

2008 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008



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



About the Project

Westside Trail

Location:	East side of Des Moines Memorial Drive between S. 144th Street and S. 156th Street, SeaTac
Project Cost:	\$1.4 Million
Trail Length:	1.3 miles
Contractor:	Archer Construction, Inc.

As a part of the City of SeaTac's objective to provide multi-modal transportation facilities, a new shared use (walking and bicycling) trail was constructed. The trail is funded with both federal grants and local Parking Tax funds.

The project consisted of approximately 1.3 miles of new shared use trail. At the south end of the project, the trail connects to the existing bike lanes on S. 156th Street. At the north end of the project, the trail connects to the existing trail at North SeaTac Park. In the future, the City plans to extend the Westside Trail south and connect to existing trail networks in SeaTac and Des Moines.

Improvements include a 10-foot wide, paved trail, gravel shoulders, landscaping, retaining walls and signing and striping. The project also includes enhancements to the existing World War I Living Road of Remembrance Memorial, including the planting of disease resistant American Elm trees along the trail.

The trail is located on the east side of Des Moines Memorial Drive between S. 144th Street and S. 156th Street. North of S. 144th Street, the trail meanders through the park west of Tub Lake and then parallels the west boundary of Sunset Park.

2008 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

Prepared by the
City of SeaTac Finance Department

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



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CITY OF SEATAC, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended December 31, 2008

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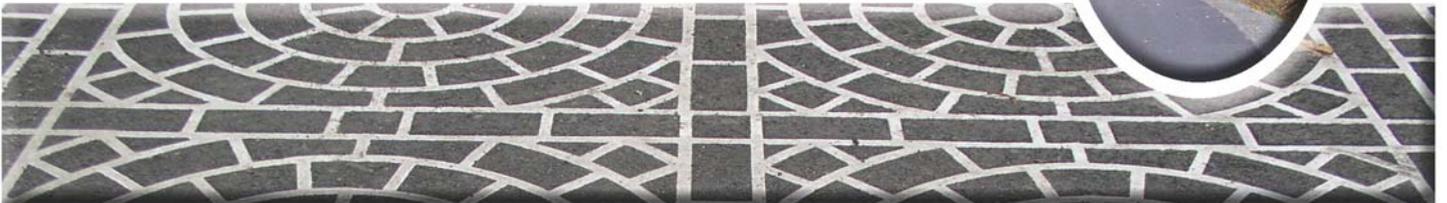
CITY OF SEATAC, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2008

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Introductory Section



Introductory Section



November 24, 2009

Honorable Mayor, Councilmembers, City Manager and SeaTac Residents:

We are pleased to present the City of SeaTac's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended December 31, 2008. We prepare these financial statements in conformity with generally accepted accounting principles (GAAP) and they have been audited in accordance with generally accepted auditing standards by the Washington State Auditor's Office. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it.

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

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

As a recipient of federal, state and county financial assistance, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. The results of the City's annual single audit for the fiscal year ended December 31, 2008, provided no instances of material weakness in the internal control structure or significant violations of applicable laws. The City's Single Audit Report is issued separately and is available upon request or directly from the Washington State Auditor's Office.

This Comprehensive Annual Financial Report is presented in conformity with Governmental Accounting Standards Board (GASB) Statement 34. The implementation of GASB 34 modified the presentation of financial information for the City of SeaTac effective with financial statements ending December 31, 2003.

4800 South 188th Street
SeaTac, WA 98188-8605

City Hall: 206.973.4800
Fax: 206.973.4809
TDD: 206.973.4808

Mayor
Ralph Shape

Deputy Mayor
Gene Fisher

Councilmembers
Chris Wythe
Terry Anderson
Tony Anderson
Pam Fernald
Mia Gregerson

Acting City Manager
Todd Cutts

City Attorney
Mary Mirante Bartolo

City Clerk
Kristina Gregg

GAAP requires that management provide narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

The City's 2008 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 25,720 residents within its incorporated limits and has a work force of approximately 41,000 employees. It also accommodates over 88,200 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 2008, the Airport handled over 32 million passengers.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of SeaTac's economy is based on a strong air travel sector coupled with diversified industries, trades and services. The three largest local economic sectors are airlines, lodging and rental cars. Alaska Airlines is the largest employer and taxpayer in the City, representing 13.2% of the total assessed valuation for the City. Northwest, United, Horizon Air, Southwest, Delta, Hawaiian and Continental Airlines combine to account for an

additional 20.1% of the City's property tax base.

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

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

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

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

Property tax revenues account for 37.2% of total general governmental tax revenue, and the City Council has elected to levy property taxes less than the limit allowed under state law since 1994. A number of recent changes, however, have limited the City's future property tax revenue generating abilities. The most significant impact is Initiative 747, approved by Washington voters in November 2001. This initiative limited the annual growth in the tax levy to the lower of 1% or inflation, defined by the implicit price deflator (IPD). On November 8, 2007, the Washington State Supreme Court ruled that Initiative 747 is unconstitutional. In a special legislative session held on November 29, 2007, the 1% property tax increase limitation was reinstated by the Washington State Legislature. Although the City's assessed valuation has continued to grow steadily as shown in Schedule 5 in the Statistical Section, property tax revenue has not increased at the same rate as the tax base due to the 1% property tax increase limitation.

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 39% of general governmental tax revenues in 2008. Sales tax revenues that are generated by Port of Seattle airport capital improvements are accounted for in a capital projects fund and are dedicated to specific capital expenditures because they are not an ongoing, operating revenue source.

In addition to the reduction in sales taxes in 2002, the City experienced declines in its parking tax revenues. Parking tax revenue, derived primarily from airport-related parking throughout the City, is dedicated to funding transportation improvements. The continuing decline in parking tax revenues during 2002 and 2003 reduced funding for long-term transportation capital projects in terms of both scale and timing. However, short-term projects were largely unaffected by the downturn in parking taxes since these projects were fully funded through grants and parking tax revenues already received. The commercial parking tax rate was increased effective January 1, 2006, and provides for incremental changes to the parking tax rate on a yearly basis through 2010. A portion of the additional parking tax revenue stream is dedicated to certain transportation projects identified in an Interlocal Agreement with the Port.

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

Economic Outlook

According to the Washington State Economic and Revenue Forecast Council, it is almost certain the Great Recession of 2007-09 is over and economic activity has stopped declining. It will be a while before output returns to its previous peak because the recovery will be slow. Employment growth will lag the recovery in output, as will the peak in the unemployment rate.

Recent data are showing signs of imminent turnaround in the Washington economy. Employment is still declining, but at a reduced rate. Initial jobless claims appear to have peaked. Job losses, however, are expected to continue through the end of 2009, and the unemployment rate will continue to rise through mid-2010, which is considered normal since the labor market recovery lags the recovery in activity.

The housing situation has improved in recent months as well. Home prices appear to have hit bottom and have begun to increase, with the expectation they will improve slowly. Housing starts have started to climb as well, coming off their historic lows. Though residential construction has hit bottom, the correction in non-residential construction has a long way to go. Non-residential construction will continue to decline for a couple of years.

The Washington economy is expected to recover sooner and stronger than the national economy. The synchronized global recovery now underway bodes well for the nation's most trade dependant state. The state's aerospace and software industries have fared relatively well during the recession and are likely to continue to do well once the expansion is underway. Despite continued setbacks to the 787 program, Boeing remains strong and has an extensive backlog of orders. Microsoft is also healthy with a strong balance sheet and growth opportunities.

While Washington consumers and businesses are beginning to spend again, the forecasted recovery in sales tax revenue is quite slow. The risk to the outlook is still significant, but downside risks have diminished and are now balanced with upside risks.

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

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

The long-term future of the air travel industry remains positive. This is important because it impacts so many sectors which are vital to SeaTac's economy. It should also be noted that Sea-Tac Airport is in the midst of a multi-year capital improvement program that includes significant expansion to accommodate anticipated increases in air operations. The plan includes construction of a third runway, airfield pavement and infrastructure improvements, main terminal upgrade and expansion, and replacement of the satellite transit system. SeaTac is in a continuous process of both short-term and long-term financial planning. Short term financial planning is inherent in the development of the City's annual budget. Concurrent with the annual budget is the City's long-term capital needs, and potential funding is assessed with the development of the six-year capital

facilities plan. The capital facilities plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of SeaTac for its Comprehensive Annual Financial Report for the years 1991 through 2004, and 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

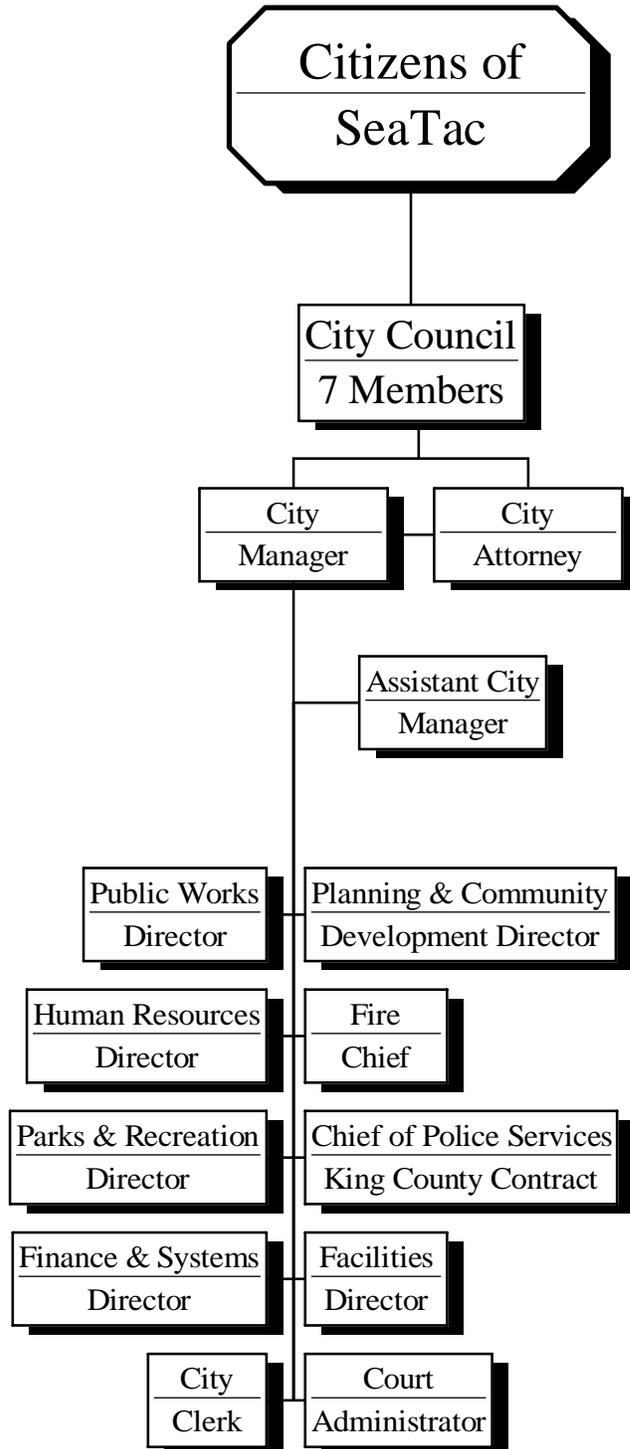
A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and are submitting it to GFOA for review.

Preparation of this report could not have been accomplished without the professional, efficient and dedicated efforts of Brenda Rolph, Assistant Finance Director. I would also like to thank the rest of the Finance and Systems Department staff, a team of professionals that play an integral part in the successful daily operations of the City. This team includes Bart Perman, Ruth Black, Melinda King, Mary Ann Brown, Jamie Kerin, Leslie Stevenson, Marcos Rubalcaba, Mike Butay, Zinta Smidchens, Chiaki Sakuma and Scott Wong. Credit for the design of this year's CAFR goes to Gwen Rathe of the Parks & Recreation Department. Further appreciation is extended to the Mayor, the City Council and the City Manager for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner. The assistance of the auditors from the State Auditor's Office is also greatly appreciated.

Sincerely,



Michael J. McCarty
Finance and Systems Director



2008 City Council



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

<u>Position No.</u>	<u>Elected Official</u>	<u>Term Expiration</u>
#1	Gene Fisher, Deputy Mayor	12/31/11
#2	Chris Wythe, Councilmember	12/31/09
#3	Terry Anderson, Councilmember	12/31/11
#4	Anthony (Tony) Anderson, Councilmember	12/31/09
#5	Ralph Shape, Mayor	12/31/11
#6	Joe Brennan, Councilmember	(Through Oct 14, 2008)
#6	Barry Ladenburg, Councilmember ...	(Eff Dec 9, 2008 – Nov 23, 2009)
#7	Mia Gregerson, Councilmember	12/31/11

<u>Position</u>	<u>Appointed Official</u>
City Manager	Craig Ward
Assistant City Manager	Todd Cutts
City Attorney	Mary Mirante Bartolo
City Clerk	Kristina M. Gregg
Court Administrator	Mary Pederson
Chief of Police Services	Jim Graddon
Facilities Director	Patrick Patterson
Finance and Systems Director	Michael J. McCarty
Fire Chief	Robert Meyer
Human Resources Director	Stephen Mahaffey
Parks and Recreation Director	Kit Ledbetter
Planning and Community Development Director	Stephen Butler
Public Works Director (Through August 28, 2008)	Dale Schroeder
Public Works Director (Effective September 1, 2008)	Tom Gut



Financial Section

Financial Section



Financial Section



Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

November 24, 2009

Mayor and City Council
City of SeaTac
SeaTac, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of SeaTac, King County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of SeaTac, King County, Washington, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated November 24, 2009, 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. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 11 through 24, information on post-employment benefits other than pensions on page 76, and budgetary comparison information on pages 77 through 80 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as Other Supplementary Information on pages 81 through 102 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is stylized and cursive.

BRIAN SONNTAG, CGFM
STATE AUDITOR

**CITY OF SEATAC, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 2008**

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, 2008. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2008, 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, 2008, total net assets for the City were \$473.5 million. Of this amount, \$406 million or 85.8% was invested in capital assets (net of related debt) including infrastructure, construction in progress, land, buildings, equipment and other improvements. Net assets in the amount of \$23.2 million were restricted for debt service, capital projects, including Des Moines Creek Basin projects and transportation projects, tourism promotion/facilities, and special revenue purposes. The remaining net asset balance of \$44.3 million was unrestricted and available for general City operations.
- In 2008, the City's overall financial position improved by \$4.5 million or 1.1% for governmental activities as noted by the Change in Net Assets on the *Statement of Activities*. The increase was due to a \$4.9 million increase in capital assets. For the business-type activities, the City's overall financial position increased by \$274.7 thousand or 2%.
- At the end of 2008, unreserved fund balance for the *General Fund* was \$10 million or 37.3% of total *General Fund* expenditures, excluding transfers out and other financing uses. This is a decrease in ending fund balance of 41.4% from 2007. The large decline in ending fund balance was due to the repayment of the balance of the City's interfund loan in the amount of \$7.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

The City maintains budgetary control over its operating funds through the adoption of an annual budget. Budgets are adopted at the fund level according to Washington State law. Budgetary comparison schedules are presented in the Financial Section of the CAFR for all governmental funds, except the *Contingency Reserve Fund*, the *LID Guarantee Fund* and the *Transportation Bond Reserve Fund* all of which did not have appropriated expenditure budgets for 2008.

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

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

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

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

City of SeaTac's Net Assets

Assets:	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current & other assets	\$ 68,387,130	\$ 67,793,313	\$ 7,619,963	\$ 7,647,315	\$ 76,007,093	\$ 75,440,628
Capital assets, net	391,776,287	388,047,874	22,255,998	22,303,566	414,032,285	410,351,440
Total Assets	460,163,417	455,841,187	29,875,961	29,950,881	490,039,378	485,792,068
Liabilities:						
Long-term liabilities	10,845,589	12,100,365	1,555,842	1,824,210	12,401,431	13,924,575
Other liabilities	3,929,967	2,660,332	200,740	282,007	4,130,707	2,942,339
Total Liabilities	14,775,556	14,760,697	1,756,582	2,106,217	16,532,138	16,866,914
Net Assets:						
Inv in capital assets, net of related debt	385,271,287	380,357,873	20,754,285	20,534,520	406,025,572	400,892,393
Restricted	20,023,570	18,622,703	3,117,385	2,438,673	23,140,955	21,061,376
Unrestricted	40,093,004	42,099,914	4,247,709	4,871,471	44,340,713	46,971,385
Total Net Assets	\$ 445,387,861	\$ 441,080,490	\$ 28,119,379	\$ 27,844,664	\$ 473,507,240	\$ 468,925,154

The City's total net assets increased by \$4.8 million in 2008. Investments in capital assets, less any related outstanding debt used to acquire the assets, increased by \$3.7 million or 1.0%. The City's total restricted assets increased by \$2.1 million while the total unrestricted assets dropped by \$2.6 million. The shift was due to restricted revenues in special revenue funds being under spent (as appropriated) in certain areas causing an increase in net asset balances. Most of the unspent appropriations will be carried forward into the next year because they consist of capital projects that have not been completed.

In 2008, \$20 million of the City's *net assets for governmental activities* represented resources that are subject to external restrictions on how they may be used. The restricted net assets are for debt service, capital projects including transportation projects, tourism promotion/facilities and other special revenue purposes. The 2007 restricted net asset balance was \$18.6 million. The remaining balance of unrestricted net assets (\$40.1 million) may be used to meet the government's ongoing obligations to citizens and creditors.

For business-type activities, \$3.1 million in net assets are restricted for debt service and the Des Moines Creek Basin interlocal agreement projects including restoration, maintenance and operations and a future facility replacement fund. In 2009, the City Council approved the establishment of a special revenue fund called the *Des Moines Creek Basin ILA Fund*. All transactions and balances related to the Des Moines Creek Basin ILA will be moved to this new fund and will reduce restricted assets in the business-type activities column of the *Statement of Net Assets*. Unrestricted net assets are \$4.2 million and can be used for general surface water management purposes.

Changes in Net Assets

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

The table below represents a condensed version of the City's changes in net assets. The table designates revenues as either program revenues or as general revenues. Program revenues are revenues generated by specific functions of the City. The expenses are listed by program or specific function. Net assets are

derived from netting the revenues against the expenses. As shown in the table, both governmental activities and business-type activities had positive changes in net assets.

City of SeaTac's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 4,729,695	\$ 4,224,250	\$ 1,724,552	\$ 1,677,607	\$ 6,454,247	\$ 5,901,857
Operating grants & contrib	988,867	1,001,092	267,032	998,049	1,255,899	1,999,141
Capital grants & contrib	1,730,588	2,401,562	59,646	8,411,990	1,790,234	10,813,552
<i>General Revenues:</i>						
Property taxes	11,474,343	10,907,678	-	-	11,474,343	10,907,678
Sales taxes	12,009,313	11,650,579	-	-	12,009,313	11,650,579
Parking taxes	5,742,441	5,278,931	-	-	5,742,441	5,278,931
Excise taxes	1,599,482	3,012,141	-	-	1,599,482	3,012,141
Investment interest	3,321,916	4,034,684	190,416	385,131	3,512,332	4,419,815
Unrestrict grants/contrib	172,550	184,564	-	-	172,550	184,564
Gains on Asset Sales	286,947	-	-	-	286,947	-
Total Revenues	42,056,142	42,695,481	2,241,646	11,472,777	44,297,788	54,168,258
Expenses:						
Judicial	499,446	412,531	-	-	499,446	412,531
General Government	6,173,817	5,502,628	-	-	6,173,817	5,502,628
Public Safety	15,377,077	14,728,009	-	-	15,377,077	14,728,009
Physical Environment	38,850	37,406	1,789,481	3,485,317	1,828,331	3,522,723
Transportation	8,270,710	6,914,777	-	-	8,270,710	6,914,777
Human Services/Health	404,361	410,998	-	-	404,361	410,998
Economic Environment	2,871,801	2,761,904	-	-	2,871,801	2,761,904
Culture & Recreation	3,385,174	3,451,861	-	-	3,385,174	3,451,861
Interest on long-term debt	681,048	963,371	-	-	681,048	963,371
Total Expenses	37,702,284	35,183,485	1,789,481	3,485,317	39,491,765	38,668,802
Transfers	4,353,858	7,511,996	452,165	7,987,460	4,806,023	15,499,456
Transfers	177,450	177,550	(177,450)	(177,550)	-	-
Inc (Dec) in Net Assets	4,531,308	7,689,546	274,715	7,809,910	4,806,023	15,499,456
Net Assets-Beg (as prev rptd)	441,080,490	433,390,944	27,844,664	20,034,754	468,925,154	453,425,698
Prior Year Adjustments	(223,937)	-	-	-	(223,937)	-
Net Assets-Beg (as restated)	440,856,553	433,390,944	27,844,664	20,034,754	468,701,217	453,425,698
Net Assets-Ending	\$ 445,387,861	\$ 441,080,490	\$ 28,119,379	\$ 27,844,664	\$ 473,507,240	\$ 468,925,154

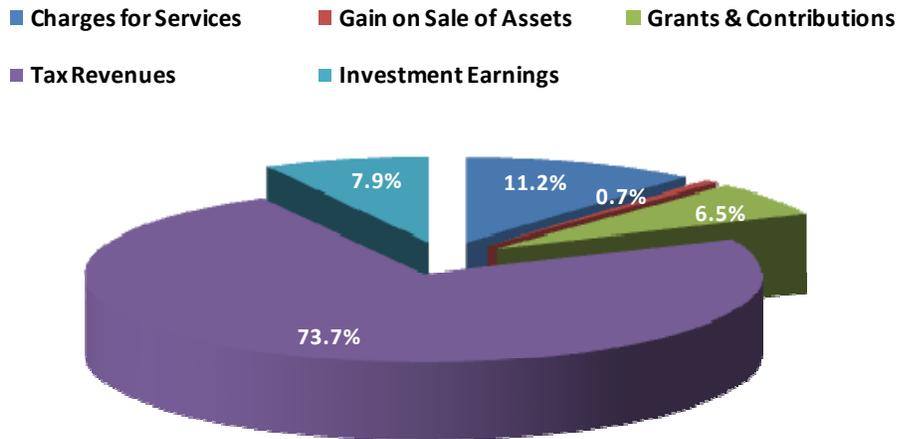
Governmental Activities: Net assets increased by \$4.5 million, representing 94.3% of the total growth in net assets for the City of SeaTac in 2008. Prior period adjustments were made in 2008 due to a policy change to capitalize equipment and software over \$5,000 instead of \$1,000. This change created a reduction in capital assets of \$278,985 (net of accumulated depreciation). In addition, accumulated depreciation was adjusted lower for a portion of City Hall due to problems with the depreciation calculation in the City's financial software. This adjustment created an increase in capital assets of \$55,048.

In 2008, total governmental activities revenue declined by \$1.2 million. The following are some of the key revenue changes in 2008:

- Capital grants and contributions decreased by \$671 thousand. In 2008, the City received \$1.6 million in transportation capital grants and \$2.4 million in 2007. The City received \$1.4 million in Transportation Improvement Board (TIB) grant funds in 2007 and only \$690 thousand in 2008.

- Parking taxes increased by \$464 thousand over 2007. The City increased the commercial parking tax rate from \$2.00 per transaction to \$2.50 per transaction for vehicles parked over 2 hours. The \$1.00 per transaction fee was changed for vehicles parking less than 2 hours to \$0.95. A five year rate increase phase in plan was adopted in November 2005.
- Excise taxes declined by \$1.4 million or 53% in 2008. Part of the decline was due to the Department of Revenue recovering leasehold excise tax funds from the City for leasehold excise taxes overpaid in prior quarters by tenants at SeaTac Airport. In addition, real estate excise taxes came in under budget by 176 thousand due to the slow down in the real estate market.
- Sales taxes increased by 3% in 2008. Although sales taxes declined in the area of construction projects, other areas, such as air transportation, picked up enough to cover those declines.

Revenues by Source for Governmental Activities



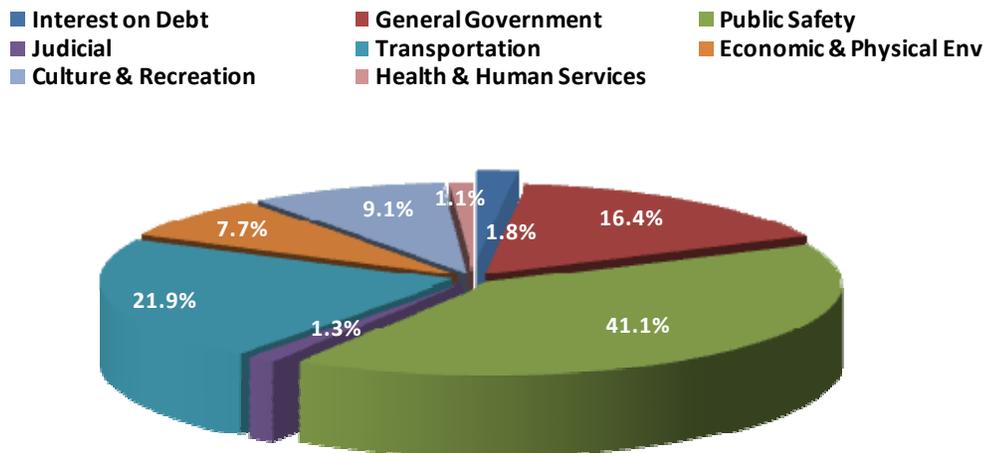
Notes: Tax revenues including property, sales, parking and excise taxes and are a large portion (73.7%) of the City's income. Please note that transfers in from other funds are not included in this chart.

For governmental activities, total expenses increased by \$2.2 million or 6.4% over 2007. Six of the nine programs in governmental activities show expenses increased in 2008. The major expense changes are described below:

- ✚ *Judicial* expenses increased by 21.1% or \$87 thousand. The increase was due in part to the addition of one full-time Office Technician in the Municipal Court to handle the increased workload from the installation of red light cameras in the City.
- ✚ *Interest on Long-term Debt* declined by 29.3% over 2007. The reason for the decline in interest expense was the interfund loan's interest was based on the Local Government Investment Pool's (LGIP) interest rate which has declined monthly over the last few years. In addition, the interfund loan was paid off early on November 1, 2008 so only ten months of interest was paid on the loan versus twelve months for the prior year.

- ✚ *Public Safety* increased by 4.4% or \$649,000 in 2008. Over half of the increase was due to base Police Service expenses increasing by 6.8% in 2008. This City contracts with King County for Police Services and the approved labor contract with the King County Police Officers Guild accounted for a good portion of the rise in Public Safety costs. In addition, the contract the Redflex red light camera services increased expenses by \$125,000 due the addition of two red light cameras.
- ✚ *Economic Environment* expenses increased by 4% or \$110 thousand due in large part to new economic development programs and consulting contracts being added to the *Hotel/Motel Tax Fund*. Some of the new items added include market data research, brand development and marketing, entertainment district implementation and increased levels of service in the area of cooperative tourism promotion.

Expenses by Function for Governmental Activities



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

Business-type Activities: Net assets increased by \$275 thousand in 2008. Total business-type revenues decreased by \$9.2 million over 2007. This difference was due in large part to the capital asset contributions (\$7.8 million) the surface water management system received when the general governmental funds retroactively transferred infrastructure assets that were included in transportation projects completed since the City incorporated. The capital assets included storm runoff control vaults/tanks, catch basins, manholes and drainage piping and culverts.

In 2008, total business-type expenses declined by \$1.7 million. This expense decrease was due to lower expenses incurred by the Des Moines Creek Basin Committee which includes the City of Des Moines, the Port of Seattle, the Washington State Department of Transportation and the City of SeaTac. The City of SeaTac is acting as Treasurer. It is anticipated that the amount spent on the Des Moines Creek Basin will continue to decline as construction projects are completed.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously discussed, the City of SeaTac uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following analysis is provided for select governmental funds

including the *General Fund* and the seven other major funds as listed below. The City's surface water management proprietary funds are also described below.

Governmental Funds

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

At the end of the 2008, the City's combined ending governmental fund balance was \$61.2 million versus the 2007 ending fund balance of \$61.8 million. Included in the ending fund balance is \$5 million reserved for tourism related capital projects due to unspent debt proceeds. At the end of the current year, total *unreserved* fund balance for all governmental funds totaled \$56 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 both 2007 and 2008, property taxes recorded into the *General Fund* equaled \$11.1 million. Please note that property taxes of approximately \$430 thousand were also recorded directly into the *Long-term General Obligation Debt Service Fund* for both years. In 2008, sales taxes recorded into the *General Fund* were \$9.7 million compared to \$9.0 million in 2007. At the end of 2008, the fund balance of the *General Fund* was \$10 million. This was a decrease of \$7.5 million from the prior year. Fund balance was used to pay off the remaining balance (\$7.7 million) of an interfund loan that was used to renovate City Hall. The end result of this loan pay off was to increase the unreserved ending fund balance of the *Port of Seattle ILA Fund* by this same amount.

The *Arterial Street Fund* was originally added as a major fund in 2007 due to parking tax revenues. Parking taxes are an important funding source for capital infrastructure projects and are transferred into the *Transportation CIP Fund* annually. The *Arterial Street Fund* ended the year with \$4.6 million in ending fund balance which is an increase of \$2.5 million from 2007. No transfer into the *Transportation CIP Fund* was required in 2008. Actual expenditures finished at 43% of the final \$5.1 million budget (excluding transfers out) due to projects and studies not being fully completed in 2008.

The *Port of Seattle Interlocal Agreement Fund* is a special revenue fund which accounts for community relief payments received from the Port of Seattle in 1998 and 1999 and street vacation fees received in 2000 and 2001. The community relief payments were part of an interlocal agreement in which the funds were to be used for community improvements. Interest earnings were the only revenue source in this Fund. The 2008 unreserved ending fund balance for this Fund was \$17.2 million. The Fund's 2007 unreserved ending fund balance was \$8.4 million. In addition, the Fund had \$7.7 million in its reserved ending fund balance account for the remaining balance on interfund loans receivable. In 2008, the City Council discussed its 1999 policy that only the interest earned on the ILA monies will be budgeted for expenditure and determined that the funds are essentially unrestricted for future appropriation.

The *Hotel/Motel Tax Fund* is a special revenue fund whose purpose is to account for hotel/motel taxes collected and expended for tourism promotion and tourism facilities, including both capital and operating costs. The Fund's ending fund balance includes unexpended restricted bond proceeds of \$5 million to be used for capital facilities or improvements related to tourism. Unrestricted fund balance in this Fund is \$3.7 million which is up \$400,000 from last year.

The *Special Assessment Debt Service Fund* is a debt service fund used to make the debt service payments on the City's single Local Improvement District (LID). This was included as a major fund due to its \$1.1 million special assessments deferred revenue (liability) balance. The ending fund balances for 2008 and 2007 were \$7 thousand and \$31 thousand, respectively. This Fund carries a small fund balance because the cash collected from the LID is used to make the principal and interest payments on the bonds issued to pay for some of the initial construction improvement costs for the 28th/24th Avenue South arterial project.

The *Municipal Capital Improvements Fund* has two major revenue sources which include sales taxes and real estate excise taxes. The City has implemented an informal policy of using sales tax revenues from major construction projects for its own capital purchases and projects. In 2008, sales taxes in this Fund were down to \$1.1 million versus \$1.5 million in the prior year. Ending 2008 fund balance was \$3.2 million, a decrease of \$1 million or 24% over the 2007 balance of \$4.3 million. The ending fund balance decline can be attributed to the transfer out of \$2.5 million to the *Municipal Facilities Capital Improvement Fund* for city center property acquisitions.

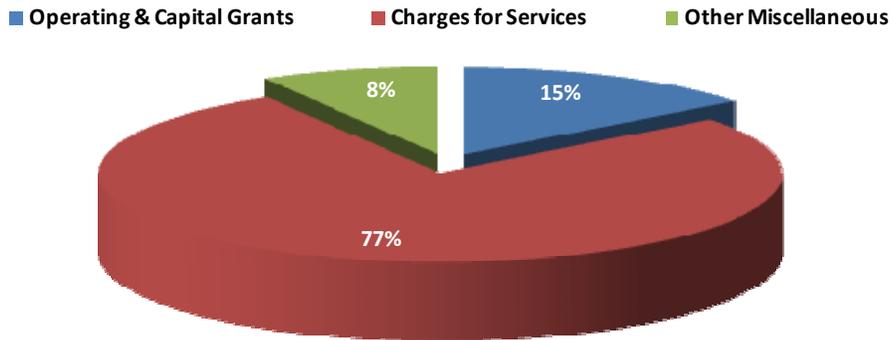
The *Municipal Facilities Capital Improvement Fund* is a capital projects fund whose purpose is to account for the expenditures related to major municipal capital projects including the purchase of land and the construction or major renovation of buildings. In 2008, the major revenue sources in this Fund were transfers in from the *General Fund* and the *Municipal Capital Improvements Fund* to make the annual interest payment on the interfund loan, pay off the interfund loan and to purchase City Center property. At the end of 2008, the fund balance in the *Municipal Facilities Capital Improvement Fund* was \$5.9 million. Out of the final \$10.9 million budget, \$5.2 million was actually spent leaving a higher than anticipated ending fund balance.

The *Transportation Capital Improvement Fund* is a capital projects fund whose purpose is to account for the revenues and expenditures related to transportation improvements. In 2008, the major revenue sources for this Fund included various indirect federal and State transportation grants. Ending fund balance for this Fund was \$7.6 million for 2008 and \$8.8 million for 2007. It is expected that the levels of revenues, expenditures and the ending fund balance for this Fund will vary from year to year depending on the size of the capital projects and the level of grant funding.

Business-Type Funds

The City's only business-type funds are the three surface water management funds. These funds are proprietary funds whose financial statements provide similar, but sometimes more detailed, information than the government-wide financial statements. The *Surface Water Management Operating Fund* accounts for the surface water management fees and the related maintenance and operations costs of the utility, including depreciation. The *Surface Water Management Construction Fund* accounts for the capital costs incurred related to surface water capital improvements. The third fund is non-major fund listed under "*Other Enterprise Funds*". This Fund is a reserve fund held for debt service on revenue bonds. The combined ending net asset balance for these three funds was \$28.1 million and of this amount, \$4.2 million or 15% was unrestricted. There is \$2.7 million in restricted funds for Des Moines Creek Basin Interlocal Agreement related projects for restoration, maintenance and operations and a replacement fund. In 2009, all transactions and balances related to the Des Moines Creek Basin will be transferred into its own special revenue fund called *Des Moines Creek Basin ILA Fund*.

Revenues by Source for Business-type Activities



Notes: This chart reflects the resources provided by the City's surface water management utility, excluding transfers in. As shown, the majority of the revenues came from intergovernmental service revenues & capital contributions (shown under operating and capital grants) for the joint Des Moines Creek Basin projects with four other governmental agencies. All expenses are 100% SWM so no chart is being provided for the expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The *General Fund* finished 2008 with \$10.2 million in ending fund balance. The original budgeted ending fund balance amount was \$16.1 million. The ending fund balance came in under budget by 37% because during the year the City Council approved repaying the interfund loan balance of \$7.7 million. The funds were transferred to the *Municipal Capital Improvement Fund* and then the *Port of Seattle ILA Fund* was repaid in full. The interfund loan was set up in 2001 for the purchase of an office building for a new City Hall and typically interfund loans last no longer than three years.

General Fund actual revenues exceeded revenue estimates in five of the eight revenue categories including taxes, licenses and permits, charges for services, fines and forfeitures, and rents/leases and concessions. Taxes were 1.8% or \$377 thousand over budget. This overage was largely due to conservative property tax estimates. It was originally anticipated that delinquencies would be much higher than they were. Investment earnings were 54% under budget because of lower interest rates and also because the City moved investments out of the Washington State Local Government Investment Pool (LGIP), which pays interest monthly, into longer term Federal government bonds and notes which pay interest quarterly or every six months. The December 2008 interest rate paid by the LGIP was 1.88% and the rate being paid on the notes and bonds ranged from 3% to 4.54%. Charges for services exceeded 21.1% in 2008 due in part to plan review fees exceeding estimates by \$163,000. One of the major projects in which plans were reviewed was McMicken Heights Elementary School for the Highline School District.

The *General Fund's* final expenditure budget was 1.5% higher (\$404,000) than the 2008 original budget. The largest *General Fund* budget amendment was in the amount of \$268,440 to carry forward various appropriations from 2007. Only two programs, Transportation and Culture & Recreation, in the *General Fund* exceeded their expenditure budgets by 1% and 2.3%, respectively. The other seven programs in the *General Fund* (Judicial, General Government, Public Safety, Human Services, Economic Environment, interest on the interfund loan, and capital outlay) were all under budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of 2008, the City had \$391.8 million (net of accumulated depreciation) in governmental activities capital assets, including one internal service fund, and \$22.3 million (net) in business-type activities. Total

internal service fund capital assets (net) were just under \$1.2 million. These assets were included in the governmental activities column of the government-wide *Statement of Net Assets*. Additional information on capital assets can be found in the *Financial Statement Notes*, specifically *Note No. 5 – Capital Assets and Depreciation*. The following table summarizes the City's capital assets for the year ended 2008:

City of SeaTac's Capital Assets

Capital Assets:	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 316,937,825	\$ 315,797,141	\$ -	\$ -	\$ 316,937,825	\$ 315,797,141
Intangible Assets-Easements	71,226	71,226	5,000	5,000	76,226	76,226
Constr in Progress (CIP)	11,635,056	10,100,482	10,847,878	10,568,325	22,482,934	20,668,807
Buildings/Building Impr	26,293,442	26,641,227	228,560	228,560	26,522,002	26,869,787
Other Improvements	9,383,711	4,358,804	14,829,042	14,829,042	24,212,753	19,187,846
Infrastructure	68,871,109	68,876,503	-	-	68,871,109	68,876,503
Equipment/Vehicles	5,528,193	5,906,584	-	-	5,528,193	5,906,584
Equipment/Vehicles-Eq Rental	2,298,476	2,097,267	-	-	2,298,476	2,097,267
Intangible Assets-Software	612,670	616,778	-	-	612,670	616,778
Less: Depreciation	(49,855,422)	(46,418,139)	(3,654,482)	(3,327,362)	(53,509,904)	(49,745,501)
Total Capital Assets (Net)	\$ 391,776,286	\$ 388,047,873	\$ 22,255,998	\$ 22,303,565	\$ 414,032,284	\$ 410,351,438

In 2008, the largest increase in assets for both governmental activities and business-type activities came in the areas of construction in progress and other improvements. The City continues to work on construction projects including Fire Station #46, Des Moines Creek Basin projects and the Sunrise View Bypass Pipeline. Military Road – S 176th through S 188th Street and Westside Trail Phase I are nearing final completion.

The City changed its capitalization policy for equipment and software to a \$5,000 minimum from \$1,000. This change caused a reduction in capital assets (net of accumulated depreciation) of \$278,985 for governmental activities. This change did not affect the City's business-type activities in 2008.

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 2008 and 2007 by type:

City of SeaTac's Outstanding Debt by Type

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 4,895,000	\$ 5,465,000	\$ -	\$ -	\$ 4,895,000	\$ 5,465,000
Special Assessment Debt	845,000	1,040,000	-	-	845,000	1,040,000
Revenue Bonds	3,770,000	4,430,000	1,695,000	1,995,000	5,465,000	6,425,000
Total	\$ 9,510,000	\$ 10,935,000	\$ 1,695,000	\$ 1,995,000	\$ 11,205,000	\$ 12,930,000

General Obligation Debt

According to Washington State law, the City's debt capacity for *general government purposes* is limited to 2.5% or \$114.7 million of the City's assessed valuation. Of this 2.5%, the City Council has the authority to issue bonds and/or approve lease purchase agreements up to 1.5% or \$68.8 million. The City's 2007 assessed valuation was \$4,587,006,934. The 2007 assessed valuation is used to calculate the taxes to be collected in 2008. At the end of 2008, the City had \$4.9 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 2008.

In addition to the debt capacity limits for *general government purposes*, there are other statutory limits of 2.5% for *parks and open space* and 2.5% for *utilities* for a combined total debt capacity of 7.5% or \$305.9 million of the City's assessed valuation. Additional information can be found in the *Statistical Section* of the City's *2008 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 2008, the City had \$1.7 million in outstanding revenue debt issued for surface water management purposes. The City also had \$4.4 million in governmental activities revenue debt for transportation purposes. No new revenue debt was issued in 2008.

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 2008, the City had LID bonds outstanding totaling \$845,000. 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 *2008 Notes to the Financial Statements*.

ECONOMIC FACTORS AND THE BUDGET

Washington State's seasonally adjusted unemployment rate increased to 9.2 percent in August 2009 per Washington State Employment Security Department. This is up 3.8 percentage points from the August 2008 level. The unemployment rate which was near historical lows two years ago is now a big concern for many government agencies in Washington. It is anticipated that revenue reductions at all levels of government will require expenditure reductions. A solid review of all programs will be made in the City's 2010 Budget to ensure a balanced budget.

Although taxable retail sales have historically increased an average of 5% over the last few years, 2009 sales taxes are showing average monthly declines of 16% when compared to 2008 receipts. The City Manager, City Council and the Finance Director are working to keep expenditures down due to the lower sales tax receipts. The 2009 General Fund budget was reduced during the year by \$939,272 to ensure that fiscal stability continues and appropriate fund balances are maintained.

For 2009, the City's original budgeted General Fund unreserved/undesignated fund balance was estimated to end at \$10 million. Through conservative budgeting practices, the City was able to maintain its unreserved/ undesignated target fund balance (4 months of operating expenditures) of \$9.7 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**

	2006 Final	2007 Final	2008 Original	2008 Final
Budget:				
Budgeted Revenues	\$ 23,035,792	\$ 25,074,111	\$ 27,061,062	\$ 27,156,062
Budgeted Expenditures	\$ 24,739,169	\$ 26,003,196	\$ 27,607,930	\$ 28,011,811
Budgeted Difference	\$ (1,703,377)	\$ (929,085)	\$ (546,868)	\$ (855,749)
Actual:				
Actual Revenues	\$ 26,174,035	\$ 27,685,161	N/A	\$ 26,841,221
Actual Expenditures	\$ 22,722,085	\$ 25,132,823	N/A	\$ 26,868,014
Actual Difference	\$ 3,451,950	\$ 2,552,338	N/A	\$ (26,793)

Note: Figures exclude other financing sources & uses.

REQUESTS FOR INFORMATION

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



Basic Financial Statements



Basic Financial Statements

Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash & cash equivalents	\$ 13,386,353	\$ 2,280,472	\$ 15,666,825
Investments	49,470,907	2,021,875	51,492,782
Receivables (net)			
Taxes	2,382,198	-	2,382,198
Customer/other miscellaneous	1,815,002	119,392	1,934,394
Special assessments	1,066,562	-	1,066,562
Interest on investments	224,358	2,667	227,025
Internal balances	(64,216)	64,216	-
Prepaid items	105,966	-	105,966
Restricted assets, temporary:			
Cash & cash equivalents, current	-	2,394,123	2,394,123
Cash & cash equivalents, noncurrent	-	723,262	723,262
Deferred charges	-	13,956	13,956
Capital assets not being depreciated:			
Land	316,937,825	-	316,937,825
Intangible assets - easements	71,226	5,000	76,226
Construction in progress	11,635,057	10,847,878	22,482,935
Capital assets, net of accum deprec (Note 5):			
Buildings	20,674,477	208,212	20,882,689
Improvements other than buildings	7,204,357	11,194,908	18,399,265
Machinery, equipment & intangibles	3,956,834	-	3,956,834
Infrastructure	31,296,511	-	31,296,511
Total Assets	\$ 460,163,417	\$ 29,875,961	\$ 490,039,378
Liabilities			
<i>Current Liabilities:</i>			
Accounts payable & accrued expenses	2,295,608	194,292	2,489,900
Due to other governments	320,210	-	320,210
Accrued interest payable	32,285	6,448	38,733
Custodial accounts/deposits payable	215,302	-	215,302
Unearned revenue	1,066,562	-	1,066,562
Noncurrent liabilities (Note 9A):			
Due within one year	1,463,540	289,110	1,752,650
Due in more than one year	9,382,049	1,266,732	10,648,781
Total Liabilities	14,775,556	1,756,582	16,532,138
Net Assets			
Invested in capital assets, net of related debt	385,271,287	20,754,285	406,025,572
Restricted for:			
Special revenue	980,676	-	980,676
Tourism promotion/facilities	5,679,838	-	5,679,838
Debt service	990,947	403,925	1,394,872
Capital projects	137,626	-	137,626
Transportation purposes/projects	12,234,483	-	12,234,483
Des Moines Creek Basin ILA projects	-	2,713,460	2,713,460
Unrestricted	40,093,004	4,247,709	44,340,713
Total Net Assets	\$ 445,387,861	\$ 28,119,379	\$ 473,507,240

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

Statement of Activities
For the Year Ended December 31, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Functions/Programs				
<i>Governmental Activities:</i>				
Judicial	\$ 499,446	\$ 1,012,630	\$ -	\$ -
General Government	6,173,817	1,389,270	499	-
Public Safety	15,377,077	147,121	210,356	-
Physical Environment	38,850	651,552	36,731	-
Transportation	8,270,710	40,989	616,550	1,581,503
Health & Human Services	404,361	-	32,151	-
Economic Environment	2,871,801	938,083	75,082	-
Culture & Recreation	3,385,174	550,050	17,498	149,085
Interest on long-term debt	681,048	-	-	-
Total Governmental Activities	37,702,284	4,729,695	988,867	1,730,588
<i>Business-type Activities:</i>				
Surface Water Utilities	1,789,481	1,724,552	267,032	59,646
Total Business-type Activities	1,789,481	1,724,552	267,032	59,646
Total Government	\$ 39,491,765	\$ 6,454,247	\$ 1,255,899	\$ 1,790,234

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

	Net (Expense) Revenue & Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Functions/Programs			
<i>Governmental Activities:</i>			
Judicial	\$ 513,184	\$ -	\$ 513,184
General Government	(4,784,048)	-	(4,784,048)
Public Safety	(15,019,600)	-	(15,019,600)
Physical Environment	649,433	-	649,433
Transportation	(6,031,668)	-	(6,031,668)
Health & Human Services	(372,210)	-	(372,210)
Economic Environment	(1,858,636)	-	(1,858,636)
Culture & Recreation	(2,668,541)	-	(2,668,541)
Interest on long-term debt	(681,048)	-	(681,048)
Total Governmental Activities	(30,253,134)	-	(30,253,134)
<i>Business-type Activities:</i>			
Surface Water Utilities	-	261,749	261,749
Total Business-type Activities	-	261,749	261,749
Total Government	(30,253,134)	261,749	(29,991,385)
General Revenues			
Property taxes	11,474,343	-	11,474,343
Sales taxes	12,009,313	-	12,009,313
Parking taxes	5,742,441	-	5,742,441
Excise taxes	1,599,482	-	1,599,482
Unrestricted grants & contributions	172,550	-	172,550
Investment earnings	3,321,916	190,416	3,512,332
Gain on sale of capital assets	286,947	-	286,947
Total General Revenues	34,606,992	190,416	34,797,408
Transfers	177,450	(177,450)	-
Total General Revenues & Transfers	34,784,442	12,966	34,797,408
Change in Net Assets	4,531,308	274,715	4,806,023
Net Assets-Beg (as prev reported)	441,080,490	27,844,664	468,925,154
Prior Year Adjustments	(223,937)	-	(223,937)
Net Assets-Beginning (as restated)	440,856,553	27,844,664	468,701,217
Net Assets-Ending	\$ 445,387,861	\$ 28,119,379	\$ 473,507,240

Balance Sheet
December 31, 2008

	<u>General</u>	<u>Arterial Street Fund</u>	<u>Port of Seattle ILA</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
Assets					
Cash & cash equivalents	\$ 2,904,099	\$ 1,830,935	\$ 93,944	\$ 416,960	\$ 6,564
Investments	6,752,564	2,514,219	17,038,343	8,341,190	-
Receivables (net of allow- ance for uncollectibles):					
Taxes	1,787,952	360,403	-	96,061	-
Customer accounts	885,010	-	-	5,000	-
Special assessments	-	-	-	-	1,066,562
Interest receivable	35,890	-	71,384	-	-
Prepaid items	80,660	-	-	-	-
Total Assets	\$ 12,446,175	\$ 4,705,557	\$ 17,203,671	\$ 8,859,211	\$ 1,073,126
Liabilities					
Accounts payable	940,714	97,859	-	174,373	-
Due to other governments	320,210	-	-	-	-
Custodial accounts payable	165,961	34,601	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	787,926	-	-	-	-
Unearned revenue	-	-	-	-	1,066,562
Total Liabilities	2,214,811	132,460	-	174,373	1,066,562
Fund Balances					
<i>Reserved for:</i>					
Capital improvements	-	-	-	5,001,021	-
<i>Unreserved, designated for:</i>					
LEOFF I retiree benefits	225,000	-	-	-	-
<i>Unresvd, undesig reported in:</i>					
General Fund	10,006,364	-	-	-	-
Special revenue funds	-	4,573,097	17,203,671	3,683,817	-
Debt service funds	-	-	-	-	6,564
Capital project funds	-	-	-	-	-
Total Fund Balances	10,231,364	4,573,097	17,203,671	8,684,838	6,564
Total Liab & Fund Balances	\$ 12,446,175	\$ 4,705,557	\$ 17,203,671	\$ 8,859,211	\$ 1,073,126

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

	Municipal Capital Imp Fund	Municipal Facilities CIP	Transportatio n CIP	Other Governmntl Funds	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 1,061,931	\$ 963,419	\$ 3,136,298	\$ 2,302,865	\$ 12,717,015
Investments	2,021,875	5,216,323	4,043,750	1,516,406	47,444,670
Receivables (net of allow- ance for uncollectibles):					
Taxes	137,782	-	-	-	2,382,198
Customer accounts	16,879	-	858,574	35,859	1,801,322
Special assessments	-	-	-	-	1,066,562
Interest receivable	-	65,167	-	-	172,441
Prepaid items	-	-	-	-	80,660
Total Assets	\$ 3,238,467	\$ 6,244,909	\$ 8,038,622	\$ 3,855,130	\$ 65,664,868
Liabilities					
Accounts payable	31,739	335,732	446,942	64,834	2,092,193
Due to other governments	-	-	-	-	320,210
Custodial accounts payable	-	-	-	-	200,562
Deposits payable	-	-	-	14,740	14,740
Deferred revenue	-	-	-	-	787,926
Unearned revenue	-	-	-	-	1,066,562
Total Liabilities	31,739	335,732	446,942	79,574	4,482,193
Fund Balances					
<i>Reserved for:</i>					
Capital improvements	-	-	-	-	5,001,021
<i>Unreserved, designated for:</i>					
LEOFF I Retiree Benefits	-	-	-	-	225,000
<i>Unresvd, undesig reported in:</i>					
General Fund	-	-	-	-	10,006,364
Special revenue funds	-	-	-	2,034,072	27,494,657
Debt service funds	-	-	-	1,016,668	1,023,232
Capital project funds	3,206,728	5,909,177	7,591,680	724,816	17,432,401
Total Fund Balances	3,206,728	5,909,177	7,591,680	3,775,556	61,182,675
Total Liab & Fund Balances	\$ 3,238,467	\$ 6,244,909	\$ 8,038,622	\$ 3,855,130	\$ 65,664,868

**Reconciliation of Fund Balances of Governmental Funds
to the Net Assets of Governmental Activities
December 31, 2008**

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

Governmental funds total fund balance on December 31, 2008 **\$ 61,182,675**
(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	\$ 316,937,825	
Intangibles - easements	71,226	
Construction in progress	11,635,057	
Buildings & structures	26,293,441	
Other improvements	9,383,711	
Infrastructure	68,871,109	
Equipment	5,528,193	
Intangibles - software	612,670	
Less: accumulated depreciation	<u>(48,723,230)</u>	390,610,002

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. 787,926

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. 48,756

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	\$ (9,510,000)	
Accrued interest payable	(32,285)	
Other post employment benefits payable	(145,324)	
Compensated absences payable	<u>(1,190,265)</u>	(10,877,874)

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. 3,636,376

Net assets of governmental activities	<u>\$ 445,387,861</u>
<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, 2008

	General	Arterial Street Fund	Port of Seattle ILA	Hotel/Motel Tax	Special Assessment Debt
Revenues					
Taxes	\$ 21,921,053	\$ 4,887,441	\$ -	\$ 845,306	\$ -
Licenses & permits	1,129,155	-	-	-	-
Intergovernmental	678,986	32,010	-	-	-
Charges for services	1,240,410	-	-	-	-
Fines & forfeitures	847,886	-	-	-	-
Investment & other earnings	852,532	82,063	1,104,110	447,353	80,984
Special assessments	-	-	-	-	152,366
Rents/leases & concessions	187,005	-	-	-	-
Miscellaneous	(15,806)	52,694	-	-	-
Total Revenues	26,841,221	5,054,208	1,104,110	1,292,659	233,350
Expenditures					
<i>Current operations:</i>					
Judicial	488,848	-	-	-	-
General Government	5,484,447	-	-	-	-
Public Safety	14,880,721	-	-	-	-
Physical Environment	14,227	-	-	-	-
Transportation	665,626	2,160,021	-	-	-
Health & Human Services	402,771	-	-	-	-
Economic Environment	1,972,765	-	-	893,971	-
Culture & Recreation	2,748,021	-	-	-	-
<i>Debt service:</i>					
Principal	-	-	-	-	195,000
Interest & other costs	181,803	-	-	-	62,941
Capital outlay	28,785	-	-	-	-
Total Expenditures	26,868,014	2,160,021	-	893,971	257,941
Excess (deficiency) of revenues over (under) expenditures	(26,793)	2,894,187	1,104,110	398,688	(24,591)
Other Financing Sources (Uses)					
Transfers in	865,550	-	-	-	-
Transfers out	(8,071,642)	(457,710)	-	-	-
Disposition of capital assets	-	-	-	-	-
Total Other Fin Sources (Uses)	(7,206,092)	(457,710)	-	-	-
Net Change in Fund Balances	(7,232,885)	2,436,477	1,104,110	398,688	(24,591)
Fund Balances-Beginning	17,464,249	2,136,620	16,099,561	8,286,150	31,155
Fund Balances-Ending	\$ 10,231,364	\$ 4,573,097	\$ 17,203,671	\$ 8,684,838	\$ 6,564

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

	Municipal Capital Imp Fund	Municipal Facilities CIP	Transportation CIP	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 1,534,114	\$ -	\$ -	\$ 1,665,000	\$ 30,852,914
Licenses & permits	-	-	250	-	1,129,405
Intergovernmental	149,085	-	1,581,503	624,131	3,065,715
Charges for services	200,495	-	177,395	1,148	1,619,448
Fines & forfeitures	-	-	-	-	847,886
Investment & other earnings	95,134	453,499	249,933	108,210	3,473,818
Special assessments	-	-	-	-	152,366
Rents/leases & concessions	-	-	-	442,790	629,795
Miscellaneous	-	(453)	-	(628)	35,807
Total Revenues	1,978,828	453,046	2,009,081	2,840,651	41,807,154
Expenditures					
<i>Current operations:</i>					
Judicial	-	-	-	-	488,848
General Government	64,294	17,876	-	32,009	5,598,626
Public Safety	12,721	-	-	-	14,893,442
Physical Environment	-	-	-	-	14,227
Transportation	1,957	-	1,349,707	744,340	4,921,651
Health & Human Services	-	-	-	-	402,771
Economic Environment	-	-	-	-	2,866,736
Culture & Recreation	59,464	-	-	26,567	2,834,052
<i>Debt service:</i>					
Principal	-	-	-	1,230,000	1,425,000
Interest & other costs	-	-	-	440,665	685,409
Capital outlay	318,143	5,230,506	2,527,076	1,029,046	9,133,556
Total Expenditures	456,579	5,248,382	3,876,783	3,502,627	43,264,318
Excess (deficiency) of revs over expenditures	1,522,249	(4,795,336)	(1,867,702)	(661,976)	(1,457,164)
Other Financing Sources (Uses)					
Transfers in	-	10,256,517	-	476,250	11,598,317
Transfers out	(2,541,125)	-	-	(350,390)	(11,420,867)
Disposition of capital assets	-	-	647,000	12,734	659,734
Total Other Fin Sources (Uses)	(2,541,125)	10,256,517	647,000	138,594	837,184
Net Change in Fund Balances	(1,018,876)	5,461,181	(1,220,702)	(523,382)	(619,980)
Fund Balances-Beginning	4,225,604	447,996	8,812,382	4,298,938	61,802,655
Fund Balances-Ending	\$ 3,206,728	\$ 5,909,177	\$ 7,591,680	\$ 3,775,556	\$ 61,182,675

**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, 2008

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

Net change in fund balance for all governmental funds combined **\$ (619,980)**
*(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	\$ 9,122,100	
Depreciation expense	<u>(4,875,935)</u>	4,246,165

The net effect of various transactions involving capita assets
(i.e. sales, trade-ins and donations) is a decrease to net assets. (375,516)

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. 1,425,000

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. (264,694)

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. 113,943

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and therefore are
not reported as expenditures in the governmental funds. These
expenses consist of:

Net decrease in accrued interest	\$ 4,361	
Net decrease in other post employment benefits	(72,401)	
Net increase in compensated absences	<u>(97,823)</u>	(165,863)

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. 172,253

Change in net assets of governmental activities **\$ 4,531,308**
(as shown on the Statement of Activities-Governmental Activities)

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

Statement of Net Assets
December 31, 2008

Business-type Activities-Enterprise Funds

	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Assets					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 1,214,056	\$ 1,066,416	\$ -	\$ 2,280,472	\$ 669,338
Investments	2,021,875	-	-	2,021,875	2,026,237
Customer receivables (net)	119,392	-	-	119,392	-
Interest receivable	2,667	-	-	2,667	3,161
Other receivables	-	-	-	-	13,680
Prepaid items	-	-	-	-	25,306
Restricted cash & investments:					
DMC Basin restoration	-	2,125,848	-	2,125,848	-
DMC Basin mtc & ops	-	268,275	-	268,275	-
Total Current Assets	3,357,990	3,460,539	-	6,818,529	2,737,722
<i>Noncurrent Assets:</i>					
Restricted cash & investments:					
DMC Basin replacement	-	319,337	-	319,337	-
Bond covenant accounts	-	-	403,925	403,925	-
Deferred charges & other assets:					
Deferred charges	13,956	-	-	13,956	-
Capital assets:					
Depreciable assets (net)	1,128,358	10,274,762	-	11,403,120	1,166,285
Intangible assets	-	5,000	-	5,000	-
Construction in progress	-	10,847,878	-	10,847,878	-
Total Noncurrent Assets	1,142,314	21,446,977	403,925	22,993,216	1,166,285
Total Assets	\$ 4,500,304	\$ 24,907,516	\$ 403,925	\$ 29,811,745	\$ 3,904,007
Liabilities					
<i>Current Liabilities:</i>					
Accounts payable	60,104	134,188	-	194,292	203,415
Accrued interest payable	6,448	-	-	6,448	-
Compensated absences	4,419	-	-	4,419	-
Revenue bonds pay (net)	284,691	-	-	284,691	-
Total Current Liabilities	355,662	134,188	-	489,850	203,415
<i>Noncurrent Liabilities:</i>					
Compensated absences	35,754	-	-	35,754	-
Revenue bonds pay (net)	1,230,978	-	-	1,230,978	-
Total Noncurrent Liabilities	1,266,732	-	-	1,266,732	-
Total Liabilities	1,622,394	134,188	-	1,756,582	203,415
Net Assets					
Invested in capital assets, net of related debt	(373,355)	21,127,640	-	20,754,285	1,166,285
<i>Restricted for:</i>					
DMC Basin ILA projects	-	2,713,460	-	2,713,460	-
Debt service	-	-	403,925	403,925	-
Unrestricted	3,251,265	932,228	-	4,183,493	2,534,307
Total Net Assets	\$ 2,877,910	\$ 24,773,328	\$ 403,925	\$ 28,055,163	\$ 3,700,592
Cumulative adjustment to reflect the consolidation of the Equipment Rental Internal Service Fund activities as related to enterprise funds.				64,216	
Net assets of business-type activities				\$ 28,119,379	

Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2008

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues					
<i>Charges for Services:</i>					
Surface water utilities	\$ 1,724,552	\$ -	\$ -	\$ 1,724,552	\$ -
Equipment rental	-	-	-	-	513,138
Total Operating Revenues	1,724,552	-	-	1,724,552	513,138
Operating Expenses					
Maintenance & operations	984,562	16,890	-	1,001,452	241,636
Depreciation	66,327	260,793	-	327,120	215,249
Total Operating Expenses	1,050,889	277,683	-	1,328,572	456,885
Operating Income (Loss)	673,663	(277,683)	-	395,980	56,253
Nonoperating Revenues (Exps)					
Intergovernmental Revs	75,000	192,032	-	267,032	-
Intergovernmental Exp	-	(349,436)	-	(349,436)	-
Investment earnings	99,905	90,511	-	190,416	112,792
Interest expense	(89,478)	-	-	(89,478)	-
Debt issuance costs	(32,972)	-	-	(32,972)	-
Gain (loss) on disp of assets	-	-	-	-	2,729
Total Nonop Revs (Exps)	52,455	(66,893)	-	(14,438)	115,521
Income (Loss) Before Contributions & Transfers	726,118	(344,576)	-	381,542	171,774
Capital contributions	-	59,646	-	59,646	11,456
Transfers in	-	114,800	-	114,800	-
Transfers out	(292,250)	-	-	(292,250)	-
Change in Net Assets	433,868	(170,130)	-	263,738	183,230
Net Assets-Beginning	2,444,042	24,943,458	403,925		3,517,362
Net Assets-Ending	\$ 2,877,910	\$ 24,773,328	\$ 403,925		\$ 3,700,592

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.

10,977

Change in net assets of business-type activities **\$ 274,715**

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



Statement of Cash Flows
For the Year Ended December 31, 2008

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,604,132	\$ -	\$ -	\$ 1,604,132	\$ -
Receipts from other funds	122,000	-	-	122,000	513,138
Payments to suppliers	(447,253)	(92,324)	-	(539,577)	(244,318)
Payments to employees	(460,633)	-	-	(460,633)	-
Payments to other funds	(100,134)	-	-	(100,134)	-
Net Cash Provided (Used) by Operating Activities	718,112	(92,324)	-	625,788	268,820
Cash Flows from Noncapital Financing Activities					
Intergovernmental revenue for DMC Basin projects	-	192,678	-	192,678	-
Intergovernmental payments for DMC Basin projects	-	(503,067)	-	(503,067)	-
Subsidy from state grant	65,005	-	-	65,005	-
Transfers from other funds	-	114,800	-	114,800	-
Transfers to other funds	(292,250)	-	-	(292,250)	-
Net Cash Provided (Used) by Noncapital Fin Activities	(227,245)	(195,589)	-	(422,834)	-
Cash Flows from Capital & Related Financing Activities					
Capital contributions	-	893,223	-	893,223	-
Purchase of capital assets	-	(125,922)	-	(125,922)	(104,580)
Principal paid on capital debt	(300,000)	-	-	(300,000)	-
Interest paid on capital debt	(90,578)	-	-	(90,578)	-
Debt cost paid on capital debt	(304)	-	-	(304)	-
Net Cash Provided (Used) by Capital & Related Fin Activities	(390,882)	767,301	-	376,419	(104,580)
Cash Flows from Investing Activities					
Proceeds from sale of investments	-	-	-	-	1,600,000
Purchase of investments	(2,000,000)	-	-	(2,000,000)	(2,005,400)
Interest received	75,363	90,511	-	165,874	124,390
Net Cash Provided (Used) by Investing Activities	(1,924,637)	90,511	-	(1,834,126)	(281,010)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,824,652)	569,899	-	(1,254,753)	(116,770)
Cash & Cash Equivalents-Beg	3,038,708	3,209,977	403,925	6,652,610	786,108
Cash & Cash Equivalents-End	\$ 1,214,056	\$ 3,779,876	\$ 403,925	\$ 5,397,857	\$ 669,338

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

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 673,663	\$ (277,683)	\$ -	\$ 395,980	\$ 56,253
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	66,327	260,793	-	327,120	215,249
(Increase) decrease in accounts receivable pertaining to operating activities	(18,468)	-	-	(18,468)	-
(Increase) decrease in prepaid insurance	-	-	-	-	1
Increase (decrease) in accounts payable pertaining to operating activities	(4,733)	(75,434)	-	(4,733)	(2,683)
Increase (decrease) in compensated balances	1,323	-	-	1,323	-
Total adjustments	44,449	185,359	-	229,808	212,567
Net Cash Provided (Used) by Operating Activities	\$ 718,112	\$ (92,324)	\$ -	\$ 625,788	\$ 268,820

Noncash capital activities

Contributions of capital assets (equip- ment) purchased in 2008 by the Municipal Capital Improvement Fund.	-	-	-	-	11,456
Contributions of capital assets (other improvements) as defined by the Des Moines Creek Basin Interlocal Agreement by percentage of maint- enance responsibility (41% for SeaTac).	-	125,922	-	-	-

Statement of Fiduciary Net Assets
December 31, 2008

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

CITY OF SEATAC, WASHINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

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 2008.

B. Government-Wide and Fund Financial Statements

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

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City's policy is to not allocate indirect costs to a specific function or segment. Program revenues include the following: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The City considers property taxes to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The *Arterial Street Fund (#102)* accounts for parking tax revenues which are used to fund various transportation programs. The parking tax revenues also fund interfund transfers to the *Transportation Capital Improvement Fund (#307)*. The *Arterial Street Fund* was added as a major fund in 2007.

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

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

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

The *Municipal Capital Improvement Fund (#301)* funds the purchase of both capital equipment and capital improvement projects paid for by real estate excise taxes and sales taxes from major infrastructure projects in the City.

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

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

The City reports the following major proprietary funds:

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

The *Surface Water Management Construction Fund* (#406) accounts for capital improvements to the City's storm drainage system. The City is currently working jointly via Interlocal Agreement (ILA) with four other agencies to fund major improvements to the Des Moines Creek Basin. The City of SeaTac acts as the Treasurer in the Des Moines Creek Basin ILA and uses the *Surface Water Management Construction Fund* to track related revenues and expenses.

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the *Surface Water Management Fund* are surface water management fees and charges. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, including maintenance and operations, and depreciation on capital assets. All revenues and

expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgetary Information

1. Scope of the Budget

The City of SeaTac budgets in accordance with the provisions of the Revised Code of Washington (RCW) 35A.33. Annual appropriated budgets have been adopted for most of the City funds including the following: the *General Fund*, Special Revenue Funds (*City Street, Arterial Street, Transit Planning, Hotel/Motel Tax, Building Management and Facility Repair and Replacement Fund*), Debt Service Funds (*City Hall Limited Tax GO Bond, Transportation Bond, Hotel/Motel Tax Bond, and Special Assessment Debt*), Capital Project Funds (*Municipal Capital Improvement, Fire Equipment Capital Reserve, Municipal Facilities CIP, and Transportation CIP*), Enterprise Funds (*Surface Water Management Utility and Surface Water Management Construction*) and Internal Service Fund (*Equipment Rental*). Annual appropriated budgets have not been prepared for the *Port of Seattle ILA Fund*, the *Contingency Reserve Fund*, the *LID Guarantee Fund*, the *Transportation Bonds Reserve Fund* and the *Surface Water Management Bonds Reserve Fund*. Most of these funds are debt service reserve funds and it is anticipated that no expenditures will be required.

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

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

2. Amending the Budget

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

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

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

3. Excess of Expenditures Over Appropriations

There were no City funds in which expenditures exceeded appropriations.

E. Assets, Liabilities and Fund Equity

1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2008, the City had holdings of \$18,784,210 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. Included in this category are all funds invested in the State Treasurer's Local Government Investment Pool. The interest on these investments is credited to all funds based on ownership of the investments with the exception of the debt reserve funds including the *LID Guarantee Fund*, the *Transportation Bond Reserve Fund* and the *Surface Water Management Bond Reserve Fund*. The interest on those three funds is allocated to the General Fund.

The amount reported as cash and cash equivalents also includes compensating balances maintained with certain banks in lieu of payments for services rendered. The compensating balances average maintained during 2008 was \$3,823,783. 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, 2008, no special assessments receivable were delinquent.

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

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund loans receivable/payable”. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Any interfund loans in the governmental funds are eliminated on the government-wide *Statement of Net Assets*. A separate schedule of interfund loan receivables and payables is furnished in *Note 12 Interfund Balances and Transfers*.

5. Inventories

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

6. Restricted Assets

The City’s *Surface Water Management Construction Fund (#406)* contains resources for Des Moines Creek Basin restoration construction projects, maintenance and operation, and future infrastructure replacement as defined by interlocal agreements. The *Surface Water Bonds Reserve Fund (#410)* contains restricted resources for debt service. Specific debt service reserve requirements are described in *Note 9 Long-term Debt and Leases*.

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

Cash and Investments – Des Moines Creek Basin ILA Projects	\$2,713,460
Cash and Investments – Debt Service	<u>403,925</u>
Total Restricted Assets	<u>\$3,117,385</u>

7. Capital Assets (See Note 5)

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and a life greater than four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

In 2008, the City changed its capitalization policy for governmental equipment and software to \$5,000 from \$1,000. A prior period adjustment was included on the government-wide *Statement of Activities* to reflect this policy change. Please see *Note #5 – Capital Assets and Depreciation*.

8. Compensated Absences

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

The liability for accumulated unused vacation and sick leave for governmental funds is reported in the government-wide *Statement of Net Assets*. This total liability is \$1,190,264 at December 31, 2008. It is estimated that \$178,540 of this liability will be due within one year. No current liability has been recorded for compensated absences in the governmental funds.

Accumulated amounts of compensated absences, including vacation and sick leave benefits, are accrued as expenses as incurred in proprietary funds. The total liability amount in the City's *Surface Water Management Fund* at December 31, 2008 is \$40,173. It is estimated that \$4,419 of this liability will be due within one year.

9. Other Accrued Liabilities

This account includes accrued employee benefits payable.

10. Long-Term Debt

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds, capital leases and long-term loans are recognized as liabilities of the

governmental fund when due. Additional information and debt schedules are presented in *Note 9 Long-term Debt and Leases*.

11. Deferred Revenues

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

12. Fund Equity - Reserves and Designations

The City recognizes in its reporting that assets are sometimes not "available spendable resources" or at times legally available for appropriations, because they are contractually or legally restricted for some specific future use. When this is the case, as for example with debt service, fund equity is "reserved". However, when management sets aside portions of fund equity based upon tentative future plans or for administrative convenience, these restrictions are reported as "designations" of unreserved fund equity. Designations are not used in proprietary funds. Additional information and schedules are presented in *Note 15 Reservations and Designations of Fund Equity*.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2008, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

Bank of America, Checking Accounts.....	\$ 5,128,666
Cash Equivalents with State Treasurer's Pool.....	13,645,344
City Hall Postage Meter Fund.....	8,000
Petty Cash/Change Funds.....	2,200
Total Cash and Cash Equivalents.....	<u>\$18,784,210</u>

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

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

As of December 31, 2008, the City held the investments listed below, including Investments in the State Treasurer's Local Government Investment Pool which are classified as cash and cash equivalents on City Balance Sheets and Statements of Net Assets. These investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Investment	Call Date	Maturity Date	Maturities	Recorded/ Fair Value
1) Federal Home Loan Bank Bonds	N/A	06/11/10	\$16,000,000	\$16,565,937
2) Federal Home Loan Bank Bonds	N/A	07/06/10	2,000,000	2,106,875
3) Federal National Mortgage Assoc Notes	08/25/09	08/25/10	10,000,000	10,162,500
4) Federal Home Loan Mortgage Notes	N/A	02/15/11	5,000,000	5,212,840
5) Federal Farm Credit Bank Bonds	03/12/09	12/12/11	5,000,000	5,010,938
6) Federal Farm Credit Bank Bonds	12/15/09	12/15/11	12,000,000	12,131,250
Subtotal			\$50,000,000	\$51,190,340
7) State Treasurer's Local Government Investment Pool	N/A	Daily Basis	13,645,344	13,645,344
Total Investments			\$63,645,344	\$64,835,684

Interest Rate Risk. The City currently does not have a policy governing its exposure to interest rate risk, but frequently 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 due to the shorter term maturities of the investments in the Pool. As of the end of the 2008, the City had 79% of its investments in Federal government notes and bonds at interest rates ranging from 3% to 4.54%. The interest rate on these investments exceeded the LGIP's December 2008 interest rate of 1.88%. The Pool's interest rate at the end of June 2009 was .79%

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

Investments in the State Treasurer's Local Government Investment Pool, which is a 2a7-like unrated pool, are not subject to custodial credit risk because the investments held must be evidenced by securities that exist in physical or book entry form to be exposed to this type of risk. Instead, the investment in the Pool is treated as a type of investment with a fair value equal to the net realizable value of the entity's share of the Pool based on the Pool's valuation method. The City has reported its total investment in the State Treasurer's Local Government Investment Pool at fair value. The City has received assurances from the State Treasurer's Office that the fair value of the total investment reported on the December 31, 2008 account statements is the same as the value of the pool shares.

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

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

NOTE 4 - PROPERTY TAXES

The King County Treasurer acts as an agent to collect property taxes levied in the County for all taxing

authorities. Collections are distributed daily via wire transfer.

Property Tax Calendar

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

Property taxes are levied by the King County Assessor. Property taxes are billed and collected by King County Treasury Operations. First half taxes must be paid or postmarked (U.S. Postal Service postmark) by April 30th or the full year tax becomes delinquent on May 1. Interest is 1 percent per month on the full amount due (from month of delinquency to month of payment). The penalty is 3 percent (current year tax only) on amount unpaid on June 1st, and 8 percent (current year tax only) on amount unpaid on Dec. 1st. Second half taxes must be paid or postmarked (U.S. Postal Service postmark) by Oct. 31st or they become delinquent on Nov. 1st per RCW 84.56.020.

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

The City may levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services, subject to two limitations:

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

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

The City's property tax levy rate was \$2.45 per \$1,000 of assessed value. Based on a city-wide assessed valuation of \$4,587,006,934 the total property tax levy for 2008 was \$11,220,799. (Note: Property taxes collected in 2008 are based on the 2007 assessed valuation).

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

A. Capital Assets for Governmental Activities

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

Starting in 2003, the City was required by GASB Statement #34 to start reporting capital assets used in governmental activities in the government-wide *Statement of Net Assets*. Governmental capital assets are not reported in the fund balance sheets but are recorded as expenditures in the year

purchased. Capital assets were previously reported in the General Fixed Assets Account Group, which was eliminated by GASB Statement #34. In addition, GASB Statement #34 required the City to depreciate its governmental capital assets. The depreciation expense for these assets is recorded in the government-wide *Statement of Activities* only and not in the fund financial statements. The City uses the straight-line method of depreciation with no salvage value for its governmental capital assets.

In 2008, the City increased its capitalization policy on equipment and software to \$5,000 from \$1,000. A prior year adjustment was made on the government-wide *Statement of Activities* to remove \$1,498,143 in assets less \$1,219,158 in accumulated depreciation for a net asset change of (\$278,985). In addition, accumulated depreciation was reduced for the North City Hall audio/visual room in the amount of \$55,049 due to excess depreciation calculated by the City's accounting software. The City's 2008 net prior year adjustment for these items is (\$223,937). A related disclosure can be found in *Note #17 – Other Disclosures*.

The table below summarizes the changes in the City's governmental capital assets during 2008. Please note that \$1,166,284 of internal service fund depreciated capital assets for the *Equipment Rental Fund (#501)* are shown in the table below and are not shown in the proprietary capital assets table. Under GASB 34, internal service fund assets and liabilities that are not eliminated are generally included in the governmental activities column of the government-wide *Statement of Net Assets*.

Governmental Activities Capital Assets	Beginning Balance 01/01/2008	Increases	Decreases	Ending Balance 12/31/2008
Capital assets not being depreciated:				
Land	\$315,797,141	\$1,209,553	\$ 68,869	\$316,937,825
Intangible Assets–Capital Easements	71,226	0	0	71,226
Construction in Progress (CIP)	10,100,482	6,545,113	5,010,539	11,635,056
Total assets not depreciated	325,968,849	7,754,666	5,079,408	328,644,107
Capital assets being depreciated:				
Buildings/Bldg Improvements	26,641,227	171,262	519,047	26,293,442
Other Improvements	4,358,804	5,037,612	12,705	9,383,711
Infrastructure	68,876,503	0	5,394	68,871,109
Equipment/Vehicles/Machinery	5,906,584	1,129,087	1,507,478	5,528,193
Equipment/Vehicles/Machinery (E/R)	2,097,267	307,900	106,691	2,298,476
Intangible Assets-Software	616,778	40,012	44,120	612,670
Total assets being depreciated	108,497,163	6,685,873	2,195,435	112,987,601
Total governmental capital assets before depreciation	\$434,466,012	14,440,539	7,274,843	\$441,631,708
Less accumulated depreciation for:				
Buildings/Bldg Improvements	5,129,283	762,698	273,016	5,618,965
Other Improvements	1,891,602	299,080	11,328	2,179,354
Equipment/Vehicles/Machinery	3,735,429	363,202	1,232,108	2,866,523
Equipment/Vehicles/Machinery (E/R)	1,012,683	215,249	95,740	1,132,192
Infrastructure	34,243,678	3,336,022	5,101	37,574,599
Intangible Assets-Software	405,464	114,933	36,608	483,789
Total accumulated depreciation	46,418,139	5,091,184	1,653,901	\$49,855,422
Total governmental capital assets after depreciation	\$388,047,873	\$9,349,355	\$5,620,942	\$391,776,286

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

Governmental Activities:	
Judicial	\$ 1,186
General Government	537,338
Public Safety	389,263
Physical Environment	24,623
Transportation	3,366,021
Transportation (Equipment Rental – Internal Service Fund)	215,249
Culture and Recreation	557,504
Total Depreciation Expense-Governmental Activities	\$5,091,184

B. Capital Assets for Business-type Activities

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

The following schedule summarizes the capital asset data for business-type proprietary funds for 2008:

Business-Type Activities Capital Assets	Beginning Balance 01/01/2008	Increases	Decreases	Ending Balance 12/31/2008
Capital assets not being depreciated:				
Construction in Progress-SWM	\$10,568,325	279,553	0	\$10,847,878
Intangible Assets - Easements	5,000	0	0	5,000
Total assets not being depreciated	10,573,325	279,553	0	10,852,878
Capital assets being depreciated:				
Buildings-SWM	228,560	0	0	228,560
Other Improvements-SWM	14,829,042	0	0	14,829,042
Equipment-SWM	0	0	0	0
Total assets being depreciated	15,057,602	0	0	15,057,602
Total business-type capital assets before depreciation	\$25,630,927	279,553	0	\$25,910,481
Less accumulated depreciation for:				
Buildings	15,188	5,160	0	20,348
Other Improvements	3,312,174	321,960	0	3,634,134
Equipment/Vehicles	0	0	0	0
Total accumulated depreciation	3,327,362	327,120	0	3,654,482
Total business-type capital assets after depreciation	\$22,303,565	(47,567)	0	\$22,255,998

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

Business-type Activities:	
Utilities/Physical Environment (Surface Water Management Utility)	\$327,120
Total Depreciation Expense-Business-type Activities	\$327,120

C. Construction Commitments

The City had one active construction projects on December 31, 2008. The following describes the active construction projects and the City's commitment with the contractor:

Project	Spent to Date	Remaining Commitment
Westside Trail – North SeaTac Park to Sunnysdale (Project #MP-843 with Archer Construction Inc.)	\$1,246,369	\$ 17,926
Fire Station #46 (Reliance Fire Protection Inc – Fire Sprinkler)	75,080	40,830
Fire Station #46 (Emerald Aire – HVAC)	170,692	170,838
Fire Station #46 (D.L. Henricksen Co Inc – Metal Studs and Drywall)	488,684	162,895
Fire Station #46 (Construct Company LLC – Fuel System)	159,874	2,360
Total Outstanding Construction Commitments	\$2,140,699	\$394,849

NOTE 6 - PENSION PLANS

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

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

Plan Description

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

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

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for State and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they

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

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

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

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

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

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

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the

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

Members who choose to participate in JBM would accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75% of the AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

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

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

PERS Membership	
Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
Total PERS Members	255,849

Funding Policy

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

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

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer¹	8.31% ²	8.31% ²	6.13% ³
Employee	6.00% ⁴	5.45% ⁴	Varies ⁵

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

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

³The Plan 3 defined benefit portion only.

⁴The employee rate for State elected officials is 7.5% for Plan 1 and 5.45% for Plan 2.

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

Members participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer-State Agency¹	10.81%	10.81%	10.81% ²
Employer-Local Gov¹	8.31%	8.31%	8.31% ²
Employee-State Agency	9.76%	11.13%	7.50% ³
Employee-Local Gov	12.26%	13.63%	7.50% ³

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

²Plan 3 defined benefit portion only.

³Minimum rate.

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2008	\$23,327	\$496,123	\$30,245
2007	\$17,209	\$373,067	\$21,306
2006	\$10,237	\$182,999	\$9,865

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

Plan Description

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

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

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

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

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

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

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

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

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

LEOFF Membership	
Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled to but not yet Receiving Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Non-vested	3,708
Total LEOFF Members	26,330

Funding Policy

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

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

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer¹	0.16%	5.46% ²
Employee	0.00%	8.83%
State	N/A	3.53%

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

²The employer rate for ports and universities is 8.99%.

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

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
2008	\$0	\$214,477
2007	\$0	\$190,445
2006	\$0	\$157,716

Public Safety Employees' Retirement System (PSERS) Plan 2

Plan Description

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

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

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

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

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

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

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

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

There are 71 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2007:

PSERS Membership	
Retirees and Beneficiaries Receiving Benefits	0
Terminated Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members Vested	0
Active Plan Members Non-vested	2,755
Total PSERS Members	2,755

Funding Policy

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

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

PSERS Plan 2	
Employer ¹	9.43%
Employee	6.57%

¹The employer rate includes an administrative expense fee of 0.16%.

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

PSERS Plan 2	
2008	\$0
2007	\$0
2006	\$0

C. City of SeaTac Money Purchase Retirement Trust

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

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

As of December 31, 2008, there were 166 active members in the City of SeaTac Retirement Trust. Actual employee contributions during the year amounted to \$697,454. Actual employer contributions were \$552,577.

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

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

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

1) Disability

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

2) Survivor

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

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

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

3) Lump Sum Death Benefits

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

4) Retirement Benefits

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

Each employee may direct his/her investment among various investment options for both employee and employer contributions. In addition, participants may borrow up to 50% of their vested (employee and employer contributions) account balance to a maximum outstanding

balance of \$50,000, repayable through payroll deduction. Upon separation of service prior to retirement, all employee contributions may be withdrawn without regard to age, net of any outstanding loans. Employer contributions must be left in the plan and distributed when the participant attains age 55.

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

NOTE 7 - RISK MANAGEMENT

The City of SeaTac is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and joint purchase insurance and administrative services. Currently, the CIAW has 97 cities and 162 fire and special districts in the program.

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

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$5,500,000 to reduce risk to its members.

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

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

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

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the years ended August 31, 2007 and 2008, were \$1,242,382 and \$1,321,289 respectively.

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates to perform day-to-day administration of the pool. The pool has no employees. Copies of the pool's annual report may be obtained by writing to 451 Diamond Drive, Ephrata, WA 98823.

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

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

There were no significant reductions in insurance coverage from 2008 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, 2008, 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 2008 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	\$3,005,000
1998 LTGO Refunding (1999 - 2013)	3.35% - 4.40%	3,645,000	1,890,000
Total General Obligation Bonds		\$8,645,000	\$4,895,000

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

General Obligation Bonds – Governmental Activities					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
2009	\$595,000	\$215,327	2014	\$ 305,000	\$ 76,048
2010	620,000	190,510	2015	315,000	62,475
2011	650,000	164,160	2016	330,000	48,143
2012	675,000	136,210	2017	345,000	32,963
2013	700,000	106,848	2018	360,000	16,920
Total GO Bonds				\$4,895,000	\$1,049,604

The City has used only 7.9% of its Councilmanic (non-voted) general purpose debt capacity and has \$63.3 million left in available debt capacity. For voted debt, the City has over \$45.9 million in remaining debt capacity with no voted debt outstanding.

At December 31, 2008, the City has \$9,677 in cash and cash equivalents in debt service funds to service the general bonded debt. Additionally, all general obligation bond proceeds have been fully expended except the debt issue for the City’s Hotel/Motel Tax Bonds in the amount of \$5,001,021 (including the premium). These bond proceeds will be used for the acquisition/construction of tourism related capital facilities per Ordinance #98-1049.

Revenue Bonds

Revenue bonds are paid from service revenues generated from the surface water management utility charge and parking tax revenues. Both the liability and debt service payment for the Storm Water Revenue Bonds are reported in the *Surface Water Management Operating Fund (#403)*. In addition, debt service on the Local Option Transportation Tax Revenue Bonds is paid out of the *Transportation Bond Debt Service Fund (#202)*. Outstanding liability for this issue is reported in the government-wide *Statement of Net Assets* in the governmental activities column. Neither the full faith and credit of the City nor the taxing power of the City, other than to the extent of the pledge of the revenues, is pledged to the payment of the bonds. Local Option Transportation Tax Revenues (aka parking taxes) are the pledged revenue source for the 1999 Transportation Refunding bonds and storm drainage fees and charges are the pledged revenue source for the 1999 Storm Water Refunding bonds. The City issued no additional revenue bonds in 2008 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	\$3,770,000
1999 Storm Water Refunding (1999 – 2013)	3.25% - 4.70%	3,320,000	1,695,000
Total Revenue Bonds		\$9,995,000	\$5,465,000

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

Revenue Bonds					
Governmental Activities-Transportation			Business-type Activities-SWM		
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
2009	\$ 690,000	\$172,092	2009	\$ 315,000	\$ 77,377
2010	720,000	141,043	2010	320,000	63,203
2011	755,000	109,002	2011	335,000	48,963
2012	785,000	74,650	2012	355,000	33,720
2013	820,000	38,540	2013	370,000	17,390
Subtotal-Trans	\$3,770,000	\$535,327	Subtotal-SWM	\$1,695,000	\$240,653
Total Revenue Bonds				\$5,465,000	\$775,980

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, 2008, the proprietary funds contained restricted assets in the amount of \$403,925 in sinking funds and reserves as required by bond indentures. Additionally, all revenue bond proceeds have been fully expended.

Special Assessment Bonds

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

Delinquent assessments receivable had a balance of zero at the end of the year. The outstanding liability from the special assessment bond issue is reported in the government-wide *Statement of Net Assets*. In 2008, 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	\$845,000
Total Special Assessment Bonds		\$2,871,819	\$845,000

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

Special Assessment Bonds					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
2011	\$ 65,000	\$51,285	2014	\$195,000	\$ 24,083
2012	195,000	47,483	2015	195,000	12,090
2013	195,000	35,880	Total SA Bonds	\$845,000	\$170,821

On December 31, 2008, the *Special Assessment Debt Fund* had \$6,564 in cash and the *LID Guarantee Fund* had \$104,000.

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 \$1,855,000 at year end. Refunded revenue bonds payable totaled \$5,370,000 at year end.

Compensated Absences

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

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2008 was as follows:

	Beginning Balance 01/01/08	Additions	Reductions	Ending Balance 12/31/08	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 5,465,000	\$ 0	\$ 570,000	\$ 4,895,000	\$ 595,000
Revenue bonds	4,430,000	0	660,000	3,770,000	690,000
Special assessment	1,040,000	0	195,000	845,000	0
Other postemployment benefits	72,923	72,401	0	145,324	0
Compensated absences	1,092,441	672,679	574,856	1,190,264	178,540
Governmental activities long-term liabilities	\$12,100,364	\$745,080	\$1,999,856	\$10,845,588	\$1,463,540
Business-type Activities:					
Revenue bonds	\$1,995,000	\$ 0	\$300,000	\$1,695,000	\$315,000
<i>Less deferred amounts:</i>					
<i>Unamortized discount</i>	(9,309)	0	(1,346)	(7,963)	(1,346)
<i>Def Amt on Refunding</i>	(200,331)	0	(28,963)	(171,368)	(28,963)
Total bonds payable-net	1,785,360	0	269,691	1,515,669	284,691
Compensated absences	38,851	5,578	4,256	40,173	4,419
Business-type activities long-term liabilities	\$1,824,211	\$5,578	\$273,947	\$1,555,842	\$289,110

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

B. LEASES

Operating Leases

The City leases 20,900 square feet of land known to be a portion of the highway right-of-way of SR 5, South 188th Street interchange from the Washington State Department of Transportation. The lease was renewed for a five year term effective October 1, 2006 and can be renewed for an additional five year period. Monthly rent adjustments can be made based on the U.S. CPI-U or by an amount that reflects changes in comparable rents as identified by a State appraisal. The City spent \$16,175 on this lease in 2008.

The City leases copier equipment under a four year cancellable operating lease. This lease was effective on October 1, 2007. The City paid \$30,180 in lease payments in 2008 and will continue to pay \$2,334 per month for the term of the lease. The operating lease includes a per copy fee for repair and maintenance which includes all supplies except paper.

The City has seven agreements to lease out portions of the second floor in City Hall as follows: 1) The first lease agreement is a lease for 8,921 square feet and was renewed through October 1, 2012. The lease amount is \$17,162 per month; 2) The second lease is for 3,030 square feet and was renewed through November 30, 2009. This lease amount is \$5,808 per month for the first twelve months, \$5,871 for the next twelve months and \$5,934 for the final twelve months; 3) The third lease agreement is for 1,000 square feet effective through July 31, 2012 in the amount of \$1,500 per month. This lease amount increases by 3% annually. This lease agreement was amended in February 2009 and the square footage was reduced from 1,980 square feet to 1,000 square feet, 4) The fourth lease agreement is for 3,300 square feet and is effective through March 31, 2011. The current monthly lease payment is \$5,221 and will increase by 2% annually; 5) The fifth lease agreement is for 500 square feet and has a termination date of March 31, 2011. The current monthly lease payment is \$750 and will increase 2% annually, 6) The sixth lease agreement is for 708 square feet in the amount of \$1,033 per month with an annual rent increase of 50 cents per square foot per year. The term of this lease is 36 months ending April 30, 2011 and may be terminated by either party with 90 days written notice and 7) The final lease agreement is for 3,265 sq feet in the amount of \$4,487 per month. This lease agreement is for 36 months ending April 30, 2011 and can be terminated by either party with 90 days written notice.

The City also has two lease agreements to house antennas on roofs of City buildings. One antenna is on the roof of City Hall and the other one is on the roof of the North SeaTac Park Community Center. The first agreement was extended in 2007 for a term of five years until August 21, 2012. The lessee can extend for one additional five year term. The current amount of the lease is \$2,646 per month with an annual increase of 3% per year. The second lease agreement is for a term of five years through April 25, 2012. The current lease payment is \$1,605 per month and includes an annual increase of 3%.

Capital Leases

The City has entered into no capital leases as of December 31, 2008.

NOTE 10 – CONTINGENCIES AND LITIGATION

The City Attorney reports that, as of December 31, 2008, a small number of tort claims and lawsuits had been filed against the City, none of which involve monetary damages or issues sufficient to materially affect the financial position of the City as set forth in these financial statements. Payment of any valid claims or adverse judgments resulting from the lawsuits should be covered by insurance. It is believed, at this point, that none of the claims or suits have any significant probability of resulting in a plaintiff's award.

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

NOTE 11 – RESTRICTED NET ASSETS

The government-wide *Statement of Net Assets* reports \$20,023,570 in restricted net assets. None of the net assets are restricted by enabling legislation.

NOTE 12 - INTERFUND BALANCES AND TRANSFERS

A. Interfund Balances

On December 31, 2008, the City had no interfund loans outstanding. The one interfund loan the City had was fully repaid in the amount of \$7,715,392.

The history of this interfund loan follows below:

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 adjusted 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 2008, the City Council approved full repayment of the interfund loan using General Fund reserves. Principal payments on the interfund loan were made in the amount of \$7,715,392 and interest payments totaled \$181,803.

B. Interfund Transfers

During 2008, the City had a number of interfund transfers. Most of the City's interfund transfers are considered nonreciprocal interfund activities and are legally authorized transfers of resources from one fund to another fund. The receiving fund accounts for the transfer in as an "other financing source" while the paying fund accounts for the transfer out as an "other financing use". Transfers are included in the operating statements of the respective funds.

The following table summarizes the interfund transfer activity for both the governmental and the proprietary funds by major fund for 2008:

Transfers To (In)	Transfers From (Out)					Total
	General Fund #001	Arterial Street Fund #102	SWM Operating Fund #403	Other Non-Major Funds		
General Fund #001	\$ 0	\$337,710	\$177,450	\$350,390		\$ 865,550
Municipal CIP Fac #306	10,256,517	0	0	0		10,256,517
Transportation CIP #307	0	0	0	0		0
Other Non-Major Funds	356,250	120,000	114,800	0		591,050
Total Transfers	\$10,612,767	\$457,710	\$292,250	\$350,390		\$11,713,117
Transfer in of general capital assets:						
To Equipment Rental Internal Service Fund #501 from Municipal CIP Fund #301						11,456
Total transfers in of general capital assets						11,456
Total Interfund Transfers						\$11,724,573

In the proprietary statements, the transfer in of capital assets from the governmental funds is shown as a capital contribution to the “internal service funds” in the amount of \$11,456. During the year, capital assets were purchased by governmental funds and transferred into the *Equipment Rental Internal Service Fund*. The amounts paid for the assets were recorded as capital expenditures on the governmental *Statement of Revenues, Expenditures and Changes in Fund* statement. The capital expenditures were eliminated as part of the government-wide reconciliation process and are shown as assets on the *Statement of Net Assets* in the governmental activities column with the other *Equipment Rental Internal Service Fund* assets.

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

General Fund #001

There were five interfund transfers made into the General Fund in 2008. Three of the transfers were made to cover some of the administrative costs incurred by programs funded in the General Fund. The three administrative transfers were as follows: 1) *Street Fund #101*- \$60,490, 2) *Arterial Street Fund #102*- \$337,710 and 3) *Surface Water Management Operating Fund #403* - \$177,450.

The fourth transfer into the *General Fund* was from the *Building Management Fund #108* in the amount of \$269,900. This is an annual transfer made to the *General Fund* from the lease of office space in City Hall. This transfer covers approximately 33% of the expenditures for City Hall maintenance, which is budgeted in the Facilities Department in the *General Fund*. It represents the estimated cost to provide maintenance to the leased areas on the second floor of City Hall. The final transfer into the General Fund was from the *LID Guarantee Fund #205* in the amount of \$20,000. The transfer was made to reduce the required reserve to the amount set by the LID ordinance. Total transfers into the *General Fund* were \$865,550.

Municipal Facilities CIP Fund #306

A transfer was made into this Fund from the *General Fund* in the amount of \$7,715,392. The purpose of this transfer was to provide funds to make the final 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. A second transfer was made into this Fund from the General Fund in the amount of \$2,541,125 to fund a portion of the construction of Fire Station #46.

Surface Water Management Fund #403

Two transfers were made out of the *Surface Water Management Operating Fund* as follows: 1)

\$114,800 was transferred to the *Surface Water Management Construction Fund #406* for the Des Moines Creek Basin Replacement Project and for Des Moines Creek Basin general maintenance and operations and 2) \$177,450 was transferred to the *General Fund* to reimburse for administrative costs incurred by the surface water management funds.

Other Funds

A transfer was made from the *Arterial Street Fund #102* into the *Street Fund #101* in the amount of \$120,000. This transfer was for the maintenance of City streets and related infrastructure. This annual transfer is paid for with parking taxes. The amount of the transfer will vary depending on the needs in the current years' budget.

The *Fire Equipment Capital Reserve Fund #303* received a transfer from the *General Fund* in the amount of \$236,250. This transfer was used to replace Fire Department capital assets. Transfers in from the *General Fund* are the only revenue source for the *Fire Equipment Capital Reserve Fund*.

The *Facility Repair and Replacement Fund #110* received a transfer from the *General Fund* in the amount of \$120,000 to pay for scheduled repairs and replacements for buildings and in parks. Transfers in are the only revenue source for this Fund.

NOTE 13 - RECEIVABLE AND PAYABLE BALANCES

A. Receivables

The receivable balances for the major funds at December 31, 2008 were as follows:

Fund	Customer Accounts (Net) ¹	Taxes	Special Assessments & Interest Rec	Total
Governmental Activities:				
General Fund #001	\$ 885,010	\$1,787,952	\$ 35,890	\$2,708,852
Arterial Street Fund #102	0	360,403	0	360,403
Port of Seattle ILA Fund #105	0	0	71,384	71,384
Hotel/Motel Tax #107	5,000	96,061	0	101,061
Special Assessment Debt #204	0	0	1,066,562	1,066,562
Capital Improvement #301	16,879	137,782	0	154,661
Municipal Facilities CIP Fund #306	0	0	65,167	65,167
Transportation CIP #307	858,574	0	0	858,574
Other Non-Major Funds	35,859	0	0	35,859
Subtot Governmental Activities	\$1,801,322	\$2,382,198	\$1,239,003	\$5,422,523
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>				
Internal service fund adjustment	13,680	0	3,161	16,841
Investment interest receivable	0	0	48,756	48,756
Total Governmental Activities	\$1,815,002	\$2,382,198	\$1,290,920	\$5,488,120
<i>Amounts not scheduled for collection during the subsequent year for governmental activities</i>	0	0	914,197	914,197
Business-type Activities:				
Surface Water Mgmt Ops #403	\$119,392	\$0	\$2,667	\$122,059
Surface Water Mgt Construct #406	0	0	0	0
Total Business-type Activities	\$119,392	\$0	\$2,667	\$122,059

¹ Allowance for uncollectible customer accounts is deducted from the amounts in the table above.

B. Payables

The City's payable balances for the major funds at December 31, 2008 were as follows:

Fund	Accounts	Due to Other Gov	Deposits & Custodial	Interest	Total
General Fund #001	\$ 940,714	\$320,210	\$165,961	\$ 0	\$1,426,885
Arterial Street #102	97,859	0	34,601	0	132,460
Hotel/Motel Tax #107	174,373	0	0	0	174,373
Cap Improvement #301	31,739	0	0	0	31,739
Municipal Facilities CIP #306	335,732	0	0	0	335,732
Transportation CIP #307	446,942	0	0	0	446,942
Other Non-Major	64,834	0	14,740	0	79,574
Subtotal Governmental Act	\$2,092,193	\$320,210	\$215,302	\$ 0	\$2,627,705
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>					
Internal service fund adjustment	203,415	0	0	0	203,415
Bond interest payable	0	0	0	32,285	32,285
Total Governmental Activities	\$2,295,608	\$320,210	\$215,302	\$32,285	\$2,863,405
Business-type Activities:					
Surface Water Management #403	\$ 60,104	\$0	\$0	\$6,448	\$ 66,552
Surface Water Mgt Construc #406	134,188	0	0	0	134,188
Total Business-type Activities	\$194,292	\$0	\$0	\$6,448	\$ 200,740

NOTE 14 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

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

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

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

Although the City has designated \$225,000 of its fund balance in the General Fund for future LEOFF 1 retiree benefits, designations are set up to reflect management's intended future use of funds. A dedicated trust fund has not been established for this purpose; therefore, the City's current funding policy is based upon pay-as-you-go financing requirements. During the year, the City contributed \$52,986 to the plan for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City has

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

Annual required contribution (ARC)	\$128,895
Interest on net OPEB obligation	3,282
Adjustment to annual required contribution	<u>(6,790)</u>
Annual OPEB cost (expense)	125,387
Contributions made	<u>(52,986)</u>
Increase in net OPEB obligation	72,401
Net OPEB Obligation – Beginning of Year	<u>72,923</u>
Net OPEB Obligation – End of Year	<u>\$ 145,324</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of Annual OPEB Cost	OPEB Obligation
2006 ¹	N/A	N/A	N/A
2007	\$128,895	44%	\$72,923
2008	\$125,387	42%	\$145,324

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

Funded Status and Funding Progress: As of September 30, 2006, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$1,311,515 all of which was unfunded. There is no covered payroll (annual payroll of active employees covered by the plan) calculation because there are no active employees covered by the plan.

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

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

The following simplifying assumptions were made:

Retirement age for active employees: The City has no active LEOFF 1 employees. Therefore, this did not affect the actuarial accrued liability calculation. (Note: a single retirement age of 56.22 was assumed for entities with active members).

Mortality: Mortality rates were assumed to follow the LEOFF 1 mortality rates used in the September 30, 2006 actuarial valuation report issued by the Office of the State Actuary (OSA) for Washington State.

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

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

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

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

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

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

NOTE 15 - RESERVATIONS AND DESIGNATIONS OF FUND EQUITY

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

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

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

NOTE 16 – OTHER DISCLOSURES

A. Prior Period Adjustments

In 2008, prior period adjustments totaled (\$223,937) in the governmental activities column of the government-wide *Statement of Activities*. The City increased its minimum capitalization policy for equipment and software to \$5,000 from \$1,000. The effect of this change was a reduction in capital assets of \$1,498,143 and a reduction in accumulated depreciation in the amount of \$1,219,158 for a

net change in capital assets of (\$278,985). In addition, accumulated depreciation was overstated for the City Hall courtroom and was reduced by \$55,048. The net effect of these adjustments is a reduction in net assets of \$223,937.

B. Subsequent Events

1. South Correctional Entity Facility (SCORE)

On January 13, 2009, the City Council of the City of SeaTac authorized the execution of an interlocal agreement relating to the South Correctional Entity Facility (SCORE) and the formation of the South Correctional Entity Facility Public Development Authority. The agreement allows for the construction of 674 bed misdemeanor facility jointly with six other South King County cities including Burien, Des Moines, Federal Way, Renton, Auburn and Tukwila. The City of SeaTac will own approximately 3% of the beds in the facility and will be responsible for the same percentage of debt service and operations and maintenance of the facility. The Public Development Authority is authorized to issue debt in the aggregate principal amount of not to exceed \$100,000,000 to finance the acquisition, construction, equipment, and improvements to the facility on behalf of the member cities.

2. Proposition to Change the City's Form of Government

At the next General Election, November 3, 2009, a proposition will be presented to the electors of the City SeaTac to determine whether they desire to abandon the present Council-Manager Plan of government and adopt the Mayor-Council plan of government.



Required Supplementary Information



Required Supplementary
Information

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

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

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 21,543,772	\$ 21,543,772	\$ 21,921,053	\$ 377,281
Licenses & permits	971,230	971,230	1,129,155	157,925
Intergovernmental	618,445	709,045	678,986	(30,059)
Charges for services	1,024,665	1,024,665	1,240,410	215,745
Fines and forfeitures	843,750	843,750	847,886	4,136
Investment earnings	1,853,000	1,853,000	852,532	(1,000,468)
Rents/leases & concessions	161,150	161,150	187,005	25,855
Miscellaneous	45,050	49,450	(15,806)	(65,256)
Total Revenues	27,061,062	27,156,062	26,841,221	(314,841)
Expenditures				
<i>Current operations:</i>				
Judicial	500,865	501,800	488,848	12,952
General Government	5,636,538	5,798,006	5,484,447	313,559
Public Safety	15,006,700	15,114,681	14,880,721	233,960
Physical Environment	14,227	14,227	14,227	-
Transportation	659,167	659,167	665,626	(6,459)
Health & Human Services	468,283	479,283	402,771	76,512
Economic Environment	2,260,965	2,292,260	1,972,765	319,495
Culture & Recreation	2,646,185	2,688,252	2,748,021	(59,769)
<i>Debt service:</i>				
Interest	410,000	410,000	181,803	228,197
Capital outlay	5,000	54,135	28,785	25,350
Total Expenditures	27,607,930	28,011,811	26,868,014	1,143,797
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(546,868)</i>	<i>(855,749)</i>	<i>(26,793)</i>	<i>828,956</i>
Other Financing Sources (Uses)				
Transfers in	865,550	865,550	865,550	-
Transfers out	(506,250)	(7,966,642)	(8,071,642)	(105,000)
Total Other Fin Sources (Uses)	359,300	(7,101,092)	(7,206,092)	(105,000)
<i>Net Change in Fund Balances</i>	<i>(187,568)</i>	<i>(7,956,841)</i>	<i>(7,232,885)</i>	<i>723,956</i>
Fund Balances-Beginning	16,250,686	17,464,249	17,464,249	-
Fund Balances-Ending	\$ 16,063,118	\$ 9,507,408	\$ 10,231,364	\$ 723,956

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,725,000	\$ 4,725,000	\$ 4,887,441	\$ 162,441
Intergovernmental	34,099	34,099	32,010	(2,089)
Investment earnings	-	-	82,063	82,063
Miscellaneous	-	-	52,694	52,694
Total Revenues	4,759,099	4,759,099	5,054,208	295,109
Expenditures				
<i>Current operations:</i>				
Transportation	4,812,863	5,053,961	2,160,021	2,893,940
Total Expenditures	4,812,863	5,053,961	2,160,021	2,893,940
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(53,764)	(294,862)	2,894,187	3,189,049
Other Financing Sources (Uses)				
Transfers out	(457,710)	(457,710)	(457,710)	-
Total Other Fin Sources (Uses)	(457,710)	(457,710)	(457,710)	-
<i>Net Change in Fund Balances</i>	(511,474)	(752,572)	2,436,477	3,189,049
Fund Balances-Beginning	1,941,795	2,136,620	2,136,620	-
Fund Balances-Ending	\$ 1,430,321	\$ 1,384,048	\$ 4,573,097	\$ 3,189,049

*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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 810,000	\$ 810,000	\$ 1,104,110	\$ 294,110
Total Revenues	810,000	810,000	1,104,110	294,110
Expenditures	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	810,000	810,000	1,104,110	294,110
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	810,000	810,000	1,104,110	294,110
Fund Balances-Beginning	8,458,668	16,099,561	16,099,561	-
Fund Balances-Ending	\$ 9,268,668	\$ 16,909,561	\$ 17,203,671	\$ 294,110

*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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 800,000	\$ 800,000	\$ 845,306	\$ 45,306
Investment earnings	350,000	350,000	447,353	97,353
Total Revenues	1,150,000	1,150,000	1,292,659	142,659
Expenditures				
<i>Current operations:</i>				
Economic Environment	987,109	1,088,199	893,971	194,228
Total Expenditures	987,109	1,088,199	893,971	194,228
<i>Excess (deficiency) of revenues over (under) expenditures</i>	162,891	61,801	398,688	336,887
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	162,891	61,801	398,688	336,887
Fund Balances-Beginning	8,249,834	8,286,150	8,286,150	-
Fund Balances-Ending	\$ 8,412,725	\$ 8,347,951	\$ 8,684,838	\$ 336,887

*Budgetary basis is the same as GAAP basis.



Other Supplementary Information



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

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

Special Revenue Funds

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

1. The *City Street Fund* accounts for the maintenance and improvements of the City's street system.
2. The *Contingency Reserve Fund* provides funding to meet any municipal expenses, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget.
3. The *Transit Planning Fund* accounts for interlocal revenue the City receives from the regional transit authority and expends on efforts to facilitate the development of a central light rail transit system through the City.
4. The *Building Management Fund* accounts for rental revenues and operating costs for building maintenance, tenant improvements and management services associated with the lease of office space within City Hall.
5. The *Facility Repair and Replacement Fund* was established to provide for on-going renovation and major maintenance for City buildings and park related facilities under \$25,000.

Debt Service Funds

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

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

Capital Project Funds

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

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

Combining Balance Sheet
December 31, 2008

Special Revenue Funds

	City Street	Contingency Reserve	Transit Planning	Building Management
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 116,502	\$ 73,192	\$ 156,362	\$ 105,138
Investments	-	707,656	-	707,656
Receivables (net):				
Customer accounts	2,305	-	-	33,554
Total Assets	\$ 118,807	\$ 780,848	\$ 156,362	\$ 846,348
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	49,101	-	-	7,294
Deposits payable	-	-	-	14,740
Total Liabilities	49,101	-	-	22,034
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	69,706	780,848	156,362	824,314
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Total Fund Balances	69,706	780,848	156,362	824,314
Total Liab & Fund Balances	\$ 118,807	\$ 780,848	\$ 156,362	\$ 846,348

	Special Revenue Funds		Debt Service	
	Facility Reserve and Replacement	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 104,248	\$ 555,442	\$ 5,112	\$ 8,931
Investments	101,094	1,516,406	-	-
Receivables (net)				
Customer accounts	-	35,859	-	-
Total Assets	\$ 205,342	\$ 2,107,707	\$ 5,112	\$ 8,931
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	2,500	58,895	-	-
Deposits payable	-	14,740	-	-
Total Liabilities	2,500	73,635	-	-
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	202,842	2,034,072	-	-
Debt service funds	-	-	5,112	8,931
Capital project funds	-	-	-	-
Total Fund Balances	202,842	2,034,072	5,112	8,931
Total Liab & Fund Balances	\$ 205,342	\$ 2,107,707	\$ 5,112	\$ 8,931

Combining Balance Sheet
December 31, 2008

Debt Service

	Hotel/Motel Bonds	LID Guarantee	Transportation Bonds Reserve	Total Debt Service Funds
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 4,563	\$ 104,000	\$ 894,062	\$ 1,016,668
Investments	-	-	-	-
Receivables (net)				
Customer accounts	-	-	-	-
Total Assets	\$ 4,563	\$ 104,000	\$ 894,062	\$ 1,016,668
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	-	-	-	-
Debt service funds	4,563	104,000	894,062	1,016,668
Capital project funds	-	-	-	-
Total Fund Balances	4,563	104,000	894,062	1,016,668
Total Liab & Fund Balances	\$ 4,563	\$ 104,000	\$ 894,062	\$ 1,016,668

	<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Equipment Capital Reserve</u>	<u>Total Capital Project Funds</u>	
Assets			
<i>Current Assets:</i>			
Cash & cash equivalents	\$ 730,755	\$ 730,755	\$ 2,302,865
Investments	-	-	1,516,406
Receivables (net)			
Customer accounts	-	-	35,859
Total Assets	\$ 730,755	\$ 730,755	\$ 3,855,130
Liabilities			
<i>Current Liabilities:</i>			
Accounts payable	5,939	5,939	64,834
Deposits payable	-	-	14,740
Total Liabilities	5,939	5,939	79,574
Fund Balances			
<i>Unreserved, reported in:</i>			
Special revenue funds	-	-	2,034,072
Debt service funds	-	-	1,016,668
Capital project funds	724,816	724,816	724,816
Total Fund Balances	724,816	724,816	3,775,556
Total Liab & Fund Balances	\$ 730,755	\$ 730,755	\$ 3,855,130

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2008**

Special Revenue Funds

	City Street	Contingency Reserve	Transit Planning	Building Management
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	584,540	-	39,591	-
Charges for services	1,148	-	-	-
Investment earnings	3,851	25,848	3,500	25,551
Rents & leases	-	-	-	442,790
Miscellaneous	(1,348)	-	-	720
Total Revenues	588,191	25,848	43,091	469,061
Expenditures				
<i>Current operations:</i>				
General Government	-	-	-	-
Transportation	708,279	-	36,061	-
Culture & Recreation	-	-	-	-
<i>Debt service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	19,896
Total Expenditures	708,279	-	36,061	19,896
Excess (deficiency) of revenues over (under) expenditures	(120,088)	25,848	7,030	449,165
Other Financing Sources (Uses)				
Transfers in	120,000	-	-	-
Transfers out	(60,490)	-	-	(269,900)
Disposition of Capital Assets	-	-	-	-
Total Other Fin Sources (Uses)	59,510	-	-	(269,900)
Net Change in Fund Balances	(60,578)	25,848	7,030	179,265
Fund Balances-Beginning	130,284	755,000	149,332	645,049
Fund Balances-Ending	\$ 69,706	\$ 780,848	\$ 156,362	\$ 824,314

	Special Revenue Funds		Debt Service	
	Facility Repair and Replacement	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
Revenues				
Taxes	\$ -	\$ -	\$ 425,000	\$ 855,000
Intergovernmental	-	624,131	-	-
Charges for services	-	1,148	-	-
Investment earnings	5,314	64,064	3,897	7,904
Rents & leases	-	442,790	-	-
Miscellaneous	-	(628)	-	-
Total Revenues	5,314	1,131,505	428,897	862,904
Expenditures				
<i>Current operations:</i>				
General Government	32,009	32,009	-	-
Transportation	-	744,340	-	-
Culture & Recreation	26,567	26,567	-	-
<i>Debt service:</i>				
Principal	-	-	330,000	660,000
Interest	-	-	94,875	201,132
Other	-	-	303	304
Capital outlay	-	19,896	-	-
Total Expenditures	58,576	822,812	425,178	861,436
Excess (deficiency) of revenues over (under) expenditures	(53,262)	308,693	3,719	1,468
Other Financing Sources (Uses)				
Transfers in	120,000	240,000	-	-
Transfers out	-	(330,390)	-	-
Disposition of capital assets	-	-	-	-
Total Other Fin Sources (Uses)	120,000	(90,390)	-	-
Net Change in Fund Balances	66,738	218,303	3,719	1,468
Fund Balances-Beginning	136,104	1,815,769	1,393	7,463
Fund Balances-Ending	\$ 202,842	\$ 2,034,072	\$ 5,112	\$ 8,931

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2008**

Debt Service Funds

	<u>Hotel/Motel Tax Bonds</u>	<u>LID Guarantee</u>	<u>Transp Bonds Reserve</u>	<u>Total Debt Service Funds</u>
Revenues				
Taxes	\$ 385,000	\$ -	\$ -	\$ 1,665,000
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	3,205	-	-	15,006
Rents & leases	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	388,205	-	-	1,680,006
Expenditures				
<i>Current operations:</i>				
General Government	-	-	-	-
Transportation	-	-	-	-
Culture & Recreation	-	-	-	-
<i>Debt service:</i>				
Principal	240,000	-	-	1,230,000
Interest	143,747	-	-	439,754
Other	304	-	-	911
Capital outlay	-	-	-	-
Total Expenditures	384,051	-	-	1,670,665
Excess (deficiency) of revenues over expenditures	4,154	-	-	9,341
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(20,000)	-	(20,000)
Disposition of capital assets	-	-	-	-
Total Other Fin Sources (Uses)	-	(20,000)	-	(20,000)
Net Change in Fund Balances	4,154	(20,000)	-	(10,659)
Fund Balances-Beginning	409	124,000	894,062	1,027,327
Fund Balances-Ending	\$ 4,563	\$ 104,000	\$ 894,062	\$ 1,016,668

	<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Equipment Capital Reserve</u>	<u>Total Capital Project Funds</u>	
Revenues			
Taxes	\$ -	\$ -	\$ 1,665,000
Intergovernmental	-	-	624,131
Charges for services	-	-	1,148
Investment earnings	29,140	29,140	108,210
Rents & leases	-	-	442,790
Miscellaneous	-	-	(628)
	<u>29,140</u>	<u>29,140</u>	<u>2,840,651</u>
Expenditures			
<i>Current operations:</i>			
General Government	-	-	32,009
Transportation	-	-	744,340
Culture & Recreation	-	-	26,567
<i>Debt service:</i>			
Principal	-	-	1,230,000
Interest	-	-	439,754
Other	-	-	911
Capital outlay	<u>1,009,150</u>	<u>1,009,150</u>	<u>1,029,046</u>
Total Expenditures	<u>1,009,150</u>	<u>1,009,150</u>	<u>3,502,627</u>
Excess (deficiency) of revenues over expenditures	<u>(980,010)</u>	<u>(980,010)</u>	<u>(661,976)</u>
Other Financing Sources (Uses)			
Transfers in	236,250	236,250	476,250
Transfers out	-	-	(350,390)
Disposition of capital assets	<u>12,734</u>	<u>12,734</u>	<u>12,734</u>
Total Other Fin Sources (Uses)	<u>248,984</u>	<u>248,984</u>	<u>138,594</u>
Net Change in Fund Balances	(731,026)	(731,026)	(523,382)
Fund Balances-Beginning	<u>1,455,842</u>	<u>1,455,842</u>	<u>4,298,938</u>
Fund Balances-Ending	<u>\$ 724,816</u>	<u>\$ 724,816</u>	<u>\$ 3,775,556</u>

Combining Statement of Changes in Assets & Liabilities - All Agency Funds
December 31, 2008

	Agency Funds		
	Accounts Payable (Claims) Clearing Fund	Payroll Payable Clearing Fund	Total
Additions			
New uncleared checks	\$ 28,575,494	\$ 16,035,350	\$ 44,610,844
Total Additions	\$ 28,575,494	\$ 16,743,006	\$ 45,318,500
Deductions			
Cashed cleared checks	30,972,745	15,977,006	46,949,751
Total Deductions	30,972,745	15,977,006	46,949,751
<i>Change in Assets & Liabilities</i>	<i>(2,397,251)</i>	<i>58,344</i>	<i>(2,338,907)</i>
Assets & Liabilities-Beginning	3,427,994	397,989	3,825,983
Assets & Liabilities-Ending	\$ 1,030,743	\$ 456,333	\$ 1,487,076

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Intergovernmental	\$ 640,000	\$ 640,000	\$ 584,540	\$ (55,460)
Charges for services	500	500	1,148	648
Investment earnings	-	-	3,851	3,851
Miscellaneous	1,000	1,000	(1,348)	(2,348)
Total Revenues	641,500	641,500	588,191	(53,309)
Expenditures				
<i>Current operations:</i>				
Transportation	763,571	763,571	708,279	55,292
Total Expenditures	763,571	763,571	708,279	55,292
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(122,071)</i>	<i>(122,071)</i>	<i>(120,088)</i>	<i>1,983</i>
Other Financing Sources (Uses)				
Transfers in	120,000	120,000	120,000	-
Transfers out	(60,490)	(60,490)	(60,490)	-
Total Other Fin Sources (Uses)	59,510	59,510	59,510	-
<i>Net Change in Fund Balances</i>	<i>(62,561)</i>	<i>(62,561)</i>	<i>(60,578)</i>	<i>1,983</i>
Fund Balances-Beginning	101,995	130,284	130,284	-
Fund Balances-Ending	\$ 39,434	\$ 67,723	\$ 69,706	\$ 1,983

*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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 39,591	\$ (8,409)
Investment earnings	-	-	3,500	3,500
Total Revenues	48,000	48,000	43,091	(4,909)
Expenditures				
<i>Current operations:</i>				
Transportation	39,550	124,473	36,061	88,412
Total Expenditures	39,550	124,473	36,061	88,412
<i>Excess (deficiency) of revenues over (under) expenditures</i>	8,450	(76,473)	7,030	83,503
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	8,450	(76,473)	7,030	83,503
Fund Balances-Beginning	59,370	149,332	149,332	-
Fund Balances-Ending	\$ 67,820	\$ 72,859	\$ 156,362	\$ 83,503

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	-	-	25,551	25,551
Rents & leases	\$ 424,595	\$ 424,595	\$ 442,790	\$ 18,195
Miscellaneous	720	720	720	-
Total Revenues	425,315	425,315	469,061	43,746
Expenditures				
Capital outlay	15,000	20,000	19,896	104
Total Expenditures	15,000	20,000	19,896	104
<i>Excess (deficiency) of revenues over (under) expenditures</i>	410,315	405,315	449,165	43,850
Other Financing Sources (Uses)				
Transfers out	(269,900)	(269,900)	(269,900)	-
Total Other Fin Sources (Uses)	(269,900)	(269,900)	(269,900)	-
<i>Net Change in Fund Balances</i>	140,415	135,415	179,265	43,850
Fund Balances-Beginning	597,926	645,049	645,049	-
Fund Balances-Ending	\$ 738,341	\$ 780,464	\$ 824,314	\$ 43,850

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 5,314	\$ 5,314
Total Revenues	-	-	5,314	5,314
Expenditures				
<i>Current operations:</i>				
General Government	25,214	25,214	32,009	(6,795)
Public Safety	81,649	81,649	-	81,649
Transportation	3,344	3,344	-	3,344
Culture & Recreation	87,082	90,065	26,567	63,498
Total Expenditures	197,289	200,272	58,576	141,696
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(197,289)</i>	<i>(200,272)</i>	<i>(53,262)</i>	<i>147,010</i>
Other Financing Sources (Uses)				
Transfers in	120,000	120,000	120,000	-
Total Other Fin Sources (Uses)	120,000	120,000	120,000	-
<i>Net Change in Fund Balances</i>	<i>(77,289)</i>	<i>(80,272)</i>	<i>66,738</i>	<i>147,010</i>
Fund Balances-Beginning	93,683	136,104	136,104	-
Fund Balances-Ending	\$ 16,394	\$ 55,832	\$ 202,842	\$ 147,010

*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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 425,000	\$ 425,000	\$ 425,000	\$ -
Investment earnings	-	-	3,897	3,897
Total Revenues	425,000	425,000	428,897	-
Expenditures				
<i>Debt Service:</i>				
Principal	330,000	330,000	330,000	-
Interest	94,875	94,875	94,875	-
Other	310	310	303	(7)
Total Expenditures	425,185	425,185	425,178	(7)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(185)	(185)	3,719	(7)
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	(185)	(185)	3,719	(7)
Fund Balances-Beginning	1,392	1,393	1,393	-
Fund Balances-Ending	\$ 1,207	\$ 1,208	\$ 5,112	\$ 3,904

*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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 855,000	\$ 855,000	\$ 855,000	\$ -
Investment earnings	-	-	7,904	7,904
Total Revenues	855,000	855,000	862,904	7,904
Expenditures				
<i>Debt service:</i>				
Principal	660,000	660,000	660,000	-
Interest	201,133	201,133	201,132	1
Other	304	304	304	-
Total Expenditures	861,437	861,437	861,436	1
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(6,437)	(6,437)	1,468	7,905
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	(6,437)	(6,437)	1,468	7,905
Fund Balances-Beginning	7,463	7,463	7,463	-
Fund Balances-Ending	\$ 1,026	\$ 1,026	\$ 8,931	\$ 7,905

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 385,000	\$ 385,000	\$ 385,000	\$ -
Investment earnings	-	-	3,205	3,205
Total Revenues	385,000	385,000	388,205	3,205
Expenditures				
<i>Debt service:</i>				
Principal	240,000	240,000	240,000	-
Interest	143,748	143,748	143,747	1
Other	310	310	304	6
Total Expenditures	384,058	384,058	384,051	7
<i>Excess (deficiency) of revenues over (under) expenditures</i>	942	942	4,154	3,212
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	942	942	4,154	3,212
Fund Balances-Beginning	409	409	409	-
Fund Balances-Ending	\$ 1,351	\$ 1,351	\$ 4,563	\$ 3,212

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment & other earnings	\$ 78,380	\$ 78,380	\$ 80,984	\$ 2,604
Special assessments	152,370	152,370	152,366	(4)
Total Revenues	230,750	230,750	233,350	2,600
Expenditures				
<i>Debt service:</i>				
Principal	195,000	195,000	195,000	-
Interest	62,630	62,630	62,628	2
Other	370	370	313	57
Total Expenditures	258,000	258,000	257,941	59
Excess (deficiency) of revenues over (under) expenditures	(27,250)	(27,250)	(24,591)	2,659
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	<i>(27,250)</i>	<i>(27,250)</i>	<i>(24,591)</i>	<i>2,659</i>
Fund Balances-Beginning	29,929	31,155	31,155	-
Fund Balances-Ending	\$ 2,679	\$ 3,905	\$ 6,564	\$ 2,659

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,868,000	\$ 1,868,000	\$ 1,534,114	\$ (333,886)
Intergovernmental	197,500	197,500	149,085	(48,415)
Charges for services	16,000	16,000	200,495	184,495
Investment earnings	-	-	95,134	95,134
Total Revenues	2,081,500	2,081,500	1,978,828	(102,672)
Expenditures				
<i>Current operations:</i>				
General Government	42,900	44,663	64,294	(19,631)
Public Safety	-	-	12,721	(12,721)
Transportation	2,500	2,500	1,957	543
Culture & Recreation	-	440,218	59,464	380,754
Capital outlay	854,817	810,699	318,143	492,556
Total Expenditures	900,217	1,298,080	456,579	841,501
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>1,181,283</i>	<i>783,420</i>	<i>1,522,249</i>	<i>738,829</i>
Other Financing Sources (Uses)				
Transfers out	(1,400,000)	(2,541,125)	(2,541,125)	-
Total Other Fin Sources (Uses)	(1,400,000)	(2,541,125)	(2,541,125)	-
<i>Net Change in Fund Balances</i>	<i>(218,717)</i>	<i>(1,757,705)</i>	<i>(1,018,876)</i>	<i>738,829</i>
Fund Balances-Beginning	3,918,213	4,225,604	4,225,604	-
Fund Balances-Ending	\$ 3,699,496	\$ 2,467,899	\$ 3,206,728	\$ 738,829

*Budgetary basis is the same as GAAP basis.

CITY OF SEATAC, WASHINGTON

2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT Fire Equip Capital Reserve Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment earnings	\$ -	\$ -	\$ 29,140	\$ 29,140
Total Revenues	-	-	29,140	29,140
Expenditures				
Capital outlay	818,990	1,331,682	1,009,150	322,532
Total Expenditures	818,990	1,331,682	1,009,150	322,532
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(818,990)</i>	<i>(1,331,682)</i>	<i>(980,010)</i>	<i>351,672</i>
Other Financing Sources (Uses)				
Transfers in	236,250	236,250	236,250	-
Disposition of capital assets	-	-	12,734	12,734
Total Other Fin Sources (Uses)	236,250	236,250	248,984	12,734
<i>Net Change in Fund Balances</i>	<i>(582,740)</i>	<i>(1,095,432)</i>	<i>(731,026)</i>	<i>364,406</i>
Fund Balances-Beginning	1,271,401	1,455,842	1,455,842	-
Fund Balances-Ending	\$ 688,661	\$ 360,410	\$ 724,816	\$ 364,406

*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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 453,499	\$ 453,499
Miscellaneous	-	-	(453)	(453)
Total Revenues	-	-	453,046	453,046
Expenditures				
<i>Current operations:</i>				
General Government	-	-	17,876	(17,876)
Capital outlay	4,813,036	10,942,628	5,230,506	5,712,122
Total Expenditures	4,813,036	10,942,628	5,248,382	5,694,246
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(4,813,036)</i>	<i>(10,942,628)</i>	<i>(4,795,336)</i>	<i>6,147,292</i>
Other Financing Sources (Uses)				
Transfers in	1,550,000	10,151,517	10,256,517	105,000
Total Other Fin Sources (Uses)	1,550,000	10,151,517	10,256,517	105,000
<i>Net Change in Fund Balances</i>	<i>(3,263,036)</i>	<i>(791,111)</i>	<i>5,461,181</i>	<i>6,252,292</i>
Fund Balances-Beginning	3,321,399	8,163,388	447,996	(7,715,392)
Fund Balances-Ending	\$ 58,363	\$ 7,372,277	\$ 5,909,177	\$ (1,463,100)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses & permits	\$ 500	\$ 500	\$ 250	\$ (250)
Intergovernmental	1,231,000	1,231,000	1,581,503	350,503
Charges for services	50,000	50,000	177,395	127,395
Investment earnings	375,000	375,000	249,933	(125,067)
Total Revenues	1,656,500	1,656,500	2,009,081	352,581
Expenditures				
<i>Current operations:</i>				
Transportation	527,880	2,748,521	1,349,707	1,398,814
Capital outlay	5,164,175	5,392,019	2,527,076	2,864,943
Total Expenditures	5,692,055	8,140,540	3,876,783	4,263,757
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(4,035,555)</i>	<i>(6,484,040)</i>	<i>(1,867,702)</i>	<i>4,616,338</i>
Other Financing Sources (Uses)				
Disposition of capital assets	647,000	647,000	647,000	-
Total Other Fin Sources (Uses)	647,000	647,000	647,000	-
<i>Net Change in Fund Balances</i>	<i>(3,388,555)</i>	<i>(5,837,040)</i>	<i>(1,220,702)</i>	<i>4,616,338</i>
Fund Balances-Beginning	8,660,907	8,812,382	8,812,382	-
Fund Balances-Ending	\$ 5,272,352	\$ 2,975,342	\$ 7,591,680	\$ 4,616,338

*Budgetary basis is the same as GAAP basis.

Statistical Section



Statistical Section

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

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

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

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

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

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

Schedule 09	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
Schedule 10	Direct and Overlapping Activities Debt, as of December 31, 2007
Schedule 11	Legal Debt Margin Information, Last Ten Fiscal Years
Schedule 12	Pledged-Revenue Coverage, Last Ten Fiscal Years

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

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

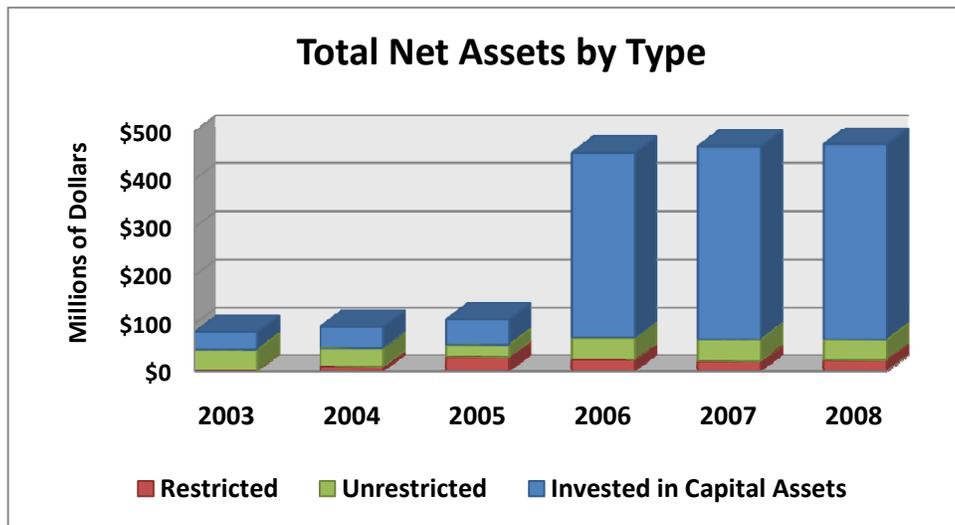
Operating Information: *These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

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



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

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



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

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

Source: City of SeaTac Finance Department

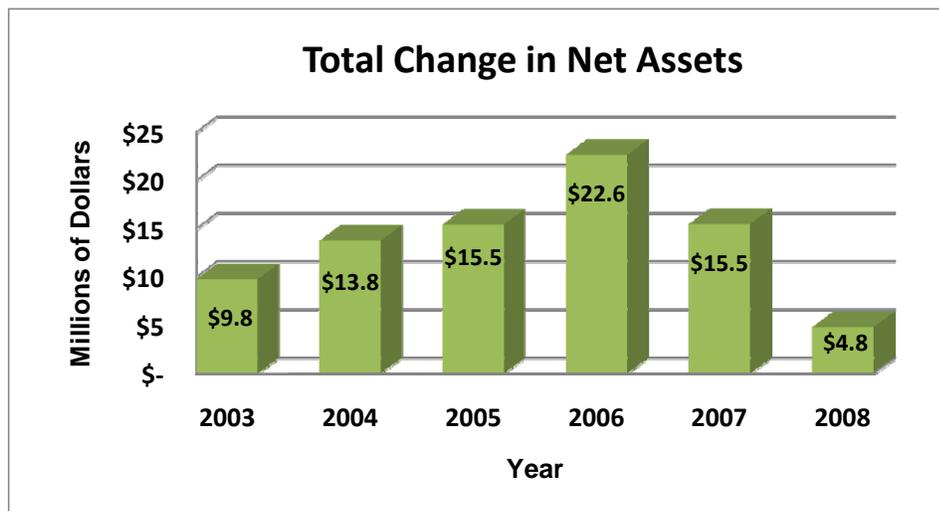
Changes in Net Assets
Last Six Fiscal Years*
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities						
Judicial	\$ 302,006	\$ 317,068	\$ 332,461	\$ 371,922	\$ 412,531	\$ 499,446
General Government	4,019,139	4,030,088	4,537,244	4,928,176	5,502,628	6,173,817
Public Safety	11,203,830	11,355,501	12,664,279	13,196,630	14,728,009	15,377,077
Physical Environment	12,352	12,217	36,668	37,192	37,406	38,850
Transportation	2,213,416	2,745,371	2,869,393	3,216,778	6,914,777	8,270,710
Health & Human Services	262,789	342,036	397,254	363,081	410,998	404,361
Economic Environment	2,190,283	2,165,015	2,063,738	2,363,395	2,761,904	2,871,801
Culture & Recreation	2,408,821	2,400,643	4,092,060	2,962,271	3,451,861	3,385,174
Interest on long-term debt	1,647,210	844,362	310,396	1,019,827	963,371	681,048
Total governmental activities expenses	24,259,846	24,212,301	27,303,493	28,459,272	35,183,485	37,702,284
Business-type activities						
Surface Water Management	929,998	925,997	6,813,067	7,106,549	3,485,317	1,789,481
Total business-type activities expenses	929,998	925,997	6,813,067	7,106,549	3,485,317	1,789,481
Total primary government expenses	\$ 25,189,844	\$ 25,138,298	\$ 34,116,560	\$ 35,565,821	\$ 38,668,802	\$ 39,491,765
Program Revenues						
Governmental activities						
Charges for Services:						
Judicial	\$ 338,556	\$ 545,983	\$ 317,358	\$ 292,672	560,796	1,012,630
General Government	964,091	1,481,767	1,127,189	1,283,816	1,429,436	1,389,270
Public Safety	133,122	160,473	146,145	207,016	245,149	147,121
Physical Environment	354,513	321,488	774,611	548,649	459,855	651,552
Transportation	278,896	71,059	1,167,970	1,529,485	28,513	40,989
Economic Environment	525,246	507,994	724,862	1,484,666	1,164,167	938,083
Culture & Recreation	307,023	247,894	283,617	501,447	336,334	550,050
Operating grants and contributions	1,079,594	972,119	951,684	777,941	1,001,092	988,867
Capital grants and contributions	4,113,007	2,901,572	3,677,303	5,049,620	2,401,562	1,730,588
Total governmental activities revenues	8,094,048	7,210,349	9,170,739	11,675,312	7,626,904	7,449,150
Business-type activities						
Charges for Services:						
Surface Water Management	1,655,503	1,672,548	1,653,498	1,672,540	1,677,607	1,724,552
Operating grants and contributions	36,448	3,148,414	4,475,740	6,437,829	998,049	267,032
Capital grants and contributions	-	-	4,963,088	5,170,446	8,411,990	59,646
Total business-type activities revenues	1,691,951	4,820,962	11,092,326	13,280,815	11,087,646	2,051,230
Total primary government revenues	\$ 9,785,999	\$ 12,031,311	\$ 20,263,065	\$ 24,956,127	\$ 18,714,550	\$ 9,500,380

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

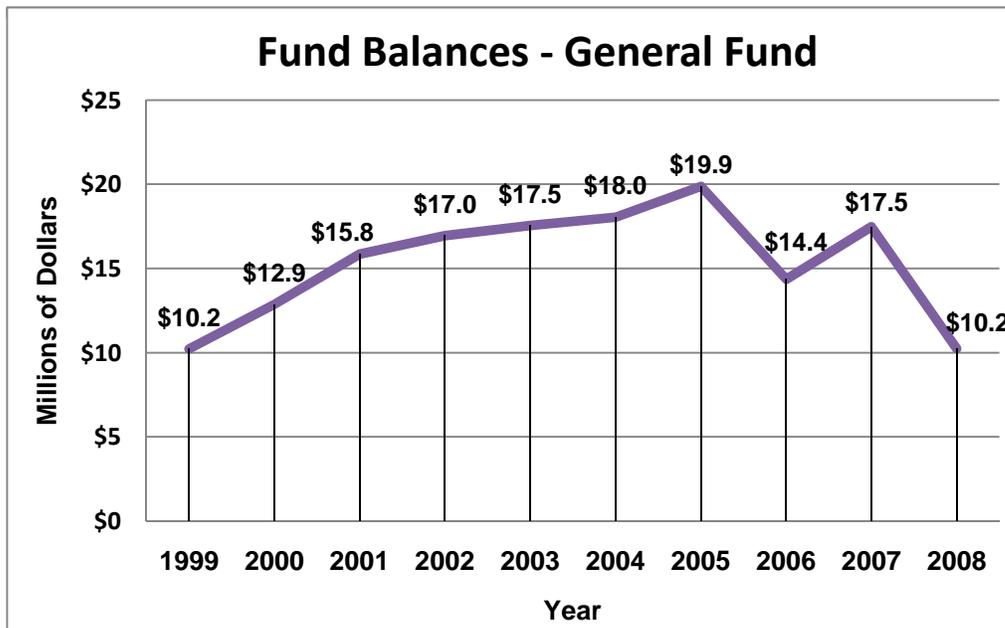
Source: City of SeaTac Finance Department

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue						
Governmental activities	\$ (16,165,798)	\$ (17,001,952)	\$ (18,132,754)	\$ (16,783,960)	\$ (27,556,581)	\$ (30,253,134)
Business-type activities	761,953	3,894,965	4,279,259	6,174,266	7,602,329	261,749
Total primary government net expense	\$ (15,403,845)	\$ (13,106,987)	\$ (13,853,495)	\$ (10,609,694)	\$ (19,954,252)	\$ (29,991,385)
Gen Revs & Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property	\$ 9,179,835	\$ 10,308,745	\$ 9,658,466	\$ 9,981,978	10,907,678	11,474,343
Sales	9,257,043	9,727,717	10,724,177	11,529,925	11,650,579	12,009,313
Parking	3,813,041	3,954,493	3,668,067	4,842,438	5,278,931	5,742,441
Excise Taxes	1,557,403	1,844,478	2,918,680	2,992,277	3,012,141	1,599,482
Unrestricted grants and contributions	159,288	181,935	178,237	163,111	184,564	172,550
Investment earnings	963,865	800,502	1,920,309	3,292,149	4,034,684	3,321,916
Gain on sale of capital assets	148,418	-	28,273	39,623	-	286,947
Transfers	2,428,500	276,250	176,250	176,250	177,550	177,450
Total governmental activities revenues	27,507,393	27,094,120	29,272,459	33,017,751	35,246,127	34,784,442
Business-type activities						
Investment earnings	61,077	58,613	212,483	409,863	385,131	190,416
Transfers	(2,382,290)	(276,250)	(176,250)	(176,250)	(177,550)	(177,450)
Total business-type activities revenues	(2,321,213)	(217,637)	36,233	233,613	207,581	12,966
Total primary government general revs and other changes in net assets	\$ 25,186,180	\$ 26,876,483	\$ 29,308,692	\$ 33,251,364	\$ 35,453,708	\$ 34,797,408
Change in Net Assets						
Governmental activities	\$ 11,341,595	\$ 10,092,168	\$ 11,139,705	\$ 16,233,791	\$ 7,689,546	\$ 4,531,308
Business-type activities	(1,559,260)	3,677,328	4,315,492	6,407,879	7,809,910	274,715
Total primary government	\$ 9,782,335	\$ 13,769,496	\$ 15,455,197	\$ 22,641,670	\$ 15,499,456	\$ 4,806,023



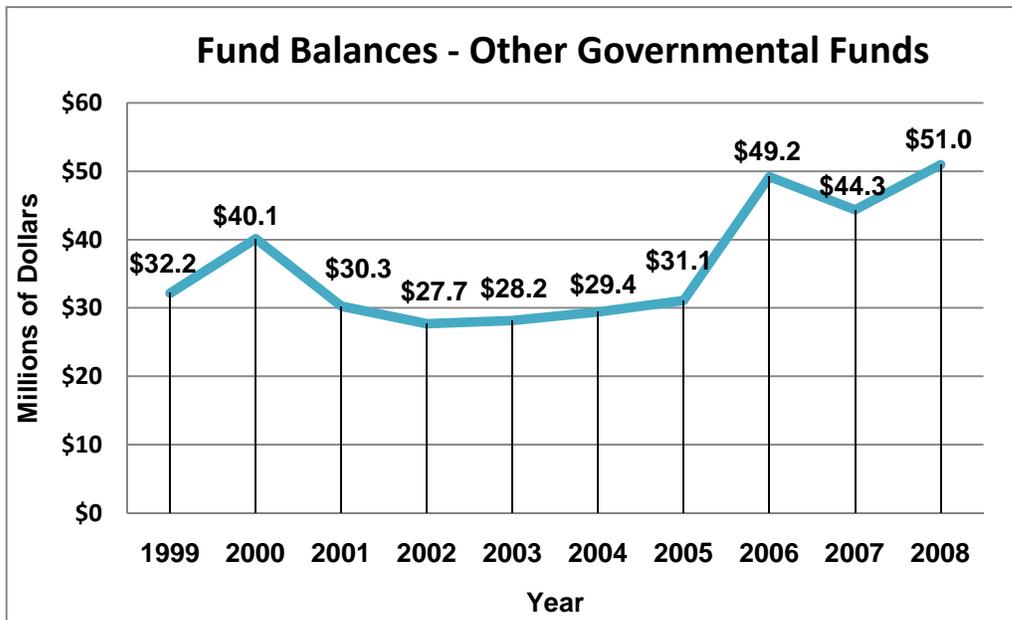
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,221,400	12,860,657	15,841,399	16,950,636	17,539,235
Total General Fund	\$ 10,221,400	\$ 12,860,657	\$ 15,841,399	\$ 16,950,636	\$ 17,539,235
All Other Governmental Funds					
Reserved	-	-	9,893,115	9,893,115	14,230,038
Unreserved, reported in:					
Special revenue funds	22,828,017	23,221,032	17,251,606	17,243,419	10,992,616
Debt service funds	56,055	344,359	574,668	385,887	848,561
Capital project funds	9,284,150	16,543,019	2,546,763	174,974	2,082,490
Total All Other Gov Funds	\$ 32,168,222	\$ 40,108,410	\$ 30,266,152	\$ 27,697,395	\$ 28,153,705
Total All Governmental Funds	\$ 42,389,622	\$ 52,969,067	\$ 46,107,551	\$ 44,648,031	\$ 45,692,940



Source: City of SeaTac Finance Department

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,041,692	19,869,496	14,359,762	17,464,249	10,231,364
Total General Fund	\$ 18,041,692	\$ 19,869,496	\$ 14,359,762	\$ 17,464,249	\$ 10,231,364
All Other Governmental Funds					
Reserved	13,769,964	13,467,737	12,874,174	12,716,413	5,001,021
Unreserved, reported in:					
Special revenue funds	11,872,393	12,575,212	15,563,694	15,621,687	27,494,657
Debt service funds	1,323,878	1,260,669	1,246,860	1,058,482	1,023,232
Capital project funds	2,452,746	3,808,100	19,515,144	14,941,824	17,432,401
Total All Other Gov Funds	\$ 29,418,981	\$ 31,111,718	\$ 49,199,872	\$ 44,338,406	\$ 50,951,311
Total All Governmental Funds	\$ 47,460,673	\$ 50,981,214	\$ 63,559,634	\$ 61,802,655	\$ 61,182,675



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

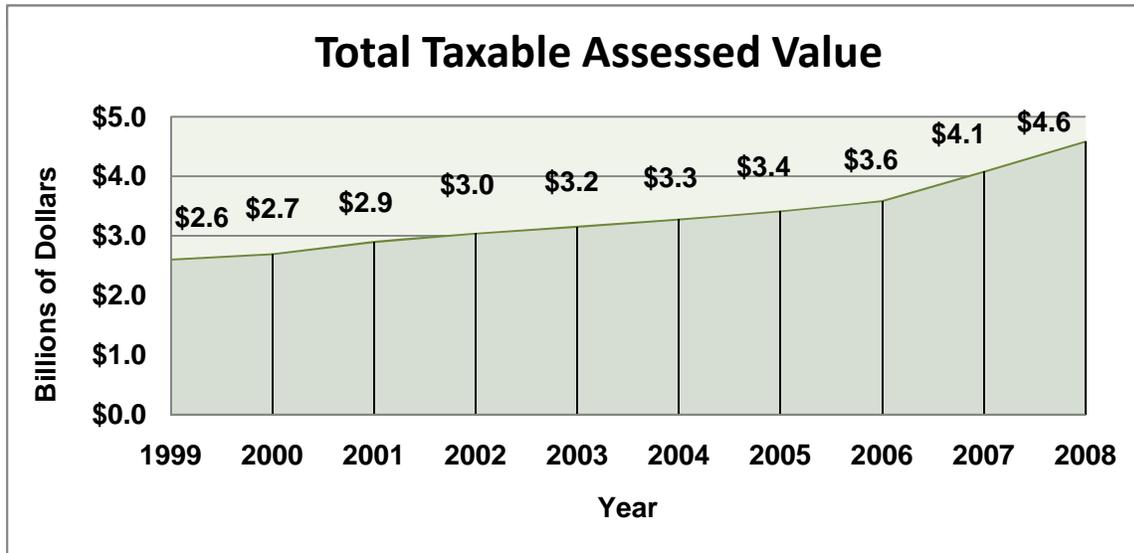
	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 21,394,482	\$ 23,487,893	\$ 23,993,745	\$ 23,953,012	\$ 23,249,738
Licenses & permits	982,434	3,739,957	3,468,581	1,106,849	961,481
Intergovernmental	10,167,136	7,713,254	3,859,174	5,800,892	5,399,203
Charges for services	1,210,919	987,134	906,220	666,738	934,877
Fines & forfeitures	314,817	367,737	226,778	317,395	328,061
Investments & other earnings	2,156,258	2,817,935	2,624,043	1,234,270	941,487
Special assessments	-	4,011,814	313,441	269,578	176,062
Rents/leases & concessions	-	162,498	-	481,071	492,620
Miscellaneous	263,071	-	428,168	185,571	69,182
Total Revenues	36,489,117	43,288,222	35,820,150	34,015,376	32,552,711
Expenditures					
Judicial	280,834	306,971	302,459	274,968	295,566
General Government	3,731,699	3,908,782	4,688,744	4,275,482	3,407,377
Public Safety	9,819,081	9,933,913	10,070,439	10,600,382	10,616,064
Physical Environment	440,561	516,118	496,411	506,414	12,352
Transportation	1,411,192	1,125,881	1,195,781	2,211,144	2,185,616
Health & Human Services	4,315	5,325	4,542	1,358,756	261,858
Economic Environment	1,999,023	2,208,441	2,211,144	2,454,417	2,162,814
Culture & Recreation	1,793,136	1,813,989	2,014,601	1,976,723	1,979,991
Debt Service					
Principal	930,000	850,000	1,066,819	1,420,000	1,170,000
Interest & other costs	899,724	838,572	965,286	1,075,063	929,285
Capital outlay	10,072,064	13,246,854	20,632,693	11,700,139	11,862,504
Total Expenditures	31,381,629	34,754,846	43,648,919	37,853,488	34,883,427
Excess of Revs Over (Under) Exp	5,107,488	8,533,376	(7,828,769)	(3,838,112)	(2,330,716)
Other Financing Sources (Uses)					
Transfers in	2,604,740	10,110,400	5,323,072	-	8,373,188
Transfers out	(2,609,490)	(10,139,150)	(4,355,819)	-	(5,990,898)
Proceeds from issuance bonds	-	2,871,819	-	-	-
Proceeds from refunding bonds	6,675,000	-	-	-	-
Payment to ref bond escr agent	(6,551,748)	-	-	-	-
Disposition of capital assets	12,712	3,000	-	-	160,180
Total Other Fin Sources (Uses)	131,214	2,846,069	967,253		2,542,470
Net Change in Fund Balances	\$ 5,238,702	\$ 11,379,445	\$ (6,861,516)	\$ (3,838,112)	\$ 211,754
Debt Service as Percentage of Noncapital Expenditures	8.59%	7.85%	8.83%	9.54%	9.12%

Source: City of SeaTac Finance Department

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 24,940,541	\$ 26,654,825	\$ 29,551,984	\$ 31,445,697	\$ 30,852,914
Licenses & permits	762,453	813,990	2,652,621	1,315,308	1,129,405
Intergovernmental	4,238,139	6,095,964	6,548,241	3,789,681	3,065,715
Charges for services	893,189	1,520,777	1,626,207	1,292,725	1,619,448
Fines & forfeitures	309,979	288,338	253,705	529,630	847,886
Investment & other earnings	776,325	1,814,921	3,240,316	3,595,449	3,473,818
Special assessments	318,017	171,795	251,633	152,366	152,366
Rents/leases & concessions	409,438	399,558	430,635	539,607	629,795
Miscellaneous	248,988	41,224	55,271	173,410	35,807
Total Revenues	32,897,069	37,801,392	44,610,613	42,833,873	41,807,154
Expenditures					
Judicial	311,322	326,118	358,576	399,029	488,848
General Government	3,534,106	4,029,965	4,365,134	4,928,824	5,598,626
Public Safety	11,430,548	12,021,721	12,793,339	14,053,771	14,893,442
Physical Environment	12,217	12,110	12,623	12,783	14,227
Transportation	2,749,962	2,684,377	3,165,853	4,839,106	4,921,651
Health & Human Services	341,478	397,728	363,812	409,408	402,771
Economic Environment	2,153,881	2,113,262	2,359,420	2,755,828	2,866,736
Culture & Recreation	2,072,165	2,091,595	2,413,454	3,036,033	2,834,052
Debt Service					
Principal	1,345,000	1,275,000	1,425,000	1,385,000	1,425,000
Interest & other costs	875,891	951,946	1,023,841	967,557	685,409
Capital outlay	6,570,591	8,324,953	3,934,043	11,981,558	9,133,556
Total Expenditures	31,397,161	34,228,775	32,215,095	44,768,897	43,264,318
Excess of Revs Over (Under) Exp	1,499,908	3,572,617	12,395,518	(1,935,024)	(1,457,164)
Other Financing Sources (Uses)					
Transfers in	3,714,944	4,717,556	14,341,409	4,277,846	11,598,317
Transfers out	(3,438,694)	(4,541,306)	(14,165,159)	(4,100,296)	(11,420,867)
Proceeds from issuance bonds	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-
Payment to ref bond escr agent	-	-	-	-	-
Disposition of capital assets	2,957	775	6,653	495	659,734
Total Other Fin Sources (Uses)	279,207	177,025	182,903	178,045	837,184
Net Change in Fund Balances	\$ 1,779,115	\$ 3,749,642	\$ 12,578,421	\$ (1,756,979)	\$ (619,980)
Debt Service as Percentage of Noncapital Expenditures	8.95%	8.60%	8.66%	7.18%	6.18%

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

Fiscal Year	Real Property	Personal Property	State Public Service Property	Total Assessed Value	Total Direct Tax Rate
1999	1,336,245,559	108,932,732	1,158,380,318	2,603,558,609	2.90
2000	1,418,205,605	107,631,209	1,169,867,151	2,695,703,965	2.90
2001	1,548,111,715	112,651,309	1,238,983,652	2,899,746,676	2.85
2002	1,689,747,755	117,031,629	1,235,866,231	3,042,645,615	2.80
2003	1,754,591,387	121,512,022	1,277,160,193	3,153,263,602	2.87
2004	1,848,206,257	154,766,946	1,272,240,076	3,275,213,279	2.82
2005	1,986,077,835	137,381,893	1,293,637,561	3,417,097,289	2.80
2006	2,057,833,738	136,008,552	1,391,644,445	3,585,486,735	2.77
2007	2,361,159,577	149,422,892	1,567,391,836	4,077,974,305	2.61
2008	2,677,634,353	155,236,682	1,754,135,899	4,587,006,934	2.45



Source: King County Assessor's Office

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

Fiscal Year	City of SeaTac	State of Washington	King County	Port of Seattle	Emergency Medical Services	School District #401	Library District	Flood Control Zone District	Ferry District	Total Tax Rate
1999	2.90	3.36	1.77	0.24	0.29	3.66	0.59	N/A	N/A	12.81
2000	2.90	3.30	1.69	0.22	0.27	3.63	0.59	N/A	N/A	12.60
2001	2.85	3.15	1.55	0.19	0.25	3.43	0.56	N/A	N/A	11.98
2002	2.80	2.99	1.45	0.19	0.25	3.23	0.53	N/A	N/A	11.44
2003	2.87	2.90	1.35	0.26	0.24	4.11	0.55	N/A	N/A	12.28
2004	2.82	2.76	1.43	0.25	0.24	3.98	0.54	N/A	N/A	12.02
2005	2.80	2.69	1.38	0.25	0.23	4.27	0.53	N/A	N/A	12.15
2006	2.77	2.50	1.33	0.23	0.22	4.15	0.53	N/A	N/A	11.73
2007	2.61	2.33	1.29	0.23	0.21	4.03	0.50	N/A	N/A	11.20
2008	2.45	2.13	1.21	0.22	0.30	4.03	0.45	0.10	0.06	10.95



Source: King County Assessor's Office

Principal Property Tax Payers
Current Year and Nine Years Ago

Employer	2008			1999		
	Taxable Assessed Value²	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value¹	Rank	Percentage of Total City Taxable Assessed Value
Alaska Airlines	603,997,430	1	13.17%	342,240,482	1	13.15%
Northwest Airlines	250,398,288	2	5.46%	116,040,495	3	4.46%
United Airlines	162,040,944	3	3.53%	181,488,319	2	6.97%
Horizon Air	152,451,453	4	3.32%	66,175,270	7	2.54%
Southwest Airlines	106,307,147	5	2.32%	66,185,933	6	2.54%
Boeing	97,271,300	6	2.12%	91,748,031	4	3.52%
Delta Airlines	92,065,804	7	2.01%	54,775,226	8	2.10%
Hawaiian Airlines, Inc.	85,566,570	8	1.87%	-	-	0.00%
Continental Airlines	72,752,452	9	1.59%	-	-	0.00%
Doubletree Hotel	62,710,539	10	1.37%	49,931,230	9	1.92%
American Airlines	-		-	81,946,144	5	3.15%
US Airways	-		-	32,611,008	10	1.25%
Total	1,685,561,927		36.75%	1,083,142,138		37.20%

Notes:

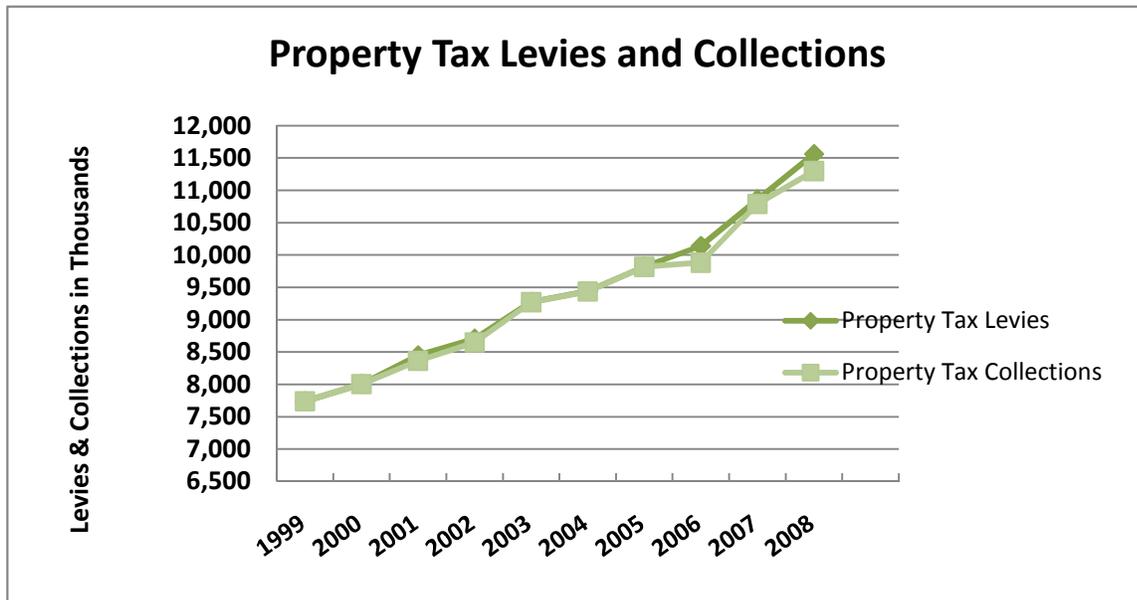
¹1998 year end assessed valuations used for taxes collected in 1999. Total assessed valuation for the City at the end of 1998 was \$2,603,558,609.

²2008 year end assessed valuations used for taxes collected in 2009. Total assessed valuation for the City at the end of 2008 was \$4,587,006,934.

Source: King County Assessor's Office

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	7,739,193	7,497,959	96.88%	241,234	7,739,193	100.00%
2000	8,006,413	7,713,579	96.34%	290,330	8,003,909	99.97%
2001	8,446,329	8,125,249	96.20%	237,702	8,362,951	99.01%
2002	8,705,946	8,419,092	96.71%	230,732	8,649,824	99.36%
2003	9,272,729	8,597,077	92.71%	674,217	9,271,294	99.98%
2004	9,439,561	9,171,933	97.16%	264,723	9,436,656	99.97%
2005	9,820,965	9,184,840	93.52%	633,200	9,818,040	99.97%
2006	10,138,114	9,591,081	94.60%	291,093	9,882,174	97.48%
2007	10,859,535	10,685,445	98.40%	101,858	10,787,303	99.33%
2008	11,560,208	11,297,430	97.73%	-	11,297,430	97.73%

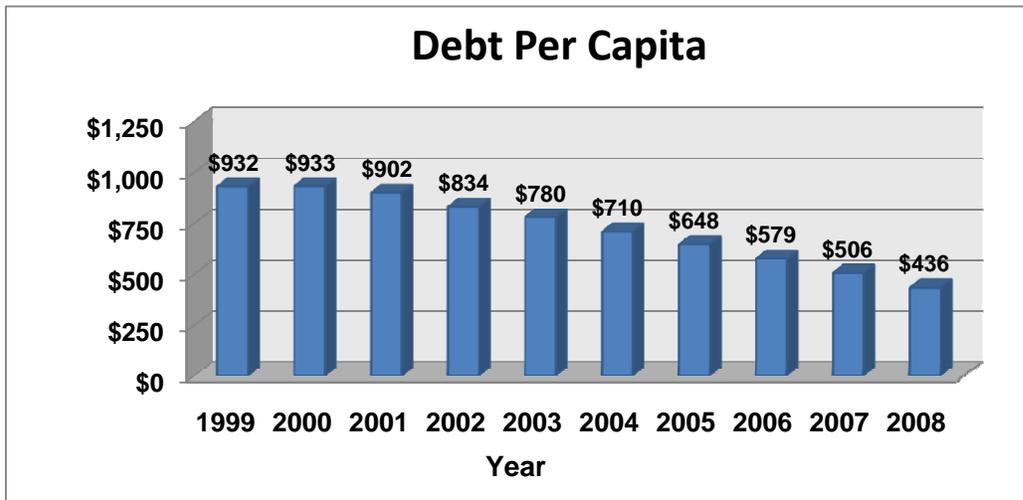


Source: King County Department of Finance and City of SeaTac Finance Department

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt	% of Actual Taxable Value of Property	Per Capita	Other Governmental Activities Debt			
	General Obligation Bonds			Special Assessment Debt	Public Works Trust Fund Loan	Installment Contracts	Transportation Revenue & Ref Bonds
1999	9,290,000	0.34%	394	-	-	-	8,710,000
2000	8,885,000	0.31%	348	2,871,819	-	-	8,265,000
2001	8,460,000	0.28%	333	2,695,000	394,819	-	7,800,000
2002	8,015,000	0.25%	317	2,210,000	263,214	-	7,310,000
2003	7,550,000	0.23%	301	2,025,000	131,607	-	6,790,000
2004	7,060,000	0.21%	281	1,715,000	-	-	6,245,000
2005	6,545,000	0.18%	260	1,525,000	-	-	5,675,000
2006	6,015,000	0.15%	238	1,240,000	-	-	5,065,000
2007	5,465,000	0.12%	214	1,040,000	-	-	4,430,000
2008	4,895,000	0.11%	190	845,000	-	-	3,770,000

Fiscal Year	Business-type Activities	Total Primary Government	Per Capita	% of Personal Income
	Storm Sewer Rev & Ref Bonds			
1999	3,960,000	21,960,000	932	4.93%
2000	3,755,000	23,776,819	933	4.74%
2001	3,540,000	22,889,819	902	4.44%
2002	3,315,000	21,113,214	834	3.96%
2003	3,075,000	19,571,607	780	3.43%
2004	2,820,000	17,840,000	710	3.05%
2005	2,555,000	16,300,000	648	2.73%
2006	2,280,000	14,600,000	579	2.33%
2007	1,995,000	12,930,000	506	2.15%
2008	1,695,000	11,205,000	436	1.85%

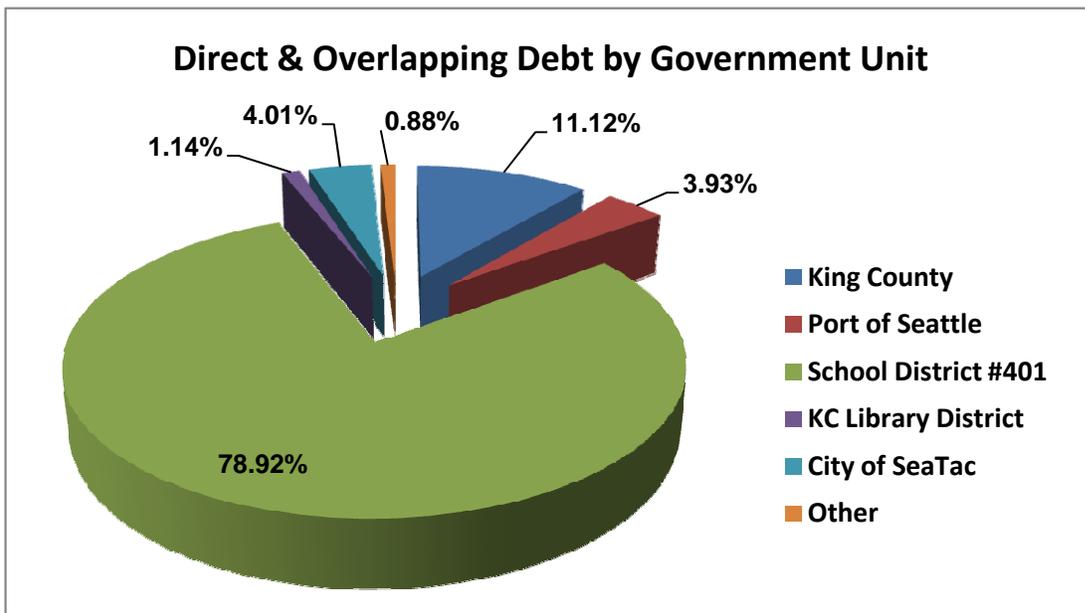


Source: City of SeaTac Finance Department

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

Direct and Overlapping Governmental Activities Debt
As of December 31, 2008

Governmental Unit	Debt Outstanding	Percentage Applicable to SeaTac	Estimated Amount Applicable to SeaTac
King County	\$1,068,126,000	1.27%	\$13,565,200
Port of Seattle	378,065,000	1.27%	4,801,426
School District #401	321,538,373	29.95%	96,300,743
School District #403	222,550,000	0.01%	22,255
School District #406	36,190,000	0.03%	10,857
School District #415	252,706,054	0.38%	960,283
Hospital District #1	41,270,000	0.19%	78,413
King County Library District	66,845,000	2.08%	1,390,376
Subtotal Overlapping Debt			117,129,552
SeaTac Direct Debt			4,895,000
Total Direct and Overlapping Debt			\$122,024,552



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

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt Limit	\$195,266,895	\$202,177,797	\$217,481,001	\$228,198,420	\$236,494,770
Total net debt applicable to limit	9,820,000	9,290,000	8,885,000	8,427,899	7,982,293
Legal debt margin	\$185,446,895	\$192,887,797	\$208,596,001	\$219,770,521	\$228,512,477
Total net debt applicable to the limit as a % of debt limit	5.03%	4.59%	4.09%	3.69%	3.38%

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$245,640,996	\$256,282,296	\$268,911,505	\$305,848,074	\$344,025,519
Total net debt applicable to limit	7,516,322	7,025,358	6,542,694	6,012,361	5,463,198
Legal debt margin	\$238,124,674	\$249,256,938	\$262,368,811	\$299,835,713	\$338,562,321
Total net debt applicable to the limit as a % of debt limit	3.06%	2.74%	2.43%	1.97%	1.59%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$4,587,006,934
<i>Debt Limit:</i>	
2.5% of general purpose limit, voted and non-voted	114,675,173
2.5% of utility purpose limit, voted	114,675,173
2.5% of open space, voted	114,675,173
Total debt limit	<u>344,025,519</u>
<i>Debt applicable to limit:</i>	
General Obligation Bonds (Net)	<u>5,463,198</u>
Legal Debt Margin	<u><u>\$338,562,321</u></u>



Source: City of SeaTac Finance Department

Pledged-Revenue Coverage
Last Ten Fiscal Years

Storm Water Utility Revenue Bonds						
Fiscal Year	Gross Revenue¹	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	1,526,931	696,336	830,595	265,000	143,845	2.03
2000	2,161,617	854,470	1,307,147	205,000	183,750	3.36
2001	1,931,993	860,881	1,071,112	215,000	173,327	2.76
2002	1,746,270	682,842	1,063,428	225,000	161,647	2.75
2003	1,753,028	657,459	1,095,569	240,000	149,357	2.81
2004	1,731,015	629,515	1,101,500	255,000	136,257	2.82
2005	1,865,981	746,187	1,119,794	265,000	125,930	2.86
2006	2,082,403	953,737	1,128,666	275,000	114,800	2.90
2007	2,061,994	868,798	1,193,196	285,000	102,975	3.08
2008	1,914,968	1,001,452	913,516	300,000	90,577	2.34

Local Option Transportation Tax Revenue Bonds						
Fiscal Year	Gross Revenue²	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	3,760,811	779,114	2,981,697	570,000	342,006	3.27
2000	4,294,521	511,791	3,782,730	445,000	419,793	4.37
2001	4,167,348	572,751	3,594,597	465,000	396,965	4.17
2002	3,260,767	802,280	2,458,487	490,000	371,495	2.85
2003	3,449,765	832,634	2,617,131	520,000	344,522	3.03
2004	3,253,554	814,720	2,438,834	545,000	315,847	2.83
2005	3,076,030	823,963	2,252,067	570,000	282,102	2.64
2006	3,028,853	1,051,311	1,977,542	610,000	255,290	2.29
2007	3,311,409	1,401,777	1,909,632	635,000	228,755	2.21
2008	3,788,769	1,570,713	2,218,056	660,000	201,132	2.58

Local Improvement District No. 1 Special Assessment Bonds				
Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
1999	-	-	-	-
2000	-	-	-	-
2001	512,625	176,819	107,232	1.80
2002	446,788	485,000	151,972	0.70
2003	325,248	185,000	127,010	1.04
2004	454,191	310,000	117,270	1.06
2005	285,543	190,000	100,565	0.98
2006	357,716	285,000	90,080	0.95
2007	240,540	200,000	74,057	0.88
2008	233,350	195,000	62,627	0.91

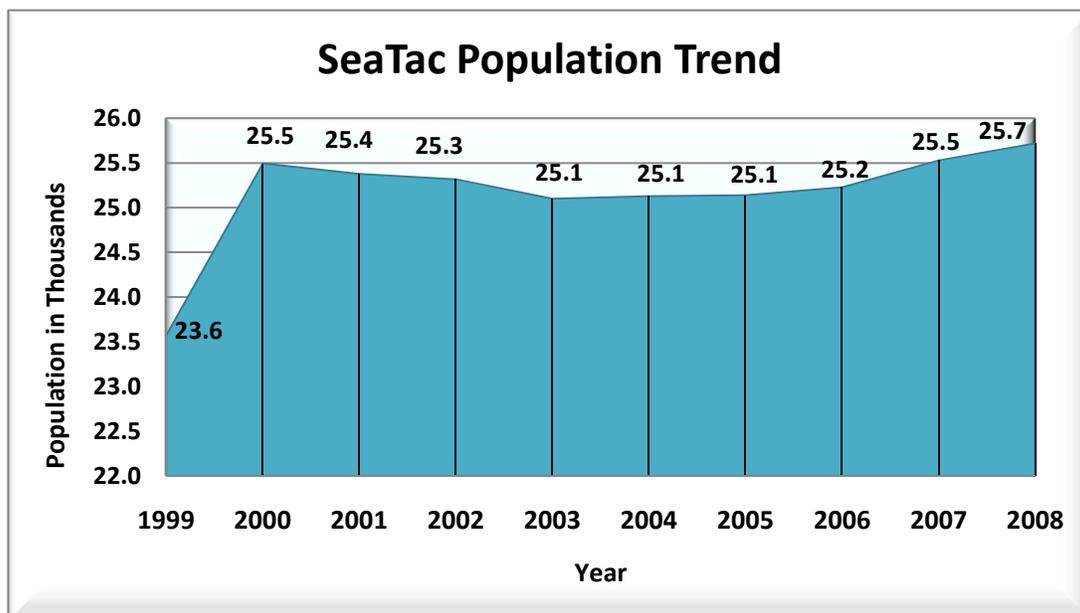
¹Includes storm drainage utility charges and interest revenue.

²Includes parking tax, intergovernmental and miscellaneous revenue.

Source: City of SeaTac Finance Department

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (A)	Total Personal Income (B)	Personal Income Per Capita (C)	Median Age (D)	Public School Enrollment (E)	Unemployment Rate (F)
1999	23,570	995,078,260	42,218	34.6	3,403	2.7%
2000	25,496	1,132,965,752	44,437	33.9	3,301	3.2%
2001	25,380	1,112,684,580	43,841	34.2	3,341	6.1%
2002	25,320	1,122,005,160	44,313	34.0	3,498	6.0%
2003	25,100	1,116,498,200	44,482	34.4	3,396	5.8%
2004	25,130	1,238,557,180	49,286	34.1	3,499	4.6%
2005	25,140	1,212,150,240	48,216	35.7	3,192	4.5%
2006	25,230	1,328,485,650	52,655	35.2	3,182	4.2%
2007	25,530	1,473,336,300	57,710	36.1	3,098	3.7%
2008	25,720	(G)	(G)	35.9	3,073	6.0%



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

Principal Employers
Current Year and Nine Years Ago

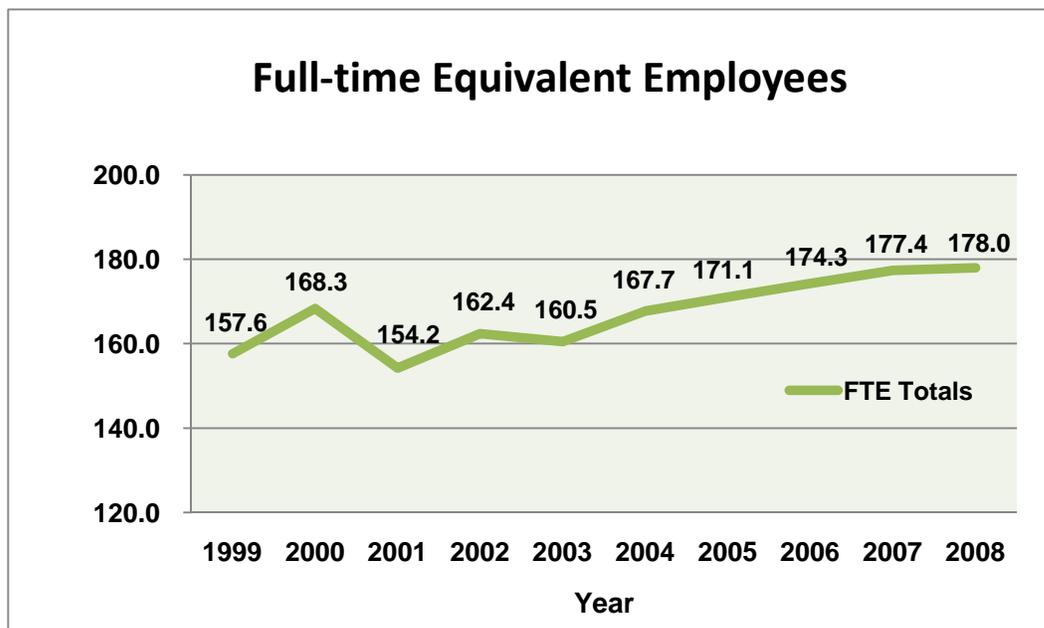
<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Port of Seattle ¹	1,082	1	6.59%	N/A	-	-
HMS Host	600	2	3.66%	N/A	-	-
US Airways	525	3	3.20%	N/A	-	-
Doubletree Hotel	400	4	2.44%	N/A	-	-
Marriott Hotel	350	5	2.13%	N/A	-	-
Lynden Inc	300	6	1.83%	N/A	-	-
Alaska Airlines Inc.	260	7	1.58%	N/A	-	-
Horizon Air Industries Inc.	250	8	1.52%	N/A	-	-
Transgroup Express	200	9	1.22%	N/A	-	-
Airserv	200	10	1.22%	N/A	-	-
Total	16,414		18.79%	-		-

¹Data provided by the Port of Seattle; The Port of Seattle employed 1,082 regular full-time/part-time employees.

Source: Original information was generated from Claritas Business Point; Information was modified for the Port of Seattle which was listed as "Seattle Tacoma International Airport" by Claritas with an employee count of 40,747. Information is not available for 1999.

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

<u>Function/Program</u>	Fiscal Year				
	1999	2000	2001	2002	2003
Judicial	6.0	6.0	6.0	6.00	5.00
General Government					
City Manager's Office	10.0	10.0	7.0	5.00	5.50
Finance/IS	8.5	8.0	8.5	8.50	7.00
GIS	0.5	1.5	1.0	0.50	0.50
City Clerk's Office	3.0	3.0	3.0	3.00	3.00
Legal Services	6.5	7.0	7.0	7.00	7.00
Human Resources	3.5	3.5	3.6	3.60	3.60
Facilities/Property Mgt Services	-	-	-	0.50	3.50
Public Safety					
Police Administration/Other	-	-	-	-	1.69
Fire	48.0	48.0	47.0	47.00	47.00
Transportation	17.9	18.6	17.9	23.46	21.93
Health & Human Services	1.0	1.0	1.0	1.00	0.50
Economic Environment					
Building	12.0	17.5	12.0	11.00	11.00
Planning	10.0	11.0	8.0	9.00	9.00
Tourism	-	-	-	1.00	1.00
Culture and Recreation	21.0	23.0	22.0	28.62	25.83
Surface Water Management	9.7	10.2	10.2	7.20	7.45
Total	157.60	168.30	154.20	162.38	160.50



Source: City of SeaTac Finance Department

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
Judicial	5.40	5.40	5.40	6.00	6.50
General Government					
City Manager's Office	5.75	4.75	4.50	4.65	5.05
Finance/IS	8.50	9.50	9.17	9.50	10.00
GIS	0.50	2.38	2.00	2.50	3.25
City Clerk's Office	3.00	3.00	3.00	3.00	3.00
Legal Services	7.00	7.00	7.00	7.00	7.00
Human Resources	3.60	3.10	3.60	3.60	3.60
Facilities/Property Mgt Services	4.50	4.50	4.50	4.80	4.80
Public Safety					
Police Administration/Other	1.69	1.69	1.69	1.69	1.69
Fire	50.00	53.00	53.00	53.00	52.19
Transportation	21.43	20.94	21.44	22.13	20.94
Health & Human Services	0.50	1.00	1.00	1.00	1.00
Economic Environment					
Building	11.00	11.00	11.00	10.08	11.00
Planning	10.00	8.00	10.96	10.96	10.09
Tourism	0.75	0.75	0.75	1.50	1.25
Culture and Recreation	26.29	26.90	27.45	28.11	28.81
Surface Water Management	7.81	8.14	7.83	7.83	7.83
Total	167.72	171.05	174.29	177.35	178.00

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	1999	2000	2001	2002	2003
Judicial					
Traffic & non-traffic filings	3,989	3,421	2,934	3,566	2,861
Criminal traffic/non-traffic filings	1,252	1,265	1,271	1,075	1,335
Parking filings	368	478	278	520	645
Number of in custody hearings	773	936	891	955	218
Number of video arraignments	70	788	712	754	774
Orders for protection filed	N/A	16	15	15	3
Code enforcement citations	N/A	N/A	68	57	57
Anti-Harassment orders	N/A	N/A	N/A	N/A	N/A
Red light camera photo enforcement	N/A	N/A	N/A	N/A	N/A
General Government					
Business licenses Issued	1,698	1,807	1,839	1,780	1,921
Ordinances/Resolutions/Motions passed	175	147	130	148	136
Number of employment applications	N/A	N/A	N/A	N/A	417
Number of registered voters	11,410	11,901	11,706	11,458	11,135
Public Safety - Fire					
Number of emergency fire calls	882	1,002	1,009	1,125	1,221
Number of medical emergency calls	2,376	2,370	2,325	2,575	2,683
Number of fire inspections	987	997	2,210	2,158	2,433
Number of permits issued	381	383	340	365	368
Total staff training hours	4,030	3,965	6,031	4,125	4,033
Public Safety - Police					
Dispatched calls for service	10,654	10,238	10,340	9,896	9,916
Part 1 crimes*	1,605	1,691	1,865	1,605	1,691
Part 2 crimes**	1,626	1,676	1,835	1,626	1,676
Total cases cleared	599	522	310	398	479
Traffic citations	8,085	7,510	4,321	6,380	5,832
Red light photo enforcement-eff 4/1/07	N/A	N/A	N/A	N/A	N/A
Adult & juvenile arrests	755	988	1,053	1,243	1,497
Response times (in progress)					
Priority X - Critical Dispatch	3.27	4.18	3.74	3.95	4.37
Priority 1 - Immediate Dispatch	7.76	8.25	8.22	7.70	8.34
Priority 2 - Prompt Dispatch	14.61	14.60	16.38	13.62	14.01
Health & Human Services					
Number of Human Svs clients served	4,475	5,782	7,766	7,767	6,980
Economic Environment					
Valuation of permitted bldg apps	\$52.7m	\$158m	\$19.2m	\$29m	\$29.1m
Number of short plat applications	14	10	9	9	5
Number of bldg permits issued	1,717	406	322	308	289
Culture and Recreation					
Number of special event participants	8,695	9,500	8,255	8,860	9,080
Number of Meals on Wheels served	9,033	10,756	9,424	9,053	11,117

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

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

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

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
Judicial					
Traffic & non-traffic filings	3,938	2,139	2,752	2,993	2,592
Criminal traffic/non-traffic filings	1,100	422	1,262	1,364	1,635
Parking filings	283	309	298	347	396
Number of in custody hearings	244	261	239	367	284
Number of video arraignments	746	772	913	1,144	1,074
Orders for protection filed	3	7	30	45	34
Code enforcement citations	16	42	25	44	21
Anti-Harassment orders	N/A	2	7	13	4
Red light camera photo enforcement	N/A	N/A	N/A	5,124	7,009
General Government					
Business licenses Issued	1,879	1,850	1,910	1,911	1,912
Ordinances/Resolutions/Motions passed	98	102	128	133	138
Number of employment applications	624	1,104	1,098	933	1,021
Number of registered voters	11,332	12,523	9,770	9,671	10,847
Public Safety - Fire					
Number of emergency fire calls	1,254	1,223	1,320	1,173	1,169
Number of medical emergency calls	2,805	3,106	2,966	3,064	3,224
Number of fire inspections	2,787	2,691	2,809	2,800	1,876
Number of permits issued	470	533	411	411	421
Total staff training hours	10,084	9,442	7,283	9,100	7,966
Public Safety - Police					
Dispatched calls for service	9,933	10,955	11,297	11,038	10,023
Part 1 crimes	1,865	2,346	2,179	1,917	1,676
Part 2 crimes	1,835	1,838	1,906	1,949	1,942
Total cases cleared	545	517	523	482	413
Traffic citations	5,102	4,144	3,818	3,907	2,592
Red light photo enforcement (eff 4/1/07)	N/A	N/A	N/A	4,220	6,769
Adult & Juvenile arrests	1,569	1,344	1,650	1,528	1,393
Response times (in progress)					
Priority X - Critical Dispatch (min)	3.27	3.76	5.10	3.97	4.03
Priority 1 - Immediate Dispatch (min)	7.77	9.15	8.17	8.24	8.83
Priority 2 - Prompt Dispatch (min)	13.32	16.09	14.33	15.22	15.18
Health & Human Services					
No of Human Services clients served	7,609	8,183	9,671	13,078	16,725
Economic Environment					
Valuation of permitted bldg apps	\$42.5m	\$30.0m	\$128.9m	\$88.1m	\$42.4m
Number of short plat applications	13	16	16	25	10
Number of bldg permits issued	270	291	296	341	290
Culture and Recreation					
Number of special event participants	9,260	11,715	12,100	7,085	10,800
Number of Meals on Wheels served	12,870	13,800	13,520	11,480	12,300

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	1999	2000	2001	2002	2003
General Government					
City Hall (sq feet)	-	-	-	81,000	81,000
Public Safety - Fire					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
Transportation - Public Works					
Streets (miles)	82	79	81	84	82
Culture and Recreation					
Community Center					
Quantity	2	2	2	2	2
Square Footage	25,809	25,809	25,809	25,809	25,809
Community Parks					
Developed (acres)	59.9	59.9	59.9	49.0	63.0
Undeveloped (acres)	24.0	24.0	24.0	11.0	35.0
Neighborhoods Parks					
Developed (acres)	6.0	6.0	6.0	10.0	10.0
Undeveloped (acres)	0.5	0.5	0.5	0.5	0.5
Regional Parks					
Developed (acres)	80.0	80.0	80.0	80.0	80.0
Undeveloped (acres)	223.0	223.0	223.0	211.4	211.4
Pocket Parks/Mini Parks					
Developed (sq ft)	58,440	58,440	58,440	58,548	58,548
Trails/Linear Parks					
Developed (lineal ft)	11,850	11,850	11,850	15,100	15,100
Badminton Courts	N/A	N/A	N/A	3	3
Baseball/Softball Fields, Adult	N/A	N/A	N/A	4	4
Baseball/Softball Fields, Youth	N/A	N/A	N/A	6	6
Basketball Courts, Indoor	N/A	N/A	N/A	1	1
Basketball Courts, Outdoor	N/A	N/A	N/A	10	10
BMX Track	N/A	N/A	N/A	1	1
Boat Launch	N/A	N/A	N/A	1	1
Botanical Gardens	N/A	N/A	N/A	1	1
Fishing Pier	N/A	N/A	N/A	1	1
Football/Soccer Fields	N/A	N/A	N/A	7	7
Japanese Garden	N/A	N/A	N/A	-	-
Pickleball Courts, Indoor	N/A	N/A	N/A	3	3
Picnic Shelters	N/A	N/A	N/A	2	2
Picnic Table Areas	N/A	N/A	N/A	N/A	1
Playgrounds	N/A	N/A	N/A	6	6
Roller Hockey	N/A	N/A	N/A	1	1
Skateboard Parks	N/A	N/A	N/A	1	1
Tennis Courts	N/A	N/A	N/A	10	10
Theater, Outdoor	N/A	N/A	N/A	1	1
Volleyball Courts	N/A	N/A	N/A	3	3
Weight/Fitness Room	N/A	N/A	N/A	1	1

Source: City of SeaTac Comprehensive Plans 1999 - 2009

Function/Program	Fiscal Year				
	2004	2005	2006	2007	2008
General Government					
City Hall (sq feet)	81,000	81,000	81,000	81,000	81,000
Public Safety - Fire					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
Transportation - Public Works					
Streets (miles)	82	79	81	76	78
Culture and Recreation					
Community Center					
Quantity	2	2	2	2	2
Square Footage	25,809	28,809	28,809	28,809	28,809
Community Parks					
Developed (acres)	63.0	63.0	63.0	63.0	63.0
Undeveloped (acres)	35.0	35.0	35.0	35.0	35.0
Neighborhoods Parks					
Developed (acres)	10.0	10.0	10.0	10.0	10.0
Undeveloped (acres)	0.5	0.5	0.5	0.5	8.3
Regional Parks					
Developed (acres)	80.0	80.0	80.0	80.0	80.0
Undeveloped (acres)	211.4	211.4	211.4	211.4	211.4
Pocket Parks/Mini Parks (sq ft)					
Developed	58,548	58,548	58,548	58,548	58,548
Trails/Linear Parks					
Developed (lineal ft)	15,430	15,430	15,430	15,430	22,630
Badminton Courts	3	3	3	3	3
Baseball/Softball Fields, Adult	4	4	4	4	4
Baseball/Softball Fields, Youth	6	6	6	6	6
Basketball Courts, Indoor	1	1	1	1	1
Basketball Courts, Outdoor	10	10	10	11	11
BMX Track	1	1	1	1	1
Boat Launch	1	1	1	1	1
Botanical Gardens	1	1	1	1	1
Fishing Pier	1	1	1	1	1
Football/Soccer Fields	7	7	7	7	7
Japanese Garden	-	-	1	1	1
Pickleball Courts, Indoor	3	3	3	3	3
Picnic Shelters	2	2	2	2	2
Picnic Table Areas	1	1	1	2	2
Playgrounds	6	6	7	7	7
Roller Hockey	1	1	1	1	1
Skateboard Parks	1	1	1	1	1
Tennis Courts	10	10	10	10	10
Theater, Outdoor	1	1	1	1	1
Volleyball Courts	3	3	3	3	3
Weight/Fitness Room	1	1	1	1	1



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

