ending	\$ 136,104	\$ 1,815,769	\$ 1,393	\$ 7,463

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007**

Debt Service Funds

	Hotel/Motel Tax Bonds	LID Guarantee	Transp Bonds Reserve	Total Debt Service Funds
Revenues				
Taxes	\$ 383,000	\$ -	\$ -	\$ 1,677,400
Licenses & permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeitures	-	-	-	-
Investment earnings	-	-	-	-
Rents & leases	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	383,000	-	-	1,677,400
Expenditures				
<i>Current operations:</i>				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	-	-
Health & Human Services	-	-	-	-
Economic Environment	-	-	-	-
Culture & Recreation	-	-	-	-
<i>Debt service:</i>				
Principal	230,000	-	-	1,185,000
Interest	153,235	-	-	489,985
Other	304	-	-	911
Capital outlay	-	-	-	-
Total Expenditures	383,539	-	-	1,675,896
Excess (deficiency) of revenues over expenditures	(539)	-	-	1,504
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(156,000)	-	(156,000)
Total Other Fin Sources (Uses)	-	(156,000)	-	(156,000)
Net Change in Fund Balances	(539)	(156,000)	-	(154,496)
Fund Balances-Beginning	948	280,000	894,062	1,181,823
Fund Balances-Ending	\$ 409	\$ 124,000	\$ 894,062	\$ 1,027,327

	<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Equipment Capital Reserve</u>	<u>Total Capital Project Funds</u>	
Revenues			
Taxes	\$ -	\$ -	\$ 1,677,400
Licenses & permits	-	-	-
Intergovernmental	-	-	638,568
Charges for services	-	-	780
Fines & forfeitures	-	-	-
Investment earnings	-	-	-
Rents & leases	-	-	377,109
Miscellaneous	-	-	7,618
	<u>-</u>	<u>-</u>	<u>2,701,475</u>
Expenditures			
<i>Current operations:</i>			
Judicial	-	-	-
General Government	-	-	13,871
Public Safety	-	-	-
Physical Environment	-	-	-
Transportation	-	-	696,297
Health & Human Services	-	-	-
Economic Environment	-	-	-
Culture & Recreation	-	-	56,340
<i>Debt service:</i>			
Principal	-	-	1,185,000
Interest	-	-	489,985
Other	-	-	911
Capital outlay	125,457	125,457	145,179
Total Expenditures	<u>125,457</u>	<u>125,457</u>	<u>2,587,583</u>
Excess (deficiency) of revenues over expenditures	<u>(125,457)</u>	<u>(125,457)</u>	<u>113,892</u>
Other Financing Sources (Uses)			
Transfers in	225,000	225,000	445,335
Transfers out	-	-	(459,390)
Total Other Fin Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>(14,055)</u>
Net Change in Fund Balances	99,543	99,543	99,837
Fund Balances-Beginning	<u>1,356,299</u>	<u>1,356,299</u>	<u>4,199,101</u>
Fund Balances-Ending	<u>\$ 1,455,842</u>	<u>\$ 1,455,842</u>	<u>\$ 4,298,938</u>

Combining Statement of Changes in Assets & Liabilities - All Agency Funds
December 31, 2007

	Agency Funds		
	Accounts Payable (Claims) Clearing Fund	Payroll Payable Clearing Fund	Total
Additions			
New uncleared checks	\$ 36,997,169	\$ 14,769,502	\$ 51,766,671
Total Additions	\$ 36,997,169	\$ 14,769,502	\$ 51,766,671
Deductions			
Cashed cleared checks	34,896,574	14,808,583	49,705,157
Total Deductions	34,896,574	14,808,583	49,705,157
<i>Change in Assets & Liabilities</i>	<u>2,100,595</u>	<u>(39,081)</u>	<u>2,061,514</u>
Assets & Liabilities-Beginning	1,327,399	437,070	1,764,469
Assets & Liabilities-Ending	\$ 3,427,994	\$ 397,989	\$ 3,825,983

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Intergovernmental	\$ 629,000	\$ 629,000	\$ 611,335	\$ (17,665)
Charges for services	500	500	780	280
Miscellaneous	3,500	3,500	6,673	3,173
Total Revenues	633,000	633,000	618,788	(14,212)
Expenditures				
<i>Current operations:</i>				
Transportation	727,480	727,480	657,913	69,567
Total Expenditures	727,480	727,480	657,913	69,567
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(94,480)</i>	<i>(94,480)</i>	<i>(39,125)</i>	<i>55,355</i>
Other Financing Sources (Uses)				
Transfers in	180,000	180,000	180,000	-
Transfers out	(60,490)	(60,490)	(60,490)	-
Total Other Fin Sources (Uses)	119,510	119,510	119,510	-
<i>Net Change in Fund Balances</i>	<i>25,030</i>	<i>25,030</i>	<i>80,385</i>	<i>55,355</i>
Fund Balances-Beginning	12,352	49,899	49,899	-
Fund Balances-Ending	\$ 37,382	\$ 74,929	\$ 130,284	\$ 55,355

*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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Intergovernmental	\$ 32,760	\$ 32,760	\$ 27,233	\$ (5,527)
Total Revenues	32,760	32,760	27,233	(5,527)
Expenditures				
Current operations:				
Transportation	40,740	144,946	36,564	108,382
Total Expenditures	40,740	144,946	36,564	108,382
Excess (deficiency) of revenues over (under) expenditures	(7,980)	(112,186)	(9,331)	102,855
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(7,980)	(112,186)	(9,331)	102,855
Fund Balances-Beginning	194,090	158,663	158,663	-
Fund Balances-Ending	\$ 186,110	\$ 46,477	\$ 149,332	\$ 102,855

*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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Rents & leases	\$ 321,300	\$ 321,300	\$ 377,109	\$ 55,809
Miscellaneous	720	720	945	225
Total Revenues	322,020	322,020	378,054	56,034
Expenditures				
<i>Current operations:</i>				
General Government	-	13,870	13,871	(1)
Capital outlay	-	19,730	19,722	8
Total Expenditures	-	33,600	33,593	7
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>322,020</i>	<i>288,420</i>	<i>344,461</i>	<i>56,041</i>
Other Financing Sources (Uses)				
Transfers out	(242,900)	(242,900)	(242,900)	-
Total Other Fin Sources (Uses)	(242,900)	(242,900)	(242,900)	-
<i>Net Change in Fund Balances</i>	<i>79,120</i>	<i>45,520</i>	<i>101,561</i>	<i>56,041</i>
Fund Balances-Beginning	540,761	543,488	543,488	-
Fund Balances-Ending	\$ 619,881	\$ 589,008	\$ 645,049	\$ 56,041

*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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				-
<i>Current operations:</i>				
General Government	14,251	14,251	-	14,251
Public Safety	111,624	111,624	-	111,624
Transportation	1,093	1,093	1,820	(727)
Culture & Recreation	56,027	80,159	56,340	23,819
Total Expenditures	182,995	207,127	58,160	148,967
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(182,995)</i>	<i>(207,127)</i>	<i>(58,160)</i>	<i>148,967</i>
Other Financing Sources (Uses)				
Transfers in	40,335	40,335	40,335	-
Total Other Fin Sources (Uses)	40,335	40,335	40,335	-
<i>Net Change in Fund Balances</i>	<i>(142,660)</i>	<i>(166,792)</i>	<i>(17,825)</i>	<i>148,967</i>
Fund Balances-Beginning	142,660	153,929	153,929	-
Fund Balances-Ending	\$ -	\$ (12,863)	\$ 136,104	\$ 148,967

*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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 428,000	\$ 428,000	\$ 428,000	\$ -
Total Revenues	428,000	428,000	428,000	-
Expenditures				
<i>Debt Service:</i>				
Principal	320,000	320,000	320,000	-
Interest	107,995	107,995	107,995	-
Other	610	610	303	(307)
Total Expenditures	428,605	428,605	428,298	(307)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(605)	(605)	(298)	(307)
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	(605)	(605)	(298)	(307)
Fund Balances-Beginning	1,387	1,691	1,691	-
Fund Balances-Ending	\$ 782	\$ 1,086	\$ 1,393	\$ 307

*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, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 866,400	\$ 866,400	\$ 866,400	\$ -
Total Revenues	866,400	866,400	866,400	-
Expenditures				
<i>Debt service:</i>				
Principal	635,000	635,000	635,000	-
Interest	228,755	228,755	228,755	-
Other	3,510	3,510	304	3,206
Total Expenditures	867,265	867,265	864,059	3,206
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(865)	(865)	2,341	3,206
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	(865)	(865)	2,341	3,206
Fund Balances-Beginning	1,924	5,122	5,122	-
Fund Balances-Ending	\$ 1,059	\$ 4,257	\$ 7,463	\$ 3,206

*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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 383,000	\$ 383,000	\$ 383,000	\$ -
Total Revenues	383,000	383,000	383,000	-
Expenditures				
<i>Debt service:</i>				
Principal	230,000	230,000	230,000	-
Interest	153,235	153,235	153,235	-
Other	310	310	304	6
Total Expenditures	383,545	383,545	383,539	6
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(545)	(545)	(539)	6
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	(545)	(545)	(539)	6
Fund Balances-Beginning	947	948	948	-
Fund Balances-Ending	\$ 402	\$ 403	\$ 409	\$ 6

*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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment & other earnings	\$ 88,180	\$ 88,180	\$ 88,174	\$ (6)
Special assessments	152,370	152,370	152,366	(4)
Total Revenues	240,550	240,550	240,540	(10)
Expenditures				
<i>Debt service:</i>				
Principal	265,000	265,000	200,000	65,000
Interest	74,060	74,060	74,057	3
Other	250	250	365	(115)
Total Expenditures	339,310	339,310	274,422	64,888
Excess (deficiency) of revenues over (under) expenditures	(98,760)	(98,760)	(33,882)	64,878
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	<i>(98,760)</i>	<i>(98,760)</i>	<i>(33,882)</i>	<i>64,878</i>
Fund Balances-Beginning	103,593	65,037	65,037	-
Fund Balances-Ending	\$ 4,833	\$ (33,723)	\$ 31,155	\$ 64,878

*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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,769,702	\$ 669,702
Intergovernmental	175,000	175,000	15,000	(160,000)
Charges for services	-	-	58,196	58,196
Total Revenues	2,275,000	2,275,000	2,842,898	567,898
Expenditures				
<i>Current operations:</i>				
General Government	133,800	133,800	37,960	95,840
Public Safety	10,000	10,000	10,890	(890)
Culture & Recreation	454,200	492,750	486,730	6,020
Capital outlay	4,716,778	5,675,116	5,263,699	411,417
Total Expenditures	5,314,778	6,311,666	5,799,279	512,387
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(3,039,778)</i>	<i>(4,036,666)</i>	<i>(2,956,381)</i>	<i>1,080,285</i>
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	<i>(3,039,778)</i>	<i>(4,036,666)</i>	<i>(2,956,381)</i>	<i>1,080,285</i>
Fund Balances-Beginning	6,810,330	7,181,985	7,181,985	-
Fund Balances-Ending	\$ 3,770,552	\$ 3,145,319	\$ 4,225,604	\$ 1,080,285

*Budgetary basis is the same as GAAP basis.

CITY OF SEATAC, WASHINGTON

2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT Fire Equip Capital Reserve Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Capital outlay	626,630	626,630	125,457	501,173
Total Expenditures	626,630	626,630	125,457	501,173
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(626,630)</i>	<i>(626,630)</i>	<i>(125,457)</i>	<i>501,173</i>
Other Financing Sources (Uses)				
Transfers in	225,000	225,000	225,000	-
Total Other Fin Sources (Uses)	225,000	225,000	225,000	-
<i>Net Change in Fund Balances</i>	<i>(401,630)</i>	<i>(401,630)</i>	<i>99,543</i>	<i>501,173</i>
Fund Balances-Beginning	1,354,683	1,356,299	1,356,299	-
Fund Balances-Ending	\$ 953,053	\$ 954,669	\$ 1,455,842	\$ 501,173

*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, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Capital outlay	3,200,000	10,151,313	2,305,995	7,845,318
Total Expenditures	3,200,000	10,151,313	2,305,995	7,845,318
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(3,200,000)</i>	<i>(10,151,313)</i>	<i>(2,305,995)</i>	<i>7,845,318</i>
Other Financing Sources (Uses)				
Transfers in	140,000	140,000	157,761	17,761
Total Other Fin Sources (Uses)	140,000	140,000	157,761	17,761
<i>Net Change in Fund Balances</i>	<i>(3,060,000)</i>	<i>(10,011,313)</i>	<i>(2,148,234)</i>	<i>7,863,079</i>
Fund Balances-Beg (as prev reported)	(4,698,103)	2,596,230	2,596,230	-
Change in budgetary basis of acctg*	7,873,153	7,873,153	7,873,153	-
Fund Balances-Beg (as restated)	3,175,050	10,469,383	10,469,383	-
Fund Balances-Ending	\$ 115,050	\$ 458,070	\$ 8,321,149	\$ 7,863,079

*See Note 16 - Restatement of Beg Fund Balance/Budgetary Basis of Accounting.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses & permits	\$ 500	\$ 500	\$ 500	\$ -
Intergovernmental	2,373,125	2,373,125	2,384,562	11,437
Charges for services	50,000	50,000	103,027	53,027
Investment earnings	180,000	180,000	436,172	256,172
Total Revenues	2,603,625	2,603,625	2,925,014	321,389
Expenditures				
<i>Current operations:</i>				
Transportation	540,330	2,040,330	1,028,537	1,011,793
Capital outlay	8,009,414	7,534,414	4,164,725	3,369,689
Total Expenditures	8,549,744	9,574,744	5,193,262	4,381,482
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(5,946,119)</i>	<i>(6,971,119)</i>	<i>(2,268,248)</i>	<i>4,702,871</i>
Other Financing Sources (Uses)				
Transfers in	2,700,000	2,700,000	2,700,000	-
Total Other Fin Sources (Uses)	2,700,000	2,700,000	2,700,000	-
<i>Net Change in Fund Balances</i>	<i>(3,246,119)</i>	<i>(4,271,119)</i>	<i>431,752</i>	<i>4,702,871</i>
Fund Balances-Beginning	7,911,246	8,380,630	8,380,630	-
Fund Balances-Ending	\$ 4,665,127	\$ 4,109,511	\$ 8,812,382	\$ 4,702,871

*Budgetary basis is the same as GAAP basis.

Statistical Section



Statistical Section

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 Five Fiscal Years
Schedule 02	Changes in Net Assets, Last Five Fiscal Years
Schedule 03	Fund Balances, Governmental Funds, Last Ten Years
Schedule 04	Changes in Fund Balances, Governmental Funds, Last Ten 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, 2007
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

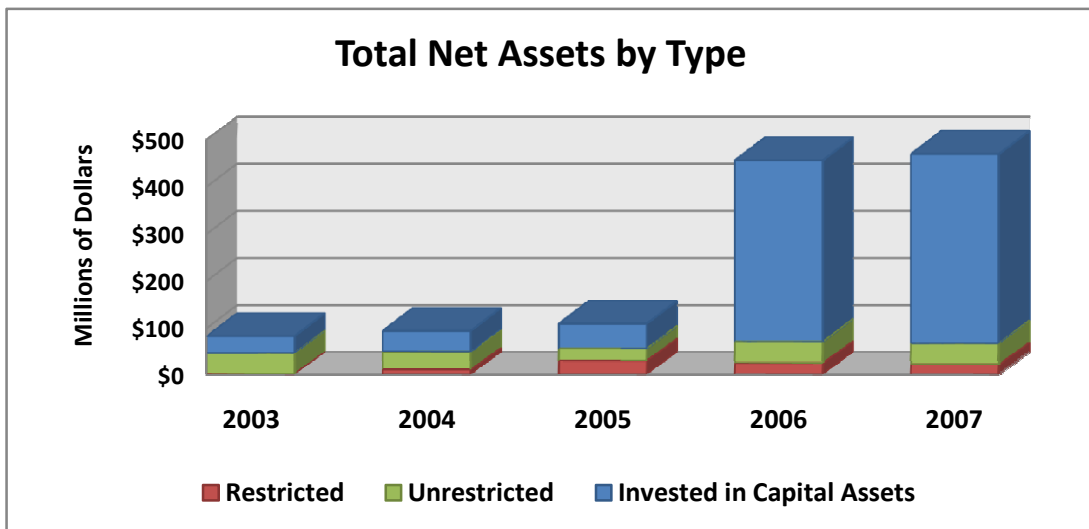
Operating Information: *These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

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 Five Fiscal Years*
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities				<i>Restated**</i>	
Inv in capital assets, net of related debt	\$33,832,913	\$39,581,220	\$ 45,785,324	\$373,017,719	\$380,357,873
Restricted	-	9,209,645	26,616,872	19,086,567	18,622,703
Unrestricted	43,679,986	36,073,375	23,348,206	43,460,578	42,099,914
Total governmental activities net assets	\$77,512,899	\$84,864,240	\$ 95,750,402	\$435,564,864	\$441,080,490
Business-type activities					
Inv in capital assets, net of related debt	\$ 2,481,789	\$ 4,928,839	\$ 6,715,444	\$ 10,850,179	\$ 20,534,520
Restricted	403,925	403,925	3,243,495	5,268,708	2,438,673
Unrestricted	2,743,341	3,973,619	3,662,936	3,915,867	4,871,471
Total business-type activities net assets	\$ 5,629,055	\$ 9,306,383	\$ 13,621,875	\$ 20,034,754	\$ 27,844,664
Primary government					
Inv in capital assets, net of related debt	\$36,314,702	\$44,510,059	\$ 52,500,768	\$383,867,898	\$400,892,393
Restricted	403,925	9,613,570	29,860,367	24,355,275	21,061,376
Unrestricted	46,423,327	40,046,994	27,011,142	47,376,445	46,971,385
Total primary government net assets	\$83,141,954	\$94,170,623	\$109,372,277	\$455,599,618	\$468,925,154



*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. 2006 was restated in the MD&A and in this schedule to reflect the addition of these infrastructure assets.

Source: City of SeaTac Finance Department

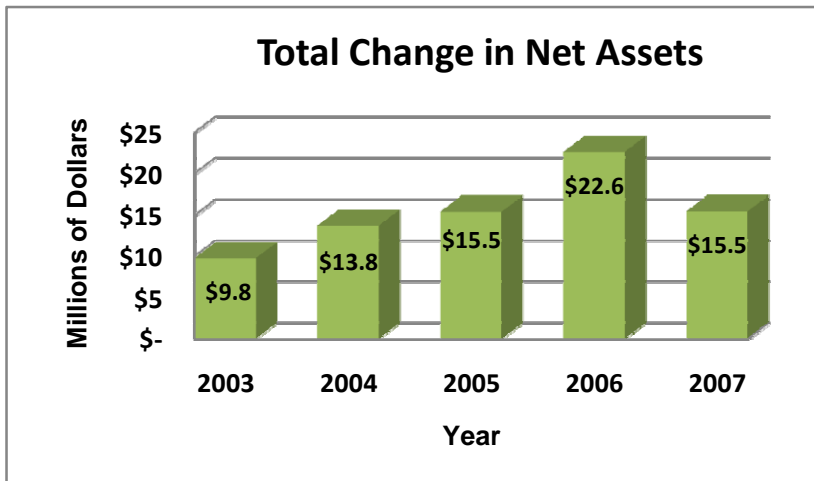
Changes in Net Assets
Last Five Fiscal Years*
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities					
Judicial	\$ 302,006	\$ 317,068	\$ 332,461	\$ 371,922	412,531
General Government	4,019,139	4,030,088	4,537,244	4,928,176	5,502,628
Public Safety	11,203,830	11,355,501	12,664,279	13,196,630	14,728,009
Physical Environment	12,352	12,217	36,668	37,192	37,406
Transportation	2,213,416	2,745,371	2,869,393	3,216,778	6,914,777
Health & Human Services	262,789	342,036	397,254	363,081	410,998
Economic Environment	2,190,283	2,165,015	2,063,738	2,363,395	2,761,904
Culture & Recreation	2,408,821	2,400,643	4,092,060	2,962,271	3,451,861
Interest on long-term debt	1,647,210	844,362	310,396	1,019,827	963,371
Total governmental activities expenses	24,259,846	24,212,301	27,303,493	28,459,272	35,183,485
Business-type activities					
Surface Water Management	929,998	925,997	6,813,067	7,106,549	3,485,317
Total business-type activities expenses	929,998	925,997	6,813,067	7,106,549	3,485,317
Total primary government expenses	\$ 25,189,844	\$ 25,138,298	\$ 34,116,560	\$ 35,565,821	\$ 38,668,802
Program Revenues					
Governmental activities					
Charges for Services:					
Judicial	\$ 338,556	\$ 545,983	\$ 317,358	\$ 292,672	560,796
General Government	964,091	1,481,767	1,127,189	1,283,816	1,429,436
Public Safety	133,122	160,473	146,145	207,016	245,149
Physical Environment	354,513	321,488	774,611	548,649	459,855
Transportation	278,896	71,059	1,167,970	1,529,485	28,513
Economic Environment	525,246	507,994	724,862	1,484,666	1,164,167
Culture & Recreation	307,023	247,894	283,617	501,447	336,334
Operating grants and contributions	1,079,594	972,119	951,684	777,941	1,001,092
Capital grants and contributions	4,113,007	2,901,572	3,677,303	5,049,620	2,401,562
Total governmental activities revenues	8,094,048	7,210,349	9,170,739	11,675,312	7,626,904
Business-type activities					
Charges for Services:					
Surface Water Management	1,655,503	1,672,548	1,653,498	1,672,540	1,677,607
Operating grants and contributions	36,448	3,148,414	4,475,740	6,437,829	998,049
Capital grants and contributions	-	-	4,963,088	5,170,446	8,411,990
Total business-type activities revenues	1,691,951	4,820,962	11,092,326	13,280,815	11,087,646
Total primary government revenues	\$ 9,785,999	\$ 12,031,311	\$ 20,263,065	\$ 24,956,127	\$ 18,714,550

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

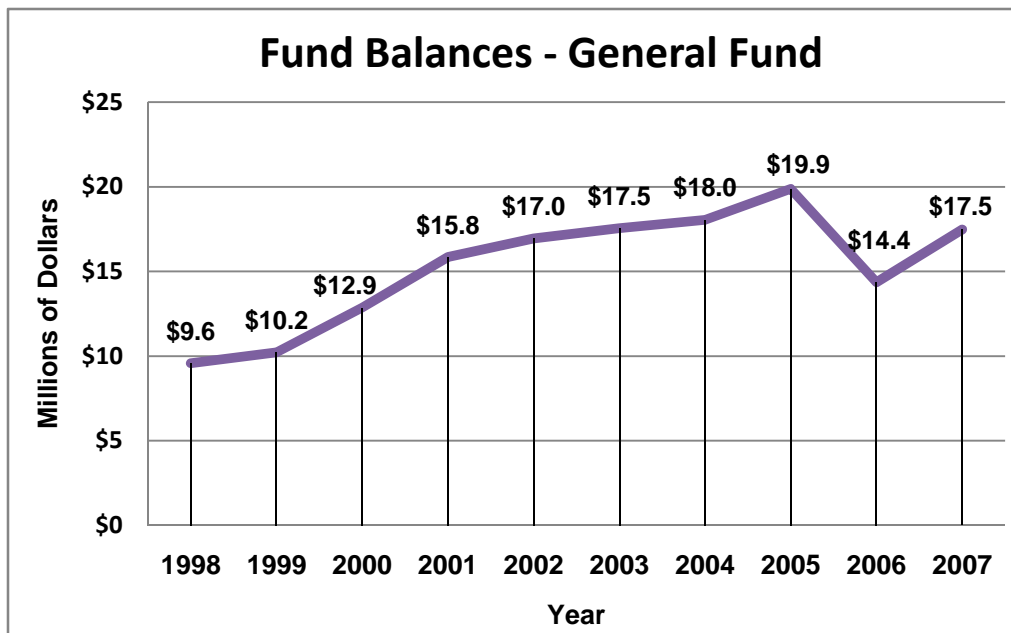
Source: City of SeaTac Finance Department

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental activities	\$(16,165,798)	\$(17,001,952)	\$(18,132,754)	\$(16,783,960)	\$(27,556,581)
Business-type activities	761,953	3,894,965	4,279,259	6,174,266	7,602,329
Total primary government net expense	<u>\$(15,403,845)</u>	<u>\$(13,106,987)</u>	<u>\$(13,853,495)</u>	<u>\$(10,609,694)</u>	<u>\$(19,954,252)</u>
Gen Revs & Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property	\$ 9,179,835	\$ 10,308,745	\$ 9,658,466	\$ 9,981,978	10,907,678
Sales	9,257,043	9,727,717	10,724,177	11,529,925	11,650,579
Parking	3,813,041	3,954,493	3,668,067	4,842,438	5,278,931
Excise Taxes	1,557,403	1,844,478	2,918,680	2,992,277	3,012,141
Unrestricted grants and contributions	159,288	181,935	178,237	163,111	184,564
Investment earnings	963,865	800,502	1,920,309	3,292,149	4,034,684
Gain on sale of capital assets	148,418	-	28,273	39,623	-
Transfers	2,428,500	276,250	176,250	176,250	177,550
Total governmental activities revenues	<u>27,507,393</u>	<u>27,094,120</u>	<u>29,272,459</u>	<u>33,017,751</u>	<u>35,246,127</u>
Business-type activities					
Investment earnings	61,077	58,613	212,483	409,863	385,131
Transfers	(2,382,290)	(276,250)	(176,250)	(176,250)	(177,550)
Total business-type activities revenues	<u>(2,321,213)</u>	<u>(217,637)</u>	<u>36,233</u>	<u>233,613</u>	<u>207,581</u>
Total primary government general revs and other changes in net assets	<u>\$ 25,186,180</u>	<u>\$ 26,876,483</u>	<u>\$ 29,308,692</u>	<u>\$ 33,251,364</u>	<u>\$ 35,453,708</u>
Change in Net Assets					
Governmental activities	\$ 11,341,595	\$ 10,092,168	\$ 11,139,705	\$ 16,233,791	\$ 7,689,546
Business-type activities	(1,559,260)	3,677,328	4,315,492	6,407,879	7,809,910
Total primary government	<u>\$ 9,782,335</u>	<u>\$ 13,769,496</u>	<u>\$ 15,455,197</u>	<u>\$ 22,641,670</u>	<u>\$ 15,499,456</u>



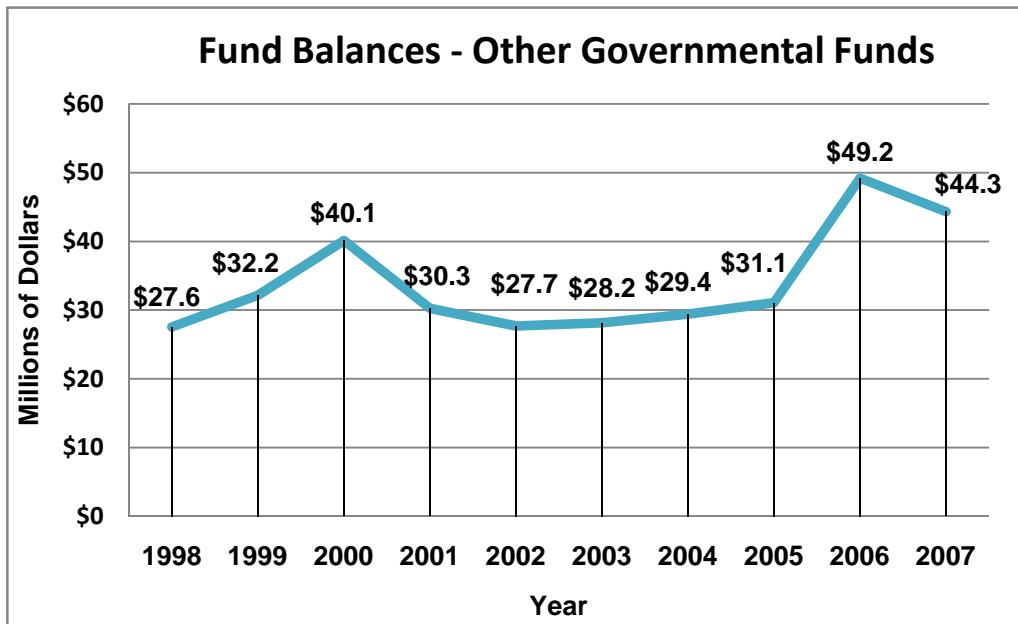
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	1998	1999	2000	2001	2002
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,579,365	10,221,400	12,860,657	15,841,399	16,950,636
Total General Fund	\$ 9,579,365	\$ 10,221,400	\$ 12,860,657	\$ 15,841,399	\$ 16,950,636
All Other Governmental Funds					
Reserved	-	-	-	9,893,115	9,893,115
Unreserved, reported in:					
Special revenue funds	16,592,480	22,828,017	23,221,032	17,251,606	17,243,419
Debt service funds	1,286	56,055	344,359	574,668	385,887
Capital project funds	10,977,789	9,284,150	16,543,019	2,546,763	174,974
Total All Other Gov Funds	\$ 27,571,555	\$ 32,168,222	\$ 40,108,410	\$ 30,266,152	\$ 27,697,395
Total All Governmental Funds	\$ 37,150,920	\$ 42,389,622	\$ 52,969,067	\$ 46,107,551	\$ 44,648,031



Source: City of SeaTac Finance Department

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	17,539,235	18,041,692	19,869,496	14,359,762	17,464,249
Total General Fund	\$ 17,539,235	\$ 18,041,692	\$ 19,869,496	\$ 14,359,762	\$ 17,464,249
All Other Governmental Funds					
Reserved	14,230,038	13,769,964	13,467,737	12,874,174	12,716,413
Unreserved, reported in:					
Special revenue funds	10,992,616	11,872,393	12,575,212	15,563,694	15,621,687
Debt service funds	848,561	1,323,878	1,260,669	1,246,860	1,058,482
Capital project funds	2,082,490	2,452,746	3,808,100	19,515,144	14,941,824
Total All Other Gov Funds	\$ 28,153,705	\$ 29,418,981	\$ 31,111,718	\$ 49,199,872	\$ 44,338,406
	\$ 45,692,940	\$ 47,460,673	\$ 50,981,214	\$ 63,559,634	\$ 61,802,655



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

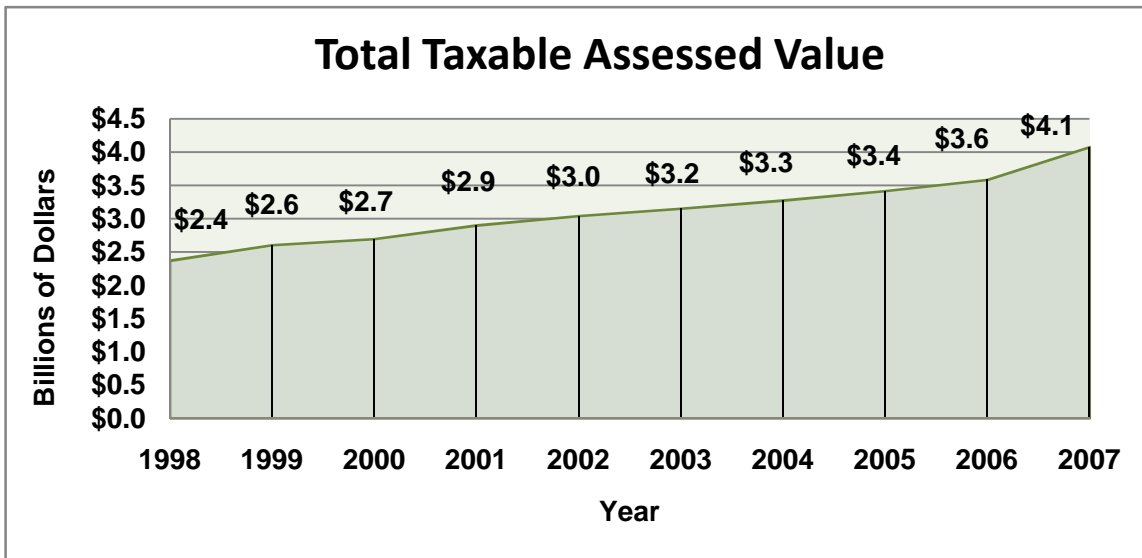
	Fiscal Year				
	1998	1999	2000	2001	2002
Revenues					
Taxes	\$ 19,925,011	\$ 21,394,482	\$ 23,487,893	\$ 23,993,745	\$ 23,953,012
Licenses & permits	2,935,027	982,434	3,739,957	3,468,581	1,106,849
Intergovernmental	11,372,321	10,167,136	7,713,254	3,859,174	5,800,892
Charges for services	882,968	1,210,919	987,134	906,220	666,738
Fines & forfeitures	288,974	314,817	367,737	226,778	317,395
Investments & other earnings	1,519,731	2,156,258	2,817,935	2,624,043	1,234,270
Special assessments	-	-	4,011,814	313,441	269,578
Rents/leases & concessions	-	-	162,498	-	481,071
Miscellaneous	102,703	263,071	-	428,168	185,571
Total Revenues	37,026,735	36,489,117	43,288,222	35,820,150	34,015,376
Expenditures					
Judicial	271,097	280,834	306,971	302,459	274,968
General Government	3,447,716	3,731,699	3,908,782	4,688,744	4,275,482
Public Safety	9,340,335	9,819,081	9,933,913	10,070,439	10,600,382
Physical Environment	446,430	440,561	516,118	496,411	506,414
Transportation	1,437,903	1,411,192	1,125,881	1,195,781	2,211,144
Health & Human Services	5,578	4,315	5,325	4,542	1,358,756
Economic Environment	1,678,074	1,999,023	2,208,441	2,211,144	2,454,417
Culture & Recreation	1,592,105	1,793,136	1,813,989	2,014,601	1,976,723
Debt Service					
Principal	515,000	930,000	850,000	1,066,819	1,420,000
Interest & other costs	946,020	899,724	838,572	965,286	1,075,063
Capital outlay	6,416,555	10,072,064	13,246,854	20,632,693	11,700,139
Total Expenditures	26,096,813	31,381,629	34,754,846	43,648,919	37,853,488
Excess of Revs Over (Under) Exp	10,929,922	5,107,488	8,533,376	(7,828,769)	(3,838,112)
Other Financing Sources (Uses)					
Transfers in	4,780,127	2,604,740	10,110,400	5,323,072	-
Transfers out	(4,618,877)	(2,609,490)	(10,139,150)	(4,355,819)	-
Proceeds from issuance bonds	5,001,021	-	2,871,819	-	-
Proceeds from refunding bonds	3,635,650	6,675,000	-	-	-
Payment to ref bond escr agent	(3,580,457)	(6,551,748)	-	-	-
Disposition of capital assets	-	12,712	3,000	-	-
Total Other Fin Sources (Uses)	5,217,464	131,214	2,846,069	967,253	
Net Change in Fund Balances	\$ 16,147,386	\$ 5,238,702	\$ 11,379,445	\$ (6,861,516)	\$ (3,838,112)
Debt Service as Percentage of Noncapital Expenditures	7.42%	8.59%	7.85%	8.83%	9.54%

Source: City of SeaTac Finance Department

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 23,249,738	\$ 24,940,541	\$ 26,654,825	\$ 29,551,984	\$ 31,445,697
Licenses & permits	961,481	762,453	813,990	2,652,621	1,315,308
Intergovernmental	5,399,203	4,238,139	6,095,964	6,548,241	3,789,681
Charges for services	934,877	893,189	1,520,777	1,626,207	1,292,725
Fines & forfeitures	328,061	309,979	288,338	253,705	529,630
Investment & other earnings	941,487	776,325	1,814,921	3,240,316	3,595,449
Special assessments	176,062	318,017	171,795	251,633	152,366
Rents/leases & concessions	492,620	409,438	399,558	430,635	539,607
Miscellaneous	69,182	248,988	41,224	55,271	173,410
Total Revenues	32,552,711	32,897,069	37,801,392	44,610,613	42,833,873
Expenditures					
Judicial	295,566	311,322	326,118	358,576	399,029
General Government	3,407,377	3,534,106	4,029,965	4,365,134	4,928,824
Public Safety	10,616,064	11,430,548	12,021,721	12,793,339	14,053,771
Physical Environment	12,352	12,217	12,110	12,623	12,783
Transportation	2,185,616	2,749,962	2,684,377	3,165,853	4,839,106
Health & Human Services	261,858	341,478	397,728	363,812	409,408
Economic Environment	2,162,814	2,153,881	2,113,262	2,359,420	2,755,828
Culture & Recreation	1,979,991	2,072,165	2,091,595	2,413,454	3,036,033
Debt Service					
Principal	1,170,000	1,345,000	1,275,000	1,425,000	1,385,000
Interest & other costs	929,285	875,891	951,946	1,023,841	967,557
Capital outlay	11,862,504	6,570,591	8,324,953	3,934,043	11,981,558
Total Expenditures	34,883,427	31,397,161	34,228,775	32,215,095	44,768,897
Excess of Revs Over (Under) Exp	(2,330,716)	1,499,908	3,572,617	12,395,518	(1,935,024)
Other Financing Sources (Uses)					
Transfers in	8,373,188	3,714,944	4,717,556	14,341,409	4,277,846
Transfers out	(5,990,898)	(3,438,694)	(4,541,306)	(14,165,159)	(4,100,296)
Proceeds from issuance bonds	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-
Payment to ref bond escr agent	-	-	-	-	-
Disposition of capital assets	160,180	2,957	775	6,653	495
Total Other Fin Sources (Uses)	2,542,470	279,207	177,025	182,903	178,045
Net Change in Fund Balances	\$ 211,754	\$ 1,779,115	\$ 3,749,642	\$ 12,578,421	\$ (1,756,979)
Debt Service as Percentage of Noncapital Expenditures	9.12%	8.95%	8.60%	8.66%	7.18%

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

Fiscal Year	Real Property	Personal Property	State Public Service Property	Total Assessed Value	Total Direct Tax Rate
1998	1,282,293,573	104,647,015	983,149,588	2,370,090,176	2.96
1999	1,336,245,559	108,932,732	1,158,380,318	2,603,558,609	2.90
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



Source: King County Assessor's Office

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

<u>Fiscal Year</u>	<u>City of SeaTac</u>	<u>State of Washington</u>	<u>King County</u>	<u>Port of Seattle</u>	<u>Emergency Medical Services</u>	<u>School District #401</u>	<u>Library District</u>	<u>Total Tax Rate</u>
1998	2.96	3.51	1.85	0.26	0.00	3.29	0.60	12.47
1999	2.90	3.36	1.77	0.24	0.29	3.66	0.59	12.81
2000	2.90	3.30	1.69	0.22	0.27	3.63	0.59	12.60
2001	2.85	3.15	1.55	0.19	0.25	3.43	0.56	11.98
2002	2.80	2.99	1.45	0.19	0.25	3.23	0.53	11.44
2003	2.87	2.90	1.35	0.26	0.24	4.11	0.55	12.28
2004	2.82	2.76	1.43	0.25	0.24	3.98	0.54	12.02
2005	2.80	2.69	1.38	0.25	0.23	4.27	0.53	12.15
2006	2.77	2.50	1.33	0.23	0.22	4.15	0.53	11.73
2007	2.61	2.33	1.29	0.23	0.21	4.03	0.50	11.20



Source: King County Assessor's Office

Principal Property Tax Payers
Current Year and Nine Years Ago

Employer	2007			1998		
	Taxable Assessed Value²	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value¹	Rank	Percentage of Total City Taxable Assessed Value
Alaska Airlines	610,003,344	1	14.96%	273,037,616	1	11.52%
Northwest Airlines	212,161,483	2	5.20%	100,218,329	3	4.23%
United Airlines	174,573,670	3	4.28%	163,571,182	2	6.90%
Horizon Air	136,159,060	4	3.34%	66,207,323	5	2.79%
Southwest Airlines	122,394,013	5	3.00%	56,439,527	7	2.38%
Boeing	90,033,849	6	2.21%	88,843,330	4	3.75%
Delta Airlines	80,294,822	7	1.97%	50,245,645	8	2.12%
American Airlines	77,018,250	8	1.89%	65,377,993	6	2.76%
Continental Airlines	66,292,524	9	1.63%	-	-	0.00%
Hawaiian Airlines, Inc.	60,895,573	10	1.49%	-	-	0.00%
Doubletree Hotel	-		-	49,112,514	9	2.07%
Marriott Corporation	-		-	32,249,088	10	1.36%
Total	1,629,826,588		39.97%	945,302,547		36.45%

Notes:

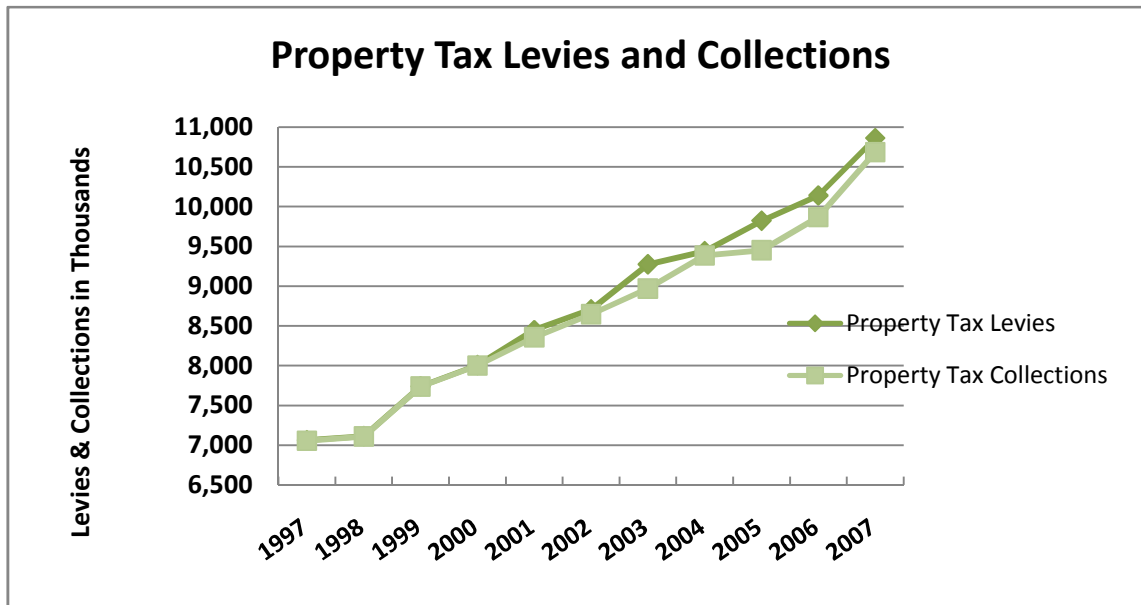
¹1997 year end assessed valuations used for taxes collected in 1998. Total assessed valuation for the City at the end of 1997 was \$2,370,090,176.

²2007 year end assessed valuations used for taxes collected in 2008. Total assessed valuation for the City at the end of 2007 was \$4,077,974,305.

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
1998	7,112,050	6,903,638	97.07%	208,412	7,112,050	100.00%
1999	7,739,193	7,497,959	96.88%	241,234	7,739,193	100.00%
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%	237,702	8,362,951	99.01%
2002	8,705,946	8,419,092	96.71%	229,380	8,648,472	99.34%
2003	9,272,729	8,597,077	92.71%	561,334	9,158,411	98.77%
2004	9,439,561	9,171,933	97.16%	262,218	9,434,151	99.94%
2005	9,820,965	9,184,840	93.52%	567,094	9,751,934	99.30%
2006	10,138,114	9,591,081	94.60%	269,362	9,860,443	97.26%
2007	10,859,535	10,685,445	98.40%	-	10,685,445	98.40%

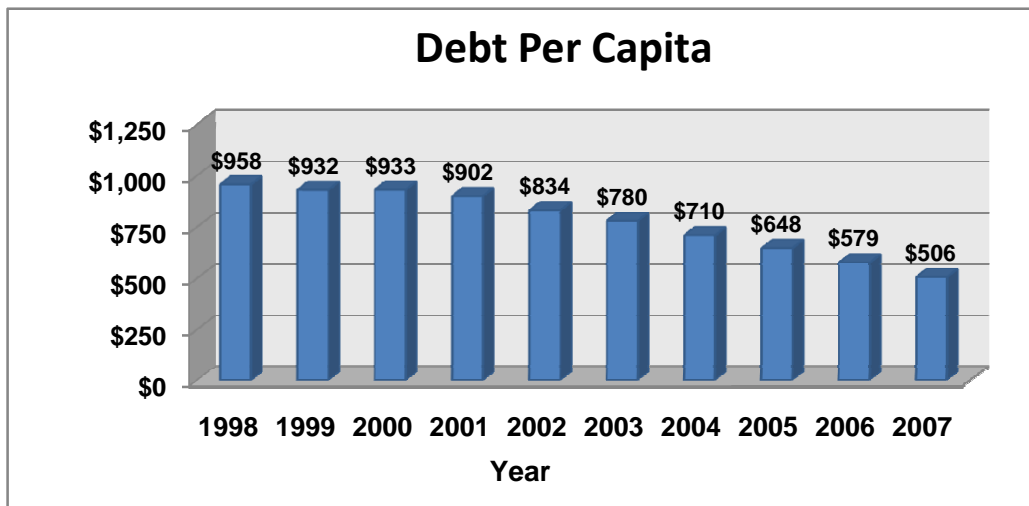


Source: King County Department of Finance and City of SeaTac Finance Department

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	Installment Contracts	Transportation Revenue & Ref Bonds
1998	9,820,000	0.38%	417	-	-	-	8,770,000
1999	9,290,000	0.34%	394	-	-	-	8,710,000
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

Fiscal Year	Business-type Activities	Total Primary Government	Per Capita	% of Personal Income
	Storm Sewer Rev & Ref Bonds			
1998	3,950,000	22,540,000	958	5.24%
1999	3,960,000	21,960,000	932	4.93%
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%

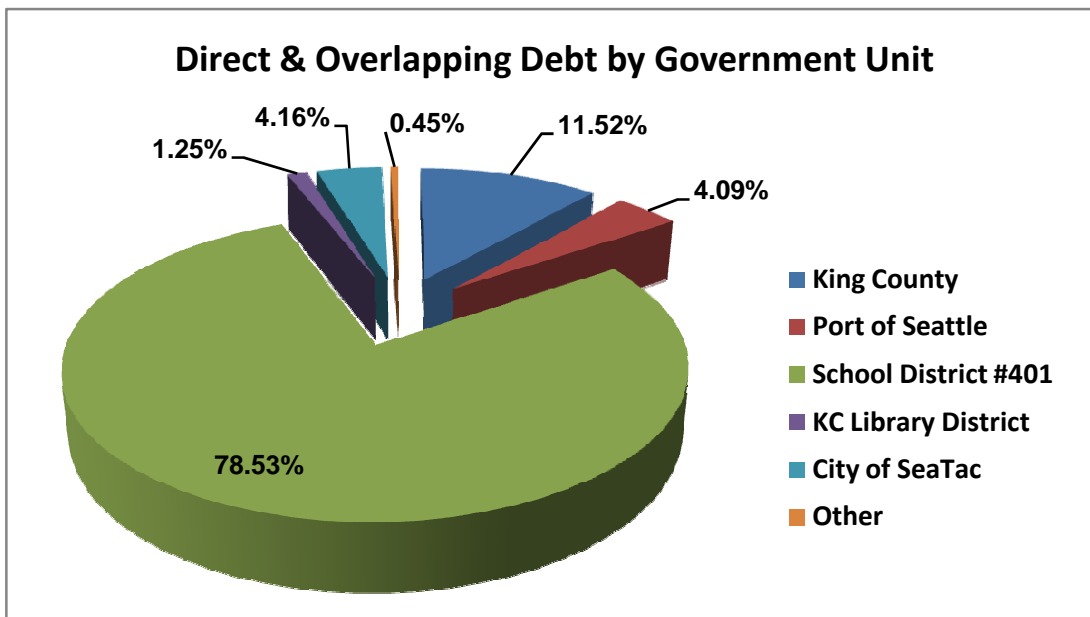


Source: City of SeaTac Finance Department

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, 2007

Governmental Unit	Debt Outstanding	Percentage Applicable to SeaTac	Estimated Amount Applicable to SeaTac
King County	\$1,121,038,312	1.35%	\$15,134,017
Port of Seattle	397,835,000	1.35%	5,370,773
School District #401	331,730,799	31.09%	103,135,105
School District #403	223,885,000	0.01%	22,389
School District #406	39,475,000	0.03%	11,843
School District #415	243,149,817	0.21%	510,615
Hospital District #1	42,725,000	0.11%	46,998
King County Library District	74,330,000	2.21%	1,642,693
Subtotal Overlapping Debt			125,874,431
SeaTac Direct Debt			5,465,000
Total Direct and Overlapping Debt			\$131,339,431



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

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	1998	1999	2000	2001	2002
Debt Limit	\$177,756,762	\$195,266,895	\$202,177,797	\$217,481,001	\$228,198,420
Total net debt applicable to limit	4,396,229	9,820,000	9,290,000	8,885,000	8,427,899
Legal debt margin	\$173,360,533	\$185,446,895	\$192,887,797	\$208,596,001	\$219,770,521
Total net debt applicable to the limit as a % of debt limit	2.47%	5.03%	4.59%	4.09%	3.69%

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$236,494,770	\$245,640,996	\$256,282,296	\$268,911,505	\$305,848,074
Total net debt applicable to limit	7,982,293	7,516,322	7,025,358	6,542,694	6,012,361
Legal debt margin	\$228,512,477	\$238,124,674	\$249,256,938	\$262,368,811	\$299,835,713
Total net debt applicable to the limit as a % of debt limit	3.38%	3.06%	2.74%	2.43%	1.97%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	\$4,077,974,305
<i>Debt Limit:</i>	
2.5% of general purpose limit, voted and non-voted	101,949,358
2.5% of utility purpose limit, voted	101,949,358
2.5% of open space, voted	101,949,358
Total debt limit	<u>305,848,074</u>
<i>Debt applicable to limit:</i>	
General Obligation Bonds (Net)	6,012,361
Legal Debt Margin	<u><u>\$299,835,713</u></u>



Source: City of SeaTac Finance Department

Pledged-Revenue Coverage
Last Ten Fiscal Years

Storm Water Utility Revenue Bonds						
Fiscal Year	Gross Revenue¹	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	\$1,549,711	\$714,461	\$835,250	\$155,000	\$247,085	2.08
1999	1,526,931	696,336	830,595	265,000	143,845	2.03
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

Local Option Transportation Tax Revenue Bonds						
Fiscal Year	Gross Revenue²	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	\$3,927,742	\$964,827	\$2,962,915	\$345,000	\$548,553	3.32
1999	3,760,811	779,114	2,981,697	570,000	342,006	3.27
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	3,990,335	1,051,309	2,939,026	610,000	255,290	3.40
2007	4,472,421	2,302,684	2,169,737	635,000	228,755	2.51

Local Improvement District No. 1 Special Assessment Bonds				
Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
1998	\$ -	\$ -	\$ -	-
1999	-	-	-	-
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

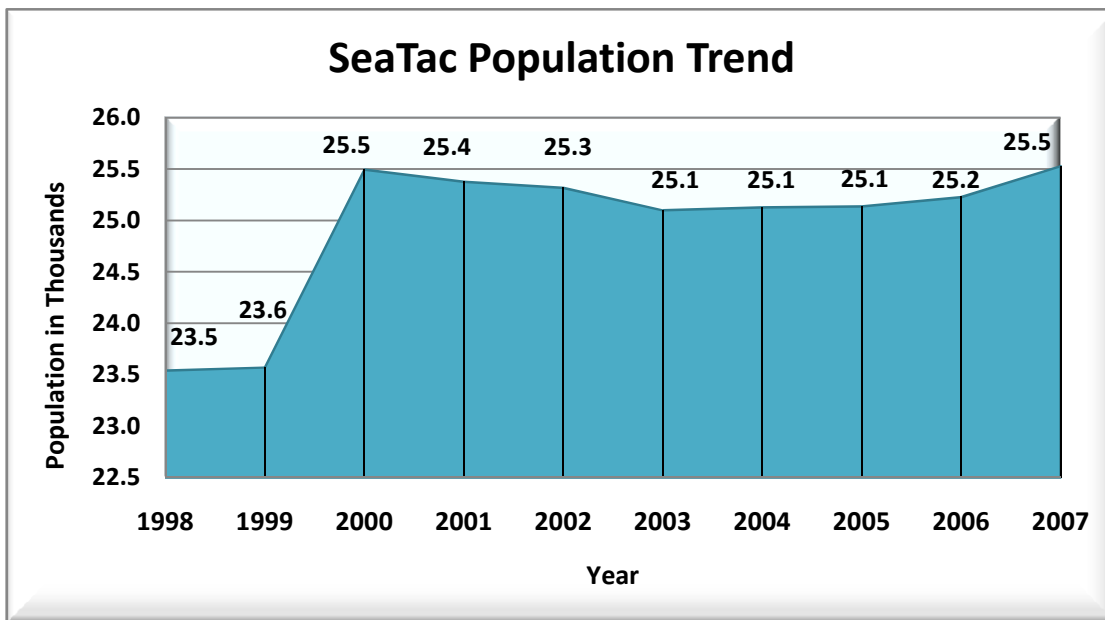
¹Includes storm drainage utility charges and interest revenue.

²Includes parking tax, intergovernmental and miscellaneous revenue.

Source: City of SeaTac Finance Department

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (A)	Total Personal Income (B)	Personal Income Per Capita (C)	Median Age (D)	Public School Enrollment (E)	Unemployment Rate (F)
1998	23,540	430,217,040	18,276	34.9	3,425	3.3%
1999	23,570	445,119,450	18,885	34.6	3,403	2.7%
2000	25,496	501,225,864	19,659	33.9	3,301	3.2%
2001	25,380	515,721,600	20,320	34.2	3,341	6.1%
2002	25,320	532,555,560	21,033	34.0	3,498	6.0%
2003	25,100	570,698,700	22,737	34.4	3,396	5.8%
2004	25,130	584,247,370	23,249	34.1	3,499	4.6%
2005	25,140	596,572,200	23,730	35.7	3,192	4.5%
2006	25,230	626,259,060	24,822	35.2	3,182	4.2%
2007	25,530	600,797,490	23,533	36.1	3,098	3.7%



- (A) Source: U.S. Census Bureau
- (B) Source: U.S. Census Bureau
- (C) Source: U.S. Census Bureau
- (D) Source: U.S. Census Bureau
- (E) Source: Highline School District #401
- (F) Source: Washington State Employment Security Department (Seattle-Bellevue-Everett)

Principal Employers
Current Year and Nine Years Ago

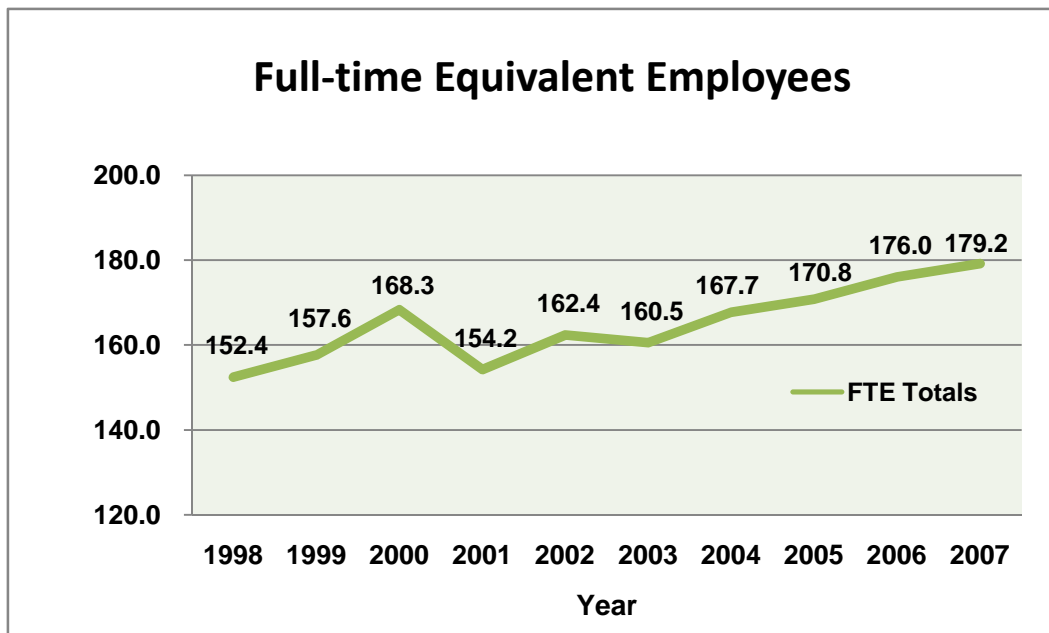
Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Port of Seattle ¹	1,019	1	6.54%	N/A	-	-
HMS Host	600	2	3.85%	N/A	-	-
US Airways	525	3	3.37%	N/A	-	-
Monroe Medical Center	433	4	2.78%	N/A	-	-
Doubletree Hotel	400	5	2.57%	N/A	-	-
Lynden Inc	300	6	1.93%	N/A	-	-
Marriott Hotel	270	7	1.73%	N/A	-	-
Horizon Air Industries Inc	250	8	1.60%	N/A	-	-
Southwest Airlines Co.	200	9	1.28%	N/A	-	-
Alaska Air Group	200	10	1.28%	N/A	-	-
Total	15,582		20.40%	-		-

¹Data provided by the Port of Seattle in 2006; The Port did not provide updated information upon request for 2007. The Port of Seattle employed 1,516 regular full-time/part-time employees in 2006 including 1,019 in the City of SeaTac, 496 in the City of Seattle and 1 in Tokyo. These numbers do not include temporary employees employed in SeaTac or Seattle.

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. Total number of local employees provided by Claritas Business Point for 2007 was 41,012. This number was adjusted down for the Port of Seattle and Stewart Title. Numbers were not available for 1998.

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

<u>Function/Program</u>	Fiscal Year				
	1998	1999	2000	2001	2002
Judicial	6.00	6.00	6.00	6.00	6.00
General Government					
City Manager's Office	8.00	10.00	10.00	7.00	5.00
Finance/IS	8.50	8.50	8.00	8.50	8.50
GIS	2.00	0.50	1.50	1.00	0.50
City Clerk's Office	3.00	3.00	3.00	3.00	3.00
Legal Services	6.00	6.50	7.00	7.00	7.00
Human Resources	3.00	3.50	3.50	3.60	3.60
Facilities/Property Mgt Services	-	-	-	-	0.50
Public Safety					
Police Administration/Other	-	-	-	-	-
Fire	47.50	48.00	48.00	47.00	47.00
Transportation	17.90	17.90	18.60	17.90	23.46
Health & Human Services	1.00	1.00	1.00	1.00	1.00
Economic Environment					
Building	10.50	12.00	17.50	12.00	11.00
Planning	10.00	10.00	11.00	8.00	9.00
Tourism	-	-	-	-	1.00
Culture and Recreation	20.30	21.00	23.00	22.00	28.62
Surface Water Management	8.70	9.70	10.20	10.20	7.20
Total	152.40	157.60	168.30	154.20	162.38



Source: City of SeaTac Finance Department

<u>Function/Program</u>	Fiscal Year				
	2003	2004	2005	2006	2007
Judicial	5.00	5.40	5.40	5.40	6.00
General Government					
City Manager's Office	5.50	5.75	4.75	4.50	4.65
Finance/IS	7.00	8.50	9.50	9.50	10.00
GIS	0.50	0.50	2.38	2.50	2.50
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	3.60	3.60	3.10	3.60	3.60
Facilities/Property Mgt Services	3.50	4.50	4.50	4.50	4.80
Public Safety					
Police Administration/Other	1.70	1.70	1.70	1.70	1.70
Fire	47.00	50.00	53.00	53.00	53.00
Transportation	21.93	21.43	20.94	21.56	22.13
Health & Human Services	0.50	0.50	1.00	1.00	1.00
Economic Environment					
Building	11.00	11.00	11.00	11.00	11.00
Planning	9.00	10.00	8.00	10.96	10.96
Tourism	1.00	0.75	0.75	1.50	1.50
Culture and Recreation	25.83	26.29	26.64	27.48	28.50
Surface Water Management	7.45	7.81	8.14	7.83	7.83
Total	160.51	167.73	170.80	176.03	179.17

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	1998	1999	2000	2001	2002
Judicial					
Traffic & non-traffic filings	4,035	3,989	3,421	2,934	3,566
Criminal traffic/non-traffic filings	1,271	1,252	1,265	1,271	1,075
Parking filings	533	368	478	278	520
Number of in custody hearings	805	773	936	891	955
Number of video arraignments	N/A	70	788	712	754
Orders for protection filed	N/A	N/A	16	15	15
Code Enforcement citations	N/A	N/A	N/A	68	57
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
General Government					
Business licenses Issued	1,665	1,698	1,807	1,839	1,780
Ordinances/Resolutions/Motions passed	155	175	147	130	148
Number of employment applications	N/A	N/A	N/A	N/A	N/A
Number of registered voters	12,026	11,410	11,901	11,706	11,458
Public Safety - Fire					
Number of emergency fire calls	999	882	1,002	1,009	1,125
Number of medical emergency calls	2,414	2,376	2,370	2,325	2,575
Number of fire inspections	835	987	997	2,210	2,158
Number of permits issued	383	381	383	340	365
Total staff training hours	3,688	4,030	3,965	6,031	4,125
Public Safety - Police					
Dispatched calls for service	11,881	10,654	10,238	10,340	9,896
Part 1 crimes*	2,109	1,605	1,691	1,865	1,605
Part 2 crimes**	1,872	1,626	1,676	1,835	1,626
Total cases cleared	809	599	522	310	398
Traffic citations	7,112	8,085	7,510	4,321	6,380
Red light photo enforcement (eff 4/1/07)	N/A	N/A	N/A	N/A	N/A
Adult & juvenile arrests	949	755	988	1,053	1,243
Response times (in progress)					
Priority X - Critical Dispatch	2.89	3.27	4.18	3.74	3.95
Priority 1 - Immediate Dispatch	7.54	7.76	8.25	8.22	7.70
Priority 2 - Prompt Dispatch	14.95	14.61	14.60	16.38	13.62
Health & Human Services					
Number of Human Svs clients served	4,598	4,475	5,782	7,766	7,767
Economic Environment					
Valuation of permitted bldg apps	\$99.8m	\$52.7m	\$158m	\$19.2m	\$29m
Number of short plat applications	14	14	10	9	9
Number of bldg permits issued	1,911	1,717	406	322	308
Culture and Recreation					
Number of special event participants	7,200	8,695	9,500	8,255	8,860
Number of adult league participants	576	686	620	544	220
Number of Meals on Wheels served	9,165	9,033	10,756	9,424	9,053

*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				
	2003	2004	2005	2006	2007
Judicial					
Traffic & non-traffic filings	2,861	3,938	2,139	2,752	2,993
Criminal traffic/non-traffic filings	1,335	1,100	422	1,262	1,364
Parking filings	645	283	309	298	347
Number of in custody hearings	218	244	261	239	367
Number of video arraignments	774	746	772	913	1,144
Orders for protection filed	3	3	7	30	45
Code Enforcement citations	57	16	42	25	44
Anti-Harassment orders	N/A	N/A	2	7	13
Red light camera photo enforcement	N/A	N/A	N/A	N/A	5,124
General Government					
Business licenses Issued	1,921	1,879	1,850	1,910	1,911
Ordinances/Resolutions/Motions passed	136	98	102	128	133
Number of employment applications	417	624	1,104	1,098	933
Number of registered voters	11,135	11,332	12,523	9,770	9,671
Public Safety - Fire					
Number of emergency fire calls	1,221	1,254	1,223	1,320	1,173
Number of medical emergency calls	2,683	2,805	3,106	2,966	3,064
Number of fire inspections	2,433	2,787	2,691	2,809	2,800
Number of permits issued	368	470	533	411	411
Total staff training hours	4,033	10,084	9,442	7,283	9,100
Public Safety - Police					
Dispatched calls for service	9,916	9,933	10,955	11,297	11,038
Part 1 crimes	1,691	1,865	2,346	2,179	1,917
Part 2 crimes	1,676	1,835	1,838	1,906	1,949
Total cases cleared	479	545	517	523	482
Traffic citations	5,832	5,102	4,144	3,818	3,907
Red light photo enforcement (eff 4/1/07)	N/A	N/A	N/A	N/A	4,220
Adult & Juvenile arrests	1,497	1,569	1,344	1,650	1,528
Response times (in progress)					
Priority X - Critical Dispatch (min)	4.37	3.27	3.76	5.10	3.97
Priority 1 - Immediate Dispatch (min)	8.34	7.77	9.15	8.17	8.24
Priority 2 - Prompt Dispatch (min)	14.01	13.32	16.09	14.33	15.22
Health & Human Services					
No of Human Services clients served	6,980	7,609	8,183	9,671	13,078
Economic Environment					
Valuation of permitted bldg apps	\$29.1m	\$42.5m	\$30.0m	\$128.9m	\$88.1m
Number of short plat applications	5	13	16	16	25
Number of bldg permits issued	289	270	291	296	341
Culture and Recreation					
Number of special event participants	9,080	9,260	11,715	12,100	7,085
Number of adult league participants	112	60	80	-	-
Number of Meals on Wheels served	11,117	12,870	13,800	13,520	11,480

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	1998	1999	2000	2001	2002
General Government					
City Hall (sq feet)	-	-	-	-	81,000
Public Safety - Fire					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
Transportation - Public Works					
Streets (miles)	82	82	79	81	84
Culture and Recreation					
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	59.9	59.9	49.0
Undeveloped (acres)	24.0	24.0	24.0	24.0	11.0
Neighborhoods Parks					
Developed (acres)	6.0	6.0	6.0	6.0	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	223.0	223.0	211.4
Pocket Parks/Mini Parks					
Developed (sq ft)	58,440	58,440	58,440	58,440	58,548
Trails/Linear Parks					
Developed (lineal ft)	11,850	11,850	11,850	11,850	15,100
Badminton Courts	N/A	N/A	N/A	N/A	3
Baseball/Softball Fields, Adult	N/A	N/A	N/A	N/A	4
Baseball/Softball Fields, Youth	N/A	N/A	N/A	N/A	6
Basketball Courts, Indoor	N/A	N/A	N/A	N/A	1
Basketball Courts, Outdoor	N/A	N/A	N/A	N/A	10
BMX Track	N/A	N/A	N/A	N/A	1
Boat Launch	N/A	N/A	N/A	N/A	1
Botanical Gardens	N/A	N/A	N/A	N/A	1
Fishing Pier	N/A	N/A	N/A	N/A	1
Football/Soccer Fields	N/A	N/A	N/A	N/A	7
Japanese Garden	N/A	N/A	N/A	N/A	-
Pickleball Courts, Indoor	N/A	N/A	N/A	N/A	3
Picnic Shelters	N/A	N/A	N/A	N/A	2
Picnic Table Areas	N/A	N/A	N/A	N/A	N/A
Playgrounds	N/A	N/A	N/A	N/A	6
Roller Hockey	N/A	N/A	N/A	N/A	1
Skateboard Parks	N/A	N/A	N/A	N/A	1
Tennis Courts	N/A	N/A	N/A	N/A	10
Theater, Outdoor	N/A	N/A	N/A	N/A	1
Volleyball Courts	N/A	N/A	N/A	N/A	3
Weight/Fitness Room	N/A	N/A	N/A	N/A	1

Source: City of SeaTac Comprehensive Plans 1998 - 2007

<u>Function/Program</u>	Fiscal Year				
	2003	2004	2005	2006	2007
General Government					
City Hall (sq feet)	81,000	81,000	81,000	81,000	81,000
Public Safety - Fire					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
Transportation - Public Works					
Streets (miles)	82	82	79	81	76
Culture and Recreation					
Community Center					
Quantity	2	2	2	2	2
Square Footage	25,809	25,809	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	0.5	0.5
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)	15,100	15,430	15,430	15,430	15,430
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	1
Basketball Courts, Outdoor	10	10	10	10	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
Pickleball Courts, Indoor	3	3	3	3	3
Picnic Shelters	2	2	2	2	2
Picnic Table Areas	1	1	1	1	2
Playgrounds	6	6	6	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	3
Weight/Fitness Room	1	1	1	1	1



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City of SeaTac

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