

2010 Comprehensive Annual Financial Report

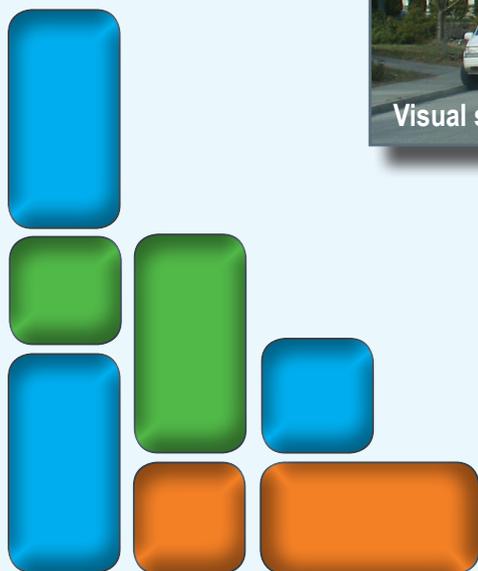
For the Fiscal Year Ended December 31, 2010



42nd Avenue South Sidewalk Improvements



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



On the Cover

42nd Avenue South Sidewalk Improvements

Location: S 176th Street to S 188th Street

Length of Project: 3,900 feet

Total Project Cost: \$1.4 million

Funding Source: Street Fund (Parking Tax)

Project Manager: Florendo Cabudol, Assistant City Engineer

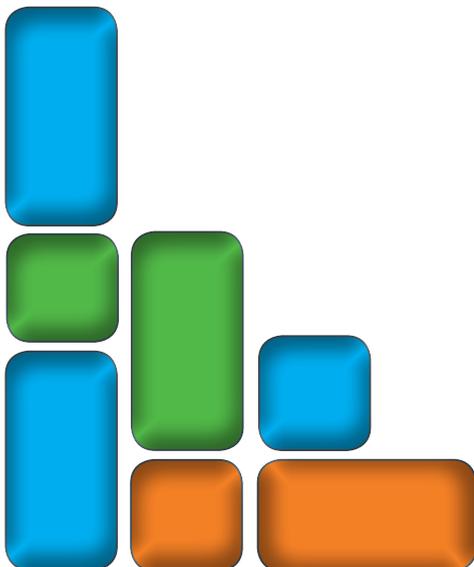
Engineer: Gray & Osborne, Inc. Consulting Engineers

The SeaTac City Council formed the Ad Hoc Sidewalk Committee in 2007 to develop recommendations for an annual sidewalk construction program. The Committee identified over twelve miles of high-priority sidewalks to be built on neighborhood streets, as well as a system for prioritizing these projects based on safety needs and proximity to schools, parks, transit and other public facilities. The 42nd Avenue South sidewalk project was the first project in the annual pedestrian improvement program. This project included the construction of concrete sidewalks and curbs along the east side of the street, as well as drainage improvements and roadway resurfacing. With connections to Bow Lake Elementary, Chinook Middle School, and transit routes on South 188th Street and South 176th Street, this project will improve pedestrian safety and mobility for residents and students in the Bow Lake neighborhood. Design began in April 2009 and construction was completed in December 2010.

Photo credits: Gray & Osborne, Inc.

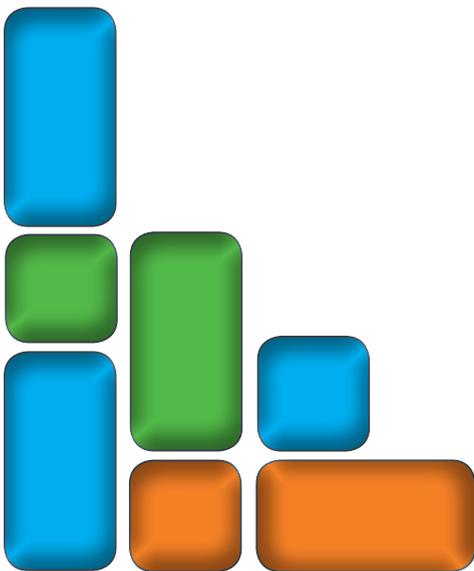
City History

On March 1, 2010 an Open House was held to highlight accomplishments from SeaTac's first 20 years of cityhood. The City of SeaTac incorporated on February 28, 1990. The City is approximately 10.3 square miles located halfway between the cities of Seattle and Tacoma with a population of about 25,730. Sea-Tac International Airport is located entirely within the City's boundaries. The City of SeaTac operates under the Council-Manager form of government consisting of seven elected Councilmembers and a professional City Manager hired by the City Council.



2010 Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2010



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



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CITY OF SEATAC, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2010

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CITY OF SEATAC, WASHINGTON
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2010

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Introductory Section



Introductory Section



November 8, 2011

4800 South 188th Street
SeaTac, WA 98188-8605

City Hall: 206.973.4800
Fax: 206.973.4809
TDD: 206.973.4808

Honorable Mayor, Councilmembers, City Manager and SeaTac Residents:

We are pleased to present the City of SeaTac's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended December 31, 2010. 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 City expended less than \$500,000 in federal awards in 2010 and, therefore, was exempt from federal audit requirements for the year 2010.

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

Mayor
Terry Anderson

Deputy Mayor
Gene Fisher

Councilmembers
Rick Forschler
Tony Anderson
Ralph Shape
Pam Fernald
Mia Gregerson

City Manager
Todd Cutts

City Attorney
Mary Mirante Bartolo

City Clerk
Kristina Gregg

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 2010 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 27,110 residents within its incorporated limits and has a work force of approximately 34,000 employees. It also accommodates over 86,500 people traveling through Seattle-Tacoma International Airport daily. Population and employment figures are expected to increase to 33,505 and 41,000, respectively, by the year 2020.

The area that became the incorporated City of SeaTac was originally a community that was predominately rural. World War II and the sudden growth of defense activities nearly tripled the population of the area. In 1942, the Port of Seattle began the development of a new airport called Seattle-Tacoma International Airport in South King County. Within two decades, the Airport had expanded to 1,400 acres and had a thriving suburban community around it. Seattle-Tacoma International Airport is the key international air hub for the Pacific Northwest. In 2010, the Airport handled over 31.5 million passengers.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of SeaTac's economy is based on a strong air travel sector coupled with diversified industries, trades and services. The three largest local economic sectors are airlines, lodging and rental cars. Alaska Airlines is the largest employer and taxpayer in the City, representing 13.7% of the total assessed valuation

for the City. Delta, United, Horizon Air, Southwest, Hawaiian, Continental, US Air, and American Airlines combine to account for an additional 17.6% of the City's property tax base.

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

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

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

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

Property tax revenues account for 38.2% 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.

Traditionally, sales taxes have been a strong revenue source for the City, accounting for approximately 33.8% of general governmental tax revenues in 2010. Sales tax revenue increased by 3.9% in 2010 as the local economy showed signs of recovery. Although construction sales taxes remained constant from the prior year, general sales taxes increased by \$394,000. Sales tax revenues that are generated by Port of Seattle airport capital improvements are accounted for in a capital projects fund and are dedicated to specific capital expenditures because they are not an ongoing, operating revenue source. The City continues to work to expand economic opportunities and has identified targeted markets for economic development. Through this activity, the City strives to grow the local economy while increasing business-related revenue to the City.

Parking tax revenue, derived primarily from airport-related parking throughout the City, is dedicated to funding transportation improvements. Recent declines in parking tax revenues have reduced funding for long-term transportation capital projects in terms of both scale and timing. However, short-term projects

have been largely unaffected by the downturn in parking taxes since these projects were fully funded through grants and parking tax revenues already received. The commercial parking tax rate was increased effective January 1, 2006, and provides for incremental changes to the parking tax rate on a yearly basis through 2010. A portion of the additional parking tax revenue stream is dedicated to certain transportation projects identified in an Interlocal Agreement with the Port. Parking tax revenue increased approximately 8.1% in 2010 reflecting an increase in travel.

The 1% Lodging Tax approved by the City Council in 1998 is deposited into a dedicated special revenue fund and used to fund tourism-related activities. In accordance with State law, lodging taxes can only be spent on activities that increase tourism and visitation to the City. The City is committed to expending resources whose affect is to increase the number of tourists to the City. The City has and will continue to expend hotel/motel funds towards this purpose. Lodging tax revenue increased approximately 10% in 2010 again reflecting increased travel and related activities in 2010.

Economic Outlook

According to the Washington State Economic and Revenue Forecast Council, the economy has entered another soft-patch in a recovery that is proving to be far more bumpy and fragile than usual. While growth continues, it does so at a slower rate than before. Sustained high gas prices and disruptions to the manufacturing supply chain due to power shortages in Japan due to the earthquake disaster have taken the wind out of the sails of the recovery. Growth, however, is likely to continue and even pick up momentum in the end of 2011, as oil prices stabilize, supply chains are restored, and Japan starts rebuilding.

The repercussions from the disaster in Japan have turned out to be worse than originally thought. Japan is a critical part of the global manufacturing supply chain, especially for automobiles and smart chips. Disruptions to Japanese production due to power shortages following the natural disaster put a crimp in the remarkable recovery that had been unfolding in the U.S. manufacturing sector. It also constrained consumer spending by reducing the available supply of cars and electronic products. Although progress has been made in alleviating some of the supply bottlenecks, the problems are likely to linger. Once Japan's rebuilding gathers momentum, much of the current negative impact will be offset.

Gas prices remain high, although they have recently retreated from their peaks. The crisis in the Middle-East, particularly in Libya continues to create uncertainty in the energy markets. If gas prices increase again, it will continue to have a disproportionate dampening effect on consumer confidence, and on the recovery, which depends on the return of private demand.

As a result of this bump in the road, Washington's employment has grown less than expected for the first part of this year. The economy added 8,400 net new jobs in the spring while it was projected 14,800 jobs would be added. Aerospace and software are expanding, but construction remains in a prolonged slump. The private sector added 11,100 jobs but public sector employment declined by 2,700 jobs yielding a statewide gain of 8,400 jobs. The increase was primarily due to the private service providing industries, which account for two out of three jobs in Washington, added 8,500 jobs. It is expected that job growth will continue to gradually improve during the remainder of this year. The state's trade intensity should help boost activity as global economies recover, particularly in the Pacific Rim.

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. Over the past couple of year, the nation's economy has seen the uncertainty in the financial markets, 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 continuing uncertainty in the national economic recovery continues to impact Washington, cities will be forced to prioritize services. Choosing between police officers on the street, recreational

programs for teens, or street maintenance and preservation won't be an easy task. City budget shortfalls jeopardize Washington's economic vitality. City streets, parks and utility systems provide a foundation for businesses and residents. Cities will need continued state investment and new tools to emerge from this budget crisis.

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

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

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

MAJOR INITIATIVES

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

In 2009, the City entered into a joint venture with the cities of Auburn, Burien, Federal Way, Renton, Tukwila and Des Moines to establish the South Correctional Entity (SCORE). This entity was established to construct, own and operate a correctional facility and to provide correctional services and functions incidental to this service, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the Member Cities noted above. In 2011, the SCORE facility opened for service. Although it is too early to quantify actual jail service cost savings, many other benefits are will be realized by the City including future available capacity and some operational control.

The City redeemed both the 1999 Local Option Revenue Refunding Bonds (\$3.08 million) and the 1999 Storm Water Revenue Refunding Bonds (\$1.38 million). The City saved over \$400 thousand in interest costs through 2013.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the City of SeaTac for its Comprehensive Annual Financial Report for fiscal year 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. 2009 was the 18th year the City has been honored with this award.

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

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

I would like to thank the Finance and Systems Department staff, a team of professionals that play an integral part in the successful daily operations of the City. Credit for the design of this year's CAFR cover 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,



Brenda J. Rolph
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sea Tac Washington

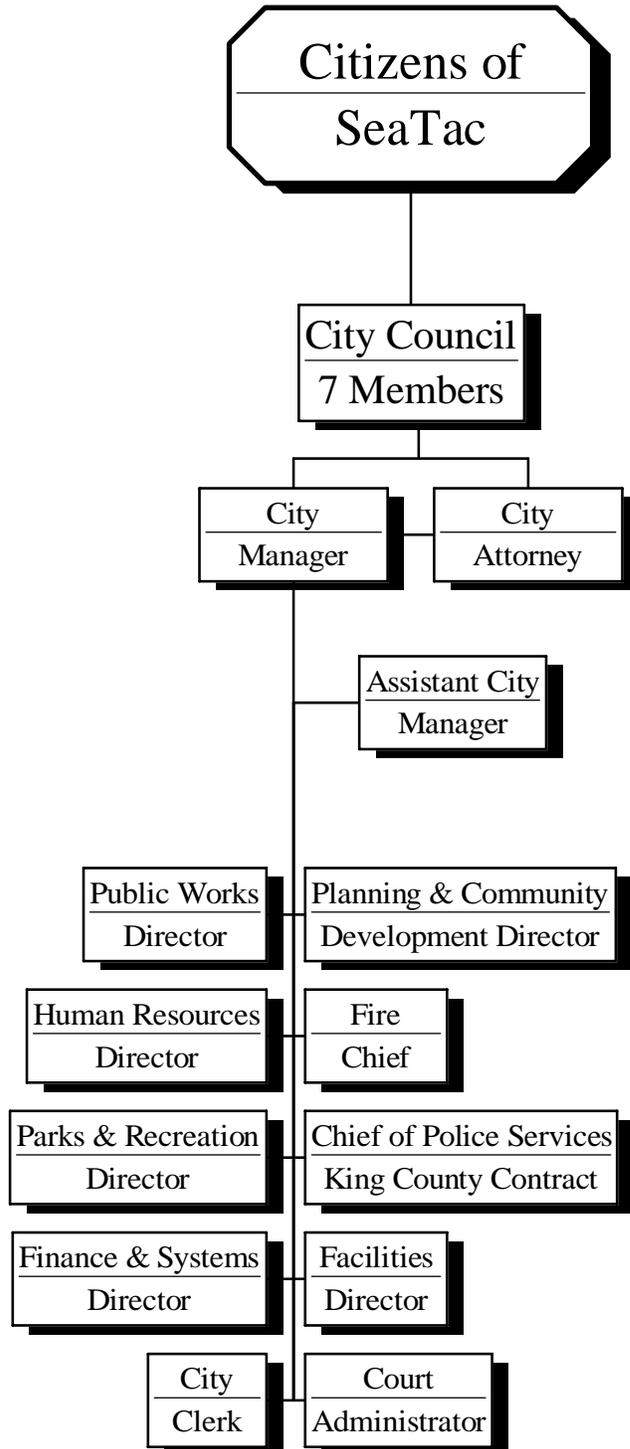
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director





Top Row from Left to Right: Rick Forschler, Mia Gregerson, Pam Fernald & Ralph Shape
Bottom Row from Left to Right: Tony Anderson, Terry Anderson (Mayor) and Gene Fisher (Deputy Mayor)

<u>Position No.</u>	<u>Elected Official</u>	<u>Term Expiration</u>
#1	Gene Fisher, Deputy Mayor	December 31, 2011
#2	Rick Forschler, Councilmember	December 31, 2013
#3	Terry Anderson, Mayor	December 31, 2011
#4	Anthony (Tony) Anderson, Councilmember	December 31, 2013
#5	Ralph Shape, Councilmember	December 31, 2011
#6	Pam Fernald, Councilmember	December 31, 2013
#7	Mia Gregerson, Councilmember	December 31, 2011

<u>Position</u>	<u>Appointed Official</u>
City Manager (Effective 4/13/11)	Todd Cutts
Interim Assistant City Manager (Through 4/25/11)	Jeff Robinson
City Attorney	Mary Mirante Bartolo
City Clerk	Kristina Gregg
Court Administrator	Vacant
Chief of Police Services	Jim Graddon
Facilities Director (Through 4/25/11)	Patrick Patterson
Finance and Systems Director	Michael J. McCarty
Fire Chief (Contract)	Jim Schneider
Human Resources Director	Anh Hoang
Parks and Recreation Director	Kit Ledbetter
Community & Economic Development Director (Effective 2/17/11)	Cynthia Baker
Public Works Director	Thomas Gut



Financial Section

Financial Section



Financial Section



Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

November 8, 2011

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, 2010, 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, 2010, 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 8, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 13 through 25, schedule of funding progress for LEOFF 1 retiree medical benefits and budgetary comparison on pages 81 through 85 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Sincerely,

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

**CITY OF SEATAC, WASHINGTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED 2010**

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, 2010. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2010, 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, 2010, total net assets for the City were \$468.9 million. Of this amount, \$418.4 million or 89% was invested in capital assets (net of related debt) including infrastructure, construction in progress, land, buildings, equipment and other improvements. Net assets in the amount of \$20.5 million were restricted for debt service, capital projects, including Des Moines Creek Basin projects and transportation projects, and tourism promotion/facilities. The remaining net asset balance of \$30.1 million was unrestricted and available for general City operations.
- At the end of 2010, unreserved fund balance for the *General Fund* was \$7.6 million or 27.4% of total *General Fund* expenditures, excluding transfers out and other financing uses. This is a decrease in ending fund balance of \$166 thousand or 2% from 2009. The City was able to stabilize the ending fund balance through cost cutting measures, rebating excess reserves from the *Equipment Rental Fund* and from a transfer in of construction sales tax (\$920 thousand) from the *Municipal Capital Improvement Fund*.
- The City redeemed both the *1999 Local Option Revenue Refunding Bonds* (\$3.08 million) and the *1999 Storm Water Revenue Refunding Bonds* (\$1.38 million). The City saved over \$400 thousand in interest costs for the period of 2010 - 2013. The interest rates on these bonds ranged from 4.45% to 4.7%.

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, Health & Human Services, Economic Environment, and Culture & Recreation*. Governmental activities are supported by taxes and intergovernmental revenues while the City's business-type activities are funded through user fees and charges. The City's only business-type activity is a surface water management utility which is funded through surface water management fees.

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

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

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

Fund Financial Statements

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

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

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

In 2010, the City of SeaTac maintained twenty-two individual governmental funds. The City's seven major governmental funds, as determined by the parameters of GASB Statement No. 34, are the *General Fund*, the *Street Fund*, the *Port of Seattle Interlocal Agreement Fund*, the *Hotel/Motel Tax Fund*, the *Special Assessment Debt Fund*, the *Municipal Facilities Capital Improvement Fund*, 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* under *Other Supplementary Information* in the CAFR for all governmental funds.

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

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

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

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

Notes to the Financial Statements

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

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	
	2010	2009*	2010	2009	2010	2009
Current & other assets	\$ 54,185,428	\$ 54,104,685	\$ 3,638,257	\$ 4,301,198	\$ 57,823,685	\$ 58,405,883
Capital assets, net*	398,775,276	402,402,607	25,034,240	24,946,203	423,809,516	427,348,810
Total Assets	452,960,704	456,507,292	28,672,497	29,247,401	481,633,201	485,754,693
Liabilities:						
Long-term liabilities	8,131,640	11,987,232	33,015	56,846	8,164,655	12,044,078
Other liabilities	4,489,567	3,134,837	45,140	1,271,622	4,534,707	4,406,459
Total Liabilities	12,621,207	15,122,069	78,155	1,328,468	12,699,362	16,450,537
Net Assets:						
Inv in capital assets, net of related debt	393,298,363	394,331,638	25,111,088	23,726,821	418,409,451	418,058,459
Restricted	20,151,319	19,652,419	-	403,925	20,151,319	20,056,344
Unrestricted	26,589,815	27,401,166	3,483,254	3,788,187	30,073,069	31,189,353
Total Net Assets	\$ 440,039,497	\$ 441,385,223	\$ 28,594,342	\$ 27,918,933	\$ 468,633,839	\$ 469,304,156

*Restated for prior year adjustment in the amount of (\$247,405).

For 2010, there was little change in the Net Assets section of the *Statement of Net Assets*. The City's total net assets decreased by less than \$1.0 million in 2010. Investments in capital assets, less any related outstanding debt used to acquire the assets, changed by less than \$400 thousand. The City's total restricted net assets increased by less than \$100 thousand while unrestricted net assets declined by a similar amount.

Similar to 2009, \$20 million of the City's *net assets for governmental activities* represented resources that are subject to external restrictions on how they may be used. The restricted net assets are for debt service, capital projects including transportation projects, tourism promotion/facilities and Des Moines Creek Basin projects. The remaining balance of unrestricted net assets (\$26.6 million) may be used to meet the government's ongoing obligations to citizens and creditors.

For business-type activities, there are currently no net asset restrictions. In 2009, net assets were restricted for debt service but these bonds were redeemed in 2010. Unrestricted net assets are \$3.5 million and can be used for general surface water management purposes including capital projects, if desired.

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, only governmental activities had a negative change in net assets.

City of SeaTac's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 4,991,911	\$ 4,648,513	\$ 1,886,756	\$ 1,823,406	\$ 6,878,667	\$ 6,471,919
Operating grants & contrib	1,139,908	1,037,018	1,090	-	1,140,998	1,037,018
Capital grants & contrib	283,675	658,640	292,302	2,011,024	575,977	2,669,664
<i>General Revenues:</i>						
Property taxes	11,825,379	11,844,007	381	-	11,825,760	11,844,007
Sales taxes	10,493,139	10,099,388	-	-	10,493,139	10,099,388
Parking taxes	5,865,013	5,425,041	-	-	5,865,013	5,425,041
Excise taxes	2,425,077	2,535,324	-	-	2,425,077	2,535,324
Investment interest	129,366	801,719	20,044	69,623	149,410	871,342
Unrestric grants/contrib	205,817	176,980	-	-	205,817	176,980
Gains (Losses) on Asset Sales	22,321	11,160	(1,521)	-	20,800	11,160
Total Revenues	37,381,606	37,237,790	2,199,052	3,904,053	39,580,658	41,141,843
Expenses:						
Judicial	814,460	811,733	-	-	814,460	811,733
General Government	6,362,137	5,890,170	-	-	6,362,137	5,890,170
Public Safety	16,804,828	16,674,605	-	-	16,804,828	16,674,605
Physical Environment	380,997	569,509	1,671,812	1,400,529	2,052,809	1,970,038
Transportation	5,576,255	9,865,967	-	-	5,576,255	9,865,967
Human Services/Health	498,174	524,796	-	-	498,174	524,796
Economic Environment	3,959,775	3,086,954	-	-	3,959,775	3,086,954
Culture & Recreation	3,709,548	3,865,811	-	-	3,709,548	3,865,811
Interest on long-term debt	172,989	481,848	-	-	172,989	481,848
Total Expenses	38,279,163	41,771,393	1,671,812	1,400,529	39,950,975	43,171,922
Inc (Dec) in Net Assets Before Transfers	(897,557)	(4,533,603)	527,240	2,503,524	(370,317)	(2,030,079)
Transfers	(148,169)	2,703,970	148,169	(2,703,970)	-	-
Inc (Dec) in Net Assets	(1,045,726)	(1,829,633)	675,409	(200,446)	(370,317)	(2,030,079)
Net Assets-Beg (as prev rptd)	441,632,628	445,387,861	27,918,933	28,119,379	469,551,561	473,507,240
Prior Year Adjustments	(247,405)	(1,925,600)	-	-	(247,405)	(1,925,600)
Net Assets-Beg (as restated)	441,385,223	443,462,261	27,918,933	28,119,379	469,304,156	471,581,640
Net Assets-Ending	\$ 440,339,497	\$ 441,632,628	\$ 28,594,342	\$ 27,918,933	\$ 468,933,839	\$ 469,551,561

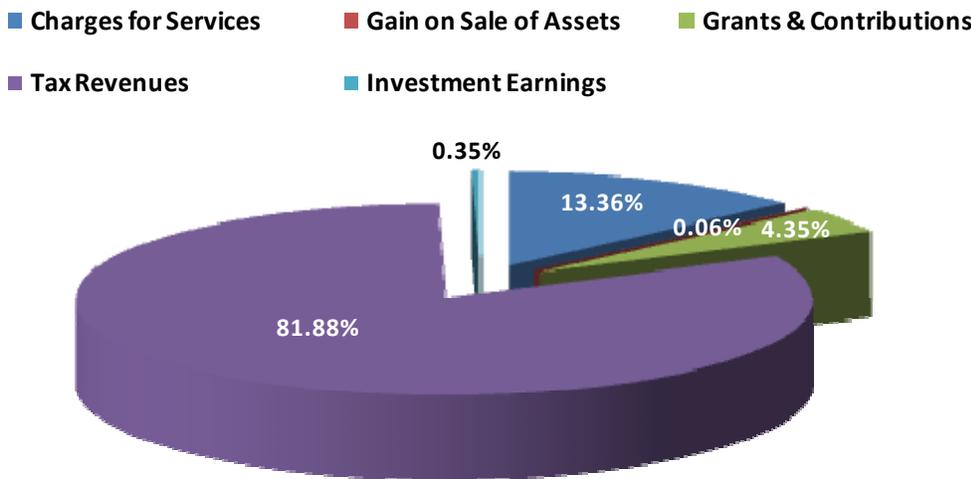
Governmental Activities: Net assets for *Governmental Activities* decreased by \$1.3 million causing the decline in the total net assets for the City of SeaTac in 2010. Prior period adjustments in the amount of \$247,405 were made in 2010 due to transfers of surface water management capital assets out of governmental activities into the business-type activities column. Similarly, in 2009 capital assets adjustments were made but in a larger amount of \$1.9 million. Total revenues were very close in amount for 2009 and 2010 for governmental activities only differing by an increase of approximately \$142 thousand.

The following are some of the key revenue changes in 2010:

- Although property tax revenues only declined \$18 thousand from 2009 to 2010, the City's assessed valuation dropped by \$371 thousand or 7 ½ % from the 2009 amount of \$4,888 billion. This caused the City's property tax levy rate to increase from \$2.34 to \$2.58 per thousand dollars of assessed valuation and allowed the City to collect property taxes at a dollar amount almost equivalent to the prior year.

- Interest earnings continue to decline. Although the City maximized its investments outside of the State Local Government Investment Pool (LGIP), the investments were continually called requiring the City to reinvest the funds in investments providing lower and lower returns. This contributed to the substantial reduction of \$672 thousand (83.8%) in interest earnings in the governmental activities area.
- The City continues to apply for and receive various State and Federal grants for infrastructure projects and other smaller scale projects in other areas. In total the City received \$1.6 million in grant revenues for both capital and operating purposes. This amount is only slightly down from the \$1.9 million received in 2009.

Revenues by Source for Governmental Activities



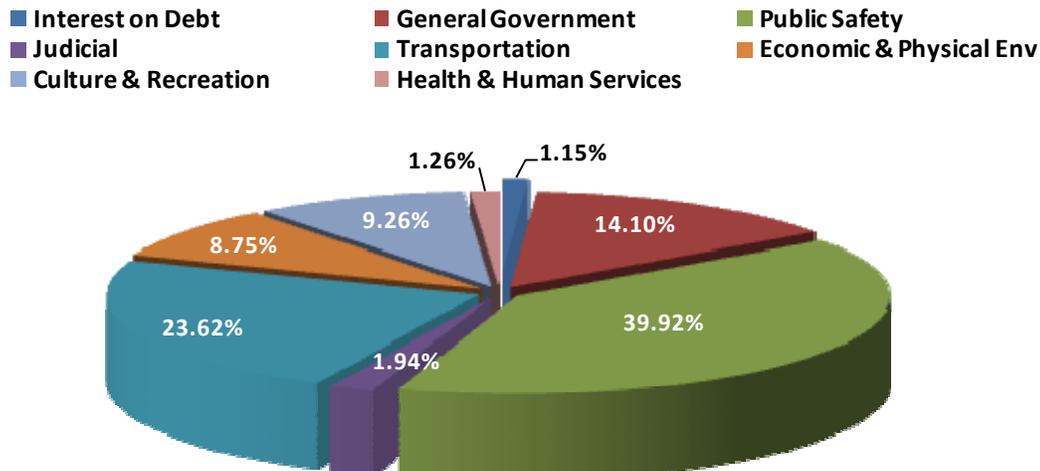
Notes: Tax revenues including property, sales, parking and excise taxes and are a large portion (81.88%) of the City's income. Please note that transfers in from other funds are not included in this chart.

For governmental activities, total expenses decreased by \$3.5 million or 8.3% over 2009. Only three of the nine program areas in governmental activities had expense increases in 2010. The major expense changes are described below:

- ✚ *Public Safety* increased by .7% or \$130 thousand in 2010. Base Police service expenses increased by 2.2% in 2010. This City contracts with King County for Police Services and the approved labor contract with the King County Police Officers Guild accounted for much of the rise in Public Safety costs. The increase in Police services was offset by overall savings in Fire Services of \$136 thousand in various fire programs across the board.
- ✚ *General Government* increased by 8% or \$472,000 over 2009. Although AFSCME (*American Federation of State, County and Municipal Employees*) and non-represented staff took five mandatory furlough days off in 2010 and delayed a 2% cost of living adjustment until the end of the year, most of the programs in General Government still experienced increases in the area of salaries and benefits.
- ✚ *Economic Environment* had the largest percentage increase at 28.2% or \$623 thousand. A large portion of the increases in economic environment can attributed to the purchase of the SeaTac Center

at the end of December 2009. The City purchased a retail commercial building in the area of South 154th Street for the purpose of future economic development. The expenses related to leasing and maintaining this building fall under this category.

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 \$675 thousand in 2010. Although total business-type revenues decreased by \$1.7 million in 2010, this difference was due in large part to the capital asset contributions (\$1.9 million) the surface water management system received when the general governmental funds transferred infrastructure assets that were included in transportation projects completed in 2009. The capital assets included storm runoff control vaults/tanks, catch basins, manholes and drainage piping and culverts.

In 2010, total business-type expenses (excluding transfers out) increased by \$272 thousand. This expense increase was due in part to the additional interest and the balance of the original bond issue cost amortization on the surface water revenue bonds that were called in 2010.

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 six other major funds as listed below. The City's surface water management proprietary funds are also described below.

Governmental Funds

The purpose of the City's governmental fund financial statements 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 2010, the City's combined ending governmental fund balance was \$43.8 million versus the 2009 ending fund balance of \$44.7 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 \$38.6 million. This is a decline of \$.9 million or 2% from 2009. Approximately half of this decline was in the *Transportation CIP Fund* which is dedicated to capital transportation projects in the City. It is common for this Fund to have large swings in ending fund balance amounts from year to year depending on the size and quantity of constructions projects under way.

The *General Fund* is the primary operating fund of the City through which most receipts and payments of ordinary City operational expenditures are processed. Property taxes and sales taxes are the primary revenue sources for the *General Fund*. In both 2009 and 2010, property taxes recorded into the *General Fund* equaled approximately \$11 million. Please note that property taxes of approximately \$425 thousand were also recorded directly into the *Limited Tax General Obligation City Hall Debt Service Fund* for 2009. In 2010, \$404 thousand was deposited into the *2009 LTGO Refunding Bond Fund*. The new fund was established because two different sets of general obligation bonds were refunded at the same time and were combined into one new refunding bond issue.

In 2010, sales taxes recorded into the *General Fund* were \$7.8 million compared to \$7.5 million in 2009. Although the recession continues to affect retail sales, the City is starting to see some tax gains in this area due to the improvement in the travel industry. At the end of 2010, the fund balance of the *General Fund* was \$7.87 million. This was a decrease from the \$8.0 million for 2009. The largest change in the *General Fund* was in "Other Financing Sources" for transfers in. In 2010, the *General Fund* received \$2.3 million in transfers in and \$878,000 in 2009. The changes from transfers in came from the following funds: 1) A \$920,000 transfer in from the *Municipal Capital Improvement Fund*, 2) A return of reserves from the *Facility Repair and Replacement Fund* (\$100,000) and 3) A rebate from excess net asset reserves in the *Equipment Rental Fund* accumulated over the last few years (\$341,000). Additional information on interfund transfers can be found in *Note 14 – Interfund Transfers*.

The *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 *Street Fund* ended the year with \$4.8 million in ending fund balance which is an increase of approximately \$1 million from 2009. A transfer of \$200,000 into the *Transportation CIP Fund* was made in 2010. Actual expenditures finished at 25% of the final \$4.2 million budget (excluding transfers out) due to lower operational and maintenance costs and incomplete construction projects.

The *Port of Seattle Interlocal Agreement Fund* is a special revenue fund which accounts for community relief payments received from the Port of Seattle in 1998 and 1999 and street vacation fees received in 2000 and 2001. The community relief payments were part of an interlocal agreement in which the funds were to be used for community improvements. Interest earnings and adjustments related to investments were the only revenue sources in this Fund. The 2010 unreserved ending fund balance for this Fund was \$4.7 million which was essentially unchanged from 2009. It is anticipated that approximately half of this ending fund balance will be utilized over the next six years for local neighborhood pedestrian improvement projects.

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 \$2.9 million which is down \$400,000 from last year. The largest expenditure in the *Hotel/Motel Tax Fund* is for cooperative tourism promotion for joint services with the City of Tukwila and payments to the Seattle Southside Visitor Service for tourism marketing services.

The *Special Assessment Debt Service Fund* is a debt service fund used to make the debt service payments on the City's single Local Improvement District (LID). This fund was included as a major fund due to its \$876 thousand special assessments deferred revenue (liability) balance. The ending fund balances for 2010 and 2009 were \$47 thousand and \$19 thousand, respectively. This Fund carries a relatively 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 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. Although this Fund did not meet the GASB 34 tests for inclusion as a major governmental fund, it was included in the governmental funds’ financial statements as a major fund for reporting consistency from year to year. In 2010, the only revenue source in this Fund was interest earnings. At the end of 2010, the fund balance in the *Municipal Facilities Capital Improvement Fund* was \$3.7 million. Out of the final \$1.8 million budget, only \$71 thousand was spent due to the decision to defer the construction of Fire Station #45 until the decision of joining the Kent Regional Fire Authority was resolved.

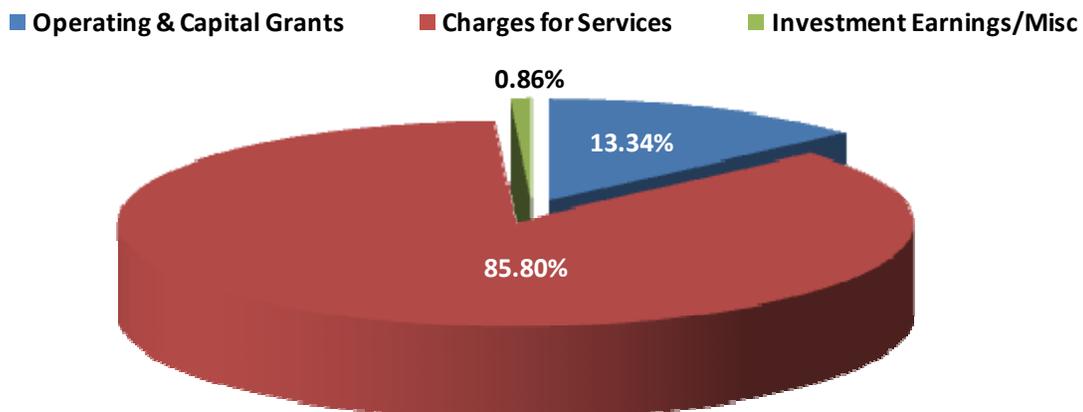
The *Transportation Capital Improvement Fund* is a capital projects fund whose purpose is to account for the revenues and expenditures related to transportation improvements. In 2010, the major revenue sources for this Fund included a State Transportation Improvement Board Grant and mitigation fees. Ending fund balance for this Fund was \$5.8 million for 2010 and \$6.3 million for 2009. It is expected that the levels of revenues, expenditures and the ending fund balance for this Fund will vary from year to year depending on the size of the capital projects and the level of grant funding.

The *Light Rail Station Areas CIP Fund* is a new fund established in 2009 to account for revenues and capital expenditures near the City’s two light rail station areas (S 176th Street and S 154th Street). In 2010, although \$13.5 million was originally budgeted for various CIP projects, a change in direction in development of the S 176th station area caused no expenditures to be incurred in this Fund.

Business-Type Funds

The City’s only business-type funds are the three surface water management funds. These funds are proprietary funds whose financial statements provide similar, but sometimes more detailed, information than the government-wide financial statements. The *Surface Water Management Operating Fund* accounts for the surface water management fees and the related maintenance and operations costs of the utility, including depreciation. The *Surface Water Management Construction Fund* accounts for the capital costs incurred related to surface water capital improvements. The third fund is a non-major fund called the *Surface Water Management Bonds Reserve Fund*. This Fund is a reserve fund held for debt service on revenue bonds. This Fund will be closed in 2011 because the funds were used to fully redeem all the outstanding *1999 Storm Water Revenue Refunding Bonds* in 2010. The combined ending net asset balance for these three funds was \$28.5 million and of this amount, \$3.4 million or 11.8% was unrestricted.

Revenues by Source for Business-type Activities



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

GENERAL FUND BUDGETARY HIGHLIGHTS

The *General Fund* finished 2010 with \$7.9 million in ending fund balance reserves. The original budgeted ending fund balance amount was \$7.8 million. The ending fund balance came in slightly over budget by \$100 thousand or 1.3%. Although ending fund balance was extremely close to the original estimate, actual revenues (*excluding transfers in*) were \$1.5 million under the original estimate. The two areas that were down the most were taxes (\$891 thousand) and investment earnings (\$397 thousand). Although sales taxes were up 4.8% over the prior year, actual sales tax came in under the original estimate by \$745 thousand. In the area of interest earnings, the City maximized its investments outside the Washington State Local Government Investment Pool (LGIP) but as interest rates dropped the investments were always called forcing the City to reinvest the funds at lower and lower interest rates. During 2010, interest rates at the State pool ranged from a high of .28% to a low of .21%.

The *General Fund's* actual expenditures were \$1.3 million less than the 2010 original budget and \$1.5 million less than the 2010 amended budget making up for the revenue shortfall. Eight out of nine program areas under spent their final budget amounts. The largest savings (all over 9%) were in the areas of transportation, human services and economic environment. During the budget process, various measures were taken to reduce to *General Fund* expenditures. Some of them include the following: 1) Farmers Market was eliminated, 2) Neighborhood Grant Program was eliminated, 3) Staffing levels were reduced by 3.82 full-time equivalents (FTE's), 4) The *Facility Repair and Replacement Fund* was not funded with a transfer from the General Fund, and 5) Decision cards for the approval of new programs and staffs was minimized.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of 2010, the City had \$398.8 million (*net of accumulated depreciation*) in governmental activities capital assets, including one internal service fund, and \$25.1 million (*net*) in business-type activities. Total internal service fund capital assets (*net*) were just under \$1.1 million. These assets were included in the governmental activities column of the government-wide *Statement of Net Assets*. Additional information on capital assets can be found in the *Financial Statement Notes*, specifically *Note No. 5 – Capital Assets and Depreciation*. The following table summarizes the City's capital assets for the year ended 2010:

City of SeaTac's Capital Assets

Capital Assets:	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 320,233,942	\$ 320,879,257	\$ -	\$ -	\$ 320,233,942	\$ 320,879,257
Intangible Assets-Easements	71,226	71,226	35,442	35,442	106,668	106,668
Constr in Progress (CIP)	1,741,175	1,724,223	-	11,695,651	1,741,175	13,419,874
Buildings/Building Impr	42,882,874	42,269,237	228,560	228,560	43,111,434	42,497,797
Other Improvements	9,871,209	9,703,085	29,159,711	16,962,293	39,030,920	26,665,378
Infrastructure	75,198,266	74,041,058	-	-	75,198,266	74,041,058
Equipment/Vehicles	5,600,514	5,589,555	-	-	5,600,514	5,589,555
Equipment/Vehicles-Eq Rental	2,421,777	2,502,171	-	-	2,421,777	2,502,171
Intangible Assets-Software	687,583	665,802	42,197	-	729,780	665,802
Less: Depreciation	(59,933,291)	(54,795,602)	(4,354,822)	(3,975,743)	(64,288,113)	(58,771,345)
Total Capital Assets (Net)	\$ 398,775,275	\$ 402,650,012	\$ 25,111,088	\$ 24,946,203	\$ 423,886,363	\$ 427,596,215

In 2010, the largest change in capital assets took place in the category of construction in progress in the business-type activities category. The Sunrise View Bypass Pipeline project was completed and construction at the Des Moines Creek Basin was substantially complete. This project involved restoring the Des Moines Creek Basin including the construction of a regional detention facility, habitat restoration/enhancement, replacing the Marine View Drive culvert and a stream bypass project. Work on this project was started in 2005. Since the City is responsible for 41% of the maintenance costs of this project after completion, the City capitalized 41% of the project expenditures. In 2010, approximately \$11 million was transferred out of construction in progress to other improvements for the Des Moines Creek Basin project.

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 two types of allowable long-term debt outstanding including general obligation debt (councilmanic) 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 2010 and 2009 by type:

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009*	2010	2009	2010	2009
General Obligation Bonds	\$ 3,560,000	\$ 4,215,000	\$ -	\$ -	\$ 3,560,000	\$ 4,215,000
Special Obligation Bonds*	2,587,050	2,587,050	-	-	2,587,050	2,587,050
Special Assessment Debt	475,000	650,000	-	-	475,000	650,000
Revenue Bonds	-	3,080,000	-	1,380,000	-	4,460,000
Total	\$ 6,622,050	\$ 10,532,050	\$ -	\$ 1,380,000	\$ 6,622,050	\$ 11,912,050

Note: Special Obligation Bonds were listed under General Obligation Bonds in 2009.

General Obligation Debt

According to Washington State law, the City's debt capacity for *general government purposes* is limited to 2.5% or \$112.9 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 \$67.7 million. The City's 2009 assessed valuation was \$4,516,292,185. The 2009 assessed valuation is used to calculate the taxes to be collected in 2010. At the end of 2010, the City had \$6.1 million in outstanding councilmanic (non-voted) general obligation debt including the special obligation bonds issued by SCORE (*South Correctional Entity*). Repayment of this debt is guaranteed through the general taxing authority of the City. At this time the City has no plans to issue additional general obligation debt.

In addition to the debt capacity limits for *general government purposes* (described above), there are other statutory limits of 2.5% for *parks and open space* and 2.5% for *utilities* for a combined total debt capacity of 7.5% or \$338.7 million of the City's assessed valuation. Additional information can be found in the *Statistical Section* of the City's *2009 Comprehensive Annual Financial Report* in the "Debt Capacity Information" section.

Revenue Debt

Enterprise funds are permitted to issue revenue debt without limitation. Repayment of the debt is through user fees of the issuing fund. Revenue debt is issued following a majority vote of the City Council. In 2010, the City Council passed Ordinance #10-1014 redeeming both the *1999 Local Option Revenue Refunding Bonds* (\$3,080,000) and the *1999 Storm Water Revenue Refunding Bonds* (\$1,380,000). The City saved approximately \$424,000 in interest costs due to the redemptions. At the end of 2010, the City had no revenue debt outstanding and no plans to issue new revenue debt.

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 an 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 2010, the City had LID bonds outstanding totaling \$475,000. No new special assessment debt was issued. Additional information on the City's long term debt can be found in *Note 9 Long Term Debt* in the *2010 Notes to the Financial Statements*.

ECONOMIC FACTORS AND THE BUDGET

How does unemployment in King County compare to the rest of the United States? The U.S. unemployment rate is just above 9% while the King County unemployment rate is just under 8%. Aerospace, software and health are stable employers that have helped keep the King County rate of unemployment below the national rate. The local government workforce has also stabilized. Employment gains are being made in retail and hotels which is beneficial in SeaTac due to the City's reliance on sales taxes from the travel industry. The King County unemployment rate is projected to come down only gradually for several reasons: discouraged workers coming back to the job market, new graduates on the job market for the first time, and an influx of unemployed from surrounding areas with higher unemployment. (*Information provided by the King County Office of Economic and Financial Analysis, Global Insight and the Puget Sound Economic Forecaster*).

Although taxable retail sales have historically increased an average of 5% over the last few years, 2011 sales taxes are showing an average monthly increase of 19.5% over 2010. This is a substantial improvement over the 4.8% year over year increase from 2010. The City Manager, City Council and the Finance Director continue to work diligently on keeping expenditures down due to the possibility of another near term recession.

For 2011, the City's original budgeted General Fund unreserved/undesignated fund balance was estimated to end at \$7.6 million. The City Council utilized various tools to maintain the *General Fund's* target fund balance of *three months of operating expenditures* including the following: 1) Reduced staffing levels by 10.13 full-time equivalents (FTE's) through layoffs and cutbacks in hours worked, 2) Transferred \$920,000 of construction sales taxes into the *General Fund* from the *Municipal Capital Improvement Fund*, 3) Deferred maintenance on facilities and parks projects, 4) Rebated *Equipment Rental Fund* reserves back to the

General Fund and 5) Non-represented employees received five furlough days in lieu of a cost of living adjustment (COLA).

Although the City of SeaTac's Operating Budget continues to follow the historic practice of conservative budgeting, spending and forecasting, 2010 followed 2009's lead and ended up being another one of the City's more difficult years due to actual expenditures exceeding actual revenues by \$2.4 million (*excluding other financing sources & uses*) as shown in the chart below:

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

	2008 Final	2009 Final	2010 Original	2010 Final
Budget:				
Budgeted Revenues	\$ 27,156,062	\$ 28,868,875	\$ 26,938,820	\$ 26,963,820
Budgeted Expenditures	\$ 28,011,811	\$ 29,012,835	\$ 29,208,441	\$ 29,404,764
Budgeted Difference	\$ (855,749)	\$ (143,960)	\$ (2,269,621)	\$ (2,440,944)
Actual:				
Actual Revenues	\$ 26,841,221	\$ 25,558,895	N/A	\$ 25,438,107
Actual Expenditures	\$ 26,868,014	\$ 28,631,633	N/A	\$ 27,858,888
Actual Difference	\$ (26,793)	\$ (3,072,738)	N/A	\$ (2,420,781)

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, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash & cash equivalents	\$ 25,703,890	\$ 3,251,461	\$ 28,955,351
Investments	19,972,123	-	19,972,123
Receivables (net)			
Taxes	2,444,477	-	2,444,477
Customer/other miscellaneous	1,542,030	185,988	1,728,018
Special assessments	692,658	-	692,658
Interest on investments	118,136	-	118,136
Internal balances	(123,960)	123,960	-
Prepaid items	1,066,913	-	1,066,913
Deferred charges	27,119	-	27,119
Investment in joint venture (Note 16)	2,742,042	-	2,742,042
Capital assets not being depreciated:			
Land	320,233,942	-	320,233,942
Intangible assets - easements	71,226	76,848	148,074
Construction in progress	1,741,175	-	1,741,175
Capital assets, net of accum deprec (Note 5):			
Buildings	34,756,457	197,890	34,954,347
Improvements other than buildings	6,495,316	24,836,350	31,331,666
Machinery, equipment & software	3,489,343	-	3,489,343
Infrastructure	31,987,817	-	31,987,817
Total Assets	\$ 452,960,704	\$ 28,672,497	\$ 481,633,201
Liabilities			
Accounts payable & accrued expenses	1,564,901	45,140	1,610,041
Due to other governments	334,203	-	334,203
Accrued interest payable	7,775	-	7,775
Custodial accounts/other current liab	1,858,553	-	1,858,553
Unearned revenue	724,135	-	724,135
Noncurrent liabilities (Note 9):			
Due within one year	847,239	3,633	850,872
Due in more than one year	7,284,401	29,382	7,313,783
Total Liabilities	12,621,207	78,155	12,699,362
Net Assets			
Invested in capital assets, net of related debt	393,298,363	25,111,088	418,409,451
Restricted for:			
Tourism promotion/facilities	5,533,127	-	5,533,127
Debt service	113,826	-	113,826
Capital projects	737,268	-	737,268
Port of Seattle transportation projects	1,655,084	-	1,655,084
Transportation purposes/projects	10,700,792	-	10,700,792
Des Moines Creek Basin ILA projects	1,711,222	-	1,711,222
Unrestricted	26,589,815	3,483,254	30,073,069
Total Net Assets	\$ 440,339,497	\$ 28,594,342	\$ 468,933,839

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

Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Functions/Programs				
<i>Governmental Activities:</i>				
Judicial	\$ 814,460	\$ 486,944	\$ 755	\$ -
General Government	6,362,137	1,344,675	4,376	-
Public Safety	16,804,828	141,749	289,074	-
Physical Environment	380,997	616,724	80,249	-
Transportation	5,576,255	-	608,388	188,745
Health & Human Services	498,174	-	25,842	-
Economic Environment	3,959,775	1,656,910	4,622	-
Culture & Recreation	3,709,548	744,909	126,602	94,930
Interest on long-term debt	172,989	-	-	-
Total Governmental Activities	38,279,163	4,991,911	1,139,908	283,675
<i>Business-type Activities:</i>				
Surface Water Utilities	1,671,812	1,886,756	1,090	292,302
Total Business-type Activities	1,671,812	1,886,756	1,090	292,302
Total Government	\$ 39,950,975	\$ 6,878,667	\$ 1,140,998	\$ 575,977

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	\$ (326,761)	\$ -	\$ (326,761)
General Government	(5,013,086)	-	(5,013,086)
Public Safety	(16,374,005)	-	(16,374,005)
Physical Environment	315,976	-	315,976
Transportation	(4,779,122)	-	(4,779,122)
Health & Human Services	(472,332)	-	(472,332)
Economic Environment	(2,298,243)	-	(2,298,243)
Culture & Recreation	(2,743,107)	-	(2,743,107)
Interest on long-term debt	(172,989)	-	(172,989)
Total Governmental Activities	(31,863,669)	-	(31,863,669)
<i>Business-type Activities:</i>			
Surface Water Utilities	-	508,336	508,336
Total Business-type Activities	-	508,336	508,336
Total Government	(31,863,669)	508,336	(31,355,333)
General Revenues			
Property taxes	11,825,379	381	11,825,760
Sales taxes	10,493,139	-	10,493,139
Parking taxes	5,865,013	-	5,865,013
Excise taxes	2,425,077	-	2,425,077
Unrestricted grants & contributions	205,817	-	205,817
Investment earnings	129,366	20,044	149,410
Gain (loss) on sale of capital assets	22,321	(1,521)	20,800
Total General Revenues	30,966,112	18,904	30,985,016
Transfers	(148,169)	148,169	-
Total General Revenues & Transfers	30,817,943	167,073	30,985,016
Change in Net Assets	(1,045,726)	675,409	(370,317)
Net Assets-Beg (as prev reported)	441,632,628	27,918,933	469,551,561
Prior Year Adjustments	(247,405)	-	(247,405)
Net Assets-Beginning (as restated)	441,385,223	27,918,933	469,304,156
Net Assets-Ending	\$ 440,339,497	\$ 28,594,342	\$ 468,933,839

Balance Sheet
December 31, 2010

	<u>General</u>	<u>Street (Formerly Arterial Street)</u>	<u>Port of Seattle ILA</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
Assets					
Cash & cash equivalents	\$ 5,591,615	\$ 1,871,651	\$ 2,669,024	\$ 2,988,806	\$ 46,810
Investments	1,993,658	1,993,658	1,993,658	4,984,026	-
Receivables (net of allowance for uncollectibles):					
Taxes	1,665,618	504,617	-	79,299	-
Customer accounts	949,540	546,034	-	-	-
Special assessment	-	-	-	-	692,658
Interest receivable	-	-	-	-	-
Prepaid items	1,024,837	-	-	-	-
Total Assets	<u>\$ 11,225,268</u>	<u>\$ 4,915,960</u>	<u>\$ 4,662,682</u>	<u>\$ 8,052,131</u>	<u>\$ 739,468</u>
Liabilities					
Accounts payable	513,185	88,333	-	197,854	-
Due to other governments	334,203	-	-	-	-
Custodial accounts payable	1,797,184	36,495	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	708,797	-	-	-	-
Unearned revenue	1,699	-	-	-	692,659
Total Liabilities	<u>3,355,068</u>	<u>124,828</u>	<u>-</u>	<u>197,854</u>	<u>692,659</u>
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	7,645,200	-	-	-	-
Special revenue funds	-	4,791,132	4,662,682	2,853,256	-
Debt service funds	-	-	-	-	46,809
Capital project funds	-	-	-	-	-
Total Fund Balances	<u>7,870,200</u>	<u>4,791,132</u>	<u>4,662,682</u>	<u>7,854,277</u>	<u>46,809</u>
Total Liab & Fund Balances	<u>\$ 11,225,268</u>	<u>\$ 4,915,960</u>	<u>\$ 4,662,682</u>	<u>\$ 8,052,131</u>	<u>\$ 739,468</u>

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

	Municipal Facilities CIP	Transportation CIP	Other Governmental Funds	Total Governmental Funds
Assets				
Cash & cash equivalents	\$ 126,359	\$ 2,555,013	\$ 7,396,615	\$ 23,245,893
Investments	3,513,865	3,499,600	1,993,658	19,972,123
Receivables (net of allow- ance for uncollectibles):				
Taxes	-	-	194,943	2,444,477
Customer accounts	-	-	46,456	1,542,030
Special assessment	-	-	-	692,658
Interest receivable	45,617	19,550	-	65,167
Prepaid items	-	-	14,209	1,039,046
Total Assets	\$ 3,685,841	\$ 6,074,163	\$ 9,645,881	\$ 49,001,394
Liabilities				
Accounts payable	-	305,252	459,919	1,564,543
Due to other governments	-	-	-	334,203
Custodial accounts payable	-	-	1,107	1,834,786
Deposits payable	-	-	23,767	23,767
Deferred revenue	-	-	-	708,797
Unearned revenue	-	-	29,777	724,135
Total Liabilities	-	305,252	514,570	5,190,231
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	-	-	-	7,645,200
Special revenue funds	-	-	3,690,544	15,997,614
Debt service funds	-	-	74,792	121,601
Capital project funds	3,685,841	5,768,911	5,365,975	14,820,727
Total Fund Balances	3,685,841	5,768,911	9,131,311	43,811,163
Total Liab & Fund Balances	\$ 3,685,841	\$ 6,074,163	\$ 9,645,881	\$ 49,001,394

**Reconciliation of Fund Balances of Governmental Funds
to the Net Assets of Governmental Activities
December 31, 2010**

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

Governmental funds total fund balance on December 31, 2010 **\$ 43,811,163**
(as shown on the Balance Sheet for Governmental Funds)

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

These capital assets consist of:

Land	\$ 320,233,942	
Intangibles - easements	71,226	
Construction in progress	1,741,175	
Buildings & structures	42,882,874	
Other improvements	9,871,209	
Infrastructure	75,198,267	
Equipment	5,600,514	
Intangibles - software	687,583	
Less: accumulated depreciation	<u>(58,571,228)</u>	397,715,562

Investment in joint ventures are not a financial resource and, therefore, are not reported in the governmental funds. 2,742,042

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. 708,797

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. 52,969

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	\$ (6,622,050)	
Premium on bond issue (amortized over life of debt)	(143,418)	
Bond issue costs (amortized over life of debt)	27,119	
Accrued interest payable	(7,775)	
Other post employment benefits payable	(237,421)	
Compensated absences payable	<u>(1,122,810)</u>	(8,106,355)

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. 3,415,319

Net assets of governmental activities **\$ 440,339,497**
(as shown on the Government-wide Statement of Net Assets)

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



Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2010

	General	Street (Formerly Arterial Street)	Port of Seattle ILA	Hotel/Motel Tax	Special Assessment Debt
Revenues					
Taxes	\$ 21,927,427	\$ 5,006,956	\$ -	\$ 654,053	\$ -
Licenses & permits	955,253	-	-	-	-
Intergovernmental	750,431	712,825	-	-	-
Charges for services	1,052,064	-	-	-	-
Fines & forfeitures	501,932	-	-	-	-
Investment & other earnings	22,063	10,376	5,034	10,517	58,867
Special assessments	-	-	-	-	183,459
Rents/leases & concessions	210,299	4,313	-	-	-
Miscellaneous	18,638	2,173	-	-	-
Total Revenues	25,438,107	5,736,643	5,034	664,570	242,326
Expenditures					
<i>Current Operations:</i>					
Judicial	806,452	-	-	-	-
General Government	5,095,330	-	-	-	-
Public Safety	16,220,350	-	-	-	-
Physical Environment	15,334	-	-	-	-
Transportation	632,446	1,822,672	-	-	-
Health & Human Services	497,145	-	-	-	-
Economic Environment	1,669,116	-	-	1,113,145	-
Culture & Recreation	2,907,805	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	-	175,000
Interest & other costs	-	-	-	-	39,968
Capital outlay	14,910	1,206,715	-	-	-
Total Expenditures	27,858,888	3,029,387	-	1,113,145	214,968
Excess (deficiency) of revenues over (under) expenditures	(2,420,781)	2,707,256	5,034	(448,575)	27,358
Other Financing Sources (Uses)					
Transfers in	2,254,705	215,609	-	-	-
Transfers out	-	(1,992,667)	-	-	-
Disposition of capital assets	-	-	-	-	-
Total Other Fin Sources (Uses)	2,254,705	(1,777,058)	-	-	-
Net Change in Fund Balances	(166,076)	930,198	5,034	(448,575)	27,358
Fund Balances-Beginning	8,036,276	3,860,934	4,657,648	8,302,852	19,451
Fund Balances-Ending	\$ 7,870,200	\$ 4,791,132	\$ 4,662,682	\$ 7,854,277	\$ 46,809

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

	<u>Municipal Facilities CIP</u>	<u>Transportation CIP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ -	\$ 9,899	\$ 3,087,127	\$ 30,685,462
Licenses & permits	-	-	-	955,253
Intergovernmental	-	58,387	382,010	1,903,653
Charges for services	-	217,095	235,111	1,504,270
Fines & forfeitures	-	-	3,498	505,430
Investment & other earnings	30,178	(17,766)	11,613	130,882
Special assessments	-	-	-	183,459
Rents/leases & concessions	-	-	1,132,113	1,346,725
Miscellaneous	-	400	210,788	231,999
Total Revenues	30,178	268,015	5,062,260	37,447,133
Expenditures				
<i>Current Operations:</i>				
Judicial	-	-	-	806,452
General Government	-	-	56,956	5,152,286
Public Safety	64,855	-	15,761	16,300,966
Physical Environment	-	-	341,040	356,374
Transportation	-	680,886	42,020	3,178,024
Health & Human Services	-	-	-	497,145
Economic Environment	-	-	337,946	3,120,207
Culture & Recreation	-	-	27,792	2,935,597
<i>Debt Service:</i>				
Principal	-	-	3,735,000	3,910,000
Interest & other costs	-	-	171,625	211,593
Capital outlay	6,475	382,957	1,029,152	2,640,209
Total Expenditures	71,330	1,063,843	5,757,292	39,108,853
Excess (deficiency) of revs over expenditures	(41,152)	(795,828)	(695,032)	(1,661,720)
Other Financing Sources (Uses)				
Transfers in	-	298,472	2,977,946	5,746,732
Transfers out	-	-	(3,022,291)	(5,014,958)
Disposition of capital assets	-	-	500	500
Total Other Fin Sources (Uses)	-	298,472	(43,845)	732,274
Net Change in Fund Balances	(41,152)	(497,356)	(738,877)	(929,446)
Fund Balances-Beginning	3,726,993	6,266,267	9,870,188	44,740,609
Fund Balances-Ending	\$ 3,685,841	\$ 5,768,911	\$ 9,131,311	\$ 43,811,163

**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, 2010**

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

Net change in fund balance for all governmental funds combined **\$ (929,446)**
*(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 depreciation exceeded capital outlays in the
current period:

Capital outlay	\$ 2,640,209	
Depreciation expense	<u>(5,137,648)</u>	(2,497,439)

The net effect of various miscellaneous transactions involving capital
assets (i.e. asset sales, transfers, etc) is to decrease net assets. (1,042,863)

Investment in joint ventures are not considered financial resources and are,
therefore, not reported in the governmental funds. (8,795)

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

Premium on Debt Refunding	17,927	
Refunding Debt Issue Costs	(3,389)	
Debt Principal Repayments	<u>3,910,000</u>	3,924,538

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. (6,949)

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 changed by this
amount for the current year. (87,853)

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 expense	\$ 20,677	
Net increase in other post employment benefits	(37,494)	
Net increase in compensated absences	<u>(28,900)</u>	(45,717)

An Equipment Rental Internal Service Fund is used by
management to charge the costs of equipment repairs and
replacements to individual funds. Adjustments related to this Fund
are reported on the Statement of Activities as governmental activity.

Profit/Loss Allocation	114,949	
Interest Earnings	5,433	
Gain on Sale of Capital Assets	21,821	
Capital Contrib/Transfers Involving Other Funds (Net)	<u>(493,405)</u>	<u>(351,202)</u>

Change in net assets of governmental activities **\$ (1,045,726)**

(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, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Fund
	Surface Water Management Operating	Surface Water Management Construction	Surface Water Mgt Bonds Resv	Total Enterprise Funds	
Assets					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 1,817,820	\$ 1,433,641	\$ -	\$ 3,251,461	\$ 2,457,997
Customer receivables (net)	185,988	-	-	185,988	-
Prepaid items	-	-	-	-	27,867
Total Current Assets	2,003,808	1,433,641	-	3,437,449	2,485,864
<i>Noncurrent Assets:</i>					
Capital assets (net of accumulated depreciation):					
Buildings	-	197,890	-	197,890	-
Other improvements	1,232,304	23,604,046	-	24,836,350	-
Vehicles and equipment	-	-	-	-	1,059,714
Intangible assets	41,406	35,442	-	76,848	-
Total Noncurrent Assets	1,273,710	23,837,378	-	25,111,088	1,059,714
Total Assets	\$ 3,277,518	\$ 25,271,019	\$ -	\$ 28,548,537	\$ 3,545,578
Liabilities					
<i>Current Liabilities:</i>					
Accounts payable	44,369	771	-	45,140	358
Compensated absences	3,633	-	-	3,633	891
Total Current Liabilities	48,002	771	-	48,773	1,249
<i>Noncurrent Liabilities:</i>					
Compensated absences	29,382	-	-	29,382	5,050
Total Noncurrent Liab	29,382	-	-	29,382	5,050
Total Liabilities	77,384	771	-	78,155	6,299
Net Assets					
Invested in capital assets, net of related debt	1,273,710	23,837,378	-	25,111,088	1,059,714
Unrestricted	1,926,424	1,432,870	-	3,359,294	2,479,565
Total Net Assets	\$ 3,200,134	\$ 25,270,248	\$ -	\$ 28,470,382	\$ 3,539,279
Cumulative adjustment to reflect the consolidation of the Equipment Rental Internal Service Fund activities as related to enterprise funds.				123,960	
Net assets of business-type activities				\$ 28,594,342	

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

**Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended December 31, 2010**

	Business-type Activities-Enterprise Funds			Total Enterprise Funds	Governmental Activities- Internal Service Fund
	Surface Water Management Operating	Surface Water Management Construction	Surface Water Mgt Bonds Resv		
Operating Revenues					
<i>Charges for Services:</i>					
Surface water utilities	\$ 1,886,756	\$ -	\$ -	\$ 1,886,756	\$ -
Equipment rental	-	-	-	-	613,137
Total Operating Revenues	1,886,756	-	-	1,886,756	613,137
Operating Expenses					
Maintenance & operations	1,135,120	7,251	-	1,142,371	250,454
Depreciation	71,463	307,616	-	379,079	210,841
Total Operating Expenses	1,206,583	314,867	-	1,521,450	461,295
Operating Income (Loss)	680,173	(314,867)	-	365,306	151,842
Nonoperating Revenues (Exps)					
Taxes	381	-	-	381	-
Intergovernmental Revs	1,090	-	-	1,090	-
Investment earnings	16,768	3,276	-	20,044	5,433
Interest expense	(175,355)	-	-	(175,355)	-
Debt issuance costs	(11,900)	-	-	(11,900)	-
Gain (loss) on disp of assets	(1,521)	-	-	(1,521)	21,821
Total Nonop Revs (Exps)	(170,537)	3,276	-	(167,261)	27,254
Income (Loss) Before Contributions & Transfers	509,636	(311,591)	-	198,045	179,096
Capital contributions	44,895	491,631	-	536,526	142,494
Transfers in	604,910	-	-	604,910	-
Transfers out	(297,040)	-	(403,925)	(700,965)	(635,719)
Change in Net Assets	862,401	180,040	(403,925)	638,516	(314,129)
Net Assets-Beginning	2,337,733	25,090,208	403,925		3,853,408
Net Assets-Ending	\$ 3,200,134	\$ 25,270,248	\$ -		\$ 3,539,279

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 this internal service fund that is reported with the business-type activities in the Statement of Activities.

36,893

Change in net assets of business-type activities

\$ 675,409

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



Statement of Cash Flows
For the Year Ended December 31, 2010

	Business-type Activities-Enterprise Funds				Governmental
	Surface Water	Surface Water	Surface	Total	Activities-
	Management	Management	Water Mgt	Enterprise	Internal
	Operating	Construction	Bonds	Funds	Service Funds
			Resv		
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,785,530	\$ -	\$ -	\$ 1,785,530	\$ -
Receipts from other funds	122,000	-	-	122,000	613,137
Payments to suppliers	(338,496)	(11,331)	-	(349,827)	(222,997)
Payments to employees	(627,998)	-	-	(627,998)	(25,315)
Payments to other funds	(148,975)	-	-	(148,975)	-
Net Cash Provided (Used) by Operating Activities	792,061	(11,331)	-	780,730	364,825
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	604,910	-	-	604,910	-
Transfers to other funds	(297,040)	-	(403,925)	(700,965)	(635,719)
Non-operating revenue received	1,471	-	-	1,471	-
Net Cash Provided (Used) by Noncapital Fin Activities	309,341	-	(403,925)	(94,584)	(635,719)
Cash Flows from Capital & Related Financing Activities					
Proceeds from sale of assets	-	-	-	-	44,180
Capital contributions	-	150,826	-	150,826	-
Capital grants	-	89,120	-	89,120	-
Purchase of capital assets	(52,531)	(37,483)	-	(90,014)	(12,645)
Principal paid on capital debt	(1,380,000)	-	-	(1,380,000)	-
Interest paid on capital debt	(31,601)	-	-	(31,601)	-
Debt cost paid on capital debt	(304)	-	-	(304)	-
Net Cash Provided (Used) by Capital & Related Fin Activities	(1,464,436)	202,463	-	(1,261,973)	31,535
Cash Flows from Investing Activities					
Proceeds from sale of investments	2,000,000	1,000,000	-	3,000,000	2,490,000
Interest received	16,042	11,782	-	27,824	34,034
Net Cash Provided (Used) by Investing Activities	2,016,042	1,011,782	-	3,027,824	2,524,034
Net Increase (Decrease) in Cash and Cash Equivalents	1,653,008	1,202,914	(403,925)	2,451,997	2,284,675
Cash & Cash Equivalents-Beg	164,812	230,727	403,925	799,464	173,322
Cash & Cash Equivalents-End	\$ 1,817,820	\$ 1,433,641	\$ -	\$ 3,251,461	\$ 2,457,997

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

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Surface Water Mgt Bonds Resv	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 680,173	\$ (314,867)	\$ -	\$ 365,306	\$ 151,842
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	71,463	307,616	-	379,079	210,841
(Increase) decrease in accounts receivable pertaining to operating activities	25,201	-	-	25,201	-
(Increase) decrease in prepaid insurance	-	-	-	-	(1,210)
Increase (decrease) in accounts payable pertaining to operating activities	22,852	(4,080)	-	18,772	(2,589)
Increase (decrease) in compensated absences balances	(7,628)	-	-	(7,628)	5,941
Total adjustments	111,888	303,536	-	415,424	212,983
Net Cash Provided (Used) by Operating Activities	\$ 792,061	\$ (11,331)	\$ -	\$ 780,730	\$ 364,825

Noncash capital activities

Contributions of capital assets (other improvements) paid for in prior years by the Transportation CIP Fund.	-	247,407	-	247,407	-
Capital contribution of new capital assets equipment from the Street Fund.	-	-	-	-	140,973
Capital contribution of new capital assets equipment from the Surface Water Mgt Operating Fund.	-	-	-	-	1,521
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).	-	244,224	-	244,224	-

Statement of Fiduciary Net Assets
December 31, 2010

	<u>Clearing Agency Funds</u>
Assets	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 2,033,571
Total Assets	\$ 2,033,571
Liabilities	
<i>Current Liabilities:</i>	
Uncleared Accounts Payable Checks	1,574,470
Uncleared Payroll Payable Checks	459,101
Total Liabilities	2,033,571
Net Assets	\$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The City of SeaTac is a general purpose government. The City's Comprehensive Annual Financial Report (CAFR) includes all funds that are controlled by or are dependent on the City of SeaTac. There are three separate tests for determining whether a legally separate entity is a component of a primary government's financial reporting entity. These tests involve: 1) appointment of the voting majority of the potential component unit's governing board, along with evidence that the appointment process creates an ongoing relationship between the primary government and the potential component unit; 2) the potential component unit's fiscal dependence on the primary government; or 3) the likelihood that exclusion of the potential component unit from the primary government's financial reporting entity would result in misleading financial reporting. There were no component units meeting these three tests in 2010.

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 not to 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The *Transportation Capital Improvement Fund (#307)* accounts for transportation related infrastructure projects. The major revenue sources 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 has one additional surface water management fund, the *Surface Water Management Reserve Fund (#410)*, which is a non-major proprietary fund. Since this Fund is the only non-major proprietary fund, it has been included a column by itself. This Fund will be closed out in 2011 because the reserve funds were spent to redeem outstanding revenue bonds.

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

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

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

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

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

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

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

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 (*Street #101 (Fund Closing)*, *Street #102 (formerly the Arterial Street Fund)*, *Contingency Reserve Fund*, *Port of Seattle ILA*, *Transit Planning*, *Hotel/Motel Tax*, *Building Management*, *Facility Repair and Replacement & Des Moines Creek Basin ILA Fund*), Debt Service Funds (*City Hall Limited Tax GO Bond*, *Transportation Bond*, *Hotel/Motel Tax Bond*, *Special Assessment Debt*, *LID Guarantee Fund*, *2009 LTGO Refunding Bond*, and *Transportation Bonds Reserve*), Capital Project Funds (*Municipal Capital Improvement*, *Fire Equipment Capital Reserve*, *Municipal Facilities CIP*, *Transportation CIP* and *Light Rail CIP*), Enterprise Funds (*Surface Water Management Utility*, *Surface Water Management Construction* and *Surface Water Management Bonds Reserve Fund*) and Internal Service Fund (*Equipment Rental*).

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

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

2. Amending the Budget

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

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

3. Excess of Expenditures Over Appropriations

There were no City funds in which expenditures exceeded appropriations.

E. Assets, Liabilities and Fund Equity**1. Cash and Cash Equivalents**

It is the City's policy to invest all temporary cash surpluses. At December 31, 2010, the City had holdings of \$28,955,351 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 some 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 these 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 2010 was \$7,965,747.

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, 2010, no special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods, services 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* or *advances to/from other funds*. 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*. There were no interfund loans or advances in 2010.

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

In 2010, restricted assets in *Surface Water Bonds Reserve Fund (#410)* were spent to redeem the remaining outstanding surface water revenue bonds. There are no other restricted assets in the proprietary funds. Specific debt service reserve requirements are described in *Note 9 Long-term Debt*.

7. Capital Assets

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

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

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

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

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

8. Compensated Absences

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

The liability for accumulated unused vacation and sick leave for governmental funds is reported in the government-wide *Statement of Net Assets*. This total liability is \$1,122,810 at December 31, 2010. It is estimated that \$168,421 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, 2010 is \$33,015. It is estimated that \$3,633 of this liability will be due within one year. Additionally, the *Equipment Rental Fund* has an estimated total compensated absences liability at year end of \$5,941 and it is estimated that \$891 of this liability will be due with one year. The *Equipment Rental* compensated absence liability has been included in the governmental activities column of the government wide *Statement of Net Assets*.

9. Other Accrued Liabilities

This account includes accrued interest payable to bondholders since the last interest payment.

10. Long-Term Debt

All payables, accrued liabilities and long-term obligations from governmental funds are

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

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

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 18 Reservations and Designations of Fund Equity*.

13. Minimum Fund Balance

For the *General Fund*, the City has established a minimum fund balance policy of three months of *General Fund* operating expenditures. No other funds have formally adopted minimum fund balance policies.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2010, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

Bank of America, Checking Accounts.....	\$7,486,901
Cash with Colliers International	21,199
Cash Equivalents with State Treasurer's Investment Pool	21,437,051
City Hall Postage Meter Fund.....	8,000
Petty Cash/Change Funds.....	2,200
Total Cash and Cash Equivalents.....	<u>\$28,955,351</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, 2010, 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 Mortgage Corp	N/A	02/15/11	\$ 5,000,000	\$ 5,019,600
2) Federal National Mortgage Association	09/09/11	09/09/13	15,000,000	14,952,315
Subtotal			\$ 20,000,000	\$ 19,971,915
3) State Treasurer's Local Government Investment Pool	N/A	Daily Basis	21,437,051	21,437,051
Total Investments			\$41,437,051	\$41,408,966

Interest Rate Risk. The City currently does not have a policy governing its exposure to interest rate risk, but historically the majority of the City's investments have been in the State Treasurer's Local Government Investment Pool which reduces the City's interest rate risk due to the shorter term maturities of the investments in the Pool. At the end of 2010, due to the rapidly declining interest rates, the City had 48% of its investments in Federal government notes and bonds at interest rates ranging from 1.125% to 3.4%. The interest rate on these investments exceeded the LGIP's December 2010 interest rate of .26%. The Pool's interest rate at the end of April 2011 was .17%.

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

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

Credit Risk. No credit rating is available for the State Treasurer's Local Government Investment Pool because the Pool has not been rated. The City's other two 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. If taxes are less than \$50, full payment is due. (RCW 84.56.020)
May 31st	Assessed value of property established for next year's levy at 100 percent of market value.
October 31st	Second installment is due. (RCW 84.56.020)

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

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

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

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

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

The City's property tax levy rate was \$2.58576 per \$1,000 of assessed value. Based on a City-wide assessed valuation of \$4,516,292,185 the total property tax levy for 2010 was \$11,650,131. (Note: *Property taxes collected in 2010 are based on the 2009 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.

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

In 2010, the City transferred \$244,224 in surface water management assets out of governmental-activities into the *Surface Water Management Construction Fund #406*. In addition, \$247,405 in infrastructure assets for the 192nd/37th sidewalk project was also transferred into this Fund. The second item is being treated as prior year adjustment, as shown on the government-wide *Statement of Activities*. A related disclosure can be found in *Note 19 – Other Disclosures – Prior Period Adjustments*.

The table below summarizes the changes in the City's governmental capital assets during 2010. Please note that \$1,059,714 (net) of internal service fund depreciated capital assets for the *Equipment Rental Fund (#501)* are shown in the table below and are not shown in the proprietary capital assets table. Under GASB 34, internal service fund assets and liabilities that are not eliminated are generally included in the governmental activities column of the government-wide *Statement of Net Assets*.

Governmental Activities Capital Assets	Beginning Balance 01/01/2010	Increases	Decreases	Ending Balance 12/31/2010
Capital assets not being depreciated:				
Land	\$320,879,257	12,531	657,846	\$320,233,942
Intangible Assets–Capital Easements	71,226	0	0	71,226
Construction in Progress (CIP)	1,724,223	1,212,142	1,195,190	1,741,175
Total assets not being depreciated	\$322,674,706	1,224,673	1,853,036	\$322,046,343
Capital assets being depreciated:				
Buildings/Bldg Improvements	42,269,237	613,637	0	42,882,874
Other Improvements	9,703,085	412,348	244,224	9,871,209
Infrastructure	74,041,058	1,157,208	0	75,198,266
Equipment/Vehicles/Machinery	5,589,555	158,345	147,386	5,600,514
Equipment/Vehicles/Machinery (E/R)	2,502,171	146,703	227,097	2,421,777
Intangible Assets-Software	665,802	21,781	0	687,583
Total assets being depreciated	134,770,908	2,510,022	618,707	136,662,223
Total governmental capital assets before depreciation	\$457,445,614	3,734,695	2,471,743	458,708,566
Less accumulated depreciation for:				
Buildings/Bldg Improvements	6,360,258	1,766,159	0	8,126,417
Other Improvements	2,768,422	607,471	0	3,375,893
Equipment/Vehicles/Machinery	2,981,364	285,078	6,413	3,260,029
Equipment/Vehicles/Machinery (E/R)	1,355,610	210,841	204,387	1,362,064
Infrastructure	40,801,002	2,409,448	0	43,210,450
Intangible Assets-Software	528,946	69,492	0	598,438
Total accumulated depreciation	54,795,602	5,348,489	210,800	59,933,291
Total governmental activities capital assets (net)	\$402,650,012	(1,613,794)	2,260,943	\$398,775,275

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	526,354
Public Safety	475,454
Physical Environment	24,623
Transportation	2,436,635
Transportation (Equipment Rental – Internal Service Fund)	210,841
Economic Environment	850,248
Culture and Recreation	823,148
Total Depreciation Expense-Governmental Activities	\$5,348,489

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 2010:

Business-Type Activities Capital Assets	Beginning Balance 01/01/2010	Increases	Decreases	Ending Balance 12/31/2010
Capital assets not being depreciated:				
Construction in Progress-SWM	\$11,695,651	205,791	11,901,442	\$ 0
Equipment – SWM	0	1,521	1,521	0
Intangible Assets-Software-SWM	0	42,197	0	42,197
Intangible Assets-Easements-SWM	35,442	0	0	35,442
Total assets not being depreciated	11,731,093	249,509	11,902,963	77,639
Capital assets being depreciated:				
Buildings-SWM	228,560	0	0	228,560
Other Improvements-SWM	16,962,293	12,197,418	0	29,159,711
Total assets being depreciated	17,190,853	12,197,418	0	29,388,271
Total business-type capital assets before depreciation	\$28,921,946	12,446,927	11,902,963	\$29,465,910
Less accumulated depreciation for:				
Buildings	25,509	5,161	0	30,670
Other Improvements	3,950,234	373,127	0	4,323,361
Intangible Assets-Software	0	791	0	791
Total accumulated depreciation	3,975,743	379,079	0	4,354,822
Total business-type capital assets (net)	\$24,946,203	12,067,848	11,902,963	\$25,111,088

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

Business-type Activities:	
Utilities/Physical Environment (Surface Water Management Utility)	\$379,079
Total Depreciation Expense-Business-type Activities	\$379,079

C. Construction Commitments

The following table describes the active construction projects on December 31, 2010 and the City's commitment with the contractor:

Project	Spent to Date	Remaining Commitment
42 nd Ave S/176 th to 188 th – Precision Earthworks	\$1,140,069	\$109,150
S 138 th (24 th Ave S – Military Road South) – KPFF Consulting Engineers	106,124	181,976
Total Outstanding Construction Commitments	\$1,246,193	\$291,126

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*; or it may be downloaded from the DRS website at www.drs.wa.gov. 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 Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW 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 monthly benefit is two percent of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months). The retirement benefit may not exceed 60 percent of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased by three percent annually. Plan 1 members may also elect to receive an optional COLA 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 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is two percent of the AFC for each year of service reduced by two percent each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per years of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3 percent for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, 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 3 percent annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions. Effective July 22, 2007, said refund (adjusted as needed for specified legal reductions) is increased from 100 percent to 200 percent of the accumulated contributions if the member's death occurs in the uniformed service to the United States while participating in *Operation Enduring Freedom* or *Persian Gulf*, *Operation Iraqi Freedom*.

PERS 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 monthly benefit that is 1 percent of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS 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 for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, 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.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon the results of investment activities.

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 Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 3 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of the 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 3 percent annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service of who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. The provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries. A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

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) enacted in 2006. 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 (AFC). 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 chose 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 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

PERS Membership	
Retirees and Beneficiaries Receiving Benefits	74,857
Terminated Plan Members Entitled to but not yet Receiving Benefits	28,074
Active Plan Members Vested	105,339
Active Plan Members Non-vested	53,896
Total PERS Members	262,166

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, 2010 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	5.31% ²	5.31% ²	5.31% ³
Employee	6.00% ⁴	3.90% 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 7.89% for Plan 1 and 5.31% 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 3.90% 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	7.81%	7.81%	7.81% ²
Employer-Local Gov¹	5.31%	5.31%	5.31% ²
Employee-State Agency	9.76%	7.25%	7.50% ³
Employee-Local Gov	12.26%	9.75%	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>
2010	\$5,335	\$385,319	\$23,444
2009	\$13,731	\$509,276	\$31,287
2008	\$23,327	\$496,123	\$30,245

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 commissioned officers, firefighters and as 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 Chapter 41.26 RCW 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 FAS 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. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 1 provides death and disability benefits. Death benefits for survivors of Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of FAS for each eligible surviving child, with a limitation on the combined allowances of 60% of the FAS; or (2) If no eligible spouse, eligible children receive 30% of FAS for the first child plus 10% for each additional child, subject to a 60% limitation of FAS, divided equally.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 1 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The LEOFF Plan 1 disability allowance is 50% of the FAS plus 5% for each child up to a maximum of 60%. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance.

LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's allowance.

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 2% of the FAS per year of service. (FAS 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 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 3 percent of each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3% annually.

LEOFF Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2% of the FAS for each year of service. Benefits are

actuarially reduced for each year that the member’s age is less than 53, unless the disability is duty-related, 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 3 percent for each year prior to age 53. A catastrophic disability benefit equal to 70% of their FAS, subject to offsets for workers’ compensation and Social Security disability benefits received, is also available to those LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of future substantial gainful employment in any capacity.

Effective June 2010, benefits to LEOFF Plan 2 members who are catastrophically disabled include payment of eligible health care insurance premiums.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150% of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of line of duty disability may be eligible to receive a retirement allowance of at least 10% of FAS and 2 percent per year of service beyond five years. The first 10% of the FAS is not subject to federal income tax.

LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption.

LEOFF Plan 2 members who apply for retirement may purchase up to five years of additional service credit. The cost of this credit is the actuarial equivalent of the resulting increase in the member’s benefit. LEOFF Plan 2 members can purchase service credit for military service that interrupts employment. Additionally, LEOFF Plan 2 members who become totally incapacitated for continued employment while serving in the uniformed services may apply for interruptive military service credit. Should any such member die during this active duty, the member’s surviving spouse or eligible children may purchase service credit on behalf of the deceased member.

LEOFF Plan 2 members may purchase up to 24 consecutive months of service credit for each period of temporary duty disability.

Beneficiaries of a LEOFF Plan 2 member who is killed in the course of employment receive retirement benefits without actuarial reduction, if found eligible by the Director of the Department of Labor and Industries.

Benefits to eligible surviving spouses and dependent children of LEOFF Plan 2 members killed in the course of employment include the payment of on-going health care insurance premiums paid to the Washington State Health Care Authority.

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a LEOFF Plan 2 member who dies as a result of injuries or illness sustained in the course of employment, if found eligible by the Department of Labor and Industries.

There are 372 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

LEOFF Membership	
Retirees and Beneficiaries Receiving Benefits	9,454
Terminated Plan Members Entitled to but not yet Receiving Benefits	674
Active Plan Members Vested	13,363
Active Plan Members Non-vested	3,944
Total LEOFF Members	27,435

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, 2010, were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer¹	0.16%	5.24% ²
Employee	0.00%	8.46%
State	N/A	3.38%

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

²The employer rate for ports and universities is 8.62%.

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>
2010	\$0	\$219,002
2009	\$0	\$229,797
2008	\$0	\$214,477

C. City of SeaTac Money Purchase Retirement Trust

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

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

As of December 31, 2010, there were 155 active members in the City of SeaTac Retirement Trust.

Actual employee contributions during the year amounted to \$730,151. Actual employer contributions were \$579,517.

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

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

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

1) Disability

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

2) Survivor

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

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

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

3) Lump Sum Death Benefits

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

4) Retirement Benefits

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

Each employee may direct his/her investment among various investment options for both employee and employer contributions. In addition, participants may borrow up to 50% of their vested (employee and employer contributions) account balance to a maximum outstanding balance of \$50,000, repayable through payroll deduction. Upon separation of service prior to retirement, all employee contributions may be withdrawn without regard to age, net of any outstanding loans. Employer contributions must be left in the plan and distributed when the participant attains age 55.

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

NOTE 7 - RISK MANAGEMENT

The City of SeaTac is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988 when 34 cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and joint purchase insurance and administrative services. As of August 31, 2010, the CIAW had 88 regular members and 180 associate members. Effective September 1, 2010, all members of the CIAW are full members.

The pool provides the following forms of joint self-insurance and excess coverage for its members: Property, including automobile comprehensive and collision, equipment breakdown and crime protection, and liability, including general, automobile, and wrongful acts.

The pool acquires liability insurance through Munich Reinsurance America that is subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible portion of each claim, while the pool is responsible for the remaining \$99,000. The insurance carrier covers insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool also purchases a Stop Loss Policy in the amount of \$3,200,000 to cap the total claims paid by the pool in any one year.

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

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

Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 terminating participation the following September 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the pool. The pool has no employees, but has contracted with a third-party administrator, Canfield, to perform the daily administration of the pool, including account education, risk management and loss control, and claims administration.

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

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

Employment Security Act. The City's employer status for unemployment insurance is as a "taxable" employer.

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

NOTE 8 – SHORT-TERM DEBT

As of December 31, 2010, the City had no short term debt outstanding. Additionally, there was no short term debt activity during the year.

NOTE 9 – LONG-TERM DEBT

General Obligation Bonds

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

On December 22, 2009, the City issued par value *Limited Tax General Obligation Refunding Bonds*, in the amount \$4,215,000. The proceeds from the sale were used to refund the following bonds totaling \$4,300,000: 1) \$2,755,000 of the City's *Limited Tax General Obligation (Hotel/Motel Tax) Bonds, 1998* maturing on December 1 in years 2010 through 2018 (the "1998 Refunded Bonds") and 2) \$1,545,000 of the City's *Limited Tax General Obligation Refunding Bonds, 1998* maturing on December 1 in years 2010 through 2013 (the "1998 Refunding Refunded Bonds"). The proceeds were placed in escrow until the call date of the Refunded Bonds was reached (approximately one month) at which time they were called at a price of par plus accrued interest. The purpose of the refunding was to accomplish an interest cost savings to the City of 8.686725% with a net present value of \$373,529 as represented as the difference between debt service on the Bonds and debt service on the prior issues discounted to the issue date using the yield on the Bonds as the discount rate.

Special Obligation Bonds

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

General obligation and special obligation bond outstanding debt as of the end of 2010 are listed in the table below:

Description/ Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
2009 LTGO Refunding (2010 – 2018)	2.00% - 4.00%	\$4,215,000	\$3,560,000
Total General Obligation Bonds		\$4,215,000	\$3,560,000
2009 South Correctional Entity Facility Public Development Authority Bonds Series 2009A Bonds (2015/2016/2017/2021/2022)	4.00% - 5.00%	\$246,150	\$246,150
2009 South Correctional Entity Facility Public Development Authority Bonds Series 2009B Bonds (Taxable Build America Bonds – Direct Payment) (2013/2014/2016/2018-2021/2022-2039)	3.001% - 6.616%	\$2,340,900	\$2,340,900
Total Special Obligation Bonds (Contractual)		\$2,587,050	\$2,587,050
Total Governmental-type Debt		\$6,802,050	\$6,147,050

The annual debt service requirements to maturity for general obligation bonds and other governmental-type debt are as follows:

Governmental-type Debt					
2009 LTGO Refunding Bonds (General Obligation)			2009 SCORE Bonds (2009A & 2009B) (Contractual Special Obligation)		
Rating: Standard & Poor's AA+			Ratings: Moody's A1 & S&P AA		
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest¹
2011	660,000	93,300	2011	0	154,672
2012	670,000	80,100	2012	0	154,672
2013	680,000	66,700	2013	57,450	153,810
2014	295,000	53,100	2014	58,500	151,997
2015	300,000	47,200	2015	59,700	149,852
2016-2020	955,000	77,400	2016-2020	334,350	706,056
2021-2025	0	0	2021-2025	402,150	611,340
2026-2030	0	0	2026-2030	489,750	474,108
2031-2035	0	0	2031-2035	602,850	295,691
2036-2039	0	0	2036-2039	582,300	79,084
Total Ref Bonds	\$3,560,000	\$417,800	Total SCORE Bonds	\$2,587,050	\$2,931,282

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

The City has used 10.7% of its Councilmanic (non-voted) general purpose debt capacity (includes the contractual obligation for the SCORE bonds) and has \$57.2 million left in available debt capacity. For voted debt, the City has \$42.2 million in remaining debt capacity with no voted debt outstanding.

The City had no arbitrage rebate liability for outstanding tax exempt bonds in 2010.

At December 31, 2010, the City had \$9,792 in cash and cash equivalents in debt service funds to service the general bonded debt. Additionally, all general obligation bond proceeds have been fully expended except the debt issue for the City's 1998 Limited Tax General Obligation Bonds (Hotel/Motel Tax Bonds) in the amount of \$5,001,021 (including the premium) which were refunded in 2009 as stated above. These bond proceeds will be used for the acquisition/construction of tourism related capital facilities per Ordinance #98-1049.

Revenue Bonds

In 2010, the City Council passed Ordinance #10-1014 redeeming both the 1999 Local Option Revenue Refunding Bonds (\$3,080,000) and the 1999 Storm Water Revenue Refunding Bonds (\$1,380,000). The City saved approximately \$424,000 in interest costs for the period of 2010 - 2013 due to the bonds paying interest rates ranging from 4.45% to 4.7%. Currently, there are no plans to issue new revenue bonds.

Special Assessment Bonds

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

Delinquent assessments receivable had a balance of zero at the end of the year. The outstanding liability from the special assessment bond issue is reported in the government-wide *Statement of Net Assets*. In 2010, no additional special assessment bonds were issued and the City had no arbitrage rebate liability.

Special assessment bonds currently outstanding are as follows:

Description/Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
Local Improvement District #1 (2001-2015)	5.00% - 6.20%	\$2,871,819	\$475,000
Total Special Assessment Bonds		\$2,871,819	\$475,000

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
2013	\$ 85,000	\$29,225	2015	\$195,000	\$12,090
2014	195,000	24,083	Total SA Bonds	\$475,000	\$65,398

On December 31, 2010, the *Special Assessment Debt Fund* had \$46,810 in cash and the *LID Guarantee Fund* had \$65,000.

NOTE 10 - LEASES

Operating Lease Obligations

The City leases 20,900 square feet of land known to be a portion of the highway right-of-way of SR 5, South 188th Street interchange from the Washington State Department of Transportation. The lease was renewed for a five year term effective October 1, 2006 and can be renewed for an additional five year period. Monthly rent adjustments can be made based on the U.S. CPI-U or by an amount that reflects changes in comparable rents as identified by a State appraisal. The City spent \$14,931 on this lease in 2010.

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

Operating Lease Receivables

The City has six agreements to lease out portions of the second floor in City Hall as follows: 1) The first lease agreement is a lease for 8,921 square feet and was renewed through October 1, 2012. The lease amount is \$17,162 per month; 2) The second lease is for 3,030 square feet and was renewed through November 30, 2012. This lease amount is \$5,176 per month for a thirty-six month period; 3) The third lease agreement is for 3,300 square feet and is effective through March 31, 2011. The current monthly lease payment is \$5,367 and will increase by 2% annually; 4) The fourth lease agreement is for 500 square feet and has a termination date of March 31, 2011. The current monthly lease payment is \$771 and will increase 2% annually; 5) The fifth lease agreement is for 208 square feet in the amount of \$321 month through April 30, 2011. This agreement may be terminated by either party with 90 days written notice and 6) The final lease agreement is for 3,265 sq feet in the amount of \$5,530 per month. This lease agreement is for 36

months ending April 30, 2011 and can be terminated by either party with 90 days written notice.

The City also has two lease agreements to house antennas on roofs of City buildings. One antenna is on the roof of City Hall and the other one is on the roof of the SeaTac Community Center. The first agreement was extended in 2007 for a term of five years until August 21, 2012. The lessee can extend for one additional five year term. The current amount of the lease is \$2,744 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 \$1,639 per month and includes an annual increase of 3%. In addition, the City has an agreement for an extension of right and option to lease rooftop space for a possible additional antenna on City Hall.

The City has one parking and one land lease agreement as follows: 1) Parking lease for use of parking space at Riverton Heights School at \$100 week with a termination clause of 30 days written notice by either party and 2) A 50 year land lease for 6.5 acres through December 31, 2054 with the ability to extend the lease for two additional periods of ten years each. The lease payment is \$29,290 annually and includes a standard 1% payment escalation. Additionally, the City has a month-to-month lease agreement for the use of 3,750 square feet of outdoor space at the Maintenance Facility in the amount of \$575 and a month-to-month residential lease agreement in the amount of \$700 for real property the City owns which is scheduled to be torn down in the future for economic development.

On December 31, 2009, the City purchased a retail building (SeaTac Center) near the S 154th Street Light Rail Station for \$12.3 million. This purchase assists the City in its planning efforts to redevelop this area in the future. The building has 61,641 square feet of retail space available for lease. At the end of December 2010, 29,330 square feet was being leased out to 11 tenants. In early 2010, the City hired a property manager to handle the leasing transactions and other property management functions for this building.

NOTE 11 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2010, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/10	Additions	Reductions	Ending Balance 12/31/10	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 4,215,000	\$ 0	\$ 655,000	\$3,560,000	\$660,000
Special obligation bonds	2,587,050	0	0	2,587,050	0
Revenue bonds	3,080,000	0	3,080,000	0	0
Special assessment bonds	650,000	0	175,000	475,000	0
<i>Deferred amount adjustments: Unamortized premium</i>	161,345	0	17,927	143,418	17,927
Total bonds payable - net	\$10,693,395	0	3,927,927	\$6,765,468	677,927
Other postemployment benefits	199,927	179,230	0	379,157	0
Compensated absences	1,093,910	696,733	667,833	1,122,810	168,421
Compensated absences-ISF	0	5,941	0	5,941	891
Governmental activities long-term liabilities	\$11,987,232	\$881,904	\$4,595,760	\$8,273,376	\$847,239
Business-type Activities:					
Bonds payable:					
Revenue bonds	\$1,380,000	\$ 0	\$1,380,000	\$ 0	\$ 0
<i>Deferred amount adjustments: Unamortized discount</i>	(6,617)	0	(6,617)	0	0
<i>Def amount on refunding</i>	(142,404)	0	(142,404)	0	0
Total bonds payable - net	1,230,979	0	1,230,979	0	0
Compensated absences	40,643	6,480	14,108	33,015	3,633
Business-type activities long-term liabilities	\$1,271,622	\$6,480	\$1,245,087	\$33,015	\$3,633

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year end, internal service funds had \$5,941 in estimated 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*.

NOTE 12 – CONTINGENCIES AND LITIGATION

The City Attorney reports that, as of December 31, 2010, 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.

The City participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. City management believes that such disallowances, if any, will be immaterial.

NOTE 13 – RESTRICTED NET ASSETS

The government-wide *Statement of Net Assets* reports \$20,451,319 in restricted net assets. None of the net assets are restricted by enabling legislation.

NOTE 14 - INTERFUND TRANSFERS

During 2010, 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 2010:

		Transfers From (Out)					
		Street Fund #102 (Formerly Arterial Street)	Port of Seattle ILA Fund #105	SWM Operating Fund #403	SWM Construct Fund #406	Other Non-Major Funds	Totals
Transfers To (In)	General Fund #001	397,250	0	176,500	0	1,680,955	2,254,705
	Street Fund #102 (Formerly Arterial Str)	0	0	0	0	215,609	215,609
	Municipal Facility CIP Fund #306	0	0	0	0	0	0
	Transportation CIP Fund #307	200,000	0	0	0	98,472	298,472
	Light Rails Station Areas CIP #308	0	0	0	0	0	0
	SWM Utility Fund #403	0	0	0	0	604,910	604,910
	SWM Construction Fund #406	0	0	0	0	0	0
	Other Non-Major Funds	1,395,417	0	120,540	0	1,461,989	2,977,946
	Total Cash Transfers	1,992,667	0	297,040	0	4,061,935	6,351,642
	Transfer in of capital assets:						
	To Surface Water Management Construction Fund #406 from Des Moines Creek Basin ILA Fund #111						244,224
	To Surface Water Management Construction Fund #406 from Transportation CIP Fund #307 (Prior Year Adjustment)						247,405
	To Equipment Rental Internal Service Fund #501 from Street Fund #102						140,973
Total Interfund Transfers							\$6,984,244

In the proprietary statements, the transfer in of capital assets from the governmental funds is shown as a capital contribution. During the year, capital assets were purchased by a governmental fund, the *Des Moines Creek Basin ILA Fund*, in the amount of \$244,244 and were transferred into the *Surface Water Management Construction Fund*. When equipment is purchased by governmental funds, the amounts paid for the assets are recorded as capital expenditures on the governmental *Statement of Revenues, Expenditures and Changes in Fund Balance* statement. The capital expenditures are then eliminated as part of the government-wide reconciliation process and are shown as assets on the *Statement of Net Assets*. Additionally, capital infrastructure assets paid for in prior years by a governmental fund, the *Transportation CIP Fund*, were transferred out in the amount of \$247,405 to the *Surface Water Management Construction Fund*. This transfer out was recorded as part of the prior year adjustment shown on the government-wide *Statement of Activities*. Additional information on prior year adjustments can be found in *Note 19 – Other Disclosures – Prior Year Adjustments*. Lastly, two Interfund capital equipment purchases were made in the *Street Fund #102* (\$140,793) and the *Surface Water Management Utility Fund #403* (\$1,521) and were transferred or contributed to the *Equipment Rental Fund #501*.

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

General Fund #001

There were ten interfund transfers made into the *General Fund* in 2010 as follows:

1. *Street Fund #102 (Formerly Arterial Street)* – Reimbursement of administrative costs (\$382,000).
2. *Street Fund #102 (Formerly Arterial Street)*- Reimbursement of Maintenance Facility maintenance costs (\$15,250).
3. *Facility Repair & Replacement Fund #110* - Return reserve funds to the *General Fund* and defer maintenance work (\$100,000).
4. *Des Moines Creek Basin ILA Fund #111* - Reimbursement for treasury services provided by City per Interlocal Agreement (\$17,786).
5. *Building Management Fund #108* - Reimbursement for 1/3 of City Hall maintenance expenses for leased office space on second floor of City Hall (\$282,530).
6. *LID Guarantee Fund #205* – Reduce required reserve as established by the LID ordinance (\$19,500).
7. *Municipal Capital Improvement Fund #301* – Transfer out construction related sales taxes to use for general operating expenditures (\$920,000).
8. *Surface Water Management Utility Fund #403* – Reimbursement of Maintenance Facility maintenance costs (\$15,250).
9. *Surface Water Management Utility Fund #403* – Reimbursement of administrative costs (\$161,250)
10. *Equipment Rental Fund #501* – Rebate excess net asset reserves accumulated over the last few years (\$341,139).

Total 2010 interfund transfers made into the General Fund were \$2,254,705.

Street Fund #102 (Formerly Arterial Street)

There were three interfund transfers into the *Street Fund #102 (Formerly Arterial Street)* in 2010:

1. *Street Fund #101* – Close fund and transfer remaining balance out of fund (\$69,706).
2. *Des Moines Creek Basin ILA Fund #111* – Reimbursement for City provided engineering costs for work related to the Basin (\$1,633).
3. *Equipment Rental Fund #501* – Rebate excess net asset reserves accumulated over the last few years (\$144,270).

Total 2010 interfund transfers made into the *Street Fund #102 (Formerly Arterial Street)* were \$215,609.

Transportation CIP Fund #307

In 2010, two interfund transfers totaling \$298,472 were made as follows:

1. *Street Fund #102 (Formerly Arterial Street)* – Transferred parking taxes to fund capital projects scheduled in the *2011 – 2016 Capital Improvement Program (CIP)* (\$200,000).
2. *Des Moines Creek Basin ILA Fund #111* – Reimbursement for City provided engineering costs for work related to the Basin (\$98,472).

Surface Water Management Utility Fund #403

In 2010, three interfund transfers totaling \$604,910 were made as follows:

1. *Des Moines Creek Basin ILA Fund #111* – Reimbursement for City provided engineering costs for work related to the Basin (\$50,675).
2. *Surface Water Management Bonds Reserve #410* – Close reserve fund to redeem storm sewer revenue bonds (\$403,925).
3. *Equipment Rental Fund #501* – Rebate excess net asset reserves accumulated over the last few years (\$150,310).

Other Non-major Funds

1. The *Street Fund #102 (Formerly Arterial Street)* transferred \$1,395,417 into the *Transportation Bond Fund #202* to redeem the outstanding transportation revenue bonds.
2. The *Building Management Fund #108* transferred \$560,077 to the *Municipal Capital Improvements Fund #301* for City Hall capital projects.
3. The *LTGO City Hall Bond Fund #201* was closed out to the *2009 LTGO Refunding Bond Fund* due to a bond refunding in the amount of \$4,404.
4. The *Hotel/Motel Tax Bond Fund #203* was closed out to the *2009 LTGO Refunding Bond Fund* due to a bond refunding in the amount \$3,445.
5. The *Transportation Bond Reserve Fund #210* transferred \$894,063 into the *Transportation Bond Fund #202* to redeem the outstanding transportation revenue bonds.
6. The *Surface Water Management Utility Fund #403* transferred out \$77,490 to the *Des Moines Creek Basin Fund #111* for maintenance and operations.
7. The *Surface Water Management Utility Fund #403* transferred \$43,050 to the *Des Moines Creek Basin Fund #111* for future capital replacements.

Other non-major interfund transfers totaled \$2,977,946 in 2010.

NOTE 15 - RECEIVABLE AND PAYABLE BALANCES

A. Receivables

The receivable balances for the major funds at December 31, 2010 were as follows:

Fund	Customer Accounts (Net) ¹	Taxes	Special Assessments & Interest	Total
Governmental Activities:				
General #001	\$ 949,539	\$1,665,618	\$ 0	\$2,615,157
Street #102	546,035	504,617	0	1,050,652
Hotel/Motel Tax #107	0	79,299	0	79,299
Special Assessment Debt #204	0	0	692,658	692,658
Municipal Capital Imp Fund #301	0	194,943	0	194,943
Municipal Facilities CIP #306	0	0	45,617	45,617
Transportation CIP #307	0	0	19,550	19,550
Other Non-Major Funds	46,456	0	0	46,456
Subtotal Governmental Activities	\$1,542,030	\$2,444,477	\$757,825	\$4,744,332
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>				
Internal service fund adjustment	0	0	0	0
Investment interest receivable	0	0	52,969	52,969
Total Governmental Activities	\$1,542,030	\$2,292,940	\$810,794	\$4,797,301
<i>Amounts not scheduled for collection during the subsequent year for governmental activities</i>	0	0	554,127	554,127
Business-type Activities:				
Surface Water Mgt Ops #403	\$185,988	\$0	\$0	\$185,988
Surface Water Mgt Constr #406	0	0	0	0
Total Business-type Activities	\$185,988	\$0	\$0	\$185,988

¹ Allowance for uncollectible customer accounts has been included in the amounts above.

B. Payables

The City's payable balances for the major funds at December 31, 2010 were as follows:

Fund	Accounts	Due to Other Gov	Deposits/ Custodial/ Other	Interest	Total
General #001	\$ 513,185	\$334,203	\$1,797,184	\$ 0	\$2,644,572
Street #102	88,333	0	36,495	0	124,828
Hotel/Motel Tax #107	197,854	0	0	0	197,854
Transportation CIP #307	305,252	0	0	0	305,252
Other Non-Major	459,919	0	24,874	0	484,793
Subtotal Governmental Act	\$1,564,543	\$334,203	\$1,858,553	\$ 0	\$3,757,299
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>					
Internal service fund adjustment	358	0	0	0	358
Bond interest payable	0	0	0	7,775	7,775
Total Governmental Activities	\$1,564,901	\$334,203	\$1,858,553	\$7,775	\$3,765,432
Business-type Activities:					
Surface Water Management #403	\$44,369	\$0	\$0	\$0	\$44,369
Surface Water Mgt Construc #406	771	0	0	0	771
Total Business-type Activities	\$45,140	\$0	\$0	\$0	\$45,140

NOTE 16 – JOINT VENTURES – SOUTH CORRECTIONAL ENTITY (SCORE)

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

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

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

Summary of Debt Service Requirements										
Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest*	35% BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2011	0	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2012	0	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2013	1,915,000	5,126,998	(1,675,089)	5,366,909	1,663,742	214,676	966,044	1,932,087	161,007	429,353
2014	1,950,000	5,066,566	(1,654,975)	5,361,591	1,662,093	214,464	965,086	1,930,173	160,848	428,927
2015	1,990,000	4,995,069	(1,632,787)	5,352,282	1,659,207	214,091	963,411	1,926,822	160,568	428,183
2016-2020	11,145,000	23,535,189	(8,001,883)	26,678,306	8,270,275	1,067,132	4,802,095	9,604,190	800,349	2,134,264
2021-2025	13,405,000	20,377,998	(7,211,504)	26,571,494	8,237,163	1,062,860	4,782,869	9,565,738	797,145	2,125,720
2026-2030	16,325,000	15,803,611	(5,715,798)	26,412,813	8,187,972	1,056,513	4,754,306	9,508,613	792,384	2,113,025
2031-2035	20,095,000	9,856,351	(3,682,383)	26,268,968	8,143,380	1,050,759	4,728,414	9,456,828	788,069	2,101,517
2036-2039	19,410,000	2,636,145	(1,147,380)	20,898,765	6,478,617	835,951	3,761,778	7,523,555	626,963	1,671,901
Totals	\$86,235,000	\$97,709,391	\$(34,071,977)	\$149,872,414	\$46,460,447	\$5,994,898	\$26,977,035	\$53,954,068	\$4,496,171	\$11,989,792

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

The City of SeaTac reports its share of equity interest in the Governmental Activities column within the government-wide financial statements as a noncurrent asset. The following is condensed (unaudited) financial information as of December 31, 2010 related to SCORE:

South Correctional Entity (SCORE) 2010 Owner Cities Equity Allocation				
Member City	Percent of Equity	2009 Equity Balance	2010 Distribution	2010 Equity Balance
Auburn	31.00%	\$1,692,471	(90,883)	\$1,601,588
Burien	4.00%	218,383	(11,727)	206,656
Federal Way	18.00%	982,725	(52,771)	929,954
Renton	36.00%	1,965,450	(105,540)	1,859,910
SeaTac	3.00%	163,787	(8,795)	154,992
Tukwila	8.00%	436,767	(23,454)	413,313
Grand Total	100.00%	\$5,459,583	\$(293,170)	\$5,166,413

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

NOTE 17 – 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 four 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 (\$1,000 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 \$56,451 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)	\$103,564
Interest on net OPEB obligation	8,997
Adjustment to annual required contribution	<u>(18,616)</u>
Annual OPEB cost (expense)	93,945
Contributions made	<u>(56,451)</u>
Increase in net OPEB obligation	37,494
Net OPEB Obligation – Beginning of Year	<u>199,927</u>
Net OPEB Obligation – End of Year	<u>\$ 237,421</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 2010 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
2008	\$125,387	42%	\$145,324
2009	\$116,431	53%	\$199,927
2010	\$93,945	60%	\$237,421

Funded Status and Funding Progress: As of June 30, 2009, the most recent actuarial valuation date (valuation report is issued by the Office of the State Actuary (OSA)), the actuarial accrued liability (AAL) for benefits was \$1,112,231 all of which was unfunded. There is no covered payroll (annual payroll of active employees covered by the plan) calculation because there are no active employees covered by the plan.

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

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

The following simplifying assumptions were made:

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

Mortality: Mortality rates were assumed to follow the LEOFF 1 mortality rates used in the June 30, 2009 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 7.625% in 2010 and decreases to 5.125% in 2015; It remains at 5.0% starting in 2016. 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 2007 assumptions were rolled into the June 2011 Actuarial Valuation of LEOFF 1 medical benefits. 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% (Annual rate, compounded annually) 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 18 - 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 19 – OTHER DISCLOSURES

A. Prior Period Adjustments

In 2010, prior period adjustments totaled (\$247,405) in the governmental activities column of the government-wide *Statement of Activities*. The City transferred \$247,405 in surface water management assets out of governmental-activities into the *Surface Water Management Construction Fund #406*. The capital transfers were for storm drainage assets installed in the South 192nd/37th Street sidewalk construction project.



Required Supplementary Information

Required Supplementary
Information



Required Supplementary
Information

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (PUC) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
9/30/2006	\$0	\$1,384,278	\$1,384,278	0.0%	\$0	0.0%
6/30/2007	\$0	\$1,325,508	\$1,325,508	0.0%	\$0	0.0%
9/30/2009	\$0	\$1,112,231	\$1,112,231	0.0%	\$0	0.0%

Notes to the Schedule of Funding Progress

The City is using the alternative measurement method as permitted under GASB Statement No. 45. The City utilizes actuarial valuation tools provided by the Office of the State Actuary (OSA) for Washington State. Retirement, disablement, termination, and mortality rates were assumed to follow LEOFF 1 rates used in the June 30, 2009 actuarial report issued by OSA.

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 22,818,210	\$ 22,818,210	\$ 21,927,427	\$ (890,783)
Licenses & permits	1,070,475	1,068,475	955,253	(113,222)
Intergovernmental	738,442	762,942	750,431	(12,511)
Charges for services	1,009,343	1,036,843	1,052,064	15,221
Fines and forfeitures	592,600	592,600	501,932	(90,668)
Investment earnings	419,100	419,100	22,063	(397,037)
Rents/leases & concessions	265,150	239,650	210,299	(29,351)
Miscellaneous	25,500	26,000	18,638	(7,362)
Total Revenues	26,938,820	26,963,820	25,438,107	(1,525,713)
Expenditures				
<i>Current operations:</i>				
Judicial	809,595	809,595	806,452	3,143
General Government	5,471,337	5,512,375	5,095,330	417,045
Public Safety	16,893,165	16,993,384	16,220,350	773,034
Physical Environment	15,334	15,334	15,334	-
Transportation	695,847	695,847	632,446	63,401
Health & Human Services	544,329	546,269	497,145	49,124
Economic Environment	1,812,480	1,851,755	1,669,116	182,639
Culture & Recreation	2,966,354	2,966,354	2,907,805	58,549
Capital outlay	0	13,851	14,910	(1,059)
Total Expenditures	29,208,441	29,404,764	27,858,888	1,545,876
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(2,269,621)</i>	<i>(2,440,944)</i>	<i>(2,420,781)</i>	<i>20,163</i>
Other Financing Sources (Uses)				
Transfers in	1,316,919	2,254,705	2,254,705	-
Total Other Fin Sources (Uses)	1,316,919	2,254,705	2,254,705	-
<i>Net Change in Fund Balances</i>	<i>(952,702)</i>	<i>(186,239)</i>	<i>(166,076)</i>	<i>20,163</i>
Fund Balances-Beginning	8,738,862	8,036,276	8,036,276	-
Fund Balances-Ending	\$ 7,786,160	\$ 7,850,037	\$ 7,870,200	\$ 20,163

*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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 4,990,000	\$ 4,990,000	\$ 5,006,956	\$ 16,956
Intergovernmental	566,682	566,682	712,825	146,143
Charges for services	700	700	-	(700)
Investment earnings	35,000	35,000	10,376	(24,624)
Rents/leases & concessions	-	-	4,313	4,313
Miscellaneous	1,000	1,000	2,173	1,173
Total Revenues	5,593,382	5,593,382	5,736,643	143,261
Expenditures				
<i>Current operations:</i>				
Transportation	2,800,924	2,450,924	1,822,672	628,252
Capital outlay	1,395,000	1,773,000	1,206,715	566,285
Total Expenditures	4,195,924	4,223,924	3,029,387	1,194,537
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>1,397,458</i>	<i>1,369,458</i>	<i>2,707,256</i>	<i>1,337,798</i>
Other Financing Sources (Uses)				
Transfers in	144,270	213,977	215,609	1,632
Transfers out	(397,250)	(1,992,666)	(1,992,667)	(1)
Total Other Fin Sources (Uses)	(252,980)	(1,778,689)	(1,777,058)	1,631
<i>Net Change in Fund Balances</i>	<i>1,144,478</i>	<i>(409,231)</i>	<i>930,198</i>	<i>1,339,429</i>
Fund Balances-Beginning	4,057,498	3,860,934	3,860,934	-
Fund Balances-Ending	\$ 5,201,976	\$ 3,451,703	\$ 4,791,132	\$ 1,339,429

*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, 2010**

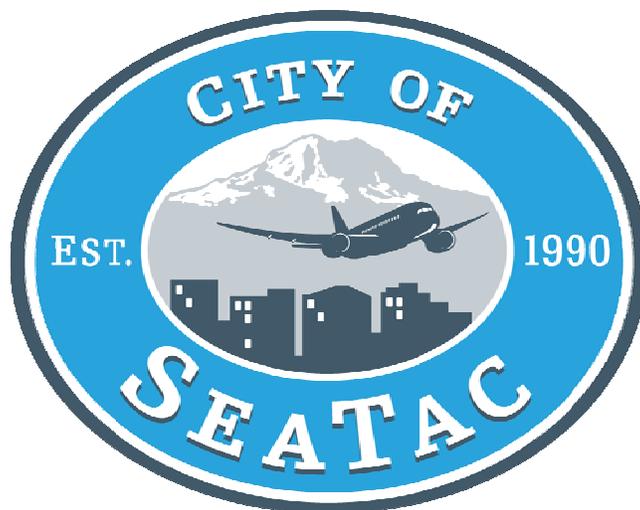
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 295,000	\$ 295,000	\$ 5,034	\$ (289,966)
Total Revenues	295,000	295,000	5,034	(289,966)
Expenditures	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	295,000	295,000	5,034	(289,966)
Other Financing Sources (Uses)				
Transfers out	(9,400,000)	(800,000)	-	(800,000)
Total Other Fin Sources (Uses)	(9,400,000)	(800,000)	-	(800,000)
<i>Net Change in Fund Balances</i>	(9,105,000)	(505,000)	5,034	510,034
Fund Balances-Beginning	17,783,671	4,657,648	4,657,648	-
Fund Balances-Ending	\$ 8,678,671	\$ 4,152,648	\$ 4,662,682	\$ 510,034

*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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 691,350	\$ 691,350	\$ 654,053	\$ (37,297)
Investment earnings	175,000	175,000	10,517	(164,483)
Total Revenues	866,350	866,350	664,570	(201,780)
Expenditures				
<i>Current operations:</i>				
Economic Environment	1,080,015	1,389,195	1,113,145	276,050
Total Expenditures	1,080,015	1,389,195	1,113,145	276,050
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(213,665)	(522,845)	(448,575)	74,270
Other Financing Sources (Uses)				
Transfers out	(593,376)	-	-	-
Total Other Fin Sources (Uses)	(593,376)	-	-	-
<i>Net Change in Fund Balances</i>	(807,041)	(522,845)	(448,575)	74,270
Fund Balances-Beginning	8,242,985	8,302,852	8,302,852	-
Fund Balances-Ending	\$ 7,435,944	\$ 7,780,007	\$ 7,854,277	\$ 74,270

*Budgetary basis is the same as GAAP basis.



Other Supplementary Information



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

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

Special Revenue Funds

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

1. The *Street Fund #101* will be closed in 2010. This Fund was merged with the *Arterial Street Fund #102*.
2. The *Contingency Reserve Fund* provides funding to meet any municipal expenditures, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time of adopting the annual budget.
3. The *Transit Planning Fund* accounts for interlocal revenue the City receives from the regional transit authority and expends on efforts to facilitate the development of a central light rail transit system through the City.
4. The *Building Management Fund* accounts for rental revenues and operating costs for building maintenance, tenant improvements and management services associated with the lease of office space within City Hall and retail space at SeaTac Center.
5. The *Facility Repair and Replacement Fund* was established to provide for on-going renovation and major maintenance for City buildings and park related facilities under \$25,000.
6. The *Des Moines Creek Basin ILA Fund* was established in 2009 to account for the revenues and expenditures related to the Des Moines Creek Basin. The City serves as Treasurer for this Committee.

Debt Service Funds

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

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

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 three nonmajor capital project funds as follows:

1. The *Municipal Capital Improvements Fund* accounts for capital expenditures for non-transportation capital improvements, including parks improvements, facility improvements, and computer equipment/hardware.
2. The *Fire Equipment Capital Reserve Fund* accounts for the replacement of major Fire Department capital equipment including pumper trucks, vehicles and equipment.
3. The *Light Rail Station Areas CIP Fund* is used to account for infrastructure improvements in the City’s two light rail station areas.

**Combining Balance Sheet
December 31, 2010**

Special Revenue Funds

	Street*	Contingency Reserve	Transit Planning	Building Management
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ -	\$ 772,895	\$ 144,814	\$ 1,039,869
Investments	-	-	-	-
Receivables (net):				
Taxes	-	-	-	-
Customer accounts	-	-	-	19,602
Prepaid items	-	-	-	14,209
Total Assets	\$ -	\$ 772,895	\$ 144,814	\$ 1,073,680
Liabilities				
<i>Current Liabilities:</i>				
Accounts payable	-	-	4,065	7,292
Unearned revenue	-	-	-	17,191
Deposits payable	-	-	-	23,767
Other current liabilities	-	-	-	-
Total Liabilities	-	-	4,065	48,250
Fund Balances				
<i>Unreserved, reported in:</i>				
Special revenue funds	-	772,895	140,749	1,025,430
Debt service funds	-	-	-	-
Capital project funds	-	-	-	-
Total Fund Balances	-	772,895	140,749	1,025,430
Total Liab & Fund Balances	\$ -	\$ 772,895	\$ 144,814	\$ 1,073,680

*Note: Street Fund closed in 2010.

	Special Revenue Funds			Debt Service	
	Facility Repair and Replacement	Des Moines Creek Basin ILA Fund	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
Assets					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 42,589	\$ 2,129,579	\$ 4,129,746	\$ -	\$ -
Investments	-	-	-	-	-
Receivables (net)					
Taxes	-	-	-	-	-
Customer accounts	-	-	19,602	-	-
Prepaid items	-	-	14,209	-	-
Total Assets	\$ 42,589	\$ 2,129,579	\$ 4,163,557	\$ -	\$ -
Liabilities					
<i>Current Liabilities:</i>					
Accounts payable	2,341	418,357	432,055	-	-
Unearned revenue	-	-	17,191	-	-
Deposits payable	-	-	23,767	-	-
Other current liabilities	-	-	-	-	-
Total Liabilities	2,341	418,357	473,013	-	-
Fund Balances					
<i>Unreserved, reported in:</i>					
Special revenue funds	40,248	1,711,222	3,690,544	-	-
Debt service funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Total Fund Balances	40,248	1,711,222	3,690,544	-	-
Total Liab & Fund Balances	\$ 42,589	\$ 2,129,579	\$ 4,163,557	\$ -	\$ -

Combining Balance Sheet
December 31, 2010

Debt Service

	Hotel/Motel Bonds	LID Guarantee	2009 LTGO Bond Refunding	Transportation Bonds Reserve	Total Debt Service Funds
Assets					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ -	\$ 65,000	\$ 9,792	\$ -	\$ 74,792
Investments	-	-	-	-	-
Receivables (net)	-	-	-	-	-
Taxes	-	-	-	-	-
Customer accounts	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	\$ -	\$ 65,000	\$ 9,792	\$ -	\$ 74,792
Liabilities					
<i>Current Liabilities:</i>					
Accounts payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deposits payable	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances					
<i>Unreserved, reported in:</i>					
Special revenue funds	-	-	-	-	-
Debt service funds	-	65,000	9,792	-	74,792
Capital project funds	-	-	-	-	-
Total Fund Balances	-	65,000	9,792	-	74,792
Total Liab & Fund Balances	\$ -	\$ 65,000	\$ 9,792	\$ -	\$ 74,792

	<u>Capital Project Funds</u>				Total Nonmajor Governmental Funds
	Municipal Capital Imp Fund	Fire Equipment Cap Resv	Light Rail Station Areas CIP	Total Capital Project Funds	
Assets					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 1,724,907	\$ 731,116	\$ 736,054	\$ 3,192,077	\$ 7,396,615
Investments	1,993,658	-	-	1,993,658	1,993,658
Receivables (net)					
Taxes	194,943	-	-	194,943	194,943
Customer accounts	26,854	-	-	26,854	46,456
Prepaid items	-	-	-	-	14,209
Total Assets	<u>\$ 3,940,362</u>	<u>\$ 731,116</u>	<u>\$ 736,054</u>	<u>\$ 5,407,532</u>	<u>\$ 9,645,881</u>
Liabilities					
<i>Current Liabilities:</i>					
Accounts payable	27,864	-	-	27,864	459,919
Unearned revenue	12,586	-	-	12,586	29,777
Deposits payable	-	-	-	-	23,767
Other current liabilities	1,107	-	-	1,107	1,107
Total Liabilities	<u>41,557</u>	<u>-</u>	<u>-</u>	<u>41,557</u>	<u>514,570</u>
Fund Balances					
<i>Unreserved, reported in:</i>					
Special revenue funds	-	-	-	-	3,690,544
Debt service funds	-	-	-	-	74,792
Capital project funds	3,898,805	731,116	736,054	5,365,975	5,365,975
Total Fund Balances	<u>3,898,805</u>	<u>731,116</u>	<u>736,054</u>	<u>5,365,975</u>	<u>9,131,311</u>
Total Liab & Fund Balances	<u>\$ 3,940,362</u>	<u>\$ 731,116</u>	<u>\$ 736,054</u>	<u>\$ 5,407,532</u>	<u>\$ 9,645,881</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2010**

Special Revenue Funds

	Street*	Contingency Reserve	Transit Planning	Building Management
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines & forfeitures	-	-	-	3,498
Investment earnings	-	(3,649)	262	3,106
Rents & leases	-	-	-	1,132,113
Miscellaneous	-	-	-	199,906
Total Revenues	-	(3,649)	262	1,338,623
Expenditures				
<i>Current Operations:</i>				
General Government	-	-	-	28,880
Public Safety	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	-	42,020	-
Economic Environment	-	-	-	337,946
Culture & Recreation	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	59,319
Total Expenditures	-	-	42,020	426,145
Excess (deficiency) of revenues over (under) expenditures	-	(3,649)	(41,758)	912,478
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(69,706)	-	-	(842,607)
Disposition of capital assets	-	-	-	-
Total Other Fin Sources (Uses)	(69,706)	-	-	(842,607)
Net Change in Fund Balances	(69,706)	(3,649)	(41,758)	69,871
Fund Balances-Beginning	69,706	776,544	182,507	955,559
Fund Balances-Ending	\$ -	\$ 772,895	\$ 140,749	\$ 1,025,430

*Note: Street Fund closed in 2010.

	Special Revenue Funds			Debt Service	
	Facility Repair and Replacement	Des Moines Creek Basin ILA	Total Special Revenue Funds	LTGO City Hall Bonds	Transportation Bonds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 859,269
Intergovernmental	-	173,460	173,460	-	-
Charges for services	-	-	-	-	-
Fines & forfeitures	-	-	3,498	-	-
Investment earnings	151	3,708	3,578	-	-
Rents & leases	-	-	1,132,113	-	-
Miscellaneous	-	-	199,906	-	-
Total Revenues	151	177,168	1,512,555	-	859,269
Expenditures					
<i>Current Operations:</i>					
General Government	-	-	28,880	-	-
Public Safety	15,761	-	15,761	-	-
Physical Environment	-	341,040	341,040	-	-
Transportation	-	-	42,020	-	-
Economic Environment	-	-	337,946	-	-
Culture & Recreation	6,367	-	6,367	-	-
<i>Debt Service:</i>					
Principal	-	-	-	-	3,080,000
Interest	-	-	-	-	70,521
Other	-	-	-	-	304
Capital outlay	-	244,224	303,543	-	-
Total Expenditures	22,128	585,264	1,075,557	-	3,150,825
Excess (deficiency) of revenues over (under) expenditures	(21,977)	(408,096)	436,998	-	(2,291,556)
Other Financing Sources (Uses)					
Transfers in	-	120,540	120,540	-	2,289,479
Transfers out	(100,000)	(168,566)	(1,180,879)	(4,404)	-
Disposition of capital assets	-	-	-	-	-
Total Other Fin Sources (Uses)	(100,000)	(48,026)	(1,060,339)	(4,404)	2,289,479
Net Change in Fund Balances	(121,977)	(456,122)	(623,341)	(4,404)	(2,077)
Fund Balances-Beginning	162,225	2,167,344	4,313,885	4,404	2,077
Fund Balances-Ending	\$ 40,248	\$ 1,711,222	\$ 3,690,544	\$ -	\$ -

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2010**

Debt Service Funds

	Hotel/Motel Tax Bonds	LID Guarantee	2009 LTGO Bond Refunding	Transp Bonds Reserve	Total Debt Service Funds
Revenues					
Taxes	\$ -	\$ -	\$ 754,364	\$ -	\$ 1,613,633
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines & forfeitures	-	-	-	-	-
Investment earnings	-	-	568	-	568
Rents & leases	-	-	-	-	-
Miscellaneous	-	-	2,810	-	2,810
Total Revenues	-	-	757,742	-	1,617,011
Expenditures					
<i>Current Operations:</i>					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	655,000	-	3,735,000
Interest	-	-	100,193	-	170,714
Other	-	-	607	-	911
Capital outlay	-	-	-	-	-
Total Expenditures	-	-	755,800	-	3,906,625
Excess (deficiency) of revenues over expenditures	-	-	1,942	-	(2,289,614)
Other Financing Sources (Uses)					
Transfers in	-	-	7,850	-	2,297,329
Transfers out	(3,445)	(19,500)	-	(894,063)	(921,412)
Disposition of capital assets	-	-	-	-	-
Total Other Fin Sources (Uses)	(3,445)	(19,500)	7,850	(894,063)	1,375,917
Net Change in Fund Balances	(3,445)	(19,500)	9,792	(894,063)	(913,697)
Fund Balances-Beginning	3,445	84,500	-	894,063	988,489
Fund Balances-Ending	\$ -	\$ 65,000	\$ 9,792	\$ -	\$ 74,792

	Capital Project Funds				Total Nonmajor Governmental Funds
	Municipal Capital Imp	Fire Equip Capital Res	Light Rail Station Areas	Total Capital Project Funds	
Revenues					
Taxes	\$ 1,473,494	\$ -	\$ -	\$ 1,473,494	\$ 3,087,127
Intergovernmental	208,550	-	-	208,550	382,010
Charges for services	235,111	-	-	235,111	235,111
Fines & forfeitures	-	-	-	-	3,498
Investment earnings	1,445	4,815	1,207	7,467	11,613
Rents & leases	-	-	-	-	1,132,113
Miscellaneous	8,072	-	-	8,072	210,788
Total Revenues	1,926,672	4,815	1,207	1,932,694	5,062,260
Expenditures					
<i>Current Operations:</i>					
General Government	28,076	-	-	28,076	56,956
Public Safety	-	-	-	-	15,761
Physical Environment	-	-	-	-	341,040
Transportation	-	-	-	-	42,020
Economic Environment	-	-	-	-	337,946
Culture & Recreation	21,425	-	-	21,425	27,792
<i>Debt Service:</i>					
Principal	-	-	-	-	3,735,000
Interest	-	-	-	-	170,714
Other	-	-	-	-	911
Capital outlay	725,609	-	-	725,609	1,029,152
Total Expenditures	775,110	-	-	775,110	5,757,292
Excess (deficiency) of revenues over expenditures	1,151,562	4,815	1,207	1,157,584	(695,032)
Other Financing Sources (Uses)					
Transfers in	560,077	-	-	560,077	2,977,946
Transfers out	(920,000)	-	-	(920,000)	(3,022,291)
Disposition of capital assets	-	500	-	500	500
Total Other Fin Sources (Uses)	(359,923)	500	-	(359,423)	(43,845)
Net Change in Fund Balances	791,639	5,315	1,207	798,161	(738,877)
Fund Balances-Beginning	3,107,166	725,801	734,847	4,567,814	9,870,188
Fund Balances-Ending	\$ 3,898,805	\$ 731,116	\$ 736,054	\$ 5,365,975	\$ 9,131,311

Combining Statement of Changes in Assets & Liabilities - All Agency Funds
For the Fiscal Year Ended December 31, 2010

	Agency Funds		
	Accounts Payable (Claims) Clearing Fund	Payroll Payable Clearing Fund	Total
Additions			
New uncleared checks	\$ 25,232,309	\$ 16,716,773	\$ 41,949,082
Total Additions	\$ 25,232,309	\$ 17,436,163	\$ 42,668,472
Deductions			
Cashed cleared checks	24,048,684	16,708,264	40,756,948
Total Deductions	24,048,684	16,708,264	40,756,948
<i>Change in Assets & Liabilities</i>	<u>1,183,625</u>	<u>8,509</u>	<u>1,192,134</u>
Assets & Liabilities-Beginning	390,845	450,592	841,437
Assets & Liabilities-Ending	\$ 1,574,470	\$ 459,101	\$ 2,033,571

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

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

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

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 22,000	\$ 22,000	\$ (3,649)	\$ (25,649)
Total Revenues	22,000	22,000	(3,649)	(25,649)
Expenditures	-	-	-	-
Total Expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	22,000	22,000	(3,649)	(25,649)
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	22,000	22,000	(3,649)	(25,649)
Fund Balances-Beginning	802,348	776,544	776,544	-
Fund Balances-Ending	\$ 824,348	\$ 798,544	\$ 772,895	\$ (25,649)

*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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 400	\$ 400	\$ 262	\$ (138)
Total Revenues	400	400	262	(138)
Expenditures				
<i>Current operations:</i>				
Transportation	81,660	94,531	42,020	52,511
Total Expenditures	81,660	94,531	42,020	52,511
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(81,260)	(94,131)	(41,758)	52,373
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	(81,260)	(94,131)	(41,758)	52,373
Fund Balances-Beginning	139,230	182,507	182,507	-
Fund Balances-Ending	\$ 57,970	\$ 88,376	\$ 140,749	\$ 52,373

*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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 3,498	\$ 3,498
Investment earnings	10,800	10,800	3,106	(7,694)
Rents & leases	470,000	1,659,888	1,132,113	(527,775)
Miscellaneous	720	12,720	199,906	187,186
Total Revenues	481,520	1,683,408	1,338,623	(344,785)
Expenditures				
<i>Current operations:</i>				
General Government	-	-	28,880	(28,880)
Economic Environment	-	403,791	337,946	65,845
Capital outlay	-	176,483	59,319	117,164
Total Expenditures	-	580,274	426,145	154,129
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>481,520</i>	<i>1,103,134</i>	<i>912,478</i>	<i>(190,656)</i>
Other Financing Sources (Uses)				
Transfers out	(658,107)	(842,607)	(842,607)	-
Total Other Fin Sources (Uses)	(658,107)	(842,607)	(842,607)	-
<i>Net Change in Fund Balances</i>	<i>(176,587)</i>	<i>260,527</i>	<i>69,871</i>	<i>(190,656)</i>
Fund Balances-Beginning	1,010,034	955,559	955,559	-
Fund Balances-Ending	\$ 833,447	\$ 1,216,086	\$ 1,025,430	\$ (190,656)

*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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 4,000	\$ 4,000	\$ 151	\$ (3,849)
Total Revenues	4,000	4,000	151	(3,849)
Expenditures				
<i>Current operations:</i>				
Public Safety	-	16,410	15,761	649
Culture & Recreation	38,247	41,925	6,367	35,558
Total Expenditures	38,247	58,335	22,128	36,207
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(34,247)</i>	<i>(54,335)</i>	<i>(21,977)</i>	<i>32,358</i>
Other Financing Sources (Uses)				
Transfers out	(100,000)	(100,000)	(100,000)	-
Total Other Fin Sources (Uses)	(100,000)	(100,000)	(100,000)	-
<i>Net Change in Fund Balances</i>	<i>(134,247)</i>	<i>(154,335)</i>	<i>(121,977)</i>	<i>32,358</i>
Fund Balances-Beginning	152,046	162,225	162,225	-
Fund Balances-Ending	\$ 17,799	\$ 7,890	\$ 40,248	\$ 32,358

*Budgetary basis is the same as GAAP basis.

CITY OF SEATAC, WASHINGTON

2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT Des Moines Creek Basin ILA Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 173,460	\$ 173,460	\$ 173,460	\$ -
Investment earnings	12,000	12,000	3,708	(8,292)
Total Revenues	185,460	185,460	177,168	(8,292)
Expenditures				
Physical Environment	410,000	410,000	341,040	68,960
Capital outlay	325,000	325,000	244,224	80,776
Total Expenditures	735,000	735,000	585,264	149,736
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(549,540)</i>	<i>(549,540)</i>	<i>(408,096)</i>	<i>141,444</i>
Other Financing Sources (Uses)				
Transfers in	120,540	120,540	120,540	-
Transfers out	-	(164,760)	(168,566)	(3,806)
Total Other Fin Sources (Uses)	120,540	(44,220)	(48,026)	(3,806)
<i>Net Change in Fund Balances</i>	<i>(429,000)</i>	<i>(593,760)</i>	<i>(456,122)</i>	<i>137,638</i>
Fund Balances-Beginning	2,269,238	2,167,344	2,167,344	-
Fund Balances-Ending	\$ 1,840,238	\$ 1,573,584	\$ 1,711,222	\$ 137,638

*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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 425,000	\$ -	\$ -	\$ -
Investment earnings	800	-	-	-
Total Revenues	425,800	-	-	-
Expenditures				
<i>Debt Service:</i>				
Principal	360,000	-	-	-
Interest	66,863	-	-	-
Other	310	-	-	-
Total Expenditures	427,173	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,373)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Other Financing Sources (Uses)				
Transfers out	-	(4,404)	(4,404)	-
Total Other Fin Sources (Uses)	-	(4,404)	(4,404)	-
<i>Net Change in Fund Balances</i>	<i>(1,373)</i>	<i>(4,404)</i>	<i>(4,404)</i>	<i>-</i>
Fund Balances-Beginning	4,428	4,404	4,404	-
Fund Balances-Ending	\$ 3,055	\$ -	\$ -	\$ -

*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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 861,000	\$ 861,000	\$ 859,269	\$ (1,731)
Investment earnings	1,500	1,500	-	(1,500)
Total Revenues	862,500	862,500	859,269	(3,231)
Expenditures				
<i>Debt service:</i>				
Principal	720,000	3,080,000	3,080,000	-
Interest	141,043	70,522	70,521	1
Other	310	310	304	6
Total Expenditures	861,353	3,150,832	3,150,825	7
<i>Excess (deficiency) of revenues over (under) expenditures</i>	1,147	(2,288,332)	(2,291,556)	(3,224)
Other Financing Sources (Uses)				
Transfer in	-	2,289,479	2,289,479	-
Total Other Fin Sources (Uses)	-	2,289,479	2,289,479	-
<i>Net Change in Fund Balances</i>	1,147	1,147	(2,077)	(3,224)
Fund Balances-Beginning	2,034	2,077	2,077	-
Fund Balances-Ending	\$ 3,181	\$ 3,224	\$ -	\$ (3,224)

*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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 382,000	\$ -	\$ -	\$ -
Investment earnings	650	-	-	-
Total Revenues	382,650	-	-	-
Expenditures				
<i>Debt service:</i>				
Principal	260,000	-	-	-
Interest	123,648	-	-	-
Other	310	-	-	-
Total Expenditures	383,958	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,308)</i>	<i>-</i>	<i>-</i>	<i>-</i>
Other Financing Sources (Uses)				
Transfers out	-	(3,445)	(3,445)	-
Total Other Fin Sources (Uses)	-	(3,445)	(3,445)	-
<i>Net Change in Fund Balances</i>	<i>(1,308)</i>	<i>(3,445)</i>	<i>(3,445)</i>	<i>-</i>
Fund Balances-Beginning	3,461	3,445	3,445	-
Fund Balances-Ending	\$ 2,153	\$ -	\$ -	\$ -

*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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment & other earnings	\$ 56,735	\$ 56,735	\$ 58,867	\$ 2,132
Special assessments	146,020	146,020	183,459	37,439
Total Revenues	202,755	202,755	242,326	39,571
Expenditures				
<i>Debt service:</i>				
Principal	180,000	180,000	175,000	5,000
Interest	39,748	39,748	39,748	-
Other	250	250	220	30
Total Expenditures	219,998	219,998	214,968	5,030
Excess (deficiency) of revenues over (under) expenditures	(17,243)	(17,243)	27,358	44,601
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
<i>Net Change in Fund Balances</i>	<i>(17,243)</i>	<i>(17,243)</i>	<i>27,358</i>	<i>44,601</i>
Fund Balances-Beginning	19,486	19,451	19,451	-
Fund Balances-Ending	\$ 2,243	\$ 2,208	\$ 46,809	\$ 44,601

*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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures	-	-	-	-
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	(19,500)	(19,500)	(19,500)	-
Total Other Fin Sources (Uses)	(19,500)	(19,500)	(19,500)	-
<i>Net Change in Fund Balances</i>	<i>(19,500)</i>	<i>(19,500)</i>	<i>(19,500)</i>	<i>-</i>
Fund Balances-Beginning	84,500	104,000	104,000	-
Fund Balances-Ending	\$ 65,000	\$ 84,500	\$ 84,500	\$ -

*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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ -	\$ 754,364	\$ 754,364	\$ -
Investment earnings	-	1,450	568	(882)
Miscellaneous	-	-	2,810	2,810
Total Revenues	-	755,814	757,742	1,928
Expenditures				
<i>Debt service:</i>				
Principal	-	655,000	655,000	-
Interest	-	100,194	100,193	1
Other	-	620	607	13
Total Expenditures	-	755,814	755,800	14
Excess (deficiency) of revenues over (under) expenditures	-	-	1,942	1,942
Other Financing Sources (Uses)				
Transfers in	-	7,851	7,850	(1)
Total Other Fin Sources (Uses)	-	7,851	7,850	(1)
<i>Net Change in Fund Balances</i>	-	7,851	9,792	1,941
Fund Balances-Beginning	-	-	-	-
Fund Balances-Ending	\$ -	\$ 7,851	\$ 9,792	\$ 1,941

*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, 2010

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

*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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ 2,138,181	\$ 2,138,181	\$ 1,473,494	\$ (664,687)
Intergovernmental	286,500	295,300	208,550	(86,750)
Charges for services	216,000	216,000	235,111	19,111
Investment earnings	32,282	32,282	1,445	(30,837)
Miscellaneous	-	-	8,072	8,072
Total Revenues	2,672,963	2,681,763	1,926,672	(755,091)
Expenditures				
<i>Current operations:</i>				
General Government	35,000	35,000	28,076	6,924
Culture & Recreation	84,300	105,725	21,425	84,300
Capital outlay	702,350	1,059,176	725,609	333,567
Total Expenditures	821,650	1,199,901	775,110	424,791
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>1,851,313</i>	<i>1,481,862</i>	<i>1,151,562</i>	<i>(330,300)</i>
Other Financing Sources (Uses)				
Transfers in	375,577	560,077	560,077	-
Transfers out	(1,518,000)	(1,518,000)	(920,000)	598,000
Total Other Fin Sources (Uses)	(1,142,423)	(957,923)	(359,923)	598,000
<i>Net Change in Fund Balances</i>	<i>708,890</i>	<i>523,939</i>	<i>791,639</i>	<i>267,700</i>
Fund Balances-Beginning	3,144,165	3,107,166	3,107,166	-
Fund Balances-Ending	\$ 3,853,055	\$ 3,631,105	\$ 3,898,805	\$ 267,700

*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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 7,100	\$ 7,100	\$ 4,815	\$ (2,285)
Total Revenues	7,100	7,100	4,815	(2,285)
Expenditures				
Capital outlay	334,025	334,025	-	334,025
Total Expenditures	334,025	334,025	-	334,025
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(326,925)</i>	<i>(326,925)</i>	<i>4,815</i>	<i>331,740</i>
Other Financing Sources (Uses)				
Disposition of capital assets	-	-	500	500
Total Other Fin Sources (Uses)	-	-	500	500
<i>Net Change in Fund Balances</i>	<i>(326,925)</i>	<i>(326,925)</i>	<i>5,315</i>	<i>332,240</i>
Fund Balances-Beginning	713,565	724,816	724,816	-
Fund Balances-Ending	\$ 386,640	\$ 397,891	\$ 730,131	\$ 332,240

*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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Investment earnings	\$ 170,000	\$ 170,000	\$ 30,178	\$ (139,822)
Total Revenues	170,000	170,000	30,178	(139,822)
Expenditures				
<i>Current operations:</i>				
Public Safety	-	-	64,855	(64,855)
Capital outlay	1,505,249	1,810,820	6,475	1,804,345
Total Expenditures	1,505,249	1,810,820	71,330	1,739,490
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,335,249)</i>	<i>(1,640,820)</i>	<i>(41,152)</i>	<i>1,599,668</i>
Other Financing Sources (Uses)				
Transfers out	(2,000,000)	(2,000,000)	-	2,000,000
Total Other Fin Sources (Uses)	(2,000,000)	(2,000,000)	-	2,000,000
<i>Net Change in Fund Balances</i>	<i>(3,335,249)</i>	<i>(3,640,820)</i>	<i>(41,152)</i>	<i>3,599,668</i>
Fund Balances-Beginning	3,422,298	3,726,993	3,726,993	-
Fund Balances-Ending	\$ 87,049	\$ 86,173	\$ 3,685,841	\$ 3,599,668

*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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)*
	Original	Final		
Revenues				
Taxes	\$ -	\$ -	\$ 9,899	\$ 9,899
Licenses & permits	500	500	-	(500)
Intergovernmental	1,274,600	1,274,600	58,387	(1,216,213)
Charges for services	410,000	410,000	217,095	(192,905)
Investment earnings	130,000	130,000	(17,766)	(147,766)
Miscellaneous revenues	-	-	400	400
Total Revenues	1,815,100	1,815,100	268,015	(1,547,085)
Expenditures				
<i>Current operations:</i>				
Transportation	1,706,080	1,706,080	680,886	1,025,194
Capital outlay	2,247,667	2,457,667	382,957	2,074,710
Total Expenditures	3,953,747	4,163,747	1,063,843	3,099,904
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(2,138,647)</i>	<i>(2,348,647)</i>	<i>(795,828)</i>	<i>1,552,819</i>
Other Financing Sources (Uses)				
Transfers in	200,000	298,472	298,472	-
Total Other Fin Sources (Uses)	200,000	298,472	298,472	-
<i>Net Change in Fund Balances</i>	<i>(1,938,647)</i>	<i>(2,050,175)</i>	<i>(497,356)</i>	<i>1,552,819</i>
Fund Balances-Beginning	5,958,634	6,266,267	6,266,267	-
Fund Balances-Ending	\$ 4,019,987	\$ 4,216,092	\$ 5,768,911	\$ 1,552,819

*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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)*</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 691,000	\$ 691,000	\$ -	\$ (691,000)
Investment earnings	2,276	2,276	1,207	(1,069)
Total Revenues	693,276	693,276	1,207	(692,069)
Expenditures				
Capital outlay	14,452,376	5,259,000	-	5,259,000
Total Expenditures	14,452,376	5,259,000	-	5,259,000
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(13,759,100)</i>	<i>(4,565,724)</i>	<i>1,207</i>	<i>4,566,931</i>
Other Financing Sources (Uses)				
Transfers in	13,511,376	4,318,000	-	(4,318,000)
Total Other Fin Sources (Uses)	13,511,376	4,318,000	-	(4,318,000)
<i>Net Change in Fund Balances</i>	<i>(247,724)</i>	<i>(247,724)</i>	<i>1,207</i>	<i>248,931</i>
Fund Balances-Beginning	351,500	734,847	734,847	-
Fund Balances-Ending	\$ 103,776	\$ 487,123	\$ 736,054	\$ 248,931

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

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

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

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

Schedule 09	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
Schedule 10	Direct and Overlapping Activities Debt, as of December 31, 2010
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 Gov 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 Eight Fiscal Years*
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Inv in cap assets, net of related debt	\$ 33,832,913	\$ 39,581,220	\$ 45,785,324	\$ 373,017,719	380,357,873
Restricted	-	9,209,645	26,616,872	19,086,567	18,622,703
Unrestricted	43,679,986	36,073,375	23,348,206	43,460,578	42,099,914
Total gov activities net assets	\$ 77,512,899	\$ 84,864,240	\$ 95,750,402	\$ 435,564,864	441,080,490
Business-type activities					
Inv in cap assets, net of related debt	\$ 2,481,789	\$ 4,928,839	\$ 6,715,444	\$ 10,850,179	20,534,520
Restricted	403,925	403,925	3,243,495	5,268,708	2,438,673
Unrestricted	2,743,341	3,973,619	3,662,936	3,915,867	4,871,471
Total bus-type activities net assets	\$ 5,629,055	\$ 9,306,383	\$ 13,621,875	\$ 20,034,754	27,844,664
Primary government					
Inv in cap assets, net of related debt	\$ 36,314,702	\$ 44,510,059	\$ 52,500,768	\$ 383,867,898	\$400,892,393
Restricted	403,925	9,613,570	29,860,367	24,355,275	21,061,376
Unrestricted	46,423,327	40,046,994	27,011,142	47,376,445	46,971,385
Total primary government net assets	\$ 83,141,954	\$ 94,170,623	\$109,372,277	\$ 455,599,618	\$468,925,154
	2008	2009	2010		
Governmental activities					
Inv in cap assets, net of related debt	385,271,287	394,579,043	393,298,363		
Restricted	20,023,570	19,652,419	20,451,319		
Unrestricted	40,093,004	27,401,166	26,589,815		
Total gov activities net assets	445,387,861	441,632,628	440,339,497		
Business-type activities					
Inv in cap assets, net of related debt	20,754,285	23,726,821	25,111,088		
Restricted	3,117,385	403,925	-		
Unrestricted	4,247,709	3,788,187	3,483,254		
Total bus-type activities net assets	28,119,379	27,918,933	28,594,342		
Primary government					
Inv in cap assets, net of related debt	\$406,025,572	\$418,305,864	\$418,409,451		
Restricted	23,140,955	20,056,344	20,451,319		
Unrestricted	44,340,713	31,189,353	30,073,069		
Total primary government net assets	\$473,507,240	\$469,551,561	\$468,933,839		

*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 Eight Fiscal Years*
(accrual basis of accounting)

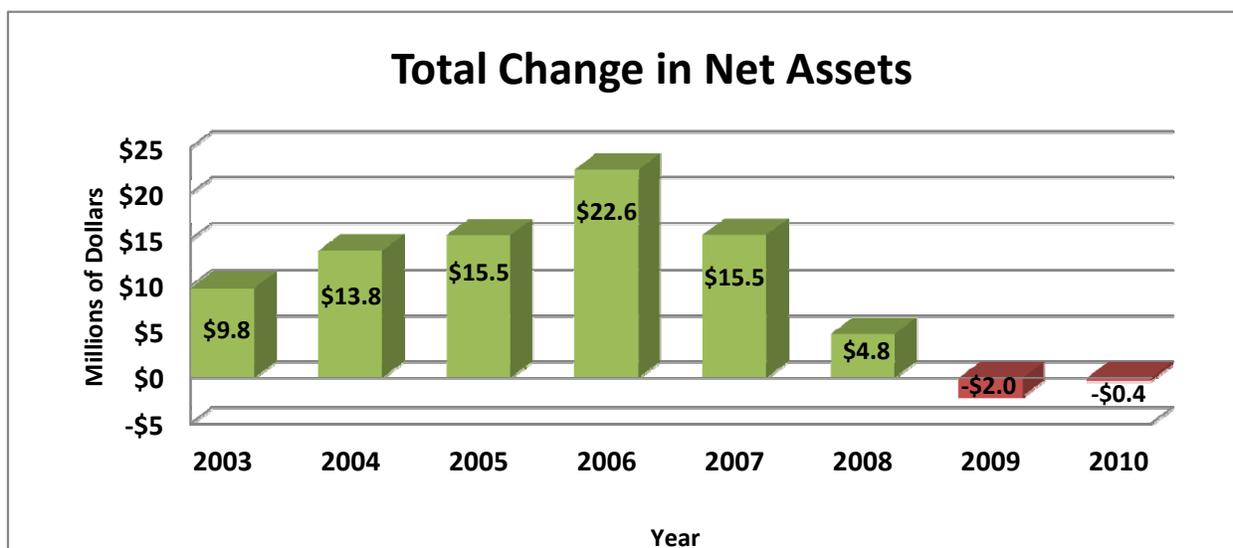
	Fiscal Year			
	2003*	2004*	2005*	2006*
Expenses				
Governmental activities				
Judicial	\$ 476,308	\$ 471,716	\$ 500,529	\$ 539,224
General Government	3,844,837	3,875,440	4,369,176	4,760,874
Public Safety	11,203,830	11,355,501	12,664,279	13,196,630
Physical Environment	12,352	12,217	36,668	37,192
Transportation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

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

Source: City of SeaTac Finance Department

	Fiscal Year			
	2007*	2008*	2009	2010
Expenses				
Governmental activities				
Judicial	\$ 663,284	\$ 790,110	\$ 811,733	\$ 814,460
General Government	5,251,875	5,883,153	5,890,170	6,362,137
Public Safety	14,728,009	15,377,077	16,674,605	16,804,828
Physical Environment	37,406	38,850	569,509	380,997
Transportation	6,914,777	8,270,710	9,865,967	5,576,255
Health & Human Services	410,998	404,361	524,796	498,174
Economic Environment	2,761,904	2,871,801	3,086,954	3,959,775
Culture & Recreation	3,451,861	3,385,174	3,865,811	3,709,548
Interest on long-term debt	963,371	681,048	481,848	172,989
Total governmental activities expenses	35,183,485	37,702,284	41,771,393	38,279,163
Business-type activities				
Surface Water Management	3,485,317	1,789,481	1,400,529	1,671,812
Total business-type activities expenses	3,485,317	1,789,481	1,400,529	1,671,812
Total primary government expenses	\$ 38,668,802	\$ 39,491,765	\$ 43,171,922	\$ 39,950,975
Program Revenues				
Governmental activities				
Charges for Services:				
Judicial	560,796	1,012,630	640,646	486,944
General Government	1,429,436	1,389,270	1,220,039	1,344,675
Public Safety	245,149	147,121	190,020	141,749
Physical Environment	459,855	651,552	576,201	616,724
Transportation	28,513	40,989	126,149	-
Economic Environment	1,164,167	938,083	1,129,684	1,656,910
Culture & Recreation	336,334	550,050	765,774	744,909
Operating grants and contributions	1,001,092	988,867	1,037,018	1,139,908
Capital grants and contributions	2,401,562	1,730,588	658,640	282,154
Total governmental activities revenues	7,626,904	7,449,150	6,344,171	6,413,973
Business-type activities				
Charges for Services:				
Surface Water Management	1,677,607	1,724,552	1,823,406	1,886,756
Operating grants and contributions	998,049	267,032	-	1,090
Capital grants and contributions	8,411,990	59,646	2,011,024	292,302
Total business-type activities revenues	11,087,646	2,051,230	3,834,430	2,180,148
Total primary government revenues	\$ 18,714,550	\$ 9,500,380	\$ 10,178,601	\$ 8,594,121

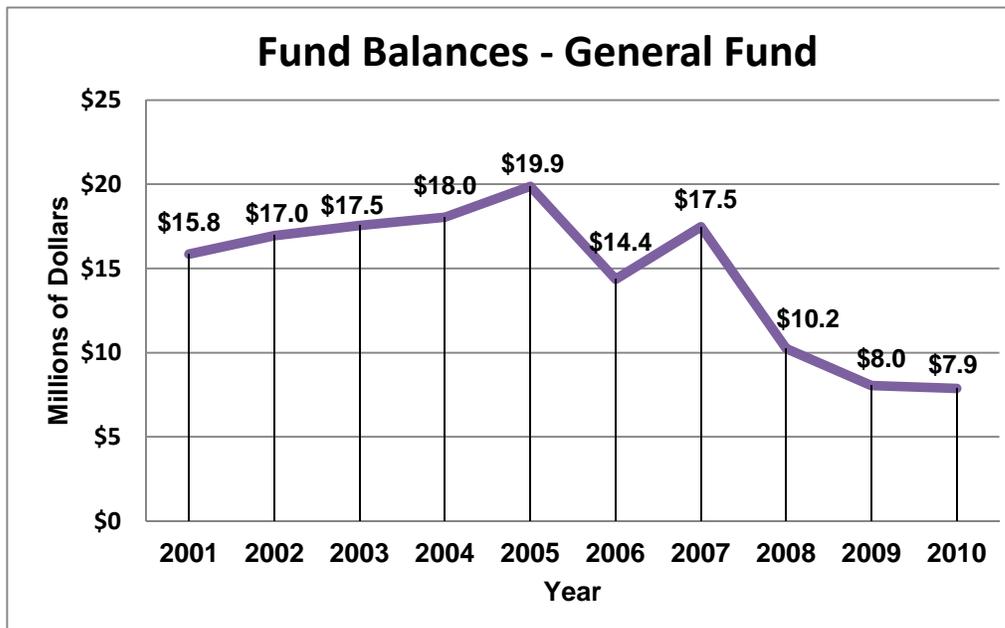
	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental activities	\$ (16,165,798)	\$ (17,001,952)	\$ (18,132,754)	\$ (16,783,960)
Business-type activities	761,953	3,894,965	4,279,259	6,174,266
Total primary government net expense	\$ (15,403,845)	\$ (13,106,987)	\$ (13,853,495)	\$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



	Fiscal Year			
	2007	2008	2009	2010
Net (Expense)/Revenue				
Governmental activities	\$ (27,556,581)	\$ (30,253,134)	\$ (35,427,222)	\$ (31,865,190)
Business-type activities	7,602,329	261,749	2,433,901	508,336
Total primary government net expense	\$ (19,954,252)	\$ (29,991,385)	\$ (32,993,321)	\$ (31,356,854)
Gen Revs & Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property	10,907,678	11,474,343	11,844,007	11,825,379
Sales	11,650,579	12,009,313	10,099,388	10,493,139
Parking	5,278,931	5,742,441	5,425,041	5,865,013
Excise Taxes	3,012,141	1,599,482	2,535,324	2,425,077
Unrestricted grants and contributions	184,564	172,550	176,980	205,817
Investment earnings	4,034,684	3,321,916	801,719	129,366
Gain on sale of capital assets	-	286,947	11,160	22,321
Transfers	177,550	177,450	2,703,970	(146,648)
Total governmental activities revenues	35,246,127	34,784,442	33,597,589	30,819,464
Business-type activities				
Property taxes	-	-	-	381
Investment earnings	385,131	190,416	69,623	20,044
Transfers	(177,550)	(177,450)	(2,703,970)	146,648
Total business-type activities revenues	207,581	12,966	(2,634,347)	167,073
Total primary government general revs and other changes in net assets	\$ 35,453,708	\$ 34,797,408	\$ 30,963,242	\$ 30,986,537
Change in Net Assets				
Governmental activities	\$ 7,689,546	\$ 4,531,308	\$ (1,829,633)	\$ (1,045,726)
Business-type activities	7,809,910	274,715	(200,446)	675,409
Total primary government	\$ 15,499,456	\$ 4,806,023	\$ (2,030,079)	\$ (370,317)

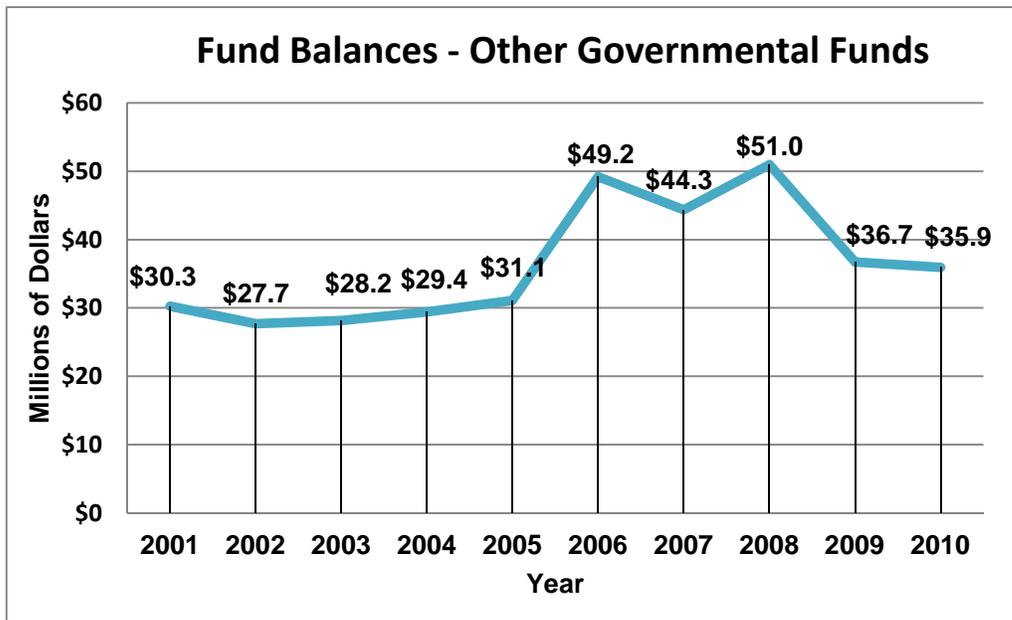
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,841,399	16,950,636	17,539,235	18,041,692	19,869,496
Total General Fund	\$ 15,841,399	\$ 16,950,636	\$ 17,539,235	\$ 18,041,692	\$ 19,869,496
All Other Governmental Funds					
Reserved	9,893,115	9,893,115	14,230,038	13,769,964	13,467,737
Unreserved, reported in:					
Special revenue funds	17,251,606	17,243,419	10,992,616	11,872,393	12,575,212
Debt service funds	574,668	385,887	848,561	1,323,878	1,260,669
Capital project funds	2,546,763	174,974	2,082,490	2,452,746	3,808,100
Total All Other Gov Funds	\$ 30,266,152	\$ 27,697,395	\$ 28,153,705	\$ 29,418,981	\$ 31,111,718
Total All Governmental Funds	\$ 46,107,551	\$ 44,648,031	\$ 45,692,940	\$ 47,460,673	\$ 50,981,214



Source: City of SeaTac Finance Department

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	14,359,762	17,464,249	10,231,364	8,036,276	7,870,200
Total General Fund	\$ 14,359,762	\$ 17,464,249	\$ 10,231,364	\$ 8,036,276	\$ 7,870,200
All Other Governmental Funds					
Reserved	12,874,174	12,716,413	5,001,021	5,001,021	5,001,021
Unreserved, reported in:					
Special revenue funds	15,563,694	15,621,687	27,494,657	16,134,298	15,997,614
Debt service funds	1,246,860	1,058,482	1,023,232	1,007,939	121,601
Capital project funds	19,515,144	14,941,824	17,432,401	14,561,074	14,820,727
Total All Other Gov Funds	\$ 49,199,872	\$ 44,338,406	\$ 50,951,311	\$ 36,704,332	\$ 35,940,963
Total All Governmental Funds	\$ 63,559,634	\$ 61,802,655	\$ 61,182,675	\$ 44,740,608	\$ 43,811,163



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

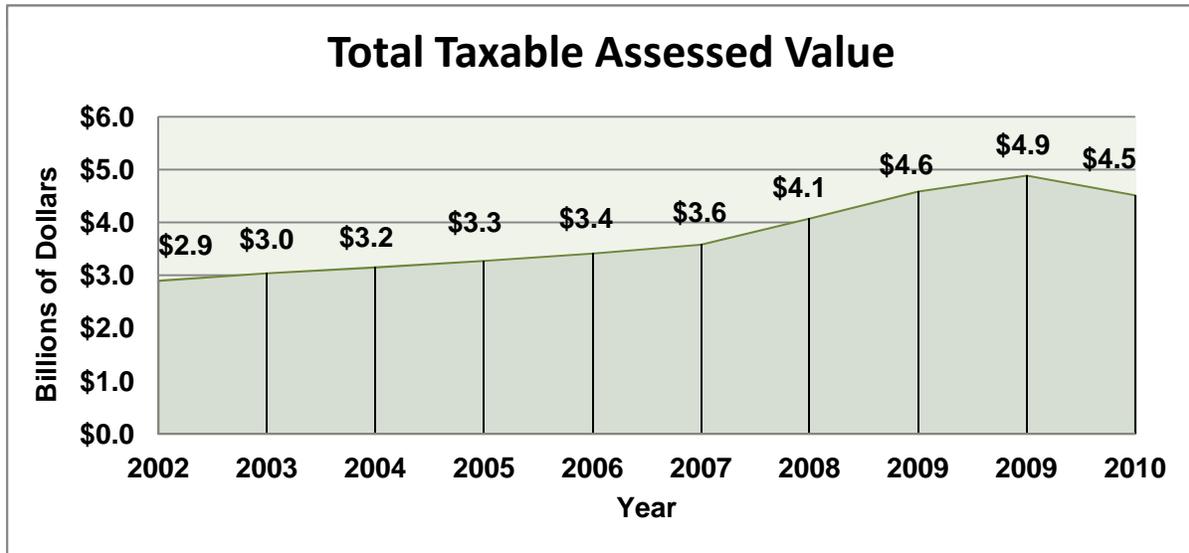
	Fiscal Year				
	2001	2002	2003	2004	2005
Revenues					
Taxes	\$ 23,993,745	\$ 23,953,012	\$ 23,249,738	\$ 24,940,541	\$ 26,654,825
Licenses & permits	3,468,581	1,106,849	961,481	762,453	813,990
Intergovernmental	3,859,174	5,800,892	5,399,203	4,238,139	6,095,964
Charges for services	906,220	666,738	934,877	893,189	1,520,777
Fines & forfeitures	226,778	317,395	328,061	309,979	288,338
Investments & other earnings	2,624,043	1,234,270	941,487	776,325	1,814,921
Special assessments	313,441	269,578	176,062	318,017	171,795
Rents/leases & concessions	-	481,071	492,620	409,438	399,558
Miscellaneous	428,168	185,571	69,182	248,988	41,224
Total Revenues	35,820,150	34,015,376	32,552,711	32,897,069	37,801,392
Expenditures					
Judicial	302,459	274,968	295,566	311,322	326,118
General Government	4,688,744	4,275,482	3,407,377	3,534,106	4,029,965
Public Safety	10,070,439	10,600,382	10,616,064	11,430,548	12,021,721
Physical Environment	496,411	506,414	12,352	12,217	12,110
Transportation	1,195,781	2,211,144	2,185,616	2,749,962	2,684,377
Health & Human Services	4,542	1,358,756	261,858	341,478	397,728
Economic Environment	2,211,144	2,454,417	2,162,814	2,153,881	2,113,262
Culture & Recreation	2,014,601	1,976,723	1,979,991	2,072,165	2,091,595
Debt Service					
Principal	1,066,819	1,420,000	1,170,000	1,345,000	1,275,000
Interest & other costs	965,286	1,075,063	929,285	875,891	951,946
Capital outlay	20,632,693	11,700,139	11,862,504	6,570,591	8,324,953
Total Expenditures	43,648,919	37,853,488	34,883,427	31,397,161	34,228,775
Excess of Revs Over (Under) Exp	(7,828,769)	(3,838,112)	(2,330,716)	1,499,908	3,572,617
Other Financing Sources (Uses)					
Transfers in	5,323,072	-	8,373,188	3,714,944	4,717,556
Transfers out	(4,355,819)	-	(5,990,898)	(3,438,694)	(4,541,306)
Proceeds from refunding bonds	-	-	-	-	-
Payment to ref bond escr agent	-	-	-	-	-
Disposition of capital assets	-	-	160,180	2,957	775
Total Other Fin Sources (Uses)	967,253		2,542,470	279,207	177,025
Net Change in Fund Balances	\$ (6,861,516)	\$ (3,838,112)	\$ 211,754	\$ 1,779,115	\$ 3,749,642
Debt Service as Percentage of Noncapital Expenditures	8.83%	9.54%	9.12%	8.95%	8.60%

Source: City of SeaTac Finance Department

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Taxes	\$ 29,551,984	\$ 31,445,697	\$ 30,852,914	\$ 29,938,844	\$ 30,685,462
Licenses & permits	2,652,621	1,315,308	1,129,405	1,233,108	955,253
Intergovernmental	6,548,241	3,789,681	3,065,715	2,171,325	1,903,653
Charges for services	1,626,207	1,292,725	1,619,448	1,476,573	1,504,270
Fines & forfeitures	253,705	529,630	847,886	585,825	505,430
Investment & other earnings	3,240,316	3,595,449	3,473,818	745,680	130,882
Special assessments	251,633	152,366	152,366	190,445	183,459
Rents/leases & concessions	430,635	539,607	629,795	609,558	1,346,725
Miscellaneous	55,271	173,410	35,807	46,723	231,999
Total Revenues	44,610,613	42,833,873	41,807,154	36,998,081	37,447,133
Expenditures					
Judicial	358,576	399,029	488,848	809,236	806,452
General Government	4,365,134	4,928,824	5,598,626	5,473,181	5,152,286
Public Safety	12,793,339	14,053,771	14,893,442	16,329,864	16,300,966
Physical Environment	12,623	12,783	14,227	544,885	356,374
Transportation	3,165,853	4,839,106	4,921,651	6,626,282	3,178,024
Health & Human Services	363,812	409,408	402,771	523,242	497,145
Economic Environment	2,359,420	2,755,828	2,866,736	3,082,234	3,120,207
Culture & Recreation	2,413,454	3,036,033	2,834,052	3,094,462	2,935,597
Debt Service					
Principal	1,425,000	1,385,000	1,425,000	1,480,000	3,910,000
Interest & other costs	1,023,841	967,557	685,409	439,844	211,593
Capital outlay	3,934,043	11,981,558	9,133,556	17,957,911	2,640,209
Total Expenditures	32,215,095	44,768,897	43,264,318	56,361,141	39,108,853
Excess of Revs Over (Under) Exp	12,395,518	(1,935,024)	(1,457,164)	(19,363,060)	(1,661,720)
Other Financing Sources (Uses)					
Transfers in	14,341,409	4,277,846	11,598,317	17,861,433	5,746,732
Transfers out	(14,165,159)	(4,100,296)	(11,420,867)	(14,951,600)	(5,014,958)
Proceeds from refunding bonds	-	-	-	4,376,345	-
Payment to ref bond escr agent	-	-	-	(4,376,345)	-
Disposition of capital assets	6,653	495	659,734	11,160	500
Total Other Fin Sources (Uses)	182,903	178,045	837,184	2,920,993	732,274
Net Change in Fund Balances	\$ 12,578,421	\$ (1,756,979)	\$ (619,980)	\$ (16,442,067)	\$ (929,446)
Debt Service as Percentage of Noncapital Expenditures	8.66%	7.18%	6.18%	5.00%	11.30%

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

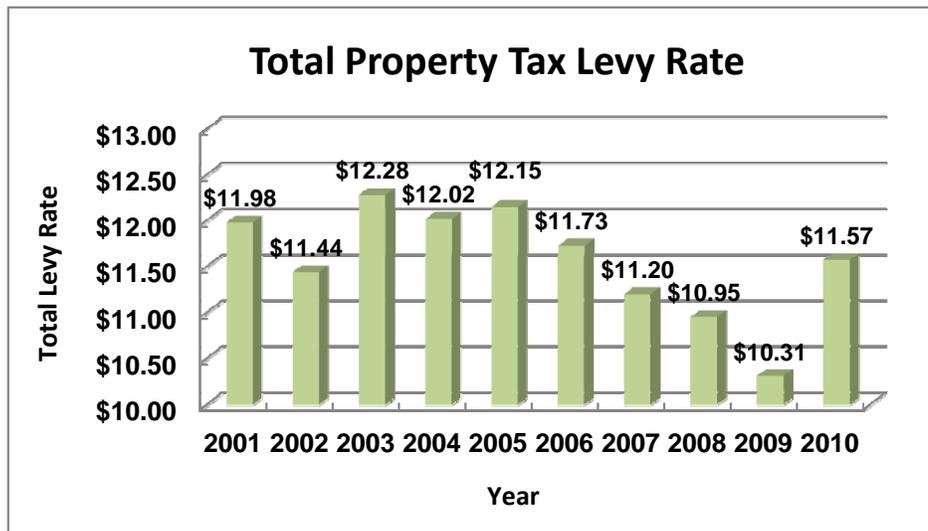
Fiscal Year	Real Property	Personal Property	State Public Service Property	Total Assessed Value	Total Direct Tax Rate
2001	\$ 1,548,111,715	\$ 112,651,309	\$ 1,238,983,652	\$ 2,899,746,676	2.85
2002	1,689,747,755	117,031,629	1,235,866,231	3,042,645,615	2.80
2003	1,754,591,387	121,512,022	1,277,160,193	3,153,263,602	2.87
2004	1,848,206,257	154,766,946	1,272,240,076	3,275,213,279	2.82
2005	1,986,077,835	137,381,893	1,293,637,561	3,417,097,289	2.80
2006	2,057,833,738	136,008,552	1,391,644,445	3,585,486,735	2.77
2007	2,361,159,577	149,422,892	1,567,391,836	4,077,974,305	2.61
2008	2,677,634,353	155,236,682	1,754,135,899	4,587,006,934	2.45
2009	2,983,973,300	154,673,157	1,749,001,930	4,887,648,387	2.34
2010	2,589,827,281	161,788,004	1,764,676,900	4,516,292,185	2.58



Source: King County Assessor's Office

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

Fiscal Year	City Direct Rates ¹			Overlapping Rates ²								
	Gnl Ops	Debt Svc	Total Direct Rate	State of WA	King County	Port of Seattle	Emerg Medical Svcs	School District #401	Library District	Fld Cntrl Zone District	Ferry District	Total Tax Rate
2001	\$2.70	\$0.15	\$2.85	\$3.15	\$1.55	\$0.19	\$0.25	\$3.43	\$0.56	N/A	N/A	\$11.98
2002	2.66	0.14	2.80	2.99	1.45	0.19	0.25	3.23	0.53	N/A	N/A	11.44
2003	2.73	0.14	2.87	2.90	1.35	0.26	0.24	4.11	0.55	N/A	N/A	12.28
2004	2.69	0.13	2.82	2.76	1.43	0.25	0.24	3.98	0.54	N/A	N/A	12.02
2005	2.68	0.12	2.80	2.69	1.38	0.25	0.23	4.27	0.53	N/A	N/A	12.15
2006	2.65	0.12	2.77	2.50	1.33	0.23	0.22	4.15	0.53	N/A	N/A	11.73
2007	2.50	0.11	2.61	2.33	1.29	0.23	0.21	4.03	0.50	N/A	N/A	11.20
2008	2.36	0.09	2.45	2.13	1.21	0.22	0.30	4.03	0.45	0.10	0.060	10.95
2009	2.25	0.09	2.34	1.96	1.10	0.20	0.27	3.88	0.42	0.09	0.050	10.31
2010	2.49	0.09	2.58	2.22	1.28	0.22	0.30	4.37	0.49	0.11	0.003	11.57



¹ Increases to the City's basic property tax rate is limited by State law to annual increases of the lower of 1% or inflation, defined by the implicit price deflator (IPD), plus new construction and state-assessed property valuation increases. For 2010, the City's maximum statutory levy rate calculated by the King County Assessor's Office is \$3.178

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

Source: King County Assessor's Office

Principal Property Tax Payers
Current Year and Nine Years Ago

Employer	2010			2001		
	Taxable Assessed Value²	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value¹	Rank	Percentage of Total City Taxable Assessed Value
Alaska Airlines	\$ 622,026,924	1	13.77%	\$ 355,172,512	1	12.25%
Delta Airlines ³	228,454,191	2	5.06%	56,556,588	8	1.95%
United Airlines	128,947,932	3	2.86%	190,317,632	2	6.56%
Horizon Air	128,515,570	4	2.85%	92,296,284	5	3.18%
Southwest Airlines	96,327,671	5	2.13%	67,247,350	7	2.32%
Boeing	84,480,496	6	1.87%	94,378,488	4	3.25%
Hawaiian Airlines	65,117,325	7	1.44%	-	-	-
AMB Property	64,995,900	8	1.44%	-	-	-
Continental Airlines	56,634,060	9	1.25%	35,816,004	10	1.24%
US Airways	51,905,400	10	1.15%	-	-	-
Northwest Airlines ³	-	-	-	139,196,548	3	4.80%
American Airlines	-	-	-	78,922,590	6	2.72%
DoubleTree Hotel	-	-	-	51,875,183	9	1.79%
Total	\$ 1,527,405,469		33.82%	\$ 1,161,779,179		40.06%

Notes:

¹2000 year end assessed valuations used for taxes collected in 2001. Total assessed valuation for the City at the end of 2000 was \$2,899,746,676.

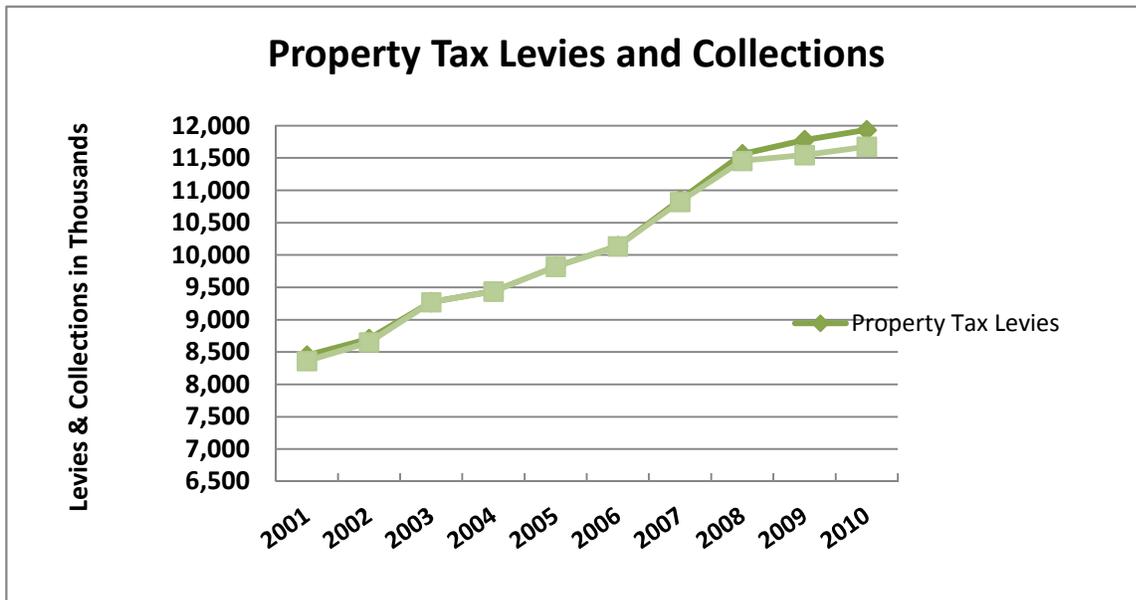
²2010 year end assessed valuations used for taxes collected in 2011. Total assessed valuation for the City at the end of 2010 was \$4,516,292,185.

³Delta Airlines acquired Northwest Airlines on October 29, 2008. On December 31, 2009, Delta received a single operating certificate for the merged airline from the Federal Aviation Administration. The combined airline uses the Delta name and branding.

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
2001	\$ 8,446,329	\$ 8,125,249	96.20%	\$ 237,060	\$ 8,362,309	99.01%
2002	8,705,946	8,419,092	96.71%	232,798	8,651,890	99.38%
2003	9,272,729	8,597,077	92.71%	674,853	9,271,930	99.99%
2004	9,439,561	9,171,933	97.16%	265,678	9,437,611	99.98%
2005	9,820,965	9,184,840	93.52%	635,335	9,820,175	99.99%
2006	10,138,114	9,591,081	94.60%	546,169	10,137,250	99.99%
2007	10,859,535	10,685,445	98.40%	162,301	10,847,746	99.89%
2008	11,560,208	11,297,430	97.73%	222,528	11,519,958	99.65%
2009	11,778,488	11,546,499	98.03%	145,546	11,692,045	99.27%
2010	11,932,693	11,673,307	97.83%	-	11,673,307	97.83%

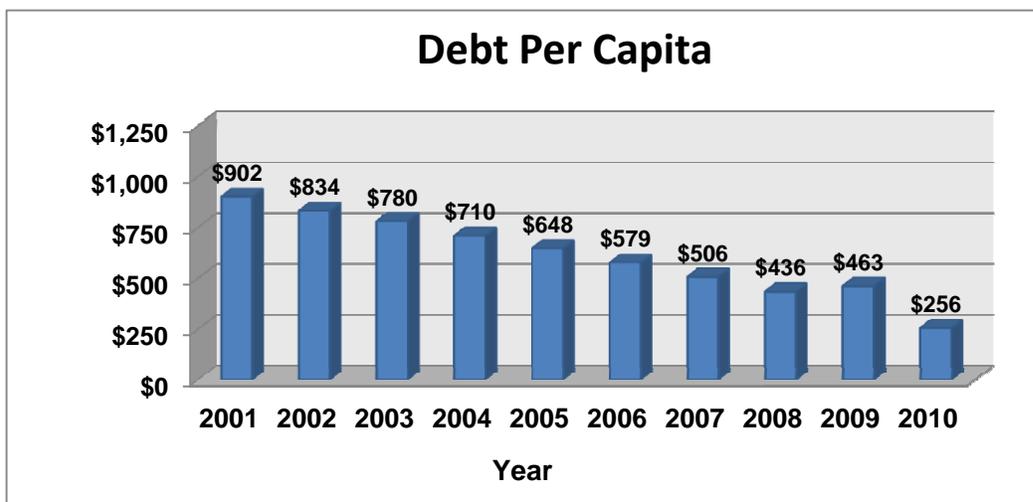


Source: King County Department of Finance and City of SeaTac Finance Department

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt		% of Actual Taxable Value of Property	Per Capita	Other Governmental Activities Debt			
	General Obligation Bonds				Special Assessment Debt	Public Works Trust Fund Loan	Installation Contracts	Transportation Revenue & Ref Bonds
2001	\$ 8,460,000		0.28%	\$ 333	\$ 2,695,000	\$ 394,819	-	\$ 7,800,000
2002	8,015,000		0.25%	317	2,210,000	263,214	-	7,310,000
2003	7,550,000		0.23%	301	2,025,000	131,607	-	6,790,000
2004	7,060,000		0.21%	281	1,715,000	-	-	6,245,000
2005	6,545,000		0.18%	260	1,525,000	-	-	5,675,000
2006	6,015,000		0.15%	238	1,240,000	-	-	5,065,000
2007	5,465,000		0.12%	214	1,040,000	-	-	4,430,000
2008	4,895,000		0.11%	190	845,000	-	-	3,770,000
2009	6,802,050		0.15%	264	650,000	-	-	3,080,000
2010	6,147,050		0.13%	237	475,000	-	-	3,080,000

Fiscal Year	Business-type Activities		Per Capita	% of Personal Income
	Storm Sewer Rev & Ref Bonds	Total Primary Government		
2001	\$ 3,540,000	\$ 22,889,819	\$ 902	2.06%
2002	3,315,000	21,113,214	834	1.88%
2003	3,075,000	19,571,607	780	1.75%
2004	2,820,000	17,840,000	710	1.44%
2005	2,555,000	16,300,000	648	1.34%
2006	2,280,000	14,600,000	579	1.10%
2007	1,995,000	12,930,000	506	0.88%
2008	1,695,000	11,205,000	436	0.75%
2009	1,380,000	11,912,050	463	0.81%
2010	-	6,622,050	256	0.45%

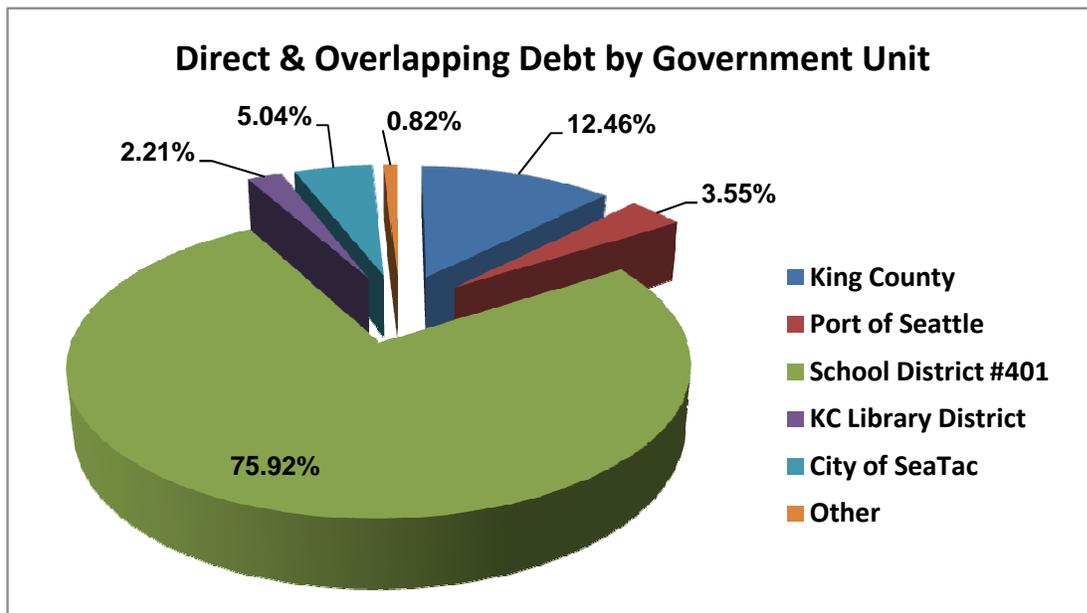


Source: City of SeaTac Finance Department

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, 2010

Governmental Unit	Debt Outstanding	Percentage Applicable to SeaTac	Estimated Amount Applicable to SeaTac
King County	\$1,178,358,000	1.29%	\$15,200,818
Port of Seattle	335,500,000	1.29%	4,327,950
School District #401	301,908,373	30.67%	92,595,298
School District #403	261,635,000	0.01%	26,164
School District #406	30,475,000	0.03%	9,143
School District #415	206,994,426	0.43%	890,076
Hospital District #1	37,255,000	0.21%	78,236
King County Library District	132,155,000	2.04%	2,695,962
Subtotal Overlapping Debt			115,823,646
SeaTac Direct Debt			6,147,050
Total Direct and Overlapping Debt			\$121,970,696



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

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt Limit	\$217,481,001	\$228,198,420	\$236,494,770	\$245,640,996	\$256,282,296
Total net debt applicable to limit	8,885,000	8,427,899	7,982,293	7,516,322	7,025,358
Legal debt margin	\$208,596,001	\$219,770,521	\$228,512,477	\$238,124,674	\$249,256,938
Total net debt applicable to the limit as a % of debt limit	4.09%	3.69%	3.38%	3.06%	2.74%

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$268,911,505	\$305,848,074	\$344,025,519	\$366,573,630	\$338,721,915
Total net debt applicable to limit	6,542,694	6,012,361	5,463,198	4,885,324	6,794,203
Legal debt margin	\$262,368,811	\$299,835,713	\$338,562,321	\$361,688,306	\$331,927,712
Total net debt applicable to the limit as a % of debt limit	2.43%	1.97%	1.59%	1.33%	2.01%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$4,516,292,185
<i>Debt Limit:</i>	
2.5% of general purpose limit, voted and non-voted	112,907,305
2.5% of utility purpose limit, voted	112,907,305
2.5% of open space, voted	112,907,305
Total debt limit	<u>338,721,915</u>
<i>Debt applicable to limit:</i>	
General/Special Obligation Bonds (Net)	<u>6,794,203</u>
Legal Debt Margin	<u>\$331,927,712</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 Service³		Coverage
				Principal	Interest	
2001	1,931,993	860,881	1,071,112	215,000	173,327	2.76
2002	1,746,270	682,842	1,063,428	225,000	161,647	2.75
2003	1,753,028	657,459	1,095,569	240,000	149,357	2.81
2004	1,731,015	629,515	1,101,500	255,000	136,257	2.82
2005	1,865,981	746,187	1,119,794	265,000	125,930	2.86
2006	2,082,403	953,737	1,128,666	275,000	114,800	2.90
2007	2,061,994	868,798	1,193,196	285,000	102,975	3.08
2008	1,914,968	1,001,452	913,516	300,000	90,577	2.34
2009	1,893,029	992,950	900,079	315,000	76,196	2.30
2010	1,908,271	1,142,371	765,900	1,380,000	175,356	0.49

Local Option Transportation Tax Revenue Bonds						
Fiscal Year	Gross Revenue²	Less: Operating Expenses	Net Available Revenue	Debt Service³		Coverage
				Principal	Interest	
2001	4,167,348	572,751	3,594,597	465,000	396,965	4.17
2002	3,260,767	802,280	2,458,487	490,000	371,495	2.85
2003	3,449,765	832,634	2,617,131	520,000	344,522	3.03
2004	3,253,554	814,720	2,438,834	545,000	315,847	2.83
2005	3,076,030	823,963	2,252,067	570,000	282,102	2.64
2006	3,028,853	1,051,311	1,977,542	610,000	255,290	2.29
2007	3,311,409	1,401,777	1,909,632	635,000	228,755	2.21
2008	3,788,769	1,570,713	2,218,056	660,000	201,132	2.58
2009	4,044,076	2,115,221	1,928,855	690,000	172,092	2.24
2010	4,478,134	1,747,391	2,730,743	3,080,000	70,521	0.87

Local Improvement District No. 1 Special Assessment Bonds				
Fiscal Year	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2001	\$ 512,625	\$ 176,819	\$ 107,232	1.80
2002	446,788	485,000	151,972	0.70
2003	325,248	185,000	127,010	1.04
2004	454,191	310,000	117,270	1.06
2005	285,543	190,000	100,565	0.98
2006	357,716	285,000	90,080	0.95
2007	240,540	200,000	74,057	0.88
2008	233,350	195,000	62,627	0.91
2009	259,401	195,000	51,285	1.05
2010	242,326	175,000	39,747	1.13

¹Includes storm drainage utility charges and interest revenue.

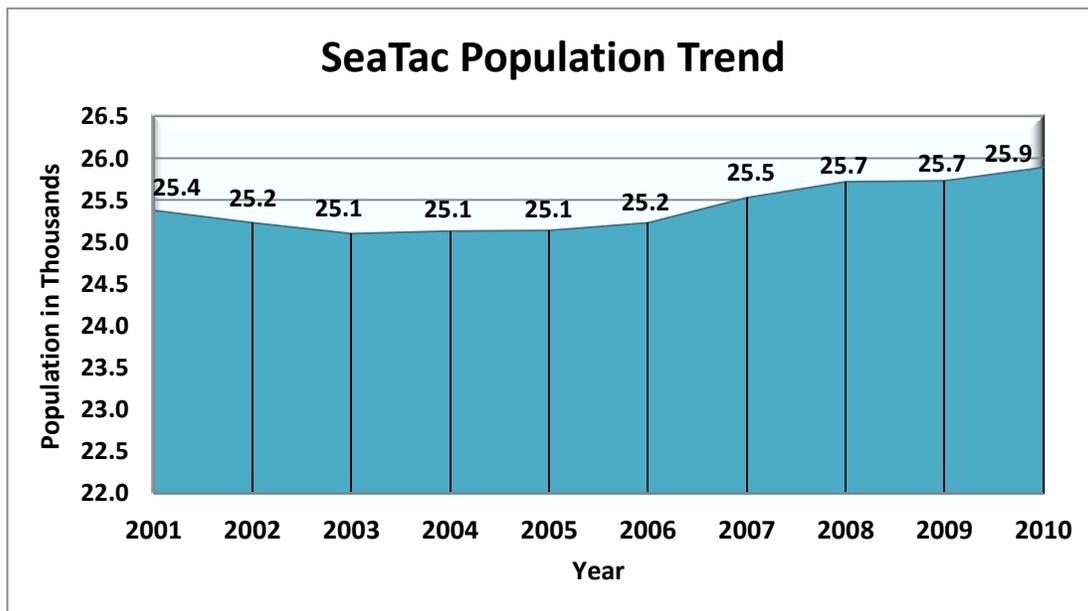
²Includes parking tax, intergovernmental and miscellaneous revenue.

³All revenue bonds were fully redeemed in 2010.

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 King County (F)
2001	25,380	1,112,684,580	43,841	35.92	3,341	5.1%
2002	25,320	1,122,005,160	44,313	36.13	3,498	6.1%
2003	25,100	1,116,498,200	44,482	36.38	3,396	6.2%
2004	25,130	1,238,557,180	49,286	36.60	3,499	5.2%
2005	25,140	1,212,150,240	48,216	36.83	3,192	4.7%
2006	25,230	1,328,485,650	52,655	36.94	3,182	4.2%
2007	25,530	1,473,336,300	57,710	36.98	3,098	3.9%
2008	25,720	1,495,386,520	58,141	37.01	3,073	4.7%
2009	25,730	1,464,139,920	56,904	37.08	2,858	8.5%
2010	25,890	(G)	(G)	37.24	2,846	8.8%



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

Principal Employers
Current Year and Nine Years Ago

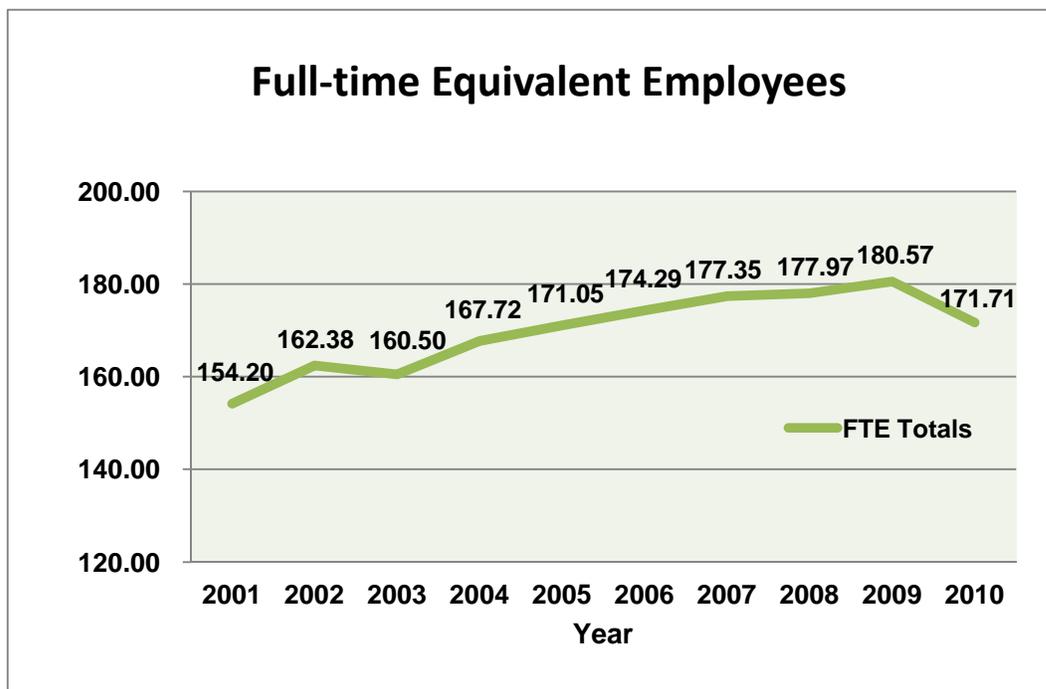
<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Port of Seattle ¹	1,586	1	7.97%	N/A	-	-
HMS Host	600	2	3.02%	N/A	-	-
Amicable Healthcare Inc.	500	3	2.51%	N/A	-	-
Doubletree Hotel	400	4	2.01%	N/A	-	-
Marriott Hotel	350	5	1.76%	N/A	-	-
Lynden Inc.	300	6	1.51%	N/A	-	-
Alaska Airlines Inc.	260	7	1.31%	N/A	-	-
Horizon Air Industries Inc.	250	8	1.26%	N/A	-	-
Southwest Airlines Co	200	9	1.01%	N/A	-	-
Airserv	200	10	1.01%	N/A	-	-
Total	4,646		23.35%	-		-

¹Data provided by the Port of Seattle. The Port of Seattle employed 1,586 regular full-time/temporary employees in the City of SeaTac.

Source: Original information was generated from Claritas Business Point; Information was modified for the Port of Seattle which was listed as "Seattle Tacoma International Airport" by Claritas with an employee count of 21,000. Information is not available for 2001.

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

<u>Function/Program</u>	Fiscal Year				
	2001	2002	2003	2004	2005
Judicial	6.0	6.00	5.00	5.40	5.40
General Government					
City Manager's Office	7.0	5.00	5.50	5.75	4.75
Finance/IS	8.5	8.50	7.00	8.50	9.50
GIS	1.0	0.50	0.50	0.50	2.38
City Clerk's Office	3.0	3.00	3.00	3.00	3.00
Legal Services	7.0	7.00	7.00	7.00	7.00
Human Resources	3.6	3.60	3.60	3.60	3.10
Facilities/Property Mgt Services	-	0.50	3.50	4.50	4.50
Public Safety					
Police Administration/Other	-	-	1.69	1.69	1.69
Fire	47.0	47.00	47.00	50.00	53.00
Transportation	17.9	23.46	21.93	21.43	20.94
Health & Human Services	1.0	1.00	0.50	0.50	1.00
Economic Environment					
Building	12.0	11.00	11.00	11.00	11.00
Planning	8.0	9.00	9.00	10.00	8.00
Tourism	-	1.00	1.00	0.75	0.75
Culture and Recreation	22.0	28.62	25.83	26.29	26.90
Surface Water Management	10.2	7.20	7.45	7.81	8.14
Total	154.20	162.38	160.50	167.72	171.05



Source: City of SeaTac Finance Department

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
Judicial	5.40	6.00	6.50	7.00	7.00
General Government					
City Manager's Office	4.50	4.65	5.05	5.06	4.09
Finance/IS	9.17	9.50	10.00	10.00	9.12
GIS	2.00	2.50	3.25	2.46	2.48
City Clerk's Office	3.00	3.00	3.00	3.00	3.00
Legal Services	7.00	7.00	7.00	7.00	7.19
Human Resources	3.60	3.60	3.60	3.55	4.00
Facilities/Property Mgt Services	4.50	4.80	4.80	4.80	4.91
Public Safety					
Police Administration/Other	1.69	1.69	1.54	1.53	1.49
Fire	53.00	53.00	52.19	51.92	51.21
Transportation	21.44	22.13	20.94	21.88	19.45
Health & Human Services	1.00	1.00	1.00	1.00	1.00
Economic Environment					
Building	11.00	10.08	11.00	11.00	8.25
Planning	10.96	10.96	10.09	10.80	7.65
Tourism	0.75	1.50	1.25	1.50	1.50
Culture and Recreation	27.45	28.11	28.93	29.97	29.83
Surface Water Management	7.83	7.83	7.83	8.10	9.54
Total	174.29	177.35	177.97	180.57	171.71

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2001	2002	2003	2004	2005
Judicial					
Traffic & non-traffic filings	2,934	3,566	2,861	3,938	2,139
Criminal traffic/non-traffic filings	1,271	1,075	1,335	1,100	422
Parking filings	278	520	645	283	309
Number of in custody hearings	891	955	218	244	261
Number of video arraignments	712	754	774	746	772
Orders for protection filed	15	15	3	3	7
Code enforcement citations	68	57	57	16	42
Anti-Harassment orders	N/A	N/A	N/A	N/A	2
Red light camera photo enforcement	N/A	N/A	N/A	N/A	N/A
General Government					
Business licenses Issued	1,839	1,780	1,921	1,879	1,850
Ordinances/Resolutions/Motions passed	130	148	136	98	102
Number of employment applications	N/A	N/A	417	624	1,104
Public Safety - Fire					
Number of emergency fire calls	1,009	1,125	1,221	1,254	1,223
Number of medical emergency calls	2,325	2,575	2,683	2,805	3,106
Number of fire inspections	2,210	2,158	2,433	2,787	2,691
Number of permits issued	340	365	368	470	533
Total staff training hours	6,031	4,125	4,033	10,084	9,442
Public Safety - Police					
Dispatched calls for service	10,340	9,896	9,916	9,933	10,955
Part 1 crimes*	1,865	1,605	1,691	1,865	2,346
Part 2 crimes**	1,835	1,626	1,676	1,835	1,838
Total cases cleared	310	398	479	545	517
Traffic citations	4,321	6,380	5,832	5,102	4,144
Red light photo enforcement-eff 4/1/07	N/A	N/A	N/A	N/A	N/A
Adult & juvenile arrests	1,053	1,243	1,497	1,569	1,344
Response times (in progress)					
Priority X - Critical Dispatch	3.74	3.95	4.37	3.27	3.76
Priority 1 - Immediate Dispatch	8.22	7.70	8.34	7.77	9.15
Priority 2 - Prompt Dispatch	16.38	13.62	14.01	13.32	16.09
Health & Human Services					
Number of Human Svs clients served	7,766	7,767	6,980	7,609	8,183
Economic Environment					
Valuation of permitted bldg apps	\$19.2m	\$29m	\$29.1m	\$42.5m	\$30.0m
Number of short plat applications	9	9	5	13	16
Number of bldg permits issued	322	308	289	270	291
Culture and Recreation					
Number of special event participants	8,255	8,860	9,080	9,260	11,715
Number of Meals on Wheels served	9,424	9,053	11,117	12,870	13,800

*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

<u>Function/Program</u>	Fiscal Year				
	2006	2007	2008	2009	2010
Judicial					
Traffic & non-traffic filings	2,752	2,993	2,592	1,827	2,018
Criminal traffic/non-traffic filings	1,262	1,364	1,635	1,066	1,016
Parking filings	298	347	396	278	327
Number of in custody hearings	239	367	284	302	297
Number of video arraignments	913	1,144	1,074	1,156	909
Orders for protection filed	30	45	34	21	15
Code enforcement citations	25	44	21	15	-
Anti-Harassment orders	7	13	4	11	8
Red light camera photo enforcement	N/A	5,124	7,009	4,040	3,135
General Government					
Business licenses Issued	1,910	1,911	1,912	1,944	1,665
Ordinances/Resolutions/Motions passed	128	133	138	137	105
Number of employment applications	1,098	933	1,021	1,103	1,177
Public Safety - Fire					
Number of emergency fire calls	1,320	1,173	1,169	1,002	1,080
Number of medical emergency calls	2,966	3,064	3,224	3,097	2,935
Number of fire inspections	2,809	2,800	1,876	2,023	1,778
Number of permits issued	411	411	421	399	398
Total staff training hours	7,283	9,100	7,966	7,117	5,141
Public Safety - Police					
Dispatched calls for service	11,297	11,038	10,023	9,100	9,056
Part 1 crimes	2,179	1,917	1,676	1,656	1,460
Part 2 crimes	1,906	1,949	1,942	2,079	1,905
Total cases cleared	523	482	413	439	243
Traffic citations	3,818	3,907	2,592	1,827	1,998
Red light photo enforcement (eff 4/1/0	N/A	4,220	6,769	3,783	2,969
Adult & Juvenile arrests	1,650	1,528	1,393	1,378	1,256
Response times (in progress)					
Priority X - Critical Dispatch (min)	5.10	3.97	4.03	4.78	4.17
Priority 1 - Immediate Dispatch (min)	8.17	8.24	8.83	8.67	8.33
Priority 2 - Prompt Dispatch (min)	14.33	15.22	15.18	13.89	12.75
Health & Human Services					
No of Human Services clients served	9,671	13,078	16,725	17,627	18,023.00
Economic Environment					
Valuation of permitted bldg apps	\$128.9m	\$88.1m	\$42.4m	\$75.2m	\$36.0m
Number of short plat applications	16	25	10	3	2
Number of bldg permits issued	296	341	290	238	198
Culture and Recreation					
Number of special event participants	12,100	7,085	10,800	10,200	9,800
Number of Meals on Wheels served	13,520	11,480	12,300	11,590	9,005

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

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

Source: City of SeaTac Comprehensive Plans 1999 - 2009

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



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

