



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

City of SeaTac

For the period January 1, 2024 through December 31, 2024

Published September 29, 2025

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**Office of the Washington State Auditor
Pat McCarthy**

September 29, 2025

Mayor and Council
City of SeaTac
SeaTac, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of SeaTac's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

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TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Schedule of Federal Award Findings and Questioned Costs.....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	12
Independent Auditor's Report on the Financial Statements.....	16
Financial Section.....	20
Corrective Action Plan for Findings Reported Under Uniform Guidance	106
About the State Auditor's Office.....	108

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of SeaTac January 1, 2024 through December 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of SeaTac are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to its major federal program.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
21.027	COVID- 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2024-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

City of SeaTac January 1, 2024 through December 31, 2024

2024-001 The City did not have adequate internal controls and did not comply with federal suspension and debarment requirements.

Assistance Listing Number and Title:	21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	N/A

Background

The purpose of the Coronavirus State and Local Fiscal Recovery funds is to respond to the COVID-19 pandemic’s negative effects on public health and the economy, provide government services to the extent COVID-19 caused a reduction in revenues collected, make necessary investments in water, sewer or broadband infrastructure, provide emergency relief from natural disasters or their negative economic impacts, fund projects eligible under certain programs administered by the U.S. Department of Transportation through three pathways and fund projects eligible under the programs established in Title I of the Housing and Community Development Act of 1974. In 2024, the City spent \$2,228,050 in program funds for these activities.

Federal regulations require recipients to establish, document and maintain effective internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the City enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify that the contractors have not been suspended, debarred or otherwise excluded from participating in federal programs. The City may verify this by obtaining a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration's System for Award Management at SAM.gov. The City must verify this before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement.

Description of Condition

Although the City has a process to verify the suspension and debarment status for contractors it pays \$25,000 or more using federal funds, our audit found the City did not follow this process and did not verify one of the five contractors we tested were not suspended or debarred before entering into a contract with them.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

Cause of Condition

City staff did not have a clear understanding of the suspension and debarment requirements and were not aware it applied to all contractors the City paid \$25,000 or more, all or in part using federal funds. In addition, the City did not originally anticipate the contract exceeding the \$25,000 threshold.

Effect of Condition

The City did not obtain a written certification from one of the contractors, insert a clause into the contract or check for exclusion records at SAM.gov to verify contractor it paid \$100,989 using federal funds was not suspended or debarred before contracting. Without adequate internal controls, the City increases its risk of awarding federal funds to contractors that are excluded from participating in federal programs. Any payments the City made to an ineligible party would be unallowable, and the awarding agency could potentially recover them.

The City subsequently verified the contractor was not suspended or debarred. Therefore, we are not questioning costs.

Recommendation

We recommend the City strengthen its internal controls to verify all contractors it pays \$25,000 or more, paid all or in part with federal funds, are not suspended or debarred from participating in federal programs and maintain documentation demonstrating compliance with this requirement.

City's Response

The City looks forward to the annual audit and appreciates the relationship with the local audit team and the Washington State Auditor's Office (SAO). We also appreciate the opportunity to respond to the observations drawn by the staff of the Washington State Auditor's Office. The City understands the importance of having internal controls in place for verifying contractors are not suspended or debarred from participating in federal programs. As is stated in the Cause of Condition, the City did not anticipate the payments to the vendor would exceed \$25,000 and did not check if the vendor was suspended or debarred once it was determined the contract would exceed the threshold amount. The City will take this issue into consideration when receiving and appropriating federal grant funding in the future.

As difficult as it is to receive an audit finding, the City values the auditor's comments and recommendations and appreciates the knowledge and professionalism of their staff.

Auditor's Remarks

We appreciate the steps the City is taking to resolve this issue. We will review the condition during our next audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 180, OMB *Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)*, establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of SeaTac January 1, 2024 through December 31, 2024

Mayor and City Council
City of SeaTac
SeaTac, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of SeaTac, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 23, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

September 23, 2025

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of SeaTac
January 1, 2024 through December 31, 2024

Mayor and City Council
City of SeaTac
SeaTac, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of SeaTac, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2024- 001, that we consider to be a material weakness.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

September 23, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of SeaTac January 1, 2024 through December 31, 2024

Mayor and Council
City of SeaTac
SeaTac, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of SeaTac, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of SeaTac, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 21 to the Financial Statements, in 2024, the City adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2025 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

September 23, 2025

**City of SeaTac
January 1, 2024 through December 31, 2024**

REQUIRED SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis – 2024

BASIC FINANCIAL STATEMENTS

Statement of Net Position – Government-wide – 2024
Statement of Activities – Government-wide – 2024
Balance Sheet – Governmental Funds – 2024
Reconciliation of Fund Balances of Governmental Funds to the Net Position of
Governmental Activities – 2024
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2024
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities – 2024
Statement of Net Position – Proprietary Funds – 2024
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds –
2024
Statement of Cash Flows – Proprietary Funds – 2024
Statement of Fiduciary Net Position – Fiduciary Funds – 2024
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2024
Notes to Financial Statements – 2024

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
– General Fund – 2024
Reconciliation of General Fund Budgetary Basis Actual Amounts to GAAP Basis Actual
Amounts in the Statement of Revenues, Expenditures and Changes in Fund Balance –
2024
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
Street Fund – 2024
Reconciliation of Street Fund Budgetary Basis Actual Amounts to GAAP Basis Actual
Amounts in the Statement of Revenues, Expenditures and Changes in Fund Balance –
2024

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
Hotel/Motel Tax Fund – 2024

Reconciliation of Hotel/Motel Tax Fund Budgetary Basis Actual Amounts to GAAP Basis
Actual Amounts in the Statement of Revenues, Expenditures and Changes in Fund
Balance –2024

Schedule of Proportionate Share of the Net Pension Liability (Asset) – PERS 1, PERS
2/3, LEOFF 1 – 2024

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2024

Schedule of Changes in Total OPEB Liability and Related Ratios – LEOFF 1 Retirees –
2024

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

INTRODUCTION

The City of SeaTac's Management Discussion and Analysis (MD&A) provides a narrative overview of the City's financial activities and position for the fiscal year ended December 31, 2024. Since the MD&A was designed to focus on the activities, resulting changes, and currently known facts for the year 2024, this information should be read in conjunction with both the financial statements and the notes to the financial statements.

BASIS OF FINANCIAL INFORMATION

The City's government-wide financial statements have been prepared on the full accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP). The City's fund financial statements for governmental funds (general, special revenue, debt service, and capital projects) have been prepared on the modified accrual basis of accounting in conformity with GAAP. The City's proprietary funds (enterprise and internal service) are accounted for on the accrual basis, again in conformity with GAAP. A detailed discussion of the government-wide and fund financial statements can be found in later sections of this document.

FINANCIAL HIGHLIGHTS

- For the year ended December 31, 2024, total net position for the City was \$631.1 million. Of this amount, \$446.9 million or 70.8% was classified as investment in capital assets. This classification includes infrastructure, construction in progress, land and other improvements, buildings, equipment, right-to-use and intangibles. Net position in the amount of \$67.9 million or 10.8% was restricted for debt service, affordable housing, tourism promotion, pension assets, capital projects and equipment, including Des Moines Creek Basin interlocal agreement projects, transportation, and facilities projects. The remaining net position balance of \$116.3 million or 18.4% was classified as unrestricted and available for general City operations.
- Governmental funds ended the year with \$158.3 million in total ending fund balance on the modified accrual basis of accounting. This is an increase of \$16.1 million or 11.3% over 2023, which ended the year with a \$142.1 million ending fund balance. Increases in sales tax, leasehold tax, interest earnings, and parking tax produced a favorable ending fund balance.
- Major capital assets added in 2024 include City Hall & Community Center HVAC replacement (\$1.9 million), Polaris Police Substation (\$472 thousand), North SeaTac BMX Lighting (\$254 thousand). Transportation projects including the 2023 Overlay on S 154th St (\$1.3 million) and 2024 Overlay on Des Moines Memorial Dr between S 188th and S 192nd (\$1.2 million) were completed, while right-of-way acquisitions for the Airport Station project were completed in 2024 (\$2 million).
- Several capital projects were still in progress at the end of 2024. Design work on several park projects including the Angle Lake Fishing Pier and Boat Ramp (\$3.9 million), SeaTac Des Moines Creek Park Trailhead Improvements (\$4.9 million), and the Riverton Heights Spray Parks project (\$5.8 million) continued. Facilities projects in progress include the design of the Maintenance Facility remodel (\$10.5 million) and a backup generator install at the community center (\$379 thousand), as well as transportation projects including construction of 34th Avenue from S 166th Street to S 176th Street (\$24 million), design of Airport Station Pedestrian Improvements (\$30.5 million), and S 204th St Improvements (\$12.6 million).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The City’s basic financial statements are presented in four parts: 1) the Management’s Discussion and Analysis (MD&A), 2) the government-wide financial statements, 3) the fund financial statements, and 4) the notes to the financial statements. Other Required Supplementary Information is provided in addition to the basic financial statements in the Annual Financial Report.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with an overview of the City’s financial condition and activities as a whole. This broad overview is similar to the financial reporting for a private-sector business. The government-wide financial statements have separate columns for governmental activities and business-type activities. Governmental activities of the City include the following functions: Judicial, General Government, Public Safety, Transportation, Health & Human Services, Physical & Economic Environment, and Culture & Recreation. Largely taxes and intergovernmental revenues support governmental activities while the City’s business-type activities are funded through user fees and charges. The City has two business-type activities; a surface water utility funded through surface water management fees and the solid waste and environmental fund paid for from franchise fees.

The Statement of Net Position presents information on the difference between all the City’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, highlighting the difference as net position. The Statement of Net Position is similar to the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of improvement or deterioration in the City’s overall financial position.

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

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

Fund Financial Statements

The City’s annual financial report also includes fund financial statements in addition to the government-wide financial statements. While the government-wide statements present the City’s finances based on the type of activity (governmental or business-type), the fund financial statements are presented in columns by major governmental fund and by major proprietary fund. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities that meet certain common objectives. Funds are often established to comply with special

regulations, restrictions, or limitations. The City of SeaTac, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories which include governmental, proprietary, and fiduciary funds.

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

In 2024, the City of SeaTac maintained fifteen individual governmental funds on a budgetary basis. On a GAAP basis, the City maintained eleven individual governmental funds. The City's six major governmental funds are the General Fund, the Street Fund, the Hotel/Motel Tax Fund, the Municipal Capital Improvement Fund, the Facility Construction Capital Improvement Fund, and the Transportation Capital Improvement Fund. These funds are presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds."

In 2024, the City maintained budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to Washington State law. Budgetary comparison schedules are presented for the General Fund and the major special revenue funds only in the Required Supplementary Information of the Annual Report.

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

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

Enterprise fund financial statements report the same functions that are presented as "business-type activities" in the government-wide statements. The enterprise funds of the City are a surface water utility used for operations, construction and debt related expenses, and a solid waste and environmental fund used for education and improvements related to the environment.

Internal service funds are used to account for and distribute costs for a business-type function. These costs are distributed internally among the City's funds based on services used. The City uses an internal service fund to account for the repair and replacement of the City's vehicles and other large types of equipment. Internal service fund customers include both governmental and business-type activities. Although profits or losses are prorated in the government-wide Statement of

City of SeaTac, WA – Management’s Discussion and Analysis

Activities, the internal service fund’s assets and liabilities are predominately governmental in nature, so they have all been included in the governmental activities column of the government-wide Statement of Net Position.

The City maintains one custodial fund used to account for various fiduciary activities including state court and building fees, sales and leasehold excise taxes payable, and King County pet licenses.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position can be a useful indicator of the City’s financial position. The table below is a condensed version of the City’s Statement of Net Position.

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current & other assets	\$ 181,137,866	\$ 163,091,435	\$ 16,321,570	\$ 14,520,515	\$ 197,459,436	\$ 177,611,950
Net pension asset	3,044,937	3,785,390	270,223	339,513	3,315,160	4,124,903
Capital assets, net	414,970,529	412,499,541	32,213,822	32,380,680	447,184,351	444,880,221
Total Assets	599,153,332	579,376,366	48,805,615	47,240,708	647,958,947	626,617,074
Deferred Outflows	4,483,763	3,455,166	381,564	283,528	4,865,327	3,738,694
Liabilities:						
Long-term liabilities	4,244,524	3,159,841	160,110	103,452	4,404,634	3,263,293
Net pension liability	1,221,618	1,608,707	114,652	150,981	1,336,270	1,759,688
Other liabilities	10,559,700	9,780,993	88,016	62,558	10,647,716	9,843,551
Total liabilities	16,025,842	14,549,541	362,778	316,991	16,388,620	14,866,532
Deferred Inflows	5,234,056	5,544,465	81,759	159,920	5,315,815	5,704,385
Net Position:						
Net inv in capital assets	414,669,001	412,157,132	32,213,822	32,380,680	446,882,823	444,537,812
Restricted	67,597,116	59,851,977	270,223	339,513	67,867,339	60,191,490
Unrestricted	100,111,080	90,728,417	16,258,597	14,327,132	116,369,677	105,055,549
Total Net Position	\$ 582,377,197	\$ 562,737,526	\$ 48,742,642	\$ 47,047,325	\$ 631,119,839	\$ 609,784,851

In 2024, the City’s total net position increased by \$21.3 million. Net investment in capital increased by \$2.3 million with the bulk of the expenses going toward transportation improvements and right-of-way (\$4.5 million). Other improvements include new HVAC in city hall and the community center for \$1.9 million and \$3.5 million in ongoing construction in progress. The difference is from increases in depreciation, removal of old HVAC assets and the sale of surplus land. The City’s total restricted net position increased by \$7.7 million and unrestricted net position increased by \$11.3 million.

The City's net position for governmental activities includes \$67.6 million in restricted resources that are subject to external limitations on how the funds may be used. The restricted net position amount is for debt service, affordable housing, capital projects including transportation projects, tourism promotion, capital facilities, pensions, public safety, and Des Moines Creek Basin ILA projects. The remaining balance of unrestricted net position in the amount of \$100.1 million may be used to meet the government's ongoing obligations to citizens and creditors.

Restricted net position for business-type activities is for pensions (\$270,223). Unrestricted net position is \$16.3 million. \$13.9 million can be used for general surface water utility purposes including capital projects and \$2.4 million is available for Solid Waste and Environmental purposes.

Changes in Net Position

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

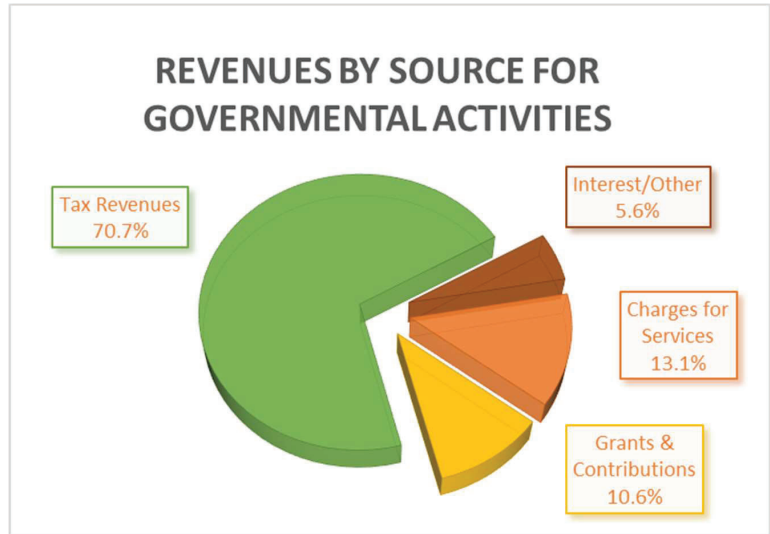
The table below represents a condensed version of the City's changes in net position. The table designates revenues as either program revenues or as general revenues. Program revenues are revenues generated by specific functions of the City. The expenses are listed by program or specific function. The change in net position is derived from netting the revenues against the expenses.

City of SeaTac, WA – Management’s Discussion and Analysis

City of SeaTac Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
Revenues:	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for services	\$ 11,748,487	\$ 12,038,926	\$ 4,679,515	\$ 4,495,917	\$ 16,428,002	\$ 16,534,843
Operating grants & contrib	6,169,680	5,044,279	91,550	77,589	6,261,230	5,121,868
Capital grants & contrib	3,389,128	783,194	-	-	3,389,128	783,194
General Revenues:						
Property tax	18,189,177	17,639,920	-	-	18,189,177	17,639,920
Sales & Use taxes	25,933,895	23,011,103	-	-	25,933,895	23,011,103
Hotel/Motel taxes	2,149,298	2,122,341	-	-	2,149,298	2,122,341
Parking tax	11,889,294	11,026,439	-	-	11,889,294	11,026,439
Gambling taxes	403,701	454,348	-	-	403,701	454,348
Excise taxes	4,939,456	5,836,103	-	-	4,939,456	5,836,103
Investment interest	5,040,495	3,913,598	633,186	608,787	5,673,681	4,522,385
Gains on asset sales	21,101	-	-	-	21,101	-
Total Revenues	89,873,712	81,870,251	5,404,251	5,182,293	95,277,963	87,052,544
Expenses:						
Judicial	1,409,606	1,274,045	-	-	1,409,606	1,274,045
General Government	11,644,563	9,652,725	-	-	11,644,563	9,652,725
Public Safety	31,319,195	27,591,821	-	-	31,319,195	27,591,821
Transportation	9,684,333	8,633,934	-	-	9,684,333	8,633,934
Health & Human Services	2,148,425	979,470	-	-	2,148,425	979,470
Physical & Economic Environment	6,509,059	5,311,831	3,573,633	3,369,728	10,082,692	8,681,559
Culture & Recreation	7,638,541	6,443,988	-	-	7,638,541	6,443,988
Interest on long-term debt	15,622	1,217	-	-	15,622	1,217
Total Expenses	70,369,344	59,889,032	3,573,633	3,369,728	73,942,977	63,258,760
Inc (Dec) in Net Position Before						
Transfers & Special Items	19,504,368	21,981,219	1,830,618	1,812,565	21,334,986	23,793,784
Transfers	135,300	98,950	(135,300)	(98,950)	-	-
Inc (Dec) in Net Position	19,639,668	22,080,169	1,695,318	1,713,615	21,334,986	23,793,784
Prior Year Adjustments	-	189,248	-	(189,248)	-	-
Net Position-Beg	562,737,523	540,657,354	47,047,325	45,333,710	609,784,848	585,991,064
Net Position-Ending	\$ 582,377,191	\$ 562,737,523	\$ 48,742,643	\$ 47,047,325	\$ 631,119,834	\$ 609,784,848

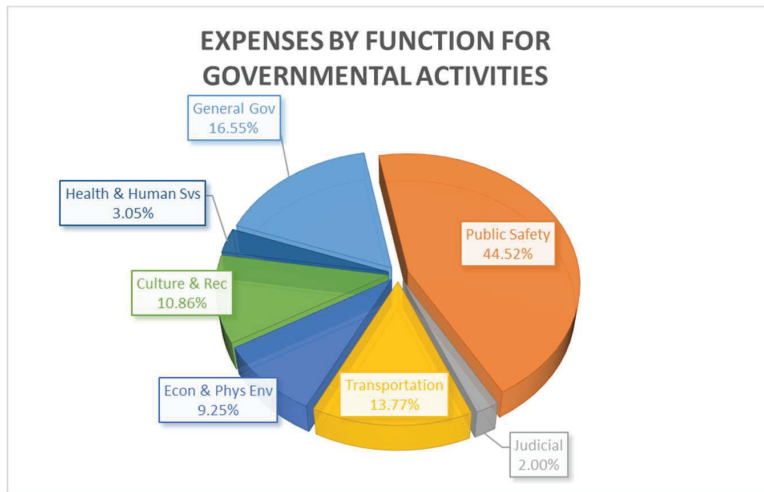
The City continues to apply for and receive various State and Federal grants for infrastructure projects and other smaller scale projects in other areas. In total, the City received \$9.6 million in grant revenues for operating and capital purposes. Capital grants are up \$2.6 million from 2023; transportation grants vary depending on timing of expenditures. Operating grants are up \$1.1 million over 2023 from COVID-19 related grants (American Rescue Plan Act State and Local Fiscal Recovery Funds).

In 2024 most tax categories are performing well. Increases range from 1.3% for Hotel/Motel tax to 13.5% for Sales & Use Tax. Property tax has a modest increase of 2.8% from new construction. Investment interest increased by 28.8% due to earnings and unrealized gains on investments. Gambling tax decreased 11.1% and excise tax decreased by 15.4%. The Port of Seattle reported 52.6 million passengers were served in 2024 – up 3.4% from 2023 and up 1.5% from pre-pandemic, 2019 volume record levels. The Port of Seattle’s Sea-Tac Airport, a top twelve U.S. airport, has a regional economic impact of 87,300 direct jobs, and \$22.5 billion in business revenue and \$442 million in state and local taxes.



In 2024, the City of SeaTac’s Economic Development division (in the Community and Economic Development Department) continued work with SeaTac business, supporting new business openings and other projects in the development pipeline.

Notable constructions projects include completion of the Adara, a 220 unit market rate and affordable workforce housing mixed-use building which includes commercial spaces, most of which are leased to local small businesses. More than 1,400 permits and land use approvals were issued during the year. Additionally, a substantial amount of multifamily and commercial development projects is in the pre/permitting process throughout the city.



For governmental activities, total expenses increased \$10.5 million or 17.5% from 2023. All program areas in governmental activities had expense increases in 2024 ranging from 10.6% in Judicial to 119.3% in Health & Human Services.

Health & Human Services increased from the WAMASS Asylum Seekers Grant (\$750,000) to provide temporary housing for asylum seekers.

Physical & Economic Environment increased 22.5% due to the new community outreach program and the Major Comprehensive Plan update.

Public Safety increased 13.5% due to increases in public safety contracts.

City of SeaTac, WA – Management’s Discussion and Analysis

Business-type Activities: Revenue was up 4.3% and expenses increased 6%. The increase in revenue is primarily from charges for services which increase 4.1%. Net position increased by \$1.7 million in 2024 and in 2023 (\$1.713 million) due to revenue exceeding expenses.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As previously discussed, the City of SeaTac uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following analysis is provided for select governmental funds including the General Fund and the five other major funds as listed below. The City’s Surface Water Utility Fund and Solid Waste and Environmental Fund is also described below.

Governmental Funds

The purpose of the City’s governmental fund financial statements is to report on short-term revenues/financial resources and expenditures. This information helps determine the City’s financial requirements for the near future. Unassigned fund balance in the General Fund is a good indicator of the City’s resources available for spending at the end of the year. For the other major funds, the resources are non-spendable, restricted, or assigned to other purposes.

At the end of 2024, the City’s combined ending governmental fund balance was \$158.3 million versus the 2023 ending fund balance of \$142.1 million. Included in the 2024 ending fund balance is \$1.1 million in non-spendable prepayments, \$64.2 million in restricted fund balances (i.e., transportation, tourism, capital projects, etc.) and \$26.8 million in fund balances which have been assigned to other purposes (i.e., light rail station areas, capital projects, etc.).

The General Fund is the primary operating fund of the City through which most receipts and payments of ordinary City operational expenditures are processed. Property tax and sales taxes are the primary revenue sources for the General Fund. Property tax recorded into the General Fund equaled approximately \$18.2 million in 2024. The property tax levy has remained flat in recent years due to the council policy to not increase the levy if reserve requirements are met.

In 2024, sales taxes recorded into the General Fund were \$21.9 million compared to \$20.3 million in 2023 and \$19.8 million in 2022. The increase in sales tax collection is a positive indicator of strong economic activity.

The fund balance of the General Fund at the end of 2024 was \$67.2 million, which is a \$3.8 million increase over 2023. In accordance with GAAP reporting, four funds are rolled up into the General Fund. The fund balance additions to the General Fund are as follows: Port of Seattle ILA Fund - \$13.3 million, Transit Planning - \$1 million, Building Management Fund - \$4.3 million, and the ARPA State and Local Fiscal Recovery Fund \$659 thousand for a total of \$19.3 million. A schedule for the General Fund budget versus actual revenues and expenditures can be found in the Required Supplementary Information section of the Annual Report.

The Street Fund is a special revenue fund, originally added as a major fund in 2007 due to parking tax revenues. Parking tax is an important funding source for capital infrastructure projects and is transferred into the Transportation CIP Fund, as necessary. The Street Fund ended the year with \$23 million in fund balance, which represents an increase of \$7.3 million from 2023. Parking Tax revenue increased \$863 thousand over 2023 revenues indicating the travel industry remains strong.

The Hotel/Motel Tax Fund is a special revenue fund whose purpose is to account for lodging taxes collected and expended for tourism promotion and tourism facilities, including both capital and operating costs. The ending fund balance in 2024 for this Fund was \$14.4 million. Lodging tax revenue had a steady increase of 1.3% over 2023. 2014 marked the beginning

of the Seattle Southside Tourism Promotion Area (or TPA) in partnership with the cities of Des Moines and Tukwila. As part of this new initiative, SeaTac chartered the first ever of its kind public development authority to administer the TPA funds, which were \$3.9 million in 2024. The Seattle Southside Regional Tourism Authority (SSRTA) manages these funds used for tourism promotion services for the purpose of growing the City's tourism industry. The SSRTA is presented as a component unit on the Government-wide Financial Statements.

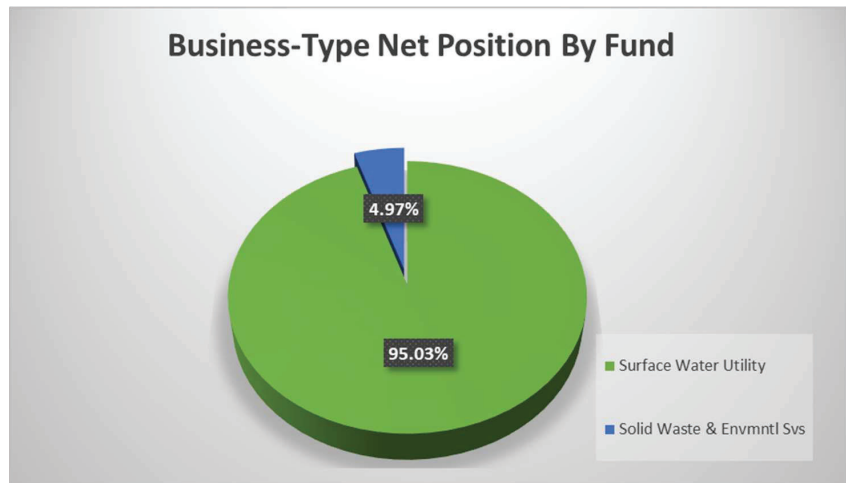
The Municipal Capital Improvement Fund is a capital projects fund whose purpose is to account for the expenditures related to general capital improvements including network information systems projects, parks projects, and major building maintenance. In 2024, the revenue source for this Fund was real estate excise tax and sales tax from Port of Seattle projects. At the end of 2024, the fund balance in the Municipal Capital Improvement Fund was \$25.7 million.

The Facility Construction Capital Improvement Fund is a capital projects fund whose purpose is to account for the expenditures related to major municipal capital projects including the purchase of land and the construction or major renovation of buildings. Project funded in 2024 includes the Police Substation build out, design of the Maintenance Facility remodel, and Civic Campus design. At the end of 2024, the fund balance in the Municipal Facilities Capital Improvement Fund was \$2.8 million.

The Transportation Capital Improvement Fund is a capital projects fund whose purpose is to account for the revenues and expenditures related to transportation improvements. In 2024, the major revenue sources for this Fund were project grants, interest earned on investments, and reimbursements from other agencies for services. At the end of 2024, the fund balance in the Transportation Capital Improvement Fund was \$15.6 million.

Business-Type Funds

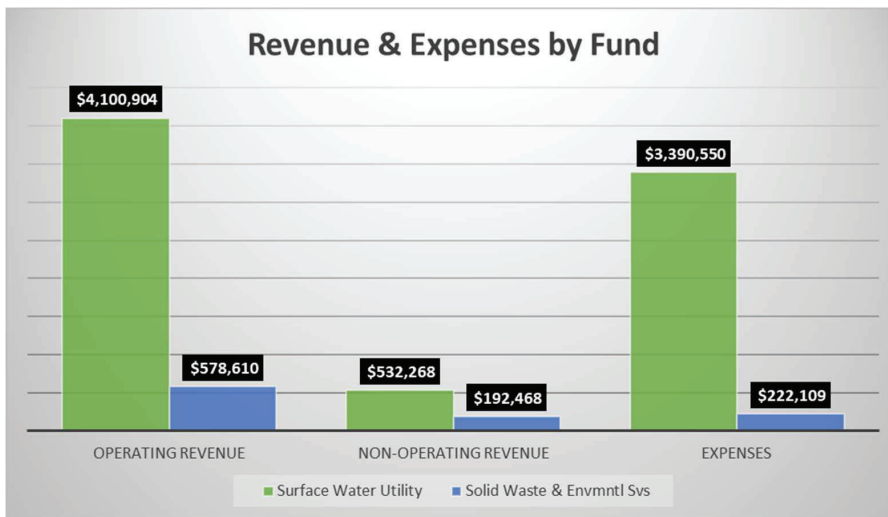
The City has two business-type funds, a Surface Water Utility Fund and Solid Waste & Environmental Services Fund. These funds are proprietary funds with financial statements that provide similar, but sometimes more detailed, information than the government-wide financial statements. The Surface Water Utility Fund accounts for the surface water management fees, the related maintenance and operations costs, capital costs and any debt service expense. The Solid Waste and Environmental Services Fund accounts for franchise fees paid



for solid waste services and grants related to solid waste and recycling. All expenses related to the administration of the City's recycling and education program are paid for out of this Fund.

On the government-wide Statement of Net Position for business-type activities, the ending net position balance for proprietary funds was \$48.7 million and of this amount, \$16.3 million or 33% was unrestricted. \$32.2 million was classified as investment in capital assets and the remaining \$270 thousand was restricted Pension Assets. The chart below shows the Ending Fund Balance for the Surface Water Utility and Solid Waste & Environmental fund for 2024.

Revenues and Expenses for each fund are depicted in the chart below:



GENERAL FUND BUDGETARY HIGHLIGHTS

On a budgetary basis, the General Fund finished 2024 with \$49.5 million in ending fund balance. The original ending fund balance budgeted for 2024 was \$42 million. The actual ending fund balance exceeded the original budget by \$7.5 million.

The City of SeaTac budgets on a biennial basis. The final adopted budget for 2024 included 7 budget amendments. The following are the budget amendment ordinances and a brief description:

- 24-1003 - Adding 3 Full-time Positions (Judicial Support Specialist, Criminal Paralegal, Commercial Plans Examiner), 1 Part-time Position (Urban Forrester), Flock Safety Investigative tool (Police) and a trailer for Recreation Special Events
- 24-1005 – Comprehensive Plan Update
- 24-1006 – Increase to 4th of July Celebration
- 24-1009 – Adding a Limited Term Special Capital Projects Manager Position
- 24-1011 – Adding a Parks Operation Supervisor Position
- 24-1016 – Increase to various programs
- 24-1018 – Financial Advisor Contract

Total revenues in 2024 exceeded budget by \$3.8 million primarily due to the following:

- Sales and use tax were \$2.8 million higher than budgeted. The increase is due to increased traffic at the airport and development activity.
- Licenses and Permit revenues were \$800,000 higher than budgeted. The increase is due to the high level of development activity.
- Interlocal revenues were down \$1 million due to unrealized grant revenue.
- Investment interest was \$1.4 million higher than budgeted.
- Other Miscellaneous revenues were down \$200,000 from unrealized field rental revenue.

Total expenditures in 2024 were under budget by \$6.2 million primarily due to the following:

- Salaries & Benefits were \$2.1 million under budget due to vacancies.
- Services were \$2.9 million under budget from services budgeted but not used.
- Police Services contract was under budget due to a \$1.1 million credit for vacant positions.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At the end of 2024, the City had \$415 million (net of accumulated depreciation) in governmental activities capital assets, including one internal service fund, and \$32.2 million (net) in business-type activities. Total internal service fund capital assets (net) were just over \$1.5 million. The internal service fund assets were included in the governmental activities column of the government-wide Statement of Net Position. Additional information on capital assets can be found in the Notes to the Financial Statements in Note 6 Capital Assets. The following table summarizes the City's capital assets for the year ended 2024:

Capital Assets:	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 322,005,695	\$ 320,134,706	\$ 2,203,691	\$ 2,203,691	\$ 324,209,386	\$ 322,338,397
Intangible Assets-Easements	262,764	231,699	114,945	114,945	\$ 377,709	\$ 346,644
Constr in Progress (CIP)	12,785,452	11,670,017	1,407,934	954,447	\$ 14,193,386	\$ 12,624,464
Buildings/Building Impr	39,336,494	38,136,588	228,561	228,561	\$ 39,565,055	\$ 38,365,148
Other Improvements	22,572,437	22,318,856	42,067,939	41,992,138	\$ 64,640,376	\$ 64,310,994
Infrastructure	131,457,410	129,009,208	-	-	\$ 131,457,410	\$ 129,009,208
Equipment/Vehicles	2,551,074	2,506,347	26,877	26,877	\$ 2,577,951	\$ 2,533,224
Equipment/Vehicles-Eq Rental	5,168,868	4,774,029	-	-	\$ 5,168,868	\$ 4,774,029
Intangible Assets-Software	581,387	581,387	156,634	156,634	\$ 738,021	\$ 738,021
Right-to-use Lease Asset	183,889	183,889	-	-	\$ 183,889	\$ 183,889
Right-to-use Subscription Asset	200,556	200,556	-	-	\$ 200,556	\$ 200,556
Less: Depreciation	(122,135,497)	(117,247,742)	(13,992,758)	(13,296,613)	\$ (136,128,255)	\$ (130,544,355)
Total Capital Assets (Net)	\$ 414,970,529	\$ 412,499,541	\$ 32,213,822	\$ 32,380,680	\$ 447,184,351	\$ 444,880,220

In 2024, the largest increase in capital assets occurred in infrastructure for governmental activities due to the completion of the 2023 and 2024 overlay projects. Land also increased with the purchase of right-of-way for the Airport Station Improvements project. Construction in progress increased due to several ongoing projects at Angle Lake, Riverton Heights and SeaTac Des Moines Creek Trailhead. Facilities projects Maintenance Facility Remodel Design increasing Construction in Progress. The ongoing transportation construction in progress increases are from the engineering of Airport Station Area Improvements and the construction of 34th Ave S from S 160th to S 166th, S 204th St Improvements, Miller Creek Daylighting, and 34th Ave S Phase II.

Long-Term Debt

The City of SeaTac is authorized to issue long-term debt pursuant to the laws of the State of Washington. At the end of 2024, the City had only one type of allowable long-term debt outstanding, which was general obligation (councilmanic) debt. No revenue bonds, special assessment debt or voter-approved general obligation debt was outstanding.

City of SeaTac, WA – Management’s Discussion and Analysis

The City has one long-term lease (see Note 13 – Leases) and one Subscription Based Information Technology Agreement (SBITA, see Note 15 – SBITA’s). The table below provides a summary of the City’s outstanding debt for 2023 and 2024 by type:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Obligation Bonds	1,499,223	1,574,157	-	-	1,499,223	1,574,157
Lease/SBITA Debt	301,528	342,408	-	-	301,528	342,408
Total	\$ 1,800,751	\$ 1,916,565	\$ -	\$ -	\$ 1,800,751	\$ 1,916,565

General Obligation Debt

According to Washington State law, the City’s debt capacity for general government purposes is limited to 2.5% or \$226.5 million of the City’s assessed valuation. Of this 2.5%, the City Council has the authority to issue bonds and/or approve lease purchase agreements up to 1.5% or \$135.9 million. At the end of 2024, the City’s assessed valuation was \$9,061,179,982, which is a 7% increase from 2023. The assessed valuation for 2024 is used to calculate taxes to be collected in 2025. The City has \$1.5 million in outstanding councilmanic (non-voted) general obligation debt, consisting of the special obligation bonds issued by SCORE (South Correctional Entity), at the end of 2024. Repayment of this debt is guaranteed through the general taxing authority of the City. At this time, the City has no plans to issue additional general obligation debt.

In addition to the debt capacity limits for general government purposes (described above), there are other statutory limits of 2.5% for parks and open space and 2.5% for utilities for a combined total debt capacity of 7.5% or \$814 million of the City’s assessed valuation.

Additional information on the City’s long-term debt is found in Note 12 Long-Term Debt in the 2024 Notes to the Financial Statements.

ECONOMIC FACTORS AND THE BUDGET

Total revenues (excluding transfers in) in the General Fund were \$4.2 million above target primarily due to an increase in collections for Taxes, and Investment Interest. The area with the highest positive variance was Sales and Use Tax, exceeding the budget by \$2.9 million and Interest was \$1.8 million greater than expected. Grants and Entitlements were the biggest underperformer collecting \$925 thousand less than anticipated. The General Fund’s original 2024 appropriation was \$51.7 million while the final budget was \$59.8 million. Actual appropriations were \$53.6 million (excluding transfers out) resulting in a final budget savings of \$6.2 million from department vacancies and professional services not used.

2024 Property Tax was 20.3% of governmental revenues. Property tax revenue increased 2.8% from 2023. Sales taxes have exceeded 2023 collections by 12.6%. For the 2023-2024 biennium, the General Fund estimated ending fund balance was \$39.2 million. Of that amount, \$20 million was identified as the Council’s General Fund target fund balance of four months of operating expenditures. The City ended the biennium with an ending fund balance of \$49.1 million.

Management's Discussion & Analysis - City of SeaTac, WA

SeaTac has proved to be economically strong and continues to attract new businesses and investments; new real estate development opportunities continue to be realized around the three light rail stations, multifamily apartment and mixed-use projects are leading the way. Other developments include hotels, industrial and manufacturing buildings, and substantial construction projects at the airport. Active private sector projects under construction and permitting represent more than \$500 million in capital investments.

Public infrastructure investments underway and planned represent approximately \$1 billion per year and include the State Route 509 completion projects. Seattle-Tacoma International Airport is currently working on the C Concourse expansion that will add four floors and 13 new dining and retail options providing a steady flow in construction and retail sales tax. The Port of Seattle's 2024-2028 CIP budget reflects an additional \$5 billion in capital projects for the planning period.

Noteworthy is the robust recovery of the SeaTac hospitality/travel industry and the diversity and resiliency of existing small businesses. The 2024 lodging tax revenues exceeded 2023 numbers and indicate strong performance for travel-related industries. This economic activity creates housing, generates jobs, sales tax, and acts as a catalyst for additional investments while improving the quality of life of the residents, travelers, and workers in SeaTac.

	2015-2016 Final	2017-2018 Final	2019-2020 Final	2021-2022 Final	2023-2024 Final
Budget:					
Budgeted Revenues	\$ 68,104,144	\$ 69,288,979	\$ 84,772,096	\$ 79,187,689	\$ 97,275,913
Budgeted Expenditures	\$ 70,168,679	\$ 73,792,587	\$ 81,522,520	\$ 89,365,171	\$ 107,697,689
Budgeted Difference	\$ (2,064,535)	\$ (4,503,608)	\$ 3,249,576	\$ (10,177,482)	\$ (10,421,776)
Actual:					
Actual Revenues	\$ 72,950,304	\$ 83,718,092	\$ 82,579,166	\$ 91,477,213	\$ 110,088,787
Actual Expenditures	\$ 68,185,724	\$ 74,653,435	\$ 77,144,445	\$ 83,224,814	\$ 101,545,907
Actual Difference	\$ 4,764,580	\$ 9,064,657	\$ 5,434,721	\$ 8,252,399	\$ 8,542,880

Excludes other financing sources & uses; Budgetary basis differs from GAAP basis

REQUESTS FOR INFORMATION

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



Statement of Net Position
Government-wide
December 31, 2024

	Governmental Activities	Business-type Activities	Total	SSRTA Comp Unit
Assets				
Cash & cash equivalents	\$ 90,716,772	\$ 10,495,644	\$ 101,212,416	\$ 1,364,613
Investments	69,809,111	5,220,346	75,029,458	2,969,324
Receivables (net)				
Taxes	7,303,405	-	7,303,405	-
Customer accounts & contracts	3,565,651	263,017	3,828,668	10,000
Leases	4,047,039	-	4,047,039	-
Due from other governments	224,088	9,091	233,180	712,548
Inventory	-	-	-	5,978
Internal balances	(287,327)	287,327	-	-
Prepaid items	1,118,281	46,145	1,164,426	32,544
Investment in joint venture	4,640,844	-	4,640,844	-
Capital assets not being depreciated:				
Land	322,005,695	2,203,691	324,209,386	-
Intangible assets	262,764	114,945	377,710	9,947
Construction in progress	12,785,452	1,407,934	14,193,385	16,067
Capital assets, net of accum deprec (Note 6):				
Buildings	20,620,237	125,640	20,745,877	-
Improvements other than buildings	9,849,294	28,348,409	38,197,704	-
Equipment, vehicles & software	2,963,896	13,203	2,977,099	21,252
Right to use lease assets	172,887	-	172,887	967,218
Right to use subscription asset	120,334	-	120,334	49,502
Infrastructure	46,189,970	-	46,189,970	-
Net Pension Asset	\$ 3,044,937	\$ 270,223	\$ 3,315,160	\$ 240,617
Total Assets	\$ 599,153,331	\$ 48,805,615	\$ 647,958,947	\$ 6,399,610
Deferred Outflows of Resources				
Deferred Outflow of Resources - Pension	4,065,638	381,564	4,447,202	341,682
Deferred Outflow of Resources - OPEB	20,325	-	20,325	-
Deferred Outflow - Delayed Title Transfe	397,800	-	397,800	-
Total Deferred Outflows of Resources	\$ 4,483,763	\$ 381,564	\$ 4,865,327	\$ 341,682
Liabilities				
Accounts payable & accrued expenses	2,842,846	79,590	2,922,435	265,534
Total OPEB liability - current	20,854	-	20,854	-
Other current liabilities	2,219,636	-	2,219,636	-
Unearned revenue	5,225,010	-	5,225,010	-
Noncurrent liabilities:				
Due within one year	251,354	8,427	259,781	229,580
Due in more than one year	4,184,617	160,110	4,344,727	947,599
Net Pension Liability	1,221,618	114,652	1,336,270	98,934
Total OPEB liability - noncurrent	59,907	-	59,907	-
Total Liabilities	\$ 16,025,842	\$ 362,778	\$ 16,388,620	\$ 1,541,647
Deferred Inflows of Resources				
Deferred Inflow of Resources - Pensions	1,187,017	81,759	1,268,776	128,622
Deferred Inflow of Resources - Leases	4,047,039	-	4,047,039	-
Total Deferred Inflows	\$ 5,234,056	\$ 81,759	\$ 5,315,815	\$ 128,622
Net Position				
Net investment in capital assets	414,669,001	32,213,822	446,882,823	60,823
Restricted for:				
Tourism promotion & facilities	14,372,327	-	14,372,327	4,565,191
Debt service	728,991	-	728,991	-
Capital projects & equipment	4,948,610	-	4,948,610	-
Affordable housing	169,728	-	169,728	-
Public safety	467,478	-	467,478	-
Transportation	38,650,549	-	38,650,549	-
Des Moines Creek Basin ILA projects	5,214,497	-	5,214,497	-
Net Pension Asset	3,044,937	270,223	3,315,160	445,009
Unrestricted	100,111,080	16,258,597	116,369,677	-
Total Net Position	\$ 582,377,196	\$ 48,742,642	\$ 631,119,838	\$ 5,071,023

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

Statement of Activities
Government-wide
For the Year Ended December 31, 2024

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>
Functions/Programs				
Governmental Activities:				
Judicial	\$ 1,409,606	\$ 751,157	\$ 317,161	\$ -
General Government	11,644,563	2,433,695	733,981	107,770
Public Safety	31,319,195	569,717	2,828,518	232,472
Transportation	9,684,333	2,432,981	658,855	2,838,688
Health & Human Services	2,148,425	-	667,127	-
Physical & Economic Environment	6,509,059	3,990,981	743,494	-
Culture & Recreation	7,638,541	1,569,955	220,545	210,199
Interest on long-term debt	15,622	-	-	-
Total Governmental Activities	<u>70,369,344</u>	<u>11,748,487</u>	<u>6,169,680</u>	<u>3,389,128</u>
Business-type Activities:				
Solid Waste & Environmental	222,109	578,610	90,309	-
Surface Water Utilities	3,351,525	4,100,904	1,241	-
Total Business-type Activities	<u>3,573,633</u>	<u>4,679,515</u>	<u>91,550</u>	<u>-</u>
Component Unit Activities				
Seattle Southside Regional Tourism Authorit	4,991,684	3,867,050	-	5,232
Total Component Unit Activites	<u>4,991,684</u>	<u>3,867,050</u>	<u>-</u>	<u>5,232</u>
Total Government	<u>\$ 78,934,661</u>	<u>\$ 20,295,052</u>	<u>\$ 6,261,230</u>	<u>\$ 3,394,360</u>

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

	Net (Expense) Revenue & Changes in Net Position			
	Governmental Activities	Business-type Activities	Total	SSRTA Comp Unit
Functions/Programs				
Governmental Activities:				
Judicial	\$ (341,288)	\$ -	\$ (341,288)	\$ -
General Government	(8,369,118)	-	(8,369,118)	-
Public Safety	(27,688,488)	-	(27,688,488)	-
Transportation	(3,753,809)	-	(3,753,809)	-
Health & Human Services	(1,481,298)	-	(1,481,298)	-
Physical & Economic Environment	(1,774,584)	-	(1,774,584)	-
Culture & Recreation	(5,637,841)	-	(5,637,841)	-
Interest on long-term debt	(15,622)	-	(15,622)	-
Total Governmental Activities	(49,062,048)	-	(49,062,048)	-
Business-type Activities:				
Solid Waste & Environmental	-	446,810	446,810	-
Surface Water Utilities	-	750,621	750,621	-
Total Business-type Activities	-	1,197,431	1,197,431	-
Component Unit Activities				
Seattle Southside Regional Tourism Authority	-	-	-	(1,119,402)
Total Component Unit Activities	-	-	-	(1,119,402)
Total Government	\$ (49,062,048)	\$ 1,197,431	\$ (47,864,617)	\$ (1,119,402)
General Revenues				
Property tax	18,189,177	-	18,189,177	-
Retail sales and use taxes	25,933,895	-	25,933,895	-
Hotel/Motel taxes	2,149,298	-	2,149,298	-
Parking tax	11,889,294	-	11,889,294	-
Gambling taxes	403,701	-	403,701	-
Excise taxes	4,939,456	-	4,939,456	-
Unrestricted investment earnings	5,040,495	633,186	5,673,681	205,139
Gain on sale of capital assets	21,101	-	21,101	-
Total General Revenues	68,566,418	633,186	69,199,604	205,139
Transfers	135,300	(135,300)	-	-
Total General Revenues & Transfers	68,701,718	497,886	69,199,604	205,139
Change in Net Position	19,639,670	1,695,317	21,334,988	(914,263)
Net Position-Beginning	562,737,526	47,047,325	609,784,851	5,985,286
Net Position-Ending	\$ 582,377,196	\$ 48,742,642	\$ 631,119,838	\$ 5,071,023

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

Balance Sheet
Governmental Funds
December 31, 2024

	Special Revenue			Capital Improvement
	General	Street	Hotel/Motel Tax	Municipal CIP
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 29,294,235	\$ 16,150,640	\$ 10,418,475	\$ 10,840,495
Investments	40,132,197	5,951,938	3,973,879	14,321,777
Receivables (net of allowance for uncollectibles):				
Taxes	5,261,013	1,058,052	239,588	715,909
Customer accounts & contracts	1,241,203	44,267	32,182	243,457
Leases	4,047,039	-	-	-
Due from other governments	126,327	86,571	-	-
Prepaid items	1,097,309	-	3,600	-
Total Assets	\$ 81,199,324	\$ 23,291,469	\$ 14,667,724	\$ 26,121,639
Deferred Outflows of Resources				
Delayed land title transfer	-	-	-	-
Total Assets and Def Outflows of Res	\$ 81,199,324	\$ 23,291,469	\$ 14,667,724	\$ 26,121,639
Liabilities				
<i>Current Liabilities:</i>				
Accounts & other payable	\$ 1,685,513	\$ 252,366	\$ 295,397	\$ 163,804
Other current liabilities	2,219,103	533	-	-
Unearned revenue	5,225,010	-	-	-
Total Liabilities	\$ 9,129,625	\$ 252,899	\$ 295,397	\$ 163,804
Deferred Inflows of Resources				
Unavail revenue-grants/interlocal	\$ 154,980	3,056	-	243,067
Unavail revenue-taxes	223,211	-	-	-
Unavail revenue-court fines	403,283	-	-	-
Unavail revenue-permits	74,173	13,749	-	390
Deferred inflow related to leases	4,047,039	-	-	-
Unavail revenue-opioid settlement	-	-	-	-
Total Def Inflows of Resources	\$ 4,902,685	\$ 16,805	\$ -	\$ 243,457
Fund Balances (Deficits)				
Nonspendable:				
Prepayments	\$ 1,097,309	\$ -	\$ 3,600	\$ -
Restricted:				
Transportation	-	23,021,765	-	-
Tourism promotion & facilities	-	-	14,368,727	-
Des Moines Creek Basin ILA	-	-	-	-
Affordable housing	-	-	-	-
Capital projects & equipment	-	-	-	4,948,610
Public safety purposes	-	-	-	-
Debt service	-	-	-	-
Assigned:				
Light Rail Station projects	-	-	-	-
Capital projects & equipment	-	-	-	20,765,768
Unassigned	66,069,704	-	-	-
Total Fund Balances	\$ 67,167,013	\$ 23,021,765	\$ 14,372,327	\$ 25,714,378
Total Liab, Def Inflows of Res & Fund Balances (Deficits)	\$ 81,199,324	\$ 23,291,469	\$ 14,667,724	\$ 26,121,639

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

	Capital Improvement		Other Governmental Funds	Total Governmental Funds
	Facility Construction CIP	Transportation CIP		
Assets				
<i>Current Assets:</i>				
Cash & cash equivalents	\$ 1,438,261	\$ 10,645,281	\$ 9,018,376	\$ 87,805,763
Investments	1,452,177	3,482,279	494,864	69,809,111
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	28,842	7,303,405
Customer accounts & contracts	-	1,538,738	460,814	3,560,661
Leases	-	-	-	4,047,039
Due from other governments	-	-	11,190	224,088
Prepaid items	-	-	5,991	1,106,900
Total Assets	\$ 2,890,438	\$ 15,666,298	\$ 10,020,077	\$ 173,856,968
Deferred Outflows of Resources				
Delayed land title transfer	-	397,800	-	397,800
Total Assets and Def Outflows of Re	\$ 2,890,438	\$ 16,064,098	\$ 10,020,077	\$ 174,254,768
Liabilities				
<i>Current Liabilities:</i>				
Accounts & other payable	\$ 50,854	\$ 291,580	\$ 45,330	\$ 2,784,844
Other current liabilities	-	-	-	2,219,636
Unearned revenue	-	-	-	5,225,010
Total Liabilities	\$ 50,854	\$ 291,580	\$ 45,330	\$ 10,229,490
Deferred Inflows of Resources				
Unavail revenue-grants/interlocal	-	132,273	-	533,376
Unavail revenue-taxes	-	-	-	223,211
Unavail revenue-court fines	-	-	-	403,283
Unavail revenue-permits	-	11,461	-	99,773
Deferred inflow related to leases	-	-	-	4,047,039
Unavail revenue-opioid settlemer	-	-	460,814	460,814
Total Def Inflows of Resources	\$ -	\$ 143,734	\$ 460,814	\$ 5,767,496
Fund Balances (Deficits)				
Nonspendable:				
Prepayments	\$ -	\$ -	\$ 5,991	\$ 1,106,900
Restricted:				
Transportation	-	15,628,784	-	38,650,549
Tourism promotion & facilities	-	-	-	14,368,727
Des Moines Creek Basin ILA	-	-	5,214,497	5,214,497
Affordable housing	-	-	169,728	169,728
Capital projects & equipment	-	-	-	4,948,610
Public safety purposes	-	-	461,488	461,488
Debt service	-	-	427,462	427,462
Assigned:				
Light Rail Station projects	-	-	3,234,768	3,234,768
Capital projects & equipment	2,839,583	-	-	23,605,352
Unassigned	-	-	-	66,069,704
Total Fund Balances	\$ 2,839,583	\$ 15,628,784	\$ 9,513,933	\$ 158,257,783
Total Liab, Def Inflows of Res & Fund Balances (Deficits)	\$ 2,890,438	\$ 16,064,098	\$ 10,020,077	\$ 174,254,768

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

**Reconciliation of Fund Balances of Governmental Funds
to the Net Position of Governmental Activities
December 31, 2024**

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

Governmental funds total fund balance on December 31, 2024 (as shown on the Balance Sheet for Governmental Funds)	\$	158,257,783
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Capital assets used in governmental activities are not financial resources and are not reported in the individual governmental funds.

These capital assets consist of:

Land	\$	322,005,695	
Intangibles - easements		262,764	
Construction in progress		12,785,452	
Buildings & structures		39,336,494	
Other improvements		22,572,437	
Infrastructure		131,457,410	
Equipment		2,551,074	
Right-to-use lease asset		183,889	
Right-to-use subscription asset		200,556	
Intangibles - software		581,387	
Less: accumulated depreciation/amortization		<u>(118,486,983)</u>	413,450,174

Investments in joint ventures are not a financial resource and, therefore, are not reported in the governmental funds.			4,640,844
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The net pension asset is not an available resource and, therefore, is not reported in the governmental funds.			3,044,937
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Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.			1,720,456
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Some deferred outflows will not be utilized in the current period and, therefore, are not reported in the individual governmental funds.

These deferred outflows consist of:

Pensions	\$	4,065,638	
OPEB		20,325	4,085,963

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the individual governmental funds.

These long-term liabilities consist of:

Bonds payable	\$	(1,499,223)	
Pension liability		(1,221,618)	
Deferred pension inflows		(1,187,017)	
Other post employment benefits obligation		(80,761)	
Lease liability		(181,198)	
Subscription liability		(120,330)	
Compensated absences payable		<u>(2,615,124)</u>	(6,905,271)

An Equipment Rental Internal Service Fund is used by management to charge the costs of repairing and replacing equipment to individual governmental funds. These assets and liabilities are included in governmental activities in the Statement of Net Position.

			<u>4,082,310</u>
Net position of governmental activities	\$		<u>582,377,196</u>
(as shown on the Government-wide Statement of Net Position)			

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

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2024**

	General	Street	Hotel/Motel Tax	Municipal CIP
Revenues				
Taxes	\$ 44,789,291	\$ 11,889,294	\$ 2,149,298	\$ 4,577,918
Licenses & permits	2,822,777	33,160	-	-
Intergovernmental & contributions	5,956,093	658,465	31,740	211,148
Charges for services	3,335,398	160,047	-	834,554
Fines & forfeitures	142,598	-	-	57
Investment & other earnings	2,745,960	829,481	545,558	771,676
Net Change in FV of investments	721,309	(47,786)	85,874	414,497
Rent & leases	509,002	-	-	-
Miscellaneous	43,439	845	-	-
Total Revenues	\$ 61,065,868	\$ 13,523,505	\$ 2,812,471	\$ 6,809,850
Expenditures				
Current:				
Judicial	\$ 1,345,686	\$ -	\$ -	\$ -
General Government	11,595,780	-	-	104,346
Public Safety	31,027,300	-	-	-
Transportation	79,731	4,677,188	-	-
Health & Human Services	2,109,208	-	-	-
Economic Environment	4,514,657	77,057	1,307,847	-
Culture & Recreation	5,996,784	-	-	15,691
Debt Service:				
Principal	40,880	-	-	-
Interest & other costs	15,622	-	-	-
Capital Outlay:				
General Government	106,820	-	-	954,151
Public Safety	169,872	-	-	-
Transportation	438,124	1,478,328	-	-
Economic Environment	-	-	-	-
Culture & Recreation	-	-	-	1,111,209
Total Expenditures	\$ 57,440,465	\$ 6,232,572	\$ 1,307,847	\$ 2,185,398
Excess (deficiency) of revenues over (under) expenditures	\$ 3,625,403	\$ 7,290,933	\$ 1,504,624	\$ 4,624,452
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(8,000)	-	-	-
Insurance Recoveries	155,805	-	-	-
Disposal of Capital Assets	-	-	-	-
Total Other Fin Sources (Uses)	\$ 147,805	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ 3,773,208	\$ 7,290,933	\$ 1,504,624	\$ 4,624,452
Fund Balances-Beginning	\$ 63,393,805	\$ 15,730,832	\$ 12,867,703	\$ 21,089,926
Fund Balances-Ending	<u>\$ 67,167,013</u>	<u>\$ 23,021,765</u>	<u>\$ 14,372,327</u>	<u>\$ 25,714,378</u>

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

	Facility Construction CIP	Transportation CIP	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ -	\$ -	\$ 157,536	\$ 63,563,338
Licenses & permits	-	-	-	2,855,937
Intergovernmental & contributions	62,600	2,400,564	238,199	9,558,808
Charges for services	-	1,074,921	14,808	5,419,727
Fines & forfeitures	-	-	6,321	148,976
Investment & other earnings	115,019	722,748	439,093	6,169,537
Net Change in FV of investments	68,551	22,732	17,146	1,282,324
Rent & leases	-	-	-	509,002
Miscellaneous	-	-	185,735	230,019
Total Revenues	\$ 246,170	\$ 4,220,965	\$ 1,058,839	\$ 89,737,668
Expenditures				
Current:				
Judicial	\$ -	\$ -	\$ -	\$ 1,345,686
General Government	-	-	-	11,700,127
Public Safety	-	-	58,377	31,085,678
Transportation	-	-	-	4,756,919
Health & Human Services	-	-	-	2,109,208
Economic Environment	-	-	258,348	6,157,909
Culture & Recreation	-	-	10,051	6,022,526
Debt Service:				
Principal	-	-	-	40,880
Interest & other costs	-	-	-	15,622
Capital Outlay:				
General Government	268,111	-	-	1,329,082
Public Safety	30,876	-	-	200,748
Transportation	299,770	5,834,023	-	8,050,245
Economic Environment	-	-	112,008	112,008
Culture & Recreation	-	-	-	1,111,209
Total Expenditures	\$ 598,757	\$ 5,834,023	\$ 438,784	\$ 74,037,847
Excess (deficiency) of revenues over (under) expenditures	\$ (352,587)	\$ (1,613,058)	\$ 620,055	\$ 15,699,821
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 135,300	\$ 135,300
Transfers out	-	-	-	(8,000)
Insurance Recoveries	-	-	-	155,805
Disposal of Capital Assets	-	124,000	-	124,000
Total Other Fin Sources (Uses)	\$ -	\$ 124,000	\$ 135,300	\$ 407,104
Net Change in Fund Balances	\$ (352,587)	\$ (1,489,058)	\$ 755,355	\$ 16,106,926
Fund Balances-Beginning	\$ 3,192,170	\$ 17,117,843	\$ 8,758,578	\$ 142,150,857
Fund Balances-Ending	\$ 2,839,583	\$ 15,628,784	\$ 9,513,933	\$ 158,257,783

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

**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, 2024**

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

Net change in fund balance for all governmental funds combined (as shown on the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds)	\$ 16,106,926
--	---------------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	8,287,335	
Depreciation expense	<u>(5,449,407)</u>	2,837,928

In the Statement of Activities, only the gain (loss) on the sale of assets is reported.

In the governmental funds, the proceeds from the sale of the assets increases financial resources. Thus causing a reporting difference when assets are disposed of (sold, traded-in or donated). The net effect of various miscellaneous transactions involving capital assets (i.e. asset sales, transfers, etc) is to decrease net position.	(554,364)
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Investment in joint ventures are not considered financial resources and are, therefore, not reported in the governmental funds.	114,579
---	---------

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

Debt principal repayments	40,880	40,880
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Governmental funds report pension expenditures when due and payable from current financial resources. However, in the Statement of Activities, pension expense is measured by the change in net pension assets, net pension liabilities, and related deferred outflows and inflows. This is the net difference in pension expense.	1,523,682
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Some revenues will not be collected for several months after the City's fiscal year ends and are not considered available revenues in the governmental funds. Unavailable revenues changed by this amount for the current year.	190,725
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses consist of:

Asset Retirement Obligations	6,545	
OPEB Expense	98,377	
Net increase in compensated absences	<u>(947,427)</u>	(842,505)

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

Profit/Loss allocation & interest earnings	192,718	
Gain on sale of capital assets	21,101	
Transfers involving other funds (net)	<u>8,000</u>	221,819
Change in net position of governmental activities		\$ 19,639,670
(as shown on the Statement of Activities-Governmental Activities)		

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

**Statement of Net Position
Proprietary Funds
December 31, 2024**

	Business-type Activities			Governmental Activities
	Surface Water Utility	Solid Waste and Environmental	Total Enterprise Funds	Internal Service Fund- Equipment Rental
Assets				
Current Assets:				
Cash & cash equivalents	\$ 8,243,901	\$ 2,251,743	\$ 10,495,644	\$ 2,911,009
Investments	5,220,346	-	5,220,346	-
Customer receivables (net)	154,656	108,361	263,017	4,990
Due from other governments	9,091	-	9,091	-
Prepaid items	46,145	-	46,145	11,381
Total Current Assets	<u>\$ 13,674,139</u>	<u>\$ 2,360,104</u>	<u>\$ 16,034,243</u>	<u>\$ 2,927,380</u>
Noncurrent Assets:				
Capital assets not being depreciated:				
Land	\$ 2,203,691	-	\$ 2,203,691	-
Intangible assets - easements	114,945	-	114,945	-
Construction in progress	1,407,934	-	1,407,934	-
Capital assets, net of accum. Deprec.(Note 6):				
Buildings	\$ 125,640	\$ -	\$ 125,640	\$ -
Other improvements	28,348,409	-	28,348,409	-
Vehicles and equipment	3,069	-	3,069	1,520,355
Intangible assets - software	10,134	-	10,134	-
Net Pension Asset	222,981	47,242	270,223	9,763
Total Noncurrent Assets	<u>\$ 32,436,803</u>	<u>\$ 47,242</u>	<u>\$ 32,484,045</u>	<u>\$ 1,530,118</u>
Total Assets	<u>\$ 46,110,942</u>	<u>\$ 2,407,346</u>	<u>\$ 48,518,288</u>	<u>\$ 4,457,498</u>
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	\$ 314,855	\$ 66,709	\$ 381,564	\$ 13,795
Liabilities				
Current Liabilities:				
Accounts payable	\$ 70,203	\$ 9,386	\$ 79,590	58,002
Compensated absences	7,956	471	8,427	1,005
Total Current Liabilities	<u>\$ 78,159</u>	<u>\$ 9,857</u>	<u>\$ 88,016</u>	<u>\$ 59,007</u>
Noncurrent Liabilities:				
Compensated absences	151,163	8,947	160,110	19,091
Net pension liability	94,608	20,044	114,652	4,142
Total Noncurrent Liabilities	<u>\$ 245,771</u>	<u>\$ 28,991</u>	<u>\$ 274,762</u>	<u>\$ 23,233</u>
Total Liabilities	<u>\$ 323,930</u>	<u>\$ 38,848</u>	<u>\$ 362,778</u>	<u>\$ 82,240</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	\$ 67,719	\$ 14,040	\$ 81,759	\$ 3,929
Net Position				
Investment in capital assets	32,213,822	-	32,213,822	1,520,355
Restricted for:				
Net Pension Asset	222,981	47,242	270,223	9,763
Unrestricted	13,597,345	2,373,925	15,971,270	2,855,006
Total Net Position	<u>\$ 46,034,148</u>	<u>\$ 2,421,167</u>	<u>\$ 48,455,315</u>	<u>\$ 4,385,124</u>
Cumulative adjustment to reflect the consolidation of the Equipment Rental Internal Service Fund activities as related to enterprise funds over time.			<u>287,327</u>	
Net position of business-type activities			<u>\$ 48,742,642</u>	

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

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024**

	Business-type Activities			Governmental Activities
	Surface Water Utility	Solid Waste and Environmental	Total Enterprise Funds	Internal Service Fund- Equipment Rental
Operating Revenues				
Charges for Services:				
Garbage & solid waste	-	578,610	578,610	
Surface water utilities	4,100,904	-	4,100,904	-
Equipment rental	-	-	-	1,023,886
Total Operating Revenues	4,100,904	578,610	4,679,515	1,023,886
Operating Expenses				
Maintenance & operations	1,947,221	203,203	2,150,424	676,522
Administrative & general	747,183	18,906	766,089	-
Depreciation	696,145	-	696,145	243,231
Total Operating Expenses	3,390,550	222,109	3,612,658	919,754
Operating Income (Loss)	710,355	356,502	1,066,856	104,132
Nonoperating Revenues (Exps)				
Intergovernmental revenues	1,241	90,309	91,550	-
Investment earnings	531,027	102,159	633,186	127,611
Gain (loss) on disposal of assets	-	-	-	21,101
Total Nonoperating Revs (Exps)	532,268	192,468	724,736	148,712
Income (Loss) Before Contributions & Transfers	1,242,622	548,970	1,791,592	252,844
Transfers in	-	-	-	8,000
Transfers out	(135,300)	-	(135,300)	-
Change in Net Position	1,107,322	548,970	1,656,292	260,844
Net Position-Beginning	44,926,826	1,872,197	46,799,023	4,124,280
Net Position-Ending	46,034,148	2,421,167	48,455,315	4,385,124
An Equipment Rental Internal Service Fund is used to charge the cost of equipment repairs & replacements to individual funds. This is the current year adjustment for this internal service fund that is reported with the business-type activities in the Statement of Activities.			39,025	
Change in net position of business-type activities			\$ 1,695,317	

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities-Enterprise Funds			Governmental Activities
	Surface Water Utility	Solid Waste and Environmental	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 4,147,018	\$ 521,606	\$ 4,668,625	\$ -
Receipts from other funds	-	-	-	1,023,886
Payments to suppliers	(971,201)	(140,262)	(1,111,463)	(552,100)
Payments to employees	(1,764,324)	(115,683)	(1,880,007)	(139,661)
Other receipts (payments)	-	48,400	48,400	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,411,494</u>	<u>\$ 314,061</u>	<u>\$ 1,725,555</u>	<u>\$ 332,125</u>
Cash Flows from Noncapital Financing Activities:				
Intergovernmental revenue	\$ 1,241	\$ 90,309	\$ 91,550	\$ -
Transfers from other funds	-	-	-	8,000
Transfers to other funds	<u>(135,300)</u>	<u>-</u>	<u>(135,300)</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (134,059)</u>	<u>\$ 90,309</u>	<u>\$ (43,750)</u>	<u>\$ 8,000</u>
Cash Flows from Capital & Related Financing Activities:				
Proceeds from sale of assets	\$ -	\$ -	\$ -	\$ 21,101
Purchase of capital assets	<u>(529,287)</u>	<u>-</u>	<u>(529,287)</u>	<u>(430,655)</u>
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>\$ (529,287)</u>	<u>\$ -</u>	<u>\$ (529,287)</u>	<u>\$ (409,554)</u>
Cash Flows from Investing Activities:				
Proceeds from sale of investments	\$ 1,000,000	995,564	1,995,564	-
Purchase of investments	(1,500,000)	\$ -	\$ (1,500,000)	\$ -
Interest received	<u>488,609</u>	<u>102,159</u>	<u>590,769</u>	<u>127,611</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (11,391)</u>	<u>\$ 1,097,723</u>	<u>\$ 1,086,332</u>	<u>\$ 127,611</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 736,757</u>	<u>\$ 1,502,092</u>	<u>\$ 2,238,849</u>	<u>\$ 58,181</u>
Cash & Cash Equivalents-Beginning*	<u>\$ 7,507,144</u>	<u>\$ 749,650</u>	<u>\$ 8,256,794</u>	<u>\$ 2,852,828</u>
Cash & Cash Equivalents-Ending	<u>\$ 8,243,901</u>	<u>\$ 2,251,743</u>	<u>\$ 10,495,644</u>	<u>\$ 2,911,009</u>

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

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024**

	Business-type Activities-Enterprise Funds			Governmental Activities
	Surface Water Utility	Solid Waste and Environmental	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 710,355	\$ 356,502	\$ 1,066,856	\$ 104,132
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	696,145	-	696,145	243,231
Pension Expense	(118,194)	(25,042)	(143,236)	(5,174)
(Incr) decr in accts receivable	(17,603)	(8,604)	(26,207)	-
(Incr) decr in prepaid expenses	(13,837)	-	(13,837)	(11,382)
Incr (decr) in accounts payable	26,329	(9,297)	17,032	(8,346)
(Incr) decr in due from other governme	63,717	-	63,717	-
Incr (decr) in compensated absences	64,582	502	65,085	9,663
Total adjustments	<u>701,139</u>	<u>(42,441)</u>	<u>658,698</u>	<u>227,993</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,411,494</u>	<u>314,061</u>	<u>\$ 1,725,555</u>	<u>\$ 332,125</u>
Noncash Activities:				
Contributions of capital assets (other improvements) paid for by the Transportation CIP Fund.	-	-	-	-
Change in fair value of investments	<u>(264,842)</u>	<u>-</u>	<u>(264,842)</u>	<u>-</u>
Total Noncash Activities	<u>\$ (264,842)</u>	<u>\$ -</u>	<u>\$ (264,842)</u>	<u>\$ -</u>

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

Statement of Fiduciary Net Position
December 31, 2024

		Custodial Funds
Assets		
Cash & cash equivalents	\$	10,209
Account Recievable		12,326
Total Assets	\$	22,535
Liabilities		
Accounts Payable	\$	21,555
Total Liabilities	\$	21,867
Deferred Inflows of Resources		312
Net Position Restricted For:		
Other Governments		668
	\$	668

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

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2024**

	Custodial Funds
Additions	
Court Receipts	129,951
Custodial Receipts	42,927
Total Additions	172,878
Deductions	
Court Remittances	129,951
Custodial Remittances	
Taxes	39,096
WA State Building Permit Fee	2,796
King County Pet Licenses	1,035
Total Deductions	172,878
Change in Net Position	-
Net Position-Beginning	668
Net Position-Ending	668

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City’s significant accounting policies are described below:

A. Reporting Entity

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

The City of SeaTac is a general-purpose government. As required by the generally accepted accounting principles the financial statements present the city, the primary government, and its component units. The component unit discussed below is included in the City’s reporting entity because of the significance of its operational or financial relationships with the component unit.

The Seattle Southside Regional Tourism Authority (SSRTA) was established by an interlocal agreement between the cities of SeaTac, Tukwila, and Des Moines to provide tourism promotion services to the member cities. The City of SeaTac appoints the voting majority of the Board of Directors for the SSRTA. The SSRTA operating budget is subject to approval of the City Council. Financial information for the SSRTA is discreetly presented in the Cities financial statements. Complete financial statements for the SSRTA can be obtained at SSRTA, Attn: Finance Director, 3100 S 176th St, SeaTac, WA 98188.

B. Basis of Presentation - Government–Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

As a general rule the effect of the interfund activity has been eliminated for the government-wide financial statements. Exceptions to this general rule are the overhead costs of the General Fund which are charged as

an expense to the fund who uses the services.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund (#001) is the City's primary operating fund. It accounts for all financial resources of the general government, except those required or elected to be accounted for in another fund. The primary revenue sources in the General Fund are property taxes and sales taxes.

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

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

The Municipal Capital Improvement Fund (#301) accounts for general capital improvements. Revenues deposited to the Fund include sales taxes associated with capital projects at the Port of Seattle airport and real estate excise tax.

The Facility Construction CIP Fund (Capital Improvement Fund #306) accounts for expenditures related to the construction of City buildings and major land acquisitions. There are no major revenue sources for this Fund. Transfers in from other funds pay for the capital improvements, as needed.

The Transportation Capital Improvement Fund (Capital Improvement Fund #307) accounts for transportation related infrastructure projects. The major revenue sources in this Fund include parking taxes (interfund transfers in from the Street Fund), traffic impact fees, fuel taxes and federal, state, and local grants.

The City reports the following major enterprise funds:

The Surface Water Utility Fund (#403) accounts for the cost of maintaining the City's storm drainage system. Activities primarily supported through user charges include administration, operations, maintenance, repairs, and debt service. In addition, the fund accounts for capital improvements to the City's storm drainage system.

The Solid Waste and Environmental Services Fund (#404) accounts for costs related to the administration of the City's recycling and education program. These activities are supported through solid waste services franchise fees and recycling grants.

The City reports the following fund types:

Internal service funds account for the costs of maintaining and repairing all City vehicles and auxiliary equipment except for police vehicles on a cost reimbursement basis. This Fund also accumulates resources for the future replacement of existing vehicles and equipment.

A custodial fund is used to account for various fiduciary activities including state court remittances, sales and leasehold excise taxes and King County pet license fees.

C. Measurement Focus, Basis of Accounting

1. Government-Wide and Governmental Funds

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

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

Property taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

2. Proprietary Funds

The proprietary fund statements (enterprise and internal service funds) are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City are storm drainage fees and franchise fees paid for solid waste services. Operating expenses for the city include the cost of sales and services, including maintenance and operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Information

1. Scope of the Budget

The City of SeaTac budgets in accordance with the provisions of the Revised Code of Washington (RCW) 35A.34. Biennial appropriated budgets are adopted for most of the City funds as follows: the General Fund, Special

Revenue Funds (Street, Port of Seattle ILA, Transit Planning, Hotel/Motel Tax, Building Management, Des Moines Creek Basin ILA Fund, Affordable Housing Tax Fund, ARPA Fund, and Restricted Public Safety Fund), Debt Service Funds (SCORE Bond Fund), Capital Project Funds (Municipal Capital Improvement, Facility Construction CIP, Transportation CIP, and Light Rail CIP), Enterprise Funds (Surface Water Utility and Solid Waste and Environmental Services) and the Internal Service Fund (Equipment Rental).

In June 2012, the City Council passed Ordinance No. 12-1010 authorizing the change to biennial budgeting effective for the budget years of 2013 – 2014. The City's first biennial budget was adopted by Ordinance No. 12-1018 in November 2012.

Biennial budgets for the general, special revenue, debt service and capital project funds are adopted on the modified accrual basis of accounting. For governmental funds, there are five funds (General Fund, Port of Seattle ILA Fund, Transit Planning Fund, Building Management Fund, and the ARPA Grant Fund) with differences between the budgetary basis and generally accepted accounting principles (GAAP). Specific details on these differences can be found in the RSI (Required Supplementary Information). Budgetary accounts are integrated into the City's accounting system in all budgeted funds and any unexpended appropriations lapse at the end of the two-year biennial period (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

2. Amending the Budget

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

When the City Council determines it is in the best interest of the City to increase or decrease the appropriation for a particular fund, it may do so by Ordinance approved by one more than the majority.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated biennial budget. The final budget is the original biennial budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the two fiscal years combined.

3. Excess of Expenditures over Appropriations

There were no City funds in which expenditures exceeded appropriations.

4. Deficit Fund Net Position

There were no City funds with deficit fund net positions.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Cash Equivalents

It is the City's policy to invest all temporary cash surpluses. At December 31, 2024, the City had holdings of \$101,222,626 (as shown in the table below) in short-term residual investments of surplus cash. This amount is classified on the balance sheet as cash and cash equivalents in various funds. Included in this category, because the State Treasurer's Local Government Investment Pool (LGIP) is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent. The interest on these investments is prorated to the various funds based on ownership of the investments.

At December 31, 2024, the City's total cash and cash equivalents (including cash restricted for debt) consisted of the following:

US Bank, General Fund Checking Account	\$13,359,324
US Bank, Municipal Court Checking Account.....	60,256
Cash with Renton Foundation.....	79,291
Deposit with Navia Benefits.....	7,367
Deposit with Sunset Management.....	1,558
Cash Equivalents with State Treasurer's Investment Pool.....	87,707,830
City Hall Postage Meter Fund.....	6,000
Petty Cash/Change Funds.....	1,000
Total Cash and Cash Equivalents.....	<u>\$101,222,626</u>

The amount reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balance maintained was \$11.7 million.

For purposes of the Statement of Cash Flows, proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Additional information is presented in Note 4 Deposits and Investments.

2. Investments (See Note 3 Deposits and Investments)

Investments are reported in the financial statements at fair value. Washington State statutes provide for the City to hold investments consisting of obligations of the U.S. Government, repurchase agreements, prime banker's acceptances, and time certificates of deposit issued by Washington State depositories that participate in the Washington State Public Depository Protection Pool (PDPC). The PDPC is a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. Additional information is presented in Note 4 Deposits and Investments.

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 4 Property Taxes for additional information). Other taxes receivable consists of sales taxes, hotel/motel taxes, gambling taxes, real estate excise taxes, leasehold excise taxes and parking taxes.

Customer accounts receivable consists of amounts owed from private individuals or organizations for goods

and services, including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

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

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund loans receivable/payable or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. A separate schedule of interfund loans receivable and payable is furnished in Note 19 Interfund Balances & Transfers.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. There were no interfund loans or advances outstanding in 2024.

5. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

6. Capital Assets

Capital assets, which include construction in progress, land, buildings, equipment, vehicles, software, easements, other improvements and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Beginning in 2023, capital assets are defined by the City as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized but instead are expensed as they are incurred.

Major outlays for capital improvements and infrastructure are capitalized as projects are constructed. Infrastructure, other improvements, buildings, equipment, etc. are depreciated using the straight-line depreciation method. Depreciation for assets reported in business-type columns prior to 2017 includes a 10% salvage value. Land, perpetual easements and construction in progress are not depreciated.

The following table summarizes asset capitalization thresholds and service life:

Capital Asset Classes	Capitalization Threshold	Estimated Service Life
Construction in Progress	Capitalize All	Not Depreciated
Land & Land Improvements	Capitalize All	Not Depreciated
Intangible Assets – Perpetual Easements	Capitalize All	Not Depreciated
Intangible Assets – Software	\$15,000	4-10 Years
Equipment/Vehicles	\$15,000	4 - 20 Years
Buildings/Building Improvements	\$25,000	10 - 40 Years
Other Improvements	\$25,000	10 - 50 Years
Surface Water Utility Improvements	\$25,000	50 Years
Transportation Infrastructure	\$100,000	10 - 50 Years

Additional information is presented in Note 5 Capital Assets.

7. Leases and SBITAs

Lessee/SBITA: The City recognizes lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide and proprietary fund financial statements. The City recognizes lease/SBITA liabilities with an initial, individual value of \$100,000 or more.

The lease/SBITA asset is amortized using the straight-line method over its useful life.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease/SBITA. Lease/SBITA payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: The City is a lessor for non-cancelable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net asset that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net asset that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

The City's policy for vacation allows for a maximum accumulation and payment equal to the amount of vacation time the employee could have earned over a period of two years at the employee's current rate of accrual. Vacation pay is based on the employee's last hourly rate of pay and payable upon resignation, retirement, or death.

Generally, upon separation from employment employees receive payment equal to 25% of their accrued and unused sick leave up to a 64-hour maximum. The sick leave cash out does not apply to employees who leave during their probationary period or are on the annual Sick Leave Cash-Out Program. It is the City's policy that

payment for accumulated sick leave be based on the employee's last hourly rate of pay. The City recognizes a liability for leave more likely than not to be used for sick leave based on an average use rate over a prior 5-year period.

Compensatory time can be accrued up to a maximum of 80 hours and is payable upon resignation, retirement, or death. This leave is paid at the employee's last hourly rate of pay.

At the end of 2024, total compensated absences liability was \$2,803,757 and included accumulated unused vacation, sick leave, and compensatory time for governmental activities. This liability has been reported in the government-wide Statement of Net Position.

Accumulated amounts for compensated absences are accrued as incurred in proprietary funds. The total liability amount in the City's Surface Water Utility Fund on December 31, 2024, was \$159,119. It is estimated that \$7,956 of this liability will be due within one year. The total liability amount in the City's Solid Waste and Environmental Services Fund on December 31, 2024, was \$9,418. It is estimated that \$471 of this liability will be due within one year. Additionally, the Equipment Rental Fund has an estimated total compensated absences liability at year-end of \$20,096 and it is estimated that \$1,005 of this liability will be due within one year. The Equipment Rental compensated absence liability has been included in the governmental activities column of the government-wide Statement of Net Position.

10. Pensions

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset the city includes the net pension asset only.

11. Unearned Revenues

This account includes amounts received but not recognized as revenues because the revenue recognition criteria have not been met.

12. Fund Balance

Fund balance in the governmental funds represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, states that governmental funds should report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. Governments, such as the City of SeaTac, that do not have policies or procedures comparable to the GASB Statement No. 54 policies that underlie the classifications, would not report amounts in all possible fund balance classifications. Since the City does not have fund balance classification policies or procedures, no amounts were reported as committed. Therefore, the flow assumption or order of spending within unrestricted fund balance would be assigned and

then unassigned since the City does not have anything reported as committed.

The following are the fund balance classifications as defined by GASB Statement No. 54:

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

Restricted: Fund balance should be reported as restricted when 1) constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. For purposes of determining the composition of ending fund balance, the City reviews restricted resources to ensure that expenditures meet the requirements of the restricted resources. The City then confirms available restricted balances and utilizes these balances as deemed appropriate. Otherwise, available unrestricted (includes committed, assigned or unassigned) amounts will be utilized.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action (passage of an ordinance) to establish (and modify or rescind) the commitments of the government’s highest level of decision-making authority (the City Council). At this time, the City has no written policy or procedure on committing fund balance.

Assigned: Amounts that are restrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be expressed by the governing body itself (the City Council) or a body or official to which the governing body has delegated the authority (authority has not been delegated) to assign amounts to be used for specific purposes. Assigned fund balance includes a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed and b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the City has assigned those amounts to the purposes of the respective funds. At this time, the City has no written policy or procedure on assigning fund balance and no City official has formally been authorized to make assignments.

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

13. Minimum Fund Balance

For the General Fund, the City has established a minimum fund balance policy of four months (33%) of General Fund operating expenditures (excluding transfers out) via the adoption of the biennial budget ordinance. City Council can authorize use of reserves for unforeseen, urgent, or emergency needs as deemed necessary by the City Manager or City Council. Capital funds shall maintain a reserve to provide funding for three of the six years in the Capital Improvement Plan, less proprietary fund projects.

Enterprise funds have an operating reserve minimum of 45 days of total budgeted operating expenses for the

Surface Water Management Fund and 30 days of total budgeted operating expenses for the Solid Waste & Environmental Fund. For capital reserves the Surface Water Management utility also has a target of 10% of all original asset values. City Council authorization is needed to expend any enterprise fund reserves.

14. Net Position Classification

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Proprietary Fund Statement of Net Position and the Government-Wide Statement of Net Position

The proprietary fund Statement of Net Position provides a reconciliation between net position – total enterprise funds and net position - business-type activities as reported in the government-wide Statement of Net Position. The description of the sole element of that reconciliation is “Cumulative adjustment to reflect the consolidation of the Equipment Rental Internal Service Fund activities as related to enterprise funds over time.” The details of the \$287,327 difference are as follows:

Internal receivable representing charges in excess of cost to business-type activities – prior years	\$248,302
Internal receivable representing charges under cost to business-type activities – current year	<u>39,025</u>
Net adjustment to increase net position – total enterprise funds to arrive at net position – business-type activities	<u>\$287,327</u>

NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the City would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The City’s deposits are covered entirely by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

City of SeaTac, WA – Notes to the Financial Statements

B. Investments

It is the city's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments are subject to the following risks.

Interest Rate Risk: Interest rate risk is the risk the city may face should interest rate variances affect the fair value of investments. The City does not have a formal policy that addresses interest rate risk.

Investment Type	Fair Value	Maturities (in Years)	
		Less Than 1	1 to 5
U.S. Treasury Obligations	5,545,274	-	5,545,274
U.S. Agencies	66,499,754	19,285,903	47,213,851
Municipal Debt Obligations	2,984,430	2,984,430	-
Total Investments	\$ 75,029,458	\$ 22,270,333	\$ 52,759,125

In addition to the interest rate risk disclosed above, the City includes investments with fair value highly sensitive to interest rate changes.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy applies the prudent person standard; investments will be made with judgment and care, under circumstances then prevailing, which a person of prudence, discretion and intelligence would use in the management of their own affairs, not for speculation, but for investment purposes. At December 31, 2024, City investments had the following credit quality distribution for securities with credit exposure:

Investment Type	Ratings		Fair Value
	Moody's	S&P	
Government Sponsored Enterprises			
United States Treasury Note	Aaa	NR	5,545,274
Federal Home Loan Bank	Aaa	AA+	38,335,102
Federal National Mortgage Association	Aaa	AA+	2,491,467
Federal Home Loan Mortgage Corp	Aaa	NR	3,949,507
Federal Farm Credit	Aaa	AA+	17,758,284
Farmer Mac	Aaa	AA+	3,965,393
Mississippi State	Aa2	AA	977,190
State of Hawaii	Aa2	AA+	2,007,240
Total			\$ 75,029,457

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a 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 party. The City's investment policy states that all security transactions entered into by the City shall be conducted on a delivery versus payment basis whereby the securities are delivered to a third party, such as a safekeeping bank acting as an agent for the City, before payment is released. All of the City's securities at year-end were held in safekeeping by a third-party custodian and are not exposed to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. It is the City’s policy to diversify its investments by security type and institution. The City’s policy is to assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury obligations and authorized pools, no more than 30% of the entity’s total investment portfolio will be invested in a single security type, issuer or financial institution.

Investments in Local Government Investment Pool (LGIP)

The City is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather; oversight is provided by the State Finance Committee in accordance with RCW 43.250. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0220, online at www.tre.wa.gov.

Investments Measured at Fair Value

The City measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities,
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable,
- Level 3: Unobservable inputs for an asset or liability.

At December 31, 2024, the City had the following investments measured at fair value:

Investments By Fair Value	12/31/2024	Quoted Prices In		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Government Sponsored Enterprises	\$ 75,029,458	\$ -	\$ 75,029,458	\$ -
Total By Fair Value Level	\$ 75,029,458	\$ -	\$ 75,029,458	\$ -

C. Summary of Deposit and Investment Balances

Reconciliation of SeaTac’s deposits and investment balances as of December 31, 2024, is as follows:

City of SeaTac, WA – Notes to the Financial Statements

Cash Deposits and Investments	Fair Value	Cost Based Measure	Percent of Total
Government Sponsored Enterprises			
Federal Home Loan Bank	\$ 38,335,102		21.75%
Federal National Mortgage Association	\$ 2,491,467		1.41%
United States Treasury Note	\$ 5,545,274		3.15%
Federal Farm Credit	\$ 17,758,284		10.08%
Federal Home Loan Mortgage Corp	\$ 3,949,507		2.24%
Mississippi State	\$ 977,190		0.55%
Farmer Mac	\$ 3,965,393		2.25%
State of Hawaii	\$ 2,007,240		1.14%
Cash on Hand		1,000	0.00%
City Hall Postage Meter Funds		6,000	0.00%
FDIC or PDPC Insured Bank Deposits		13,359,324	7.58%
Washington State Local Government Investment Pool		87,707,830	49.76%
Municipal Court Checking Account		60,256	0.03%
Renton Community Foundation		79,291	0.04%
Navia Benefits Deposit Account		7,367	0.00%
Rental Deposit - Sunset Management		1,558	0.00%
Total	\$ 75,029,457	\$ 101,222,626	100%
Total Cash, Deposits and Investments		\$ 176,252,083	

NOTE 4: PROPERTY TAX

The King County Treasurer acts as an agent to collect property tax levied in the County for all taxing authorities. Collections are distributed daily via wire transfer.

Property Tax Calendar

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

During the year, property tax revenue is recognized when cash is received. At year end, unpaid property tax is recorded as receivable. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. The portion of the property tax that is not expected to be collected within 60 days is classified as unavailable revenue under "Deferred Inflows of Resources" in the governmental fund balance sheet.

The City may levy up to \$3.34 per \$1,000 of assessed valuation (assumes that the King County Library District is levying its statutory maximum of \$.50 per \$1,000 of assessed valuation) for general governmental services.

The City's property tax levy rate was \$2.214 per \$1,000 of assessed value. Based on a City-wide assessed valuation of \$8,405,553,557, the total property tax levy for 2024 was \$18,606,265 (Note: Property taxes collected in 2024 are based on the 2023 assessed valuation).

Washington State Constitution and Washington State law RCW 84.55.010, limit the rate.

NOTE 5: CAPITAL ASSETS

A. Capital Assets for Governmental Activities

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

Capital assets used in governmental activities are reported in the government-wide Statement of Net Position. Governmental capital assets are not reported in the fund balance sheets but are recorded as expenditures in the year purchased. The depreciation expense for these assets is recorded in the government-wide Statement of Activities and not in the fund financial statements. The City uses the straight-line method of depreciation with no salvage value for its governmental capital assets.

The table below summarizes the changes in the City's governmental capital assets during 2024. Please note that \$1,520,355 (net) of internal service fund depreciated capital assets from the Equipment Rental Fund (#501) are shown in the table below and are not shown in the proprietary capital assets table. Under GASB Statement No. 34, internal service fund assets and liabilities that are not eliminated are generally included in the governmental activities column of the government-wide Statement of Net Position.

City of SeaTac, WA – Notes to the Financial Statements

Governmental Activities Capital Assets	Beginning Balance 01/01/2024	Increases	Decreases	Transfers In/ (Out)	Ending Balance 12/31/2024
Capital assets not being depreciated:					
Land	320,134,706	2,003,025	(132,036)	-	322,005,695
Intangible Assets-Easements	231,699	31,065	-	-	262,764
Construction in Progress (CIP)	11,670,017	3,498,757	(2,383,322)	-	12,785,452
Total assets not being deprec.	332,036,423	5,532,846	(2,515,358)	-	335,053,911
Capital assets being depreciated/amortized:					
Buildings/Bldg Improvements	38,136,588	2,380,373	(1,180,467)	-	39,336,494
Other Improvements	22,318,856	253,581	-	-	22,572,437
Equipment/Vehicles	2,506,347	55,655	(10,928)	-	2,551,074
Equipment/Vehicles (Eq Rental)	4,774,029	430,655	(35,817)	-	5,168,868
Infrastructure	129,009,208	2,448,201	-	-	131,457,410
Intangible Assets-Software	581,387	-	-	-	581,387
Right-to-use Lease Asset	183,889	-	-	-	183,889
Right-to-use Subscription Asset	200,556	-	-	-	200,556
Total assets being deprec.	197,710,860	5,568,466	(1,227,212)	-	202,052,114
Total governmental capital assets before depreciation	529,747,283	11,101,313	(3,742,570)	-	537,106,025.30
Less accumulated depreciation/amortization for:					
Buildings/Bldg Improvements	(18,493,634)	(980,763)	758,139	-	(18,716,257)
Other Improvements	(11,649,674)	(1,073,468)	-	-	(12,723,143)
Equipment/Vehicles	(1,189,232)	(173,864)	10,928	-	(1,352,167)
Equipment/Vehicles (Eq Rental)	(3,441,098)	(243,231)	35,817	-	(3,648,512)
Infrastructure	(82,124,377)	(3,143,061)	-	-	(85,267,438)
Intangible Assets-Software	(308,043)	(28,710)	-	-	(336,753)
Right-to-use Lease Asset	(1,572)	(9,430)	-	-	(11,002)
Right-to-use Subscription Asset	(40,111)	(40,111)	-	-	(80,222)
Total accumulated deprec.	(117,247,740)	(5,692,638)	804,884	-	(122,135,495)
Total governmental activities capital assets (net)	412,499,542	5,408,674	(2,937,686)	-	414,970,531

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

Governmental Activities:	
General Government	583,007
Public Safety	327,261
Physical & Economic Environment	52,059
Transportation	3,193,662
Transportation (Equipment Rental – Internal Service Fund)	243,231
Culture & Recreation	1,293,418
Total Depreciation/Amortization Expense-Governmental Activities	\$5,691,638

B. Capital Assets for Business-type Activities

Capital assets for the business-type proprietary funds are capitalized in their respective Statement of Net Position. These assets are stated at cost, estimated historical cost when original cost is not available, or acquisition value received in the case of contributions. Depreciation expense is charged to the operations of proprietary funds to allocate the cost of capital assets over their estimated useful lives, using the straight-line method with useful lives of 5 to 50 years. Prior to 2017, a salvage value of 10% was used for the City’s proprietary fund capital assets.

The following schedule summarizes the capital asset data for business-type proprietary funds for 2024:

Business-Type Activities Capital Assets	Beginning Balance 01/01/2024	Increases	Decreases	Transfers In & (Out)	Ending Balance 12/31/2024
Capital assets not being depreciated:					
Land	\$ 2,203,691	-	-	-	\$ 2,203,691
Construction in Progress	954,447	529,287	(75,801)	-	1,407,933
Intangible Assets-Easements-SWM	114,945	-	-	-	114,945
Total assets not being depreciated	\$ 3,273,083	\$529,287	(75,801)	-	\$ 3,726,569
Capital assets being depreciated/amortized:					
Buildings-SWM	\$228,560	-	-	-	\$228,560
Other Improvements-SWM	41,992,138	75,801	-	-	42,067,939
Equipment-SWM	26,877	-	-	-	26,877
Intangible Assets-Software-SWM	156,634	-	-	-	156,634
Total assets being depreciated/amortized	\$42,404,209	\$75,801	-	-	\$42,480,010
Total business-type capital assets before depreciation/amortization	\$45,677,292	\$605,088	\$(75,801)	-	\$46,206,579
Less accumulated depreciation/amortization for:					
Buildings	\$(97,759)	\$(5,161)	-	-	\$(102,920)
Other Improvements	(13,029,739)	(689,791)	-	-	(13,719,530)
Equipment	(21,420)	(1,194)	-	-	(23,808)
Intangible Assets-Software	(146,500)	-	-	-	(146,500)
Total accumulated depreciation/amortization	\$(13,296,612)	\$(696,145)	-	-	\$(13,992,757)
Total bus-type capital assets (net)	\$32,380,680	\$(91,057)	\$(75,801)	-	\$32,213,822

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

Business-type Activities:	
Utilities/Physical Environment (Surface Water Utility)	\$696,145
Total Depreciation/amortization Expense-Business-type Activities	\$696,145

NOTE 6: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

A. Construction Commitments

The following table describes the active construction projects on December 31, 2024, and the City’s commitment with the contractors:

Project	Spent to Date	Remaining Commitment
Parametrix – 34 th Ave S Phase I	842,818	20,689
Perteet, Inc - 34 th Ave S Phase I	584,912	10,550
RL Alia - 34 th Ave S Phase I	5,947,244	98,934
KPG Psomas – 34 th Ave S Phase II	571,522	1,131,409
KPG Psomas – Airport Station Area Pedestrian Imps.	1,636,377	155,335
Tucci & Sons – 2024 Overlay	837,521	73,980
Perteet, Inc - S 204th St Improvements	648,868	1,030,485
City of Burien - Miller Creek Stream Realignment	1,176,328	583,671
Atwell - 2024 Overlay	130,111	70,696
KPG Psomas – SeaTac Des Moines Creek Park Trailhead	12,056	5,322
Bruce Dees and Assoc – SeaTac Des Moines Creek Park Trailhead	377,160	114,219
Mott MacDonald – Angle Lake Fishing Pier and Boat Ramp	177,293	237,607
MXM Landscape Architecture – Riverton Heights Park Improvements	319,227	176,223
Total Outstanding Construction Commitments	\$13,261,437	\$3,709,120

B. Other Commitments

Project	Spent to Date	Remaining Commitment
Bulpin Consulting – Airport Station Area Pedestrian Imps.	89,646	50,354
Commonstreet Consulting – Airport Station Area Pedestrian Imps.	278,110	42,603
David Evans & Associates – Airport Station Area Pedestrian Imps.	0	74,636
Transpo Group USA, Inc. – On-Call Professional Services	49,695	230,305
Bush, Road, & Hitchings, Inc. – On-Call Professional Services	23,827	136,173
Total Outstanding Other Commitments	\$441,278	\$534,071

NOTE 7: PENSIONS – STATE SPONSORED (DRS) PLANS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$(1,336,270)
Pension assets	\$3,315,160
Deferred outflows of resources	\$4,447,202
Deferred inflows of resources	\$(1,268,776)

Pension expense/expenditures	\$(177,265)
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A. State Sponsored Pension Plans

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

B. Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

PERS Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 2/3 employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

Employer Contribution Rates				
Timeframe	Contribution Rate	PERS 1 UAAL	Admin Fee	Total Employer
January - June	6.36%	2.97%	0.20%	9.53%
July - August	6.36%	2.47%	0.20%	9.03%
September - December	6.36%	2.55%	0.20%	9.11%

Plan	Employee Contribution Rate
PERS 1	6.00%
PERS 2	6.36%
PERS 3	Varies: 5% - 15%

The City’s actual PERS plan contributions were \$460,975 to PERS Plan 1 and \$1,033,851 to PERS Plan 2/3 for the year ended December 31, 2024.

C. Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

LEOFF was established in 1970, and its retirement benefit provisions are contained in Chapter 41.26 RCW. LEOFF membership includes all of the state’s full-time, fully compensated, local law enforcement commissioned officers, fire fighters and, as of July 24, 2005, emergency medical technicians.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

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-paid consecutive 24 months within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include a COLA. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute 0%, as long as the plan remains fully funded. The LEOFF Plan had no required employer contributions for fiscal year 2024. Employers paid only the administrative expense of 0.20% of covered payroll.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Assumptions did not change from the prior contribution rate setting June 30, 2022, Actuarial Valuation Report (AVR). OSA adjusted their method for calculating UAAL contribution rates in PERS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected. OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1.

Discount Rate

The Discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected

future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA’s and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024. The inflation component used to create the table is 2.5% and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19%	2.1%
Tangible Assets	8%	4.5%
Real Estate	18%	4.8%
Global Equity	30%	5.6%
Private Equity	25%	8.6%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Plan	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$1,965,621	\$1,336,271	\$784,316
PERS 2/3	5,677,479	(3,149,447)	(10,398,817)
LEOFF 1	(145,840)	(165,713)	(183,044)

Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported its proportionate share of the net pension liabilities as follows:

Plan	Liability (or Asset)
PERS 1	\$1,336,271
PERS 2/3	(3,149,447)
LEOFF 1	(165,713)

The amount of the asset reported above for LEOFF Plan 1 reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the City were as follows:

	LEOFF 1 Asset
Employer’s proportionate share	(\$165,713)
State’s proportionate share of the net pension asset associated with the employer	(1,120,881)
TOTAL	(\$1,286,594)

At June 30, the City’s proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	.077087%	.075205%	.001882%
PERS 2/3	.096544	.095537	.001007
LEOFF 1	.005656	.005827	.000171

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024, are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Non-employer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2024. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12% of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88% of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

Pension Expense

For the year ended December 31, 2024, the City recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$(64,799)
PERS 2/3	(109,756)
LEOFF 1	(2,710)

TOTAL	(177,265)
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Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$106,925)
Changes of assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$235,319	\$0
TOTAL	\$235,319	(\$106,925)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$1,789,583	(\$7,292)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$902,542)
Changes of assumptions	\$1,739,131	(\$199,548)
Changes in proportion and differences between contributions and proportionate share of contributions	\$117,577	(\$45,346)
Contributions subsequent to the measurement date	\$565,588	\$0
TOTAL	\$4,211,879	(\$1,154,728)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$0	\$0
Net difference between projected and actual investment earnings on pension plan investments	\$0	(\$6,264)
Changes of assumptions	\$0	\$0
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	\$0
Contributions subsequent to the measurement date	\$0	\$0
TOTAL	\$0	(\$6,264)

Deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December

31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1
2025	(\$176,953)
2026	\$90,910
2027	(\$9,626)
2028	(\$11,256)
Thereafter	\$0
Total	(\$106,925)

Year ended December 31:	PERS 2/3
2025	(\$660,431)
2026	\$1,404,655
2027	\$602,511
2028	\$597,237
2029	\$295,560
Thereafter	\$252,030
Total	(\$2,491,562)

Year ended December 31:	LEOFF 1
2025	(\$10,531)
2026	\$5,456
2027	(\$524)
2028	(\$665)
Thereafter	\$0
Total	(\$6,264)

NOTE 8: PENSION AND/OR OPEB PLANS - DEFINED CONTRIBUTIONS

City of SeaTac 401 (a) Money Purchase Retirement Trust

The City of SeaTac 401 (a) Money Purchase Retirement Trust is a defined contribution plan which was established as an alternative to the federal Social Security System. By unanimous vote of City employees, and with an effective date of September 1, 1990, this alternative plan was designed to provide the employees with benefits that equal or exceed the present Social Security system including inflation. Contributions into the plan are not subject to federal income taxation as is the case with Social Security contributions.

All full-time employees are required to participate. Under this program, employees contribute 6.2% of their salary into a deferred retirement account. The City contributes, on behalf of each employee, an amount equal to what the City would have paid to Social Security. This amount is a composite of a cash match (approximately

5.5342%) and insurance payments (approximately 0.6658%) for disability, accidental death and dismemberment, and life insurance benefit coverage.

As of December 31, 2024, there were 165 active members in the City of SeaTac Retirement Trust. Actual employee contributions during the year amounted to \$995,123. Actual employer contributions were \$888,310.

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

The City's retirement plan provisions or contribution requirements can be changed by amending the adoption agreement through approval by the City Council.

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

1) **Disability**

Long-term disability benefits provide eligible employees, pending claim approval, 60% of compensation with a \$12,000 per month maximum. Disability benefit premiums are paid 100% by the City's contributions.

2) **Life and Accidental Death and Dismemberment Insurance**

Life insurance coverage for eligible employees equals two times annual earnings, up to a maximum of \$300,000. Subject to terms and limitations set forth in the group policy. The policy includes equal amount of accidental death and dismemberment insurance, which provides a benefit if an eligible employee suffers a covered accidental injury or dies from a covered accident. The premiums for these benefits are paid by the City.

3) **Retirement Benefits**

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

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

Plan assets are not the property of the City and are not subject to the claims of the City's general creditors. The program is administered by a private consulting firm, Mission Square Retirement.

NOTE 9: OTHER POSTEMPLOYMENT BENEFIT (OPEB) DEFINED BENEFIT PLAN - NO QUALIFYING TRUST

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2024.

Aggregate OPEB Amounts – All Plans	
OPEB Liabilities	\$80,761
Deferred Outflows of Resources	20,325
Deferred Inflows of Resources	0
OPEB Expenses/Expenditures	(98,377)

The City of SeaTac LEOFF 1 Retirees OPEB Plan is administered by the Law Enforcement Officers’ and Firefighters’ Disability Board (LEOFF Board) and is a single employer defined benefit plan.

In accordance with the Revised Code of Washington (RCW) Chapter 41.26, the City of SeaTac provides lifetime postemployment healthcare benefits to all LEOFF 1 (Law Enforcement Officers and Fire Fighters hired prior to September 1, 1977) retirees. The City contributes 100% of the cost of medical insurance premiums for all LEOFF 1 retirees (excludes spouses). In addition, the City reimburses LEOFF 1 retirees for all validated claims for medical, dental (\$1,000 annual limit) and hospitalization costs incurred by the retirees. Only those medical services and expenditures which are deemed reasonable and necessary by the LEOFF Board will be paid by the City. The Plan is closed to new entrants.

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	3
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A dedicated trust fund has not been established for LEOFF 1 retiree benefits; therefore, the plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

State statute provides that the City's responsibility for medical payments of LEOFF 1 retirees is secondary to any other coverage retirees receive or are eligible to receive. LEOFF Board policies and procedures stipulate that medical services payable under this benefit Plan be reduced by any amount received or eligible to be received under worker's compensation, Medicare, insurance provided by another employer, other pension plan, or other similar sources. In the event any such alternative source of payment is available, it shall be incumbent upon the requesting member to apprise the Board of such source, if known to the member, and failure to do so may result in the loss of medical benefits. During the year, the City contributed \$40,854 to the Plan for postemployment health care.

Assumptions and Other Inputs

The City has elected to calculate the OPEB Liability and related information using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members. The Office of the State Actuary has prepared an online tool that assists employers in determining their OPEB liability using an actuarial valuation and measurement date of June 30, 2024.

Actuarial methods and assumptions are consistent with the 2023 LEOFF 1 Medical Benefits Actuarial Valuation Report (AVR). The discount rate is 3.65% and inflation was estimated at 2.35%. Healthcare cost trend rates range from 2% to 16% reaching an ultimate rate of approximately 3.8% in 2075. Mortality rates assumed a 50/50 male/female split. This approach inherently assumes all liabilities are fully earned and the Service Cost equals zero. In other words, the Entry Age Normal Total OPEB Liability is by definition equal to the Present Value of Future Benefits. Further, there is no need to make an assumption with respect to Projected Salary Changes.

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rate of 6.8%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate.

	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
Total OPEB Liability	\$95,583	\$100,761	\$106,398

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.5%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5%) or 1-percentage point higher (4.5%) than the current rate.

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	\$106,880	\$100,761	\$95,256

Changes in the Total OPEB Liability

LEOFF 1 Retirees OPEB Plan	
Total OPEB Liability at 01/01/2024	\$185,260
Service Cost	0
Interest	6,385
Changes in Benefit Terms	0
Changes in Experience Data and Assumptions	(70,030)
Benefit Payments	(40,854)
Other Changes	0
Total OPEB Liability at 12/31/2024	\$80,761

The measurement date of the total OPEB liability and the alternative measurement method calculation on which the total OPEB liability is based is June 30, 2024.

Insurance benefits are purchased from the Association of Washington Cities Trust. LEOFF 1 retirees are eligible for Regence/Asuris Plan A, the Kaiser \$0 copay plan, and the Regence or Kaiser Medicare Advantage Plan (if enrolled on Medicare). For more information on these plans, see Note 10 – Health and Welfare.

There are no known changes that have occurred between the measurement date and the reporting date that would have a significant effect on the total OPEB liability.

The city recognized \$(98,377) of OPEB expense due to the change in experience data and assumptions, however

only \$20,530 of actual OPEB expenditures were recorded in the reporting period.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Payments subsequent to the measurement date	\$20,325	\$0
TOTAL	\$20,325	\$0

Deferred outflows of resources of \$20,325 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2025.

NOTE 10: HEALTH & WELFARE

The City is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014, when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents, and other beneficiaries through a designated account within the Trust.

As of December 31, 2024, 268 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

City of SeaTac, WA – Notes to the Financial Statements

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2024, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$2 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer’s termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor’s office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board (“GASB”). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor’s office.

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss including but not limited to tort, theft of, damage to, and destruction of assets; errors & omissions; injuries or property damage to others, and natural disasters. The City purchases commercial insurance as the primary method of managing risk. The City carries a number of policies with varying deductibles depending on risk category, through multiple insurance carriers and producers brokered through Leavitt Group, the commercial insurance broker. The City’s General Fund accounts for and expends monies for the procurement of insurance, payments of insurance deductibles, claims settlement, and administration of a risk management and safety program.

There were no significant reductions in insurance coverage from the previous year. The City’s 2024 commercial insurance policies limits and deductibles are as follows:

Insurer	Limits	Deductible
<i>ClAW/CHUBB Insurance Program</i>		

Notes to the Financial Statements – City of SeaTac, WA

General Liability	\$5,000,000.00	\$150,000.00
Employer’s Liability (Stop Gap)	\$5,000,000.00	\$200,000.00
Automobile Liability	\$5,000,000.00	\$150,000.00
Wrongful Acts Liability (Public Officials & Employment Practices)	\$5,000,000.00	\$200,000.00
Sexual Abuse Liability	\$2,000,000.00	\$150,000.00
<i>Navigators Specialty Insurance Company</i>		
Excess Liability	\$5,000,000.00	N/A
<i>Travelers</i>		
Crime Policy	\$25,000.00	\$1,000.00
<i>Travelers</i>		
Cyber Risk Aggregate Limit	\$3,000,000.00	
Liability	\$3,000,000.00	\$50,000.00
Breach Response	\$3,000,000.00	\$50,000.00
Cyber Crime	\$1,000,000.00	\$50,000.00
Business Loss	\$25,000.00	\$5,000.00
<i>Colony Insurance Company</i>		
Storage Tank Pollution Liability (Fuel Tanks)	\$3,000,000.00	
Bodily Injury, Property Damage and Corrective Action Costs		
<i>Travelers</i>		
Deluxe Property	\$73,594,365.00	\$10,000.00
Inland Marine	\$998,832.00	\$1,000.00
<i>Travelers (The Charter Oak Fire Insurance Co.)</i>		
Automobile Physical Damage	Variable	\$5,000.00
Comprehensive Deductible	Variable	\$5,000.00
Collision Deductible	Variable	\$5,000.00
<i>Western Surety Company</i>		
Blanket Notary Errors and Omissions	\$25,000.00	

*Limits subject to the terms, conditions, and exclusions of the policy.

There have been no settlements in the past three (3) years that have exceeded the City’s insurance coverage limits.

In order to manage the risk of employee work-related injuries, industrial insurance coverage is provided by Washington State and is administered by the Department of Labor and Industries. Coverage is purchased by means of standard rates per working hour and is computed by the total number of hours worked by employees multiplied by the basic premium rate assigned to the business risk classification. The following are benefits provided by industrial insurance: medical services, damaged clothing, travel expenses, time-loss payments, vocational rehabilitation, partial disability awards, pension awards and survivor benefits. Industrial Insurance costs are expended/expensed in the corresponding operating department/fund.

The City’s unemployment insurance provides compensation to workers who are temporarily and involuntarily unemployed. This coverage is provided by the State of Washington and is administered by the Employment Security Department in accordance with the provisions of the Employment Security Act. The City’s employer

City of SeaTac, WA – Notes to the Financial Statements

status for unemployment insurance is as a “taxable” employer. Unemployment Insurance costs are expended/expensed in the corresponding operating department/fund.

NOTE 12: LONG-TERM DEBT

A. General Obligation Bonds

General obligation bonds are a direct obligation of the City for which its full faith and credit are pledged. Debt service (principal, interest and fees) is paid out of “debt service funds”. Outstanding general obligation debt is reported in the government-wide Statement of Net Position and not in the fund financial statements. The City currently has no General Obligation Debt.

B. Special Obligation Bonds

In November 2009, the South Correctional Entity Facility Public Development Authority (the “SCORE PDA”) issued \$86 million in special obligation bonds to carry out the facility development project. SCORE issued Series 2009A (tax exempt) bonds in the amount of \$8,205,000 and Series 2009B (taxable Build America Bonds) bonds in the amount of \$78,030,000. The City of SeaTac was contractually obligated for paying \$246,150 and \$2,340,900, respectively, which equated to 3% of the outstanding bonds. These bonds were issued for the purpose of providing money to pay part of the costs of construction and acquisition of certain improvements to a jail facility. The 2009 SCORE bonds were secured by the irrevocable full faith and credit obligation of the cities of Auburn, Burien, Federal Way, Renton, SeaTac and Tukwila (the “Owner Cities”). On December 11, 2019, the Authority issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (2019 Bonds). SeaTac’s obligation is provided in the chart below. Additional information on the City’s joint venture with SCORE is presented in Note 20 - Joint Ventures - South Correctional Entity (SCORE).

General obligation and special obligation bond debt outstanding as of the end of 2024 are listed in the table below:

Description/ Range of Maturities	Interest Rate	Original Issue Amount	Amount Outstanding
Special Obligation Bonds (Contractual)			
2019 South Correctional Entity Facility Public Development Authority Refunding Bonds Series 2019 Bonds (2020-2024/2025-2031/2032-2036/2037-2038)	3.00% – 5.00%	\$1,848,191	\$1,499,223
Total Special Obligation Bonds (Contractual)		\$1,848,191	\$1,499,223

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

Governmental-type Debt		
2019 SCORE Bonds (Contractual Special Obligation)		
Ratings: Moody’s A1 & S&P AA		
Year Ending Dec 31	Principal	Interest
2025	78,011	63,607

Notes to the Financial Statements – City of SeaTac, WA

2026	81,812	59,706
2027	85,975	55,616
2028	90,138	51,317
2029	94,663	46,810
2030-2034	546,258	161,474
2035-2038	522,366	43,688
Total SCORE Bonds	\$1,499,223	\$482,218

At December 31, 2024, the city has \$427,462 available in debt service funds to service the general bonded debt.

C. Revenue Bonds

The City currently has no outstanding revenue bonds. The City has begun a feasibility study to build a new civic campus. Revenue bonds are being considered to fund this capital project.

D. Special Assessment Bonds

The City currently has no outstanding special assessment bonds. At this time, there are no plans to issue any special assessment bonds to fund future projects.

NOTE 13: LEASES (LESSEES)

The City is a lessee for noncancelable leases. The City recognizes lease liabilities with an initial, individual value of \$100,000 or more.

On 02/28/2023, the City entered a lease for a police substation located in North SeaTac. The initial lease payment was \$1,304 with an annual 2% increase thereafter. The lease has an interest rate of 8.0%. An initial lease liability of \$183,889 and an intangible right-to-use asset was recorded in the amount of \$183,889. The lease is paid out of the General Fund. The lease has an initial term of 10 years with two (2) options to extend for five (5) years each. In 2024, the City was required to make monthly lease payments of \$1,330.

Governmental Activities	Beg. Bal.	Increases	Decreases	End. Bal.
Leased Buildings	\$183,889	-	-	\$183,889
Total	\$183,889	-	-	\$183,889
Accum. Amor. Leased Buildings	(\$1,572)	(\$9,430)	-	(\$11,002)
Total	(\$1,572)	(\$9,430)	-	(\$11,002)

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Year ended December 31	Principal	Interest	Total
2025	1,738	14,438	16,176
2026	2,221	14,279	16,500
2027	2,740	14,084	16,824
2028	3,321	13,843	17,164
2029	3,959	13,553	17,512
2030-2034	31,977	61,391	93,368

City of SeaTac, WA – Notes to the Financial Statements

2035-2039	64,629	42,775	107,404
2040-2043	70,642	10,234	80,876
Total	\$181,227	\$184,597	\$365,824

NOTE 14: LEASES (LESSORS)

The City has four (4) non-cancelable lease agreements to lease out portions of the second floor in City Hall. Lease terms range from three to eight years.

The City has one (1) lease agreement to house antennas on the roof of City Hall. The lease agreement is for five years with three automatic renewals for an additional five years. The lease is in its second five-year automatic renewal.

The City has one (1) lease agreement to house antennas on the roof of the Community Center building. The lease agreement is for 10 years with one (1) automatic renewal for an additional five years.

The City has one (1) ground lease agreement. The 50-year ground lease agreement is with the YMCA for 6.5 acres through December 31, 2054, with two options to extend for an additional ten-years.

The total amount of inflows of resources from leasing activities is provided below:

Fund	Lease Revenue	Interest Revenue
General Fund (001)	\$275,918	\$98,769

As of December 31, 2024, future lease receivable principal and interest payments are as follows:

Year ended December 31	Principal	Interest	Total
2025	260,205	99,006	359,211
2026	286,409	84,847	371,256
2027	314,079	68,999	383,078
2028	344,939	51,258	396,197
2029	260,282	33,819	294,101
2030-2034	675,582	133,080	808,662
2035-2039	489,659	106,045	595,704
2040-2044	123,243	94,622	217,865
2045-2049	143,680	85,298	228,978
2050-2054	166,177	74,481	240,658
2055-2059	190,918	62,016	252,934
2060-2064	218,105	47,731	265,836
2065-2069	247,945	31,451	279,396
2070-2074	280,664	12,984	293,648
2075	39,967	235	40,202
Total	\$4,041,854	\$985,872	\$5,027,726

NOTE 15: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City recognizes SBITA liabilities with an initial, individual value of \$100,000 or more.

On 04/05/2023, the City entered a SBITA for a cybersecurity solution. The SBITA is paid out of the General Fund. The SBITA has a five (5) year term. The City is required to make annual payments of \$40,646. The SBITA has an interest rate of 8.0%. An initial subscription liability of \$200,556 and a subscription asset was recorded in the amount of \$200,556.

Governmental Activities	Beg. Bal.	Increases	Decreases	End. Bal.
Subscription Assets	\$200,556	-	-	\$200,556
Accumulated Amortization	(40,111)	(40,111)	-	(80,222)
Net Subscription Asset	\$160,445	(40,111)	-	\$120,334

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Year ended December 31	Principal	Interest	Total
2025	39,844	802	40,646
2026	40,109	537	40,646
2027	40,377	269	40,646
Total	\$120,330	\$1,608	\$121,938

NOTE 16: CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024	Due Within One Year
Governmental Activities:					
Bonds payable:					
Special obligation bonds	\$1,574,157	\$0	\$(74,934)	\$1,499,223	\$78,011
Total bonds payable - net	\$1,574,157	\$0	\$(74,934)	\$1,499,223	\$78,011
Compensated absences	1,327,308	2,715,823	(1,428,008)	2,615,123	130,756
Compensated absences-ISF	10,433	9,663	0	20,096	1,005
Total OPEB Liability	185,260	6,385	(110,884)	80,761	20,854
Net Pension Liability	1,608,252	0	(387,089)	1,221,618	0
Lease Liability	182,498	0	(1,300)	181,198	1,738
SBITA Liability	159,910	0	(39,580)	120,330	39,844
Gov activities long-term liabilities	\$3,474,661	\$2,731,871	\$(1,966,861)	\$4,239,671	\$194,197
Business-type Activities:					
Compensated absences	\$103,452	\$65,085	\$0	\$168,537	\$8,427
Net Pension Liability	150,981	0	(36,329)	114,652	0
Bus-type activities long-term liabilities	\$254,433	\$65,085	\$(36,329)	\$283,189	\$8,427

The liability for the other post-employment benefits is funded primarily by the General Fund. The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for the internal service fund are included as part of the totals for governmental activities. At year end, internal service funds had \$20,096

in estimated compensated absence liabilities. The chart above includes the City's estimate of compensated absences due within one year for both types of activities. Typically, the governmental activities estimated amount is funded out of the General Fund while the business-type activities estimated amount is funded out of the Surface Water Utility Fund and Solid Waste and Environmental Fund.

NOTE 17: CONTINGENCIES AND LITIGATIONS

The City has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes it is probable that the City will have to make payment. In the opinion of management, the City's insurance policies are adequate to pay all known or pending claims. In addition, management reports the following lawsuits and claims that have not been resolved:

1. Emmanuel Reformed Baptist Church (ERBC). In May 2022, the City received a demand in the amount of \$39,777.32 from the Church's attorneys for a claim for damages related to flooding in the Church's parking lot, they claim, is related to the City's So. 180th Flood Reduction Project from 2021. Prior to the receipt of the demand letter, the City's Public Work Director made good faith efforts to resolve the matter with the Church directly. The Church is in the process of hiring an engineer to determine the cause of the flooding and design a drainage system in accordance with the City's code. The City contends that flooding is not caused by the City's construction project. This City has submitted the claim to its insurer, CHUBB, however, coverage for the claim was denied. The City Attorney had been negotiating with the Church's attorney to settle this matter. Discussions between the City's attorney and the Church's attorney have diminished in recent months. Although the City is confident in its legal position, the probable outcome of this issue is unknown and the impact on the City's financial condition is also unknown.
2. EEOC Claim. Employee was separated from the City on or about 5/18/2023 for misconduct (specifically dishonesty). This employee filed a claim with the EEOC and mediation was held on 8/8/2023. Resolution was not reached at mediation. The City has filed its response to the employee's claim with the EEOC and is awaiting next steps from the EEOC. Although the City is confident in its legal position, it is unknown at this time whether the employee will pursue a lawsuit against the City. This is being reported in the interest of full disclosure.
3. Melynda Platt. On or about August 8, 2023, the City received a Tort Claim form from Ms. Platt for injuries she sustained on June 4, 2023, which tripping on an uneven sidewalk in the City of SeaTac. This claim has been submitted to the City's insurer. The City is still in the preliminary stages of investigating this claim. The probable outcome and impact to the City's financial condition is unknown.
4. Dorothy Bernard. On August 23, 2024, the City received a Tort Claim form from Ms. Bernard for injuries she sustained on May 10, 2024, when she tripped on pavers at Valley Ridge Park. The City has agreed to settle with Ms. Bernard for \$15,000.00. We are currently waiting for Medicare to finish its investigation and payment can be made.
5. Diane Eline. On October 24, 2024, the City received a Tort Claim form from Ms. Eline's attorney for injuries she sustained on July 6, 2024, when she tripped over an obstruction on International Blvd. The City is still in the preliminary stages of investigating this claim. The probable outcome and impact to the City's financial condition is unknown.

6. Marc Joseph Holmquist. On September 30, 2024, the City received a Tort Claim form from Mr. Holmquist’s attorney for injuries he sustained on October 1, 2021, when he fell off his bike at the SeaTac BMX Track. The City and Insurer have denied this claim, but a lawsuit was filed. The probable outcome and impact to the City’s financial condition is unknown.
7. Delanie Neal-Esposito. On February 10, 2025, the City received a Tort Claim form from Ms. Neal-Esposito for injuries she sustained on November 13, 2024, when she was hit in the crosswalk by a vehicle. The City and Insurer denied the claim; however, she has threatened a lawsuit. The probable outcome and impact to the City’s financial condition is unknown.

Management has received no information, other than referenced above, and has no knowledge of any other impending or potential claims or lawsuits, which would materially affect the City’s financial condition.

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

NOTE 18: RESTRICTED COMPONENT OF NET POSITION

The government-wide Statement of Net Position reports \$67,867,339 in restricted net position. None of the restrictions were from enabling legislation.

NOTE 19: INTERFUND BALANCES & TRANSFERS

During 2024, the City recorded interfund transfers. The City’s interfund transfers are considered nonreciprocal interfund activities and are legally authorized transfers of resources from one fund to another fund. The receiving fund accounts for the transfer in as an “other financing source” while the paying fund accounts for the transfer out as an “other financing use”. Transfers are included in the operating statements of the respective funds.

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

Transfers (In)	Transfers From (Out)			Totals
	Fund	General Fund #001	SWM Utility Fund #403	
	Equipment Rental Fund #501	8,000	-	8,000
	Other Non-Major Funds	-	135,300	135,300
	Total Cash Transfers	8,000	135,300	143,300

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

General Fund #001

The General Fund transferred \$8,000 to the Equipment Rental Fund for the purchase of a trailer for the Parks

Recreation Program.

Non-Major Fund Transfers

The Surface Water Utility Fund #403 transferred \$135,300 into the Des Moines Creek Basin Fund #111 for maintenance and operations (\$61,500) and to accumulate reserves (\$73,800) for future capital improvements.

NOTE 20: JOINT VENTURES – SOUTH CORRECTIONAL ENTITY (SCORE)

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the “Original Interlocal Agreement”) was entered into by seven participating municipal governments, the “Member Cities” of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the “Interlocal Cooperation Act” (RCW 39.34). This “Original Interlocal Agreement” was amended and restated October 1, 2009 and named the City of Des Moines as the “Host City” and the remaining Member Cities as “Owner Cities”. This interlocal agreement is known as the “Formation Interlocal Agreement”. Pursuant to a separate “Host City Agreement” dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City’s average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status.

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

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility was provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the “SCORE PDA”), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755. The SCORE PDA issued \$86 million in special obligation bonds in 2009 (the “Bonds”) to construct, develop, acquire and equip the SCORE Facility.

Pursuant to the 2009 Interlocal Agreement, on September 5, 2018, the City of Federal Way gave its notice of intent to withdraw from SCORE effective December 31, 2019. The remaining Member Cities (including the cities of Auburn, Burien, Des Moines, Renton, SeaTac and Tukwila) entered into an Amended and Restated SCORE Interlocal Agreement (2019 Interlocal Agreement), which amended and restated the 2009 Interlocal Agreement in its entirety, removed Federal Way as a Member City (effective December 31, 2019) and an Owner City (effective immediately), added the City of Des Moines as an Owner City, terminated the Host City Agreement, and made other revisions to provide for the issuance of bonds to refund the 2009 Bonds.

On December 11, 2019, the Authority issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (2019 Bonds). The 2019 Interlocal Agreement became effective on the date of issuance of the 2019 Bonds. Proceeds of the 2019 Bonds were used, together with a contribution from Federal Way to fully pay its 2009 Capital Contribution, to defease and refund all of the outstanding 2009 Bonds.

As a result, Federal Way satisfied its 2009 Capital Contribution and as of December 31, 2019, is no longer

considered a Member City of SCORE.

Pursuant to the 2019 Interlocal Agreement and the ordinances of each city, each remaining Owner City (including the Cities of Auburn, Burien, Des Moines, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the 2019 Bonds as the same become due and payable (referred to as each Owner City’s 2019 Capital Contribution). Each Owner City’s obligation to pay its 2019 Capital Contribution is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from regular property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor.

The following is a summary of the debt service requirements for the 2019 Bonds:

Summary of Debt Service Requirements - Refunding Bonds, 2019 (Ref 2009A & 2009B)									
Debt Service Schedule				Debt Service Allocation to Owner Cities					
Year	Principal	Interest	Total	Auburn 34.94%	Burien 4.82%	Des Moines 6.02%	Renton 40.96%	SeaTac 3.62%	Tukwila 9.64%
2025	2,155,000	1,757,100	3,912,100	1,366,889	188,563	235,508	1,602,396	141,618	377,126
2026	2,260,000	1,649,350	3,909,350	1,365,927	188,431	235,343	1,601,270	141,518	376,861
2027	2,375,000	1,536,350	3,911,350	1,366,626	188,527	235,463	1,602,089	141,591	377,054
2028	2,490,000	1,417,600	3,907,600	1,365,315	188,346	235,238	1,600,553	141,455	376,693
2029	2,615,000	1,293,100	3,908,100	1,365,490	188,370	235,268	1,600,758	141,473	376,741
2030-2034	15,090,000	4,460,600	19,550,600	6,830,979	942,339	1,176,946	8,007,926	707,732	1,884,678
2035-2038	14,430,000	1,206,850	15,636,850	5,463,516	753,696	941,338	6,404,854	566,054	1,507,392
Totals	\$ 41,415,000	\$ 13,320,950	\$ 54,735,950	\$ 19,124,742	\$ 2,638,272	\$ 3,295,104	\$ 22,419,846	\$ 1,981,441	\$ 5,276,545

The City of SeaTac reports its share of equity interest (\$3,141,621), including the outstanding principal bond amounts (\$1,499,223) in the Governmental Activities column within the Government-wide Statement of Net Position as an asset. The following summary of the Capital Contributions for the 2019 Bonds is condensed (unaudited) financial information as of December 31, 2024, related to SCORE:

South Correctional Entity (SCORE)					
Member City	2023 Percent of Equity	2023 Equity Balance	2024 Percent of Equity	2024 Apportionment	2024 Equity Balance
Auburn	41.38%	\$ 15,314,840	41.90%	\$ 1,218,459	\$ 16,533,299
Burien	5.68%	2,100,163	5.78%	181,287	2,281,450
Des Moines	5.11%	1,889,243	5.08%	115,427	2,004,670
Renton	32.11%	11,884,222	31.91%	705,931	12,590,153
SeaTac	8.18%	3,027,042	7.96%	114,579	3,141,621
Tukwila	7.54%	2,790,883	7.37%	116,942	2,907,825
Grand Totals	100.00%	\$ 37,006,393	100.00%	\$ 2,452,625	\$ 39,459,018

Completed financial statements for SCORE and SCORE PDA can be obtained at SCORE, Attn: Finance Director, 20817 17th Avenue South, Des Moines, WA 98198.

NOTE 21: ACCOUNTING CHANGES

The City implemented Governmental Accounting Standards Board (GASB) Statement 101 – Compensated Absences, effective January 1, 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance of compensated absences. The City now recognizes a liability for certain types of leave that are more likely than not to be used, including sick leave. As a result, liabilities for compensated absences have increased \$1 million on the statement of Net Position.

NOTE 22: COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The City reported \$5.2 million in ARPA SLFRF in unearned revenue and anticipates recognizing these funds as revenue within the next 2 years.



City of SeaTac, WA – General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024**

	2023-2024 Biennial Budget Amounts		Actual Amount*	Variance with Final
	Original	Final		Budget- Positive (Negative)
Revenues				
Taxes	\$ 78,060,000	\$ 81,544,684	\$ 88,190,733	\$ 6,646,049
Licenses & permits	4,124,453	4,124,453	5,798,938	1,674,485
Intergovernmental & contributions	2,738,450	3,968,741	3,754,998	(213,743)
Charges for services	4,644,605	5,039,367	7,910,404	2,871,037
Fines and forfeitures	418,850	418,850	272,788	(146,062)
Investment & other earnings	1,011,764	1,011,764	3,558,957	2,547,193
Rent & leases	653,155	653,155	527,084	(126,071)
Miscellaneous	2,098,056	2,098,056	74,886	(2,023,170)
Total Revenues	93,749,333	98,859,070	110,088,787	11,229,717
Expenditures				
Current:				
Judicial	2,269,332	3,411,463	2,612,479	798,984
General Government	22,126,085	23,275,108	20,987,238	2,287,870
Public Safety	55,799,080	58,362,907	56,341,118	2,021,790
Transportation	187,204	187,204	167,698	19,506
Health & Human Services	2,156,425	3,314,637	2,409,068	905,569
Physical & Economic Environment	7,693,798	9,189,766	7,955,472	1,234,294
Culture & Recreation	11,380,519	12,068,635	10,870,481	1,198,154
Debt Service:				
Principal	-	-	2,691	(2,691)
Interest	-	-	15,773	(15,773)
Capital outlay	-	-	183,889	(183,889)
Total Expenditures	101,612,443	109,809,720	101,545,907	8,263,813
Excess (deficiency) of revenues over (under) expenditures	(7,863,110)	(10,950,650)	8,542,881	19,493,531
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(29,800)	(257,788)	(257,788)	-
Initiation of leases/SBITA	-	-	183,889	183,889
Disposal & ins-capital assets	-	-	155,805	155,805
Total Other Fin Sources (Uses)	(29,800)	(257,788)	81,906	339,694
Net Change in Fund Balances	(7,892,910)	(11,208,438)	8,624,786	19,833,224
Fund Balances-January 1, 2023	33,057,294	40,874,342	40,874,342	-
Fund Balances-December 31, 2024	<u>\$ 25,164,384</u>	<u>\$ 29,665,904</u>	<u>\$ 49,499,128</u>	<u>\$ 19,833,224</u>

*Note: Budgetary basis differs from GAAP basis. See reconciliation pages following this schedule.

**Reconciliation of General Fund Budgetary Basis Actual Amounts to
GAAP Basis Actual Amounts in the Statement of Revenues,
Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2024**

	General Fund Budgetary Basis - Actual Amounts	Special Revenue Funds merged with General Fund as required by GASB		
		Port of Seattle ILA	Transit Planning	Building Management
Revenues				
Taxes	\$ 88,190,733	\$ -	\$ -	\$ -
Licenses & permits	5,798,938	-	-	-
Intergovernmental	3,754,998	2,800,000	568,560	-
Charges for services	7,910,404	-	-	-
Fines & forfeitures	272,788	-	-	-
Investment & other earnings	3,558,957	627,476	56,657	294,746
Net Change in FV of investments	-	580,683	-	96,217
Rent & leases	527,084	-	-	518,686
Miscellaneous	74,886	-	-	-
Total Revenues	110,088,787	4,008,159	625,217	909,649
Expenditures				
Current:				
Judicial	2,612,479	-	-	-
General Government	20,987,238	24,195	9,514	580,132
Public Safety	56,341,118	3,069,730	-	-
Transportation	167,698	-	-	-
Health & Human Services	2,409,068	-	-	-
Physical & Economic Env	7,955,472	-	-	7,158
Culture & Recreation	10,870,481	-	-	-
Debt service:				
Principal	2,691	-	-	-
Interest	15,773	-	-	-
Capital outlay	183,889	-	-	-
Total Expenditures	101,545,907	3,093,925	9,514	587,290
Excess (deficiency) of revenues over (under) expenditures	8,542,881	914,234	615,703	322,359
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(257,788)	-	-	-
Initiation of leases/SBITA	183,889	-	-	-
Insurance Recoveries	155,805	-	-	-
Total Other Fin Sources (Uses)	81,906	-	-	-
Net Change in Fund Balances	8,624,786	914,234	615,703	322,359
Fund Balances-Beginning*	\$ 39,191,198	\$12,364,801	\$ 567,658	\$ 4,127,470
Fund Balances-Ending	\$ 47,815,985	\$13,279,035	\$ 1,183,361	\$ 4,449,829

*Note: Beginning fund balance amounts have been adjusted for interfund transfers between these funds.

	ARPA Grant	Eliminate Transfers & Spec Item Adj	Eliminate 2023 Actuals	General Fund GAAP Basis - Actual Amounts	Net Change - Increase (Decrease)
Revenues					
Taxes	\$ -	\$ -	\$ 43,401,441	\$ 44,789,291	\$ -
Licenses & permits	-	-	2,976,161	2,822,777	-
Intergovernmental	2,871,224	-	4,038,689	5,956,093	6,239,785
Charges for services	-	(604,407)	3,970,599	3,335,398	(604,407)
Fines & forfeitures	-	-	130,190	142,598	-
Investment & other earnings	590,763	-	2,286,568	2,745,960	1,473,571
Net Change in FV of investmen	80,051	-	543,041	721,309	1,264,350
Rent & leases	-	-	535,753	509,002	517,671
Miscellaneous	-	-	43,611	43,439	12,164
Total Revenues	3,542,038	(604,407)	57,926,054	61,065,867	8,903,134
Expenditures					
Current:					
Judicial	-	-	1,266,793	1,345,686	-
General Government	328,403	(604,407)	9,705,658	11,595,780	314,200
Public Safety	52,530	-	28,383,548	31,027,300	3,069,730
Transportation	-	-	87,967	79,731	-
Health & Human Services	603,933	-	968,971	2,109,208	669,111
Physical & Economic Env	579,077	-	4,038,038	4,514,657	597,223
Culture & Recreation	203,545	-	5,077,242	5,996,784	203,545
Debt service:					
Principal	80,226	-	42,037	40,880	80,226
Interest	1,066	-	1,217	15,622	1,066
Capital outlay	1,223,001	-	692,074	714,816	1,223,001
Total Expenditures	3,071,780	(604,407)	50,263,545	57,440,464	6,158,103
Excess (deficiency) of revenues over (under) expenditures	470,258	-	7,662,509	3,625,403	2,745,032
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(249,788)	(8,000)	-
Initiation of leases/SBITA	-	-	384,445	-	200,556
Insurance Recoveries	-	-	-	155,805	-
Total Other Fin Sources (Uses)	-	-	134,657	147,805	200,556
Net Change in Fund Balances	470,258	-	7,797,166	3,773,208	
Fund Balances-Beginning*	\$ (11,493)	\$ -	\$ -	\$ 63,393,805	
Fund Balances-Ending	\$ 458,765	\$ -	N/A	\$ 67,167,013	

City of SeaTac, WA – Street Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024**

	2023-2024 Biennial Budget Amounts		Actual Amount*	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 19,099,500	\$ 19,099,500	\$ 22,915,732	\$ 3,816,232
Licenses & permits	63,000	63,000	66,152	3,152
Intergovernmental	1,379,536	1,635,078	1,330,203	(304,875)
Charges for services	227,200	227,200	318,619	91,419
Fines & forfeitures	-	-	2,475	2,475
Investment & other earnings	188,250	188,250	1,347,382	1,159,132
Miscellaneous	70,000	70,000	13,193	(56,807)
Total Revenues	21,027,486	21,283,028	25,993,756	4,710,728
Expenditures				
Current:				
Transportation	9,274,201	9,804,049	8,831,330	972,719
Physical & Economic Environment	108,322	140,932	142,023	(1,091)
Capital Outlay:				
Transportation	2,600,000	3,792,651	3,079,185	713,466
Total Expenditures	11,982,523	13,737,632	12,052,537	1,685,095
Excess (deficiency) of revenues over (under) expenditures	9,044,963	7,545,396	13,941,218	6,395,822
Other Financing Sources (Uses)				
Transfers in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
Total Other Fin Sources (Uses)	1,000	1,000	1,000	-
Net Change in Fund Balances	9,045,963	7,546,396	13,942,218	6,395,822
Fund Balances-January 1, 2023	5,394,182	9,127,607	9,127,607	-
Fund Balances-December 31, 2024	\$ 14,440,144	\$ 16,674,003	\$ 23,069,824	\$ 6,395,821

*Note: Budgetary basis differs from GAAP basis. See reconciliation pages following this schedule.

City of SeaTac, WA – Street Fund

**Reconciliation of Street Fund Budgetary Basis Actual Amounts to
GAAP Basis Actual Amounts in the Statement of Revenues,
Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2024**

	Street Fund Budgetary Basis - Actual Amounts	Eliminate 2023 Actuals	Street Fund GAAP Basis - Actual Amounts	Net Change - Increase (Decrease)
Revenues				
Taxes	\$ 22,915,732	\$11,026,439	\$ 11,889,294	\$ -
Licenses & permits	66,152	32,992	33,160	-
Intergovernmental	1,330,203	671,738	658,465	-
Charges for services	318,619	158,572	160,047	-
Fines and forfeitures	2,475	2,475	-	-
Investment & other earnings	1,347,382	517,901	829,481	-
Net Change in FV of investments	-	-	(47,786)	(47,786)
Miscellaneous	13,193	12,349	845	1
Total Revenues	25,993,756	12,422,466	13,523,506	(47,785)
Expenditures				
Current:				
Transportation	8,831,330	4,154,142	4,677,188	-
Physical & Economic Environment	142,023	64,966	77,057	-
Capital Outlay:				
Transportation	3,079,185	1,600,857	1,478,328	-
Total Expenditures	12,052,537	5,819,965	6,232,573	-
Excess (deficiency) of revenues over (under) expenditures	13,941,218	6,602,501	7,290,933	(47,785)
Other Financing Sources (Uses)				
Transfers in	1,000	1,000	-	(1,000)
Transfers out	-	-	-	-
Total Other Fin Sources (Uses)	1,000	1,000	-	(1,000)
Net Change in Fund Balances	13,942,218	6,603,501	7,290,933	(48,785)
Fund Balances-Beginning	9,127,607	9,127,607	15,730,832	
Fund Balances-Ending	\$ 23,069,824	N/A	\$ 23,021,764	

Hotel/Motel Tax Fund - City of SeaTac, WA

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024**

	2023-2024 Biennial Budget Amounts		Actual Amount*	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,700,000	\$ 3,700,000	\$ 4,271,639	\$ 571,639
Intergovernmental	32,000	32,000	42,306	10,306
Investment & other earnings	127,200	127,200	959,922	832,722
Miscellaneous	-	-	-	-
Total Revenues	3,859,200	3,859,200	5,273,867	1,414,667
Expenditures				
Current:				
Economic Environment	3,193,790	3,267,846	2,207,197	1,060,649
Total Expenditures	3,193,790	3,267,846	2,207,197	1,060,649
Excess (deficiency) of revenues over (under) expenditures	665,410	591,354	3,066,669	2,475,315
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
Net Change in Fund Balances	665,410	591,354	3,066,669	2,475,315
Fund Balances-January 1, 2023	10,464,061	11,331,778	11,331,778	-
Fund Balances-December 31, 2024	\$ 11,129,471	\$ 11,923,132	\$ 14,398,447	\$ 2,475,315

*Note: Budgetary basis differs from GAAP basis. See reconciliation pages following this schedule.

Hotel/Motel Tax Fund - City of SeaTac, WA

**Reconciliation of Hotel/Motel Tax Fund Budgetary Basis Actual Amounts to
GAAP Basis Actual Amounts in the Statement of Revenues,
Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2024**

	Hotel/Motel Fund Budgetary Basis - Actual Amounts	Eliminate 2023 Actuals	Hotel/Motel Fund GAAP Basis - Actual Amounts	Net Change - Increase (Decrease)
Revenues				
Taxes	\$ 4,271,639	\$ 2,122,341	\$ 2,149,298	\$ -
Intergovernmental	42,306	10,566	31,740	-
Investment & other earnings	959,922	419,881	545,558	5,517
Net Change in FV of investments	-	-	85,874	85,874
Miscellaneous	-	-	-	-
Total Revenues	5,273,867	2,552,788	2,812,470	91,390
Expenditures				
Current:				
Economic Environment	2,207,197	899,350	1,307,847	-
Total Expenditures	2,207,197	899,350	1,307,847	0
Excess (deficiency) of revenues over (under) expenditures	3,066,669	1,653,438	1,504,623	91,390
Other Financing Sources (Uses)	-	-	-	-
Total Other Fin Sources (Uses)	-	-	-	-
Net Change in Fund Balances	3,066,669	1,653,438	1,504,623	91,390
Fund Balances-Beginning	11,331,778	11,331,778	12,867,703	
Fund Balances-Ending	\$ 14,398,447	N/A	\$ 14,372,326	

City of SeaTac, WA – Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS 1

As of June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.075205%	0.077087%	0.075705%	0.075136%	0.762840%	0.070400%	0.070473%	0.067707%	0.075408%	0.080985%
Employer's proportionate share of the net pension liability (asset)	\$ 1,336,281	\$ 1,759,690	\$ 2,107,905	\$ 917,586	\$ 2,693,237	\$ 2,707,130	\$ 3,147,348	\$ 3,212,750	\$ 4,049,765	\$ 4,236,269
TOTAL	\$ 1,336,281	\$ 1,759,690	\$ 2,107,905	\$ 917,586	\$ 2,693,237	\$ 2,707,130	\$ 3,147,348	\$ 3,212,750	\$ 4,049,765	\$ 4,236,269
Covered payroll	\$ 14,936,377	\$ 13,489,481	\$ 12,267,041	\$ 11,462,124	\$ 11,147,231	\$ 9,904,771	\$ 9,012,379	\$ 8,445,108	\$ 8,925,589	\$ 9,180,716
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	8.95%	13.04%	17.18%	8.01%	24.16%	27.33%	34.92%	38.04%	45.37%	46.14%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

City of SeaTac, WA – Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS 2/3

As of June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.095537%	0.096544%	0.096081%	0.095465%	0.099272%	0.090892%	0.090486%	0.085227%	0.095030%	0.102779%
Employer's proportionate share of the net pension liability (asset)	\$ 3,149,447	\$ (3,957,033)	\$ (3,563,434)	\$ (9,509,850)	\$ 1,269,632	\$ 882,870	\$ 1,544,968	\$ 2,961,231	\$ 4,784,685	\$ 3,672,352
TOTAL	\$ 3,149,447	\$ (3,957,033)	\$ (3,563,434)	\$ (9,509,850)	\$ 1,269,632	\$ 882,870	\$ 1,544,968	\$ 2,961,231	\$ 4,784,685	\$ 3,672,352
Covered payroll	\$ 14,785,406	\$ 13,347,235	\$ 12,131,669	\$ 11,418,100	\$ 11,147,231	\$ 9,904,771	\$ 9,012,379	\$ 8,401,217	\$ 8,861,046	\$ 9,120,015
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	21.30%	-29.65%	-29.37%	-83.29%	11.39%	8.91%	17.14%	35.25%	54.00%	40.27%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

City of SeaTac, WA – Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset)

LEOFF 1

As of June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.005827%	0.005656%	0.005520%	0.006250%	0.007119%	0.006966%	0.006844%	0.006773%	0.006678%	0.006607%
Employer's proportionate share of the net pension liability (asset)	\$ (165,713)	\$ (167,871)	\$ (158,347)	\$ (214,098)	\$ (134,443)	\$ (137,691)	\$ (124,253)	\$ (102,761)	\$ (68,802)	\$ (79,629)
State's proportionate share of the net pension liability (asset) associated with the employer	\$ (1,120,881)	\$ (1,135,479)	\$ (1,071,058)	\$ (1,448,153)	\$ (909,369)	\$ (931,339)	\$ (840,444)	\$ (695,075)	\$ (465,378)	\$ (538,608)
TOTAL	\$ (1,286,594)	\$ (1,303,350)	\$ (1,229,405)	\$ (1,662,251)	\$ (1,043,812)	\$ (1,069,030)	\$ (964,697)	\$ (797,836)	\$ (534,180)	\$ (618,237)
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	168.48%	175.99%	169.62%	187.45%	146.88%	148.78%	144.42%	135.96%	123.74%	127.36%

City of SeaTac, WA – Required Supplementary Information

Schedule of Employer Contributions

PERS 1

As of December 31, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 460,975	\$ 498,273	\$ 490,907	\$ 518,717	\$ 539,975	\$ 513,419	\$ 492,576	\$ 441,631	\$ 407,177	\$ 420,763
Contributions in relation to the statutorily or contractually required contributions	\$ (460,975)	\$ (498,273)	\$ (490,907)	\$ (518,717)	\$ (539,975)	\$ (513,419)	\$ (492,576)	\$ (441,631)	\$ (407,177)	\$ (420,763)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,418,831	\$ 14,365,051	\$ 12,828,166	\$ 11,905,928	\$ 11,258,447	\$ 10,396,318	\$ 9,727,931	\$ 8,951,382	\$ 8,451,107	\$ 9,168,456
Contributions as a percentage of covered employee payroll	2.81%	3.47%	3.83%	4.36%	4.80%	4.94%	5.06%	4.93%	4.82%	4.59%

City of SeaTac, WA – Required Supplementary Information

Schedule of Employer Contributions

PERS 2/3
As of December 31, 2024
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required contributions	\$ 1,033,851	\$ 912,006	\$ 807,176	\$ 842,757	\$ 890,796	\$ 803,325	\$ 729,605	\$ 612,700	\$ 622,456	\$ 531,326
Contributions in relation to the statutorily or contractually required contributions	\$ (1,033,851)	\$ (912,006)	\$ (807,176)	\$ (842,757)	\$ (890,796)	\$ (803,325)	\$ (729,605)	\$ (612,700)	\$ (622,456)	\$ (531,326)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,255,486	\$ 14,339,691	\$ 12,689,388	\$ 11,795,868	\$ 11,258,447	\$ 10,396,318	\$ 9,727,931	\$ 8,907,491	\$ 8,385,928	\$ 9,104,496
Contributions as a percentage of covered employee payroll	6.36%	6.36%	6.36%	7.14%	7.91%	7.73%	7.50%	6.88%	7.42%	5.84%

Schedule of Changes in Total OPEB Liability and Related Ratios
LEOFF 1 Retirees
As of December 31, 2024
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 185,260	\$ 1,269,071	\$ 145,263	\$ 2,008,712	\$ 1,838,137	\$ 1,910,494	\$ 1,973,496
Service cost	-	-	-	-	-	-	-
Interest	6,385	42,964	3,052	42,970	62,837	72,484	69,307
Changes in benefit terms	-	-	-	-	-	-	-
Changes in Experience Data and Assumptions	(70,030)	(1,079,921)	1,128,700	(1,776,943)	194,041	(69,059)	(56,554)
Benefit payments	(40,854)	(46,854)	(7,944)	(129,476)	(86,303)	(75,782)	(75,755)
Other changes	-	-	-	-	-	-	-
Total OPEB liability - ending	<u>\$ 80,761</u>	<u>\$ 185,260</u>	<u>\$ 1,269,071</u>	<u>\$ 145,263</u>	<u>\$ 2,008,712</u>	<u>\$ 1,838,137</u>	<u>\$ 1,910,494</u>
Covered-employee payroll	-	-	-	-	-	-	-
Total OPEB liability as a % of covered payroll	-	-	-	-	-	-	-

Notes to Schedule:

- 1) A dedicated trust fund has not been established for LEOFF 1 retiree benefits; therefore, the plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

** Until a full 10-year trend is compiled, the City will present information only for those years for which information is available.*

City of SeaTac
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CDBG - Entitlement/Special Purpose Grants Cluster								
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via KING COUNTY HOUSING AND COMMUNITY DEVELOPMENT PROGRAM)	Community Development Block Grants/Entitlement Grants	14.218	6384397	99,055	-	99,055	71,188	1
Total CDBG - Entitlement/Special Purpose Grants Cluster:				99,055	-	99,055	71,188	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via SEATTLE POLICE DEPARTMENT)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	23-00261	11,646	-	11,646	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA TRAFFIC SAFETY COMMISSION)	Highway Planning and Construction	20.205	TAP-9917(038)	1,607,960	-	1,607,960	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via PUGET SOUND REGIONAL COUNCIL)	Highway Planning and Construction	20.205	LA10479	286,448	-	286,448	-	1
Total ALN 20.205:				1,894,408	-	1,894,408	-	
Highway Safety Cluster								

The accompanying notes are an integral part of this schedule.

City of SeaTac
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA TRAFFIC SAFETY COMMISSION)	National Priority Safety Programs	20.616	TARGET ZERO	4,048	-	4,048	-	1
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via BONNEY LAKE POLICE DEPARTMENT)	National Priority Safety Programs	20.616	2025-FG-5356-CPS	3,712	-	3,712	-	1
Total Highway Safety Cluster:				7,760	-	7,760	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	2,227,394	2,227,394	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via KING COUNTY)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	SLFRP0152	656	-	656	-	1
Total ALN 21.027:				656	2,227,394	2,228,050	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA MILITARY DEPT & DEPT OF HOMELAND SECURITY)	Emergency Management Performance Grants	97.042	E24-293	17,304	-	17,304	-	1
Total Federal Awards Expended:				2,030,829	2,227,394	4,258,223	71,188	

The accompanying notes are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS For the Year Ended December 31, 2024**

NOTE 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's government-wide financial statements. The City uses the accrual basis of accounting.

NOTE 2 – FEDERAL INDIRECT COST RATE

The city has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of SeaTac
January 1, 2024 through December 31, 2024

This schedule presents the corrective action planned by the City for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<p>Finding ref number: 2024-001</p>	<p>Finding caption: The City did not have adequate internal controls and did not comply with federal suspension and debarment requirements.</p>
<p>Name, address, and telephone of City contact person: Gwen Pilo, Finance Director 4800 S 188th St SeaTac, WA 98188 206-973-4882</p>	
<p>Corrective action the auditee plans to take in response to the finding: <i>To address the deficiency and prevent recurrence, the City will implement the following corrective actions:</i></p> <ul style="list-style-type: none"> • Policy and Procedure Update: <i>The City will update its written grant management policies to explicitly require verification of suspension and debarment status for all contractors and subrecipients expected to receive \$25,000 or more in federal funds, regardless of the initial contract amount or funding estimates. And update the grant procedures to explain how to complete this process.</i> • Grant Administrator Review: <i>The City will require the Grant Administrator (or designated grants compliance staff) to review all contracts or agreements involving federal funds prior to execution to ensure:</i> <ul style="list-style-type: none"> ○ <i>The SAM.gov exclusion check has been completed and documented,</i> ○ <i>The required suspension and debarment language or contractor certification is included in the agreement or</i> ○ <i>All applicable federal compliance requirements are met and properly documented.</i> 	

- **Documentation Requirements:** *SAM.gov verification results will be printed or saved as a PDF and maintained in the contract file. The Grant Administrator will verify this documentation during the review process and before federal funds are disbursed.*
- **Use of Contract Routing Process:** *The City will incorporate federal grant compliance with the contract routing slip, to be reviewed by the Grant Administrator. This routing slip is required for all contracts.*
- **Staff Training:** *The City will conduct training for all staff involved in procurement, grant administration, and contract management. This training will cover:*
 - *Suspension and debarment requirements,*
 - *Proper use of SAM.gov for eligibility verification,*
 - *Required contract language and documentation standards,*
 - *Roles and responsibilities of the Grant Administrator in ensuring compliance.*

Anticipated date to complete the corrective action: 12/31/2026

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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