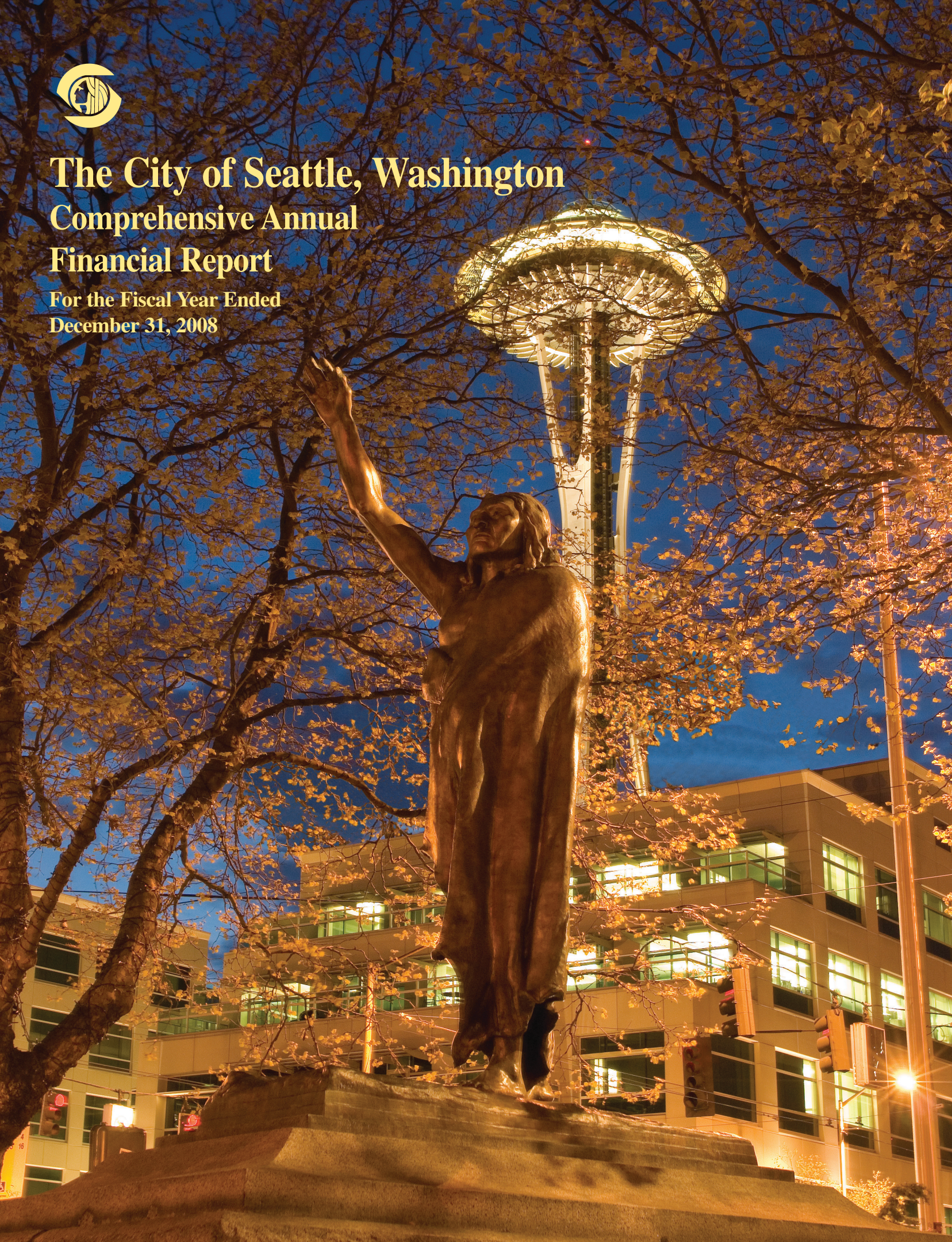




The City of Seattle, Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2008



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The City of Seattle **Washington**

Comprehensive Annual Financial Report **For the Fiscal Year Ended December 31, 2008**

Department of Executive Administration



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Introduction

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Comprehensive Annual Financial Report

For Year Ended December 31, 2008

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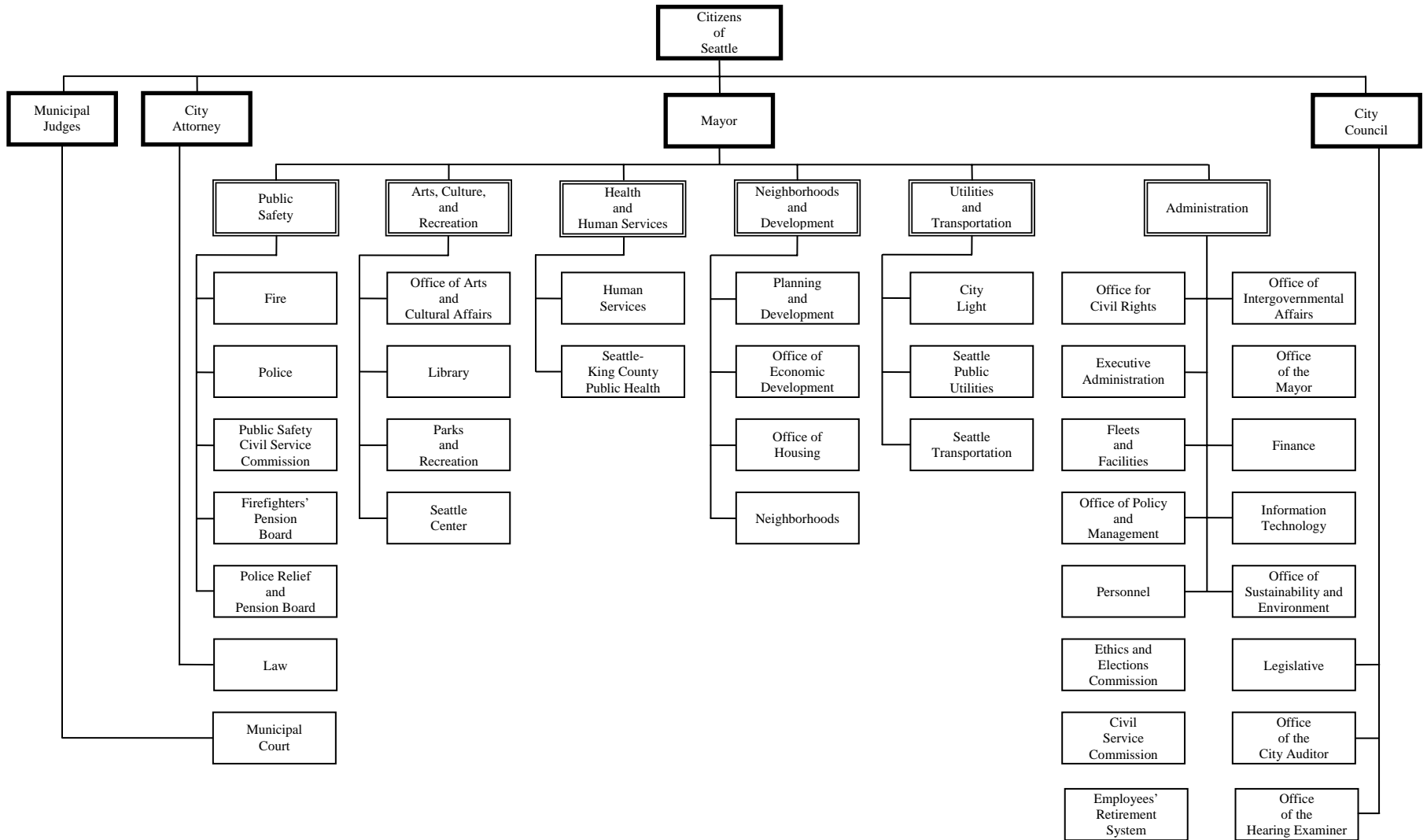
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CITY ORGANIZATION CHART



CITY OF SEATTLE ELECTED OFFICIALS



Gregory J. Nickels
Mayor



Thomas A. Carr
City Attorney

CITY COUNCIL



Tim Burgess



Sally Clark



Richard Conlin
Council President



Jan Drago



Jean Godden



Bruce Harrell



Nick Licata



Richard J. McIver



Tom Rasmussen

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City of Seattle Department of Finance

Dwight Dively, Director
Gregory J. Nickels, Mayor



July 30, 2009

The Honorable Mayor and
Members of the City Council:

I am pleased to submit to you the 2008 Comprehensive Annual Financial Report (CAFR) of the City of Seattle, Washington. The Department of Executive Administration has prepared this report to present the financial position of the City of Seattle on December 31, 2008, and the results of its operations and the cash flows of its proprietary fund types and changes in plan net assets of its pension and private-purpose trust funds for the year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State Auditor and the City Charter.

Washington State law requires an annual audit of the City's financial statements by the independently elected State Auditor. The State Auditor conducts his examination in accordance with generally accepted auditing standards and provides an independent assessment that helps assure fair presentation of the City's financial position and results of operations and the cash flows of its proprietary fund types and changes in plan net assets of its pension and private-purpose trust funds. In addition to the opinion on the City's financial statements included in this report, the State Auditor also issues separate reports on internal control and compliance with laws and regulations that meet the requirements of the Single Audit Act and related OMB Circular A-133. These reports are available in the City's separately issued Single Audit Report.

The accuracy of the City's financial statements and the completeness and fairness of their presentation is the responsibility of City management. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived. Comprehensive written policies support the system and the Office of City Auditor reviews internal accounting controls based upon request or observed need.

Management's discussion and analysis (MD&A) immediately follows the State Auditor's report. It provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal complements the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Seattle was incorporated on December 2, 1869. The City operates under a City Charter adopted on March 12, 1946, providing for a nonpartisan Mayor-Council form of government. The City

Council is composed of nine members elected at large to four-year terms. The City provides the full range of municipal services authorized by its charter and operates four rate-funded utilities.

The City of Seattle is a primary government for financial reporting purposes. Its governing body is elected by the citizens in a general, popular election. This report includes all organizations and activities for which elected City officials exercise financial accountability. Certain organizations created by or related to the City, for which the City is not financially accountable, have been excluded from this report. A joint venture, a component unit, and contingent liabilities, which exist from relationships with organizations created by the City, are included in this report. The notes to the financial statements further discuss the City as a financial reporting entity.

The City provides a full range of services. The City builds and repairs roads and maintains electric, water, solid waste, sewer and drainage services. It provides police and fire protection as well as judicial services. It administers land use policy, and takes an active role in commercial and industrial development and environmental protection. The City designs and maintains many parks and golf courses, coordinates recreation activities, maintains libraries, fosters neighborhood livability, and works to preserve a satisfactory living environment for both the community and individuals.

BUDGETS AND BUDGETARY ACCOUNTING

The City Council approves the City's operating budget. In addition, the City Council annually approves two separate but related financial planning documents: the Capital Improvement Program (CIP) plan and the Community Development Block Grant (CDBG) program allocation.

The operating budget is proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The budget is designed to allocate available resources on a biennial basis among the City's public services and programs and provides for associated financing decisions. On a biennial basis, the annual budget is adopted and the following year's budget is endorsed. The budget appropriates fiscal year expenditures and establishes employee positions by department and fund except for project-oriented, multi-year appropriations made for capital projects, grants, or endowments.

The CIP plan is also proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The CIP is a six-year plan for capital project expenditures and anticipated financing by fund source. It is revised and extended annually. The City Council adopts the CIP as a planning document and appropriates the multi-year expenditures identified in the CIP through the adoption of the annual budget. The CIP is consistent with the City's Comprehensive Plan and includes information required by the State's Growth Management Act.

The CDBG planning process allocates the annual grant awarded by the federal government to City departments and non-City organizations. Although this federally funded program has unique timetables and requirements, the City coordinates it with the annual budget and CIP processes to improve preparation and budget allocation decisions and streamline budget execution.

The adopted budget generally makes appropriations for operating expenses at the budget control level within the departments. Capital projects programmed in the CIP are appropriated in the budget at the program or project level. Grant-funded activities are controlled as prescribed by law and federal or state regulations.

NATIONAL AND LOCAL ECONOMY

U.S. Economy. Analysis by *IHS Global Insight* shows mixed signs from a number of economic indicators. The decline of Gross Domestic Product (GDP) has slowed in the second quarter and is expected to begin to grow slowly in the second half of the year. Nationally, more jobs were lost in June than in May, but employment losses are projected to slow down in the second half of the year. Unemployment may not peak until the first half of 2010, at around 10.3%.

The housing market is showing signs of stabilization but inventory remains high. House prices continue to fall but at a slower pace. The FHFA house price index is expected to drop 9.2% by the end of 2009 compared to a year ago, and by another 6.3% by the end of 2010. Consumer spending in the second quarter was down 0.3% from the first quarter but is expected to grow slowly with support from increases in unemployment insurance and food stamps, reductions in tax withholdings, and a 5.8% social security cost-of-living increase in January. Major risks still remain for the economy, including in finance and banking, as credit conditions remain tight. Continuing slow downs in job losses would be needed to sustain the tentative signs of stabilization.

Puget Sound Region Economy. Puget Sound economy lags the nation by around one quarter. The *Puget Sound Economic Forecaster (PSEF)* published by Dick Conway and Doug Pedersen predicts that regional recovery will begin in the second quarter of 2010. Home sales have stabilized but prices are still falling. Employment is expected to hit bottom in the first quarter of 2010 then grow at 1.7 % annual rate by year end. Total taxable sales are predicted to drop 13.8% this year but are expected to rebound in 2011 and 2012.

In April 2009, the Northwest Multiple Listing Service (NMLS) points to a 15% increase in pending home sales in King County over a year ago as a sign of a bottoming local housing market. April prices for single-family homes in Seattle were down 9.3% over a year ago, and condo prices were down 14.2%. Closed sales were also down 30.0% and 48.5% respectively.

As of May 2009 the regional unemployment rate is 8.4% compared to 9.4% nationally. Seattle-area employment is down about 63,000 from the recent peak in August 2008, a decline of 4.2%.

Seattle real estate excise tax (REET) revenues continue to decline. The first quarter of 2009 had large declines in activity and sale prices. The commercial sector had a year over year -58.1% growth rate in sales transactions leading to a -69.2% change in tax receipts. Only 78 commercial property transactions took place in the first quarter, the lowest number on record dating back to 1982.

INITIATIVES

2009 Budget. Mayor Greg Nickels established four major priorities when he took office seven years ago: get Seattle moving, keep our neighborhoods safe, create jobs and opportunity for all, and build strong families and healthy communities. The 2009 Adopted Budget continues to focus on these priorities, which are generally consistent with goals identified by the City Council in budget priority resolutions.

Public Safety. Public safety is a basic responsibility of City government and is the City's highest priority. Mayor Nickels' neighborhood policing initiative includes a plan to add about 21 patrol officers per year between 2005 and 2012. The 2009 and 2010 Budgets follow through on this commitment, which means the Police Department will have 112 more officers in 2010 than it had in 2005. By adding officers, the City will be able to implement the Neighborhood Policing Plan during this biennium. This plan has

already realigned staffing in geographic sectors to reflect current population and calls for police response. The final step in the plan involves changing officers' shifts to provide more staffing on critical days and times.

A variety of capital projects are under way to support the City's public safety programs. Most notable is the voter-approved Fire Facilities and Emergency Response Levy, which provides partial funding to replace or remodel almost all of the City's fire stations and related facilities. Other City funds, notably the Real Estate Excise Tax (REET), cover the remainder of the costs. The Levy program has already produced a new Fire Station 10, which is co-located with the new Fire Alarm Center and the new Emergency Operations Center. The program has also funded two new fireboats and the refit of the "Chief Seattle" fireboat will begin in 2009. Twenty-one neighborhood fire station projects will be completed or under development in 2009-2010, although some had to be delayed for a few months due to declining REET revenues.

Seattle and several other cities are in the early stages of the process to site a jail for people charged with and convicted of misdemeanors. For more than two decades, King County has housed prisoners for cities. However, the County believes it will run out of jail space early in the next decade, and has informed cities it will no longer accept their misdemeanants at that point. A group of cities in northern and eastern King County are working together to site and build a municipal jail for misdemeanor offenders. Money is included in the 2009 budget to continue these efforts.

Human Services. The demand for human services, such as food assistance and emergency shelter, grows during difficult economic times. The City of Seattle devotes a far higher share of its General Fund budget to such programs than any other city in the state. The 2009 and 2010 Budgets include three significant expansions of current services:

- **Housing First.** The City is a signatory to the 10-Year Plan to End Homelessness in King County. In support of this plan, the City has been providing funds to the Housing First initiative, which provides housing and supporting services to chronically homeless individuals. Approximately 265 units have already been put into service and have proven to dramatically reduce costs for emergency room visits, jail stays, and other public services. The biennial budget provides funding for the capital and operating costs of additional units.
- **Shelter.** Although the 10-Year Plan envisions the reduction of shelter beds as permanent and transitional housing is created, demand for shelter has increased in the last year. The Adopted Budget adds slightly more than \$1.1 million in 2009 for shelter and day-services programs. This money pays for additional shelter facilities and programs, including a site in the South Lake Union area opened in 2008 and a new emergency program for family shelter. It also covers higher costs for some programs that the City has supported in the past but that cannot stay open without additional City funding.
- **Food.** The 2008 Budget included a one-time add of \$400,000 to support food programs. This is removed in the 2009 Budget, but an additional \$829,000 is added in 2009 to assist food programs. This brings total General Fund support for food assistance to \$3.61 million in 2009, compared with \$2.79 million in 2008. The additional money will be targeted to "bulk buy" programs, which purchase food at low prices and distribute it to food banks, and to delivery of meals to seniors and other people who find it difficult to leave their homes.

Some of these additions are covered by reductions in programs that have a lower priority in the Human Services Department's Strategic Investment Plan. Three pilot programs started in 2007 to link public safety and human services efforts are funded in 2009 and will be evaluated that year. The 2010 Endorsed

Budget does not include funding for these programs and thus may need to be modified depending on the results of the evaluation.

Youth Violence Prevention. Mayor Nickels announced the Seattle Youth Violence Prevention Initiative in early September 2008. This initiative recognizes that while crime in Seattle is at a 40-year low, criminal activity by teenage youth has not declined in recent years, and the ready availability of guns has led to several deaths. The initiative will focus new and existing resources in three geographic areas: central, southeast, and southwest Seattle. The program is still in the design phase, but it is expected to include a network in each area that will deliver a wide array of services, including counseling, referrals to job training, and individual and group programming. Staff will perform active outreach to teens in these neighborhoods at greatest risk of perpetrating or being victims of violence. Total funding for the biennium is about \$7.8 million, with \$3.5 million of this total being redirected from existing programs.

Transportation. The City of Seattle has vastly increased funding for transportation projects and maintenance over the last eight years. Much of this is due to “Bridging the Gap,” a program started in 2007 that includes funds from a voter-approved property tax levy, a new commercial parking tax, and a tax on employers for those employees who do not use alternatives to single-occupancy vehicles. The Bridging the Gap program funds a wide range of initiatives, including major capital projects, rehabilitation of bridges, additional transit hours purchased from King County Metro, replacement of traffic signals and signs, street resurfacing, and construction of new bike lanes, trails, and sidewalks.

Completion of the Burke-Gilman Trail has been a longstanding goal for Mayor Nickels. The 2009 and 2010 Budgets include money to build the “missing link” in the trail. This money is generated by using City-issued bonds to fund design and construction in the next two years, with the bonds to be repaid by money already committed from the Parks Levy approved by the voters in November, Bridging the Gap, and King County’s Proposition 2 levy. The same sources of funding will also support further development of the Cheshiahud Lake Union Loop and the Chief Sealth Trail in southeast Seattle.

The 2009 and 2010 Budgets include additional money for two major transportation projects, the Alaskan Way Viaduct Replacement and the expansion and rehabilitation of the Spokane Street Viaduct. A deep bored tunnel under downtown Seattle is the selected option to replace the Alaskan Way Viaduct. The Adopted Budget includes a mix of General Fund, City General Obligation debt, utility funds, and grants to continue the City’s work on project design and utility relocation. The City will implement a parking management strategy and electronic signage to improve access to parking and thus improve traffic flow during construction. The Alaskan Way project also includes continued work to replace the Seawall, including construction of sections to test various options.

The first phase of construction on Spokane Street will build a ramp from eastbound Spokane Street to Fourth Avenue South, which will provide a new option for traffic from West Seattle to downtown during replacement of the Alaskan Way Viaduct. Later phases will widen and strengthen the overhead structure and repave the surface street. This project also is funded with a mix of debt supported by Bridging the Gap revenues, utility funds, and grants.

The commercial parking tax is generating considerably more revenue than was originally expected. This revenue is directed to a variety of programs, but most notably to additional street paving, sidewalk construction, and completion of design for improvements to Linden Avenue North. In total, the Seattle Department of Transportation (SDOT) expects to build about 26 blocks of new sidewalks in 2009 and repave about 20 lane-miles of streets.

Customer Service. Mayor Nickels launched his customer service initiative in 2007 to improve the way the City interacts with its residents and businesses. The Mayor issued the “Customer Bill of Rights” in

September 2008, which lays out expectations for how the City will respond to calls, follow up on requests, and track performance. Several customer service initiatives are under way or have been completed, including improving processes to respond to abandoned vehicles, graffiti, and requests for various types of permits.

This budget reflects the use of the Seattle Public Utilities call center to begin to handle a wider range of calls, and includes support for the call center from the General Fund to cover the appropriate share of costs. The budget also includes a technology project to convert City email and related software to a more effective system and add customer relations improvements.

Utilities. Seattle operates four utilities organized in two departments. Seattle City Light (SCL) provides electrical service to Seattle and surrounding areas. Seattle Public Utilities (SPU) houses three utilities that provide water, solid waste, and drainage and wastewater services. Together, the two departments account for 53% of the City's overall 2009 budget.

City Light has dramatically improved its financial situation since the West Coast power crisis in 2000 and 2001. The utility's debt-to-capitalization ratio has been lowered from 85% in 2001 to 65.9% in 2008. There is no rate increase for 2009 and rates are approximately 12% lower than they were in 2004.

The utility expands its conservation program as part of its 2009 budget. This is a major factor in achieving Mayor Nickels' goal to reduce the production of greenhouse gases and achieve the goals set out in the Kyoto Protocol. The expanded conservation program is expected to double energy savings over previous plans.

City Light will continue to invest in improved capital facilities and maintenance. The utility started its asset management program in 2008 and undertakes a pole condition inventory starting in 2009. SCL will continue to work with the Department of Information Technology to study the potential of an automated meter network, possibly combined with a citywide broadband system or other communications infrastructure. The City is seeking federal economic recovery funds to support the automated metering project.

SPU implemented new solid waste collection contracts in 2009. Residents now have three separate services: recycling, organics, and garbage. The major change is to provide weekly collection of organics, which include yard waste and all types of food waste. This program is a key step in reaching the City's goal to recycle more than 60% of the waste stream.

SPU has several major capital projects underway that continue in the 2009-2010 biennium. The water utility will continue its program to bury reservoirs. The Parks Department has its own funding to plan parks on top of the buried reservoirs in conjunction with SPU's projects. Covering the reservoirs will add 76 acres of open space. The drainage and wastewater utility will continue design and construction of a detention facility to solve the longstanding flooding problems in the Madison Valley neighborhood. The solid waste utility will continue its program to replace the north and south transfer stations.

General Government Capital Programs. The City has longstanding policies to provide adequate funding to maintain the existing facilities and systems of general government departments, including Parks, Seattle Center, the Library, and Fleets and Facilities. These asset preservation programs are funded mostly from revenues from the Real Estate Excise Tax (REET) that are deposited in the Cumulative Reserve Subfund (CRS). REET is a 0.5% tax on any sale of property within the city. REET revenues grew steadily throughout the decade as the commercial and residential real estate markets soared. REET reached an unprecedented level of \$73 million in 2007, with much of this peak being due to a major commercial real estate portfolio being sold twice during the year.

The 2008 Adopted Budget expected about \$51 million in REET revenue. However, there were very few commercial real estate transactions that year and the residential market slowed significantly, even though the Seattle market has performed far better than in most other metropolitan areas. As a result, the REET forecast was lowered dramatically and the Mayor made mid-year cuts to rebalance the 2008 CRS budget. The forecast used for the 2009 Budget predicted only modest growth to \$32 million in 2009. When it became clear early in the year that even this forecast was too optimistic, further cuts in REET spending were made.

These lower revenue figures limit the number and scope of general government capital projects that can be pursued. The Mayor and City Council made it a priority to continue spending on regular asset preservation projects, such as roof repairs, safety programs, and projects to reduce utility consumption. The Adopted Budget includes the Mayor's commitment to add one artificial turf field each year to the parks system. Fields with artificial turf can be used far more than grass or sand fields in Seattle's climate, and are also less costly to maintain.

Two significant new facilities are supported by debt that is included in the 2009 budget. A total of \$10.6 million is proposed to complete acquisition and development of the new Northgate Park. This park will be built on the site of a King County Metro Park and Ride facility that is moving to a new location in the spring of 2009. This project also includes improvements to sidewalks and medians on the adjoining Fifth Avenue Northeast. The 2009 budget includes \$4.5 million to fund design of a new Rainier Beach Community Center as well. Additional funding for this facility will be available from the Parks Levy.

Two major voter-approved capital programs neared completion in 2008. The Libraries for All bond measure replaced or remodeled all the City's libraries and added four new ones. The last facility project, the remodeling of the Magnolia Library, was finished in 2008. The ProParks Levy expired in 2008 and has funded the purchase, development, and rehabilitation of parks and open space throughout the city. Some funds remain to be spent in 2009. The new Parks Levy approved by voters in November will continue many of these efforts.

SDOT also receives money from REET. As with other departments, SDOT's 2009 and 2010 REET funding is focused on basic maintenance programs, such as bridge repainting, street resurfacing, and safety programs.

Environmental Protection. The City of Seattle has been a leader in environmental protection for more than three decades. The 2009-2010 Budget continues this commitment. As noted previously, City Light will expand its energy conservation program and the City's other efforts to reduce greenhouse gases will continue. The Department of Planning and Development and the Office of Sustainability and Environment will continue to lead the "green building" effort, which helps public and private building owners build and remodel facilities in ways that reduce carbon footprints. The City's vehicle fleet is continuing to shift away from oil-based fuels to include hybrid and electric vehicles. City departments are exceeding the 2-for-1 tree replacement policy that is designed to help restore tree cover in the city.

KeyArena Settlement. The National Basketball Association's Seattle Sonics were the prime tenant of KeyArena (formerly the Seattle Center Coliseum) since the team was formed. In October 2006, the team was sold to a group of investors based in Oklahoma City. The new ownership took steps to break its lease at KeyArena so the team could relocate to Oklahoma City. In August 2008, the City and the ownership group settled the resulting litigation. The settlement provided a \$45 million payment to the City in exchange for the team being able to void the last two years of its lease. The City will receive an additional

\$30 million in five years if the state government has provided a revenue source for the proposed remodeling of KeyArena in 2009 and if no NBA team has started play in Seattle by that time.

The City Council approved legislation in conjunction with the budget that directed the use of the settlement funds:

- \$34.2 million to defease the existing City debt related to KeyArena. These funds will be placed in escrow to make the remaining principal and interest payments on the bonds. This would eliminate the debt used to pay for the remodel of KeyArena in 1994.
- \$2.8 million to pay legal fees incurred during the City's litigation with the team.
- \$1.4 million to cover General Fund revenue losses in 2008. This reflects the amount of money the General Fund was projected to receive in the fourth quarter of 2008 from Sonics-related revenues.
- \$250,000 to offset revenue losses at Seattle Center in 2009. The late departure of the Sonics meant that the Center did not have the opportunity to book replacement events on many dates. No funds are provided for 2010 because the Center should have time to book events into the building.
- \$2.3 million for capital improvements to KeyArena. The basic structure of KeyArena was built for the Seattle World's Fair in 1962, and the building was extensively remodeled in 1994. As the facility ages, investment in asset preservation projects and new technologies is needed. This money will be spread over the 2008-2010 period.
- \$1.1 million for site improvements at the former Fun Forest location. The Fun Forest amusement park will close at the end of 2009. The Seattle Center Century 21 Master Plan has an ambitious design to reuse this space, but funding will not be available until mid-2011 at the earliest. The money from the Sonics settlement will support site clearing and interim facilities for this space. To the extent possible, the interim improvements will be designed to fit into the Century 21 plan.
- \$1.5 million for the Theater Commons development. The Theater Commons is a long-envisioned project to improve open spaces in the northwest portion of the Seattle Center campus. It is included in the Century 21 plan. The City needs to proceed with the project in the next biennium or it will lose a substantial grant for the project.
- \$1.5 million to offset General Fund support for Seattle Center's operating budget, including two staff positions to continue to develop the Century 21 plan.

Many of these transactions occurred in 2008. Some funds are appropriated in 2009 for Seattle Center's operations and capital projects, and remaining funds are proposed to be appropriated for similar purposes in the 2010 budget.

Race and Social Justice. Mayor Nickels continues to emphasize his Race and Social Justice Initiative, which is intended to assure that all Seattle residents have access to services. The 2009-2010 Adopted Budget includes several new programs focused on immigrants and communities of color. For example, the budget for the Department of Neighborhoods includes \$40,000 to help pay for translations of important City documents into languages commonly spoken by immigrants, plus \$50,000 to support a Hispanic Information Center/Centro de Información Hispano in the South Park neighborhood.

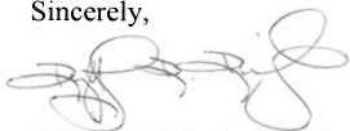
In addition to these specific initiatives, the overall approach to developing the 2009-2010 Budget required staff and decision makers to consider potential race and social justice implications of proposals. Final budget decisions were influenced by these considerations to make sure all communities were treated fairly in the budget process.

CERTIFICATE OF ACHIEVEMENT

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 Seattle for its comprehensive annual financial report for the fiscal year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

I would like to express my appreciation to the entire staff of Accounting Services, other members of the Department of Executive Administration, and other City departments who contributed to the preparation of this report. Finally, I thank you for your interest and continuing support in planning and conducting the City's financial operations in a responsible manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight D. Dively". The signature is fluid and cursive, with a large loop at the end.

Dwight D. Dively, Director
Department of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Seattle
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R. R. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

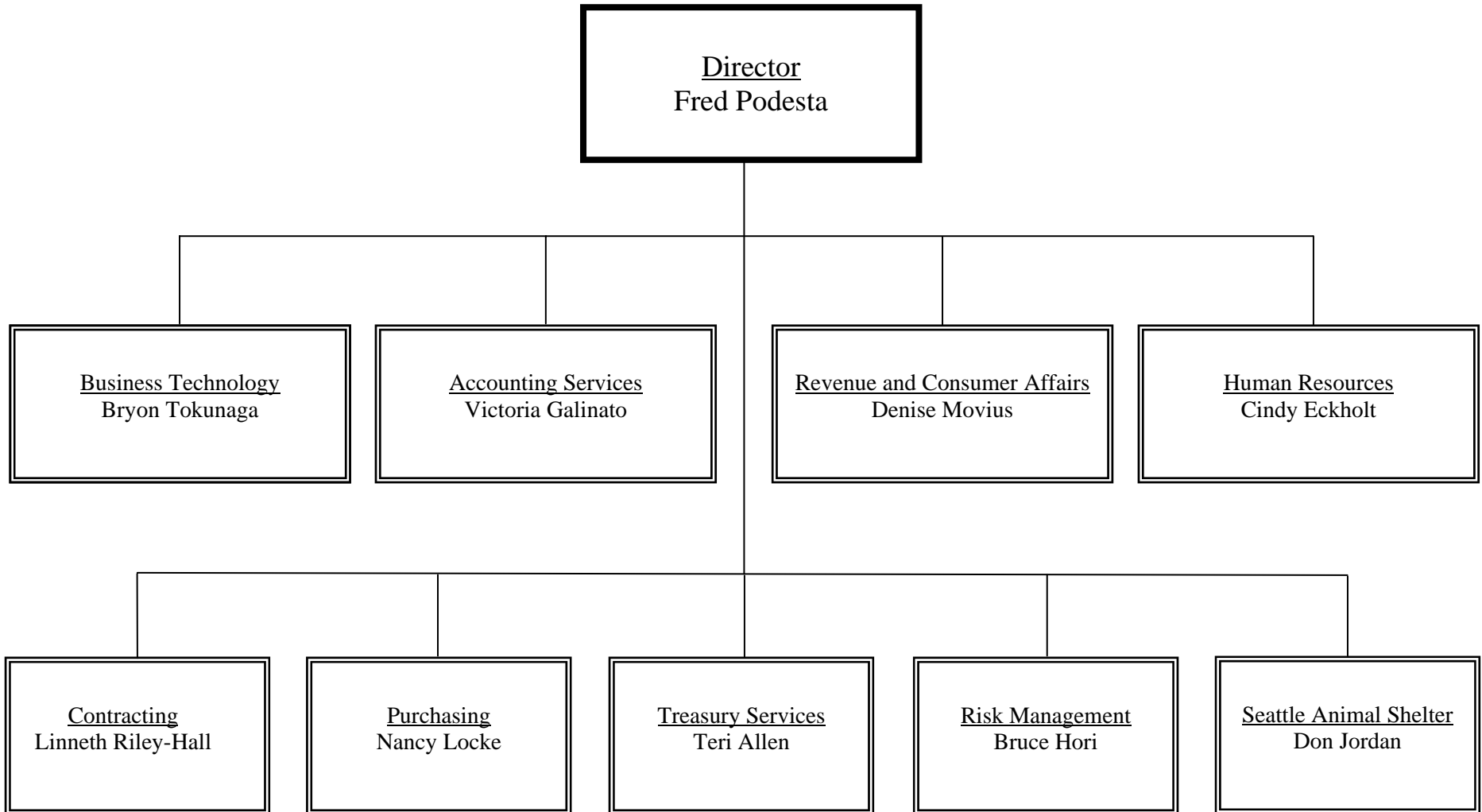
Executive Director

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 Seattle for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2007. This was the twenty-eighth consecutive year that the government 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 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 Programs requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

City of Seattle

DEPARTMENT OF EXECUTIVE ADMINISTRATION



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Financial Section

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Washington State Auditor Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

July 30, 2009

Mayor and City Council
City of Seattle
Seattle, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Seattle, King County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following funds:

- The Light Fund, Water Fund, and Drainage and Wastewater Fund, which are major funds that collectively represent 95 percent, 98 percent, and 89 percent, respectively, of the assets, net assets, and revenues of the business-type activities.
- The financial statements of the Solid Waste Fund, which represent 3 percent, 1 percent, and 8 percent, respectively, of the assets, net assets, and revenues of the business-type activities, and 8 percent, 1 percent, and 15 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component unit and remaining fund information.
- The financial statements of the Seattle City Employees' Retirement System, which represent 65 percent, 88 percent, and 15 percent, respectively, of assets, net assets, and revenues of the aggregate discretely presented component unit and remaining fund information.

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Light, Water, Solid Waste, and Drainage and Wastewater funds and the Seattle City Employees' Retirement System are based solely on the reports of the other auditors. The partial prior year comparative information has been derived from the City's 2007 financial statements and, in our report dated June 30, 2008, based on our audit and the reports of other auditors, we expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information.

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. The financial statements of the Water, Solid Waste, and Drainage and Wastewater funds and the Seattle City Employees' Retirement System were not audited in accordance with *Government Auditing Standards*. 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, 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 discretely presented component unit and remaining fund information of the City of Seattle, King County, Washington, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated July 30, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 7 through 26, budgetary comparison information on pages 135 through 138 and pension trust fund information on pages 139 through 141 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund and other supplementary information on pages 147 through 217 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, 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 Section, Statistical Section and Capital Assets information on pages 221 through 224 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Seattle (City) presents this Management's Discussion and Analysis (MD&A) of its financial activities for the fiscal year ended December 31, 2008. This discussion and analysis focuses on significant financial issues, provides an overview of the City's financial activity, highlights significant changes in the City's financial position, and identifies material variances between the approved budget and actual spending.

The City encourages readers to consider the information presented here in conjunction with additional information provided in its letter of transmittal.

FINANCIAL HIGHLIGHTS

- At the end of fiscal year 2008 the assets of the City of Seattle exceeded its liabilities by \$4.009 billion. Net assets invested in capital assets (net of depreciation and related debt) account for 82.6 percent of this amount (\$3.312 billion). The remaining net assets of \$696.7 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$269.4 million (7.2 percent) during the fiscal year. The governmental net assets increased by \$121.4 million (4.8 percent) over the amount reported in 2007. Business-type net assets increased by \$148.1 million (12.2 percent). The business-type increase included net income of \$131.6 million for City Light, \$0.5 million for the Water Utility, net income of \$12.5 million for Drainage and Wastewater Utility, and \$3.4 million for nonmajor funds. The balance of the offset is the result of the consolidation of the Internal Service Funds' activities related to the Enterprise Funds.
- At the close of 2008 the City's governmental funds reported a combined ending fund balance of \$629.3 million, an increase of \$37.5 million (6.3 percent). Of the major funds, the fund balance of the General Fund decreased \$55.6 million, the Transportation Fund increased \$9.2 million, and the Low-Income Housing Fund increased by \$6.4 million. The fund balances of the nonmajor governmental funds increased by \$77.5 million. The nationwide economic downturn had an impact on the City's tax revenues which decreased \$22.7 million (2.4 percent). Approximately \$227.5 million (36.2 percent) of the combined ending fund balance is unreserved fund balance available to the City for discretionary spending.
- At the end of 2008 the unreserved fund balance for the General Fund was \$131.1 million or 18.3 percent of total General Fund expenditures of \$714.9 million. The General Fund's unreserved fund balance decreased by approximately \$66.6 million from the prior year's amount of \$197.7 million, reflecting significant decreases in taxes and program income and interest, and the continued level of operating expenditures.
- The City's total outstanding bonded debt increased by approximately \$442.4 million (13.1 percent) to \$3.830 billion during the current fiscal year. During the year, general obligation bonded debt for limited tax (LTGO) and unlimited tax (UTGO) decreased by \$44,000 while the total revenue bonds increased by \$442.5 million. On the special assessment bonds the City issued in 2006 for the design and construction of the South Union Streetcar and backed by the collection of assessments from property owners within the local improvement district, a bond maturity and call payment of \$1.3 million (6.5 percent) in 2008 reduced the bonds outstanding further to \$19.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the City of Seattle's basic financial statements which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of the City's finances in a manner similar to that of private-sector business.

The **Statement of Net Assets** presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the City's financial health.

The **Statement of Activities** presents changes in net assets during the current reporting period. All changes to net assets are reported as of the date of the underlying event, rather than when cash is received or disbursed. Thus, some reported revenues and expenses result in cash flows in future periods. The Statement of Activities focuses on both the gross and the

net cost of the various activities of the City. The report summarizes and simplifies analysis of the revenues and expenses of the various City activities and the degree to which activities are subsidized by general revenues.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government activities, judicial activities, public safety, physical environment, transportation, economic environment, health and human services, and culture and recreation. The business-type activities of the City include an electric utility, a water utility, a waste disposal utility, a sewer and drainage utility, construction and land use operations, and parking facilities.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories of City funds: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in the governmental funds. These statements, however, focus on cash and other assets that can readily be converted to available resources, as well as any balances remaining at year-end. Such information is useful in determining what financial resources are available in the near future to finance the City's programs.

Readers may better understand the long-term impact of the government's near-term financing decisions by comparing the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison.

The City maintains numerous governmental funds that are organized according to type (general, special revenue, debt service, capital projects, and permanent funds). Information for the three major governmental funds is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances; information for the nonmajor funds is presented in the aggregate. The City's major governmental funds are the General Fund, Transportation Fund, and Low-Income Housing Fund. Information for each of the nonmajor governmental funds is provided in the combining statements in this report.

Proprietary funds account for services for which the City charges outside customers and internal City departments. Proprietary funds provide the same information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** report the same functions presented as business-type activities in the government-wide financial statements. The proprietary funds financial statements provide separate information for the Seattle City Light Fund, Water Fund, and the Drainage and Wastewater Fund, which are considered to be major enterprise funds. Information for nonmajor enterprise funds is presented in the aggregate. Information for each of the nonmajor enterprise funds is provided in the combining statements in this report.
- **Internal service funds** report activities that provide supplies and services for various City programs and activities. The City uses internal service funds to account for its fleets and facilities services, information technology services, and engineering services. Because these services largely benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. The internal service funds are combined into a single aggregated presentation in the proprietary funds financial statements. Information for each of the internal service funds is provided in the combining statements in this report.

Proprietary funds statements follow the governmental funds statements in this report.

Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support City programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City's fiduciary funds include the Employees' Retirement Fund, the Firemen's Pension Fund, the Police Relief and Pension Fund, the S. L. Denny Private-Purpose Trust Fund, and various agency funds.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the financial statements. They provide additional disclosures that are essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements in this report.

Required Supplementary Information

This report also contains other required supplementary information (RSI) on budgetary comparisons for major governmental funds and pension plan funding.

Combining Statements

The combining statements referred to earlier in connection with the nonmajor funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. Table A-1 is a condensed version of the statement of net assets for the City of Seattle. At the close of the current fiscal year the City's total assets exceeded liabilities by \$4.009 billion.

Statement of Net Assets

Table A-1

CONDENSED STATEMENT OF NET ASSETS

(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	Restated 2007	2008	Restated 2007	2008	Restated 2007
Current and Other Assets	\$ 1,220,441	\$ 1,172,215	\$ 1,399,274	\$ 934,389	\$ 2,619,715	\$ 2,106,604
Capital Assets and Construction in Progress, Net of Accumulated Depreciation	2,866,199	2,744,196	3,480,050	3,297,785	6,346,249	6,041,981
Total Assets	4,086,640	3,916,411	4,879,324	4,232,174	8,965,964	8,148,585
Current Liabilities	240,768	226,541	427,874	298,654	668,642	525,195
Noncurrent Liabilities	1,195,545	1,160,893	3,092,584	2,722,705	4,288,129	3,883,598
Total Liabilities	1,436,313	1,387,434	3,520,458	3,021,359	4,956,771	4,408,793
Net Assets						
Invested in Capital Assets, Net of Related Debt	2,184,161	2,011,575	1,128,319	967,028	3,312,480	2,978,603
Restricted	271,204	194,617	63,913	48,562	335,117	243,179
Unrestricted	194,962	322,785	166,634	195,225	361,596	518,010
Total Net Assets	\$ 2,650,327	\$ 2,528,977	\$ 1,358,866	\$ 1,210,815	\$ 4,009,193	\$ 3,739,792

The largest portion of the City's net assets (82.6 percent) reflects an investment of \$3.312 billion in capital assets, such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay the debt must be provided from other sources, as capital assets cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$335.1 million (8.4 percent), represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets, \$361.6 million (9.0 percent), may be used to meet the government's obligation to citizens and creditors. Unrestricted net assets for governmental activities decreased 39.6 percent from \$322.8 million in 2007 to \$195.0 million in 2008.

The net assets for the business-type activities increased between 2007 and 2008 from \$1.211 billion to \$1.359 billion. The increase in net assets is attributed primarily to the performance of the City Light Utility, which in 2008 generated \$877.4 million in charges for services and other revenues, up from \$832.5 million in 2007. City Light generated an operating income of \$146.7 million.

Table A-2

**CHANGES IN NET ASSETS RESULTING FROM
CHANGES IN REVENUES AND EXPENSES**
(In Thousands)

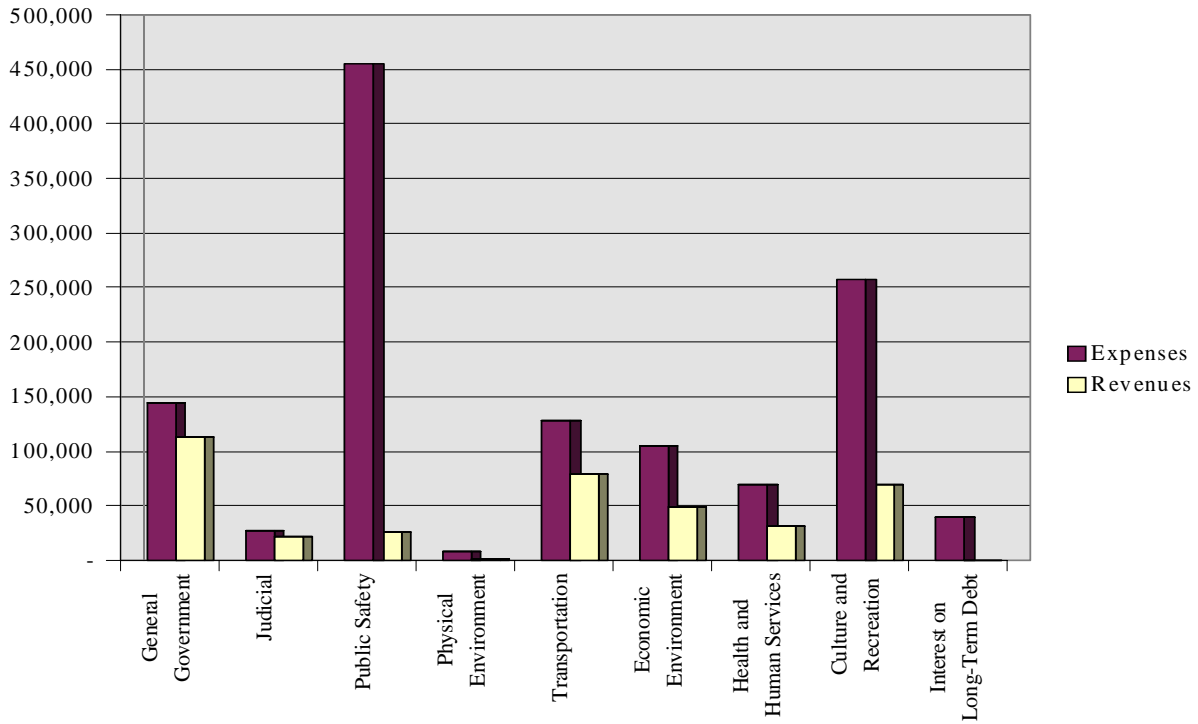
	Governmental Activities		Business-Type Activities		Total	
	2008	Restated 2007	2008	Restated 2007	2008	Restated 2007
Revenues						
Program Revenues						
Charges for Services	\$ 263,746	\$ 224,256	\$ 1,426,864	\$ 1,368,974	\$ 1,690,610	\$ 1,593,230
Operating Grants and Contributions	95,236	93,182	4,099	6,207	99,335	99,389
Capital Grants and Contributions	31,527	31,577	81,425	53,063	112,952	84,640
General Revenues						
Property Taxes	368,515	359,651	-	-	368,515	359,651
Sales Taxes	171,917	171,846	-	-	171,917	171,846
Business Taxes	330,369	332,238	-	-	330,369	332,238
Other Taxes	63,896	93,959	-	-	63,896	93,959
Other	39,601	34,047	15,238	19,382	54,839	53,429
Total Revenues	1,364,807	1,340,756	1,527,626	1,447,626	2,892,433	2,788,382
Expenses						
Governmental Activities						
General Government	143,855	103,324	-	-	143,855	103,324
Judicial	26,762	24,030	-	-	26,762	24,030
Public Safety	455,701	396,669	-	-	455,701	396,669
Physical Environment	7,707	9,991	-	-	7,707	9,991
Transportation	127,872	124,493	-	-	127,872	124,493
Economic Environment	104,660	98,337	-	-	104,660	98,337
Health and Human Services	69,181	63,275	-	-	69,181	63,275
Culture and Recreation	257,578	224,454	-	-	257,578	224,454
Interest on Long-Term Debt	39,336	34,048	-	-	39,336	34,048
Business-Type Activities						
Light	-	-	791,837	764,786	791,837	764,786
Water	-	-	180,855	169,631	180,855	169,631
Drainage and Wastewater	-	-	231,318	225,833	231,318	225,833
Solid Waste	-	-	120,941	119,714	120,941	119,714
Planning and Development	-	-	56,882	56,139	56,882	56,139
Downtown Parking Garage	-	-	8,545	8,336	8,545	8,336
Total Expenses	1,232,652	1,078,621	1,390,378	1,344,439	2,623,030	2,423,060
Excess Before Transfers	132,155	262,135	137,248	103,187	269,403	365,322
Transfers	(10,803)	(10,612)	10,803	10,612	-	-
Increase in Net Assets	121,352	251,523	148,051	113,799	269,403	365,322
Net Assets - Beginning of Year	2,528,975	2,277,452	1,210,815	1,097,016	3,739,790	3,374,468
Net Assets - End of Year	\$ 2,650,327	\$ 2,528,975	\$ 1,358,866	\$ 1,210,815	\$ 4,009,193	\$ 3,739,790

Analysis of Changes in Net Assets

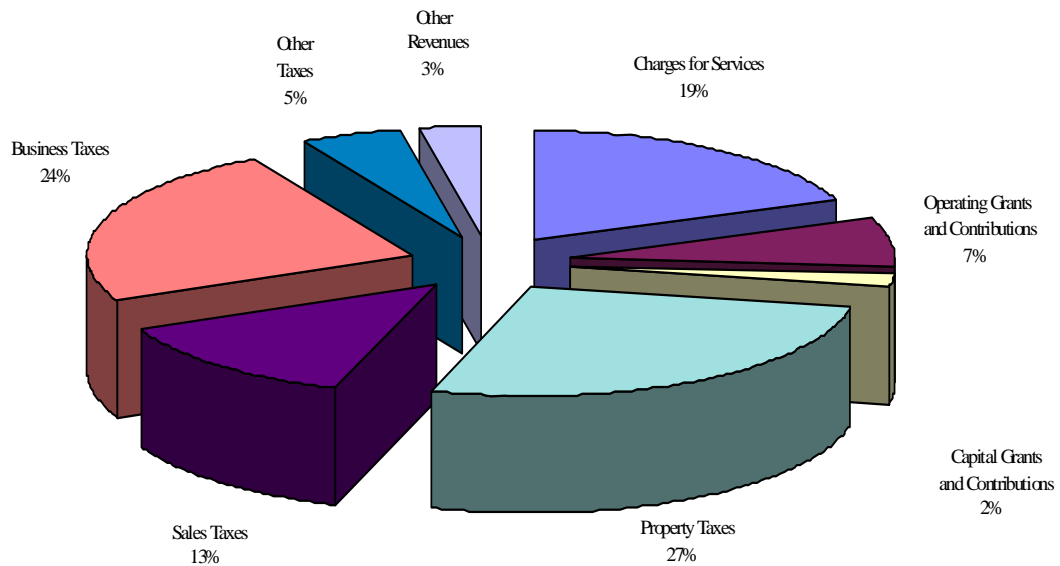
In 2008 the City's total net assets increased by \$269.4 million (7.2 percent). The increase is explained in the following discussion of governmental and business-type activities.

Governmental Activities

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
(In Thousands)



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Total \$1,364.8 Million

Governmental Activities. The charts on the previous page present the City's governmental expenses and revenues by function and its revenue by source. Public safety is the largest governmental expense of the City, followed by culture and recreation, general government, transportation, economic environment, health and human services, judicial, and physical environment. General revenues such as the property, business, and sales taxes are not shown by function because they are used to support Citywide program activities. Governmental activities increased the City's net assets by \$121.4 million in 2008 compared to an increase of \$251.5 million in 2007. Key factors in the change are as follows:

In 2008 total revenues for governmental activities were \$1.365 billion, \$24.1 million or 1.8 percent higher than 2007.

Program revenue related to services increased by \$39.5 million or 18.0 percent in 2008. Revenue from licenses and permits were up overall with a significant increase in cable franchise fees and street use permit fees. Revenues for various recreational activities and concessions increased as did parking and building and space rental revenues.

Revenue generated by grants and contributions decreased by \$2.0 million in 2008. While 2008 operating grants increased by only 2.2 percent, capital grants decreased by 0.2 percent compared to 2007.

Property taxes, the largest source of revenue supporting governmental activities, increased by \$8.9 million or 2.5 percent compared to 2007. Property tax is levied primarily on real estate owned by individuals and businesses. State law limits growth in the amount of tax that a jurisdiction can collect but does allow for additional voter approved lid lifts.

The retail sales and use (sales) tax is imposed on the sale of most goods and certain services in Seattle. The tax is collected and remitted to the state. The state provides the City with its share on a monthly basis. Sales tax revenues remained relatively constant between 2007 and 2008 holding at \$172.0 million.

Business taxes are the second largest contributor to governmental revenues. The business and occupation (B&O) tax, the major business tax, is levied by the City on the gross receipts of most business activities occurring in Seattle. The City also levies a B&O tax on the gross income derived from sales of utility services within Seattle. In 2008 B&O tax revenues remained constant, decreasing by only \$1.9 million or 0.6 percent.

Other tax revenues decreased \$30.1 million during 2008. Seattle's extraordinary activity in the commercial real estate market came to an end in 2008. The revenue from real estate excise taxes decreased by \$40.7 million from \$77.0 million in 2007 to \$36.3 million in 2008.

Other revenues significantly increased in 2008 from \$891 thousand to \$15.3 million, resulting from the one-time sale of properties in 2008.

Also contributing to the change in revenues, investment earnings went down by \$7.4 million (23.0 percent) in 2008. The rate of return for investments decreased from an average of 5.1 percent in 2007 to an average of 3.9 percent in 2008.

In 2008 total expenses for governmental activities were \$1.233 billion compared to \$1.079 billion in 2007, \$154.0 million or 14.3 percent higher than 2007's expenses. General government expenses went up \$40.5 million, a 39.2 percent increase over 2007.

Public safety expenses increased \$59.0 million, a 14.9 percent increase over 2007. The increase is attributed to several factors: staffing increases at both the Police and Fire Departments, a cost-of-living salary adjustment, increased overtime and employee benefit expenses, and cost increases for technical and professional services.

Judicial expenses went up \$2.7 million or 11.4 percent. In addition to the cost-of-living salary adjustment and health care increases, staff was added to implement the Seattle Justice Information System's handheld ticketing devices data exchanges between the Court and Seattle Police Department. The Municipal Court also added probation staff to increase the supervision of probationers and in support of its expanded menu of alternatives to incarceration.

Physical environment expenses decreased \$2.3 million, a 22.9 percent decrease compared to 2007. In addition to the Citywide adjustments to labor costs and changes in inflation assumptions for other costs, expenses went up due to additional programs and staffing within the Revenue and Consumer Affairs Division of the Department of Executive Administration. Staff was added to improve customer wait times, alleviate backlogs in processing City tax payments, and attend to other customer service needs. The Licensing Operations Unit's budget also increased to implement a commercial recycling licensing program.

Transportation expenses increased \$3.4 million, a 2.7 percent increase compared to 2007. The overall level of expenditures is cyclical in nature as the majority of these are for capital projects. For capital spending, major projects are in the initial

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planning and development phases and have yet to commence major construction; these projects include the Alaskan Way Viaduct and Seawall Replacement projects.

Economic environment expenses went up by \$6.3 million or 6.4 percent. The Office of Housing increased expenses by \$0.8 million for the multifamily production and preservation program. The Office of Economic Development added one position and increased expenses by \$0.8 million in its work force development program.

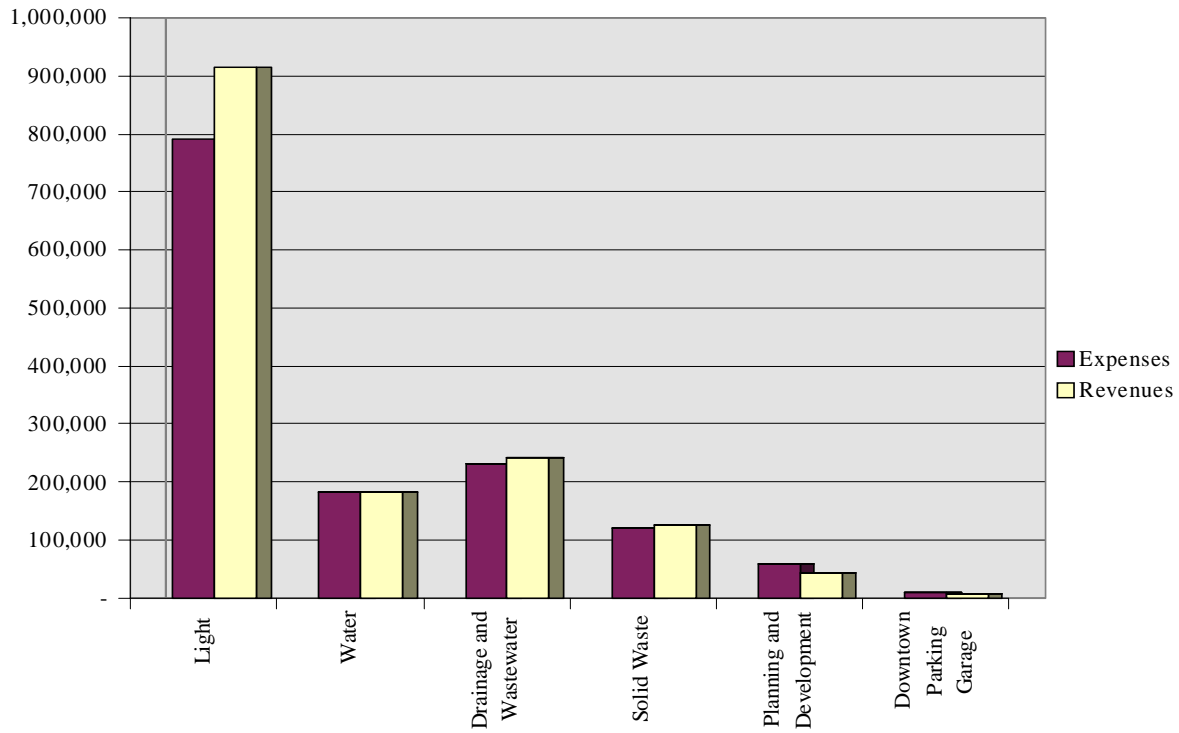
Health and human services expenses showed an increase of \$5.9 million or 9.3 percent. The Educational Development Services levy which is supported by multiple departments increased expenses by \$0.5 million. The increase of \$5.0 million in the Human Services Department is mainly due to changes in the Aging and Disability Services programs.

At \$257.6 million, culture and recreation expenses were up \$33.1 million in 2008 or 14.8 percent higher than 2007. Library's expenses increased approximately \$4.0 million, mainly for increasing the library's public book collections and operating new or remodeled facilities. Expenses for the Department of Parks and Recreation increased \$8.6 million primarily due to the opening of new facilities, new community center hours, and the expansion of specialized programs.

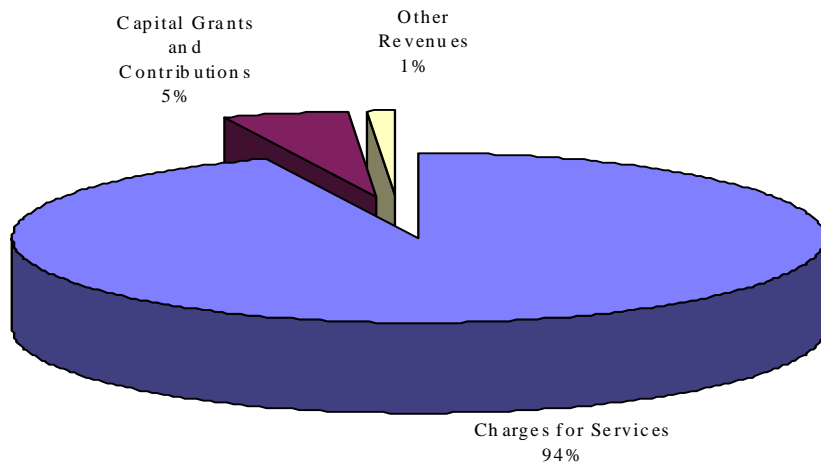
In July 2008 the City issued LTGO bonds in the amount of \$139.8 million; a portion of the bond proceeds were used to defease the LTGO 96C bonds for \$5.6 million and the LTGO 96 D bonds for \$51.9 million and a portion to finance capital improvement projects. The City's total outstanding general obligation bonded debt decreased \$44,000 to \$785.7 million during the current fiscal year. Interest on long-term debt went up by \$5.3 million or 15.5 percent for 2008.

Business-Type Activities

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES
(In Thousands)



REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



Total \$1,527.6 Million

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Business-Type Activities. Business-type activities increased the City's net assets by \$148.0 million to \$1.359 billion, an increase of 12.2 percent. In addition an adjustment of \$2.7 million was made to reflect the consolidation of internal service fund activities related to enterprise funds. Key factors for the change were as follows:

The City Light Utility realized a net increase of \$131.6 million in net assets in 2008; an increase of \$10.8 million compared to net income of \$120.8 million in 2007, as restated, was due to higher retail revenues and lower Bonneville Power Administration (BPA) costs, primarily as a result of colder temperatures experienced in the earlier and later parts of the year and substantial cash payments from BPA for the Residential Exchange Program. The increase in operating revenues was higher or more than offset the increase in operating expenses.

The Water Utility experienced an increase of \$0.5 million in net assets in 2008. Operating revenues increased by \$4.2 million mainly due to an increase in retail services. Operating expenses increased by \$8.2 million due to several factors, the most significant of which was a \$3.2 million increase in depreciation. This resulted from an increase in capital assets which began depreciating during 2008. Additional expenses were incurred for tank improvements, security and emergency management programs, and claims. Capital contributions and grants revenue increased by \$10.0 million in 2008, primarily from the receipt of infrastructure assets donated by Sound Transit.

The Drainage and Wastewater Utility net assets increased \$12.5 million in 2008. Operating revenues increased by \$21.7 million primarily due to rate increases for both wastewater and drainage services. The increase was offset by a rise in operating expenses of \$8.5 million, including a \$2.2 million increase in tax expense due to higher revenues and a \$3.3 million increase in depreciation expense for capital assets that began depreciating in 2008. Contributions and grants funding increased by \$20.7 million in 2008, primarily from the receipt of infrastructure assets donated by Sound Transit.

The Solid Waste Utility net assets increased \$6.6 million 2008. Operating revenues increased by \$2.4 million mainly due to rate increases in 2008. The revenue increase was offset by an increase of \$0.9 million in operating expenses.

The Planning and Development Fund net assets decreased by \$1.3 million in 2008 as compared to an increase of \$5.5 million in 2007. Operating revenues decreased by \$6.3 million mainly due to a significant decline in building construction revenues in 2008. Operating contributions and grants increased by \$0.4 million and transfers in from other City funds increased by \$0.2 million. The increases were offset by a rise in operating expenses of \$0.7 million. Investment income declined by \$0.3 million in 2008.

The Downtown Parking Garage Fund experienced a decrease of \$2.0 million in net assets.

FINANCIAL ANALYSIS OF CITY FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Table A-3 REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY

GOVERNMENTAL FUNDS

(In Thousands)

	Major Funds					
	General Fund		Transportation Fund		Low-Income Housing Fund	
	2008	2007	2008	2007	2008	2007
Revenues						
Taxes	\$ 745,455	\$ 770,140	\$ 54,787	\$ 43,455	\$ 11,725	\$ 11,849
Licenses and Permits	18,269	22,680	10,036	9,821	-	-
Grants, Shared Revenues, and Contributions	19,725	18,916	34,279	33,490	8,059	7,601
Charges for Services	62,547	64,750	25,336	30,638	35	18
Fines and Forfeits	22,110	19,497	10	10	-	-
Parking Fees and Space Rent	20,625	21,360	63	73	27	27
Program Income, Interest, and Miscellaneous Revenues	25,932	41,390	389	838	15,070	17,514
Total Revenues	<u>914,663</u>	<u>958,733</u>	<u>124,900</u>	<u>118,325</u>	<u>34,916</u>	<u>37,009</u>
Expenditures	714,897	633,766	196,988	191,859	30,606	25,913
Other Financing Sources and Uses						
Long-Term Debt Issued and Refunding Payments, Net	-	-	-	-	-	-
Sales of Capital Assets	373	3,868	-	-	32	-
Transfers In (Out)	(255,757)	(243,105)	81,329	86,392	2,074	-
Total Other Financing Sources and Uses	<u>(255,384)</u>	<u>(239,237)</u>	<u>81,329</u>	<u>86,392</u>	<u>2,106</u>	<u>-</u>
Fund Balances						
Reserves Legally Segregated for Future Use	139,067	123,935	32,602	23,361	17,228	53,108
Reserves Not Available for Appropriation	1,258	5,415	2	2	-	-
Unreserved	131,085	197,678	-	-	52,773	10,477
Total Fund Balances	<u>\$ 271,410</u>	<u>\$ 327,028</u>	<u>\$ 32,604</u>	<u>\$ 23,363</u>	<u>\$ 70,001</u>	<u>\$ 63,585</u>

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Table A-3

REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY

GOVERNMENTAL FUNDS (continued)

(In Thousands)

	Nonmajor Funds			
	Special Revenue Funds		Debt Service Funds	
	2008	2007	2008	2007
Revenues				
Taxes	\$ 58,733	\$ 56,081	\$ 20,592	\$ 26,206
Licenses and Permits	786	938	-	-
Grants, Shared Revenues, and Contributions	64,606	61,882	2	2
Charges for Services	54,852	53,448	-	-
Fines and Forfeits	3,452	3,194	-	-
Parking Fees and Space Rent	16,771	16,188	248	259
Program Income, Interest, and Miscellaneous Revenues	52,598	11,782	1,088	1,459
Total Revenues	<u>251,798</u>	<u>203,513</u>	<u>21,930</u>	<u>27,926</u>
Expenditures	362,041	335,293	118,300	97,708
Other Financing Sources and Uses				
Long-Term Debt Issued and Refunding Payments, Net	-	-	246	147
Sales of Capital Assets	3	479	-	-
Transfers In (Out)	116,138	141,418	95,232	69,170
Total Other Financing Sources and Uses	<u>116,141</u>	<u>141,897</u>	<u>95,478</u>	<u>69,317</u>
Fund Balances				
Reserves Legally Segregated for Future Use	11,862	23,914	15,104	15,996
Reserves Not Available for Appropriation	11,399	7,902	-	-
Unreserved	43,564	29,112	-	-
Total Fund Balances	<u>\$ 66,825</u>	<u>\$ 60,928</u>	<u>\$ 15,104</u>	<u>\$ 15,996</u>

	Nonmajor Funds				Total Governmental Funds	
	Capital Projects Funds		Permanent Funds		2008	2007
	2008	2007	2008	2007		
Revenues						
Taxes	\$ 43,252	\$ 49,510	\$ -	\$ -	\$ 934,544	\$ 957,241
Licenses and Permits	-	-	-	-	29,091	33,439
Grants, Shared Revenues, and Contributions	7,053	8,956	48	21	133,772	130,868
Charges for Services	27	198	-	-	142,797	149,052
Fines and Forfeits	-	-	-	-	25,572	22,701
Parking Fees and Space Rent	227	123	-	-	37,961	38,030
Program Income, Interest, and Miscellaneous Revenues	6,904	8,092	96	128	102,077	81,203
Total Revenues	<u>57,463</u>	<u>66,879</u>	<u>144</u>	<u>149</u>	<u>1,405,814</u>	<u>1,412,534</u>
Expenditures	54,066	96,724	75	55	1,476,973	1,381,318
Other Financing Sources and Uses						
Long-Term Debt Issued and Refunding Payments, Net	90,209	38,731	-	-	90,455	38,878
Sales of Capital Assets	-	-	-	-	408	4,347
Transfers In (Out)	(21,194)	(35,032)	(10)	(15)	17,812	18,828
Total Other Financing Sources and Uses	<u>69,015</u>	<u>3,699</u>	<u>(10)</u>	<u>(15)</u>	<u>108,675</u>	<u>62,053</u>
Fund Balances						
Reserves Legally Segregated for Future Use	171,057	100,494	26	2	386,946	340,810
Reserves Not Available for Appropriation	-	-	2,183	2,186	14,842	15,505
Unreserved	-	(1,846)	121	83	227,543	235,504
Total Fund Balances	<u>\$ 171,057</u>	<u>\$ 98,648</u>	<u>\$ 2,330</u>	<u>\$ 2,271</u>	<u>\$ 629,331</u>	<u>\$ 591,819</u>

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. This information is useful in assessing the City's financing requirements. In particular, unreserved fund balance measures the City's net resources available for spending at the end of the fiscal year. Governmental funds reported by the City include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds.

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$629.3 million, an increase of \$37.5 million in comparison to 2007. Approximately \$227.5 million of this amount constitutes unreserved fund balance which is available for spending at the City's discretion within the purposes specified for the City's funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed for other purposes, such as (1) payment on existing contracts and purchase orders, \$3.1 million; (2) funding of continuing projects and programs in future periods, \$333.7 million; (3) payment of debt service, \$29.4 million; and (4) a variety of other purposes, \$35.6 million.

Revenues for governmental funds overall totaled approximately \$1.406 billion in the fiscal year ended December 31, 2008, which represents a decrease of approximately \$6.7 million or 0.5 percent from the prior fiscal year of \$1.413 billion. Expenditures in governmental funds amounted to \$1.477 billion, an increase of approximately \$95.6 million or 6.9 percent compared to \$1.381 billion spent in 2007. In the aggregate, expenditures for governmental funds exceeded revenues by approximately \$71.2 million.

The **General Fund** is the chief operating fund of the City. It is comprised of thirteen subfunds: General, Judgment/Claims, Arts Account, Cable Television Franchise, Cumulative Reserve, Neighborhood Matching, Development Rights, Emergency, Special Employment Program, Industrial Insurance, Unemployment Compensation, Health Care, and Group Term Life Insurance. Table A-4 provides a summary of the status of the various subfunds at year-end 2008.

At the end of 2008 the total fund balance of the General Fund was \$271.4 million. Fund balance decreased by \$55.6 million in 2008 compared to 2007.

Total revenues for the General Fund amounted to \$914.7 million, a decrease of \$44.1 million, 4.6 percent lower than 2007. Tax revenues decreased by \$24.7 million, a 3.2 percent drop. Tax revenues in 2008 were down due to the economic slow down in the region, declining new construction, and the dramatic decline in real estate sales.

Program income, interest, and miscellaneous revenues decreased by \$15.5 million. Revenues derived from charges for services went down \$2.2 million, parking fees and space rent down \$0.7 million, and license revenue down \$4.4 million. Against the overall downward trend of revenues, fines and forfeits went up by \$2.6 million.

General Fund expenditures increased by \$81.1 million or 12.8 percent in 2008, from \$633.8 million to \$714.9 million. Public safety current expenditures were up 43.1 million (11.6 percent). The current expenditures for general government increased \$37.9 million (25.7 percent). The capital outlay for culture and recreation increased \$5.5 million. Judicial current expenditures went up \$2.4 million.

The other financing sources and uses category decreased the General Fund's fund balance position by \$255.4 million in 2008 compared to \$239.2 million in 2007. The net transfers out increased by \$12.6 million in 2008.

The **Transportation Fund**, a special revenue fund, develops, maintains, and operates the transportation system inclusive of streets, bridges, ramps, retaining walls, sea walls, bike trails, street lights, and other road infrastructure. At the end of the fiscal year the fund balance increased by \$9.2 million. The revenues consist of an excess property tax levy, an employee hours tax, and a commercial parking tax. Transportation's expenditures totaled \$197.0 million for 2008, up \$5.1 million or 2.7 percent.

The **Low-Income Housing Fund**, a special revenue fund and one of the major governmental funds of the City, manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for the seven-year housing levy approved by voters in 1995 and an additional seven-year levy that was approved by the voters in November 2002. At a fund balance of \$70.0 million, the Low-Income Housing Fund ended the year with an increase of \$6.4 million. Revenues from 2007 to 2008 decreased by \$2.1 million or 5.6 percent. The expenditures increased from \$25.9 million to \$30.6 million. The increase in expenditures is attributed to the cyclical nature of the fund. Multifamily construction projects can span several years from acquisition to final construction. Further driving the variations is the cyclical nature of downtown construction and their associated costs.

In 2008 the other **special revenue funds** showed a \$5.9 million or 9.7 percent increase in fund balance as a result of operations. Total revenues for the special revenue funds were up \$48.3 million, a 23.7 percent increase from 2007. Program income, interest, and miscellaneous revenues increased by \$40.8 million. This was mainly due to the Key Arena Settlement

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for \$45.0 million. Expenditures increased by \$26.7 million, up 8.0 percent from 2007. The largest increases were in the Human Services Operating Fund (up \$9.3 million) due to a large increase in funding for various services and programs, including support for the Ten-Year Plan to End Homelessness, and in the Park and Recreation Fund where expenditures increased \$8.9 million. The other financing sources and uses category decreased in 2008, down \$25.8 million or 18.2 percent compared to 2007. This decrease resulted from a decrease in net transfers among other funds of \$25.3 million.

The fund balance in the **capital projects funds** showed a \$72.4 million or 73.4 percent increase in 2008. The most significant increases came from the 2008 Multipurpose Long-Term General Obligation Fund increasing the fund balance \$73.0 million for the bond proceeds received. Fire Facilities fund balance increased \$11.8 million as development work on the City's fire stations continued. Revenues for the capital projects funds went down \$9.4 million or 14.1 percent compared to 2007. Grants, shared revenues, and contributions decreased by \$1.9 million or 21.2 percent. Tax revenues decreased by \$6.3 million or 12.6 percent. Expenditures for capital projects decreased \$42.6 million, a 44.1 percent decrease compared to the 2007 expenditures of \$96.7 million.

The 2008 fund balances of the **debt service funds** decreased by \$0.9 million. The **permanent funds** remained at about the same levels as 2007.

Table A-4 **REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY**
GENERAL FUND SUBFUNDS
(In Thousands)

	General	Judgment/ Claims	Arts Account	Cable Television Franchise	Cumulative Reserve
Revenues					
Taxes	\$ 715,135	\$ -	\$ -	\$ -	\$ 30,320
Licenses and Permits	11,882	-	-	6,387	-
Grants, Shared Revenues, and Contributions	17,678	-	-	-	2,047
Charges for Services	50,928	9,695	-	-	1,255
Fines and Forfeits	22,110	-	-	-	-
Parking Fees and Space Rent	20,607	-	-	-	18
Program Income, Interest, and Miscellaneous Revenues	7,177	-	48	276	3,771
Total Revenues	<u>845,517</u>	<u>9,695</u>	<u>48</u>	<u>6,663</u>	<u>37,411</u>
Expenditures	633,302	14,676	992	6,979	38,594
Other Financing Sources and Uses					
Sales of Capital Assets	3	-	-	-	370
Transfers In (Out)	<u>(236,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,041)</u>
Total Other Financing Sources and Uses	<u>(236,694)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,671)</u>
Fund Balances					
Reserves Legally Segregated for Future Use	18,213	13,975	896	-	79,915
Reserves Not Available for Appropriation	1,258	-	-	-	-
Unreserved	25,298	(4)	221	7,063	26,960
Total Fund Balances	<u>\$ 44,769</u>	<u>\$ 13,971</u>	<u>\$ 1,117</u>	<u>\$ 7,063</u>	<u>\$ 106,875</u>

Table A-4 REVENUE, EXPENDITURE, AND FUND BALANCE SUMMARY
GENERAL FUND SUBFUNDS (continued)
(In Thousands)

	Neighborhood Matching	Development Rights	Emergency	Special Employment Program	Industrial Insurance
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Grants, Shared Revenues, and Contributions	-	-	-	-	-
Charges for Services	-	-	-	258	411
Fines and Forfeits	-	-	-	-	-
Parking Fees and Space Rent	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	-	(638)	48	-	1,494
Total Revenues	-	(638)	48	258	1,905
Expenditures	4,169	-	4,150	275	-
Other Financing Sources and Uses					
Sales of Capital Assets	-	-	-	-	-
Transfers In (Out)	(93)	-	(926)	-	-
Total Other Financing Sources and Uses	(93)	-	(926)	-	-
Fund Balances					
Reserves Legally Segregated for Future Use	4,315	-	974	-	-
Reserves Not Available for Appropriation	-	-	-	-	-
Unreserved	581	21	39,923	88	6,681
Total Fund Balances	\$ 4,896	\$ 21	\$ 40,897	\$ 88	\$ 6,681

	Unemployment Compensation	Health Care	Group Term Life Insurance	Total General Fund	
				2008	2007
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 745,455	\$ 770,140
Licenses and Permits	-	-	-	18,269	22,680
Grants, Shared Revenues, and Contributions	-	-	-	19,725	18,916
Charges for Services	-	-	-	62,547	64,750
Fines and Forfeits	-	-	-	22,110	19,497
Parking Fees and Space Rent	-	-	-	20,625	21,360
Program Income, Interest, and Miscellaneous Revenues	(961)	14,673	44	25,932	41,390
Total Revenues	(961)	14,673	44	914,663	958,733
Expenditures	-	11,760	-	714,897	633,766
Other Financing Sources and Uses					
Sales of Capital Assets	-	-	-	373	3,868
Transfers In (Out)	-	-	-	(255,757)	(243,105)
Total Other Financing Sources and Uses	-	-	-	(255,384)	(239,237)
Fund Balances					
Reserves Legally Segregated for Future Use	-	20,779	-	139,067	123,935
Reserves Not Available for Appropriation	-	-	-	1,258	5,415
Unreserved	4,398	19,441	414	131,085	197,678
Total Fund Balances	\$ 4,398	\$ 40,220	\$ 414	\$ 271,410	\$ 327,028

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

City Light Utility. The Utility realized net income of \$131.6 million in 2008 compared to \$120.8 million in 2007, as restated, or an increase of \$10.8 million (8.9 percent) higher than 2007. Higher retail revenues along with lower Bonneville Power Administration (BPA) costs, primarily as a result of substantial cash payments from BPA for the Residential Exchange Program, more than offset the decrease in net short-term wholesale power revenues and related transactions and higher non-power operating expenses.

Net cash provided by operating activities increased by \$18.7 million to \$236.8 million in 2008 compared to \$218.1 million in 2007. Restricted assets increased considerably by \$235.9 million to \$267.0 million in 2008 compared to \$31.1 million in 2007. Nearly all of the increase is attributable to the \$235.9 million in bond proceeds remaining from \$257.4 million in bonds issued in December 2008. The bond proceeds were deposited in the Construction Account, which had a balance of \$164.0 million at year end comprised of \$37.8 million in cash and \$126.2 million in short-term investments. An additional \$72.0 million was set aside for the purpose of refunding all the Utility's variable rate bonds in early February 2009. The Contingency Reserve Account remained constant at \$25.0 million as established in 2005. Utility plant and other capital assets were \$1.662 billion and \$1.591 billion in 2008 and 2007, respectively, a net increase of \$70.9 million. The majority of the capital asset additions were in the distribution system, hydraulic production, and transmission.

Total net revenue bonds payable were \$1.529 billion in 2008 and \$1.342 billion in 2007, a net increase of \$186.9 million. Interest expenses were \$61.1 million in 2008 and \$66.4 million in 2007. Future debt service requirements on the subordinate lien bonds, based on 2008 end-of-year actual interest rates, range from 0.5 percent to 0.65 percent through year 2021. Including long-term debt, the total liabilities were \$1.702 billion in 2008 and \$1.512 billion in 2007, as restated.

Total net assets were \$790.1 million in 2008 and \$658.5 million in 2007, as restated.

Water Utility. The net operating income of the Water Utility decreased by \$4.0 million to \$17.7 million in 2008 from \$21.7 million in 2007. Operating expenses increased by \$8.2 million due to several factors, the most significant of which was an increase in depreciation expense of \$3.2 million. This resulted from capital assets that were placed in service in 2007 and began depreciating in 2008. Engineering services expenses rose by \$1.5 million, mainly for water tank improvements and coating projects, cathodic protection inspections, and water design studies. Field operations expenses increased by \$1.3 million, mainly for security and emergency management projects, and water main maintenance. General and administrative expenses increased by \$1.1 million due to increases in claims costs for emergency response during the December 2008 snow storms and water treatment contract costs. The Utility realized a net income of \$0.5 million in 2008 as compared to a net income of \$1.2 million in 2007.

Net cash provided by operating activities increased to \$59.7 million in 2008 from \$58.3 million in 2007, an increase of \$1.4 million. Total operating and restricted cash and investments were \$204.4 million in 2008 compared to \$56.3 million in 2007, an increase of \$148.1 million. This increase in cash and investments is primarily due to a bond issue in December 2008.

Utility plant, net of accumulated depreciation, and other capital assets for the year ended December 31, 2008, amounted to \$1.132 billion. This represents a net increase of approximately \$46.7 million in 2008. Significant asset acquisitions included \$18.0 million for new distribution pipelines, \$13.2 million for water pipeline replacements, and \$12.0 million for reservoir covering projects. The Water Utility has \$105.3 million in construction work in progress as of December 31, 2008.

The Water Utility had revenue bonds totaling \$1.025 billion in 2008 as compared to \$841.8 million in 2007. In December 2008 the Seattle Public Utilities (SPU) issued \$205.1 million of revenue and refunding bonds for its water system. A portion of the proceeds from the issuance was set aside in the fund's restricted cash to be used in early 2009 to refund all \$93.0 million of the 1995 and 2002 adjustable-rate revenue bonds. The remaining proceeds will be used for certain capital improvement projects and conservation programs for the Utility.

Total net assets were \$304.3 million in 2008 and \$303.8 million in 2007.

Drainage and Wastewater Utility. The Utility realized operating income of \$2.3 million in 2008 as compared to an operating loss of \$10.9 million in 2007. Operating revenue increased \$21.7 million and operating expenses increased \$8.5 million between 2008 and 2007. The Utility realized a net income of \$12.5 million in 2008 and a net loss of \$17.8 million in 2007. The net income in 2008 was primarily due to drainage and wastewater rate increases as well as an increase in capital contributions and grants.

Net cash provided by operating activities increased to \$26.3 million in 2008 from \$5.5 million in 2007. Total operating and restricted cash and investments were \$72.4 million in 2008 as compared to \$26.8 million in 2007, an increase of \$45.6 million, primarily due to bonds issued in 2008.

Utility plant, net of accumulated depreciation, and other capital assets increased to \$570.5 million in 2008 from \$516.9 million in 2007, an increase of \$53.6 million. Acquisition of new assets included \$43.2 million for pipe and maintenance rehabilitation, channel improvements at Delridge Basin, and drainage improvements at 30th Avenue SW. Significant capital was spent on storm water and local drainage infrastructure, improvements to facilities and equipment, and the Protection of Beneficial Uses improvement projects.

The Drainage and Wastewater Utility had \$402.0 million outstanding revenue bond liabilities in 2008, as compared to \$325.5 million in 2007. In 2008 the SPU issued \$84.6 million of revenue bonds for its drainage and wastewater system. Interest expense was \$16.7 million in 2008 and \$14.9 million in 2007. Total liabilities, including revenue bonds, were \$473.2 million in 2008 and \$382.5 million in 2007.

Total net assets were \$240.2 million in 2008 and \$227.6 million in 2007.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the City of Seattle Employees' Retirement system (SCERS), the Firemen's Pension Fund, the Police Relief and Pension Fund, the S.L. Denny Private Purpose Trust, and various agency funds. Total net assets of the combined fiduciary funds at the end of 2008 were \$1.528 billion; SCERS represents 99.2 percent of this amount.

SCERS assets that are held in trust for the payment of future benefits exceeded current amounts owed as of December 31, 2008, by \$1.477 billion. SCERS fund assets decreased in valuation by \$642.0 million (30.3 percent) during 2008, primarily due to market conditions and volatility experienced by all investors in 2008. The fund's portfolio is a diversified fund, invested in U.S. equities and fixed income, as well as non-U.S. equities. Additionally, there are allocations to real estate and other alternative asset classes. The fund uses the services of both active and index fund professional money managers. The fund experienced dividend and interest receipts in excess of \$23.0 million during 2008. The 2008 employee and employer contributions increased from 2007 by \$11.1 million for total contributions of \$91.9 million. The largest part of the 2008 increase in total expenses (deductions) resulted from retiree benefits increasing by 4.4 percent to \$102.7 million.

During 2008 retroactive escalator payments totaling \$4.7 million were paid to members of the Firemen's Pension and the Police Pension pursuant to a labor agreement between the City of Seattle and the Seattle Police Officers' Guild, Seattle Firefighters Local 27 and Seattle Fire Chiefs Association Local 2898. At December 31, 2008, the net assets held in trust in the Firemen's Pension Fund and the Police Relief and Pension Fund for the payment of future benefits were \$11.5 million and \$0.4 million, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's final 2008 budget that includes support to other funds for the General Fund was \$1.133 billion. This amount differed from the original budget due to supplemental legislation/appropriations approved by the City Council during the year. In fiscal year 2008 the General Fund's original budget was \$1.079 billion, which was increased \$53.6 million (5.0 percent) for supplemental appropriation and budget carry forward for continuing capital and grant project.

The most significant budget revisions are described below:

- At year-end 2008 actual expenditures were \$151.8 million less than budgeted. Of this amount \$114.5 million of the budget was carried over into 2009 to cover outstanding encumbrances, grants, and capital spending.
- The recent slowdown in the local real estate market has resulted in a significantly lower real estate excise tax revenue forecast for 2008. Actual revenues for 2008 were \$36.3 million, down from \$77.0 million or 52.9 percent decrease.
- The Real Estate Excise Tax (REET I and II) Cumulative Reserve Subfunds had supplemental budget appropriations approved by Council that reduced the original budget by \$8.6 million. The majority of this amount was identified during a review of the capital projects with abandoned or excess budget.
- The majority of the carry forward budget for capital and grant projects is within the General Fund, 25.4 percent, and the REET I and REET II Cumulative Reserve Subfunds at 19.6 percent and 30.0 percent. The amount of carry forward budgets in 2007 was \$93.1 million; this amount increased 19.0 percent to \$114.5 million for 2008. Of this amount, \$98.5 million is budgeted for capital spending and \$16.0 million for grant obligations.

Management's Discussion and Analysis

- The Police Department's revised budget was \$253.4 million; actual expenditures were \$241.8 million or 95.4 percent of the budget. The original budget was increased by supplemental ordinance for \$30.5 million which includes the acceptance of \$11.5 million in grants.
- The Fire Department's revised budget was \$152.1 million; actual expenditures were \$149.6 million or 98.3 percent of the budget. The original budget was increased by supplemental ordinance for \$2.4 million which includes the acceptance of \$1.7 million in grants. The Fire Department's carryforward budget is \$2.4 million, of which \$1.6 million relates to grant projects, and the remaining \$800,000 is for continuing capital spending.
- The City Council authorized the acceptance of all grant funds. If a grant is not included as a part of the adopted budget, a separate ordinance is required. In 2008 over \$13.8 million in additional grant funds were appropriated. The majority of grant awards totaling \$10.6 million went to the Police Department and \$1.6 million was given to the Fire Department.

CAPITAL ASSETS

The following schedule shows the City's investment in capital assets.

Table A-5 **CAPITAL ASSETS AT YEAR END, NET OF DEPRECIATION**
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	Restated 2007	2008	2007	2008	Restated 2007
Land	\$ 436,123	\$ 415,811	\$ 100,800	\$ 99,323	\$ 536,923	\$ 515,134
Plant in Service, Excluding Land	-	-	3,017,123	2,856,738	3,017,123	2,856,738
Buildings and Improvements	1,490,857	1,376,754	40,088	42,092	1,530,945	1,418,846
Machinery and Equipment	122,506	125,083	7,290	8,168	129,796	133,251
Infrastructure	629,263	587,456	-	-	629,263	587,456
Construction in Progress	175,990	228,130	296,594	273,533	472,584	501,663
Other Capital Assets	11,460	10,961	18,155	17,932	29,615	28,893
Total Capital Assets	\$ 2,866,199	\$ 2,744,195	\$ 3,480,050	\$ 3,297,786	\$ 6,346,249	\$ 6,041,981

Capital assets, net of depreciation, for governmental activities increased by \$122.0 million in 2008. Major increases included the following:

- Seattle Center capitalized improvements, amounting to \$4.0 million, to various facilities. The completion cost of \$15.4 million for the construction of Parking Garage Building held in trust during the sale of Parking Lot #2 in 2006 was also capitalized. Construction in progress increased by \$2.5 million over last year.
- The Department of Parks and Recreation completed construction of various community centers and parks at a cost of \$40.7 million, such as Sand Point Magnusson Park, \$5.4 million; Sand Point Magnusson wetland, \$2.5 million; Washington Park Arboretum, \$1.6 million; South Lake Union Park II, \$1.7 million; Urban Forestry, \$1.1 million; Southwest Pool renovation, \$1.6 million; Ballfield lighting replacement, \$1.1 million; Georgetown playfield, \$1.3 million; and others, \$16.3 million. Several parcels of land were purchased at \$6.4 million, including Denny Triangle, \$2.5 million; Ballard Park Baker addition, \$3.1 million; and others, \$0.8 million. Construction in progress at December 31, 2008, stood at \$3.6 million, a decrease of \$0.4 million over last year.
- The Department of Transportation capitalized \$75.2 million for various infrastructure assets (roads, bridges, sidewalks, signs, illuminations, and others). Land and land rights of \$33,147 were also capitalized. Construction in progress at December 31, 2008, increased by \$26.0 million over the last year.
- The Library expended \$9.8 million for various library improvements and renovations, such as Magnolia Branch, \$4.1 million; Northgate Branch, \$2.1 million; and others, \$3.6 million. Construction in Progress at December 31, 2008, was \$4.5 million.
- The Fleets and Facilities Department incurred \$6.9 million to complete construction of various City facility improvements. Land parcels were acquired for various fire stations for \$3.4 million. Construction of the Fire Station No. 10 at a cost of \$44.2 million and the Joint Training Facility Building in the amount of \$25.9 million were completed and capitalized. Transportation equipment and vehicles were purchased for \$19.2 million. Construction in progress at December 31, 2008, was \$20.0 million.

Capital assets, net of depreciation, for business-type activities increased \$182.2 million as follows:

- City Light capital assets increased by \$70.9 million which included (1) a \$98.9 million increase in distribution plant for underground conduit (\$24.2 million), transformers (\$13.1 million), underground conductors (\$10.0 million), network underground conduit (\$9.9 million), poles (\$9.4 million), overhead, underground, and network services (\$9.1 million), network underground conductors (\$7.4 million), overhead conductors, streetlights, meters, substation equipment, and lighting upgrades; (2) an \$11.0 million increase in general plant for system developments, purchases of vehicles, computer equipments, communication equipment, other equipment and tools, and structure improvement, including lighting upgrade and lobby upgrade at the Seattle Municipal Tower; (3) an \$8.9 million increase in hydroelectric production plant for replacements of generator, runner cone, transformer, and transformer bank, installations of drain valve, control boxes and joint volt controller, governor control, inverter, battery, and transformer bushings, seismic upgrade, emergency generator, overhaul of turbine at Gorge, and purchase of equipment; and (4) a \$5.4 million increase in transmission plant for transmission lines replacement, water system, transmission poles and towers, other transmission plant assets and replacement of disconnect, breaker, other station equipment, and relays. The additions were offset by a corresponding increase in accumulated depreciation of \$62.8 million which along with an increase in construction in progress of \$8.1 million contributed \$69.8 million to the net increase in the capital assets. In addition, there were an increase of \$0.8 million in land and land rights for the wildlife habitat development projects at Skagit and an acquisition of easement for distribution plant assets, net of land transfer of two 4KV substations, and \$0.3 million in the One Percent for Art inventory.
- Drainage and Wastewater Utility capital assets increased by \$53.6 million. Major capital improvements included pipe and maintenance rehabilitation at the Thorton Creek water quality channel; heavy equipment purchases, such as vactor trucks; drainage improvements at 30th Avenue SW; channel improvements at Delridge Basin; infrastructure at the Madison Valley Detention Pond; and an information billing system. Construction in progress at December 31, 2008, amounted to \$48.6 million.
- Water Utility capital assets, increased by \$46.7 million. Increases included new distribution pipelines, pipeline replacement for the Sound Transit project, completed reservoir covering projects, pump stations, improvements at the Cedar River watershed, water tanks upgrades, and operations facilities and security improvements. Construction in progress at December 31, 2008, amounted to \$105.3 million.
- Nonmajor enterprise funds capital assets increased by \$11.1 million, largely due to the increase in construction in progress for the South Recycling and Disposal Station and the acquisition of land for the expansion of solid waste facilities.

More detailed financial information about the City's capital asset activities is presented in Note 5 to the financial statements.

DEBT ADMINISTRATION

At the end of the fiscal year 2008 the City had \$3.830 billion in outstanding bonded debt that included general obligation and revenue bonds, compared to \$3.387 billion in 2007. This represents an increase of approximately \$442.5 million (13.1 percent). Additionally, the special assessments bonds that the City issued in 2006, without lending its full faith and credit but obligated in some manner for the design and construction of the South Lake Union Streetcar, decreased to \$19.2 million. A maturity and bond call payment of \$1.3 million occurred in 2008 using special assessment collections from property owners within Local Improvement District No. 6750.

In 2008 the City issued LTGO bonds to finance various capital improvement projects and improvements including the Spokane-Mercer-Lander Streets (\$50.9 million), King Street Station (\$3.1 million) Bridge Seismic (\$1.5 million), Pay Stations (\$2.1 million), Fire Station (\$21.7 million), South Lake Union (\$1.9 million) and refunding bonds (\$54.9 million) to payoff and redeem the LTGO variable-rate bonds Series 1996C and 1996D totaling \$56.9 million on the date of the bond sale. The City also issued revenue bonds: \$257.4 million for the Light Fund to finance certain capital improvements and conservation programs and to pay off all of its adjustable-rate subordinate lien bonds (\$70.2 million) in February 2009 when the bonds will be called; \$205.1 million for the Water Fund for certain capital improvements and conservation programs and to pay off all of its adjustable-rate bonds (\$93.0 million) in February 2009 when the bonds will be called; \$84.6 million for Drainage and Wastewater Fund to finance certain capital improvements and additions to the drainage and wastewater system.

The City defeased \$31.6 million of the remaining Key Arena outstanding LTGO bonds issued in 2002, 2003, and 2005 using \$34.2 million of the proceeds of the Key Arena Settlement, and defeased \$0.4 million of the McCaw Hall outstanding portion of the 2003 LTGO bonds using 1999 levy money for Seattle Center approved by the voters in 1998.

The City's bond ratings remained the same as in the previous year. The City's UTGO bonds are rated Aaa by Moody's Investors Service, AAA by Fitch Ratings, and AAA by Standard & Poor's. The City's LTGO bonds are rated Aa1 by Moody's Investors Service, AA+ by Fitch Ratings, and AAA by Standard & Poor's. The City maintained its high bond ratings on its Light, Water, Drainage and Wastewater, and Solid Waste revenue bonds.

Management's Discussion and Analysis

The City's limited and unlimited general obligation debt is capped at 7.5 percent of assessed value by state law. The 2009 assessed value of taxable properties for the City is \$137.830 billion. At the end of 2008 the net outstanding general obligation debt of the City that includes bonds, leases, compensated absences net of sick leave, and guarantees of indebtedness amounted to \$925.5 million, well below the limit of \$10.337 billion, rendering the City's legal debt margin of \$9.412 billion. Within the 7.5 percent limitation, state law restricts outstanding LTGO bonds to 1.5 percent of assessed value. At year-end 2008 the net outstanding LTGO debt was \$781.1 million.

The City is self-insured for workers compensation and for most health care costs. The City carries general liability insurance with a self-insured retention. For these claims, including those incurred but not reported, the City recognized a total liability of \$117.4 million (\$85.7 million for governmental activities and \$31.7 million for business-type activities) at the end of the year. In addition, City utilities recognized \$34.7 million in estimated environmental liabilities. Other obligations were accrued compensation absences and other notes and contracts. The other notes and contracts included draws from the State's Public Works Trust Loan (PWTL) Program which are serviced with revenues from two participating City departments, one with a governmental-type fund and one whose PWTL activities are reported in two of its business-type funds.

More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS

In 2008 after fully recovering from the recession early in the decade, the Puget Sound region has been affected by a period of considerable economic uncertainty. The national economy continues to suffer from a dramatic downturn in the housing market, turmoil among financial institutions, and increasing job losses. It is in this economic condition that the City's 2009 budget was prepared. However, the economy in the Puget Sound area is considerably stronger than the nation as a whole. The Seattle area is benefiting from continued strength in the software, biotechnology, aerospace, and construction industries despite setbacks in employment due to layoffs. But during the ensuing months the national and international economies adversely affect the regional economy. The City projected a decline in the aggregate General Fund revenue estimate for the years 2008 through 2010 by about \$19.0 million, requiring additional budget cuts during the City Council review process.

General Subfund. Revenue estimates in 2009 are projected to increase to \$872.3 million compared to the revised 2008 projection of \$852.8 million, a 2.3 percent increase. The projected tax revenues growth rate is 1.6 percent overall to \$779.9 million from \$767.5 million. This includes property taxes (3.1 percent increase), sales tax revenues (1.6 percent decrease), external business and occupation (B&O) taxes (1.1 percent increase), and internal B&O taxes from sales by the City utilities (8.1 percent increase). External service charges and receipts from fines and forfeitures are expected to increase at 9.7 percent and 9.2 percent, respectively. While interest on investments will decline 26.4 percent, parking meter collections are expected to increase by 31.5 percent.

Utilities. The 2009 budget for City Light promotes the City's goal of maintaining carbon neutrality by mitigating greenhouse gas emissions and researching the effect of climate change on City Light watersheds, providing customer incentives and programs to increase energy conservation, funding green City building improvements with the creation of an Energy Efficiency Fund, and acquiring new renewable resources as required by Initiative 937. Capital budget reductions of \$91.5 million are adopted, relative to the capital spending originally planned for 2009 on account of deferring projects including the utility relocation of the Alaskan Way Project costing \$65.0 million. The adopted budget projected a reduction in operations and maintenance including spending on the Boundary Relicensing Program. There will be no rate increases in 2009. City Light's recent financial performance has been very strong and the utility's financial position continues to improve. However, although City Light earned considerable revenue in the wholesale energy market in previous years, this source of revenue is both volatile and unpredictable, thus uncertain, as it depends heavily on weather conditions and natural gas prices that are outside the City's control.

The Seattle Public Utilities (SPU) 2009 budget continues to provide funding for services benefiting its customers in a variety of ways while achieving new efficiencies. Investments in basic infrastructure and operations will enable SPU to provide reliable high-quality water to customers, manage stormwater and wastewater properly, and provide the residents of Seattle with innovative recycling and solid waste service. The Department has begun applying the asset management process to its operating budget and programs as part of achieving efficiencies. It includes using the "triple bottom line" approach which evaluates the projects and procedures based on their economic, social, and environmental benefits, as well as being able to meet customer service levels.

While the City had a net increase of 167 projected full-time-equivalent positions in 2008, the 2009 Adopted Budget projected a net decrease of just 34 positions that includes position abrogations, a reflection of economic uncertainties.

Financial Contact

The City's financial statements are designed to provide users with a general overview of the City's finances as well as to demonstrate the City's accountability to its citizens, investors, creditors, and other customers. If you have a question about the report, please contact the City of Seattle, Department of Executive Administration, Accounting Services Division, P.O. Box 94669, Seattle, WA 98124-4669 (Telephone 206-386-9124).

Government-wide Financial Statements

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Government-wide Financial Statements

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STATEMENT OF NET ASSETS

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December 31, 2008

(In Thousands)

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Comparative Totals		Seattle Public Library Foundation
			2008	Restated 2007	
ASSETS					
<i>Current Assets</i>					
Operating Cash and Equity in Pooled Investments	\$ 656,851	\$ 137,373	\$ 794,224	\$ 765,726	\$ 5,000
Restricted Cash and Equity in Pooled Investments	-	35,344	35,344	3,626	-
Restricted Investments	-	60,274	60,274	-	-
Restricted Investment Interest Receivable	-	1,108	1,108	-	-
Investments	-	-	-	-	34,667
Receivables, Net of Allowances	84,935	191,615	276,550	276,328	526
Internal Balances	12,272	(12,272)	-	-	-
Due from Other Governments	73,125	8,748	81,873	76,535	-
Hydrant Settlement Receivable	-	10,088	10,088	-	-
Inventories	2,787	33,961	36,748	34,966	-
Prepaid and Other Current Assets	666	1,337	2,003	1,187	1
Total Current Assets	830,636	467,576	1,298,212	1,158,368	40,194
<i>Noncurrent Assets</i>					
Restricted Cash and Equity in Pooled Investments	325	263,544	263,869	122,123	-
Restricted Investments	-	198,472	198,472	18,652	-
Restricted Investment Interest Receivable	-	849	849	279	-
Unamortized Debt Costs	3,042	18,767	21,809	17,672	-
Contracts and Notes	284,996	41	285,037	282,987	-
Capitalized Purchased Power Commitment	-	-	-	4,749	-
Deferred Conservation Costs, Net	-	185,895	185,895	180,927	-
Deferred Landfill Closure and Postclosure Costs, Net	-	26,979	26,979	30,211	-
Net Pension Asset	81,899	-	81,899	78,434	-
Deferred Muckleshoot Settlement Costs	-	2,275	2,275	2,400	-
Other Deferred Charges and Noncurrent Assets	19,543	234,876	254,419	209,802	2,459
Capital Assets, Net of Accumulated Depreciation					
Land and Land Rights	436,123	100,800	536,923	515,134	-
Plant in Service, Excluding Land	-	3,017,123	3,017,123	2,856,738	-
Buildings and Improvements	1,490,857	40,088	1,530,945	1,418,846	-
Machinery and Equipment	122,506	7,290	129,796	133,251	7
Infrastructure	629,263	-	629,263	587,456	-
Construction in Progress	175,990	296,594	472,584	501,663	-
Other Capital Assets	11,460	18,155	29,615	28,893	-
Total Noncurrent Assets	3,256,004	4,411,748	7,667,752	6,990,217	2,466
Total Assets	4,086,640	4,879,324	8,965,964	8,148,585	42,660

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS

December 31, 2008

(In Thousands)

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Comparative Totals		Seattle Public Library Foundation
			2008	Restated 2007	
LIABILITIES					
<i>Current Liabilities</i>					
Accounts Payable	\$ 75,306	\$ 65,790	\$ 141,096	\$ 129,292	\$ 866
Salaries, Benefits, and Taxes Payable	38,326	18,068	56,394	47,239	-
Contracts Payable	7,405	176	7,581	8,004	-
Due to Other Governments	7,764	8,542	16,306	17,348	-
Interest Payable	10,803	39,440	50,243	50,358	-
Taxes Payable	38	9,446	9,484	9,852	-
Deposits Payable	963	-	963	1,227	-
Deferred Credits	4,328	18,619	22,947	19,519	148
Current Portion of Long-Term Debt					
Bonds Payable	49,645	219,640	269,285	154,974	-
Special Assessment Bonds with Governmental Commitment	940	-	940	1,060	-
Deferred Bond Interest	-	790	790	666	-
Compensated Absences Payable	15,712	2,520	18,232	18,041	-
Purchased Power Obligation	-	-	-	11,970	-
Notes and Contracts Payable	2,134	863	2,997	2,824	-
Claims Payable	27,013	19,587	46,600	39,330	-
Habitat Conservation Program Liability	-	5,453	5,453	9,528	-
Muckleshoot Liability	-	-	-	1,000	-
Landfill Closure and Postclosure Liability	-	1,115	1,115	1,465	-
Arbitrage Rebate Liability	-	-	-	26	-
Other Current Liabilities	391	17,825	18,216	1,472	-
Total Current Liabilities	240,768	427,874	668,642	525,195	1,014
<i>Noncurrent Liabilities</i>					
Bonds Payable, Net of					
Unamortized Premiums, Discounts, and Other	692,295	2,908,340	3,600,635	3,256,002	-
Deferred Bond Interest	-	3,467	3,467	3,664	-
Special Assessment Bonds with Governmental Commitment	18,265	-	18,265	19,485	-
Compensated Absences Payable	57,773	23,372	81,145	75,928	-
Claims Payable	58,708	46,812	105,520	82,680	-
Notes and Contracts Payable	17,604	19,377	36,981	26,150	-
Purchased Power Obligation	-	-	-	(7,221)	-
Landfill Closure and Postclosure Liability	-	24,925	24,925	25,612	-
Vendor Deposits Payable	325	913	1,238	525	-
Habitat Conservation Program Liability	-	4,154	4,154	4,018	-
Muckleshoot Liability	-	495	495	495	-
Deferred Credits	326,949	55,881	382,830	379,591	-
Arbitrage Rebate Liability	445	-	445	406	-
Unfunded Other Post Employment Benefits	21,066	4,531	25,597	11,699	-
Net Pension Obligation	1,398	-	1,398	2,797	-
Other Noncurrent Liabilities	717	317	1,034	1,767	-
Total Noncurrent Liabilities	1,195,545	3,092,584	4,288,129	3,883,598	-
Total Liabilities	1,436,313	3,520,458	4,956,771	4,408,793	1,014

The accompanying notes are an integral part of these financial statements.

Government-wide Financial Statements

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STATEMENT OF NET ASSETS

Page 3 of 3

December 31, 2008

(In Thousands)

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Comparative Totals		Seattle Public Library Foundation
			2008	Restated 2007	
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	\$ 2,184,161	\$ 1,128,319	\$ 3,312,480	\$ 2,978,603	\$ 7
Restricted for					
Debt Service	29,349	15,120	44,469	35,034	-
Contingency Reserve Account	-	25,000	25,000	25,000	-
Capital Projects	201,573	-	201,573	117,416	101
Education and Development Services	17,173	-	17,173	16,724	3,675
Special Deposits	20,779	388	21,167	23,552	-
Deferred Conservation and Environmental Costs	-	7,171	7,171	9,256	-
Bonneville Power Administration Projects	-	1,891	1,891	2,393	-
Deferred External Infrastructure Costs	-	8,255	8,255	7,016	-
Muckleshoot Settlement	-	542	542	545	-
Other Deferred Charges	-	5,546	5,546	4,057	-
Other Purposes	-	-	-	-	183
Nonexpendable	2,330	-	2,330	2,186	26,474
Unrestricted	194,962	166,634	361,596	518,010	11,206
Total Net Assets	\$ 2,650,327	\$ 1,358,866	\$ 4,009,193	\$ 3,739,792	\$ 41,646

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008
(In Thousands)

Functions/Programs	Program Expenses		Program Revenues		
	Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES					
General Government	\$ 145,143	\$ (1,288)	\$ 102,697	\$ 10,515	\$ -
Judicial	26,762	-	22,032	182	-
Public Safety	456,534	(833)	16,254	9,341	-
Physical Environment	7,707	-	1,632	10	-
Transportation	127,366	506	44,093	13,579	20,701
Economic Environment	104,660	-	17,440	25,498	5,508
Health and Human Services	69,181	-	12	31,050	-
Culture and Recreation	257,578	-	59,586	5,061	5,318
Interest on Long-Term Debt	39,336	-	-	-	-
Total Governmental Activities	1,234,267	(1,615)	263,746	95,236	31,527
BUSINESS-TYPE ACTIVITIES					
Light	791,057	780	872,099	2,308	39,926
Water	180,534	321	163,996	167	17,172
Drainage and Wastewater	231,110	208	216,957	310	24,323
Solid Waste	120,840	101	124,353	724	4
Planning and Development	56,677	205	42,929	590	-
Downtown Parking Garage	8,545	-	6,530	-	-
Total Business-Type Activities	1,388,763	1,615	1,426,864	4,099	81,425
Total Government-Wide Activities	\$ 2,623,030	\$ -	\$ 1,690,610	\$ 99,335	\$ 112,952
COMPONENT UNIT	\$ 5,503	\$ -	\$ -	\$ 3,342	\$ -

The accompanying notes are an integral part of these financial statements.

Government-wide Financial Statements

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STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008 (In Thousands)

	Net Revenue (Expense) and Changes in Net Assets				Component Unit
	Primary Government				
	Comparative Totals				
	Governmental Activities	Business-Type Activities	2008	Restated 2007	
GOVERNMENTAL ACTIVITIES					
General Government	\$ (30,643)	\$ -	\$ (30,643)	\$ (22,403)	
Judicial	(4,548)	-	(4,548)	(3,907)	
Public Safety	(430,106)	-	(430,106)	(364,109)	
Physical Environment	(6,065)	-	(6,065)	(8,315)	
Transportation	(49,499)	-	(49,499)	(62,144)	
Economic Environment	(56,214)	-	(56,214)	(41,476)	
Health and Human Services	(38,119)	-	(38,119)	(35,843)	
Culture and Recreation	(187,613)	-	(187,613)	(157,359)	
Interest on Long-Term Debt	(39,336)	-	(39,336)	(34,048)	
Total Governmental Activities	(842,143)	-	(842,143)	(729,604)	
BUSINESS-TYPE ACTIVITIES					
Light	-	122,496	122,496	111,006	
Water	-	480	480	(1,778)	
Drainage and Wastewater	-	10,272	10,272	(20,109)	
Solid Waste	-	4,140	4,140	2,751	
Planning and Development	-	(13,363)	(13,363)	(6,534)	
Downtown Parking Garage	-	(2,015)	(2,015)	(1,530)	
Total Business-Type Activities	-	122,010	122,010	83,806	
Total Government-Wide Activities	(842,143)	122,010	(720,133)	(645,798)	
COMPONENT UNIT					\$ (2,161)
General Revenues					
Property Taxes	368,515	-	368,515	359,651	-
Sales Taxes	171,917	-	171,917	171,846	-
Business Taxes	330,369	-	330,369	332,238	-
Excise Taxes	36,091	-	36,091	76,918	-
Other Taxes	25,395	-	25,395	12,765	-
Penalties and Interest on Delinquent Taxes	2,410	-	2,410	4,276	-
Unrestricted Investment Earnings (Loss)	24,140	13,530	37,670	52,261	(10,485)
Gain on Sale of Capital Assets	15,461	1,708	17,169	1,167	-
Transfers	(10,803)	10,803	-	-	-
Total General Revenues (Loss) and Transfers	963,495	26,041	989,536	1,011,122	(10,485)
Divested Activities					
Transfer of Net Assets to Washington Talking Book & Braille Library	-	-	-	-	(1,964)
Changes in Net Assets	121,352	148,051	269,403	365,324	(14,610)
Net Assets - Beginning of Year	2,528,975	1,210,815	3,739,790	3,389,074	53,120
Prior-Year Adjustments	-	-	-	(14,606)	3,136
Net Assets - Beginning of Year as Restated	2,528,975	1,210,815	3,739,790	3,374,468	56,256
Net Assets - End of Year	<u>\$ 2,650,327</u>	<u>\$ 1,358,866</u>	<u>\$ 4,009,193</u>	<u>\$ 3,739,792</u>	<u>\$ 41,646</u>

The accompanying notes are an integral part of these financial statements.

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Fund Financial Statements

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MAJOR GOVERNMENTAL FUNDS

The **General Fund** is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from property, sales, business, and utility taxes.

The **Transportation Fund** accounts for revenues for construction, improvement, repair, or maintenance of City streets and waterways. Revenues include taxes on the sale, distribution, or use of motor vehicle fuel; motor vehicle excise taxes designated for street purposes; and grants.

The **Low-Income Housing Fund** manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for a seven-year housing levy approved by the voters in 2002 to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income tenants in Seattle.

Descriptions for the nonmajor governmental funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008
(In Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>
ASSETS			
Cash and Equity in Pooled Investments	\$ 237,915	\$ 22,418	\$ 71,956
Receivables, Net of Allowances			
Taxes	49,173	5,145	90
Accounts	2,307	3,570	16
Contracts and Notes	4	6	-
Special Assessments - Delinquent	-	-	-
Interest and Dividends	116	408	181
Unbilled and Others	-	2,088	-
Due from Other Funds	14,634	11,527	2
Due from Other Governments	39,326	12,290	175
Inventories	75	-	-
Prepaid and Other Current Assets	639	-	-
Deposits With Vendor	2	-	-
Contracts and Notes - Noncurrent	7,973	-	234,893
Advances to Other Funds	-	-	-
Deferred Charges and Other Assets	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 352,164</u>	<u>\$ 57,452</u>	<u>\$ 307,313</u>
LIABILITIES			
Accounts Payable	\$ 19,570	\$ 12,718	\$ 95
Contracts Payable	576	4,520	-
Due to Other Funds	6,165	2,345	2,153
Due to Other Governments	2,640	3	1
Salaries, Benefits, and Taxes Payable	23,149	3,679	-
Interest Payable	174	27	1
Deposits Payable	367	228	117
Revenue Collected/Billed in Advance - Current	1,847	1	-
Other Current Liabilities	206	-	-
Advances from Other Funds	-	-	-
Deferred Revenues	26,060	1,327	234,945
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	80,754	24,848	237,312

The accompanying notes are an integral part of these financial statements.

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008
(In Thousands)**

	<u>Other Governmental</u>	Comparative Totals	
		<u>2008</u>	<u>Restated 2007</u>
ASSETS			
Cash and Equity in Pooled Investments	\$ 271,470	\$ 603,759	\$ 563,490
Receivables, Net of Allowances			
Taxes	7,277	61,685	63,025
Accounts	8,092	13,985	9,524
Contracts and Notes	3	13	2,316
Special Assessments - Delinquent	150	150	53
Interest and Dividends	672	1,377	2,986
Unbilled and Others	1,053	3,141	2,595
Due from Other Funds	8,393	34,556	25,133
Due from Other Governments	20,651	72,442	68,177
Inventories	532	607	963
Prepaid and Other Current Assets	-	639	52
Deposits With Vendor	4	6	-
Contracts and Notes - Noncurrent	42,130	284,996	282,922
Advances to Other Funds	-	-	1,696
Deferred Charges and Other Assets	19,542	19,542	20,863
	<u>\$ 379,969</u>	<u>\$ 1,096,898</u>	<u>\$ 1,043,795</u>
LIABILITIES			
Accounts Payable	\$ 25,310	\$ 57,693	\$ 58,430
Contracts Payable	2,309	7,405	7,340
Due to Other Funds	15,502	26,165	16,039
Due to Other Governments	5,119	7,763	8,669
Salaries, Benefits, and Taxes Payable	8,873	35,701	29,771
Interest Payable	10	212	128
Deposits Payable	250	962	1,227
Revenue Collected/Billed in Advance - Current	2,480	4,328	3,336
Other Current Liabilities	184	390	308
Advances from Other Funds	-	-	1,696
Deferred Revenues	64,616	326,948	325,032
	<u>124,653</u>	<u>467,567</u>	<u>451,976</u>

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008
(In Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>
FUND BALANCES			
Reserves Legally Segregated for Future Use			
Capital Improvements	\$ 93,312	\$ 32,602	\$ -
Continuing Appropriations	8,719	-	17,228
Debt Service	13,975	-	-
Encumbrances	2,282	-	-
Health Care Rate Stabilization	20,779	-	-
Reserves Not Available for Appropriation			
Endowments	-	-	-
Gifts	-	-	-
Interfund Loans	-	-	-
Inventories	-	-	-
Petty Cash	1,258	2	-
Unreserved, Reported in			
Major Funds			
Designated for Special Purpose	29,497	-	-
Undesignated	101,588	-	52,773
Special Revenue Funds			
Designated for Special Purpose	-	-	-
Undesignated	-	-	-
Capital Projects Funds	-	-	-
Permanent Funds	-	-	-
 Total Fund Balance	 <u>271,410</u>	 <u>32,604</u>	 <u>70,001</u>
Total Liabilities and Fund Balance	<u>\$ 352,164</u>	<u>\$ 57,452</u>	<u>\$ 307,313</u>

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008
(In Thousands)

	<u>Other Governmental</u>	<u>Comparative Totals</u>	
		<u>2008</u>	<u>Restated 2007</u>
FUND BALANCES			
Reserves Legally Segregated for Future Use			
Capital Improvements	\$ 174,501	\$ 300,415	\$ 158,827
Continuing Appropriations	7,313	33,260	109,688
Debt Service	15,375	29,350	34,834
Encumbrances	860	3,142	14,003
Health Care Rate Stabilization	-	20,779	23,458
Reserves Not Available for Appropriation			
Endowments	2,050	2,050	2,050
Gifts	10,976	10,976	7,350
Interfund Loans	-	-	1,696
Inventories	532	532	663
Petty Cash	24	1,284	3,746
Unreserved, Reported in			
Major Funds			
Designated for Special Purpose	-	29,497	29,758
Undesignated	-	154,361	178,397
Special Revenue Funds			
Designated for Special Purpose	879	879	670
Undesignated	42,685	42,685	28,442
Capital Projects Funds	-	-	(1,846)
Permanent Funds	121	121	83
Total Fund Balance	<u>255,316</u>	<u>629,331</u>	<u>591,819</u>
Total Liabilities and Fund Balance	<u>\$ 379,969</u>		
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,776,854	2,660,925
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		6,642	6,489
Internal service funds are used by management to charge the costs of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Adjustments to reflect the consolidation of internal service fund (ISF) activities related to enterprise funds and prior-year adjustment (B-6) are added back to ISF total net assets, and the latter amounts are included in governmental activities.		130,963	122,856
Net pension asset net of pension obligations		80,501	75,637
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Claims Payable - Current		(36,791)	(25,105)
Accrued Interest Payable		(10,591)	(11,366)
Current Portion of Long-Term Debt		(52,719)	(57,974)
Compensated Absences Payable		(15,423)	(15,448)
General Obligation Bonds Payable		(671,515)	(664,440)
Less Bond Discount and Premium		(22,222)	(16,522)
Special Assessment Bonds		(18,265)	(19,485)
Unamortized Losses on Refunding		1,443	3,016
Deferred Credits		3,042	2,674
Notes and Other Long-Term Liabilities		(17,603)	(19,738)
Compensated Absences - Long-Term		(54,612)	(51,288)
Claims Payable - Long-Term		(45,770)	(32,935)
Workers' Compensation		(12,074)	(10,860)
Arbitrage		(445)	(432)
Unfunded Other Post Employment Benefits		(20,419)	(8,846)
Net Adjustments		<u>2,020,996</u>	<u>1,937,158</u>
Net Assets of Governmental Activities		<u>\$ 2,650,327</u>	<u>\$ 2,528,977</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>
REVENUES			
Taxes	\$ 745,455	\$ 54,787	\$ 11,725
Licenses and Permits	18,269	10,036	-
Grants, Shared Revenues, and Contributions	19,725	34,279	8,059
Charges for Services	62,547	25,336	35
Fines and Forfeits	22,110	10	-
Parking Fees and Space Rent	20,625	63	27
Program Income, Interest, and Miscellaneous Revenues	25,932	389	15,070
Total Revenues	914,663	124,900	34,916
EXPENDITURES			
Current			
General Government	185,390	-	-
Judicial	26,584	-	-
Public Safety	415,201	-	-
Physical Environment	8,180	-	-
Transportation	11,355	93,811	-
Economic Environment	20,871	-	30,594
Health and Human Services	272	-	-
Culture and Recreation	5,545	-	-
Capital Outlay			
General Government	7,877	-	-
Public Safety	2,426	-	-
Physical Environment	5	-	-
Transportation	-	100,636	-
Economic Environment	-	-	12
Culture and Recreation	31,191	-	-
Debt Service			
Principal	-	2,185	-
Advance Refunding to Escrow	-	-	-
Interest	-	356	-
Bond Issuance Cost	-	-	-
Total Expenditures	714,897	196,988	30,606
Excess (Deficiency) of Revenues over Expenditures	199,766	(72,088)	4,310
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	-	-
Refunding Debt Issued	-	-	-
Premium on Bonds Issued	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Sales of Capital Assets	373	-	32
Transfers In	7,440	86,673	2,074
Transfers Out	(263,197)	(5,344)	-
Total Other Financing Sources (Uses)	(255,384)	81,329	2,106
Net Change in Fund Balance	(55,618)	9,241	6,416
Fund Balances - Beginning of Year	327,028	23,363	63,585
Fund Balances - End of Year	\$ 271,410	\$ 32,604	\$ 70,001

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 2 of 2

IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	<u>Other Governmental</u>	<u>Comparative Totals</u>	
		<u>2008</u>	<u>2007</u>
REVENUES			
Taxes	\$ 122,577	\$ 934,544	\$ 957,242
Licenses and Permits	786	29,091	33,439
Grants, Shared Revenues, and Contributions	71,709	133,772	130,869
Charges for Services	54,879	142,797	149,049
Fines and Forfeits	3,452	25,572	22,701
Parking Fees and Space Rent	17,246	37,961	38,029
Program Income, Interest, and Miscellaneous Revenues	60,686	102,077	81,200
	<hr/>	<hr/>	<hr/>
Total Revenues	331,335	1,405,814	1,412,529
EXPENDITURES			
Current			
General Government	12,201	197,591	154,672
Judicial	-	26,584	24,142
Public Safety	5,904	421,105	377,367
Physical Environment	274	8,454	10,752
Transportation	2,366	107,532	95,474
Economic Environment	58,438	109,903	103,350
Health and Human Services	69,760	70,032	64,490
Culture and Recreation	210,569	216,114	199,214
Capital Outlay			
General Government	3,432	11,309	16,823
Public Safety	10,217	12,643	38,345
Physical Environment	-	5	10
Transportation	-	100,636	105,079
Economic Environment	10	22	270
Culture and Recreation	40,475	71,666	88,641
Debt Service			
Principal	49,670	51,855	61,236
Advance Refunding to Escrow	35,152	35,152	6,270
Interest	35,382	35,738	34,923
Bond Issuance Cost	632	632	256
	<hr/>	<hr/>	<hr/>
Total Expenditures	534,482	1,476,973	1,381,314
Excess (Deficiency) of Revenues over Expenditures	(203,147)	(71,159)	31,215
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	84,960	84,960	36,365
Refunding Debt Issued	54,870	54,870	60,870
Premium on Bonds Issued	7,545	7,545	4,178
Payment to Refunded Bond Escrow Agent	(56,920)	(56,920)	(62,535)
Sales of Capital Assets	3	408	4,348
Transfers In	253,891	350,078	306,914
Transfers Out	(63,725)	(332,266)	(288,087)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	280,624	108,675	62,053
Net Change in Fund Balance	77,477	37,516	93,268
Fund Balances - Beginning of Year	177,839	591,815	498,551
	<hr/>	<hr/>	<hr/>
Fund Balances - End of Year	\$ 255,316	\$ 629,331	\$ 591,819

The accompanying notes are an integral part of these financial statements.

**B-5 RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008
(In Thousands)**

	<u>Comparative Totals</u>	
	<u>2008</u>	<u>2007</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 37,516	\$ 93,268
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense:		
Depreciation expense for the year	(91,613)	(78,800)
Capital outlay reported as expenditures	173,364	235,074
Retirement and sale of capital assets	15,053	(3,457)
Capital assets received as donations	18,874	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,914)	446
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and related items:		
Proceeds of general obligation bonds	(84,960)	(36,365)
Premium on general obligation bonds	(7,545)	(4,178)
Proceeds from bond refunding	(54,870)	(60,870)
Principal payments bonds/notes	51,859	61,237
Bond interest	(1,520)	462
Remittance to refunding escrow using City funds	35,152	6,270
Bond issuance costs	615	233
Remittance to refunding escrow using refunding proceeds	56,920	62,535
Amortization of debt expense	(247)	(257)
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 governmental funds:		
Compensated absences	(3,299)	(7,112)
Injury and damage claims	(13,898)	(15,659)
Workers' compensation	(1,618)	(1,600)
Arbitrage	(13)	(432)
Unfunded OPEB liabilities	(11,574)	(8,846)
Net pension asset	4,864	(2,428)
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:		
Operating loss (income) allocated to enterprise funds	33	(2,178)
Net revenue of internal service funds activities reported with governmental activities	8,173	14,182
Change in Net Assets of Governmental Activities	<u>\$ 121,352</u>	<u>\$ 251,525</u>

The accompanying notes are an integral part of these financial statements.

MAJOR PROPRIETARY FUNDS

The **Light Fund** (City Light) accounts for the operations of the City-owned electric utility. City Light owns and operates generating, transmission and distribution facilities and serves approximately 390,000 customers in the Seattle area.

The **Water Fund** accounts for the operations of the City-owned water utility. It maintains three separate sources of water supply, namely the Tolt and Cedar River watersheds, and Seattle wellfields; approximately 224 miles of supply mains, 1,673 miles of distribution lines and distribution storage capacity of 370 million gallons in reservoirs, tanks, and standpipes. The distribution system serves a population of about 634,000 people. The utility also sells to 25 surrounding cities and water districts that provide water to an additional 746,000 people.

The **Drainage and Wastewater Fund** accounts for the operations of the City-owned sewer and drainage utility facilities and pumping stations. Those facilities and stations are necessary to collect the sewage of the City and discharge it into King County's treatment and disposal systems. The utility maintains about 1,904 miles of sewers and drainage mainlines, one-half of which are separate sanitary sewers and storm mainlines. In addition, the City manages 65 pumping stations.

Descriptions for the nonmajor enterprise funds and the internal service funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2008	Restated 2007	2008	2007
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 63,121	\$ 87,724	\$ 7,340	\$ 6,799
Restricted Cash and Equity in Pooled Investments	-	-	33,639	1,883
Restricted Investments	-	-	60,274	-
Restricted Investment Interest Receivable	-	-	1,108	-
Receivables, Net of Allowances				
Accounts	63,135	67,660	10,063	9,329
Interest and Dividends	686	617	-	-
Unbilled	60,079	59,515	8,936	8,291
Energy Contracts, Notes, and Other Contracts	6,631	855	22	2,775
Due from Other Funds	476	692	656	1,245
Due from Other Governments	5,457	2,712	1,253	2,160
Hydrant Settlement Receivable	-	-	10,088	-
Materials and Supplies Inventory	28,949	26,936	4,996	4,514
Prepayments and Other Current Assets	1,228	1,052	103	68
Total Current Assets	229,762	247,763	138,478	37,064
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	140,840	31,109	30,892	32,996
Restricted Investments	126,179	-	72,293	14,661
Restricted Investment Interest Receivable	-	-	849	251
Unamortized Bond Issue Costs, Net	9,435	6,497	5,123	4,733
Notes and Contracts Receivable	-	-	42	66
Capitalized Purchased Power Commitment	-	4,749	-	-
Deferred Conservation Costs, Net	149,512	141,584	36,382	39,344
Deferred Landfill Closure and Postclosure Costs, Net	-	-	-	-
Deferred External Infrastructure Costs	-	-	-	-
Capitalized Relicensing Costs	54,374	40,917	-	-
Deferred Muckleshoot Settlement Costs	-	-	2,275	2,400
Other Deferred Charges	120,039	106,099	10,661	4,316
Capital Assets				
Land and Land Rights	41,852	41,051	33,784	33,493
Plant in Service, Excluding Land	2,730,371	2,605,862	1,435,137	1,350,949
Less Accumulated Depreciation	(1,237,407)	(1,174,568)	(443,119)	(406,556)
Building and Improvements	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Machinery and Equipment	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Construction in Progress	112,390	104,241	105,279	106,449
Other Property, Net	14,983	14,708	811	855
Total Noncurrent Assets	2,262,568	1,922,249	1,290,409	1,183,957
Total Assets	2,492,330	2,170,012	1,428,887	1,221,021

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Nonmajor Funds	
	2008	2007	2008	2007
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 20,870	\$ 18,075	\$ 46,043	\$ 41,728
Restricted Cash and Equity in Pooled Investments	1,705	1,743	-	-
Restricted Investments	-	-	-	-
Restricted Investment Interest Receivable	-	-	-	-
Receivables, Net of Allowances				
Accounts	13,727	12,710	14,129	14,643
Interest and Dividends	188	73	217	331
Unbilled	13,521	13,245	281	194
Energy Contracts, Notes, and Other Contracts	1	1	-	-
Due from Other Funds	1,336	1,203	1,018	1,383
Due from Other Governments	705	1,209	1,332	845
Hydrant Settlement Receivable	-	-	-	-
Materials and Supplies Inventory	-	-	16	36
Prepayments and Other Current Assets	6	-	-	-
	52,059	48,259	63,036	59,160
Total Current Assets				
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	49,810	2,953	42,001	54,867
Restricted Investments	-	3,991	-	-
Restricted Investment Interest Receivable	-	28	-	-
Unamortized Bond Issue Costs, Net	2,910	2,360	1,299	1,408
Notes and Contracts Receivable	-	-	-	-
Capitalized Purchased Power Commitment	-	-	-	-
Deferred Conservation Costs, Net	-	-	-	-
Deferred Landfill Closure and Postclosure Costs, Net	-	-	26,978	30,211
Deferred External Infrastructure Costs	21,288	21,433	-	-
Capitalized Relicensing Costs	-	-	-	-
Deferred Muckleshoot Settlement Costs	-	-	-	-
Other Deferred Charges	16,768	14,149	11,746	2,026
Capital Assets				
Land and Land Rights	10,492	10,107	14,672	14,672
Plant in Service, Excluding Land	705,747	638,751	52,872	49,807
Less Accumulated Depreciation	(194,929)	(179,895)	(31,550)	(27,612)
Building and Improvements	-	-	60,131	60,131
Less Accumulated Depreciation	-	-	(20,044)	(18,039)
Machinery and Equipment	-	-	15,160	14,439
Less Accumulated Depreciation	-	-	(7,869)	(6,271)
Construction in Progress	48,621	47,355	30,305	15,488
Other Property, Net	597	603	1,765	1,766
	661,304	561,835	197,466	192,893
Total Noncurrent Assets				
Total Assets	713,363	610,094	260,502	252,053

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
	Comparative Totals		Internal Service Funds	
	2008	Restated 2007	2008	Restated 2007
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 137,374	\$ 154,326	\$ 53,092	\$ 47,910
Restricted Cash and Equity in Pooled Investments	35,344	3,626	-	-
Restricted Investments	60,274	-	-	-
Restricted Investment Interest Receivable	1,108	-	-	-
Receivables, Net of Allowances				
Accounts	101,054	104,342	537	1,359
Interest and Dividends	1,091	1,021	136	221
Unbilled	82,817	81,245	-	79
Energy Contracts, Notes, and Other Contracts	6,654	3,631	-	-
Due from Other Funds	3,486	4,523	6,410	9,130
Due from Other Governments	8,747	6,926	682	1,431
Hydrant Settlement Receivable	10,088	-	-	-
Materials and Supplies Inventory	33,961	31,486	2,180	2,516
Prepayments and Other Current Assets	1,337	1,120	21	14
Total Current Assets	483,335	392,246	63,058	62,660
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	263,543	121,925	325	198
Restricted Investments	198,472	18,652	-	-
Restricted Investment Interest Receivable	849	279	-	-
Unamortized Bond Issue Costs, Net	18,767	14,998	-	-
Notes and Contracts Receivable	42	66	-	-
Capitalized Purchased Power Commitment	-	4,749	-	-
Deferred Conservation Costs, Net	185,894	180,928	-	-
Deferred Landfill Closure and Postclosure Costs, Net	26,978	30,211	-	-
Deferred External Infrastructure Costs	21,288	21,433	-	-
Capitalized Relicensing Costs	54,374	40,917	-	-
Deferred Muckleshoot Settlement Costs	2,275	2,400	-	-
Other Deferred Charges	159,214	126,590	-	-
Capital Assets				
Land and Land Rights	100,800	99,323	39	39
Plant in Service, Excluding Land	4,924,127	4,645,369	-	-
Less Accumulated Depreciation	(1,907,005)	(1,788,631)	-	-
Building and Improvements	60,131	60,131	3,688	2,890
Less Accumulated Depreciation	(20,044)	(18,039)	(916)	(853)
Machinery and Equipment	15,160	14,439	168,689	161,261
Less Accumulated Depreciation	(7,869)	(6,271)	(84,227)	(81,923)
Construction in Progress	296,595	273,533	2,072	1,858
Other Property, Net	18,156	17,932	-	-
Total Noncurrent Assets	4,411,747	3,860,934	89,670	83,470
Total Assets	4,895,082	4,253,180	152,728	146,130

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2008	Restated 2007	2008	2007
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 47,458	\$ 43,370	\$ 5,231	\$ 7,363
Salaries, Benefits, and Payroll Taxes Payable	9,703	8,304	3,481	2,653
Compensated Absences Payable	1,327	1,223	441	403
Due to Other Funds	7,162	11,452	3,362	3,593
Due to Other Governments	-	23	62	-
Interest Payable	18,505	19,445	12,471	12,463
Deferred Bond Interest	-	-	-	-
Taxes Payable	8,607	8,987	430	426
General Obligation Bonds Due Within One Year	-	-	-	-
Revenue Bonds Due Within One Year	80,620	70,460	121,495	21,385
Energy and Other Contracts Payable	176	664	-	-
Claims Payable	6,948	5,980	1,505	1,240
Purchased Power Obligation	-	11,970	-	-
Notes and Contracts Payable	-	285	555	118
Habitat Conservation Program Liability	-	-	5,453	9,528
Muckleshoot Liability	-	-	-	1,000
Landfill Closure and Postclosure Liability	-	-	-	-
Deferred Credits	9,819	8,512	2,417	2,246
Other Current Liabilities	820	958	16,211	-
Total Current Liabilities	191,145	191,633	173,114	62,418
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	12,336	11,343	4,124	3,876
Claims Payable	24,419	24,368	3,689	2,473
Long-Term Purchased Power Obligation	-	4,749	-	-
Less Obligation Due Within One Year	-	(11,970)	-	-
Public Works Trust Loan	-	-	7,679	591
Landfill Closure and Postclosure Liability	-	-	-	-
Vendor and Other Deposits Payable	-	-	167	120
Habitat Conservation Program Liability	-	-	4,154	4,019
Muckleshoot Liability	-	-	495	495
Deferred Credits	27,373	26,659	14,219	12,571
Unfunded Other Post Employment Benefits	2,247	1,257	875	486
Other Noncurrent Liabilities	140	194	67	637
General Obligation Bonds, Due Serially	-	-	-	-
Less Bonds Due Within One Year	-	-	-	-
Bond Discount and Premium, Net	-	-	-	-
Deferred Loss on Advanced Refunding	-	-	-	-
Deferred Bond Interest	-	-	-	-
Less Accrued Interest Due Within One Year	-	-	-	-
Revenue Bonds	1,529,375	1,342,460	1,025,480	841,785
Less Bonds Due Within One Year	(80,620)	(70,460)	(121,495)	(21,385)
Bond Discount and Premium, Net	28,318	28,551	29,354	27,862
Deferred Loss on Advanced Refunding	(32,499)	(37,277)	(17,335)	(18,727)
Total Noncurrent Liabilities	1,511,089	1,319,874	951,473	854,803
Total Liabilities	1,702,234	1,511,507	1,124,587	917,221

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Nonmajor Funds	
	2008	2007	2008	2007
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 6,992	\$ 4,155	\$ 8,784	\$ 9,098
Salaries, Benefits, and Payroll Taxes Payable	2,422	1,858	2,462	2,171
Compensated Absences Payable	340	311	412	385
Due to Other Funds	3,679	4,198	1,617	1,762
Due to Other Governments	8,181	8,239	298	417
Interest Payable	5,981	5,750	2,483	1,130
Deferred Bond Interest	-	-	790	666
Taxes Payable	204	186	205	216
General Obligation Bonds Due Within One Year	-	-	1,205	1,179
Revenue Bonds Due Within One Year	9,785	8,070	6,535	4,690
Energy and Other Contracts Payable	-	-	-	-
Claims Payable	5,603	5,917	5,531	668
Purchased Power Obligation	-	-	-	-
Notes and Contracts Payable	308	233	-	-
Habitat Conservation Program Liability	-	-	-	-
Muckleshoot Liability	-	-	-	-
Landfill Closure and Postclosure Liability	-	-	1,115	1,465
Deferred Credits	3,558	2,739	2,826	2,686
Other Current Liabilities	-	-	795	141
Total Current Liabilities	47,053	41,656	35,058	26,674
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	3,179	2,988	3,734	3,447
Claims Payable	12,858	10,615	5,846	636
Long-Term Purchased Power Obligation	-	-	-	-
Less Obligation Due Within One Year	-	-	-	-
Public Works Trust Loan	11,698	5,821	-	-
Landfill Closure and Postclosure Liability	-	-	24,925	25,612
Vendor and Other Deposits Payable	745	189	-	17
Habitat Conservation Program Liability	-	-	-	-
Muckleshoot Liability	-	-	-	-
Deferred Credits	-	-	14,289	15,329
Unfunded Other Post Employment Benefits	674	358	735	391
Other Noncurrent Liabilities	103	110	6	16
General Obligation Bonds, Due Serially	-	-	64,524	65,702
Less Bonds Due Within One Year	-	-	(1,205)	(1,179)
Bond Discount and Premium, Net	-	-	4,019	4,222
Deferred Loss on Advanced Refunding	-	-	-	(738)
Deferred Bond Interest	-	-	4,258	4,330
Less Accrued Interest Due Within One Year	-	-	(790)	(666)
Revenue Bonds	402,035	325,460	87,005	91,695
Less Bonds Due Within One Year	(9,785)	(8,070)	(6,535)	(4,690)
Bond Discount and Premium, Net	9,204	8,154	3,442	3,701
Deferred Loss on Advanced Refunding	(4,567)	(4,818)	(376)	(605)
Total Noncurrent Liabilities	426,144	340,807	203,877	207,220
Total Liabilities	473,197	382,463	238,935	233,894

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
	Comparative Totals		Internal Service Funds	
	2008	Restated 2007	2008	Restated 2007
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 68,465	\$ 63,986	\$ 7,393	\$ 9,434
Salaries, Benefits, and Payroll Taxes Payable	18,068	14,986	2,628	2,484
Compensated Absences Payable	2,520	2,322	289	271
Due to Other Funds	15,820	21,005	2,677	1,742
Due to Other Governments	8,541	8,679	-	-
Interest Payable	39,440	38,788	-	76
Deferred Bond Interest	790	666	-	-
Taxes Payable	9,446	9,815	37	37
General Obligation Bonds Due Within One Year	1,205	1,179	-	860
Revenue Bonds Due Within One Year	218,435	104,605	-	-
Energy and Other Contracts Payable	176	664	-	-
Claims Payable	19,587	13,805	441	421
Purchased Power Obligation	-	11,970	-	-
Notes and Contracts Payable	863	636	-	-
Habitat Conservation Program Liability	5,453	9,528	-	-
Muckleshoot Liability	-	1,000	-	-
Landfill Closure and Postclosure Liability	1,115	1,465	-	-
Deferred Credits	18,620	16,183	-	-
Other Current Liabilities	17,826	1,099	2	65
Total Current Liabilities	446,370	322,381	13,467	15,390
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	23,373	21,654	3,161	2,985
Claims Payable	46,812	38,092	863	793
Long-Term Purchased Power Obligation	-	4,749	-	-
Less Obligation Due Within One Year	-	(11,970)	-	-
Public Works Trust Loan	19,377	6,412	-	-
Landfill Closure and Postclosure Liability	24,925	25,612	-	-
Vendor and Other Deposits Payable	912	326	325	198
Habitat Conservation Program Liability	4,154	4,019	-	-
Muckleshoot Liability	495	495	-	-
Deferred Credits	55,881	54,559	-	-
Unfunded Other Post Employment Benefits	4,531	2,492	647	360
Other Noncurrent Liabilities	316	957	717	810
General Obligation Bonds, Due Serially	64,524	65,702	-	860
Less Bonds Due Within One Year	(1,205)	(1,179)	-	(860)
Bond Discount and Premium, Net	4,019	4,222	-	18
Deferred Loss on Advanced Refunding	-	(738)	-	-
Deferred Bond Interest	4,258	4,330	-	-
Less Accrued Interest Due Within One Year	(790)	(666)	-	-
Revenue Bonds	3,043,895	2,601,400	-	-
Less Bonds Due Within One Year	(218,435)	(104,605)	-	-
Bond Discount and Premium, Net	70,318	68,268	-	-
Deferred Loss on Advanced Refunding	(54,777)	(61,427)	-	-
Total Noncurrent Liabilities	3,092,583	2,722,704	5,713	5,164
Total Liabilities	3,538,953	3,045,085	19,180	20,554

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2008	Restated 2007	2008	2007
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 604,153	\$ 450,344	\$ 290,311	\$ 295,738
Restricted for				
Debt Service	844	200	8,936	-
Contingency Reserve Account	25,000	25,000	-	-
Special Deposits and Other	388	94	-	-
Deferred Conservation and Environmental Costs	-	-	6,918	7,035
Bonneville Power Administration Projects	-	-	1,891	2,393
Deferred External Infrastructure Costs	-	-	-	-
Muckleshoot Settlement	-	-	542	545
Other Deferred Charges	-	-	1,089	1,001
Unrestricted	159,711	182,867	(5,387)	(2,912)
Total Net Assets	<u>\$ 790,096</u>	<u>\$ 658,505</u>	<u>\$ 304,300</u>	<u>\$ 303,800</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Net Assets of Business-Type Activities				

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Nonmajor Funds	
	2008	2007	2008	2007
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 216,579	\$ 206,654	\$ 17,276	\$ 14,292
Restricted for				
Debt Service	5,340	-	-	-
Contingency Reserve Account	-	-	-	-
Special Deposits and Other	-	-	-	-
Deferred Conservation and Environmental Costs	203	2,222	50	-
Bonneville Power Administration Projects	-	-	-	-
Deferred External Infrastructure Costs	8,255	7,016	-	-
Muckleshoot Settlement	-	-	-	-
Other Deferred Charges	4,115	2,410	342	646
Unrestricted	5,674	9,329	3,899	3,221
Total Net Assets	\$ 240,166	\$ 227,631	\$ 21,567	\$ 18,159
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Net Assets of Business-Type Activities				

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008
(In Thousands)

	<u>Business-Type Activities - Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>	
	<u>Comparative Totals</u>			
	<u>2008</u>	<u>Restated 2007</u>	<u>2008</u>	<u>Restated 2007</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 1,128,319	\$ 967,028	\$ 89,345	\$ 82,394
Restricted for				
Debt Service	15,120	200	-	-
Contingency Reserve Account	25,000	25,000	-	-
Special Deposits and Other	388	94	-	-
Deferred Conservation and Environmental Costs	7,171	9,257	-	-
Bonneville Power Administration Projects	1,891	2,393	-	-
Deferred External Infrastructure Costs	8,255	7,016	-	-
Muckleshoot Settlement	542	545	-	-
Other Deferred Charges	5,546	4,057	-	-
Unrestricted	<u>163,897</u>	<u>192,505</u>	<u>44,203</u>	<u>43,182</u>
Total Net Assets	1,356,129	1,208,095	<u>\$ 133,548</u>	<u>\$ 125,576</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	<u>2,737</u>	<u>2,720</u>		
Net Assets of Business-Type Activities	<u>\$ 1,358,866</u>	<u>\$ 1,210,815</u>		

The accompanying notes are an integral part of these financial statements.

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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2008	Restated 2007	2008	2007
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 877,393	\$ 832,525	\$ 164,405	\$ 160,161
OPERATING EXPENSES				
Long-Term Purchased Power	181,689	220,194	-	-
Short-Term Wholesale Power Purchases	52,501	33,431	-	-
Generation	27,978	24,974	-	-
Transmission	48,790	45,138	-	-
Distribution	60,699	53,754	-	-
Energy Management and Other Power Expenses	119,534	90,541	-	-
Utility Systems Management	-	-	20,839	20,839
Field Operations	-	-	19,911	18,653
Engineering Services	-	-	6,200	4,724
Customer Services	33,402	31,242	8,163	7,549
Wastewater Treatment	-	-	-	-
Solid Waste Collection	-	-	-	-
Operations and Maintenance	-	-	-	-
General and Administrative	66,141	59,476	26,152	25,070
City Business and Occupation Taxes	33,842	33,396	19,029	18,561
Other Taxes	28,062	25,711	5,762	5,609
Amortization of Landfill and Postclosure Costs	-	-	-	-
Depreciation and Other Amortization	78,055	77,066	40,616	37,436
Total Operating Expenses	730,693	694,923	146,672	138,441
Operating Income (Loss)	146,700	137,602	17,733	21,720
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	5,956	10,217	1,066	3,909
Interest Expense	(61,087)	(66,386)	(34,378)	(37,378)
Amortization of Debt Costs	(2,008)	(2,176)	(283)	(291)
Gain (Loss) on Sale of Capital Assets	3,150	530	(1,020)	(199)
Contributions and Grants	2,308	3,909	167	695
Others, Net	(3,355)	(5,136)	43	5,531
Total Nonoperating Revenues (Expenses)	(55,036)	(59,042)	(34,405)	(27,733)
Income (Loss) Before Capital Contributions and Grants and Transfers	91,664	78,560	(16,672)	(6,013)
Capital Contributions and Grants	39,927	42,203	17,172	7,191
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Assets	131,591	120,763	500	1,178
Net Assets - Beginning of Year	658,505	547,561	303,800	302,622
Prior-Year Adjustment	-	(9,819)	-	-
Net Assets - Beginning of Year as Restated	658,505	537,742	303,800	302,622
Net Assets - End of Year	\$ 790,096	\$ 658,505	\$ 304,300	\$ 303,800
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Change in Net Assets of Business-Type Activities				

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND

CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Nonmajor Funds	
	2008	2007	2008	2007
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 224,109	\$ 202,408	\$ 175,724	\$ 179,893
OPERATING EXPENSES				
Long-Term Purchased Power	-	-	-	-
Short-Term Wholesale Power Purchases	-	-	-	-
Generation	-	-	-	-
Transmission	-	-	-	-
Distribution	-	-	-	-
Energy Management and Other Power Expenses	-	-	-	-
Utility Systems Management	21,518	21,369	1,731	5,006
Field Operations	16,134	13,601	9,548	8,868
Engineering Services	11,934	8,045	257	191
Customer Services	5,280	4,985	11,948	10,162
Wastewater Treatment	98,294	98,425	-	-
Solid Waste Collection	-	-	59,689	59,450
Operations and Maintenance	-	-	47,556	47,714
General and Administrative	22,169	25,908	20,095	18,622
City Business and Occupation Taxes	25,567	23,688	17,203	17,307
Other Taxes	2,753	2,404	1,725	1,674
Amortization of Landfill and Postclosure Costs	-	-	3,233	3,195
Depreciation and Other Amortization	18,182	14,931	8,489	7,429
Total Operating Expenses	221,831	213,356	181,474	179,618
Operating Income (Loss)	2,278	(10,948)	(5,750)	275
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	2,758	2,549	3,750	2,430
Interest Expense	(16,742)	(14,947)	(7,061)	(5,477)
Amortization of Debt Costs	(116)	(110)	(105)	(63)
Gain (Loss) on Sale of Capital Assets	(508)	(40)	86	(15)
Contributions and Grants	310	944	1,314	659
Others, Net	232	1,092	367	(963)
Total Nonoperating Revenues (Expenses)	(14,066)	(10,512)	(1,649)	(3,429)
Income (Loss) Before Capital Contributions and Grants and Transfers	(11,788)	(21,460)	(7,399)	(3,154)
Capital Contributions and Grants	24,323	3,641	4	28
Transfers In	-	-	10,803	10,612
Transfers Out	-	-	-	-
Change in Net Assets	12,535	(17,819)	3,408	7,486
Net Assets - Beginning of Year	227,631	245,450	18,159	10,673
Prior-Year Adjustment	-	-	-	-
Net Assets - Beginning of Year as Restated	227,631	245,450	18,159	10,673
Net Assets - End of Year	\$ 240,166	\$ 227,631	\$ 21,567	\$ 18,159
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Change in Net Assets of Business-Type Activities				

The accompanying notes are an integral part of these financial statements.

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**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
	Comparative Totals		Internal Service Funds	
	2008	Restated 2007	2008	Restated 2007
OPERATING REVENUES				
Charges for Services and Other Revenues	\$ 1,441,631	\$ 1,374,987	\$ 162,499	\$ 171,183
OPERATING EXPENSES				
Long-Term Purchased Power	181,689	220,194	-	-
Short-Term Wholesale Power Purchases	52,501	33,431	-	-
Generation	27,978	24,974	-	-
Transmission	48,790	45,138	-	-
Distribution	60,699	53,754	-	-
Energy Management and Other Power Expenses	119,534	90,541	-	-
Utility Systems Management	44,088	47,214	-	123
Field Operations	45,593	41,122	-	-
Engineering Services	18,391	12,960	-	7,583
Customer Services	58,793	53,938	-	-
Wastewater Treatment	98,294	98,425	-	-
Solid Waste Collection	59,689	59,450	-	-
Operations and Maintenance	47,556	47,714	99,595	94,549
General and Administrative	134,557	129,076	14,622	14,407
City Business and Occupation Taxes	95,641	92,952	5	5
Other Taxes	38,302	35,398	300	259
Amortization of Landfill and Postclosure Costs	3,233	3,195	-	-
Depreciation and Other Amortization	145,342	136,862	14,512	14,538
Total Operating Expenses	1,280,670	1,226,338	129,034	131,464
Operating Income (Loss)	160,961	148,649	33,465	39,719
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	13,530	19,105	2,468	2,672
Interest Expense	(119,268)	(124,188)	51	14
Amortization of Debt Costs	(2,512)	(2,640)	-	-
Gain (Loss) on Sale of Capital Assets	1,708	276	(251)	130
Contributions and Grants	4,099	6,207	849	968
Others, Net	(2,713)	524	-	176
Total Nonoperating Revenues (Expenses)	(105,156)	(100,716)	3,117	3,960
Income (Loss) Before Capital Contributions and Grants and Transfers	55,805	47,933	36,582	43,679
Capital Contributions and Grants	81,426	53,063	6	85
Transfers In	10,803	10,612	-	-
Transfers Out	-	-	(28,616)	(29,440)
Change in Net Assets	148,034	111,608	7,972	14,324
Net Assets - Beginning of Year			125,576	112,570
Prior-Year Adjustment			-	(1,318)
Net Assets - Beginning of Year as Restated			125,576	111,252
Net Assets - End of Year			\$ 133,548	\$ 125,576
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds	17	2,191		
Change in Net Assets of Business-Type Activities	\$ 148,051	\$ 113,799		

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Light		Water	
	2008	Restated 2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 782,043	\$ 763,543	\$ 157,382	\$ 156,057
Cash Paid to Suppliers	(300,357)	(321,518)	(19,802)	(25,298)
Cash Paid to Employees	(181,802)	(164,781)	(53,237)	(46,879)
Cash Paid for Taxes	(63,105)	(59,144)	(24,659)	(25,575)
Net Cash from Operating Activities	236,779	218,100	59,684	58,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and Interest Paid on Loan/Note	(291)	(290)	-	-
Operating Grants Received	2,416	3,894	167	695
Service for Others	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Receipts for Energy Conservation Augmentation	782	1,917	-	-
Payments for Energy Conservation Augmentation	(18,996)	(13,693)	-	-
Other Non-Operating Cash Inflows	-	-	732	1,181
Other Non-Operating Cash Outflows	-	-	(689)	(171)
Gains from Bankruptcy Distributions	718	525	-	-
Net Cash from Noncapital Financing Activities	(15,371)	(7,647)	210	1,705
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	260,619	-	216,114	-
Principal Payments on Long-Term Debt and Refunding	(70,460)	(71,049)	(21,940)	(20,003)
Capital Expenditures and Deferred Charges Paid	(165,893)	(156,979)	(73,947)	(82,574)
Interest Paid on Long-Term Debt	(65,218)	(69,955)	(38,807)	(38,945)
Capital Fees and Grants Received	25,271	37,456	4,805	7,191
Premium from Sale of Long-Term Debt	-	-	-	-
Loss from Advanced Refunding of Long-Term Debt	-	-	-	-
Interest Received for Suburban Infrastructure Improvements	440	-	-	-
Debt Issuance Costs	(3,358)	-	(673)	-
Interfund Proceeds on Sale of Property	2,653	-	-	-
Proceeds from Sale of Capital Assets	-	5	158	4,683
Net Cash from Capital and Related Financing Activities	(15,946)	(260,522)	85,710	(129,648)
CASH FLOWS FROM INVESTING ACTIVITIES ^a				
Proceeds from Sale of Investments	-	-	14,675	77,548
Purchases of Investments	(125,780)	-	(131,250)	(31,688)
Interest Received on Investments	5,446	10,251	1,164	3,513
Net Cash from Investing Activities	(120,334)	10,251	(115,411)	49,373
Net Increase (Decrease) in Cash and Equity in Pooled Investments	85,128	(39,818)	30,193	(20,265)
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	118,833	158,651	41,678	61,943
End of Year	<u>\$ 203,961</u>	<u>\$ 118,833</u>	<u>\$ 71,871</u>	<u>\$ 41,678</u>
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 63,121	\$ 87,724	\$ 7,340	\$ 6,799
Current Restricted Cash and Equity in Pooled Investments	-	-	33,639	1,883
Noncurrent Restricted Cash and Equity in Pooled Investments	140,840	31,109	30,892	32,996
Total Cash at the End of the Year	<u>\$ 203,961</u>	<u>\$ 118,833</u>	<u>\$ 71,871</u>	<u>\$ 41,678</u>

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long-term investments. Information on the increases or decreases in the fair value of long-term investments is shown in the Schedule of Noncash Activities of the Statement of Cash Flows.

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

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PROPRIETARY FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Nonmajor Funds	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 224,007	\$ 201,006	\$ 176,735	\$ 179,880
Cash Paid to Suppliers	(129,946)	(139,160)	(102,000)	(104,311)
Cash Paid to Employees	(39,582)	(30,246)	(48,883)	(46,335)
Cash Paid for Taxes	(28,141)	(26,149)	(20,152)	(19,792)
Net Cash from Operating Activities	26,338	5,451	5,700	9,442
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and Interest Paid on Loan/Note	-	-	-	-
Operating Grants Received	310	944	1,314	659
Service for Others	-	-	-	(1,002)
Transfers In	-	-	10,803	10,612
Transfers Out	-	-	-	-
Receipts for Energy Conservation Augmentation	-	-	-	-
Payments for Energy Conservation Augmentation	-	-	-	-
Other Non-Operating Cash Inflows	-	-	367	40
Other Non-Operating Cash Outflows	(1,796)	(3,857)	-	-
Gains from Bankruptcy Distributions	-	-	-	-
Net Cash from Noncapital Financing Activities	(1,486)	(2,913)	12,484	10,309
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	92,211	694	-	143,578
Principal Payments on Long-Term Debt and Refunding	(8,314)	(9,408)	(5,869)	(94,887)
Capital Expenditures and Deferred Charges Paid	(48,995)	(21,509)	(18,294)	(4,459)
Interest Paid on Long-Term Debt	(18,289)	(14,887)	(6,580)	(4,829)
Capital Fees and Grants Received	2,080	1,074	4	27
Premium from Sale of Long-Term Debt	-	-	-	4,357
Loss from Advanced Refunding of Long-Term Debt	-	-	-	(1,249)
Interest Received for Suburban Infrastructure Improvements	-	-	-	-
Debt Issuance Costs	(666)	-	-	(188)
Interfund Proceeds on Sale of Property	-	-	-	-
Proceeds from Sale of Capital Assets	72	-	141	(15)
Net Cash from Capital and Related Financing Activities	18,099	(44,036)	(30,598)	42,335
CASH FLOWS FROM INVESTING ACTIVITIES ^a				
Proceeds from Sale of Investments	4,000	90,541	-	-
Purchases of Investments	-	(64,260)	-	-
Interest Received on Investments	2,663	2,585	3,864	2,198
Net Cash from Investing Activities	6,663	28,866	3,864	2,198
Net Increase (Decrease) in Cash and Equity in Pooled Investments	49,614	(12,632)	(8,550)	64,284
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	22,771	35,403	96,594	32,310
End of Year	\$ 72,385	\$ 22,771	\$ 88,044	\$ 96,594
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 20,870	\$ 18,075	\$ 46,043	\$ 41,728
Current Restricted Cash and Equity in Pooled Investments	1,705	1,743	-	-
Noncurrent Restricted Cash and Equity in Pooled Investments	49,810	2,953	42,001	54,866
Total Cash at the End of the Year	\$ 72,385	\$ 22,771	\$ 88,044	\$ 96,594

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long-term investments. Information on the increases or decreases in the fair value of long-term investments is shown in the Schedule of Noncash Activities of the Statement of Cash Flows.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008
(In Thousands)

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
	Comparative Totals		Internal Service Funds	
	2008	Restated 2007	2008	Restated 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,340,167	\$ 1,300,486	\$ 166,497	\$ 169,519
Cash Paid to Suppliers	(552,105)	(590,287)	(67,447)	(66,834)
Cash Paid to Employees	(323,504)	(288,241)	(46,749)	(44,337)
Cash Paid for Taxes	(136,057)	(130,660)	(303)	(270)
Net Cash from Operating Activities	328,501	291,298	51,998	58,078
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal and Interest Paid on Loan/Note	(291)	(290)	-	(2,500)
Operating Grants Received	4,207	6,192	849	968
Service for Others	-	(1,002)	-	-
Transfers In	10,803	10,612	-	-
Transfers Out	-	-	(28,615)	(29,440)
Receipts for Energy Conservation Augmentation	782	1,917	-	-
Payments for Energy Conservation Augmentation	(18,996)	(13,693)	-	-
Other Non-Operating Cash Inflows	1,099	1,221	-	-
Other Non-Operating Cash Outflows	(2,485)	(4,028)	-	-
Gains from Bankruptcy Distributions	718	525	-	-
Net Cash from Noncapital Financing Activities	(4,163)	1,454	(27,766)	(30,972)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	568,944	144,272	-	-
Principal Payments on Long-Term Debt and Refunding	(106,583)	(195,347)	(878)	(815)
Capital Expenditures and Deferred Charges Paid	(307,129)	(265,521)	(20,580)	(20,854)
Interest Paid on Long-Term Debt	(128,894)	(128,616)	(25)	(86)
Capital Fees and Grants Received	32,160	45,748	-	-
Premium from Sale of Long-Term Debt	-	4,357	-	-
Loss from Advanced Refunding of Long-Term Debt	-	(1,249)	-	-
Interest Received for Suburban Infrastructure Improvements	440	-	-	-
Debt Issuance Costs	(4,697)	(188)	-	-
Interfund Proceeds on Sale of Property	2,653	-	-	-
Proceeds from Sale of Capital Assets	371	4,673	6	166
Net Cash from Capital and Related Financing Activities	57,265	(391,871)	(21,477)	(21,589)
CASH FLOWS FROM INVESTING ACTIVITIES ^a				
Proceeds from Sale of Investments	18,675	168,089	-	-
Purchases of Investments	(257,030)	(95,948)	-	-
Interest Received on Investments	13,137	18,547	2,554	2,625
Net Cash from Investing Activities	(225,218)	90,688	2,554	2,625
Net Increase (Decrease) in Cash and Equity in Pooled Investments	156,385	(8,431)	5,309	8,142
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	279,876	288,307	48,108	39,966
End of Year	\$ 436,261	\$ 279,876	\$ 53,417	\$ 48,108
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 137,374	\$ 154,326	\$ 53,092	\$ 47,910
Current Restricted Cash and Equity in Pooled Investments	35,344	3,626	-	-
Noncurrent Restricted Cash and Equity in Pooled Investments	263,543	121,924	325	198
Total Cash at the End of the Year	\$ 436,261	\$ 279,876	\$ 53,417	\$ 48,108

^a Increases and decreases in the fair value of investments are treated as additions or deductions to cash and equity in pooled investments and long-term investments. Information on the increases or decreases in the fair value of long-term investments is shown in the Schedule of Noncash Activities of the Statement of Cash Flows.

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

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PROPRIETARY FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Business-Type Activities - Enterprise Funds			
	L i g h t		W a t e r	
	2008	Restated 2007	2008	2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 146,700	\$ 137,602	\$ 17,733	\$ 21,720
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	79,825	78,520	40,616	37,436
Amortization of Deferred Power Costs	7,200	6,601	-	-
Changes in Operating Assets and Liabilities				
Accounts Receivable	(3,481)	2,638	(10,822)	224
Unbilled Receivables	(564)	4,970	(645)	(977)
Bad Debt Expense	4,729	4,062	-	-
Power Revenue and Expense	594	(113)	-	-
Other Receivables	(574)	(657)	2,777	(2,703)
Due from Other Funds	(216)	706	589	(855)
Due from Other Governments	2,745	1,733	907	(810)
Materials and Supplies Inventory	(5,595)	(6,579)	(482)	132
Accounts Payable	9,246	(9,216)	(701)	2,105
Salaries, Benefits, and Payroll Taxes Payable	1,399	(612)	828	179
Compensated Absences Payable	1,097	1,173	675	783
Due to Other Funds	(4,290)	4,096	(359)	(768)
Due to Other Governments	(23)	-	62	-
Claims Payable	(968)	(5,045)	482	(166)
Taxes Payable	(380)	(544)	132	(12)
Deferred Credits	(2,061)	(8,727)	498	695
Other Assets and Liabilities	1,396	7,492	7,394	1,322
Total Adjustments	90,079	80,498	41,951	36,585
Net Cash from Operating Activities	\$ 236,779	\$ 218,100	\$ 59,684	\$ 58,305
SCHEDULE OF NONCASH ACTIVITIES				
In-Kind Capital Contributions	\$ 12,830	\$ 5,769	\$ -	\$ -
Amortization of Debt Related Costs, Net	2,007	(2,176)	-	-
Change in Valuation of Derivative Financial Instruments	6,264	(6,298)	-	-
Change in Valuation of Deferrals on Power Exchange	(1,303)	(23)	-	-
Allowance for Funds Used During Construction	3,213	2,691	-	-
Power Exchange Revenues	64,059	50,546	-	-
Power Exchange Expenses	(63,655)	(50,402)	-	-
Change in Capitalized Purchased Power Commitment/Obligation	(4,749)	(10,653)	-	-
Power Revenue Netted against Power Expenses	14,266	12,444	-	-
Power Expense Netted against Power Revenues	(57,909)	(43,172)	-	-
Fair Value Adjustment of Long-Term Investments	-	-	105	10
Contributed Infrastructure	-	-	12,366	2,154
Total Noncash Activities	\$ (24,977)	\$ (41,274)	\$ 12,471	\$ 2,164

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008
(In Thousands)

	Business-Type Activities - Enterprise Funds			
	Drainage and Wastewater		Nonmajor Funds	
	2008	2007	2008	2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,278	\$ (10,948)	\$ (5,750)	\$ 275
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	18,182	14,931	11,722	10,624
Amortization of Deferred Power Costs	-	-	-	-
Changes in Operating Assets and Liabilities				
Accounts Receivable	(1,017)	(79)	514	(146)
Unbilled Receivables	(276)	(1,076)	(87)	43
Bad Debt Expense	-	-	-	-
Power Revenue and Expense	-	-	-	-
Other Receivables	-	-	-	-
Due from Other Funds	(915)	(214)	813	(725)
Due from Other Governments	504	(751)	(488)	(460)
Materials and Supplies Inventory	-	-	20	43
Accounts Payable	2,837	233	(313)	279
Salaries, Benefits, and Payroll Taxes Payable	563	255	293	147
Compensated Absences Payable	220	810	434	427
Due to Other Funds	(518)	(631)	(145)	(369)
Due to Other Governments	(58)	577	(119)	56
Claims Payable	2,835	1,335	155	61
Taxes Payable	18	(22)	(11)	1
Deferred Credits	813	742	(280)	484
Other Assets and Liabilities	872	289	(1,058)	(1,298)
Total Adjustments	<u>24,060</u>	<u>16,399</u>	<u>11,450</u>	<u>9,167</u>
Net Cash from Operating Activities	<u>\$ 26,338</u>	<u>\$ 5,451</u>	<u>\$ 5,700</u>	<u>\$ 9,442</u>
SCHEDULE OF NONCASH ACTIVITIES				
In-Kind Capital Contributions	\$ -	\$ -	\$ -	\$ -
Amortization of Debt Related Costs, Net	-	-	-	-
Change in Valuation of Derivative Financial Instruments	-	-	-	-
Change in Valuation of Deferrals on Power Exchange	-	-	-	-
Allowance for Funds Used During Construction	-	-	-	-
Power Exchange Revenues	-	-	-	-
Power Exchange Expenses	-	-	-	-
Change in Capitalized Purchased Power Commitment/Obligation	-	-	-	-
Power Revenue Netted against Power Expenses	-	-	-	-
Power Expense Netted against Power Revenues	-	-	-	-
Fair Value Adjustment of Long-Term Investments	(3)	3	-	-
Contributed Infrastructure	<u>22,243</u>	<u>2,295</u>	<u>-</u>	<u>-</u>
Total Noncash Activities	<u>\$ 22,240</u>	<u>\$ 2,298</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

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**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008
(In Thousands)**

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds	
	Comparative Totals		Internal Service Funds	
	2008	Restated 2007	2008	Restated 2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 160,961	\$ 148,649	\$ 33,465	\$ 39,719
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	150,345	141,511	14,512	14,538
Amortization of Deferred Power Costs	7,200	6,601	-	-
Changes in Operating Assets and Liabilities				
Accounts Receivable	(14,806)	2,637	823	(448)
Unbilled Receivables	(1,572)	2,960	79	17
Bad Debt Expense	4,729	4,062	-	-
Power Revenue and Expense	594	(113)	-	-
Other Receivables	2,203	(3,360)	-	-
Due from Other Funds	271	(1,088)	2,720	(2,649)
Due from Other Governments	3,668	(288)	749	1,266
Materials and Supplies Inventory	(6,057)	(6,404)	337	(206)
Accounts Payable	11,069	(6,599)	(2,041)	4,867
Salaries, Benefits, and Payroll Taxes Payable	3,083	(31)	143	263
Compensated Absences Payable	2,426	3,193	194	(216)
Due to Other Funds	(5,312)	2,328	934	654
Due to Other Governments	(138)	633	-	-
Claims Payable	2,504	(3,815)	90	(11)
Taxes Payable	(241)	(577)	1	(3)
Deferred Credits	(1,030)	(6,806)	-	-
Other Assets and Liabilities	8,604	7,805	(8)	287
Total Adjustments	167,540	142,649	18,533	18,359
Net Cash from Operating Activities	\$ 328,501	\$ 291,298	\$ 51,998	\$ 58,078
SCHEDULE OF NONCASH ACTIVITIES				
In-Kind Capital Contributions	\$ 12,830	\$ 5,769	\$ 6	\$ 85
Amortization of Debt Related Costs, Net	2,007	(2,176)	-	-
Change in Valuation of Derivative Financial Instruments	6,264	(6,298)	-	-
Change in Valuation of Deferrals on Power Exchange	(1,303)	(23)	-	-
Allowance for Funds Used During Construction	3,213	2,691	-	-
Power Exchange Revenues	64,059	50,546	-	-
Power Exchange Expenses	(63,655)	(50,402)	-	-
Change in Capitalized Purchased Power Commitment/Obligation	(4,749)	(10,653)	-	-
Power Revenue Netted against Power Expenses	14,266	12,444	-	-
Power Expense Netted against Power Revenues	(57,909)	(43,172)	-	-
Fair Value Adjustment of Long-Term Investments	102	13	-	-
Contributed Infrastructure	34,609	4,449	-	-
Total Noncash Activities	\$ 9,734	\$ (36,812)	\$ 6	\$ 85

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS

PRIVATE-PURPOSE TRUST FUND

The **S. L. Denny Fund** holds a nonexpendable gift. The investment income is available for aid to disabled firemen.

Descriptions for the pension trust funds and agency funds are provided in the Combining and Individual Fund and Other Supplementary Information section.

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF NET ASSETS

FIDUCIARY FUNDS

December 31, 2008

(In Thousands)

	<u>Pension Trust Funds</u>	<u>S. L. Denny Private-Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and Equity in Pooled Investments	\$ 30,238	\$ 203	\$ 13,895
Short-Term Investments	6,542	-	-
Securities Lending Collateral	69,839	-	-
Investments at Fair Value			
U.S. Government Obligations	93,704	-	-
Domestic Corporate Bonds	156,963	-	-
Domestic Stocks	482,488	-	-
International Stocks	225,343	-	-
Real Estate	216,701	-	-
Alternative/Venture Capital	163,165	-	-
Mezzanine Debt	123,114	-	-
	<hr/>	<hr/>	<hr/>
Total Investments at Fair Value	1,461,478	-	-
Receivables			
Employer - Due from Other Funds	214	-	-
Employer - Other	6,351	-	777
Interest and Dividends	2,638	-	-
Due from Other Governments	3	-	-
	<hr/>	<hr/>	<hr/>
Total Receivables	9,206	-	777
Equipment, at Cost, Net of Accumulated Depreciation	<hr/> 3	<hr/> -	<hr/> -
Total Assets	1,577,306	203	14,672
LIABILITIES			
Accounts Payable	-	-	3
Refunds Payable and Other	12,565	-	-
Salaries, Benefits, and Payroll Taxes Payable	-	-	4,970
Deposits Payable	-	-	9,688
Claims/Judgments Payable	-	-	11
Securities Lending Collateral	75,394	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	87,959	-	14,672
Net Assets Held in Trust for Pension Benefits and Other Purposes	<hr/> \$ 1,489,347	<hr/> \$ 203	<hr/> \$ -

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2008
(In Thousands)**

	<u>Pension Trust Funds</u>	<u>S.L. Denny Private-Purpose Trust</u>
ADDITIONS		
Contributions		
Employer	\$ 90,443	\$ -
Plan Member	45,986	-
	<hr/>	<hr/>
Total Contributions	136,429	-
Investment Income (Loss)		
From Investment Activities		
Net Appreciation (Depreciation) in Fair Value of Investments	(639,841)	-
Interest	18,366	8
Dividends	5,543	-
	<hr/>	<hr/>
Total Investment Activities Income (Loss)	(615,932)	8
Investment Activities Expenses		
Investment Management Fees	3,107	-
Performance Measurement Fees	165	-
Investment Custodial Fees	94	-
	<hr/>	<hr/>
Total Investment Activities Expenses	3,366	-
Net Income (Loss) from Investment Activities	(619,298)	8
From Securities Lending Activities		
Securities Lending Income	3,522	-
Securities Lending Expenses		
Borrower Rebates	2,542	-
Management Fees	244	-
	<hr/>	<hr/>
Total Securities Lending Expenses	2,786	-
Net Income (Loss) from Securities Lending Activities	736	-
Total Net Investment Income (Loss)	<hr/> (618,562) <hr/>	<hr/> 8 <hr/>
Total Additions	(482,133)	8
DEDUCTIONS		
Benefits	144,495	-
Refund of Contributions	10,223	-
Administrative Expense	3,010	-
	<hr/>	<hr/>
Total Deductions	157,728	-
Change in Net Assets	(639,861)	8
Net Assets - Beginning of Year	2,129,208	195
Net Assets - End of Year	<hr/> \$ 1,489,347 <hr/>	<hr/> \$ 203 <hr/>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

December 31, 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Seattle are regulated by the Washington State Auditor's Office and conform to generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB). The City's significant accounting policies are described below.

REPORTING ENTITY

The City of Seattle (the primary government for financial reporting purposes) consists of the funds, departments, agencies, boards and commissions (referred to in this note as organizations) over which the City exercises financial accountability, and a component unit over which the City is not financially accountable but is required to be reported due to the nature and significance of its relationship with the City. Additional information on the component unit may be found in Note 11. The City does not have other relationships with organizations of such nature and significance that exclusion would render the City's financial statements incomplete or misleading.

Indicators of Financial Accountability

The financial statements include the organizations for which the elected officials of the City of Seattle are financially accountable. Criteria indicating financial accountability include, but are not limited to, the following:

- Appointment by the City of a majority of voting members of the governing body of an organization, and
 - Ability of the City to impose its will on the daily operations of an organization, such as the power to remove appointed members at will; to modify or approve budgets, rates, or fees; or to make other substantive decisions; or
 - Provisions by the organization of specific financial benefits to the City; or
 - Imposition by any organization of specific financial burdens on the City, such as the assumption of deficits or provision of support;
- Or, fiscal dependency by the organization on the City, such as from the lack of authority to determine its budget or issue its own bonded debt without City approval.

Joint Venture

A joint venture is an organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate activity. In addition to joint control, each participant must have either an ongoing financial interest or an ongoing financial responsibility. The City participates in a joint venture with King County with regard to the Seattle-King County Work Force Development Council. Additional information on the existing joint venture may be found in Note 12.

Organizations Excluded: Related Organizations

Organizations for which the City has appointed a voting majority of the members of the governing body, but for which the City is not financially accountable, are as follows:

Housing Authority of the City of Seattle

City of Seattle Industrial Development Corporation

Burke-Gilman Place Public Development Authority

ACCOUNTING STANDARDS

In 2008 the City implemented the following Government Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) statements:

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement establishes standards of accounting and reporting for pollution remediation obligations that address current or potential detrimental effects of existing pollution by participating in pollution remediation activities but do not include prevention or control obligations with respect to current operations such as obligations to install smokestack scrubbers, treat effluent, or use environment-friendly products – for example, low-sodium road salts. This statement does not apply to landfill closure and postclosure care obligations within the scope of GASB Statement No. 18, *Accounting for Municipal Waste Landfill Closure and Postclosure Care Costs*; other future pollution remediation activities that are required upon retirement of an asset except to those activities at the time of the retirement if obligating events are met and a liability has not been recorded previously; recognition of asset impairments or liability recognition for unpaid claims by insurance activities and accounting for nonexchange transactions such as brownfield redevelopment grants.

GASB Statement No. 50, *Pension Disclosures*. This statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefits and defined contribution pensions. It amends Statement No. 25, paragraphs 27, 32, 36, 37, 40 and 41 and it supersedes footnotes 17 and 18 of that statement. It also amends paragraphs 20-22 and footnotes 10 and 17 of Statement No. 27.

FASB Statement No. 157 as amended, *Fair Value Measurements*. Under this standard, fair value is defined as the exchange price in an orderly transaction between market participants that would be received to sell the asset or paid to transfer the liability (*i.e.*, the exit price) in the market in which the reporting entity would transact, that is, the principal or most advantageous market for the asset or liability. Fair value is the result of a hypothetical transaction at the measurement date. This standard applies under other accounting pronouncements that require or permit fair value measurements. The statement establishes a fair value hierarchy consisting of three levels and also provides three valuation approaches. The level within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. In measuring fair value the City in its Light Fund maximized the use of observable inputs that, at their lowest significant level, were other than quoted prices. The City applied fair value to investments and equity in pooled investments, exchange energy contracts, short-term energy forward derivative instruments, asset retirement obligations, and long-term debt. The adoption of the statement did not have a material impact on the Light Fund's financial condition and results of operations; disclosures with respect to fair value measurements were approved and required.

FASB Statement No. 159, *Fair Value Option for Financial Assets and Financial Liabilities*. This statement permits entities to choose to measure certain financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option is elected would be reported in net income or deferred in accordance with FASB Statement No. 71, if applicable. The City, relevant to its Light Fund, did not elect to use the fair value option under this statement for any financial assets and liabilities at implementation and, as such, the adoption of FASB Statement No. 159 did not have any material impact on its financial condition and results of operation.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. These statements report the financial position and activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on charges and fees for their services. Resources of fiduciary activities, which are not available to finance governmental programs, are excluded from the government-wide financial statements.

Statement of Net Assets

The Statement of Net Assets reports all financial and capital resources. The difference between assets and liabilities is net assets. Net assets are displayed in three components: invested in capital assets, net of related debt; restricted; and unrestricted.

The amount reported as invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are restricted when constraints placed on net asset use are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

For permanent endowments, net assets are displayed showing the nonexpendable and the expendable components separately. Nonexpendable net assets are those that are required to be retained in perpetuity and are reported as restricted net assets. Unrestricted net assets are those that are not “invested in capital assets, net of related debt” or “restricted.”

Statement of Activities

The Statement of Activities displays the degree to which the direct expenses of a given function or segment is funded by program revenues. Direct expenses are those that are clearly identifiable to a specific function. Direct expenses include depreciation on capital assets that are clearly associated with a given function. In general, expenses related to personnel functions are reported as indirect expenses. Program revenues include charges for services, grants, and contributions that are restricted for specific purposes. Taxes and other revenues not included as program revenues are reported as general revenues.

Interfund activity within governmental funds of the City is eliminated, except for the effect of services provided by the business-type activities, such as the sale of utility services to the general government and to other funds. This avoids misstatement of program revenues of the selling function and expenses of the various users. Operating income or (loss) reported by internal service funds in the fund financial statements are allocated back to the City departments either as a reduction or addition to their expenses by function.

Fund Financial Statements

Separate fund financial statements are provided to report additional and detailed information for governmental funds, proprietary funds, and fiduciary funds. Even though fiduciary funds are excluded from the government-wide financial statements, these funds are reported in the fund financial statements under the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets. Major individual governmental funds and major individual enterprise funds are presented in separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in other funds.

The **Transportation Fund** accounts for revenues for construction, improvement, repair, or maintenance of City streets and waterways. Revenues include taxes on the sale, disposition, or use of motor vehicle fuel; motor vehicle excise taxes designated for street purposes; and grants.

The **Low-Income Housing Fund** accounts for activities undertaken by the City to rehabilitate, replace, and preserve low-income housing stock and to assist low-income tenants in Seattle. It is supported by a seven-year housing levy approved by the voters in 2002 and federal grants. The fund accounts for long-term housing loan assistance programs that are either deferred or amortized. Most of the loans are deferred and are payable in full on sale, on change of use, or at the end of the loan term. Terms will generally permit borrowers to further defer payment of principal, deferred interest, and contingent interest by extending the loan term. Majority of the current loans are deferred for 50 years and may be extended for an additional 25 years. Amortizing loans will be required if project budgets can afford repayment and meet required rent levels.

The City reports the following major proprietary funds:

The **Light Fund** (City Light) accounts for operating the City's electric utility which owns and operates generating, transmission, and distribution facilities. The Utility supplies electricity to approximately 390,000 customers in the Seattle area as well as to other city agencies.

The **Water Fund** accounts for operating the City's water utility. The Utility maintains more than 224 miles of water supply mains, 1,673 miles of distribution lines, and 370 million gallons of distribution storage capacity in the Cedar and Tolt Rivers and Highline Well Field watersheds. The distribution system serves a population of close to 634,000 people. The Utility also sells to 25 surrounding cities and water districts that provide water to an additional 746,000 people. The average daily total consumption is about 117 million gallons of water.

The **Drainage and Wastewater Fund** accounts for operating the sewer and drainage utility facilities and its pumping stations. These facilities and stations are necessary to collect the sewage of the City and discharge it into the King County Department of Natural Resources Wastewater Treatment System for treatment and disposal.

Additionally, the City reports the following fund types:

Permanent funds account for resources that are legally restricted to the extent that only earnings, and not principal, are available for disbursement. Earnings of the **H. H. Dearborn Fund** and the **Beach Maintenance Trust Fund** are used for charitable purposes and maintenance of public beaches, respectively.

Internal service funds account for support services provided to other City departments, such as motor pool, office space, managing the design and construction phases of capital improvement projects, telecommunications, data communications, radio systems, and the fiber optic network.

Fiduciary funds account for assets held in a trustee or agency capacity. The City has three pension trust funds:

The **Employees' Retirement Fund** receives employees' payroll deductions for retirement and the City's matching contributions. It pays pension benefits to retired City employees.

The **Firemen's Pension Fund** accounts for revenues from a portion of the state-levied fire insurance premium tax and significantly from pension and benefits contributions of the General Fund. It pays medical and pension benefits to sworn firemen.

The **Police Relief and Pension Fund** receives support almost entirely from the General Fund to pay for sworn police personnel's medical and pension benefits that are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

The City uses **agency funds** to report assets that are held in a custodial relationship. Agency funds are not used to support the government's own programs and so these funds are excluded from the government-wide financial statements. The City reports the following as agency funds: Guaranty Deposits, Payroll Withholding, Salary, Voucher, and Pass-Through Grants Funds.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Basis of accounting refers to the timing of when revenues and expenditures or expenses and transfers are recognized in the accounts and reported in the financial statements.

Governmental Fund Financial Statements

Financial statements for governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter (generally 60 days) to pay current liabilities. Revenues that are measurable but not available are recorded as receivables and offset by deferred revenues. Property taxes, business and occupation taxes, and other taxpayer-assessed tax revenues that are due for the current year are considered measurable and available and are therefore recognized as revenues even though a portion of the taxes may be collected in the subsequent year. Special assessments are recognized as revenues only to the extent that those individual installments are considered as current assets. Intergovernmental revenues received as reimbursements for specific purposes are recognized when the expenditures are recognized. Intergovernmental revenues received but not earned are recorded as deferred revenues. Licenses, fines, penalties, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are accrued as earned.

Expenditures are recorded when the liability is incurred except for interest on long-term debt, judgments and claims, workers' compensation, and compensated absences, which are recorded when paid.

Proprietary Fund Financial Statements

Financial statements for proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. Certain costs in the enterprise funds are deferred and expensed in future years as the utility rates recover these costs.

The revenues of the four utilities, which are based upon service rates authorized by the City Council, are determined by monthly or bimonthly billings to customers. Amounts received but not earned at year-end are reported as deferred revenues. Earned but unbilled revenues are accrued.

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 activity. The principal operating revenues of the City's Light, Water, Solid Waste, Drainage and Wastewater Utilities, the Downtown Parking Garage, the Planning and Development Fund, and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of personnel services, contractual services, other supplies and expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has chosen flexible application and reporting in accordance with the election of each fund. City Light elected to apply all GASB pronouncements as well as all FASB statements and interpretations except where they conflict with GASB pronouncements. All other enterprise funds elected to apply all GASB pronouncements and those FASB statements and interpretations issued on or before November 30, 1989, except when they contradict GASB pronouncements.

Fiduciary Fund Financial Statements

Financial statements for the pension trust and private-purpose trust funds are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net assets of the retirement funds are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Agency funds, unlike the other types of fiduciary funds, report only assets and liabilities. Agency funds do not have a measurement focus since they do not report equity and cannot present an operating statement reporting changes in equity. They do, however, use the accrual basis of accounting to recognize receivables and payables.

BUDGETS AND BUDGETARY ACCOUNTING

Budgetary accounts are integrated in the fund database for all budgeted funds, including capital improvement projects funds and the Community Development Block Grant (CDBG) Fund. However, the annual financial report includes budgetary comparisons for annually budgeted governmental operating funds only. Note 2, Stewardship, Compliance, and Accountability, discusses in detail the City's budgetary policies and processes.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

The City is authorized to purchase U.S. Treasury and government agency securities, certificates of deposits and other investment deposits issued by Washington State depositories that qualify under the Washington State Deposit Protection Act as defined by RCW 39.58, bankers' acceptances purchased in the secondary market, commercial paper purchased in the secondary market and having received the highest rating by at least two nationally recognized rating agencies, repurchase and reverse repurchase agreements with "primary dealers" that have executed master repurchase agreements, public funds in the local government investment pool (LGIP) in the State Treasury, and other securities as authorized by law.

The City and the City Employees' Retirement System are also allowed under state law to make securities lending transactions. Gross income from securities lending transactions as well as the various fees paid to the institution that oversees the lending activity is recorded in the operating statements. Assets and liabilities include the value of the collateral that is being held. Under the authority of RCW 41.28.005 and the Seattle Municipal Code 4.36.130, the System's Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions. Securities lent must be collateralized with cash or securities having 102 percent of the market value of the loaned securities. The City and the Retirement System cannot pledge or sell collateral securities without a borrower default.

Under the City's investment policy all temporary cash surpluses are invested, either directly or through a "sweep account." Pooled investments are reported on the combined balance sheets as Cash and Equity in Pooled Investments. Interest earned on the pooled investments is prorated to individual funds at the end of each month on the basis of their average daily cash balances during the month when interest was earned.

Since the participating funds in the City's internal investment pool use the pool as if it were a demand deposit account, the proprietary fund equity in pooled investments is considered cash for cash flow reporting purposes.

Investments are recorded 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.

The City of Seattle has the following policies in managing its investments:

- The City seeks to preserve principal while maximizing income and maintaining liquidity to meet the City's need for cash.
- Investment decisions should further the City's social policies established by ordinance or policy resolutions of the City Council.
- A City social policy shall take precedence over furthering the City's financial objectives when expressly authorized by City Council resolution, except where otherwise provided by law or trust principles.
- Securities purchased shall have a maximum maturity of fifteen years, and the average maturity of all securities shall be less than five years.
- All transactions are done on a delivery-versus-payment basis.
- The standard of prudence to be used by investment personnel shall be the "Prudent Person Rule" and will be applied in the context of managing an overall portfolio.
- Securities shall not be purchased with trading or speculation as the dominant criterion for the selection of the security.

The Seattle City Employees' Retirement System has its investment management policies set by the Retirement Board. State law allows the System to invest in longer term maturities and in a broader variety of securities, such as real estate and equity issues. The Board policies require that investments in any one corporation or organization may not exceed five percent of net assets available for benefits. Less than five percent of plan assets can be invested in derivative securities. All derivatives are high quality non-leveraged securities consisting of collateralized mortgage obligations (CMOs), Treasury strips, convertible bonds, futures, options, etc. These derivatives cause little exposure to credit risk, market risk, or legal risk. Venture capital and real estate equities are reported at fair value that has been determined by independent appraisers.

Receivables

Customer accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. Notes and contracts receivable arise from a written agreement or contract with private individuals or organizations. Receivables are shown net of allowances for uncollectible accounts.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/due from other funds.

Advances to other funds in governmental funds are equally offset by a fund balance reserve account, which indicates that they do not constitute available spendable resources since they are not a component of net current assets.

Inventories

Inventories are generally valued using the weighted-average cost method and consist of expendable materials and supplies held for consumption.

The cost is recorded as expenditure in governmental funds at the time individual inventory items are purchased. This is known as the purchase method. Governmental fund inventories are equally offset by a fund balance reserve to indicate that they do not constitute available spendable resources even though they are included in net current assets.

Inventories in the proprietary funds are expensed as consumed.

Capital Assets

The City classifies assets with an estimated useful life in excess of one year as capital assets. As a general rule, items with an initial individual cost of \$5,000 or more are capitalized.

Governmental infrastructure assets include long-lived capital assets, such as roads, bridges, and tunnels that normally can be preserved for a significantly greater number of years than most capital assets. Estimated historical costs were established based on the City's street reports to the state. Works of art have been valued at historical cost. In cases where the historical cost is not available the method used was "backtrending," i.e., deflating the current replacement cost using the appropriate price index. Donated capital assets are valued at their estimated fair market value at the time of donation. For proprietary funds, contributions of capital assets are reported under Capital Contributions and Grants in the Statement of Revenues, Expenses, and Changes in Fund Net Assets.

Most capital assets are depreciated for the governmental funds. Annual depreciation is recorded in government-wide financial statements as an expense of the governmental function for which the assets are being used. Depreciation is computed using the straight-line method over estimated service lives as follows:

Utility plant in service	33 - 100 years
Buildings	25 - 50 years
Improvements other than buildings	25 - 50 years
Infrastructure	10 - 50 years
Machinery and equipment	2 - 25 years

Composite rates are used in the enterprise funds for depreciating asset groups. Consequently, when an asset is retired, its original cost together with removal costs less salvage is charged to accumulated depreciation. The cost of current maintenance and repairs is charged to expense, while the cost of renewals and betterments is capitalized.

Restricted Assets

In accordance with the utility bond resolutions, state law, or other agreements, separate restricted assets have been established. These assets are restricted for specific purposes including the establishment of bond reserve funds, financing the ongoing capital improvement programs of the various utilities, and other purposes.

Deferred Charges

Deferred charges may include preliminary costs of projects and information systems, programmatic conservation costs, certain purchased power expenses, the cost of future construction of plant owned and operated by other entities for future services, and charges related to bond issues.

Costs for proposed projects incurred by the enterprise funds pending construction of the facility are deferred. Costs relating to projects ultimately constructed are transferred to utility plant; costs are charged to expense if a project is abandoned or deferred if the costs are to be recovered through future use. Conservation program costs in the Light and Water Utilities which result in long-term benefits and reduce or postpone other capital expenditures are capitalized and amortized over their expected useful lives due to the Utilities' capital financing plans and rate-setting methodology. Costs of administering the overall program are expensed as incurred.

In the proprietary funds the bond premium and discount are amortized using the effective-interest method over the term of the bonds. The excess costs incurred over the carrying value of bonds refunded on early extinguishment of debt is amortized as a component of interest expense using either straight-line or effective-interest methods over the shorter of the remaining life of the old debt or the life of the new bond issue. Bond issue costs are amortized over the life of the bond. For all other funds, deferrals and amortizations are recognized and reported directly in the government-wide financial statements under governmental activities.

Prepaid Items

In governmental funds the City accounts prepayments using the consumption method and, therefore, it recognizes expenditures as prepaid items expire. The City recognizes a reservation of fund balance for prepaid items only when the amount in the fund is materially significant.

Accumulated Compensated Absences

Compensated absences, including payroll taxes, are reported as current and noncurrent liabilities in the statement of net assets. Actual balances are accrued for all types of compensated absences except sick leave, the liability for which is generally estimated using the termination method.

Vacation Pay

Employees earn vacation based upon their date of hire and years of service and may accumulate earned vacation up to a maximum of 480 hours. Unused vacation at retirement or termination is considered vested and payable to the employee.

Sick Pay

Employees earn up to 12 days of sick leave per year and may accumulate sick leave balances without limit.

The City is mandated, upon retirement of a represented employee who is covered by an agreement between the City and an individual union, that is part of the Coalition of City Unions, that has been duly ratified by members and upon receipt of a signed hold harmless agreement and membership form, to contribute on behalf of such employee to the City's Health Reimbursement Arrangement - Voluntary Employees' Beneficiary Association (HRA-VEBA) program an amount equal to 35 percent of the member's unused sick leave balance. If the eligible employee fails to submit the signed hold harmless agreement and the membership enrollment form by their last working day of employment, their entire sick leave balance is forfeited.

Retiring employees who are not eligible to participate in the HRA-VEBA program may elect to either cash out 25 percent of the value of their sick leave balance or defer receipt of 35 percent of the value of their sick leave balance to the City's 457 Plan and Trust, subject to the year-to-date or life-to-date limitations on deferrals and contributions to such account. If the 35-percent value of the sick leave balance exceeds the maximum amount deferred to the City's 457 Plan and Trust, the employee shall receive a taxable cash payment equal to the amount, if any, by which the 25 percent of value of the sick leave balance exceeds the portion of the 35-percent amount that was allowed to be deferred.

Other Compensated Absences

Other compensated absences include compensatory time in lieu of overtime pay, merit credits earned by firefighters, furlough earned by police, holiday earned by library and police employees, and other compensation earned by City employees under law or union contracts. Unused compensated absences are payable at retirement or termination.

Risk Management

A liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are discounted at the City's average investment rate of return (Note 14).

Other Accrued Liabilities

Other accrued liabilities include deposits, interest payable on obligations, and lease-purchase agreements.

Interfund Activity and Contracts/Advances

Interfund activity and balances in the funds are eliminated or reclassified in the process of aggregating data for the Statement of Net Assets and the Statement of Activities.

Interfund debt is recorded in the appropriate funds even though such debt may result in a noncurrent liability for a governmental fund because the debt is not a general obligation of the City.

Deferred Revenues

Deferred revenues include amounts collected before revenue recognition criteria are met as well as amounts recorded as receivables, which under the modified accrual basis of accounting, are measurable but not yet available. The deferred items consist primarily of delinquent property taxes, contracts, mortgages receivable, grant funds received in advance of expenditures, portions of local improvement districts special assessments that are due in succeeding years in governmental funds, and the amounts loaned by the Housing and Community Development Revenue Sharing Fund, a special revenue fund, under authorized federal loan programs.

Deferred credits include deferred revenues and revenues collected or billed in advance.

Reservations and Designations

A reservation is used to segregate a portion of fund balance that is either not appropriable for expenditures or is legally restricted for a specific future use. The amounts not appropriable for expenditures are reported as fund balance reserved for noncurrent assets, inventories, petty cash, and prepaid items. The amounts legally segregated for specific future uses are reported as fund balance reserved for capital improvements and grants, debt service including judgments and claims, employee benefits, endowments and gifts, employee retirement systems, continuing appropriations, and encumbrances.

In cases where a governmental fund does not have enough available unreserved fund balance, the fund balance reserved for that fund is limited to the extent of the amount available.

Program Revenues

Program revenues are revenues derived directly from the program itself. These revenues reduce the net cost of the function to be financed from the City's general revenues. The Statement of Activities separately reports three categories of program revenues: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other revenues that do not meet the criteria of program revenues are reported as general revenues.

Prior-Year Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City of Seattle's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

The City budgets for the General Fund and some special revenue funds on an annual basis. The special revenue funds which have legally adopted annual budgets are the Park and Recreation Fund, the Transportation Fund, the Library Fund, the Seattle Center Fund, the Human Services Operating Fund, the Office of Housing Fund, and the Low-Income Housing Fund.

The City Council approves the City's operating budget. In addition, the City Council annually approves two separate but related financial planning documents: the Capital Improvement Program (CIP) plan and the Community Development Block Grant (CDBG) program allocation.

The operating budget is proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The budget is designed to allocate available resources on a biennial basis among the City's public services and programs and provides for associated financing decisions. The budget appropriates fiscal year expenditures and establishes employee positions by department and fund except for project-oriented, multiyear appropriations made for capital projects, grants, or endowments.

Table 2-1

APPROPRIATION CHANGES – GENERAL FUND

(In Thousands)

	2008
Annual Budget	\$ 1,146,994
Carryovers	
Encumbrances	5,829
Continuing Appropriations	87,280
Intrafund	(28,243)
Budget Revisions	58,437
Total Budget	\$ 1,270,297

The CIP plan is also proposed by the Mayor and adopted by the City Council at least 30 days before the beginning of the fiscal year. The CIP is a six-year plan for capital project expenditures and anticipated financing by fund source. It is revised and extended annually. The City Council adopts the CIP as a planning document but does not appropriate the multiyear expenditures identified in the CIP. These expenditures are legally authorized through the annual operating budget or by specific project ordinances during the year.

The CDBG planning process allocates the annual grant awarded by the federal government. Allocations are made to both City and non-City organizations. Legal authority is established each year by a separate appropriation ordinance for the Housing and Community Development Revenue Sharing Fund.

Budgetary control for the operating budget generally is maintained at the budget control level within departments with the following exceptions: the Library Fund has its total budget set at fund level by the City Council, but its actual expenditures are controlled by the Library Board; capital projects programmed in the CIP are controlled at the project or project-phase level or program depending on legal requirements; grant-funded activities are controlled as prescribed by law and federal regulations.

The City Council may by ordinance abrogate, decrease, or reappropriate any unexpended budget authority during the year. The City Council, with a three-fourths vote, may also increase appropriations. Emergency Subfund appropriations related to settlement of claims, emergency conditions, or laws enacted since the annual operating budget ordinance require approval by two-thirds of the City Council.

The Finance Director may approve the transfer of appropriations. Beginning in 2003 the following restrictions to budget transfers within a budget year were imposed by ordinance. Total budget transfers into a budget control level may not exceed 10 percent of its original budgeted allowance, and in no case may they be greater than \$500,000. Total transfers out may not exceed 25 percent of the original budgeted allowance. For capital items the affected budget is both the original appropriated budget for the current year and the unexpended budget carried over from prior years. Within a budget control level departments may transfer appropriations without the Finance Director's approval.

Budgetary comparisons for proprietary funds may be requested from the Department of Executive Administration. Budget figures consist of the adopted annual budget, which includes appropriation carryovers from previous years, and any revisions adopted by ordinance during the year. The budgetary basis is substantially the same as the accounting basis in all governmental fund types except for the treatment of encumbrances that do not lapse, those whose budgets were approved by the Department of Finance to carry over to the following year, and are included with expenditures.

FUND BALANCE DESIGNATED FOR SPECIAL PURPOSES

Within the fund financial statements the City reports fund balances as "Unreserved Designated for Special Purposes" on the Balance Sheet of its governmental funds. In the General Fund, the balances comprise of amounts billed and collected internally by the City's Personnel Department for purposes of industrial insurance, unemployment compensation, special employment, life insurance, and health care.

Also included in the balance are revenues collected within the Cable TV Franchise Subfund. The Cable Television Franchise Subfund, created by Ordinance 118196, collects revenues from the cable providers and must use the funds according to the usage policies established in Council Resolution 30379.

The designation in the Seattle Center Fund is for the repairs and maintenance of the McCaw Hall, its kitchen equipment purchases and for operations.

All amounts reported as designated for special purposes are legally segregated for specific future use. The total amount reported is broken down by fund and by year in the following table.

Table 2-2

FUND BALANCES DESIGNATED FOR SPECIAL PURPOSES

(In Thousands)

Fund	2008	Restated 2007
General Fund		
Group Term Life Insurance	\$ 414	\$ 370
Health Care	13,564	13,831
Unemployment Compensation	4,398	5,359
Industrial Insurance	6,681	4,776
Special Employment Program	106	106
Cable TV Franchise	4,334	5,316
Special Revenue Fund		
Seattle Center McCaw Hall	879	670
	\$ 30,376	\$ 30,428

DEFICITS IN FUND BALANCES AND NET ASSETS

The Downtown Parking Garage Fund has negative fund net assets of \$20.3 million. This is mostly attributable to cumulative depreciation expenses which were not planned to be covered by operating revenues. The Garage generates revenues to cover debt service payments and operating expenses, excluding depreciation. The negative fund equity will continue; however, garage revenues are expected to remain sufficient to meet cash requirements for the foreseeable future.

The Seattle Streetcar Fund has negative fund balance of \$1.95 million. The fund was created by Ordinance 122424. This ordinance also allows a loan from the City’s Consolidated (Residual) Cash Pool of up to \$2.2 million. This loan is to be repaid no later than December 31, 2018, from the sale of surplus property, grants, donations, transfers, and other monies as authorized by ordinance.

(3) CASH AND INVESTMENTS

CASH AND EQUITY IN POOLED INVESTMENTS

Cash resources of all City funds are combined to form a cash pool that is managed by the Department of Executive Administration. Under the City’s investment policy, all temporary cash surpluses in the pool are invested. Each fund’s share of the cash pool is included in the participating fund’s balance sheet under the caption “Cash and Equity in Pooled Investments.” The pool operates like a demand deposit account in that all City funds may deposit cash at any time and also withdraw cash out of the pool without prior notice or penalty.

Custodial Credit Risk – Deposits. As of December 31, 2008, the City’s cash pool had cash in the vault of \$0.1 million and \$23.9 million on deposit with the City’s custodial banks which includes cash that had been credited in the City books but remains in the bank to cover checks that had been issued by the City but were unredeemed at the end of the year. The Federal Deposit Insurance Corporation (FDIC) insures the City’s deposits up to \$0.25 million; the rest is uninsured and uncollateralized and is therefore exposed to custodial risk, which is the risk that deposits may not be returned to the City in the event of bank failure. The City minimizes exposure to custodial credit risk for deposits by requiring depository banks to have sufficient capital to support the activities of City accounts. Banks having a deposit relationship with the City are also required to provide financial statements for the City’s use in reviewing the bank’s financial condition. All deposits not covered by FDIC insurance are under the jurisdiction of the Washington State Public Deposit Protection Commission (Commission), established in RCW 39.58 that also regulates public depository financial institutions within the state. The Commission requires public depositories a pledge agreement with the Commission and a trustee, and shall at all times maintain, segregated from its other assets, eligible collateral in the form of securities described in RCW 39.58.050 (5) and (6) having a value at least equal to its maximum liability. Such collateral shall be segregated by deposit with depository’s trustee and shall be clearly designated as security for the benefit of public depositors. The collateral is used, through the depository’s trustee, when the Commission assesses the depository bank in cases where losses are incurred by depositors, net of deposit insurance already received by them.

CITY TREASURY INVESTMENTS

Note 1 describes the investment policies of the City. Banks or trust companies acting as the City's agents hold all of the City's investments in the City's name. As of December 31, 2008, the City's cash investment pool had the following investments and maturities.

Table 3-1 **INVESTMENTS AND MATURITIES**
TREASURY RESIDUAL INVESTMENTS AND
SECURITIES HELD FOR DEDICATED FUNDS
(In Thousands)

Investments	Fair Value			Weighted Average Maturity (Days)
	Treasury Residual Investments	Securities Held for Dedicated Funds	Carrying Amount	
Repurchase Agreements	\$ 95,760	\$ -	\$ 95,760	2
U.S. Government Obligations	15,286	-	15,286	151
U.S. Government Securities and U.S. Government-Sponsored Enterprises Securities	784,028	213,793	997,821	703
Commercial Paper	215,172	44,986	260,158	15
Municipal Bonds	13,342	-	13,342	469
Total	\$ 1,123,588	\$ 258,779	\$ 1,382,367	
Weighted Average Maturity of the Treasury Residual Investments and Securities Held for Dedicated Funds				517

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. To manage exposure to declines in fair values, the City adopted an investment policy that limits the weighted average maturity of its investment portfolio to no longer than five years. Furthermore, to achieve its financial objective of maintaining liquidity to meet its operating cash flow needs, the City typically selects investments that have much shorter average maturities.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with its investment policy the City manages exposure to credit risk in commercial paper by purchasing programs with the highest rating by at least two nationally recognized statistical rating organizations (NRSROs); conducting internal due diligence of each commercial paper program purchased and maintaining an approved purchased list of names as well as list of names to avoid; and paid subscriptions to Moody's Investors Service and Fitch Ratings. As of December 31, 2008, the City's investments in commercial paper were rated P-1 by Moody's Investors Service, A-1+ or A-1 by Standard & Poor's, or F-1 or F1+ by Fitch Ratings. The same internal due diligence is conducted for purchasing taxable municipal securities issued outside of the State of Washington. The municipal bonds were rated VMIG1, Aaa, Aa1, Aa2 by Moody's Investors Service and A-1+, A-1, AAA, AA+ or AA by Standard & Poor's.

The City also purchases obligations of government-sponsored enterprises which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. These include, but are not limited to, debt securities of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal National Mortgage Association. As of December 31, 2008, these investments were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's.

The City's investments in repurchase agreements require a master repurchase agreement executed with the counterparty. Securities delivered as collateral must be priced at a minimum of 102 percent of their market value for U.S. Treasuries and at higher margins of 103 percent to 105 percent for debentures of U.S. federal government-sponsored enterprises, mortgage-backed pass-throughs, banker's acceptances, and commercial paper. In addition, collateral securities must have the highest credit ratings of at least two nationally recognized statistical rating organizations (NRSROs). As of December 31, 2008, the securities underlying the City's investment in repurchase agreements included collateral other than U.S. Treasuries, and the repurchase agreements were not rated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with its investment policy, the City manages exposure to concentration of credit risk for the City's investments portfolio as a whole. The City limits its investments in any one issuer as follows: 10 percent of the portfolio per bank for certificates of deposit or bankers' acceptances; 5 percent for commercial paper or municipal bonds; and 20 percent per U.S. government agency. However, U.S. government real estate mortgage investment conduits

(REMICs), collateralized mortgage obligations (CMOs) and pass-through securities are not subject to maximum agency limitations but are limited to a maximum asset allocation of 25 percent of the total portfolio. The City's investments in which five percent or more is invested in any single issuer as of December 31, 2008, are shown in the following table.

Table 3-2 **CONCENTRATION OF CREDIT RISK**
(In Thousands)

Issuer	Fair Value	Percent of Total Investments
Federal Home Loan Mortgage Corp. (Freddie Mac)	\$ 334,911	24 %
Federal National Mortgage Association (Fannie Mae)	296,604	21
Federal Home Loan Bank	255,135	18
Federal Farm Credit Bank	111,170	8
Wells Fargo Bank	95,760	7
Siemens Capital	69,981	5

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. The City minimizes custodial credit risk for its investments by having its investment securities held by the City's contractual custodian agent and not by the counterparty or the counterparty's trust department or agent. Additionally, the City mitigates custodial risk by settling its trades delivery versus payment through the City's custodian. In accordance with its investment policy the City also maintains a list of approved securities dealers to provide investment services to the City. The securities dealers include primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). The City conducts its own financial due diligence of each counterparty before adding the securities dealer to the City's list of approved dealers.

Foreign Currency Risk. The City Treasury investment pool and securities held for dedicated funds portfolios do not invest in foreign currencies.

INVESTMENTS OF THE SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM (SCERS)

Investments of the Seattle City Employees' Retirement System are accounted for in the Employees' Retirement Fund, a fiduciary fund which is not included in the Citywide financial statements because its resources belong to the retirement system and do not support City programs.

The retirement fund investments are made in accordance with the Prudent Person Rule as defined by RCW 35.39.060.

Table 3-3 **SCERS' INVESTMENTS**
(In Thousands)

Investments	Amount
U.S. Government Obligations	\$ 93,240
Domestic Corporate Bonds	156,963
Domestic Stocks	482,488
International Stocks	225,343
Other	
Short-Term Investment Funds	6,542
Securities Lending	69,839
Mezzanine Debt	123,114
Real Estate	216,701
Alternative/Venture Capital	163,165
Total	\$ 1,537,395

Credit Risk. In accordance with its policy the Retirement Board provides its investment managers with a set of investment guidelines that specify eligible investments and applicable restrictions necessary for risk control. Managers do not have authority to depart from those guidelines.

SCERS' fixed income portfolio is primarily managed by three external money management firms. SCERS' investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rates.

Table 3-4

SCERS' FIXED INCOME PORTFOLIO

(In Thousands)

Investment Type	Fair Value	Investment Maturities (In Years)			
		<1	1 - 5	6 - 10	>10
Fixed Income					
U.S. Government					
Treasuries, Notes, and Bonds	\$ 9,627	\$ 509	\$ 3,078	\$ 1,962	\$ 4,078
Treasury Inflation-Protected Securities	2,951	-	-	526	2,425
Agencies	8,409	999	2,301	1,515	3,594
Mortgage-Backed					
Government Pass-Throughs	71,253	1,383	2	3,521	66,347
Corporate Pass-Throughs	43,726	4,590	108	-	39,028
Government Collateralized Mortgage Obligations	1,000	-	-	1	999
Corporate					
Bonds	60,889	1,766	16,664	25,802	16,657
Asset-Backed	25,152	747	1,812	5,640	16,953
Private Placements	12,649	1,112	3,742	3,519	4,276
CDO's and CLO's	2,519	-	374	76	2,069
Convertible Bonds	3,659	157	1,378	88	2,036
Total Portfolio	\$ 241,834	\$ 11,263	\$ 29,459	\$ 42,650	\$ 158,462

Interest Rate Risk. SCERS' investment policy requires the Retirement Board to provide its investment managers with a set of investment guidelines that specify eligible investments and applicable restrictions necessary for risk control. Managers do not have authority to depart from those guidelines.

SCERS' investment policy does not limit fixed income investments based on ratings by nationally recognized rating agencies. Speculative investments are avoided based on the Prudent Person Rule as defined by RCW 35.39, and policy specifies target percentages for diversification in order to minimize risk of large losses.

Table 3-5

SCERS' FIXED INCOME RATINGS BY STANDARD AND POOR'S

(In Thousands)

Investment Type	AAA	AA	A	BBB	BB	B	CCC and Below	Not Rated
Mortgage-Backed Corporate Pass-Throughs	\$ 29,063	\$ 762	\$ 529	\$ 407	\$ 1,904	\$ 2,425	\$ 410	\$ 8,226
Corporate								
Bonds	1,965	3,282	24,422	19,941	3,774	1,945	3,860	1,700
Asset-Backed	2,838	1,107	2,484	1,061	976	460	-	16,226
Private Placements	565	987	1,857	4,306	1,785	-	654	2,495
CDO's and CLO's	-	-	-	244	-	-	-	2,275
Convertible Bonds	-	492	758	767	553	440	21	628
Total Portfolio	\$ 34,431	\$ 6,630	\$ 30,050	\$ 26,726	\$ 8,992	\$ 5,270	\$ 4,945	\$ 31,550

Table 3-6

SCERS' ASSET ALLOCATION

Asset Class	Actual	Target
Cash and Cash Equivalents	0.5 %	1.0 %
Equities		
Domestic	32.8	38.0
International	15.3	20.0
Alternative	11.1	10.0
Debt		
Bonds	17.1	14.0
Mezzanine	8.4	5.0
Real Estate	14.8	12.0
Total	100.0 %	100.0 %

Concentration of Credit Risk. The Investment Committee reviews its portfolio holdings quarterly to ensure compliance with the specified targets. Regular systematic rebalancing of the portfolio back to the target percentages are undertaken to ensure compliance with the specified targets. In line with its policy, SCERS does not have any investments in any issuer that represent more than five percent of SCERS' net assets, except for investments in U.S. government obligations or U.S. government agency securities. The Retirement Board provides its investment managers with a set of investment guidelines that specify eligible investments, minimum diversification standards, and applicable restrictions necessary for diversification. Managers do not have authority to depart from those guidelines. Portfolio rebalancing was not performed in the fourth quarter of 2008 because of the overall volatility in the stock market with hindrance to liquidity not seen since the early 1920's.

Custodial Credit Risk. SCERS mitigates custodial credit risk by having its investment securities held by SCERS' custodian and registered in SCERS' name.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates that will adversely impact the fair market value of an investment. SCERS' currency risk exposure or exchange rate risk primarily resides within the international equity holdings. SCERS' investment managers maintain adequately diversified portfolios to limit currency security risk. Per SCERS' policy, individual manager guidelines include the ranges of acceptable exposure.

SECURITIES LENDING TRANSACTIONS

The City cash pool and the Seattle City Employees' Retirement System are allowed to engage in securities lending transactions similar to that instituted by the Washington State Treasurer's Office and other municipal corporations in the State of Washington.

Under the authority of RCW 41.28.005 and the SMC 4.36.130, the Seattle City Employees' Retirement System Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions whereby securities are loaned for the purpose of generating additional income to SCERS. Gross income from securities lending transactions of SCERS as well as the various fees paid to the institution that oversees the lending activity is reported in the fund's operating statements. Assets and liabilities include the value of the collateral that is being held.

The market value of the required collateral must meet or exceed 102 percent of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. There are no restrictions on the amount of securities that may be loaned. The contractual agreement with the SCERS' custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay SCERS' income distribution by the securities' issuers while the securities are on loan. Cash and U.S. government securities were received as collateral for these loans.

SCERS invests cash collateral received; accordingly, any investment made with cash collateral is reported as an asset. A corresponding liability is recorded as SCERS must return the cash collateral to the borrower upon the expiration of the loan. In 2008 SCERS experienced a default on a cash collateral purchase as a result of the Lehman Brothers bankruptcy. SCERS is working with the custodian through the bankruptcy process. The defaulted dollar value of the asset is de minimis to the overall portfolio value. Additionally, as a result of the 2008 credit crisis, in the fourth quarter of 2008, the custodian was instructed not to exceed \$100 million dollars of collateralized obligations.

Table 3-7 SCERS' SECURITIES LENT AND COLLATERAL

(In Thousands)

<u>Type of Securities Lent</u>	<u>2008</u>		<u>2007</u>	
	<u>Fair Values of Securities Lent</u>	<u>Collateral</u>	<u>Fair Values of Securities Lent</u>	<u>Collateral</u>
U.S. Government and Agencies	\$ 11,359	\$ 11,692	\$ 19,437	\$ 19,634
U.S. Corporate Fixed Income	9,809	10,043	11,005	11,363
U.S. Equities	53,017	53,659	69,874	72,326
Total Securities Lent	<u>\$ 74,185</u>	<u>\$ 75,394</u>	<u>\$ 100,316</u>	<u>\$ 103,323</u>
<u>Collateral</u>		<u>2008</u>		<u>2007</u>
U.S. Corporate Obligations		\$ 22,501		\$ 27,501
Bank Obligations		11,000		17,998
Repurchase Agreements		8,428		470
Asset-Backed Securities		9,466		14,359
Certificates of Deposit		23,999		42,995
Total Collateral		<u>\$ 75,394</u>		<u>\$ 103,323</u>

REVERSE REPURCHASE AGREEMENTS

RCW 35.39.030 and City investment policy allow the investment of City moneys in excess of current City needs in reverse repurchase agreements. However, the City does not engage itself in this type of investment strategy.

(4) RECEIVABLES AND INTERFUND TRANSACTIONS

Table 4-1

TAX REVENUES AND RECEIVABLES

(In Thousands)

	<u>December 31 2008 Revenues</u>	<u>December 31 2008 Receivables</u>
Property Taxes	\$ 368,515	\$ 15,203
General Business and Occupation Taxes	330,369	51,232
Totals	<u>\$ 698,884</u>	<u>\$ 66,435</u>

TAXING POWERS AND LIMITATIONS

State law limits the regular property tax rate for general City operations to \$3.60 per \$1,000 of assessed value. This includes \$3.375 for general municipal purposes and an additional \$0.225 for the Firemen's Pension Fund and for general municipal purposes under conditions spelled out in state law. From 1997 through 2001 state law limited the annual growth in the City's regular property tax levy to the lesser of 106 percent or the annual rate of inflation. The passage of Initiative 747 in November 2001 reduced the 106 percent to 101 percent. In early November 2007 the State Supreme Court upheld a lower court ruling that Initiative 747 was unconstitutional. This decision would have returned the growth limit factor to 106 percent. On November 29, 2007, the legislature, in special session, passed and the governor signed into law language identical to that of Initiative 747. Thus, the limit factor remains 101 percent. The growth limit does not count tax revenues from new construction or property remodeled within the last year. With simple-majority voter approval, the City can levy additional property taxes above the 101 percent annual growth limit, as long as the City's regular levy rate per \$1,000 of assessed value does not exceed the \$3.60 limit. Excess tax levies for capital purposes require a 60-percent approval by voters and do not fall under either of the limits. The City levied \$1.70 per \$1,000 for general operations and Firemen's Pension Fund in 2008. In addition, the levy included \$1.07 per \$1,000 of assessed value for debt service and other voter-approved levies. The total 2008 levy was \$2.77 per \$1,000 of assessed value. Not included in this total is the levy for Emergency Medical Services, which was renewed by voters at election in November 2007 at \$0.30 per \$1,000 of assessed value.

Property taxes are levied by the County Assessor and collected by the County Finance Director. Assessments are based on 100 percent of true and fair-market value. They are levied and become a lien on the first day of the levy year. They may be paid in two equal installments if the total amount exceeds \$30. The first half is due on April 30, or else the total amount becomes delinquent May 1. The balance is due October 31, becoming delinquent November 1. Delinquent taxes bear interest at the rate of one percent per month until paid and are subject to additional penalties of three percent and another eight percent on the total unpaid delinquent balance on June 1 and December 1, respectively. Foreclosure action is commenced on properties when taxes are delinquent for three years.

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The City reports interfund balances between funds. The interfund balances are presented in the balance sheets for governmental funds and statements of net assets for proprietary funds.

The following table shows the current interfund balances at December 31, 2008, as reported in the fund financial statements.

Table 4-2

DUE FROM AND TO OTHER FUNDS

(In Thousands)

<u>Receivable Fund</u>	<u>Payable Fund(s)</u>	<u>Amount</u>
General	Drainage and Wastewater	\$ 2,341
	Nonmajor Enterprise	777
	Nonmajor Governmental	4,388
	Internal Service	1,832
	Transportation	782
	Light	2,949
	Water	1,565
	Total General Fund	14,634
Transportation	Drainage and Wastewater	156
	Nonmajor Enterprise	121
	General	1,840
	Nonmajor Governmental	7,771
	Internal Service	32
	Light	1,189
	Water	418
Total Transportation	11,527	
Light	Drainage and Wastewater	79
	Nonmajor Enterprise	38
	General	185
	Nonmajor Governmental	6
	Internal Service	87
	Transportation	20
	Water	61
Total Light Fund	476	
Water	Drainage and Wastewater	224
	Nonmajor Enterprise	167
	General	3
	Transportation	37
	Light	225
Total Water Fund	656	
Low-Income Housing	Nonmajor Governmental	2
	Total Low-Income Housing	2
Fiduciary	Drainage and Wastewater	12
	Nonmajor Enterprise	9
	General	64
	Nonmajor Governmental	61
	Internal Service	3
	Transportation	24
	Light	22
	Water	19
Total Fiduciary	214	
Drainage and Wastewater	Nonmajor Enterprise	72
	General	626
	Nonmajor Governmental	4
	Internal Service	12
	Transportation	83
	Light	504
	Water	35
Total Drainage and Wastewater Fund	1,336	

Table 4-2

DUE FROM AND TO OTHER FUNDS (continued)

(In Thousands)

<u>Receivable Fund</u>	<u>Payable Fund(s)</u>	<u>Amount</u>
Nonmajor Governmental	Drainage and Wastewater	\$ 351
	Nonmajor Enterprise	271
	General	1,332
	Nonmajor Governmental	2,116
	Internal Service	545
	Low-Income Housing	2,153
	Transportation	341
	Light	1,073
	Water	211
		<u>Total Nonmajor Governmental Funds</u>
Nonmajor Enterprise	Drainage and Wastewater	396
	Nonmajor Enterprise	1
	General	55
	Nonmajor Governmental	18
	Internal Service	3
	Transportation	11
	Light	287
	Water	247
	<u>Total Nonmajor Enterprise Funds</u>	<u>1,018</u>
Internal Service	Drainage and Wastewater	120
	Nonmajor Enterprise	161
	General	2,060
	Nonmajor Governmental	1,138
	Internal Service	164
	Light	914
	Transportation	1,047
	Water	806
	<u>Total Internal Service Funds</u>	<u>6,410</u>
Grand Total		<u>\$ 44,666</u>

The balances in Table 4-2 resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, and (3) payments between funds were made.

Table 4-3

INTERFUND TRANSFERS

(In Thousands)

<u>Transfers In</u>	<u>Transfers Out</u>				
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	<u>Transportation</u>	<u>Total</u>
General Fund	\$ -	\$ 3,440	\$ 4,000	\$ -	\$ 7,440
Low-Income Housing	2,074	-	-	-	2,074
Nonmajor Enterprise	10,803	-	-	-	10,803
Nonmajor Governmental	187,191	36,740	24,616	5,344	253,891
Transportation	63,128	23,545	-	-	86,673
Total Transfers	<u>\$ 263,196</u>	<u>\$ 63,725</u>	<u>\$ 28,616</u>	<u>\$ 5,344</u>	<u>\$ 360,881</u>

Transfers are used to (1) move revenues from the fund wherein the statute or budget requires them to be collected to the fund wherein the statute or budget requires them to be expended and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(5) CAPITAL ASSETS

Table 5-1

CHANGES IN CAPITAL ASSETS

(In Thousands)

	<u>Restated Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
GOVERNMENTAL ACTIVITIES ^a				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 415,811	\$ 20,312	\$ -	\$ 436,123
Construction in Progress	<u>228,130</u>	<u>170,417</u>	<u>222,557</u>	<u>175,990</u>
Total Capital Assets Not Being Depreciated	643,941	190,729	222,557	612,113
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and Improvements	1,780,249	158,788	-	1,939,037
Machinery and Equipment	247,000	27,640	15,035	259,605
Infrastructure	1,051,031	75,285	-	1,126,316
Other Capital Assets	<u>11,933</u>	<u>656</u>	<u>-</u>	<u>12,589</u>
Total Capital Assets Being Depreciated	3,090,213	262,369	15,035	3,337,547
Accumulated Depreciation				
Buildings and Improvements	403,495	44,685	-	448,180
Machinery and Equipment	121,917	28,520	13,338	137,099
Infrastructure	463,575	33,478	-	497,053
Other Capital Assets	<u>972</u>	<u>157</u>	<u>-</u>	<u>1,129</u>
Total Accumulated Depreciation	<u>989,959</u>	<u>106,840</u>	<u>13,338</u>	<u>1,083,461</u>
Total Capital Assets Being Depreciated, Net	<u>2,100,254</u>	<u>155,529</u>	<u>1,697</u>	<u>2,254,086</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,744,195</u>	<u>\$ 346,258</u>	<u>\$ 224,254</u>	<u>\$ 2,866,199</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 99,323	\$ 1,979	\$ 502	\$ 100,800
Construction in Progress	<u>273,533</u>	<u>303,355</u>	<u>280,294</u>	<u>296,594</u>
Total Capital Assets Not Being Depreciated	372,856	305,334	280,796	397,394
CAPITAL ASSETS BEING DEPRECIATED				
Plant in Service, Excluding Land	4,645,368	296,322	17,562	4,924,128
Buildings	60,131	-	-	60,131
Machinery and Equipment	14,439	721	-	15,160
Other Capital Assets	<u>20,537</u>	<u>286</u>	<u>51</u>	<u>20,772</u>
Total Capital Assets Being Depreciated	4,740,475	297,329	17,613	5,020,191
Accumulated Depreciation				
Plant in Service, Excluding Land	1,788,630	138,963	20,588	1,907,005
Buildings	18,039	2,004	-	20,043
Machinery and Equipment	6,271	1,599	-	7,870
Other Capital Assets	<u>2,605</u>	<u>12</u>	<u>-</u>	<u>2,617</u>
Total Accumulated Depreciation	<u>1,815,545</u>	<u>142,578</u>	<u>20,588</u>	<u>1,937,535</u>
Total Capital Assets Being Depreciated, Net	<u>2,924,930</u>	<u>154,751</u>	<u>(2,975)</u>	<u>3,082,656</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,297,786</u>	<u>\$ 460,085</u>	<u>\$ 277,821</u>	<u>\$ 3,480,050</u>

^a The capital assets for governmental activities include the capital assets of the internal service funds. Schedules H-1, H-2, and H-3 provide additional information on the governmental funds capital assets.

Table 5-2

DEPRECIATION EXPENSE BY FUNCTION

(In Thousands)

GOVERNMENTAL ACTIVITIES

General Government	\$ 21,152
Public Safety	4,600
Transportation	33,897
Economic Environment	7
Culture and Recreation	<u>31,957</u>
Subtotal	91,613
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	<u>15,226</u>
Total Governmental Activities	<u>\$ 106,839</u>

BUSINESS-TYPE ACTIVITIES

Light	\$ 80,889
Water	37,743
Solid Waste	4,960
Drainage and Wastewater	15,384
Planning and Development	1,492
Parking Garage	<u>2,112</u>
Total Business-Type Activities	<u>\$ 142,580</u>

(6) COMPENSATED ABSENCES

The following discussion on the general liabilities of the City and the tables for the other City funds present the accrued compensated absences at the end of 2008 and 2007. The tables show the accrued liabilities by group between governmental and business-type activities, and pension trust funds, and further by type of funds, as applicable.

GOVERNMENTAL ACTIVITIES

Governmental Funds

Unpaid compensated absences associated with governmental fund operations of \$70.0 million and \$66.7 million at December 31, 2008 and 2007, respectively, have been recorded in the government-wide financial statements. These amounts include unpaid holiday, compensatory, merit, and furlough time of \$14.4 million and \$14.9 million at the end of 2008 and 2007, respectively; accumulated unpaid vacation pay of \$45.7 million and \$42.2 million at the end of 2008 and 2007, respectively; and the balance for sick leave (estimated based on the termination method) of \$9.9 million and \$9.7 million at December 31, 2008 and 2007, respectfully.

Internal Service Funds

Table 6-1

COMPENSATED ABSENCES IN INTERNAL SERVICE FUNDS

(In Thousands)

	<u>2008</u>	<u>2007</u>
Fleets and Facilities	\$ 1,817	\$ 1,731
Information Technology	<u>1,633</u>	<u>1,525</u>
Totals	<u>\$ 3,450</u>	<u>\$ 3,256</u>

BUSINESS-TYPE ACTIVITIES

Enterprise Funds

Table 6-2 **COMPENSATED ABSENCES IN ENTERPRISE FUNDS**
(In Thousands)

	2008	2007
Light	\$ 13,663	\$ 12,566
Water	4,565	4,279
Drainage and Wastewater	3,519	3,299
Solid Waste	1,427	1,337
Planning and Development	2,719	2,495
Totals	\$ 25,893	\$ 23,976

PENSION TRUST FUNDS

Table 6-3 **COMPENSATED ABSENCES IN PENSION TRUST FUNDS**
(In Thousands)

	2008	2007
Employees' Retirement	\$ 80	\$ 62
Firemen's Pension	65	33
Police Relief and Pension	62	75
Totals	\$ 207	\$ 170

Compensated absences in governmental activities and business-type activities are presented in the aggregate in Note 8, Long-Term Debt, Table 8-9, which also shows the amount estimated to be due within the year.

(7) LEASES

CAPITAL LEASES

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

OPERATING LEASES

Governmental Activities

The City, through its Fleets and Facilities Department, manages buildings and facilities that are owned by the City and has operating lease commitments on real property owned by private entities. Many lease commitments on private properties are for a term of five years or longer and may be renewed as required by the City tenant departments. The lease agreements show a periodic schedule of rental amounts. Fleets and Facilities paid rentals of approximately \$3.5 million and \$3.2 million in 2008 and 2007, respectively, on the lease commitments. There are no projected rent increases apart from lease agreements entered into by the City.

In addition, Seattle Center leases a building for office space and workshop on a type of lease called a "triple net lease" for its Technical Facilities Management. The lease agreement commenced on July 17, 2000, and expires on July 30, 2010, requiring a fixed rent of \$18,500 per month subject to increases on each July 1 beginning in 2001 and every year thereafter by the percentage of change, if any, in the Consumer Price Index (CPI) for All Urban Consumers, United States Average for All Items (1982 - 84 = 100) published by the Bureau of Labor Statistics, United States Department of Labor CPI from the CPI last published in the preceding year, but not to exceed five percent for any lease year. If there is a decline in the CPI, the fixed rent during the succeeding year will be equal to the fixed rent during the immediate preceding year. All other amounts required by the landlord to be paid by Seattle Center on the lease shall constitute additional rent. On a triple net lease Seattle Center will pay all impositions on the lease, insurance premiums, utilities, taxes, operating expenses, maintenance charges, repair costs, and other charges, costs, and expenses which arise or may be contemplated during the

lease term. Seattle Center paid rent, including property taxes on the lease property, in the amount of approximately \$293,290 and \$283,099 in 2008 and 2007, respectively, on the lease. Rents are paid as they become due and payable.

Minimum payments under the leases are:

Table 7-1 **OPERATING LEASE COMMITMENTS**
GOVERNMENTAL ACTIVITIES
(In Thousands)

Year Ending December 31	Minimum Lease Payments		
	Fleets and Facilities	Seattle Center	Total
2009	\$ 3,804	\$ 286	\$ 4,090
2010	3,395	169	3,564
2011	2,808	-	2,808
2012	2,544	-	2,544
2013	2,262	-	2,262
2014 - 2016	2,618	-	2,618
Total	<u>\$ 17,431</u>	<u>\$ 455</u>	<u>\$ 17,886</u>

Business-Type Activities

In December 1994 the City entered into an agreement on behalf of the Seattle City Light Department for a ten-year lease of office facilities in downtown Seattle commencing February 1, 1996. In early 1996 the City purchased the building in which these facilities are located, thus becoming the Department's lessor. This lease extended through December 2006. Beginning in 2007 the Department made monthly lease payments to the City through the central cost allocation process, similar to all other payments for tenancy of the City property and through the budget process. The Department also leases office equipment and smaller facilities for various purposes through long-term operating lease agreements. Expense under all leases totaled \$0.4 million and \$6.9 million in 2008 and 2007, respectively.

The Seattle Public Utilities has non-cancelable operating lease commitments for real and personal property for its three funds: Water Fund, Drainage and Wastewater Fund, and Solid Waste Fund. The minimum payments made respectively in 2008 and 2007 were: \$628,449 and \$612,443 for the Water Fund; \$100,528 and \$98,233 for the Drainage and Wastewater Fund, and \$158,051 and \$151,456 for the Solid Waste Fund. Rents are paid as they become due and payable.

Minimum payments under the leases are:

Table 7-2 **OPERATING LEASE COMMITMENTS**
BUSINESS-TYPE ACTIVITIES
(In Thousands)

Year Ending December 31	Minimum Payments				Total
	City Light	Water	Drainage & Wastewater	Solid Waste	
2009	\$ 174	\$ 449	\$ 103	\$ 165	\$ 891
2010	10	363	105	171	649
2011	4	360	103	168	635
2012	1	356	100	164	621
2013	-	252	65	170	487
2014 - 2016	-	693	174	513	1,380
Total	<u>\$ 189</u>	<u>\$ 2,473</u>	<u>\$ 650</u>	<u>\$ 1,351</u>	<u>\$ 4,663</u>

LEASE REVENUES - GOVERNMENTAL ACTIVITIES

The Fleets and Facilities Department collects occupancy charges from the various tenants occupying real property owned or leased by the City. These tenants include other City departments, other government offices, social service agencies, and private businesses. Social service agencies frequently pay occupancy charges at reduced rates in consideration of offsetting

benefits accruing to the City as a result of the services they provide to the public. Rental revenues derived from these activities are accounted for in the Fleets and Facilities Fund, an internal service fund, and are shown in the following table.

Table 7-3 MAJOR SOURCES OF RENTAL INCOME ON REAL PROPERTY MANAGED BY FLEETS AND FACILITIES
(In Millions)

	2008	2007
Non-City Property Occupied by City Departments	\$ 3.6	\$ 3.3
City-Owned Property Occupied by City Departments	55.9	54.6
City-Owned Property Leased to Non-City Tenants	2.9	3.1
Total	<u>\$ 62.4</u>	<u>\$ 61.0</u>

Additionally, in 2008 the SeaPark Garage and the Seattle Municipal Tower Building generated \$3.2 million total parking revenues, which were recorded in the Fleets and Facilities Fund.

Also, in 2008 the City recognized \$6.5 million in parking revenues in the Downtown Parking Garage Fund, an enterprise fund, from the operation of the garage at Pacific Place.

(8) LONG-TERM DEBT

GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funding for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues two types of general obligation bonds, limited tax general obligation bonds (LTGO) and unlimited tax general obligation bonds (UTGO).

The original amount of general obligation bonds issued for bonds outstanding at the end of 2007 was \$1.350 billion. The amount of bonds outstanding at December 31, 2007, was \$785.7 million. The following paragraphs discuss the general obligation bonds issued and defeased during 2008.

On July 2, 2008, the City issued the \$139.8 million LTGO Improvement and Refunding Bonds, 2008, with interest rates of 5.0 percent, that mature serially from December 1, 2009, through December 1, 2028. The proceeds of the LTGO bonds are used to pay all or part of the costs of construction and acquisition of various City capital projects, including the Spokane/Mercer/Lander Bridging the Gaps (BTG), King Street Station, Bridge Seismic, Bridge Rehabilitation, Paystations, Fire Station Projects, South Lake Union Projects, and to totally refund \$57.2 million of the City's 1996 LTGO Variable Rate C and D bonds. The proceeds of \$56.9 million from the refunding bonds were used to pay on the bond issue date these variable-rate bonds. An additional \$0.6 million was paid by the City from its own resources to completely pay off the bonds. Further discussion on the refunding is shown in the Advance and Current Refundings section of this note.

On December 17, 2008, the City defeased \$31.6 million of the remaining Key Arena outstanding LTGO bonds issued in 2002, 2003, and 2005 and \$0.4 million of the Mc Caw Hall outstanding portion of the 2003 LTGO bonds. The City placed its own resources of \$34.6 million, of which \$0.4 million came from the 1999 Seattle Center Redevelopment Parks Community Center Fund and \$34.2 million came from the Key Arena Settlement Proceeds Fund, into an irrevocable trust to provide for future debt service payments on the bonds. Table 8-10, Advance Refunding and Current Refundings section of this note, includes information on the defeased bonds.

The City had no short-term general obligation debt at the end of 2008.

The City of Seattle

The following table presents the individual general obligation bonds outstanding as of December 31, 2008, and other relevant information on each outstanding bond issue.

Table 8-1 **GENERAL OBLIGATION BONDS**
(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2008	To Date ^a	
LIMITED TAX GENERAL OBLIGATION (LTGO) BONDS - NON-VOTED							
Various Purpose - Key Tower, Police Support Facility, 1996, Series C	08/28/96	01/15/20-26	2.750 ^b	\$ 5,595	\$ 5,595	\$ 5,595	\$ -
Various Purpose - Key Tower, Police Support Facility, 1996, Series D	10/06/99	01/15/23-24	1.500 ^b	51,925	51,925	51,925	-
Refunding - Various LTGO Bonds, 1998, Series B	03/17/98	09/01/98-12	4.493	43,710	2,700	33,300	10,410 ^c
Deferred Interest Parking Garage, 1998, Series E	11/12/98	12/15/01-14	4.714	13,042	1,178	6,148	6,894 ^c
Various Purpose - Civic Center, Galer St, 1999, Series B	10/19/99	12/01/00-28	5.677	85,500	3,030	82,305	3,195
Various Purpose - Civic Center, South Police Precincts, Training Facilities, Information Technology, Etc., 2001	08/21/01	08/01/02-31	4.908	129,760	4,560	33,615	96,145
Improvement (Various) and Refunding, 2002 Improvement (Various) and Refunding, 2002, Series B	01/30/02	07/01/02-32	4.778	125,510	5,120	49,780	75,730
Various Purpose and Refunding, 2003	09/26/02	10/01/03-14	3.127	64,560	28,365	64,560	-
Refunding, 2004	02/26/03	08/01/04-23	3.469	60,855	8,350	50,100	10,755
Various Purpose and Refunding, 2005	05/24/04	07/01/04-20	4.118	91,805	5,095	12,955	78,850
Various Purpose and Refunding, 2006	03/23/05	08/01/05-28	4.167	129,540	6,770	26,545	102,995
Various Purpose and Refunding, 2007	04/26/06	03/01/07-26	4.254	24,905	1,530	2,990	21,915
Various Purpose and Refunding, 2008	05/02/07	10/01/07-28	4.251	95,550	1,845	3,400	92,150
	07/02/08	12/01/08-28	4.398	139,830	-	-	139,830
Total Limited Tax General Obligation Bonds				1,062,087	126,063	423,218	638,869
UNLIMITED TAX GENERAL OBLIGATION (UTGO) BONDS - VOTED							
Fire Station/Shops, 1968, Series 1	10/01/68	10/01/70-08	4.726	1,700	90	1,700	-
Sewer Improvement, 1968, Series 1	10/01/68	10/01/70-08	4.726	7,000	370	7,000	-
Refunding-VariouS UTGO Bonds, 1998, Series A	03/17/98	09/01/98-17	4.470	53,865	4,215	43,355	10,510
Library Facilities, 1999, Series A	07/01/99	12/01/00-18	5.135	100,000	4,905	94,870	5,130
Improvement (Library Facilities) and Refunding, 2002	09/26/02	12/01/03-21	3.892	117,025	4,230	45,100	71,925
Refunding, 2007	05/02/07	12/01/07-18	3.886	60,870	-	1,620	59,250
Total Unlimited Tax General Obligation Bonds				340,460	13,810	193,645	146,815
Total General Obligation Bonds				<u>\$ 1,402,547</u>	<u>\$ 139,873</u>	<u>\$ 616,863</u>	<u>\$ 785,684</u>

^a Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.

^b Variable-rate bonds – interest rates in effect July 1, 2008. The bonds were refunded by tax-exempt bonds on July 2, 2008.

^c The accreted value of the outstanding bonds as of December 31, 2008, is \$11,150,756. The difference is also recognized as long-term accrued interest in the Downtown Parking Garage Fund, an enterprise fund, where the bond outstanding is also recorded.

The requirements to amortize the general obligation bonds as of December 31, 2008, are presented in the following table. Debt service for the LTGO bonds is met by transfers generally from the General Fund and certain special revenue funds and by reimbursements from proprietary funds of the City. Debt service for the UTGO bonds is covered by property tax levies that authorized the bond issues and were approved by at least 60 percent of the voters in elections in which the number of voters exceeded 40 percent of the voters in the most recent election preceding the election to vote on the bond issue.

**Table 8-2 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
(In Thousands)**

Year Ending December 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2009	\$ 49,645	\$ 34,514	\$ 1,205	\$ 3,672	\$ 89,036
2010	47,335	32,186	1,226	3,806	84,553
2011	47,405	29,878	1,247	3,940	82,470
2012	47,865	27,578	1,257	4,094	80,794
2013	45,855	25,321	1,262	4,259	76,697
2014 - 2018	206,360	113,999	15,727	14,082	350,168
2019 - 2023	166,110	48,927	26,625	8,222	249,884
2024 - 2028	86,405	17,403	15,975	1,455	121,238
2029 - 2032	24,180	2,793	-	-	26,973
Total	<u>\$ 721,160</u>	<u>\$ 332,599</u>	<u>\$ 64,524</u>	<u>\$ 43,530</u>	<u>\$ 1,161,813</u>

SPECIAL ASSESSMENTS BONDS WITH GOVERNMENTAL COMMITMENT

The bonds are special fund obligations of the City, the debt service of which will be paid from collections from related local improvement district (LID) assessments levied against the benefited properties located within the boundaries of the LID. Though guaranteed by the City's LID Guaranty Fund, this type of special assessment bonds does not constitute an obligation or any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the bonds. The amount of special assessment bonds outstanding at the end of 2008 was \$19.2 million. There were no new bond issues in 2008.

The following table shows more detail on the outstanding issue.

**Table 8-3 SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)**

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2008	To Date	
Local Improvement District No. 6750 Bonds, 2006	09/13/06	12/15/07-24	4.102	\$ 21,925	\$ 1,340	\$ 2,720	\$ 19,205

The requirements to amortize the special assessments with governmental commitment as of December 31, 2008, are shown below.

**Table 8-4 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SPECIAL ASSESSMENT BONDS WITH GOVERNMENTAL COMMITMENT
(In Thousands)**

Year Ending December 31	Principal	Interest	Total
2009	\$ 940	\$ 35	\$ 975
2010	1,220	46	1,266
2011	1,220	46	1,266
2012	1,220	47	1,267
2013	1,220	47	1,267
2014 - 2018	6,075	244	6,319
2019 - 2023	6,095	256	6,351
2024	1,215	52	1,267
Total	<u>\$ 19,205</u>	<u>\$ 773</u>	<u>\$ 19,978</u>

NOTES AND CONTRACTS PAYABLE – GOVERNMENTAL ACTIVITIES

The Seattle Department of Transportation (SDOT) has outstanding notes drawn in several years from the Washington State's Public Works Trust Loan program administered by the Washington State Public Works Board, a division of the Department of Community, Trade and Economic Development. The notes were drawn at varying low annual interest rates ranging from 0.5 to 3.0 percent. The proceeds of the loan support City road and bridge improvements. There were no amounts drawn in 2008 and the City paid \$2.2 million and \$0.4 million in principal and interest, respectively, in 2008. The outstanding balance on the notes at December 31, 2008, is \$19.7 million. The following table presents the annual debt service requirements to maturity on the notes as of the end of 2008.

Table 8-5 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
SEATTLE DEPARTMENT OF TRANSPORTATION
PUBLIC WORKS TRUST LOAN NOTES
(In Thousands)

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,134	\$ 354	\$ 2,488
2010	2,049	312	2,361
2011	1,945	270	2,215
2012	1,847	231	2,078
2013	1,723	195	1,918
2014 - 2018	6,620	543	7,163
2019 - 2023	3,420	108	3,528
Total	<u>\$ 19,738</u>	<u>\$ 2,013</u>	<u>\$ 21,751</u>

REVENUE BONDS

The City also issues revenue bonds to provide financing for the capital programs of the four utilities of the City, namely, City Light and the utilities grouped under Seattle Public Utilities, which are Water, Drainage and Wastewater, and Solid Waste. The City does not pledge its full faith and credit for the payment of debt service on revenue bonds. Payment of debt service on the bonds issued for each utility is derived solely from the revenues generated by the related utility. The original amount of revenue bonds and anticipation notes issued for bonds outstanding at the end of 2007 was approximately \$3.506 billion. The total outstanding amount at December 31, 2007, was \$2.601 billion. During 2008 an additional \$547.1 million of revenue and refunding bonds were issued as follows.

City Light

On December 30, 2008, the City issued \$257.4 million in Municipal Light and Power Improvement and Refunding Revenue Bonds that bear interest at rates ranging from 4.0 percent to 6.0 percent and mature serially from April 1, 2009, to September 1, 2029. Proceeds in the amount of \$187.2 million in new money are to be used to finance certain capital improvements and conservation programs and to refund certain of the City's outstanding Municipal Light and Power bonds. The remaining \$70.2 million were used to fully refund the existing Municipal Light and Power variable rate bond series 1990, 1990A, 1991B, 1993, and 1996, totaling \$72.0 million, with a call date of early February 2009. The refunding proceeds were held in the restricted debt service reserve account in the Light Fund.

Water

On December 15, 2008, the City issued \$205.1 million of Water System Revenue Improvement and Refunding Bonds. Principal payments on the bonds are due annually beginning in 2009 and ending in 2038 at interest rates ranging from 4.0 percent to 5.25 percent. A portion of the proceeds from the issuance was set aside in Water Fund's restricted debt service reserve account to be used on February 4, 2009, to refund all \$93.0 million of the 1995 and 2002 Adjustable Rate Water Revenue Bonds. The remaining proceeds will be used for certain capital improvements projects and conservation programs of the Fund.

Drainage and Waste Water

On April 16, 2008, the City issued \$84.6 million of Drainage and Wastewater Revenue Bonds, with varying annual principal payments due beginning in 2009 and ending in 2038, at interest rates ranging from 4.0 percent to 5.0 percent. Proceeds of

the revenue bonds are being used to finance certain capital improvements and additions to the drainage and wastewater system.

The business-type funds had no short-term debt at December 31, 2008.

The following table presents the individual revenue bonds outstanding as of December 31, 2008, and other pertinent information on each outstanding bond issue.

Table 8-6

REVENUE BONDS

(In Thousands)

Name and Purpose of Issue	Issuance Date	Maturity Dates	Effective Interest Rates ^a	Bond Issuance	Redemptions		Bonds Outstanding December 31
					2008	To Date ^b	
MUNICIPAL LIGHT AND POWER (ML&P) BONDS							
1990 Subordinate Lien	11/27/90	11/01/96-15	0.40-5.25	\$ 25,000	\$ 1,400	\$ 12,400	\$ 12,600
1991 Subordinate Lien, Series A	11/20/91	05/01/11-16	0.40-6.00	25,000	-	-	25,000
1991 Subordinate Lien, Series B	11/20/91	05/01/98-11	0.40-6.00	20,000	2,500	13,000	7,000
1993 Subordinate Lien	11/17/93	11/01/99-18	0.40-3.42	22,000	1,100	9,200	12,800
1996 Subordinate Lien	12/11/96	06/01/02-21	0.55-5.75	19,800	840	5,225	14,575
1997 Parity	12/30/97	07/01/03-22	5.131	30,000	1,155	6,225	23,775
1998 Parity, Series A, Refunding	01/27/98	07/01/98-20	4.884	104,650	4,590	22,260	82,390
1998 Parity, Series B	10/29/98	06/01/04-24	4.919	90,000	3,080	14,195	75,805
1999 Parity	10/27/99	10/01/06-24	5.960	158,000	8,000	152,500	5,500
2000 Parity	12/27/00	12/01/06-25	5.298	98,830	3,150	9,040	89,790
2001 Parity	03/29/01	03/01/04-26	5.082	503,700	16,290	39,430	464,270
2002 Parity, Refunding	12/04/02	12/01/03-14	3.470	87,735	10,230	48,745	38,990
2003 Parity, Refunding	08/20/03	11/01/04-28	3.517	251,850	11,875	92,880	158,970
2004 Parity	12/23/04	08/01/05-29	4.159	284,855	6,250	24,320	260,535
2008 Parity	12/30/08	04/01/09-29	5.222	257,375	-	-	257,375
Total Light Bonds				1,978,795	70,460	449,420	1,529,375
MUNICIPAL WATER BONDS							
1995 Adjustable Rate	09/20/95	09/01/00-25	0.500	45,000	1,400	10,700	34,300
1998 Parity	07/04/98	10/01/99-27	5.110	80,000	1,955	16,125	63,875
1999 Parity	06/23/99	03/01/00-29	5.373	100,000	2,185	97,715	2,285
1999 Parity, Series B	10/23/99	07/01/01-29	5.912	110,000	2,360	107,525	2,475
2001 Parity	11/20/01	11/01/05-31	4.972	52,525	1,165	4,425	48,100
2002 Adjustable Rate, Series A	05/15/02	05/15/03-32	0.780	32,500	-	3,800	28,700
2002 Adjustable Rate, Series B	05/15/02	05/15/03-32	0.850	32,500	-	2,500	30,000
2003 Parity, Refunding	05/12/03	09/01/03-33	4.083	271,320	7,450	61,150	210,170
2004 Parity	10/25/04	09/01/05-34	4.580	84,750	1,465	6,170	78,580
2005 Parity, Refunding	12/28/05	09/01/06-29	4.482	138,040	1,650	4,340	133,700
2006 Parity, Refunding	10/23/06	02/01/08-37	4.424	189,970	1,755	1,755	188,215
2008 Parity, Refunding	12/15/08	12/15/09-38	4.753	205,080	-	-	205,080
Total Water Bonds				1,341,685	21,385	316,205	1,025,480
MUNICIPAL DRAINAGE AND WASTEWATER BONDS							
1998 Parity	05/15/98	11/01/98-18	5.122	24,170	575	5,170	19,000
1999 Parity	09/28/99	11/01/00-29	5.720	55,000	1,165	53,775	1,225
2001 Parity	06/22/01	11/01/02-31	5.260	60,680	1,235	7,765	52,915
2002 Refunding	12/17/02	07/01/03-32	4.751	78,550	1,900	9,705	68,845
2004 Parity	10/28/04	09/01/05-34	4.609	62,010	1,120	4,165	57,845
2006 Refunding	11/01/06	02/01/07-37	4.180	121,765	2,075	4,205	117,560
2008 Parity	04/16/08	06/01/09-38	4.830	84,645	-	-	84,645
Total Drainage and Wastewater Bonds				486,820	8,070	84,785	402,035
SOLID WASTE BONDS							
1999 Refunding	01/19/99	08/01/99-09	4.839	40,900	4,630	36,270	4,630
1999 Parity, Series B	10/26/99	11/01/00-19	5.732	5,500	255	5,245	255
2007 Revenue & Refunding	12/12/07	02/01/08-33	4.505	82,175	1,650	55	82,120
Total Solid Waste Bonds				128,575	6,535	41,570	87,005
Total Utility Revenue Bonds				\$ 3,935,875	\$ 106,450	\$ 891,980	\$ 3,043,895

^a The ML&P subordinate lien bonds are variable rate bonds for which the life-to-date actual low and high rates are shown. The Municipal Water adjustable-rate bonds show the interest rate in effect at the end of 2008. Interest rates in effect at December 31, 2008, were used to calculate annual interest requirements for these obligations. All adjustable-rate revenue bonds were refunded on February 4, 2009.

^b Includes all bonds that matured to date and all called, refunded, and defeased bonds on issues that have outstanding balances at the beginning of the year.

The requirements to amortize the revenue bonds of December 31, 2008, are presented below.

**Table 8-7 ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS
(In Thousands)**

Year Ending December 31	Light		Water		Drainage and Wastewater		Solid Waste		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 80,620	\$ 70,827	\$ 121,495	\$ 41,843	\$ 9,785	\$ 19,565	\$ 6,535	\$ 4,205	\$ 354,875
2010	87,440	70,297	25,425	44,233	10,225	19,112	1,980	3,865	262,577
2011	87,020	66,302	26,565	43,078	10,685	18,666	2,075	3,773	258,164
2012	88,120	62,576	28,820	41,802	11,150	18,201	2,185	3,667	256,521
2013	92,510	58,296	30,160	40,438	11,665	17,685	2,295	3,555	256,604
2014 - 2018	453,560	224,337	174,030	178,725	67,465	79,351	13,365	15,884	1,206,717
2019 - 2023	378,290	121,101	217,340	130,552	80,405	60,786	15,255	12,272	1,016,001
2024 - 2028	242,685	32,826	199,755	76,556	87,885	39,972	19,050	8,046	706,775
2029 - 2033	19,130	616	140,220	32,645	74,465	18,556	24,265	2,840	312,737
2034 - 2038	-	-	61,670	6,862	38,305	4,268	-	-	111,105
Total	\$ 1,529,375	\$ 707,178	\$ 1,025,480	\$ 636,734	\$ 402,035	\$ 296,162	\$ 87,005	\$ 58,107	\$ 4,742,076

NOTES AND CONTRACTS PAYABLE – BUSINESS-TYPE ACTIVITIES

Water

During 1993 the Seattle Public Utilities (SPU), for its Water Fund, entered into an agreement to borrow up to \$2.2 million from the Washington State Department of Community, Trade, and Economic Development under its Public Works Trust Loan program for the construction of certain capital improvements. Amounts borrowed under the agreement accrue interest at 1.0 percent per annum and are to be repaid in 19 annual installments plus interest.

During 2008 the Fund borrowed \$8.1 million from the Washington State Department of Community, Trade, and Economic Development under its Public Works Trust Loan Program from the Drinking Water State Revolving Fund. Proceeds from two loans were used to finance the Myrtle and Beacon reservoir projects. Beginning in 2008 amounts borrowed for the Myrtle and Beacon reservoirs are repaid over a period of 17 and 18 years, respectively, and accrue interest at 1.5 percent per annum.

Amounts paid to the loan in 2008 totaled \$555,293 and \$7,000 in principal and interest, respectively. The combined outstanding balance of these two loans at December 31, 2008, amounts to approximately \$8.2 million, the minimum debt service requirements to maturity that is included in Table 8-8.

Drainage and Wastewater

SPU, for its Drainage and Wastewater Fund, drew \$693,600 on a loan from the State of Washington Department of Ecology in 2007. The loan agreement originated in 2005 and allows borrowings up to \$2.7 million to support the construction of improvements of the High Point Natural Drainage Systems project. Amounts borrowed under the agreement accrue interest at 1.5 percent per annum and are to be repaid in 20 annual installments.

During 2006 the Utility began receiving draws on a loan from the Washington State Department of Community, Trade, and Economic Development under its Public Works Trust Loan Program for the construction of the South Park Flood Control and Local Drainage Program. Amounts borrowed under the agreement accrue interest at 0.5 percent per annum and are to be repaid over 20 years. In 2008 the Fund withdrew \$850,000 from this loan.

In 2008 the Fund began receiving draws on a loan in the amount of \$5.2 million from the Washington State Department of Ecology for construction and site improvements of the Thornton Creek Water Quality Channel. Amounts borrowed under this agreement accrue interest at 1.5 percent per annum and are to be repaid over 20 years beginning in June 2010. The Fund also received \$185,000 from another existing Public Works Trust loan for the construction of the Thornton Creek Natural Drainage Systems

Total loans outstanding as of December 31, 2008, amount to \$12.0 million.

In 2008 amounts paid from the Drainage and Water totaled \$243,550 in principal and approximately \$57,000 in interest for all of the loans.

Table 8-8 **ANNUAL DEBT SERVICE REQUIREMENTS TO MATURITY**
SEATTLE PUBLIC UTILITIES
PUBLIC WORKS TRUST LOAN AND OTHER NOTES
(In Thousands)

Year Ending December 31	Water		Drainage and Wastewater		Total
	Principal	Interest	Principal	Interest	
2009	\$ 555	\$ 120	\$ 295	\$ 59	\$ 1,029
2010	555	113	662	135	1,465
2011	556	105	666	127	1,454
2012	555	97	671	119	1,442
2013	556	90	669	111	1,426
2014 - 2018	2,185	344	3,347	442	6,318
2019 - 2023	2,185	180	3,445	259	6,069
2024 - 2028	1,087	29	2,099	81	3,296
2029	-	-	152	1	153
Total	<u>\$ 8,234</u>	<u>\$ 1,078</u>	<u>\$ 12,006</u>	<u>\$ 1,334</u>	<u>\$ 22,652</u>

The following table shows the long-term liability activities during the year ended December 31, 2008.

Table 8-9

CHANGES IN LONG-TERM LIABILITIES ^a

(In Thousands)

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds Payable					
General Obligation Bonds	\$ 720,025	\$ 139,830	\$ 138,695	\$ 721,160	\$ 49,645
Add (Deduct) Deferred Amounts					
Issuance Premiums	16,542	7,545	1,863	22,224	-
Issuance Discounts	(2)	-	-	(2)	-
On Refunding	(3,016)	-	(1,574)	(1,442)	-
Special Assessment Bonds with Governmental Commitment ^b	20,545	-	1,340	19,205	940
Total Bonds Payable	<u>754,094</u>	<u>147,375</u>	<u>140,324</u>	<u>761,145</u>	<u>50,585</u>
Notes and Contracts					
Capital Leases	3	-	3	-	-
Other Notes and Contracts	21,923	-	2,185	19,738	2,134
Total Notes and Contracts	<u>21,926</u>	<u>-</u>	<u>2,188</u>	<u>19,738</u>	<u>2,134</u>
Compensated Absences	69,992	71,122	67,629	73,485	15,712
Claims Payable					
Workers' Compensation	17,843	8,004	6,295	19,552	6,614
General Liability	49,012	31,853	17,855	63,010	17,240
Health Care Claims	3,259	3,158	3,258	3,159	3,158
Total Claims Payable ^c	<u>70,114</u>	<u>43,015</u>	<u>27,408</u>	<u>85,721</u>	<u>27,012</u>
Arbitrage Rebate Liability	432	39	26	445	-
Total Long-Term Liabilities from Governmental Activities	<u>\$ 916,558</u>	<u>\$ 261,551</u>	<u>\$ 237,575</u>	<u>\$ 940,534</u>	<u>\$ 95,443</u>
BUSINESS-TYPE ACTIVITIES					
Bonds Payable					
General Obligation Bonds	\$ 65,702	\$ -	\$ 1,178	\$ 64,524	\$ 1,205
Revenue Bonds	2,601,400	547,100	104,605	3,043,895	218,435
Add (Deduct) Deferred Amounts					
Issuance Premiums	74,048	7,563	5,888	75,723	-
Issuance Discounts	(1,559)	-	(172)	(1,387)	-
On Refunding	(62,165)	-	(7,388)	(54,777)	-
Total Bonds Payable	<u>2,677,426</u>	<u>554,663</u>	<u>104,111</u>	<u>3,127,978</u>	<u>219,640</u>
Accrued Interest - Deferred Interest Bonds	4,330	593	666	4,257	790
Notes and Contracts - Other	7,049	14,276	1,085	20,240	863
Compensated Absences	23,977	29,968	28,053	25,892	2,520
Claims Payable					
Workers' Compensation	6,627	3,554	2,723	7,458	2,523
General Liability	18,035	12,401	6,197	24,239	6,632
Environmental Liability ^{d, e}					
General Contamination Cleanup	27,237	14,874	7,410	34,701	10,431
Total Claims Payable ^c	<u>51,899</u>	<u>30,829</u>	<u>16,330</u>	<u>66,398</u>	<u>19,586</u>
Muckleshoot Liability	1,495	-	1,000	495	-
Habitat Conservation Program Liability	13,547	-	3,940	9,607	5,453
Landfill Closure and Postclosure Costs	27,077	1,115	2,152	26,040	1,115
Purchased Power Obligation	4,749	-	4,749	-	-
Total Long-Term Liabilities from Business-Type Activities	<u>\$ 2,811,549</u>	<u>\$ 631,444</u>	<u>\$ 162,086</u>	<u>\$ 3,280,907</u>	<u>\$ 249,967</u>

^a Some amounts may have rounding differences with Statements of Net Assets.

^b The Special Assessment Bonds carry neither premiums nor discounts.

^c See Note 14, Contingencies, for a discussion of risk management, environmental, and other matters. The table in Note 14 also includes information on workers' compensation and health care.

^d Restated beginning balance is due to implementation of GASB 49.

^e See Note 9, Environmental Liabilities for detailed discussion.

The City's internal service funds predominantly serve governmental funds. For this reason the above totals in the governmental activities include the long-term liabilities for these funds. At the end of the year compensated absences and claims payable of these funds amounted to approximately \$3.4 million and \$1.3 million, respectively, and are liquidated from each fund's own resources. Notes and contracts (including public works trust loans), compensated absences, and workers' compensation other than those pertaining to the internal service funds are liquidated using the respective governmental funds of operating City departments, including those funded by the General Fund. General liability and health care claims relating to internal service funds are liquidated using the General Fund. Liabilities for compensated absences for governmental activities in governmental funds that have department operating budgets, though they are reported as a general obligation of the City, are paid from these funds when these compensated absences are used by the employees or cashed out by them at termination or retirement. Arbitrage rebate liabilities in governmental activities are paid as they become due and usually come from available resources in governmental funds that received the related bond proceeds and investment earnings from the proceeds.

In addition to paying for debt service on the bond issues for business-type City operations, each business-type fund liquidates its respective other long-term liabilities, with the exception of the Department of Planning and Development (DPD) for general liability. The General Fund pays for DPD's general liability, if any. Environmental liabilities of business-type activity funds are paid respectively from the utility funds. Purchased power obligations are obligations of City Light and therefore paid from the Light Fund. For further discussion on purchased power, see Note 13, Commitments.

ADVANCE AND CURRENT REFUNDINGS

In order to lower interest costs the City refunded and defeased certain bonds. To do so, the City issued new refunding bonds to refund certain prior bond issues and also used its own resources to defease certain prior bond issues. City resources and the proceeds of refunding bonds are placed in irrevocable trusts for the purchase of federal, state, and local government securities to provide for all future debt service on the old bonds. As a result, the old bonds including those refunded are considered defeased, and the corresponding liabilities are not included in the statement of net assets. The following paragraphs discuss the advance and current refundings that occurred in 2008.

The refunding portion of the \$139.8 million LTGO Improvement and Refunding Bonds, 2008, issued on July 2, 2008, in the amount of \$54.9 million fully refunded the \$57.5 million 1996 LTGO, Series C & D variable-rate bonds. The aggregate total debt service on the refunding bonds requires a cash flow of \$98.8 million including interest of \$43.9 million.

The detail of the \$32.0 million defeasance in 2008 of the 2002 series B, 2003, and 2005 LTGO bonds discussed earlier in the note is also shown in Table 8-10 that follows.

The City of Seattle

The following is a schedule of outstanding bonds that are either refunded or defeased.

Table 8-10

REFUNDED/DEFEASED BONDS

(In Thousands)

Name of Issue	Issuance Date	Maturity Date	Effective Interest Rate	Original Bond Issuance	Amount Transferred To Trustee	Trustee Redemptions To Date 2008	Defeased Outstanding December 31
GENERAL OBLIGATION BONDS							
Limited Tax (Non-Voted)							
Various Purpose - Key Tower, Police Support Facility, 1996, Series C	08/28/96	01/15/20-26	2.750 %	\$ 5,595	\$ 5,595	\$ 5,595	\$ -
Various Purpose - Key Tower, Police Support Facility, 1996, Series D	10/06/99	01/15/23-24	1.500	51,925	51,925	51,925	-
Refunding - Various LTGO Bonds, 1998, Series B, Defeased 9/26/05	03/17/98	09/01/98-12	4.493	43,710	620	235	385
Parking Garage, 1998, Series F, Refunded 05/02/07	11/12/98	12/15/14-28	5.148	60,805	60,805	60,805	-
Various Purpose - Civic Center, Galer St, 1999, Series B, Refunded 3/23/05	10/19/99	12/01/00-28	5.677	85,500	49,865	-	49,865
Improvement (Various) and Refunding, 2002, Defeased 9/26/05	01/30/02	07/01/02-32	4.778	125,510	8,470	1,685	6,785
Various Purpose and Refunding, 2002, Series B Defeased 12/17/08	09/26/02	10/01/03-14	3.127	64,560	24,730	-	24,730
Various Purpose and Refunding, 2003, Defeased 4/4/07	02/26/03	08/01/04-23	3.469	60,855	2,715	285	2,430
Various Purpose and Refunding, 2003, Defeased 8/30/07					3,180	145	3,035
Various Purpose and Refunding, 2003, Defeased 12/17/08					6,480	-	6,480
Various Purpose and Refunding, 2005, Defeased 12/17/08	03/23/05	08/01/05-28	4.167	129,540	775	-	775
Unlimited Tax (Voted)							
Library Facilities, 1999, Series A, Refunded 05/02/07	07/01/99	12/01/00-18	5.135	100,000	59,205	-	59,205
REVENUE BONDS							
Municipal Light and Power 1999 Parity	10/27/99	10/01/06-23	5.960	158,000	138,250	-	138,250
Municipal Water 1999 Parity	06/23/99	03/01/00-29	5.373	100,000	81,000	-	81,000
1999 Parity, Series B	10/23/99	07/01/01-29	5.912	110,000	91,360	-	91,360
Drainage and Wastewater 1999 Parity	09/28/99	11/01/00-29	5.720	55,000	45,205	-	45,205
Solid Waste 1999 Parity, Series B	10/26/99	11/01/00-19	5.732	5,500	3,415	-	3,415
Total Refunded/Defeased Bonds				<u>\$ 1,156,500</u>	<u>\$ 633,595</u>	<u>\$ 120,675</u>	<u>\$ 512,920</u>

ARBITRAGE

Since 1995 the City has been reviewing arbitrage rebate liability on its outstanding tax-exempt bonds and certificates of participation under Section 148(f) of the Internal Revenue Code. For bonds that have reached their installment computation dates (bonds outstanding for five years initially and every five years thereafter until the last of the bond issue matures) the City paid no rebate in 2007 but paid approximately \$26,000 arbitrage rebate in 2008 on the City's general obligation bonds. The City paid no rebate in 2007 and in 2008, for the Municipal Light and Power, Water System, Drainage and Wastewater, and Solid Waste revenue bonds. There is approximately \$445,000 estimated arbitrage liability recognized at the end of 2008 on the general obligation bonds. There is no estimated arbitrage liability at the end of 2008 on the revenue bonds.

(9) ENVIRONMENTAL LIABILITIES

Effective January 1, 2008, the City implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* to account for environmental liabilities. The effect of this implementation was to restate net assets on the Statement of Net Assets as of January 1, 2007, restate the environmental liability as of December 31, 2007, and restate the Statement of Activities for 2007. The City's beginning net assets for 2007 was decreased by \$9.8 million. Total environmental liabilities were restated to \$27.2 million at the end of 2007, an increase of \$2.6 million. Change in net assets for 2007 was restated to \$365.3 million, an increase of \$7.3 million.

Following is a brief description of the significant Superfund sites:

- The Harbor Island Superfund Site. Harbor Island was designated as a federal Superfund site by the Environmental Protection Agency (EPA) in 1983. The City and other entities are sharing costs of investigating contamination in the East Waterway alongside Harbor Island. The City's involvement stems from its sale of transformers to a company on Harbor Island, discharges from storm drains, and combined sewer outflows. In 2006 the EPA issued an Administrative Order on Consent (AOC) for a Supplemental Remedial Investigation and Feasibility Study (RI/FS). Subsequent to an agreement between the EPA, the Port of Seattle (Port), King County, and the City, the Port alone signed the order. Both the City and King County signed a Memorandum of Agreement with the Port to participate as cost share partners in the work required by the EPA. No specific requirements for remediation by Potentially Responsible Parties (PRPs) have been made by the EPA as of the date of this note.
- The Lower Duwamish Waterway Superfund Site. The site was designated as a federal Superfund site by the EPA in 2001 for contaminated sediments due to land ownership or use of property along the river, discharges from storm drains, and combined sewer outflows into the river. The City is one of four parties who signed an AOC with the EPA and Washington State Department of Ecology (DOE) to conduct a RI/FS to prepare a site remedy. No specific requirements for remediation by PRPs have been made by the EPA as of the date of this note. For some specific early action sites, the City and other PRPs have voluntarily agreed to initiate clean-up under AOC. In order to manage the liability, the City is working with the EPA and other PRPs on a RI/FS to evaluate the risk to human health and the environment within the six-mile Superfund area, identify the possible early action clean-up sites, and generally evaluate the feasibility of clean-up options for use in the ultimate remedial actions that the EPA will require.
- North Boeing Field/Georgetown Steam Plant. The City, King County, and Boeing have signed an Administrative Order by the DOE requiring them to investigate and possibly remove contamination in an area that encompasses North Boeing Field, the Georgetown Steam Plant, and the King County Airport.
- Gas Works Park Sediment Site. In 2002 the DOE named the City and Puget Sound Energy (PSE) as PRPs for contamination at the Gas Works Sediments Site in North Lake Union. The City and PSE signed an Agreed Order with the DOE in 2005 to initiate a City-led RI/FS in the western portion of the site and a PSE-led RI/FS in the eastern portion. The City is now working to complete the RI/FS for the western portion for submittal to the DOE. The RI/FS includes an evaluation of the nature and extent of contamination on the site, an evaluation of multiple alternatives for remediating the sediments, and a recommended preferred alternative.
- South Park. The DOE has indicated that it will require the clean-up and remediation of the historic South Park landfill sites under the State Model Toxics Control Act. No specific requirements for remediation by PRPs have been made by the DOE as of the date of this note. In order to manage the liability, the City is working with the DOE and other PRPs on a RI/FS to evaluate the risk to human health and the environment and to assess the feasibility of clean-up options for use in the ultimate remedial actions that the DOE may require.
- South Park Bus Barn. The South Park Bus Barn, located near the South Park Landfill, was entered into the DOE's Voluntary Cleanup Program. This parcel of property was purchased by the City in 2008 and currently no other PRP has been named. The RI/FS are substantially complete as of the date of this note and the City is working with the DOE to assess the feasibility of clean-up options for use in the ultimate remedial actions that are required. Work is expected to begin during 2009 and be completed in 2010.

The City has included in its estimated liability those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB Statement No. 49. Estimated outlays were based on current cost and no adjustments were made for discounting or inflation. Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. Costs were calculated on a weighted average that was based on the probabilities of each scenario being selected and reflected cost-sharing agreements in effect. In addition, certain estimates were derived from independent engineers and consultants. The estimates were made with the latest information available; as new information becomes available, estimates may vary significantly due to price increases or reductions, technology, or applicable laws or regulations.

The City of Seattle

The City is aggressively pursuing other third parties that may have contributed to the contamination of the sites noted above. The City's estimate for not-yet-realized recoveries from other parties for their share of remediation work that offset the City's estimated environmental liability was \$21.4 million and \$5.5 million, at December 31, 2008 and 2007, respectively.

The changes in the provision for environmental liability, net of recovery (in thousands) at December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>Restated 2007</u>
Environmental Liability – Beginning of Year	\$ 27,234	\$ 27,154
Payments or Amortization	(7,407)	(5,550)
Incurred Environmental Liability	<u>14,874</u>	<u>5,630</u>
Environmental Liability – End of Year	<u>\$ 34,701</u>	<u>\$ 27,234</u>

The provision for environmental liability (in thousands) included in current and noncurrent liability at December 31, 2008 and 2007, is as follows:

	<u>2008</u>	<u>Restated 2007</u>
Claims Payable, Current	\$ 10,431	\$ 5,589
Claims Payable, Noncurrent	<u>24,270</u>	<u>21,645</u>
Total	<u>\$ 34,701</u>	<u>\$ 27,234</u>

Information on the City's environmental liability is also presented in Note 8, Table 8-9.

(10) PENSIONS, DEFERRED COMPENSATION, AND OTHER POSTEMPLOYMENT BENEFITS

City of Seattle employees are covered in one of the following defined benefit pension plans: Seattle City Employees' Retirement System (SCERS), Firemen's Pension Fund, Police Relief and Pension Fund, and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). The first three plans are considered part of the City's reporting entity and are reported as pension trust funds. The State of Washington through the Department of Retirement Systems (DRS) administers and reports LEOFF Plans 1 and 2.

Table 10-1

PENSION PLAN INFORMATION

	Employees' Retirement	Firemen's Pension	Police Relief and Pension	LEOFF Plan 1	LEOFF Plan 2
Actuarial Valuation Date	1/1/2008	1/1/2009	1/1/2009	6/30/2007	6/30/2007
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Aggregate ^a
Asset Valuation Method	Fair Value	Fair Value	Fair Value	8-Year Graded Smoothed Fair Value ^b	8-Year Graded Smoothed Fair Value ^b
Amortization					
Method	Level %	Level \$	Level \$	Level %/Level \$ ^c	N/A
Period	30.0 years	28.0 years	28.0 years	17.75 years	N/A
Approach	Open	Closed	Closed	Closed	N/A
Actuarial Assumptions					
Inflation Rate (CPI)	3.50%	2.50% ^d	2.50% ^d	3.50%	3.50%
Investment Rate of Return	7.75%	4.50%	4.50%	8.00%	8.00%
Projected Salary Increases - General	4.00%	3.50% ^d	3.50% ^d	4.25%	4.25%
Projected Salary Increases - Step Merit	N/A	N/A	N/A	Varies ^e	Varies ^e
Postretirement Benefit Increases	0.67%	Varies ^f	Varies ^f	CPI Increase	CPI Increase (Maximum 3%)

^a The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

^b The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last eight years or, if fewer, the completed years since adoption.

^c Funding is Level %; GASB is Level \$.

^d Long-term assumption is listed. Specific short-term assumptions were used through 2010.

^e For specific information, please refer to the 2007 Actuarial Valuation Report issued by the Washington Office of State Actuary.

^f Based upon salary increase assumptions for benefits that increased based on salary. Based upon CPI assumptions for benefits that increased based upon CPI.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Seattle City Employees' Retirement System (SCERS) is a single-employer defined-benefit public employee retirement system established and administered by the City in accordance with Seattle Municipal Code (SMC) 4.36.

All employees of the City of Seattle are eligible for membership in the system with the exception of law enforcement officers and fire fighters who are covered under the statewide LEOFF plans administered by the state Department of Retirement Systems. Employees of METRO and the King County Health Department who established membership in the system when these organizations were City of Seattle departments were allowed to continue their membership. Current membership in SCERS consisted of the following at December 31, 2008:

Retirees and Beneficiaries Receiving Benefits	5,474
Terminated Plan Members Entitled To But Not Yet Receiving Benefits, Vested	1,764
Terminated Plan Members Who Have Restored Their Contributions Due to the Provisions of the Portability Statutes and May Be Eligible for Future Benefits, Vested	274
Active Plan Members, Vested and Non-vested	8,793

SCERS provides retirement, death, and disability benefits. Retirement benefits vest after 5 years of credited service, while death and disability benefits vest after 10 years of service. Retirement benefits are calculated as 2 percent multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement. City employees may retire at any age with 30 years of service, at age 52 or older with 20-29 years of service, at age 57 or older with 10-19 years of service, and at age 62 or older with 5 to 9 years of service. These benefit provisions and all other requirements are established and may be amended by City ordinances.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage.

The Seattle City Employees' Retirement System issues a stand-alone financial report. A copy of the report is available from the Seattle City Employees' Retirement System at 720 Third Avenue, Suite 1000, Seattle, WA 98104; by telephone at 206-386-1293; or by accessing the web site http://www.seattle.gov/retirement/annual_report.htm.

Summary of Significant Accounting Policies

Basis of Accounting

The Seattle City Employees' Retirement System is accounted for as a pension trust fund. The financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting as discussed in Note 1. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net assets are recognized when the transactions or events occur. Employee and employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with plan terms.

Investments, including security lending transactions as discussed in Note 3, are reported at fair market value. The fair market value of investments in common stock, international equities, fixed income, international fixed income, and short-term investments is based on the quoted market price. The fair market value of venture capital and real estate equities has been determined by independent appraisers. Securities and security lending transactions are reflected in the financial statements on a trade-date basis. Investment policies as set by the Retirement Board require that investments in any one corporation or organization may not exceed 5 percent of net assets available for benefits.

Contributions and Reserves

Member and employer contribution rates are established by SMC 4.36.

SCERS funding policy provides for periodic employee and employer contributions at actuarially determined rates expressed as percentages of annual covered payroll to accumulate sufficient assets to pay benefits when due. Funds accumulated and investment earnings are used to pay present and future benefit obligations and administrative expenses. The employer contribution rate is determined by the actuarial formula identified as the Entry-Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total necessary contributions, including amounts necessary to pay administrative costs, are determined through biennial actuarial valuations.

Actuarially determined contribution rates are currently 8.03 percent for members and 8.03 percent for the employer. Plan member and employer contributions for 2008 are \$45,986,138 and \$45,961,040, respectively. There are no long-term contracts for contributions outstanding and no legally required reserves.

Actuarial data for SCERS are determined through biennial actuarial valuations. The latest valuation date is January 1, 2008, and reflects measurements through the year ending 2007. Based on this valuation, the actuarial value of plan net assets available for benefits was \$2,119 million, and the actuarial accrued liability was \$2,295 million. The unfunded actuarial accrued liability (UAAL) was \$175 million and the funding ratio was 92.4 percent.

Notes to Financial Statements

The three-year trend information (in thousands) presented directly below and the annual pension cost and net pension obligation data in Table 10-2 cover the years 2005-2007; actuarial valuations were not performed for the years 2006 and 2008.

Fiscal Year Ending December 31	Annual Pension Cost (APC)	Total Employer Contribution	Percentage of APC Contributed	Net Pension Obligation (NPO)
2005	\$ 34,095	\$ 35,897	105 %	\$ (78,064)
2006	37,755	37,939	100	(78,249)
2007	40,115	40,300	100	(78,434)

Annual pension cost (APC) and net pension obligation (NPO) (in thousands) were:

Fiscal Year Ending December 31	Annual Required Contribution (ARC) at End of Year	Interest on NPO	ARC Adjustment	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Beginning Balance	NPO Ending Balance
2007	\$40,300	\$ (6,064)	\$ 5,879	\$ 40,115	\$40,300	\$ (185)	\$ (78,249)	\$ (78,434)

During 2007 the Seattle City Employees' Retirement System's net pension asset increased from \$78.2 million to \$78.4 million, an increase of \$185 thousand as calculated in the following table.

**Table 10-2 ANNUAL PENSION COST AND NET PENSION OBLIGATION
SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended December 31, 2008
(In Thousands)**

	2007 ^a	2005 ^a
Total Normal Cost Rate	12.50 %	13.05 %
Employee Contribution Rate	8.03	8.03
Employer Normal Cost Rate	4.47	5.02
Total Employer Contribution Rate	8.03 %	8.03 %
Amortization Payment Rate	3.56	3.01
Amortization Period (Year)	18.00	30.20
GASB 27 Amortization Rate	3.56	3.01
Total Annual Required Contribution (ARC) Rate ^b	8.03	8.03
Covered Employee Payroll ^c	\$ 501,862	\$ 447,040
ARC	\$ 40,300	\$ 35,897
Interest on Net Pension Obligation (NPO)	(6,064)	(5,910)
Adjustment to ARC	5,879	4,108
Annual Pension Cost (APC)	\$ 40,115	\$ 34,095
Employer Contribution	\$ 40,300	\$ 35,897
Change in NPO	\$ (185)	\$ (1,802)
NPO at Beginning of Year	(78,249)	(76,262)
NPO at End of Year	\$ (78,434)	\$ (78,064)

^a Actuarial studies are done every two years. No study was done for years 2006 and 2008.

^b If the amortization period determined by the actual contribution rate exceeds the maximum amortization period required by GASB Statement No. 27, the ARC is determined using an amortization of the funding excess over 30 years.

^c Covered payroll includes compensation paid to all active employees on which contributions were made in the year preceding the valuation date.

The City of Seattle

The funded status of the Plan as of the latest valuation study is presented below (in thousands). The Required Supplementary Information section, C-4, Pension Plan Information Schedule of Funding Progress, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AAL's for benefit.

<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
\$2,119,400	\$2,294,600	\$175,200	92.4%	\$501,900	34.9%

Authority to change benefit and contribution rates rests with the City Council. City ordinance does not permit a reduction in the employer contribution rate to less than the employee rate. Trend information on SCERS employer contribution is shown in the Required Supplementary Information section, C-5.

In the last four months of 2008 substantial declines occurred in almost all sectors of worldwide financial markets. Thus, the actuarial status of the Employees' Retirement Fund at the end of 2008 is substantially lower than shown in the results of the January 1, 2008 actuarial report. A new actuarial report will be prepared as of January 1, 2010. This report will include updated asset valuations as well as possible changes in assumptions, such as lower assumed investment returns and lower assumed wage growth.

The City's contracts with all labor unions that represent members of SCERS describe how contribution rates would be changed in the event higher contributions are needed to improve the financial status of the Employees' Retirement Fund. Under these contracts, the City and employees will share any contribution rate increase equally, up to a maximum increase of 2 percent in the employee contribution (in other words, the employee contribution can increase from the current 8.03 percent to 10.03 percent). If a contribution rate increase is needed, the City intends to apply the same formula to non-represented employees.

FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS

Plan Description

The Firemen's Pension and the Police Relief and Pension Funds are single-employer defined-benefit pension plans that were established by the City in compliance with the requirements of the Revised Code of Washington (RCW) 41.18 and 41.20.

Since the effective date of the state LEOFF on March 1, 1970, no payroll for employees was covered under these pension plans, and the primary liability for pension benefits for these plans shifted from the City to the state LEOFF. However, the City was still liable for all benefits in pay status at that time plus any future benefits payable to active law enforcement officers and firefighters on March 1, 1970, under the old City plan in excess of current LEOFF benefits. Generally, benefits under the LEOFF system are greater than or equal to the benefits under the old City plan when payment begins. However, LEOFF retirement benefits increase with the consumer price index (CPI - Seattle) while some City benefits increase with wages of current active members. If wages go up faster than the CPI, the City becomes liable for this residual amount. Due to this leveraging effect, projection of the City of Seattle's liabilities is especially sensitive to the difference between wage and CPI increase assumptions.

All law enforcement officers and firefighters of the City who served before March 1, 1970, are participants of these pension plans, and may be eligible for a supplemental retirement benefit plus disability benefits under these plans. Those officers and firefighters hired between March 1, 1970, and September 30, 1977, are not eligible for a supplemental retirement benefit, but may be eligible for disability benefits under this plan. Eligible law enforcement officers may retire with full benefits after 25 years of service at any age and firefighters at age 50 after completing 25 years of service. These pension plans provide death benefits for eligible active and retired employees. In addition, these plans provide medical benefits in accordance with state statutes and City ordinances to active and retired members from the City. Currently 1,106 fire and 985 police retirees meet these eligibility requirements. The City fully reimburses the amount of valid claims for medical and hospitalization costs incurred by active members and pre-Medicare retirees. The City also reimburses the full amount of premiums for part B of Medicare for each retiree eligible for Medicare. Total postemployment medical benefits for Firemen's Pension were \$8.5 million in 2008 and \$9.0 million in 2007; and for Police Relief and Pension, \$11.3 million in 2008 and \$10.5 million in 2007.

Refer to the Other Postemployment Benefits section of this note for discussion of the City's implicit rate subsidies to retirees for health care coverage as well as medical benefits for retirees under the Firemen's Pension and Police Relief and Pension plans.

Notes to Financial Statements

The Firemen's Pension and Police Relief and Pension benefit provisions are established in the state statute, RCW 41.16, 41.18, and 41.20, and may be amended only by the state Legislature. Retirement benefits are determined under RCW 41.18 and 41.26 for Firemen's Pension and RCW 41.20 and 41.26 for Police Relief and Pension. Medical benefit payments for both plans are based on estimates of current and expected experience.

Current membership in Firemen's Pension and Police Relief and Pension consisted of the following at December 31, 2008:

	Firemen's Pension	Police Relief and Pension
Retirees and Beneficiaries Receiving Benefits Terminated Plan Members Entitled To But Not Yet Receiving Benefits	867	858
Active Plan Members, Vested	47	47
Active Plan Members, Nonvested	-	-

These pension plans do not issue separate financial reports.

Summary of Significant Accounting Policies

The Firemen's Pension and Police Relief and Pension Funds are accounted for as pension trust funds. The financial statements were prepared using the economic resources measurement focus and the full accrual basis of accounting as shown in Note 1. All assets, liabilities, and additions to and deductions from (including contributions, benefits, and refunds) plan net assets of the retirement funds are recognized when the transaction or events occur. Employer contributions are reported in the period in which the contributions are due. Member benefits, including refunds, are due and payable by the plan in accordance with the plan terms.

Investments are recorded at fair value as shown in Note 3. Fair value of investments is based on quoted market prices.

Contributions and Reserves

Since both pension plans were closed to new members effective October 1, 1977, the City is not required to adopt a plan to fund the actuarial accrued liability (AAL). An actuarial fund was established for the Firemen's Pension in July 1994 and is discussed in more detail below; the City funds the Police Relief and Pension Fund as benefits become due. Contributions are no longer required from plan members or the City departments they represent. Under state law, partial funding of the Firemen's Pension Fund may be provided by an annual tax levy of up to \$0.45 per \$1,000 of assessed value of all taxable property of the City. The Firemen's Pension Fund also receives a share of the state tax on fire insurance premiums. Additional funding through the General Fund adopted budget is provided to both pension funds as necessary. The Police Relief and Pension Fund also gets police auction proceeds of unclaimed property. Administrative costs for the Firemen's Pension are financed by real estate property tax and fire insurance premium tax. Administrative costs for the Police Relief and Pension are financed by police auction proceeds and the General Fund. Contribution rates are not applicable to these plans.

Three-year trend information (in thousands) for the Firemen's Pension and the Police Relief and Pension Funds as of the January 1, 2009, actuarial valuation are:

Retirement System	Fiscal Year Ending December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
Firemen's Pension Fund	2006	\$ 9,385	100 %	\$ -
	2007	9,533	91	900
	2008	10,662	141	(3,465)
Police Relief and Pension Fund	2006	6,056	100	-
	2007	7,782	76	1,897
	2008	9,224	105	1,398

There are no securities held by the City for these pension funds except for the Firemen's Pension Actuarial Account described below. No loans are provided by the funds to the City or other related parties.

The City of Seattle

The funded status of the plans at the last valuation date is presented below (in thousands). The Required Supplementary Information section, C-4, displays multiyear trend information as to the value of the plan assets decreasing or increasing over time relative to the AALs for benefits.

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
Firemen's Pension Fund	\$11,498	\$141,621	\$130,123	8.0%	N/A	N/A
Police Relief and Pension Fund	423	132,632	132,209	0.0	N/A	N/A

In July 1994 the City adopted a funding policy under Ordinance 117216 that is designed to fully fund the AAL of the Firemen's Pension Fund by the year 2018 plus additional contributions, if necessary, to fund benefit payments in excess of contributions to fully fund all retirement benefit liabilities by December 31, 2018. In 2006 the Board of Directors amended the fully funded date from 2018 to December 31, 2023. The level contributions were set aside in the Firemen's Pension Actuarial Account with a fund balance of \$9.4 million as of December 31, 2008. The funding policy does not fund for future medical liabilities. No similar program has been established for the Police Relief and Pension Fund.

The AAL as of December 31, 2008, based on the actuarial valuation as of January 1, 2009, was \$141.6 million for Firemen's Pension and \$132.6 million for Police Relief and Pension. The Police Relief and Pension AAL is funded on a pay-as-you-go basis. Annual requirements are funded through the City's adopted budget, and any budget requirements exceeding the adopted budget are fully covered by supplemental appropriations.

Trend information on employer contributions for the Firemen's Pension and the Police Relief and Pension plans is presented in the Required Supplementary Information section, C-5.

The net pension obligation of Firemen's Pension Fund is a \$3.5 million net pension asset at December 31, 2008. The net pension obligation of Police Relief and Pension Fund is a \$1.4 million net pension liability at December 31, 2008.

**Table 10-3 ANNUAL PENSION COST AND NET PENSION OBLIGATION
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS
For the Year Ended December 31, 2008
(In Thousands)**

	Firemen's Pension			Police Relief and Pension		
	2008	2007	2006	2008	2007	2006
Annual Required Contribution (ARC)						
Annual Normal Cost - Beginning of Year	\$ -	\$ -		\$ -	\$ -	
Amortization of UAAL - Beginning of Year	10,153	9,068		8,797	7,403	
Interest to End of Year	520	465		451	379	
ARC at End of Year	10,673	9,533	\$ 9,385	9,248	7,782	\$ 6,056
Interest on NPO	46	-	-	97	-	-
Adjustment to ARC	(57)	-	-	(121)	-	-
Annual Pension Cost (APC)	10,662	9,533	9,385	9,224	7,782	6,056
Employer Contribution	15,027	8,633	9,385	9,723	5,885	6,056
Change in NPO	(4,365)	900	-	(499)	1,897	-
NPO at Beginning of Year	900	-	-	1,897	-	-
NPO at End of Year	<u>\$ (3,465)</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 1,398</u>	<u>\$ 1,897</u>	<u>\$ -</u>

Following are the Firemen's Pension and the Police Relief and Pension financial statements for fiscal year ending December 31, 2008.

Table 10-4

STATEMENT OF NET ASSETS
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS
December 31, 2008
(In Thousands)

	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>2008</u>	<u>2007</u>
ASSETS				
Cash and Equity in Pooled Investments	\$ 11,942	\$ 2,170	\$ 14,112	\$ 11,728
Investments at Fair Value				
U.S. Government Obligations	464	-	464	460
Receivables				
Employer - Other	22	-	22	38
Interest and Dividends	-	-	-	-
Total Receivables	22	-	22	38
Total Assets	12,428	2,170	14,598	12,226
LIABILITIES				
Refunds Payable and Other - Other	930	1,747	2,677	2,416
Total Liabilities	930	1,747	2,677	2,416
Net Assets Held in Trust for Pension Benefits	<u>\$ 11,498</u>	<u>\$ 423</u>	<u>\$ 11,921</u>	<u>\$ 9,810</u>

Table 10-5

STATEMENT OF CHANGES IN
PLAN NET ASSETS
FIREMEN'S PENSION AND POLICE RELIEF AND PENSION FUNDS
For Year Ended December 31, 2008
(In Thousands)

	<u>Defined Benefit</u>		<u>Postemployment Healthcare</u>		<u>Comparative Totals</u>	
	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>2008</u>	<u>2007</u>
ADDITIONS						
Contributions						
Employer	\$ 15,027	\$ 9,723	\$ 8,453	\$ 11,279	\$ 44,482	\$ 34,072
Investment Income						
From Investment Activities						
Net Appreciation (Depreciation) in Fair Value of Investments	38	-	-	-	38	62
Interest	357	-	-	-	357	422
Total Net Investment Income	395	-	-	-	395	484
Total Additions	15,422	9,723	8,453	11,279	44,877	34,556
DEDUCTIONS						
Benefits	12,382	9,678	8,453	11,279	41,792	35,256
Administrative Expense	547	427	-	-	974	861
Total Deductions	12,929	10,105	8,453	11,279	42,766	36,117
Change in Net Assets	2,493	(382)	-	-	2,111	(1,561)
Net Assets - Beginning of Year	9,005	805	-	-	9,810	11,371
Net Assets - End of Year	<u>\$ 11,498</u>	<u>\$ 423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,921</u>	<u>\$ 9,810</u>

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.

LEOFF was established in 1970 by the state Legislature. Membership includes all full-time, fully compensated, local law enforcement officers and fire fighters. 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 a major exception. Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for Plan 2. LEOFF retirement benefit provisions are established in state statute and may be amended only by the state Legislature. Washington State Department of Retirement Systems (DRS) administers LEOFF.

LEOFF 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. Employee contributions to Plans 1 and Plan 2 accrue interest at a rate specified by DRS. During fiscal year 2008 the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with 5 years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

<u>Term of Service</u>	<u>Percent of FAS</u>
20+	2.0 %
10 - 19	1.5
5 - 9	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, indexed to the Seattle Consumer Price Index. LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. The credit can only be purchased at the time of retirement and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance.

Plan 2 retirement benefits are vested after an employee completes 5 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 5 years of service, with an allowance of 2 percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted, indexed to the Seattle Consumer Price Index, capped at 3 percent annually. LEOFF Plan 2 members may purchase up to five years of additional service credit at retirement.

Plan 1 provides death and disability benefits. Death benefits for Plan 1 members on active duty consist of the following: (1) if eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) if no eligible spouse, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60-percent limitation of FAS. In addition, a duty death benefit of \$150,000 is provided to Plan 1 and Plan 2 members.

Plan 1 disability allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. 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.

Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent 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.

Plan 2 members who leave service because of a line-of-duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, Plan 2 members who leave service because of a line-of-duty disability may be eligible to receive a retirement allowance of at least 10 percent of final average salary and two percent per year of service beyond 5 years. The first 10 percent of the FAS is not subject to federal income tax.

The following changes to the LEOFF plans are the result of recent years' legislation:

Effective March 14, 2006:

- Plan 2 members who are severely disabled in the line of duty and incapable of substantial gainful employment in any capacity in the future, can receive a catastrophic disability benefit equal to 70 percent of their final average salary subject to offsets for workers' compensation and Social Security disability benefits received. (HB 2932, Chapter 39, Laws 2006)

Effective June 7, 2006:

- Coverage is extended for the \$150,000 death benefit to Plan 2 members who die from a duty-related illness such as an infectious disease or cancer, which results from a job-related exposure. (SHB 2933, Chapter 351, Laws 2006)
- Survivors of Plan 2 members who are killed in the line of duty are reimbursed for the cost of ongoing health care insurance coverage. (SB 6723, Chapter 345, Laws 2006)

Effective July 1, 2006:

- The benefit cap of 60 percent of a LEOFF Plan 1 member's final average salary is removed for a member enrolled on or after February 19, 1974. (SHB 2688, Chapter 350, Laws 2006).
- LEOFF Plan 2 members may purchase up to five years of additional service credit at retirement. (HB 1269, Chapter 21, Laws 2005).
- 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 cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

Effective July 22, 2007:

- LEOFF Plan 2 members may purchase up to 24 consecutive months of service credit (up from 12 months) for each period of temporary duty disability. (SHB 1261, Chapter 40, Laws of 2007).
- The portability of retirement benefits is changed by: (1) adding LEOFF Plan 2 to those plans that are able to combine service under portability for indexing purposes, (2) allowing compensation that is reportable in all dual member systems, except in the Washington State Patrol Retirement System (WSPRS), to be included in the calculation of all dual members' benefits, and (3) removing the "maximum benefit rule" for dual members who have less than 15 years of service in one capped plan and service in one uncapped plan. (SHB 1264, Chapter 207, Laws 2007).
- The \$150,000 duty-related death benefit is extended to include death from occupational disease or duty-related illness. (SHB 1266, Chapter 487, Laws of 2007).
- The terms of the employer representatives on the LEOFF Plan 2 Board are now staggered so that no more than one position expires in the same year. Legislative terms are now two years and run from January through December. After January 1, 2008, one member of the Board must be a retired LEOFF Plan 2 participant. (SHB 1679, Chapter 303, Laws of 2007).
- An exception is made to the five-year waiting period required before transferring prior Washington State Public Employees' Retirement System (PERS) service credit for those Emergency Medical Technicians who joined LEOFF Plan 2 as a result of legislation passed in 2003 and 2005 and who retire due to disability, or die. (HB 1680, Chapter 304, Laws of 2007).

There were no other material changes in benefit provisions for the fiscal year ended June 30, 2008. LEOFF pension benefit provisions have been established by RCW 41.26.

There are 87 participating employers in LEOFF Plan 1 and 374 participating employers in Plan 2 as of June 30, 2008. Membership in LEOFF consisted of the following as of the latest actuarial valuation date of June 30, 2007.

	Plan 1	Plan 2
Retirees and Beneficiaries Receiving Benefits	8,161	924
Terminated Members Entitled To But Not Yet Receiving Benefits	4	629
Active Plan Members, Vested	513	12,391
Active Plan Members, Nonvested	-	3,708
Total	8,678	17,652

All law enforcement officers and fire fighters of the City of Seattle participate in LEOFF. Current active members (vested and non-vested) are 109 under Plan 1 and 2,223 under Plan 2.

DRS prepares a stand-alone financial report. A copy of the report that includes financial statements and required supplementary information for LEOFF may be obtained by writing to Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380; by calling 360-664-7000 in Olympia or 1-800-547-6657; or by accessing their web site at <http://www.drs.wa.gov>.

Summary of Significant Accounting Policies

LEOFF plans are accounted for in pension trust funds of DRS using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from national security exchanges and security pricing services or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost which approximates fair market value. Certain pension trust fund investments, including real estate and private equity, are valued based on appraisals or by independent advisors. LEOFF pension plans have no investments of any commercial or industrial organization whose market value exceeds 5 percent or more of each plan’s net assets.

Contributions and Reserves

Funding Policy

The state Legislature establishes laws pertaining to the creation and administration of LEOFF plans. Plan members together with their employers and the state provide funding for all costs of the system based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by the Plan 2 Retirement Board in accordance with RCW 41.45. All employers are required to contribute at the level required by state law.

Required contribution rates for cities (expressed as a percentage of current year covered payroll) at the close of fiscal year 2007 are as follows:

	LEOFF Actual Contribution Rates	
	Plan 1	Plan 2
Employer (includes an administrative expense rate of 0.16 percent)	0.16 %	5.35 %
Employee	-	8.64
State of Washington Contributions	-	3.45

Administration of the LEOFF plans was funded by an employer rate of 0.16 percent of employee salaries.

The state Legislature has the ability, by means of a special funding arrangement, to appropriate money from the state General Fund to supplement the current service liability and fund the prior service costs of Plans 1 and 2 in accordance with the requirements of the Pension Funding Council and LEOFF Plan 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. For fiscal year 2007 the state contributed \$45.9 million to Plan 2.

Employer Contributions Required and Paid

LEOFF annual required contributions (in millions) and percentage contributed in accordance with the funding policy were:

Year	Plan 1		Plan 2	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2006	\$ -	N/A	\$ 101.3	79 %
2007	0.1	N/A	94.9	101
2008	-	N/A	102.1	117

The City of Seattle required and actual contributions (in thousands) are shown in the following table. Percentages contributed are not available.

	Plan 1	Plan 2
2006	\$ 21	\$ 8,082
2007	18	9,381
2008	15	10,649

There are no long-term contracts for contributions under the LEOFF retirement plans.

Reserves

Member Reserves. The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded. Member reserves (in thousands) were:

	June 30, 2008	June 30, 2007
Plan 1	\$ 62,457	\$ 72,945
Plan 2	1,379,022	1,232,440

Benefit Reserves. The benefit reserves reflect the funded liability associated with all retired members. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses. Benefit reserves (in thousands) were:

	June 30, 2008	June 30, 2007
Plan 1	\$ 5,972,700	\$ 6,343,265
Plan 2	3,936,384	3,952,783

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans.

DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is payable to employees upon termination, retirement, death, or unforeseen emergency.

Beginning in 2006 the Deferred Compensation Plan (DCP) was amended to allow separating employees to cash out accrued vacation balances into their DCP accounts. Eligible retiring employees may also cash out up to 35 percent of their sick leave balances into their DCP accounts. Vacation and sick leave cash-outs made to the DCP are considered contributions and are subject to the maximum annual contribution limit.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan. Under the plan, participants select investments from alternatives offered by the plan administrator, who is under contract with the City to manage the plan. Investment selection by a participant may be changed from time to time. The City manages none of the investment selections. By making the selection, enrollees accept and assume all risks that pertain to the plan and its administration.

The City placed the deferred compensation plan assets into trust for the exclusive benefit of plan participants and beneficiaries in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The City has little administrative involvement and does not perform the investing function for the plan. The City does not hold the assets in a trustee capacity and does not perform fiduciary accountability for the plan. Therefore, the City employees' deferred compensation plan created in accordance with IRC 457 is not reported in the financial statements of the City.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan description and funding policy

Health Care Blended Premium Subsidy. Employees retiring under City of Seattle or the LEOFF 2 retirement plans may continue their health insurance coverage under the City's health insurance plans for active employees. LEOFF 1 employees retiring under Washington State PERS are covered under the LEOFF 1 retiree health plan but are eligible to have their spouses and/or dependents covered under the City health insurance plans. When a retired participant dies, the spouse remains fully covered until age 65 and covered by the Medicare supplement plan thereafter. Employees that retire with disability retirement under the City of Seattle, Washington LEOFF 2 plan, or Social Security may continue their health coverage through the City with same coverage provisions as other retirees. Eligible retirees self-pay 100 percent of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The City provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay-as-you-go basis. The postemployment benefit provisions are established and may be amended by City ordinances.

Firemen's Pension and Police Relief and Pension Plans. The Firemen's Pension and Police Relief and Pension plans provide medical benefits for eligible retirees. The benefits are authorized under state statute, RCW 41.18 and 41.26 for Firemen's Pension, and RCW 41.20 and 41.26 for Police Relief and Pension, and may be amended by the state legislature. The City funds these benefits on a pay-as-you go basis.

Annual OPEB Cost and Net OPEB Obligation

Based on the actuarial valuation dates noted under Funded Status and Funding Progress and in Table 10-7, the City's annual cost for fiscal year ended December 31, 2008, the amount of expected contributions to the plans and changes in net obligation in each plan are as follows:

Table 10-6 ANNUAL OPEB COST AND NET OPEB OBLIGATION

	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)	Total
Annual Required Contribution	\$ 8,751,992	\$ 13,269,644	\$ 14,029,863	\$ 36,051,499
Interest on Net OPEB Obligation	384,860	79,309	111,514	575,683
Adjustment to Annual Required Contribution	(508,523)	(98,580)	(138,610)	(745,713)
Annual OPEB Cost (Expense)	8,628,329	13,250,373	14,002,767	35,881,469
Expected Contribution (Employer-Paid Benefits)	2,250,276	8,453,011	11,278,886	21,982,173
Increase in Net OPEB Obligation	6,378,053	4,797,362	2,723,881	13,899,296
Net OPEB Obligation – Beginning of Year	7,974,722	1,547,498	2,175,876	11,698,096
Net OPEB Obligation – End of Year	<u>\$ 14,352,775</u>	<u>\$ 6,344,860</u>	<u>\$ 4,899,757</u>	<u>\$ 25,597,392</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation of each plan for 2008 and one year preceding are as follows:

Notes to Financial Statements

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare Blended Premium Subsidy	12/31/2007	\$ 9,328,990	14.5%	\$ 7,974,722
	12/31/2008	8,628,329	6.5	14,352,775
Firemen's Pension (LEOFF1)	12/31/2007	10,624,239	85.0	1,547,498
	12/31/2008	13,250,373	64.0	6,344,860
Police Relief and Pension (LEOFF1)	12/31/2007	12,653,428	83.0	2,175,876
	12/31/2008	14,002,767	81.0	4,899,757

Funded Status and Funding Progress

Based on the actuarial valuation dates for each of the plans, the unfunded actuarial accrued liability (UAAL) was equal to the actuarial accrued liability (AAL) due to the City's pay-as-you-go policy. Following is the funded status (in thousands) for each of the plans for the last two actuarial studies:

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal AAL (b)	UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
Healthcare Blended Premium Subsidy	1/1/2006	-	\$84,338	\$84,338	-	N/A	N/A
	1/1/2008	-	78,816	78,816	-	N/A	N/A
Firemen's Pension (LEOFF1)	1/1/2008	-	198,150	198,150	-	N/A	N/A
	1/1/2009	-	221,915	221,915	-	N/A	N/A
Police Relief and Pension (LEOFF1)	1/1/2008	-	209,502	209,502	-	N/A	N/A
	1/1/2009	-	235,472	235,472	-	N/A	N/A

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the time of the valuation and the pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of any assets. Significant methods and assumptions are as follows:

Table 10-7

OPEB INFORMATION

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Actuarial Valuation Date	1/1/2008	1/1/2009	1/1/2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level amount over past and future service	30-year, closed as of 1/1/2007	30-year, closed as of 1/1/2007
Remaining Amortization Period	30 years	28 years	28 years
Records and Data	N/A	Supplied by the City	Supplied by the City
Replacement of Terminated Employees	N/A	Closed. No new members permitted.	Closed. No new members permitted.
Valuation of Assets	N/A. No assets as of valuation date.	N/A. No assets as of valuation date.	N/A. No assets as of valuation date.
Assumptions:			
Discount Rate	4.826%	4.50%	4.58%
Medical Inflation		9.0%, decreasing by 0.5% each year for 8 years until it reaches an ultimate rate of 5.0%	9.0%, decreasing by 0.5% each year for 8 years until it reaches an ultimate rate of 5.0%
Traditional and Preventive Plans	10.5%, decreasing by 0.5% each year for 11 years until it reaches an ultimate rate of 5.0%		
Group Health Standard and Deductible Plans	10.9% decreasing by 0.4 % in 2009 and 0.5% for 11 succeeding years until it reaches an ultimate rate of 5.0%		
Long-Term Care Inflation Rate	N/A	5.00%	5.00%
Participation/Service Retirement	40% of actives who retire are assumed to participate. This assumption was developed by comparing the count of pre-65 retirees currently covered under the Plan with the count of pre-65 retirees shown in the 2006 valuation report prepared by Mellon for the City of Seattle Employees' Retirement System.	All actives are assumed to retire at the valuation date.	All actives are assumed to retire at the valuation date.
Mortality	Mortality assumptions for LEOFF employees are based on the actuarial 2000 Combined Health Table for Males and Females. Mortality assumptions for general service actives and retirees are based on the Group Annuity Mortality (GAM) 1994 Static Table (Final) with ages set forward one year for both males and females for actives; and ages set forward one year for males but with no age adjustment for females for retirees.	For active and service-retired employees, basis is RP 2000 Mortality Table (Combined Healthy). For disabled members, basis is RP 2000 Mortality Table (Combined Healthy) with ages set forward 2 years and a 0.005 minimum.	For active and service-retired employees, basis is RP 2000 Mortality Table (Combined Healthy). For disabled members, basis is RP 2000 Mortality Table (Combined Healthy) with ages set forward 2 years and a 0.005 minimum.
Marital Status	60% of members electing coverage are assumed to be married or to have a registered domestic partner. Male spouses are assumed to be two years older than their female spouses.	N/A	N/A

Table 10-7 **OPEB INFORMATION (continued)**

Description	Healthcare Blended Premium Subsidy	Firemen's Pension (LEOFF1)	Police Relief and Pension (LEOFF1)
Assumptions (continued):			
Morbidity Factors		N/A	N/A
Traditional Plan	Morbidity rate ranges assumed for ages 50 through 64 are as follows: 100.5% to 166.3% for male retirees, 74.0% to 122.5% for female retirees, 141.8% to 234.7% for male spouses, and 104.5% to 172.9% for female spouses.		
Preventive Plan	Morbidity rate ranges assumed for ages 50 through 64 are as follows: 105.10% to 173.9% for male retirees, 77.4% to 128.1% for female retirees, 139.9% to 231.6% for male spouses, and 103.1% to 170.6% for female spouses. For these two plans, because the retirees' spouses pay a lower premium for their health care coverage than the retirees, the net cost to the City for the spouse coverage is greater than for a retiree of the same gender and age. The morbidity factors were adjusted to reflect this discrepancy.		
Group Health Standard and Deductible Plans	Morbidity rate ranges assumed for ages 50 through 64 for retirees and spouses are: 113.3% to 187.5% for males and 83.4% to 138.1% for females.		
Other Considerations	Active employees with current spouse and/or dependent coverage are assumed to elect the same plan and coverage.	N/A	N/A

(11) COMPONENT UNIT

SEATTLE PUBLIC LIBRARY FOUNDATION

The Seattle Public Library Foundation is a Washington non-profit corporation, a public charity organized exclusively for educational, charitable, and scientific purposes to benefit and support the Seattle Public Library. The Foundation provides goods, services, and facilities above the tax-based funding of the Seattle Public Library. The Foundation is located in Seattle, governed by a Board of Directors, and possesses all the requisite corporate powers to carry out the purposes for which it was formed.

The City of Seattle is not financially accountable for the Seattle Public Library Foundation. The Foundation is considered a component unit in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and is presented discretely in the City's financial statements because (1) the economic resources received or held by the Foundation are entirely for the direct benefit of the Seattle Public Library; (2) the Seattle Public Library is legally entitled to access a majority of the economic resources received or held by the Foundation; (3) the economic resources received or held by the Foundation are significant to the Seattle Public Library.

The Seattle Public Library Foundation reports on a fiscal year-end consistent with the City of Seattle, the primary government. The Foundation issues its own audited financial statements. Please note that the figures stated last year for 2007 were preliminary and changed post audit; in addition, year 2007 was restated as noted below. To obtain complete audited statements for all years, please contact: Seattle Public Library Foundation, 1000 Fourth Avenue, Seattle, WA 98104, phone (206) 386-4130.

Table 11-1

CONDENSED STATEMENT OF NET ASSETS
THE SEATTLE PUBLIC LIBRARY FOUNDATION
December 31, 2008
(In Thousands)

	<u>2008</u>	<u>Restated 2007</u>
ASSETS		
Cash, Investments, and Other Assets	\$ 42,653	\$ 57,237
Capital Assets, Net	<u>7</u>	<u>8</u>
Total Assets	42,660	57,245
LIABILITIES		
Current Liabilities	<u>1,014</u>	<u>989</u>
Total Liabilities	1,014	989
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	7	8
Restricted	30,433	38,166
Unrestricted	<u>11,206</u>	<u>18,082</u>
Total Net Assets	<u>\$ 41,646</u>	<u>\$ 56,256</u>

Table 11-2

CONDENSED STATEMENT OF ACTIVITIES
THE SEATTLE PUBLIC LIBRARY FOUNDATION
For Year Ended December 31, 2008
(In Thousands)

	<u>2008</u>	<u>Restated 2007</u>
PROGRAM REVENUES		
Contributions/Endowment Gain	\$ 3,342	\$ 4,270
GENERAL REVENUES		
Investment Income (Loss)	<u>(10,485)</u>	<u>3,343</u>
Total Program Support and Revenues (Loss)	(7,143)	7,613
EXPENSES		
Support to Seattle Public Library	4,731	3,693
Management and General	380	395
Fundraising	<u>392</u>	<u>389</u>
Total Expenses	5,503	4,477
DIVESTED ACTIVITIES		
Transfer of Net Assets to Washington Talking Book & Braille Library	<u>(1,964)</u>	<u>-</u>
Total Divested Activities	<u>(1,964)</u>	<u>-</u>
Change in Net Assets	(14,610)	3,136
NET ASSETS		
Net Assets - Beginning of Year	<u>56,256</u>	<u>53,120</u>
Net Assets - End of Year	<u>\$ 41,646</u>	<u>\$ 56,256</u>

The Foundation restated its financial statements for 2007 for: 1) Certain net assets that relate to contributions to the Libraries for All Capital Campaign from 1999 through 2007 were previously classified as restricted. However, a 2008 review of the contributions revealed that \$6.3 million of the contributions did not have a donor-imposed restriction, with \$1.4 million remaining at the end of 2007. The effect of this was an increase in Unrestricted Net Assets and a decrease in Restricted Net Assets for \$1.4 million with no effect on the total net assets. 2) It was discovered in 2008 that receipts from 2005 through 2007 processed by the Foundation on behalf of the Seattle Public Library that represent payments for space rental under rental agreements were recorded by the Foundation as its own service fee revenues. The Foundation restated its results for the affected years by reducing unrestricted net assets at the beginning of 2007 by \$120,939 with the change in net assets for 2007 reduced by \$53,157.

(12) JOINT VENTURES

SEATTLE-KING COUNTY WORKFORCE DEVELOPMENT COUNCIL

The Seattle-King County Workforce Development Council (WDC) is a joint venture between King County and the City of Seattle. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act (WIA) of 1998. It functions as the Department of Labor pass-through agency to receive the employment and training funds for the Seattle-King County area. The King County Executive and the Mayor of the City of Seattle, serving as the chief elected officials (CEO) of the local area, have the joint power to appoint the members of the WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because the CEO is potentially liable to the grantor for disallowed costs. If expenditure of funds is disallowed by the grantor agency, the WDC can recover the funds in the following order: (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, from King County and the City of Seattle who each will be responsible for one-half of the disallowed amount. As of December 31, 2008, there are no outstanding program eligibility issues that may lead to a City of Seattle liability.

The WDC contracts with the City of Seattle which provides programs related to the WIA Youth In-School Program. For the year 2008, WDC has paid \$0.5 million to the City of Seattle.

The WDC issues independent financial statements that may be obtained from its offices at 2003 Western Avenue, Suite 250, Seattle, WA 98121-2162.

(13) COMMITMENTS

GENERAL

Capital Improvement Program

The City adopted the 2008-2009 Capital Improvement Program (CIP) which functions as a capital financing plan totaling \$3.8 billion for the years 2008-2013. The adopted CIP for 2008 was \$671.5 million, consisting of \$435.2 million for City-owned utilities and \$236.3 million for nonutility departments. The utility allocations are: \$262.0 million for City Light, \$79.5 million for Water, \$73.8 million for Drainage and Wastewater, \$10.0 million for Solid Waste, and \$9.9 million for Seattle Public Utilities' technology projects. Expenditures may vary significantly based upon facility requirements and unforeseen events. A substantial portion of contractual commitments relates to these amounts.

CITY LIGHT

Energy received under long-term purchased power agreements in average annual megawatts (aaMW) is shown in the following table.

Table 13-1

LONG-TERM PURCHASED POWER

(In Average Annual Megawatts)

	<u>2008</u>	<u>2007</u>
Bonneville Power Administration Block	239.0	242.2
Bonneville Power Administration Slice	412.1	411.3
Lucky Peak	35.4	31.2
British Columbia - Ross Dam	35.3	35.8
State Line Wind	49.2	44.0
Grant County Public Utility District	2.6	2.9
Grand Coulee Project Hydroelectric Authority	29.6	29.1
British Columbia-Boundary Encroachment	1.9	1.9
Renewable Energy	2.2	-
Exchange Energy at fair value	17.1	6.3
Long-Term Purchased Power Booked Out	<u>(34.9)</u>	<u>(22.5)</u>
Total Long-Term Purchased Power	<u>789.5</u>	<u>782.2</u>

Purchased and Wholesale Power

Bonneville Power Administration

City Light (the Utility) purchases electric energy from the U.S. Department of Energy, Bonneville Power Administration (BPA), under the Block and Slice Power Sales Agreement, a 10-year contract that expires September 30, 2011. The agreement provides power equal to the Utility's annual net requirement, defined as the difference between projected load and firm resources declared to serve that load. The Block product provides fixed amounts of power per month.

The Utility and BPA amended the Block agreement in 2006 to enable the Utility to participate in the BPA Flexible Priority Firm (PF) Program. Under the provisions of this program, the Block product is subject to a Flexible PF Charge on a power bill increasing the amount payable by the Utility for power service in a given month followed by reductions in the amount payable for power service in subsequent months until the charge is recovered. Participation in the program provides the Utility with a monthly discount on its Block bill whether or not the Flexible PF Charge is applied. In order to participate, the Utility was required to enter into an irrevocable standby letter of credit for \$16.5 million issued by the Bank of America with a term from October 1, 2006 through September 30, 2009. The Flexible PF Charge was not applied in 2008 or 2007.

The terms of the Slice product specify that the Utility will receive a fixed percentage (4.6676 percent) of the actual output of the Federal Columbia River Power System. The cost of Slice power is based on the Utility's same percentage (4.6676 percent) of the expected costs of the system and is subject to true-up adjustments based on actual costs with specified exceptions. Subsequent amendments to the contract provide that BPA will pay the Utility for qualified energy savings realized through specified programs and decrement Block purchases accordingly.

BPA's Residential Exchange Program (REP) was established as a mechanism to distribute financial benefits of the Federal Columbia River Power System to residential customers of the region's investor owned utilities (IOUs). In May 2007, the Ninth Circuit Court rulings found the 2000 REP Settlement Agreements with IOUs inconsistent with the Northwest Power Act. In 2008 the Utility received \$24.4 million in interim payments and billing credits related to both the Block and Slice agreements.

In December 2008 the Utility entered into a new contract to purchase both Block and Slice energy from BPA for the period October 1, 2011 through September 30, 2028. The Block quantities, Slice percentage, and BPA rates were not finalized as of the end of 2008. Accordingly, certain estimates and assumptions were used in the calculations in the estimated future payments table below.

Lucky Peak

In 1984 the Utility entered into a purchase power agreement with four irrigation districts to acquire 100 percent of the net surplus output of a hydroelectric facility that began commercial operation in 1988 at the existing Army Corps of Engineers Lucky Peak Dam on the Boise River near Boise, Idaho. The irrigation districts are owners and license holders of the project, and the Federal Energy Regulatory Commission (FERC) license expires in 2030. The agreement, which expires in 2038, obligates the Utility to pay all ownership and operating costs, including debt service, over the term of the contract, whether or not the plant is operating or operable. To properly reflect its rights and obligations under this agreement, the Utility included as an asset and liability the outstanding principal of the project's debt, net of the balance in the project's reserve account. The project's debt matured and was paid in full in July 2008 and accordingly, the asset and liability previously recorded were amortized to zero as of December 31, 2008.

British Columbia-High Ross Treaty

In 1984 an agreement was reached between the Province of British Columbia and the City of Seattle under which British Columbia will provide the Utility with energy equivalent to that which would have resulted from an addition to the height of Ross Dam. Delivery of this energy began in 1986 and is to be received for 80 years.

In addition to the direct costs of energy under the agreement, the Utility incurred costs of approximately \$8.0 million in prior years related to the proposed addition and was obligated to help fund the Skagit Environmental Endowment Commission through four annual \$1.0 million payments. These other costs were deferred and are being amortized to purchase power expense over 35 years through 2035.

Energy Exchanges

Northern California Power Agency (NCPA) and the Utility executed a long-term Capacity and Energy Exchange Agreement in March 1993. The Utility delivers energy to NCPA from June through October 15. NCPA returns energy under conditions specified in the contract at a 1.2:1 ratio of exchange power from November through April. The agreement, which includes a financial settlement option, may be terminated effective May 31, 2014, or any May 31 thereafter with seven years' advance written notice by either party.

Renewable Energy Purchase and/or Exchanges

The Energy Independence Act, Chapter 19.285 Revised Code of Washington, requires qualifying utilities in Washington State to meet certain annual targets of eligible new renewable resources and/or equivalent renewable energy credits as a percentage of total energy delivered to retail customers. The annual targets are: at least 3 percent by 2012, at least 9 percent by 2016, and at least 15 percent by 2020. Similar legislation is in effect or contemplated in other states. Long-term renewable purchase or exchange agreements were executed with the Sacramento Municipal Utility District in 2007 and City of Redding in 2008. There were no renewable energy transactions with City of Redding during 2008.

Fair Value of Exchange Energy

Receivable and deferred balances at December 31, 2008, were based on an income valuation technique that utilized Platts M2M Power Curves, Dow Jones U.S. Daily Electricity Price Indexes for settled deliveries, and interest rate forecasts from HIS Global Insight that are used to calculate discount rates. Risk was evaluated internally resulting in no valuation adjustments.

Estimated Future Payments under Purchase Power and Transmission Contracts

The Utility's estimated payments under its contracts with BPA, the Public Utility Districts (PUDs), irrigation districts, Lucky Peak Project, British Columbia – High Ross Agreement, PacifiCorp Power Marketing Inc. (now Iberdrola Renewables), and PacifiCorp for wind energy and net integration and exchange services, and for transmission with BPA, ColumbiaGrid, and others for the period from 2008 through 2065, undiscounted, are shown in the following table.

Table 13-2

ESTIMATED FUTURE PAYMENTS UNDER PURCHASE POWER CONTRACTS AND TRANSMISSION CONTRACTS

(In Thousands)

<u>Year Ending December 31</u>	<u>Estimated Payments ^a</u>
2009	\$ 257,222
2010	278,728
2011	274,054
2012	258,907
2013	261,600
2014 - 2018	1,405,881
2019 - 2023	1,445,214
2024 - 2028 ^{b, c}	1,204,439
2029 - 2033	52,340
2034 - 2038 ^d	53,728
2039 - 2043	3,183
2044 - 2065	18,913
Total	<u>\$ 5,514,209</u>

^a 2009 to 2015 includes estimated REP recoveries from BPA.

^b BPA transmission contract expires July 31, 2025.

^c BPA new Block and Slice contract expires September 30, 2028.

^d Lucky Peak contract expires September 30, 2038.

The effects of changes that could occur to transmission as a result of FERC's implementation of the Federal Power Act as amended August 8, 2005, are not known and are not reflected in the estimated future payments except for inclusion of costs associated with ColumbiaGrid. The Utility executed an agreement in January 2007 with ColumbiaGrid, a nonprofit membership corporation formed to improve the operational efficiency, reliability, and planned expansion of the Northwest transmission grid.

Payments under these long-term power contracts totaled \$219.2 million and \$230.8 million in 2008 and 2007, respectively. Payments under the transmission agreements amounted to \$39.9 million and \$37.1 million in 2008 and 2007, respectively.

Skagit and South Fork Tolt Licensing Mitigation and Compliance

In 1995 FERC issued a license for operation of the Skagit hydroelectric facilities through April 30, 2025. On July 20, 1989, the FERC license for operation of the South Fork Tolt hydroelectric facilities through July 19, 2029, became effective. As a condition for both of these licenses, the Utility has taken and will continue to take required mitigating and compliance measures. Total Skagit mitigation costs, excluding Endangered Species Act (ESA) costs, from the effective date until expiration of the federal operating license were estimated at December 31, 2008, to be \$97.4 million, of which \$63.7 million had been expended. South Fork Tolt costs were estimated at \$5.3 million, of which \$1.8 million was expended through 2008. Capital improvements, other deferred costs, and operations and maintenance costs are included in the estimates for both licenses.

Application Process for New Boundary License

The Utility's FERC license for the Boundary Project expires on September 30, 2011. The Utility intends to submit an application for a new license by September 30, 2009. Application process costs are estimated at \$61.3 million, of which \$36.2 million had been expended and deferred as of December 31, 2008. A new license may require additional mitigation efforts for endangered species, including water quality standards, the full extent of which is not known at this time. Cost projections for new license requirements are not included in the forecast.

Endangered Species

Several fish species that inhabit waters where hydroelectric projects are owned by the Utility or where the Utility purchases power have been listed under the Endangered Species Act (ESA) as threatened or endangered. On the Columbia River System, the National Oceanographic Atmospheric Administration (NOAA) Fisheries has developed a broad species recovery plan for listed salmon and steelhead, including recommendations for upstream and downstream fish passage

requirements. These requirements include minimum flow targets for the entire Columbia Basin designed to maximize the survival of migrating salmon and steelhead. As a result, the Utility's power generation at its Boundary Project is reduced in the fall and winter when the region experiences its highest sustained energy demand. The Boundary Project's firm capability is also reduced.

In Puget Sound both bull trout and Chinook salmon were listed as threatened species in 1999 by the U.S. Fish and Wildlife Service (USFWS) and NOAA Fisheries, respectively. In 2007, NOAA Fisheries also listed steelhead as threatened in Puget Sound. These ESA listings affect City Light's Skagit, Tolt, and Cedar Falls hydroelectric projects. Bull trout are present in the waters of Skagit and Cedar River projects, including the reservoirs; and incidental observations have been made in the Tolt River downstream of Tolt Reservoir. Chinook salmon and steelhead are present downstream of all of these projects.

A draft recovery plan and proposed critical habitat for Puget Sound bull trout was issued by the U.S. Fish and Wildlife Service in July 2004. The Puget Sound bull trout recovery plan was finalized by the USFWS in 2008. The USFWS is presently completing a five-year review of the bull trout listing, which designated this species as listed within coterminous United States. Critical habitat was designated for bull trout by the USFWS, and includes the Skagit and Tolt Rivers and Lake Washington downstream of the Cedar River. All critical habitat designations are downstream of the City Light's projects.

The City of Seattle's reservoirs (Ross, Diablo, Gorge, Tolt, and Chester Morse) were not designated as critical habitat for bull trout. The final recovery plan for Puget Sound Chinook salmon was developed by regional stakeholders under the authority of NOAA Fisheries and was adopted by NOAA Fisheries in January 2007. Critical habitat has been designated for Puget Sound Chinook salmon and includes that mainstream rivers downstream of the City's hydroelectric projects. The recovery planning process for Puget Sound steelhead was initiated by NOAA Fisheries in 2008.

The Puget Sound Steelhead Technical Recovery Team is presently identifying the distinct populations and recovery targets for in the region. While it is unknown how other listings will affect the Utility's hydroelectric projects and operations, the Utility is carrying out an ESA Early Action program in cooperation with agencies, tribes, local governments, and salmon groups for bull trout, Chinook salmon, and steelhead.

The Utility has been participating in the implementation of the Chinook salmon recovery plan on both regional and watershed levels. On the Cedar, the Utility's activities are covered by a Habitat Conservation Plan that authorizes operations with regard to all listed species. In addition to the ESA, hydroelectric projects must also satisfy the requirements of the Clean Water Act in order to obtain a FERC license. Total costs through 2011, estimated at December 31, 2008, for the ESA were \$38.5 million, of which \$31.9 million had been expended.

Project Impact Payments

Effective November 1999 the Utility committed to pay a total of \$11.6 million and \$7.8 million over ten years ending in 2008 to Pend Oreille County and Whatcom County, respectively, for impacts on county governments from the operations of the Utility's hydroelectric projects. The payments compensate the counties and certain school districts and towns located in these counties for lost revenues and additional financial burdens associated with the projects. The Boundary Project located on the Pend Oreille River affects Pend Oreille County, and Skagit River hydroelectric projects affect Whatcom County. The combined impact compensation, including an annual inflation factor of 3.1 percent and retroactive payments totaled \$1.4 million and \$1.3 million to Pend Oreille County, and \$0.9 million and \$0.9 million to Whatcom County in 2008 and 2007, respectively.

Effective February 2009 the Utility renewed its contract with Whatcom County, committing to pay a total of \$15.8 million over 15 years ending in 2023. The Utility is currently in negotiations with Pend Oreille County.

Streetlight Litigation

In November 2003 the Washington Supreme Court ruled that a 1999 ordinance related to inclusion of streetlight costs in the Utility's general rate base for Seattle and Tukwila customers was unlawful. As a result of this decision the Utility resumed billing the City for streetlight costs. In May 2004, trial court proceedings resulted in a ruling that required the Utility to refund the amount collected from ratepayers since December 1999 attributable to streetlight costs. A total of \$20.0 million in refunds, net of attorney and administrative fees, was paid to ratepayers by the end of December 2006.

In 2006 the State Supreme Court also ruled that certain greenhouse gas offset contracts must be paid for by the City's General Fund, although the Court reconsidered that decision.

In 2007 the streetlight litigation ended with (1) the State Supreme Court's denial of a motion for reconsideration of its decision that certain greenhouse gas offset contracts must be paid for by the City's General Fund rather than the Utility and (2) the Court of Appeals award of approximately \$1.3 million in attorney fees for causing for the Utility to change its ordinance governing certain utilities relocation expenses related to Sound Transit construction. The Utility paid just over \$1.0 million of the award and another City of Seattle department paid the remainder.

SEATTLE PUBLIC UTILITIES (SPU)

Water Fund

Habitat Conservation Program Liability

SPU prepared a comprehensive environmental management plan for its Cedar River Watershed. The purpose of the Habitat Conservation Plan (HCP) is to protect all species of concern that may be affected by SPU and City Light in the Cedar River Watershed while allowing the City to continue to provide high quality drinking water to the region. The federal government has accepted the HCP. The total cost of implementing the HCP is expected to be \$99.6 million (in 2008 dollars) over a period of 50 years. Expenses are being funded from a combination of operating revenues and debt. The cost of HCP to SPU is \$57.0 million thru 2008. The remaining cost of \$42.6 million is comprised of a \$9.6 million liability and an estimate of \$33.0 million for construction and operating commitments. The construction activities will be capitalized and the operating activities will be expensed as incurred.

Muckleshoot Liability

The City of Seattle is committed to work with the Muckleshoot Tribe in order to achieve salmon recovery in the Cedar River-Lake Washington system. The Tribe's exercise of its treaty rights to hunt and gather in the Cedar River Municipal Watershed, its interest in wildlife management in the Watershed, and its interest in conducting traditional activities are being addressed in an agreement between the Muckleshoot Tribe, the National Marine Fisheries Service, and the City of Seattle. In 2005 the Water Fund committed \$14.0 million to the Muckleshoot Tribe for fishery purposes, \$2.5 million for wildlife studies, \$0.5 million for habitat improvements, and \$1.0 million in lieu of properties on the White River and at Yakima Pass. The Water Fund recorded a liability of \$18.0 million in 2005 and increased the liability by \$0.5 million in 2006 due to an increase in expected costs to acquire Yakima Pass land. The costs of \$3.0 million for wildlife studies and habitat improvements were deferred and amortized over a 10-year period beginning in 2006. The remainder of costs was capitalized in 2006 as land rights.

In 2006 the Water Fund paid \$17.0 million to the Muckleshoot Tribe. In 2008 the Water Fund paid \$1.3 million in lieu of the White River property. The remaining \$0.5 million liability was held for the purchase of the Yakima Pass property to be transferred to the Tribe after acquisition. Due to delays in acquiring the Yakima Pass property, the remaining \$0.5 million liability was recorded in the other noncurrent liabilities.

Distribution System Reservoirs

The Water Fund is required by the Washington State Department of Health (WDOH) to complete a program to cover its open, above-ground distribution system reservoirs by the year 2020. The total cost of burying five reservoirs is expected to be approximately \$162.7 million through the year 2013, and the cost beyond 2013 is not estimable. The total cost incurred as of December 31, 2008, was \$67.2 million. Seattle Public Utilities has \$13.3 million of authorized Public Works Trust loans from WDOH to fulfill its obligation to improve the security of the drinking water system. As of December 31, 2008, an amount of \$10.3 million was outstanding on the loans and \$3.0 million was authorized and available.

Untreated Water Supply Contract

The Seattle City Council authorized a contract with the City of North Bend to provide untreated water for mitigation purposes. SPU executed the contract with North Bend on February 7, 2008. Under the contract the Utility will supply water up to an annual average of 1.1 million gallons per day at the basic services rates until January 1, 2067.

Drainage and Wastewater Fund

Wastewater Disposal Agreement

SPU has a wastewater disposal agreement with the King County Department of Natural Resources Wastewater Treatment Division expiring in 2036. The monthly wastewater disposal charge paid to the Division is based on the Division's budgeted cost for providing the service. The charges are determined by water consumption and the number of single-family residences as reported by SPU and other component agencies. The 2008 and 2007 payments to the Division were approximately \$98.0 million and \$97.3 million, respectively.

Solid Waste Fund

Contractual Obligations

The City contracts with private companies for the collection of residential garbage, yard waste, and recycling. The contracts include certain additional costs related to bulky items collection and backyard service. Residential collection contracts with two private companies were consummated in April 2000. The contracts were scheduled to end on March 31, 2007. In 2007 the City extended the contracts until March 31, 2009. Total payments under the current contracts during 2008 and 2007 were \$22.0 million and \$22.4 million, respectively.

In 1990 the City signed a 38-year contract with Washington Waste Systems (WWS) for the disposal of nonrecyclable City waste, including the City's commercial waste collected by two state-franchised haulers. In 1996 and again in 2001 the City renegotiated this contract to extend the first date at which it can choose to unilaterally terminate the contract from March 31, 2000, to March 31, 2009. In exchange, WWS agreed to change the contract prices from \$44.87 per ton in 1996 to \$41.57 per ton beginning April 1, 1997, and \$43.73 per ton beginning April 1, 2002. In addition, WWS agreed to reduce the price escalator in the contract from 90 percent of the Seattle-Tacoma CPI to 80 percent, effective April 1, 1998, and to 70 percent of CPI beginning April 1, 2003. WWS also agreed to further reduce the CPI-adjusted tonnage rate by \$1.50 per ton for rates effective April 1, 2003, 2005, and 2007. The Utility paid WWS \$17.6 million in 2008 and \$19.5 million in 2007 under this contract.

For several years the City negotiated with the state-franchised haulers that have collected commercial waste in the City to bring them under contract with the City. The negotiations were successful and as of April 1, 2001, commercial garbage is collected under these new contracts. Payments under these contracts totaled approximately \$15.3 million and \$15.8 million in 2008 and 2007, respectively. The contracts were scheduled to expire on March 31, 2008, but the City extended the contracts to March 31, 2009. As part of these commercial collection contracts, the City also negotiated a long-term yard waste processing contract with Cedar Grove Composting, Inc., and changes to the disposal contract. The first opt-out date on the disposal contract was pushed out from March 31, 2006, to March 31, 2009, for price reductions of \$1.50 per ton in 2003, an additional \$1.50 per ton in 2005, and a final \$1.50 per ton in 2007. Under this contract the Utility paid \$1.7 million and \$1.8 million in 2008 and 2007, respectively.

Landfill Closure and Postclosure Care

At December 31, 2008 and 2007, accrued landfill and postclosure costs consisted primarily of monitoring, maintenance, and repair costs. It is the City Council's policy to include the Fund's share of all landfill closure and postclosure costs in the revenue requirements used to set future solid waste rates. Therefore, total estimated landfill closure and postclosure care costs are accrued and also reflected as deferred costs in the accompanying financial statements. These costs are being amortized as they are recovered from ratepayers. Actual costs for closure and postclosure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and deferred costs when identified.

In prior years SPU delivered its refuse to two leased disposal sites: Midway and Kent-Highlands landfills. Subsequent to signing the original lease agreement, federal and state requirements for closure of landfill sites were enacted. The Solid Waste Fund stopped disposing of municipal waste at the Midway site in 1983 and at the Kent-Highlands site in 1986.

Subsequent to their closings both Kent-Highlands and Midway landfills were declared Superfund sites by the federal government. In the same time period nearby landowners, residents, and the federal and state governments made various claims of damages related to these landfills and sought various forms of relief. These claims have been settled, and the City does not anticipate further actions related to the Kent-Highlands and Midway landfills. Any future changes in the accrued landfill liability will be reflected in Solid Waste Fund rates.

In 1996 the City filed suit against various parties that disposed of waste at the Kent-Highlands landfill. In its suit the City asserted that these parties (according to the Comprehensive Environmental Response, Compensation and Liability Act) were liable for a portion of the cost of closing the Kent-Highlands landfill. The City completed settlement with the defendants in this suit in December 1997 and has recovered approximately \$2.2 million. The City settled a similar suit relating to the Midway landfill in 1994 and has since recovered \$6.4 million. The City does not anticipate any further legal actions relating to either landfill.

(14) CONTINGENCIES

The City is exposed to the risk of loss from torts, theft of or damage to assets, business interruption, errors or omissions, law enforcement actions, contractual actions, natural disasters, failure to supply utilities, environmental regulations, and other third-party liabilities. The City also bears the risk of loss for job-related illnesses and injuries to employees. The City has been self-insured for most of its general liability risks prior to January 1, 1999, for workers' compensation since 1972, and for employees' health care benefits starting in 2000.

Since January 1, 1999, the City obtained excess general liability insurance coverage for occurrences on or after said date which covers losses over \$2.5 million per occurrence self-insured retention, with a \$25.0 million limit per occurrence and in the aggregate. Starting February 1, 2002 through 2006, the City's excess general liability insurance covers losses over \$5.0 million per occurrence self-insured retention, with a \$25.0 million limit per occurrence and in the aggregate. In June 2007 the limit was increased to \$30.0 million over a \$5.0 million self-insured retention.

The City also purchased an all-risk comprehensive property insurance policy that provides \$500.0 million in limits, subject to various deductible levels depending upon the type of asset and value of the building. This includes \$100.0 million in earthquake and flood limits. Hydroelectric and other utility producing and processing projects owned by the City are not covered by the property policy. The City also purchased insurance for excess workers' compensation, fiduciary and crime liability, inland marine transportation, volunteers, and an assortment of commercial general liability, medical, accidental death and dismemberment, and miscellaneous policies. Bonds are purchased for public officials, notaries public, pension exposures, and specific projects and activities as necessary.

The City did not purchase any annuity contracts in 2008 to resolve litigation. No structured settlements were entered into by the City in 2008. No large liability settlements were received in 2008, and a liability settlement of \$5.3 million was received from an insurer in 2007. No settlements made in 2008, 2007, or 2006 were in excess of insurance coverage.

Claims liabilities are based on the estimated ultimate cost of settling claims, which include case reserve estimates and incurred but not reported (IBNR) claims. Liabilities for lawsuits and other claims are assessed and projected annually using historical claims, lawsuit data, and current reserves. The Personnel Department estimates case reserves for workers' compensation using statistical techniques and historical experience. The ultimate cost of settling claims was estimated for lawsuits, workers' compensation, and other claims based on independent actuarial studies performed in 2008 on data as of year-end 2007 and for health care as of year-end 2008. IBNR undiscounted totaled \$52.1 million and \$7.2 million at December 31, 2008 and 2007, respectively. The \$44.9 million increase in the IBNR amount in 2008 compared to 2007 was mainly due to the higher estimates of liabilities by \$21.1 million while the liability reserves decreased by \$22.5 million. Changes in the reserves and liability estimates for workers' compensation claims accounted for the remaining \$1.3 million change in IBNR.

Estimated claims expenditures are budgeted by the individual governmental and proprietary funds. Actual workers' compensation claims are processed by the General Fund and reimbursed by the funds that incurred them. Operating funds pay health care premiums to the General Fund, and the latter pays for all actual health care costs. The General Fund originally pays for lawsuits, claims, and related expenses and receives reimbursements from City Light, Water, Drainage and Wastewater, Solid Waste, and the retirement funds for payments and expenses incurred by these funds.

Claims liabilities include claim adjustment expenditures if specific and incremental to a claim. Recoveries from unsettled claims, such as salvage or subrogation, and on settled claims are deposited in the General Fund and do not affect reserves for general government. Workers' compensation annual subrogation recoveries amounted to \$0.2 million in both years 2008 and 2007. All workers' compensation recoveries are deposited into the General Fund. Lawsuit and other claim recoveries of payments reimbursed by the utilities are deposited into the paying utility fund and do not affect the utility reserves.

Claim liabilities recorded in the financial statements are discounted at 3.905 percent for 2008 and 5.075 percent for 2007, the City's average annual rates of return on investments. The total discounted liability at December 31, 2008, was \$117.4 million consisting of \$87.2 million for general liability, \$3.2 million for health care, and \$27.0 million for workers' compensation.

Table 14-1

**RECONCILIATION OF CHANGES IN
AGGREGATE LIABILITIES FOR CLAIMS**

(In Thousands)

	<u>General Liability</u>		<u>Health Care</u>		<u>Workers' Compensation</u>		<u>Total City</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
UNDISCOUNTED								
Balance - Beginning of Fiscal Year	\$ 77,139	\$ 53,536	\$ 3,424	\$ 3,188	\$ 28,949	\$ 25,197	\$ 109,512	\$ 81,921
Less Payments and Expenses								
During the Year	(26,017)	(15,364)	(69,836)	(66,765)	(11,582)	(11,609)	(107,435)	(93,738)
Plus Claims and Changes in Estimates	47,098	38,967	69,693	67,001	13,444	15,361	130,235	121,329
Balance - End of Fiscal Year	<u>\$ 98,220</u>	<u>\$ 77,139</u>	<u>\$ 3,281</u>	<u>\$ 3,424</u>	<u>\$ 30,811</u>	<u>\$ 28,949</u>	<u>\$ 132,312</u>	<u>\$ 109,512</u>
UNDISCOUNTED BALANCE AT END OF FISCAL YEAR CONSISTS OF								
Governmental Activities	\$ 70,932	\$ 56,388	\$ 3,281	\$ 3,424	\$ 22,303	\$ 21,109	\$ 96,516	\$ 80,921
Business-Type Activities	27,287	20,750	-	-	8,508	7,840	35,795	28,590
Fiduciary Activities	1	1	-	-	-	-	1	1
Balance - End of Fiscal Year	<u>\$ 98,220</u>	<u>\$ 77,139</u>	<u>\$ 3,281</u>	<u>\$ 3,424</u>	<u>\$ 30,811</u>	<u>\$ 28,949</u>	<u>\$ 132,312</u>	<u>\$ 109,512</u>
DISCOUNTED/RECORDED BALANCE AT END OF FISCAL YEAR CONSISTS OF								
Governmental Activities	\$ 63,011	\$ 49,012	\$ 3,158	\$ 3,259	\$ 19,552	\$ 17,843	\$ 85,721	\$ 70,114
Business-Type Activities	24,239	18,035	-	-	7,458	6,627	31,697	24,662
Fiduciary Activities	1	1	-	-	-	-	1	1
Balance - End of Fiscal Year	<u>\$ 87,251</u>	<u>\$ 67,048</u>	<u>\$ 3,158</u>	<u>\$ 3,259</u>	<u>\$ 27,010</u>	<u>\$ 24,470</u>	<u>\$ 117,419</u>	<u>\$ 94,777</u>

Pending litigations, claims, and other matters are as follows:

- **Boeing West Substation.** In 2002 the Boeing Company discovered PCB contamination in soil adjacent to a City Light substation at Boeing's Plant 2. Boeing claims the contamination came from City Light equipment and that City Light is therefore liable for more than \$2.0 million that Boeing has spent and is still spending to investigate and remove contaminated material. City Light denies that its equipment was the source and considers its liability to be zero. However, whether or not City Light will ultimately be deemed liable is unknown.
- **Storage Tanks.** Seattle Public Utilities (SPU) anticipates future environmental cleanup costs related to lead-based paint and arsenic contamination surrounding several standing water tanks, as well as expected remediation efforts associated with underground fuel tank replacements. SPU's liability relating to City property remediation and to possible private claimants is indeterminate.
- **City Light Energy Crisis Litigation.** The City is involved in various legal proceedings relating to the enormous price spikes in energy costs in California and the rest of the West Coast in 2000 and 2001.

California Refund Case, Appeals, and Related Litigation. In the proceeding before the Federal Energy Regulatory Commission (FERC) various public and private California entities sought refunds in wholesale electric markets that had been created by the State of California. City Light had sold energy in one of these markets. The City faced potential liability of approximately \$6.5 million, subject to offsets. In 2001 FERC ordered refunds to the extent that actual energy prices exceeded rates that FERC determined to be "just and reasonable." On appeal the Court of Appeals for the Ninth Circuit held that FERC has no authority to order governmental entities such as the City to pay refunds. Following this ruling the three major California investor-owned utilities sought refunds from City Light and other governmental entities in federal district court on a breach of contract theory. In March 2007 the court dismissed all claims on procedural grounds. The investor-owned utilities have appealed the dismissal and also have filed a lawsuit in state court in California against the same governmental entities and on the same theory as in the federal action. In April 2007 the three major California investor-owned utilities refiled their claims in state court. In December 2007 the trial court denied a request to dismiss the case. It is impossible to predict whether a material adverse outcome will occur.

Pacific Northwest Refund Case and Appeal. In the proceeding before FERC various sellers of energy, including the City, sought refunds on energy sales in the Pacific Northwest between May 2000 and June 2001. City Light's claims

currently are in excess of \$100.0 million. In 2003 FERC declined to grant refunds on the grounds that there was no equitable way to do so. The City and other parties appealed to the Ninth Circuit. In August 2007 on appeal from an adverse decision by FERC, the Ninth Circuit held that FERC had abused its discretion in denying all refund relief in the Pacific Northwest and remanded the consideration of refunds to FERC. Petitions for rehearing before the Ninth Circuit are pending.

- **Joint Training Facility.** In May 2005 the Army Corps of Engineers issued a stop-work order to the Fleets and Facilities Department regarding construction of the City's Joint Training Facility. The Corps contended that the City had violated the Federal Clean Water Act by filling a wetland without a permit. In 2006 the City and the Corps finalized a settlement agreement that required the City to perform mitigation on the Joint Training Facility site and also on a site adjacent to the Duwamish River. This matter is considered resolved after the City completed the wetland mitigation work required in its settlement with the Army Corps of Engineers.
- **World Trade Organization (WTO) Conference.** The WTO Conference was held in Seattle in 1999. This event spawned 407 claims and 26 lawsuits against the City. All of these claims and actions have been resolved. No material amounts were paid in 2009 and since the City's insurance company has accepted responsibility for all exposures in excess of the self-insured retention amount, which has been exhausted, no further monies will be paid by the City.
- **State Route 519 Improvements.** Part of these improvements included the movement of a Burlington Northern Santa Fe Railroad (BNSF) spur track. The City and BNSF entered into a contract regarding the movement of the spur track. In part, the contract provided that BNSF would move its spur track upon the City's construction contractor providing BNSF with the contractually specified notice. Even though BNSF was given the required notice, BNSF failed to move the spur track. As a result, the City has paid material sums of money for an improvement that is not usable unless the spur track is moved, and the City's construction contractor has suffered significant delay damages. BNSF has raised several defenses to its failure to move the spur track. The City has not made a formal demand upon BNSF for damages. The likelihood of a material recovery on any claims that may be made against BNSF cannot be predicted.
- **Business Tax Refunds.** Four cases involving potential tax refunds were filed as follows. (1) A telecommunications company filed a case with the City of Seattle Hearing Examiner in December 2005 challenging approximately \$4.0 million to \$5.5 million in utility taxes and interest it paid covering the period from January 1997 through March 2005. It is not possible to predict the likelihood of a material adverse outcome. (2) An assessment of the City's telephone utility tax against cable modem providers was appealed. The court ruled in favor of the taxpayer and entered judgment against the City for approximately \$2.2 million in December 2005. The City paid the judgment in 2005, and the City appealed the adverse ruling. The Court of Appeals reversed the trial court and ruled in favor of the City in December 2006. A cable company petitioned the Washington Supreme Court for review of the Court of Appeals' decision. The review was accepted and the Washington Supreme Court ruled in favor of the cable company. No further amounts are due and owing. (3) A health care organization appealed an assessment of the City's business and occupation (B&O) tax on income received for its provision of medical services to its members. The company challenged the assessment, alleging that the income is exempt from the measure of tax because it is income derived from insurance premiums rather than from rendition of medical services. The company also challenged the legality of B&O tax in general arguing that the City has not complied with state law requiring it to impose interest on delinquent taxes in accordance with state law, thus invalidating the City's B&O tax. The Court of Appeals ruled in favor of the City on the issue of validity of the City's B&O tax in July 2008. However, the Court ruled in favor of the health care organization on the issue of premiums, resulting in a refund of the full amount of the assessment plus interest. No further amounts are due and owing. (4) A Seattle-based company appealed its B&O tax assessment in 2008. The case is set for a hearing before the City of Seattle Hearing Examiner in June 2009. The issue on appeal is whether the company is allowed to allocate the income earned from its 450 Seattle-based employees to a California Limited Liability Company. The California company has no employees and no property. The company performs services in Seattle and, pursuant to a contract with the California company, sends out invoices in the California company's name. The Department of Executive Administration, Revenue and Consumer Affairs assessed the Seattle company for the income. If the Seattle company prevails, it is possible that other companies will attempt to use similar structures to avoid taxes. It is not possible to predict the likelihood of a material adverse outcome.
- **Costs Charges to Ratepayers.** The class action plaintiffs alleged that fire hydrant costs were improperly paid by SPU water ratepayers in Seattle and the suburbs. The plaintiffs sought refunds of the costs of fire hydrant service. Most of the issues in this case were resolved in prior years. In 2007 the City briefed and/or argued two issues on the appellate level: (1) the City's authority to increase an excise tax upon SPU in the amount necessary for the General Fund to pay the ongoing costs of fire hydrants and (2) whether statutory interest or a significantly less expensive "cost of money" approach should be applied to refunds previously made by SPU to ratepayers. In addition, the suburban cities appealed the trial court decision that their general funds should pay for fire hydrants.

In October 2008 the Washington Supreme Court ruled in the City's favor on the excise tax issue, holding that the City had the authority to impose the tax on SPU. However, the Court disagreed with the position taken by the City on the interest rate issue, holding that the City must pay the statutory rate of 12 percent interest on refund payments. The King County Superior Court entered final judgment in the case in December 2008. The judgment required the General Fund to pay SPU \$13.6 million plus 3.18 percent interest from the date of the final judgment until paid. The judgment required

SPU to pay \$4.1 million to plaintiffs' counsel in attorneys' fees, \$37,760 for reimbursement for plaintiffs' litigation expenses, and \$5,000 to the class representative. The judgment further required SPU to make refunds to water ratepayers for fire hydrant expenses that had been included in water bills for the period March 1, 2002, through December 31, 2004, plus 12 percent interest until paid. The total amount to be refunded to ratepayers was \$20.3 million plus 12 percent interest less the amounts listed above for attorneys' fees, litigation expenses, and class representative payments. Finally, the judgment required the City of Burien to pay SPU \$131,533 and required the City of Lake Forest Park to pay SPU \$74,171 plus interest on both payments of 3.18 percent interest from April 30, 2007, until paid.

- Cedar River Sockeye Hatchery. A lawsuit was filed alleging that the National Marine Fisheries Service erred in issuing an incidental take permit to the City for SPU's planned construction and operation of a sockeye hatchery based on the Cedar River Habitat Conservation Plan. The City intervened as a defendant. It is impossible to predict whether a material adverse outcome will result. If the lawsuit results in SPU being unable to construct the hatchery, then, under a settlement of another lawsuit with the Muckleshoot Tribe, SPU would owe the Tribe up to \$14.0 million.
- Grand Coulee Project Hydro Authority (GCPHA) Litigation. The City and the City of Tacoma (the "Cities") are in an ongoing contract dispute with the GCPHA over the amount of incentive payments due to the GCPHA under five identical long-term power purchase contracts. Seattle and Tacoma each are responsible for half of the incentive payments. The paid but disputed amount for contract years 2002 and 2003 (approximately \$5.4 million) was submitted to an arbitrator in May 2006. Thereafter the GCPHA claimed approximately \$2.0 million for the 2004 contract year. The court prevented the GCPHA from collecting on that invoice while the arbitration proceeded but required the Cities to deposit the 2004 disputed amount with the court. The GCPHA then claimed \$3.4 million in incentive payments for the 2005 contract year, and the Cities again were ordered to deposit that amount with the court. The arbitrator ultimately decided against the Cities on the 2002 and 2003 contract years, and the court denied the Cities request for refunds. Based on this decision the court released the disputed \$5.4 million for contract years 2004 and 2005 to the GCPHA. The Cities appealed the trial court's decision to confirm the arbitrator's decision. In 2008 the Court of Appeals affirmed the trial court and arbitrator decisions, ending the litigation.
- Underground Reservoirs Construction. During the course of construction of the new covered underground reservoirs, the City discovered leaking in the roofs of the reservoirs. The City directed the contractor to make repairs. Both the City and the contractor filed claims with the City's builder's risk insurer. The builder's risk insurer denied coverage in April 2009. The contractor as an additional insured under the builder's risk policy filed suit against the builder's risk insurer, claiming that the denial of coverage was made in bad faith and claiming damages of not less than \$2.0 million. Additionally, as part of its lawsuit the contractor alleged that the leaking was caused by defective design. It is not possible to predict the outcome of this matter.
- Other Miscellaneous Lawsuits and Claims. Two cases involving alleged injuries and damages sustained from a collision during a police pursuit and a police action were caused by City negligence. Another lawsuit was filed by a plaintiff's estate seeking damages for the plaintiff's alleged wrongful death as the result of a traffic collision involving a City vehicle. The likelihood of material recoveries in these lawsuits and claims are indeterminate.

There may be other litigation or claims involving alleged substantial sums of money owing; however, the prospect of material adverse outcomes therein is remote. Other than the aforementioned cases and the claim liabilities recorded in the financial statements, there were and are no outstanding material judgments against the City.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) SECTION 108 LOAN PROGRAM

The City of Seattle participates in the HUD Section 108 loan program. In the Section 108 program HUD obtains funds from private investors at a very low cost (i.e., low interest rate). Low-cost funds are available because HUD guarantees repayment to the private investors. HUD, in turn, provides the low-cost funds to jurisdictions nationwide including the City of Seattle. The City re-lends the funds to private borrowers. HUD deposits the funds directly with the City's loan servicing agent, the Bank of New York. The Bank of New York disburses funds on behalf of the City to the private borrowers.

The Brownfields Economic Development Initiative Grant (BEDI) program is a federal grant that is directly linked to the Section 108 loan program. The City uses BEDI grant funds as a loan loss reserve and interest subsidy on Section 108 loans. The U.S. Treasury deposits the grant funds with the City. The City then disburses the grant funds to the loan servicing agent.

Pursuant to RCW 35.21.735 the City is expressly authorized to participate in the Section 108 loan program. The state statute and the City's contracts/agreements with HUD clarify that the City never pledges its full faith and credit. Future block grant funds are pledged to HUD in the event of borrower default. Each loan is secured by a deed of trust and/or bank-issued letter of credit that provides the City with security in the event of borrower default. Additionally, the BEDI grant funds may be used by the City to protect against loan default.

On December 31, 2008, eight accounts remained outstanding with a combined total amount of \$20.0 million. BEDI grant funds amounting to \$1.5 million are being held as loan loss reserves for seven of the eight accounts.

GUARANTEES OF THE INDEBTEDNESS OF OTHERS

The City has contingent liability for the following bonds issued by public development authorities chartered by the City which are not component units of the City:

Museum Development Authority

Special obligation bonds issued on November 16, 2005, in the amount of \$60,720,000, of which \$59,355,000 was outstanding at December 31, 2008. The bonds will be fully retired by April 1, 2031.

Pike Place Market Preservation and Development Authority

Special obligation deferred-interest refunding bonds issued on March 7, 1991, in the amount of \$1,376,671, of which \$483,742 was outstanding at December 31, 2008. The bonds will be fully retired by November 1, 2011.

Special obligation refunding bonds issued on November 1, 1996, in the amount of \$6,210,000 to refund Series 1991A. The outstanding amount at December 31, 2008 was \$4,630,000. The bonds will be fully retired by December 1, 2021.

Special obligation refunding bonds issued on March 28, 2002, in the amount of \$5,925,000, \$4,715,000 of which was outstanding on December 31, 2008. The bonds will be fully retired on November 1, 2017.

Seattle Chinatown-International District Preservation and Development Authority

Special obligation bonds, Series A, issued on December 12, 2002, in the amount of \$7,700,000. The outstanding amount at December 31, 2008 was \$2,835,000. The bonds will be fully retired by October 1, 2032.

Special obligation bonds, Series B, issued on December 12, 2002, in the amount of \$2,790,000. The outstanding amount at December 31, 2008 was \$2,565,000. The bonds will be fully retired by October 1, 2032.

Special obligation refunding bonds issued on September 26, 2007, in the amount of \$7,355,000 which is outstanding at December 31, 2008. The bonds will be fully retired by August 1, 2026.

Seattle Indian Services Commission

Special obligation refunding bonds issued on March 28, 2002, in the amount of \$3,710,000. The amount outstanding at December 31, 2008 was \$2,700,000. The bonds will be fully retired on November 1, 2017.

Special obligation revenue refunding bonds issued on November 1, 2004, in the amount of \$5,210,000, of which \$5,060,000 was outstanding as of December 31, 2008. The bonds will be fully retired on November 1, 2024.

(15) RESTATEMENTS, PRIOR-PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING PRINCIPLES, AND RECLASSIFICATIONS

Prior-period adjustments in government-wide financial statements under governmental activities include the following: (1) 2008 reduction in work in progress for work done by the Department of Information Technology in the amount of \$1.3 million inadvertently recorded as capital asset in 2006 when the asset was actually owned by an outside entity and (2) 2008 reduction in land of \$3.6 million purchased by the Department of Parks and Recreation was accounted twice in the City's Asset Management system, once in 2000 and again in 2003.

A prior-period adjustment and a restatement of 2007 liabilities and revenues and expenses and change in equity in government-wide financial statements under business-type activities resulted from the implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* in the Light Fund. The prior-period adjustment represents a decrease of \$9.8 million in environmental liabilities at the end of 2006 and a restatement of environmental liabilities at the end of 2007 by an increase of \$2.6 million.

The above adjustments affected the 2007 government-wide financial statements as follows: (1) Increased net assets by \$2.4 million with reduction of government-wide assets by \$4.8 million and net liabilities going down by \$7.2 million and (2) Increased changes in net assets for \$7.3 million.

Certain reclassifications were made in the financial statements for prior years to conform to the presentation in the current year.

(16) SUBSEQUENT EVENTS

Bond Issues. On March 25, 2009, pursuant to City Ordinance 122848, the City issued the Limited Tax General Obligation Improvement and Refunding Bonds, 2009, in the amount of \$99.86 million. The proceeds of the bonds are used to pay for part of the cost of various capital projects and to currently refund all \$4.63 million outstanding City-guaranteed Pike Place Special Obligation Bonds, 1996, issued by the Pike Place Market Preservation and Development Authority, a City instrumentality, to realize debt service savings.

On February 4, 2009, the City called all outstanding Municipal Light & Power (ML&P), Series 1990, 1991, 1993, and 1996 adjustable-rate revenue bonds totaling \$72.0 million. The refunding bond proceeds of the 2008 ML&P Revenue and Refunding Bonds issued in December 2008 were specifically set aside in the Light Fund's Debt Service Account for this purpose.

Also on February 4, 2009, the City called all outstanding Municipal Water, Series 1995 and 2002 adjustable-rate revenue bonds totaling \$93.0 million. The refunding bond proceeds of the 2008 Municipal Water System Improvement and Refunding Bonds issued in December 2008 were specifically set aside in the Water Fund's Debt Service Account for this purpose.

Fair Value of Pooled and Dedicated Investments. On December 16, 2008, the Federal Reserve Board set its target Federal Funds rate to a range from 0 percent to 0.25 percent and has left the rate unchanged at subsequent Federal Open Market Committee meetings on January 28, 2009, March 18, 2009, and April 29, 2009. Interest rates have increased along the yield curve since year-end 2008, but changes in the fair value of the City's investment pool and dedicated investments have been insignificant through April 2009 due to the short duration of the investments.

Purchase of Land and Related Environmental Remediation. In March 2009 City Light consummated an agreement to purchase land in downtown Seattle for a proposed new substation in the amount of \$31.8 million. As part of the agreement, an environmental investigation was performed to assess the nature and extent of existing hazardous substances on the property purchased. The agreement allowed for a remediation credit against the purchase price representing the estimated cost of environmental remediation of the property. The remediation credit was determined to be approximately \$6.0 million. City Light is responsible for performing environmental remediation for this purchased property.

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Required Supplementary Information

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**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The schedules of revenues, expenditures, and changes in fund balances – budget and actual are presented on a budgetary basis (Non-GAAP). A reconciliation of the budgetary fund balance to the GAAP fund balance is shown on the face of each schedule.

The budgetary basis of accounting is substantially the same as the modified accrual basis of accounting in all governmental funds except for the treatment of encumbrances that do not lapse, those whose budgets were approved by the Department of Finance to carry over to the following year. These encumbrances are included with expenditures in the City's budgetary basis of accounting.

C-1

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 234,478	\$ 234,478	\$ 238,258	\$ 3,780
Retail Sales and Use Taxes	175,637	175,637	171,917	(3,720)
Business Taxes	221,492	221,492	217,304	(4,188)
Excise Taxes	56,146	56,146	36,257	(19,889)
Other Taxes	-	-	2,193	2,193
Interfund Business Taxes	79,666	79,666	79,526	(140)
Total Taxes	<u>767,419</u>	<u>767,419</u>	<u>745,455</u>	<u>(21,964)</u>
Licenses and Permits	17,294	17,294	18,269	975
Grants, Shared Revenues, and Contributions	25,308	40,493	19,725	(20,768)
Charges for Services	49,265	53,370	62,547	9,177
Fines and Forfeits	21,540	21,540	22,110	570
Parking Fees and Space Rent	22,261	22,261	20,625	(1,636)
Program Income, Interest, and Miscellaneous Revenues	<u>156,600</u>	<u>156,636</u>	<u>25,932</u>	<u>(130,704)</u>
Total Revenues	1,059,687	1,079,013	914,663	(164,350)
EXPENDITURES AND ENCUMBRANCES				
Current				
General Government	186,859	201,518	181,240	20,278
Judicial	25,988	26,738	26,584	154
Public Safety	401,462	432,486	415,201	17,285
Utilities and Environment	8,166	8,688	8,180	508
Transportation	12,291	12,258	11,355	903
Economic Environment	20,538	26,244	20,871	5,373
Health and Human Services	1,701	951	272	679
Culture and Recreation	15,189	14,506	5,545	8,961
Capital Outlay				
General Government	46,473	49,940	12,027	37,913
Public Safety	5,067	4,116	2,426	1,690
Utilities and Environment	20	20	5	15
Transportation	10,934	10,934	-	10,934
Economic Environment	7,770	2,720	-	2,720
Culture and Recreation	<u>78,885</u>	<u>75,562</u>	<u>31,191</u>	<u>44,371</u>
Total Expenditures and Encumbrances	<u>821,343</u>	<u>866,681</u>	<u>714,897</u>	<u>151,784</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	238,344	212,332	199,766	(12,566)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	-	-	373	373
Transfers In	5,093	4,273	7,440	3,167
Transfers Out	<u>(257,917)</u>	<u>(266,135)</u>	<u>(263,197)</u>	<u>2,938</u>
Total Other Financing Sources (Uses)	<u>(252,824)</u>	<u>(261,862)</u>	<u>(255,384)</u>	<u>6,478</u>
Net Change in Fund Balance	<u>\$ (14,480)</u>	<u>\$ (49,530)</u>	<u>(55,618)</u>	<u>\$ (6,088)</u>
Fund Balance - Beginning of Year			315,886	
Encumbrances Continued from Last Year			5,727	
Changes in Unappropriable Reserves			<u>1,875</u>	
Fund Balance (Budgetary) - End of Year			267,870	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			1,258	
Encumbrances			2,282	
Reimbursements				
Budgeted as Revenues			(11,342)	
Budgeted as Expenditures			11,342	
Pass-Thru Receipts				
Budgeted as Revenues			(359)	
Budgeted as Expenditures			<u>359</u>	
Fund Balance (GAAP) - End of Year			<u>\$ 271,410</u>	

Required Supplementary Information

C-2

TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 37,121	\$ 37,121	\$ 37,517	\$ 396
Business Taxes	3,920	3,920	12,727	8,807
Other Taxes	5,507	5,507	4,329	(1,178)
Interfund Business Taxes	-	-	214	214
Total Taxes	<u>46,548</u>	<u>46,548</u>	<u>54,787</u>	<u>8,239</u>
Licenses and Permits	2,150	2,150	10,036	7,886
Grants, Shared Revenues, and Contributions	49,566	59,482	34,279	(25,203)
Charges for Services	37,155	40,572	25,336	(15,236)
Fines and Forfeits	-	-	10	10
Parking Fees and Space Rent	-	-	63	63
Program Income, Interest, and Miscellaneous Revenues	<u>450</u>	<u>450</u>	<u>389</u>	<u>(61)</u>
Total Revenues	135,869	149,202	124,900	(24,302)
EXPENDITURES AND ENCUMBRANCES				
Current				
Transportation	140,742	146,678	93,811	52,867
Capital Outlay				
Transportation	140,627	178,288	100,636	77,652
Debt Service				
Principal	-	845	2,185	(1,340)
Interest	<u>6,167</u>	<u>6,167</u>	<u>356</u>	<u>5,811</u>
Total Expenditures and Encumbrances	<u>287,536</u>	<u>331,978</u>	<u>196,988</u>	<u>134,990</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(151,667)	(182,776)	(72,088)	110,688
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	378	378	-	(378)
Transfers In	50,685	66,593	86,673	20,080
Transfers Out	<u>-</u>	<u>(1,842)</u>	<u>(5,344)</u>	<u>(3,502)</u>
Total Other Financing Sources (Uses)	<u>51,063</u>	<u>65,129</u>	<u>81,329</u>	<u>16,200</u>
Net Change in Fund Balance	<u>\$ (100,604)</u>	<u>\$ (117,647)</u>	9,241	<u>\$ 126,888</u>
Fund Balance - Beginning of Year			23,321	
Encumbrance Continued from Last Year			<u>40</u>	
Fund Balance (Budgetary) - End of Year			32,602	
Adjustments to Conform to Generally Accepted Accounting Principles				
Reserves Not Available for Appropriation			<u>2</u>	
Fund Balance (GAAP) - End of Year			<u>\$ 32,604</u>	

C-3

LOW-INCOME HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
General Property Taxes	\$ 12,118	\$ 12,118	\$ 11,725	\$ (393)
Grants, Shared Revenues, and Contributions	12,075	12,075	8,059	(4,016)
Charges for Services	1,832	1,832	35	(1,797)
Parking Fees and Space Rent	-	-	27	27
Program Income, Interest, and Miscellaneous Revenues	10,160	11,101	15,070	3,969
Total Revenues	36,185	37,126	34,916	(2,210)
EXPENDITURES AND ENCUMBRANCES				
Current				
Economic Environment	48,521	49,579	30,594	18,985
Capital Outlay				
Economic Environment	45,690	45,749	12	45,737
Total Expenditures and Encumbrances	94,211	95,328	30,606	64,722
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(58,026)	(58,202)	4,310	62,512
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	-	-	32	32
Transfers In	4,950	4,950	2,074	(2,876)
Total Other Financing Sources (Uses)	4,950	4,950	2,106	(2,844)
Net Change in Fund Balance	\$ (53,076)	\$ (53,252)	6,416	\$ 59,668
Fund Balance - Beginning of Year			56,399	
Encumbrance Continued from Last Year			7,186	
Fund Balance (Budgetary and GAAP) - End of Year			\$ 70,001	

PENSION PLAN INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Defined benefit pension plans are required to provide two schedules of long-term actuarial data, Schedule of Funding Progress and Schedule of Employer Contributions as of the plans' reporting dates for the past six consecutive fiscal years. The information presented in these schedules was part of the latest actuarial valuations at the dates indicated in Note 10, Table 10-1.

C-4

PENSION PLAN INFORMATION
SCHEDULE OF FUNDING PROGRESS
December 31, 2008
(In Thousands)

Retirement System	Actuarial Valuation Date January 1, 2009	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) ^a	Unfunded Actuarial Accrued Liabilities (UAAL) ^b	Funded Ratio	Covered Payroll ^c	UAAL as a Percentage of Covered Payroll
Seattle City Employees' Retirement System (SCERS)	1998 ^d	\$ 1,224,600	\$ 1,266,700	\$ 42,100	96.7 %	\$ 341,500	12.3 %
	1999	1,375,000	1,326,600	(48,400)	103.6	370,400	(13.1)
	2000	1,582,700	1,403,100	(179,600)	112.8	383,600	(46.5)
	2002	1,383,700	1,581,400	197,700	87.5	405,100	48.8
	2004	1,527,500	1,778,900	251,400	85.9	424,700	59.2
	2006	1,791,800	2,017,500	225,800	88.8	447,000	50.5
	2008 ^e	2,119,400	2,294,600	175,200	92.4	501,900	34.9
Firemen's Pension Fund	2003	3,573	98,471	94,898	4.0	N/A	N/A
	2004	4,803	89,071	84,268	5.0	N/A	N/A
	2005	6,221	88,705	82,484	7.0	N/A	N/A
	2006	8,717	107,295	98,578	8.0	N/A	N/A
	2007	10,045	154,518	144,473	7.0	N/A	N/A
	2008	9,005	168,384	159,379	5.0	N/A	N/A
	2009	11,498	141,621	130,123	8.0	N/A	N/A
Police Relief and Pension Fund	2004	801	65,418	64,617	1.0	N/A	N/A
	2005	1,752	65,693	63,941	3.0	N/A	N/A
	2006	1,967	69,935	67,968	3.0	N/A	N/A
	2007	1,327	119,280	117,953	1.0	N/A	N/A
	2008	805	138,897	138,092	1.0	N/A	N/A
	2009	423	132,632	132,209	0.0	N/A	N/A

^a Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method for SCERS and Projected Unit Credit Actuarial Cost Method for Firemen's Pension and Police Relief and Pension.

^b Actuarial accrued liabilities less actuarial value of assets, funding excess if negative.

^c Covered payroll includes compensation paid to all active employees on which contributions are calculated. Not applicable for Firemen's Pension and Police Relief and Pension plans. These plans primarily cover inactive participants and there are no current member contributions.

^d Reflects increased COLA benefits adopted by the City Council after the valuation was completed.

^e Actuarial data for SCERS are determined through biennial actuarial valuations. The latest actuarial valuation was completed as of January 1, 2008.

Required Supplementary Information

C-5

PENSION PLAN INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS

December 31, 2008

(In Thousands)

Retirement System	Fiscal Year Ending December 31	Covered Employee Payroll ^a	Actual Employer Contribution ^b	Actual Employer Contribution Percentage	Annual Required Contribution (ARC) ^c	Percentage of ARC Contributed
Seattle City Employees' Retirement System (SCERS)	2000	\$ 383,600	\$ 30,800	8.03 %	4.50 %	178 %
	2001	405,100	32,700	8.03	3.04	264
	2002	454,500	36,600	8.03	3.04	264
	2003	424,700	34,200	8.03	8.03	100
	2004	456,800	36,700	8.03	8.03	100
	2005	447,000	35,900	8.03	8.03	100
	2006	472,500	37,900	8.03	8.03	100
	2007	501,900	40,300	8.03	8.03	100
	2008 ^d	570,530	45,814	8.03	8.03	100
Firemen's Pension Fund	2003	N/A	9,167	N/A	\$ 9,167	100
	2004	N/A	9,315	N/A	9,315	100
	2005	N/A	9,704	N/A	9,704	100
	2006	N/A	9,385	N/A	9,385	100
	2007 ^e	N/A	8,633	N/A	9,533	91
	2008	N/A	15,027	N/A	10,673	141
Police Relief and Pension Fund	2003	N/A	7,403	N/A	\$ 7,403	100
	2004	N/A	8,244	N/A	8,244	100
	2005	N/A	7,187	N/A	7,187	100
	2006	N/A	6,056	N/A	6,056	100
	2007 ^e	N/A	5,885	N/A	7,783	76
	2008	N/A	9,723	N/A	9,248	105

^a Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll for SCERS. Not applicable to the Firemen's Pension and Police Relief and Pension because these plans primarily cover inactive participants and there are no current member contributions.

^b The actual and required employer contributions for the SCERS are expressed as a percentage of payroll after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported and has been previously recognized by the actuary in determining the ARC.

^c The City makes employer contributions as a percentage of actual payroll for SCERS as set in City ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the ARC is equal to the actual dollar amount of the employer contributions. The City ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate. Thus, the City's SCERS contributions exceeded the ARC for 1999 through 2001 and resulted in a negative net pension obligation (NPO) amount.

^d Actuarial data for SCERS are determined through biennial actuarial valuations. The latest actuarial valuation was completed as of January 1, 2008.

^e Projected benefit payments and liabilities increased significantly between the 2005 actuarial valuation and the valuation completed in 2007. The primary contributing factor was the change in actuarial assumptions to reflect that long-run wages were expected to increase faster than the Consumer Price Index.

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**Combining and Individual
Fund and Other
Supplementary Information**

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**Nonmajor
Governmental Funds**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The **Park and Recreation Fund** accounts for the operation of the City's parks system. The City Charter requires that the City deposit ten percent of all business and occupation taxes, fines, penalties, and other licenses into this fund. The fund also receives usage fees and support from the General Fund.

The **Library Fund** accounts for the operations of the City's libraries. The Library Board governs the Library's operations and the City Council appropriates moneys for its regular operating requirements. The Library also receives support from the State of Washington, other governmental units, and private donors.

The **Seattle Streetcar Fund** accounts for payments to King County, based on certain formulas, for operating and maintaining the City's streetcar. The fund is supported by revenues from sponsorship agreements; federal, state, county or other grants or transfers; private funding, donations, or gifts; property sales proceeds or other moneys supported by ordinance (Ordinance 122424).

The **Key Arena Settlement Proceeds Fund** accounts for all proceeds received pursuant to the settlement of the Key Arena litigation for which shall be used and applied in accordance with appropriations by the City Council (Ordinance 122834).

The **Seattle Center Fund** accounts for the operations of the Seattle Center. The Center is a 74-acre convention, performance, and family entertainment complex on the site of the 1962 Seattle World's Fair.

The **Human Services Operating Fund** accounts for grants and General Fund moneys for programs to aid low-income persons, youths, and the elderly.

The **Office of Housing Fund** accounts for activities pertaining to housing development, application for and compliance with conditions for housing loans and grants.

The **Housing and Community Development Revenue Sharing Fund** receives federal Community Development Block Grant and Urban Development Action Grant moneys to provide housing and community development assistance to low- and moderate-income persons.

The **Education and Development Services Fund** accounts for a seven-year levy approved by the voters in 1997 and another approved in 2004 to provide educational and developmental services to supplement the basic education activities financed by the State of Washington (Ordinances 118557 and 121529).

The **Business Improvement Areas Fund** accounts for moneys that businesses assess themselves for parking, festivals, and other nongovernmental activities.

The **General Trust Fund** accounts for amounts received with restrictions under contractual agreements.

The **Municipal Arts Fund** receives at least one percent of the total cost of City capital construction projects. The City uses these moneys to buy visual arts.

The **General Donations and Gift Trust Fund** holds a variety of gifts and donations which have restrictions on their use. Programs eligible to receive support from this fund include the gift catalog, animal control, emergency medical assistance program, horse patrol, and K-9 corps.

DEBT SERVICE FUNDS

The **General Bond Interest and Redemption Fund** receives moneys from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives moneys from the General Fund, the Fleets and Facilities Fund, and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

The **Interfund Notes Payable - Local Improvement Districts (LIDs) Fund** accounts for the payments of interest and principal on interfund notes payable to the Cumulative Reserve Subfund, a General Fund subfund. The proceeds of the notes funded the activities of certain LID districts.

The **Local Improvement Guaranty Fund** receives surpluses and guarantees faithful compliance of bond covenants on completed or defeased LID bond funds. When required, it shall be funded by excess general property tax levies or by the General Fund. The City is legally obliged to maintain a fund level at 10 percent of net outstanding LID debt.

CAPITAL PROJECTS FUNDS

The **2005 Multipurpose Long-Term General Obligation Bond Fund** was established in 2004 to account for startup activities related to the acquisition of parking pay stations. The fund obtained a bridge loan in 2004 from the City's consolidated residual cash pool. The loan was repaid and additional capital improvement programs were funded in 2005 when the 2005 bonds were issued. The 2005 bond issue included financing for the Central Library Garage, Pier 59 Aquarium improvement, Fremont Bridge approaches and bridgeway, and SR519 projects (Ordinances 121329 and 121663).

The **Transportation Bond Fund** was established in 1997 to account for part of the proceeds of a limited tax general obligation bond issue in the amount of \$9.5 million for designated transportation programs and projects (Ordinances 118503 and 118528).

The **Libraries for All Fund** was established in 1998 to account for the proceeds of an unlimited tax general obligation (UTGO) bond issue of \$100 million in 1999 for paying part of the cost of the new central library and community libraries. Additionally in 2002 the City issued \$94.9 million in UTGO bonds, the proceeds of which are used to pay for the cost of the ongoing construction of these facilities. The 1999 and 2002 bond issues were authorized by Ordinance 119185 in accordance with the bond levy approved by voters of the City in November 1998 pursuant to Ordinance 119019.

The **Public Safety Facilities and Equipment Fund** was established in December 1990 to account for the improvement of public safety equipment. In 1990 the fund received transfers of reimbursable appropriations from the Cumulative Reserve Subfund and expended \$1 million for the improvement and construction of certain facilities. In 1991 the fund received \$8 million from the sale of limited tax levy general obligation bonds. In 1996 the fund received \$17.6 million from the sale of limited tax general obligation bonds (Ordinances 115453, 116797, 118108, 118184, 118225, and 118364).

The **Shoreline Park Improvement Fund** accounts for Local Improvement subprogram moneys for shoreline and beach park improvements that were received as METRO mitigation grants related to the expansion of the West Point sewage treatment plant (Ordinance 115496).

The **Community Improvement Fund** accounts for moneys from community improvement contributions by METRO for public improvements in the Alki and Discovery Park areas to mitigate the negative construction impacts in those communities (Ordinance 115496).

The **City Facilities Renovation and Improvement Fund** received \$22.2 million of unlimited tax general obligation bond proceeds under the 1-2-3 Bond/Levy Program approved by voters in September 1984. It provides funds to renovate libraries, fire stations, Seattle Center facilities, harbor patrol stations, and other facilities (Ordinance 111717).

The **Capital Facilities Project Fund** was established in 1992 to receive \$35 million from the sale of limited tax general obligation bonds for financing housing, health, open space, parks, and recreation facilities included in the City's comprehensive plan (Ordinance 116105). The fund was closed in 2008.

The **Conservation Futures Fund** was established in 1990 to account for the proceeds from the Conservation Futures Levy which are allocated to the City by King County and for the City's matching amounts. The funds are to acquire suitable greenbelt areas for conserving and enhancing the quality of the environment (Ordinances 114763, 114978, and 116908).

The **Open Spaces and Trails Bond Fund** was established in 1989. It accounts for \$41.8 million which is Seattle's portion of the King County general obligation bond issued to finance the preservation of greenbelts, natural areas, other undeveloped open spaces, and to acquire and develop recreational trails within the City (Ordinance 114900).

The **Seattle Center and Parks Multipurpose Levy Fund** was established to account for the 8-year \$72 million property tax levy approved by voters in 1999 for improvements to the Seattle Center Opera House, replacement of the Flag Pavilion with a new

Nonmajor Governmental Funds

Festivals Pavilion, and the construction and remodeling of community centers (Ordinance 119522). It also accounts for the 8-year \$129.2 million property tax levy approved by the voters in 2000 for improving maintenance and programs of existing parks, including the Woodland Park Zoo; acquiring, developing, and maintaining new neighborhood parks, green spaces, playfields, trails, and boulevards; and recreational programming for funding safe out-of-school and senior activities (Ordinance 120024).

The **Denny Triangle Public Amenity Fund** was established in 2001 to account for proceeds from contributions by developers in the Denny Triangle using the Transfer of Development Credits (TDC) Program provisions and from contributions by King County to fund amenities in the Denny Triangle Urban Village in support of the TDC program, and interest earned on such funds (Ordinance 119729).

The **Seattle Center Redevelopment/Parks Community Center Fund** was established in 1991 to provide partial funding for certain needed improvements to the Seattle Center and full City funding for certain improvements to selected community centers. It received the proceeds of the \$14.75 million limited tax general obligation bond issue and grant moneys from Washington State Department of Community Development. The fund also received the proceeds of the \$3.22 million sale of limited tax general obligation bond anticipation notes to finance preconstruction costs for redevelopment of the Seattle Center Coliseum during 1993 (Ordinances 115844 and 116720).

The **Municipal Civic Center Fund** was established in 1998 to account for the planning, design, and construction of the new Municipal Courthouse and police headquarters, the new City Hall, Key Tower major improvements, and other capital projects relating to the Civic Center (Ordinance 119304).

The **South Police Stations Fund** was established in 1999 to account for moneys to be used for the design of the new South Police Station and modification of existing stations (Ordinance 119432).

The **Public Safety Information Technology Fund** was established in 1999 to account for part of the proceeds from the sale of limited tax general obligation bonds for the purpose of acquiring public safety information technology (Ordinance 119630).

The **2003 Fire Facilities Fund** was established to account for the 9-year additional property tax levy of \$167.2 million approved by the voters. The purpose of the levy is to pay all or part of the cost of neighborhood fire stations, support facilities, marine apparatus, emergency preparedness, and other emergency response facilities (Ordinance 121230).

The **2001 Capital Facilities Bond Fund** was established to account for the costs of the design, construction, and acquisition of property for various City purposes (Ordinances 120169 and 120398). The fund was closed in 2008.

The **2002 Capital Facilities Bond Fund** accounts for the proceeds of the sale of limited tax general obligation bonds in January 2002 in the amount of \$13.2 million as it relates to the Department of Parks and Recreation's Roy Street Shops Replacement Project (Ordinances 120646 and 120862). The fund was closed in 2008.

The **2002B Long-Term General Obligation Project Fund** was established to account for the proceeds of \$46.9 million limited tax general obligation bonds issued in September 2002 to provide funding for various new capital projects of the City in 2002 (Ordinance 120894).

The **2003 Long-Term General Obligation Project Fund** was established to account for the proceeds of bonds issued in February 2003 to provide funding for Seattle Center's Roof and Structural Repairs, Fleets and Facilities Department's Park 90/5 Facility Earthquake Repair, and the SR519 and Alaskan Way Viaduct/Seawall Projects of the Seattle Department of Transportation (Ordinance 120979).

The **2006 Multipurpose Long-Term General Obligation Bond Fund** was established to account for up to \$24.1 million proceeds of limited tax general obligation bonds issued in 2006 for funding for the costs of the Viaduct, Pier 59, Mercer Corridor, and South Lake Union Streetcar projects; as well as for the refinancing of earthquake repair costs of the Park 90/5 Facility (Ordinance 121982).

The **Local Improvement Fund, District No. 6750** was established in 2006 to account for the construction of a streetcar line serving downtown Seattle, Denny Triangle, and South Lake Union, to be funded from proceeds of local improvement bonds and special assessments upon property in the local improvement district (Ordinance 121951).

The **2007 Multipurpose Long-Term General Obligation Bond Fund** was established in 2006 to account for the acquisition of real property in the Northgate area for future general municipal purposes and for the costs of improvements to the Seattle

Aquarium. Funds for these projects were initially provided from interfund loans to be repaid from future proceeds of limited tax general obligation bonds to be issued by the City (Ordinance 122121). The other part of the proceeds of the bond issue (Ordinance 122286) also provided funding for the Parking Pay Stations, Alaska Tunnel/Seawall, Monorail Rehabilitation projects and the Zoo Garage construction for which this fund also accounts for.

The **2008 Multipurpose Long-Term General Obligation Bond Fund** was established in 2007 to account for capital costs related to the South Rainier Street Grade Separation, Spokane Street Viaduct, Mercer Corridor, and King Street Multimodal Terminal projects. Initial funds for these projects were provided from interfund loans to be repaid from proceeds of limited tax general obligation bonds issued in 2008 by the City (Ordinance 122417). The bond ordinance finally allocated the bond proceeds to the King Street Multimodal Terminal, Bridge Seismic, Rehabilitation and Replacement, Pay Stations, Fire Station projects and the South Lake Union Property Proceeds Account (Ordinance 122553).

PERMANENT FUNDS

The **H. H. Dearborn Fund** holds a \$50,000 nonexpendable gift to the City. The investment income is available for charitable purposes.

The **Beach Maintenance Trust Fund** received \$2.0 million appropriated from the City's Shoreline Park Improvement Fund. The earnings on this fund are used solely to maintain public beaches in Seattle.

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SUMMARY BY FUND TYPE

December 31, 2008

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2008	2007
ASSETS						
Cash and Equity in Pooled Investments	\$ 71,472	\$ 15,111	\$ 182,561	\$ 2,326	\$ 271,470	\$ 198,799
Receivables, Net of Allowances						
Taxes	5,660	531	1,086	-	7,277	7,537
Accounts	8,092	-	-	-	8,092	3,936
Contracts and Notes	3	-	-	-	3	2,302
Special Assessments - Delinquent	-	-	150	-	150	53
Interest and Dividends	146	12	509	5	672	860
Unbilled and Others	1,053	-	-	-	1,053	994
Due from Other Funds	5,470	-	2,923	-	8,393	5,304
Due from Other Governments	20,427	9	215	-	20,651	15,824
Inventories	532	-	-	-	532	922
Deposits With Vendor	4	-	-	-	4	-
Contracts and Notes - Noncurrent	42,130	-	-	-	42,130	40,119
Deferred Charges and Other Assets	-	8	19,534	-	19,542	20,863
Total Assets	\$ 154,989	\$ 15,671	\$ 206,978	\$ 2,331	\$ 379,969	\$ 297,513
LIABILITIES						
Accounts Payable	\$ 22,062	\$ -	\$ 3,248	\$ -	\$ 25,310	\$ 28,043
Contracts Payable	403	-	1,906	-	2,309	2,016
Due to Other Funds	6,543	127	8,832	-	15,502	8,063
Due to Other Governments	5,081	8	30	-	5,119	4,300
Salaries, Benefits, and Taxes Payable	8,852	-	21	-	8,873	7,555
Interest Payable	6	4	-	-	10	18
Deposits Payable	236	-	14	-	250	194
Revenue Collected/Billed in Advance - Current	1,626	-	853	1	2,480	1,866
Other Current Liabilities	184	-	-	-	184	143
Advances from Other Funds	-	-	-	-	-	1,696
Deferred Revenues	43,171	428	21,017	-	64,616	65,780
Total Liabilities	88,164	567	35,921	1	124,653	119,674
FUND BALANCES						
Reserves Legally Segregated for Future Use						
Capital Improvements	3,715	-	170,786	-	174,501	102,851
Continuing Appropriations	7,287	-	-	26	7,313	20,265
Debt Service	-	15,104	271	-	15,375	16,236
Encumbrances	860	-	-	-	860	1,051
Reserves Not Available for Appropriation						
Endowments	-	-	-	2,050	2,050	2,050
Gifts	10,843	-	-	133	10,976	7,350
Inventories	532	-	-	-	532	663
Petty Cash	24	-	-	-	24	24
Unreserved Fund Balance						
Designated for Special Purpose	879	-	-	-	879	670
Undesignated	42,685	-	-	121	42,806	26,679
Total Fund Balances	66,825	15,104	171,057	2,330	255,316	177,839
Total Liabilities and Fund Balances	\$ 154,989	\$ 15,671	\$ 206,978	\$ 2,331	\$ 379,969	\$ 297,513

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2008
(In Thousands)

	<u>Park and Recreation</u>	<u>Library</u>	<u>Seattle Streetcar</u>	<u>Key Arena Settlement Proceeds</u>	<u>Seattle Center</u>
ASSETS					
Cash and Equity in Pooled Investments	\$ 3,318	\$ 14,953	\$ 44	\$ 6,646	\$ 2,671
Receivables, Net of Allowances					
Taxes	5,263	-	-	-	-
Accounts	1,466	1,014	224	-	1,709
Contracts and Notes	-	-	-	-	-
Interest and Dividends	-	26	-	-	38
Unbilled and Others	398	-	-	-	634
Due from Other Funds	2,851	73	-	-	107
Due from Other Governments	319	14	-	-	-
Inventories	272	-	-	-	260
Deposits With Vendor	-	-	-	-	4
Contracts and Notes - Noncurrent	-	-	-	-	-
Total Assets	\$ 13,887	\$ 16,080	\$ 268	\$ 6,646	\$ 5,423
LIABILITIES					
Accounts Payable	\$ 2,607	\$ 709	\$ -	\$ -	\$ 950
Contracts Payable	403	-	-	-	-
Due to Other Funds	2,206	62	2,214	-	111
Due to Other Governments	-	-	-	-	-
Salaries, Benefits, and Taxes Payable	3,844	2,092	-	-	1,377
Interest Payable	-	-	4	-	-
Deposits Payable	207	-	-	-	27
Revenue Collected/Billed in Advance - Current	460	-	-	-	-
Other Current Liabilities	184	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deferred Revenues	106	-	1	-	608
Total Liabilities	10,017	2,863	2,219	-	3,073
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	765	-	-	1,300	931
Continuing Appropriations	13	1,374	-	-	-
Encumbrances	64	139	-	-	-
Reserves Not Available for Appropriation					
Gifts	-	10,812	-	-	-
Inventories	272	-	-	-	260
Petty Cash	17	7	-	-	-
Unreserved Fund Balance					
Designated for Special Purpose	-	-	-	-	879
Undesignated	2,739	885	(1,951)	5,346	280
Total Fund Balances	3,870	13,217	(1,951)	6,646	2,350
Total Liabilities and Fund Balances	\$ 13,887	\$ 16,080	\$ 268	\$ 6,646	\$ 5,423

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2008
(In Thousands)**

	<u>Human Services Operating</u>	<u>Office of Housing</u>	<u>Housing and Community Development Revenue Sharing</u>	<u>Education and Development Services</u>	<u>Business Improvement Areas</u>
ASSETS					
Cash and Equity in Pooled Investments	\$ 8,461	\$ 318	\$ 4,061	\$ 21,066	\$ 607
Receivables, Net of Allowances					
Taxes	-	-	-	397	-
Accounts	3	-	49	-	1,870
Contracts and Notes	-	-	-	-	-
Interest and Dividends	6	-	8	52	2
Unbilled and Others	21	-	-	-	-
Due from Other Funds	1,085	415	151	1	-
Due from Other Governments	17,564	-	2,523	7	-
Inventories	-	-	-	-	-
Deposits With Vendor	-	-	-	-	-
Contracts and Notes - Noncurrent	1,064	-	41,066	-	-
Total Assets	\$ 28,204	\$ 733	\$ 47,858	\$ 21,523	\$ 2,479
LIABILITIES					
Accounts Payable	\$ 12,235	\$ 58	\$ 802	\$ 3,537	\$ 440
Contracts Payable	-	-	-	-	-
Due to Other Funds	305	11	561	501	-
Due to Other Governments	5,080	-	-	1	-
Salaries, Benefits, and Taxes Payable	1,292	210	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	2	-	-	-
Revenue Collected/Billed in Advance - Current	1,166	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deferred Revenues	1,064	-	41,066	311	-
Total Liabilities	21,142	281	42,429	4,350	440
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	-	-	-	-	-
Continuing Appropriations	-	-	5,278	-	-
Encumbrances	-	90	-	203	-
Reserves Not Available for Appropriation					
Gifts	-	-	-	-	-
Inventories	-	-	-	-	-
Petty Cash	-	-	-	-	-
Unreserved Fund Balance					
Designated for Special Purpose	-	-	-	-	-
Undesignated	7,062	362	151	16,970	2,039
Total Fund Balances	7,062	452	5,429	17,173	2,039
Total Liabilities and Fund Balances	\$ 28,204	\$ 733	\$ 47,858	\$ 21,523	\$ 2,479

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
December 31, 2008
(In Thousands)

	General Trust	Municipal Arts	General Donations and Gift Trust	Comparative Totals	
				2008	2007
ASSETS					
Cash and Equity in Pooled Investments	\$ 3,025	\$ 4,197	\$ 2,105	\$ 71,472	\$ 68,501
Receivables, Net of Allowances					
Taxes	-	-	-	5,660	5,720
Accounts	-	-	1,757	8,092	3,800
Contracts and Notes	1	-	2	3	2,302
Interest and Dividends	7	-	7	146	262
Unbilled and Others	-	-	-	1,053	994
Due from Other Funds	3	715	69	5,470	4,859
Due from Other Governments	-	-	-	20,427	15,555
Inventories	-	-	-	532	922
Deposits With Vendor	-	-	-	4	-
Contracts and Notes - Noncurrent	-	-	-	42,130	40,119
Total Assets	\$ 3,036	\$ 4,912	\$ 3,940	\$ 154,989	\$ 143,034
LIABILITIES					
Accounts Payable	\$ 61	\$ 8	\$ 655	\$ 22,062	\$ 19,907
Contracts Payable	-	-	-	403	304
Due to Other Funds	257	101	214	6,543	4,524
Due to Other Governments	-	-	-	5,081	4,284
Salaries, Benefits, and Taxes Payable	3	33	1	8,852	7,520
Interest Payable	-	2	-	6	12
Deposits Payable	-	-	-	236	180
Revenue Collected/Billed in Advance - Current	-	-	-	1,626	1,717
Other Current Liabilities	-	-	-	184	143
Advances from Other Funds	-	-	-	-	35
Deferred Revenues	-	15	-	43,171	43,481
Total Liabilities	321	159	870	88,164	82,107
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	719	-	-	3,715	2,600
Continuing Appropriations	-	90	532	7,287	20,263
Encumbrances	96	267	1	860	1,051
Reserves Not Available for Appropriation					
Gifts	-	-	31	10,843	7,214
Inventories	-	-	-	532	663
Petty Cash	-	-	-	24	24
Unreserved Fund Balance					
Designated for Special Purpose	-	-	-	879	670
Undesignated	1,900	4,396	2,506	42,685	28,442
Total Fund Balances	2,715	4,753	3,070	66,825	60,927
Total Liabilities and Fund Balances	\$ 3,036	\$ 4,912	\$ 3,940	\$ 154,989	\$ 143,034

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE
December 31, 2008
(In Thousands)**

	<u>General Bond Interest and Redemption</u>	<u>Interfund Notes Payable – Local Improvement Districts</u>	<u>Local Improvement Guaranty</u>	<u>Comparative Totals</u>	
				<u>2008</u>	<u>2007</u>
ASSETS					
Cash and Equity in Pooled Investments	\$ 14,297	\$ 3	\$ 811	\$ 15,111	\$ 15,590
Receivables, Net of Allowances					
Taxes	531	-	-	531	621
Interest and Dividends	10	-	2	12	34
Due from Other Funds	-	-	-	-	244
Due from Other Governments	9	-	-	9	8
Deferred Charges and Other Assets	-	8	-	8	10
Total Assets	<u>\$ 14,847</u>	<u>\$ 11</u>	<u>\$ 813</u>	<u>\$ 15,671</u>	<u>\$ 16,507</u>
LIABILITIES					
Due to Other Funds	\$ 127	\$ -	\$ -	\$ 127	\$ 3
Due to Other Governments	8	-	-	8	8
Interest Payable	4	-	-	4	-
Deferred Revenues	420	8	-	428	500
Total Liabilities	559	8	-	567	511
FUND BALANCES					
Reserves Legally Segregated for Future Use Debt Service	14,288	3	813	15,104	15,996
Total Fund Balances	<u>14,288</u>	<u>3</u>	<u>813</u>	<u>15,104</u>	<u>15,996</u>
Total Liabilities and Fund Balances	<u>\$ 14,847</u>	<u>\$ 11</u>	<u>\$ 813</u>	<u>\$ 15,671</u>	<u>\$ 16,507</u>

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2008
(In Thousands)

	2005 Multipurpose Long-Term General Obligation Bond	Transportation Bond	Libraries for All	Public Safety Facilities and Equipment
ASSETS				
Cash and Equity in Pooled Investments	\$ 1,558	\$ 777	\$ 401	\$ 619
Receivables, Net of Allowances				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special Assessments - Delinquent	-	-	-	-
Interest and Dividends	3	2	1	1
Due from Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Deferred Charges	-	-	-	-
Total Assets	\$ 1,561	\$ 779	\$ 402	\$ 620
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 17	\$ -
Contracts Payable	-	-	113	-
Due to Other Funds	207	-	11	-
Due to Other Governments	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-
Interest Payable	-	-	-	-
Deposits Payable	-	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	-
Advances from Other Funds	-	-	-	-
Deferred Revenues	-	-	-	-
Total Liabilities	207	-	141	-
FUND BALANCES				
Reserves Legally Segregated for Future Use				
Capital Improvements	1,354	779	261	620
Debt Service	-	-	-	-
Unreserved Fund Balance	-	-	-	-
Total Fund Balances	1,354	779	261	620
Total Liabilities and Fund Balances	\$ 1,561	\$ 779	\$ 402	\$ 620

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2008
(In Thousands)

	Shoreline Park Improvement	Community Improvement	City Facilities Renovation and Improvement	Conservation Futures	Open Spaces and Trails Bond
ASSETS					
Cash and Equity in Pooled Investments	\$ 3,852	\$ 48	\$ 85	\$ 35	\$ 301
Receivables, Net of Allowances					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Special Assessments - Delinquent	-	-	-	-	-
Interest and Dividends	65	-	-	-	1
Due from Other Funds	62	-	-	-	-
Due from Other Governments	-	-	-	-	-
Deferred Charges	-	-	-	-	-
	\$ 3,979	\$ 48	\$ 85	\$ 35	\$ 302
LIABILITIES					
Accounts Payable	\$ 119	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-	-
Due to Other Funds	100	-	-	5	-
Due to Other Governments	-	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Revenue Collected/Billed in Advance - Current	6	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deferred Revenues	-	-	-	-	-
	225	-	-	5	-
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	3,754	48	85	30	302
Debt Service	-	-	-	-	-
Unreserved Fund Balance	-	-	-	-	-
	3,754	48	85	30	302
Total Fund Balances	3,754	48	85	30	302
Total Liabilities and Fund Balances	\$ 3,979	\$ 48	\$ 85	\$ 35	\$ 302

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2008
(In Thousands)

	Seattle Center and Parks Multipurpose Levy	Denny Triangle Public Amenity	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	South Police Stations
ASSETS					
Cash and Equity in Pooled Investments	\$ 31,441	\$ 421	\$ 8,074	\$ 1,708	\$ 42
Receivables, Net of Allowances					
Taxes	580	-	-	-	-
Accounts	-	-	-	-	-
Special Assessments - Delinquent	-	-	-	-	-
Interest and Dividends	89	1	20	4	-
Due from Other Funds	553	-	-	6	-
Due from Other Governments	207	-	-	-	-
Deferred Charges	-	-	-	-	-
Total Assets	\$ 32,870	\$ 422	\$ 8,094	\$ 1,718	\$ 42
LIABILITIES					
Accounts Payable	\$ 840	\$ -	\$ 151	\$ 231	\$ -
Contracts Payable	346	-	-	3	-
Due to Other Funds	659	291	16	8	-
Due to Other Governments	29	-	-	-	-
Salaries, Benefits, and Taxes Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	-	-	-	-
Revenue Collected/Billed in Advance - Current	847	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deferred Revenues	460	-	627	-	-
Total Liabilities	3,181	291	794	242	-
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	29,689	131	7,300	1,476	42
Debt Service	-	-	-	-	-
Unreserved Fund Balance	-	-	-	-	-
Total Fund Balances	29,689	131	7,300	1,476	42
Total Liabilities and Fund Balances	\$ 32,870	\$ 422	\$ 8,094	\$ 1,718	\$ 42

Nonmajor Governmental Funds

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2008
(In Thousands)

	Public Safety Information Technology	2003 Fire Facilities	2002B Long-Term General Obligation Project	2003 Long-Term General Obligation Project	2006 Multipurpose Long-Term General Obligation Bond
ASSETS					
Cash and Equity in Pooled Investments	\$ 4,060	\$ 27,587	\$ 1,039	\$ 1,797	\$ 750
Receivables, Net of Allowances					
Taxes	-	506	-	-	-
Accounts	-	-	-	-	-
Special Assessments - Delinquent	-	-	-	-	-
Interest and Dividends	5	64	2	4	2
Due from Other Funds	-	2,125	-	6	-
Due from Other Governments	-	8	-	-	-
Deferred Charges	-	-	-	-	-
Total Assets	\$ 4,065	\$ 30,290	\$ 1,041	\$ 1,807	\$ 752
LIABILITIES					
Accounts Payable	\$ 460	\$ 475	\$ 7	\$ -	\$ -
Contracts Payable	-	1,348	-	-	-
Due to Other Funds	81	78	-	22	-
Due to Other Governments	-	1	-	-	-
Salaries, Benefits, and Taxes Payable	17	-	-	-	-
Interest Payable	-	-	-	-	-
Deposits Payable	-	14	-	-	-
Revenue Collected/Billed in Advance - Current	-	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Deferred Revenues	-	396	-	-	-
Total Liabilities	558	2,312	7	22	-
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	3,507	27,978	1,034	1,785	752
Debt Service	-	-	-	-	-
Unreserved Fund Balance	-	-	-	-	-
Total Fund Balances	3,507	27,978	1,034	1,785	752
Total Liabilities and Fund Balances	\$ 4,065	\$ 30,290	\$ 1,041	\$ 1,807	\$ 752

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS
December 31, 2008
(In Thousands)

	Local Improvement, District No. 6750	2007 Multipurpose Long-Term General Obligation Bond	2008 Multipurpose Long-Term General Obligation Bond	Comparative Totals	
				2008	2007
ASSETS					
Cash and Equity in Pooled Investments	\$ 694	\$ 19,500	\$ 77,772	\$ 182,561	\$ 112,398
Receivables, Net of Allowances					
Taxes	-	-	-	1,086	1,196
Accounts	-	-	-	-	136
Special Assessments - Delinquent	150	-	-	150	53
Interest and Dividends	4	48	193	509	554
Due from Other Funds	-	122	49	2,923	201
Due from Other Governments	-	-	-	215	261
Deferred Charges	19,534	-	-	19,534	20,853
Total Assets	\$ 20,382	\$ 19,670	\$ 78,014	\$ 206,978	\$ 135,652
LIABILITIES					
Accounts Payable	\$ -	\$ 177	\$ 771	\$ 3,248	\$ 8,136
Contracts Payable	-	-	96	1,906	1,712
Due to Other Funds	-	1,414	5,940	8,832	3,536
Due to Other Governments	-	-	-	30	8
Salaries, Benefits, and Taxes Payable	-	-	4	21	35
Interest Payable	-	-	-	-	6
Deposits Payable	-	-	-	14	14
Revenue Collected/Billed in Advance - Current	-	-	-	853	100
Advances from Other Funds	-	-	-	-	1,661
Deferred Revenues	19,534	-	-	21,017	21,799
Total Liabilities	19,534	1,591	6,811	35,921	37,007
FUND BALANCES					
Reserves Legally Segregated for Future Use					
Capital Improvements	577	18,079	71,203	170,786	100,251
Debt Service	271	-	-	271	240
Unreserved Fund Balance	-	-	-	-	(1,846)
Total Fund Balances	848	18,079	71,203	171,057	98,645
Total Liabilities and Fund Balances	\$ 20,382	\$ 19,670	\$ 78,014	\$ 206,978	\$ 135,652

Nonmajor Governmental Funds

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**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
December 31, 2008
(In Thousands)**

	<u>H. H. Dearborn</u>	<u>Beach Maintenance Trust</u>	<u>Comparative Totals</u>	
			<u>2008</u>	<u>2007</u>
ASSETS				
Cash and Equity in Pooled Investments	\$ 183	\$ 2,143	\$ 2,326	\$ 2,310
Receivables, Net of Allowances Interest and Dividends	-	5	5	10
Total Assets	<u>\$ 183</u>	<u>\$ 2,148</u>	<u>\$ 2,331</u>	<u>\$ 2,320</u>
LIABILITIES				
Revenue Collected/Billed in Advance - Current	\$ -	\$ 1	\$ 1	\$ 49
Total Liabilities	-	1	1	49
FUND BALANCES				
Reserves Legally Segregated for Future Use Continuing Appropriations	-	26	26	2
Reserves Not Available for Appropriation Endowments	50	2,000	2,050	2,050
Gifts	133	-	133	136
Unreserved Fund Balance	-	121	121	83
Total Fund Balances	<u>183</u>	<u>2,147</u>	<u>2,330</u>	<u>2,271</u>
Total Liabilities and Fund Balances	<u>\$ 183</u>	<u>\$ 2,148</u>	<u>\$ 2,331</u>	<u>\$ 2,320</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SUMMARY BY FUND TYPE**

For the Year Ended December 31, 2008

(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Comparative Totals	
					2008	2007
REVENUES						
Taxes	\$ 58,733	\$ 20,592	\$ 43,252	\$ -	\$ 122,577	\$ 131,797
Licenses and Permits	786	-	-	-	786	938
Grants, Shared Revenues, and Contributions	64,606	2	7,053	48	71,709	70,861
Charges for Services	54,852	-	27	-	54,879	53,646
Fines and Forfeits	3,452	-	-	-	3,452	3,194
Parking Fees and Space Rent	16,771	248	227	-	17,246	16,570
Program Income, Interest, and Miscellaneous Revenues	52,598	1,088	6,904	96	60,686	21,461
Total Revenues	251,798	21,930	57,463	144	331,335	298,467
EXPENDITURES						
Current						
General Government	10,557	-	1,644	-	12,201	7,155
Public Safety	5,904	-	-	-	5,904	5,261
Physical Environment	274	-	-	-	274	240
Transportation	2,366	-	-	-	2,366	49
Economic Environment	58,438	-	-	-	58,438	59,013
Health and Human Services	69,760	-	-	-	69,760	64,210
Culture and Recreation	210,569	-	-	-	210,569	195,668
Capital Outlay						
General Government	-	-	3,432	-	3,432	3,973
Public Safety	197	-	10,020	-	10,217	31,198
Economic Environment	10	-	-	-	10	-
Culture and Recreation	3,966	-	36,434	75	40,475	62,903
Debt Service						
Principal	-	48,330	1,340	-	49,670	59,051
Advance Refunding to Escrow	-	35,152	-	-	35,152	6,270
Interest	-	34,560	822	-	35,382	34,532
Bond Issuance Cost	-	258	374	-	632	257
Total Expenditures	362,041	118,300	54,066	75	534,482	529,780
Excess (Deficiency) of Revenues over Expenditures	(110,243)	(96,370)	3,397	69	(203,147)	(231,313)
OTHER FINANCING SOURCES (USES)						
Long-Term Debt Issued	-	-	84,960	-	84,960	36,365
Refunding Debt Issued	-	54,870	-	-	54,870	60,870
Premium on Bonds Issued	-	2,296	5,249	-	7,545	4,178
Payment to Refunded Bond Escrow Agent	-	(56,920)	-	-	(56,920)	(62,535)
Sales of Capital Assets	3	-	-	-	3	479
Transfers In	153,674	95,232	4,985	-	253,891	212,598
Transfers Out	(37,536)	-	(26,179)	(10)	(63,725)	(37,057)
Total Other Financing Sources (Uses)	116,141	95,478	69,015	(10)	280,624	214,898
Net Change in Fund Balances	5,898	(892)	72,412	59	77,477	(16,415)
Fund Balances - Beginning of Year	60,927	15,996	98,645	2,271	177,839	194,254
Fund Balances - End of Year	\$ 66,825	\$ 15,104	\$ 171,057	\$ 2,330	\$ 255,316	\$ 177,839

Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 1 of 3

IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE

For the Year Ended December 31, 2008

(In Thousands)

	Park and Recreation	Library	Seattle Streetcar	Key Arena Settlement Proceeds	Seattle Center
REVENUES					
Taxes	\$ 34,056	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	786	-	-	-	-
Grants, Shared Revenues, and Contributions	552	4,914	-	-	324
Charges for Services	42,218	623	460	-	5,443
Fines and Forfeits	2,376	1,054	-	-	-
Parking Fees and Space Rent	3,582	497	-	-	12,692
Program Income, Interest, and Miscellaneous Revenues	155	528	-	45,000	298
Total Revenues	83,725	7,616	460	45,000	18,757
EXPENDITURES					
Current					
General Government	-	-	-	2,750	-
Public Safety	-	-	-	-	-
Physical Environment	-	-	-	-	-
Transportation	-	-	2,366	-	-
Economic Environment	-	-	-	-	-
Health and Human Services	-	-	-	-	-
Culture and Recreation	120,756	54,798	-	-	32,633
Capital Outlay					
Public Safety	-	-	-	-	-
Economic Environment	-	-	-	-	-
Culture and Recreation	1,432	1,403	-	-	104
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	122,188	56,201	2,366	2,750	32,737
Excess (Deficiency) of Revenues over Expenditures	(38,463)	(48,585)	(1,906)	42,250	(13,980)
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	3	-	-	-	-
Transfers In	36,030	48,083	-	-	14,995
Transfers Out	(1,108)	(427)	-	(35,604)	(264)
Total Other Financing Sources (Uses)	34,925	47,656	-	(35,604)	14,731
Net Change in Fund Balances	(3,538)	(929)	(1,906)	6,646	751
Fund Balances - Beginning of Year	7,408	14,146	(45)	-	1,599
Fund Balances - End of Year	\$ 3,870	\$ 13,217	\$ (1,951)	\$ 6,646	\$ 2,350

D-7 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 2 of 3 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE
 For the Year Ended December 31, 2008
 (In Thousands)

	Human Services Operating	Office of Housing	Housing and Community Development Revenue Sharing	Education and Development Services	Business Improvement Areas
REVENUES					
Taxes	\$ 429	\$ -	\$ -	\$ 16,595	\$ 7,653
Licenses and Permits	-	-	-	-	-
Grants, Shared Revenues, and Contributions	42,894	284	12,158	156	-
Charges for Services	1,375	2,717	-	-	-
Fines and Forfeits	19	-	-	-	-
Parking Fees and Space Rent	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	479	-	4,847	796	64
Total Revenues	45,196	3,001	17,005	17,547	7,717
EXPENDITURES					
Current					
General Government	7,806	-	-	-	-
Public Safety	4,393	-	210	353	-
Physical Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Environment	32,970	4,472	14,887	-	5,811
Health and Human Services	53,000	-	-	16,745	-
Culture and Recreation	-	-	40	-	-
Capital Outlay					
Public Safety	-	-	-	-	-
Economic Environment	-	10	-	-	-
Culture and Recreation	-	-	114	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	98,169	4,482	15,251	17,098	5,811
Excess (Deficiency) of Revenues over Expenditures	(52,973)	(1,481)	1,754	449	1,906
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	-	-	-	-	-
Transfers In	52,806	1,670	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	52,806	1,670	-	-	-
Net Change in Fund Balances	(167)	189	1,754	449	1,906
Fund Balances - Beginning of Year	7,229	263	3,675	16,724	133
Fund Balances - End of Year	\$ 7,062	\$ 452	\$ 5,429	\$ 17,173	\$ 2,039

Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 3 of 3

IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE

For the Year Ended December 31, 2008

(In Thousands)

	General Trust	Municipal Arts	General Donations and Gift Trust	Comparative Totals	
				2008	2007
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 58,733	\$ 56,081
Licenses and Permits	-	-	-	786	938
Grants, Shared Revenues, and Contributions	740	-	2,584	64,606	61,882
Charges for Services	-	2,016	-	54,852	53,448
Fines and Forfeits	3	-	-	3,452	3,194
Parking Fees and Space Rent	-	-	-	16,771	16,188
Program Income, Interest, and Miscellaneous Revenues	128	167	136	52,598	11,782
Total Revenues	871	2,183	2,720	251,798	203,513
EXPENDITURES					
Current					
General Government	-	-	1	10,557	7,155
Public Safety	723	-	225	5,904	5,261
Physical Environment	-	-	274	274	240
Transportation	-	-	-	2,366	49
Economic Environment	-	-	298	58,438	59,013
Health and Human Services	-	-	15	69,760	64,210
Culture and Recreation	-	1,510	832	210,569	195,668
Capital Outlay					
Public Safety	182	-	15	197	401
Economic Environment	-	-	-	10	-
Culture and Recreation	-	-	913	3,966	3,284
Debt Service					
Principal	-	-	-	-	11
Interest	-	-	-	-	1
Total Expenditures	905	1,510	2,573	362,041	335,293
Excess (Deficiency) of Revenues over Expenditures	(34)	673	147	(110,243)	(131,780)
OTHER FINANCING SOURCES (USES)					
Sales of Capital Assets	-	-	-	3	479
Transfers In	90	-	-	153,674	143,425
Transfers Out	(75)	-	(58)	(37,536)	(2,007)
Total Other Financing Sources (Uses)	15	-	(58)	116,141	141,897
Net Change in Fund Balances	(19)	673	89	5,898	10,117
Fund Balances - Beginning of Year	2,734	4,080	2,981	60,927	50,810
Fund Balances - End of Year	\$ 2,715	\$ 4,753	\$ 3,070	\$ 66,825	\$ 60,927

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE

For the Year Ended December 31, 2008

(In Thousands)

	General Bond Interest and Redemption	Interfund Notes Payable – Local Improvement Districts	Local Improvement Guaranty	Comparative Totals	
				2008	2007
REVENUES					
Taxes	\$ 20,592	\$ -	\$ -	\$ 20,592	\$ 26,206
Grants, Shared Revenues, and Contributions	-	2	-	2	2
Parking Fees and Space Rent	248	-	-	248	259
Program Income, Interest, and Miscellaneous Revenues	1,054	1	33	1,088	1,459
Total Revenues	21,894	3	33	21,930	27,926
EXPENDITURES					
Debt Service					
Principal	48,330	-	-	48,330	57,660
Advance Refunding to Escrow	35,152	-	-	35,152	6,270
Interest	34,560	-	-	34,560	33,634
Bond Issuance Cost	258	-	-	258	144
Total Expenditures	118,300	-	-	118,300	97,708
Excess (Deficiency) of Revenues over Expenditures	(96,406)	3	33	(96,370)	(69,782)
OTHER FINANCING SOURCES (USES)					
Refunding Debt Issued	54,870	-	-	54,870	60,870
Premium on Bonds Issued	2,296	-	-	2,296	1,812
Payment to Refunded Bond Escrow Agent	(56,920)	-	-	(56,920)	(62,535)
Transfers In	95,232	-	-	95,232	69,173
Transfers Out	-	-	-	-	(3)
Total Other Financing Sources (Uses)	95,478	-	-	95,478	69,317
Net Change in Fund Balances	(928)	3	33	(892)	(465)
Fund Balances - Beginning of Year	15,216	-	780	15,996	16,461
Fund Balances - End of Year	\$ 14,288	\$ 3	\$ 813	\$ 15,104	\$ 15,996

Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 1 of 5

IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS

For the Year Ended December 31, 2008

(In Thousands)

	2005 Multipurpose Long-Term General Obligation Bond	Transportation Bond	Libraries for All	Public Safety Facilities and Equipment
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	-	-	-	-
Charges for Services	-	-	-	-
Parking Fees and Space Rent	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	87	31	28	45
Total Revenues	87	31	28	45
EXPENDITURES				
Current				
General Government	-	-	-	-
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	-	-
Culture and Recreation	705	-	1,073	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond Issuance Cost	-	-	-	-
Total Expenditures	705	-	1,073	-
Excess (Deficiency) of Revenues over Expenditures	(618)	31	(1,045)	45
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(345)	(2)	-	-
Total Other Financing Sources (Uses)	(345)	(2)	-	-
Net Change in Fund Balances	(963)	29	(1,045)	45
Fund Balances - Beginning of Year	2,317	750	1,306	575
Fund Balances - End of Year	<u>\$ 1,354</u>	<u>\$ 779</u>	<u>\$ 261</u>	<u>\$ 620</u>

D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 2 of 5 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS
 For the Year Ended December 31, 2008
 (In Thousands)

	<u>Shoreline Park Improvement</u>	<u>Community Improvement</u>	<u>City Facilities Renovation and Improvement</u>	<u>Conservation Futures</u>	<u>Open Spaces and Trails Bond</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	102	-	-	-	-
Charges for Services	27	-	-	-	-
Parking Fees and Space Rent	-	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	184	2	4	2	13
Total Revenues	313	2	4	2	13
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Capital Outlay					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Culture and Recreation	870	-	-	18	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	870	-	-	18	-
Excess (Deficiency) of Revenues over Expenditures	(557)	2	4	(16)	13
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(258)	-	-	-	-
Total Other Financing Sources (Uses)	(258)	-	-	-	-
Net Change in Fund Balances	(815)	2	4	(16)	13
Fund Balances - Beginning of Year	4,569	46	81	46	289
Fund Balances - End of Year	<u>\$ 3,754</u>	<u>\$ 48</u>	<u>\$ 85</u>	<u>\$ 30</u>	<u>\$ 302</u>

Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 3 of 5

IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS

For the Year Ended December 31, 2008

(In Thousands)

	Seattle Center and Parks Multipurpose Levy	Denny Triangle Public Amenity	Seattle Center Redevelopment/ Parks Community Center	Municipal Civic Center	South Police Stations
REVENUES					
Taxes	\$ 22,341	\$ -	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	5,559	-	4	-	-
Charges for Services	-	-	-	-	-
Parking Fees and Space Rent	174	-	-	-	-
Program Income, Interest, and Miscellaneous Revenues	1,236	18	369	80	2
Total Revenues	29,310	18	373	80	2
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Capital Outlay					
General Government	-	-	-	802	-
Public Safety	-	-	-	-	-
Culture and Recreation	28,837	-	2,347	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	28,837	-	2,347	802	-
Excess (Deficiency) of Revenues over Expenditures	473	18	(1,974)	(722)	2
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Transfers In	4,985	-	-	-	-
Transfers Out	(717)	(296)	-	-	-
Total Other Financing Sources (Uses)	4,268	(296)	-	-	-
Net Change in Fund Balances	4,741	(278)	(1,974)	(722)	2
Fund Balances - Beginning of Year	24,948	409	9,274	2,198	40
Fund Balances - End of Year	\$ 29,689	\$ 131	\$ 7,300	\$ 1,476	\$ 42

D-9 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 Page 4 of 5
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS
 For the Year Ended December 31, 2008
 (In Thousands)

	Public Safety Information Technology	2003 Fire Facilities	2002B Long-Term General Obligation Project	2003 Long-Term General Obligation Project	2006 Multipurpose Long-Term General Obligation Bond
REVENUES					
Taxes	\$ -	\$ 20,905	\$ -	\$ -	\$ -
Grants, Shared Revenues, and Contributions	-	-	-	69	-
Charges for Services	-	-	-	-	-
Parking Fees and Space Rent	-	53	-	-	-
Program Income, Interest, and Miscellaneous Revenues	92	908	43	75	45
Total Revenues	92	21,866	43	144	45
EXPENDITURES					
Current					
General Government	1,644	-	-	-	-
Capital Outlay					
General Government	-	-	24	26	-
Public Safety	-	10,020	-	-	-
Culture and Recreation	-	-	-	135	212
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-
Total Expenditures	1,644	10,020	24	161	212
Excess (Deficiency) of Revenues over Expenditures	(1,552)	11,846	19	(17)	(167)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(16)	(1,436)
Total Other Financing Sources (Uses)	-	-	-	(16)	(1,436)
Net Change in Fund Balances	(1,552)	11,846	19	(33)	(1,603)
Fund Balances - Beginning of Year	5,059	16,132	1,015	1,818	2,355
Fund Balances - End of Year	\$ 3,507	\$ 27,978	\$ 1,034	\$ 1,785	\$ 752

Nonmajor Governmental Funds

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

Page 5 of 5

IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS

For the Year Ended December 31, 2008

(In Thousands)

	Local Improvement, District No. 6750	2007 Multipurpose Long-Term General Obligation Bond	2008 Multipurpose Long-Term General Obligation Bond	Comparative Totals	
				2008	2007
REVENUES					
Taxes	\$ 6	\$ -	\$ -	\$ 43,252	\$ 49,510
Grants, Shared Revenues, and Contributions	1,319	-	-	7,053	8,956
Charges for Services	-	-	-	27	198
Parking Fees and Space Rent	-	-	-	227	123
Program Income, Interest, and Miscellaneous Revenues	899	974	1,767	6,904	8,092
	2,224	974	1,767	57,463	66,879
EXPENDITURES					
Current					
General Government	-	-	-	1,644	-
Capital Outlay					
General Government	-	-	2,580	3,432	3,973
Public Safety	-	-	-	10,020	30,797
Culture and Recreation	-	2,237	-	36,434	59,564
Debt Service					
Principal	1,340	-	-	1,340	1,380
Interest	822	-	-	822	897
Bond Issuance Cost	-	-	374	374	113
	2,162	2,237	2,954	54,066	96,724
Excess (Deficiency) of Revenues over Expenditures	62	(1,263)	(1,187)	3,397	(29,845)
OTHER FINANCING SOURCES (USES)					
Long-Term Debt Issued	-	-	84,960	84,960	36,365
Premium on Bonds Issued	-	-	5,249	5,249	2,366
Transfers In	-	-	-	4,985	-
Transfers Out	-	(7,136)	(15,973)	(26,179)	(35,032)
	-	(7,136)	74,236	69,015	3,699
Total Other Financing Sources (Uses)	-	(7,136)	74,236	69,015	3,699
Net Change in Fund Balances	62	(8,399)	73,049	72,412	(26,146)
Fund Balances - Beginning of Year	786	26,478	(1,846)	98,645	124,791
Fund Balances - End of Year	\$ 848	\$ 18,079	\$ 71,203	\$ 171,057	\$ 98,645

**D-10 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
PERMANENT
For the Year Ended December 31, 2008
(In Thousands)**

	<u>H. H. Dearborn</u>	<u>Beach Maintenance Trust</u>	<u>Comparative Totals</u>	
			<u>2008</u>	<u>2007</u>
REVENUES				
Grants, Shared Revenues, and Contributions	\$ -	\$ 48	\$ 48	\$ 21
Program Income, Interest, and Miscellaneous Revenues	7	89	96	128
Total Revenues	7	137	144	149
EXPENDITURES				
Capital Outlay				
Culture and Recreation	-	75	75	55
Total Expenditures	-	75	75	55
Excess (Deficiency) of Revenues over Expenditures	7	62	69	94
OTHER FINANCING SOURCES (USES)				
Transfers Out	(10)	-	(10)	(15)
Total Other Financing Sources (Uses)	(10)	-	(10)	(15)
Net Change in Fund Balances	(3)	62	59	79
Fund Balances - Beginning of Year	186	2,085	2,271	2,192
Fund Balances - End of Year	\$ 183	\$ 2,147	\$ 2,330	\$ 2,271

Budget and Actual

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GENERAL FUND

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2008

(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Taxes				
General Property Taxes	\$ 234,478	\$ 238,258	\$ -	\$ 3,780
Retail Sales and Use Taxes	175,637	171,917	-	(3,720)
Business Taxes	221,492	217,304	-	(4,188)
Excise Taxes	56,146	36,257	-	(19,889)
Other Taxes	-	2,193	-	2,193
Interfund Business Taxes	79,666	79,526	-	(140)
Total Taxes	<u>767,419</u>	<u>745,455</u>	-	(21,964)
Licenses and Permits	17,294	18,269	-	975
Grants, Shared Revenues, and Contributions	40,493	19,725	-	(20,768)
Charges for Services	53,370	62,547	-	9,177
Fines and Forfeits	21,540	22,110	-	570
Parking Fees and Space Rent	22,261	20,625	-	(1,636)
Program Income, Interest, and Miscellaneous Revenues	<u>156,636</u>	<u>25,932</u>	-	(130,704)
Total Revenues	1,079,013	914,663	-	(164,350)
EXPENDITURES AND ENCUMBRANCES				
ARTS AND CULTURAL AFFAIRS	3,964	3,684	279	1
CITY AUDITOR	1,205	1,172	-	33
CIVIL SERVICE COMMISSION	210	200	-	10
CRIMINAL JUSTICE				
Jail Services	17,013	13,527	-	3,486
Indigent Defense Services	5,540	5,468	-	72
Total Criminal Justice	<u>22,553</u>	<u>18,995</u>	-	3,558
ETHICS AND ELECTIONS	625	588	-	37
EXECUTIVE				
Sustainability and Environment	1,604	1,437	115	52
Mayor's Office	3,000	2,699	-	301
Economic Development	10,241	8,263	119	1,859
Intergovernmental Relations	2,191	1,962	8	221
Civil Rights	2,628	2,382	-	246
Policy and Management	<u>3,036</u>	<u>2,497</u>	<u>128</u>	<u>411</u>
Total Department	22,700	19,240	370	3,090

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2008

(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
EXECUTIVE ADMINISTRATION				
Executive Management	\$ 2,477	\$ 2,474	\$ 3	\$ -
Financial Services	8,190	7,672	1	517
Business Technology	12,170	11,792	107	271
Revenue and Consumer Affairs	5,493	5,398	10	85
Animal Shelter	3,371	3,284	-	87
Contracting	3,559	3,265	11	283
Total Department	35,260	33,885	132	1,243
FINANCE	5,590	5,157	3	430
FINANCE GENERAL				
Appropriations to Special Purpose Funds	9,853	8,637	-	1,216
Reserves	22,642	20,188	16	2,438
Support to Operating Funds	51,730	47,963	-	3,767
Transferred Programs	15,203	2,581	454	12,168
Contingency	250	-	-	250
Support to Parks Capital Expenditures	814	243	34	537
Support to Fleets and Facilities Capital Expenditures	6,610	1,459	377	4,774
Total Finance General	107,102	81,071	881	25,150
FIRE				
Resource Management	14,255	13,698	119	438
Safety and Employee Development	3,462	3,441	8	13
Operations	123,337	123,011	13	313
Fire Prevention	6,893	6,878	-	15
Grants and Reimbursables	4,161	2,553	-	1,608
Total Department	152,108	149,581	140	2,387
HEARING EXAMINER	558	556	-	2
LAW				
Administration	1,373	1,370	-	3
Civil Law	9,699	9,691	-	8
Criminal Prosecution	6,795	6,695	-	100
Total Department	17,867	17,756	-	111
LEGISLATIVE	13,142	11,542	223	1,377
MUNICIPAL COURT				
Court Operations	14,482	14,486	-	(4)
Corporate Services	6,115	5,960	105	50
Court Compliance	6,140	6,138	-	2
Total Department	26,737	26,584	105	48

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GENERAL FUND

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2008

(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
NEIGHBORHOODS				
Director's Office	\$ 1,405	\$ 1,261	\$ 106	\$ 38
Customer Service and Operations	3,583	3,562	-	21
Community Building	3,785	2,876	118	791
Office for Education	401	273	106	22
Customer Service Bureau	619	619	-	-
Total Department	9,793	8,591	330	872
PERSONNEL				
Employment and Training	3,041	2,826	208	7
Employee Health Services	3,296	3,003	91	202
Citywide Personnel	3,751	3,736	-	15
Labor Relations and Class Compensation	3,171	3,163	6	2
Total Department	13,259	12,728	305	226
POLICE				
Chief of Police	16,598	6,778	211	9,609
Professional Accountability	1,730	1,729	-	1
Deputy Chief Administration	33,116	32,978	90	48
Deputy Chief Operations	854	853	-	1
Homeland Security	536	533	-	3
Emergency Management Operations	1,955	1,599	-	356
Operations and Planning	8,237	8,229	-	8
Patrol Operations Administration	1,566	1,408	21	137
West Precinct Patrol	25,998	25,976	-	22
North Precinct Patrol	26,233	26,188	-	45
Metro Special Response	10,665	10,639	-	26
South Precinct Patrol	13,772	13,768	-	4
East Precinct Patrol	22,021	22,014	-	7
Southwest Precinct Patrol	12,967	12,960	-	7
Traffic Enforcement	15,782	15,746	-	36
Criminal Investigation Administration	7,023	6,797	27	199
Violent Crimes Investigation	6,163	6,154	-	9
Narcotics Investigation	4,740	4,735	-	5
Special Investigations	4,512	4,510	-	2
Special Victims Program	5,393	5,390	-	3
Field Support Administration	472	468	-	4
Communications	12,279	12,193	-	86
Information Technology	10,488	9,963	110	415
Records/Files	2,847	2,807	-	40
Data Center Program	2,690	2,690	-	-
Human Resources Management	4,762	4,736	-	26
Total Department	253,399	241,841	459	11,099
PUBLIC SAFETY CIVIL SERVICE COMMISSION	142	131	-	11

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN

FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2008

(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
JUDGMENTS/CLAIMS				
Judgments and Claims	\$ 12,544	\$ 11,906	\$ -	\$ 638
Police Actions	2,500	2,769	-	(269)
Total Judgments/Claims	15,044	14,675	-	369
ARTS ACCOUNT	1,905	993	912	-
CABLE TELEVISION FRANCHISE	6,985	6,979	-	6
CUMULATIVE RESERVE				
Real Estate Excise Tax I	50,723	14,069	3,225	33,429
Real Estate Excise Tax II	40,938	18,185	1,689	21,064
Capital Projects Asset Preservation	12,570	2,127	805	9,638
Capital Projects Street Vacation	197	-	-	197
Unrestricted	17,087	4,213	551	12,323
Total Cumulative Reserve	121,515	38,594	6,270	76,651
NEIGHBORHOOD MATCHING	9,135	4,169	2,212	2,754
EMERGENCY	4,170	4,150	-	20
SPECIAL EMPLOYMENT	420	275	-	145
INDUSTRIAL INSURANCE	5,110	-	303	4,807
UNEMPLOYMENT COMPENSATION	861	-	-	861
HEALTH CARE	15,268	11,760	-	3,508
GROUP TERM LIFE INSURANCE	54	-	-	54
Total Expenditures and Encumbrances	866,681	714,897	12,924	138,860
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	212,332	199,766	(12,924)	(25,490)
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	-	373	-	373
Transfers In	4,273	7,440	-	3,167
Transfers Out	(266,135)	(263,197)	-	2,938
Total Other Financing Sources (Uses)	(261,862)	(255,384)	-	6,478
Net Change in Fund Balance	\$ (49,530)	\$ (55,618)	\$ (12,924)	\$ (19,012)
Fund Balance - Beginning of Year		327,028		
Fund Balance - End of Year		\$ 271,410		

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TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Taxes				
General Property Taxes	\$ 37,121	\$ 37,517	\$ -	\$ 396
Business Taxes	3,920	12,727	-	8,807
Other Taxes	5,507	4,329	-	(1,178)
Interfund Business Taxes	-	214	-	214
Total Taxes	<u>46,548</u>	<u>54,787</u>	-	<u>8,239</u>
Licenses and Permits	2,150	10,036	-	7,886
Grants, Shared Revenues, and Contributions	59,482	34,279	-	(25,203)
Charges for Services	40,572	25,336	-	(15,236)
Fines and Forfeits	-	10	-	10
Parking Fees and Space Rent	-	63	-	63
Program Income, Interest, and Miscellaneous Revenues	<u>450</u>	<u>389</u>	-	<u>(61)</u>
Total Revenues	149,202	124,900	-	(24,302)
EXPENDITURES AND ENCUMBRANCES				
Bridges and Structures	6,581	6,045	-	536
Engineering Services	3,319	3,256	-	63
Mobility Operations	37,399	34,599	-	2,800
Right-of-Way Management	12,182	12,025	-	157
Street Maintenance	25,342	25,342	-	-
Urban Forestry	4,094	3,723	-	371
Department Management	6,440	5,935	-	505
General Expense	9,518	4,667	-	4,851
Major Maintenance/Replacement	73,661	43,392	-	30,269
Major Projects	71,694	21,063	-	50,631
Mobility Capital	<u>81,748</u>	<u>36,941</u>	-	<u>44,807</u>
Total Expenditures and Encumbrances	<u>331,978</u>	<u>196,988</u>	-	<u>134,990</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(182,776)	(72,088)	-	110,688
OTHER FINANCING SOURCES (USES)				
Proceeds of Long-Term Debt	378	-	-	(378)
Transfers In	66,593	86,673	-	20,080
Transfers Out	<u>(1,842)</u>	<u>(5,344)</u>	-	<u>(3,502)</u>
Total Other Financing Sources (Uses)	<u>65,129</u>	<u>81,329</u>	-	<u>16,200</u>
Net Change in Fund Balance	<u>\$ (117,647)</u>	<u>9,241</u>	<u>\$ -</u>	<u>\$ 126,888</u>
Fund Balance - Beginning of Year		<u>23,363</u>		
Fund Balance - End of Year		<u>\$ 32,604</u>		

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LOW-INCOME HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Taxes				
General Property Taxes	\$ 12,118	\$ 11,725	\$ -	\$ (393)
Grants, Shared Revenues, and Contributions	12,075	8,059	-	(4,016)
Charges for Services	1,832	35	-	(1,797)
Parking Fees and Space Rent	-	27	-	27
Program Income, Interest, and Miscellaneous Revenues	11,101	15,070	-	3,969
Total Revenues	<u>37,126</u>	<u>34,916</u>	<u>-</u>	<u>(2,210)</u>
EXPENDITURES AND ENCUMBRANCES				
Community Development	432	369	-	63
Management and Administration	1,487	134	-	1,353
Multifamily Production and Preservation	77,818	23,565	-	54,253
Single Family	15,591	6,538	-	9,053
Total Expenditures and Encumbrances	<u>95,328</u>	<u>30,606</u>	<u>-</u>	<u>64,722</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(58,202)	4,310	-	62,512
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	-	32	-	32
Transfers In	4,950	2,074	-	(2,876)
Total Other Financing Sources (Uses)	<u>4,950</u>	<u>2,106</u>	<u>-</u>	<u>(2,844)</u>
Net Change in Fund Balance	<u>\$ (53,252)</u>	<u>6,416</u>	<u>\$ -</u>	<u>\$ 59,668</u>
Fund Balance - Beginning of Year		<u>63,585</u>		
Fund Balance - End of Year		<u>\$ 70,001</u>		

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PARK AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Taxes				
Business Taxes	\$ 23,822	\$ 23,725	\$ -	\$ (97)
Other Taxes	551	731	-	180
Interfund Business Taxes	9,878	9,600	-	(278)
Total Taxes	<u>34,251</u>	<u>34,056</u>	-	(195)
Licenses and Permits	702	786	-	84
Grants, Shared Revenues, and Contributions	452	552	-	100
Charges for Services	45,677	42,218	-	(3,459)
Fines and Forfeits	2,297	2,376	-	79
Parking Fees and Space Rent	2,015	3,582	-	1,567
Program Income, Interest, and Miscellaneous Revenues	<u>177</u>	<u>155</u>	-	(22)
Total Revenues	85,571	83,725	-	(1,846)
EXPENDITURES AND ENCUMBRANCES				
Gasworks Park Contamination Remediation	142	40	-	102
Swimming, Boating, and Aquatics	7,861	7,840	-	21
Recreation Facilities and Programs	18,950	18,884	-	66
Facility and Structure Maintenance	12,705	12,491	-	214
Park Cleaning, Landscaping, and Restoration	25,288	24,842	-	446
Seattle Conservation Corps	3,923	3,167	-	756
Seattle Aquarium	9,068	9,112	-	(44)
Woodland Park Zoo	6,425	6,338	-	87
Planning, Development, and Acquisition	6,762	6,261	-	501
Judgments and Claims	1,117	1,116	-	1
Finance and Administration	5,685	5,169	-	516
Policy Direction and Leadership	3,340	3,290	-	50
Golf	8,405	7,901	-	504
Golf Capital Reserve	1,247	1,247	-	-
Enterprise	6,634	6,532	-	102
Environmental Learning and Programs	2,975	2,720	-	255
Horticulture and Urban Forestry	<u>5,297</u>	<u>5,238</u>	-	59
Total Expenditures and Encumbrances	<u>125,824</u>	<u>122,188</u>	-	3,636
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(40,253)	(38,463)	-	1,790
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	-	3	-	3
Transfers In	36,167	36,030	-	(137)
Transfers Out	<u>(738)</u>	<u>(1,108)</u>	-	(370)
Total Other Financing Sources (Uses)	<u>35,429</u>	<u>34,925</u>	-	(504)
Net Change in Fund Balance	<u>\$ (4,824)</u>	<u>(3,538)</u>	<u>\$ -</u>	<u>\$ 1,286</u>
Fund Balance - Beginning of Year		<u>7,408</u>		
Fund Balance - End of Year		<u>\$ 3,870</u>		

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LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 7,051	\$ 4,914	\$ -	\$ (2,137)
Charges for Services	793	623	-	(170)
Fines and Forfeits	882	1,054	-	172
Parking Fees and Space Rent	790	497	-	(293)
Program Income, Interest, and Miscellaneous Revenues	1,576	528	-	(1,048)
Total Revenues	11,092	7,616	-	(3,476)
EXPENDITURES AND ENCUMBRANCES				
Administrative and Public Services	63,859	54,609	258	8,992
Northgate Construction	289	67	15	207
Historic Building Renovations	47	1	-	46
Library Capital Improvements	1,143	950	4	189
Library Technology Branch	22	5	-	17
Douglass-Truth Library Expansion	116	-	116	-
Madrona Library Renovation	482	451	19	12
Storage and Transfer of Library	55	9	-	46
Northeast Library	110	109	-	1
Total Expenditures and Encumbrances	66,123	56,201	412	9,510
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(55,031)	(48,585)	(412)	6,034
OTHER FINANCING SOURCES (USES)				
Sales of Capital Assets	(474)	-	-	474
Transfers In	45,131	48,083	-	2,952
Transfers Out	(428)	(427)	-	1
Total Other Financing Sources (Uses)	44,229	47,656	-	3,427
Net Change in Fund Balance	<u>\$ (10,802)</u>	(929)	<u>\$ (412)</u>	<u>\$ 9,461</u>
Fund Balance - Beginning of Year		<u>14,146</u>		
Fund Balance - End of Year		<u>\$ 13,217</u>		

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SEATTLE CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES				
Grants, Shared Revenues, and Contributions	\$ -	\$ 324	\$ -	\$ 324
Charges for Services	6,150	5,443	-	(707)
Parking Fees and Space Rent	12,919	12,692	-	(227)
Program Income, Interest, and Miscellaneous Revenues	249	298	-	49
Total Revenues	<u>19,318</u>	<u>18,757</u>	<u>-</u>	<u>(561)</u>
EXPENDITURES AND ENCUMBRANCES				
Access	1,083	1,065	-	18
Administration	6,378	6,370	-	8
Cultural Facilities	326	238	-	88
Commercial Events	785	572	-	213
Festivals	595	363	-	232
Campus Grounds	12,250	14,335	-	(2,085)
Key Arena	6,538	4,543	-	1,995
McCaw Hall	3,655	2,887	-	768
Community Programs	2,438	2,364	-	74
Total Expenditures and Encumbrances	<u>34,048</u>	<u>32,737</u>	<u>-</u>	<u>1,311</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(14,730)	(13,980)	-	750
OTHER FINANCING SOURCES (USES)				
Transfers In	14,995	14,995	-	-
Transfers Out	(265)	(264)	-	1
Total Other Financing Sources (Uses)	<u>14,730</u>	<u>14,731</u>	<u>-</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>751</u>	<u>\$ -</u>	<u>\$ 751</u>
Fund Balance - Beginning of Year		<u>1,599</u>		
Fund Balance - End of Year		<u>\$ 2,350</u>		

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HUMAN SERVICES OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Taxes				
General Property Taxes	\$ -	\$ 429	\$ -	\$ 429
Grants, Shared Revenues, and Contributions	61,649	58,669	-	(2,980)
Charges for Services	1,968	1,375	-	(593)
Fines and Forfeits	-	19	-	19
Program Income, Interest, and Miscellaneous Revenues	150	479	-	329
Total Revenues	63,767	60,971	-	(2,796)
EXPENDITURES AND ENCUMBRANCES				
Children, Youth, and Family Development	11,012	10,577	55	380
Community Facilities	2,667	1,096	503	1,068
Emergency and Transitional Services	24,737	21,923	-	2,814
Domestic and Sexual Violence Prevention	4,171	3,761	-	410
Leadership and Administration	8,276	7,812	20	444
Area Agency on Aging	47,484	41,837	-	5,647
Senior and Adult Self-Sufficiency	2,200	2,183	-	17
Public Health Services	11,052	10,903	120	29
Early Learning and Family Support	14,951	13,852	50	1,049
Total Expenditures and Encumbrances	126,550	113,944	748	11,858
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(62,783)	(52,973)	(748)	9,062
OTHER FINANCING SOURCES (USES)				
Transfers In	52,056	52,806	-	750
Net Change in Fund Balance	\$ (10,727)	(167)	\$ (748)	\$ 9,812
Fund Balance - Beginning of Year		7,229		
Fund Balance - End of Year		<u>\$ 7,062</u>		

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OFFICE OF HOUSING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2008
(In Thousands)

	Final Budget	Actual	Encumbrances	Variance
REVENUES				
Grants, Shared Revenues, and Contributions	\$ 394	\$ 284	\$ -	\$ (110)
Charges for Services	3,031	2,717	-	(314)
Total Revenues	3,425	3,001	-	(424)
EXPENDITURES AND ENCUMBRANCES				
Community Development	744	478	10	256
Management and Administration	2,126	1,954	93	79
Multifamily	1,476	1,305	-	171
Single Family	761	745	-	16
Total Expenditures and Encumbrances	5,107	4,482	103	522
Excess (Deficiency) of Revenues over (under) Expenditures and Encumbrances	(1,682)	(1,481)	(103)	98
OTHER FINANCING SOURCES (USES)				
Transfers In	1,657	1,670	-	13
Net Change in Fund Balance	\$ (25)	189	\$ (103)	\$ 111
Fund Balance - Beginning of Year		263		
Fund Balance - End of Year		\$ 452		

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**Nonmajor
Enterprise Funds**

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NONMAJOR ENTERPRISE FUNDS

The **Solid Waste Fund** accounts for the operations of two City-owned transfer stations and for the administration of contracts with private companies for the collection of residential refuse and commercial garbage. Private individuals and City-administered residential and commercial collectors bring solid waste to the transfer stations. Solid wastes collected at the transfer stations are compacted, loaded in containers, and hauled to the Argo cargo loading station. The containers at the Argo station are loaded on railcars and transported to a landfill in Arlington, Oregon, for final disposal.

The **Planning and Development Fund** accounts for building permit fees and moneys from the General Fund as well as the cost of enforcing the City's land use and building construction codes.

The **Downtown Parking Garage Fund** accounts for the proceeds from the sale of bonds to pay for the cost of effecting the beneficial transfer to the City of the parking garage at Pacific Place in downtown Seattle. This fund also accounts for the operation of the garage.

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

December 31, 2008

(In Thousands)

	Solid Waste		Planning and Development	
	2008	2007	2008	2007
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 14,123	\$ 8,066	\$ 31,585	\$ 32,762
Receivables, Net of Allowances				
Accounts	10,497	10,946	3,558	3,613
Interest and Dividends	141	186	74	139
Unbilled	281	194	-	-
Due from Other Funds	323	667	695	716
Due from Other Governments	506	234	826	611
Materials and Supplies Inventory	11	28	5	8
Total Current Assets	25,882	20,321	36,743	37,849
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	42,001	54,850	-	17
Unamortized Bond Issue Costs, Net	1,074	1,172	-	-
Deferred Landfill Closure and Postclosure Costs, Net	26,978	30,211	-	-
Other Deferred Charges	11,746	2,026	-	-
Capital Assets				
Land and Land Rights	1,791	1,791	-	-
Plant in Service, Excluding Land	52,872	49,807	-	-
Less Accumulated Depreciation	(31,550)	(27,612)	-	-
Buildings and Improvements	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Machinery and Equipment	-	-	14,509	13,788
Less Accumulated Depreciation	-	-	(7,299)	(5,808)
Construction in Progress	29,663	14,788	642	700
Other Property, Net	1,765	1,766	-	-
Total Noncurrent Assets	136,340	128,799	7,852	8,697
Total Assets	162,222	149,120	44,595	46,546

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF NET ASSETS

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NONMAJOR ENTERPRISE FUNDS

December 31, 2008

(In Thousands)

	Downtown Parking Garage		Comparative Totals	
	2008	2007	2008	2007
ASSETS				
<i>Current Assets</i>				
Operating Cash and Equity in Pooled Investments	\$ 335	\$ 900	\$ 46,043	\$ 41,728
Receivables, Net of Allowances				
Accounts	74	84	14,129	14,643
Interest and Dividends	2	6	217	331
Unbilled	-	-	281	194
Due from Other Funds	-	-	1,018	1,383
Due from Other Governments	-	-	1,332	845
Materials and Supplies Inventory	-	-	16	36
Total Current Assets	411	990	63,036	59,160
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	-	-	42,001	54,867
Unamortized Bond Issue Costs, Net	225	236	1,299	1,408
Deferred Landfill Closure and Postclosure Costs, Net	-	-	26,978	30,211
Other Deferred Charges	-	-	11,746	2,026
Capital Assets				
Land and Land Rights	12,881	12,881	14,672	14,672
Plant in Service, Excluding Land	-	-	52,872	49,807
Less Accumulated Depreciation	-	-	(31,550)	(27,612)
Buildings and Improvements	60,131	60,131	60,131	60,131
Less Accumulated Depreciation	(20,044)	(18,039)	(20,044)	(18,039)
Machinery and Equipment	651	651	15,160	14,439
Less Accumulated Depreciation	(570)	(463)	(7,869)	(6,271)
Construction in Progress	-	-	30,305	15,488
Other Property, Net	-	-	1,765	1,766
Total Noncurrent Assets	53,274	55,397	197,466	192,893
Total Assets	53,685	56,387	260,502	252,053

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

December 31, 2008

(In Thousands)

	Solid Waste		Planning and Development	
	2008	2007	2008	2007
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 7,329	\$ 7,462	\$ 1,156	\$ 1,314
Salaries, Benefits, and Payroll Taxes Payable	1,031	871	1,431	1,300
Compensated Absences Payable	138	126	274	259
Due to Other Funds	1,199	1,345	364	375
Due to Other Governments	256	289	42	128
Interest Payable	1,763	410	-	-
Deferred Bond Interest	-	-	-	-
Taxes Payable	141	144	-	-
General Obligation Bonds Due Within One Year	-	-	-	-
Revenue Bonds Due Within One Year	6,535	4,690	-	-
Claims Payable	5,486	627	45	41
Landfill Closure and Postclosure Liability	1,115	1,465	-	-
Deferred Credits	2,826	2,686	-	-
Other Current Liabilities	620	-	175	141
Total Current Liabilities	28,439	20,115	3,487	3,558
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	1,289	1,211	2,445	2,236
Claims Payable	5,758	558	88	78
Landfill Closure and Postclosure Liability	24,925	25,612	-	-
Vendor and Other Deposits Payable	-	-	-	17
General Obligation Bonds, Due Serially	-	-	-	-
Less Bonds Due Within One Year	-	-	-	-
Bond Discount and Premium, Net	-	-	-	-
Deferred Loss on Advanced Refunding	-	-	-	-
Deferred Bond Interest	-	-	-	-
Less Accrued Interest Due Within One Year	-	-	-	-
Revenue Bonds	87,005	91,695	-	-
Less Revenue Bonds Due Within One Year	(6,535)	(4,690)	-	-
Bond Discount and Premium, Net	3,442	3,701	-	-
Deferred Loss on Advanced Refunding	(376)	(605)	-	-
Deferred Credits	-	-	14,289	15,329
Unfunded Other Post Employment Benefits	273	152	462	239
Other Noncurrent Liabilities	6	16	-	-
Total Noncurrent Liabilities	115,787	117,650	17,284	17,899
Total Liabilities	144,226	137,765	20,771	21,457
NET ASSETS				
Invested in Capital Assets, Net of Related Debt Restricted for	9,424	5,612	7,852	8,680
Deferred Conservation and Environmental Costs	50	-	-	-
Other Deferred Charges	342	646	-	-
Unrestricted	8,180	5,097	15,972	16,409
Total Net Assets	\$ 17,996	\$ 11,355	\$ 23,824	\$ 25,089

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF NET ASSETS

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NONMAJOR ENTERPRISE FUNDS

December 31, 2008

(In Thousands)

	Downtown Parking Garage		Comparative Totals	
	2008	2007	2008	2007
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	\$ 299	\$ 322	\$ 8,784	\$ 9,098
Salaries, Benefits, and Payroll Taxes Payable	-	-	2,462	2,171
Compensated Absences Payable	-	-	412	385
Due to Other Funds	54	42	1,617	1,762
Due to Other Governments	-	-	298	417
Interest Payable	720	720	2,483	1,130
Deferred Bond Interest	790	666	790	666
Taxes Payable	64	72	205	216
General Obligation Bonds Due Within One Year	1,205	1,179	1,205	1,179
Revenue Bonds Due Within One Year	-	-	6,535	4,690
Claims Payable	-	-	5,531	668
Landfill Closure and Postclosure Liability	-	-	1,115	1,465
Deferred Credits	-	-	2,826	2,686
Other Current Liabilities	-	-	795	141
Total Current Liabilities	3,132	3,001	35,058	26,674
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	-	-	3,734	3,447
Claims Payable	-	-	5,846	636
Landfill Closure and Postclosure Liability	-	-	24,925	25,612
Vendor and Other Deposits Payable	-	-	-	17
General Obligation Bonds, Due Serially	64,524	65,702	64,524	65,702
Less Bonds Due Within One Year	(1,205)	(1,179)	(1,205)	(1,179)
Bond Discount and Premium, Net	4,019	4,222	4,019	4,222
Deferred Loss on Advanced Refunding	-	(738)	-	(738)
Deferred Bond Interest	4,258	4,330	4,258	4,330
Less Accrued Interest Due Within One Year	(790)	(666)	(790)	(666)
Revenue Bonds	-	-	87,005	91,695
Less Revenue Bonds Due Within One Year	-	-	(6,535)	(4,690)
Bond Discount and Premium, Net	-	-	3,442	3,701
Deferred Loss on Advanced Refunding	-	-	(376)	(605)
Deferred Credits	-	-	14,289	15,329
Unfunded Other Post Employment Benefits	-	-	735	391
Other Noncurrent Liabilities	-	-	6	16
Total Noncurrent Liabilities	70,806	71,671	203,877	207,220
Total Liabilities	73,938	74,672	238,935	233,894
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	-	-	17,276	14,292
Restricted for				
Deferred Conservation and Environmental Costs	-	-	50	-
Other Deferred Charges	-	-	342	646
Unrestricted	(20,253)	(18,285)	3,899	3,221
Total Net Assets	\$ (20,253)	\$ (18,285)	\$ 21,567	\$ 18,159

IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2008
(In Thousands)

	Solid Waste		Planning and Development	
	2008	2007	2008	2007
OPERATING REVENUES				
Charges for Services and Other Fees	\$ 124,353	\$ 121,931	\$ 44,840	\$ 51,156
OPERATING EXPENSES				
Utility System Management	1,731	5,006	-	-
Field Operations	9,548	8,868	-	-
Engineering Services	257	191	-	-
Customer Services	11,948	10,162	-	-
Solid Waste Collection	59,689	59,450	-	-
Operations and Maintenance	-	-	45,189	45,554
General and Administrative	7,995	7,529	12,100	11,093
City Business and Occupation Taxes	17,189	17,292	-	-
Other Taxes	1,694	1,642	-	-
Amortization of Landfill and Postclosure Costs	3,233	3,195	-	-
Depreciation and Amortization	4,885	3,898	1,492	1,419
Total Operating Expenses	118,169	117,233	58,781	58,066
Operating Income (Loss)	6,184	4,698	(13,941)	(6,910)
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	2,420	712	1,283	1,608
Interest Expense	(3,051)	(1,471)	-	-
Amortization of Debt Costs	(93)	(52)	-	-
Gain (Loss) on Sale of Capital Assets	86	(15)	-	-
Contributions and Grants	724	525	590	134
Others, Net	367	(1,002)	-	39
Total Nonoperating Revenues (Expenses)	453	(1,303)	1,873	1,781
Income (Loss) Before Capital Contributions and Grants and Transfers	6,637	3,395	(12,068)	(5,129)
Capital Contributions and Grants	4	28	-	-
Transfers In	-	-	10,803	10,612
Change in Net Assets	6,641	3,423	(1,265)	5,483
Net Assets - Beginning of Year	11,355	7,932	25,089	19,606
Net Assets - End of Year	\$ 17,996	\$ 11,355	\$ 23,824	\$ 25,089

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

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IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Downtown Parking Garage		Comparative Totals	
	2008	2007	2008	2007
OPERATING REVENUES				
Charges for Services and Other Fees	\$ 6,531	\$ 6,806	\$ 175,724	\$ 179,893
OPERATING EXPENSES				
Utility System Management	-	-	1,731	5,006
Field Operations	-	-	9,548	8,868
Engineering Services	-	-	257	191
Customer Services	-	-	11,948	10,162
Solid Waste Collection	-	-	59,689	59,450
Operations and Maintenance	2,367	2,160	47,556	47,714
General and Administrative	-	-	20,095	18,622
City Business and Occupation Taxes	14	15	17,203	17,307
Other Taxes	31	32	1,725	1,674
Amortization of Landfill and Postclosure Costs	-	-	3,233	3,195
Depreciation and Amortization	2,112	2,112	8,489	7,429
Total Operating Expenses	4,524	4,319	181,474	179,618
Operating Income (Loss)	2,007	2,487	(5,750)	275
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	47	110	3,750	2,430
Interest Expense	(4,010)	(4,006)	(7,061)	(5,477)
Amortization of Debt Costs	(12)	(11)	(105)	(63)
Gain (Loss) on Sale of Capital Assets	-	-	86	(15)
Contributions and Grants	-	-	1,314	659
Others, Net	-	-	367	(963)
Total Nonoperating Revenues (Expenses)	(3,975)	(3,907)	(1,649)	(3,429)
Income (Loss) Before Capital Contributions and Grants and Transfers	(1,968)	(1,420)	(7,399)	(3,154)
Capital Contributions and Grants	-	-	4	28
Transfers In	-	-	10,803	10,612
Change in Net Assets	(1,968)	(1,420)	3,408	7,486
Net Assets - Beginning of Year	(18,285)	(16,865)	18,159	10,673
Net Assets - End of Year	\$ (20,253)	\$ (18,285)	\$ 21,567	\$ 18,159

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Solid Waste		Planning and Development	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 125,546	\$ 121,219	\$ 43,662	\$ 51,138
Cash Paid to Suppliers	(72,499)	(74,660)	(27,121)	(27,275)
Cash Paid to Employees	(19,071)	(17,502)	(29,812)	(28,833)
Cash Paid for Taxes	(19,116)	(18,999)	-	(1)
Net Cash from Operating Activities	14,860	10,058	(13,271)	(4,971)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	724	525	590	134
Service for Others	-	(1,002)	-	-
Transfers In	-	-	10,803	10,612
Other Non-Operating Cash Inflows	367	-	-	40
Net Cash from Noncapital Financing Activities	1,091	(477)	11,393	10,786
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	-	84,393	-	-
Principal Paid on Long-Term Debt	(4,690)	(31,381)	-	-
Capital Fees and Grants Received	4	27	-	-
Capital Expenditures and Deferred Charges Paid	(17,631)	(3,785)	(663)	(674)
Interest Paid on Long-Term Debt	(3,032)	(1,868)	-	-
Premium from Sale of Long-Term Debt	-	-	-	-
Loss from Advanced Refunding of Long-Term Debt	-	-	-	-
Debt Issuance Costs	-	-	-	-
Proceeds from Sale of Capital Assets	141	(15)	-	-
Net Cash from Capital and Related Financing Activities	(25,208)	47,371	(663)	(674)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investments	2,465	526	1,348	1,561
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(6,792)	57,478	(1,193)	6,702
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	62,916	5,438	32,778	26,076
End of Year	\$ 56,124	\$ 62,916	\$ 31,585	\$ 32,778
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 14,123	\$ 8,066	\$ 31,585	\$ 32,762
Noncurrent Restricted Cash and Equity in Pooled Investments	42,001	54,850	-	16
Total Cash at the End of the Year	\$ 56,124	\$ 62,916	\$ 31,585	\$ 32,778

Nonmajor Enterprise Funds

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COMBINING STATEMENT OF CASH FLOWS

Page 2 of 4

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Downtown Parking Garage		Comparative Totals	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 7,527	\$ 7,523	\$ 176,735	\$ 179,880
Cash Paid to Suppliers	(2,380)	(2,376)	(102,000)	(104,311)
Cash Paid to Employees	-	-	(48,883)	(46,335)
Cash Paid for Taxes	(1,036)	(792)	(20,152)	(19,792)
Net Cash from Operating Activities	4,111	4,355	5,700	9,442
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants	-	-	1,314	659
Service for Others	-	-	-	(1,002)
Transfers In	-	-	10,803	10,612
Other Non-Operating Cash Inflows	-	-	367	40
Net Cash from Noncapital Financing Activities	-	-	12,484	10,309
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds and Other Long-Term Debt	-	59,185	-	143,578
Principal Paid on Long-Term Debt	(1,179)	(63,506)	(5,869)	(94,887)
Capital Fees and Grants Received	-	-	4	27
Capital Expenditures and Deferred Charges Paid	-	-	(18,294)	(4,459)
Interest Paid on Long-Term Debt	(3,548)	(2,961)	(6,580)	(4,829)
Premium from Sale of Long-Term Debt	-	4,357	-	4,357
Loss from Advanced Refunding of Long-Term Debt	-	(1,249)	-	(1,249)
Debt Issuance Costs	-	(188)	-	(188)
Proceeds from Sale of Capital Assets	-	-	141	(15)
Net Cash from Capital and Related Financing Activities	(4,727)	(4,362)	(30,598)	42,335
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investments	51	111	3,864	2,198
Net Increase (Decrease) in Cash and Equity in Pooled Investments	(565)	104	(8,550)	64,284
CASH AND EQUITY IN POOLED INVESTMENTS				
Beginning of Year	900	796	96,594	32,310
End of Year	<u>\$ 335</u>	<u>\$ 900</u>	<u>\$ 88,044</u>	<u>\$ 96,594</u>
CASH AT THE END OF THE YEAR CONSISTS OF				
Operating Cash and Equity in Pooled Investments	\$ 335	\$ 900	\$ 46,043	\$ 41,728
Noncurrent Restricted Cash and Equity in Pooled Investments	-	-	42,001	54,866
Total Cash at the End of the Year	<u>\$ 335</u>	<u>\$ 900</u>	<u>\$ 88,044</u>	<u>\$ 96,594</u>

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Solid Waste		Planning and Development	
	2008	2007	2008	2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 6,184	\$ 4,698	\$ (13,941)	\$ (6,910)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	8,118	7,093	1,492	1,419
Changes in Operating Assets and Liabilities				
Accounts Receivable	449	(916)	55	842
Unbilled Receivables	(87)	43	-	-
Due from Other Funds	791	(423)	22	(302)
Due from Other Governments	(273)	151	(215)	(611)
Materials and Supplies Inventory	17	4	3	39
Accounts Payable	(133)	422	(158)	(44)
Salaries, Benefits, and Payroll Taxes Payable	161	48	132	99
Compensated Absences Payable	211	245	223	182
Due to Other Funds	(146)	(430)	(11)	23
Due to Other Governments	(33)	38	(86)	18
Claims Payable	141	50	14	11
Taxes Payable	(3)	5	-	(1)
Deferred Credits	760	432	(1,040)	52
Other Assets and Liabilities	(1,297)	(1,402)	239	212
Total Adjustments	8,676	5,360	670	1,939
Net Cash from Operating Activities	\$ 14,860	\$ 10,058	\$ (13,271)	\$ (4,971)

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COMBINING STATEMENT OF CASH FLOWS

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NONMAJOR ENTERPRISE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Downtown Parking Garage		Comparative Totals	
	2008	2007	2008	2007
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 2,007	\$ 2,487	\$ (5,750)	\$ 275
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash from Operating Activities				
Depreciation and Amortization	2,112	2,112	11,722	10,624
Changes in Operating Assets and Liabilities				
Accounts Receivable	10	(72)	514	(146)
Unbilled Receivables	-	-	(87)	43
Due from Other Funds	-	-	813	(725)
Due from Other Governments	-	-	(488)	(460)
Materials and Supplies Inventory	-	-	20	43
Accounts Payable	(22)	(99)	(313)	279
Salaries, Benefits, and Payroll Taxes Payable	-	-	293	147
Compensated Absences Payable	-	-	434	427
Due to Other Funds	12	38	(145)	(369)
Due to Other Governments	-	-	(119)	56
Claims Payable	-	-	155	61
Taxes Payable	(8)	(3)	(11)	1
Deferred Credits	-	-	(280)	484
Other Assets and Liabilities	-	(108)	(1,058)	(1,298)
Total Adjustments	2,104	1,868	11,450	9,167
Net Cash from Operating Activities	\$ 4,111	\$ 4,355	\$ 5,700	\$ 9,442

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Internal Service Funds

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INTERNAL SERVICE FUNDS

The **Fleets and Facilities Fund** accounts for support services to other City departments in the areas of vehicle purchases and motor pool maintenance and repairs; building and related facility operations and maintenance; architecture, engineering, and space planning; and real estate management.

The **Information Technology Fund** accounts for support services provided by the Department of Information Technology to other City departments. The services include managing the City's information technology resources, including Citywide telecommunications, data communications, and the physical infrastructure that supports them; the City's telephone system, radio system, and fiber optic network; Citywide application infrastructure; and interactive media services.

The **Engineering Services Fund** accounts for the design, construction, and management services performed for capital improvement projects of other City departments and other entities. The fund was closed effective January 1, 2008.

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COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2008
(In Thousands)

	Fleets and Facilities	Information Technology	Comparative Totals	
			2008	Restated 2007
ASSETS				
<i>Current Assets</i>				
Cash and Equity in Pooled Investments	\$ 23,319	\$ 29,773	\$ 53,092	\$ 47,910
Receivables, Net of Allowances				
Accounts	123	414	537	1,359
Interest and Dividends	64	72	136	221
Unbilled	-	-	-	79
Due from Other Funds	4,668	1,742	6,410	9,130
Due from Other Governments	399	283	682	1,431
Materials and Supplies Inventory	1,696	484	2,180	2,516
Prepayments and Other	-	21	21	14
Total Current Assets	30,269	32,789	63,058	62,660
<i>Noncurrent Assets</i>				
Restricted Cash and Equity in Pooled Investments	325	-	325	198
Capital Assets				
Land and Land Rights	39	-	39	39
Buildings and Improvements	3,688	-	3,688	2,890
Less Accumulated Depreciation	(916)	-	(916)	(853)
Machinery and Equipment	137,297	31,392	168,689	161,261
Less Accumulated Depreciation	(63,173)	(21,054)	(84,227)	(81,923)
Construction in Progress	692	1,380	2,072	1,858
Total Noncurrent Assets	77,952	11,718	89,670	83,470
Total Assets	108,221	44,507	152,728	146,130
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	4,983	2,410	7,393	9,434
Salaries, Benefits, and Payroll Taxes Payable	1,391	1,237	2,628	2,484
Due to Other Funds	1,005	1,672	2,677	1,742
Interest Payable	-	-	-	76
Taxes Payable	32	5	37	37
Current Portion of Long-Term Debt				
General Obligation Bonds Due Within One Year	-	-	-	860
Claims Payable	423	18	441	421
Compensated Absences Payable	116	173	289	271
Other Current Liabilities	2	-	2	65
Total Current Liabilities	7,952	5,515	13,467	15,390
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	1,701	1,460	3,161	2,985
Claims Payable	828	35	863	793
Vendor and Other Deposits Payable	325	-	325	198
General Obligation Bonds, Due Serially	-	-	-	860
Less Bonds Due Within One Year	-	-	-	(860)
Bond Discount and Premium	-	-	-	18
Unfunded Other Post Employment Benefits	380	267	647	360
Other Noncurrent Liabilities	119	598	717	810
Total Noncurrent Liabilities	3,353	2,360	5,713	5,164
Total Liabilities	11,305	7,875	19,180	20,554
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	77,627	11,718	89,345	82,394
Unrestricted	19,289	24,914	44,203	43,182
Total Net Assets	\$ 96,916	\$ 36,632	\$ 133,548	\$ 125,576

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008
(In Thousands)**

	Fleets and Facilities	Information Technology	Comparative Totals	
			2008	Restated 2007
OPERATING REVENUES				
Charges for Services	\$ 29,439	\$ 43,642	\$ 73,081	\$ 83,533
Rents, Parking, and Concessions	89,418	-	89,418	87,650
Total Operating Revenues	118,857	43,642	162,499	171,183
OPERATING EXPENSES				
Operations and Maintenance	62,635	36,960	99,595	94,549
Utility Systems Management	-	-	-	123
Engineering Services	-	-	-	7,583
General and Administrative	9,659	4,963	14,622	14,407
City Business and Occupation Taxes	5	-	5	5
Other Taxes	299	1	300	259
Depreciation and Amortization	11,690	2,822	14,512	14,538
Total Operating Expenses	84,288	44,746	129,034	131,464
Operating Income (Loss)	34,569	(1,104)	33,465	39,719
NONOPERATING REVENUES (EXPENSES)				
Investment and Interest Income	1,356	1,112	2,468	2,672
Interest Expense	-	51	51	14
Gain (Loss) on Sale of Capital Assets	(257)	6	(251)	130
Contributions and Grants	163	686	849	968
Others, Net	-	-	-	176
Total Nonoperating Revenues (Expenses)	1,262	1,855	3,117	3,960
Income (Loss) Before Contributions, Grants, and Transfers	35,831	751	36,582	43,679
Capital Contributions and Grants Transfers Out	6 (28,616)	-	6 (28,616)	85 (29,440)
Change in Net Assets	7,221	751	7,972	14,324
Total Net Assets - Beginning of Year	89,695	35,881	125,576	112,570
Prior-Year Adjustment	-	-	-	(1,318)
Total Net Assets - Beginning of Year as Restated	89,695	35,881	125,576	111,252
Total Net Assets - End of Year	\$ 96,916	\$ 36,632	\$ 133,548	\$ 125,576

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Fleets and Facilities	Information Technology	Engineering Services	Comparative Totals	
				2008	Restated 2007
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 119,743	\$ 46,347	\$ 407	\$ 166,497	\$ 169,519
Cash Paid to Suppliers	(45,600)	(20,767)	(1,080)	(67,447)	(66,834)
Cash Paid to Employees	(24,635)	(21,823)	(291)	(46,749)	(44,337)
Cash Paid for Taxes	(308)	5	-	(303)	(270)
Net Cash from Operating Activities	49,200	3,762	(964)	51,998	58,078
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment of Interfund Advances	-	-	-	-	(2,500)
Operating Grants and Contributions Received	163	686	-	849	968
Transfers Out	(28,615)	-	-	(28,615)	(29,440)
Net Cash from Noncapital Financing Activities	(28,452)	686	-	(27,766)	(30,972)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	-	(878)	-	(878)	(815)
Capital Expenditures and Deferred Charges Paid	(18,661)	(1,919)	-	(20,580)	(20,854)
Interest Paid on Long-Term Debt	-	(25)	-	(25)	(86)
Proceeds from Sale of Capital Assets	-	6	-	6	166
Net Cash from Capital and Related Financing Activities	(18,661)	(2,816)	-	(21,477)	(21,589)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and Investment Income Received	1,389	1,165	-	2,554	2,625
Net Increase (Decrease) in Cash and Equity in Pooled Investments	3,476	2,797	(964)	5,309	8,142
CASH AND EQUITY IN POOLED INVESTMENTS					
Beginning of Year	20,168	26,976	964	48,108	39,966
End of Year	\$ 23,644	\$ 29,773	\$ -	\$ 53,417	\$ 48,108
CASH AT THE END OF THE YEAR CONSISTS OF					
Current Assets Cash and Equity in Pooled Investments	\$ 23,319	\$ 29,773	\$ -	\$ 53,092	\$ 47,910
Noncurrent Restricted Cash and Equity in Pooled Investments	325	-	-	325	198
Total Cash at the End of the Year	\$ 23,644	\$ 29,773	\$ -	\$ 53,417	\$ 48,108

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COMBINING STATEMENT OF CASH FLOWS

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INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	<u>Fleets and Facilities</u>	<u>Information Technology</u>	<u>Engineering Services</u>	<u>Comparative Totals</u>	
				<u>2008</u>	<u>Restated 2007</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 34,569	\$ (1,104)	\$ -	\$ 33,465	\$ 39,719
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	11,690	2,822	-	14,512	14,538
Changes in Operating Assets and Liabilities					
Accounts Receivable	41	779	3	823	(448)
Unbilled Receivables	-	79	-	79	17
Due from Other Funds	1,048	1,267	405	2,720	(2,649)
Due from Other Governments	55	694	-	749	1,266
Materials and Supplies Inventory	224	113	-	337	(206)
Accounts Payable	579	(2,454)	(166)	(2,041)	4,867
Salaries, Benefits, and Payroll Taxes Payable	280	205	(342)	143	263
Compensated Absences Payable	85	109	-	194	(216)
Due to Other Funds	556	1,242	(864)	934	654
Claims Payable	84	6	-	90	(11)
Taxes Payable	(4)	5	-	1	(3)
Other Assets and Liabilities	(7)	(1)	-	(8)	287
Total Adjustments	<u>14,631</u>	<u>4,866</u>	<u>(964)</u>	<u>18,533</u>	<u>18,359</u>
Net Cash from Operating Activities	<u>\$ 49,200</u>	<u>\$ 3,762</u>	<u>\$ (964)</u>	<u>\$ 51,998</u>	<u>\$ 58,078</u>
SCHEDULE OF NONCASH ACTIVITIES					
In-Kind Capital Contributions	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 85</u>

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Fiduciary Funds

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FIDUCIARY FUNDS**PENSION TRUST FUNDS**

The **Employees' Retirement Fund** receives employees' payroll deductions for retirement and the City's matching contributions. It pays pension benefits to retired City employees. It also accounts for the investments and related earnings in the City's employee retirement plan.

The **Firemen's Pension Fund** receives General Fund contributions and a portion of the state-levied fire insurance premium tax. These moneys pay for fire fighters' medical and pension benefits which are not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

The **Police Relief and Pension Fund** receives support almost entirely from the General Fund. The General Fund contributions pay for sworn police personnel's medical and pension benefits which are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

AGENCY FUNDS

The **Guaranty Deposits Fund** holds temporary deposits of moneys from individuals or entities pending fulfillment of contractual agreements with the City.

The **Payroll Withholding Fund** receives City contributions and/or employee deductions for payroll taxes, such as Social Security (FICA), Medicare, and federal income tax; state retirement (LEOFF); savings bonds; and dependent child care. The contributions and deductions are paid to federal and state agencies and to other City funds.

The **Salary Fund** pays salaries to all active City employees. The funds that record the expenditures transfer moneys into this fund.

The **Voucher Fund** pays for all expenditures of the City except payroll, retirement benefits, and certain payments made by check or wire transfer. The funds that record the expenditures transfer moneys into this fund.

The **Pass-Through Grants Fund** was established in 2006 to account for grants which are the equivalent of pure cash conduits. The City has no administrative and no direct involvement with the grant programs.

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COMBINING STATEMENT OF NET ASSETS

PENSION TRUST FUNDS

December 31, 2008

(In Thousands)

	Employees' Retirement	Firemen's Pension	Police Relief and Pension	Comparative Totals	
				2008	2007
ASSETS					
Cash and Equity in Pooled Investments	\$ 16,126	\$ 11,942	\$ 2,170	\$ 30,238	\$ 26,559
Short-Term Investments	6,542	-	-	6,542	66,940
Securities Lending Collateral	69,839	-	-	69,839	103,323
Investments at Fair Value					
U.S. Government Obligations	93,240	464	-	93,704	135,366
Domestic Corporate Bonds	156,963	-	-	156,963	102,792
Domestic Stocks	482,488	-	-	482,488	763,844
International Stocks	225,343	-	-	225,343	402,966
Real Estate	216,701	-	-	216,701	286,646
Alternative/Venture Capital	163,165	-	-	163,165	233,790
Mezzanine Debt	123,114	-	-	123,114	114,463
Total Investments at Fair Value	1,461,014	464	-	1,461,478	2,039,867
Receivables					
Employer - Due from Other Funds	214	-	-	214	-
Employer - Other	6,329	22	-	6,351	4,421
Employee	-	-	-	-	1,029
Interest and Dividends	2,638	-	-	2,638	2,616
Due from Other Governments	3	-	-	3	4
Total Receivables	9,184	22	-	9,206	8,070
Equipment, at Cost, Net of Accumulated Depreciation	3	-	-	3	3
Total Assets	1,562,708	12,428	2,170	1,577,306	2,244,762
LIABILITIES					
Refunds Payable and Other	9,888	930	1,747	12,565	12,231
Securities Lending Collateral	75,394	-	-	75,394	103,323
Total Liabilities	85,282	930	1,747	87,959	115,554
Net Assets Held in Trust for Pension Benefits	\$ 1,477,426	\$ 11,498	\$ 423	\$ 1,489,347	\$ 2,129,208

**COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Year Ended December 31, 2008
(In Thousands)**

	<u>Employees' Retirement</u>	<u>Defined Benefit Firemen's Pension</u>	<u>Police Relief and Pension</u>
ADDITIONS			
Contributions			
Employer	\$ 45,961	\$ 15,027	\$ 9,723
Plan Member	45,986	-	-
Total Contributions	91,947	15,027	9,723
Investment Income (Loss)			
From Investment Activities			
Net Appreciation (Depreciation) in Fair Value of Investments	(639,879)	38	-
Interest	18,009	357	-
Dividends	5,543	-	-
Total Investment Activities Income (Loss)	(616,327)	395	-
Investment Activities Expenses			
Investment Management Fees	3,107	-	-
Performance Measurement Fees	165	-	-
Investment Custodial Fees	94	-	-
Total Investment Activities Expenses	3,366	-	-
Net Income (Loss) from Investment Activities	(619,693)	395	-
From Securities Lending Activities			
Securities Lending Income	3,522	-	-
Securities Lending Expenses			
Borrower Rebates	2,542	-	-
Management Fees	244	-	-
Total Securities Lending Expenses	2,786	-	-
Net Income (Loss) from Securities Lending Activities	736	-	-
Total Net Investment Income (Loss)	(618,957)	395	-
Total Additions	(527,010)	15,422	9,723
DEDUCTIONS			
Benefits	102,703	12,382	9,678
Refund of Contributions	10,223	-	-
Administrative Expense	2,036	547	427
Total Deductions	114,962	12,929	10,105
Change in Net Assets	(641,972)	2,493	(382)
Net Assets - Beginning of Year	2,119,398	9,005	805
Net Assets - End of Year	<u>\$ 1,477,426</u>	<u>\$ 11,498</u>	<u>\$ 423</u>

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**COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Year Ended December 31, 2008
(In Thousands)**

	<u>Postemployment Healthcare</u>		<u>Comparative Totals</u>	
	<u>Firemen's Pension</u>	<u>Police Relief and Pension</u>	<u>2008</u>	<u>2007</u>
ADDITIONS				
Contributions				
Employer	\$ 8,453	\$ 11,279	\$ 90,443	\$ 74,372
Plan Member	-	-	45,986	40,535
Total Contributions	8,453	11,279	136,429	114,907
Investment Income (Loss)				
From Investment Activities				
Net Appreciation (Depreciation) in Fair Value of Investments	-	-	(639,841)	109,491
Interest	-	-	18,366	19,087
Dividends	-	-	5,543	14,921
Total Investment Activities Income (Loss)	-	-	(615,932)	143,499
Investment Activities Expenses				
Investment Management Fees	-	-	3,107	4,046
Performance Measurement Fees	-	-	165	100
Investment Custodial Fees	-	-	94	60
Total Investment Activities Expenses	-	-	3,366	4,206
Net Income (Loss) from Investment Activities	-	-	(619,298)	139,293
From Securities Lending Activities				
Securities Lending Income	-	-	3,522	6,694
Securities Lending Expenses				
Borrower Rebates	-	-	2,542	6,236
Management Fees	-	-	244	114
Total Securities Lending Expenses	-	-	2,786	6,350
Net Income (Loss) from Securities Lending Activities	-	-	736	344
Total Net Investment Income (Loss)	-	-	(618,562)	139,637
Total Additions	8,453	11,279	(482,133)	254,544
DEDUCTIONS				
Benefits	8,453	11,279	144,495	133,648
Refund of Contributions	-	-	10,223	11,526
Administrative Expense	-	-	3,010	2,687
Total Deductions	8,453	11,279	157,728	147,861
Change in Net Assets	-	-	(639,861)	106,683
Net Assets - Beginning of Year	-	-	2,129,208	2,022,525
Net Assets - End of Year	\$ -	\$ -	\$ 1,489,347	\$ 2,129,208

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
GUARANTY DEPOSITS FUND				
<i>Assets</i>				
Cash	\$ 7,808	\$ 13,832	\$ 11,952	\$ 9,688
Total Assets	<u>\$ 7,808</u>	<u>\$ 13,832</u>	<u>\$ 11,952</u>	<u>\$ 9,688</u>
<i>Liabilities</i>				
Deposits Payable	\$ 7,808	\$ 14,052	\$ 12,172	\$ 9,688
Total Liabilities	<u>\$ 7,808</u>	<u>\$ 14,052</u>	<u>\$ 12,172</u>	<u>\$ 9,688</u>
PAYROLL WITHHOLDING FUND				
<i>Assets</i>				
Cash	\$ 1,098	\$ 237,240	\$ 234,958	\$ 3,380
Accounts Receivable	717	780	756	741
Total Assets	<u>\$ 1,815</u>	<u>\$ 238,020</u>	<u>\$ 235,714</u>	<u>\$ 4,121</u>
<i>Liabilities</i>				
Accounts Payable	\$ 31	\$ -	\$ 31	\$ -
Salaries, Benefits, and Payroll Taxes Payable	1,783	237,572	235,245	4,110
Claims/Judgments Payable	1	10	-	11
Total Liabilities	<u>\$ 1,815</u>	<u>\$ 237,582</u>	<u>\$ 235,276</u>	<u>\$ 4,121</u>
SALARY FUND				
<i>Assets</i>				
Cash	\$ 21	\$ 564,703	\$ 563,900	\$ 824
Accounts Receivable	11	36	11	36
Total Assets	<u>\$ 32</u>	<u>\$ 564,739</u>	<u>\$ 563,911</u>	<u>\$ 860</u>
<i>Liabilities</i>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Salaries, Benefits, and Payroll Taxes Payable	32	13,140	12,312	860
Total Liabilities	<u>\$ 32</u>	<u>\$ 13,140</u>	<u>\$ 12,312</u>	<u>\$ 860</u>
VOUCHER FUND				
<i>Assets</i>				
Cash	\$ -	\$ 2,703,993	\$ 2,703,990	\$ 3
Total Assets	<u>\$ -</u>	<u>\$ 2,703,993</u>	<u>\$ 2,703,990</u>	<u>\$ 3</u>
<i>Liabilities</i>				
Accounts Payable	\$ -	\$ 3	\$ -	\$ 3
Total Liabilities	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 3</u>

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COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Page 2 of 2

AGENCY FUNDS

For the Year Ended December 31, 2008

(In Thousands)

	Balance January 1	Additions	Deductions	Balance December 31
PASS-THROUGH GRANTS FUND				
<i>Assets</i>				
Cash	\$ -	\$ 17,087	\$ 17,087	\$ -
Total Assets	\$ -	\$ 17,087	\$ 17,087	\$ -
<i>Liabilities</i>				
Accounts Payable	\$ -	\$ 17,087	\$ 17,087	\$ -
Total Liabilities	\$ -	\$ 17,087	\$ 17,087	\$ -
 TOTALS - ALL AGENCY FUNDS				
<i>Assets</i>				
Cash and Equity in Pooled Investments	\$ 8,927	\$ 3,536,855	\$ 3,531,887	\$ 13,895
Accounts Receivable	728	816	767	777
Total Assets	\$ 9,655	\$ 3,537,671	\$ 3,532,654	\$ 14,672
<i>Liabilities</i>				
Accounts Payable	\$ 31	\$ 17,090	\$ 17,118	\$ 3
Salaries, Benefits, and Payroll Taxes Payable	1,815	250,712	247,557	4,970
Deposits Payable	7,808	14,052	12,172	9,688
Claims/Judgments Payable	1	10	-	11
Total Liabilities	\$ 9,655	\$ 281,864	\$ 276,847	\$ 14,672

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Capital Assets

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY SOURCE

December 31, 2008

(In Thousands)

	2008	Restated 2007
CAPITAL ASSETS		
Land	\$ 436,084	\$ 415,772
Buildings	1,287,831	1,190,140
Improvements Other than Buildings	647,518	587,219
Equipment	90,918	85,741
Infrastructure	1,126,316	1,051,031
Construction in Progress	173,917	226,271
Other Capital Assets	12,589	11,933
Total Capital Assets	\$ 3,775,173	\$ 3,568,107
INVESTMENT IN CAPITAL ASSETS FROM		
General Fund	\$ 215,659	\$ 199,065
Special Revenue Funds	2,052,958	1,892,778
Capital Project Funds	1,410,662	1,399,245
Donations	95,894	77,019
Total Investment in Capital Assets	\$ 3,775,173	\$ 3,568,107

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION

December 31, 2008

(In Thousands)

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>
General Government	\$ 120,021	\$ 583,440	\$ 105,555
Security of Persons and Property	-	-	-
Transportation	57,906	9,364	-
Economic Environment	1,124	-	-
Judicial	-	-	-
Culture and Recreation	<u>257,033</u>	<u>695,027</u>	<u>541,963</u>
Total	<u>\$ 436,084</u>	<u>\$ 1,287,831</u>	<u>\$ 647,518</u>

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

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SCHEDULE BY FUNCTION

December 31, 2008

(In Thousands)

	Equipment	Infrastructure	Other Capital Assets	Total
General Government	\$ 33,238	\$ -	\$ -	\$ 842,254
Security of Persons and Property	26,347	-	-	26,347
Transportation	9,469	1,126,316	-	1,203,055
Economic Environment	220	-	-	1,344
Judicial	290	-	-	290
Culture and Recreation	21,354	-	12,589	1,527,966
Total	\$ 90,918	\$ 1,126,316	\$ 12,589	3,601,256
Construction in Progress				173,917
Total Investment in Capital Assets				\$ 3,775,173

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION

For the Year Ended December 31, 2008

(In Thousands)

	<u>Restated Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
General Government	\$ 758,629	\$ 83,720	\$ 95	\$ 842,254
Security of Persons and Property	23,268	3,281	202	26,347
Transportation	1,108,396	94,659	-	1,203,055
Economic Environment	1,322	22	-	1,344
Judicial	290	-	-	290
Culture and Recreation	1,449,931	78,346	311	1,527,966
Total	3,341,836	260,028	608	3,601,256
Construction in Progress	226,271	168,408	220,762	173,917
Total Investment in Capital Assets	<u>\$ 3,568,107</u>	<u>\$ 428,436</u>	<u>\$ 221,370</u>	<u>\$ 3,775,173</u>

Statistics

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STATISTICAL INFORMATION

The Statistical Section provides financial statement users with additional historical perspective, context, and detail for them to use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

Financial Trends

These tables contain information to help the reader understand how the City's financial performance and well-being have changed over time.

- S-1** Net Assets by Component
- S-2** Changes in Net Assets
- S-3** Fund Balances of Governmental Funds
- S-4** Changes in Fund Balances of Governmental Funds

Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue sources.

- S-5** Tax Revenues by Source
- S-6** Assessed Value and Estimated Actual Value of Taxable Property
- S-7** Direct and Overlapping Property Tax Rates
- S-8** Principal Property Taxpayers
- S-9** Principal Revenue Sources
- S-10** Property Tax Levies and Collections

Debt Capacity

These tables contain 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.

- S-11** Ratios of Outstanding Debt by Type
- S-12** Ratios of Net General Bonded Debt Outstanding
- S-13** Direct and Overlapping Governmental Activities Debt
- S-14** Legal Debt Margin Information
- S-15** Pledged-Revenue Coverage

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- S-16** Demographic and Economic Statistics
- S-17** Principal Industries

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- S-18** Full-Time-Equivalent City Government Employees by Department/Office
- S-19** Operating Indicators by Department/Office
- S-20** Capital Asset Statistics by Department/Office
Miscellaneous Statistics

Table S-1

NET ASSETS BY COMPONENT

Last Seven Fiscal Years

(Accrual Basis of Accounting)

(In Thousands)

	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 2,184,161	\$ 2,011,575	\$ 1,825,203	\$ 1,679,338
Restricted	271,204	194,618	183,340	142,509
Unrestricted	194,962	322,784	273,696	211,426
Total Governmental Activities Net Assets	\$ 2,650,327	\$ 2,528,977	\$ 2,282,239	\$ 2,033,273
BUSINESS-TYPE ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 1,128,319	\$ 967,028	\$ 813,091	\$ 664,469
Restricted	63,913	48,561	59,161	147,980
Unrestricted	166,634	195,226	234,582	125,159
Total Business-Type Activities Net Assets	\$ 1,358,866	\$ 1,210,815	\$ 1,106,834	\$ 937,608
PRIMARY GOVERNMENT				
Invested in Capital Assets, Net of Related Debt	\$ 3,312,480	\$ 2,978,603	\$ 2,638,294	\$ 2,343,807
Restricted	335,117	243,179	242,501	290,489
Unrestricted	361,596	518,010	508,278	336,585
Total Primary Government Net Assets	\$ 4,009,193	\$ 3,739,792	\$ 3,389,073	\$ 2,970,881

	2004	2003	2002
GOVERNMENTAL ACTIVITIES			
Invested in Capital Assets, Net of Related Debt	\$ 1,584,694	\$ 1,454,419	\$ 1,328,297
Restricted	101,326	126,508	105,898
Unrestricted	137,995	140,079	77,418
Total Governmental Activities Net Assets	\$ 1,824,015	\$ 1,721,006	\$ 1,511,613
BUSINESS-TYPE ACTIVITIES			
Invested in Capital Assets, Net of Related Debt	\$ 641,015	\$ 676,051	\$ 699,396
Restricted	114,795	178,897	278,815
Unrestricted	90,616	(33,219)	(162,022)
Total Business-Type Activities Net Assets	\$ 846,426	\$ 821,729	\$ 816,189
PRIMARY GOVERNMENT			
Invested in Capital Assets, Net of Related Debt	\$ 2,225,709	\$ 2,130,470	\$ 2,027,693
Restricted	216,121	305,405	384,713
Unrestricted	228,611	106,860	(84,604)
Total Primary Government Net Assets	\$ 2,670,441	\$ 2,542,735	\$ 2,327,802

Table S-2
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CHANGES IN NET ASSETS
Last Six Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
EXPENSES						
<i>Governmental Activities</i>						
General Government	\$ 143,855	\$ 103,323	\$ 128,758	\$ 102,362	\$ 104,281	\$ 101,322
Judicial	26,762	24,030	20,344	18,429	19,169	19,211
Public Safety	455,701	396,669	354,083	325,416	322,244	298,120
Physical Environment	7,707	9,991	7,331	6,614	5,530	5,513
Transportation	127,872	124,493	87,610	87,542	88,606	92,749
Economic Environment	104,660	98,337	78,957	91,060	78,455	85,130
Health and Human Services	69,181	63,276	56,904	56,572	51,565	52,406
Culture and Recreation	257,578	224,455	215,081	199,169	196,280	164,488
Interest on Long-Term Debt	39,336	34,048	35,399	39,539	41,499	43,216
Total Governmental Activities Expenses	<u>1,232,652</u>	<u>1,078,622</u>	<u>984,467</u>	<u>926,703</u>	<u>907,629</u>	<u>862,155</u>
<i>Business-Type Activities</i>						
Light	791,837	764,786	699,164	683,476	772,827	777,631
Water	180,855	169,631	161,943	148,992	127,865	124,611
Drainage and Wastewater	231,318	225,833	199,378	178,447	168,689	156,786
Solid Waste	120,941	119,714	114,527	110,044	112,920	112,114
Planning and Development	56,882	56,139	50,203	43,487	45,320	37,114
Downtown Parking Garage	8,545	8,336	8,035	8,414	8,421	8,284
Total Business-Type Activities Expenses	<u>1,390,378</u>	<u>1,344,439</u>	<u>1,233,250</u>	<u>1,172,860</u>	<u>1,236,042</u>	<u>1,216,540</u>
Total Primary Government Expenses	2,623,030	2,423,061	2,217,717	2,099,563	2,143,671	2,078,695
PROGRAM REVENUES						
<i>Governmental Activities</i>						
Charges for Services						
General Government	102,697	69,636	51,071	47,054	43,857	47,394
Judicial	22,032	19,851	17,852	16,794	18,162	16,637
Public Safety	16,254	21,850	14,422	12,788	10,372	9,703
Physical Environment	1,632	1,660	1,587	1,220	1,064	985
Transportation	44,093	28,860	25,306	28,936	17,970	16,699
Economic Environment	17,440	25,100	7,519	12,765	11,072	9,759
Health and Human Services	12	17	62	4	5	-
Culture and Recreation	59,586	57,283	62,768	50,192	49,925	43,860
Operating Grants and Contributions	95,236	93,184	93,850	93,656	86,701	82,391
Capital Grants and Contributions	31,527	31,577	52,174	66,991	55,051	37,007
Total Governmental Activities Program Revenues	<u>390,509</u>	<u>349,018</u>	<u>326,611</u>	<u>330,400</u>	<u>294,179</u>	<u>264,435</u>
<i>Business-Type Activities</i>						
Charges for Services						
Light	872,099	829,679	817,310	733,865	763,793	738,802
Water	163,996	159,967	153,171	145,865	141,305	129,414
Drainage and Wastewater	216,957	201,139	186,118	175,782	162,126	150,631
Solid Waste	124,353	121,913	112,474	111,228	115,144	114,821
Planning and Development	42,929	49,471	44,655	37,695	32,449	27,541
Downtown Parking Garage	6,530	6,805	6,608	6,180	6,185	5,559
Operating Grants and Contributions	4,099	6,208	2,412	2,973	2,618	667
Capital Grants and Contributions	81,425	53,063	49,437	30,750	21,014	31,493
Total Business-Type Activities Program Revenues	<u>1,512,388</u>	<u>1,428,245</u>	<u>1,372,185</u>	<u>1,244,338</u>	<u>1,244,634</u>	<u>1,198,928</u>
Total Primary Government Program Revenues	1,902,897	1,777,263	1,698,796	1,574,738	1,538,813	1,463,363
NET (EXPENSE) REVENUE						
Governmental Activities	(842,143)	(729,604)	(657,856)	(596,303)	(613,450)	(597,720)
Business-Type Activities	122,010	83,806	138,935	71,478	8,592	(17,612)
Total Primary Government Net Expense	<u>(720,133)</u>	<u>(645,798)</u>	<u>(518,921)</u>	<u>(524,825)</u>	<u>(604,858)</u>	<u>(615,332)</u>

Table S-2
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CHANGES IN NET ASSETS
Last Six Fiscal Years
(Accrual Basis of Accounting)
(In Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GENERAL REVENUES AND TRANSFERS						
<i>Governmental Activities</i>						
Taxes						
Property Taxes	\$ 368,515	\$ 359,651	\$ 318,490	\$ 311,613	\$ 296,789	\$ 252,702
Sales Taxes	171,917	171,846	155,311	146,060	130,961	124,951
Business Taxes	330,369	332,238	311,015	280,139	253,733	248,467
Excise	36,091	76,918	58,397	55,507	43,766	32,661
Other Taxes	25,395	12,765	4,929	4,636	4,196	3,799
Penalties and Interest on Delinquent Taxes	2,410	4,276	3,349	2,125	1,941	4,131
Unrestricted Investment Earnings	24,140	33,155	22,021	10,288	5,366	9,370
Gain on Sale of Capital Assets	15,461	891	35,353	2,921	2,296	4,323
Transfers	(10,803)	(10,612)	(9,260)	(8,456)	(9,738)	(9,569)
Total Governmental Activities	<u>963,495</u>	<u>981,128</u>	<u>899,605</u>	<u>804,833</u>	<u>729,310</u>	<u>670,835</u>
<i>Business-Type Activities</i>						
Unrestricted Investment Earnings	13,530	19,106	16,241	10,811	4,269	6,114
Gain on Sale of Capital Assets	1,708	276	1,823	438	2,100	7,469
Transfers	10,803	10,612	9,260	8,456	9,738	9,569
Total Business-Type Activities	<u>26,041</u>	<u>29,994</u>	<u>27,324</u>	<u>19,705</u>	<u>16,107</u>	<u>23,152</u>
Total Primary Government	989,536	1,011,122	926,929	824,538	745,417	693,987
CHANGES IN NET ASSETS						
Governmental Activities	121,352	251,524	241,749	208,530	115,860	73,115
Business-Type Activities	148,051	113,800	166,259	91,183	24,699	5,540
Total Primary Government	<u>\$ 269,403</u>	<u>\$ 365,324</u>	<u>\$ 408,008</u>	<u>\$ 299,713</u>	<u>\$ 140,559</u>	<u>\$ 78,655</u>

Table S-3

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Seven Fiscal Years

(Modified Accrual Basis of Accounting)

(In Thousands)

	2008	2007	2006	2005
GENERAL FUND				
Reserved	\$ 140,325	\$ 129,350	\$ 91,018	\$ 95,855
Unreserved	131,085	197,678	150,280	107,817
Total General Fund	\$ 271,410	\$ 327,028	\$ 241,298	\$ 203,672
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 261,463	\$ 226,965	\$ 218,682	\$ 185,917
Unreserved, Reported in				
Special Revenue Funds	96,337	39,589	41,694	31,368
Capital Projects Funds	-	(1,846)	(3,125)	-
Permanent Funds	121	83	-	-
Total All Other Governmental Funds	\$ 357,921	\$ 264,791	\$ 257,251	\$ 217,285

	2004	2003	2002
GENERAL FUND			
Reserved	\$ 91,507	\$ 76,590	\$ 69,169
Unreserved	40,669	42,228	40,194
Total General Fund	\$ 132,176	\$ 118,818	\$ 109,363
ALL OTHER GOVERNMENTAL FUNDS			
Reserved	\$ 185,176	\$ 250,350	\$ 396,271
Unreserved, Reported in			
Special Revenue Funds	18,391	10,586	29,492
Capital Projects Funds	(3,138)	-	37
Permanent Funds	19	161	624
Total All Other Governmental Funds	\$ 200,448	\$ 261,097	\$ 426,424

Table S-4
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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	2008	2007	2006	2005
REVENUES				
Taxes	\$ 934,544	\$ 957,242	\$ 851,366	\$ 799,928
Licenses and Permits	29,091	33,439	28,348	25,612
Grants, Shared Revenues, and Contributions	133,772	130,869	158,922	155,130
Charges for Services	142,797	149,049	125,245	127,436
Fines and Forfeits	25,572	22,701	21,230	19,759
Parking Fees and Space Rent	37,961	38,029	44,742	42,703
Program Income, Interest, and Miscellaneous Revenues	102,077	81,200	46,892	68,968
Total Revenues	1,405,814	1,412,529	1,276,745	1,239,536
EXPENDITURES				
Current				
General Government	197,591	154,672	160,282	136,309
Judicial	26,584	24,142	20,569	19,229
Public Safety	421,105	377,367	352,395	333,548
Physical Environment	8,454	10,752	7,574	6,902
Transportation	107,532	95,474	82,612	94,806
Economic Environment	109,903	103,350	83,327	95,186
Health and Human Services	70,032	64,490	58,723	57,017
Culture and Recreation	216,114	199,214	191,618	181,318
Capital Outlay				
General Government	11,309	16,823	42,691	36,885
Judicial	-	-	-	6
Public Safety	12,643	38,345	3,928	4,829
Physical Environment	5	10	-	-
Transportation	100,636	105,079	80,913	61,555
Economic Environment	22	270	16	-
Health and Human Services	-	-	-	-
Culture and Recreation	71,666	88,641	85,438	77,023
Debt Service				
Principal	51,855	61,236	71,672	92,198
Advance Refunding to Escrow	35,152	6,270	-	9,596
Interest	35,738	34,923	37,599	36,462
Bond Issuance Cost	632	256	380	438
Other	-	-	177	40
Total Expenditures	1,476,973	1,381,314	1,279,914	1,243,347
Excess (Deficiency) of Revenues over Expenditures	(71,159)	31,215	(3,169)	(3,811)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	84,960	36,365	49,635	60,840
Refunding Debt Issued	54,870	60,870	2,195	71,450
Premium on Bonds Issued	7,545	4,178	378	7,837
Payment to Refunded Bond Escrow Agent	(56,920)	(62,535)	(2,253)	(75,412)
Sales of Capital Assets	408	4,348	35,756	27,218
Transfers In	350,078	306,914	282,578	290,069
Transfers Out	(332,266)	(288,087)	(287,529)	(289,857)
Total Other Financing Sources (Uses)	108,675	62,053	80,760	92,145
Net Change in Fund Balance	\$ 37,516	\$ 93,268	\$ 77,591	\$ 88,334
Debt Service as a Percentage of Noncapital Expenditures	9.46%	8.96%	10.22%	12.92%

Table S-4
Page 2 of 2

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Seven Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES			
Taxes	\$ 731,373	\$ 667,039	\$ 659,155
Licenses and Permits	19,028	17,500	15,134
Grants, Shared Revenues, and Contributions	140,551	120,257	166,927
Charges for Services	112,690	111,736	108,770
Fines and Forfeits	20,795	19,498	17,697
Parking Fees and Space Rent	49,548	48,119	46,125
Program Income, Interest, and Miscellaneous Revenues	32,497	36,183	42,840
Total Revenues	1,106,482	1,020,332	1,056,648
EXPENDITURES			
Current			
General Government	135,100	137,943	119,166
Judicial	19,057	19,116	19,381
Public Safety	310,112	296,290	281,667
Physical Environment	5,814	5,996	5,404
Transportation	69,448	83,412	79,393
Economic Environment	82,525	91,244	100,908
Health and Human Services	51,177	52,058	51,742
Culture and Recreation	182,128	170,820	172,612
Capital Outlay			
General Government	50,014	73,730	105,143
Judicial	-	-	125
Public Safety	5,804	3,433	775
Physical Environment	-	-	13
Transportation	43,788	18,459	27,017
Economic Environment	-	2	339
Health and Human Services	-	-	651
Culture and Recreation	97,426	184,961	177,547
Debt Service			
Principal	50,736	45,241	42,993
Advance Refunding to Escrow	4,558	5,368	30,533
Interest	40,254	42,101	37,785
Bond Issuance Cost	799	381	1,087
Other	160	139	727
Total Expenditures	1,148,900	1,230,694	1,255,008
Excess (Deficiency) of Revenues over Expenditures	(42,418)	(210,362)	(198,360)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	59,481	238,485
Refunding Debt Issued	91,805	4,040	69,360
Premium on Bonds Issued	4,322	2,747	5,837
Payment to Refunded Bond Escrow Agent	(92,833)	(4,039)	(69,119)
Sales of Capital Assets	2,980	6,865	8,297
Transfers In	231,518	245,334	253,633
Transfers Out	(242,663)	(259,938)	(278,792)
Total Other Financing Sources (Uses)	(4,871)	54,490	227,701
Net Change in Fund Balance	\$ (47,289)	\$ (155,872)	\$ 29,341
Debt Service as a Percentage of Noncapital Expenditures	10.02%	9.96%	11.99%

Table S-5

TAX REVENUES BY SOURCE
Last Seven Fiscal Years
(Modified Accrual Basis of Accounting)
(In Thousands)

Year	General Property Tax	Retail Sales and Use Tax	Business Tax	Excise Tax	Other Taxes	Total Taxes
2002	\$ 264,889	\$ 127,296	\$ 244,641	\$ 27,448	\$ 8,588	\$ 672,862
2003	268,300	124,952	248,468	32,661	7,930	682,311
2004	296,775	130,961	253,733	43,766	6,137	731,372
2005	311,461	146,060	280,163	55,507	6,737	799,928
2006	318,366	155,311	311,015	58,572	8,103	851,367
2007	359,651	171,846	332,238	76,918	16,589	957,242
2008	368,362	171,917	332,779	36,091	25,395	934,544

Table S-6

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Assessed and Estimated Actual Value ^a (In Thousands)			Total Direct Tax Rate	Average Annual Growth	Assessed Value Per Capita
	Real Property	Personal Property	Total			
1999	\$ 47,644,309	\$ 3,593,322	\$ 51,237,631	\$ 3.918	11.09 %	\$ 94,797
2000	53,589,860	3,948,166	57,538,026	3.996	12.30	102,131
2001	61,417,305	4,206,170	65,623,475	3.940	14.05	115,514
2002	70,660,338	4,846,254	75,506,592	3.573	15.06	132,282
2003	75,582,369	4,545,919	80,128,288	3.401	6.12	140,109
2004	79,724,601	4,213,495	83,938,096	3.597	4.75	146,591
2005	84,157,435	4,120,671	88,278,106	3.585	5.17	154,063
2006	91,625,334	4,081,299	95,706,633	3.378	8.41	165,382
2007	101,522,467	4,686,021	106,208,488	3.221	10.97	181,312
2008	116,641,027	4,980,103	121,621,130	2.774	14.51	205,164

^a Real property has been assessed at 100 percent of estimated actual value.

Table S-7 DIRECT AND OVERLAPPING PROPERTY TAX RATES^a
Last Ten Fiscal Years
(In Mills or Dollars per Thousand of Assessed Value)

Year of Levy	City of Seattle					Overlapping					Dollars Levied ^d (\$1,000)	Annual Growth
	General Fund ^b	Special Revenue Funds	Debt Service Funds	Fire Pension ^c	City Total	State	County	School	Port of Seattle	Total		
1999	2.819	0.587	0.287	0.225	3.918	3.359	1.774	3.207	0.239	12.497	\$ 640,317	14.2 %
2000	2.705	0.697	0.369	0.225	3.996	3.303	1.689	2.964	0.216	12.168	700,141	9.3
2001	2.538	0.890	0.321	0.191	3.940	3.145	1.552	2.621	0.190	11.448	751,258	7.3
2002	2.334	0.776	0.278	0.185	3.573	2.989	1.450	2.460	0.190	10.662	805,033	7.2
2003	2.250	0.600	0.356	0.195	3.401	2.897	1.349	2.395	0.259	10.301	825,422	2.5
2004	2.402	0.880	0.315	-	3.597	2.757	1.431	2.360	0.254	10.399	872,872	5.7
2005	2.351	0.933	0.301	-	3.585	2.690	1.382	2.302	0.253	10.212	901,496	3.3
2006	2.230	0.870	0.278	-	3.378	2.498	1.329	2.192	0.233	9.630	921,573	2.2
2007	2.084	1.091	0.252	-	3.427	2.325	1.290	2.006	0.232	9.280	985,615	6.9
2008	1.997	0.904	0.173	-	3.074	2.132	1.363	1.895	0.224	8.688	1,056,632	7.2

^a Source: King County Assessor and City of Seattle Budget Office.

^b For the purposes of this table the City's share of the Countywide Emergency Medical Service (EMS) levy is included in the General Fund's tax levy rate. EMS rate is 0.30 in 2008.

^c Fire Pension receives a percentage of the General Fund levy that is set by the City Council. However, starting in 2004, Seattle does not have a separate levy rate for this purpose.

^d Actual dollars levied may differ slightly from this figure due to certain property tax exemptions for low-income, elderly, and handicapped property owners.

Table S-8 PRINCIPAL PROPERTY TAXPAYERS^e
Current Year and Nine Years Ago

Taxpayer ^f	2008			1999		
	Assessed Valuation ^g (In Millions)	Percentage of Assessed Valuation	Rank	Assessed Valuation ^g (In Millions)	Percentage of Assessed Valuation	Rank
Union Square Limited Partnership	\$ 614.2	0.45 %	1	\$ 368.5	0.69 %	4
Columbia Center Property	515.6	0.37	2			
Wright-Runstad & Company	508.3	0.37	3	244.1	0.46	5
Qwest Corporation, Inc. (formerly U. S West Communications)	438.0	0.32	4	608.3	1.14	1
The Boeing Company	417.3	0.30	5	418.7	0.78	2
City Center Associates JV	383.7	0.28	6			
Second and Union (Washington Mutual-Art Museum)	326.8	0.24	7			
999 Third Avenue Property	323.8	0.23	8			
Martin Selig	307.3	0.22	9	216.1	0.40	8
Block 24 Seattle LTD LP (Gerald Hines)	224.8	0.16	10	117.8	0.22	9
EOP Northwest Properties				383.3	0.72	3
Puget Sound Energy/Gas				235.1	0.44	6
Bentall Corporation				234.6	0.44	7
Susa - DBA Seattle Sheraton				111.1	0.21	10

^e Source: King County Assessor.

^f The above listing includes taxpayers paying real and personal property taxes as property owners. It does not include taxpayers paying leasehold excise taxes based on rental payments for property they lease from other entities.

^g Assessed valuations for taxes collected in the succeeding year.

Table S-9
Page 1 of 2

PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)

CITY LIGHT ^a						
Customer Name	2008			1999		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Nucor Steel Corporation	\$ 17,213	3.14 %	1			
City of Seattle	16,007	2.92	2			
University of Washington	14,264	2.60	3	\$ 8,541	2.29 %	3
The Boeing Company	12,015	2.19	4	9,108	2.44	2
Sabey Corporation	9,364	1.71	5			
King County	7,601	1.39	6	2,875	0.77	8
Saint Gobain	5,015	0.92	7	2,969	0.80	7
U. S. Government (excluding the Veterans Administration)	4,581	0.84	8	4,350	1.17	5
Unico Properties/Union Square Ltd.	3,923	0.72	9			
2001 Sixth LLC	3,335	0.61	10	4,284	1.15	6
Ash Grove Cement				2,767	0.74	10
Birmingham Steel Corporation				10,453	2.80	1
Ball-Foster Glass				4,544	1.22	4
Port of Seattle				2,340	0.63	9
Total Top Ten	\$ 93,318	17.04 %		\$ 52,231	14.01 %	

^a Source: Seattle City Light billing records.

WATER ^b						
Customer Name	2008			1999		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
Cascade Water Alliance	\$ 16,537	11.06 %	1	\$ 10,593	12.42 %	1
Northshore Utility District	4,923	3.29	2	2,265	2.66	2
Highline Water District	3,359	2.25	3	2,196	2.58	3
Woodinville Water District	3,127	2.09	4	2,137	2.51	4
Soos Creek Water and Sewer District	2,893	1.93	5	1,611	1.89	5
City of Seattle	2,198	1.47	6			
University of Washington	2,008	1.34	7			
King County Water District #20	1,795	1.20	8	1,263	1.48	6
Port of Seattle	1,527	1.02	9			
City of Mercer Island	1,462	0.98	10	859	1.01	8
Coal Creek Water District #107				1,089	1.28	7
Cedar River Water and Sewer District				843	0.99	9
City of Shoreline				718	0.84	10
Total Top Ten	\$ 39,829	26.63 %		\$ 23,574	27.66 %	

^b Source: Seattle Public Utilities billing records.

Table S-9
Page 2 of 2

PRINCIPAL REVENUE SOURCES
Current Year and Nine Years Ago
(In Thousands)

Customer Name	DRAINAGE AND WASTEWATER ^a					
	2008			2000 ^b		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
University of Washington	\$ 5,452	2.53 %	1	\$ 4,044	3.11 %	1
City of Seattle	5,405	2.51	2			
Port of Seattle	1,896	0.88	3	500	0.38	5
Seattle Housing Authority	1,744	0.81	4	2,245	1.73	2
King County	1,182	0.55	5			
Seattle Public Schools	1,071	0.50	6	391	0.30	6
Harborview Medical Center	875	0.41	7			
Burlington Northern Santa Fe Railway Company	699	0.32	8			
The Boeing Company	680	0.32	9			
Swedish Medical Center	674	0.31	10	528	0.41	4
Seattle Parks Department				695	0.53	3
Westin Hotel				342	0.26	7
Children's Hospital				328	0.25	8
VA Medical Center				319	0.25	9
Sheraton Hotel				295	0.23	10
Total Top Ten	\$ 19,678	9.14 %		\$ 9,687	7.45 %	

^a Source: Seattle Public Utilities (SPU) billing records.

^b Using 2000 data, the latest and closest available in SPU. SPU changed its billing system in 2002, and data prior to this year were discarded unless revenue bonds were issued for the year or ensuing year.

Customer Name	SOLID WASTE ^c					
	2008			2000 ^d		
	Amount	Percent of Revenue	Rank	Amount	Percent of Revenue	Rank
City of Seattle	\$ 707	0.62 %	1	\$ 168	0.20 %	1
Seattle Housing Authority	455	0.40	2			
Goodwill Industries - Seattle	455	0.40	3	134	0.16	3
Swedish Hospital	454	0.39	4			
University of Washington	412	0.36	5	108	0.13	5
Pike Place Market	331	0.29	6			
Value Village	289	0.25	7			
Harborview Medical Center	282	0.25	8			
Clean Scapes	264	0.23	9			
Charlie's Produce	252	0.22	10			
Salvation Army				140	0.17	2
King County Housing Authority				126	0.15	4
Mehrer Drywall, Inc.				82	0.10	6
Emerald City Disposal				71	0.08	7
Shultz Miller, Inc.				49	0.06	8
St. Vincent De Paul				49	0.06	9
McBride Construction Resources				45	0.05	10
Total Top Ten	\$ 3,901	3.41 %		\$ 972	1.16 %	

^c Source: Seattle Public Utilities (SPU) billing records.

^d Using 2000 data, the latest and closest available in SPU. SPU changed its billing system in 2002, and data prior to this year were discarded unless revenue bonds were issued for the year or ensuing year.

Table S-10

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Original Levy	Adjusted Levy ^a	Collected within the Fiscal Year of the Levy		Subsequent Adjustments to Date	Net Levy to Date	Subsequent Collections	Total Collections to Date	
			Amount	Percentage of Adjusted Levy				Amount	Percentage of Net Levy
1999	\$ 198,336,396	\$ 197,555,192	\$ 193,391,180	97.89 %	\$ (138,480)	\$ 197,416,712	\$ 4,025,350	\$ 197,416,530	100.00 %
2000	227,521,963	227,021,914	221,866,901	97.73	(626,969)	226,394,945	4,518,795	226,385,696	100.00
2001	256,449,940	255,338,715	249,952,677	97.89	19,938	255,358,653	5,383,443	255,336,120	99.99
2002	268,091,231	266,379,116	260,750,105	97.89	(148,187)	266,230,929	5,439,610	266,189,715	99.98
2003	270,978,698	269,473,186	264,040,918	97.98	(84,487)	269,388,699	5,330,114	269,371,032	99.99
2004	300,255,001	297,969,060	292,541,786	98.18	(41,154)	297,927,906	791,166	293,332,952	98.46
2005	314,357,618	313,008,315	307,392,432	98.21	(150,716)	312,857,599	1,355,301	308,747,733	98.69
2006	321,085,515	320,407,560	314,611,894	98.19	(200,278)	320,207,282	5,077,483	319,689,377	99.84
2007	361,810,037	360,253,854	354,036,495	98.27	(197,220)	360,056,634	4,605,279	358,641,774	99.61
2008	371,971,172	370,579,618	363,923,901	98.20	-	370,579,618	-	363,923,901	98.20

^a Net of initial adjustments in year of levy.

Table S-11

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(In Thousands, except Per Capita)

Governmental Activities							
Fiscal Year	General	Special					
	Obligation Bonds	Assessment Bonds	Capital Leases				
1999	\$ 646,515	\$ -	\$ 183				
2000	616,300	-	217				
2001	708,495	-	94				
2002	878,495	-	7				
2003	885,715	-	19				
2004	835,020	-	62				
2005	794,075	-	29				
2006	746,365	21,925	15				
2007	720,025	20,545	3				
2008	721,160	19,205	-				

Business-Type Activities							
Fiscal Year	General Obligation Bonds	Light and Power Bonds	Water Bonds	Drainage and Wastewater Bonds	Solid Waste Bonds	Light and Power Revenue Anticipation Notes	Solid Waste Revenue Anticipation Notes
1999	\$ 73,847	\$1,041,342	\$ 587,740	\$ 137,250	\$ 42,565	\$ -	\$ -
2000	73,847	1,103,992	572,560	134,025	39,470	-	-
2001	73,829	1,469,662	607,490	191,725	36,220	182,210	-
2002	73,540	1,429,186	654,130	248,780	32,815	307,210	-
2003	73,177	1,521,526	731,485	244,410	29,230	-	6,200
2004	72,174	1,537,246	795,635	301,195	25,460	-	7,976
2005	71,124	1,472,650	776,790	294,870	21,495	-	11,976
2006	70,023	1,409,215	861,670	334,625	17,325	-	23,576
2007	65,702	1,342,460	841,785	325,460	91,695	-	-
2008	64,524	1,529,375	1,025,480	402,035	87,005	-	-

Primary Government				
Fiscal Year	Total	Percentage of Personal Income ^a	Debt Per Capita	Total Personal Income
1999	\$ 2,529,442	10.80 %	\$ 4,680	\$ 23,425,811
2000	2,540,411	9.88	4,509	25,700,599
2001	3,269,725	12.79	5,756	25,568,477
2002	3,624,163	13.96	6,349	25,966,263
2003	3,491,762	13.37	6,106	26,115,814
2004	3,574,768	13.80	6,243	25,905,569
2005	3,443,009	13.32	6,009	25,857,198
2006	3,484,739	12.41	6,022	28,079,681
2007	3,407,675	10.96	5,813	31,104,558
2008	3,848,784	N/A	6,493	N/A

^a Personal income data is not available for 2008.

**Table S-12 RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING ^a
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Bonded Debt Outstanding (In Thousands)</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1999	\$ 646,515	1.26 %	\$ 1,196
2000	616,300	1.07	1,094
2001	708,495	1.08	1,247
2002	878,495	1.16	1,539
2003	885,715	1.11	1,549
2004	835,020	1.55	1,458
2005	794,075	0.90	1,386
2006	746,365	0.78	1,290
2007	785,727	0.74	1,340
2008	721,160	0.59	1,216

^a Does not include general obligation bonds issued for Downtown Parking Garage; debt service for these bonds is being paid for by user fee revenues derived from the garage.

**Table S-13 DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
December 31, 2008**

<u>Governmental Unit</u>	<u>Net Debt Outstanding (In Thousands)</u>	<u>Percentage Applicable to Seattle ^b</u>	<u>Amount Applicable to Seattle (In Thousands)</u>
Debt Repaid with Property Taxes			
King County ^c	\$ 1,048,574	35.67 %	\$ 374,026
Port of Seattle	378,065	35.67	134,856
Seattle School District No. 001	392,333	99.32	389,665
Highline School District No. 401	313,620	0.01	31
Subtotal Overlapping Debt	2,132,592		898,579
City of Seattle Direct Debt ^d	706,871	100.00	706,871
Total Direct and Overlapping Debt	\$ 2,839,463		\$ 1,605,450

^b Percentage rates were provided by King County except for City of Seattle.

^c Excludes proprietary fund debt, public facilities debt financed from special taxes and hotel and motel tax-financed debt.

^d Excludes general obligation bonds paid for from proprietary funds' operating revenues.

Table S-14

LEGAL DEBT MARGIN INFORMATION

	General Capacity ^a		Special Purpose Capacity ^a		Total Capacity
	Councilmanic (1.5% of Assessed Value)	Voter-Approved (2.5% of Assessed Value)	Open Spaces and Parks (2.5% of Assessed Value)	Utility Purposes (2.5% of Assessed Value)	
Latest Certified Assessed Value - \$137,830,853,871 ^b					
2.50% of Assessed Value	\$ -	\$ 3,445,771,347	\$ 3,445,771,347	\$ 3,445,771,347	\$ 10,337,314,041
1.50% of Assessed Value	2,067,462,808	(2,067,462,808)	-	-	-
	2,067,462,808	1,378,308,539	3,445,771,347	3,445,771,347	10,337,314,041
Statutory Debt Limit Less Debt Outstanding ^c					
Bonds	(643,125,396) ^d	(140,002,618)	-	(6,812,382)	(789,940,396)
Guarantee on PDA Bonds ^e	(89,698,742)	-	-	-	(89,698,742)
Compensated Absences ^f	(70,035,868)	-	-	-	(70,035,868)
Total Debt Outstanding	(802,860,006)	(140,002,618)	-	(6,812,382)	(949,675,006)
Add:					
Available Net Assets In Redemption Funds ^g	11,894,304	2,393,728	-	-	14,288,032
Compensated Absences for Sick Leave ^f	9,905,806	-	-	-	9,905,806
Net Debt Outstanding	(781,059,896)	(137,608,890)	-	(6,812,382)	(925,481,168)
LEGAL DEBT MARGIN	\$ 1,286,402,912	\$ 1,240,699,649	\$ 3,445,771,347	\$ 3,438,958,965	\$ 9,411,832,873

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Net Debt to Debt Limit
1999	\$ 4,315,351,977	\$ 803,906,293	\$ 3,511,445,684	18.63%
2000	4,921,760,643	775,243,975	4,146,516,668	15.75
2001	5,662,994,364	870,367,524	4,792,626,840	15.37
2002	6,009,621,624	1,050,516,663	4,959,104,961	17.48
2003	6,295,357,173	1,058,206,882	5,237,150,291	16.81
2004	6,620,857,929	978,203,235	5,642,354,694	14.77
2005	7,177,997,496	992,974,845	6,185,022,651	13.83
2006	7,965,636,558	943,898,454	7,021,738,104	11.85
2007	9,121,584,801	923,986,450	8,197,598,351	10.13
2008	10,337,314,041	925,481,168	9,411,832,873	8.95

^a Debt limits are established by state law in RCW 39.36.020 and 35.42.200. These figures do not include \$19.7 million of outstanding City obligations to repay loans from the Washington State Public Works Assistance Account, as the State's statutory debt limits do not apply to amounts loaned by the state and federal governments under RCW 39.36. However, Public Works Assistance Account indebtedness does count within the limits in Article VIII of the State Constitution, which prohibits the City's debt from exceeding 1.5 percent of assessed value of taxable property without a vote of the people or a total of 5.0 percent of assessed value of taxable property for general municipal purposes with a vote of the people.

^b RCW 39.36.015 allows incorporated cities to use the "last assessment for city purposes." This assessment was issued as of February 25, 2009, for taxes payable in 2009.

^c State law and the State Auditor's Office require that the liabilities for warrants outstanding and other miscellaneous obligations of the General Fund, other tax-supported funds, and internal service funds be included as debt in calculating the legal debt margin, except when cash, investments, and other cash-equivalent assets in any of these individual funds exceed current liabilities.

^d \$11,150,755, the accreted value of the 1998, Series E, bonds as of December 31, 2008, and not its par value outstanding of \$6,893,602, is recognized in this table.

^e The City guarantees Public Development Authority bonds which create contingent obligations. Currently the City is contingently liable on debt issued by the Museum Development Authority, the Pike Place Market Preservation and Development Authority, the Seattle-Chinatown International District Preservation Development Authority, and the Seattle Indian Service Commission.

^f The State Auditor's Office requires that the liability for compensated absences, to the extent that it is a certain obligation of a determined amount or employee vested, be included as debt in calculating the legal debt margin. All compensated absences except the sick leave estimate meet this criteria.

^g Does not include available net assets in the Local Improvement Guaranty Fund, Interfund Notes Payable Fund, and Local Improvement District No. 6750 Fund because special assessment bonds related to them, if any, are not included in the computation of legal debt margin.

Table S-15

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(In Thousands)

CITY LIGHT PARITY AND JUNIOR LIEN BONDS ^a						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
1999	\$ 377,155	\$ 233,796	\$ 143,359	\$ 42,010	\$ 33,385	1.90
2000	446,154	341,512	104,642	49,126	34,080	1.26
2001	610,468	522,864	87,604	51,052	10,500	1.42
2002	708,202	530,377	177,825	72,373	38,292	1.61
2003	741,559	577,077	164,482	68,689	37,030	1.56
2004	775,245	579,866	195,379	73,668	49,705	1.58
2005	749,289	500,372	248,917	68,932	64,596	1.86
2006	835,005	512,882	322,123	72,408	63,435	2.37
2007	783,775	527,353	256,422	69,858	66,755	1.88
2008	798,108	519,471	278,637	65,218	70,460	2.05

WATER ^b						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
1999	\$ 86,255	\$34,959	\$ 51,296	\$ 19,177	\$ 12,000	1.65
2000	105,358	38,710	66,648	27,239	14,077	1.61
2001	105,345	44,367	60,978	25,274	19,266	1.37
2002	118,160	47,168	70,992	30,415	16,701	1.51
2003	129,561	52,323	77,238	23,987	23,135	1.64
2004	141,313	54,806	86,507	31,891	19,200	1.69
2005	146,119	55,026	91,093	34,347	19,970	1.68
2006	155,175	64,312	90,863	31,030	21,490	1.73
2007	160,161	67,058	93,103	35,030	17,185	1.78
2008	164,405	81,909	82,496	36,266	19,985	1.47

DRAINAGE AND WASTEWATER ^c						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
1999	\$ 125,652	\$ 100,295	\$ 25,357	\$ 3,333	\$ 3,610	3.65
2000	130,817	104,185	26,632	5,081	5,716	2.47
2001	136,238	107,191	29,047	5,263	5,904	2.60
2002	144,486	116,664	27,822	6,420	7,416	2.01
2003	150,722	118,052	32,670	7,023	8,403	2.12
2004	162,118	123,369	38,749	7,987	9,689	2.19
2005	176,482	126,763	49,719	8,055	10,168	2.73
2006	186,832	141,866	44,966	8,049	10,794	2.39
2007	202,408	164,246	38,162	7,824	10,849	2.04
2008	224,109	167,338	56,771	9,872	13,401	2.44

SOLID WASTE ^d						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Interest	Principal	
1999	\$ 81,093	\$ 63,297	\$ 17,796	\$ 1,069	\$ 3,835	3.63
2000	85,257	67,171	18,086	2,279	3,095	3.37
2001	105,511	84,314	21,197	2,107	3,250	3.96
2002	112,090	90,011	22,079	1,945	3,405	4.13
2003	111,738	85,669	26,069	1,767	3,585	4.87
2004	112,168	86,457	25,711	1,580	3,770	4.81
2005	111,231	86,768	24,463	1,382	3,965	4.58
2006	112,474	89,980	22,494	1,175	4,170	4.21
2007	121,931	93,562	28,369	978	4,390	5.28
2008	124,353	90,616	33,737	3,048	4,690	4.36

^a Debt coverage ratios prior to 2005 were based on debt service amounts on parity bonds only; beginning in 2005 the debt service for Junior Lien bonds was included. Operating expenses do not include interest, depreciation, or amortization expenses, except in 2002, 2003, and 2004 when the effect of \$100 million amortization of deferred power costs were also considered in the calculation of coverage ratio.

^b Operating expenses do not include City public utility taxes, depreciation and amortization, interest paid on revenue bonds, and drawdowns on the Bonneville Power Administration account. Coverage ratio was calculated based on the annual debt service requirement on senior lien bonds only, with the exception of 1997 in which the basis was on the average annual debt service requirement for the same type of bonds.

^c Debt service coverage ratio was based on average annual debt service. Interest and principal shown were calculated to match the requirements of bond covenants. Operating expenses do not include City utility taxes, depreciation and amortization, interest, and claims.

^d Debt service requirements for outstanding bond anticipation notes (BAN) were not included in calculating bond coverage ratio. There were outstanding BANS in 2003-2006. Operating expenses do not include City utility taxes, depreciation and amortization, and interest.

Table S-16 **DEMOGRAPHIC AND ECONOMIC STATISTICS**
Last Ten Fiscal Years

Year	Population ^a		Per Capita Income ^b		Median Age ^d King County	Public School ^e Enrollment	King County Average Annual Unemployment ^f Rate
	King County	Seattle	King County	Region PMSA ^c			
1999	1,712,122	556,573	\$ 44,719	\$ 39,880	36.55	47,453	2.7 %
2000	1,737,034	563,374	45,536	40,686	35.70	46,926	3.6
2001	1,758,300	568,100	45,965	41,229	35.92	46,796	5.1
2002	1,774,300	570,800	44,135	40,735	36.13	46,390	6.5
2003	1,779,300	571,900	45,334	41,788	36.38	46,730	6.8
2004	1,788,300	572,600	49,533	45,122	36.60	46,416	4.6
2005	1,808,300	573,000	49,488	45,680	36.83	46,200	4.8
2006	1,835,300	578,700	53,488	49,275	36.93	46,231	4.2
2007	1,861,300	586,200	57,710	53,061	36.97	45,276	3.7
2008	1,884,200	592,800	N/A	N/A	37.00	45,055	4.3

^a As of April 1. Source: Washington State Office of Financial Management, "2008 Population Trends for Washington State" estimates only.

^b Source: U. S. Bureau of Economic Analysis, adjusted for years 2005 and 2006. 2008 is not available.

^c Source: U. S. Bureau of Economic Analysis includes Seattle, Bellevue, and Everett adjusted for years 2005 and 2006. 2008 is not available.

^d Source: Washington State Office of Financial Management.

^e Source: Seattle Public Schools.

^f Preliminary. Source: Washington State Employment Security Department.

Table S-17 **PRINCIPAL INDUSTRIES ^{g,h}**
Current Year and Nine Years Ago

Industry	2008			1999		
	Number of Employees	Percentage of Employment	Rank	Number of Employees	Percentage of Employment	Rank
Retail Trade	146,400	10.0 %	1	145,500	11.0 %	2
Manufacturing Durable Goods	137,400	9.0	2	166,000	12.0	1
Local Government	119,800	8.0	3	105,400	8.0	3
Professional and Technical Services	108,400	7.0	4	89,000	6.0	4
Food Services and Drinking Places	95,900	6.0	5	85,300	6.0	5
Administrative and Waste Services	82,300	6.0	6	81,000	6.0	6
Wholesale Trade	72,500	5.0	7	70,900	5.0	7
State Government	60,000	4.0	8	54,200	4.0	8
Finance and Insurance	58,700	4.0	9	59,200	4.0	9
Ambulatory Health Care Services	54,900	4.0	10	42,800	3.0	10
Total Top Ten Industries	936,300	63.0		899,300	65.0	

^g Source: Washington Employment Security Department Labor Market and Economic Analysis.

^h Data is provided for King County, which includes the Seattle Metropolitan Area.

Table S-18

Page 1 of 2

FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Seven Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
PUBLIC SAFETY				
Fire	1,163.05	1,146.05	1,142.80	1,127.05
Firemen's Pension Board	4.00	4.00	4.00	4.00
Law	155.10	152.10	147.60	137.60
Municipal Court	234.60	235.60	234.60	226.10
Police	1,851.75	1,851.25	1,840.25	1,805.75
Police Relief and Pension Board	3.00	3.00	3.00	3.00
Public Safety	1.00	1.00	1.00	1.00
ARTS, CULTURE, AND RECREATION				
Arts and Cultural Affairs	25.10	24.10	23.10	22.10
Library	533.41	529.03	506.17	478.56
Parks and Recreation	1,002.95	989.45	979.44	941.75
Seattle Center	278.30	278.30	264.80	253.90
HEALTH AND HUMAN SERVICES				
Human Services	323.85	323.60	314.85	305.10
NEIGHBORHOODS AND DEVELOPMENT				
Economic Development	10.50	10.50	21.60	21.00
Housing	41.50	41.75	41.75	41.75
Neighborhoods	87.00	85.00	86.50	86.25
Planning and Development	441.00	434.00	394.50	374.00
UTILITIES AND TRANSPORTATION				
City Light	1,821.33	1,752.33	1,752.10	1,734.10
Seattle Public Utilities	1,458.06	1,367.94	1,402.40	1,399.40
Transportation	778.00	675.50	642.25	622.50
ADMINISTRATION				
City Auditor	9.00	9.00	9.00	9.00
Civil Rights	22.50	22.50	22.50	22.50
Civil Service Commission	1.80	1.80	1.60	1.60
Employees' Retirement System	14.50	14.50	12.50	12.50
Ethics and Elections Commission	5.20	5.20	5.20	5.20
Executive Administration	251.00	246.00	245.00	232.95
Finance	38.00	38.00	35.50	35.50
Fleets and Facilities	308.00	304.50	299.00	294.50
Hearing Examiner	4.75	4.50	4.50	4.90
Information Technology	217.00	216.00	203.50	191.50
Intergovernmental Relations	10.50	10.50	10.50	10.50
Legislative	88.00	87.00	85.00	83.70
Mayor	25.50	24.50	22.50	22.50
Personnel	123.50	121.50	105.00	101.50
Policy and Management	18.50	18.50	16.00	15.00
Sustainability and Environment	7.00	6.00	5.00	4.00
Total Full-Time Equivalents	<u>11,358.25</u>	<u>11,034.50</u>	<u>10,885.01</u>	<u>10,632.26</u>

^a Source: City of Seattle Adopted Budgets.

Table S-18
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FULL-TIME-EQUIVALENT ^a
CITY GOVERNMENT EMPLOYEES
BY DEPARTMENT/OFFICE
Last Seven Fiscal Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>
PUBLIC SAFETY			
Fire	1,117.00	1,109.75	1,125.65
Firemen's Pension Board	4.00	4.00	4.00
Law	146.10	144.60	154.10
Municipal Court	229.35	227.85	255.69
Police	1,823.75	1,815.25	1,882.75
Police Relief and Pension Board	3.00	3.00	4.00
Public Safety	1.00	1.00	1.00
ARTS, CULTURE, AND RECREATION			
Arts and Cultural Affairs	19.85	20.60	19.60
Library	452.31	445.80	462.35
Parks and Recreation	940.72	1,069.78	1,114.09
Seattle Center	284.82	287.62	301.46
HEALTH AND HUMAN SERVICES			
Human Services	324.35	327.85	344.98
NEIGHBORHOODS AND DEVELOPMENT			
Economic Development	23.00	23.75	40.50
Housing	43.25	43.50	57.25
Neighborhoods	87.00	92.13	98.75
Planning and Development	370.25	348.75	344.50
UTILITIES AND TRANSPORTATION			
City Light	1,778.10	1,786.10	1,801.85
Seattle Public Utilities	1,392.90	1,366.73	1,286.73
Transportation	631.50	627.50	628.00
ADMINISTRATION			
City Auditor	11.00	11.00	11.00
Civil Rights	21.50	22.00	24.50
Civil Service Commission	1.60	1.50	2.00
Employees' Retirement System	13.50	13.50	13.50
Ethics and Elections Commission	5.20	5.20	5.50
Executive Administration	238.95	245.35	292.60
Finance	34.00	35.00	35.50
Fleets and Facilities	321.50	313.00	334.00
Hearing Examiner	4.90	4.70	5.80
Information Technology	190.50	174.00	176.00
Intergovernmental Relations	11.50	11.50	12.50
Legislative	81.70	79.70	79.70
Mayor	23.50	23.50	22.00
Personnel	128.00	123.50	138.17
Policy and Management	16.00	15.65	14.00
Sustainability and Environment	4.00	4.00	5.00
Total Full-Time Equivalents	<u>10,779.60</u>	<u>10,828.66</u>	<u>11,099.02</u>

^a Source: City of Seattle Adopted Budgets.

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**OPERATING INDICATORS
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years**

	2008	2007	2006	2005	2004
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$16,351,377	\$17,664,500	\$18,340,656	\$16,657,222	\$45,790,140
Per capita	\$27.52	\$32.76	\$31.69	\$29.13	\$80.07
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	9,461	12,003	12,882	12,098	10,704
Traffic criminal filings	5,124	5,100	4,156	2,098	N/A
DUI filings	1,167	1,390	1,496	1,437	N/A
Non-traffic infraction filings	6,437	7,880	7,310	7,416	6,715
Traffic infraction filings	69,949	74,490	59,828	59,120	56,556
Parking infractions	477,024	430,240	385,852	438,303	505,790
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	432,790	448,104	403,415	454,990	386,127
Parks and Recreation					
Park use permits issued					
Number	599	529	667	649	658
Amount	\$212,403	\$75,459	\$217,782	\$229,420	\$371,419
Facility use permits issued including pools					
Number	24,977	23,487	N/A	N/A	N/A
Amount	\$2,571,854	\$2,374,230	N/A	N/A	N/A
Facility use permits issued excluding pools					
Number	23,577	22,113	2,314	N/A	N/A
Amount	\$2,127,367	\$1,997,402	\$790,551	\$567,975	\$377,523
Picnic permits issued					
Number	3,420	3,469	3,253	3,273	3,028
Amount	\$228,965	\$229,715	\$220,595	\$218,045	\$194,404
Ball field usage					
Scheduled hours	147,911	145,481	144,760	142,360	147,482
Amount	\$1,444,393	\$1,600,578	\$1,413,035	\$1,474,107	\$1,236,699
Weddings					
Number	235	254	238	197	165
Amount	\$80,955	\$87,900	\$82,079	\$69,670	\$36,770
NEIGHBORHOODS AND DEVELOPMENT					
Planning and Development					
Permits					
Number issued	7,893	8,865	8,453	7,178	7,209
Value of issued permits	\$2,528,645,340	\$3,097,812,568	\$2,084,124,540	\$1,682,031,014	\$1,597,349,890
UTILITIES AND TRANSPORTATION					
City Light					
Customers	387,715	383,127	379,230	375,869	372,818
Operating revenues	\$877,392,652	\$832,524,784	\$831,810,233	\$748,552,561	\$777,918,589
Water					
Population served	1,401,000	1,338,974	1,454,586	1,350,346	1,348,200
Billed water consumption, daily average, in gallons	117,406,451	120,690,060	124,955,842	118,854,138	127,725,423
Operating revenues	\$164,405,030	\$160,161,307	\$155,175,008	\$146,118,856	\$141,313,235
Drainage and Wastewater					
Operating revenues	\$224,109,335	\$202,407,690	\$186,832,412	\$176,482,071	\$162,117,805
Solid Waste					
Customers					
Residential garbage customers	166,914	166,052	165,551	165,561	163,977
Residential dumpsters customers	122,503	119,667	117,899	115,838	155,581
Commercial garbage customers	9,747	8,505	8,481	8,697	8,618
Operating revenues	\$124,353,043	\$121,930,923	\$112,474,339	\$111,230,835	\$112,167,705

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**OPERATING INDICATORS
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years**

	2003	2002	2001	2000	1999
PUBLIC SAFETY					
Fire					
Property fire loss					
Total City	\$22,433,417	\$27,874,071	\$62,898,264	\$22,590,756	\$16,481,474
Per capita	\$39.23	\$49.48	\$110.72	\$41.77	\$30.57
Police					
Municipal Court filings and citations					
Non-traffic criminal filings	10,502	10,283	12,948	12,976	N/A
Traffic criminal filings	N/A	N/A	N/A	N/A	N/A
DUI filings	N/A	N/A	N/A	N/A	N/A
Non-traffic infraction filings	17,350	17,515	24,475	16,825	12,997
Traffic infraction filings	72,104	74,076	85,001	94,129	84,883
Parking infractions	441,048	428,960	442,331	436,764	490,274
ARTS, CULTURE, AND RECREATION					
Library					
Library cards in force	352,194	377,720	494,353	451,616	455,489
Parks and Recreation					
Park use permits issued					
Number	633	736	546	579	543
Amount	\$457,360	\$327,115	\$282,275	\$252,526	\$259,098
Park use permits issued including pools					
Number	N/A	N/A	N/A	N/A	N/A
Amount	N/A	N/A	N/A	N/A	N/A
Facility use permits issued excluding pools					
Number	N/A	N/A	N/A	N/A	N/A
Amount	\$338,630	\$300,508	\$324,237	\$281,943	\$197,753
Picnic permits issued					
Number	2,921	3,205	3,764	2,800	3,400
Amount	\$175,663	\$172,942	\$129,018	\$116,000	\$103,451
Ball field usage					
Scheduled hours	138,976	137,127	125,371	114,344	112,079
Amount	\$982,042	\$563,629	\$476,174	\$444,009	\$390,482
Weddings					
Number	160	147	108	N/A	N/A
Amount	\$38,820	\$34,065	\$29,445	N/A	N/A
NEIGHBORHOODS AND DEVELOPMENT					
Planning and Development					
Permits					
Number issued	6,683	6,728	6,658	6,510	6,770
Value of issued permits	\$1,175,475,274	\$1,282,588,182	\$1,736,825,632	\$1,612,566,932	\$1,669,777,218
UTILITIES AND TRANSPORTATION					
City Light					
Customers	365,445	360,632	350,000	349,559	345,513
Operating revenues	\$741,761,472	\$709,330,438	\$632,453,970	\$505,628,699	\$372,750,765
Water					
Population served	1,330,327	1,340,012	1,327,742	1,288,165	1,281,400
Billed water consumption, daily average, in gallons	130,670,298	126,694,524	123,000,000	135,037,807	133,515,367
Operating revenues	\$129,561,327	\$118,160,130	\$105,345,318	\$105,358,307	\$86,254,799
Drainage and Wastewater					
Operating revenues	\$150,721,637	\$144,485,761	\$136,238,195	\$130,816,605	\$125,697,879
Solid Waste					
Customers					
Residential garbage customers	91,317	180,798	159,454	155,330	154,878
Residential dumpsters	111,822	110,807	108,886	105,989	103,913
Commercial garbage customers	8,710	8,856	9,092	N/A	N/A
Operating revenues	\$111,738,282	\$112,089,944	\$105,510,879	\$85,257,112	\$81,093,039

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CAPITAL ASSET STATISTICS

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2008	2007	2006	2005	2004
PUBLIC SAFETY					
Fire					
Boats	3	2	2	2	2
Fire-fighting apparatus	162	163	163	163	163
Stations	33	33	33	33	33
Training towers	2	1	1	1	1
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	5	5	5
Detached units	7	7	7	7	7
Vehicles					
Patrol cars	265	265	252	252	252
Motorcycles	45	45	50	48	48
Scooters	53	50	53	55	58
Trucks, vans, minibuses	84	81	81	79	69
Automobiles	199	197	194	189	187
Patrol boats	10	10	10	9	7
Bicycles	146	137	137	137	126
Horses	8	8	8	8	9
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	27	24	24	24	24
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	10,025,029	9,085,490	8,661,263	7,449,761	6,575,866
Collection, print and non-print	2,446,355	2,352,381	2,273,440	2,173,903	1,889,599
Parks and Recreation					
Major parks		13	13	13	13
Open space acres acquired since 1989	654	638	630	630	630
Total acreage	6,171	6,155	6,036	6,036	6,036
Children's play areas	131	130	130	130	130
Neighborhood playgrounds	38	38	38	38	38
Community playfields	33	33	33	33	33
Community recreation centers	26	26	26	25	25
Visual and performing arts centers	6	6	6	6	6
Theaters	2	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	5
Squares, plazas, triangles	62	62	62	62	62
Viewpoints	8	8	8	8	8
Bathing beaches (life-guarded)	9	9	9	9	7
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit	10,216	10,655	10,655	14,600	14,577

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CAPITAL ASSET STATISTICS
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2003	2002	2001	2000	1999
PUBLIC SAFETY					
Fire					
Boats	2	2	2	2	2
Fire-fighting apparatus	163	170	177	177	176
Stations	33	33	33	33	33
Training tower	1	1	1	1	1
Alarm center	1	1	1	1	1
Utility shop	1	1	1	1	1
Police					
Precincts	5	5	4	4	4
Detached units	7	7	13	13	10
Vehicles					
Patrol cars	252	252	252	252	252
Motorcycles	41	41	38	38	38
Scooters	63	63	69	63	54
Trucks, vans, minibuses	67	67	62	62	55
Automobiles	181	181	173	172	169
Patrol boats	7	7	7	7	8
Bicycles	126	117	126	117	109
Horses	9	10	9	10	10
ARTS, CULTURE AND RECREATION					
Library					
Central and branch libraries	24	24	23	23	23
Mobile units	4	4	4	4	4
Books, audio and video materials, newspapers, and magazines - circulated	5,804,388	6,175,027	5,695,182	4,993,099	4,744,751
Collection, print and non-print	2,004,718	2,031,276	2,002,866	2,017,267	1,968,254
Parks and Recreation					
Major parks	13	13	13	13	13
Open space acres acquired since 1989	630	630	600	600	600
Total acreage	6,036	6,036	6,006	6,006	6,006
Children's play areas	130	130	130	130	130
Neighborhood playgrounds	38	38	38	38	49
Community playfields	33	33	33	33	38
Community recreation centers	24	24	24	24	24
Visual and performing arts centers	6	6	6	6	7
Theaters	2	2	2	2	2
Community indoor swimming pools	8	8	8	8	8
Outdoor heated pools (one saltwater)	2	2	2	2	2
Boulevards	18	18	18	18	18
Golf courses (includes one pitch and putt)	5	5	5	5	2
Squares, plazas, triangles	62	62	62	62	5
Viewpoints	8	8	8	8	62
Bathing beaches (life-guarded)	7	9	9	9	9
Bathing beaches	9	9	9	9	9
Aquarium specimens on exhibit	14,577	20,825	20,825	97,757	100,334

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CAPITAL ASSET STATISTICS

BY DEPARTMENT/OFFICE

Last Ten Fiscal Years

	2008	2007	2006	2005	2004
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,920,700	1,920,700	1,920,700	1,920,700	1,920,700
Maximum system load (KW)	1,900,878	1,767,805	1,822,342	1,714,080	1,798,926
Total system energy (1,000 KW) (firm load)	10,323,915	10,203,415	9,990,486	9,703,046	9,560,928
Meters	402,418	396,206	391,446	387,032	383,883
Water					
Reservoirs, standpipes, tanks	30	30	29	38	68
Fire hydrants	18,436	18,398	18,347	18,475	18,762
Water mains					
Supply, in miles	224	182	182	181	181
Distribution, in miles	1,673	1,674	1,704	1,644	1,657
Water storage in thousand gallons	370,000	377,080	377,080	494,080	494,080
Meters	187,154	185,395	183,699	182,037	181,038
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	473	444	444	464	451
Sanitary sewers, life-to-date, in miles	958	985	985	968	972
Storm drains, life-to-date, in miles	473	472	472	474	467
Pumping stations	65	68	68	68	68
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in miles	1,531	1,531	1,534	1,534	1,534
Non-arterial streets (paved and unpaved), in miles	2,412	2,412	2,412	2,412	2,412
Sidewalks, in miles	2,258	2,256	1,956	1,956	1,954
Stairways	494	482	482	482	479
Length of stairways, in feet	35,215	34,775	34,643	34,643	33,683
Number of stairway treads	23,666	23,407	23,211	23,211	22,471
Street trees					
City-maintained	40,000	35,000	34,000	34,000	34,000
Maintained by property owners	125,000	105,000	100,000	100,000	100,000
Total platted streets, in miles	1,666	1,666	1,666	1,666	1,666
Traffic signals	1,030	1,001	991	1,000	1,000
Parking meters					
Downtown	941	700	747	2,819	4,298
Outlying	97	300	353	904	1967
Parking pay stations					
Downtown ^a	850	1,215	925	758	500
Outlying ^a	1,127	630	565	318	N/A
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	88	88	84	84	85
Partial City maintenance	55	55	55	61	58
Retaining walls/seawalls	582	582	582	582	561

^a City redefined areas in 2008.

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CAPITAL ASSET STATISTICS
BY DEPARTMENT/OFFICE
Last Ten Fiscal Years

	2003	2002	2001	2000	1999
UTILITIES AND TRANSPORTATION					
City Light					
Plant capacity (KW)	1,920,700	1,920,700	1,920,700	1,920,700	2,028,100
Maximum system load (KW)	1,645,998	1,689,666	1,661,842	1,769,440	1,729,933
Total system energy (1,000 KW) (firm load)	9,610,856	9,610,761	9,510,504	10,170,218	10,097,177
Meters	380,828	379,257	375,953	372,329	368,942
Water					
Reservoirs, standpipes, tanks	38	32	32	32	32
Fire hydrants	18,356	18,635	18,345	18,258	18,218
Water mains					
Supply, in miles	181	173	171	163	163
Distribution, in miles	1,662	1,662	1,693	1,659	1,654
Water storage, in gallons	506,570	506,570	506,570	506,570	506,570
Meters	180,149	179,268	179,330	178,122	177,122
Drainage and Wastewater					
Combined sewers, life-to-date, in miles	587	584	583	583	582
Sanitary sewers, life-to-date, in miles	908	825	906	905	903
Storm drains, life-to-date, in miles	461	461	459	457	452
Pumping stations	68	68	68	74	72
Solid Waste					
Transfer stations	2	2	2	2	2
Transportation					
Arterial streets, in miles	1,534	1,508	1,524	1,524	1,524
Non-arterial streets (paved and unpaved), in miles	2,412	2,412	2,706	2,706	2,899
Sidewalks, in miles	1,953	1,952	1,952	1,949	1,949
Stairways	479	471	471	463	463
Length of stairways, in feet	33,683	32,787	32,787	34,766	34,766
Number of stairway treads	22,471	22,108	22,108	23,451	23,451
Street trees					
City-maintained	34,000	31,000	31,000	31,000	31,000
Maintained by property owners	100,000	90,000	90,000	90,000	90,000
Total platted streets, in miles	1,666	1,741	1,658	1,658	1,658
Traffic signals	1,000	1,000	1,000	975	975
Parking meters					
Downtown	7,136	6,836	6,720	6,720	6,720
Outlying	1967	1956	2003	2003	2003
Parking pay stations					
Downtown	N/A	N/A	N/A	N/A	N/A
Outlying	N/A	N/A	N/A	N/A	N/A
Bridges (movable) - City-owned and -operated	4	4	4	4	4
Bridges (fixed)					
City maintenance	85	86	86	87	86
Partial City maintenance	58	58	58	57	56
Retaining walls/seawalls	561	586	586	598	598

MISCELLANEOUS STATISTICS December 31, 2008 - Unless Otherwise Indicated

CITY GOVERNMENT

Date of incorporation	December 2, 1869
Present charter adopted	March 12, 1946
Form: Mayor-Council (Nonpartisan)	

GEOGRAPHICAL DATA

Location:	
Between Puget Sound and Lake Washington	
125 nautical miles from Pacific Ocean	
110 miles south of Canadian border	
Altitude:	
Sea level	521 feet
Average elevation	10 feet
Land area	83.1 square miles
Climate	
Temperature	
30-year average, mean annual	52.4
January 2008 average high	43.6
January 2008 average low	33.7
July 2008 average high	74.9
July 2008 average low	54.9
Rainfall	
30-year average, in inches	36.35
2008-in inches	26.87

POPULATION

Year	City of Seattle	Seattle Metropolitan Area ^{ab}
1910	237,194	N/A
1920	315,685	N/A
1930	365,583	N/A
1940	368,302	N/A
1950	467,591	844,572
1960	557,087	1,107,203
1970	530,831	1,424,611
1980	493,846	1,607,618
1990	516,259	1,972,947
2000	563,374	2,279,100
2001	568,100	2,376,900
2002	570,800	2,402,300
2003	571,900	2,416,800
2004	572,600	2,433,100
2005	573,000	2,464,100
2006	578,700	2,507,100
2007	586,200	2,547,600
2008	592,800	2,580,800
King County		1,884,200
Percentage in Seattle		31.46

^a Source: Washington State Office of Financial Management.

^b Based on population in King and Snohomish Counties.

ELECTIONS (November 4)

Active registered voters	386,699
Percentage voted last general election	86.01
Total voted	332,603

PENSION BENEFICIARIES

Employees' Retirement	5,234
Firemen's Pension	872
Police Pension	671

VITAL STATISTICS

Rates per thousand of residents	
Births (2007)	13.5
Deaths (2007)	7.4

PUBLIC EDUCATION (2008-09 School Year)

Enrollment (October 1)	45,055
Teachers and other certified employees (October 1)	3,229
School programs	
Regular elementary programs	54
Regular middle school programs	10
Regular high school programs	10
K-8 school programs	10
Alternative/Non-traditional school programs	9
Total number of school programs	93

PROPERTY TAXES

Assessed valuation (January 2008)	\$121,621,130,668
Tax levy (City)	\$335,512,466

EXAMPLE – PROPERTY TAX ASSESSMENTS

Real value of property	\$479,100
Assessed value	\$479,100

Property Tax Levied By	Dollars per Thousand	Tax Due
City of Seattle	\$2.77365	\$1,328.85
Emergency medical services	.30000	143.73
State of Washington	2.13233	1,021.60
School District No. 1	1.89563	908.20
King County	1.20770	578.61
Port of Seattle	.22359	107.12
King County Ferry District	.05500	26.35
King County Flood Control Zone	.10000	47.91
Totals	\$8.68790	\$4,162.37

PORT OF SEATTLE

Bonded Indebtedness

General obligation bonds	\$ 378,065,000
Utility revenue bonds	2,540,070,000
Passenger facility charges bonds	209,685,000
Commercial Paper	153,540,000

Waterfront (mileage)

Salt water	13.4
Fresh water	0.7

Value of Land Facilities

Waterfront	\$2,011,149,952
Sea-Tac International Airport	\$4,589,223,432

Marine Container Facilities/Capacities

4 container terminals with 10 berths covering 500 acres
1.704 million TEU's (20-ft. equivalent unit containers)
1 grain facility, 1 general cargo facility, 1 barge terminal
2 cruise terminals

Sea-Tac International Airport

Scheduled passenger airlines	28
Cargo airlines	6
Charter airlines	2
Loading bridges	74

Comprehensive Annual Financial Report 2008

Department of Executive Administration

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Cover

Chief Sealth in Tilikum Place Park at Fifth Avenue, Cedar Street, and Denny Way

Mayor Nickels photo by Davis Freeman

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