

# 2005 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2005



SeaTac Community Center • Senior Center Entrance



SeaTac Community Center • Main Entrance

**City of SeaTac, Washington**

4800 South 188th Street  
SeaTac, Washington 98188



# **2005 Comprehensive Annual Financial Report**

For the Fiscal Year Ended December 31, 2005

Prepared by the  
City of SeaTac Finance Department

**City of SeaTac, Washington**

4800 South 188th Street  
SeaTac, Washington 98188



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

*For the Fiscal Year Ended December 31, 2005*

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

*For the Fiscal Year Ended December 31, 2005*

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# Introductory Section



**Mayor**  
Frank Hansen

**Deputy Mayor**  
Terry Anderson

**Councilmembers**  
Gene Fisher  
Chris Wythe  
Ralph Shape  
Joe Brennan  
Don DeHan



**City Manager**  
Craig R. Ward  
**City Attorney**  
Mary E. Mirante Bartolo  
**City Clerk**  
Judith L. Cary

*“The Hospitality City”*

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December 4, 2006

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, 2005. We publish this financial statement in conformity with generally accepted accounting principles (GAAP) and it has 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, 2005, 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.

In 2003, the City implemented the newly-mandated Governmental Financial Reporting Model, which is a significant change from prior years. This 2005 report is the third year this report has been prepared under the new financial reporting model. GAAP requires that management provide a 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 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 2005 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 25,140 residents within its incorporated limits and has a work force of approximately 36,800 employees. It also accommodates over 82,000 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 2005, the Airport handled 29.3 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 largest employer and taxpayer in the City is Alaska Airlines, which represents 12.5% of the total assessed valuation for the City. United, Horizon Air, Northwest, Southwest, Delta, American, Hawaiian and Continental Airlines combine to account for an additional 20.2% 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, the main entrance to the airport. In the past few years, several new hotels and motels have been constructed, providing additional traveler accommodation space in the City.

Table 9 in the Statistical Section lists the ten largest taxpayers in the City. This list includes nine airlines and one airplane manufacturer. 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. The City believes that the continued improvements in the personal and business travel environment will translate into continued timely collection of these revenues.

Property tax revenues account for 30% 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 limits the annual growth in the tax levy to 1% unless approved by voters. Although the City's assessed valuation has continued to grow steadily as shown in Table 7 in the Statistical Section, it is not anticipated that property tax revenue will increase at the same rate as the tax base in future years.

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 32% of general governmental tax revenues in 2005. 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**

Washington State added 74,800 net new jobs between November 2004 and November 2005. Of these gains, King County posted 30,100 new jobs. Together with the neighboring Pierce and Snohomish Counties, the three counties had 3.1 percent more people employed than at the same time last year, while the state gained 2.8 percent and the U.S. posted only a 2.1 percent gain. Solid, steady growth is expected for almost every occupation in the Puget Sound area.

The busy housing and office construction market means employment in the Puget Sound region is predicted to grow for the next 12 to 18 months, according to various forecasters. One factor in housing growth is that more people are moving here than are moving away. In 2005, there were 16,300 more people than in 2004, and another 29,000 more are forecast in 2006 and 28,600 more in 2007. Total construction jobs were 101,000 in 2004, 107,800 in 2005, with predictions of 111,300 for 2006 and 116,100 for 2007. Other sectors with projected increases in employment numbers are aerospace, information technology, life science and biotechnology, and alternative energy and environmentally friendly businesses.

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 concern are health care costs and public safety costs related to increased staffing and labor contracts. 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 awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of SeaTac for its Comprehensive Annual Financial Report for the year ended December 31, 2004. 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. The City of SeaTac has received a Certificate of Achievement for the last fourteen consecutive years (fiscal years ended 1991 through 2004). We believe our current report continues to conform to the Certificate of Achievement program requirements.

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, Jason Hale, Robin Lenear, Mary Ann Brown, Jamie Kerin, Mike Butay, Zinta Smidchens and Chiaki Sakuma. Credit for the design of this year's CAFR goes to Gwen Rathe. 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, 2004

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.

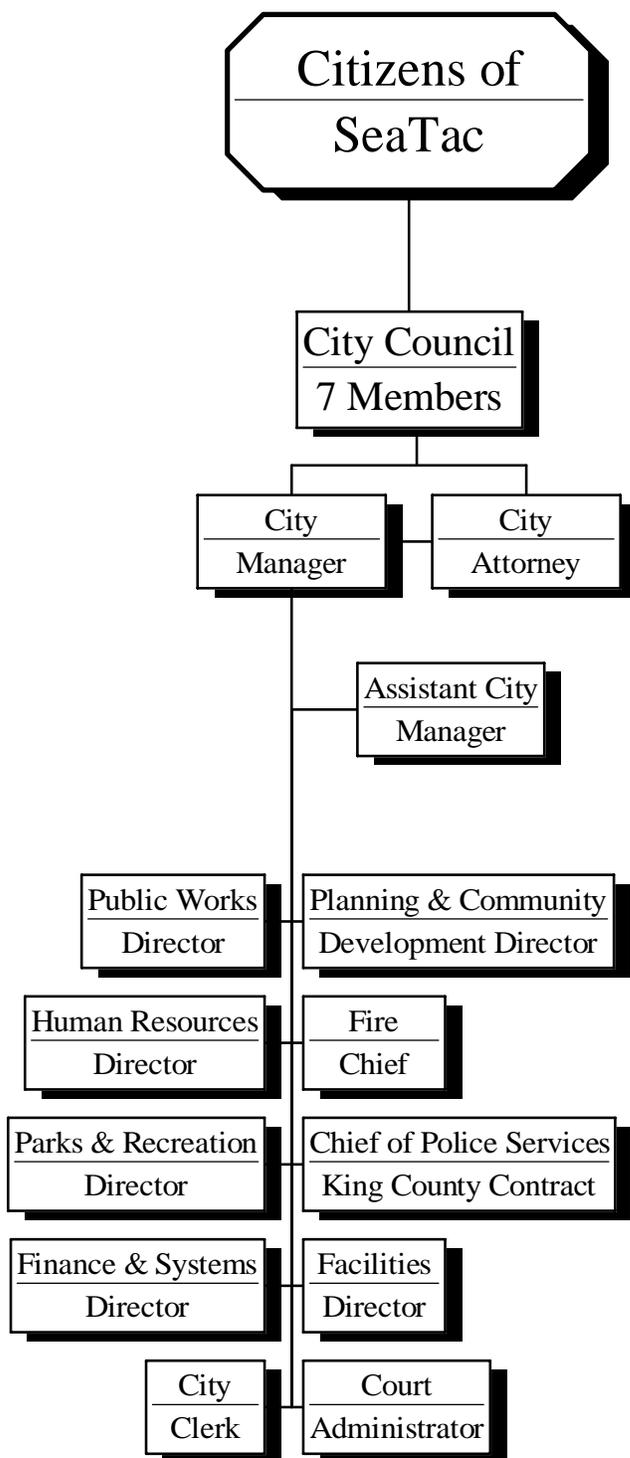


*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director



**2005 City Council**



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

<u>Position No.</u>	<u>Elected Official</u>	<u>Term Expiration</u>
#1 .....	Gene Fisher, Councilmember.....	12/31/07
#2 .....	Chris Wythe, Councilmember.....	12/31/05
#3 .....	Terry Anderson, Deputy Mayor.....	12/31/07
#4 .....	Frank Hansen, Mayor.....	12/31/05
#5 .....	Ralph Shape, Councilmember .....	12/31/07
#6 .....	Joe Brennan, Councilmember .....	12/31/05
#7 .....	Don DeHan, Councilmember .....	12/31/07

<u>Position</u>	<u>Appointed Official</u>
City Manager (through 6/30/05) .....	Bruce A. Rayburn
City Manager (effective 07/01/05) .....	Craig Ward
Assistant City Manager (through 06/30/05) .....	Craig Ward
Assistant City Manager (effective 11/28/05).....	Tina J. Rogers
City Attorney .....	Mary Mirante Bartolo
City Clerk .....	Judith L. Cary
Court Administrator .....	Mary Pederson
Chief of Police Services .....	Greg Dymerski
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

## Independent Auditor's Report on Financial Statements

City of SeaTac  
King County  
January 1, 2005 through December 31, 2005

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, 2005, which collectively comprise the City's basic financial statements as listed on page 8. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of SeaTac, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 9 through 20 and budgetary comparison information on pages 62 through 64 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 Schedule of Expenditures of Federal

Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information has been subjected to the 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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

November 13, 2006

**CITY OF SEATAC, WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED 2005**

**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, 2005. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2005, this information should be read in conjunction with both the financial statements and the notes to the financial statements.

**BASIS OF FINANCIAL INFORMATION**

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

**FINANCIAL HIGHLIGHTS**

- For the year ended December 31, 2005, total net assets equaled \$109.4 million. Of this amount, \$52.5 million or 48% was invested in capital assets including infrastructure, construction in progress, land, buildings, equipment and other improvements. Net assets in the amount of \$29.9 million were restricted for debt service, capital projects, including Des Moines Creek Basin projects, and other purposes. The remaining net asset balance of \$27 million was unrestricted and available for general City operations.
- Net assets for the City's governmental activities were \$95.8 million. Of this amount, \$45.8 million or 47.8% represented assets invested in capital assets, net of depreciation and reduced by outstanding spent bond debt. Net assets for business-type proprietary funds were \$13.6 million with investments in capital assets, net of related debt, equaling \$6.7 million or 49.3%.
- In 2005, the City's overall financial position improved by \$11.1 million or 13% 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 improved by \$4.3 million or 46%.
- At the end of 2005, unreserved fund balance for the *General Fund* was \$19.9 million or 93.7% of total *General Fund* expenditures, excluding transfers out and other financing uses.
- Capital asset reporting includes City infrastructure such as streets, sidewalks, other improvements, etc. for the years 2003 through 2005 only. The City is required to retroactively capitalize infrastructure back to 1981 by the year 2007.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The City's financial statements are prepared on both a government-wide and on 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. Under the GASB 34 reporting model, the previous

reporting method has been 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.

### **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 and 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 eighteen individual governmental funds. The City's seven major governmental funds, as determined by the parameters of GASB 34, are the *General 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* which did not have appropriated expenditure budgets for 2005.

**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, but with more detail than is provided 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**

<b>Assets:</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Current & other assets	\$ 57,120,744	\$ 54,072,772	\$ 8,245,898	\$ 5,487,986	\$ 65,366,642	\$ 59,560,758
Capital assets, net	55,835,324	50,691,220	8,979,153	7,424,880	64,814,477	58,116,100
<b>Total Assets</b>	<b>112,956,068</b>	<b>104,763,992</b>	<b>17,225,051</b>	<b>12,912,866</b>	<b>130,181,119</b>	<b>117,676,858</b>
<b>Liabilities:</b>						
Long-term liabilities	14,484,416	15,791,494	2,315,247	2,554,028	16,799,663	18,345,522
Other liabilities	2,721,250	4,108,258	1,287,929	1,052,455	4,009,179	5,160,713
<b>Total Liabilities</b>	<b>17,205,666</b>	<b>19,899,752</b>	<b>3,603,176</b>	<b>3,606,483</b>	<b>20,808,842</b>	<b>23,506,235</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	45,785,324	39,581,220	6,715,444	4,928,839	52,500,768	44,510,059
Restricted	26,616,872	9,209,645	3,243,495	403,925	29,860,367	9,613,570
Unrestricted	23,348,206	36,073,375	3,662,936	3,973,619	27,011,142	40,046,994
<b>Total Net Assets</b>	<b>\$ 95,750,402</b>	<b>\$ 84,864,240</b>	<b>\$ 13,621,875</b>	<b>\$ 9,306,383</b>	<b>\$ 109,372,277</b>	<b>\$ 94,170,623</b>

The City's total net assets increased by \$15.2 million over 2004. Investments in capital assets, less any related outstanding debt used to acquire the assets, increased by 15.6%. For the governmental-activities, this increase was due in large part to the addition of \$6.2 million in infrastructure assets (International Boulevard Phase 4 and other streets) and a \$1.4 million senior center addition at the North SeaTac Park Community Center. For the business-type activities, \$1.6 million in construction in progress was added from the Des Moines Creek Basin Restoration projects. The City records 41% of the Des Moines Creek Basin capital expenditures as capital assets due to its 41% maintenance responsibility following completion of the five restoration projects.

An additional portion (\$26.6 million) of the City's governmental activities net assets represents resources that are subject to external restrictions on how they may be used. The restricted net assets are for debt service, capital projects and other special purposes. The remaining balance of unrestricted net assets (\$23.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

For business-type activities, \$3.2 million in net assets are restricted for debt service and the Des Moines Creek Basin interlocal agreement including restoration, maintenance and operations and a future facility replacement fund. Unrestricted net assets are \$3.6 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 method 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 before adding the interfund transfers.

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

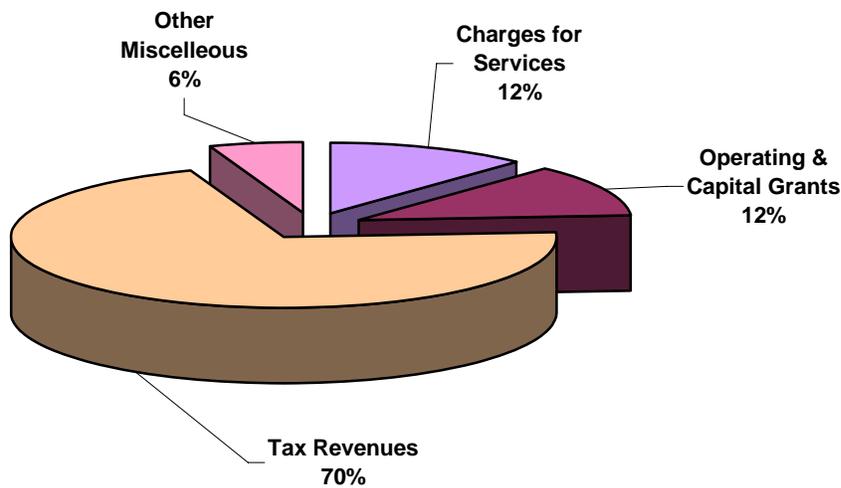
Revenues:	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<i>Program Revenues:</i>						
Charges for services	\$ 4,541,752	\$ 3,336,658	\$ 1,653,498	\$ 1,672,548	\$ 6,195,250	\$ 5,009,206
Operating grants & contrib	951,684	972,119	4,475,740	3,148,414	5,427,424	4,120,533
Capital grants & contrib	3,677,303	2,901,572	4,963,088	-	8,640,391	2,901,572
<i>General Revenues:</i>						
Property taxes	9,658,466	10,308,745	-	-	9,658,466	10,308,745
Sales taxes	10,724,177	9,727,717	-	-	10,724,177	9,727,717
Parking taxes	3,668,067	3,954,493	-	-	3,668,067	3,954,493
Other taxes	2,918,680	1,844,478	-	-	2,918,680	1,844,478
Investment interest	1,920,309	800,502	212,483	58,613	2,132,792	859,115
Miscellaneous	206,510	181,935	-	-	206,510	181,935
<b>Total Revenues</b>	<b>38,266,948</b>	<b>34,028,219</b>	<b>11,304,809</b>	<b>4,879,575</b>	<b>49,571,757</b>	<b>38,907,794</b>
<b>Expenses:</b>						
Judicial	332,461	317,068	-	-	332,461	317,068
General Government	4,537,244	4,030,088	-	-	4,537,244	4,030,088
Public Safety	12,664,279	11,355,501	-	-	12,664,279	11,355,501
Physical Environment	36,668	12,217	6,813,067	925,997	6,849,735	938,214
Transportation	2,869,393	2,745,371	-	-	2,869,393	2,745,371
Human Services/Health	397,254	342,036	-	-	397,254	342,036
Economic Environment	2,063,738	2,165,015	-	-	2,063,738	2,165,015
Culture & Recreation	4,092,060	2,400,643	-	-	4,092,060	2,400,643
Interest on long-term debt	310,396	844,362	-	-	310,396	844,362
<b>Total Expenses</b>	<b>27,303,493</b>	<b>24,212,301</b>	<b>6,813,067</b>	<b>925,997</b>	<b>34,116,560</b>	<b>25,138,298</b>
<b>Inc (Dec) in Net Assets</b>						
<b>Before Transfers</b>	<b>10,963,455</b>	<b>9,815,918</b>	<b>4,491,742</b>	<b>3,953,578</b>	<b>15,455,197</b>	<b>13,769,496</b>
Transfers	176,250	276,250	(176,250)	(276,250)	-	-
<b>Inc (Dec) in Net Assets</b>	<b>11,139,705</b>	<b>10,092,168</b>	<b>4,315,492</b>	<b>3,677,328</b>	<b>15,455,197</b>	<b>13,769,496</b>
Net Assets-Beg (as prev reported)						
	84,864,240	77,512,899	9,306,383	5,629,055	94,170,623	83,141,954
Prior Year Adjustments	(253,543)	(2,740,827)	-	-	(253,543)	(2,740,827)
<b>Net Assets-Beg (as restated)</b>	<b>84,610,697</b>	<b>74,772,072</b>	<b>9,306,383</b>	<b>5,629,055</b>	<b>93,917,080</b>	<b>80,401,127</b>
<b>Net Assets-Ending</b>	<b>\$ 95,750,402</b>	<b>\$ 84,864,240</b>	<b>\$ 13,621,875</b>	<b>\$ 9,306,383</b>	<b>\$ 109,372,277</b>	<b>\$ 94,170,623</b>

**Governmental activities** increased total net assets by \$11.1 million, representing 71.6% of the total growth in net assets for the City of SeaTac. In addition, total revenues were \$4.2 million higher in 2005 than in 2004. The following are the key elements of this increase:

- Charges for services increased \$1.2 million. This majority of this increase came from intergovernmental service revenues received for work completed on International Boulevard Phase III and Phase 4 for other governmental agencies.

- Capital grants increased by over \$775 thousand for transportation projects. The grant money was from the State of Washington Transportation Improvement Board for construction on International Boulevard Phase 4.
- Sales taxes were \$1 million higher due to an improving economy and a large amount of construction in the City.
- “Other taxes” were \$1.1 million higher in 2005. Included in the “other taxes” category are real estate excise taxes. The City did not increase the real estate excise tax by ¼% until the middle of 2004. In addition, the hot real estate market boosted revenues. Real estate excise taxes showed an increase of \$466,000 over 2004.
- Investment interest increased by \$1.1 million due to rising interest rates in the Local Government Investment Pool.

**Revenues by Source - Governmental Activities**

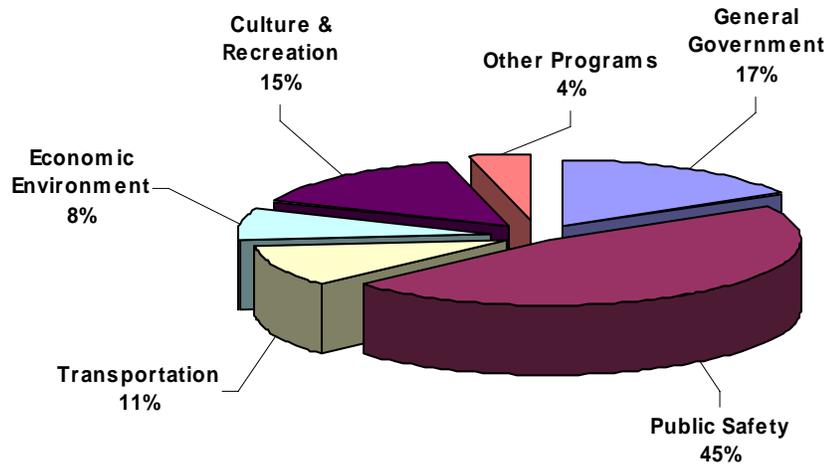


*Notes: Tax revenues include property, sales, parking and other taxes and are a large portion of the City's income. Please note that transfers in from other funds are not included in this chart.*

For governmental activities, total expenses increased by \$3.1 million. Although this is a 12.8% increase in expense, the \$4.2 million increase in revenues completely offset the rise in expenses. The following are the key elements of the increase in expenses:

- The largest expense increase was in Culture and Recreation which increased by \$1.7 million in 2005. Most of this increase came from the construction of the senior center addition at North SeaTac Park Community Center in the amount of \$1.4 million.
- Another large expense increase was in Public Safety which increased by 11.5% or \$1.3 million. The increase in Public Safety was due to the hiring of an additional 3 full-time firefighters in Fire Suppression/Emergency Medical Services (EMS). Salaries, benefits, uniforms, supplies and other related costs rose due to the increase in staffing levels. In addition, the cost of base Police services with King County increased by \$150,000 over 2004.

**Expenses by Function - Governmental Activities**



Notes: Public Safety expenses are for contracted police services and in-house fire services. Other programs include judicial, physical environment, human services and interest on long-term debt. Transfers out to other funds are not included in this chart.

**Business-type Activities** increased total net assets by \$4.3 million, representing 27.9% of the total growth in net assets for the City of SeaTac. Total revenues increased by \$6.4 million. This large revenue increase is from 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. Total expenses increased by \$5.9 million. Again, the large increase was from the joint Des Moines Creek Basin 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 selected governmental funds including the *General Fund* and the six 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 2005, the City's combined ending governmental fund balance was \$51 million versus the 2004 ending balance of \$47.5 million. Of the total ending fund balance, \$8 million was reserved for an interfund loan, \$5 million was reserved for capital projects due to unspent debt proceeds and \$428 thousand was reserved for debt service for funds being held in a special revenue fund. At the end of the current year, total unreserved fund balance for all governmental funds equaled \$37.5 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 2005, property taxes recorded into the *General Fund* equaled \$9.3 million while in 2004 they were \$9 million. Please note that property taxes of approximately \$423 thousand were also

recorded directly into the *Long-term General Obligation Debt Service Fund* for both years. In 2005, sales taxes recorded into the General Fund were \$7.6 million compared to \$6.9 million in 2004. At the end of 2005, the fund balance of the *General Fund* was \$19.9 million, an increase of \$1.9 million. The overall fund balance increase can be attributed to both conservative spending practices and an improving economy. As a measure of the fund's liquidity, the ending fund balance was 94% of the Fund's 2005 expenditures, excluding transfers out.

The *Port of Seattle Interlocal Agreement Fund* is a special revenue fund which accounts for community relief payments from the Port of Seattle. These revenues are used for improvements to the community. In 2005, no additional relief payments were received. Interest earnings were the only revenue source in this Fund. The 2005 ending fund balance for this Fund was \$14.6 million which includes a reservation of \$8 million for interfund loans receivable. The Fund's 2004 ending fund balance was \$14.1 million and also includes interfund loans receivable in the amount of \$8.3 million.

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 2005, the *Hotel/Motel Fund* collected \$605 thousand in hotel/motel taxes which is an increase of \$106 thousand over 2004. At the end of 2005, the fund balance of the *Hotel/Motel Tax Fund* was \$7.6 million versus \$7.4 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 \$364 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 \$1.7 million special assessments receivables balance. The ending fund balances for 2005 and 2004 were \$83 thousand and \$88 thousand, respectively. This Fund carries a small fund balance because the cash collected from the LID is used to make the principal and interest payments on the bonds issued to pay for some of the initial construction improvement costs for the 28<sup>th</sup>/24<sup>th</sup> Avenue South arterial project.

The *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 2005, sales taxes in this Fund were \$2.1 million versus \$1.9 million in the prior year. Ending 2005 fund balance was \$7.5 million, an increase of \$1.4 million over the 2004 balance of \$6.1 million.

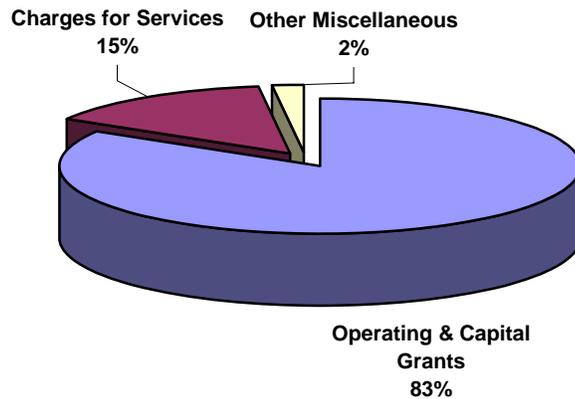
The *Municipal Facilities Capital Improvement Fund* is a capital projects fund whose purpose is to account for the expenditures related to major municipal capital projects including the purchase of land and construction or major renovation of buildings. In 2005, the only revenue sources included in this Fund were transfers from other funds. At the end of 2005, the fund balance in the *Municipal Facilities Capital Improvement Fund* was a negative balance of \$8 million. The negative fund balances is due to an interfund loan from the *Port of Seattle Interlocal Agreement Fund*. This loan was used to purchase and renovate City Hall. The negative fund balance will diminish over time as the loan is repaid.

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 2005, the major revenue sources for this Fund included various indirect federal and State transportation grants and a transfer of \$1.8 million from the *Arterial Street Fund*. Ending fund balance for this Fund was \$3.2 million for 2005 and \$3.3 million for 2004. 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 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 used to pay the principal and interest payments on related bonds. The combined ending net asset balance for these three funds was \$13.6 million and of this amount, \$3.7 million or 27% was unrestricted. There is \$2.8 million in restricted funds for Des Moines Creek Basin related restoration projects, maintenance and operations and a replacement fund.

**Revenues by Source - 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 2005 with just under \$20 million in ending fund balance. This original budgeted ending fund balance was \$17.5 million. Through higher revenues (\$1.9 million more than anticipated) and lower expenditures (over \$700 thousand less than budgeted), the City improved its financial position in the General Fund by 10.1%.

General Fund budgeted revenues were increased by \$19,866 in the intergovernmental services category for a Local Law Enforcement Block Grant. Actual revenues exceeded revenue estimates in all seven revenue categories (i.e. taxes, licenses and permits, intergovernmental, etc.) Investment earnings were 180% over estimate due to the rise in interest rates over the year. Charges for services also exceeded budget estimates by 80% due to increased Public Works construction inspections, building plan review fees and other related services. Fines and forfeiture revenues were 20% higher than estimated due to an increase in non-parking infractions and higher false alarm fines.

The General Fund’s final expenditure budget was \$231,818 higher than the original budget. This entire budget increase was related to 2004 budget appropriations that were not spent in 2004 and needed to be carried over into 2005. The largest carryovers were in Public Safety and included unspent Criminal Justice

Funds, an unspent Local Law Enforcement Block Grant and various pieces of equipment for the Fire Department.

The only program in the *General Fund* that exceeded its expenditure budget was debt service. This program was over budget by \$169,694 due to the higher than anticipated interest costs on the City's interfund loan. The General Fund pays the interest on the interfund loan and the amount is based on the interest rate paid by the Washington State Local Government Investment Pool (LGIP). The interest rate in the LGIP started the year at 2.2% and ended the year at 4.2%. The other nine programs in the *General Fund* (i.e. judicial, general government, public safety, etc.) were all under budget.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets**

As of the end of 2005, the City had \$55.8 million (net of depreciation) in governmental activities capital assets, including the internal service fund, and \$9 million (net) in business-type activities. Total internal service fund capital assets (net) were just over \$1 million. These assets were included in the governmental activities column of the government-wide *Statement of Net Assets*. The following table summarizes the City's capital assets for the year ended 2005:

**City of SeaTac's Capital Assets**

<b>Capital Assets:</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Land	\$ 11,125,389	\$ 11,125,389	\$ -	\$ -	\$ 11,125,389	\$ 11,125,389
Construction in Progress (CIP)	16,381,626	11,094,604	4,928,859	3,282,876	21,310,485	14,377,480
Buildings/Building Impr	26,364,633	24,874,018	228,560	228,560	26,593,193	25,102,578
Other Improvements	3,893,829	3,847,040	6,984,152	6,984,152	10,877,981	10,831,192
Infrastructure	1,155,849	153,333	-	-	1,155,849	153,333
Equipment/Vehicles/Mach	7,262,767	7,224,613	1,565	1,565	7,264,332	7,226,178
Intangible Assets-Software	391,663	282,419	-	-	391,663	282,419
Less: Depreciation	(10,740,432)	(7,910,195)	(3,163,983)	(3,072,273)	(13,904,415)	(10,982,468)
<b>Total Capital Assets (Net)</b>	<b>\$ 55,835,324</b>	<b>\$ 50,691,221</b>	<b>\$ 8,979,153</b>	<b>\$ 7,424,880</b>	<b>\$ 64,814,477</b>	<b>\$ 58,116,101</b>

For 2005, the major changes in governmental capital assets included the following: 1) The City increased construction in progress for major infrastructure by approximately \$6 million, 2) The City added a new Senior Center addition at the North SeaTac Park Community Center increasing building assets by \$1.4 million, and 3) Approximately \$1 million in street improvements were completed and moved out of construction in progress into infrastructure.

There was only one major change in the business-type capital assets. The City continued to work with the City of Des Moines, the Port of Seattle, King County, and the Washington State Department of Transportation on the Des Moines Creek Basin Restoration projects. There are five major construction restoration projects related to the Des Moines Creek Basin that will be completed by 2007. The City is capitalizing 41% of the infrastructure expenses based on its responsibility to fund 41% of the maintenance and operation costs. The City added \$1.6 million in construction in progress from the Des Moines Creek Basin project in 2005. Supplementary information on the City's capital assets can also be found in *Note 5 Capital Assets and Depreciation* in the *2005 Notes to the Financial Statements*.

### 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 2005 and 2004 by type:

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

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$ 6,545,000	\$ 7,060,000	\$ -	\$ -	\$ 6,545,000	\$ 7,060,000
Special Assessment Debt	1,525,000	1,715,000	-	-	1,525,000	1,715,000
Revenue Bonds	5,675,000	6,245,000	2,555,000	2,820,000	8,230,000	9,065,000
<b>Total</b>	<b>\$ 13,745,000</b>	<b>\$ 15,020,000</b>	<b>\$ 2,555,000</b>	<b>\$ 2,820,000</b>	<b>\$ 16,300,000</b>	<b>\$ 17,840,000</b>

### General Obligation Debt

According to Washington State law, the City's debt capacity for *general government purposes* is limited to 2.5% or \$85.4 million of the City's assessed valuation. Of this 2.5%, the City Council has the authority to issue bonds and/or lease purchase agreements up to 1.5% or \$51.3 million. The City's 2004 assessed valuation was \$3,417,097,289. The 2004 assessed valuation is used to calculate the taxes to be collected in 2005. At the end of 2005, the City had \$6.5 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 2005.

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 \$256.3 million of the City's assessed valuation. Additional information can be found in the *Statistical Section* of the City's 2005 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 2005, the City had \$2.6 million in outstanding revenue debt issued for surface water management purposes. The City also had \$5.7 million in governmental activities revenue debt for transportation purposes. No new revenue debt was issued in 2005.

### 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 2005, the City had LID bonds outstanding totaling \$1.5 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 2005 Notes to the Financial Statements.

**ECONOMIC FACTORS AND THE 2006 BUDGET**

- Washington State’s (Seattle-Bellevue-Everett area) unemployment rate in September 2006 was 5.3% which is .3% lower than September 2005 rate of 5.6%.
- The median home value in South King County was estimated at \$203,525 in 2006. This represents a 7.1% increase over 2004. The City of SeaTac’s median home value in 2006 was estimated at \$185,056 with no prior year(s) comparison available.
- The City’s taxable sales were \$938,960,134 for 2005. This is a 13.36% over 2003. Taxable sales for the third quarter of 2006 were at \$260,003,211 which is 5.8% or \$14,391,218 higher than third quarter of 2005.

These economic factors and others were considered in preparing the City of SeaTac’s Annual Operating Budget.

During the current fiscal year, the City’s General Fund unreserved, undesignated fund balance is estimated to be \$8.3 million which is \$11.3 million less than the 2005 ending balance of \$19.6 million. The reason for the 42% decline is the City budgeted \$9.9 million in transfers out to other funds. The largest transfer is in the amount of \$9.2 million and is for the acquisition of land for a fire station and land for a city center. In addition, land will be acquired from the Highline School District. Lastly, \$800,000 was budgeted to start construction of a fire station and \$110,000 was budgeted to finish construction of the senior center facility. The City was able to maintain its unreserved, undesignated target fund balance (4 months of operating expenditures) of \$7.6 million, without incurring additional debt.

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**

	<b>2003 Final</b>	<b>2004 Final</b>	<b>2005 Original</b>	<b>2005 Final</b>
<b>Budget:</b>				
Budgeted Revenues	18,656,772	18,972,159	20,721,748	20,741,614
Budgeted Expenditures	21,333,673	21,312,128	21,938,612	22,170,430
<b>Budgeted Difference</b>	<b>(2,676,901)</b>	<b>(2,339,969)</b>	<b>(1,216,864)</b>	<b>(1,428,816)</b>
<b>Actual:</b>				
Actual Revenues	19,562,097	20,498,211	<b>N/A</b>	22,666,255
Actual Expenditures	18,885,378	20,161,917	<b>N/A</b>	21,200,695
<b>Actual Difference</b>	<b>676,719</b>	<b>336,294</b>	<b>N/A</b>	<b>1,465,560</b>

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 188<sup>th</sup> Street, SeaTac, WA 98188-8605.*

# Basic Financial Statements



**Statement of Net Assets**  
**December 31, 2005**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash & cash equivalents	\$ 40,257,156	\$ 3,618,471	\$ 43,875,627
Cash with fiscal agents	428,080	-	428,080
Investments	9,961,943	-	9,961,943
Receivables (net)			
Taxes	2,986,852	-	2,986,852
Customer accounts	1,660,337	1,346,782	3,007,119
Special assessments	1,663,315	-	1,663,315
Interest on investments	47,193	-	47,193
Internal balances	(16,118)	16,118	-
Prepaid items	131,986	-	131,986
Deferred charges	-	21,032	21,032
Restricted assets, temporary:			
Cash and cash equivalents	-	3,243,495	3,243,495
Capital assets not being depreciated:			
Land	11,125,389	-	11,125,389
Construction in progress	16,381,626	4,928,859	21,310,485
Capital assets, net of accumulated depreciation:			
Buildings	21,090,953	223,692	21,314,645
Improvements other than buildings	2,516,138	3,826,446	6,342,584
Machinery, equipment & intangibles	3,640,847	156	3,641,003
Infrastructure	1,080,371	-	1,080,371
<b>Total Assets</b>	<b>\$ 112,956,068</b>	<b>\$ 17,225,051</b>	<b>\$ 130,181,119</b>
<b>Liabilities</b>			
Accounts payable & accrued expenses	784,417	1,278,363	2,062,780
Due to other governments	180,251	-	180,251
Accrued interest payable	44,846	9,566	54,412
Other current liabilities	88,809	-	88,809
Unearned revenue	1,622,927	-	1,622,927
Noncurrent liabilities:			
Due within one year	1,221,336	248,046	1,469,382
Due in more than one year	13,263,080	2,067,201	15,330,281
<b>Total Liabilities</b>	<b>17,205,666</b>	<b>3,603,176</b>	<b>20,808,842</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	45,785,324	6,715,444	52,500,768
Restricted for:			
Debt service	1,215,823	403,925	1,619,748
Capital projects	5,114,121	-	5,114,121
Des Moines Creek Basin projects	-	2,839,570	2,839,570
Other purposes	20,286,928	-	20,286,928
Unrestricted	23,348,206	3,662,936	27,011,142
<b>Total Net Assets</b>	<b>\$ 95,750,402</b>	<b>\$ 13,621,875</b>	<b>\$ 109,372,277</b>

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

**Statement of Activities**  
**For the Year Ended December 31, 2005**

	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>
<b>Functions/Programs</b>				
<i>Governmental Activities:</i>				
Judicial	\$ 332,461	\$ 317,358	\$ -	\$ -
General Government	4,537,244	1,127,189	500	-
Public Safety	12,664,279	146,145	176,125	38,272
Physical Environment	36,668	774,611	73,425	-
Transportation	2,869,393	1,167,970	579,999	3,629,018
Health & Human Services	397,254	-	117,115	-
Economic Environment	2,063,738	724,862	-	-
Culture & Recreation	4,092,060	283,617	4,520	10,013
Interest on long-term debt	310,396	-	-	-
<b>Total Governmental Activities</b>	<b>27,303,493</b>	<b>4,541,752</b>	<b>951,684</b>	<b>3,677,303</b>
<i>Business-type Activities:</i>				
Surface Water Utilities	6,813,067	1,653,498	4,475,740	4,963,088
<b>Total Business-type Activities</b>	<b>6,813,067</b>	<b>1,653,498</b>	<b>4,475,740</b>	<b>4,963,088</b>
<b>Total Government</b>	<b>\$ 34,116,560</b>	<b>\$ 6,195,250</b>	<b>\$ 5,427,424</b>	<b>\$ 8,640,391</b>

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

## Net (Expense) Revenue &amp; Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>			
<i>Governmental Activities:</i>			
Judicial	\$ (15,103)	\$ -	\$ (15,103)
General Government	(3,409,555)	-	(3,409,555)
Public Safety	(12,303,737)	-	(12,303,737)
Physical Environment	811,368	-	811,368
Transportation	2,507,594	-	2,507,594
Human Services	(280,139)	-	(280,139)
Economic Environment	(1,338,876)	-	(1,338,876)
Culture & Recreation	(3,793,910)	-	(3,793,910)
Interest on long-term debt	(310,396)	-	(310,396)
<b>Total Governmental Activities</b>	<b>(18,132,754)</b>	<b>-</b>	<b>(18,132,754)</b>
<i>Business-type Activities:</i>			
Surface Water Utilities	-	4,279,259	4,279,259
<b>Total Business-type Activities</b>	<b>-</b>	<b>4,279,259</b>	<b>4,279,259</b>
<b>Total Government</b>	<b>(18,132,754)</b>	<b>4,279,259</b>	<b>(13,853,495)</b>
<b>General Revenues</b>			
Property taxes	9,658,466	-	9,658,466
Sales taxes	10,724,177	-	10,724,177
Parking taxes	3,668,067	-	3,668,067
Other taxes	2,918,680	-	2,918,680
Unrestricted grants & contributions	178,237	-	178,237
Investment earnings	1,920,309	212,483	2,132,792
Gain on sale of capital assets	28,273	-	28,273
<b>Total General Revenues</b>	<b>29,096,209</b>	<b>212,483</b>	<b>29,308,692</b>
Transfers	176,250	(176,250)	-
<b>Total General Revenues &amp; Transfers</b>	<b>29,272,459</b>	<b>36,233</b>	<b>29,308,692</b>
Change in Net Assets	11,139,705	4,315,492	15,455,197
Net Assets-Beg (as prev reported)	84,864,240	9,306,383	94,170,623
Prior Year Adjustments	(253,543)	-	(253,543)
<b>Net Assets-Beginning (as restated)</b>	<b>84,610,697</b>	<b>9,306,383</b>	<b>93,917,080</b>
<b>Net Assets-Ending</b>	<b>\$ 95,750,402</b>	<b>\$ 13,621,875</b>	<b>\$ 109,372,277</b>

**Balance Sheet**  
**December 31, 2005**

	<u>General</u>	<u>Port of Seattle ILA</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
<b>Assets</b>				
Cash & cash equivalents	\$ 8,773,350	\$ 6,566,412	\$ 7,688,849	\$ 42,198
Deposits with fiscal agents	-	-	-	-
Investments	9,961,943	-	-	-
Receivables (net of allowance for uncollectibles):				
Taxes	2,468,090	-	74,848	-
Customer accounts	616,490	-	5,000	-
Special assessments	-	-	-	1,663,315
Interfund loans receivable	-	8,038,636	-	-
Prepaid items	109,453	-	-	-
<b>Total Assets</b>	<b>\$ 21,929,326</b>	<b>\$ 14,605,048</b>	<b>\$ 7,768,697</b>	<b>\$ 1,705,513</b>
<b>Liabilities</b>				
Accounts/payroll payable	351,902	-	158,917	-
Interfund loans payable	-	-	-	-
Due to other governments	180,251	-	-	-
Other current liabilities	88,809	-	-	-
Deferred revenue	1,438,868	-	-	-
Unearned revenue	-	-	-	1,622,927
<b>Total Liabilities</b>	<b>2,059,830</b>	<b>-</b>	<b>158,917</b>	<b>1,622,927</b>
<b>Fund Balances</b>				
<i>Reserved for:</i>				
Interfund loans receivable	-	8,038,636	-	-
Debt service	-	-	-	-
Capital improvements	-	-	5,001,021	-
<i>Unreserved, designated for:</i>				
LEOFF I retiree benefits	225,000	-	-	-
<i>Unreserved, undesig reported in:</i>				
General Fund	19,644,496	-	-	-
Special revenue funds	-	6,566,412	2,608,759	-
Debt service funds	-	-	-	82,586
Capital project funds	-	-	-	-
<b>Total Fund Balances</b>	<b>19,869,496</b>	<b>14,605,048</b>	<b>7,609,780</b>	<b>82,586</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 21,929,326</b>	<b>\$ 14,605,048</b>	<b>\$ 7,768,697</b>	<b>\$ 1,705,513</b>

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

	Capital Improvement Fund	Municipal Facilities CIP	Transportation CIP	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash & cash equivalents	\$ 7,317,662	\$ 19,594	\$ 2,418,031	\$ 5,447,362	\$ 38,273,458
Deposits with fiscal agents	-	-	-	428,080	428,080
Investments	-	-	-	-	9,961,943
Receivables (net of allowance for uncollectibles):					
Taxes	175,313	-	-	268,601	2,986,852
Customer accounts	-	-	846,771	192,076	1,660,337
Special assessments	-	-	-	-	1,663,315
Interfund loans receivable	-	-	-	-	8,038,636
Prepaid items	-	-	-	-	109,453
<b>Total Assets</b>	<b>\$ 7,492,975</b>	<b>\$ 19,594</b>	<b>\$ 3,264,802</b>	<b>\$ 6,336,119</b>	<b>\$ 63,122,074</b>
<b>Liabilities</b>					
Accounts/payroll payable	24,015	7,146	118,025	111,364	771,369
Interfund loans payable	-	8,038,636	-	-	8,038,636
Due to other governments	-	-	-	-	180,251
Other current liabilities	-	-	-	-	88,809
Deferred revenue	-	-	-	-	1,438,868
Unearned revenue	-	-	-	-	1,622,927
<b>Total Liabilities</b>	<b>24,015</b>	<b>8,045,782</b>	<b>118,025</b>	<b>111,364</b>	<b>12,140,860</b>
<b>Fund Balances</b>					
<i>Reserved for:</i>					
Interfund loans receivable	-	-	-	-	8,038,636
Debt service	-	-	-	428,080	428,080
Capital improvements	-	-	-	-	5,001,021
<i>Unreserved, designated for:</i>					
LEOFF I Retiree Benefits	-	-	-	-	225,000
<i>Unreserved, reported in:</i>					
General Fund	-	-	-	-	19,644,496
Special revenue funds	-	-	-	3,400,041	12,575,212
Debt service funds	-	-	-	1,178,083	1,260,669
Capital project funds	7,468,960	(8,026,188)	3,146,777	1,218,551	3,808,100
<b>Total Fund Balances</b>	<b>7,468,960</b>	<b>(8,026,188)</b>	<b>3,146,777</b>	<b>6,224,755</b>	<b>50,981,214</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 7,492,975</b>	<b>\$ 19,594</b>	<b>\$ 3,264,802</b>	<b>\$ 6,336,119</b>	<b>\$ 63,122,074</b>

**Reconciliation of Fund Balances of Governmental Funds  
to the Net Assets of Governmental Activities  
December 31, 2005**

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

**Governmental funds total fund balance on December 31, 2005** **\$ 50,981,214**  
*(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	\$ 11,125,389	
Construction in progress	16,381,626	
Buildings & structures	26,364,633	
Other improvements	3,893,829	
Infrastructure	1,155,849	
Equipment	5,332,395	
Intangibles	391,663	
Less: accumulated depreciation	<u>(9,833,771)</u>	54,811,613

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. 1,438,868

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. 47,193

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	\$ (13,745,000)	
Accrued interest payable	(44,846)	
Compensated absences payable	<u>(739,416)</u>	(14,529,262)

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. 3,000,776

<b>Net assets of governmental activities</b>	<b><u>\$ 95,750,402</u></b>
<i>(as shown on the Government-wide Statement of Net Assets)</i>	

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, 2005**

	<u>General</u>	<u>Port of Seattle ILA</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
<b>Revenues</b>				
Taxes	\$ 18,429,536	\$ -	\$ 604,878	\$ -
Licenses & permits	812,990	-	-	-
Intergovernmental	712,785	-	-	-
Charges for services	1,334,124	-	-	-
Fines & forfeitures	288,338	-	-	-
Special assessments	-	-	-	171,795
Investment & other earnings	953,441	444,944	243,896	113,748
Rents & leases	101,754	-	-	-
Miscellaneous	33,287	-	-	-
<b>Total Revenues</b>	<b>22,666,255</b>	<b>444,944</b>	<b>848,774</b>	<b>285,543</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Judicial	326,118	-	-	-
General Government	4,029,965	-	-	-
Public Safety	12,021,101	-	-	-
Physical Environment	12,110	-	-	-
Transportation	497,893	-	-	-
Health & Human Services	397,728	-	-	-
Economic Environment	1,512,357	-	600,905	-
Culture & Recreation	2,051,866	-	-	-
Debt service	261,694	-	-	290,814
Capital outlay	89,863	-	1,447	-
<b>Total Expenditures</b>	<b>21,200,695</b>	<b>-</b>	<b>602,352</b>	<b>290,814</b>
Excess (deficiency) of revenues over (under) expenditures	1,465,560	444,944	246,422	(5,271)
<b>Other Financing Sources (Uses)</b>				
Transfers in	810,550	-	-	-
Transfers out	(448,306)	-	-	-
Disposition of capital assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>362,244</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	1,827,804	444,944	246,422	(5,271)
Fund Balances-Beg (as previously reported)	18,041,692	14,160,104	7,363,358	87,857
Prior Year Adjustment	-	-	-	-
<b>Fund Balances-Beginning</b>	<b>18,041,692</b>	<b>14,160,104</b>	<b>7,363,358</b>	<b>87,857</b>
<b>Fund Balances-Ending</b>	<b>\$ 19,869,496</b>	<b>\$ 14,605,048</b>	<b>\$ 7,609,780</b>	<b>\$ 82,586</b>

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

	Capital Improvement Fund	Municipal Facilities CIP	Transportation CIP	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 3,165,344	\$ -	\$ -	\$ 4,455,067	\$ 26,654,825
Licenses & permits	-	-	1,000	-	813,990
Intergovernmental	-	-	4,682,029	701,150	6,095,964
Charges for services	24,304	-	161,374	975	1,520,777
Fines & forfeitures	-	-	-	-	288,338
Special assessments	-	-	-	-	171,795
Investment & other earnings	-	-	53,736	5,156	1,814,921
Rents & leases	-	-	-	297,804	399,558
Miscellaneous	-	-	-	7,937	41,224
<b>Total Revenues</b>	<b>3,189,648</b>	<b>-</b>	<b>4,898,139</b>	<b>5,468,089</b>	<b>37,801,392</b>
<b>Expenditures</b>					
<i>Current operations:</i>					
Judicial	-	-	-	-	326,118
General Government	-	-	-	-	4,029,965
Public Safety	620	-	-	-	12,021,721
Physical Environment	-	-	-	-	12,110
Transportation	-	-	487,617	1,698,867	2,684,377
Health & Human Services	-	-	-	-	397,728
Economic Environment	-	-	-	-	2,113,262
Culture & Recreation	25,000	14,729	-	-	2,091,595
Debt service	-	-	-	1,674,438	2,226,946
Capital outlay	350,793	1,418,615	6,313,980	150,255	8,324,953
<b>Total Expenditures</b>	<b>376,413</b>	<b>1,433,344</b>	<b>6,801,597</b>	<b>3,523,560</b>	<b>34,228,775</b>
Excess (deficiency) of revs over expenditures	2,813,235	(1,433,344)	(1,903,458)	1,944,529	3,572,617
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	1,732,006	1,800,000	375,000	4,717,556
Transfers out	(1,433,700)	-	-	(2,659,300)	(4,541,306)
Disposition of capital assets	-	-	-	775	775
<b>Total Other Fin Sources (Uses)</b>	<b>(1,433,700)</b>	<b>1,732,006</b>	<b>1,800,000</b>	<b>(2,283,525)</b>	<b>177,025</b>
Net Change in Fund Balances	1,379,535	298,662	(103,458)	(338,996)	3,749,642
Fund Balances-Beg (as prev repts)	6,089,425	(8,324,850)	3,479,336	6,563,751	47,460,673
Prior Year Adjustment	-	-	(229,101)	-	(229,101)
<b>Fund Balances-Beginning</b>	<b>6,089,425</b>	<b>(8,324,850)</b>	<b>3,250,235</b>	<b>6,563,751</b>	<b>47,231,572</b>
<b>Fund Balances-Ending</b>	<b>\$ 7,468,960</b>	<b>\$ (8,026,188)</b>	<b>\$ 3,146,777</b>	<b>\$ 6,224,755</b>	<b>\$ 50,981,214</b>

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

**For the Year Ended December 31, 2005**

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

**Net change in fund balance for all governmental funds combined** **\$ 3,749,642**  
*(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	\$ 8,287,606	
Depreciation expense	<u>(3,314,949)</u>	4,972,657

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. 1,275,000

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. 47,193

Some revenues will not be collected for several months after the  
City's fiscal year ends and are not considered available revenues  
in the governmental funds. Deferred revenues increased by this  
amount for the current year. 331,895

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	\$ 641,550	
Net decrease in compensated absences	<u>32,078</u>	673,628

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. 89,690

<b>Change in net assets of governmental activities</b>	<b>\$ 11,139,705</b>
<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, 2005

## Business-type Activities-Enterprise Funds

	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 2,407,362	\$ 1,211,109	\$ -	\$ 3,618,471	\$ 1,983,698
Customer receivables (net)	82,706	1,264,076	-	1,346,782	-
Prepaid items	-	-	-	-	22,533
Restricted cash & investments:					
DMC Basin restoration	-	2,714,387	-	2,714,387	-
DMC Basin mtc & ops	-	60,183	-	60,183	-
<b>Total Current Assets</b>	<b>2,490,068</b>	<b>5,249,755</b>	<b>-</b>	<b>7,739,823</b>	<b>2,006,231</b>
<i>Noncurrent Assets:</i>					
Restricted cash & investments:					
DMC Basin replacement	-	65,000	-	65,000	-
Bond covenant accounts	-	-	403,925	403,925	-
Deferred charges & other assets:					
Deferred charges	21,032	-	-	21,032	-
Capital assets:					
Depreciable assets (net)	1,238,406	2,811,888	-	4,050,294	1,023,711
Construction in progress	-	4,928,859	-	4,928,859	-
<b>Total Noncurrent Assets</b>	<b>1,259,438</b>	<b>7,805,747</b>	<b>403,925</b>	<b>9,469,110</b>	<b>1,023,711</b>
<b>Total Assets</b>	<b>\$ 3,749,506</b>	<b>\$ 13,055,502</b>	<b>\$ 403,925</b>	<b>\$ 17,208,933</b>	<b>\$ 3,029,942</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts payable	52,261	1,226,102	-	1,278,363	13,048
Accrued interest payable	9,566	-	-	9,566	-
Compensated absences	3,356	-	-	3,356	-
Revenue bonds pay (net)	244,690	-	-	244,690	-
<b>Total Current Liabilities</b>	<b>309,873</b>	<b>1,226,102</b>	<b>-</b>	<b>1,535,975</b>	<b>13,048</b>
<i>Noncurrent Liabilities:</i>					
Compensated absences	27,150	-	-	27,150	-
Revenue bonds pay (net)	2,040,051	-	-	2,040,051	-
<b>Total Noncurrent Liabilities</b>	<b>2,067,201</b>	<b>-</b>	<b>-</b>	<b>2,067,201</b>	<b>-</b>
<b>Total Liabilities</b>	<b>2,377,074</b>	<b>1,226,102</b>	<b>-</b>	<b>3,603,176</b>	<b>13,048</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	(1,025,303)	7,740,747	-	6,715,444	1,023,711
<i>Restricted for:</i>					
DMC Basin ILA's	-	2,839,570	-	2,839,570	-
Debt service	-	-	403,925	403,925	-
Unrestricted	2,397,735	1,249,083	-	3,646,818	1,993,183
<b>Total Net Assets</b>	<b>\$ 1,372,432</b>	<b>\$ 11,829,400</b>	<b>\$ 403,925</b>	<b>\$ 13,605,757</b>	<b>\$ 3,016,894</b>

Cumulative adjustment to reflect the consolidation of the Equipment

Rental Internal Service Fund activities as related to enterprise funds.

16,118

**Net assets of business-type activities****\$ 13,621,875**

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, 2005**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities-Internal Service Funds</b>
	<b>Surface Water Management Operating</b>	<b>Surface Water Management Construction</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Operating Revenues</b>					
Surface water utilities	\$ 1,653,498	\$ -	\$ -	\$ 1,653,498	\$ -
Equipment rental	-	-	-	-	299,200
<b>Total Operating Revenues</b>	<b>1,653,498</b>	<b>-</b>	<b>-</b>	<b>1,653,498</b>	<b>299,200</b>
<b>Operating Expenses</b>					
Maintenance & operations	687,390	58,797	-	746,187	186,978
Depreciation	35,159	56,551	-	91,710	153,909
<b>Total Operating Expenses</b>	<b>722,549</b>	<b>115,348</b>	<b>-</b>	<b>837,897</b>	<b>340,887</b>
<b>Operating Income (Loss)</b>	<b>930,949</b>	<b>(115,348)</b>	<b>-</b>	<b>815,601</b>	<b>(41,687)</b>
<b>Nonoperating Revenues (Exps)</b>					
Intergovernmental	-	(1,333,119)	-	(1,333,119)	-
Investment earnings	70,905	141,578	-	212,483	58,195
Interest expense	(125,003)	-	-	(125,003)	-
Debt issuance costs	(32,971)	-	-	(32,971)	-
Gain (loss) on disp of assets	-	-	-	-	27,498
<b>Total Nonop Revs (Exps)</b>	<b>(87,069)</b>	<b>(1,191,541)</b>	<b>-</b>	<b>(1,278,610)</b>	<b>85,693</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<b>843,880</b>	<b>(1,306,889)</b>	<b>-</b>	<b>(463,009)</b>	<b>44,006</b>
Capital contributions	-	4,963,088	-	4,963,088	37,347
Transfers out	(176,250)	-	-	(176,250)	-
<b>Change in Net Assets</b>	<b>667,630</b>	<b>3,656,199</b>	<b>-</b>	<b>4,323,829</b>	<b>81,353</b>
<b>Net Assets-Beginning</b>	<b>704,802</b>	<b>8,173,201</b>	<b>403,925</b>		<b>2,935,541</b>
<b>Net Assets-Ending</b>	<b>\$ 1,372,432</b>	<b>\$ 11,829,400</b>	<b>\$ 403,925</b>		<b>\$ 3,016,894</b>

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

(8,337)

**Change in net assets of business-type activities** **\$ 4,315,492**

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



**Statement of Cash Flows**  
**For the Year Ended December 31, 2005**

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities-Internal Service Funds</b>
	<b>Surface Water Management Operating</b>	<b>Surface Water Management Construction</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 1,558,608	\$ -	\$ -	\$ 1,558,608	\$ -
Receipts from other funds	121,085	-	-	121,085	299,200
Payments to suppliers	(243,793)	(53,052)	-	(296,845)	(183,694)
Payments to employees	(403,369)	(5,745)	-	(409,114)	-
Payments to other funds	(60,945)	-	-	(60,945)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>971,586</b>	<b>(58,797)</b>	<b>-</b>	<b>912,789</b>	<b>115,506</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Intergovernmental revenue for DMC Basin projects	-	3,211,663	-	3,211,663	-
Intergovernmental payments for DMC Basin projects	-	(5,590,459)	-	(5,590,459)	-
Transfers to other funds	(176,250)	-	-	(176,250)	-
<b>Net Cash Provided (Used) by Noncapital Fin Activities</b>	<b>(176,250)</b>	<b>(2,378,796)</b>	<b>-</b>	<b>(2,555,046)</b>	<b>-</b>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>					
Proceeds from sale of assets	-	-	-	-	50,155
Capital contributions	-	4,963,088	-	4,963,088	-
Purchase of capital assets	-	(1,645,983)	-	(1,645,983)	(335,108)
Principal paid on capital debt	(265,000)	-	-	(265,000)	-
Interest paid on capital debt	(125,930)	-	-	(125,930)	-
Debt cost paid on capital debt	(304)	-	-	(304)	-
<b>Net Cash Provided (Used) by Capital &amp; Related Fin Activities</b>	<b>(391,234)</b>	<b>3,317,105</b>	<b>-</b>	<b>2,925,871</b>	<b>(284,953)</b>
<b>Cash Flows from Investing Activities</b>					
Interest received	70,905	141,579	-	212,484	58,195
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>70,905</b>	<b>141,579</b>	<b>-</b>	<b>212,484</b>	<b>58,195</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>475,007</b>	<b>1,021,091</b>	<b>-</b>	<b>1,496,098</b>	<b>(111,252)</b>
<b>Cash &amp; Cash Equivalents-Beg</b>	<b>1,932,355</b>	<b>3,029,588</b>	<b>403,925</b>	<b>5,365,868</b>	<b>2,094,950</b>
<b>Cash &amp; Cash Equivalents-End</b>	<b>\$ 2,407,362</b>	<b>\$ 4,050,679</b>	<b>\$ 403,925</b>	<b>\$ 6,861,966</b>	<b>\$ 1,983,698</b>

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

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities- Internal Service Funds</b>
	<b>Surface Water Management Operating</b>	<b>Surface Water Management Construction</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ 930,949	\$ (115,348)	\$ -	\$ 815,601	\$ (41,687)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	35,159	56,551	-	91,710	153,909
(Increase) decrease in accounts receivable pertaining to operating activities	(8,434)	-	-	(8,434)	-
(Increase) decrease in prepaid insurance	-	-	-	-	(2,475)
Increase (decrease) in vouchers payable pertaining to operating activities	18,002	-	-	18,002	5,759
Increase (decrease) in compensated balances	(4,090)	-	-	(4,090)	-
Total adjustments	40,637	56,551	-	97,188	157,193
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 971,586</b>	<b>\$ (58,797)</b>	<b>\$ -</b>	<b>\$ 912,789</b>	<b>\$ 115,506</b>
<b>Noncash investing, capital, and financing activities</b>					
Contributions of capital assets from other funds	-	-	-	-	37,347



**CITY OF SEATAC, WASHINGTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**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 2005.

**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 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 new reporting requirements of the Governmental Accounting Standards Board (GASB) Statement 34 for the first time in 2003. This change resulted in new government-wide financial reporting instead of the previous fund based financial reporting.

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 as 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.

Property taxes, licenses, and interest associated within 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 *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 on 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 all local improvement districts (LID's) located within the City. The City currently has one local improvement district.

The *Capital Improvements 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 Facilities Capital Improvement Fund* (#307) accounts for street improvement projects throughout the City. The major revenue sources for this Fund include parking taxes and 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 with four other agencies to fund major improvements to the Des Moines Creek Basin.

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.

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 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.

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* and *Building Management Fund*), Debt

Service Funds (*City Hall Limited Tax Bond, Transportation, Hotel/Motel Tax Bond, and Special Assessment Debt*), Capital Project Funds (*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 *Contingency Reserve Fund, the LID Guarantee Fund and the Transportation Bonds Reserve Fund* because these are reserve funds in which 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 15 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 budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the 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.

**4. Deficit Fund Equity**

On December 31, 2005, the *Municipal Facilities Capital Improvement Fund (#306)* had a deficit fund balance of \$8,026,188. This deficit is due to the purchase of a building to accommodate City Hall operations and is offset by an interfund loan from the *Port of Seattle ILA Fund (#105)*.

On September 11, 2001, the City Council approved a resolution authorizing the purchase of an office building that would be used to house City Hall operations. On that date, the Council also approved a resolution authorizing an interfund loan in the amount necessary to complete the property purchase. This resolution stated that the loan would be repaid from bond issue proceeds and that the interfund loan would be temporary. However, the terrorist activities that took place earlier that day set in motion a chain of events that had a significant impact on the City's revenues. Due to the City's reliance on airlines for much of its property tax revenues, the City has been reluctant to issue bonds backed by property taxes for the City Hall project. In turn, the City decided to retain the interfund loan and repay it over time instead of issuing bonds. Annual payments on the loan are made in the amount of \$560,000. Interest payments are included in the \$560,000 payment. The amount of the interest on the loan is calculated monthly with a variable interest rate based on the interest rate earned on funds deposited with the Local Government Investment Pool (LGIP).

## **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, 2005, the City had holdings of \$47,547,204 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 average compensating balances maintained during 2005 were \$2,579,084.

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, 2005, \$22,667 of special assessments receivable were delinquent. In addition, \$17,722 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 11 Interfund Balances and Transfers*.

**5. Inventories**

All inventories of the City consist of expendable supplies held for consumption. The cost is recorded as an expenditure 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 agreement. 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	\$2,839,570
Cash and Investments – Debt Service	<u>403,925</u>
<b>Total Restricted Assets</b>	<b><u>\$3,243,495</u></b>

**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 of the primary government is 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
Equipment/Machinery/Vehicles	\$1,000	4 – 20 Years
Buildings & Bldg Improvements	\$25,000	20 – 40 Years
Intangible Assets-Software	\$1,000	4 Years
Other Improvements	\$25,000	20 - 50 Years
Infrastructure	\$100,000	20 – 40 Years
Utility Plant	\$25,000	25 – 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 noncurrent liability for accumulated unused vacation and sick leave for governmental funds is reported in the government-wide *Statement of Net Assets*. This long-term liability is \$739,416 at December 31, 2005. 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 noncurrent liability amount in the City's *Surface Water Management Fund* at December 31, 2005 is \$30,506.

**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. In addition, 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 14 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.

At December 31, 2005, there was a deficit fund balance of \$8,026,188 in the Municipal Facilities Capital Improvement Fund. This deficit was caused by an interfund loan when the City purchased a City Hall building in 2001. Additional information is presented in *Note 11 – Interfund Balances and Transfers* and *Note 15 – Restatement of Beginning Fund Balance/Budgetary Basis of Accounting*.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At December 31, 2005, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

Bank of America, Checking Accounts.....	\$ (2,131,606)
Cash Equivalents with State Treasurer's Pool.....	49,246,030
Deposit with External Fiscal Agent .....	428,080
EBS/Neopost, Postage Meter Account.....	3,000
Petty Cash/Change Funds.....	1,700
<b>Total Cash and Cash Equivalents.....</b>	<b><u>\$47,547,204</u></b>

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

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

As of December 31, 2005, 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 Home Loan Bank Step Up Bond	11/23/04	02/23/06	\$4,000,000	\$3,997,500
Federal Home Loan Bank Bond	10/28/04	03/28/06	3,020,000	3,005,742
Federal Home Loan Mortgage Corp Note	11/10/04	11/09/06	3,000,000	2,958,701
<b>Subtotal</b>			<b>\$10,020,000</b>	<b>\$9,961,943</b>
State Treasurer's Local Government Investment Pool	N/A	Daily Basis	49,246,030	49,246,030
<b>Total Investments</b>			<b>\$59,266,030</b>	<b>\$59,207,973</b>

*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. 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, 2005 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 Home Loan Bank Step Up 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 Investor's Service and 3) Federal Home Loan Mortgage Corporation Notes - Aaa by Moody's Investors Service and AAA by Standard & Poor's.

*Concentration of Credit Risk.* 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**

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

Property taxes levied by the County Assessor and collected by the County Finance Director become a lien on the first day of the levy year and may be paid in two equal installments if the total amount exceeds \$30. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties if not paid as scheduled.

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 \$2.80 per \$1,000 of assessed value. Based on a city-wide assessed valuation of \$3,417,097,289, the total property tax levy for 2005 was \$9,567,541. (Note: Property taxes collected in 2005 are based on the 2004 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 and construction in progress.

Beginning 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 financial statements. These assets were previously reported in the General Fixed Assets Account Group, which was eliminated by GASB 34.

The government-wide *Statement of Net Assets* only includes major general infrastructure additions for the years 2003 through 2005. Infrastructure is a new reporting class of capital assets for

governmental activities and was not previously reported by the City in the General Fixed Assets Account Group. Additionally, the City is not required under GASB 34 to retroactively report infrastructure capital assets until 2007. The retroactive infrastructure reporting requires the City to capitalize assets that were acquired, received major renovations, restorations or improvements after June 15, 1980.

In 2003, the City also began depreciating governmental capital assets. This was also a new requirement under GASB Statement 34. 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.

The table below summarizes the changes in the City's governmental capital assets during 2005. Please note that \$1,023,711 of internal service fund depreciated capital assets for the *Equipment Rental Fund (#501)* are not shown in the table below and will be 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 01/01/2005	Increases	Decreases	Ending Balance 12/31/2005
<b>Capital assets not being depreciated:</b>				
Land	\$11,125,389	\$ 0	\$ 0	\$11,125,389
Construction in Progress (CIP)	11,094,604	6,313,980	1,026,958	16,381,626
<b>Total assets not depreciated</b>	<b>22,219,993</b>	<b>6,313,980</b>	<b>1,026,958</b>	<b>27,507,015</b>
<b>Capital assets being depreciated:</b>				
Buildings/Bldg Improvements	24,874,018	1,490,615	0	26,364,633
Other Improvements	3,847,040	46,789	0	3,893,829
Infrastructure	153,333	1,026,958	24,442	1,155,849
Equipment/Vehicles/Machinery	5,436,464	326,978	431,047	5,332,395
Intangible Assets-Software	282,419	109,244	0	391,663
<b>Total assets being depreciated</b>	<b>34,593,274</b>	<b>3,000,584</b>	<b>455,489</b>	<b>37,138,369</b>
<b>Total governmental capital assets before depreciation</b>	<b>\$56,813,267</b>	<b>\$9,314,564</b>	<b>\$1,482,447</b>	<b>\$64,645,384</b>
<b>Less accum depreciation for:</b>				
Buildings/Bldg Improvements	3,095,858	2,177,822	0	5,273,680
Other Improvements	1,054,200	323,491	0	1,377,691
Equipment/Vehicles/Machinery	2,665,841	682,234	431,047	2,917,028
Infrastructure	5,615	94,305	24,442	75,478
Intangible Assets-Software	128,355	61,538	0	189,893
<b>Total accumulated depreciation</b>	<b>6,949,869</b>	<b>3,339,390</b>	<b>455,489</b>	<b>9,833,771</b>
<b>Total governmental capital assets after depreciation</b>	<b>\$49,863,398</b>	<b>\$5,975,174</b>	<b>\$1,026,958</b>	<b>\$54,811,613</b>

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

<b>Governmental Activities:</b>	
Judicial	\$ 7,250
General Government	543,094
Public Safety	627,465
Physical Environment	24,558
Transportation	142,333
Economic Environment	6,505
Culture and Recreation	1,988,185
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$3,339,390</b>

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

Capital assets of 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 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, including \$1,023,711 of internal service fund assets, for 2005:

<b>Business-Type Activities Capital Assets</b>	<b>Beginning Balance 01/01/2005</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2005</b>
<b>Capital assets not being depreciated:</b>				
Construction in Progress-SWM	\$3,282,876	\$1,645,983	\$ 0	\$4,928,859
<b>Total assets not depreciated</b>	<b>3,282,876</b>	<b>1,645,983</b>	<b>0</b>	<b>4,928,859</b>
<b>Capital assets being depreciated:</b>				
Buildings-SWM	228,560	0	0	228,560
Other Improvements-SWM	6,984,152	0	0	6,984,152
Equipment-SWM	1,565	0	0	1,565
Equipment/Vehicles-ERR	1,788,133	385,919	243,680	1,930,372
<b>Total assets being depreciated</b>	<b>9,002,410</b>	<b>385,919</b>	<b>243,680</b>	<b>9,144,649</b>
<b>Total business-type capital assets before depreciation</b>	<b>\$12,285,286</b>	<b>\$2,031,902</b>	<b>\$243,680</b>	<b>\$14,073,508</b>
<b>Less accum depreciation for:</b>				
Buildings	0	4,869	0	4,869
Other Improvements	3,070,898	86,808	0	3,157,706
Equipment/Vehicles	961,701	155,317	208,949	908,069
<b>Total accumulated depreciation</b>	<b>4,032,599</b>	<b>246,994</b>	<b>208,949</b>	<b>4,070,644</b>
<b>Total business-type capital assets after depreciation</b>	<b>\$8,252,687</b>	<b>\$1,784,908</b>	<b>\$ 34,731</b>	<b>\$10,002,864</b>

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

<b>Business-type Activities:</b>	
Transportation (Equipment Rental-Internal Service Fund)	\$153,909
Utilities/Physical Environment (Surface Water Management Utility)	91,720
<b>Total Depreciation Expense-Business-type Activities</b>	<b>\$245,629</b>

**C. Construction Commitments**

The City has one active construction project at December 31, 2005. The following describes the active construction project and the City's commitment with the contractor:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
International Boulevard Phase IV (Contract #ST-042 with Gary Merlino Construction)	\$8,470,767	\$9,493,657
<b>Total Outstanding Construction Commitments</b>	<b>\$8,407,767</b>	<b>\$9,493,657</b>

**NOTE 6 - PENSION PLANS**

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

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

**Plan Description**

PERS is a cost-sharing multiple employer retirement system composed of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. 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 in national higher education retirement programs), judges of district and municipal courts, and employees of local governments. The 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 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 retirement benefits are vested after an employee completes 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 pension 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. If qualified, after reaching the age of 66, a cost-of-living allowance is granted based on years of service credit and is capped at three percent annually.

Plan 2 retirement benefits are vested after an employee completes 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. 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. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years of service, including twelve months that were earned after the age of 54; or five service credit years earned in PERS 2 prior to June 1, 2003. Plan 3 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. 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 Retirement Benefits Board.

There are 1,169 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

<b>PERS Membership</b>	
Retirees and beneficiaries receiving benefits	66,846
Terminated plan members entitled to but not yet receiving benefits	21,031
Active plan members vested	103,039
Active plan members non-vested	53,217
<b>Total PERS Members</b>	<b>244,133</b>

**Funding Policy**

Each biennium, the State Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. 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. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets 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. 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, 2005 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>Employer*</b>	2.44%	2.44%	2.44%**
<b>Employee</b>	6.00%	1.18%	***

\*The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\*Plan 3 defined benefit portion only.

\*\*\*Variable from 5.0% minimum to 15.0% maximum based on rate selected by the 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>
<b>2005</b>	\$6,753	\$103,415	\$6,910
<b>2004</b>	\$5,554	\$70,005	\$4,879
<b>2003</b>	\$5,834	\$69,322	\$2,929

**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. Membership in the system includes all full-time, fully compensated, local law enforcement officers and fire fighters. LEOFF is comprised primarily of non-state employees, with the Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003 being an exception. 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. 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 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. Effective January 1, 2003 firefighter emergency medical technicians (EMT's) may transfer PERS Plan 1 or Plan 2 service credit to LEOFF Plan 2 if while employed for the city, town, county or district, the EMT's job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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

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

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

Plan 2 retirement benefits are vested after an employee completes 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 reduced three percent for each year that the benefit commences 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 369 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of September 30, 2004:

<b>LEOFF Membership</b>	
Retirees and beneficiaries receiving benefits	8,542
Terminated plan members entitled to but not yet receiving benefits	528
Active plan members vested	12,079
Active plan members nonvested	3,523
<b>Total LEOFF Members</b>	<b>24,672</b>

**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 Department of Retirement Systems in accordance with Chapter 41.45 RCW. 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 Plans 1 and 2 in accordance with the requirements of the Pension Funding Council. 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 methods used to determine the contribution rates are established under state statute in accordance with Chapters 41.26 and 41.45 RCW.

The required contribution rates expressed as a percentage of the current-year covered payroll, as of December 31, 2005, were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
<b>Employer*</b>	0.19%	4.39%
<b>Employee</b>	0.00%	6.99%
<b>State</b>	N/A	2.79%

\*The employer rates include the employer administrative expense fee currently set at 0.19%.

\*\*The employer rate for ports and universities is 7.18%.

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

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
<b>2005</b>	\$0	\$128,622
<b>2004</b>	\$0	\$102,730
<b>2003</b>	\$0	\$93,781

**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, 2005, there were 159 active members in the City of SeaTac Retirement Trust. Actual employee contributions during the year amounted to \$572,246. Actual employer contributions were \$458,129.

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, liability, auto, and errors and omissions. An additional excess liability policy to provide additional limits over and above that provided by the commercial general liability policy is carried. Public official performance bonds were obtained for the City Manager, City Treasurer, 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 2004 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, 2005, 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 2005 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	\$3,695,000
1998 LTGO Refunding (1999-2013)	3.35% - 4.40%	3,645,000	2,850,000
<b>Total General Obligation Bonds</b>		<b>\$8,645,000</b>	<b>\$6,545,000</b>

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

<b>General Obligation Bonds – Governmental Activities</b>					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
<b>2006</b>	\$530,000	\$282,860	<b>2013</b>	\$700,000	\$106,848
<b>2007</b>	550,000	261,230	<b>2014</b>	305,000	76,048
<b>2008</b>	570,000	238,622	<b>2015</b>	315,000	62,475
<b>2009</b>	595,000	215,327	<b>2016</b>	330,000	48,143
<b>2010</b>	620,000	190,510	<b>2017</b>	345,000	32,963
<b>2011</b>	650,000	164,160	<b>2018</b>	360,000	16,920
<b>2012</b>	675,000	136,210	<b>Total GO Bonds</b>	<b>\$6,545,000</b>	<b>\$1,832,316</b>

The City has used only 12% of its Councilmanic (non-voted) general purpose debt capacity and has \$44.7 million left in available debt capacity. For voted debt, the City has over \$34 million in remaining debt capacity with no voted debt outstanding.

At December 31, 2005, the City has \$2,306 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 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. The City issued no additional revenue bonds in 2005 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	\$5,675,000
1999 Storm Water Refunding (1999 – 2013)	3.25% - 4.70%	3,320,000	2,555,000
<b>Total Revenue Bonds</b>		<b>\$9,995,000</b>	<b>\$8,230,000</b>

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

<b>Revenue Bonds</b>					
<b>Governmental Activities-Transportation</b>			<b>Business-type Activities-SWM</b>		
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
<b>2006</b>	\$ 610,000	\$ 255,290	<b>2006</b>	\$ 275,000	\$ 114,800
<b>2007</b>	635,000	228,755	<b>2007</b>	285,000	102,975
<b>2008</b>	660,000	201,133	<b>2008</b>	300,000	90,577
<b>2009</b>	690,000	172,092	<b>2009</b>	315,000	77,377
<b>2010</b>	720,000	141,042	<b>2010</b>	320,000	63,203
<b>2011</b>	755,000	109,002	<b>2011</b>	335,000	48,963
<b>2012</b>	785,000	74,650	<b>2012</b>	355,000	33,720
<b>2013</b>	820,000	38,540	<b>2013</b>	370,000	17,390
<b>Subtotal-Trans</b>	<b>\$5,675,000</b>	<b>\$1,220,504</b>	<b>Subtotal-SWM</b>	<b>\$2,555,000</b>	<b>\$ 549,005</b>
<b>Total Revenue Bonds</b>				<b>\$8,230,000</b>	<b>\$1,769,509</b>

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

At December 31, 2005, 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 installment special assessment 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 \$22,667 at the end of the year. The outstanding liability from the special assessment bond issue is reported in the government-wide *Statement of Net Assets*. In 2005, 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	\$1,525,000
<b>Total Special Assessment Bonds</b>		<b>\$2,871,819</b>	<b>\$1,525,000</b>

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

<b>Special Assessment Bonds</b>					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
<b>2008</b>	\$ 160,000	\$ 90,080	<b>2012</b>	\$ 195,000	\$ 47,483
<b>2009</b>	195,000	81,120	<b>2013</b>	195,000	35,880
<b>2010</b>	195,000	70,103	<b>2014</b>	195,000	24,083
<b>2011</b>	195,000	58,890	<b>2015</b>	195,000	12,090
			<b>Total SA Bonds</b>	<b>\$1,525,000</b>	<b>\$419,729</b>

On December 31, 2005, the *Special Assessment Debt Fund* had \$42,198 in cash and the *LID Guarantee Fund* had \$280,000.

**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 \$2,715,000 at year end. Refunded revenue bonds payable totaled \$7,875,000 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 Fund (#403)*. Additional information on compensated absences can be found in *Note 1 Section 8 Compensated Absences*.

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended December 31, 2005 was as follows:

	<b>Balance 01/01/05</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/05</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation bonds	\$7,060,000	\$ 0	\$ 515,000	\$ 6,545,000	\$ 530,000
Revenue bonds	6,245,000	0	570,000	5,675,000	610,000
Special assessment	1,715,000	0	190,000	1,525,000	0
Compensated absences	771,494	70,129	102,207	739,416	81,336
<b>Governmental activities long-term liabilities</b>	<b>\$15,791,494</b>	<b>\$70,129</b>	<b>\$1,377,207</b>	<b>\$14,484,416</b>	<b>\$1,221,336</b>
<b>Business-type Activities:</b>					
Revenue bonds	\$2,820,000	\$ 0	\$265,000	\$2,555,000	\$275,000
<i>Less deferred amounts:</i>					
<i>Unamortized discount</i>	(13,347)	0	(1,346)	(12,001)	(1,346)
<i>Def Amt on Refunding</i>	(287,221)	0	(28,963)	(258,258)	(28,964)
<b>Total bonds payable-net</b>	<b>2,519,432</b>	<b>0</b>	<b>234,691</b>	<b>2,284,741</b>	<b>244,690</b>
Compensated absences	34,596	10,690	14,780	30,506	3,356
<b>Business-type activities long-term liabilities</b>	<b>\$2,554,028</b>	<b>\$10,690</b>	<b>\$249,471</b>	<b>\$2,315,247</b>	<b>\$248,046</b>

The chart above reflects the City's estimate of compensated absences payable within one year. Typically, the governmental activities estimated amount is mostly paid by the *General Fund* while the business-type activities estimated amount paid is funded by the *Surface Water Management Fund*.

**B. LEASES**

**Operating Leases**

The City leases equipment under non-cancelable operating leases. The cost for such leases was \$55,515 for the year ended December 31, 2005. The future minimum lease payments for these leases are as follows:

<b>Year Ending December 31</b>	<b>Amount</b>
2006	48,456
2007	40,380
<b>Total</b>	<b>\$88,836</b>

The City has two agreements to lease out portions of the second floor in City Hall. The first lease agreement is for a non-cancelable lease of approximately 8,921 square feet. This agreement is effective for the period of June 17, 2002 through June 17, 2007. The lease amount for this agreement is \$17,842 per month for the term of the contract. The second lease non-cancelable agreement is for approximately 3,030 square feet with a term of September 2003 through August 2006. This lease amount for this agreement is \$5,429 for the first twelve months, \$5,555 for the next twelve months and \$5,681 for the final twelve months. The City also has a cancelable lease

agreement to house an antennae on the roof of City Hall. This agreement is for the term of March 27, 2002 through October 2, 2007. The amount of the lease is \$1,500 per month for the first twelve months and will be adjusted annually at 3% per year.

### **Capital Leases**

The City has entered into no capital leases as of December 31, 2005.

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

The City Attorney reports that, as of December 31, 2005, 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 with one exception noted herein. Payment of any valid claims or adverse judgments resulting from the lawsuits should be covered by insurance. It is believed, at this point, that only one of the claims or suits could potentially result in a plaintiff's award. It is the matter of Burns, et al. vs. SeaTac, et al. Plaintiffs claimed that the franchise agreements between the Seattle City Light and the City are invalid and that any payments received under the terms of the franchise are also invalid. Therefore, Plaintiffs sought reimbursement of approximately \$400,000 of payments that the City has received. In February, 2006, the King County Superior Court dismissed the Plaintiffs' lawsuit in favor of the City in a Summary Judgment proceeding. Plaintiffs are appealing the dismissal of their lawsuit. It is unknown at this time when a final decision will be rendered. In the event the Appellate Court reverses the Superior Court ruling, then the City may be ordered to repay the monies to Seattle City Light.

Eminent Domain actions have been commenced by the City in connection with a Public Works road improvement project. However, the anticipated condemnation awards have been budgeted within project costs.

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 - INTERFUND BALANCES AND TRANSFERS**

#### **A. Interfund Balances**

On December 31, 2005, 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 2005, principal payments in the amount of \$298,306 and \$261,694 in interest were repaid on the interfund loan. The loan balance at December 31, 2005 was \$8,038,637.

The table below shows the interfund balances/loans at December 31, 2005:

		Due From	
Due To		Municipal Capital Improvement Fund #306	Total
	Port of Seattle Interlocal Agreement Fund #105		\$8,038,637

**B. Interfund Transfers**

During 2005, the City had a number of interfund transfers. The majority 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 2005:

		Transfers Out				
Transfers In		General Fund #001	Municipal CIP #301	SWM Operating #403	Other Non-Major Funds	Total
	General Fund #001	\$ 0	\$ 0	\$176,250	\$ 634,300	\$ 810,550
	Municipal CIP Fac #306	298,306	1,433,700	0	0	1,732,006
	Transportation CIP #307	0	0	0	1,800,000	1,800,000
	Other Non-Major Funds	150,000	0	0	225,000	375,000
<b>Total Transfers</b>	<b>\$448,306</b>	<b>\$1,433,700</b>	<b>\$176,250</b>	<b>\$2,659,300</b>	<b>\$4,717,556</b>	
<b>Transfer in of general capital assets:</b>						
	To Equipment Rental Internal Service Fund from General Fund					8,675
	To Equipment Rental Internal Service Fund from other non-major governmental funds					28,672
	<b>Total transfers in of general capital assets</b>					<b>\$37,347</b>
		<b>Total Transfers In</b>				<b>\$4,754,903</b>

In the proprietary statements, the transfer in of capital assets from the General Fund and non-major governmental funds is shown as a capital contribution to the "internal service funds" in the amount of \$37,347. 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 four interfund transfers into the General Fund in 2005. 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*- \$336,510 and 3) *Surface Water Management Fund #403* - \$176,250.

The fourth transfer into the General Fund was from the *Building Management Fund #108* in the amount of \$237,300. This is an annual transfer made to the General Fund from the lease of office space in City Hall. This transfer covers approximately 33% of the expenses for City Hall maintenance, which is budgeted in the Facilities Maintenance Program in the General Fund. It represents the estimated cost to provide maintenance to the leased areas on the second floor of City Hall. Total transfers into the General Fund were \$810,550.

**Municipal Facilities CIP Fund #306**

Two transfers were completed into this Fund totaling \$1,732,006. The first one was from the General Fund in the amount of \$298,306. 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. The other transfer in the amount of \$1,433,700 was made to provide funding for the construction of the City's Senior Center located at the North SeaTac Park Community Center.

**Transportation CIP Fund #307**

A transfer was made from the *Arterial Street Fund #102* into the *Transportation CIP Fund #307* in the amount of \$1,800,000 for transportation projects listed 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 will vary from year to year depending on the projects in the annual capital budget.

**Other Non-Major Funds**

A transfer was made from the *Arterial Street Fund #102* into the *Street Fund #101* in the amount of \$225,000. This transfer is 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 year budget.

The *Fire Equipment Capital Reserve Fund #303* received a transfer from the *General Fund* in the amount of \$150,000. This transfer was used to replace fire department capital assets. Transfers from the General Fund are the only revenue source for the *Fire Equipment Capital Reserve Fund*.

**NOTE 12 - RECEIVABLE AND PAYABLE BALANCES****A. Receivables**

The receivable balances for the major funds at December 31, 2005 were as follows:

Fund	Customer Accounts	Taxes	Special Assessments	Total
<b>Governmental Activities:</b>				
General Fund #001	\$ 616,490	\$2,468,090	\$ 0	<b>\$3,084,580</b>
Hotel/Motel Tax #107	5,000	74,848	0	<b>79,848</b>
Special Assessment Debt #204	0	0	1,663,315	<b>1,663,315</b>
Capital Improvement #301	0	175,313	0	<b>175,313</b>
Transportation CIP #307	846,771	0	0	<b>846,771</b>
Other Non-Major Funds	192,076	268,601	0	<b>460,677</b>
<b>Total Governmental Activities</b>	<b>\$1,660,337</b>	<b>\$2,986,852</b>	<b>\$1,663,315</b>	<b>\$6,310,504</b>
<i>Amounts not scheduled for collection during the subsequent year for governmental activities</i>	0	0	1,501,022	<b>1,501,022</b>
<b>Business-type Activities:</b>				
Surface Water Management #403	\$ 82,706	\$0	\$0	<b>\$ 82,706</b>
SWM Construction #406	1,264,076	0	0	<b>1,264,076</b>
Equipment Rental #501	0	0	0	<b>0</b>
<b>Total Business-type Activities</b>	<b>\$1,346,782</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,346,782</b>

**B. Payables**

The City's payable balances for the major funds at December 31, 2005 were as follows:

Fund	Accounts	Due to Other Gov	Benefits	Deposits/ Custodia I	Interest	Total
<b>Governmental-type Activities</b>						
General Fund #001	\$337,915	\$180,251	\$13,987	\$88,809	\$ 0	<b>620,962</b>
Hotel/Motel Tax #107	158,879	0	38	0	0	<b>158,917</b>
Cap Improvement #301	24,015	0	0	0	0	<b>24,015</b>
Municipal Facilities CIP #306	7,146	0	0	0	0	<b>7,146</b>
Transportation CIP #307	117,271	0	754	0	0	<b>118,025</b>
Other Non-Major	110,246	0	1,118	0	0	<b>111,364</b>
<b>Subtotal Governmental Act</b>	<b>755,472</b>	<b>180,251</b>	<b>15,897</b>	<b>88,809</b>	<b>0</b>	<b>1,040,429</b>
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>						
Internal service fund adjustment	13,048	0	0	0	0	<b>13,048</b>
Bond interest payable	0	0	0	0	44,846	<b>44,846</b>
<b>Total Governmental Activities</b>	<b>\$768,520</b>	<b>\$180,251</b>	<b>\$15,897</b>	<b>\$88,809</b>	<b>\$44,846</b>	<b>\$1,098,323</b>
<b>Business-type Activities:</b>						
Surface Water Management #403	\$ 52,261	\$0	\$0	\$0	\$9,566	<b>\$ 61,827</b>
SWM Construction #406	1,226,102	0	0	0	0	<b>1,226,102</b>
<b>Total Business-type Activities</b>	<b>\$1,278,363</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,566</b>	<b>\$1,287,929</b>

**NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In addition to the pension benefits described in Note 6, the City of SeaTac provides post-retirement benefits in accordance with State statute to all LEOFF 1 (law enforcement officers and fire fighters hired prior to 10/1/77) retirees. Currently 5 retirees meet those eligibility requirements. The City provides medical insurance and reimburses for all validated claims for medical, dental and hospitalization costs incurred by the retirees. Only those medical services and expenses which are deemed reasonable and necessary by the LEOFF Board will be paid by the City. Expenditures for post-retirement health care benefits are recognized as retirees report claims. The City has designated \$225,000 of its fund balance in the General Fund as an administrative convenience for this purpose. During the year, expenditures of \$49,202 were recognized for post-employment health care. This represents a \$3,360 increase from the previous year.

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.

**NOTE 14 - RESERVATIONS AND DESIGNATIONS OF FUND EQUITY**

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

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

<b>Fund</b>	<b>Unreserved Designated for LEOFF 1 Benefits</b>	<b>Reserved for Interfund Receivables</b>	<b>Reserved for Capital Improvements</b>	<b>Reserved for Debt Service</b>
General Fund #001	\$225,000	\$ 0	\$ 0	\$ 0
Arterial Street Fund #102	0	0	0	428,080
Port of Seattle ILA Fund #105	0	8,038,636	0	0
Hotel/Motel Tax Fund #107	0	0	5,001,021	0
<b>Total</b>	<b>\$225,000</b>	<b>\$8,038,636</b>	<b>\$5,001,021</b>	<b>\$428,080</b>

**NOTE 15 – 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 11 Interfund Balances and Transfers*. The restatement is in the amount of \$8,336,943 which is the balance on the interfund loan on January 1, 2005.

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 16 – OTHER DISCLOSURES**

**A. Prior Period Adjustments**

In 2005, a prior period adjustment was made in the *Transportation Capital Improvement Project Fund (#307)* in the amount of \$229,101. This prior period adjustment was made because at the end of 2003, the City over accrued as revenues a State of Washington Transportation Improvement Board grant for International Boulevard Phase IV. A second prior period adjustment was made on the government-wide *Statement of Activities* in the amount of \$24,442. This adjustment was for the removal of an “infrastructure” asset that was included twice in 2004.

# Required Supplementary Information



**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 17,927,780	\$ 17,927,780	\$ 18,429,536	\$ 501,756
Licenses & permits	770,725	770,725	812,990	42,265
Intergovernmental	626,458	646,324	712,785	66,461
Charges for services	717,570	717,570	1,334,124	616,554
Fines and forfeitures	240,075	240,075	288,338	48,263
Investment earnings	338,500	338,500	953,441	614,941
Miscellaneous	100,640	100,640	135,041	34,401
<b>Total Revenues</b>	<b>20,721,748</b>	<b>20,741,614</b>	<b>22,666,255</b>	<b>1,924,641</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Judicial	360,105	360,105	326,118	33,987
General government	4,120,473	4,064,309	4,029,965	34,344
Public safety	12,307,553	12,500,181	12,021,101	479,080
Physical environment	12,110	12,110	12,110	-
Transportation	534,147	534,147	497,893	36,254
Health & human services	450,970	450,970	397,728	53,242
Economic environment	1,872,145	1,872,145	1,512,357	359,788
Culture & recreation	2,108,209	2,119,884	2,051,866	68,018
Debt service	92,000	92,000	261,694	(169,694)
Capital outlay	80,900	164,579	89,863	74,716
<b>Total Expenditures</b>	<b>21,938,612</b>	<b>22,170,430</b>	<b>21,200,695</b>	<b>969,735</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,216,864)</i>	<i>(1,428,816)</i>	<i>1,465,560</i>	<i>2,894,376</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	810,550	810,550	810,550	-
Transfers out	(618,000)	(618,000)	(448,306)	169,694
<b>Total Other Fin Sources (Uses)</b>	<b>192,550</b>	<b>192,550</b>	<b>362,244</b>	<b>169,694</b>
<i>Net Change in Fund Balances</i>	<i>(1,024,314)</i>	<i>(1,236,266)</i>	<i>1,827,804</i>	<i>3,064,070</i>
<b>Fund Balances-Beginning</b>	<b>18,495,680</b>	<b>18,041,692</b>	<b>18,041,692</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 17,471,366</b>	<b>\$ 16,805,426</b>	<b>\$ 19,869,496</b>	<b>\$ 3,064,070</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 170,600	\$ 170,600	\$ 444,944	\$ 274,344
<b>Total Revenues</b>	<b>170,600</b>	<b>170,600</b>	<b>444,944</b>	<b>274,344</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	170,600	170,600	444,944	274,344
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	170,600	170,600	444,944	274,344
Fund Balances-Beg (as prev reported)	13,690,360	14,160,104	14,160,104	-
Change in budgetary basis of acctg	(8,336,943)	(8,336,943)	(8,336,943)	-
<b>Fund Balances-Beg (as restated)</b>	<b>5,353,417</b>	<b>5,823,161</b>	<b>5,823,161</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 5,524,017</b>	<b>\$ 5,993,761</b>	<b>\$ 6,268,105</b>	<b>\$ 274,344</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 480,000	\$ 480,000	\$ 604,878	\$ 124,878
Investment earnings	102,000	102,000	243,896	141,896
<b>Total Revenues</b>	<b>582,000</b>	<b>582,000</b>	<b>848,774</b>	<b>266,774</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Economic environment	743,117	738,117	600,905	137,212
Capital outlay	-	30,000	1,447	28,553
<b>Total Expenditures</b>	<b>743,117</b>	<b>768,117</b>	<b>602,352</b>	<b>165,765</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(161,117)	(186,117)	246,422	432,539
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	-	-	-	-
<i>Net Change in Fund Balances</i>	(161,117)	(186,117)	246,422	432,539
<b>Fund Balances-Beginning</b>	<b>7,318,496</b>	<b>7,363,358</b>	<b>7,363,358</b>	-
<b>Fund Balances-Ending</b>	<b>\$ 7,157,379</b>	<b>\$ 7,177,241</b>	<b>\$ 7,609,780</b>	<b>\$ 432,539</b>

\*Budgetary basis is the same as GAAP basis.



# Other Supplementary Information



The City currently 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 and are described and categorized 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 *Arterial Street Fund*, supported by the City's parking tax and the State's motor vehicle fuel tax, is used for capital improvements to the City streets.
3. 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.
4. 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.
5. 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.

### Debt Service Funds

Debt service funds account for the payment of principal and interest on general government debt. The City has four 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 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.

### Capital Project Funds

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

1. The *Fire Equipment Capital Reserve Fund* accounts for the replacement of major Fire Department capital equipment including pumper trucks and other vehicles.
2. 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.

**Combining Balance Sheet**  
**December 31, 2005**

**Special Revenue Funds**

	<u>City Street</u>	<u>Arterial Street</u>	<u>Contingency Reserve</u>	<u>Transit Planning</u>
<b>Assets</b>				
Cash & cash equivalents	\$ 139,861	\$ 1,573,520	\$ 755,000	\$ 122,550
Deposits with fiscal agents	-	428,080	-	-
Receivables (net):				
Taxes	-	268,601	-	-
Customer accounts	995	26,352	-	97,355
<b>Total Assets</b>	<b>\$ 140,856</b>	<b>\$ 2,296,553</b>	<b>\$ 755,000</b>	<b>\$ 219,905</b>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts/payroll payable	15,544	39,359	-	50,627
<b>Total Liabilities</b>	<b>15,544</b>	<b>39,359</b>	<b>-</b>	<b>50,627</b>
<b>Fund Balances</b>				
<i>Reserved for:</i>				
Debt service	-	428,080	-	-
<i>Unreserved, reported in:</i>				
Special revenue funds	125,312	1,829,114	755,000	169,278
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
<b>Total Fund Balances</b>	<b>125,312</b>	<b>2,257,194</b>	<b>755,000</b>	<b>169,278</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 140,856</b>	<b>\$ 2,296,553</b>	<b>\$ 755,000</b>	<b>\$ 219,905</b>

	Special Revenue Funds		Debt Service Funds	
	Building Management	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
<b>Assets</b>				
Cash & cash equivalents	\$ 464,318	\$ 3,055,249	\$ 1,545	\$ 1,715
Deposits with fiscal agents	-	428,080	-	-
Receivables (net)				
Taxes	-	268,601	-	-
Customer accounts	59,207	183,909	-	-
<b>Total Assets</b>	<b>\$ 523,525</b>	<b>\$ 3,935,839</b>	<b>\$ 1,545</b>	<b>\$ 1,715</b>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts/payroll payable	2,188	107,718	-	-
<b>Total Liabilities</b>	<b>2,188</b>	<b>107,718</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<i>Reserved for:</i>				
Debt service	-	428,080	-	-
<i>Unreserved, reported in:</i>				
Special revenue funds	521,337	3,400,041	-	-
Debt service funds	-	-	1,545	1,715
Capital project funds	-	-	-	-
<b>Total Fund Balances</b>	<b>521,337</b>	<b>3,828,121</b>	<b>1,545</b>	<b>1,715</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 523,525</b>	<b>\$ 3,935,839</b>	<b>\$ 1,545</b>	<b>\$ 1,715</b>

**Combining Balance Sheet**  
**December 31, 2005**

**Debt Service Funds**

	<u>Hotel/Motel Bonds</u>	<u>LID Guarantee</u>	<u>Transportation Bonds Reserve</u>	<u>Total Debt Service Funds</u>
<b>Assets</b>				
Cash & cash equivalents	\$ 761	\$ 280,000	\$ 894,062	\$ 1,178,083
Deposits with fiscal agents	-	-	-	-
Receivables (net)				
Taxes	-	-	-	-
Customer accounts	-	-	-	-
<b>Total Assets</b>	<b>\$ 761</b>	<b>\$ 280,000</b>	<b>\$ 894,062</b>	<b>\$ 1,178,083</b>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts/payroll payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
<i>Reserved for:</i>				
Debt service	-	-	-	-
<i>Unreserved, reported in:</i>				
Special revenue funds	-	-	-	-
Debt service funds	761	280,000	894,062	1,178,083
Capital project funds	-	-	-	-
<b>Total Fund Balances</b>	<b>761</b>	<b>280,000</b>	<b>894,062</b>	<b>1,178,083</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 761</b>	<b>\$ 280,000</b>	<b>\$ 894,062</b>	<b>\$ 1,178,083</b>

	<u>Capital Project Funds</u>		
	<u>Fire Equipment Capital Reserve</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash & cash equivalents	\$ 1,214,030	\$ 1,214,030	\$ 5,447,362
Deposits with fiscal agents	-	-	428,080
Receivables (net)			
Taxes	-	-	268,601
Customer accounts	8,167	8,167	192,076
<b>Total Assets</b>	<b>\$ 1,222,197</b>	<b>\$ 1,222,197</b>	<b>\$ 6,336,119</b>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts/payroll payable	3,646	3,646	111,364
<b>Total Liabilities</b>	<b>3,646</b>	<b>3,646</b>	<b>111,364</b>
<b>Fund Balances</b>			
<i>Reserved for:</i>			
Debt service	-	-	428,080
<i>Unreserved, reported in:</i>			
Special revenue funds	-	-	3,400,041
Debt service funds	-	-	1,178,083
Capital project funds	1,218,551	1,218,551	1,218,551
<b>Total Fund Balances</b>	<b>1,218,551</b>	<b>1,218,551</b>	<b>6,224,755</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 1,222,197</b>	<b>\$ 1,222,197</b>	<b>\$ 6,336,119</b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2005**

**Special Revenue Funds**

	<u>City Street</u>	<u>Arterial Street</u>	<u>Contingency Reserve</u>	<u>Transit Planning</u>
<b>Revenues</b>				
Taxes	\$ -	\$ 2,838,567	\$ -	\$ -
Intergovernmental	347,693	232,306	-	112,984
Charges for services	975	-	-	-
Investment earnings	-	5,156	-	-
Rents & leases	-	-	-	-
Miscellaneous	7,217	-	-	-
<b>Total Revenues</b>	<b>355,885</b>	<b>3,076,029</b>	<b>-</b>	<b>112,984</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	523,562	1,107,595	-	67,710
Debt service	-	-	-	-
Capital outlay	1,029	-	-	-
<b>Total Expenditures</b>	<b>524,591</b>	<b>1,107,595</b>	<b>-</b>	<b>67,710</b>
Excess (deficiency) of revenues over (under) expenditures	(168,706)	1,968,434	-	45,274
<b>Other Financing Sources (Uses)</b>				
Transfers in	225,000	-	-	-
Transfers out	(60,490)	(2,361,510)	-	-
Disposition of capital assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>164,510</b>	<b>(2,361,510)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(4,196)	(393,076)	-	45,274
Fund Balances-Beginning	129,508	2,650,269	755,000	124,004
<b>Fund Balances-Ending</b>	<b>\$ 125,312</b>	<b>\$ 2,257,193</b>	<b>\$ 755,000</b>	<b>\$ 169,278</b>

	Special Revenue Funds		Debt Service Funds	
	Building Management	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
<b>Revenues</b>				
Taxes	\$ -	\$ 2,838,567	\$ 423,000	\$ 829,500
Intergovernmental	-	692,983	-	-
Charges for services	-	975	-	-
Investment earnings	-	5,156	-	-
Rents & leases	297,804	297,804	-	-
Miscellaneous	720	7,937	-	-
<b>Total Revenues</b>	<b>298,524</b>	<b>3,843,422</b>	<b>423,000</b>	<b>829,500</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	-	1,698,867	-	-
Debt service	-	-	432,853	855,103
Capital outlay	-	1,029	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>1,699,896</b>	<b>432,853</b>	<b>855,103</b>
Excess (deficiency) of revenues over (under) expenditures	298,524	2,143,526	(9,853)	(25,603)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	225,000	-	-
Transfers out	(237,300)	(2,659,300)	-	-
Disposition of capital assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>(237,300)</b>	<b>(2,434,300)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	61,224	(290,774)	(9,853)	(25,603)
Fund Balances-Beginning	460,113	4,118,895	11,398	27,318
<b>Fund Balances-Ending</b>	<b>\$ 521,337</b>	<b>\$ 3,828,121</b>	<b>\$ 1,545</b>	<b>\$ 1,715</b>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended December 31, 2005

Debt Service Funds

	Hotel/Motel Tax Bonds	LID Guarantee	Transp Bonds Reserve	Total Debt Service Funds
<b>Revenues</b>				
Taxes	\$ 364,000	\$ -	\$ -	\$ 1,616,500
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Rents & leases	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>364,000</b>	<b>-</b>	<b>-</b>	<b>1,616,500</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	-	-	-	-
Debt service	386,482	-	-	1,674,438
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>386,482</b>	<b>-</b>	<b>-</b>	<b>1,674,438</b>
Excess (deficiency) of revenues over expenditures	(22,482)	-	-	(57,938)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Disposition of capital assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(22,482)	-	-	(57,938)
Fund Balances-Beginning	23,243	280,000	894,062	1,236,021
<b>Fund Balances-Ending</b>	<b>\$ 761</b>	<b>\$ 280,000</b>	<b>\$ 894,062</b>	<b>\$ 1,178,083</b>

	<u>Capital Project Funds</u>		
	<u>Fire Equipment Capital Reserve</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 4,455,067
Intergovernmental	8,167	8,167	701,150
Charges for services	-	-	975
Investment earnings	-	-	5,156
Rents & leases	-	-	297,804
Miscellaneous	-	-	7,937
	<u>8,167</u>	<u>8,167</u>	<u>5,468,089</u>
<b>Expenditures</b>			
<i>Current operations:</i>			
Transportation	-	-	1,698,867
Debt service	-	-	1,674,438
Capital outlay	149,226	149,226	150,255
<b>Total Expenditures</b>	<u>149,226</u>	<u>149,226</u>	<u>3,523,560</u>
Excess (deficiency) of revenues over expenditures	<u>(141,059)</u>	<u>(141,059)</u>	<u>1,944,529</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	150,000	150,000	375,000
Transfers out	-	-	(2,659,300)
Disposition of capital assets	775	775	775
<b>Total Other Fin Sources (Uses)</b>	<u>150,775</u>	<u>150,775</u>	<u>(2,283,525)</u>
Net Change in Fund Balances	9,716	9,716	(338,996)
Fund Balances-Beginning	<u>1,208,835</u>	<u>1,208,835</u>	<u>6,563,751</u>
<b>Fund Balances-Ending</b>	<u>\$ 1,218,551</u>	<u>\$ 1,218,551</u>	<u>\$ 6,224,755</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 360,120	\$ 360,120	\$ 347,693	\$ (12,427)
Charges for services	-	-	975	975
Miscellaneous	-	-	7,217	7,217
<b>Total Revenues</b>	<b>360,120</b>	<b>360,120</b>	<b>355,885</b>	<b>(4,235)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	598,720	598,720	524,591	74,129
<b>Total Expenditures</b>	<b>598,720</b>	<b>598,720</b>	<b>524,591</b>	<b>74,129</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(238,600)	(238,600)	(168,706)	69,894
<b>Other Financing Sources (Uses)</b>				
Transfers in	225,000	225,000	225,000	-
Transfers out	(60,490)	(60,490)	(60,490)	-
<b>Total Other Fin Sources (Uses)</b>	<b>164,510</b>	<b>164,510</b>	<b>164,510</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(74,090)	(74,090)	(4,196)	69,894
<b>Fund Balances-Beginning</b>	<b>91,383</b>	<b>129,508</b>	<b>129,508</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 17,293</b>	<b>\$ 55,418</b>	<b>\$ 125,312</b>	<b>\$ 69,894</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,200,000	\$ 3,200,000	\$ 2,838,567	\$ (361,433)
Intergovernmental	199,767	199,767	232,306	32,539
Investment earnings	-	-	5,156	5,156
<b>Total Revenues</b>	<b>3,399,767</b>	<b>3,399,767</b>	<b>3,076,029</b>	<b>(323,738)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	1,633,760	1,633,760	1,107,595	526,165
<b>Total Expenditures</b>	<b>1,633,760</b>	<b>1,633,760</b>	<b>1,107,595</b>	<b>526,165</b>
<i>Excess (deficiency) of revenues     over (under) expenditures</i>	1,766,007	1,766,007	1,968,434	202,427
<b>Other Financing Sources (Uses)</b>				
Transfers out	(2,361,510)	(2,361,510)	(2,361,510)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(2,361,510)</b>	<b>(2,361,510)</b>	<b>(2,361,510)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(595,503)	(595,503)	(393,076)	202,427
<b>Fund Balances-Beginning</b>	<b>2,608,323</b>	<b>2,650,269</b>	<b>2,650,269</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 2,012,820</b>	<b>\$ 2,054,766</b>	<b>\$ 2,257,193</b>	<b>\$ 202,427</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 50,700	\$ 50,700	\$ 112,984	\$ 62,284
<b>Total Revenues</b>	<b>50,700</b>	<b>50,700</b>	<b>112,984</b>	<b>62,284</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	120,700	120,700	67,710	52,990
<b>Total Expenditures</b>	<b>120,700</b>	<b>120,700</b>	<b>67,710</b>	<b>52,990</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(70,000)	(70,000)	45,274	115,274
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	-	-	-	-
<i>Net Change in Fund Balances</i>	(70,000)	(70,000)	45,274	115,274
<b>Fund Balances-Beginning</b>	<b>127,583</b>	<b>124,004</b>	<b>124,004</b>	-
<b>Fund Balances-Ending</b>	<b>\$ 57,583</b>	<b>\$ 54,004</b>	<b>\$ 169,278</b>	<b>\$ 115,274</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ 292,860	\$ 292,860	\$ 298,524	\$ 5,664
<b>Total Revenues</b>	<b>292,860</b>	<b>292,860</b>	<b>298,524</b>	<b>5,664</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	292,860	292,860	298,524	5,664
<b>Other Financing Sources (Uses)</b>				
Transfers out	(237,300)	(237,300)	(237,300)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(237,300)</b>	<b>(237,300)</b>	<b>(237,300)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	55,560	55,560	61,224	5,664
<b>Fund Balances-Beginning</b>	<b>460,122</b>	<b>460,113</b>	<b>460,113</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 515,682</b>	<b>\$ 515,673</b>	<b>\$ 521,337</b>	<b>\$ 5,664</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 423,000	\$ 423,000	\$ 423,000	\$ -
<b>Total Revenues</b>	<b>423,000</b>	<b>423,000</b>	<b>423,000</b>	<b>-</b>
<b>Expenditures</b>				
Debt service	433,550	433,550	432,853	697
<b>Total Expenditures</b>	<b>433,550</b>	<b>433,550</b>	<b>432,853</b>	<b>697</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(10,550)</i>	<i>(10,550)</i>	<i>(9,853)</i>	<i>697</i>
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(10,550)</i>	<i>(10,550)</i>	<i>(9,853)</i>	<i>697</i>
<b>Fund Balances-Beginning</b>	<b>11,003</b>	<b>11,398</b>	<b>11,398</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 453</b>	<b>\$ 848</b>	<b>\$ 1,545</b>	<b>\$ 697</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 829,500	\$ 829,500	\$ 829,500	\$ -
<b>Total Revenues</b>	<b>829,500</b>	<b>829,500</b>	<b>829,500</b>	<b>-</b>
<b>Expenditures</b>				
Debt service	856,103	856,103	855,103	1,000
<b>Total Expenditures</b>	<b>856,103</b>	<b>856,103</b>	<b>855,103</b>	<b>1,000</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(26,603)	(26,603)	(25,603)	1,000
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(26,603)	(26,603)	(25,603)	1,000
<b>Fund Balances-Beginning</b>	<b>26,818</b>	<b>27,318</b>	<b>27,318</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 215</b>	<b>\$ 715</b>	<b>\$ 1,715</b>	<b>\$ 1,000</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 364,000	\$ 364,000	\$ 364,000	\$ -
<b>Total Revenues</b>	<b>364,000</b>	<b>364,000</b>	<b>364,000</b>	<b>-</b>
<b>Expenditures</b>				
Debt service	386,679	386,679	386,482	197
<b>Total Expenditures</b>	<b>386,679</b>	<b>386,679</b>	<b>386,482</b>	<b>197</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(22,679)	(22,679)	(22,482)	197
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(22,679)	(22,679)	(22,482)	197
<b>Fund Balances-Beginning</b>	<b>23,047</b>	<b>23,243</b>	<b>23,243</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 368</b>	<b>\$ 564</b>	<b>\$ 761</b>	<b>\$ 197</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ 282,000	\$ 292,000	\$ 285,543	\$ (6,457)
<b>Total Revenues</b>	<b>282,000</b>	<b>292,000</b>	<b>285,543</b>	<b>(6,457)</b>
<b>Expenditures</b>				
Debt service	282,000	292,000	290,814	1,186
<b>Total Expenditures</b>	<b>282,000</b>	<b>292,000</b>	<b>290,814</b>	<b>1,186</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,271)	(5,271)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	-	-	-	-
<i>Net Change in Fund Balances</i>	-	-	(5,271)	(5,271)
<b>Fund Balances-Beginning</b>	<b>59,283</b>	<b>87,857</b>	<b>87,857</b>	-
<b>Fund Balances-Ending</b>	<b>\$ 59,283</b>	<b>\$ 87,857</b>	<b>\$ 82,586</b>	<b>\$ (5,271)</b>

\*Budgetary basis is the same as GAAP basis.

**CITY OF SEATAC, WASHINGTON**

**2005 COMPREHENSIVE ANNUAL FINANCIAL REPORT Municipal Capital Improvement Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 3,165,344	\$ 1,465,344
Intergovernmental	-	246,250	-	(246,250)
Charges for services	17,840	17,840	24,304	6,464
<b>Total Revenues</b>	<b>1,717,840</b>	<b>1,964,090</b>	<b>3,189,648</b>	<b>1,225,558</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
General government	25,000	25,000	21,038	3,962
Public safety	-	-	621	(621)
Culture & recreation	31,605	31,605	31,604	1
Capital outlay	389,796	636,046	323,150	312,896
<b>Total Expenditures</b>	<b>446,401</b>	<b>692,651</b>	<b>376,413</b>	<b>316,238</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	1,271,439	1,271,439	2,813,235	1,541,796
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,433,700)	(1,433,700)	(1,433,700)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(1,433,700)</b>	<b>(1,433,700)</b>	<b>(1,433,700)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	(162,261)	(162,261)	1,379,535	1,541,796
<b>Fund Balances-Beginning</b>	<b>5,291,747</b>	<b>6,089,425</b>	<b>6,089,425</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 5,129,486</b>	<b>\$ 5,927,164</b>	<b>\$ 7,468,960</b>	<b>\$ 1,541,796</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>	-	-	-	-
Miscellaneous	\$ -	\$ 8,775	\$ 8,167	\$ (608)
<b>Total Revenues</b>	<b>-</b>	<b>8,775</b>	<b>8,167</b>	<b>(608)</b>
<b>Expenditures</b>				
Capital outlay	145,890	156,890	149,226	7,664
<b>Total Expenditures</b>	<b>145,890</b>	<b>156,890</b>	<b>149,226</b>	<b>7,664</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(145,890)</i>	<i>(148,115)</i>	<i>(141,059)</i>	<i>7,056</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	150,000	150,000	150,000	-
Disposition of capital assets	-	-	775	775
<b>Total Other Fin Sources (Uses)</b>	<b>150,000</b>	<b>150,000</b>	<b>150,775</b>	<b>775</b>
<i>Net Change in Fund Balances</i>	<i>4,110</i>	<i>1,885</i>	<i>9,716</i>	<i>7,831</i>
<b>Fund Balances-Beginning</b>	<b>1,223,427</b>	<b>1,208,834</b>	<b>1,208,835</b>	<b>(1)</b>
<b>Fund Balances-Ending</b>	<b>\$ 1,227,537</b>	<b>\$ 1,210,719</b>	<b>\$ 1,218,551</b>	<b>\$ 7,832</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)*
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>				
Culture & recreation	-	-	14,729	(14,729)
Capital outlay	1,433,700	1,439,301	1,418,615	20,686
<b>Total Expenditures</b>	<b>1,433,700</b>	<b>1,439,301</b>	<b>1,433,344</b>	<b>5,957</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,433,700)</i>	<i>(1,439,301)</i>	<i>(1,433,344)</i>	<i>5,957</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,901,700	1,901,700	1,732,006	(169,694)
<b>Total Other Fin Sources (Uses)</b>	<b>1,901,700</b>	<b>1,901,700</b>	<b>1,732,006</b>	<b>(169,694)</b>
<i>Net Change in Fund Balances</i>	<i>468,000</i>	<i>462,399</i>	<i>298,662</i>	<i>(163,737)</i>
Fund Balances-Beg (as prev reported)	(7,861,954)	(8,324,850)	(8,324,850)	-
Change in budgetary basis of acctg	8,336,943	8,336,943	8,336,943	-
<b>Fund Balances-Beg (as restated)</b>	<b>474,989</b>	<b>12,093</b>	<b>12,093</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 942,989</b>	<b>\$ 474,492</b>	<b>\$ 310,755</b>	<b>\$ (163,737)</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
<b>Revenues</b>				
Licenses & permits	\$ -	\$ -	\$ 1,000	\$ 1,000
Intergovernmental	5,051,184	5,051,184	4,378,696	(672,488)
Charges for services	35,000	35,000	161,374	126,374
Investment earnings	48,000	48,000	53,737	5,737
Miscellaneous	-	-	303,332	303,332
<b>Total Revenues</b>	<b>5,134,184</b>	<b>5,134,184</b>	<b>4,898,139</b>	<b>(236,045)</b>
<b>Expenditures</b>				
<i>Current operations:</i>				
Transportation	485,131	485,131	487,617	(2,486)
Capital outlay	8,696,184	9,868,967	6,313,980	3,554,987
<b>Total Expenditures</b>	<b>9,181,315</b>	<b>10,354,098</b>	<b>6,801,597</b>	<b>3,552,501</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(4,047,131)</i>	<i>(5,219,914)</i>	<i>(1,903,458)</i>	<i>3,316,456</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,800,000	1,800,000	1,800,000	-
<b>Total Other Fin Sources (Uses)</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(2,247,131)</i>	<i>(3,419,914)</i>	<i>(103,458)</i>	<i>3,316,456</i>
Fund Balances-Beg (as prev reported)	2,857,087	3,479,336	3,479,336	-
Prior Year Adjustment	-	-	(229,101)	(229,101)
<b>Fund Balances-Beg (as restated)</b>	<b>2,857,087</b>	<b>3,479,336</b>	<b>3,250,235</b>	<b>229,101</b>
<b>Fund Balances-Ending</b>	<b>\$ 609,956</b>	<b>\$ 59,422</b>	<b>\$ 3,146,777</b>	<b>\$ 3,087,355</b>

\*Budgetary basis is the same as GAAP basis.



# Statistical Section

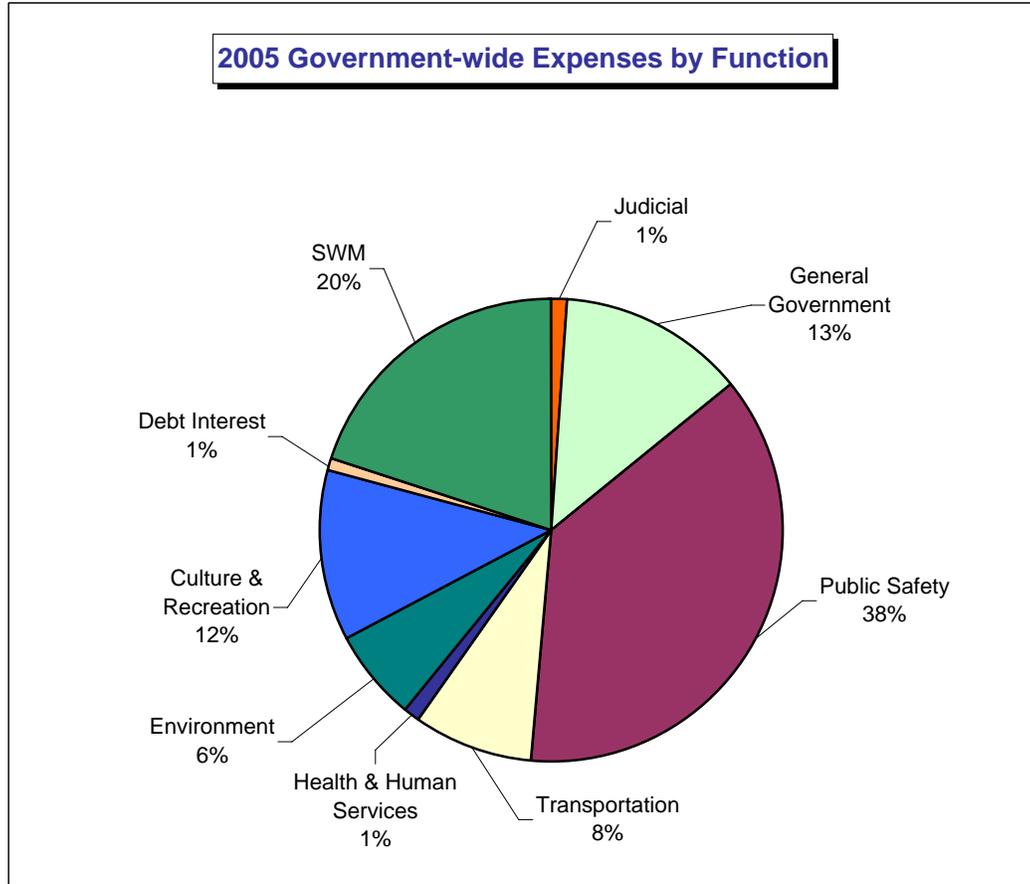


Statistical Section

Table 1

GOVERNMENT-WIDE EXPENSES BY FUNCTION (In Thousands)

Last Ten Fiscal Years<sup>1</sup>

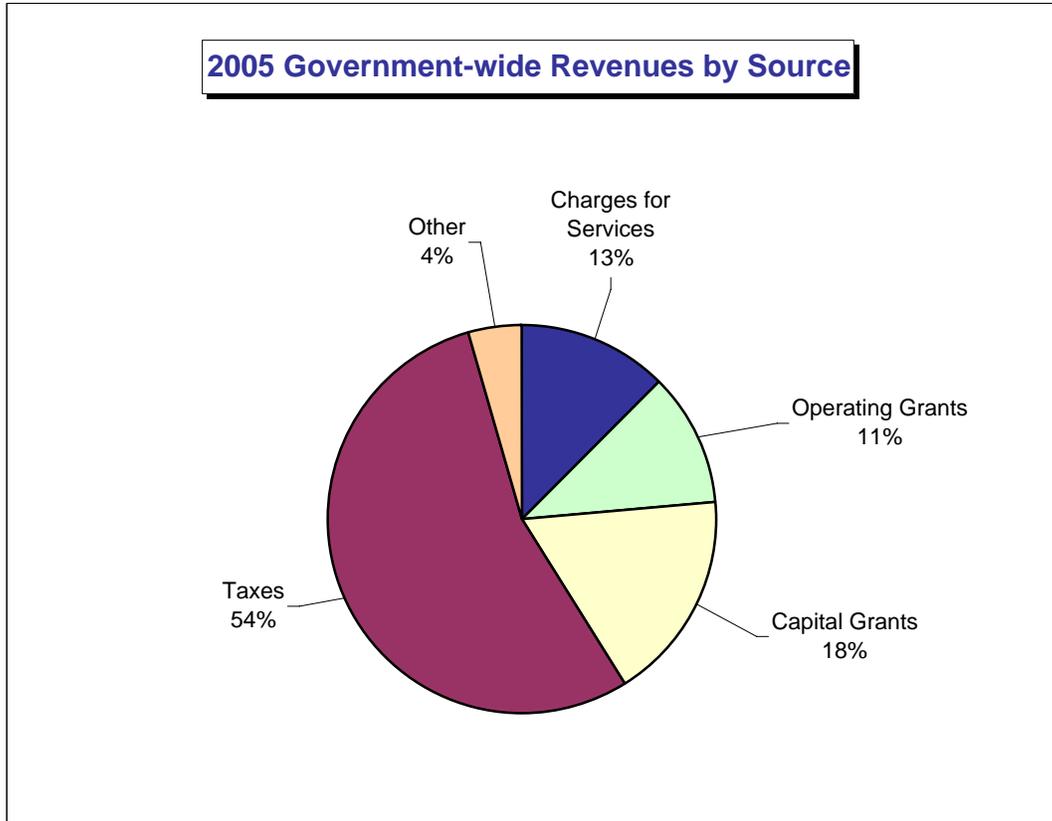


Fiscal Year	Judicial	General Govmnt	Public Safety	Tranpor-tation	Health & Human Services	Physical & Economic Environ	Culture & Recreation	Interest on Long-term Debt	Surface Water Mgt	Total Exp
2003	\$302	\$4,019	\$11,204	\$2,213	\$263	\$2,203	\$2,409	\$1,647	\$930	\$ 25,190
2004	317	4,030	11,356	2,745	342	2,177	2,401	844	926	25,138
2005	332	4,537	12,664	2,870	397	2,101	4,092	311	6,813	34,117

<sup>1</sup>This government-wide schedule only includes three years because the City implemented GASB Statement 34 government-wide reporting in 2003. Additionally, transfers from one fund to another have been excluded from this schedule.

**GOVERNMENT-WIDE REVENUES BY SOURCE (In Thousands)**

**Last Ten Fiscal Years<sup>1</sup>**



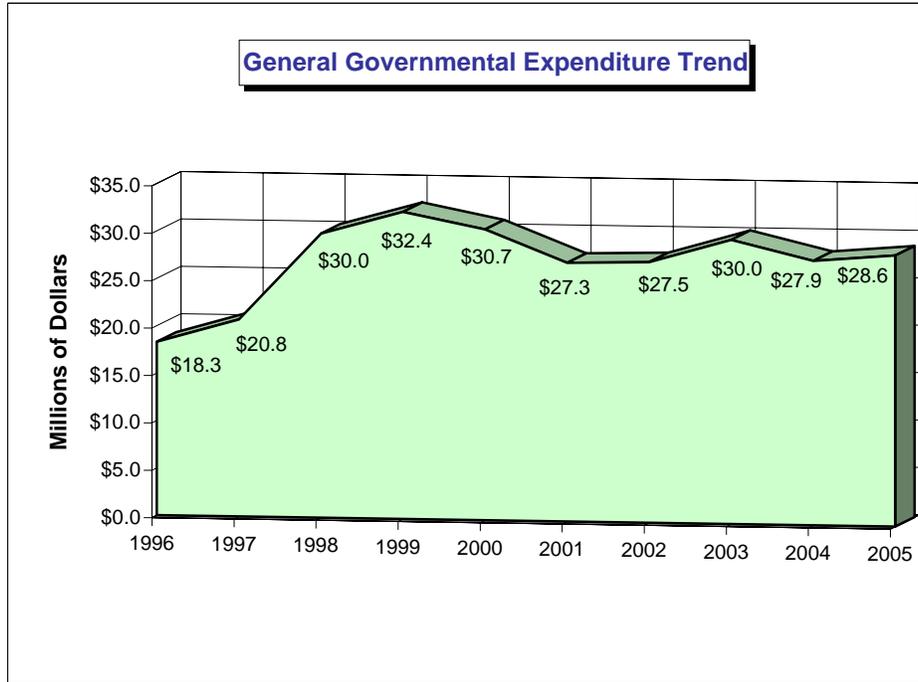
Fiscal Year	Program Revenues			General Revenues				Total Revenues
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants & Contributions Not Restricted to Specific Programs	Unrestricted Investment Earnings	Misc	
2003	\$4,557	\$1,116	\$4,113	\$23,807	\$159	\$1,025	\$148	\$34,926
2004	5,009	4,121	2,902	25,835	182	859	0	38,908
2005	6,195	5,427	8,640	26,969	178	1,920	28	49,357

<sup>1</sup>This government-wide schedule only includes three years because the City implemented GASB Statement 34 government-wide reporting in 2003. Additionally, transfers from one fund to another have been excluded from this schedule.

Table 3

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

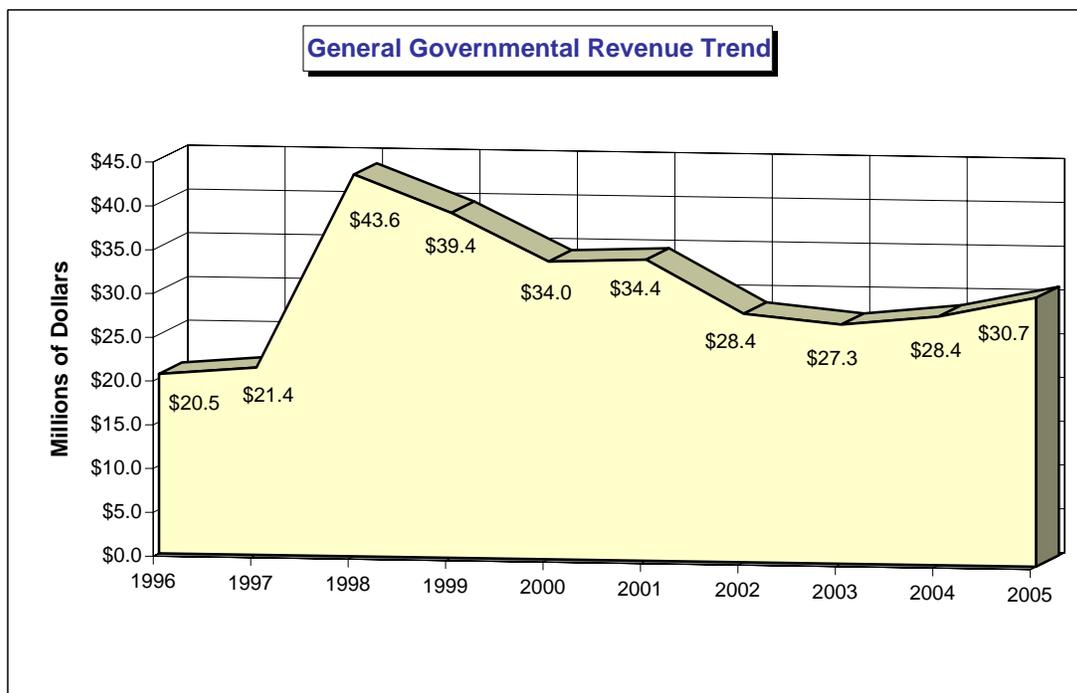
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS



Fiscal Year	General Government	Public Safety	Physical Envrmnt	Highways and Streets	Economic Envrmnt	Health	Culture and Recreation	Debt Service	Other Financing Uses	Capital Outlay	Total Expenditures
1996	\$2,812,566	\$8,394,801	\$409,393	\$798,323	\$1,255,786	\$2,936	\$1,146,602	\$1,339,723	\$514,861	\$1,655,972	\$18,330,963
1997	3,324,935	8,927,689	407,841	765,375	1,513,248	3,869	1,732,312	1,343,083	1,082,000	1,679,068	20,779,420
1998	3,718,813	9,340,335	446,430	1,437,903	1,678,074	5,578	1,592,105	1,461,020	8,199,334	2,113,897	29,993,489
1999	3,824,033	9,819,081	440,561	1,411,192	1,999,023	4,315	1,793,136	1,829,724	9,161,238	2,166,490	32,448,793
2000	3,633,618	9,933,913	516,118	1,125,881	2,208,441	5,325	1,813,989	1,688,572	8,939,150	826,693	30,691,700
2001	3,819,361	10,070,439	496,411	1,195,781	2,211,144	4,542	2,014,601	1,963,615	4,355,819	1,152,748	27,284,461
2002	4,045,376	10,600,382	506,414	1,358,756	2,454,417	4,459	1,976,723	2,315,569	2,737,250	1,454,490	27,453,836
2003	3,959,898	10,616,064	12,352	2,117,369	2,162,814	4,903	1,953,123	2,099,285	5,833,410	239,618	28,998,836
2004	4,255,591	11,430,548	12,217	2,298,966	2,153,881	5,378	1,999,857	2,220,891	3,192,044	306,535	27,875,908
2005	4,748,051	12,021,101	12,110	2,196,760	2,113,262	5,760	2,051,866	2,226,946	3,107,606	92,339	28,575,801

**GENERAL GOVERNMENTAL REVENUES BY SOURCE**

**GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS**

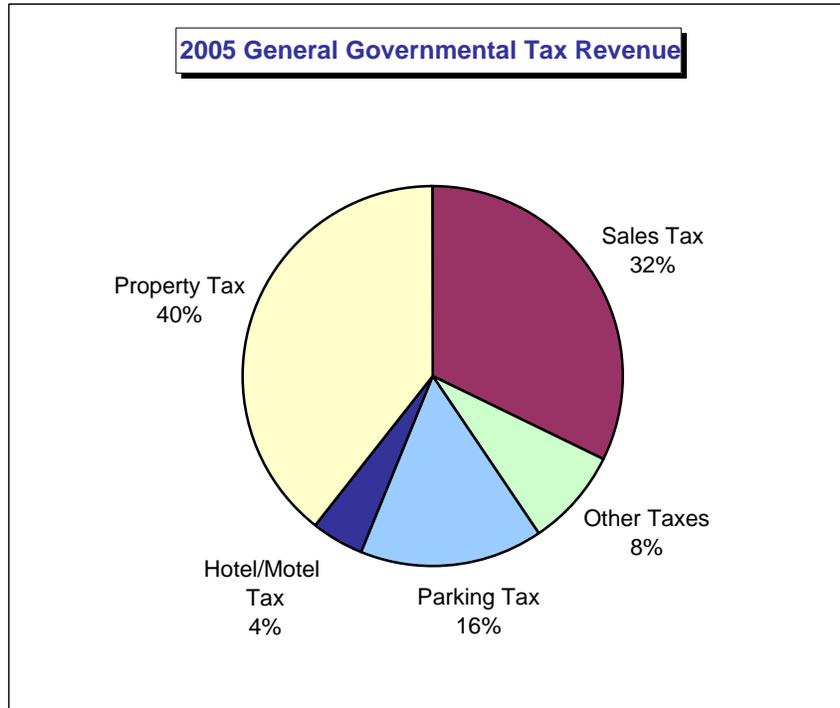


Fiscal Year	Taxes	Licenses and Permits	Intergov Revenue	Charges for Services	Fines and Forfeits	Special Assessments	Interest Earnings	Misc Revenue	Other Financing Sources	Total Revenue
1996	\$15,421,914	\$468,042	\$2,371,667	\$361,812	\$354,057	\$ -	\$738,208	\$66,177	\$715,801	\$20,497,678
1997	16,316,824	624,669	2,201,011	502,592	294,021	-	838,753	94,790	550,390	21,423,050
1998	19,614,002	2,935,027	8,669,347	882,968	288,974	-	1,186,135	100,112	9,920,128	43,596,693
1999	21,105,159	982,434	6,073,821	1,210,919	314,817	-	1,842,234	259,298	7,592,452	39,381,134
2000	23,325,269	3,739,957	1,587,963	987,134	367,737	-	2,371,318	162,498	1,470,400	34,012,276
2001	23,916,666	3,468,581	1,658,125	906,220	226,778	313,441	2,060,153	428,168	1,441,069	34,419,201
2002	21,571,429	1,106,849	1,626,846	666,738	317,395	269,578	1,054,199	653,914	1,099,157	28,366,105
2003	21,338,907	801,551	1,362,214	934,877	328,061	325,248	760,148	561,802	978,250	27,391,058
2004	22,468,971	762,452	1,431,873	893,189	309,979	454,191	584,961	497,499	976,207	28,379,322
2005	23,489,481	812,990	1,405,768	1,335,099	288,338	285,543	1,642,281	445,938	1,035,550	30,740,988

Table 5

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS



Fiscal Year	Property Tax	Sales Tax	Parking Tax	Hotel/Motel Tax	Miscellaneous Other Taxes (A)	Total Tax Revenue
1996	\$6,555,291	\$5,918,551	\$2,262,915	\$ -	\$685,157	\$15,421,914
1997	6,951,575	6,085,340	2,408,806	-	871,103	16,316,824
1998	7,002,694	6,847,596	4,324,804	538,300	900,608	19,614,002
1999	7,589,148	7,415,194	4,230,468	946,629	923,720	21,105,159
2000	7,803,800	8,338,973	4,754,787	929,564	1,498,145	23,325,269
2001	8,247,672	8,526,275	4,603,140	902,423	1,637,156	23,916,666
2002	8,536,343	6,917,428	3,700,252	813,568	1,603,838	21,571,429
2003	8,775,957	6,758,944	3,813,041	824,013	1,166,952	21,338,907
2004	9,413,853	6,941,206	3,954,493	884,093	1,275,326	22,468,971
2005	9,343,901	7,625,620	3,668,067	968,878	1,883,015	23,489,481

(A) Includes leasehold, real estate and gambling excise taxes.

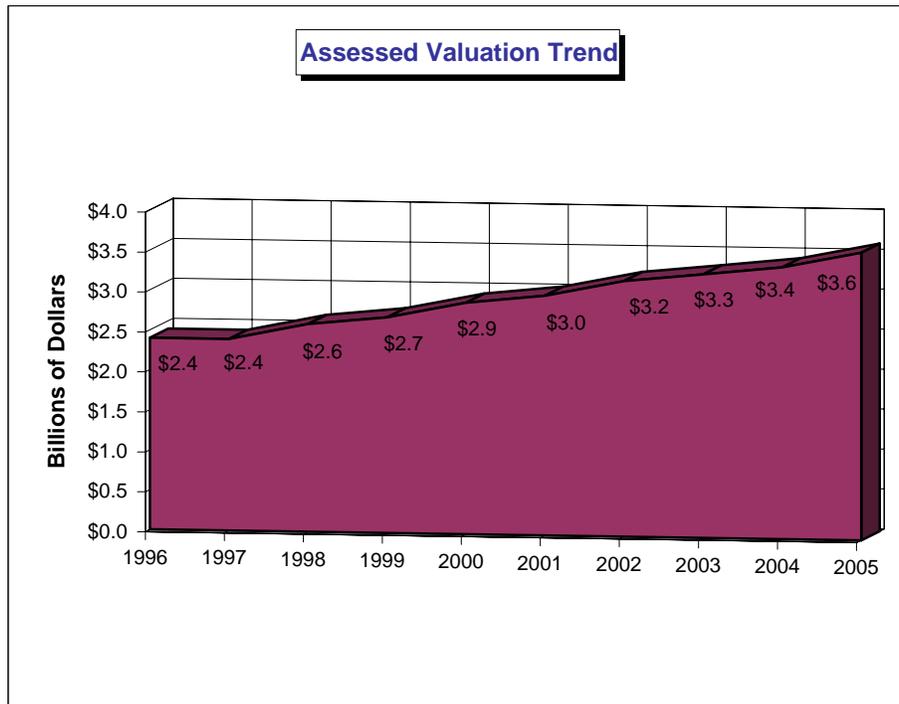
**PROPERTY TAX LEVIES AND COLLECTIONS**



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as % of Current Levy	Total Outstanding Delinquent Taxes	Outstanding Taxes as % of Current Levy
1996	\$6,523,490	\$6,369,692	97.64%	\$185,599	\$6,555,291	100.49%	\$259,005	3.97%
1997	7,062,957	6,847,952	96.96%	103,623	6,951,575	98.42%	259,999	3.68%
1998	7,112,050	6,903,638	97.07%	99,056	7,002,694	98.46%	290,118	4.08%
1999	7,739,193	7,497,959	96.88%	91,189	7,589,148	98.06%	342,329	4.42%
2000	8,006,413	7,713,579	96.34%	90,221	7,803,800	97.47%	386,672	4.83%
2001	8,446,329	8,125,249	96.20%	122,423	8,247,672	97.65%	497,691	5.89%
2002	8,705,946	8,419,092	96.71%	117,251	8,536,343	98.05%	661,680	7.60%
2003	9,272,729	8,597,077	92.71%	178,880	8,775,957	94.64%	1,065,558	11.49%
2004	9,439,561	9,171,933	97.16%	241,920	9,413,853	99.73%	894,893	9.48%
2005	9,820,965	9,184,840	93.52%	159,061	9,343,901	95.14%	1,209,458	12.32%

Table 7

ASSESSED VALUE OF PROPERTY BY TYPE

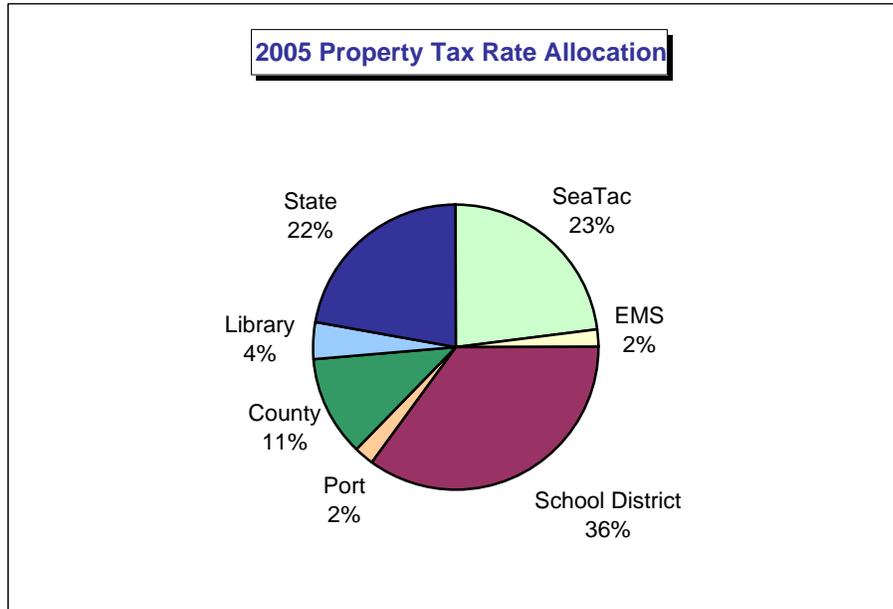


Fiscal Year	Real Property	Personal Property	State Public Service Property	Total Assessed Value	% Increase/Decrease
1996	\$1,220,758,855	\$99,835,131	\$1,049,779,789	\$2,370,373,775	8.22%
1997	1,282,293,573	104,647,015	983,149,588	2,370,090,176	(0.01)%
1998	1,336,245,559	108,932,732	1,158,380,318	2,603,558,609	9.85%
1999	1,418,205,605	107,631,209	1,169,867,151	2,695,703,965	3.54%
2000	1,548,111,715	112,651,309	1,238,983,652	2,899,746,676	7.57%
2001	1,689,747,755	117,031,629	1,235,866,231	3,042,645,615	4.93%
2002	1,754,591,387	121,512,022	1,277,160,193	3,153,263,602	3.64%
2003	1,848,206,257	154,766,946	1,272,240,076	3,275,213,279	3.87%
2004	1,986,077,835	137,381,893	1,293,637,561	3,417,097,289	4.33%
2005	2,057,833,738	136,008,552	1,391,644,445	3,585,486,735	4.93%

Source: King County Assessor's Office.

**PROPERTY TAX RATES - DIRECT & OVERLAPPING GOVERNMENTS**

TAX RATES PER \$1,000 OF ASSESSED VALUATION



Fiscal Year	City of SeaTac	State of Washington	King County	Port of Seattle	Emergency Medical Services	School District #401	Library District	Total Tax Rate
1996	\$2.90	\$3.50	\$2.21	\$0.29	\$0.25	\$3.76	\$0.62	\$13.53
1997	2.90	3.52	2.13	0.28	0.25	3.77	0.62	13.47
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

Source: King County Assessor's Office and King County Department of Finance.

Table 9

PRINCIPAL TAXPAYERS

DECEMBER 31, 2005

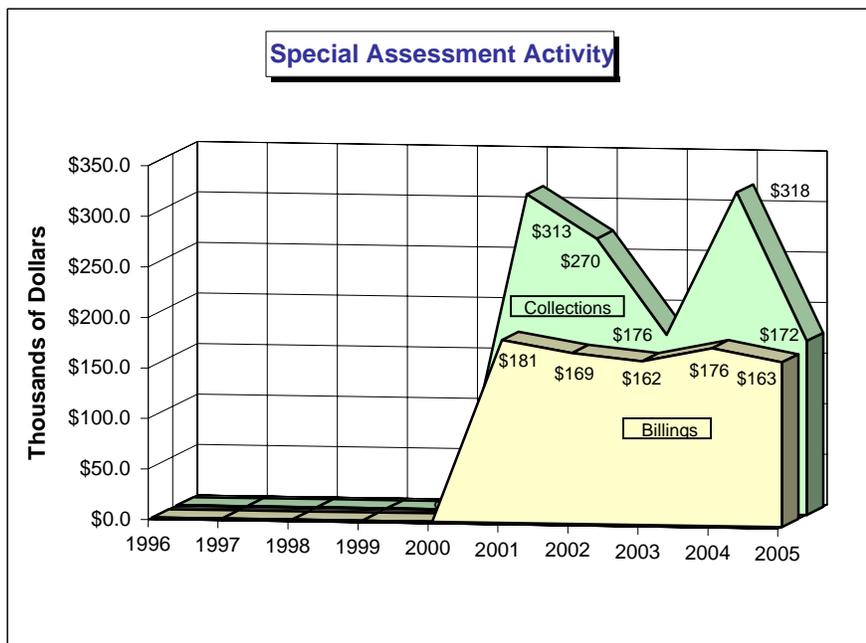
<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation (A)</u>	<u>Percentage of Total Assessed Valuation</u>
Alaska Airlines	Airline	\$ 448,382,925	12.51%
United Airlines	Airline	167,243,080	4.66%
Horizon Air	Airline	140,351,023	3.91%
Northwest Airlines	Airline	122,895,237	3.43%
Southwest Airlines	Airline	77,544,193	2.16%
Boeing	Airplane Manufacturer	66,978,500	1.87%
Delta Airlines	Airline	62,621,742	1.75%
American Airlines	Airline	54,241,044	1.51%
Hawaiian Airlines	Airline	51,312,961	1.43%
Continental Airlines	Airline	<u>48,877,296</u>	<u>1.36%</u>
TOTAL		<u>\$ 1,240,448,001</u>	<u>34.60%</u>

(A) 2005 assessed valuations for taxes collected in 2006. Total assessed valuation of the City is \$3,585,486,735.

Source: King County Assessor's Office.

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**

LAST TEN FISCAL YEARS



Fiscal Year	Special Assessment Billings	Special Assessment Collections (A)
2000	N/A	\$4,011,814
2001	\$181,291	313,441
2002	169,487	269,578
2003	162,016	176,062
2004	176,062	318,017
2005	163,157	171,795

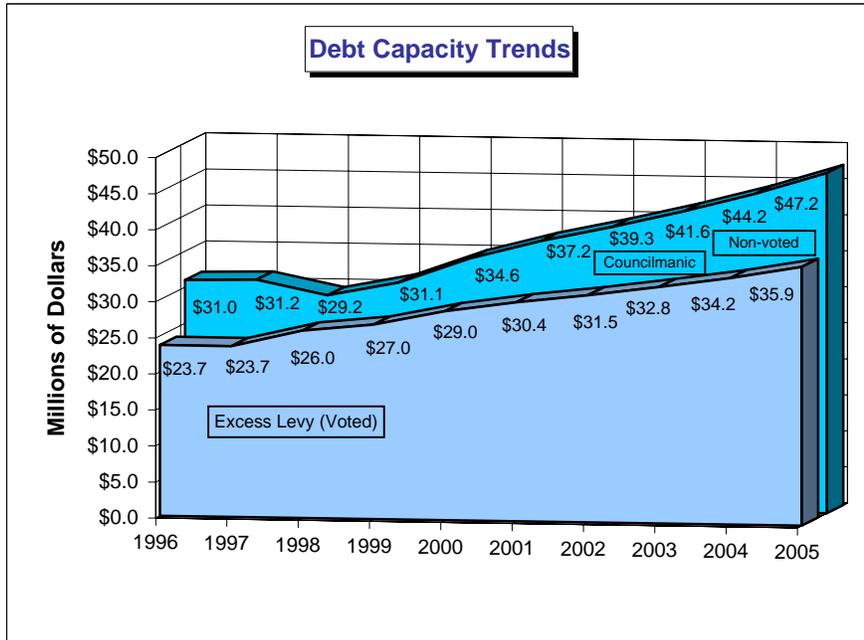
Source: City of SeaTac Finance Department.

(A) Includes prepayments on L.I.D.

Table 11

COMPUTATION OF LEGAL DEBT MARGIN

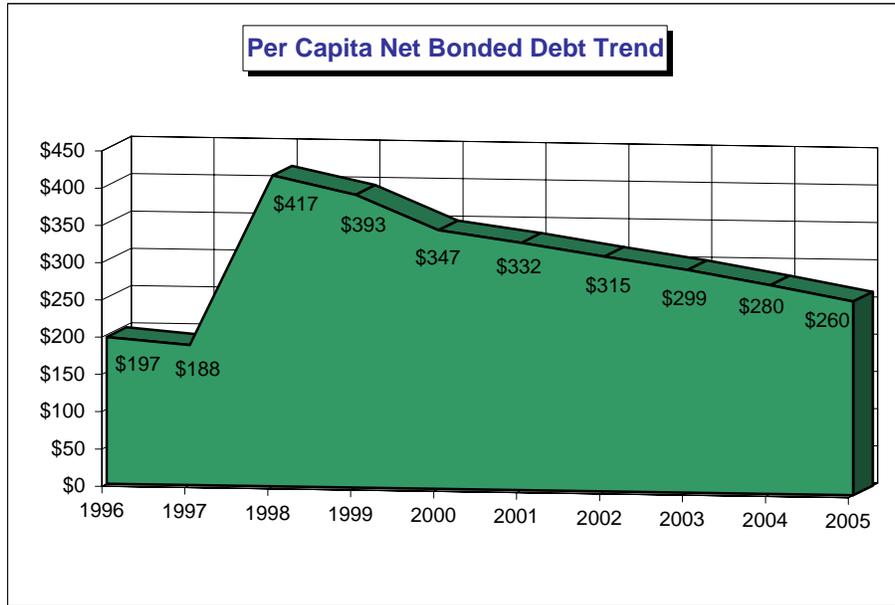
AS OF DECEMBER 31, 2005



Description	General Capacity		Special Purpose Capacity		
	Councilmanic	Excess Levy	Parks & Open Space	Utility Purposes	Total Capacity
Assessed Valuation of the City of SeaTac = \$3,585,486,735					
2.50 % of Assessed Value	\$	\$ 89,637,168	\$ 89,637,168	\$ 89,637,168	\$ 268,911,504
1.50 % of Assessed Value	<u>53,782,301</u>	<u>(53,782,301)</u>			<u>0</u>
STATUTORY DEBT LIMIT	53,782,301	35,854,867	89,637,168	89,637,168	268,911,504
Net Debt Outstanding	6,542,694	0	0	0	6,542,694
REMAINING DEBT CAPACITY	<u>\$ 47,239,607</u>	<u>\$ 35,854,867</u>	<u>\$ 89,637,168</u>	<u>\$ 89,637,168</u>	<u>\$ 262,368,810</u>

Source: City of SeaTac Finance Department.

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**

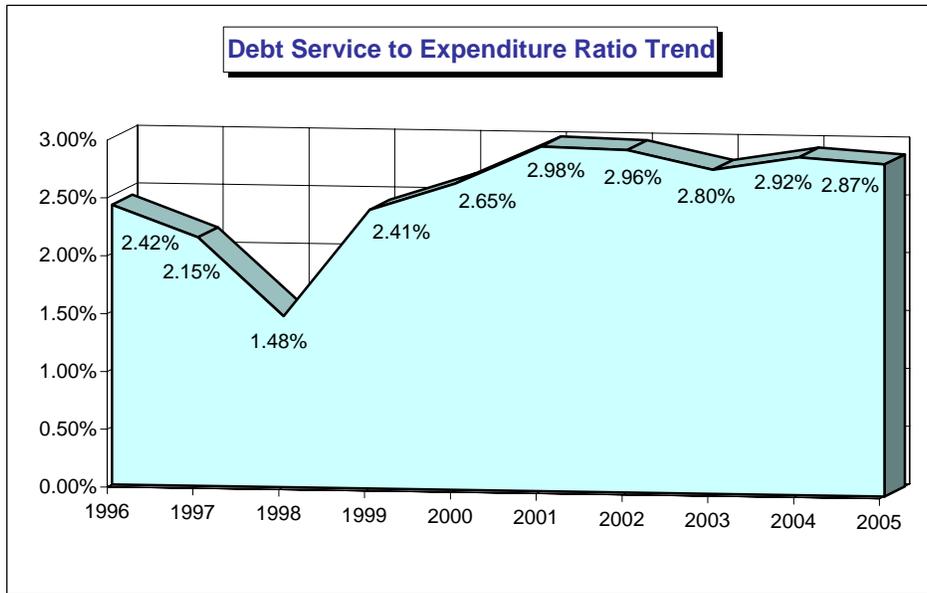


Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1996	23,110	\$2,370,373,775	\$4,550,000	\$101	\$4,549,899	0.19%	\$197
1997	23,320	2,370,090,176	4,385,000	41	4,384,959	0.19%	188
1998	23,540	2,603,558,609	9,820,000	1,286	9,818,714	0.38%	417
1999	23,570	2,695,703,965	9,290,000	31,226	9,258,774	0.34%	393
2000	25,496	2,899,746,676	8,885,000	31,950	8,853,050	0.31%	347
2001	25,380	3,042,645,615	8,460,000	32,101	8,427,899	0.28%	332
2002	25,320	3,153,263,602	8,015,000	32,707	7,982,293	0.25%	315
2003	25,100	3,275,213,279	7,550,000	33,678	7,516,322	0.23%	299
2004	25,130	3,417,097,289	7,060,000	34,642	7,025,358	0.21%	280
2005	25,140	3,585,486,735	6,545,000	2,306	6,542,694	0.18%	260

Source: City of SeaTac Finance Department and King County Assessor's Office.

Table 13

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES



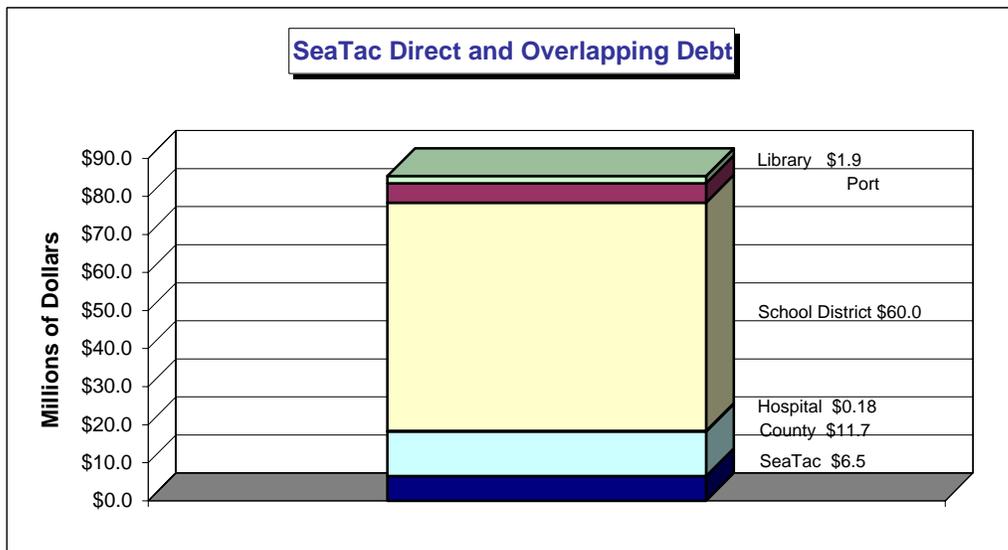
Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (A)	Ratio of Debt Service to Expenditures
1996	\$155,000	\$288,888	\$443,888	\$18,330,963	2.42%
1997	165,000	281,913	446,913	20,779,420	2.15%
1998	170,000	274,323	444,323	29,993,489	1.48%
1999	360,000	420,628	780,628	32,448,793	2.41%
2000	405,000	407,543	812,543	30,691,700	2.65%
2001	425,000	388,532	813,532	27,284,461	2.98%
2002	445,000	367,783	812,783	27,453,836	2.96%
2003	465,000	346,018	811,018	28,998,836	2.80%
2004	490,000	323,157	813,157	27,875,908	2.92%
2005	515,000	303,729	818,729	28,575,801	2.87%

(A) General Government Expenditures include General, Special Revenue and Debt Service Funds.

Source: City of SeaTac Finance Department.

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION BONDS**

DECEMBER 31, 2005



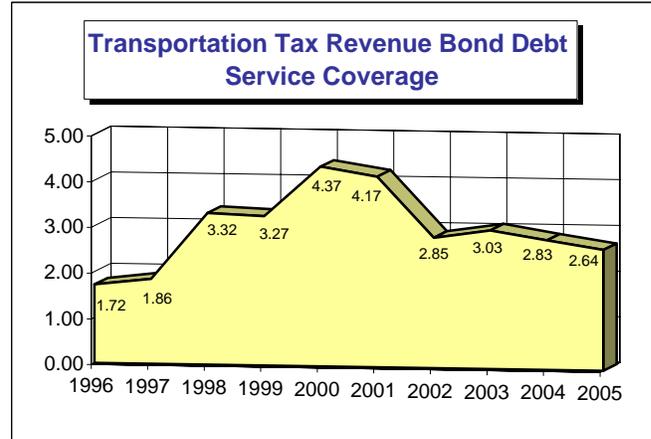
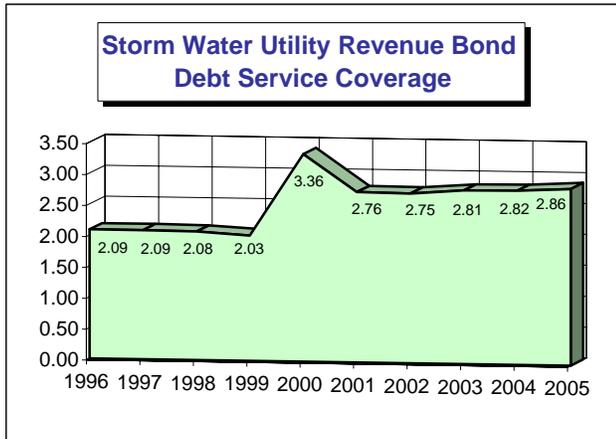
Jurisdiction	Net General Obligation Debt Outstanding (A)	Percentage Applicable to SeaTac (B)	Amount Applicable to SeaTac
<b>NET DIRECT DEBT:</b>			
City of SeaTac	\$6,542,694	100.00%	\$6,542,694
<b>Total Net Direct Debt</b>	<b>\$6,542,694</b>		<b>\$6,542,694</b>
<b>NET OVERLAPPING DEBT:</b>			
King County	883,058,000	1.33%	11,744,671
Port of Seattle	380,225,000	1.33%	5,056,993
School District #401	197,728,456	30.15%	59,615,129
School District #403	210,288,981	0.01%	21,029
School District #406	44,854,942	0.10%	44,855
School District #415	237,108,547	0.15%	355,663
Hospital District #1	219,814,362	0.08%	175,851
Library	85,891,157	2.17%	1,863,838
<b>Total Net Overlapping Debt</b>	<b>2,258,969,445</b>		<b>78,878,030</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$2,265,512,139</b>		<b>\$85,420,724</b>

(A) Total general obligation bonds outstanding on December 31, 2005 exclusive of refunded bonds.  
Source: King County Department of Finance.

(B) Determined by ratio of 2005 assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit.

Table 15

REVENUE BOND COVERAGE FOR STORM WATER UTILITY AND LOCAL  
OPTION TRANSPORTATION TAX REVENUE BONDS

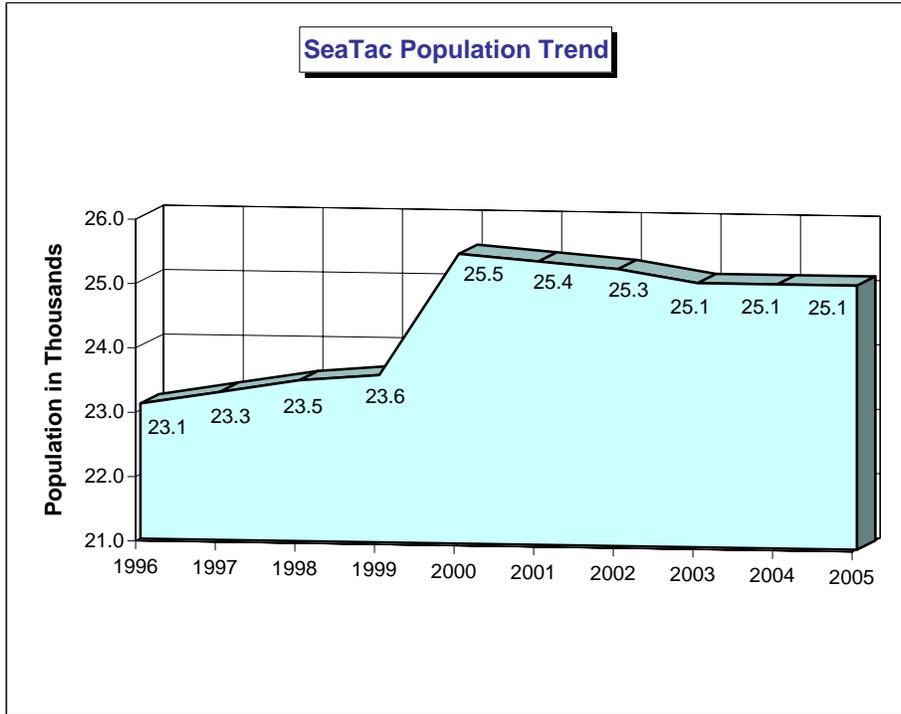


Fiscal Year	Gross Revenue	Operating Expenses w/o Depreciation	Net Revenue Available for Debt Service	Annual Debt Service Requirements			Coverage (A)
				Principal	Interest	Total	
<b>STORM WATER UTILITY BONDS:</b>							
1996	\$1,579,147	\$742,194	\$836,953	\$140,000	\$260,273	\$400,273	2.09
1997	1,554,507	720,003	834,504	145,000	253,973	398,973	2.09
1998	1,549,711	714,461	835,250	155,000	247,085	402,085	2.08
1999	1,526,931	696,336	830,595	265,000	143,845	408,845	2.03
2000	2,161,617	854,470	1,307,147	205,000	183,750	388,750	3.36
2001	1,931,993	860,881	1,071,112	215,000	173,327	388,327	2.76
2002	1,746,270	682,842	1,063,428	225,000	161,647	386,647	2.75
2003	1,753,028	657,459	1,095,569	240,000	149,357	389,357	2.81
2004	1,731,015	629,515	1,101,500	255,000	136,257	391,257	2.82
2005	1,865,981	746,187	1,119,794	265,000	125,930	390,930	2.86
<b>LOCAL OPTION TRANSPORTATION TAX REVENUE BONDS:</b>							
1996	\$2,102,651	\$569,400	\$1,533,251	\$315,000	\$577,923	\$892,923	1.72
1997	2,070,863	411,139	1,659,724	330,000	564,063	894,063	1.86
1998	3,927,742	964,827	2,962,915	345,000	548,553	893,553	3.32
1999	3,760,811	779,114	2,981,697	570,000	342,006	912,006	3.27
2000	4,294,521	511,791	3,782,730	445,000	419,793	864,793	4.37
2001	4,167,348	572,751	3,594,597	465,000	396,965	861,965	4.17
2002	3,260,767	802,280	2,458,487	490,000	371,495	861,495	2.85
2003	3,449,765	832,634	2,617,131	520,000	344,522	864,522	3.03
2004	3,253,554	814,720	2,438,834	545,000	315,847	860,847	2.83
2005	3,076,030	823,963	2,252,067	570,000	282,102	852,102	2.64

(A) Bond financing requires that the average annual coverage is at least 1.25 times the average annual debt service.

Source: City of SeaTac Finance Department.

**DEMOGRAPHIC STATISTICS**

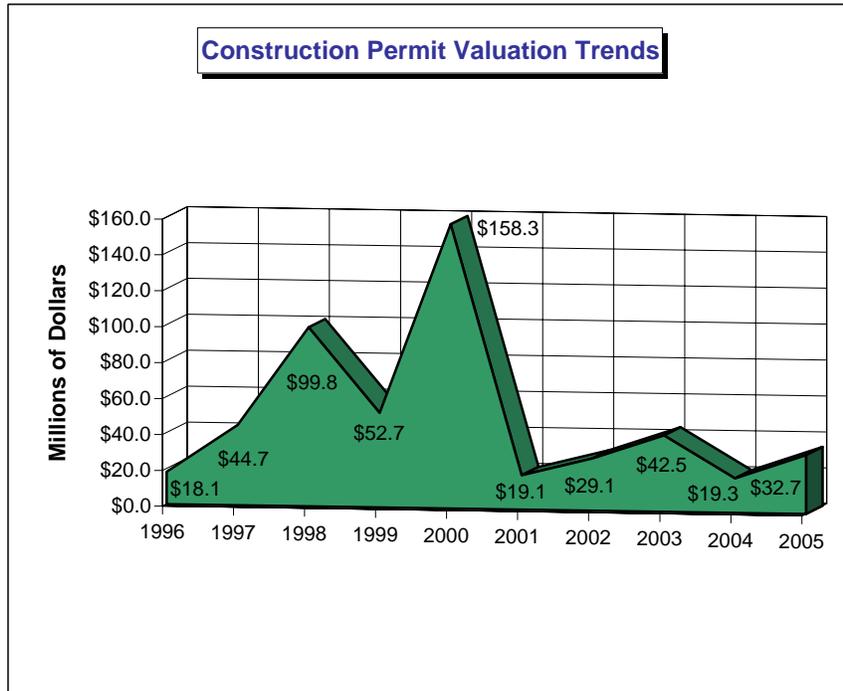


Fiscal Year	Population (A)	Median Age (B)	Personal Income Per Capita (C)	Public School Enrollment (D)	Unemployment Rate (E)
1996	23,110	34.2	\$17,144	3,492	5.0%
1997	23,320	34.5	17,710	3,563	4.8%
1998	23,540	34.9	18,276	3,425	3.3%
1999	23,570	34.6	18,885	3,403	2.7%
2000	25,496	33.9	19,659	3,301	3.2%
2001	25,380	34.2	20,320	3,341	6.1%
2002	25,320	34.0	21,033	3,498	6.0%
2003	25,100	34.4	22,737	3,396	5.8%
2004	25,130	34.1	23,249	3,499	4.6%
2005	25,140	35.7	23,730	3,192	4.5%

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

Table 17

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS



Fiscal Year	Construction Permits (A)		Bank Deposits King County (B)	Assessed Value (C)
	Units	Value		
1996	606	\$18,070,051	\$21,602,083,000	\$2,370,373,775
1997	558	44,687,086	25,390,527,000	2,370,090,176
1998	619	99,847,553	27,581,709,000	2,603,558,609
1999	526	52,712,153	27,035,907,000	2,695,703,965
2000	406	158,274,864	27,381,000,000	2,899,746,676
2001	322	19,195,940	30,346,000,000	3,042,645,615
2002	308	29,090,134	32,574,000,000	3,153,263,602
2003	289	42,457,647	40,179,371,000	3,275,213,279
2004	270	19,303,040	43,839,240,000	3,417,097,289
2005	291	32,730,365	43,563,000,000	3,585,486,735

(A) Source: City of SeaTac Building Division.  
 (B) Source: Federal Deposit Insurance Corporation  
 (C) Source: King County Assessor's Office. See Table 7 for further assessed value information.

**MISCELLANEOUS STATISTICS**

DECEMBER 31, 2005

Date of Incorporation	1990
Form of Government	Council/Manager
Legal Status	Non-Charter Code City
Congressional District	Washington's Ninth
Legislative District	Thirty-third
County Population	1,808,300
City Population	25,140
Area in Square Miles	8.35
Assessed Valuation	\$3,585,486,735
Number of Voter Precincts	31
Number of Registered Voters	12,523
Recreation Facilities:	
Parks	8
Developed Park Acres	174
Community Centers	2
Business Licenses Issued	1,850
Permits Issued:	
Building Permits	291
Other Permits	<u>826</u>
Total Permits Issued	1,117
Fire Protection:	
Number of Stations	3
Fire Fighters and Officers	48
Fire Responses	1,223
Medic Aid Responses	3,106
City Employees (Full-Time Equivalents)	172
Highline School District No. 401:	
Elementary Schools	4
Enrollment	1,676
Middle Schools	1
Enrollment	510
High Schools	1
Enrollment	1,006

Note: Statistics for services provided are all for the year 2005.



**City of SeaTac**

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