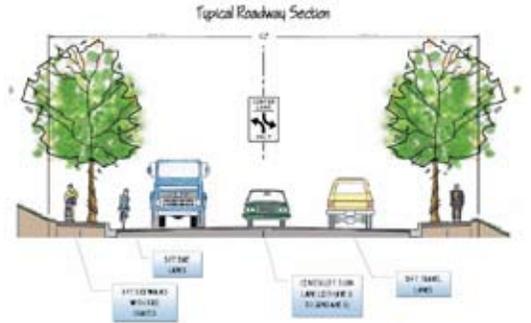


# 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2011



S. 154th Street Improvements (24th Ave. S. to 32nd Ave. S.)



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



## On the Cover

### S. 154th Street Improvements

**Location:** 24th Avenue South to 32nd Avenue South

**Length of Project:** 2,800 linear feet

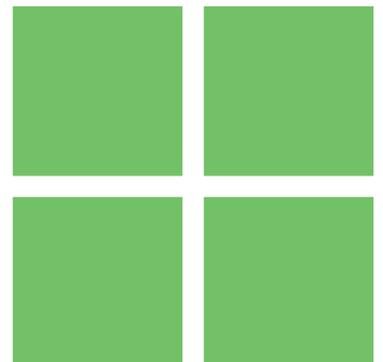
**Total Project Cost:** \$6.1 million (Includes design & construction)

**Funding Source:** State and Federal grants, Sound Transit funds, and City Street Improvement Fund (Parking Tax)

**Project Manager:** Florendo Cabudol, Assistant City Engineer

**Engineer:** Reid Middleton, Inc.

The South 154th Street Improvements provides sidewalks and bicycle lanes, reconstructed travel lanes, and a new two-way left-turn lane along South 154th Street between 24th Avenue S. and 32nd Avenue S. A mid-block pedestrian refuge island was also built east of the SR-518 on-ramp to provide safe crossing for pedestrians to a new sidewalk on the south side of the SR518 bridge crossing. The project also includes streetscape improvements such as street trees, new street lighting, undergrounding of overhead utility lines, and a storm conveyance system including water quality and flow control. The project completes a missing link in the pedestrian and bicycle transportation system and improves safety and efficiency for all modes of travel. The project serves current and future transportation needs in the northern portion of SeaTac and the urban centers of Burien and Tukwila that are connected by this arterial corridor. Construction began in spring 2011 and was completed in fall 2012.



# 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2011



Prepared by Finance Department  
City of SeaTac, Washington  
4800 South 188th Street  
SeaTac, Washington 98188



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

*For the Fiscal Year Ended December 31, 2011*

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

*For the Fiscal Year Ended December 31, 2011*

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# Introductory Section

# Introductory Section



November 21, 2012

Honorable Mayor, Councilmembers, City Manager and SeaTac Residents:

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

City Hall: 206.973.4800  
Fax: 206.973.4809  
TDD: 206.973.4808

We are pleased to present the City of SeaTac's *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended December 31, 2011. These financial statements were prepared in conformity with generally accepted accounting principles (GAAP) and they have been audited in accordance with generally accepted auditing standards (GAAS) 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 in accordance with generally accepted auditing standards. These auditing standards require that the audit be planned and performed to obtain reasonable assurance that the financial statements are free of material misstatement. The auditors also assess, on a test basis, accounting principles used, significant estimates made by management and evaluate overall financial statement presentation.

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 to gain 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 financial assistance exceeding \$500,000, 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. For the 2011 federal single audit, the City received an unqualified opinion on both the financial statements and on the internal control over major programs.

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.

Mayor  
*Tony Anderson*

Deputy Mayor  
*Mia Gregerson*

Councilmembers  
*Barry Ladenburg*  
*Rick Forschler*  
*Terry Anderson*  
*Dave Bush*  
*Pam Fernald*

City Manager  
*Todd Cutts*

Assistant City Manager  
*Gwen Voelpel*

City Attorney  
*Mary Mirante Bartolo*

City Clerk  
*Kristina Gregg*

GAAP requires that management provide narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This transmittal letter was 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 2011 financial audit has been completed and, as noted above, the City has been issued an unqualified opinion on its financial statements. 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 27,210 residents within its incorporated limits and has a work force of approximately 37,000 employees. It also accommodates over 89,000 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 2011, 32.8 million passengers passed through the Airport, up 4 percent from 2010. This total includes nearly 3 million international passengers. The record number of passengers increases job growth contributing to the nearly 90,000 jobs being generated by airport activities.

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 taxpayer in the City, representing 20.46% of the total assessed valuation for the City. Delta, United, Southwest, Continental, Hawaiian and US Airways combine to account for an additional 16.78% of the City's property tax base.

With approximately 5,500 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 passenger airlines, one airplane manufacturer, one cargo airline 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 36.8% of total governmental fund 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 increased for most years, as shown in Schedule 5 of 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 31.8% of total general governmental tax revenues in 2011. Sales tax revenue increased by 9.0% in 2011 as the local economy showed signs of recovery. Although construction sales taxes declined by \$343,000 over the prior year, overall sales taxes increased by \$933,000. 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. A portion of the parking tax revenue stream is dedicated to certain transportation projects identified in an Interlocal Agreement with the Port. Along with a variety of transportation grants, parking taxes will fund a number of important capital projects over the next few years including Military Road South from S 176<sup>th</sup> to S 166<sup>th</sup>, Military Road South and S 154<sup>th</sup> (S 150<sup>th</sup> St to International Boulevard) and the 28<sup>th</sup>/24<sup>th</sup> Avenue extension. In 2011, parking tax revenues increased less than 1% from 2010.

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 11.7% in 2011 reflecting increased travel and related activities in 2011.

### **Economic Outlook**

According to the Washington State Economic and Revenue Forecast Council in September 2012, recent developments at the State level have been a bit stronger. Employment growth has slightly outpaced the modest growth expectation, personal income growth is tracking higher than expected due to strong wage growth in the first quarter, housing construction was stronger than expected and Seattle area home prices have increased over last year. The downside areas in the economy are that manufacturing expansion is slowing and Washington exports have weakened considerably.

In the area of employment growth, the State Economic and Revenue Forecast Council reported that they expect aerospace employment to peak at the end of 2012 and then begin a gradual decline in mid-2013. Construction employment is expected to remain moderate through the remainder of the year with growth gradually picking up in 2013. Government employment is expected to decline through 2013 with only modest growth thereafter.

For personal income growth, the first quarter of 2012 was \$4.4 billion or 1.4% higher than was forecasted in June 2012. The figures were revised up because wages and salary disbursements were \$3.5 billion higher than originally estimated and non-wage income was \$0.9 billion higher due to higher proprietor's income and higher employee benefits. The new forecast for Washington is 2.0% per year for 2012 through 2015. This is .3% higher than the previous forecast.

Housing construction is improving with housing permits coming in at a total of 28,100 (*includes 15,900 single family units and 12,200 multi-family units*) for the second quarter of 2012. This is higher than the 24,400 (*includes 13,600 single-family units and 10,800 multi-family units*) estimate for second quarter. Due to the strength in housing, the Economic and Revenue Forecast Council will be raising their housing construction forecast for 2012 and 2013.

According to the S&P/Case-Shiller Home Prices Indices, seasonally adjusted Seattle area home prices have risen in each of the past four months and, as of June 2012, are now 1.7% higher than in the previous June. Seattle home prices have not registered a year-over-year gain since December 2007. Nationally June prices were up .5% when compared to the previous June.

In Washington State, the areas of economic concern currently lie in the area of manufacturing and exports. The Institute for Supply Management's Western Washington index declined to 53.5 in August from 58.8 in July, barely exceeding the critical 50 mark which indicates expansion or contraction. In the area of exports, total exports in the second quarter of 2012 were only 7.5% higher than in the previous year compared to

25.2% growth in the first quarter and 32.2% in the second quarter of last year.

For cities, economic trends at all levels of government impact fiscal conditions, creating budget pressures 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 years, the nation's economy has seen 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 legislative bodies 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 budget. Concurrent with the development of the budget is the planning for the City's long-term capital needs. Potential project funding is assessed with the update of 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 biggest challenge for the City 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 will be 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**

After extensive meetings with Sound Transit and numerous Council briefings, the City Council authorized the City Manager to enter into a Development and Transit Way Agreement for the South Link Light Rail Project with Sound Transit. This Agreement was designed to mitigate project impacts, enhance public benefits resulting from the project and provide Sound Transit with greater certainty in managing the South Link Project. The project will extend light rail 1.6 miles south from the SeaTac/Airport Station to a new station at South 200<sup>th</sup> and 28<sup>th</sup> Ave South providing a package of more than \$10 million in mitigations, improvements, reimbursements and fees to the City.

Per Ordinance No.12-1010, the City will be establishing a biennial budget effective for the years of 2013 – 2014. A mid-biennial review must be completed no sooner than eight months after the start of the first year and no later than the end of the first year. It is anticipated that a substantial amount of time will be saved in preparing and approving the budget which will allow staff and the City Council to focus on long-range strategic planning.

The City received the first overall municipality 5-Star EnviroStars Certification rating from the EnviroStars certification program that recognizes businesses on their environmentally friendly practices and policies. EnviroStars certifies companies with a rating from 2 to 5 Stars based on their practices and policies that demonstrate commitment to protecting the environment by properly managing and reducing hazardous

materials and waste. Certified companies must continue to meet qualification standards through an on-going renewal process.

**AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of SeaTac for its Comprehensive Annual Financial Report for fiscal year ended December 31, 2010. 2010 was the 19<sup>th</sup> year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

I would like to thank the Finance and Systems Department staff, a team of professionals that play an integral part in the preparation of the City's CAFR and also in the successful daily operations of the City. I would also like to specifically thank Brenda Rolph, the Assistant Finance Director for her central role in the creation and coordination of this annual reporting process. Credit for the design of this year's CAFR goes to Gwen Rathe of the Parks & Recreation Department. Further appreciation is extended to the Mayor, the City Council and the City Manager for their encouragement, interest and support in conducting the financial operations of the City in a sound and progressive manner. The assistance of the auditors from the State Auditor's Office is also greatly appreciated.

Sincerely,



Aaron Antin  
Finance and Systems Director

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of SeaTac  
Washington

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

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.

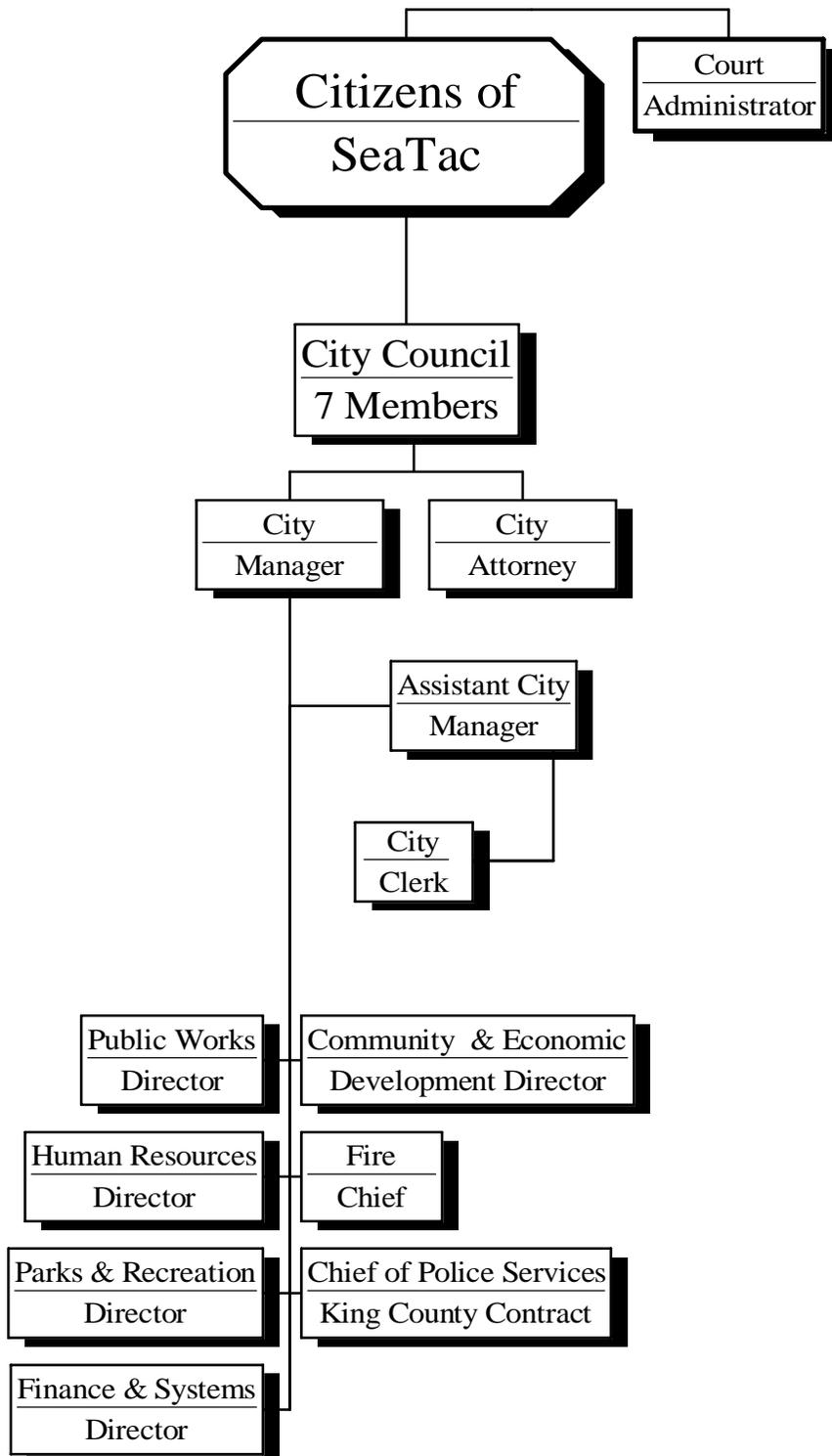


*Linda C. Danson*

President

*Jeffrey R. Emer*

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
Assistant City Manager (4/26/11 through 12/31/11)	Vacant
City Attorney	Mary Mirante Bartolo
City Clerk	Kristina Gregg
Court Administrator (Through 4/01/11)	Mary Pederson
Court Administrator (Effective 8/10/11)	Paulette Revoir
Chief of Police Services (Contract)	Jim Graddon
Finance and Systems Director (Through 7/29/11)	Michael J. McCarty
Interim Finance and Systems Director (8/17/11 through 2/12/12)	Joyce Papke
Finance and Systems Director (Effective 3/23/12)	Aaron Antin
Fire Chief (Contract)	Jim Schneider
Human Resources Director	Anh Hoang
Parks and Recreation Director	Kit Ledbetter
Community & Economic Development Director (2/17/11 through 8/08/12)	Cynthia Baker
Public Works Director	Thomas Gut



# Financial Section

# Financial Section

**INDEPENDENT AUDITOR'S REPORT**

November 19, 2012

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, 2011, 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2011, the City has implemented the Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with Government Auditing Standards, we also issued our report dated September 21, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report was issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 25 , budgetary comparison

information on pages 82 through 87 and information on postemployment benefits other than pensions on page 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 supplementary information on pages 89 through 109 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sincerely,



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

**CITY OF SEATAC, WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED 2011**

**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, 2011. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2011, 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, 2011, total net assets for the City were \$471.1 million. Of this amount, \$421.7 million or 89.5% was classified as *invested in capital assets (net of related debt.)* This classification includes infrastructure, construction in progress, land, other improvements, buildings, equipment, and intangibles. Net assets in the amount of \$22.2 million or 4.7% were restricted for debt service, capital projects, including Des Moines Creek Basin ILA projects and transportation purposes/projects, and tourism promotion/facilities. The remaining net asset balance of \$27.2 million or 5.8% was classified as unrestricted and available for general City operations.
- In 2011, the City implemented *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*. Essentially, part of this Statement stated that special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed and the specific revenues should comprise a substantial portion of the inflows into the fund. Special revenue funds not meeting these requirements should be discontinued and the funds' remaining resources are to be reported in the *General Fund*. Five special revenue funds failed to meet this definition and were combined into the *General Fund* including the *Contingency Reserve Fund*, the *Port of Seattle ILA Fund*, the *Transit Planning Fund*, the *Building Management Fund* and the *Facility Repair and Replacement Fund*. The net effect of this portion of the *GASB Statement No. 54* implementation on the fund balance for the *General Fund* was an increase of \$6.6 million for 2011.
- *GASB Statement No. 54* also established criteria for classifying fund balances for governmental fund balance sheets with the goal of making the nature and extent of constraints on a government's fund balance more transparent. Five fund balance classifications were established including *nonspendable, restricted, committed, assigned and unassigned*. In prior years, the City classified fund balances as *unreserved* and *reserved* for the governmental funds. At the end of 2011, the governmental funds had an *unassigned* fund balance of \$5 million. In comparison, at the end of 2010 the governmental funds had an *unreserved* fund balance of \$38.8 million.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The government-wide financial statements are designed to provide the reader with an overview of the City's financial condition and activities as a whole. This broad overview is similar to the financial reporting for a private-sector business. The government-wide financial statements have separate columns for *governmental activities* and *business-type activities*. Governmental activities of the City include the following functions: *Judicial, General Government, Public Safety, Physical Environment, Transportation, 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 2011, the City of SeaTac maintained seventeen individual governmental funds on a budgetary basis. On a GAAP basis, the City maintained twelve individual governmental funds. The City's six major governmental funds, as determined by the parameters of GASB Statement No. 34, are the *General Fund*, the *Street 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 and construction.

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 or losses 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**

<b>Assets:</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010*</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current & other assets	\$ 55,536,121	\$ 54,185,428	\$ 3,790,645	\$ 3,561,409	\$ 59,326,766	\$ 57,746,837
Capital assets, net*	397,663,359	398,587,489	25,185,790	25,111,088	422,849,149	423,698,577
<b>Total Assets</b>	<b>453,199,480</b>	<b>452,772,917</b>	<b>28,976,435</b>	<b>28,672,497</b>	<b>482,175,915</b>	<b>481,445,414</b>
<b>Liabilities:</b>						
Long-term liabilities	8,124,515	8,131,640	67,208	33,015	8,191,723	8,164,655
Other liabilities	2,885,392	4,489,567	30,176	45,140	2,915,568	4,534,707
<b>Total Liabilities</b>	<b>11,009,907</b>	<b>12,621,207</b>	<b>97,384</b>	<b>78,155</b>	<b>11,107,291</b>	<b>12,699,362</b>
<b>Net Assets:</b>						
Inv in capital assets, net of related debt *	396,556,216	393,110,576	25,185,790	25,111,088	421,742,006	418,221,664
Restricted	22,175,724	20,451,319	-	-	22,175,724	20,451,319
Unrestricted	23,457,633	26,589,815	3,693,261	3,483,254	27,150,894	30,073,069
<b>Total Net Assets</b>	<b>\$ 442,189,573</b>	<b>\$ 440,151,710</b>	<b>\$ 28,879,051</b>	<b>\$ 28,594,342</b>	<b>\$ 471,068,624</b>	<b>\$ 468,746,052</b>

\*Restated for prior year adjustment in the amount of (\$187,787).

The City's total net assets increased by \$2.3 million in 2011. Investments in capital assets, less any related outstanding debt used to acquire the assets, increased by \$3.5 million. The increase in capital assets can be attributed to infrastructure/transportation projects funded with parking and fuel taxes. The City's total restricted net assets increased by \$1.7 million while unrestricted net assets declined by \$2.8 million.

The City's *net assets for governmental activities* include \$22.2 million in restricted resources that are subject to external limitations on how the funds may be used. The restricted net assets are for debt service, capital projects including transportation projects, tourism promotion/facilities and Des Moines Creek Basin ILA projects. The remaining balance of unrestricted net assets (\$23.5 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 \$3.7 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. The change in net

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

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010*	2011	2010
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 4,879,825	\$ 4,991,911	\$ 1,705,993	\$ 1,886,756	\$ 6,585,818	\$ 6,878,667
Operating grants & contrib	1,108,325	1,139,908	-	1,090	1,108,325	1,140,998
Capital grants & contrib	2,739,593	283,675	50,000	292,302	2,789,593	575,977
<i>General Revenues:</i>						
Property taxes	12,108,630	11,825,379	1,369	381	12,109,999	11,825,760
Sales taxes	11,543,555	10,493,139	-	-	11,543,555	10,493,139
Parking taxes	5,920,220	5,865,013	-	-	5,920,220	5,865,013
Excise taxes	3,272,898	2,425,077	-	-	3,272,898	2,425,077
Investment interest	360,208	129,366	10,977	20,044	371,185	149,410
Unrestrict grants/contrib	187,560	205,817	-	-	187,560	205,817
Gains on Asset Sales*	29,604	22,321	-	-	29,604	22,321
<b>Total Revenues</b>	<b>42,150,418</b>	<b>37,381,606</b>	<b>1,768,339</b>	<b>2,200,573</b>	<b>43,918,757</b>	<b>39,582,179</b>
<b>Expenses:</b>						
Judicial	748,695	814,460	-	-	748,695	814,460
General Government	5,832,736	6,362,137	-	-	5,832,736	6,362,137
Public Safety	17,992,619	16,804,828	-	-	17,992,619	16,804,828
Physical Environment	297,118	380,997	1,954,815	1,673,333	2,251,933	2,054,330
Transportation	5,946,470	5,576,255	-	-	5,946,470	5,576,255
Human Services/Health	492,728	498,174	-	-	492,728	498,174
Economic Environment	4,030,161	3,959,775	-	-	4,030,161	3,959,775
Culture & Recreation	3,788,168	3,709,548	-	-	3,788,168	3,709,548
Interest on long-term debt	103,678	172,989	-	-	103,678	172,989
<b>Total Expenses</b>	<b>39,232,373</b>	<b>38,279,163</b>	<b>1,954,815</b>	<b>1,673,333</b>	<b>41,187,188</b>	<b>39,952,496</b>
<b>Inc (Dec) in Net Assets Before</b>						
<b>Transfers</b>	<b>2,918,045</b>	<b>(897,557)</b>	<b>(186,476)</b>	<b>527,240</b>	<b>2,731,569</b>	<b>(370,317)</b>
Transfers	(283,398)	(148,169)	283,398	148,169	-	-
<b>Inc (Dec) in Net Assets</b>	<b>2,634,647</b>	<b>(1,045,726)</b>	<b>96,922</b>	<b>675,409</b>	<b>2,731,569</b>	<b>(370,317)</b>
<b>Net Assets-Beg (as prev rptd)</b>	<b>440,339,497</b>	<b>441,632,628</b>	<b>28,594,342</b>	<b>27,918,933</b>	<b>468,933,839</b>	<b>469,551,561</b>
Prior Year Adjustments	(784,571)	(247,405)	187,787	-	(596,784)	(247,405)
<b>Net Assets-Beg (as restated)</b>	<b>439,554,926</b>	<b>441,385,223</b>	<b>28,782,129</b>	<b>27,918,933</b>	<b>468,337,055</b>	<b>469,304,156</b>
<b>Net Assets-Ending</b>	<b>\$ 442,189,573</b>	<b>\$ 440,339,497</b>	<b>\$ 28,879,051</b>	<b>\$ 28,594,342</b>	<b>\$ 471,068,624</b>	<b>\$ 468,933,839</b>

\*Loss on sale of assets in the amount of \$1,521 moved to expenses in 2010.

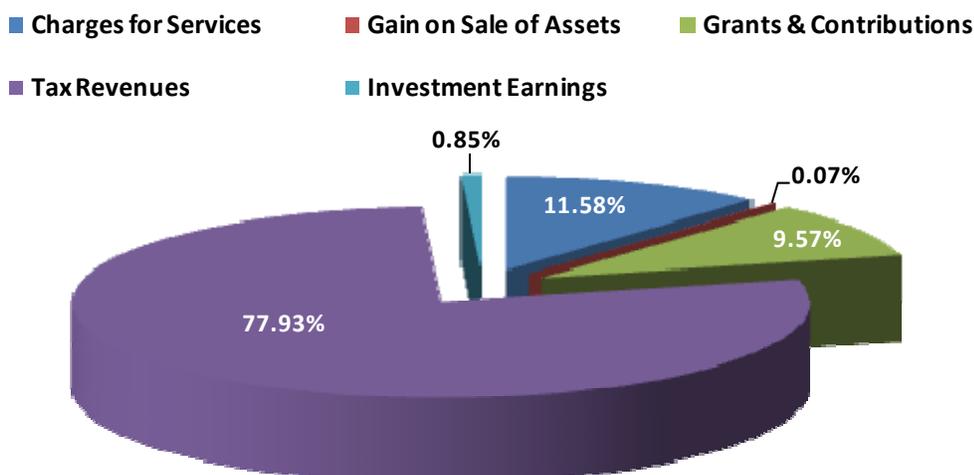
**Governmental Activities:** Net assets for *Governmental Activities* increased by \$2.6 million comprising 92.5% of the increase in the total net assets for the City of SeaTac in 2011. Two prior period adjustments in the amount of \$784,571 were made in 2011. The first one is due to a Department of Revenue notice stating that a City business over paid their taxes in prior years in the amount \$596,784. The second one occurred because capital assets were contributed to the *Surface Water Management Construction Fund* for infrastructure improvements paid for with parking tax funds in the amount of \$187,787.

- 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 \$2.7 million in grant revenues for capital purposes. Although this amount is up \$2.5 million from the prior year,

transportation project start dates and actual expenditures incurred impact the timing of when actual grant revenues are received.

- Sales taxes increased by approximately \$1.1 million or 10% from 2010 to 2011. A large portion of the increase can be attributed to travel and hospitality. Per Port of Seattle statistics, air passenger levels increased by 4% from 2010. Per Seattle Southside Visitor Services (January 2012), travel spending in the Seattle Southside increased by approximately 8.8%. SeaTac has approximately 60% of the Seattle Southside lodging sales.
- The City Council approved a 1% property tax increase for 2011. In addition, the City receives increases in property tax revenues from new construction and improvements to property and from any increases in the value of State-assessed property. These increases contributed to the \$283 thousand rise in property tax revenues in 2011.

### Revenues by Source for Governmental Activities



Notes: Tax revenues including property, sales, parking and excise taxes and are a large portion (77.93%) of the City's income. Please note that transfers in from other funds are not included in this chart.

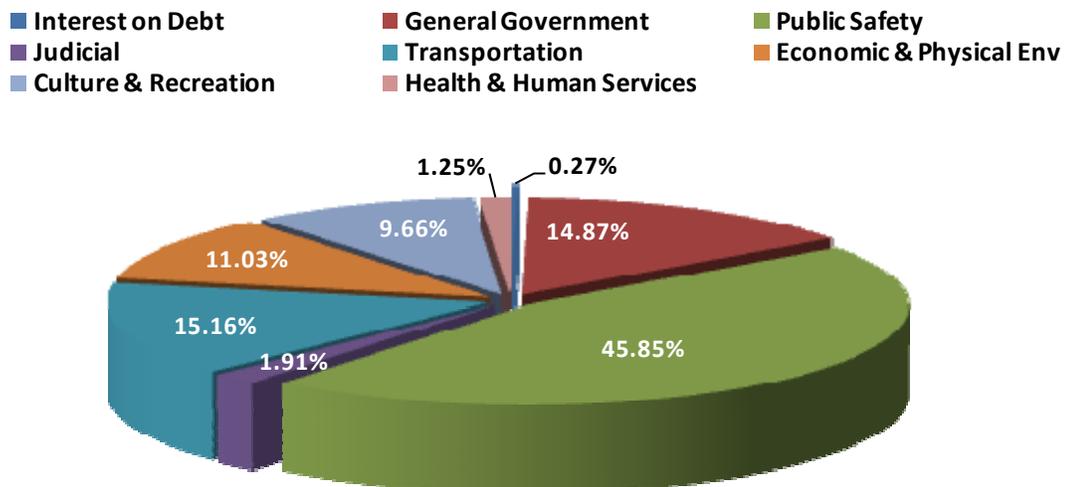
For governmental activities, total expenses increased just under \$1 million or 2.5% over 2010. Four of the nine program areas in governmental activities had expense increases in 2011. Some of the major expense changes are described below:

- **Judicial services** decreased by \$66 thousand or 8.1% in 2011. Staffing changes included eliminating one Judicial Support Specialist position from the Municipal Court and changing the Municipal Court Judge to an employee (.8 FTE's) from an independent contractor.
- **General Government** decreased by 8.3% or \$529 thousand over 2010. Various staff position adjustments were made in the *General Government* program in 2011 as follows: Eliminated a Management Intern position in the City Manager's Office (.5 FTE's), Eliminated a System Manager's position (.5 FTE's) and a GIS Analyst position (.5 FTE's) in Finance, Eliminated a Rule 9 Legal Intern from Legal. Additionally, the Assistant City Manager position was not filled in 2011.
- **Public Safety** increased by 7.1% or \$1.2 million in 2011. Base Police service expenses increased by 2.7% in 2011. The City contracts with King County for Police Services and labor contracts with the King County Police Officers Guild account for much of the rise in Public Safety costs. Fire services

increased by 7.8% for operating expenses. The major increase is in wages and benefits in Suppression & EMS programs. Staffing changes made for Fire in 2011 include eliminating the Fire Chief position and instead contracting with the Kent RFA for a Fire Chief. Additionally, an Administrative Assistant I position and a Fire Inspector position were eliminated. Fire Inspector services were also contracted out to the Kent RFA.

✚ *Culture & Recreation* increased by 2.1% or \$79 thousand over 2010. The main program area showing expense increases was Recreation Services in the areas of salaries and benefits. Recreation Services had four positions reclassified from Recreation Services Coordinators to Recreation Managers and the reclassifications included retroactive pay.

**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 \$97 thousand in 2011. Total business-type revenues (excluding transfers in) were lower by \$432 thousand in 2011. Capital grants and contributions were lower by \$242 thousand contributing to the decline. In 2011, total business-type expenses (excluding transfers out) increased by \$281 thousand. Expense areas showing cost increases include salaries and benefits, repairs and maintenance, spot drainage improvement work, and depreciation.

**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 four 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, unassigned fund balance in the *General Fund* is a good indicator of the City's resources available for spending at the end of the year. For the other four major funds, most of resources are either restricted or assigned to other purposes.

At the end of the 2011, the City's combined ending governmental fund balance was \$46.7 million versus the 2010 ending fund balance of \$43.8 million. Included in the 2011 ending fund balance is \$1 million in nonspendable prepayments, \$16.3 million in restricted fund balance (*i.e. transportation, tourism, capital projects, etc.*) and \$9.4 million in fund balance which has been assigned to other purposes (*i.e. equipment replacement, capital projects, etc.*). New fund balance classifications for governmental funds were established in 2011 as per GASB Statement No. 54. In 2010, fund balance for governmental funds was classified into unreserved (*designated and undesignated*) and reserved only. For comparison purposes, reserved fund balance totaled \$5 million while the unreserved balance totaled \$38.8 million.

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 2010 and 2011, property taxes recorded into the *General Fund* equaled approximately \$11.1 million and \$11.3 million, respectively. Please note that for both years approximately \$404 thousand in property taxes were deposited directly into the *2009 LTGO Refunding Bond Fund*. This fund was established to service the refunded debt on bonds that were originally issued in 1994 to acquire a City Hall.

In 2011, sales taxes recorded into the *General Fund* were \$9.0 million compared to \$7.8 million in 2010. Although the slow economy continues to affect retail sales, the City's \$1.2 million sales tax climb was beneficial to maintaining the City Council's ending fund balance policy of 3 months in operating expenditures. Since the City's sales taxes are largely tied to the travel industry, improving travel trends contributed to the sales tax rise. Seattle Southside Visitors Services reports (*study completed by Dean Runyan Associates in January 2012*) that spending in the travel area is up approximately 8.8% over 2010 with local tax receipts increasing by 8.1%.

At the end of 2011, the fund balance of the *General Fund* was \$14.5 million. This was an increase of \$6.6 million from the \$7.9 million ending fund balance for 2010. The newly implemented *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions* refined the definition of special revenue funds as funds that are used to account for and report the proceeds of specific revenue sources that are restricted or committed to specific purposes other than debt service or capital projects. Governments with special revenue funds not meeting these requirements were to discontinue reporting these funds and report these resources into the *General Fund* instead. This GASB Statement required the City to report five funds differently in the financial statements (GAAP basis) than in the City's budget (budgetary basis). The five funds and their respective fund balance additions to the *General Fund* are as follows: *Contingency Reserve Fund* - \$774 thousand, *Port of Seattle ILA Fund* - \$4 million, *Transit Planning* - \$97 thousand, *Building Management Fund* - \$1.3 million, and *Facility Repair & Replacement* - \$7 thousand for a total of over \$6.1 million. The remaining \$500 thousand increase is derived from a combination of \$1.1 million in positive budget variances and a \$600 prior period reduction in beginning fund balance due to a Department of Revenue notice in which a business in SeaTac overpaid their taxes and a refund is due.

The City's second major fund, 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* as necessary. The *Street Fund* ended the year with \$8.7 million in ending fund balance which is an increase of approximately \$3.9 million from 2010. No transfers out to the *Transportation CIP Fund* were made in 2011. Parking tax revenues exceeded budget estimates by 5.9% due to the improving travel industry trends.

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. Fund balance in this Fund is \$7.7 million which is down \$132 thousand from last year. 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. 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 \$554 thousand special assessments deferred revenue (liability) balance. The ending fund balances for 2011 and 2010 were \$10 thousand and \$47 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 28<sup>th</sup>/24<sup>th</sup> Avenue South arterial project.

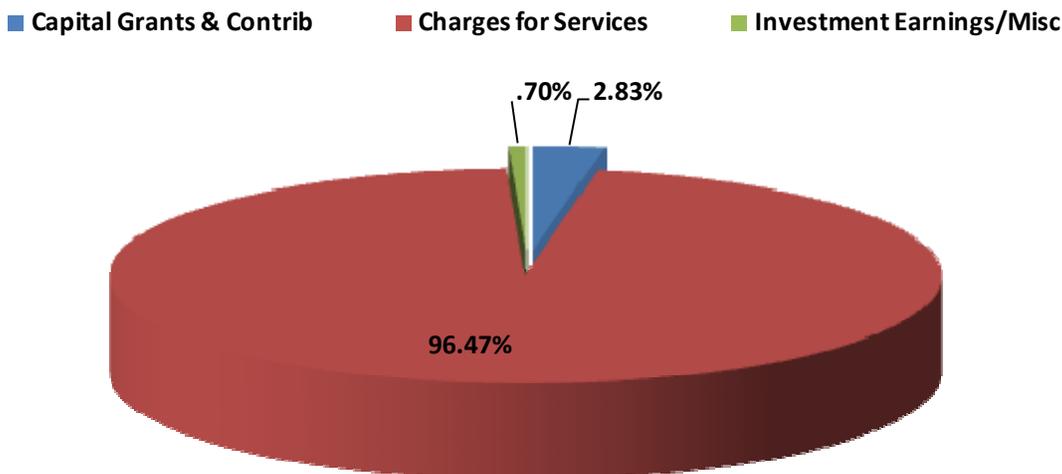
The *Municipal Facilities Capital Improvement Fund* is a capital projects fund whose purpose is to account for the expenditures related to major municipal capital projects including the purchase of land and the construction or major renovation of buildings. Although this Fund did not meet the GASB 34 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 2011, the revenue source for this Fund was investment earnings. At the end of 2011, the fund balance in the *Municipal Facilities Capital Improvement Fund* was \$3.7 million. It is anticipated that most of these funds will be spent on replacing Fire Station #45 on South 200<sup>th</sup> Street as planned in the City's 2012 – 2017 *Capital Improvement Program*.

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 2011, the major revenue sources for this Fund included State Transportation Improvement Board Grants for South 154<sup>th</sup> Street (South 24<sup>th</sup> to South 32<sup>nd</sup>) and for Military Road (South 166<sup>th</sup> – South 176<sup>th</sup>). Additionally, the City received a U.S. Department of Transportation grant through the Washington State Department of Transportation for the South 154<sup>th</sup> Street project. Ending fund balance for this Fund was \$4.8 million for 2011 and \$5.8 million for 2010. 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 and number of capital projects and the level of grant funding.

### **Business-Type Funds**

The City's only business-type funds are the two 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. On the government-wide *Statement of Net Assets* for business-type activities, the ending net asset balance for proprietary funds was \$28.9 million and of this amount, \$3.7 million or 12.8% was unrestricted. The other \$25.2 million or 87.2% was classified as invested in capital assets. The graph below shows the major revenue sources (*excluding transfers in*) for the surface water management business-type activities by percentage for 2011.

**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 come from charges for services, specifically storm drainage fees. Note: All expenses are 100% surface water management related, under the Physical Environment function, so no chart is being provided for the expenses.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

On a budgetary basis, the *General Fund* finished 2011 with \$8.4 million in ending fund balance reserves. The original budgeted ending fund balance amount was \$7.6 million. The ending fund balance came in over budget by \$783 thousand or 10.3%. Actual revenues (*excluding transfers in*) were \$718 thousand over the original estimate. The area with the highest positive variance was taxes. *General Fund* sales taxes were over the estimate by \$732 thousand or 8.9%. 2011 sales taxes were \$1.1 million higher than 2010 sales taxes. Leasehold excise taxes and gambling (*card game*) taxes also showed an increase by 27.4% (\$447 thousand) and 10.3% (\$66 thousand), respectively. The increase in both of these taxes is largely due to adjustments made at 2011 year end to properly accrue these revenues. The area with the highest negative variance was charges for services. Actual revenues came in under the original estimate by \$303 thousand. Services and charges revenues were lower in the areas of building, electrical (and related) plan reviews, construction inspections, and various planning fees like rezones.

The *General Fund's* actual expenditures (*excluding transfers out*) were \$380 thousand less than the 2011 original budget. The largest savings were incurred in General Government programs in the amount of \$229 thousand. Savings were obtained in the City Manager's Office through delaying the hiring of an Assistant City Manager. The Legal Department under spent outside legal services by \$58,000 and non-departmental had savings in a variety of areas like memberships, taxes and insurance. Economic Environment and Transportation had a combined savings of \$120 thousand in 2011. The only program area exceeding its original budget is Culture & Recreation which overspent by \$57 thousand in the areas of Park Maintenance and Recreation Services.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets**

At the end of 2011, the City had \$397.6 million (*net of accumulated depreciation*) in governmental activities capital assets, including one internal service fund, and \$25.2 million (*net*) in business-type activities. Total internal service fund capital assets (*net*) were just over \$900 thousand. 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 2011:

**City of SeaTac's Capital Assets**

Capital Assets:	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 320,217,657	\$ 320,233,942	\$ -	\$ -	\$ 320,217,657	\$ 320,233,942
Intangible Assets-Easements	71,226	71,226	35,442	35,442	106,668	106,668
Constr in Progress (CIP)	3,650,853	1,741,175	-	-	3,650,853	1,741,175
Buildings/Building Impr	43,206,439	42,882,874	228,560	228,560	43,434,999	43,111,434
Other Improvements	9,879,864	9,871,209	29,794,550	29,159,711	39,674,414	39,030,920
Infrastructure	76,827,841	75,198,266	-	-	76,827,841	75,198,266
Equipment/Vehicles	5,729,439	5,600,514	-	-	5,729,439	5,600,514
Equipment/Vehicles-Eq Rental	2,400,104	2,421,777	-	-	2,400,104	2,421,777
Intangible Assets-Software	822,833	687,583	75,292	42,197	898,125	729,780
Less: Depreciation	(65,142,895)	(59,933,291)	(4,948,054)	(4,354,822)	(70,090,949)	(64,288,113)
<b>Total Capital Assets (Net)</b>	<b>\$ 397,663,361</b>	<b>\$ 398,775,275</b>	<b>\$ 25,185,790</b>	<b>\$ 25,111,088</b>	<b>\$ 422,849,151</b>	<b>\$ 423,886,363</b>

In 2011, the largest changes in capital assets occurred in the categories of construction in progress and infrastructure in the governmental activities category. The City has three infrastructure projects currently under construction including: South 154<sup>th</sup> Street (S 24<sup>th</sup> to S 32<sup>nd</sup>), Military Road S (S 176<sup>th</sup> to S 166<sup>th</sup>) and South 164<sup>th</sup> Street (34<sup>th</sup> Ave S to Military Road S) and a skate park at the SeaTac Community Center. Recently completed infrastructure projects include the following: South 138<sup>th</sup> Street (24<sup>th</sup> Ave S & Military Road) and 42<sup>nd</sup> Ave South (S 188<sup>th</sup> to S 176<sup>th</sup>).

**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 2011 and 2010 by type:

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 2,900,000	\$ 3,560,000	\$ -	\$ -	\$ 2,900,000	\$ 3,560,000
Special Obligation Bonds	2,587,050	2,587,050	-	-	2,587,050	2,587,050
Special Assessment Debt	285,000	475,000	-	-	285,000	475,000
Revenue Bonds	-	-	-	-	-	-
<b>Total</b>	<b>\$ 5,772,050</b>	<b>\$ 6,622,050</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,772,050</b>	<b>\$ 6,622,050</b>

**General Obligation Debt**

According to Washington State law, the City's debt capacity for *general government purposes* is limited to 2.5% or \$112.5 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 \$67.5 million. At the end of 2011, the City's assessed valuation was \$4,500,240,659. The 2011 assessed valuation is used to calculate taxes to be collected in 2012. The City had \$5.5 million in outstanding councilmanic (non-voted) general obligation debt including the special obligation bonds issued by *SCORE (South Correctional Entity)* at the end of 2011. 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 \$337.5 million of the City's assessed valuation. Additional information can be found in the *Statistical Section* of the City's *2011 Comprehensive Annual Financial Report* in the "Debt Capacity Information" section.

**Revenue Debt**

At the end of 2011, the City had no revenue debt outstanding. At this time, the City has 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 2011, the City had LID bonds outstanding totaling \$285,000. 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 *2011 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 was at 8.2% in May 2012 while the King County unemployment rate was just under 7%. Aerospace, software and health are stable employers that have helped keep the King County rate of unemployment below the national rate. The ratio of employed persons compared to total population (*ratio currently just below 60%*) has not reached recessionary levels nearly 3 years after the end of the Great Recession (*ratio was at approximately 65%*). A noticeable difference following previous recessions is the increase in the average duration of unemployment which is just over 40 weeks. For previous recessions the average duration of unemployment in weeks was no more than 20. The recession essentially hasn't ended for those still out of a job. (*Information provided by the King County Office of Economic and Financial Analysis and the Bureau of Labor Statistics.*)

Although taxable retail sales have historically increased an average of 5% over the last few years, 2012 sales taxes are showing a year-to-date decrease of 7.9% over 2011. This is a substantial change from the 8.8% year over year increase from 2010. The City Council, City Manager and the Finance Director continue to work diligently managing expenditures to ensure that the City's budget is balanced and there are sufficient reserves available.

For 2012, the City's original budgeted *General Fund* ending fund balance was estimated at \$7.6 million. The City continues to utilize various strategies to assist in maintaining the *General Fund's* target fund balance of *three months of operating expenditures* including the following: 1) Reassigned \$920,000 of construction sales taxes to the *General Fund* from the *Municipal Capital Improvement Fund*. Sales taxes are a flexible unrestricted revenue source that can be spent for operating or capital purposes. 2) Rebated *Equipment Rental Fund* reserves back to the *General Fund*. 3) Shifted payment for non-capital facility related repairs from the *General Fund* to the *Building Management Fund*, specifically revenues from SeaTac Center operations.

Although the City of SeaTac's Operating Budget continues to follow the historic practice of conservative budgeting, spending and forecasting, 2011 followed 2010's and 2009's lead and ended up being another one of the City's more difficult years due to actual expenditures exceeding actual revenues by \$2.2 million (excluding other financing sources & uses) as shown in the table below:

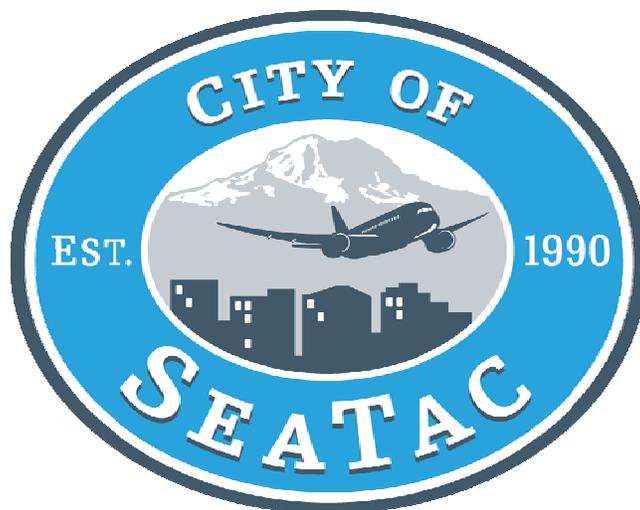
**City of SeaTac's General Fund  
Budget versus Actual**

	2009 Final	2010 Final	2011 Original	2011 Final
<b>Budget:</b>				
Budgeted Revenues	\$ 28,868,875	\$ 26,963,820	\$ 26,605,476	\$ 26,729,676
Budgeted Expenditures	\$ 29,012,835	\$ 29,404,764	\$ 28,779,894	\$ 28,927,621
<b>Budgeted Difference</b>	<b>\$ (143,960)</b>	<b>\$ (2,440,944)</b>	<b>\$ (2,174,418)</b>	<b>\$ (2,197,945)</b>
<b>Actual:</b>				
Actual Revenues	\$ 25,558,895	\$ 25,438,107	<b>N/A</b>	\$ 27,323,814
Actual Expenditures	\$ 28,631,633	\$ 27,858,888	<b>N/A</b>	\$ 28,399,927
<b>Actual Difference</b>	<b>\$ (3,072,738)</b>	<b>\$ (2,420,781)</b>	<b>N/A</b>	<b>\$ (1,076,113)</b>

Note: 1) Figures exclude other financing sources & uses. 2) Budgetary basis differs from GAAP basis.

**REQUESTS FOR INFORMATION**

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



# Basic Financial Statements

## Basic Financial Statements

Statement of Net Assets  
December 31, 2011

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash & cash equivalents	\$ 41,623,733	\$ 3,587,033	\$ 45,210,766
Investments	5,029,349	-	5,029,349
Receivables (net)			
Taxes	3,179,709	-	3,179,709
Customer/other miscellaneous	1,232,471	61,995	1,294,466
Special assessments	554,127	-	554,127
Interest on investments	13,556	-	13,556
Due from other governments	93,969	-	93,969
Internal balances	(140,874)	140,874	-
Prepaid items	1,030,658	743	1,031,401
Deferred charges	23,730	-	23,730
Investment in joint venture (Note 16)	2,895,693	-	2,895,693
Capital assets not being depreciated:			
Land	320,217,657	-	320,217,657
Intangible assets - easements	71,226	100,449	171,675
Construction in progress	3,650,853	-	3,650,853
Capital assets, net of accum deprec (Note 5):			
Buildings	33,266,550	192,729	33,459,279
Improvements other than buildings	5,894,043	24,892,612	30,786,655
Machinery, equipment & software	3,313,036	-	3,313,036
Infrastructure	31,249,994	-	31,249,994
<b>Total Assets</b>	<b>\$ 453,199,480</b>	<b>\$ 28,976,435</b>	<b>\$ 482,175,915</b>
<b>Liabilities</b>			
Accounts payable & accrued expenses	1,475,416	25,134	1,500,550
Retainage/interest on contracts	-	5,042	5,042
Due to other governments	596,784	-	596,784
Accrued interest payable	6,675	-	6,675
Custodial accounts/other current liab	241,624	-	241,624
Unearned revenue	564,893	-	564,893
Noncurrent liabilities (Note 9):			
Due within one year	869,298	6,250	875,548
Due in more than one year	7,255,217	60,958	7,316,175
<b>Total Liabilities</b>	<b>11,009,907</b>	<b>97,384</b>	<b>11,107,291</b>
<b>Net Assets</b>			
Inv in capital assets, net of related debt	396,556,216	25,185,790	421,742,006
Restricted for:			
Tourism promotion/facilities	5,543,297	-	5,543,297
Debt service	62,198	-	62,198
Capital projects	1,345,646	-	1,345,646
Transportation purposes/projects	13,496,103	-	13,496,103
Des Moines Creek Basin ILA projects	1,728,480	-	1,728,480
Unrestricted	23,457,633	3,693,261	27,150,894
<b>Total Net Assets</b>	<b>\$ 442,189,573</b>	<b>\$ 28,879,051</b>	<b>\$ 471,068,624</b>

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

**Statement of Activities**  
**For the Year Ended December 31, 2011**

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>
<b>Functions/Programs</b>				
<i>Governmental Activities:</i>				
Judicial	\$ 748,695	\$ 727,324	\$ 5,817	\$ -
General Government	5,832,736	1,406,003	-	77,250
Public Safety	17,992,619	342,847	181,860	-
Physical Environment	297,118	429,097	53,701	-
Transportation	5,946,470	71,017	676,368	2,659,058
Health & Human Services	492,728	-	165,636	-
Economic Environment	4,030,161	1,164,124	-	-
Culture & Recreation	3,788,168	739,413	24,943	3,285
Interest on long-term debt	103,678	-	-	-
<b>Total Governmental Activities</b>	<b>39,232,373</b>	<b>4,879,825</b>	<b>1,108,325</b>	<b>2,739,593</b>
<i>Business-type Activities:</i>				
Electric & Gas	-	-	-	-
Water	-	-	-	-
Sewer	-	-	-	-
Cemetery	-	-	-	-
Garbage & Solid Waste	-	-	-	-
Surface Water Utilities	1,954,815	1,705,993	-	50,000
<b>Total Business-type Activities</b>	<b>1,954,815</b>	<b>1,705,993</b>	<b>-</b>	<b>50,000</b>
<b>Total Government</b>	<b>\$ 41,187,188</b>	<b>\$ 6,585,818</b>	<b>\$ 1,108,325</b>	<b>\$ 2,789,593</b>

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

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

	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>			
<i>Governmental Activities:</i>			
Judicial	\$ (15,554)	\$ -	\$ (15,554)
General Government	(4,349,483)	-	(4,349,483)
Public Safety	(17,467,912)	-	(17,467,912)
Physical Environment	185,680	-	185,680
Transportation	(2,540,027)	-	(2,540,027)
Health & Human Services	(327,092)	-	(327,092)
Economic Environment	(2,866,037)	-	(2,866,037)
Culture & Recreation	(3,020,527)	-	(3,020,527)
Interest on long-term debt	(103,678)	-	(103,678)
<b>Total Governmental Activities</b>	<b>(30,504,630)</b>	<b>-</b>	<b>(30,504,630)</b>
<i>Business-type Activities:</i>			
Electric & Gas	-	-	-
Water	-	-	-
Sewer	-	-	-
Cemetery	-	-	-
Garbage & Solid Waste	-	-	-
Surface Water Utilities	-	(198,822)	(198,822)
<b>Total Business-type Activities</b>	<b>-</b>	<b>(198,822)</b>	<b>(198,822)</b>
<b>Total Government</b>	<b>(30,504,630)</b>	<b>(198,822)</b>	<b>(30,703,452)</b>
<b>General Revenues</b>			
Property taxes	12,108,630	1,369	12,109,999
Sales taxes	11,543,555	-	11,543,555
Parking taxes	5,920,220	-	5,920,220
Excise taxes	3,272,898	-	3,272,898
Unrestricted grants & contributions	187,560	-	187,560
Investment earnings	360,208	10,977	371,185
Gain on sale of capital assets	29,604	-	29,604
<b>Total General Revenues</b>	<b>33,422,675</b>	<b>12,346</b>	<b>33,435,021</b>
Transfers	(283,398)	283,398	-
<b>Total General Revenues &amp; Transfers</b>	<b>33,139,277</b>	<b>295,744</b>	<b>33,435,021</b>
Change in Net Assets	2,634,647	96,922	2,731,569
Net Assets-Beg (as prev reported)	440,339,497	28,594,342	468,933,839
Prior Year Adjustments	(784,571)	187,787	(596,784)
<b>Net Assets-Beginning (as restated)</b>	<b>439,554,926</b>	<b>28,782,129</b>	<b>468,337,055</b>
<b>Net Assets-Ending</b>	<b>\$ 442,189,573</b>	<b>\$ 28,879,051</b>	<b>\$ 471,068,624</b>

**Balance Sheet**  
**December 31, 2011**

	Special Revenue Funds			Debt Svc Fund	Cap Imp Funds
	General	Street	Hotel/Motel Tax	Special Assessment Debt	Municipal Facilities CIP
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 12,467,455	\$ 8,247,218	\$ 7,875,456	\$ 10,567	\$ 196,041
Investments	-	-	-	-	3,520,544
Receivables (net of allowance for uncollectibles):					
Taxes	2,324,531	587,151	145,410	-	-
Customer accts/contracts	879,580	41,437	-	-	-
Special assessments	-	-	-	554,127	-
Interest receivable	695	-	-	14	-
Due from other gov	76,286	-	-	-	-
Prepaid items	999,128	-	200	-	-
<b>Total Assets</b>	<b>\$ 16,747,675</b>	<b>\$ 8,875,806</b>	<b>\$ 8,021,066</b>	<b>\$ 564,708</b>	<b>\$ 3,716,585</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts/other payable	422,478	133,898	298,151	-	-
Due to other governments	596,784	-	-	-	-
Custodial accounts payable	189,129	36,495	-	-	-
Deposits payable	16,000	-	-	-	-
Deferred revenue	990,448	14,134	-	-	-
Unearned revenue	10,766	-	-	554,127	-
<b>Total Liabilities</b>	<b>2,225,605</b>	<b>184,527</b>	<b>298,151</b>	<b>554,127</b>	<b>-</b>
<b>Fund Balances</b>					
<i>Nonspendable:</i>					
Prepayments	999,128	-	200	-	-
<i>Restricted for:</i>					
Transp purposes/projects	-	8,691,279	-	-	-
Tourism promo/capital facilities	-	-	7,722,715	-	-
DM Creek Basin ILA projects	-	-	-	-	-
Open space & trail projects	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	10,581	-
<i>Assigned to:</i>					
Fire Station construction	-	-	-	-	2,061,108
Fire equipment replacement	-	-	-	-	-
Light Rail Station(s) projects	-	-	-	-	-
Capital projects/equipment	-	-	-	-	-
Minimum fund balance reserve	7,371,976	-	-	-	-
2012 Budget excess approp	1,108,181	-	-	-	1,655,477
Unassigned:	5,042,785	-	-	-	-
<b>Total Fund Balances</b>	<b>14,522,070</b>	<b>8,691,279</b>	<b>7,722,915</b>	<b>10,581</b>	<b>3,716,585</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 16,747,675</b>	<b>\$ 8,875,806</b>	<b>\$ 8,021,066</b>	<b>\$ 564,708</b>	<b>\$ 3,716,585</b>

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

	<u>Cap Imp Funds</u>		
	<u>Transportation CIP</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
<i>Current Assets:</i>			
Cash & cash equivalents	\$ 3,500,675	\$ 7,275,604	\$ 39,573,016
Investments	1,508,805	-	5,029,349
Receivables (net of allow- ance for uncollectibles):			
Taxes	-	122,617	3,179,709
Customer accts/contracts	291,939	19,515	1,232,471
Special assessments	-	-	554,127
Interest receivable	-	-	709
Due from other gov	-	17,683	93,969
Prepaid items	-	-	999,328
<b>Total Assets</b>	<b>\$ 5,301,419</b>	<b>\$ 7,435,419</b>	<b>\$ 50,662,678</b>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts/other payable	428,226	187,896	1,470,649
Due to other governments	-	-	596,784
Custodial accounts payable	-	-	225,624
Deposits payable	-	-	16,000
Deferred revenue	68,369	-	1,072,951
Unearned revenue	-	-	564,893
<b>Total Liabilities</b>	<b>496,595</b>	<b>187,896</b>	<b>3,946,901</b>
<b>Fund Balances</b>			
<i>Nonspendable:</i>			
Prepayments	-	-	999,328
<i>Restricted for:</i>			
Transp purposes/projects	4,804,824	-	13,496,103
Tourism promo/capital facilities	-	-	7,722,715
DM Creek Basin ILA projects	-	1,728,480	1,728,480
Open space & trail projects	-	201,233	201,233
Capital projects	-	1,144,413	1,144,413
Debt service	-	58,292	68,873
<i>Assigned to:</i>			
Fire Station construction	-	-	2,061,108
Fire equipment replacement	-	1,034,778	1,034,778
Light Rail Station(s) projects	-	237,859	237,859
Capital projects/equipment	-	1,795,125	1,795,125
Minimum fund balance reserve	-	-	7,371,976
2012 Budget excess approp	-	1,047,343	3,811,001
Unassigned:	-	-	5,042,785
<b>Total Fund Balances</b>	<b>4,804,824</b>	<b>7,247,523</b>	<b>46,715,777</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 5,301,419</b>	<b>\$ 7,435,419</b>	<b>\$ 50,662,678</b>

**Reconciliation of Fund Balances of Governmental Funds  
to the Net Assets of Governmental Activities  
December 31, 2011**

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

**Governmental funds total fund balance on December 31, 2011** **\$ 46,715,777**  
*(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	\$ 320,217,657	
Intangibles - easements	71,226	
Construction in progress	3,650,853	
Buildings & structures	43,206,439	
Other improvements	9,879,864	
Infrastructure	76,827,841	
Equipment	5,729,439	
Intangibles - software	822,833	
Less: accumulated depreciation	<u>(63,691,165)</u>	396,714,987

Investment in joint ventures are not a financial resource and, therefore, are not reported in the governmental funds. 2,895,693

The focus of governmental funds is on short-term financing; assets are deferred in the individual governmental funds and are not included in fund balances. 1,072,951

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. 12,847

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	\$ (5,772,050)	
Premium on bond issue (amortized over life of debt)	(125,491)	
Bond issue costs (amortized over life of debt)	23,730	
Accrued interest payable	(6,675)	
Other post employment benefits payable	(276,744)	
Compensated absences payable	<u>(1,944,449)</u>	(8,101,679)

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. 2,878,997

**Net assets of governmental activities** **\$ 442,189,573**

*(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, 2011**

	<u>General</u>	<u>Street</u>	<u>Hotel/Motel Tax</u>	<u>Special Assessment Debt</u>
<b>Revenues</b>				
Taxes	\$ 24,034,225	\$ 5,921,511	\$ 771,614	\$ -
Licenses & permits	859,785	-	-	-
Intergovernmental	808,675	664,242	-	-
Charges for services	822,284	390	-	-
Fines & forfeitures	491,945	-	-	-
Investment & other earnings	116,113	35,723	82,154	44,645
Special assessments	-	-	-	138,532
Rents/leases & concessions	1,155,304	6,900	-	-
Miscellaneous	196,037	16,387	9,285	-
<b>Total Revenues</b>	<b>28,484,368</b>	<b>6,645,153</b>	<b>863,053</b>	<b>183,177</b>
<b>Expenditures</b>				
<i>Current:</i>				
Judicial	763,935	-	-	-
General Government	5,146,252	-	-	-
Public Safety	16,913,007	-	-	-
Physical Environment	15,605	-	-	-
Transportation	646,307	2,449,246	-	-
Health & Human Services	493,098	-	-	-
Economic Environment	2,025,327	-	994,415	-
Culture & Recreation	2,909,608	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	190,000
Interest & other costs	-	-	-	29,405
<i>Capital Outlay:</i>				
General Government	-	-	-	-
Physical Environment	-	-	-	-
Transportation	-	12,075	-	-
Economic Environment	-	-	-	-
Culture & Recreation	-	-	-	-
<b>Total Expenditures</b>	<b>28,913,139</b>	<b>2,461,321</b>	<b>994,415</b>	<b>219,405</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(428,771)</u>	<u>4,183,832</u>	<u>(131,362)</u>	<u>(36,228)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,864,617	113,155	-	-
Transfers out	(829,196)	(396,840)	-	-
Disposition of capital assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>1,035,421</b>	<b>(283,685)</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	606,650	3,900,147	(131,362)	(36,228)
Fund Balances-Beg (as prev reptd)	14,512,204	4,791,132	7,854,277	46,809
Prior Year Adjustment	(596,784)	-	-	-
<b>Fund Balances-Beg (as restated)</b>	<b>13,915,420</b>	<b>4,791,132</b>	<b>7,854,277</b>	<b>46,809</b>
<b>Fund Balances-Ending</b>	<b>\$ 14,522,070</b>	<b>\$ 8,691,279</b>	<b>\$ 7,722,915</b>	<b>\$ 10,581</b>

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>
<b>Revenues</b>				
Taxes	\$ -	\$ 7,276	\$ 2,071,859	\$ 32,806,485
Licenses & permits	-	250	-	860,035
Intergovernmental	-	2,659,058	257,335	4,389,310
Charges for services	-	103,971	213,680	1,140,325
Fines & forfeitures	-	-	-	491,945
Investment & other earnings	30,744	46,041	37,495	392,915
Special assessments	-	-	-	138,532
Rents/leases & concessions	-	-	-	1,162,204
Miscellaneous	-	425	19,831	241,965
<b>Total Revenues</b>	<b>30,744</b>	<b>2,817,021</b>	<b>2,600,200</b>	<b>41,623,716</b>
<b>Expenditures</b>				
<i>Current:</i>				
Judicial	-	-	-	763,935
General Government	-	-	83,720	5,229,972
Public Safety	-	-	-	16,913,007
Physical Environment	-	-	256,890	272,495
Transportation	-	476,548	-	3,572,101
Health & Human Services	-	-	-	493,098
Economic Environment	-	-	-	3,019,742
Culture & Recreation	-	-	12,346	2,921,954
<i>Debt Service:</i>				
Principal	-	-	660,000	850,000
Interest & other costs	-	-	93,300	122,705
<i>Capital Outlay:</i>				
General Government	-	-	257,093	257,093
Physical Environment	-	-	45,224	45,224
Transportation	-	4,113,506	-	4,125,581
Economic Environment	-	-	135,250	135,250
Culture & Recreation	-	-	195,337	195,337
<b>Total Expenditures</b>	<b>-</b>	<b>4,590,054</b>	<b>1,739,160</b>	<b>38,917,494</b>
<i>Excess (deficiency) of revs over expenditures</i>	<u>30,744</u>	<u>(1,773,033)</u>	<u>861,040</u>	<u>2,706,222</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	800,324	593,381	3,371,477
Transfers out	-	-	(1,368,742)	(2,594,778)
Disposition of capital assets	-	8,622	9,855	18,477
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>808,946</b>	<b>(765,506)</b>	<b>795,176</b>
<i>Net Change in Fund Balances</i>	30,744	(964,087)	95,534	3,501,398
Fund Balances-Beg (as prev reptd)	3,685,841	5,768,911	7,151,989	43,811,163
Prior Year Adjustment	-	-	-	(596,784)
<b>Fund Balances-Beginning</b>	<b>3,685,841</b>	<b>5,768,911</b>	<b>7,151,989</b>	<b>43,214,379</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,716,585</b>	<b>\$ 4,804,824</b>	<b>\$ 7,247,523</b>	<b>\$ 46,715,777</b>

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

**For the Year Ended December 31, 2011**

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

**Net change in fund balance for all governmental funds combined** **\$ 3,501,398**

*(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	\$ 4,758,485	
Depreciation expense	<u>(5,119,937)</u>	(361,452)

The net effect of various miscellaneous transactions involving capital assets (i.e. asset sales, transfers, etc) is to decrease net assets. (451,336)

Investment in joint ventures are not considered financial resources and are, therefore, not reported in the governmental funds. 153,651

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	
Issue costs on debt refunding	(3,389)	
Debt principal repayments	<u>850,000</u>	864,538

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. Change in investment interest receivable due beyond the City's 60 day measurable and available period. (40,122)

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. 364,154

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	\$ 1,100	
Net increase in other post employment benefits	(39,323)	
Net increase in compensated absences	<u>(821,639)</u>	(859,862)

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	49,560	
Interest earnings	7,416	
Gain on sale of capital assets	19,749	
Transfers involving other funds (net)	<u>(613,047)</u>	<u>(536,322)</u>

**Change in net assets of governmental activities** **2,634,647**

*(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, 2011

	Business-type Activities			Governmental Activities
	Surface Water Management Operating	Surface Water Management Construction	Total Enterprise Funds	Internal Service Fund
<b>Assets</b>				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 2,152,081	\$ 1,434,952	\$ 3,587,033	\$ 2,050,717
Customer receivables (net)	61,995	-	61,995	-
Prepaid items	743	-	743	31,330
<b>Total Current Assets</b>	<b>2,214,819</b>	<b>1,434,952</b>	<b>3,649,771</b>	<b>2,082,047</b>
<i>Noncurrent Assets:</i>				
Capital assets (net of accumulated depreciation):				
Buildings	-	192,729	192,729	-
Other improvements	1,161,632	23,730,980	24,892,612	-
Vehicles and equipment	-	-	-	948,372
Intangible assets	65,007	35,442	100,449	-
<b>Total Noncurrent Assets</b>	<b>1,226,639</b>	<b>23,959,151</b>	<b>25,185,790</b>	<b>948,372</b>
<b>Total Assets</b>	<b>\$ 3,441,458</b>	<b>\$ 25,394,103</b>	<b>\$ 28,835,561</b>	<b>\$ 3,030,419</b>
<b>Liabilities</b>				
<i>Current Liabilities:</i>				
Accounts payable	25,134	-	25,134	4,767
Retainage/Int on contracts	5,042	-	5,042	-
Compensated absences	6,250	-	6,250	537
<b>Total Current Liabilities</b>	<b>36,426</b>	<b>-</b>	<b>36,426</b>	<b>5,304</b>
<i>Noncurrent Liabilities:</i>				
Compensated absences	60,958	-	60,958	5,244
<b>Total Noncurrent Liab</b>	<b>60,958</b>	<b>-</b>	<b>60,958</b>	<b>5,244</b>
<b>Total Liabilities</b>	<b>97,384</b>	<b>-</b>	<b>97,384</b>	<b>10,548</b>
<b>Net Assets</b>				
Invested in capital assets	1,226,639	23,959,151	25,185,790	948,372
Unrestricted	2,117,435	1,434,952	3,552,387	2,071,499
<b>Total Net Assets</b>	<b>\$ 3,344,074</b>	<b>\$ 25,394,103</b>	<b>\$ 28,738,177</b>	<b>\$ 3,019,871</b>
Cumulative adjustment to reflect the consolidation of the Equip- ment Rental Internal Service Fund activities as related to enterprise funds.			140,874	
<b>Net assets of business-type activities</b>			<b>\$ 28,879,051</b>	

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

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Year Ended December 31, 2011**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Surface Water Management Operating</b>	<b>Surface Water Management Construction</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Operating Revenues</b>				
<i>Charges for Services:</i>				
Surface water utilities	\$ 1,705,993	\$ -	\$ 1,705,993	\$ -
Equipment rental	-	-	-	568,812
<b>Total Operating Revenues</b>	<b>1,705,993</b>	<b>-</b>	<b>1,705,993</b>	<b>568,812</b>
<b>Operating Expenses</b>				
Maintenance & operations	1,378,923	-	1,378,923	295,683
Depreciation	80,166	513,064	593,230	206,655
<b>Total Operating Expenses</b>	<b>1,459,089</b>	<b>513,064</b>	<b>1,972,153</b>	<b>502,338</b>
<b>Operating Income (Loss)</b>	<b>246,904</b>	<b>(513,064)</b>	<b>(266,160)</b>	<b>66,474</b>
<b>Nonoperating Revenues (Exps)</b>				
Taxes	1,369	-	1,369	-
Investment earnings	8,896	2,081	10,977	7,416
Gain (loss) on disp of assets	-	-	-	19,749
Misc nonoperat revs (exps)	424	-	424	-
<b>Total Nonop Revs (Exps)</b>	<b>10,689</b>	<b>2,081</b>	<b>12,770</b>	<b>27,165</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>	<b>257,593</b>	<b>(510,983)</b>	<b>(253,390)</b>	<b>93,639</b>
Capital contributions	-	447,051	447,051	-
Capital grants	50,000	-	50,000	-
Transfers in	146,142	-	146,142	2,504
Transfers out	(309,795)	-	(309,795)	(615,551)
<b>Change in Net Assets</b>	<b>143,940</b>	<b>(63,932)</b>	<b>80,008</b>	<b>(519,408)</b>
Net Assets-Beg (as prev reprtd)	3,200,134	25,270,248		3,539,279
Prior Year Adjustment	-	187,787		-
<b>Net Assets-Beg (as restated)</b>	<b>3,200,134</b>	<b>25,458,035</b>		<b>3,539,279</b>
<b>Net Assets-Ending</b>	<b>\$ 3,344,074</b>	<b>\$ 25,394,103</b>		<b>\$ 3,019,871</b>

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

16,914

**Change in net assets of business-type activities** **\$ 96,922**

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



**Statement of Cash Flows**  
**For the Year Ended December 31, 2011**

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Surface Water Management Operating</b>	<b>Surface Water Management Construction</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 1,663,091	\$ -	\$ 1,663,091	\$ -
Receipts from other funds	122,000	-	122,000	568,812
Payments to suppliers	(525,942)	-	(525,942)	(169,340)
Payments to employees	(833,908)	-	(833,908)	(36,206)
Payments to other funds	-	-	-	(89,351)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>425,241</b>	<b>-</b>	<b>425,241</b>	<b>273,915</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers from other funds	146,142	-	146,142	-
Transfers to other funds	(307,290)	-	(307,290)	(615,551)
Non-operating revenue received	1,797	-	1,797	-
<b>Net Cash Provided (Used) by Noncapital Fin Activities</b>	<b>(159,351)</b>	<b>-</b>	<b>(159,351)</b>	<b>(615,551)</b>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
Proceeds from sale of assets	-	-	-	33,360
Capital grants	94,895	-	94,895	-
Purchase of capital assets	(35,417)	(770)	(36,187)	(106,420)
<b>Net Cash Provided (Used) by Capital &amp; Related Fin Activities</b>	<b>59,478</b>	<b>(770)</b>	<b>58,708</b>	<b>(73,060)</b>
<b>Cash Flows from Investing Activities:</b>				
Proceeds from sale of investments	-	-	-	1,000,000
Purchase of investments	-	-	-	(1,000,000)
Interest received	8,894	2,081	10,975	7,416
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>8,894</b>	<b>2,081</b>	<b>10,975</b>	<b>7,416</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>334,262</b>	<b>1,311</b>	<b>335,573</b>	<b>(407,280)</b>
<b>Cash &amp; Cash Equivalents-Beg</b>	<b>1,817,820</b>	<b>1,433,641</b>	<b>3,251,461</b>	<b>2,457,997</b>
<b>Cash &amp; Cash Equivalents-End</b>	<b>\$ 2,152,081</b>	<b>\$ 1,434,952</b>	<b>\$ 3,587,033</b>	<b>\$ 2,050,717</b>

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

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
	Surface Water Management Operating	Surface Water Management Construction	Total Enterprise Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 246,904	\$ (513,064)	\$ (266,160)	\$ 66,474
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	80,166	513,064	593,230	206,655
(Incr) decr in accts receivable	79,097	-	79,097	-
(Incr) decr in prepaid expenses	(743)	-	(743)	(3,463)
Incr (decr) in accounts payable	(19,418)	-	(19,418)	4,409
Incr (decr) in retainage/interest payable	5,042	-	5,042	-
Incr (decr) in compensated absences	34,193	-	34,193	(160)
<b>Total adjustments</b>	<b>178,337</b>	<b>513,064</b>	<b>691,401</b>	<b>207,441</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 425,241</b>	<b>\$ -</b>	<b>\$ 425,241</b>	<b>\$ 273,915</b>
<b>Noncash Capital Activities:</b>				
Contributions of capital assets (other improvements) paid for in prior/current years by the Transportation CIP Fund.	\$ -	\$ 589,614	\$ 589,614	\$ -
Transfer of new capital asset equip- ment from the Surface Water Mgt Operating Fund to the Eq Rental Fund.	(2,504)	-	(2,504)	2,504
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) from the Des Moines Creek Basin Fund.	-	45,224	45,224	-
<b>Total Noncash Capital Activities</b>	<b>\$ (2,504)</b>	<b>\$ 634,838</b>	<b>\$ 632,334</b>	<b>\$ 2,504</b>



**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.

In 2011, the City implemented the new *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes five fund balance classifications (*nonspendable, restricted, committed, assigned and unassigned*) that comprise a hierarchy based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. In addition, this Statement clarifies the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type.

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. In 2011, the City had no component units to present.

**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 or elected to be accounted for in another fund.

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

The *Hotel/Motel Tax Fund (#107)* is used to account for a 1% lodging tax collected 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 (interfund transfer in) and federal, state and local grants.

The City reports the following two 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 reports one internal service fund as follows:

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

Private sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and the enterprise 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.

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 are adopted for most of the City funds as follows: the *General Fund*, Special Revenue Funds (*Street, 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 (*Special Assessment Debt, LID Guarantee, & 2009 LTGO Refunding Bonds*), 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 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 six funds (*the General Fund, Contingency Reserve Fund, Port of Seattle ILA Fund, Transit Planning Fund, Building Management Fund and the Facility Repair & Replacement Fund*) with differences between the budgetary basis and generally accepted accounting principles (GAAP). Specific details on these differences can be found in the RSI (*Required Supplementary Information*) and OSI (*Other Supplementary Information*) sections of the CAFR. 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, 2011, the City had holdings of \$45,210,767 in short-term residual investments of surplus cash. This amount is classified on the balance sheet as *cash and cash equivalents* in various funds. Included in this category are all funds invested in the State Treasurer's Local Government Investment Pool. The interest on these investments is credited to all funds based on ownership of the investments with the exception of the *LID Guarantee Fund*. The interest on this fund is allocated to the *General Fund*.

The amount reported as cash and cash equivalents also includes compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2011 was \$8,305,089.

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 in 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, gambling taxes, leasehold excise 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, 2011, no special assessments receivable were delinquent.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and 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 outstanding in 2011.

**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**

There are no restricted assets in the proprietary funds. Any specific debt service reserve requirements are described in *Note 9 Long-term Debt*.

**7. Capital Assets**

Capital assets, which include land, buildings, 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. Infrastructure, other improvements, buildings, equipment, etc. 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, sick leave, floating holiday and compensatory time. Generally, 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 or are on the annual Sick Leave Cash-Out Program. 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, sick leave, floating holiday and compensatory time for governmental funds is reported in the government-wide *Statement of Net Assets*. This total liability is \$1,944,449 at December 31, 2011. It is estimated that \$180,834 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, sick leave, floating holiday and compensatory time 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, 2011 is \$67,208. It is estimated that \$6,250 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 \$5,781 and it is estimated that \$537 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**

These accounts consist of accrued employee benefits.

**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 funds.

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 Balance Classification**

Fund balance in the governmental funds represents the difference between assets and liabilities. *GASB Statement No. 54* states that governmental funds should report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. Governments, such as the City of SeaTac, that do not have policies or procedures comparable to the GASB Statement No. 54 policies that underlie the classifications, would not report amounts in all possible fund balance classifications. Since the City does not have fund balance classification policies or procedures, no amounts were reported as committed.

The following are the fund balance classifications as defined by GASB Statement No. 45:

*Nonspendable* – Amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash like inventories and prepaid amounts. It may also include long-term amounts of loans and notes receivable, as well as property acquired for resale, depending on how the proceeds from the collection of the receivables or sale of those properties would be classified.

*Restricted* – Fund balance should be reported as restricted when 1) constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or 2) Imposed by law through constitutional provisions or enabling legislation.

*Committed* – Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government’s highest level of decision-making authority (the City Council).

*Assigned* – Amounts that are restrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balance includes a) all remaining amounts (*except for negative balances*) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt

service, or permanent fund, the City has *assigned* those amounts to the purposes of the respective funds.

*Unassigned* – Residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

**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 via the adoption of the annual budget ordinance. No other funds have formally adopted minimum fund balance policies.

**E. Other**

**1. Stabilization Arrangements**

Per Ordinance #90-1027, the City established the *Contingency (Reserve) Fund (#103)* which is funded with general and unrestricted revenues of the City as the City Council deems appropriate. The *Contingency (Reserve) Fund* can be used to meet any municipal expenditure, the necessity or extent of which could not have been foreseen or reasonably evaluated at the time the budget was adopted or to provide money for emergencies. The total amount accumulated in the fund at any time shall not exceed the equivalent of thirty-seven and one-half cents per thousand dollars (\$0.375/\$1,000) of assessed valuation of property within the City. Moneys in the Fund shall be withdrawn and transferred to the appropriate operating fund only upon authorization of the City Council, through an ordinance amending the budget adopted by an affirmative vote of the majority of the entire Council, clearly stating the facts constituting the reason for the withdrawal or the emergency as the case may be, and specifying the fund to which the drawn money shall be transferred. At the end of 2011, the *Contingency (Reserve) Fund* had a cash balance of \$774,018.

**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, 2011, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

Bank of America, General Fund Checking Account .....	\$ 6,693,431
Bank of America, Municipal Court Checking Account .....	9,825
Cash with Colliers International .....	14,415
Cash Equivalents with State Treasurer's Investment Pool .....	38,482,895
City Hall Postage Meter Fund .....	8,000
Petty Cash/Change Funds.....	2,200
<b>Total Cash and Cash Equivalents.....</b>	<b><u>\$45,210,766</u></b>

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

Commission (PDPC).

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

As of December 31, 2011, 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.

<b>Investment</b>	<b>Call Date</b>	<b>Maturity Date</b>	<b>Maturities</b>	<b>Recorded/ Fair Value</b>
1) Federal National Mortgage Association	04/18/12	04/18/14	\$ 5,000,000	\$ 5,017,935
<b>Subtotal</b>			<b>\$ 5,000,000</b>	<b>\$ 5,017,935</b>
2) State Treasurer's Local Government Investment Pool	N/A	Daily Basis	38,482,895	38,482,895
<b>Total Investments</b>			<b>\$43,482,895</b>	<b>\$43,500,830</b>

Interest Rate Risk. The City currently does not have a policy governing its exposure to interest rate risk, but historically the majority of the City's investments have been in the State Treasurer's Local Government Investment Pool which reduces the City's interest rate risk due to the shorter term maturities of the investments in the Pool. At the end of 2011, due to the low interest rates and investment calls, the City had only 11.5% of its investments in U.S. government notes at an interest rate of 1.5%. The interest rate on these investments exceeded the LGIP's December 2011 net earnings rate of .13%.

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, 2011 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 investment has 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**

<b>January 1st</b>	Taxes are levied and become an enforceable lien against properties.
<b>February 14th</b>	Tax bills are mailed.
<b>April 30th</b>	First of two equal installment payments is due. If taxes are less than \$50, full payment is due. (RCW 84.56.020)
<b>May 31st</b>	Assessed value of property established for next year's levy at 100 percent of market value.
<b>October 31st</b>	Second installment is due. (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. 1<sup>st</sup> per RCW 84.56.020.

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

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

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

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

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

*When Rates are Exceeded:* The statutes establish a district hierarchy for rate reductions if the aggregate

limits are exceeded and rates are reduced accordingly.

The City's property tax levy rate was \$2.80159 per \$1,000 of assessed value. Based on a City-wide assessed valuation of \$4,221,569,357 the total property tax levy for 2011 was \$11,826,917. (Note: *Property taxes collected in 2011 are based on the 2010 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 2011, the City transferred \$45,224 in surface water management assets out of governmental-activities into the *Surface Water Management Construction Fund #406* from work completed at the Des Moines Creek Basin. In addition, \$187,787 in infrastructure assets for the *42<sup>nd</sup> Ave South sidewalk project (between S 176<sup>th</sup> Street and S 188<sup>th</sup>)* 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 18 – Other Disclosures – Prior Period Adjustments*. Lastly, \$401,827 in infrastructure assets were transferred into the *Surface Water Management Construction Fund #406* for assets related to the *S 138<sup>th</sup> Street (between 24<sup>th</sup> Ave South and Military Road South)* project. Governmental capital asset transfers into *Fund #406* totaled \$634,838 (including the prior period adjustment) in 2011.

The table below summarizes the changes in the City's governmental capital assets during 2011. Please note that \$948,372 (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 Statement #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 01/01/2011	Increases	Decreases	Ending Balance 12/31/2011
<b>Capital assets not being depreciated:</b>				
Land	\$320,233,942	0	16,285	\$320,217,657
Intangible Assets–Capital Easements	71,226	0	0	71,226
Construction in Progress (CIP)	1,741,175	3,005,219	1,095,541	3,650,853
<b>Total assets not being depreciated</b>	<b>\$322,046,343</b>	<b>3,005,219</b>	<b>1,111,826</b>	<b>\$323,939,736</b>
<b>Capital assets being depreciated:</b>				
Buildings/Bldg Improvements	42,882,874	323,565	0	43,206,439
Other Improvements	9,871,209	53,879	45,224	9,879,864
Infrastructure	75,198,266	2,219,189	589,614	76,827,841
Equipment/Vehicles/Machinery	5,600,514	128,925	0	5,729,439
Equipment/Vehicles/Machinery (E/R)	2,421,777	108,925	130,598	2,400,104
Intangible Assets-Software	687,583	135,250	0	822,833
<b>Total assets being depreciated</b>	<b>136,662,223</b>	<b>2,969,733</b>	<b>765,436</b>	<b>138,866,520</b>
<b>Total governmental capital assets before depreciation</b>	<b>458,708,566</b>	<b>5,974,952</b>	<b>1,877,262</b>	<b>462,806,256</b>
<b>Less accumulated depreciation for:</b>				
Buildings/Bldg Improvements	8,126,417	1,813,471	0	9,939,888
Other Improvements	3,375,893	609,928	0	3,985,821
Equipment/Vehicles/Machinery	3,260,029	287,943	0	3,547,972
Equipment/Vehicles/Machinery (E/R)	1,362,064	206,656	116,988	1,451,732
Infrastructure	43,210,450	2,367,397	0	45,577,847
Intangible Assets-Software	598,438	41,197	0	639,635
<b>Total accumulated depreciation</b>	<b>59,933,291</b>	<b>5,326,592</b>	<b>116,988</b>	<b>65,142,895</b>
<b>Total governmental activities capital assets (net)</b>	<b>\$398,775,275</b>	<b>648,360</b>	<b>1,760,274</b>	<b>\$397,663,361</b>

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

<b>Governmental Activities:</b>	
Judicial	\$ 1,186
General Government	534,283
Public Safety	454,617
Physical Environment	24,623
Transportation	2,394,191
Transportation (Equipment Rental – Internal Service Fund)	206,656
Economic Environment	870,835
Culture and Recreation	840,201
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$5,326,592</b>

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

Capital assets for the business-type proprietary funds are capitalized in their respective *Statement of Net Assets*. These assets are stated at cost, estimated cost when original cost is not available, or fair market at the time received in the case of contributions. Depreciation expense is charged to the

operations of proprietary funds to allocate the cost of fixed assets over their estimated useful lives, using the straight-line method with useful lives of 5 to 50 years. A salvage value of 10% is used for the City's proprietary fund capital assets.

The following schedule summarizes the capital asset data for business-type proprietary funds for 2011:

<b>Business-Type Activities Capital Assets</b>	<b>Beginning Balance 01/01/2011</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 12/31/2011</b>
<b>Capital assets not being depreciated:</b>				
Intangible Assets-Software-SWM	\$ 42,197	33,095	0	\$ 75,292
Intangible Assets-Easements-SWM	35,442	0	0	35,442
<b>Total assets not being depreciated</b>	<b>77,639</b>	<b>33,095</b>	<b>0</b>	<b>110,734</b>
<b>Capital assets being depreciated:</b>				
Buildings-SWM	228,560	0	0	228,560
Other Improvements-SWM	29,159,711	634,838	0	29,794,549
<b>Total assets being depreciated</b>	<b>29,388,271</b>	<b>634,838</b>	<b>0</b>	<b>30,023,109</b>
<b>Total business-type capital assets before depreciation</b>	<b>\$29,465,910</b>	<b>667,933</b>	<b>0</b>	<b>\$30,133,843</b>
<b>Less accumulated depreciation for:</b>				
Buildings	30,670	5,161	0	35,831
Other Improvements	4,323,361	578,575	0	4,901,936
Intangible Assets-Software	791	9,494	0	10,285
<b>Total accumulated depreciation</b>	<b>4,354,822</b>	<b>593,230</b>	<b>0</b>	<b>4,948,052</b>
<b>Total business-type capital assets (net)</b>	<b>\$25,111,088</b>	<b>74,703</b>	<b>0</b>	<b>25,185,791</b>

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

<b>Business-type Activities:</b>	
Utilities/Physical Environment (Surface Water Management Utility)	\$593,230
<b>Total Depreciation Expense-Business-type Activities</b>	<b>\$593,230</b>

**C. Construction Commitments**

The following table describes the active construction projects on December 31, 2011 and the City's commitment with the contractor:

<b>Project</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
S 154 <sup>th</sup> Street Improvements (ST-130) – R.W. Scott Construction Co.	\$2,819,504	\$1,426,502
S 164 <sup>th</sup> Street (34 <sup>th</sup> Ave S – Military Road S) (ST-828) – Gray & Osborne, Inc.	94,442	34,758
Military Road S (S 176 <sup>th</sup> to S 166 <sup>th</sup> ) (ST-122) – Reid Middleton	118,340	\$570,459
<b>Total Outstanding Construction Commitments</b>	<b>\$3,032,286</b>	<b>\$2,031,719</b>

**NOTE 6 - PENSION PLANS**

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: *Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380*; or it may be downloaded from the DRS website at [www.drs.wa.gov](http://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 members 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 multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

<b>PERS Membership</b>	
Retirees and Beneficiaries Receiving Benefits	76,899
Terminated Plan Members Entitled to but not yet Receiving Benefits	28,860
Active Plan Members Vested	105,521
Active Plan Members Non-vested	51,005
<b>Total PERS Members</b>	<b>262,285</b>

**Funding Policy**

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

benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under State statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of the current-year covered payroll, as of December 31, 2011 were as follows:

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>Employer<sup>1</sup></b>	7.25% <sup>2</sup>	7.25% <sup>2</sup>	7.25% <sup>3</sup>
<b>Employee</b>	6.00% <sup>4</sup>	4.64% <sup>4</sup>	Varies <sup>5</sup>

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

<sup>2</sup>The employer rate for State elected officials is 10.80% for Plan 1 and 7.25% for Plan 2 and Plan 3.

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

<sup>4</sup>The employee rate for State elected officials is 7.5% for Plan 1 and 4.64% for Plan 2.

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

Members participating in JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>Employer-State Agency<sup>1</sup></b>	9.75%	9.75%	9.75% <sup>2</sup>
<b>Employer-Local Gov<sup>1</sup></b>	7.25%	7.25%	7.25% <sup>2</sup>
<b>Employee-State Agency</b>	9.76%	9.10%	7.50% <sup>3</sup>
<b>Employee-Local Gov</b>	12.26%	11.60%	7.50% <sup>3</sup>

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

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

<sup>3</sup>Minimum rate.

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

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
<b>2011</b>	\$6,528	\$459,715	\$28,302
<b>2010</b>	\$5,335	\$385,319	\$23,444
<b>2009</b>	\$13,731	\$509,276	\$31,287

**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:

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

The 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 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

<b>LEOFF Membership</b>	
Retirees and Beneficiaries Receiving Benefits	9,647
Terminated Plan Members Entitled to but not yet Receiving Benefits	782
Active Plan Members Vested	13,420
Active Plan Members Non-vested	3,356
<b>Total LEOFF Members</b>	<b>27,205</b>

**Funding Policy**

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

The required contribution rates expressed as a percentage of the current-year covered payroll, as of December 31, 2011, were as follows:

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

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

<sup>2</sup>The employer rate for ports and universities is 8.62%.

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

	<b><u>LEOFF Plan 1</u></b>	<b><u>LEOFF Plan 2</u></b>
<b>2011</b>	\$0	\$229,324
<b>2010</b>	\$0	\$219,002
<b>2009</b>	\$0	\$229,797

**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, 2011, there were 157 active members in the City of SeaTac Retirement Trust. Actual employee contributions during the year amounted to \$732,048. Actual employer contributions were \$580,327.

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 September 1, 2011, there are 254 members in pool.

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, are included to fit members' various needs.

The pool acquires liability insurance through their Administrator, Canfield, that is subject to a per-occurrence self insured retention 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. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the self insured retention. The pool also purchases a Stop Loss Policy in the amount of \$2,545,000 to cap the total claims paid by the pool in any one year.

Property insurance is subject to a per-occurrence self insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The pool bears the \$25,000 self insured retention in addition to the deductible.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim. There is no pool self insured retention on this coverage.

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 underwriting, brokerage, account education, risk management 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 2010 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, 2011, 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 (current refunding) 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").

##### **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 16 - Joint Ventures – South Correctional Entity (SCORE)*.

General obligation and special obligation bond outstanding debt as of the end of 2011 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	\$2,900,000
<b>Total General Obligation Bonds</b>		<b>\$4,215,000</b>	<b>\$2,900,000</b>
2009 South Correctional Entity Facility Public Development Authority Bonds Series 2009A Bonds (2015/2016/2017/2021/2022)	4.00% - 5.00%	\$246,150	\$246,150
2009 South Correctional Entity Facility Public Development Authority Bonds Series 2009B Bonds (Taxable Build America Bonds – Direct Payment) (2013/2014/2016/2018-2021/2022-2039)	3.001% - 6.616%	\$2,340,900	\$2,340,900
<b>Total Special Obligation Bonds (Contractual)</b>		<b>\$2,587,050</b>	<b>\$2,587,050</b>
<b>Total Governmental-type Debt</b>		<b>\$6,802,050</b>	<b>\$5,487,050</b>

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	Interest <sup>1</sup>
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	305,000	38,200	2016	61,950	147,357
2017-2020	650,000	39,200	2017-2021	346,350	689,607
2021-2025	0	0	2022-2026	418,350	587,584
2026-2030	0	0	2027-2031	510,300	441,705
2031-2035	0	0	2032-2036	628,650	254,954
2036-2039	0	0	2037-2039	445,800	45,075
<b>Total Ref Bonds</b>	<b>\$2,900,000</b>	<b>\$324,500</b>	<b>Total SCORE Bonds</b>	<b>\$2,587,050</b>	<b>\$2,776,613</b>

<sup>1</sup>Note: A portion of the SCORE Bonds were issued as Build America Bonds; the interest shown is the gross interest and does not net out the 35% subsidy payment SCORE expects to receive from the federal government to pay a portion of the interest payment due on the 2009 SCORE Bonds. See Note 16 – Joint Ventures – South Correctional Entity for additional information.

The City has used 8.1% of its Councilmanic (*non-voted – up to 1.5% of total taxable property*) general purposes debt capacity (*includes the contractual obligation for the SCORE bonds*) and has \$62 million left in available debt capacity. For voted debt (*up to 2.5% of total taxable property*), the City has \$107 million in

remaining debt capacity. There is currently no voted debt outstanding. (Note: If the City issued the full \$62 million of Councilmanic debt, only \$45 million in voted debt could be issued for general purposes.)

The City had no arbitrage rebate liability for outstanding tax exempt bonds in 2011.

At December 31, 2011, the City had \$10,792 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 2011, 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	\$285,000
<b>Total Special Assessment Bonds</b>		<b>\$2,871,819</b>	<b>\$285,000</b>

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

Special Assessment Bonds					
Year Ending Dec 31	Principal	Interest	Year Ending Dec 31	Principal	Interest
<b>2014</b>	\$90,000	\$17,625	<b>2015</b>	\$195,000	\$12,090
			<b>Total SA Bonds</b>	<b>\$285,000</b>	<b>\$29,715</b>

On December 31, 2011, the *Special Assessment Debt Fund* had \$10,567 in cash and the *LID Guarantee Fund* had \$47,500.

**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 188<sup>th</sup> Street interchange from the Washington State Department of Transportation. The lease was renewed for a five year term effective October 1, 2006 and can be renewed for an additional five year period. In 2011, this lease agreement expired and is currently on a month to month basis. 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 \$25,777 on this lease in 2011.

The City leases copier equipment under a four year cancellable operating lease. This lease was effective on October 1, 2007 and although it expired in 2011, the lease agreement was continued on a month to month basis. 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 four 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 708 square feet in the amount of \$1,003 month with a 50 cents annual rent increase through June 30, 2014. This agreement may be terminated by either party with 90 days written notice and 4) The final lease agreement is for 3,765 sq feet in the amount of \$5,629 per month. This lease agreement is for 36 months ending April 30, 2014 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 \$2,827 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 \$1,739 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 \$29,583 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 154<sup>th</sup> Street Light Rail Station for \$12.3 million. This purchase assists the City in its planning efforts to redevelop this area in the future. The building has 61,641 square feet of retail space available for lease. In early 2010, the City hired a property manager to handle the leasing transactions and other property management functions for this building. At the end of December 2011, 29,330 square feet was being lease out of 61,641 square feet.

**NOTE 11 - CHANGES IN LONG-TERM LIABILITIES**

During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/11	Additions	Reductions	Ending Balance 12/31/11	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$3,560,000	\$ 0	\$660,000	\$2,900,000	\$670,000
Special obligation bonds	2,587,050	0	0	2,587,050	0
Special assessment bonds	475,000	0	190,000	285,000	0
Add: Premium on GO bonds	143,418	0	17,927	125,491	17,927
<b>Total bonds payable - net</b>	<b>\$6,765,468</b>	<b>0</b>	<b>\$867,927</b>	<b>\$5,897,541</b>	<b>\$687,927</b>
Other postemploy benefits-NOO	237,421	39,323	0	276,744	0
Compensated absences	1,122,810	838,712	17,073	1,944,449	180,834
Compensated absences-ISF	5,941	0	160	5,781	537
<b>Governmental activities long-term liabilities</b>	<b>\$8,131,640</b>	<b>\$878,035</b>	<b>\$885,160</b>	<b>\$8,124,515</b>	<b>\$869,298</b>
<b>Business-type Activities:</b>					
Compensated absences	\$33,015	\$34,193	\$0	\$67,208	\$6,250
<b>Business-type activities long-term liabilities</b>	<b>\$33,015</b>	<b>\$34,193</b>	<b>\$0</b>	<b>\$67,208</b>	<b>\$6,250</b>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At year end, internal service funds had \$5,781 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 LITIGATIONS**

The City Attorney reports that, as of December 31, 2011, 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 \$22,175,724 in restricted net assets. Of this amount, net assets restricted by enabling legislation total \$14,234,576.

**NOTE 14 - INTERFUND TRANSFERS**

During 2011, 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 2011:

		Transfers From (Out)						
		General Fund #001	Street Fund #102	SWM Operating Fund #403	Equip Rental #501	Other Non-Major Funds	Totals	
Transfers To (In)	General Fund #001	0	396,840	176,090	352,187	939,500	\$1,864,617	
	Street Fund #102	0	0	0	113,155	0	113,155	
	Transportation CIP Fund #307	722,515	0	0	0	77,809	800,324	
	SWM Utility Fund #403	0	0	0	144,709	1,433	146,142	
	Other Non-Major Funds	106,681	0	131,200	0	355,500	593,381	
	<b>Total Cash Transfers</b>	<b>829,196</b>	<b>396,840</b>	<b>307,290</b>	<b>610,051</b>	<b>1,374,242</b>	<b>\$3,517,619</b>	
	<b>Transfer in of capital assets:</b>							
		To Surface Water Management Construction Fund #406 from Des Moines Creek Basin ILA Fund #111						45,224
		To Surface Water Management Construction Fund #406 from Transportation CIP Fund #307 (Prior Year Adjustment)						187,787
		To Surface Water Management Construction Fund #406 from Transportation CIP Fund #307						401,827
		To Equipment Rental Fund #501 from Surface Water Management Operating Fund #403						2,504
		<b>Total Interfund Transfers</b>						<b>\$4,154,961</b>

In the proprietary statements, the transfer in of capital assets from the governmental funds is shown as a capital contribution. During the year, capital improvements were funded by a governmental fund, the *Des Moines Creek Basin ILA Fund*, in the amount of \$45,224 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 \$187,787 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 18 – Other Disclosures – Prior Year Adjustments*. An additional asset transfer in 2011 involved current year infrastructure assets that were transferred into the *Surface Water Management Construction Fund #406* in the amount of \$401,827. The last capital asset transfer was from the *Surface Water Management Operating Fund* to the *Equipment Rental Fund* for equipment additions for a vehicle in the amount of \$2,504.

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

**General Fund #001**

There were eight interfund transfers made into the *General Fund* in 2011 as follows:

1. *Street Fund #102* – Reimbursement of administrative costs (\$382,000).
2. *Street Fund #102* - Reimbursement of Maintenance Facility maintenance costs (\$14,840).
3. *Des Moines Creek Basin ILA Fund #111* - Reimbursement for treasury services provided by City per Interlocal Agreement (\$2,000).
4. *LID Guarantee Fund #205* – Reduce required reserve as established by the LID ordinance (\$17,500).
5. *Municipal Capital Improvement Fund #301* – Transfer out construction related sales taxes to use for general operating expenditures (\$920,000).
6. *Surface Water Management Utility Fund #403* – Reimbursement of Maintenance Facility maintenance costs (\$14,840).
7. *Surface Water Management Utility Fund #403* – Reimbursement of administrative costs (\$161,250)
8. *Equipment Rental Fund #501* – Rebate excess net asset reserves accumulated over the last few years (\$352,187).

Total 2011 interfund transfers made into the General Fund were \$1,864,617.

**Street Fund #102**

There was one interfund transfer into the *Street Fund #102* in 2011. The *Equipment Rental Fund #501* rebated excess net asset reserves accumulated over the last few years (\$113,155).

**Transportation CIP Fund #307**

In 2011, two interfund transfers totaling \$800,324 were made into the *Transportation CIP Fund* as follows:

1. *General Fund #001* – Transferred community relief monies for S 138<sup>th</sup> Street pedestrian improvements (\$722,515).
2. *Municipal Capital Improvement Fund #301* – Transferred sales taxes for the S 138<sup>th</sup> Street pedestrian improvements (\$77,809).

**Surface Water Management Utility Fund #403**

In 2011, two interfund transfers totaling \$146,142 were made as follows:

1. *Des Moines Creek Basin ILA Fund #111* – Reimbursement for City provided berm mowing costs for work related to the Basin (\$1,433).
2. *Equipment Rental Fund #501* – Rebate excess net asset reserves accumulated over the last few years (\$144,709).

**Other Non-major Funds**

1. The *General Fund #001* transferred \$106,681 into the *Municipal Capital Improvement Fund #301* for City Hall improvements.
2. The *Municipal Capital Improvement Fund #301* transferred \$350,000 to the *Fire Equipment Replacement Fund #303* for the replacement of fire equipment.
3. The *Surface Water Management Utility Fund #403* transferred out \$60,475 to the *Des Moines Creek Basin Fund #111* for maintenance and operations.
4. The *Surface Water Management Utility Fund #403* transferred \$70,725 to the *Des Moines Creek Basin Fund #111* for future capital replacements.

5. The *Equipment Rental Fund #501* transferred \$5,500 into the *Municipal Capital Improvement Fund #301* for an electric car charging station.

Other non-major interfund transfers totaled \$593,381 in 2011.

**NOTE 15 - RECEIVABLE AND PAYABLE BALANCES**

**A. Receivables**

The receivable balances for the major funds at December 31, 2011 were as follows:

Fund	Customer Accounts (Net) <sup>1</sup> & Contracts	Taxes	Special Assessments & Interest	Due from other Gov	Total
<b>Governmental Activities:</b>					
General #001	\$ 879,580	\$2,324,531	\$ 695	\$76,286	<b>\$3,281,092</b>
Street #102	41,437	587,151	0	0	<b>628,588</b>
Hotel/Motel Tax #107	0	145,410	0	0	<b>145,410</b>
Special Assessment Debt #204	0	0	554,141	0	<b>554,141</b>
Municipal Facilities CIP #306	0	0	0	0	<b>0</b>
Transportation CIP #307	291,939	0	0	0	<b>291,939</b>
Other Non-Major Funds	19,515	122,617	0	17,683	<b>159,815</b>
<b>Subtotal Governmental Activities</b>	<b>\$1,232,471</b>	<b>\$3,179,709</b>	<b>\$554,836</b>	<b>\$93,969</b>	<b>\$5,060,985</b>
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>					
Internal service fund adjustment	0	0	0	0	<b>0</b>
Investment interest receivable	0	0	12,847	0	<b>12,847</b>
<b>Total Governmental Activities</b>	<b>\$1,232,471</b>	<b>\$3,179,709</b>	<b>\$567,683</b>	<b>\$93,969</b>	<b>\$5,073,832</b>
<i>Amounts not scheduled for collection during the subsequent year for governmental activities</i>					
	0	0	415,595	0	<b>415,595</b>
<b>Business-type Activities:</b>					
Surface Water Mgt Ops #403	\$61,995	\$0	\$0	\$0	<b>\$61,995</b>
Surface Water Mgt Constr #406	0	0	0	0	<b>0</b>
<b>Total Business-type Activities</b>	<b>\$61,995</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$61,995</b>

<sup>1</sup> 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, 2011 were as follows:

Fund	Accounts & Retainage	Due to Other Gov	Deposits/ Custodial/ Other	Interest	Total
General #001	\$ 422,478	\$596,784	\$205,129	\$ 0	\$1,224,391
Street #102	133,898	0	36,495	0	170,393
Hotel/Motel Tax #107	298,151	0	0	0	298,151
Transportation CIP #307	428,226	0	0	0	428,226
Other Non-Major	187,896	0	0	0	187,896
<b>Subtotal Governmental Act</b>	<b>\$1,470,649</b>	<b>\$596,784</b>	<b>\$241,624</b>	<b>\$ 0</b>	<b>\$2,309,057</b>
<i>Reconciliation of balances in fund financial statements to government-wide financial statements:</i>					
Internal service fund adjustment	4,767	0	0	0	4,767
Bond interest payable	0	0	0	6,675	6,675
<b>Total Governmental Activities</b>	<b>\$1,475,416</b>	<b>\$596,784</b>	<b>\$241,624</b>	<b>\$6,675</b>	<b>\$2,320,499</b>
<b>Business-type Activities:</b>					
Surface Water Management #403	\$30,176	\$0	\$0	\$0	\$30,176
Surface Water Mgt Construc #406	0	0	0	0	0
<b>Total Business-type Activities</b>	<b>\$30,176</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,176</b>

**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:

<b>Summary of Debt Service Requirements</b>										
<b>Debt Service Schedule</b>					<b>Debt Service Allocation to Owner Cities</b>					
Year	Principal	Interest*	35% BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
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	2,065,000	4,911,886	(1,632,787)	5,344,099	1,656,671	213,764	961,938	1,923,876	160,323	427,528
2017-2021	11,545,000	22,986,907	(7,869,713)	26,662,194	8,265,280	1,066,488	4,799,195	9,598,390	799,866	2,132,976
2022-2026	13,945,000	19,586,127	(6,994,733)	26,536,394	8,226,282	1,061,456	4,776,551	9,553,102	796,092	2,122,912
2027-2031	17,010,000	14,723,464	(5,346,730)	26,386,734	8,179,888	1,055,469	4,749,612	9,499,224	791,602	2,110,939
2032-2036	20,955,000	8,498,417	(3,217,063)	26,236,354	8,133,270	1,049,454	4,722,544	9,445,087	787,091	2,098,908
2037-2039	14,860,000	1,502,494	(697,922)	15,664,572	4,856,017	626,583	2,819,623	5,639,246	469,937	1,253,166
<b>Totals</b>	<b>\$86,235,000</b>	<b>\$92,553,660</b>	<b>\$(32,396,888)</b>	<b>\$146,391,772</b>	<b>45,381,449</b>	<b>\$5,855,671</b>	<b>\$26,350,520</b>	<b>\$52,701,038</b>	<b>\$4,391,753</b>	<b>\$11,711,343</b>

\*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, 2011 related to SCORE:

<b>South Correctional Entity (SCORE) 2011 Owner Cities Equity Allocation</b>				
Member City	Percent of Equity	2010 Equity Balance	2011 Distribution	2011 Equity Balance
Auburn	31.00%	\$1,601,588	1,587,732	3,189,320
Burien	4.00%	206,656	204,869	411,525
Federal Way	18.00%	929,954	921,909	1,851,863
Renton	36.00%	1,859,910	1,843,818	3,703,728
SeaTac	3.00%	154,992	153,651	308,643
Tukwila	8.00%	413,313	409,737	823,050
<b>Grand Total</b>	<b>100.00%</b>	<b>\$5,166,413</b>	<b>5,121,716</b>	<b>10,288,129</b>

Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, 20817 17<sup>th</sup> Avenue South, Des Moines, WA 98198.

**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 September 1, 1977) 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.

A dedicated trust fund has not been established for LEOFF 1 retiree benefits; therefore, the City's current funding policy is based upon pay-as-you-go financing requirements. During the year, the City contributed \$52,818 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	10,684
Adjustment to annual required contribution	<u>(22,107)</u>
Annual OPEB cost (expense)	92,141
Contributions made	<u>(52,818)</u>
Increase in net OPEB obligation	39,323
Net OPEB Obligation – Beginning of Year	<u>237,421</u>
Net OPEB Obligation – End of Year	<u>\$ 276,744</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 2011 and the two preceding fiscal years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Contribution as a Percentage of Annual OPEB Cost</b>	<b>OPEB Obligation</b>
2009	\$116,431	53%	\$199,927
2010	\$93,945	60%	\$237,421
2011	\$92,141	57%	\$276,744

*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 (AAL) was the projected unit credit method. The actuarial accrued liability and the net OPEB obligation are amortized on an open basis as a level dollar over 15 years. 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. These 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 – OTHER DISCLOSURES**

**A. Prior Period Adjustments**

In 2011, prior period adjustments totaled (\$784,571) in the governmental activities column and \$187,787 in the business-type activities column of the government-wide *Statement of Activities*. The City transferred \$187,787 in surface water management assets out of governmental activities into the *Surface Water Management Construction Fund #406* (business activities) and is therefore included in both columns on the *Statement of Activities*. The capital transfers were for storm drainage assets installed in the 42<sup>nd</sup> Ave South (S 176<sup>th</sup> to S 188<sup>th</sup>) Street sidewalk construction project. Additionally, the City received notice from the Department of Revenue that a business in the City of SeaTac over paid their use taxes for the years 2007 - 2010. The City's portion of the overpayment to be refunded is \$596,784.



# Required Supplementary Information

Required Supplementary  
Information

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Credit (PUC) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a)/c)</b>
9/30/2006	\$0	\$1,384,278	\$1,384,278	0.0%	\$0	0.0%
6/30/2007	\$0	\$1,325,508	\$1,325,508	0.0%	\$0	0.0%
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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts*</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 22,822,499	\$ 22,822,499	\$ 24,034,225	\$ 1,211,726
Licenses & permits	1,021,620	1,021,620	859,785	(161,835)
Intergovernmental	783,162	783,162	808,675	25,513
Charges for services	1,125,645	1,249,845	822,284	(427,561)
Fines and forfeitures	498,150	498,150	491,333	(6,817)
Investment & other earnings	92,500	92,500	76,072	(16,428)
Rents/leases & concessions	239,650	239,650	200,935	(38,715)
Miscellaneous	22,250	22,250	30,505	8,255
<b>Total Revenues</b>	<b>26,605,476</b>	<b>26,729,676</b>	<b>27,323,814</b>	<b>594,138</b>
<b>Expenditures</b>				
<i>Current:</i>				
Judicial	815,257	815,257	763,935	51,322
General Government	5,355,325	5,380,055	5,126,244	253,811
Public Safety	16,909,772	17,009,969	16,913,007	96,962
Physical Environment	15,605	15,605	15,605	-
Transportation	662,300	662,300	602,659	59,641
Health & Human Services	533,056	518,056	493,098	24,958
Economic Environment	1,683,949	1,711,419	1,623,635	87,784
Culture & Recreation	2,804,630	2,814,960	2,861,744	(46,784)
<b>Total Expenditures</b>	<b>28,779,894</b>	<b>28,927,621</b>	<b>28,399,927</b>	<b>527,694</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(2,174,418)</i>	<i>(2,197,945)</i>	<i>(1,076,113)</i>	<i>1,121,832</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,159,717	2,159,717	2,159,717	-
<b>Total Other Fin Sources (Uses)</b>	<b>2,159,717</b>	<b>2,159,717</b>	<b>2,159,717</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(14,701)</i>	<i>(38,228)</i>	<i>1,083,604</i>	<i>1,121,832</i>
Fund Balances-Beg (as prev reported)	7,588,351	7,870,200	7,870,200	-
Prior Year Adjustment	-	-	(596,784)	(596,784)
<b>Fund Balances-Beg (as restated)</b>	<b>7,588,351</b>	<b>7,870,200</b>	<b>7,273,416</b>	<b>(596,784)</b>
<b>Fund Balances-Ending</b>	<b>\$ 7,573,650</b>	<b>\$ 7,831,972</b>	<b>\$ 8,357,020</b>	<b>\$ 525,048</b>

\*Budgetary basis differs from GAAP basis. See reconciliation on pages immediately following this schedule (after logo page).



**Reconciliation of General Fund Budgetary Basis Actual Amounts to  
GAAP Basis Actual Amounts in the General Fund Statement of Revenues,  
Expenditures and Changes in Fund Balance  
For the Year Ended December 31, 2011**

**Special Revenue Funds merged with General Fund  
as required by GASB 54**

	<b>General Fund Budgetary Basis - Actual Amounts</b>	<b>Contingency Reserve Fund</b>	<b>Port of Seattle ILA</b>	<b>Transit Planning</b>
<b>Revenues</b>				
Taxes	\$ 24,034,225	\$ -	\$ -	\$ -
Licenses & permits	859,785	-	-	-
Intergovernmental	808,675	-	-	-
Charges for services	822,284	-	-	-
Fines and forfeitures	491,333	-	-	-
Investment & other earnings	76,072	1,123	37,030	180
Rents/leases & concessions	200,935	-	-	-
Miscellaneous	30,505	-	-	-
<b>Total Revenues</b>	<b>27,323,814</b>	<b>1,123</b>	<b>37,030</b>	<b>180</b>
<b>Expenditures</b>				
<i>Current:</i>				
Judicial	763,935	-	-	-
General Government	5,126,244	-	-	-
Public Safety	16,913,007	-	-	-
Physical Environment	15,605	-	-	-
Transportation	602,659	-	-	43,648
Health & Human Services	493,098	-	-	-
Economic Environment	1,623,635	-	-	-
Culture & Recreation	2,861,744	-	15,000	-
<b>Total Expenditures</b>	<b>28,399,927</b>	<b>-</b>	<b>15,000</b>	<b>43,648</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(1,076,113)</i>	<i>1,123</i>	<i>22,030</i>	<i>(43,468)</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,159,717	-	-	-
Transfers out	-	-	(722,515)	-
<b>Total Other Fin Sources (Uses)</b>	<b>2,159,717</b>	<b>-</b>	<b>(722,515)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>1,083,604</i>	<i>1,123</i>	<i>(700,485)</i>	<i>(43,468)</i>
Fund Balances-Beg (as prev rptd)	7,870,200	772,895	4,662,682	140,749
Prior Year Adjustment	(596,784)	-	-	-
<b>Fund Balances-Beg (as restated)</b>	<b>7,273,416</b>	<b>772,895</b>	<b>4,662,682</b>	<b>140,749</b>
<b>Fund Balances-Ending</b>	<b>\$ 8,357,020</b>	<b>\$ 774,018</b>	<b>\$ 3,962,197</b>	<b>\$ 97,281</b>

	Special Revenue Funds merged with General Fund as required by GASB 54			General Fund GAAP Basis - Actual Amounts	Net Change - Increase (Decrease)
	Building Management	Facility Repair & Replacement	Eliminate Transfer into General Fund & out of Bldg Mgt Fund		
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$24,034,225	\$ -
Licenses & permits	-	-	-	859,785	-
Intergovernmental	-	-	-	808,675	-
Charges for services	-	-	-	822,284	-
Fines and forfeitures	612	-	-	491,945	612
Investment & other earnings	1,654	54	-	116,113	40,041
Rents/leases & concessions	954,369	-	-	1,155,304	954,369
Miscellaneous	165,532	-	-	196,037	165,532
<b>Total Revenues</b>	<b>1,122,167</b>	<b>54</b>	<b>-</b>	<b>28,484,368</b>	<b>1,160,554</b>
<b>Expenditures</b>					
<i>Current:</i>					
Judicial	-	-	-	763,935	-
General Government	20,008	-	-	5,146,252	20,008
Public Safety	-	-	-	16,913,007	-
Physical Environment	-	-	-	15,605	-
Transportation	-	-	-	646,307	43,648
Health & Human Services	-	-	-	493,098	-
Economic Environment	401,692	-	-	2,025,327	401,692
Culture & Recreation	-	32,864	-	2,909,608	47,864
<b>Total Expenditures</b>	<b>421,700</b>	<b>32,864</b>	<b>-</b>	<b>28,913,139</b>	<b>513,212</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>700,467</i>	<i>(32,810)</i>	<i>-</i>	<i>(428,771)</i>	<i>647,342</i>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	(295,100)	1,864,617	(295,100)
Transfers out	(401,781)	-	295,100	(829,196)	(829,196)
<b>Total Other Fin Sources (Uses)</b>	<b>(401,781)</b>	<b>-</b>	<b>-</b>	<b>1,035,421</b>	<b>(1,124,296)</b>
<i>Net Change in Fund Balances</i>	<i>298,686</i>	<i>(32,810)</i>	<i>-</i>	<i>606,650</i>	<i>(476,954)</i>
Fund Balances-Beg (as prev rptd)	1,025,430	40,248	-	14,512,204	6,642,004
Prior Year Adjustment	-	-	-	(596,784)	-
<b>Fund Balances-Beg (as restated)</b>	<b>1,025,430</b>	<b>40,248</b>	<b>-</b>	<b>13,915,420</b>	<b>6,642,004</b>
<b>Fund Balances-Ending</b>	<b>\$ 1,324,116</b>	<b>\$ 7,438</b>	<b>\$ -</b>	<b>\$ 14,522,070</b>	<b>\$ 6,165,050</b>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,590,000	\$ 5,590,000	\$ 5,921,511	\$ 331,511
Intergovernmental	546,682	546,682	664,242	117,560
Charges for services	700	700	390	(310)
Investment & other earnings	8,500	8,500	35,723	27,223
Rents/leases & concessions	3,450	3,450	6,900	3,450
Miscellaneous	1,000	1,000	16,387	15,387
<b>Total Revenues</b>	<b>6,150,332</b>	<b>6,150,332</b>	<b>6,645,153</b>	<b>494,821</b>
<b>Expenditures</b>				
<i>Current:</i>				
Transportation	2,689,666	2,725,948	2,449,246	276,702
<i>Capital Outlay:</i>				
Transportation	30,000	30,000	12,075	17,925
<b>Total Expenditures</b>	<b>2,719,666</b>	<b>2,755,948</b>	<b>2,461,321</b>	<b>294,627</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>3,430,666</i>	<i>3,394,384</i>	<i>4,183,832</i>	<i>789,448</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	113,155	113,155	113,155	-
Transfers out	(396,840)	(396,840)	(396,840)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(283,685)</b>	<b>(283,685)</b>	<b>(283,685)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>3,146,981</i>	<i>3,110,699</i>	<i>3,900,147</i>	<i>789,448</i>
<b>Fund Balances-Beginning</b>	<b>4,524,506</b>	<b>4,791,132</b>	<b>4,791,132</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 7,671,487</b>	<b>\$ 7,901,831</b>	<b>\$ 8,691,279</b>	<b>\$ 789,448</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 650,000	\$ 650,000	\$ 771,614	\$ 121,614
Investment & other earnings	24,000	24,000	82,154	58,154
Miscellaneous	-	-	9,285	9,285
<b>Total Revenues</b>	<b>674,000</b>	<b>674,000</b>	<b>863,053</b>	<b>189,053</b>
<b>Expenditures</b>				
<i>Current:</i>				
Economic Environment	1,181,980	1,245,480	994,415	251,065
<b>Total Expenditures</b>	<b>1,181,980</b>	<b>1,245,480</b>	<b>994,415</b>	<b>251,065</b>
<i>Excess (deficiency) of revenues   over (under) expenditures</i>	<i>(507,980)</i>	<i>(571,480)</i>	<i>(131,362)</i>	<i>440,118</i>
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(507,980)</i>	<i>(571,480)</i>	<i>(131,362)</i>	<i>440,118</i>
<b>Fund Balances-Beginning</b>	<b>7,852,664</b>	<b>7,854,277</b>	<b>7,854,277</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 7,344,684</b>	<b>\$ 7,282,797</b>	<b>\$ 7,722,915</b>	<b>\$ 440,118</b>

\*Budgetary basis is the same as GAAP basis.



# Other Supplementary Information



The City currently has six *major governmental funds* (*General, Street, 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 six funds that are considered to be *nonmajor governmental funds* (*Des Moines Creek Basin ILA, LID Guarantee, 2009 LTGO Refunding Bond, Municipal Capital Improvement, Fire Equipment Capital Reserve, and Light Rail Station Areas CIP*) 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. Additionally, the City has five special revenue funds that were *merged into the General Fund* (*Contingency Reserve, Port of Seattle ILA, Transit Planning, Building Management and Facilities Repair & Replacement*) in the financial statements as required under GASB Statement 54.

The following descriptions provide an overview of the purpose of the nonmajor governmental funds:

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The following funds are the City’s special revenue funds that fall under the nonmajor governmental funds category:

1. 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 two nonmajor debt service funds as follows:

1. The *Local Improvement District Guarantee Bond Fund* provides financial security for outstanding LID bonds and special assessment debt.
2. 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.

### **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 park 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, 2011

	Special Revenue Funds		Debt Service Funds		
	Des Moines Creek Basin ILA Fund	Total Special Revenue Funds	LID Guarantee	2009 LTGO Bond Refunding	Total Debt Service Funds
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 1,889,975	\$ 1,889,975	\$ 47,500	\$ 10,792	\$ 58,292
Receivables (net)	-	-	-	-	-
Taxes	-	-	-	-	-
Customer/contracts	-	-	-	-	-
Due from other governments	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,889,975</b>	<b>\$ 1,889,975</b>	<b>\$ 47,500</b>	<b>\$ 10,792</b>	<b>\$ 58,292</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts/other payable	161,495	161,495	-	-	-
<b>Total Liabilities</b>	<b>161,495</b>	<b>161,495</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
<i>Restricted for:</i>					
DM Creek Basin ILA projects	1,728,480	1,728,480	-	-	-
Open space & trail projects	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	47,500	10,792	58,292
<i>Assigned to:</i>					
Fire equipment replacement	-	-	-	-	-
Light Rail Station projects	-	-	-	-	-
Capital projects/equipment	-	-	-	-	-
2012 Budget excess approp	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,728,480</b>	<b>1,728,480</b>	<b>47,500</b>	<b>10,792</b>	<b>58,292</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 1,889,975</b>	<b>\$ 1,889,975</b>	<b>\$ 47,500</b>	<b>\$ 10,792</b>	<b>\$ 58,292</b>

	Capital Improvement Funds				Total Nonmajor Governmental Funds
	Municipal Capital Imp Fund	Fire Equipment Cap Resv	Light Rail Station Areas CIP	Total Capital Project Funds	
<b>Assets</b>					
<i>Current Assets:</i>					
Cash & cash equivalents	\$ 3,507,787	\$ 1,082,426	\$ 737,124	\$ 5,327,337	\$ 7,275,604
Receivables (net)					
Taxes	122,617	-	-	122,617	122,617
Customer/contracts	19,515	-	-	19,515	19,515
Due from other governments	17,683	-	-	17,683	17,683
<b>Total Assets</b>	<b>\$ 3,667,602</b>	<b>\$ 1,082,426</b>	<b>\$ 737,124</b>	<b>\$ 5,487,152</b>	<b>\$ 7,435,419</b>
<b>Liabilities</b>					
<i>Current Liabilities:</i>					
Accounts/other payable	26,401	-	-	26,401	187,896
<b>Total Liabilities</b>	<b>26,401</b>	<b>-</b>	<b>-</b>	<b>26,401</b>	<b>187,896</b>
<b>Fund Balances</b>					
<i>Restricted for:</i>					
DM Creek Basin ILA projects	-	-	-	-	1,728,480
Open space & trail projects	201,233	-	-	201,233	201,233
Capital projects	1,144,413	-	-	1,144,413	1,144,413
Debt service	-	-	-	-	58,292
<i>Assigned to:</i>					
Fire equipment replacement	-	1,034,778	-	1,034,778	1,034,778
Light Rail Station projects	-	-	237,859	237,859	237,859
Capital projects/equipment	1,795,125	-	-	1,795,125	1,795,125
2012 Budget excess approp	500,430	47,648	499,265	1,047,343	1,047,343
<b>Total Fund Balances</b>	<b>3,641,201</b>	<b>1,082,426</b>	<b>737,124</b>	<b>5,460,751</b>	<b>7,247,523</b>
<b>Total Liab &amp; Fund Balances</b>	<b>\$ 3,667,602</b>	<b>\$ 1,082,426</b>	<b>\$ 737,124</b>	<b>\$ 5,487,152</b>	<b>\$ 7,435,419</b>

**Combining Statement of Revenues, Expenditures & Changes in Fund Balance  
For the Year Ended December 31, 2011**

	Special Revenue Funds		Debt Service Funds		
	Des Moines Creek Basin ILA	Total Special Revenue Funds	LID Guarantee	2009 LTGO Bond Refunding	Total Debt Service Funds
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ 753,920	\$ 753,920
Intergovernmental	188,800	188,800	-	-	-
Charges for services	-	-	-	-	-
Investment earnings	2,805	2,805	-	380	380
Miscellaneous	-	-	-	-	-
<b>Total Revenues</b>	<b>191,605</b>	<b>191,605</b>	<b>-</b>	<b>754,300</b>	<b>754,300</b>
<b>Expenditures</b>					
<i>Current:</i>					
General Government	-	-	-	-	-
Physical Environment	256,890	256,890	-	-	-
Culture & Recreation	-	-	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	660,000	660,000
Interest	-	-	-	93,300	93,300
<i>Capital Outlay:</i>					
General Government	-	-	-	-	-
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	45,224	45,224	-	-	-
Transportation	-	-	-	-	-
Health & Human Services	-	-	-	-	-
Economic Environment	-	-	-	-	-
Culture & Recreation	-	-	-	-	-
<b>Total Expenditures</b>	<b>302,114</b>	<b>302,114</b>	<b>-</b>	<b>753,300</b>	<b>753,300</b>
Excess (deficiency) of revenues over (under) expenditures	(110,509)	(110,509)	-	1,000	1,000
<b>Other Financing Sources (Uses)</b>					
Transfers in	131,200	131,200	-	-	-
Transfers out	(3,433)	(3,433)	(17,500)	-	(17,500)
Disposition of capital assets	-	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>127,767</b>	<b>127,767</b>	<b>(17,500)</b>	<b>-</b>	<b>(17,500)</b>
Net Change in Fund Balances	17,258	17,258	(17,500)	1,000	(16,500)
<b>Fund Balances-Beginning</b>	<b>1,711,222</b>	<b>1,711,222</b>	<b>65,000</b>	<b>9,792</b>	<b>74,792</b>
<b>Fund Balances-Ending</b>	<b>\$ 1,728,480</b>	<b>\$ 1,728,480</b>	<b>\$ 47,500</b>	<b>\$ 10,792</b>	<b>\$ 58,292</b>

	Capital Project Funds			Total Capital Project Funds	Total Nonmajor Governmental Funds
	Municipal Capital Imp	Fire Equip Capital Res	Light Rail Station Areas CIP		
<b>Revenues</b>					
Taxes	\$ 1,317,939	\$ -	\$ -	\$ 1,317,939	\$ 2,071,859
Intergovernmental	68,535	-	-	68,535	257,335
Charges for services	213,680	-	-	213,680	213,680
Investment earnings	31,930	1,310	1,070	34,310	37,495
Miscellaneous	19,831	-	-	19,831	19,831
<b>Total Revenues</b>	<b>1,651,915</b>	<b>1,310</b>	<b>1,070</b>	<b>1,654,295</b>	<b>2,600,200</b>
<b>Expenditures</b>					
<i>Current:</i>					
General Government	83,720	-	-	83,720	83,720
Physical Environment	-	-	-	-	256,890
Culture & Recreation	12,346	-	-	12,346	12,346
<i>Debt Service:</i>					
Principal	-	-	-	-	660,000
Interest	-	-	-	-	93,300
<i>Capital Outlay:</i>					
General Government	257,093	-	-	257,093	257,093
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	45,224
Transportation	-	-	-	-	-
Health & Human Services	-	-	-	-	-
Economic Environment	135,250	-	-	135,250	135,250
Culture & Recreation	195,337	-	-	195,337	195,337
<b>Total Expenditures</b>	<b>683,746</b>	<b>-</b>	<b>-</b>	<b>683,746</b>	<b>1,739,160</b>
Excess (deficiency) of revenues over expenditures	968,169	1,310	1,070	970,549	861,040
<b>Other Financing Sources (Uses)</b>					
Transfers in	112,181	350,000	-	462,181	593,381
Transfers out	(1,347,809)	-	-	(1,347,809)	(1,368,742)
Disposition of capital assets	9,855	-	-	9,855	9,855
<b>Total Other Fin Sources (Uses)</b>	<b>(1,225,773)</b>	<b>350,000</b>	<b>-</b>	<b>(875,773)</b>	<b>(765,506)</b>
Net Change in Fund Balances	(257,604)	351,310	1,070	94,776	95,534
<b>Fund Balances-Beginning</b>	<b>3,898,805</b>	<b>731,116</b>	<b>736,054</b>	<b>5,365,975</b>	<b>7,151,989</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,641,201</b>	<b>\$ 1,082,426</b>	<b>\$ 737,124</b>	<b>\$ 5,460,751</b>	<b>\$ 7,247,523</b>

**Combining Statement of Changes in Assets & Liabilities - All Agency Funds**  
**For the Fiscal Year Ended December 31, 2011**

	<u>Agency Funds</u>		
	<u>Accounts Payable (Claims) Clearing Fund</u>	<u>Payroll Payable Clearing Fund</u>	<u>Total</u>
<b>Additions</b>			
New uncleared checks	\$ 24,826,602	\$ 17,108,562	\$ 41,935,164
<b>Total Additions</b>	<b>\$ 24,826,602</b>	<b>\$ 17,108,562</b>	<b>\$ 41,935,164</b>
<b>Deductions</b>			
Cashed cleared checks	25,930,647	17,068,021	42,998,668
<b>Total Deductions</b>	<b>25,930,647</b>	<b>17,068,021</b>	<b>42,998,668</b>
<i>Change in Assets &amp; Liabilities</i>	<i>(1,104,045)</i>	<i>40,541</i>	<i>(1,063,504)</i>
<b>Assets &amp; Liabilities-Beginning</b>	<b>1,574,470</b>	<b>459,101</b>	<b>2,033,571</b>
<b>Assets &amp; Liabilities-Ending</b>	<b>\$ 470,425</b>	<b>\$ 499,642</b>	<b>\$ 970,067</b>



**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment & other earnings	\$ 1,500	\$ 1,500	\$ 1,123	\$ (377)
<b>Total Revenues</b>	<b>1,500</b>	<b>1,500</b>	<b>1,123</b>	<b>(377)</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	1,500	1,500	1,123	(377)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	1,500	1,500	1,123	(377)
<b>Fund Balances-Beginning</b>	<b>772,856</b>	<b>772,895</b>	<b>772,895</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 774,356</b>	<b>\$ 774,395</b>	<b>\$ 774,018</b>	<b>\$ (377)</b>

\*Note budgetary basis differs from GAAP basis; As per GASB 54, this fund was merged with the General Fund.  
See General Fund budget to GAAP reconciliation in the RSI Section of the CAFR.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment & other earnings	\$ 24,676	\$ 24,676	\$ 37,030	\$ 12,354
<b>Total Revenues</b>	<b>24,676</b>	<b>24,676</b>	<b>37,030</b>	<b>12,354</b>
<b>Expenditures</b>				
<i>Current:</i>				
Culture & Recreation	20,000	20,000	15,000	5,000
<b>Total Expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>15,000</b>	<b>5,000</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	4,676	4,676	22,030	17,354
<b>Other Financing Sources (Uses)</b>				
Transfers out	(973,500)	(973,500)	(722,515)	250,985
<b>Total Other Fin Sources (Uses)</b>	<b>(973,500)</b>	<b>(973,500)</b>	<b>(722,515)</b>	<b>250,985</b>
<i>Net Change in Fund Balances</i>	(968,824)	(968,824)	(700,485)	268,339
<b>Fund Balances-Beginning</b>	<b>4,675,131</b>	<b>4,662,682</b>	<b>4,662,682</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 3,706,307</b>	<b>\$ 3,693,858</b>	<b>\$ 3,962,197</b>	<b>\$ 268,339</b>

\*Note budgetary basis differs from GAAP basis; As per GASB 54, this fund was merged with the General Fund.  
See General Fund budget to GAAP reconciliation in the RSI Section of the CAFR.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts*</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment & other earnings	\$ 200	\$ 200	\$ 180	\$ (20)
<b>Total Revenues</b>	<b>200</b>	<b>200</b>	<b>180</b>	<b>(20)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Transportation	54,680	104,457	43,648	60,809
<b>Total Expenditures</b>	<b>54,680</b>	<b>104,457</b>	<b>43,648</b>	<b>60,809</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(54,480)</i>	<i>(104,257)</i>	<i>(43,468)</i>	<i>60,789</i>
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(54,480)</i>	<i>(104,257)</i>	<i>(43,468)</i>	<i>60,789</i>
<b>Fund Balances-Beginning</b>	<b>87,126</b>	<b>140,749</b>	<b>140,749</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 32,646</b>	<b>\$ 36,492</b>	<b>\$ 97,281</b>	<b>\$ 60,789</b>

\*Note budgetary basis differs from GAAP basis; As per GASB 54, this fund was merged with the General Fund.  
See General Fund budget to GAAP reconciliation in the RSI Section of the CAFR.

**CITY OF SEATAC, WASHINGTON**

**Building Management Fund      2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 3,600	\$ 3,600	\$ 612	\$ (2,988)
Investment & other earnings	2,700	2,700	1,654	(1,046)
Rents & leases	1,207,807	1,207,807	954,369	(253,438)
Miscellaneous	248,210	248,210	165,532	(82,678)
<b>Total Revenues</b>	<b>1,462,317</b>	<b>1,462,317</b>	<b>1,122,167</b>	<b>(340,150)</b>
<b>Expenditures</b>				
<i>Current:</i>				
General Government	28,000	28,000	20,008	7,992
Economic Environment	544,964	544,964	401,692	143,272
<i>Capital Outlay:</i>				
Economic Environment	578,945	578,945	-	578,945
<b>Total Expenditures</b>	<b>1,151,909</b>	<b>1,151,909</b>	<b>421,700</b>	<b>730,209</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>310,408</i>	<i>310,408</i>	<i>700,467</i>	<i>390,059</i>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(591,487)	(591,487)	(401,781)	189,706
<b>Total Other Fin Sources (Uses)</b>	<b>(591,487)</b>	<b>(591,487)</b>	<b>(401,781)</b>	<b>189,706</b>
<i>Net Change in Fund Balances</i>	<i>(281,079)</i>	<i>(281,079)</i>	<i>298,686</i>	<i>579,765</i>
<b>Fund Balances-Beginning</b>	<b>926,170</b>	<b>1,025,430</b>	<b>1,025,430</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 645,091</b>	<b>\$ 744,351</b>	<b>\$ 1,324,116</b>	<b>\$ 579,765</b>

\*Note budgetary basis differs from GAAP basis; As per GASB 54, this fund was merged with the General Fund.  
See General Fund budget to GAAP reconciliation in the RSI Section of the CAFR.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment & other earnings	\$ 180	\$ 180	\$ 54	\$ (126)
<b>Total Revenues</b>	<b>180</b>	<b>180</b>	<b>54</b>	<b>(126)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Culture & Recreation	-	35,907	32,864	3,043
<b>Total Expenditures</b>	<b>-</b>	<b>35,907</b>	<b>32,864</b>	<b>3,043</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	180	(35,727)	(32,810)	2,917
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	180	(35,727)	(32,810)	2,917
<b>Fund Balances-Beginning</b>	<b>4,191</b>	<b>40,248</b>	<b>40,248</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 4,371</b>	<b>\$ 4,521</b>	<b>\$ 7,438</b>	<b>\$ 2,917</b>

\*Note budgetary basis differs from GAAP basis; As per GASB 54, this fund was merged with the General Fund.  
See General Fund budget to GAAP reconciliation in the RSI Section of the CAFR.

**CITY OF SEATAC, WASHINGTON**

**Des Moines Creek Basin ILA Fund 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 188,800	\$ 188,800	\$ 188,800	\$ -
Investment & other earnings	6,100	6,100	2,805	(3,295)
<b>Total Revenues</b>	<b>194,900</b>	<b>194,900</b>	<b>191,605</b>	<b>(3,295)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Physical Environment	455,450	455,450	256,890	198,560
<i>Capital Outlay:</i>				
Physical Environment	15,000	15,000	45,224	(30,224)
<b>Total Expenditures</b>	<b>470,450</b>	<b>470,450</b>	<b>302,114</b>	<b>168,336</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(275,550)</i>	<i>(275,550)</i>	<i>(110,509)</i>	<i>165,041</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	131,200	131,200	131,200	-
Transfers out	(7,000)	(7,000)	(3,433)	3,567
<b>Total Other Fin Sources (Uses)</b>	<b>124,200</b>	<b>124,200</b>	<b>127,767</b>	<b>3,567</b>
<i>Net Change in Fund Balances</i>	<i>(151,350)</i>	<i>(151,350)</i>	<i>17,258</i>	<i>168,608</i>
<b>Fund Balances-Beginning</b>	<b>1,744,834</b>	<b>1,711,222</b>	<b>1,711,222</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 1,593,484</b>	<b>\$ 1,559,872</b>	<b>\$ 1,728,480</b>	<b>\$ 168,608</b>

\*Budgetary basis is the same as GAAP basis.

**CITY OF SEATAC, WASHINGTON**

**2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT      Special Assessment Debt Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment & other earnings	\$ 44,658	\$ 44,658	\$ 44,645	\$ (13)
Special assessments	138,532	138,532	138,532	-
<b>Total Revenues</b>	<b>183,190</b>	<b>183,190</b>	<b>183,177</b>	<b>(13)</b>
<b>Expenditures</b>				
<i>Debt Service:</i>				
Principal	195,000	195,000	190,000	5,000
Interest	29,225	29,225	29,225	-
Other	220	220	180	40
<b>Total Expenditures</b>	<b>224,445</b>	<b>224,445</b>	<b>219,405</b>	<b>5,040</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(41,255)	(41,255)	(36,228)	5,027
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	-	-	-	-
<i>Net Change in Fund Balances</i>	(41,255)	(41,255)	(36,228)	5,027
<b>Fund Balances-Beginning</b>	<b>46,804</b>	<b>46,809</b>	<b>46,809</b>	-
<b>Fund Balances-Ending</b>	<b>\$ 5,549</b>	<b>\$ 5,554</b>	<b>\$ 10,581</b>	<b>\$ 5,027</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers out	(17,500)	(17,500)	(17,500)	-
<b>Total Other Fin Sources (Uses)</b>	<b>(17,500)</b>	<b>(17,500)</b>	<b>(17,500)</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>(17,500)</i>	<i>(17,500)</i>	<i>(17,500)</i>	<i>-</i>
<b>Fund Balances-Beginning</b>	<b>65,000</b>	<b>84,500</b>	<b>84,500</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 47,500</b>	<b>\$ 67,000</b>	<b>\$ 67,000</b>	<b>\$ -</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts*</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 753,920	\$ 753,920	\$ 753,920	\$ -
Investment & other earnings	600	600	380	(220)
<b>Total Revenues</b>	<b>754,520</b>	<b>754,520</b>	<b>754,300</b>	<b>(220)</b>
<b>Expenditures</b>				
<i>Debt Service:</i>				
Principal	660,000	660,000	660,000	-
Interest	93,300	93,300	93,300	-
Other	620	620	-	620
<b>Total Expenditures</b>	<b>753,920</b>	<b>753,920</b>	<b>753,300</b>	<b>620</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	600	600	1,000	400
<b>Other Financing Sources (Uses)</b>				
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	600	600	1,000	400
<b>Fund Balances-Beginning</b>	<b>9,811</b>	<b>9,792</b>	<b>9,792</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 10,411</b>	<b>\$ 10,392</b>	<b>\$ 10,792</b>	<b>\$ 400</b>

\*Budgetary basis is the same as GAAP basis.

**CITY OF SEATAC, WASHINGTON**

**Municipal Capital Impr Fund 2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,764,465	\$ 1,764,465	\$ 1,317,939	\$ (446,526)
Intergovernmental	333,523	333,523	68,535	(264,988)
Charges for services	215,600	215,600	213,680	(1,920)
Investment & other earnings	9,060	9,060	31,930	22,870
Miscellaneous	-	-	19,831	19,831
<b>Total Revenues</b>	<b>2,322,648</b>	<b>2,322,648</b>	<b>1,651,915</b>	<b>(670,733)</b>
<b>Expenditures</b>				
<i>Current:</i>				
General Government	98,000	98,000	83,720	14,280
Culture & Recreation	19,200	19,200	12,346	6,854
<i>Capital Outlay:</i>				
General Government	506,204	576,704	257,093	319,611
Economic Environment	250,000	250,000	135,250	114,750
Culture & Recreation	557,851	566,625	195,337	371,288
<b>Total Expenditures</b>	<b>1,431,255</b>	<b>1,510,529</b>	<b>683,746</b>	<b>826,783</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>891,393</i>	<i>812,119</i>	<i>968,169</i>	<i>156,050</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	296,387	301,887	112,181	(189,706)
Transfers out	(1,520,000)	(1,520,000)	(1,347,809)	172,191
Disposition of capital assets	-	-	9,855	9,855
<b>Total Other Fin Sources (Uses)</b>	<b>(1,223,613)</b>	<b>(1,218,113)</b>	<b>(1,225,773)</b>	<b>(7,660)</b>
<i>Net Change in Fund Balances</i>	<i>(332,220)</i>	<i>(405,994)</i>	<i>(257,604)</i>	<i>148,390</i>
<b>Fund Balances-Beginning</b>	<b>4,476,326</b>	<b>3,898,805</b>	<b>3,898,805</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 4,144,106</b>	<b>\$ 3,492,811</b>	<b>\$ 3,641,201</b>	<b>\$ 148,390</b>

\*Budgetary basis is the same as GAAP basis.

**CITY OF SEATAC, WASHINGTON**

**2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT Fire Equip Capital Reserve Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment & other earnings	\$ 1,353	\$ 1,353	\$ 1,310	\$ (43)
<b>Total Revenues</b>	<b>1,353</b>	<b>1,353</b>	<b>1,310</b>	<b>(43)</b>
<b>Expenditures</b>				
<i>Capital Outlay:</i>				
Public Safety	80,331	414,356	-	414,356
<b>Total Expenditures</b>	<b>80,331</b>	<b>414,356</b>	<b>-</b>	<b>414,356</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(78,978)</i>	<i>(413,003)</i>	<i>1,310</i>	<i>414,313</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	350,000	350,000	350,000	-
<b>Total Other Fin Sources (Uses)</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>-</b>
<i>Net Change in Fund Balances</i>	<i>271,022</i>	<i>(63,003)</i>	<i>351,310</i>	<i>414,313</i>
<b>Fund Balances-Beginning</b>	<b>399,851</b>	<b>731,116</b>	<b>731,116</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 670,873</b>	<b>\$ 668,113</b>	<b>\$ 1,082,426</b>	<b>\$ 414,313</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment & other earnings	\$ 22,375	\$ 22,375	\$ 30,744	\$ 8,369
<b>Total Revenues</b>	<b>22,375</b>	<b>22,375</b>	<b>30,744</b>	<b>8,369</b>
<b>Expenditures</b>	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	22,375	22,375	30,744	8,369
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	-	-	-	-
<i>Net Change in Fund Balances</i>	22,375	22,375	30,744	8,369
<b>Fund Balances-Beginning</b>	<b>3,737,118</b>	<b>3,685,841</b>	<b>3,685,841</b>	-
<b>Fund Balances-Ending</b>	<b>\$ 3,759,493</b>	<b>\$ 3,708,216</b>	<b>\$ 3,716,585</b>	<b>\$ 8,369</b>

\*Budgetary basis is the same as GAAP basis.

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts*</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 7,276	\$ 7,276
Licenses & permits	-	-	250	250
Intergovernmental	3,513,413	3,513,413	2,659,058	(854,355)
Charges for services	350,000	350,000	103,971	(246,029)
Investment earnings	33,000	33,000	46,041	13,041
Miscellaneous revenues	-	-	425	425
<b>Total Revenues</b>	<b>3,896,413</b>	<b>3,896,413</b>	<b>2,817,021</b>	<b>(1,079,392)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Transportation	1,036,590	1,036,590	476,548	560,042
<i>Capital Outlay:</i>				
Transportation	7,340,000	7,340,000	4,113,506	3,226,494
<b>Total Expenditures</b>	<b>8,376,590</b>	<b>8,376,590</b>	<b>4,590,054</b>	<b>3,786,536</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<i>(4,480,177)</i>	<i>(4,480,177)</i>	<i>(1,773,033)</i>	<i>2,707,144</i>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,073,500	1,073,500	800,324	(273,176)
Disposition of capital assets	-	-	8,622	8,622
<b>Total Other Fin Sources (Uses)</b>	<b>1,073,500</b>	<b>1,073,500</b>	<b>808,946</b>	<b>(264,554)</b>
<i>Net Change in Fund Balances</i>	<i>(3,406,677)</i>	<i>(3,406,677)</i>	<i>(964,087)</i>	<i>2,442,590</i>
<b>Fund Balances-Beginning</b>	<b>5,446,373</b>	<b>5,768,911</b>	<b>5,768,911</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 2,039,696</b>	<b>\$ 2,362,234</b>	<b>\$ 4,804,824</b>	<b>\$ 2,442,590</b>

\*Budgetary basis is the same as GAAP basis.

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts*	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment earnings	\$ 1,404	\$ 1,404	\$ 1,070	\$ (334)
<b>Total Revenues</b>	<b>1,404</b>	<b>1,404</b>	<b>1,070</b>	<b>(334)</b>
<b>Expenditures</b>				
Capital Outlay:				
Transportation	500,000	500,000	-	500,000
<b>Total Expenditures</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>
Excess (deficiency) of revenues over (under) expenditures	(498,596)	(498,596)	1,070	499,666
<b>Other Financing Sources (Uses)</b>				
Transfers in	150,000	150,000	-	(150,000)
<b>Total Other Fin Sources (Uses)</b>	<b>150,000</b>	<b>150,000</b>	<b>-</b>	<b>(150,000)</b>
Net Change in Fund Balances	(348,596)	(348,596)	1,070	349,666
Fund Balances-Beginning	736,684	736,054	736,054	-
<b>Fund Balances-Ending</b>	<b>\$ 388,088</b>	<b>\$ 387,458</b>	<b>\$ 737,124</b>	<b>\$ 349,666</b>

\*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 Nine Fiscal Years
Schedule 02	Changes in Net Assets, Last Nine 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.*

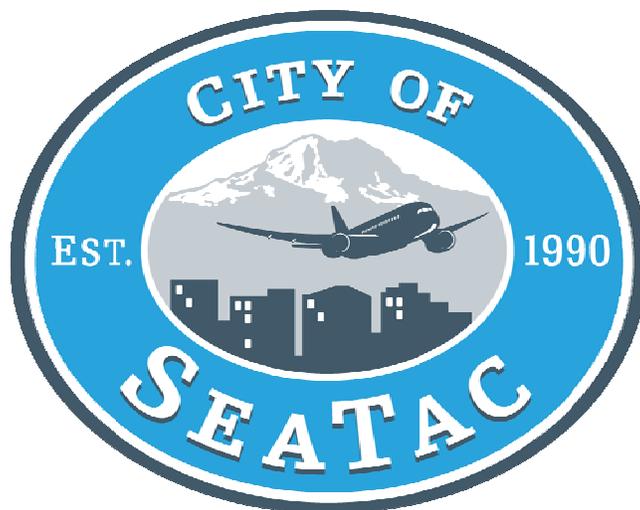
Schedule 09	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
Schedule 10	Direct and Overlapping Activities Debt, as of December 31, 2011
Schedule 11	Legal Debt Margin Information, Last Ten Fiscal Years
Schedule 12	Pledged-Revenue Coverage, Last Ten Fiscal Years

**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 Nine Fiscal Years\***  
*(accrual basis of accounting)*

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Governmental activities</b>					
Inv in cap assets, net of related debt	\$ 33,832,913	\$ 39,581,220	\$ 45,785,324	\$ 373,017,719	380,357,873
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
<b>Total gov activities net assets</b>	<b>\$ 77,512,899</b>	<b>\$ 84,864,240</b>	<b>\$ 95,750,402</b>	<b>\$ 435,564,864</b>	<b>441,080,490</b>
<b>Business-type activities</b>					
Inv in cap assets, net of related debt	\$ 2,481,789	\$ 4,928,839	\$ 6,715,444	\$ 10,850,179	20,534,520
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
<b>Total bus-type activities net assets</b>	<b>\$ 5,629,055</b>	<b>\$ 9,306,383</b>	<b>\$ 13,621,875</b>	<b>\$ 20,034,754</b>	<b>27,844,664</b>
<b>Primary government</b>					
Inv in cap assets, net of related debt	\$ 36,314,702	\$ 44,510,059	\$ 52,500,768	\$ 383,867,898	\$400,892,393
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
<b>Total primary government net assets</b>	<b>\$ 83,141,954</b>	<b>\$ 94,170,623</b>	<b>\$109,372,277</b>	<b>\$ 455,599,618</b>	<b>\$468,925,154</b>
	<b>2008</b>	<b>2009</b>	<b>2010***</b>	<b>2011</b>	
<b>Governmental activities</b>					
Inv in cap assets, net of related debt	385,271,287	394,579,043	393,110,576	396,556,216	
Restricted	20,023,570	19,652,419	20,451,319	22,175,724	
Unrestricted	40,093,004	27,401,166	26,589,815	23,457,633	
<b>Total gov activities net assets</b>	<b>445,387,861</b>	<b>441,632,628</b>	<b>440,151,710</b>	<b>442,189,573</b>	
<b>Business-type activities</b>					
Inv in cap assets, net of related debt	20,754,285	23,726,821	25,111,088	25,185,790	
Restricted	3,117,385	403,925	-	-	
Unrestricted	4,247,709	3,788,187	3,483,254	3,693,261	
<b>Total bus-type activities net assets</b>	<b>28,119,379</b>	<b>27,918,933</b>	<b>28,594,342</b>	<b>28,879,051</b>	
<b>Primary government</b>					
Inv in cap assets, net of related debt	\$406,025,572	\$418,305,864	\$418,221,664	\$ 421,742,006	
Restricted	23,140,955	20,056,344	20,451,319	22,175,724	
Unrestricted	44,340,713	31,189,353	30,073,069	27,150,894	
<b>Total primary government net assets</b>	<b>\$473,507,240</b>	<b>\$469,551,561</b>	<b>\$468,746,052</b>	<b>\$ 471,068,624</b>	

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

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

\*\*\*Restated for prior year adjustments in the amount of (\$187,787).

Source: City of SeaTac Finance Department

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

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

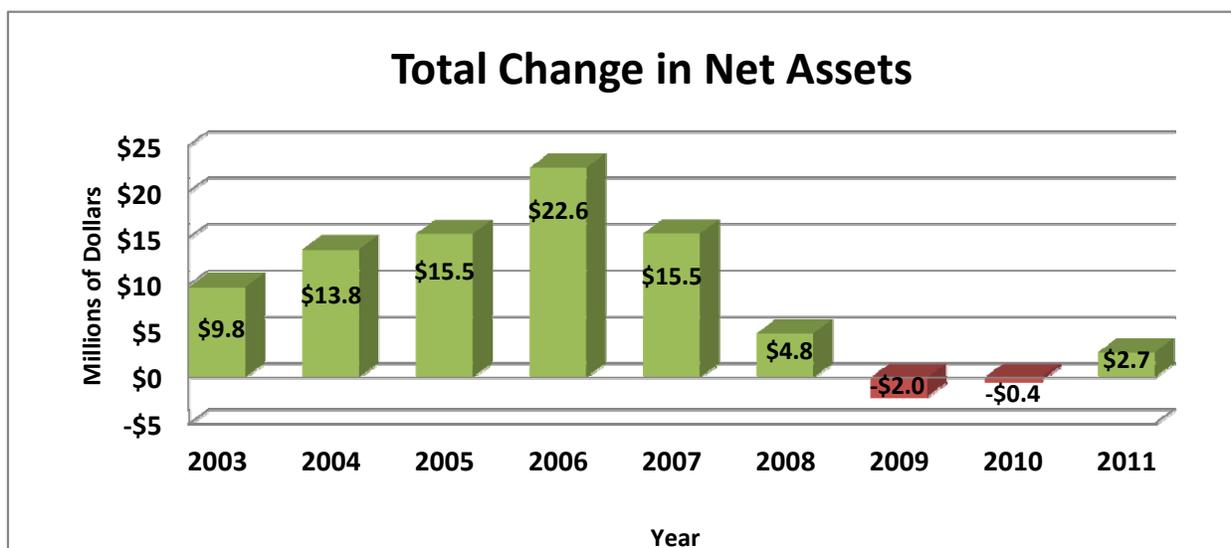
\*Expenses were increased in Judicial and reduced in General Government due to a function misclassification:  
 2003 - \$174,302, 2004 - \$154,648, 2005 - \$168,068, 2006 - \$167,302, 2007 - \$250,753, 2008 - \$290,664

Source: City of SeaTac Finance Department

	Fiscal Year				
	2007*	2008*	2009	2010	2011
<b>Expenses</b>					
<b>Governmental activities</b>					
Judicial	\$ 663,284	\$ 790,110	\$ 811,733	\$ 814,460	\$ 748,695
General Government	5,251,875	5,883,153	5,890,170	6,362,137	5,832,736
Public Safety	14,728,009	15,377,077	16,674,605	16,804,828	17,992,619
Physical Environment	37,406	38,850	569,509	380,997	297,118
Transportation	6,914,777	8,270,710	9,865,967	5,576,255	5,946,470
Health & Human Services	410,998	404,361	524,796	498,174	492,728
Economic Environment	2,761,904	2,871,801	3,086,954	3,959,775	4,030,161
Culture & Recreation	3,451,861	3,385,174	3,865,811	3,709,548	3,788,168
Interest on long-term debt	963,371	681,048	481,848	172,989	103,678
<b>Total governmental activities expenses</b>	<b>35,183,485</b>	<b>37,702,284</b>	<b>41,771,393</b>	<b>38,279,163</b>	<b>39,232,373</b>
<b>Business-type activities</b>					
Surface Water Management	3,485,317	1,789,481	1,400,529	1,671,812	1,954,815
<b>Total business-type activities expenses</b>	<b>3,485,317</b>	<b>1,789,481</b>	<b>1,400,529</b>	<b>1,671,812</b>	<b>1,954,815</b>
<b>Total primary government expenses</b>	<b>\$ 38,668,802</b>	<b>\$ 39,491,765</b>	<b>\$ 43,171,922</b>	<b>\$ 39,950,975</b>	<b>\$ 41,187,188</b>
<b>Program Revenues</b>					
<b>Governmental activities</b>					
Charges for Services:					
Judicial	560,796	1,012,630	640,646	486,944	727,324
General Government	1,429,436	1,389,270	1,220,039	1,344,675	1,406,003
Public Safety	245,149	147,121	190,020	141,749	342,847
Physical Environment	459,855	651,552	576,201	616,724	429,097
Transportation	28,513	40,989	126,149	-	71,017
Economic Environment	1,164,167	938,083	1,129,684	1,656,910	1,164,124
Culture & Recreation	336,334	550,050	765,774	744,909	739,413
Operating grants and contributions	1,001,092	988,867	1,037,018	1,139,908	1,108,325
Capital grants and contributions	2,401,562	1,730,588	658,640	282,154	2,739,593
<b>Total governmental activities revenues</b>	<b>7,626,904</b>	<b>7,449,150</b>	<b>6,344,171</b>	<b>6,413,973</b>	<b>8,727,743</b>
<b>Business-type activities</b>					
Charges for Services:					
Surface Water Management	1,677,607	1,724,552	1,823,406	1,886,756	1,705,993
Operating grants and contributions	998,049	267,032	-	1,090	-
Capital grants and contributions	8,411,990	59,646	2,011,024	292,302	50,000
<b>Total business-type activities revenues</b>	<b>11,087,646</b>	<b>2,051,230</b>	<b>3,834,430</b>	<b>2,180,148</b>	<b>1,755,993</b>
<b>Total primary government revenues</b>	<b>\$ 18,714,550</b>	<b>\$ 9,500,380</b>	<b>\$ 10,178,601</b>	<b>\$ 8,594,121</b>	<b>\$ 10,483,736</b>

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

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



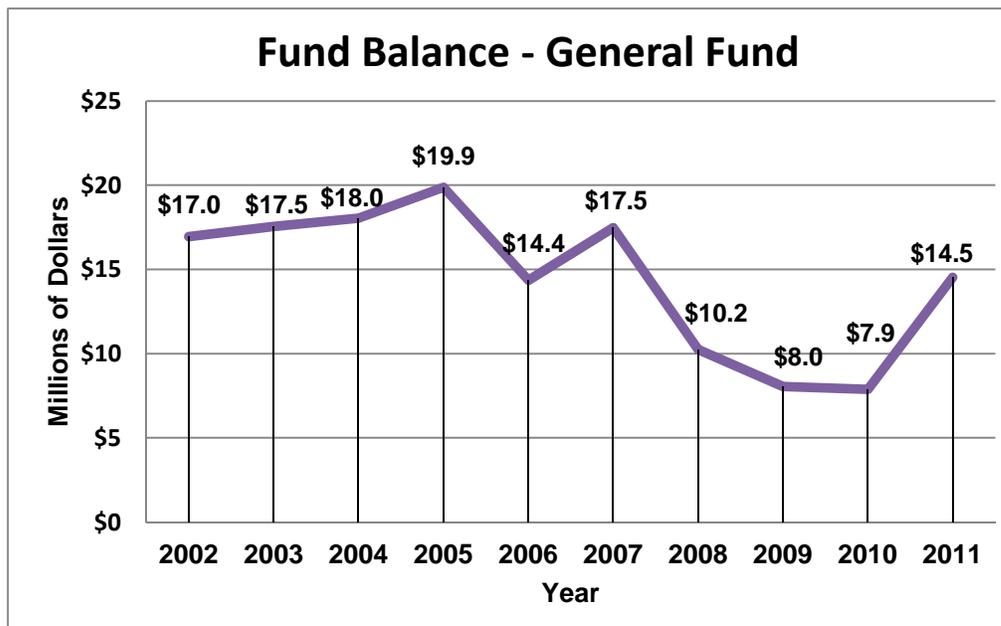
	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (27,556,581)	\$ (30,253,134)	\$ (35,427,222)	\$ (31,865,190)	\$ (30,504,630)
Business-type activities	7,602,329	261,749	2,433,901	508,336	(198,822)
<b>Total primary government net expense</b>	<b>\$ (19,954,252)</b>	<b>\$ (29,991,385)</b>	<b>\$ (32,993,321)</b>	<b>\$ (31,356,854)</b>	<b>\$ (30,703,452)</b>
<b>Gen Revs &amp; Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
Taxes					
Property	10,907,678	11,474,343	11,844,007	11,825,379	12,108,630
Sales	11,650,579	12,009,313	10,099,388	10,493,139	11,543,555
Parking	5,278,931	5,742,441	5,425,041	5,865,013	5,920,220
Excise Taxes	3,012,141	1,599,482	2,535,324	2,425,077	3,272,898
Unrestricted grants and contributions	184,564	172,550	176,980	205,817	187,560
Investment earnings	4,034,684	3,321,916	801,719	129,366	360,208
Gain on sale of capital assets	-	286,947	11,160	22,321	29,604
Transfers	177,550	177,450	2,703,970	(146,648)	(283,398)
<b>Total governmental activities revenues</b>	<b>35,246,127</b>	<b>34,784,442</b>	<b>33,597,589</b>	<b>30,819,464</b>	<b>33,139,277</b>
<b>Business-type activities</b>					
Property taxes	-	-	-	381	1,369
Investment earnings	385,131	190,416	69,623	20,044	10,977
Transfers	(177,550)	(177,450)	(2,703,970)	146,648	283,398
<b>Total business-type activities revenues</b>	<b>207,581</b>	<b>12,966</b>	<b>(2,634,347)</b>	<b>167,073</b>	<b>295,744</b>
<b>Total primary government general revs and other changes in net assets</b>	<b>\$ 35,453,708</b>	<b>\$ 34,797,408</b>	<b>\$ 30,963,242</b>	<b>\$ 30,986,537</b>	<b>\$ 33,435,021</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 7,689,546	\$ 4,531,308	\$ (1,829,633)	\$ (1,045,726)	\$ 2,634,647
Business-type activities	7,809,910	274,715	(200,446)	675,409	96,922
<b>Total primary government</b>	<b>\$ 15,499,456</b>	<b>\$ 4,806,023</b>	<b>\$ (2,030,079)</b>	<b>\$ (370,317)</b>	<b>\$ 2,731,569</b>

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

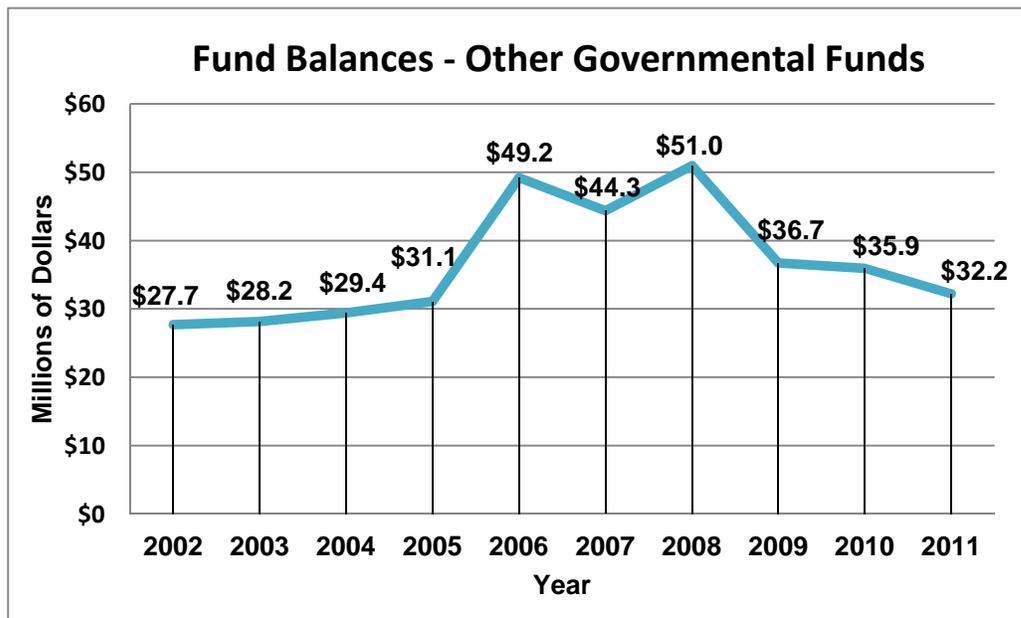
	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	16,950,636	17,539,235	18,041,692	19,869,496	14,359,762
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
<b>Total General Fund</b>	<b>\$ 16,950,636</b>	<b>\$ 17,539,235</b>	<b>\$ 18,041,692</b>	<b>\$ 19,869,496</b>	<b>\$ 14,359,762</b>
<b>All Other Governmental Funds</b>					
Reserved	9,893,115	14,230,038	13,769,964	13,467,737	12,874,174
Unreserved, reported in:					
Special revenue funds	17,243,419	10,992,616	11,872,393	12,575,212	15,563,694
Debt service funds	385,887	848,561	1,323,878	1,260,669	1,246,860
Capital project funds	174,974	2,082,490	2,452,746	3,808,100	19,515,144
Nonspendable	N/A	N/A	N/A	N/A	N/A
Restricted	N/A	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A	N/A
<b>Total All Other Gov Funds</b>	<b>\$ 27,697,395</b>	<b>\$ 28,153,705</b>	<b>\$ 29,418,981</b>	<b>\$ 31,111,718</b>	<b>\$ 49,199,872</b>
<b>Total All Governmental Funds</b>	<b>\$ 44,648,031</b>	<b>\$ 45,692,940</b>	<b>\$ 47,460,673</b>	<b>\$ 50,981,214</b>	<b>\$ 63,559,634</b>

\*In 2008, the General Fund paid off an interfund loan in the amount of \$7,715,392.

\*\*In 2011, GASB 54 was implemented causing a change in fund balance reporting classifications and the merger of five special revenue funds (Contingency Reserve, Port of Seattle ILA, Transit Planning, Building Management and Facility Repair & Replacement) into the General Fund.



	Fiscal Year				
	2007	2008*	2009	2010	2011**
<b>General Fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	N/A
Unreserved	17,464,249	10,231,364	8,036,276	7,870,200	N/A
Nonspendable	N/A	N/A	N/A	N/A	\$ 999,328
Restricted	N/A	N/A	N/A	N/A	-
Assigned	N/A	N/A	N/A	N/A	8,480,157
Unassigned	N/A	N/A	N/A	N/A	5,042,785
<b>Total General Fund</b>	<b>\$ 17,464,249</b>	<b>\$ 10,231,364</b>	<b>\$ 8,036,276</b>	<b>\$ 7,870,200</b>	<b>\$ 14,522,270</b>
<b>All Other Governmental Funds</b>					
Reserved	12,716,413	5,001,021	5,001,021	5,001,021	N/A
Unreserved, reported in:					
Special revenue funds	15,621,687	27,494,657	16,134,298	15,997,614	N/A
Debt service funds	1,058,482	1,023,232	1,007,939	121,601	N/A
Capital project funds	14,941,824	17,432,401	14,561,074	14,820,727	N/A
Nonspendable	N/A	N/A	N/A	N/A	-
Restricted	N/A	N/A	N/A	N/A	24,361,817
Assigned	N/A	N/A	N/A	N/A	7,831,690
Unassigned	N/A	N/A	N/A	N/A	-
<b>Total All Other Gov Funds</b>	<b>\$ 44,338,406</b>	<b>\$ 50,951,311</b>	<b>\$ 36,704,332</b>	<b>\$ 35,940,963</b>	<b>\$ 32,193,507</b>
<b>Total All Governmental Funds</b>	<b>\$ 61,802,655</b>	<b>\$ 61,182,675</b>	<b>\$ 44,740,608</b>	<b>\$ 43,811,163</b>	<b>\$ 46,715,777</b>



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

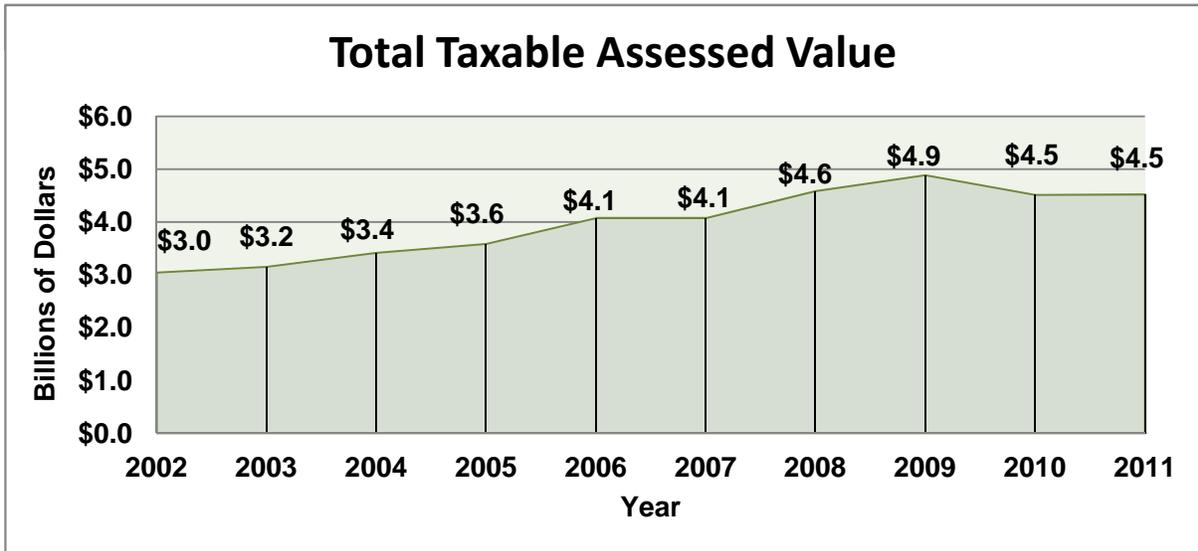
	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Revenues</b>					
Taxes	\$ 23,953,012	\$ 23,249,738	\$ 24,940,541	\$ 26,654,825	\$ 29,551,984
Licenses & permits	1,106,849	961,481	762,453	813,990	2,652,621
Intergovernmental	5,800,892	5,399,203	4,238,139	6,095,964	6,548,241
Charges for services	666,738	934,877	893,189	1,520,777	1,626,207
Fines & forfeitures	317,395	328,061	309,979	288,338	253,705
Investments & other earnings	1,234,270	941,487	776,325	1,814,921	3,240,316
Special assessments	269,578	176,062	318,017	171,795	251,633
Rents/leases & concessions	481,071	492,620	409,438	399,558	430,635
Miscellaneous	185,571	69,182	248,988	41,224	55,271
<b>Total Revenues</b>	<b>34,015,376</b>	<b>32,552,711</b>	<b>32,897,069</b>	<b>37,801,392</b>	<b>44,610,613</b>
<b>Expenditures</b>					
Judicial	274,968	295,566	311,322	326,118	358,576
General Government	4,275,482	3,407,377	3,534,106	4,029,965	4,365,134
Public Safety	10,600,382	10,616,064	11,430,548	12,021,721	12,793,339
Physical Environment	506,414	12,352	12,217	12,110	12,623
Transportation	2,211,144	2,185,616	2,749,962	2,684,377	3,165,853
Health & Human Services	1,358,756	261,858	341,478	397,728	363,812
Economic Environment	2,454,417	2,162,814	2,153,881	2,113,262	2,359,420
Culture & Recreation	1,976,723	1,979,991	2,072,165	2,091,595	2,413,454
Debt service					
Principal	1,420,000	1,170,000	1,345,000	1,275,000	1,425,000
Interest & other costs	1,075,063	929,285	875,891	951,946	1,023,841
Capital outlay	11,700,139	11,862,504	6,570,591	8,324,953	3,934,043
<b>Total Expenditures</b>	<b>37,853,488</b>	<b>34,883,427</b>	<b>31,397,161</b>	<b>34,228,775</b>	<b>32,215,095</b>
<b>Excess of Revs Over (Under) Exp</b>	<b>(3,838,112)</b>	<b>(2,330,716)</b>	<b>1,499,908</b>	<b>3,572,617</b>	<b>12,395,518</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	8,373,188	3,714,944	4,717,556	14,341,409
Transfers out	-	(5,990,898)	(3,438,694)	(4,541,306)	(14,165,159)
Proceeds from refund bonds	-	-	-	-	-
Pymt to ref bond escr agent	-	-	-	-	-
Disposition of capital assets	-	160,180	2,957	775	6,653
<b>Total Other Fin Sources (Uses)</b>		<b>2,542,470</b>	<b>279,207</b>	<b>177,025</b>	<b>182,903</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,838,112)</b>	<b>\$ 211,754</b>	<b>\$ 1,779,115</b>	<b>\$ 3,749,642</b>	<b>\$ 12,578,421</b>
<b>Debt Service as Percentage of Noncapital Expenditures</b>	<b>9.54%</b>	<b>9.12%</b>	<b>8.95%</b>	<b>8.60%</b>	<b>8.66%</b>

Source: City of SeaTac Finance Department

	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Revenues</b>					
Taxes	\$ 31,445,697	\$ 30,852,914	\$ 29,938,844	\$ 30,685,462	\$ 32,806,485
Licenses & permits	1,315,308	1,129,405	1,233,108	955,253	860,035
Intergovernmental	3,789,681	3,065,715	2,171,325	1,903,653	4,389,310
Charges for services	1,292,725	1,619,448	1,476,573	1,504,270	1,140,325
Fines & forfeitures	529,630	847,886	585,825	505,430	491,945
Investment & other earnings	3,595,449	3,473,818	745,680	130,882	392,915
Special assessments	152,366	152,366	190,445	183,459	138,532
Rents/leases & concessions	539,607	629,795	609,558	1,346,725	1,162,204
Miscellaneous	173,410	35,807	46,723	231,999	241,965
<b>Total Revenues</b>	<b>42,833,873</b>	<b>41,807,154</b>	<b>36,998,081</b>	<b>37,447,133</b>	<b>41,623,716</b>
<b>Expenditures</b>					
Judicial	399,029	488,848	809,236	806,452	763,935
General Government	4,928,824	5,598,626	5,473,181	5,152,286	5,229,972
Public Safety	14,053,771	14,893,442	16,329,864	16,300,966	16,913,007
Physical Environment	12,783	14,227	544,885	356,374	272,495
Transportation	4,839,106	4,921,651	6,626,282	3,178,024	3,572,101
Health & Human Services	409,408	402,771	523,242	497,145	493,098
Economic Environment	2,755,828	2,866,736	3,082,234	3,120,207	3,019,742
Culture & Recreation	3,036,033	2,834,052	3,094,462	2,935,597	2,921,954
Debt service					
Principal	1,385,000	1,425,000	1,480,000	3,910,000	850,000
Interest & other costs	967,557	685,409	439,844	211,593	122,705
Capital outlay	11,981,558	9,133,556	17,957,911	2,640,209	4,758,485
<b>Total Expenditures</b>	<b>44,768,897</b>	<b>43,264,318</b>	<b>56,361,141</b>	<b>39,108,853</b>	<b>38,917,494</b>
<b>Excess of Revs Over (Under) Exp</b>	<b>(1,935,024)</b>	<b>(1,457,164)</b>	<b>(19,363,060)</b>	<b>(1,661,720)</b>	<b>2,706,222</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	4,277,846	11,598,317	17,861,433	5,746,732	3,371,477
Transfers out	(4,100,296)	(11,420,867)	(14,951,600)	(5,014,958)	(2,594,778)
Proceeds from refund bonds	-	-	4,376,345	-	-
Pymt to ref bond escr agent	-	-	(4,376,345)	-	-
Disposition of capital assets	495	659,734	11,160	500	18,477
<b>Total Other Fin Sources (Uses)</b>	<b>178,045</b>	<b>837,184</b>	<b>2,920,993</b>	<b>732,274</b>	<b>795,176</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,756,979)</b>	<b>\$ (619,980)</b>	<b>\$ (16,442,067)</b>	<b>\$ (929,446)</b>	<b>\$ 3,501,398</b>
<b>Debt Service as Percentage of Noncapital Expenditures</b>	<b>7.18%</b>	<b>6.18%</b>	<b>5.00%</b>	<b>11.30%</b>	<b>2.85%</b>

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

<b>Fiscal Year</b>	<b>Real Property Locally Assessed</b>	<b>Personal Property Locally Assessed</b>	<b>State Public Svc Prop Real &amp; Personal</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>
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
2011	2,407,620,873	144,166,635	1,972,782,125	4,524,569,633	2.80

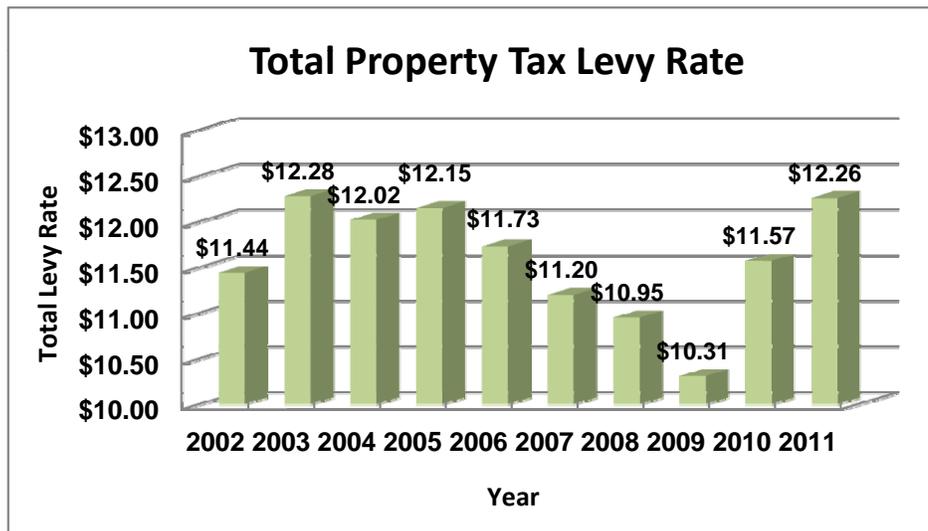


Note: Assessed values are included in the year the assessments are made; Collections will be made in the following year.

Source: King County Assessor's Office

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

Fiscal Year	City Direct Rates <sup>1</sup>			Overlapping Rates <sup>2</sup>								Total Tax Rate
	Gnl Ops	Debt Svc	Total Direct Rate	State of WA	King County	Port of Seattle	Emerg Medical Svcs	School District #401	Library District	Flood Control Zone District	Ferry District	
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
2011	2.72	0.08	2.80	2.28	1.34	0.22	0.30	4.64	0.57	0.11	0.003	12.26



<sup>1</sup> Increases to the City's basic property tax rate is limited by State law to annual increases of the lower of 1% or inflation, defined by the implicit price deflator (IPD), plus new construction and state-assessed property valuation increases. For 2011, the City's maximum statutory levy rate calculated by the King County Assessor's Office is \$3.10.

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

Source: King County Assessor's Office

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

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value<sup>2</sup></u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value<sup>1</sup></u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Alaska Airlines\Horizon	\$ 925,775,646	1	20.46%	\$ -	-	-
Delta Airlines <sup>3</sup>	319,268,947	2	7.06%	62,073,679	8	2.04%
United Airlines	145,386,687	3	3.21%	187,227,191	2	6.15%
Boeing	92,234,591	4	2.04%	78,581,843	5	2.58%
Southwest Airlines	90,062,277	5	1.99%	74,617,818	6	2.45%
Continental Airlines	88,725,000	6	1.96%	-	-	-
Hawaiian Airlines Inc.	61,945,464	7	1.37%	-	-	-
DoubleTree Inn (Red Lion)	57,967,131	8	1.28%	55,185,749	9	1.81%
Federal Express Corp.	54,388,187	9	1.20%	-	-	-
US Airways	53,984,860	10	1.19%	33,865,567	10	1.11%
Horizon Air	-	-	-	83,867,174	4	2.76%
Alaska Airlines	-	-	-	355,913,615	1	11.70%
Northwest Airlines <sup>3</sup>	-	-	-	123,677,755	3	4.06%
American Airlines	-	-	-	69,700,553	7	2.29%
<b>Total</b>	<b><u>\$ 1,889,738,790</u></b>		<b><u>41.77%</u></b>	<b><u>\$ 1,124,710,944</u></b>		<b><u>36.96%</u></b>

**Notes:**

<sup>1</sup>2001 year end assessed valuations used for taxes collected in 2002. Total assessed valuation for the City at the end of 2001 was \$3,042,645,615.

<sup>2</sup>2011 year end assessed valuations used for taxes collected in 2012. Total assessed valuation for the City at the end of 2011 was \$4,524,569,633.

<sup>3</sup>Delta 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.

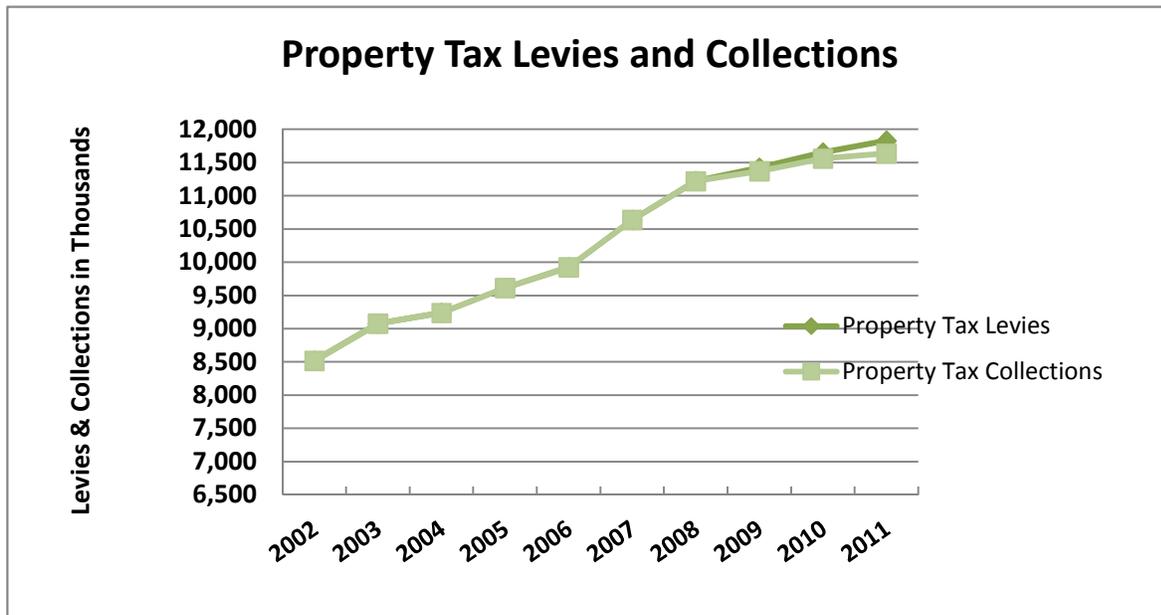
**Source: King County Assessor's Office**

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
2002	8,517,073	8,230,219	96.63%	286,854	8,517,073	100.00%
2003	9,075,811	8,400,159	92.56%	675,652	9,075,811	100.00%
2004	9,237,735	8,970,107	97.10%	267,530	9,237,637	99.999%
2005	9,614,187	8,978,062	93.38%	635,099	9,613,161	99.989%
2006	9,924,728	9,377,695	94.49%	546,701	9,924,396	99.997%
2007	10,638,128	10,464,038	98.36%	173,023	10,637,061	99.990%
2008	11,221,572	10,958,794	97.66%	260,087	11,218,881	99.976%
2009	11,420,586	11,188,597	97.97%	181,542	11,370,139	99.558%
2010	11,650,109	11,319,372	97.16%	238,691	11,558,063	99.210%
2011	11,826,941	11,635,106	98.38%	-	11,635,106	98.378%

\*Includes levy cancellations.

\*\*Table revised in 2011 to remove King County EMS levy from figures above.



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

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

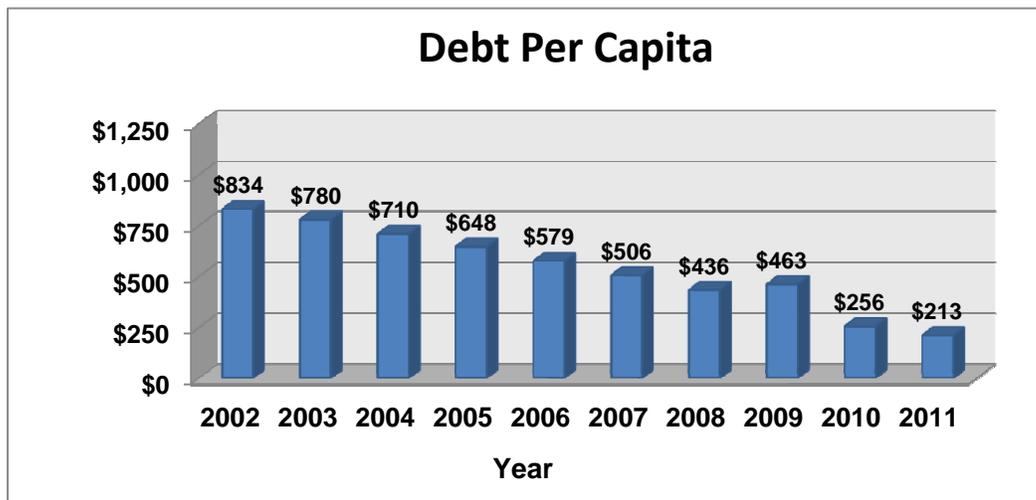
Fiscal Year	General Bonded Debt			Other Governmental Activities Debt			
	General Obligation Bonds*	% of Actual Taxable Value of Property	Per Capita	Special Assessment Debt	Public Works Trust Fund Loan	Installment Contracts	Transportation Revenue & Ref Bonds
2002	8,015,000	0.25%	317	2,210,000	263,214	-	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	-	-	-
2011	5,487,050	0.12%	202	285,000	-	-	-

Fiscal Year	Business-type Activities		Per Capita	% of Personal Income
	Storm Sewer Rev & Ref Bonds	Total Primary Government		
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	0.46%
2011	-	5,772,050	213	0.39%

\*Includes special obligation SCORE bonds.

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

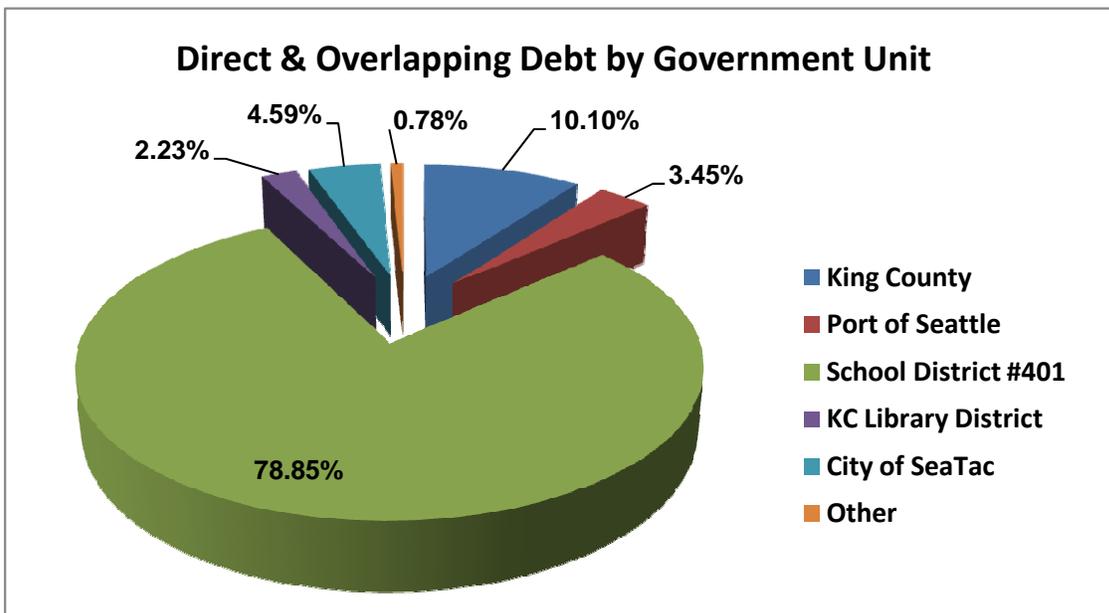


Source: City of SeaTac Finance Department

Direct and Overlapping Governmental Activities Debt  
As of December 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to SeaTac*	Estimated Share of Direct and Overlapping Debt
King County	\$984,690,460	1.29%	\$12,702,507
Port of Seattle	336,120,000	1.29%	4,335,948
Highline School District #401	292,458,391	33.90%	99,143,395
Renton School District #403	305,790,000	0.01%	30,579
Tukwila School District #406	27,035,000	0.06%	16,221
Kent School District #415	210,908,488	0.44%	927,997
Hospital District #1	-	0.22%	-
King County Library District	123,620,000	2.27%	2,806,174
Subtotal Overlapping Debt			119,962,821
SeaTac Direct Debt			5,772,050
<b>Total Direct and Overlapping Debt</b>			<b>\$125,734,871</b>

\*Percentage is based on each governmental units assessed value of the property in the City of SeaTac divided by the total value of the property for each governmental unit.



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

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

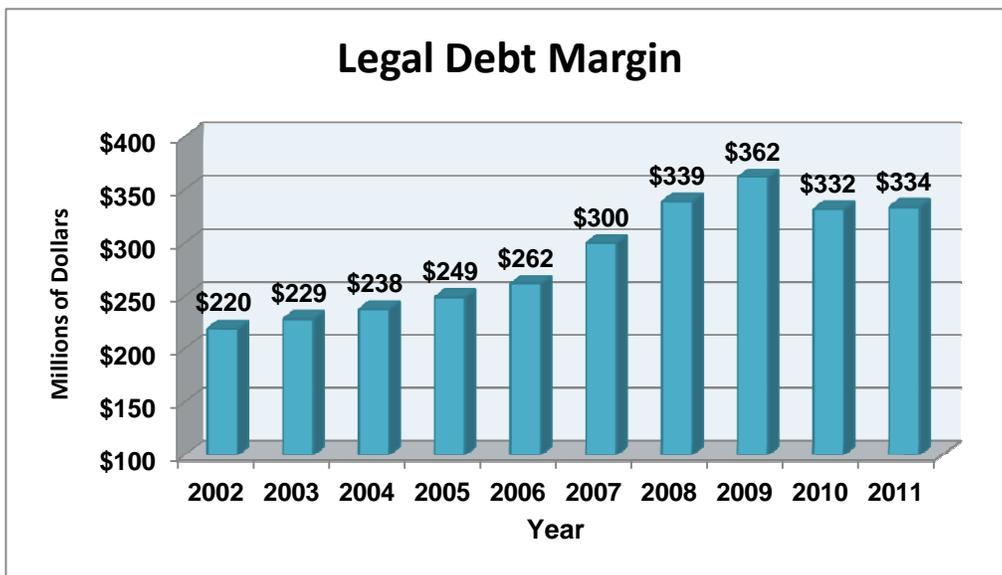
	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$228,198,420	\$236,494,770	\$245,640,996	\$256,282,296	\$268,911,505
Total net debt applicable to limit	8,427,899	7,982,293	7,516,322	7,025,358	6,542,694
<b>Legal debt margin</b>	<b>\$219,770,521</b>	<b>\$228,512,477</b>	<b>\$238,124,674</b>	<b>\$249,256,938</b>	<b>\$262,368,811</b>
Total net debt applicable to the limit as a % of debt limit	3.69%	3.38%	3.06%	2.74%	2.43%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt Limit	\$305,848,074	\$344,025,519	\$366,573,630	\$338,721,915	\$339,342,723
Total net debt applicable to limit	6,012,361	5,463,198	4,885,324	6,794,203	5,481,024
<b>Legal debt margin</b>	<b>\$299,835,713</b>	<b>\$338,562,321</b>	<b>\$361,688,306</b>	<b>\$331,927,712</b>	<b>\$333,861,699</b>
Total net debt applicable to the limit as a % of debt limit	1.97%	1.59%	1.33%	2.01%	1.62%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Assessed Value	\$4,524,569,633
<i>Debt Limit:</i>	
2.5% of general purpose limit, voted and non-voted	113,114,241
2.5% of utility purpose limit, voted	113,114,241
2.5% of open space, voted	113,114,241
<b>Total debt limit</b>	<b><u>339,342,723</u></b>
<i>Debt Applicable to Limit:</i>	
General/Special Obligation Bonds (Net)	<u>5,481,024</u>
<b>Legal Debt Margin</b>	<b><u>\$333,861,699</u></b>



Source: City of SeaTac Finance Department

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

<b>Storm Water Utility Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Gross Revenue<sup>1</sup></b>	<b>Less:</b>	<b>Net</b>	<b>Debt Service<sup>3</sup></b>		<b>Coverage</b>
		<b>Operating Expenses</b>	<b>Available Revenue</b>	<b>Principal</b>	<b>Interest</b>	
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
2011	1,718,763	1,378,923	339,840	-	-	N/A

<b>Local Option Transportation Tax Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Gross Revenue<sup>2</sup></b>	<b>Less:</b>	<b>Net</b>	<b>Debt Service<sup>3</sup></b>		<b>Coverage</b>
		<b>Operating Expenses</b>	<b>Available Revenue</b>	<b>Principal</b>	<b>Interest</b>	
2002	\$3,700,252	\$802,280	\$2,897,972	\$490,000	\$371,495	3.36
2003	3,813,041	832,634	2,980,407	520,000	344,522	3.45
2004	3,954,493	814,720	3,139,773	545,000	315,847	3.65
2005	3,668,067	823,963	2,844,104	570,000	282,102	3.34
2006	3,880,956	1,051,311	2,829,645	610,000	255,290	3.27
2007	4,117,919	1,401,777	2,716,142	635,000	228,755	3.14
2008	4,477,003	1,570,713	2,906,290	660,000	201,132	3.37
2009	4,231,466	2,115,221	2,116,245	690,000	172,092	2.45
2010	4,606,505	1,747,391	2,859,114	3,080,000	70,521	0.91
2011	4,506,756	1,747,391	2,759,365	-	-	N/A

<b>Local Improvement District No. 1 Special Assessment Bonds</b>					
<b>Fiscal Year</b>	<b>Special Assessment Collections</b>	<b>Debt Service</b>		<b>Coverage</b>	
		<b>Principal</b>	<b>Interest</b>		
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	
2011	183,177	190,000	29,225	0.84	

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

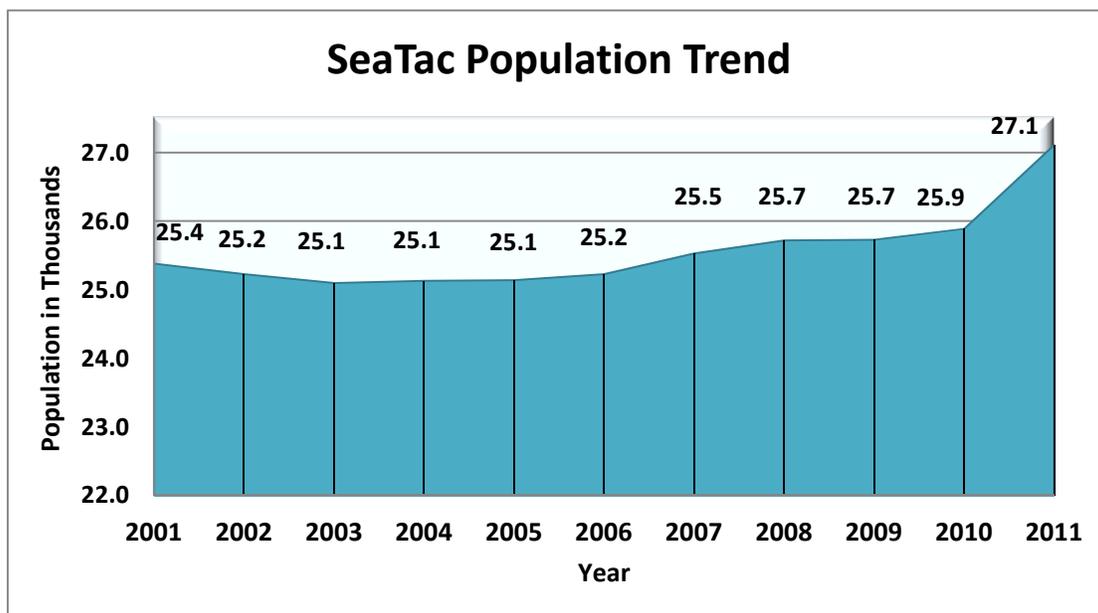
<sup>2</sup>Includes City portion of the local option transportation tax revenues (parking taxes) only; This revenue was pledged to secure the payment of the local option transportation tax revenue bonds. Table updated for all years in 2011.

<sup>3</sup>All revenue bonds were fully redeemed in 2010.

**Source: City of SeaTac Finance Department**

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

<u>Calendar Year</u>	<u>Population (A)</u>	<u>Total Personal Income (B)</u>	<u>Personal Income Per Capita (C)</u>	<u>Median Age (D)</u>	<u>Public School Enrollment (E)</u>	<u>Unemployment Rate King County (F)</u>
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	1,427,471,040	55,136	37.05	2,846	8.8%
2011	27,110	(G)	(G)	37.28	2,506	8.4%



- (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

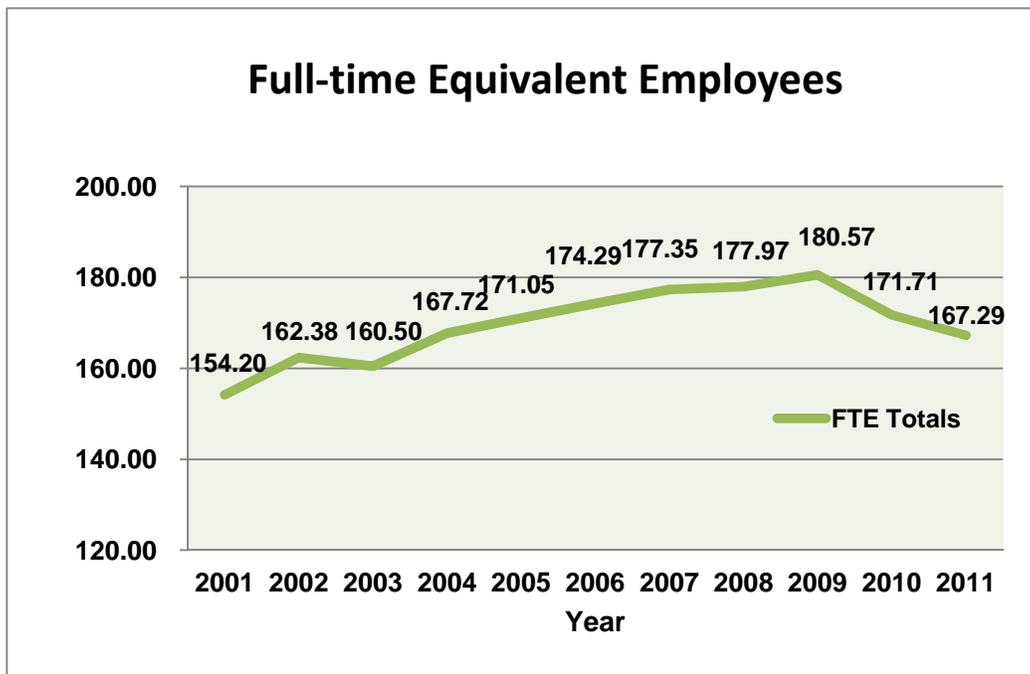
<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Port of Seattle <sup>1</sup>	1,660	1	4.47%	N/A	-	-
HMS Host	600	2	1.62%	N/A	-	-
Amicable Healthcare Inc.	500	3	1.35%	N/A	-	-
Doubletree Hotel	400	4	1.08%	N/A	-	-
Marriott Hotel	350	5	0.94%	N/A	-	-
Lynden Inc.	300	6	0.81%	N/A	-	-
Alaska Airlines Inc.	260	7	0.70%	N/A	-	-
Horizon Air Industries Inc.	250	8	0.67%	N/A	-	-
Southwest Airlines Co	200	9	0.54%	N/A	-	-
Airserv	200	10	0.54%	N/A	-	-
<b>Total</b>	<b>4,720</b>		<b>12.71%</b>	<b>-</b>		<b>-</b>

<sup>1</sup>Data provided by the Port of Seattle. The Port of Seattle employed 1,660 regular full-time/temporary employees in the City of SeaTac.

**Source: Original information was generated from ESRI; Information was modified for the Port of Seattle which was listed as "Seattle Tacoma International Airport" by ESRI with an employee count of 21,000. Information is not available for 2002.**

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Judicial</b>	6.00	5.00	5.40	5.40	5.40
<b>General Government</b>					
City Manager's Office	5.00	5.50	5.75	4.75	4.50
Finance/IS	8.50	7.00	8.50	9.50	9.17
GIS	0.50	0.50	0.50	2.38	2.00
City Clerk's Office	3.00	3.00	3.00	3.00	3.00
Legal Services	7.00	7.00	7.00	7.00	7.00
Human Resources	3.60	3.60	3.60	3.10	3.60
Facilities/Property Mgt Services	0.50	3.50	4.50	4.50	4.50
<b>Public Safety</b>					
Police Administration/Other	-	1.69	1.69	1.69	1.69
Fire	47.00	47.00	50.00	53.00	53.00
<b>Transportation</b>	23.46	21.93	21.43	20.94	21.44
<b>Health &amp; Human Services</b>	1.00	0.50	0.50	1.00	1.00
<b>Economic Environment</b>					
Building	11.00	11.00	11.00	11.00	11.00
Planning	9.00	9.00	10.00	8.00	10.96
Tourism	1.00	1.00	0.75	0.75	0.75
<b>Culture and Recreation</b>	28.62	25.83	26.29	26.90	27.45
<b>Surface Water Management</b>	7.20	7.45	7.81	8.14	7.83
<b>Equipment Rental</b>	-	-	-	-	-
<b>Total</b>	<b>162.38</b>	<b>160.50</b>	<b>167.72</b>	<b>171.05</b>	<b>174.29</b>



<u>Function/Program</u>	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Judicial</b>	6.00	6.50	7.00	7.00	6.33
<b>General Government</b>					
City Manager's Office	4.65	5.05	5.06	4.09	4.36
Finance/IS	9.50	10.00	10.00	9.12	9.38
GIS	2.50	3.25	2.46	2.48	2.00
City Clerk's Office	3.00	3.00	3.00	3.00	3.00
Legal Services	7.00	7.00	7.00	7.19	7.00
Human Resources	3.60	3.60	3.55	4.00	4.00
Facilities/Property Mgt Services	4.80	4.80	4.80	4.91	5.00
<b>Public Safety</b>					
Police Administration/Other	1.69	1.54	1.53	1.49	1.44
Fire	53.00	52.19	51.92	51.21	50.00
<b>Transportation</b>	22.13	20.94	21.88	19.45	20.51
<b>Health &amp; Human Services</b>	1.00	1.00	1.00	1.00	1.00
<b>Economic Environment</b>					
Building	10.08	11.00	11.00	8.25	7.16
Planning	10.96	10.09	10.80	7.65	8.34
Tourism	1.50	1.25	1.50	1.50	1.00
<b>Culture and Recreation</b>	28.11	28.93	29.97	29.83	27.38
<b>Surface Water Management</b>	7.83	7.83	8.10	9.54	9.09
<b>Equipment Rental</b>	-	-	-	-	0.30
<b>Total</b>	<b>177.35</b>	<b>177.97</b>	<b>180.57</b>	<b>171.71</b>	<b>167.29</b>

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

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Judicial</b>					
Traffic & non-traffic filings	3,566	2,861	3,938	2,139	2,752
Criminal traffic/non-traffic filings	1,075	1,335	1,100	422	1,262
Parking filings	520	645	283	309	298
Number of in custody hearings	955	218	244	261	239
Orders for protection filed	15	3	3	7	30
Code enforcement citations	57	57	16	42	25
Anti-Harassment orders	N/A	N/A	N/A	2	7
Red light camera photo enforcement	N/A	N/A	N/A	N/A	N/A
<b>General Government</b>					
Business licenses issued	1,780	1,921	1,879	1,850	1,910
Ordinances/Resolutions/Motions passed	148	136	98	102	128
Number of employment applications	N/A	417	624	1,104	1,098
<b>Public Safety - Fire</b>					
Number of emergency fire calls	1,125	1,221	1,254	1,223	1,320
Number of medical emergency calls	2,575	2,683	2,805	3,106	2,966
Number of fire inspections	2,158	2,433	2,787	2,691	2,809
Number of permits issued	365	368	470	533	411
Total staff training hours	4,125	4,033	10,084	9,442	7,283
<b>Public Safety - Police</b>					
Dispatched calls for service	9,896	9,916	9,933	10,955	11,297
Part 1 crimes*	1,605	1,691	1,865	2,346	2,179
Part 2 crimes**	1,626	1,676	1,835	1,838	1,906
Total cases cleared	398	479	545	517	523
Traffic citations	6,380	5,832	5,102	4,144	3,818
Adult & juvenile arrests	1,243	1,497	1,569	1,344	1,650
Response times (in progress)					
Priority X - Critical Disp (min)	3.95	4.37	3.27	3.76	5.10
Priority 1 - Immediate Disp (min)	7.70	8.34	7.77	9.15	8.17
Priority 2 - Prompt Dis (min)	13.62	14.01	13.32	16.09	14.33
<b>Economic Environment</b>					
Valuation of permitted bldg apps	\$29m	\$29.1m	\$42.5m	\$30.0m	\$128.9m
Number of short plat applications	9	5	13	16	16
Number of bldg permits issued	308	289	270	291	296
<b>Culture and Recreation</b>					
Number of special event participants	8,860	9,080	9,260	11,715	12,100

\*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 applicable.

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Judicial</b>					
Traffic & non-traffic filings	2,993	2,592	1,827	2,018	2,090
Criminal traffic/non-traffic filings	1,364	1,635	1,066	1,016	855
Parking filings	347	396	278	327	183
Number of in custody hearings	367	284	302	297	297
Orders for protection filed	45	34	21	15	20
Code enforcement citations	44	21	15	-	-
Anti-Harassment orders	13	4	11	8	16
Red light camera photo enforcement	5,124	7,009	4,040	3,135	3,388
<b>General Government</b>					
Business licenses issued	1,911	1,912	1,944	1,886	1,883
Ordinances/Resolutions/Motions passed	133	138	137	105	97
Number of employment applications	933	1,021	1,103	1,177	595
<b>Public Safety - Fire</b>					
Number of emergency fire calls	1,173	1,169	1,002	1,080	959
Number of medical emergency calls	3,064	3,224	3,097	2,935	2,920
Number of fire inspections	2,800	1,876	2,023	1,778	1,725
Number of permits issued	411	421	399	398	362
Total staff training hours	9,100	7,966	7,117	5,141	5,073
<b>Public Safety - Police</b>					
Dispatched calls for service	11,038	10,023	9,100	9,056	9,541
Part 1 crimes*	1,917	1,676	1,656	1,460	1,644
Part 2 crimes**	1,949	1,942	2,079	1,905	1,978
Total cases cleared	482	413	439	243	369
Traffic citations	3,907	2,592	1,827	1,998	2,273
Adult & Juvenile arrests	1,528	1,393	1,378	1,256	1,137
Response times (in progress)					
Priority X - Critical Disp (min)	3.97	4.03	4.78	4.17	3.64
Priority 1 - Immediate Disp (min)	8.24	8.83	8.67	8.33	8.12
Priority 2 - Prompt Dis (min)	15.22	15.18	13.89	12.75	13.15
<b>Economic Environment</b>					
Valuation of permitted bldg apps	\$88.1m	\$42.4m	\$75.2m	\$36.0m	\$7.8m
Number of short plat applications	25	10	3	2	2
Number of bldg permits issued	341	290	238	198	174
<b>Culture and Recreation</b>					
Number of special event participants	7,085	10,800	10,200	9,800	6,254

\*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.

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

<u>Function/Program</u>	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>General Government</b>					
City Hall (sq feet)	81,000	81,000	81,000	81,000	81,000
<b>Public Safety - Fire</b>					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
<b>Transportation - Public Works</b>					
Streets (miles)	84	82	82	79	81
<b>Culture and Recreation</b>					
Community Center					
Quantity	2	2	2	2	2
Square Footage	25,809	25,809	25,809	28,809	28,809
Community Parks					
Developed (acres)	49.0	63.0	63.0	63.0	63.0
Undeveloped (acres)	11.0	35.0	35.0	35.0	35.0
Neighborhoods Parks					
Developed (acres)	10.0	10.0	10.0	10.0	10.0
Undeveloped (acres)	0.5	0.5	0.5	0.5	0.5
Regional Parks					
Developed (acres)	80.0	80.0	80.0	80.0	80.0
Undeveloped (acres)	211.4	211.4	211.4	211.4	211.4
Pocket Parks/Mini Parks					
Developed (sq ft)	58,548	58,548	58,548	58,548	58,548
Trails/Linear Parks					
Developed (lineal ft)	15,100	15,100	15,430	15,430	15,430
Badminton Courts	3	3	3	3	3
Baseball/Softball Fields, Adult	4	4	4	4	4
Baseball/Softball Fields, Youth	6	6	6	6	6
Basketball Courts, Indoor	1	1	1	1	1
Basketball Courts, Outdoor	10	10	10	10	10
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
Pickleball Courts, Indoor	3	3	3	3	3
Picnic Shelters	2	2	2	2	2
Picnic Table Areas	N/A	1	1	1	1
Playgrounds	6	6	6	6	7
Roller Hockey	1	1	1	1	1
Skateboard Parks	1	1	1	1	1
Swimming Pool	-	-	-	-	-
Tennis Courts	10	10	10	10	10
Theater, Outdoor	1	1	1	1	1
Volleyball Courts	3	3	3	3	3
Weight/Fitness Room	1	1	1	1	1

Source: City of SeaTac Comprehensive Plans 2002 - 2011

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
<b>General Government</b>					
City Hall (sq feet)	81,000	81,000	81,000	81,000	81,000
<b>Public Safety - Fire</b>					
Fire Stations	3	3	3	3	3
Fire/Aid Units in Service	3	3	3	3	3
<b>Transportation - Public Works</b>					
Streets (miles)	76	78	78	78	78
<b>Culture and Recreation</b>					
Community Center					
Quantity	2	2	2	2	2
Square Footage	28,809	28,809	28,809	28,809	28,809
Community Parks					
Developed (acres)	63.0	63.0	63.0	63.0	63.0
Undeveloped (acres)	35.0	35.0	35.0	35.0	35.0
Neighborhoods Parks					
Developed (acres)	10.0	10.0	10.0	10.0	10.0
Undeveloped (acres)	0.5	8.3	8.3	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	73,548
Trails/Linear Parks					
Developed (lineal ft)	15,430	22,630	22,630	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	2	1	2
Basketball Courts, Outdoor	11	11	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	1
Pickleball Courts, Indoor	3	3	3	3	3
Picnic Shelters	2	2	2	2	2
Picnic Table Areas	2	2	2	2	2
Playgrounds	7	7	7	7	7
Roller Hockey	1	1	1	1	1
Skateboard Parks	1	1	1	1	1
Swimming Pool	-	-	1	1	1
Tennis Courts	10	10	10	10	10
Theater, Outdoor	1	1	1	1	1
Volleyball Courts	3	3	5	3	5
Weight/Fitness Room	1	1	2	2	2





City of SeaTac, Washington  
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