SEATTLE PUBLIC UTILITIES -
SOLID WASTE FUND
(An Enterprise Fund of the City of Seattle)

Report of Independent Auditors and Financial Statements with Required Supplementary Information and Supplemental Information

December 31, 2011 and 2010

MOSS-ADAMS LLP

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CONTENTS

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REPORT OF INDEPENDENT AUDITORS

To the Director of Seattle Public Utilities
Solid Waste Fund
Seattle, Washington

We have audited the accompanying balance sheets of Seattle Public Utilities - Solid Waste Fund (the "Fund") as of December 31, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seattle Public Utilities - Solid Waste Fund as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management discussion and analysis is not part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental information following the financial statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information following the financial statements has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Moss Adams LLP

Seattle, Washington
April 26, 2012

As management of Seattle Public Utilities ("SPU"), a department of the City of Seattle (the "City"), we offer readers of SPU's financial statements this narrative overview and analysis of the financial activities of the Solid Waste Fund (the "Fund") for the fiscal years ended December 31, 2011 and 2010. The revenues, expenses, assets, and liabilities of the City of Seattle's solid waste system are recorded in the Solid Waste Fund, the functions of which are primarily supported by user fees and charges charged to customers. The financial situation of other aspects of Seattle City government, including other utility services and general government operations, are reported elsewhere.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Fund's financial statements. The financial statements include Management's Discussion and Analysis and basic financial statements with accompanying notes.

Basic Financial Statements - The basic financial statements of the Fund report information about the Fund using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The basic financial statements begin on page 11 of this report and are comprised of three components: (1) Balance Sheets, (2) Statements of Revenues, Expenses, and Changes in Net Assets, and (3) Statements of Cash Flows.

The Balance Sheets present information, as of December 31, 2011 and 2010, on all of the Fund's assets and liabilities, with the difference between the two reported as net assets. They also provide information about the nature and amounts of investments in resources (assets), obligations to the Fund's creditors (liabilities), and provide the basis for assessing the liquidity and financial flexibility of the Fund.

The Statements of Revenues, Expenses, and Changes in Net Assets present changes in the Fund's net assets for the years ended December 31, 2011 and 2010. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. These statements reflect the results of the Fund's operations for the years identified to provide information about the Fund's credit worthiness and its ability to successfully recover all its costs through service fees and other charges.

The Statements of Cash Flows are required to provide information about the Fund's cash receipts and cash payments during the years ended December 31, 2011 and 2010. To provide answers to questions about sources, uses, and impacts to cash, these statements report cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities for the reporting period.

Notes to the Financial Statements - The notes are an integral part of the financial statements. They provide additional disclosures that are essential to a full understanding of the data provided in the financial statements, such as for certain estimates and financing details. The notes to the financial statements begin on page 16 of this report.

FINANCIAL ANALYSIS

Increases or decreases in net assets may serve over time as a useful indicator of whether the Fund's financial position is improving or deteriorating. At December 31, 2011, the Fund had a surplus in total net assets of $21.4 million compared to a surplus of $15.4 million in 2010. During the year ended December 31, 2011, the Fund's overall position improved, with an increase in net assets of $5.9 million (38.5%), compared to a $6.0 million (63.4%) increase in 2010. The following summary balance sheets present the assets of the Fund and show the mix of liabilities and net assets used to acquire these assets.

SUMMARY BALANCE SHEETS

	2011	2010	2009
ASSETS			
Current assets	$ 31,923,952	$ 23,677,574	$ 17,718,497
Capital assets, net	117,881,371	80,339,414	66,998,313
Other	49,046,256	40,303,559	62,445,283
Total assets	198,851,579	144,320,547	147,162,093
LIABILITIES			
Current liabilities	28,582,874	26,479,803	27,345,657
Long-term debt	124,956,622	79,307,108	81,493,711
Other	23,954,072	23,111,033	28,885,992
Total liabilities	177,493,568	128,897,944	137,725,360
NET ASSETS			
Invested in capital assets, net of related debt	15,339,419	15,579,960	13,094,185
Restricted	447,332	1,000,792	63,348
Unrestricted	5,571,260	(1,158,149)	(3,720,800)
Total net assets	$ 21,358,011	$ 15,422,603	$ 9,436,733

2011 Compared to 2010

Assets - Current assets increased $8.2 million (34.8%) over the prior year. Operating cash increased $8.3 million due to timing of payments for 2011 construction costs for the South Transfer Station. This change was offset by an increase in the allowance for doubtful accounts of $0.3 million, attributed to accounts held with the current commercial contractors and transfer station.

Restricted assets and deferred charges increased $8.7 million (21.7%) from the prior year, primarily due to the issue of the 2011 revenue bond. This resulted in a $4.9 million and $4.6 million increase to the bond reserve and construction cash accounts, respectively. Additionally, there was a $1.6 million increase in vendor deposits which are related to the retainage held from the contractor responsible for the South Transfer Station construction. These increases were offset by a $2.8 million reduction to the balance of deferred charges due to amortization costs.

FINANCIAL ANALYSIS (Continued)

Liabilities - Current liabilities increased $2.1 million (7.9%) from the prior year. This is mostly attributed to the interest payable and revenue bonds due within one year balances increasing $1.1 million and $0.9 million, respectively. These increases are a result of the new bond that was issued in 2011, making the interest and principal payments due the following year greater than in 2010. Furthermore, there was a $0.9 million increase to accounts payable related to the accruals of 2011 expenses. These increases were offset by reductions of $0.3 million and $0.5 million in due to other city funds and current environmental liability, respectively.

Noncurrent and other liabilities increased $0.8 million (3.6%) from 2010. The most significant factor affecting this change was a $1.6 million increase in other noncurrent liabilities, which is a result of the retainage held for the contractor performing the construction of the new South Transfer Station. In addition, the noncurrent portion of compensated absences payable increased by $0.2 million. These increases were offset by a $1.0 million decrease in the noncurrent portion of the accrued landfill closure/postclosure costs, net of current portion.

Net Assets - A portion of the Fund's net assets ($15.3 million) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers. Consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. During 2011, net assets invested in capital assets decreased $0.2 million due to increases in debt; however, the impact of additional debt was offset by a $37.5 million increase in capital assets.

The Fund's restricted net assets represent resources that are subject to restrictions on how they may be used. This portion of net assets decreased $0.5 million due to reductions in the deferred charges balances.

The remaining portion of the Fund's net assets ($5.6 million) represents resources that are unrestricted. The unrestricted portion of net assets increased $6.7 million from the prior year primarily due to a rate increase and increased recycling revenues.

2010 Compared to 2009

Assets - Current assets increased $6.0 million (33.6%) over the prior year. Operating cash increased $6.4 million due to reduced bond principal and interest payments and the timing of payment for yearend construction invoices. These changes were offset by an increase in the allowance for doubtful accounts of $0.7 million, attributed to accounts associated with a prior commercial contractor.

Restricted and deferred charges decreased $22.1 million (35.5%) from the prior year, primarily due to a change in the construction fund cash, of which $16.8 million was spent on construction projects. In addition, the deferred landfill closure and post closure costs decreased $5.4 million. The reduction is attributed to lower estimated consultant costs and staff time as a result of the reduced monitoring requirements.

FINANCIAL ANALYSIS (Continued)

Liabilities - Current liabilities decreased $0.9 million (3.2%) from the prior year. This is mostly attributed to a $4.2 million decrease in the current portion of the environmental liability since remediation work for one of the Fund's environmental sites was substantially complete in 2010. This decrease was offset by $1.4 million increase in deferred credits and other resulting from services billed in advance and an increase in accounts payable of $2.0 million.

Noncurrent and other liabilities decreased $5.8 million (20.0%) from 2009. The most significant factor affecting this change is a $4.6 million decrease in the noncurrent portion of the landfill closure and postclosure liability. The liability for monitoring frequency was reduced, resulting in future lower staff and consultant costs. In addition, the noncurrent environmental liability declined by $1.6 million because remediation work at one site is substantially complete. The decrease was offset by an increase of $0.3 million in other noncurrent liabilities which was attributed to escrow deposits collected from a contractor responsible for construction at the South Transfer Station.

Net Assets - A portion of the Fund's net assets ($15.6 million) reflects the Fund's investment in capital assets such as land, buildings, and equipment, less any related outstanding debt used to acquire those assets. The Fund uses these assets to provide services to customers. Consequently, these assets are not available for future spending. Although the Fund's investment in its capital assets is reported net of related debt, the resources needed to repay the debt are provided by fees paid by customers for services provided by these assets. During 2010, net assets invested in capital assets increased $2.5 million due to increases in the balance of construction in progress and capital assets placed in service, offset by reduced levels of debt.

The Fund's restricted net assets represent resources that are subject to restrictions on how they may be used. This portion of net assets increased $0.9 million due to reductions in the environmental liabilities and deferred environmental costs.

The remaining portion of the Fund's net assets is in a deficit position ($1.2 million deficit) and represents resources that are unrestricted.

The following summary statements of revenues, expenses, and changes in net assets present the annual surplus (or deficit) of revenues over expenses (the change in net assets):

SUMMARY STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	2011	2010	2009
Operating revenues	$ 154,200,068	$ 146,979,758	$ 131,746,377
Operating expenses	(147,058,110)	(141,096,912)	(141,043,108)
Net operating income (loss)	7,141,958	5,882,846	(9,296,731)
Other expenses, net of other revenues	(1,947,813)	(679,382)	(244,525)
Fees, contributions, and grants	741,263	782,406	981,660
Change in net assets	$ 5,935,408	$ 5,985,870	$ (8,559,596)

FINANCIAL ANALYSIS (Continued)

2011 Compared to 2010

Current year operating revenues increased approximately $7.2 million, or 4.9%, compared to the prior year. The key factor affecting this change was an approximate 7.5% increase in rates effective January 1, 2011.

Operating expenses increased $6.0 million (4.2%) compared to 2010. The largest impact of this increase was in the general and administrative expenses, which was due to the purchase of approximately $3.3 million of solid waste containers. In addition, city taxes increased $0.9 million and certain deferred charges began amortizing in 2011 which attributed to a $1.5 million increase in depreciation and amortization expense. These increases were offset by savings in the customer services branch of $1.1 million and a reduction in solid waste collection costs of $0.6.

Other income (expenses), increased $1.3 million (186.7%). One of the factors attributing to the increase was a $0.5 million increase to interest expense, which is attributed to the bond issued in 2011. Another factor contributing to the increase was a $0.2 million rise in other, net which was an increase in the clean cities program expense. In addition, there was $0.2 million spent for database setup, licensing, and maintenance relating to the yellow pages opt-out program that took effect in 2011. Lastly, in 2010 there was a one-time $0.6 million environmental recovery received, which attributed to the lower expense balance.

Fees, contributions, and grants decreased $0.04 million (5.2%) primarily because there was $0.06 million less in grant expenses reimbursed for various grants obtained from the Washington State Department of Ecology. This reduction was offset by $0.02 million increase in capital fees, contributions, and grants.

2010 Compared to 2009

Current year operating revenues increased approximately $15.2 million, or 11.6%, compared to the prior year. The key factor affecting this change was an approximate 11.5% increase in rates effective January 1, 2010. The remaining variance of 8.6% is because the rate increase in 2009 did not take effect until March 30, 2009.

Operating expenses increased $0.1 million (0.1%) compared to 2009. The impacts of the increase in solid waste collection expenses of $6.0 million were significantly reduced by savings in payroll costs, city taxes and landfill closure costs. The payroll savings of $0.7 million resulted from mandatory furloughs, reduction in overtime and higher labor costs charged to capital projects. City tax savings of $3.3 million were realized from the cancellation of the landfill closure tax effective January 1, 2010. The customer services branch spent $0.7 million less than in 2009 on professional service and public relations contracts. The higher expense on these contracts in 2009 was a result of the new solid waste services being implemented in March 2009. Finally, the landfill closure costs were fully amortized in 2009 resulting in a $1.2 million reduction in amortization costs.

Other income (expenses), increased $0.4 million (177.8%). The main factor affecting this change was a decrease in investment income. The Fund's cash reserve balances dropped by $10.4 million due to increased construction costs at the South Transfer Station.

FINANCIAL ANALYSIS (Continued)

Fees, contributions, and grants decreased $0.2 million (20.3%) primarily because of the South Park Landfill MTCA grant received from the Washington State Department of Ecology. In 2009, the Fund was allowed to receive a grant reimbursement for retroactive costs spanning back to 2007 resulting in higher than average operating grant revenues. During 2010, the Fund was only reimbursed for costs incurred during the operating year.

CAPITAL ASSETS

The following table summarizes capital assets, net of accumulated depreciation, by major asset category as of December 31, 2011, 2010, and 2009:

SUMMARY OF CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	2011	2010	2009
Land and land rights	$ 1,791,096	$ 1,791,096	$ 1,791,096
Buildings	1,452,599	1,756,295	2,124,853
Structures	462,400	482,850	520,000
Machinery and equipment	23,434,751	25,684,052	21,729,388
Computer systems	5,151,751	5,889,296	4,653,179
Construction in progress	83,819,741	42,966,810	34,414,914
Other property	1,769,033	1,769,015	1,764,883
Capital assets, net of accumulated depreciation	$ 117,881,371	$ 80,339,414	$ 66,998,313

Additional information about the Fund's capital assets can be found in Note 3 of this report.

2011 Compared to 2010

The Fund's capital assets (net of accumulated depreciation) for the year ended December 31, 2011 is $117.9 million. This represents an increase of approximately $37.5 million (46.7%) compared to 2010. The Fund spent $43.4 million for construction projects, of which $2.3 million was capitalized as assets and deferred charges. This increase in assets was offset by $0.5 million for asset retirements and $6.2 million for depreciation.

Highlights of the Fund's capital assets placed in service during 2011 include the following:

- $1.2 million for new heavy equipment at the South Transfer Station, such as two wheel loaders and a street sweeper.
- $0.1 million for various project delivery and performance upgrades.
- $0.3 million for IT infrastructure upgrades, including an upgrade to the 2011 Server Program.
- $0.3 million for the new Financial Resource Management (FRM) and Cognos application.

CAPITAL ASSETS (Continued)

The Fund's construction in progress activity during 2011 primarily included $40.1 million for the South Transfer Station rebuild.

2010 Compared to 2009

The Fund's capital assets (net of accumulated depreciation) for the year ended December 31, 2010 is $80.3 million. This represents an increase of approximately $13.3 million (19.9%) compared to 2009. The Fund spent $17.8 million for construction projects, of which $9.1 million was capitalized as assets and deferred charges. This increase in assets was offset by $0.9 million for asset retirements and $5.6 million for depreciation.

Highlights of the Fund's capital assets placed in service during 2010 include the following:

- $5.6 million for new solid waste containers.
- $0.4 million for the Enterprise Project Management System (EPMS).
- $0.8 million for the SWDI Data Warehouse to maintain the solid waste contractor data.
- $0.3 million for the Customer Contact Management application used by the call center.
- $0.3 million for the South Transfer Station hazardous household waste building.

Highlights of the Fund's construction in progress activity during 2010 include the following:

- $9.3 million for the South Transfer Station rebuild.
- $1.1 million for the North Transfer Station rebuild.

DEBT ADMINISTRATION

The Fund's debt primarily consists of bonded debt, which is secured solely by solid waste revenues and provides financing for capital improvements. The Fund upgraded the credit rating on its bonds to AA from AA- by Standard & Poor's Rating Service and maintained the Aa3 rating from Moody's Investors Service. Additional information about the Fund's long-term debt can be found in Note 4 of this report.

2011 Compared to 2010

At the end of 2011, the Fund had $122.2 million in bonded debt, as compared to $78.5 million in 2010, all of which was secured solely by solid waste revenues. This increase of $43.7 million is primarily attributed to the issue of the 2011 bond. The Fund used the remaining proceeds of the 2007 revenue and refunding bonds in 2011, and now uses proceeds of the 2011 revenue bonds to finance various capital projects.

DEBT ADMINISTRATION (Continued)

2010 Compared to 2009

At the end of 2010, the Fund had $78.5 million in bonded debt, as compared to $80.5 million in 2009, all of which was secured solely by solid waste revenues. This decrease of $2.0 million represents payments of debt principal during 2010. The Fund continues to use proceeds of the 2007 revenue and refunding bonds to finance various capital projects.

ECONOMIC FACTORS AFFECTING NEXT YEAR

Effective January 1, 2012, the Fund adopted a rate increase of approximately 6.5% for residential services. This rate increase is expected to bring an additional $11.9 million in operating revenues to the Fund in 2012.

REQUESTS FOR INFORMATION

The Fund's financial statements are designed to provide a general overview of the Fund's finances, as well as to demonstrate the Fund's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Seattle Public Utilities, Finance and Administration Branch, Finance Division, PO Box 34018, Seattle, WA 98124-4018, telephone: (206) 684-3000.

SEATTLE PUBLIC UTILITIES - SOLID WASTE FUND
(An Enterprise Fund of the City of Seattle)
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and equity in pooled investments	$ 18,567,230	$ 10,270,459
Accounts receivable, net of allowance for doubtful accounts of $1,597,220 and $1,274,976, respectively	11,701,473	11,867,489
Unbilled revenues	371,327	363,406
Due from other City funds	58,041	109,065
Due from other governments	944,550	899,370
Materials and supplies inventory	142,276	138,472
Other	139,055	29,313
Total current assets	31,923,952	23,677,574
RESTRICTED ASSETS		
Bond reserve account, cash and equity in pooled investments	4,886,263	-
Construction fund		
Escrow deposits	1,908,710	307,592
Cash and equity in pooled investments	16,095,020	11,498,384
Total restricted assets	22,889,993	11,805,976
DEFERRED CHARGES AND OTHER		
Unamortized bond issue costs	1,403,035	964,394
Deferred environmental costs	6,269,630	7,937,537
Deferred landfill closure and postclosure costs	17,656,192	18,771,546
Other deferred charges	827,406	824,106
Total deferred charges and other	26,156,263	28,497,583
CAPITAL ASSETS, at cost		
Capital assets, excluding land	76,635,601	74,199,745
Less accumulated depreciation	(46,134,100)	(40,387,252)
	30,501,501	33,812,493
Construction in progress	83,819,741	42,966,810
Land and land rights	1,791,096	1,791,096
Other property	1,769,033	1,769,015
Total capital assets	117,881,371	80,339,414
TOTAL ASSETS	$ 198,851,579	$ 144,320,547

See accompanying notes.

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES		
Accounts payable	$ 10,670,769	$ 9,728,674
Accrued payroll and payroll taxes payable	533,607	498,181
Taxes payable	284,840	441,403
Interest payable	2,693,429	1,593,854
Due to other City funds	1,139,364	1,470,759
Claims payable	273,284	287,529
Compensated absences payable	136,960	133,389
Revenue bonds due within one year	2,960,000	2,075,000
Environmental liability	404,640	894,000
Accrued landfill closure and postclosure costs	1,645,113	1,291,784
Deferred credits and other	7,840,868	8,065,230
Total current liabilities	28,582,874	26,479,803
REVENUE BONDS		
Revenue bonds, due serially	122,165,000	78,490,000
Less revenue bonds due within one year	(2,960,000)	(2,075,000)
Bond premiums	5,937,479	3,101,198
Loss on refunding	(185,857)	(209,090)
Total revenue bonds	124,956,622	79,307,108
NONCURRENT AND OTHER LIABILITIES		
Environmental liability	948,733	824,565
Accrued landfill closure/postclosure costs, net of current portion	18,317,058	19,362,171
Compensated absences payable	1,481,926	1,472,577
Other postemployment benefits	693,230	517,017
Claims payable	604,415	627,111
Other noncurrent liabilities	1,908,710	307,592
Total noncurrent and other liabilities	23,954,072	23,111,033
Total liabilities	177,493,568	128,897,944
NET ASSETS		
Invested in capital assets, net of related debt	15,339,419	15,579,960
Restricted	447,332	1,000,792
Unrestricted accumulated deficit	5,571,260	(1,158,149)
Total net assets	21,358,011	15,422,603
TOTAL LIABILITIES AND NET ASSETS	$ 198,851,579	$ 144,320,547

See accompanying notes.

SEATTLE PUBLIC UTILITIES - SOLID WASTE FUND
(An Enterprise Fund of the City of Seattle)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
OPERATING REVENUES		
Direct service	$ 91,472,742	$ 86,158,616
Commercial service	46,692,923	45,279,472
Other	16,034,403	15,541,670
Total operating revenues	154,200,068	146,979,758
OPERATING EXPENSES		
Solid waste collection	90,247,538	90,850,804
Pre-capital planning and development	134,029	85,931
Utility systems management	2,733,942	1,561,889
Field operations	7,571,796	7,761,700
Project delivery	781,365	568,893
Customer services	6,070,550	7,181,195
General and administrative	12,914,389	9,528,194
City taxes	15,051,538	14,182,762
Other taxes	2,788,985	2,459,613
Depreciation and amortization	7,423,153	5,307,037
Amortization of landfill closure and postclosure costs	1,340,825	1,608,894
Total operating expenses	147,058,110	141,096,912
NET OPERATING INCOME	7,141,958	5,882,846
OTHER INCOME (EXPENSES)		
Investment income	320,944	213,261
Interest expense	(3,011,758)	(2,511,614)
Amortization of bond premiums	195,470	134,835
Amortization of bond refunding loss	(23,232)	(23,232)
Amortization of debt expenses	(51,738)	(41,930)
Gain on sale of capital assets	63,841	(9,691)
Other, net	558,660	1,558,989
Total other expenses	(1,947,813)	(679,382)
FEES, CONTRIBUTIONS, AND GRANTS		
Capital fees, contributions, and grants	23,116	-
Operating fees, contributions, and grants	718,147	782,406
Total fees, contributions, and grants	741,263	782,406
CHANGE IN NET ASSETS	5,935,408	5,985,870
NET ASSETS		
Beginning of year	15,422,603	9,436,733
End of year	$ 21,358,011	$ 15,422,603

See accompanying notes.

SEATTLE PUBLIC UTILITIES - SOLID WASTE FUND
(An Enterprise Fund of the City of Seattle)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 154,135,144	$ 148,782,701
Cash paid to suppliers	(98,761,537)	(102,193,269)
Cash paid to employees	(20,210,908)	(20,466,081)
Cash paid for taxes	(18,460,710)	(15,867,261)
Net cash provided by operating activities	16,701,989	10,256,090
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES		
Operating grants received	722,647	782,406
Rental income	2,160	1,596
Other non operating cash inflows	4,761,428	5,295,581
Other non operating cash outflows	(3,534,897)	(3,110,994)
Net cash provided by non-capital financing activities	1,951,338	2,968,589
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of bonds	48,457,464	-
Proceeds from sale of fixed assets	111,451	66,291
Principal payments on revenue bonds	(2,075,000)	(1,980,000)
Capital expenditures and deferred charges	(42,132,186)	(17,787,996)
Interest paid on long-term debt	(3,775,027)	(3,866,504)
Debt issuance costs	(166,092)	-
Net cash provided by (used in) capital and related financing activities	420,610	(23,568,209)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	306,851	228,629
NET INCREASE (DECREASE) IN CASH AND EQUITY IN POOLED INVESTMENTS	19,380,788	(10,114,901)
CASH AND EQUITY IN POOLED INVESTMENTS		
Beginning of year	22,076,435	32,191,336
End of year	$ 41,457,223	$ 22,076,435

See accompanying notes.

	2011	2010
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	$ 7,141,958	$ 5,882,846
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Amortization of landfill closure and postclosure costs	1,340,825	1,608,894
Depreciation and amortization	7,423,153	5,307,037
Changes in operating assets and liabilities:		
Unbilled revenues	(7,921)	(206,108)
Accounts receivable	166,016	323,440
Due from other City funds	51,024	130,271
Due from other governments	(45,180)	156,303
Materials and supplies inventory	(3,804)	15,477
Other assets	(95,647)	(12,225)
Accounts payable	942,095	2,049,379
Vendor deposit payable	1,601,118	307,592
Accrued payroll and payroll taxes payable	35,426	15,014
Taxes payable	(156,563)	(67,173)
Compensated absences payable	12,920	(47,775)
Other post-employment benefits	176,213	96,104
Due to other City funds	(331,395)	(84,572)
Claims payable	(36,941)	69,415
Accrued landfill closure and post-closure costs	(917,254)	(853,887)
Environmental liability	(365,192)	(5,832,976)
Deferred credits and other liabilities	(228,862)	1,399,034
Total adjustments	9,560,031	4,373,244
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 16,701,989	$ 10,256,090
NONCASH TRANSACTIONS		
Increase in fair value of investments	$ 30,970	$ 11,175
Contributed infrastructure	23,115	-
Total noncash transactions	$ 54,085	$ 11,175

Note 1 - Operations and Summary of Significant Accounting Policies

Operations - The City of Seattle, Seattle Public Utilities - Solid Waste Fund (the "Fund") is a public utility enterprise fund of the City of Seattle (the "City"). The Fund was established to account for the solid waste activities of Seattle Public Utilities ("SPU"). These activities include the collection and disposal of residential and commercial garbage, recycling, and yard waste, operation of the City's two transfer stations and two household hazardous waste facilities, and management of the post closure maintenance and environmental monitoring of the City's two closed landfills. The collection, disposal and/or processing of garbage, yard waste, and recyclable materials is performed by private contractors, under contract with the Fund.

On January 1, 1997, the City created SPU, which brought together under one administrative umbrella the water, solid waste, and drainage and wastewater functions of the City. The Fund (as well as SPU's other funds) remains separate for accounting purposes.

SPU receives certain services from other departments and agencies of the City, including some that are normally considered to be general and administrative. The Fund is charged a share of these costs and additionally pays a business and occupation tax to the City's General Fund. During 2011 and 2010, the Fund paid $3,318,622 and $3,580,089, respectively, to the City for its share of general and administrative services. Additionally, the Fund paid $12,262,446 and $11,324,302 in 2011 and 2010, respectively, to the City for business and occupation taxes, as well as $2,789,092 and $2,858,460, respectively, in tonnage taxes on waste collected and transferred in the City for disposal.

Solid waste collection and disposal services provided to other City departments and agencies are billed at rates prescribed by City ordinances. The Fund collected $739,897 in 2011 and $718,854 in 2010 from the City for solid waste services provided.

The utility billing function is co-managed by both SPU and Seattle City Light ("SCL"). SPU provides customer service through the call center and walk-in center. SCL operates and manages the billing system, Combined Customer Services System ("CCSS"). SPU and SCL billed and reimbursed each other for these services in 2011 and 2010. Within SPU, the cost and reimbursements were shared among its three utility funds (Water, Drainage and Wastewater, and Solid Waste). The Fund received reimbursements related to the call center and walk-in center of $1,396,068 in 2011 and $1,589,558 in 2010. The Fund paid $384,364 and $307,173 for CCSS services in 2011 and 2010, respectively, which does not include reimbursements to SCL for the Fund's share of capital costs to upgrade the CCSS system.

The Fund is subject to regulation by the City and the State of Washington. Service rates are authorized by ordinances passed by the Seattle City Council. Accounting policies and financial reporting are regulated by the Washington State Auditor's Office, and conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Fund has chosen to apply all pronouncements and interpretations issued by the GASB, as well as those issued by the Financial Accounting Standards Board ("FASB") on or before November 30, 1989, except when they conflict with the GASB.

Note 1 - Operations and Summary of Significant Accounting Policies (Continued)

Basis of Accounting - The Fund is accounted for on a flow of economic resources measurement focus. Its financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units using the accrual basis of accounting. With the flow of economic resources measurement focus, all assets and liabilities associated with the Fund's operations are included on the balance sheets. The operating statements present increases (revenues) and decreases (expenses) in total net assets.

Cash and Equity in Pooled Investments - Cash resources of the Fund are combined with cash resources of the City to form a pool of cash that is managed by the City's Finance and Administration Services Department. Under the City's investment policy, the Finance and Administration Services Department invests all temporary cash surpluses either directly or through a "sweep account." 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. The Fund's share of the pool is included in the accompanying Balance Sheets under the caption "cash and equity in pooled investments." The pool operates like a demand deposit account in that all City departments may deposit cash at any time and can also withdraw cash out of the pool without prior notice or penalty. Accordingly, the Statements of Cash Flows reconcile to cash and equity in pooled investments. Cash and equity in pooled investments are reported at fair market value.

Investments - The Fund's restricted cash resources are invested by the Finance and Administration Services Department separate from the cash and investments pool. Investments are managed in accordance with the City's investment policy, with limits and restrictions applied at the City-wide level rather than to specific investments of the Fund. These investments are reported at fair value.

Receivables and Unbilled Revenues - 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. Receivables are shown net of allowances for doubtful accounts. The Fund also accrues an estimated amount for services that have been provided but not billed. Activity between funds that is outstanding at the end of the year, not related to the provision of utility services, is reported as due from other funds.

Allowance for Doubtful Accounts - A reserve has been established for uncollectible accounts receivable based on actual historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely.

Materials and Supplies Inventory - The Fund values its inventory based on a moving average method. The most recent total cost of an inventory item is divided by the total units of the item that remain in inventory to determine the moving average cost of the item. The moving average cost is then applied to all the units of the inventory item.

Restricted Assets - The construction fund accounts are comprised of unexpended bond proceeds, a portion of which are scheduled to be spent during 2012.

Note 1 - Operations and Summary of Significant Accounting Policies (Continued)

Unamortized Bond Issue Costs - Costs associated with the issuance of bonds are amortized to expense over the term of the related debt. Amortization expense is calculated under the straight-line method.

Deferred Environmental Costs - The Fund is involved in several remediation efforts around the City (see Note 10). The estimated costs associated with these efforts are deferred when accrued and will be amortized over the period of recovery through rates.

Other Deferred Charges - Other deferred charges primarily include costs related to leasehold improvements and plans such as the Comprehensive Solid Waste plan. The Fund amortizes these charges over a 5 to 30 year period.

Capital Assets - Capital assets are stated at cost or, if contributed, at fair value at the date of contribution. Costs include direct materials, labor, and indirect costs such as engineering, supervision, payroll taxes, pension benefits, and interest relating to the financing of projects under construction. The cost of current repairs and maintenance is charged to expense, while the cost of improvements is capitalized. SPU's policy is to capitalize assets with a cost of $5,000 or more. Capital contributions are recorded as revenue under "Fees, contributions, and grants."

Construction in Progress - Capitalizable costs incurred on projects that are not in use or ready for use are held in construction in progress. When the asset is ready for use, related costs are transferred to capital assets. Upon determining that a project will be abandoned, the related costs are charged to expense.

Other Property - Other property is stated at cost, or if contributed, the fair value at the date of contribution. In 1990, the Fund purchased 350 acres of land surrounding the Kent-Highlands landfill. A portion of this land will become part of the landfill area, with the excess held for sale. This property is carried at cost as other property on the balance sheets. Other property also includes artwork acquired through the City's "One Percent for Art" program, which supports the City ordinance established to direct the inclusion of works of art in public spaces within the City.

Depreciation - Capital assets are depreciated on the straight-line method over estimated useful lives as follows:

Buildings	10–50 years
Transfer stations, scale houses, and related improvements	5–33 years
Machinery and equipment	3–20 years
Structures	10–15 years
Computer systems	5–8 years

For most assets, it is SPU's policy to begin depreciation in the year following acquisition and to record a full year's depreciation in the year of disposition. This does not apply to heavy equipment, for which depreciation begins in the month following the equipment's in-service date to more accurately allocate equipment costs to various activities.

Note 1 - Operations and Summary of Significant Accounting Policies (Continued)

Environmental Liabilities - The Fund has accrued a liability for pollution remediation activities in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 outlines five specific obligating events that give rise to estimating expected pollution remediation outlays. These outlays may be accrued as a liability and expensed or if appropriate, capitalized.

The Fund will accrue a liability if any of the following obligating events occurs:

- The Fund is compelled to take pollution remediation action because of an imminent endangerment.
- The Fund violates a pollution prevention-related permit or license.
- The Fund is named, or evidence indicates it will be named, by a regulator as a potentially responsible party ("PRP") for remediation.
- The Fund is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation.
- The Fund commences or legally obligates itself to commence pollution remediation.

Most pollution remediation outlays do not qualify for capitalization and the Fund does not anticipate significant capitalized costs in the future. More information about environmental liabilities can be found in Note 10 of this report.

Compensated Absences - 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 normal termination is considered vested and payable to the employee. Earned but unused vacation is accrued as a liability of the Fund. Employees also earn up to 12 days of sick leave per year and may accumulate sick leave balances without limit.

Employees who submit the required documentation to be represented by the Coalition of City Unions are paid 35% of the value of unused sick leave upon retirement as part of the Health Reimbursement Arrangement – Voluntary Employees' Beneficiary Association ("HRA-VEBA") program. If the employee fails to submit the required documentation by their last working day of employment, their sick leave balance is forfeited.

Retiring employees who are ineligible to participate in the HRA-VEBA program may elect to receive 25% of the value of unused sick leave upon retirement or defer receipt of 35% 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. If the 35% 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. The cash payment is equal to the amount by which the 25% value of the sick leave balance exceeds the 35% that was allowed to be deferred. The Fund records a liability for estimated sick leave payments.

Note 1 - Operations and Summary of Significant Accounting Policies (Continued)

Operating Revenues - Revenues are recorded through cycle billings rendered to customers monthly or bimonthly. Amounts billed but not earned at year-end are recorded as unearned revenues on the Fund's balance sheet. The Fund accrues and records unbilled collection service revenues in the financial statements for services provided from the date of the last billing to year-end.

Other operating revenues include revenues generated from the Fund's two transfer stations. Transfer station revenues are collected from self-haul customers who deliver their garbage, yard waste, wood waste, appliances, and tires for a fee to the two transfer stations.

Operating Expenses - Certain expenses of the Fund are reported on the statement of revenues, expenses, and changes in net assets by functional category. The types of work performed within each category are as follows:

- Pre-capital planning and development - Provides planning services and other related costs prior to the start of capital projects.

- Utility systems management - Accounts for the overall management of the Fund's infrastructure assets, assuring they are properly designed, constructed, operated, and protected.

- Field operations - Operates and maintains the Fund's solid waste systems.

- Project delivery - Provides project management and engineering services to the Fund and executes the Fund's capital projects from start to completion.

- Customer services - Invoices the Fund's customers for services provided and is the primary point of contact for customers.

Taxes - The Fund paid 11.5% City utility tax on residential and commercial revenues, net of yard waste, recycling, and other costs related to waste reduction. The Fund paid 0.85% City business license tax on retail, services, and wholesale sales. The Fund also is charged two taxes by the City based on solid waste tonnage for operating transfer stations and collecting garbage within the City of Seattle. The tonnage tax rate increased to $8.69 per ton from $8.50 per ton in 2010. In addition, the Fund paid 2.75% business and occupation tax to the State on the services provided to residential, commercial, and transfer station customers. The State tax rates remained the same at 3.60% for 2011.

Other Revenues and Expenses - This includes the non operating revenues and expenses that arise from transactions not related directly to the major income-earning operations of the utility and are of a recurring nature. Major items are tonnage fees, investment and interest income, interest expense, amortization of debt expenses, amortization of debt discounts, premiums and refunding losses, sale of capital assets, and rental income. Tonnage fees are revenues collected from businesses engaged in operating transfer stations and collecting garbage and that are then used for the City's clean cities program. Other, net includes $3.9 million in clean cities revenue and $3.3 million in clean cities expense for 2011 and $3.9 million in clean cities revenue and $3.0 million in clean cities expense for 2010.

Note 1 - Operations and Summary of Significant Accounting Policies (Continued)

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

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. The Fund's restricted net assets as of December 31, 2011 and 2010, are related to the bond debt reserve funds and certain deferred charges. Unrestricted net assets are those that are not "invested in capital assets, net of related debt" or "restricted."

Arbitrage Rebate Requirement - The Fund is subject to the Internal Revenue Code ("IRC"), Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed be surrendered to the Internal Revenue Service. As such, the Fund would record such a rebate as a liability. The Fund had no arbitrage liability as of December 31, 2011 and 2010.

Accounting Changes - The Fund adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, as of January 1, 2010. This statement clarified the definition of intangible assets as used in the description of capital assets in GASB Statement No. 34. The adoption of GASB 51 did not have a significant impact on the Fund's financial statements for 2011 or 2010.

The Fund adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of January 1, 2010. This statement provides guidance for the recognition, measurement and disclosure of activity related to derivative instruments held by state and local governments. The adoption of GASB 53 did not have a significant impact on the Fund's financial statements for 2011 or 2010.

GASB issued Statement No. 59 *Financial Instruments Omnibus*, to update and improve existing financial reporting and disclosure standards of certain financial instruments and external investment pools. This statement became effective for periods beginning after June 15, 2010 and did not have a significant impact on the Fund's financial statements for 2011 or 2010.

GASB has issued Statement No. 62, *Codification of Pre-November 30, 1989 FASB Pronouncements*. This statement combines the authoritative accounting and financial reporting of the FASB and the American Institute of Certified Public Accountants ("AICPA"). The statement will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. The statement is effective for periods beginning after December 15, 2011 and will not have a significant impact on the Fund's financial statements.

Note 1 - Operations and Summary of Significant Accounting Policies (Continued)

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The requirements of this statement will standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The statement is effective for periods beginning after December 15, 2011. The Fund is evaluating the impact of this standard on the financial statements.

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements. Estimates and assumptions are used to record landfill closure and post closure costs, unbilled collection services, allowance for doubtful accounts, accrued sick leave, capitalized interest, depreciation, environmental liabilities, and other contingencies. Changes in these estimates and assumptions may have a material impact on the financial statements.

Significant Risks and Uncertainty - The Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include, but are not limited to, weather and natural disaster-related disruptions, collective bargaining labor disputes, Environmental Protection Agency regulations, and federal government regulations or orders concerning the operation, maintenance, and licensing of facilities.

Reclassifications - Certain reclassifications have been made to prior year balances to provide a presentation consistent with the current year. In 2010, clean cities revenue and expenses were included in operating revenues and expenses; however, in 2011, it was determined that these are non-operating since they are not part of regular operations of the Fund. This reclassification decreased 2010 operating revenues by $3.9 million and operating expenses by $3.0 million, but had no overall effect on the total change in net assets.

Note 2 - Cash and Investments

Custodial Credit Risk - Deposits - As of December 31, 2011 and 2010, the City's pool contained cash on deposit with the City's custodial banks in the amounts of $19,666,051 and $16,663,123, respectively. The deposits in excess of $250,000 in both 2011 and 2010 were uninsured and uncollateralized. As such, these deposits were exposed to custodial credit risk, which is the risk that the deposits may not be returned to the City in the event of a bank failure. The City attempts to minimize exposure to custodial credit risk for deposits by requiring the depository bank to have sufficient capital to support the activity of the City. In addition, banks having a deposit relationship with the City are required to provide financial statements for the City's use in reviewing the bank's financial condition.

Note 2 - Cash and Investments (Continued)

All deposits not covered by FDIC insurance are under the regulation of the Washington State Public Deposit Protection Commission (the "Commission") established in RCW 39.58 for public depository financial institutions. The Commission requires a pledge agreement and a trustee for each public depository financial institution. The trustee ensures eligible collateral defined as securities and designated for the benefit of public depositors as described in RCW 39.58.050 (5) and (6), are segregated from all other assets. Eligible collateral is utilized by the trustee when the Commission has determined a loss, net of deposit insurance, has been incurred by a public depository financial institution.

Investments - As of December 31, the City's pooled investments and dedicated investments of other funds were as follows:

	2011			
	City Pool	Other Dedicated Investments	Total	Weighted Average Maturity (Days)
U.S. Government Agencies	$ 991,128,738	$ -	$ 991,128,738	974
State and Local Governments	105,403,511	-	105,403,511	513
Commercial Paper	77,494,937	-	77,494,937	10
Repurchase Agreements	66,785,435	-	66,785,435	3
U.S. Government Obligations	37,993,718	-	37,993,718	816
Total	$ 1,278,806,339	$ -	$ 1,278,806,339	
		Portfolio Weighted Average Maturity		823

	2010			
	City Pool	Other Dedicated Investments	Total	Weighted Average Maturity (Days)
U.S. Government Agencies	$ 628,004,011	$ 81,534,156	$ 709,538,167	655
Commercial Paper	256,364,545	-	256,364,545	21
Repurchase Agreements	56,365,904	-	56,365,904	3
U.S. Government Obligations	39,624,611	-	39,624,611	398
State and Local Governments	1,020,110	-	1,020,110	213
	$ 981,379,181	$ 81,534,156	$ 1,062,913,337	
		Portfolio Weighted Average Maturity		458

Note 2 - Cash and Investments (Continued)

As of December 31, the Fund's share of the City Pool was as follows:

	2011	2010
Cash and equity in pooled investments	$ 18,567,230	$ 10,270,459
Restricted cash and equity in pooled investments	22,889,993	11,805,976
	$ 41,457,223	$ 22,076,435
Balance as a percentage of City Pool cash and investments	3.2%	2.2%

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages this risk by limiting the average maturity of investments to five years. However, the Fund's investments are selected for greater liquidity in order to support the Fund's cash flow needs and therefore typically 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 the City's investment policy, investments in commercial paper purchased on the secondary market are limited to those with maturities not longer than 180 days from purchase and with the highest rating by at least two nationally recognized statistical rating organizations ("NRSROs"). As of December 31, 2011 and 2010, the City's investments in commercial paper were rated P-1 by Moody's Investors Service and A-1 to A-1+ by Standard & Poor's Rating Service.

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 Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal National Mortgage Association. As of December 31, 2011, these investments were rated Aaa, Aa1 and P-1 by Moody's Investors Service and AAA, AA+ and AA by Standard & Poor's Rating Service. As of December 31, 2010, these investments were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Rating Service.

Note 2 - Cash and Investments (Continued)

As of December 31, 2011, the City's investments in repurchase agreements will require a signed and executed 2011 Version of the Global Master Repurchase Agreement, a standardized form published by the Securities Industry and Financial Markets Association ("SIFMA") and International Capital Market Association ("ICMA"), with an approved repo counterparty of the City. Additionally, the City will have to sign and execute a Tri-Party Custodial Agreement between the counterparty and one of the two third-party custodians, JPMorgan Chase and BNY Mellon, respectively. The City conducts repo transactions with investment grade rated primary dealers after thorough internal credit due diligence of the counterparty. Securities delivered as collateral must be priced at a minimum of 102% of their market value. Potentially higher margins of 103% to 105% would be used for pricing collateral in a volatile market environment. Parameters for acceptable collateral are determined by the City's investment policy, which abides by Washington State statute. As of December 31, 2011, the securities underlying the City's investments in repurchase agreements have included U.S. Treasuries, U.S. Agency debentures and U.S. Agency mortgage-backed pass-throughs. The City has not accepted collateral containing credit risk, such as bankers' acceptances, commercial paper, or municipal bonds. Repurchase agreements do not have credit ratings.

Concentration of Credit Risk - The City's investment policy limits concentration of credit risk for the City's investments as a whole, inclusive of the Fund's investments. These policy limits vary for each investment category. The City's investments in which 5% or more is invested in any single issuer as of December 31 are as follows:

	2011		2010	
Issuer	Fair Value	Percent of Total Investments	Fair Value	Percent of Total Investments
Federal Home Loan Mortgage Corp	$ 395,358,375	31%	$ 114,398,437	11%
Federal National Mortgage Association	$ 317,039,812	25%	$ 276,373,623	26%
Federal Home Loan Bank	$ 194,321,359	15%	$ 218,644,903	21%
Federal Farm Credit Bank	$ 83,708,078	7%	$ 100,121,203	9%
Washington State	$ 68,388,721	5%	$ -	0%
Wells Fargo	$ 66,785,435	5%	$ 32,565,904	3%
Sheffield Receivables Corporation	$ -	0%	$ 54,343,164	5%

Note 3 - Capital Assets

Capital assets activity for the year ended December 31, 2011 consisted of the following:

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Buildings	$ 11,590,303	$ 9,226	$ -	$ 11,599,529
Structures	536,500	41,500	-	578,000
Machinery and equipment	40,786,916	2,425,360	(533,821)	42,678,455
Computer systems	21,286,026	493,591	-	21,779,617
Total capital assets, excluding land	74,199,745	2,969,677	(533,821)	76,635,601
Less accumulated depreciation	(40,387,252)	(6,233,059)	486,211	(46,134,100)
	33,812,493	(3,263,382)	(47,610)	30,501,501
Construction in progress	42,966,810	43,358,712	(2,505,781)	83,819,741
Land and land rights	1,791,096	-	-	1,791,096
Other property	1,769,015	18	-	1,769,033
Capital assets, net	$ 80,339,414	$ 40,095,348	$ (2,553,391)	$ 117,881,371

Capital assets activity for the year ended December 31, 2010 consisted of the following:

	Beginning Balance	Additions and Transfers In	Retirements and Transfers Out	Ending Balance
Buildings	$ 11,583,748	$ 6,555	$ -	$ 11,590,303
Structures	520,000	16,500	-	536,500
Machinery and equipment	33,822,048	7,832,370	(867,502)	40,786,916
Computer systems	18,672,382	2,613,644	-	21,286,026
Total capital assets, excluding land	64,598,178	10,469,069	(867,502)	74,199,745
Less accumulated depreciation	(35,570,758)	(5,608,013)	791,519	(40,387,252)
	29,027,420	4,861,056	(75,983)	33,812,493
Construction in progress	34,414,914	17,837,442	(9,285,546)	42,966,810
Land and land rights	1,791,096	-	-	1,791,096
Other property	1,764,883	4,132	-	1,769,015
Capital assets, net	$ 66,998,313	$ 22,702,630	$ (9,361,529)	$ 80,339,414

During 2011 and 2010, the Fund capitalized interest costs relating to construction of $1,862,844 and $1,321,890, respectively.

Note 4 - Revenue Bonds

The Fund issues bonds to provide financing for capital improvements. Payment of debt service on the bonds is derived solely from the revenues generated by the Fund. The Fund has set aside $4,886,263 in a debt service reserve fund and has obtained reserve insurance policies to meet the remainder of its reserve requirements. The total bonds outstanding as of December 31, 2011 were $122,165,000.

In June 2011, the Fund issued $45,750,000 of Solid Waste Revenue Bonds with varying annual principal payments due beginning in 2012 and ending in 2036, at interest rates ranging from 3.0% to 5.0%. Proceeds of the revenue bonds are being used to finance certain capital improvements and additions to the solid waste system.

Revenue bonds outstanding as of December 31, 2011 and 2010 consisted of the following Solid Waste bonds:

Name of Issue	Issuance Date	Maturity Years	Interest Rates	Original Issue Amount	Bonds Outstanding 2011	Bonds Outstanding 2010
2007 Revenue and Refunding	12/05/2007	2008–2033	4.0 - 5.0%	$ 82,175,000	$ 76,415,000	$ 78,490,000
2011 Revenue Bonds	6/22/2011	2012-2036	3.0 - 5.0%	45,750,000	45,750,000	-
				$ 127,925,000	$ 122,165,000	$ 78,490,000

Minimum debt service requirements to maturity on revenue bonds are as follows:

Year Ending December 31,	Principal	Interest	Total
2012	$ 2,960,000	$ 6,079,460	$ 9,039,460
2013	3,330,000	5,708,394	9,038,394
2014	3,495,000	5,549,244	9,044,244
2015	3,665,000	5,371,494	9,036,494
2016	3,855,000	5,184,994	9,039,994
2017 - 2021	21,510,000	22,820,845	44,330,845
2022 - 2026	26,035,000	17,011,345	43,046,345
2027 - 2031	33,130,000	9,921,044	43,051,044
2032 - 2035	24,185,000	2,611,575	26,796,575
	$ 122,165,000	$ 80,258,395	$ 202,423,395

Note 4 - Revenue Bonds (Continued)

The following table shows the revenue bond activity during the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, revenue bonds	$ 78,490,000	$ 45,750,000	$ (2,075,000)	$ 122,165,000	$ 2,960,000
Add (deduct) deferred amounts:					
Issuance premiums	3,101,198	3,031,751	(195,470)	5,937,479	-
Loss on refunding	(209,090)	-	23,233	(185,857)	-
Total bonds payable	$ 81,382,108	$ 48,781,751	$ (2,247,237)	$ 127,916,622	$ 2,960,000

The following table shows the revenue bond activity during the year ended December 31, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, revenue bonds	$ 80,470,000	$ -	$ (1,980,000)	$ 78,490,000	$ 2,075,000
Add (deduct) deferred amounts:					
Issuance premiums	3,236,033	-	(134,835)	3,101,198	-
Loss on refunding	(232,322)	-	23,232	(209,090)	-
Total bonds payable	$ 83,473,711	$ -	$ (2,091,603)	$ 81,382,108	$ 2,075,000

Prior Year Defeasance of Debt - In prior years, the Fund defeased certain obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased, and the corresponding liabilities and trust account assets are not included in the Balance Sheet. At December 31, 2011, no outstanding bonds are considered defeased.

Debt Service Coverage - The revenue bonds contain certain financial covenants, the most significant of which requires the Fund to maintain net revenue available for debt service at least equal to 125% of annual debt service. Net revenue available for debt service, as defined by the bond covenants, was 558% of annual debt service for 2011.

Note 4 - Revenue Bonds (Continued)

Net revenue available for debt service for the year ended December 31, 2011 is determined as follows:

Change in net assets	$ 5,935,408
Add:	
City business and occupation tax	15,051,538
Depreciation and amortization	7,423,153
Amortization of landfill closure and postclosure costs	1,340,825
Interest paid on revenue bonds	4,874,601
	34,625,525
Less:	
Amortization of bond premiums, debt expenses and refunding loss	120,500
Capitalized interest	1,862,844
Adjusted net revenue available for debt service	$ 32,642,181
Debt service requirement (cash basis)	$ 5,848,375
Coverage	558%

Note 5 - Leases

The Fund has non-cancelable operating lease commitments for real and personal property with minimum payments of $177,747 in 2011 and $171,300 in 2010. Rents are paid as they become due and payable.

Minimum payments under the leases as of December 31, 2011 are as follows:

Year	Minimum Payments
2012	$ 183,979
2013	180,025
2014	175,868
2015	181,897
2016	155,768
	$ 877,537

Note 6 - Retirement and Other Postemployment Benefit Plans

Pension Costs - All permanent Fund employees are eligible to participate in the Seattle City Employees' Retirement System (the "System"), a cost-sharing public employee retirement system operated by the City. Benefits vest after five years of covered service. City employees may retire after 30 years of service regardless of age; after age 52, with 20 or more years of service; after age 57, with ten or more years of service; and after age 62, with five or more years of service. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by City ordinances.

City employees are required to contribute 9.03% of their annual base salaries to the System. The City's contribution rate was 9.03% for 2011, and 8.03% for the years ended 2010 and 2009. Employer rates are established by the City Council on a biannual basis. The Fund's contributions to the System for the years ended December 31, 2011, 2010, and 2009 were $1,349,809, $1,249,609, and $1,253,189, respectively. The Fund's contribution in 2011 represents its full liability to the System.

The System issues stand-alone financial statements, which may be obtained by writing to the Seattle City Employees' Retirement System, 720 Third Avenue, Suite 900, Seattle, Washington, 98104, telephone: (206) 386-1293.

Employer contributions for the City are as follows (dollars in millions):

Year Ended December 31,	City Required Contribution	City Actual Contribution	Percentage Contributed
2009	$ 46.7	$ 46.7	100%
2010	$ 45.2	$ 45.2	100%
2011	$ 50.2	$ 50.2	100%

Actuarial data and assumptions	
Valuation date	January 1, 2011
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30 years, open
Asset valuation method	5-Year Smoothing Method
Investment rate of return	7.75%
Projected general wage inflation	4.0%
Postretirement benefit increases	1.5%

Note 6 - Retirement and Other Postemployment Benefit Plans (Continued)

Schedules of funding progress are as follows (dollars in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) Entry Age[1] (b)	Unfunded AAL (AULA)[2] (b-a)	Funded Ratio (a/b)	Covered Payroll[3] (c)	AULA as a % of Covered Payroll ((b-a)/c)
January 1, 2008	$ 2,119.4	$ 2,294.6	$ 175.2	92.4%	$ 501.9	34.9%
January 1, 2010	$ 1,645.3	$ 2,653.8	$ 1,008.5	62.0%	$ 580.9	173.6%
January 1, 2011	$ 2,013.7	$ 2,709.0	$ 695.4	74.3%	$ 563.2	123.5%

1 Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost method.

2 Actuarial accrued liabilities less actuarial value of assets.

3 Covered payroll includes compensation paid to all active employees on which contributions are calculated.

Deferred Compensation - The City offers all of its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code ("IRC") Section 457. The Plan permits employees to defer a portion of their salaries until future years. The deferred compensation is paid to employees upon termination, retirement, death, or unforeseen emergency.

The Plan is an eligible deferred compensation plan under Section 457 of the IRC of 1986, as amended, and a trust exempt from tax under IRC Sections 457(g) and 501(a). The Plan is operated for the exclusive benefit of participants and their beneficiaries. No part of the corpus or income of the Plan shall revert to the City or be used for, or diverted to, purposes other than the exclusive benefit of participants and their beneficiaries. The Plan is not reported in the financial statements of the City or the Fund.

It is the opinion of the City's legal counsel that the City has no liability for investment 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 does not manage any of the investment selections. By making the selection, participants accept and assume all risks inherent in the Plan and its administration.

Note 6 - Retirement and Other Postemployment Benefit Plans (Continued)

Other Postemployment Benefits - Health care plans for active and retired employees are administered by the City of Seattle as single-employer defined benefit public employee health care plans.

Eligible retirees (younger than age 65) may contribute to the medical plan and any additional health care programs contemplated or amended by ordinance of the Seattle City Council and as provided in Seattle Municipal Code 4.50.020.

The Seattle City Council authorizes the obligations of the plan members and the City as employer by passing ordinances and amendments regarding contributions to the plans. Eligible retirees self-pay 100% of the premiums based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The plan is financed on a pay-as-you-go basis, and the City was required to contribute $3.2 million in 2010 and $3.0 million in 2009.

The table below summarizes the City's annual cost, expected contributions to the plan, and changes in the net OPEB obligation for fiscal year ended December 31, 2010 and 2009. These calculations are based on the most recent actuarial valuation data available, dated January 1, 2010. The Fund has accrued $693,230 to the plan as of December 31, 2011, as a reasonable estimate of expected contributions.

	2010	2009
Annual Required Contribution	$ 10,709,000	$ 9,269,000
Interest on net OPEB obligation	898,000	693,000
Adjustment to Annual Required Contribution	(1,239,000)	(915,000)
Annual OPEB Cost (Expense)	10,368,000	9,047,000
Expected contribution (employer-paid benefits)	(3,202,000)	(2,954,000)
Increase in net OPEB obligation	7,166,000	6,093,000
Net OPEB Obligation - Beginning of year	20,446,000	14,353,000
Net OPEB Obligation - End of year	$ 27,612,000	$ 20,446,000
Fund's allocated share of City liability	$ 517,017	$ 420,913

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially-determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the types of benefits provided under the terms of the plan and on the pattern of shared costs between the employer and plan members, at the time of each valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective.

Note 6 - Retirement and Other Postemployment Benefit Plans (Continued)

Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial data and assumptions

Valuation date	January 1, 2010
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	30 years, open
Discount rate	4.39%
Health care cost trend rates - medical	10.0%, decreasing by 0.5% for each year for 10 years to an ultimate rate of 5%.
Participation	40% of Active Employees who retire participate
Mortality	General Service Actives and Retirees based on the Group Annuity Mortality (GAM) 1994 Static Table (Final) with ages set forward one year.
Marital status	60% of members electing coverage married or registered domestic partner. Male spouses two years older than their female spouses.
Morbidity factors	Morbidity rate ranges for ages 50 through 64: 104.25% to 203.61% for male retirees, 76.78% to 149.96% for female retirees, 123.03% to 229.84% for male spouses, and 90.62% to 169.29% for female spouses. Retirees' spouses pay a lower premium than retirees.
Other considerations	Active employees with current spousal and/or dependent coverage elect same plan and coverage.

Note 6 - Retirement and Other Postemployment Benefit Plans (Continued)

Schedules of funding progress are as follows (dollars in millions):

Actuarial Valuation Date	Actuarial Value of Assets (a)	AAL Entry Age (b)	AULA (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	AULA as a % of Covered Payroll ((b-a)/c)
January 1, 2008	$ -	$ 78.8	$ 78.8	0.0%	NA	NA
January 1, 2009	$ -	$ 84.1	$ 84.1	0.0%	NA	NA
January 1, 2010	$ -	$ 93.5	$ 93.5	0.0%	NA	NA

The Health Care Sub Fund of the General Fund is reported in the City's Comprehensive Annual Financial Report, which can be obtained by writing the Department of Finance, City of Seattle, PO Box 94747, Seattle, Washington 98124-4747.

Note 7 - Claims Payable

The City and the Fund are self-insured for certain losses arising from personal and property damage claims by third parties and for casualty losses to the Fund's property. Liabilities for identified claims and claims incurred but not reported have been recorded by the Fund.

For 2011 and 2010, liabilities for workers' compensation claims as well as other claims are discounted over a 15-year period at the City's rate of return on investments, 0.824% and 1.027%, respectively. Claims expected to be paid within one year were $273,284 and $287,529 as of December 31, 2011 and 2010, respectively. The schedules below present the changes in the liability for workers' compensation claims and other claims (risk financing liabilities) as of December 31:

	2011	2010
Beginning liability, undiscounted	$ 947,263	$ 890,954
Payments	(202,033)	(295,319)
Incurred claims and change in estimate	157,750	351,628
Ending liability, undiscounted	$ 902,980	$ 947,263
Ending liability, discounted (recorded balance at December 31)	$ 877,699	$ 914,640

The Fund is involved in litigation from time to time as a result of operations. Claims are pursued if determined to be in the best interest of the Fund's customers.

Note 8 - Compensated Absences

The Fund has recorded a liability for earned but unused holiday, compensatory, merit, and vacation leave, as well as estimated sick leave payments calculated based on the termination payment method. The schedules below show the compensated absences activity during the years ended December 31:

	2011	2010
Beginning liability	$ 1,605,966	$ 1,653,741
Additions	1,314,208	1,800,290
Reductions	(1,301,288)	(1,848,065)
Ending liability	$ 1,618,886	$ 1,605,966

Note 9 - Contractual Obligations

The City contracts with private companies for the collection of residential and commercial garbage, yard waste, and recycling. The residential and commercial collection contracts began April 1, 2000. The contracts were scheduled to end on March 31, 2007; however, the City extended the contracts until March 29, 2009. Effective March 30, 2009 the City entered into new contracts with Waste Management and CleanScapes for residential and commercial collection. The contracts are scheduled to end on March 31, 2019. Total payments under these contracts for residential collection in 2011 and 2010 were $40,401,154 and $42,029,008, respectively. Commercial services paid under these contracts in 2011 and 2010 were $29,754,709 and $34,067,805, respectively.

In 1990, the City signed a 38-year contract with Washington Waste Systems ("WWS") for the disposal of non-recyclable City waste. WWS agreed to reduce the contract price in exchange for extending the contract to March 29, 2009. Effective March 30, 2009, a new contract was negotiated with WWS resulting in a reduced rate of $39.65/ton. The Fund paid WWS $12,816,304 and $13,460,342 under this contract in 2011 and 2010, respectively.

The City also has negotiated a long-term yard waste processing contract with Cedar Grove Composting, Inc. ("CGC"). The first opt-out date on the disposal contract was extended to March 29, 2009, in exchange for price reductions every two years beginning in 2003. The City renegotiated a new long-term yard waste processing contract with CGC in 2008, which became effective March 30, 2009. The new tonnage rate is $26.37/ton and the first opt-out date is in 2013. Total payments to CGC in 2011 and 2010 were $2,385,186 and $2,382,251, respectively.

Effective April 1, 2009, the City commenced a new contract for recycling processing with Rabanco, LTD. The company is responsible for processing recyclables, including food waste, from both commercial and residential customers. The new contract includes the collection of compostable materials, which is a service not originally provided by the City. The contract is scheduled to end on March 31, 2013 with an option to extend the contract for a three-year period at that time. Total payment for recycling processing in 2011 and 2010 were $2,267,391 and $2,512,576, respectively.

Note 10 - Environmental Liabilities

Following is a brief description of the significant sites that require environmental remediation:

South Park - The Washington State Department of Ecology ("DOE") has indicated that it will require the clean-up and remediation of the historic South Park Landfill site under the State Model Toxics Control Act. No specific requirements for remediation by potentially responsible parties ("PRP") have been made by the DOE as of the date of this report. In order to manage the liability, the City is working with the DOE and other PRPs on a Remedial Investigation ("RI") and Feasibility Study ("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. The Remedial Investigation and Feasibility Study are anticipated to be completed in late 2012.

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 Fund in 2008 and currently no PRPs other than SPU have been named. The remedial action was substantially completed in 2010.

The Fund 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. 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 Fund is aggressively pursuing other third parties that may have contributed to the contamination of the sites noted. There were no realized recoveries from other PRPs in 2011 or 2010.

The following changes in the provision for environmental liabilities at December 31 are:

	2011	2010
Beginning environmental liability, net of recoveries	$ 1,718,565	$ 7,551,541
Payments or amortization	(933,597)	(5,578,505)
Change in estimated liability	568,405	(254,471)
Ending environmental liability, net of recoveries	$ 1,353,373	$ 1,718,565

Note 10 - Environmental Liabilities (Continued)

The provisions for environmental liabilities included in current and noncurrent liabilities at December 31 are:

	2011	2010
Environmental liability, current	$ 404,640	$ 894,000
Environmental liability, noncurrent	948,733	824,565
Ending liability	$ 1,353,373	$ 1,718,565

Note 11 - Landfill Closure and Post Closure Care

At December 31, 2011, accrued landfill closure and post closure costs consist 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 post closure costs in the revenue requirements used to set future solid waste rates. Therefore, total estimated landfill closure and post closure care costs are accrued and also reflected as a deferred cost in the accompanying financial statements, in accordance with generally accepted accounting principles. These costs are being amortized as they are recovered from rate payers. Actual costs for closure and post closure care may be higher due to inflation, changes in technology, or changes in regulations. Such amounts would be added to the liability and deferred when identified. Landfill closure costs were fully amortized in 2009 and landfill postclosure costs will continue to amortize until 2024.

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

SUPPLEMENTAL INFORMATION

Solid Waste Customers by Class

	2007	2008	2009	2010	2011
VARIABLE CANS					
No Can/Vacancy	2,287	2,155	2,433	2,577	2,611
Micro-Can	7,549	8,599	13,414	14,667	16,761
Mini Can	36,860	37,697	42,139	41,778	43,830
32 Gallon Can	128,014	127,554	109,012	98,742	94,393
Two or More 32 Gallon Cans	N/A	N/A	N/A	7,777	7,986
TOTAL VARIABLE CANS	174,710	176,005	166,998	165,541	165,581
DUMPSTER PREMISES (1)	119,667	122,503	124,778		
DUMPSTER ACCOUNTS	5,526	5,523	5,450	5,303	5,245
ACTIVE TRANSFER STATION CREDIT ACCOUNTS	454	338	317	314	293

(1) This item was eliminated as a result of rate restructuring in March, 2009.

Solid Waste Tonnage

	2007	2008	2009	2010	2011
GARBAGE					
Residential Collection	133,341	127,167	118,726	114,135	112,860
Self-Haul Garbage	107,098	90,702	81,565	79,293	71,032
Private Transfer Stations					
(Commercial Collection)	198,968	176,774	151,398	142,180	135,448
TOTAL TONS DISPOSED	439,407	394,643	351,689	335,608	319,340
Garbage as a % of Total Tons Generated	52%	50%	49%	46%	46%
RECYCLING					
Private Recycling [1]	226,110	218,293	189,793	208,711	199,075
Residential Curbside Recycling	66,121	61,956	58,786	57,131	57,234
Apartment Recycling	20,501	19,932	17,798	19,267	18,544
Residential Curb Yard & Food Waste	54,573	56,364	74,230	79,952	79,813
Self Haul Yard Waste	14,247	11,893	10,149	7,682	6,794
Self-Haul Wood Waste [2]	1,863	1,152	-	-	-
Self-Haul Recycling	9,337	7,509	6,179	4,939	4,000
Composting [3]	16,300	16,300	10,800	10,800	10,800
TOTAL TONS RECYCLED	409,052	393,399	367,735	388,482	376,260
Recycling as a % of Total Tons Generated	48%	50%	51%	54%	54%
TOTAL TONS GENERATED	848,459	788,042	719,424	724,090	695,600

(1) 2006 is based on annual Department of Ecology Recycling Surveys. After 2006, the amounts required reports received by SPU from recyclers in Seattle. 2010 is an estimate.

(2) Wood waste no longer kept separate, it is put in with self haul yard waste.

(3) Composting figures are estimates based on surveys and include grasscycling and backyard food waste and yard waste composting. Surveys were conducted in 2005 and 2010.

Solid Waste Rate Schedule and Transfer Station Fees

2012 Monthly Residential Rate Schedule

Service Unit	Rates (Effective January 1, 2012)
No can (minimum charge)	$6.85
Micro Can	$17.55
Mini Can	$21.55
One Can	$28.05
Additional Cans (per can rate)	$28.05
Non-compacted Dumpster (one cubic yard, once/week, one container)	$207.48
Compacted Dumpster (three cubic yards, once/week, one container)	$599.99
Yard Waste Mini-Can	$4.65
Yard Waste 32-Gallon Can	$6.95
Yard Waste 96-Gallon Can	$8.95

2012 Commercial Collection Rates

Like other solid waste rates, the City sets commercial rates through ordinance. Commercial rates vary with the type and level of service. A typical commercial customer has 3 cubic yards of garbage collected once per week. As of March 30, the cost of this service is $376.73 per month, including a monthly account fee of $20.80.

2012 Transfer Station Fees

	Rates (Effective January 1, 2010)
Garbage	
Sedans, SUVs, and Station Wagons	$30.00 per trip
All other self-haul vehicles with garbage	$145.00 per ton ($30.00 minimum charge)
Yard and Wood Waste	
Sedans, SUVs, and Station Wagons	$20.00 per trip
All other self-haul vehicles with yard waste	$110.00 per ton ($20.00 minimum charge)