

**ADDENDUM TO PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2025**

**THE CITY OF SEATAC, WASHINGTON**  
**\$39,355,000<sup>(1)</sup>**  
**LIMITED TAX GENERAL OBLIGATION BONDS, 2025 (TAXABLE)**

The language in the Official Notice of Sale in the Preliminary Official Statement under “Bidding Information and Award—Bid Details and Parameters” has been modified to add the first paragraph (“Maximum True Interest Cost”) shown below.

**Bid Details and Parameters**

*Maximum True Interest Cost.* The City reserves the right to reject any bids with a true interest cost exceeding 5.50%.

*Form of Bids.* Bids for the Bonds must be unconditional, and for not less than the entire offering of the Bonds. By submitting a bid, each bidder agrees to all of the terms and conditions of this Official Notice of Sale (including any amendments issued by the City through the Qualified Electronic Bid Provider and i-Deal Prospectus). Bids must be submitted electronically via the Qualified Electronic Bid Provider. Bids may not be withdrawn or revised after the time that bids are due.

*Interest Rates Bid.* Bids may specify any number of interest rates in a multiple of 1/1,000 of 1.00%. All Bonds of the same maturity must bear interest at the same rate and no Bond shall bear interest at more than one rate.

*Premium and Discount.* No bid will be considered for a price that is less than 98% or more than 102% of the aggregate par value of the Bonds. For purposes of the preceding sentence, “price” means the price as calculated using the lesser of the yield to the redemption date, if any, or the yield to the maturity date.

*Dated November 18, 2025*

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(1) Preliminary, subject to change.

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**COMPETITIVE SALE DATE:  
NOVEMBER 19, 2025, AT 7:45 A.M. PACIFIC TIME  
PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2025**

**NEW ISSUE – BOOK-ENTRY ONLY  
NOT BANK QUALIFIED**

**S&P RATING: AA+  
See “ADDITIONAL INFORMATION—Rating”**

*Interest on the Bonds is not intended to be exempt from federal income taxes. See “LEGAL AND TAX INFORMATION—Certain Income Tax Consequences” herein.*



**\$39,355,000\***  
**CITY OF SEATAC, WASHINGTON**  
**LIMITED TAX GENERAL OBLIGATION BONDS, 2025 (TAXABLE)**

**DATED: Delivery Date (defined below)**

**DUE: December 1, as shown on inside cover**

The City of SeaTac, Washington (the “City”) is issuing its Limited Tax General Obligation Bonds, 2025 (Taxable) (the “Bonds”) as fully-registered securities, in denominations of \$5,000 or integral multiples thereof within a maturity. The Depository Trust Company, New York, New York (“DTC”) will act as initial securities depository for the Bonds, with the Bonds registered in the name of Cede & Co. as DTC’s nominee. Under DTC’s book-entry-only transfer system, purchasers (“Beneficial Owners”) will purchase Bonds through DTC’s broker-dealer participants, which will receive a credit in DTC’s records. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds. See “THE BONDS” and Appendix D—“DTC’s Book-Entry System.” The fiscal agent of the State of Washington (the “State”), currently U.S. Bank Trust Company, National Association, will act as the registrar, authenticating agent, transfer agent and paying agent for the Bonds (the “Bond Registrar”).

The Bonds will bear interest payable on December 1 and June 1 of each year, commencing June 1, 2026, until maturity or prior redemption. For as long as the Bonds remain in book-entry form, the Bond Registrar will remit principal and interest payments from the City to DTC, which will in turn remit these payments to its participants for subsequent disbursement to the Beneficial Owners. See “THE BONDS” and Appendix D—“DTC’s Book-Entry System.”

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**Maturity Dates, Principal Amounts, Interest Rates, Yields,  
Prices and CUSIP Numbers on Inside Front Cover**

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**The Bonds are being offered at public sale by competitive bids to be received electronically through Parity®, pursuant to the Official Notice of Sale contained herein.**

The City will use the proceeds of the Bonds to (i) finance and/or reimburse costs related to acquiring land for the City’s new Civic Campus and (ii) pay costs of issuing the Bonds. See “USE OF PROCEEDS.”

Certain of the Bonds are subject to redemption prior to their stated maturity dates. See “THE BONDS—Redemption.”

The Bonds are general obligations of the City payable from tax revenues of the City and other money, if any, lawfully available and provided by the City for such purpose. For as long as the Bonds are outstanding, the City has irrevocably pledged to include in its annual property tax levy amounts sufficient—together with other money lawfully available and provided therefor—to pay when due the principal of and interest on the Bonds, and that such levy will be within and as a part of the levy permitted by law to cities without assent of the voters. The City has irrevocably pledged its full faith, credit and resources for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The Bonds do not constitute a debt or indebtedness of King County, the State or any other political subdivision other than the City. See “THE BONDS—Security.”

When, as and if issued, the Bonds are subject to the approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. See Appendix A—“Form of Bond Counsel Opinion.” The City expects the Bonds to be available for delivery through DTC’s facilities in New York, New York, or through the Bond Registrar on DTC’s behalf by Fast Automated Securities Transfer, on or about December 4, 2025 (the “Delivery Date”).

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.*

Official Statement Dated: , 2025

\* Preliminary, subject to change.

**\$39,355,000\***

**CITY OF SEATAC, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BONDS, 2025 (TAXABLE)**

**MATURITY SCHEDULE**

<b>Due (December 1)*</b>	<b>Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP** No. (812552)</b>
2026	\$ 1,220,000	%	%		
2027	1,280,000				
2028	1,330,000				
2029	1,385,000				
2030	1,445,000				
2031	1,510,000				
2032	1,575,000				
2033	1,650,000				
2034	1,730,000				
2035	1,815,000				
2036	1,905,000				
2037	2,000,000				
2038	2,105,000				
2039	2,220,000				
2040	2,340,000				
2041	2,465,000				
2042	2,610,000				
2043	2,760,000				
2044	2,920,000				
2045	3,090,000				

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\* Preliminary, subject to change.

\*\* CUSIP Global Services (“CGS”) has provided the CUSIP data herein. FactSet Research Systems Inc. manages CGS on behalf of the American Bankers Association. This Official Statement’s inclusion of CUSIP data is for convenience and reference only, and does not create a database or serve as a substitute for the CUSIP service. Neither the City nor its agents or counsel assumes responsibility for the data’s accuracy.

**CITY OF SEATAC, WASHINGTON**

4800 South 188<sup>th</sup> Street  
SeaTac, Washington 98188-8605  
(206) 973-4800  
www.seatacwa.gov\*

**Councilmembers**

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Mohamed Egal	Mayor
Iris Guzmán	Deputy Mayor
Senayet Negusse	Councilmember
Jake Simpson	Councilmember
Peter Kwon	Councilmember
James W. Lovell	Councilmember
Joe Vinson	Councilmember

**Administration**

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Jonathan Young	City Manager
Gwen Pilo	Finance Director

**Bond Counsel and Disclosure Counsel**

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Pacifica Law Group LLP  
Seattle, Washington

**Municipal Advisor**

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Piper Sandler & Co.  
Seattle, Washington

**Bond Registrar**

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U.S. Bank Trust Company, National Association  
Seattle, Washington

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\* This inactive textual reference to the City's website is not a hyperlink, and does not incorporate the City's website by reference. The City's website is not part of this Official Statement, and investors should not rely on information presented on the City's website in determining whether to purchase the Bonds.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall any person sell the Bonds in any jurisdiction in which such an offer, solicitation or sale is unlawful. The City has not authorized any dealer, broker, sales representative, or other person to provide any information or make any representations regarding the Bonds except as contained in this Official Statement. Investors must not rely upon any such unauthorized information or representations.

The information in this Official Statement was compiled from City officials, employees, records and other sources the City considers reliable. While not guaranteed as to accuracy, the City believes such information is correct as of its date; however, the City makes no representation regarding the accuracy or completeness of Appendix A—"Form of Bond Counsel Opinion" or Appendix D—"DTC's Book-Entry System," which third parties have furnished. The information and opinions contained in this Official Statement speak only as of the date hereof, and are subject to change without notice. Neither this Official Statement's delivery nor any sale hereunder shall, under any circumstances, imply that the information and opinions herein remain unchanged.

Inactive textual references to websites contained herein are not hyperlinks, and the Official Statement does not incorporate such websites by reference. Such websites are not part of this Official Statement, and investors should not rely on information presented on them in determining whether to purchase the Bonds.

This Official Statement's presentation of certain historical information, including tables of receipts from taxes and other revenues, does not purport to indicate future or continuing trends in the City's financial position or affairs. Past performance, as such financial and other information may reflect, will not necessarily continue or repeat into the future. Information in this Official Statement relating to debt and tax limitations is based upon existing statutory and constitutional provisions, which are subject to revision.

This Official Statement contains estimates, projections, forecasts, and other forward-looking statements not intended as statements of fact, and which investors should not interpret as such. "Estimate," "project," "anticipate," "expect," "intend," "believe" and similar words and expressions may identify such statements. The City cannot and does not assure such statements' accuracy or the outcomes described therein. Known and unknown risks, uncertainties and other factors may cause actual conditions or results to differ materially from those that such statements express or imply. These factors include: changes in regional, domestic and international political, social and economic conditions; federal, state and local statutory and regulatory initiatives; litigation; technological changes; seismic events; climate change, pandemics and other public health emergencies; and various other events, conditions and circumstances beyond the City's control. All forward-looking statements in this Official Statement are expressly qualified in their entirety by the cautionary language herein. The City specifically disclaims any obligation to update or revise this Official Statement to reflect changes in expectations, events, conditions, or circumstances occurring after the date of this Official Statement.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance (as defined herein) has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions in such statutes. No federal or state securities commission or regulator has passed upon the merits of the Bonds or this Official Statement's completeness or accuracy. Any representation to the contrary may be a criminal offense.

The purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the purchaser does not guarantee the accuracy or completeness of such information.

The order and placement of materials in this Official Statement, including the appendices, do not reflect the relevance, materiality, or importance of such materials. Investors must consider this Official Statement, including the cover page and appendices, in its entirety. The Bonds are offered only by means of this entire Official Statement.

The City has "deemed final" this Preliminary Official Statement pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except as to information regarding offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, identification of the purchaser, and such other information that Rule 15c2-12 permits the City to exclude.

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Appendix A—Form of Bond Counsel Opinion

Appendix B—Form of Continuing Disclosure Certificate

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Appendix D—DTC’s Book-Entry System

Appendix E—Audited Financial Statements for the City for the Fiscal Year Ending December 31, 2024

*This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of the sale of the Bonds described herein. The invitation for such bids is being made by means of this Official Notice of Sale and the Official Bid Form.*

**OFFICIAL NOTICE OF SALE**  
**CITY OF SEATAC, WASHINGTON**  
**Limited Tax General Obligation Bonds, 2025 (Taxable)**

**\$39,355,000\***

NOTICE IS HEREBY GIVEN that electronic bids will be received by the City of SeaTac, Washington (the “City”), for purchase of its Limited Tax General Obligation Bonds, 2025 (Taxable) (the “Bonds”) at

**Bid Date: November 19, 2025**  
**Bid Time: 7:45 a.m. Pacific Time**  
**Electronic Bids: PARITY® Bidding System**

or such other day or time and under such other terms and conditions as may be established by the City and communicated as described under “Modification; Cancellation; Postponement.”

The Bonds will be sold on an all-or-none basis.

Bids must be submitted electronically as described below.

Bids must be submitted electronically via the Qualified Electronic Bid Provider in accordance with this Official Notice of Sale. *The City has designated PARITY® as the Qualified Electronic Bid Provider for purposes of receiving electronic bids for the Bonds.* Electronic bids for the Bonds will be received via PARITY® until the time and date of sale, and no bid will be accepted after that time. For further information about PARITY® including any fees charged, potential bidders may contact PARITY® at (212) 849-5021. By designating a bidding service as a Qualified Electronic Bid Provider, the City does not endorse the use of such bidding service. See “BIDDING INFORMATION AND AWARD—Submission of Bids” below.

All bids properly received with respect to the Bonds will be considered and acted on by the City Finance Director on behalf of the City by 12:00 p.m. Pacific Time on the sale date. Bidders are referred to the attached Preliminary Official Statement for additional information regarding the City, the Bond Ordinance (as defined herein), the Bonds, the security therefor, and other matters.

*Modification; Cancellation; Postponement.* Bidders are advised that the City may modify the terms of this Official Notice of Sale prior to the time set for the receipt of bids. Any such modifications will be provided to the Qualified Electronic Bid Provider and i-Deal Prospectus prior to the time bids are due. In addition, the City may cancel or postpone the date and time for the receipt of bids for the Bonds at any time prior to the time bids are due. Notice of such cancellation or postponement will be communicated to the Qualified Electronic Bid Provider and i-Deal Prospectus as soon as practical following such cancellation or postponement. If a postponement occurs, bids will be received at the time and in the manner determined by the City.

As an accommodation to bidders, telephonic, or electronic notice of any amendment or modification of this Official Notice of Sale will be given to any bidder requesting such notice from the City’s Municipal Advisor, Piper Sandler & Co., telephone: (206) 628-2899 or e-mail at: justin.monwai@psc.com. Failure of any bidder to receive such notice by telephone, the Qualified Electronic Bid Provider or i-Deal Prospectus will not affect the legality of the sale.

Each bidder (and not the City or its Municipal Advisor) is responsible for the timely delivery of its bid. The official time will be determined by the City and not by any bidder or Qualified Electronic Bid Provider.

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\* Preliminary, subject to change. Each bidder (and not the City or its Municipal Advisor) is responsible for the timely delivery of its bid. The official time will be determined by the City and not by any bidder or Qualified Electronic Bid Provider.



## Description of the Bonds

*Bond Details.* Each Bond will be dated its date of initial delivery. The Bonds will bear interest payable semiannually on each June 1 and December 1, beginning June 1, 2026, to maturity or earlier redemption. Principal will be payable on the dates and in the amounts shown below, except as may be adjusted as described herein.

### Maturity Schedule and Amounts\*

Maturity Date (December 1)*	Principal Amount*
2026	\$ 1,220,000
2027	1,280,000
2028	1,330,000
2029	1,385,000
2030	1,445,000
2031	1,510,000
2032	1,575,000
2033	1,650,000
2034	1,730,000
2035	1,815,000
2036	1,905,000
2037	2,000,000
2038	2,105,000
2039	2,220,000
2040	2,340,000
2041	2,465,000
2042	2,610,000
2043	2,760,000
2044	2,920,000
2045	3,090,000

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\* Preliminary; subject to adjustment by the City as provided in this Official Notice of Sale. These amounts will represent serial maturities unless term bonds are specified by the successful bidder as described in this Official Notice of Sale, in which case these amounts will represent mandatory redemption amounts of term bonds. See “Redemption Provisions—Mandatory Redemption” below.

### Adjustment of Principal Amount of Bonds and Bid Price for the Bonds

*Before Bid Opening.* Bidders are advised that the City may increase or decrease the total principal amount and/or the amounts of individual maturities stated in this Official Notice of Sale (including any amendments issued by the City through the Qualified Electronic Bid Provider and i-Deal Prospectus) prior to the bidding. If such changes are made, they will be reflected in the Official Bid Form to be made available through the Qualified Electronic Bid Provider.

*After Receipt of the Bids.* Following the time bids are due, the City reserves the right to increase or decrease the aggregate principal amount of the Bonds by an amount not to exceed 10%, rounded up to the nearest \$5,000. Adjustments of the aggregate principal amount in excess of 10%, rounded up to the nearest \$5,000, may be made with approval of the successful bidder. The City has also reserved the right to increase or decrease the preliminary principal amount of any maturity of the Bonds by up to 5% of the principal amount of that maturity. Adjustments of any maturity of the Bonds in excess of 5%, rounded up to the nearest \$5,000, may be made with approval of the successful bidder.

The price bid by the successful bidder will be adjusted by the City to reflect an increase or decrease in the principal amount and maturity schedule for the Bonds, taking into account the interest rates and underwriting compensation in the bid as submitted. In the event the City elects to adjust the bond size after the bid pursuant to this Official Notice of Sale, the underwriter’s discount (net of bond insurance expense, if any), expressed in dollars per thousand, will be held constant. The City will not be responsible in the event and to the extent that any adjustment affects the net compensation to be realized by the successful bidder, or the true interest cost of the winning bid or its ranking relative to other bids.

## **Redemption Provisions**

*Optional Redemption.*\* The Bonds maturing on or before December 1, 2027, are not subject to redemption prior to their stated maturity. The Bonds maturing on or after December 1, 2028, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after December 1, 2027, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

*Mandatory Redemption.* Bidders have the option to designate part or all of the Bonds as term bonds, subject to mandatory redemption at a price of par plus accrued interest, in the years and in the amounts set forth in the serial maturity schedule for the Bonds, subject to adjustment as described herein. Any term bonds so designated must consist of the total principal payments for two or more consecutive years and mature on the latest of such years. If no term bonds are designated, the Bonds will mature in the amounts and on the dates set forth in the serial maturity schedule set forth above and subject to adjustment as described herein. See “THE BONDS—Redemption” in the attached Preliminary Official Statement.

## **Purpose of the Bonds**

The City will use the proceeds of the Bonds to (i) finance and/or reimburse costs related to acquiring land for the City’s new Civic Campus and (ii) pay costs of issuing the Bonds.

## **Security for the Bonds**

The Bonds are limited tax general obligations of the City payable from regular property tax revenues of the City and such other money of the City as is lawfully available. For as long as any of the Bonds are outstanding, the City irrevocably has pledged that it will, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds as the same become due. The City has irrevocably pledged that such tax will be within and as a part of the tax permitted to cities without a vote of the people. The full faith, credit and resources of the City have been pledged irrevocably for the annual levy and collection of such taxes and for the prompt payment of such principal and interest. The City may, subject to applicable laws, apply other funds available to make payments with respect to the Bonds. See “THE BONDS—Security” in the attached Preliminary Official Statement.

Bond owners do not have a security interest in or lien on particular revenues or assets of the City. The obligation to pay debt service on the Bonds is not an obligation of the State or any other municipal corporation other than the City. See “THE BONDS—Security” in the attached Preliminary Official Statement.

The City’s authority to collect taxes, including its property tax levy, is subject to various limitations. See “CITY TAXING AUTHORITY” in the attached Preliminary Official Statement. The Bonds do not constitute a debt or indebtedness of the State or any political subdivision thereof other than the City.

## **Registration and Book-Entry Transfer System**

The Bonds will be issued as fully registered bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as the initial securities depository for the Bonds. Individual purchases and sales of the Bonds will be made in book-entry form only in minimum denomination of \$5,000 or integral multiples thereof within a maturity. Purchasers (“Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, as nominee for DTC, references to the Registered Owners herein will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Bonds. See Appendix D—“DTC’s Book-Entry System” in the attached Preliminary Official Statement.

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\* Preliminary, subject to change.

## **Other Information and Investment Considerations**

The purchase of the Bonds involves investment risk. Prospective purchasers of the Bonds should consider carefully all of the information set forth in the attached Preliminary Official Statement, including its appendices, evaluate the investment considerations and merits of an investment in the Bonds and confer with their own tax and financial advisors when considering a purchase of the Bonds.

## **BIDDING INFORMATION AND AWARD**

### **Submission of Bids**

Bids for the Bonds are to be submitted electronically via the Qualified Electronic Bid Provider.

Hard copy bids will not be accepted. By submitting a bid for the Bonds, such bidder thereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by the Qualified Electronic Bid Provider, this Official Notice of Sale, including any amendments issued through the Qualified Electronic Bid Provider and i-Deal Prospectus, shall control.
- (ii) Each bidder is solely responsible for making necessary arrangements to access the Qualified Electronic Bid Provider for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale (including any amendments issued by the City through the Qualified Electronic Bid Provider and i-Deal Prospectus).
- (iii) The City has no duty or obligation to provide or assure access to the Qualified Electronic Bid Provider to any bidder, and the City shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use or attempted use of the Qualified Electronic Bid Provider or any incomplete, inaccurate or untimely bid submitted by any bidder through the Qualified Electronic Bid Provider.
- (iv) The City is permitting the use of the Qualified Electronic Bid Provider as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The Qualified Electronic Bid Provider is acting as an independent contractor and is not acting for or on behalf of the City.
- (v) The City is not responsible for ensuring or verifying bidder compliance with any Qualified Electronic Bid Provider procedures.
- (vi) If a bid is accepted by the City for the Bonds, this Official Notice of Sale (including any amendments issued by the City through the Qualified Electronic Bid Provider and i-Deal Prospectus) and the information that is submitted electronically through the Qualified Electronic Bid Provider shall form a contract, and the bidder shall be bound by the terms of such contract.
- (vii) Information provided by the Qualified Electronic Bid Provider to bidders shall form no part of any bid or of any contract between the successful bidder and the City unless that information is included in this Official Notice of Sale (including any amendments issued by the City through the Qualified Electronic Bid Provider and i-Deal Prospectus).

### **Bid Details and Parameters**

*Form of Bids.* Bids for the Bonds must be unconditional, and for not less than the entire offering of the Bonds. By submitting a bid, each bidder agrees to all of the terms and conditions of this Official Notice of Sale (including any amendments issued by the City through the Qualified Electronic Bid Provider and i-Deal Prospectus). Bids must be submitted electronically via the Qualified Electronic Bid Provider. Bids may not be withdrawn or revised after the time that bids are due.

*Interest Rates Bid.* Bids may specify any number of interest rates in a multiple of 1/1,000 of 1.00%. All Bonds of the same maturity must bear interest at the same rate and no Bond shall bear interest at more than one rate.

*Premium and Discount.* No bid will be considered for a price that is less than 98% or more than 102% of the aggregate par value of the Bonds. For purposes of the preceding sentence, "price" means the price as calculated using the lesser of the yield to the redemption date, if any, or the yield to the maturity date.

### **Good Faith Deposit**

The successful bidder for the Bonds shall deliver a good faith deposit in the amount of \$395,000 to the City Finance Director.

The good faith deposit must be paid by federal funds wire transfer delivered no later than two hours following the successful bidder's receipt of the verbal award. Wiring instructions will be provided to the successful bidder at the time of the verbal award. The good faith deposit will be retained by the City as security for the performance of the successful bidder and shall be applied to the purchase price of the Bonds upon delivery of the Bonds to the successful bidder. Pending delivery of the Bonds, the good faith deposit may be invested for the sole benefit of the City. If the Bonds are ready for delivery and the successful bidder fails or neglects to complete the purchase within 30 days following acceptance of its bid, the good faith deposit shall be retained by the City as reasonable liquidated damages, and not as a penalty.

Such retention will constitute a full release and discharge of all claims by the City against the successful bidder and, in that event, the City may call for additional proposals. The City's actual damages may be higher or lower than the amount of such good faith deposit. Such amount constitutes a good faith estimate of the City's actual damages. Each bidder waives the right to claim that actual damages arising from such default are less than such amount.

### **Selection of the Successful Bidder**

The bids for the Bonds will be considered by the City at the date and time set for sale. The Bonds will be sold to the bidder submitting a bid in conformance with this Official Notice of Sale that produces the lowest true interest cost to the City, based on the bid price, the interest rates specified in the bid and the principal amounts identified in this Official Notice of Sale. The true interest cost will be the rate necessary, on a 30/360 basis and semiannual compounding, to discount the debt service payments from the payment dates to the date of the Bonds and to the price bid. The true interest cost calculations will be performed by the City's Municipal Advisor, and the City will base its determination of the best bid solely on such calculations.

The successful bidder for the Bonds will be bound to purchase the Bonds in the principal amount, at such price, and with such interest rates as are specified in its bid, unless there is an adjustment in the principal amounts of the Bonds, in which case the successful bidder shall be bound to purchase the Bonds in the adjusted principal amounts at the revised bid amount, as described above under the heading "Adjustment of Principal Amount of Bonds and Bid Price for the Bonds." On the sale date, the City will deliver to the successful bidder an electronic copy of its written certificate of award, and the successful bidder must provide to the City the legal name of the successful bidder to appear on such certificate.

The City reserves the right to reject any or all bids and to waive any irregularity in any bid or the bidding process. If all bids are rejected, then the Bonds may be sold in any manner provided by law. Any bid presented after the time specified for receipt of the bids will not be accepted, and any bid not backed by the required good faith deposit will not be considered. The successful bid shall remain in effect until 5:00 p.m. Pacific Time, on the date set for the receipt of bids.

### **Bond Insurance; Rating**

*Bond Insurance.* The purchase of any insurance policy or the issuance of any commitment therefor will be at the sole option and expense of the successful bidder for such Bonds. Bids may not be conditioned upon qualification for or the receipt of municipal bond insurance. Any increased costs of issuance of the Bonds resulting from such purchase of insurance (e.g., additional credit rating) will be paid by the successful bidder for the Bonds and will not, in any event, be paid by the City. Payment of any bond insurance premium and satisfaction of any conditions to the issuance of the municipal bond insurance policy will be the sole responsibility of the successful bidder. In particular, the City will not provide any opinions or enter into any agreements with respect to the provisions of any such policy. Failure of any municipal bond insurer to issue or deliver its policy will not in any way relieve the successful bidder of its contractual obligations arising from acceptance of its proposal for the purchase of the Bonds.

The successful bidder must provide the City with the municipal bond insurance commitment and information with respect to the municipal bond insurance policy and the insurance provider within two business days following the award of the bid by the City. The City will require delivery, on or prior to the date of initial delivery of the Bonds, of:

- (i) a certificate from the insurance provider regarding the accuracy and completeness of the information provided for inclusion in the Official Statement,

- (ii) an opinion of counsel to the insurance provider regarding the validity and enforceability of the municipal bond insurance policy,

each in a form reasonably satisfactory to the City and Bond Counsel.

*Rating.* The City received a rating on the Bonds as shown on the cover of the attached Preliminary Official Statement. The City will pay the fees for such rating. All costs for any other ratings are the responsibility of the successful bidder.

### **Delivery of Bonds**

The Bonds will be delivered to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer, less payment of the purchase price to the City in immediately available federal funds, less the amount of the applicable good faith deposit. Closing is expected to occur on the closing date set forth on the cover page of the Preliminary Official Statement.

If, prior to delivery of the Bonds, the interest receivable by the owners of such Bonds becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder, at its option, may be relieved of its obligation to purchase the Bonds and, in that case, the good faith deposit accompanying its bid will be returned without interest.

The Bonds will be delivered in “book-entry only” form in accordance with the letter of representations from the City to DTC. As of the date of the award of the Bonds, the bidder must either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in DTC. The City will furnish to the successful bidder one electronic transcript of proceedings; additional transcripts will be furnished at the successful bidder’s cost.

### **CUSIP Numbers**

It is anticipated that CUSIP identification numbers will be printed on the Bonds; however, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. The City’s Municipal Advisor will obtain CUSIP numbers on behalf of the City. The charge of the CUSIP Service Bureau shall be paid by the successful bidder.

### **Bond Counsel Opinion**

The City will furnish to the purchaser of the Bonds the bond counsel opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel, in substantially the form attached to the Preliminary Official Statement as Appendix A.

### **Continuing Disclosure**

In connection with the issuance and delivery of the Bonds, the City will enter into an undertaking for the benefit of the owners of the Bonds to provide certain financial information and operating data and notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) pursuant to the requirements of paragraph (b)(5)(i) of Securities and Exchange Commission (“SEC”) Rule 15c2-12 (the “Rule”). See Appendix B to the attached Preliminary Official Statement.

### **Closing Documents**

As a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds, the City will furnish a certificate of an official or officials of the City stating that to the best knowledge of such official(s), as of the date of the Official Statement and as of the date of delivery of the Bonds, the information (including financial information) contained in the Official Statement was, as of its date, and is, as of the date of closing, true and correct in all material respects and did not and does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (however, the City will make no representation regarding Bond Counsel’s form of opinion or the information provided by or obtained from DTC, the City’s Municipal Advisor, the successful purchaser, or any entity providing bond insurance, if any).

### **Official Statement**

The Preliminary Official Statement is in a form deemed final by the City for the purpose of the Rule, but is subject to revision, amendment and completion in a final Official Statement which the City will deliver, to the successful bidders, at the City’s expense, not later than seven business days after the City’s acceptance of the successful bidder’s proposal, in sufficient quantities to permit the successful bidder to comply with the Rule. The successful bidders shall file, or

cause to be filed, the final Official Statement with the MSRB within one business day following the receipt of the Official Statement from the City.

Each successful bidder also agrees:

- (i) to provide to the City, in writing, promptly after the acceptance of the bid, pricing and other related information, including initial reoffering prices of the Bonds, necessary for completion of the final Official Statement;
- (ii) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any amendments or supplements prepared by the City; and
- (iii) to take any and all actions necessary to comply with applicable SEC and MSRB rules governing the offering, sale and delivery of the Bonds to ultimate purchasers, including without limitation, the delivery of a final Official Statement to each investor who purchases Bonds.

**Additional Information**

The Preliminary Official Statement may be obtained from i-Deal Prospectus, a service of i-Deal LLC, at [www.i-dealprospectus.com](http://www.i-dealprospectus.com), telephone (212) 849-5021. In addition, the Preliminary Official Statement may be obtained upon request to the City's Municipal Advisor. Additional information may be obtained from the City's Municipal Advisor, Piper Sandler & Co. (by telephone: (206) 628-2899; or by e-mail: [justin.monwai@psc.com](mailto:justin.monwai@psc.com)).

CITY OF SEATAC, WASHINGTON

By:                     /s/ Gwen Pilo                      
Finance Director

**OFFICIAL STATEMENT**  
**CITY OF SEATAC, WASHINGTON**  
**\$39,355,000\***  
**LIMITED TAX GENERAL OBLIGATION BONDS, 2025 (TAXABLE)**

**INTRODUCTION**

The City of SeaTac, Washington (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the “State”), furnishes this Official Statement in connection with the offering of its Limited Tax General Obligation Bonds, 2025 (Taxable) (the “Bonds”). This Official Statement, which includes the cover page, the inside cover page and appendices, provides information concerning the City and the Bonds.

This Official Statement includes quotations, summaries, descriptions, and explanations from and regarding the Bonds, the City, the Bond Ordinance (as defined below), applicable laws, reports, instruments and other documents and texts. This information is neither comprehensive nor definitive, and is qualified in its entirety by reference to the underlying document or text that is the source thereof. Prospective investors should refer to such sources for full and complete statements of their provisions.

In preparing the projections in this Official Statement, the City has made or relied upon certain assumptions as to conditions that may occur in the future. Although the City believes these assumptions are reasonable for such purposes, they are contingent upon future events and conditions. To the extent actual future events or conditions differ from those assumed, the actual results will vary from those projected herein.

The purchase of the Bonds involves investment risk. Investors should carefully consider all of the information in this Official Statement, and confer with their tax and financial advisors when determining whether to purchase the Bonds. This Official Statement does not constitute a contract or agreement between the City and the purchasers or holders of any of the Bonds.

**THE BONDS**

**Authorization**

The City is issuing the Bonds pursuant to State law, including chapters 39.36 and 39.46 of the Revised Code of Washington, as amended (“RCW”), and Ordinance No. 25-1024 of the City, passed on October 28, 2025 (the “Bond Ordinance”). Unless otherwise defined in this Official Statement, capitalized terms herein have the meanings set forth in the Bond Ordinance, a copy of which is available from the City.

**Security**

The Bonds are general obligations of the City payable from tax revenues of the City and other money, if any, lawfully available and provided by the City for such purpose. For as long as the Bonds are outstanding, the City has irrevocably pledged to include in its annual property tax levy amounts sufficient, together with other money lawfully available and provided therefor, to pay when due the principal of and interest on the Bonds, and that such levy will be within and as a part of the levy permitted by law to cities without assent of the voters. The City has irrevocably pledged its full faith, credit and resources for the annual levy and collection of such taxes and the prompt payment of such principal and interest. For a summary of the City’s authority to levy and collect property and excise taxes and the legal restrictions thereon, see “CITY TAXING AUTHORITY.”

Subject to applicable laws, the City may also apply other legally available funds to pay debt service on the Bonds; however, the City has not pledged any such funds for this purpose.

The Bonds do not constitute a debt or indebtedness of King County (the “County”), the State or any other political subdivision other than the City. No debt service reserves or property secure the payment of debt service on the Bonds. Bond owners do not have a perfected security interest in, or an express statutory lien on, particular City revenues or assets.

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\* Preliminary, subject to change.

State law provides that the payment of general obligation bonds is enforceable in mandamus against the issuer. The rights and remedies of anyone seeking enforcement of the Bonds are subject to laws of bankruptcy and insolvency, to other laws affecting the rights and remedies of creditors, and to the exercise of judicial discretion. There is no express provision in State law regarding the priority of payment of debt service on general obligations incurred by a State municipality. See “INVESTMENT CONSIDERATIONS—Limitations on Remedies; No Acceleration Upon Default.”

### **General Description**

The Bonds will be dated as of their Delivery Date, and will bear interest from such date (or from the most recent date upon which interest has been paid). Interest on the Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2026, until maturity or prior redemption, calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will bear interest at the rates, and will mature on the dates and in the amounts, set forth on the inside cover of this Official Statement.

### **Registration and Payment**

*Book-Entry System.* The City will issue the Bonds as fully-registered securities. The Depository Trust Company (“DTC”) will act as securities depository for the Bonds, with the Bonds registered in the name of Cede & Co. as DTC’s nominee. Under DTC’s book-entry-only transfer system, purchasers (“Beneficial Owners”) may purchase Bonds through DTC broker-dealer participants, which will receive a credit in DTC’s records. Purchasers may purchase Bonds in denominations of \$5,000 or integral multiples thereof within a maturity. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds. See Appendix D—“DTC’s Book-Entry System.” For as long as Cede & Co. is the Registered Owner of the Bonds, references herein to the Registered Owners will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Bonds.

*Bond Registrar.* The City has adopted the system of registration for the Bonds approved, from time to time, by the State Finance Committee. Pursuant to chapter 43.80 RCW, the State Finance Committee designates one or more fiscal agencies for bonds issued within the State. U.S. Bank Trust Company, National Association, Seattle, Washington (the “Bond Registrar”) currently serves in this capacity. The Bond Registrar will authenticate the Bonds, and act as paying agent and registrar for the purpose of paying principal of and interest on the Bonds, recording the purchase, registration, exchange, transfer, and payment of the Bonds, and performing other obligations of the paying agent and registrar. No resignation or removal of the Bond Registrar shall become effective until the appointment of a successor Bond Registrar that has accepted the Bond Registrar’s duties.

*Payments.* To pay the principal of and interest on the Bonds when due, the City will remit money from the funds or accounts held under the Bond Ordinance for the purpose of paying debt service on the Bonds (the “Debt Service Fund”) to the Bond Registrar. For as long as the Bonds remain held in book-entry form, DTC’s operational arrangements will determine the manner of payment on the Bonds; under DTC’s book-entry system, the Bond Registrar will remit principal and interest payments from the City to DTC, which will in turn remit these payments to its participants for subsequent disbursement to the Beneficial Owners. See Appendix D—“DTC’s Book-Entry System.”

If DTC resigns as the securities depository and the City cannot retain a qualified successor, or if the City determines it is in the Beneficial Owners’ best interests to hold the Bonds in certificated form, the City will deliver a written request to the Bond Registrar, together with a supply of physical bonds, to issue certificated Bonds to the Beneficial Owners or their nominees in fully registered form. The Bond Registrar will then register the Bonds, and issue certificated Bonds to the Registered Owners in appropriate denominations. The Bond Registrar will thereafter pay interest on the Bonds by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date (as defined below). Upon the written request of a Registered Owner of more than \$1,000,000 of Bonds, received by the Bond Registrar at least by the Record Date, the Bond Registrar will make such interest payment by wire transfer to the account within the United States the Registered Owner designates. The Bond Registrar will pay principal of the Bonds upon the Registered Owners’ presentation and surrender of such Bonds at the Bond Registrar’s designated office. The Bond Ordinance defines “Record Date” as the Bond Registrar’s close of business 15 days preceding any interest payment date, principal and interest payment date, or redemption date.



If the City provides insufficient funds to pay on the applicable payment date any Bond duly presented for payment, interest will continue to accrue on the unpaid principal thereof at the rate stated on the Bond until payment of such principal.

*Transfer and Exchange.* The Bond Registrar will register the transfer or exchange of Bonds as provided in the Bond Ordinance. Upon surrender of a Bond to the Bond Registrar, the Bond Registrar will cancel the surrendered Bond and authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, series, maturity, and interest rate, in any authorized denomination. The Bond Registrar is not obligated to register the transfer of or to exchange any Bond after the Record Date for any interest payment, principal payment or redemption date.

## Redemption

*Optional Redemption.* The Bonds maturing on or before December 1, 2027, are not subject to redemption prior to their stated maturity. The Bonds maturing on or after December 1, 2028, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after December 1, 2027, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

*[Mandatory Redemption.]* The Bonds maturing on December 1, 20\_\_ are term bonds. Unless redeemed pursuant to the foregoing optional redemption provisions or purchased by the City, such Bonds are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on December 1 of the following years in the following principal amounts:

### Term Bonds Due December 1, 20\_\_

<u>Year</u>	<u>Redemption Amount</u>
	\$
(1)	
<u>(1) Maturity.</u>	

To the extent the City redeems (other than in satisfaction of the mandatory sinking fund requirements) or purchases for cancellation any term bonds subject to mandatory redemption, the City may reduce the mandatory sinking fund requirement of such term bonds of the same maturity, in like aggregate principal amount for the year specified by the City.]

*Selection of Bonds for Redemption.* The City may redeem at any one time fewer than all of the Bonds having the same maturity. For as long as the Bonds remain held in book-entry form, DTC's operational arrangements will determine the selection of such Bonds for redemption. If the Bonds are no longer held by a depository, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the Bond Ordinance. If the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected on a pro rata pass-through distribution of principal basis. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations authorized in the Bond Ordinance.

*Notice of Redemption; Conditional Redemption; Rescission.* For so long as the Bonds remain held in book-entry form, DTC's operational arrangements will determine the manner of providing notice of redemption. Neither the City nor the Bond Registrar will provide any notice of redemption to Beneficial Owners. Unless waived by the Registered Owner of any Bonds to be redeemed, the Bond Registrar (on the City's behalf) will mail a copy of an official notice of redemption to such Registered Owner, by first class mail, at least 20 days and not more than 60 days prior to the redemption date. The Bond Registrar will mail such notice to the Registered Owner's address on the Bond Register, or to such other address as the Registered Owner furnishes in writing to the Bond Registrar. Any notice of optional redemption with respect to the Bonds may be conditional, in which case the conditions shall be set forth therein.

On or prior to any redemption date—unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded—the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds the City is redeeming on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption so rescinded will have no effect, and the Bonds for which the City has rescinded its notice of optional redemption will remain outstanding.

*Effect of Call for Redemption.* If the City has provided (and neither rescinded nor revoked) a notice of redemption—or if the conditions set forth in a conditional notice of redemption have been satisfied or waived—the Bonds or portions of Bonds for which the City has provided such notice of redemption will, on the redemption date, become due and payable at the redemption price therein specified; if the Bond Registrar then holds sufficient funds to pay such Bonds or portions thereof at the redemption price, such Bonds or portions thereof will cease to bear interest from and after such date. Upon surrender of such Bonds for redemption in accordance with said notice, the Bond Registrar will pay the Bonds at the redemption price. Installments of interest due on or prior to the redemption date will be payable as provided in the Bond Ordinance. The Bond Registrar will cancel and not reissue all Bonds so redeemed.

*Open Market Purchase.* The City may purchase Bonds offered to the City at any time, at any price the City deems reasonable.

### **Defeasance**

To effect the payment, retirement or redemption of any Bond, the City may (i) set aside in the Debt Service Fund (or in another special account) cash or noncallable Government Obligations (as defined below) or any combination thereof, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and (ii) irrevocably pledge and set aside such cash and/or noncallable Government Obligations for such purpose. The Bonds will then no longer be deemed outstanding, and the Bond Ordinance will no longer entitle the owner of the Bond to any lien, benefit or security except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account.

The Bond Ordinance defines “Government Obligations” as those obligations now or hereafter defined as such in chapter 39.53 RCW, constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States.

If the City defeases any Bonds, such Bonds may be deemed retired and “reissued” for federal income tax purposes as a result of the defeasance. In such event, the owner of a Bond would recognize a gain or loss on the Bond at the time of defeasance. *See* “LEGAL AND TAX INFORMATION—Certain Income Tax Consequences.”

## **USE OF PROCEEDS**

### **Purpose**

The City will use the proceeds of the Bonds to (i) finance and/or reimburse costs related to acquiring land for the City’s new Civic Campus and (ii) pay costs of issuing the Bonds.

*[remainder of page intentionally left blank]*

## Sources and Uses of Funds

The following table sets forth the anticipated sources and uses of the Bond proceeds, rounded to the nearest dollar:

**TABLE 1**  
**SOURCES AND USES<sup>(1)</sup>**

<b>Sources of Funds</b>	
Par Amount of Bonds	\$
[Net] Original Issue Premium/Discount	
Total Sources of Funds	\$
<b>Uses of Funds</b>	
Deposit to Project Fund	\$
Issuance Costs <sup>(2)</sup>	
Total Uses of Funds	\$

<sup>(1)</sup> Figures to be included in the final Official Statement.

<sup>(2)</sup> Includes Municipal Advisor, underwriting, rating agency, legal fees, additional proceeds, and other costs incurred in connection with the issuance of the Bonds.

## CITY TAXING AUTHORITY

### General

The City has statutory authority to levy various taxes within its boundaries, including property taxes, sales and use taxes, real estate excise taxes, utility taxes, business and occupation taxes, and other taxes. As discussed below, State law restricts the purposes to which local governments with such taxing authority (collectively, “taxing districts”) may apply certain tax revenues.

The City’s major sources of General Fund tax revenue are its property taxes and retail sales and use taxes. The City also levies a special local option transportation tax, revenues of which are deposited into the City’s Street Fund to provide for the ongoing maintenance of City streets, and other taxes, as discussed below.

The following table presents historical tax revenues for certain taxes deposited into the City’s General Fund. The General Fund is the City’s primary operating fund, accounting for all financial resources of the general government, except those accounted for in other funds such as proprietary and fiduciary funds.

**TABLE 2**  
**GENERAL FUND TAX REVENUE BY SOURCE**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Property Taxes	\$17,201,319	\$17,256,678	\$17,548,516	\$17,688,402	\$18,247,693
Retail Sales & Use Taxes <sup>(1)</sup>	9,313,856	13,827,842	19,840,154	20,305,579	21,895,575
Other <sup>(2)</sup>	1,894,824	2,587,856	3,320,840	4,953,112	4,242,322
Total	\$28,409,999	\$33,672,376	\$40,709,510	\$42,947,093	\$44,385,590

<sup>(1)</sup> Includes revenue from the City’s “basic” and “optional” sales and use taxes.

<sup>(2)</sup> Includes leasehold excise tax revenue.

Source: City of SeaTac

### Property Tax Authority and Limitations

**Overview.** The City has lawful authority to levy “regular property taxes,” which are subject to constitutional and statutory limitations as to rate and amount, and “excess property taxes,” which are not. Taxing districts ordinarily levy regular property taxes, which do not require voter approval, for general municipal purposes. Taxing districts may use the revenues from these levies to pay debt service on limited tax general obligation indebtedness, but State law does not require taxing districts to prioritize such use. Subject to statutory limitations, taxing districts may also impose limited-purpose regular property tax levies, certain of which require voter approval. The Bonds are limited

tax general obligation bonds of the City, payable from regular property taxes of the City and other funds legally available for such purpose.

In addition to regular property tax levies, taxing districts may levy excess property taxes to pay debt service on general obligation bonds issued for (a) capital purposes or (b) for any governmental purpose for one year. Prior to imposing any excess levy, a taxing district must obtain voter authorization at an election in which at least 40 percent of the number of those voting in the prior general election cast ballots, and at least 60 percent of those casting ballots vote to approve the levy. Taxing districts may also levy excess property taxes to prevent the impairment of a contract obligation, or when ordered to do so by a court of last resort.

To levy property taxes, the City first budgets or estimates, as part of its annual budgeting process, the total amount of property tax revenue the City will seek for the upcoming year. The City certifies this budget or estimate to the County Board of Commissioners. The County Board of Commissioners thereafter submits the City's certified levy amount request to the County Assessor (the "Assessor")—an elected official who maintains a list of the assessed value of all taxable property within the County (the "assessment roll"). See "Assessed Valuation" below. The Assessor determines the rate for the City's levy by dividing the City's certified total levy amount by the assessed value of all taxable property within the City's boundaries. The Assessor then calculates each property owner's tax liability for the levy by multiplying the rate by the value of the parcels belonging to the taxpayer, and sets forth each taxpayer's liability on a "tax roll." As part of this process, the Assessor must confirm that the City's levy complies with constitutional and statutory limitations, reducing or eliminating levies as required by law. See "Limitations on Regular Property Taxes" below. Lastly, the Assessor conveys the tax roll to the County Treasurer (the "Treasurer"), who collects the levy on the City's behalf. See "Property Tax Collection" below.

*Uniformity Requirement and Exemptions.* The State Constitution requires that taxing districts levy all property taxes at a uniform rate upon the same class of property within the taxing district's territorial limitations, and provides that all real estate constitutes a single class. As a result, all taxes imposed by a taxing district must be the same for properties with an equivalent fair market value. An exception applies for agricultural, timber, and open space land, which assessors value based on current use rather than fair market value.

The State Constitution exempts property of the United States, the State, counties, school districts and other local governments from taxation, and authorizes the State Legislature (the "Legislature") to exempt additional property. The Legislature has enacted exemptions for tribal properties, nonprofit schools and colleges, hospitals, and churches, among others, subject to conditions.

*Limitations on Regular Property Taxes.* A taxing district's authority to levy regular property taxes without voter approval for general municipal purposes, including the payment of debt service on limited tax general obligation indebtedness (such as the Bonds), is subject to rate and amount limitations as described below. The statutory and constitutional provisions containing these limitations are subject to revision under State law.

City Regular Levy Rates and Limitations. State law authorizes cities to impose a regular property tax levy of not to exceed \$3.375 per \$1,000 of assessed value for general city purposes. A city annexed to a library or fire district, or participating in a regional fire service protection authority may levy up to \$3.60 per \$1,000 of assessed value, less the actual regular levy rate or rates imposed by such library district, fire district, or regional fire service protection authority. In addition, if a city has a firefighters' pension fund, it may impose an additional levy of up to \$0.225 per \$1,000 of assessed value. Subject to statutory limitations, cities may also impose certain additional regular property tax levies for other specified purposes, including an emergency medical services levy, or a local improvement district guaranty fund.

The City's 2025 regular property tax levy rate reflects several of these adjustments. The City is currently annexed to the King County Library District. Therefore, the City's regular property tax levy for 2025 may not exceed \$3.60 per \$1,000 of assessed value, less the actual regular levy rates imposed by such district. For 2025, the King County Library District imposed a regular levy of \$0.24520 per \$1,000 of assessed value. This levy reduces the City's maximum allowable regular levy rate to \$3.35480. The City does not maintain a firefighters' pension fund. Accordingly, the City's maximum 2025 regular property tax levy rate is \$3.35480. The City's regular property tax levy rate for 2025 is \$2.17635 per \$1,000 of assessed value. See "Current and Historical Property Tax Levy Data" below.

Aggregate Levy Rate Limitations. The State Constitution limits the aggregate regular property tax rate the State and all overlapping taxing districts (except port districts and public utility districts) may impose on any tax parcel to one percent of the property's true and fair value (\$10 per \$1,000 of assessed value). Within this limitation, the State's

levy may not exceed \$3.60 per \$1,000 of assessed value, and the aggregate of all other taxing districts' regular levies may not exceed \$5.90 per \$1,000 of assessed value (the "\$5.90 limitation"); provided, the \$5.90 limitation does not apply to the following levies, as detailed in RCW 84.52.043: port district and public utility district levies; excess property tax levies; conservation futures levies; emergency medical care or emergency medical services levies; affordable housing levies; portions of metropolitan park district levies; ferry district levies; criminal justice levies; portions of fire protection district or regional fire authority levies; transit-related levies; portions of flood control zone levies; regional transit authority levies; and park and recreation district levies. This list of exceptions from the \$5.90 limitation is subject to revision by the Legislature.

If the aggregate levy rate for a tax parcel exceeds the limitations described above, the county assessor must reduce or eliminate levies imposed by the various taxing districts on such parcel until the parcel's aggregate levy rate complies with these limitations. RCW 84.52.010 prescribes the order of priority in which the assessor must reduce or eliminate these levies, starting with levies of "junior" taxing districts. The City is a "senior" taxing district, and its general purpose levies are typically protected from reduction or elimination prescribed by these provisions.

Because taxing districts are not coterminous, the aggregate regular property tax levy rate that applies to tax parcels within a single taxing district may vary. Since the levy rate within each taxing district must be uniform (as described above), any reduction to a taxing district's levy must apply throughout the entire taxing district, and not just to the affected parcel.

**Maximum Amount Increase Limitation.** In addition to levy rate limitations, State law limits the total amount by which a taxing district's levy may grow each year, known as a "levy lid." Per State law, the total dollar amount of regular property taxes a taxing district (excluding the State) may levy in any year may not exceed the highest amount the taxing district could lawfully levy in any year multiplied by the "limit factor," plus adjustments for increases in annual assessed value within the taxing district due to statutorily-defined factors such as new construction and property improvements. For taxing districts with a population of less than 10,000, the "limit factor" is 101 percent. For all other taxing districts (excluding the State), the "limit factor" is the lesser of 101 percent or 100 percent plus inflation; provided, if inflation drops below one percent, such a taxing district may increase its "limit factor" up to 101 percent, if approved by a majority plus one vote of the taxing district's governing body upon a finding of substantial need.

A taxing district may only exceed these limits through the use of "banked" levy capacity or a "levy lid lift." Banked levy capacity is the difference between the highest amount the taxing district could lawfully levy in a given year and the actual amount the taxing district levies. A taxing district with banked levy capacity may apply such capacity at a future date to exceed maximum levy amount limitations otherwise applicable. If a taxing district levies its highest lawful levy, it will not have any banked levy capacity. As of January 1, 2025, the City had approximately \$1.59 million of banked levy capacity.

A taxing district may also exceed the levy lid limitation applicable to regular property tax levies with the approval of a simple majority of voters, known as a "levy lid lift." Lid lifts permit the taxing district to exceed the limit factor for one year or for each year for up to six consecutive years. A multiple-year lid lift requires that the ballot proposition submitted to voters specify the limited purposes for which the taxing district will use the proposed annual increases, whereas a single-year lid lift does not. Lid lifts may be permanent—in which case the maximum levy in the final year of the lid lift becomes the base to calculate all future levy lids—or temporary, in which case the levy lid reverts to what it would have been if the lid lift never existed. A levy lid lift will not increase the levy if doing so would cause the taxing district's levy to exceed the applicable maximum rate limitations or the aggregate rate limitations described above. The City currently has no levy lid lifts in effect.

**Relationship between Rate and Amount Limitations.** As described above, State law limits regular levies by both rate and amount. Depending upon economic circumstances, a taxing district may be forced to levy taxes below the threshold of one limitation to avoid exceeding the other. For instance, if a taxing district's assessed values are increasing at a rate that exceeds the "limit factor," the levy lid will effectively cap the total dollar amounts the taxing district can levy. This will restrict growth in the taxing district's levy rate below the threshold allowable per the legal rate limitation. Conversely, if a taxing district's assessed values are decreasing or increasing at a rate below the "limit factor," the levy lid will not restrain the amount a taxing district can levy. However, as regular tax levy rates rise, the levy rate limitation may restrict growth in the taxing district's levy amount.

**Tax Increment Financing.** Chapter 39.114 RCW enables counties, cities and port districts, or any combination thereof ("sponsoring jurisdictions") to designate tax increment areas, subject to conditions, and to use the tax allocation revenues to pay public improvement costs. A sponsoring jurisdiction may designate only two active, non-overlapping

increment areas at any time, and the increment area (or combined areas) generally may not have an assessed value of more than \$200 million or more than 20 percent of the sponsoring jurisdiction's total assessed value, whichever is less. Tax increment areas are subject to a 25-year sunset date.

Once a sponsoring jurisdiction forms an increment area, each taxing district will receive that portion of its regular property taxes produced by the rate of tax levied by or for the district on the assessed value of real property located within the increment area for taxes imposed in the year in which the increment area was designated. The sponsoring jurisdiction generally will also receive the amount derived from the regular property taxes levied by *or for* each taxing district on any increase in property values in the increment area after its formation. Accordingly, if a sponsoring jurisdiction forms an increment area, it generally will receive regular property taxes representing the increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than State taxes and property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal of and interest on general obligation debt).

Any of the City, the County, and/or the Port of Seattle (the "Port") could form up to two increment areas and receive the property taxes allocated to a sponsoring jurisdiction (including taxes levied by or for other taxing districts). Neither the City, the Port, nor the County have designated a tax increment area as of the date of this Official Statement.

*Guaranty Fund Levies.* Under State law, cities may form local improvement districts, which have authority to finance capital improvements within the district through assessments on properties benefiting from such improvements. Pursuant to chapter 35.54 RCW, cities with local improvement districts may impose a "local improvement guaranty fund" levy, the revenues of which secure such districts' debts. Guaranty fund levies are subject to the constitutional one percent aggregate levy limitation described above, but not the \$5.90 limitation or the regular levy rate limitation applicable to cities. The amount of a guaranty fund levy in any given collection year may not exceed the greater of (i) 12 percent of the outstanding obligations guaranteed by the fund, or (ii) the total amount of delinquent assessments and interest accumulated on the delinquent assessments. The City does not currently levy for a guaranty fund.

#### **Current and Historical Property Tax Levy Data**

Several taxing districts overlap within the City. These taxing districts have statutory power to levy regular property taxes at the following rates, subject to the limitations provided by chapter 84.55 RCW, and to levy excess property taxes. For purposes of demonstration, the table below presents representative levy rates (regular and excess) for tax code area 2201, and the statutory levy authority of each type of overlapping district. Tax code area 2201 is within the City, however it does not include all of the property within the City; additional taxing districts, not listed below, may currently levy taxes within the City or do so in the future.

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**TABLE 3**  
**STATUTORY REGULAR LEVY AUTHORITY AND**  
**REPRESENTATIVE 2025 REGULAR AND EXCESS LEVY RATES**  
**(Rates per \$1,000 of assessed value)**

Taxing District	Statutory Regular Levy Authority	Regular Levy Rate	Excess Levy Rate	Aggregate Levy Rate
The County	\$ 1.80000 <sup>(1)</sup>	\$0.72044	\$0.64138	\$1.36182
The City	3.60000 <sup>(2)</sup>	2.17635	—	2.17635
Emergency Medical Services	0.50000	0.22146	—	0.22146
State Schools Levy	3.60000 <sup>(3)</sup>	2.24653	—	2.24653
Regional Transit Authority	0.50000	0.16382	—	0.16382
The Port of Seattle	0.45000	0.10196	—	0.10196
Flood Control District	0.50000	0.09757	—	0.09757
King County Rural Library	0.50000	0.24520	—	0.24520
Highline School District No. 401	— <sup>(4)</sup>	—	\$3.95893	3.95893
Total Representative Levy Rates <sup>(5)</sup>		\$5.97333	\$4.60031	\$10.57364

<sup>(1)</sup> A county may increase its regular levy rate up to \$2.475 per \$1,000 of assessed value for general county purposes if (i) the total levies for both the county and road district within the county do not exceed \$4.05 per \$1,000 of assessed value, and (ii) no other taxing district has its levy reduced as a result of the increased county levy.

<sup>(2)</sup> A city annexed to a library or fire district, or participating in a regional fire service protection authority may levy up to \$3.60 per \$1,000 of assessed value, less the actual regular levy rate or rates imposed by such library district, fire district, or regional fire service protection authority. In addition, a city with a firefighters' pension fund may impose an additional levy of up to \$0.225 per \$1,000 of assessed value.

<sup>(3)</sup> The State Department of Revenue ("DOR") levies the State property tax for the support of the common schools. Due to varying assessment practices in State counties, the assessed value of property in a county may not equal 100 percent of the true and fair value of the property. To provide a uniform base upon which to impose the State property tax, the DOR equalizes the assessed values of the various counties to true and fair value.

<sup>(4)</sup> School districts in the State do not have regular property tax levy authority.

<sup>(5)</sup> Totals may not foot due to rounding.

Source: King County Department of Assessments

The following table sets forth the City's regular and excess property tax levy rates (per \$1,000 of assessed value) and levy amounts for tax collection years 2021 through 2025.

**TABLE 4**  
**PROPERTY TAX LEVY RATES AND AMOUNTS**

Year	Levy Rates			Levy Amount <sup>(1)</sup>		
	Regular	Excess	Total	Regular	Excess	Total
2025	\$2.17635	--	\$2.17635	\$19,446,289	--	\$19,446,289
2024	2.21356	--	2.21356	18,606,210	--	18,606,210
2023	2.24414	--	2.24414	17,697,784	--	17,697,784
2022	2.50339	--	2.50339	17,538,275	--	17,538,275
2021	2.40362	--	2.40362	17,458,538	--	17,458,538

<sup>(1)</sup> Amounts levied for collection are subject to continued adjustments in accordance with tax appeal procedures, and may not match amounts included in the City's financial statements.

Source: King County Department of Assessments

### Assessed Valuation

The Assessor is a County-level elected official whose primary duty is determining the value of all real and personal property subject to *ad valorem* taxation within the County, and compiling an assessment roll listing the assessed value of all such property. The State Department of Revenue ("DOR") has responsibility for valuing inter-county, interstate, and certain utility properties.

State law and DOR regulations prescribe and control the Assessor’s duties and methods of determining value. The Assessor must assess all taxable real property within the County annually, and physically inspect such property at least once every six years. During the intervals between each physical inspection of real property, the Assessor adjusts the valuation of such property to its current true and fair values based upon market data and statistical analysis. The infrequency of on-site appraisals may lead to assessed valuations that lag market and other adjustments.

The Assessor must value all taxable real property at 100 percent of its true and fair market value, based on the highest and best use of the property. In determining true and fair value, the Assessor may consider: (1) sales of the appraised property or sales of comparable properties that occurred within five years of the assessment year; (2) cost, cost less depreciation, or reconstruction cost less depreciation; and/or (3) capitalization of income derived from prudent use of the property. Owners of taxable personal property—including certain machinery, equipment, and furniture—must submit to the Assessor a list of all such property in their ownership, possession, or control. Upon receipt of a personal property listing, the Assessor determines the property’s true and fair value, and enters such value on the assessment roll.

A property owner may petition the County Board of Equalization for a change in the assessed value that the Assessor places upon the owner’s property. Alternatively, a property owner may request that the State Board of Tax Appeals hear an appeal directly when the Assessor, the owner, and a majority of the County Board of Equalization agree a direct appeal is appropriate. The County Board of Equalization also has jurisdiction to equalize property values on its own initiative. Any taxpayer, taxing district, or the Assessor may appeal actions of the County Board of Equalization to the State Board of Tax Appeals.

*Trends in Assessed Value.* The following table sets forth the City’s total taxable assessed value for tax collection years 2021 through 2025.

**TABLE 5**  
**TAXABLE ASSESSED VALUE**

<b>Year</b>	<b>Assessed Value</b>	<b>Percent Change</b>
2025	\$9,010,502,648	6.43%
2024	8,466,029,259	6.75
2023	7,930,926,090	12.55
2022	7,046,635,720	(3.53)
2021	7,304,721,195	4.31 <sup>(1)</sup>

<sup>(1)</sup> Based on a 2020 assessed value of \$7,002,893,467.

*Source: King County Department of Assessments*

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*Principal Taxpayers.* The following table lists the City’s largest property taxpayers, as measured by percentage of the City’s total taxable assessed value in 2025.

**TABLE 6  
LARGEST PROPERTY TAXPAYERS IN THE CITY (2025)**

<b>Taxpayer</b>	<b>Assessed Value (“AV”)</b>	<b>Percentage of Total AV</b>
Alaska Airlines Inc.	\$ 261,919,846	2.91%
Boeing	151,391,850	1.68
RLH Partnership II LP	117,408,400	1.30
Spire Hospitality Co	100,181,000	1.11
Hilton Seattle Airport LLC	89,710,464	1.00
STOC Owner LLC	69,871,499	0.78
Lumer Harry	60,696,100	0.67
LBA NCC2 Company IX LLC	49,987,800	0.55
Cedarbrook Lodge LLC	48,427,232	0.54
Prime Belvedere West LLC	47,192,000	0.52
Subtotal – 10 Largest Taxpayers	\$ 996,786,191	11.06
All Other City Taxpayers	8,013,716,457	88.94
Total City Taxpayers	\$ 9,010,502,648	100.00%

*Source: King County Department of Assessments*

### **Property Tax Collection**

*Property Tax Collection Procedures.* To levy property taxes, the City must submit to the County Board of Commissioners, by November 30, the total amount of property tax revenue the City seeks for the upcoming year. On or before the first Monday in December, the County Board of Commissioners must submit the City’s certified levy amount request to the Assessor. The Assessor thereafter determines the levy rate for the City by dividing the City’s certified total levy amount by the assessed value of all taxable property within the City’s boundaries, adjusting the levies as necessary to comply with constitutional and statutory limitations. The Assessor calculates each property owner’s tax liability by multiplying the City levy rate by the assessed value of the taxpayer’s parcel(s). On or before January 15, the Assessor must certify and deliver to the Treasurer the tax roll, which lists all taxpayers subject to property tax, the assessed value of their property, and the amounts for the Treasurer to collect from each taxpayer.

After receiving the tax roll, the Treasurer prepares annual statements of taxes due for each taxpayer, and sends the statements on or before March 15. The Treasurer thereafter collects and receives all taxes extended upon the tax roll. All taxes are due and payable April 30 of each year, but if the amount due from a taxpayer exceeds \$50, the taxpayer may pay one-half by April 30 and the balance by October 31. On or before the tenth day of each month, the Treasurer remits to the City its *pro rata* share of all taxes collected for the previous month.

Delinquent tax payments are subject to interest accruing at a rate of nine percent annually (0.75 percent monthly) for residential properties with four or fewer units, and 12 percent annually (one percent monthly) for all other properties. Interest on delinquent taxes is credited to the County’s current expense fund. Delinquent taxpayers are also assessed penalties of up to 11 percent annually, credited to the account of the taxing district. These penalties do not apply to residential properties with four or fewer units. During a state of emergency declared by the Governor, the Treasurer may grant extensions of the due date of any taxes.

The following table presents the City’s regular property tax collection record from collection years 2020 through 2025. Taxes for 2025 are currently in the process of collection.

**TABLE 7**  
**PROPERTY TAX COLLECTION RECORD**

Year	Amount Levied <sup>(1)</sup>	Tax Collected Year of Levy		Tax Collected as of August 31, 2025	
		Amount	Percent	Amount	Percent
2025	\$19,440,601	\$11,257,839	57.91% <sup>(2)</sup>	\$11,257,839	57.91% <sup>(2)</sup>
2024	18,601,926	18,137,214	97.50	18,509,018	99.50
2023	17,701,068	17,525,925	99.01	17,641,480	99.66
2022	17,527,369	17,295,480	98.68	17,492,554	99.80
2021	17,458,538	17,036,057	97.58	17,447,464	99.94
2020	17,368,568	17,022,861	98.01	17,363,495	99.97

<sup>(1)</sup> Reflects adjustments, refunds and nonpayment of taxes. The amount levied each year does not include supplements or cancellations of taxes or delinquent taxes collected in that year.

<sup>(2)</sup> In process of collection.

*Source: King County Finance and Business Operations Division*

**Property Tax Liens.** Property taxes and all charges and expenses relating to the taxes constitute a statutory lien on the property taxed. The lien attaches to the property from and including January 1 in the year of the tax levy until the tax is paid. By law, the Treasurer may not commence foreclosure of a tax lien on real property until three years after the first delinquency.

The lien on property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation, except for federal civil judgment liens and the possible application of the State “homestead exemption” described below. A federal lien on personal property is senior to a local personal property tax lien if the federal lien is filed before the local tax is levied. In addition, a federal civil judgment lien (but not a federal tax lien) is senior to real property taxes imposed after the recording of the federal judgment lien.

The State’s Homestead Law (chapter 6.13 RCW) provides that a judgment against the owner of a “homestead,” meaning, property the owner uses as a residence, is a lien on the value of such property in excess of the greater of (a) \$125,000 or (b) the county median sale price of a single-family home in the preceding calendar year (the “homestead exemption”). Homesteads are exempt from attachment and execution or forced sale for the debts of the owner up to the exemption amount. The State’s courts have not determined whether the homestead exemption applies to liens that secure property taxes. *See Algona v. Sharp*, 638 P.2d 627, 628, n. 3 (Wash. Ct. App. 1982) (holding that the homestead exemption prevents the forced sale of real property to satisfy a local improvement district assessment lien, but “express[ing] no opinion . . . as to the effect of a declaration of homestead against a lien for general taxes”). The United States Bankruptcy Court for the Western District of Washington has held that the exemption applies under these circumstances. *See In re Cunningham*, 163 B.R. 593, 596 (Bankr. W.D. Wash. 1994) (“In Washington, the homestead exemption is available against a surplus fund arising from a tax foreclosure sale.”). The State Attorney General has taken the position that it does not. *See Wash. Att’y Gen. Op.* 1996 No. 6, at 5 (1996) (“the homestead exemption does not apply to debts for unpaid real property taxes”).

### **Additional City Taxes and Fees**

In addition to property taxes, the City has authority to impose various other taxes, fees, and charges, including those described below. On August 12, 2025, the City Council directed City staff to explore several additional revenue tools, including imposition of possible a Business and Occupation (“B&O”) Tax, additional sales taxes and certain fees. These potential revenue sources are preliminary, subject to various requirements, and will not be pledged to the payment of the Bonds.

**Retail Sales and Use Taxes.** State law authorizes local governments (including the City) to levy various retail sales and use taxes. These include “basic” and “optional” sales and use taxes (which is among the City’s largest sources of tax revenue), and other sales and use taxes that generate revenue for the City, as described in greater detail below.

Retail sales taxes apply to the sale of tangible personal property as well as specified services, including certain construction, installation and repair, and cleaning services. Retail sales taxes are “destination-based,” meaning the

location in which the customer receives the taxed merchandise or service (as opposed to the place of sale) generally determines which jurisdiction applies its local sales tax rate and receives the revenue generated therefrom.

“Use taxes” apply to the use of goods or certain services upon which the consumer has not paid sales tax, such as goods purchased out of state or through casual or isolated sales. The location in which the taxpayer makes the first taxable use of an article of tangible property as a consumer—or takes or assumes control over the article of tangible property upon which a service was performed—determines which jurisdiction applies its local tax rate and receives the revenue generated therefrom. For data regarding historical retail sales subject to the City’s sales and use taxes, *see* Appendix C—“Demographic and Economic Information.”

Sellers must collect retail sales taxes from customers, and remit such taxes to the DOR approximately once per month. Use taxes are payable by the consumer to DOR upon the consumer’s use of goods or services to which the tax applies. The DOR collects and distributes all retail sales and use tax revenue in the State, retaining one percent of all collections for administration costs. The DOR distributes sales and use tax revenues to local governments on a monthly basis, approximately two months after DOR’s collection of such taxes.

State law does not categorically exempt businesses, nonprofits or governmental entities from paying sales and use taxes. However, certain goods and services are exempt, including certain personal and professional services, prescription drugs, groceries (excluding alcohol, tobacco and prepared foods), and motor vehicle fuel.

The total retail sales and use tax rate in the City is currently 10.2 percent, which includes: the State’s retail sales and use tax (6.5 percent); a regional transit authority sales and use tax (1.4 percent); the City’s “basic” and “optional” sales and use taxes (1.0 percent); and County-imposed sales and use taxes for public transportation (0.9 percent), mental health and chemical dependency (0.1 percent), housing and related services (0.1 percent), cultural access programs (0.1 percent) and criminal justice purposes (0.1 percent). Certain of these taxes are described below.

“Basic” and “Optional” Sales and Use Taxes. The City imposes a “basic” sales and use tax at a rate of 0.5 percent, and an additional “optional” sales and use tax at a rate of 0.5 percent, as authorized by RCW 82.14.030(1) and (2). Per State law, the City receives 85 percent of such taxes collected within the City, with the balance distributed to the County. The City deposits the revenues from these taxes into its General Fund, and may apply these revenues to any lawful governmental purpose, including payment of debt service on debt obligations. The City has not pledged such revenues toward paying the Bonds, however.

Criminal Justice Sales and Use Tax. RCW 82.14.340 establishes an additional local sales/use tax of 0.1 percent for criminal justice programs. This tax may be levied only by counties, although the receipts are shared with cities. State law provides that the County receive 10 percent of the revenues generated by the tax, with the County and its cities (including the City) sharing the remainder on a per capita basis. These tax revenues are not available to pay debt service on the Bonds.

Public Safety Funding: New Criminal Justice Sales and Use Tax. In 2025, the Legislature adopted Engrossed Substitute House Bill 2015 (codified at RCW 82.14.345) authorizing a new local sales and use tax of 0.1 percent for criminal justice purposes. Both eligible counties and cities can impose the new sales tax without voter approval. Revenue from this sales tax can be used for a broad range of programs and services that support public safety including domestic violence programs, diversion, reentry, public defense, homelessness reduction, behavioral health programs, co-response, mental health response, and emergency management. County collections of this tax at a rate of 0.1 percent will begin in January 2026. In September 2025, the City adopted an ordinance imposing the 0.1% sales for criminal justice purposes. Collections of this tax are also scheduled to begin in January 2026. These tax revenues are not available to pay debt service on the Bonds.

Affordable and Supportive Housing Sales and Use Tax. In 2020, the City passed an affordable and supportive housing sales and use tax at a rate of 0.0073 percent, as authorized by RCW 82.14.540. The City may use revenues generated by this tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of new units of affordable or supportive housing, and for providing rental assistance to tenants. The tax is a credit against the State’s sales and use tax, and will expire 20 years after the date of imposition. These tax revenues are not available to pay debt service on the Bonds.

Hotel/Motel Tax. Pursuant to chapter 67.28 RCW, the City imposes a lodging tax on hotel and motel rooms, which is currently a 1 percent tax on these establishments for tourism destination development. The City’s Hotel/Motel Tax Advisory Committee, comprised of City Council members and lodging industry representatives, advises on the use of

these funds for tourism marketing, special events, and tourism-related facilities. Hotel/motel tax revenue is not available to pay debt service on the Bonds.

*Real Estate Excise Tax.* The City imposes real estate excise taxes (“REET”) on each sale of real property at the rate of 0.25 percent of the selling price (“REET 1”) plus an additional 0.25 percent of the selling price (“REET 2”), as authorized by RCW 82.46.010 and RCW 82.46.035. The City may use REET 1 and REET 2 revenues to finance certain capital projects, housing relocation assistance, affordable housing projects and facilities for those experiencing homelessness, or certain maintenance expenses.

The following table shows the City’s historical REET 1 and REET 2 collections. As of June 30, 2025, year to date REET 1 and REET 2 collections were \$347,500 and \$347,500, respectively (unaudited). For the same period in 2024, these values were \$125,811 and \$125,811, respectively. The City has not pledged REET revenues to the payment of the Bonds.

**TABLE 8  
REAL ESTATE EXCISE TAX REVENUE**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
REET 1	\$399,647	\$729,479	\$614,359	\$441,495	\$348,567
REET 2	399,647	729,499	614,359	441,495	348,567
Total <sup>(1)</sup>	\$799,294	\$1,458,998	\$1,228,718	\$882,990	\$697,134

<sup>(1)</sup> Totals may not foot due to rounding.

*Source: City of SeaTac*

*Parking Tax.* The City levies a special local option transportation tax on the privilege of parking in commercial parking facilities within the City. The tax is imposed at a current rate of \$4.13 (2025 tax rate) per commercial parking transaction, including “short-term metered parking”, irrespective of the length of time that a vehicle is parking in connection with each transaction. Parking taxes are collected by the operators of the commercial parking businesses. Operators must remit the taxes collected on or before the last day of the month following the month during which the taxes were collected. Parking tax revenues are deposited into the City’s Street Fund which provides for the ongoing maintenance of City streets. Parking tax revenues for 2024 were \$11,889,294. The City has not pledged parking tax revenues toward payment of the Bonds.

*Other Taxes and Licenses.* In addition to those described above, the City levies various other limited-purpose taxes and fees. The revenues generated by these taxes may not be available for payment of the Bonds.

## GENERAL OBLIGATION DEBT

### Authorization of Debt

State law controls and limits the power of cities (including the City) to contract debt. The City must set forth all debt in accordance with detailed budget procedures, pay debts out of identifiable receipts and revenues, and balance its budget each fiscal year. It is unlawful for City officers and employees to incur liabilities in excess of budgetary appropriations.

In an emergency, the City Council may authorize indebtedness outside the current budget. The City must pay all expenditures for emergency purposes by warrants from any available money in the fund properly chargeable with such expenditures.

### Limits of Indebtedness

State law limits the ability of cities (including the City) ability to incur non-voted, voted, and overall indebtedness beyond specified percentages of the assessed value of taxable property within the city.

*Non-voted Debt.* The City may, without voter approval, incur general obligation indebtedness (such as the Bonds) in an amount not to exceed 1.5 percent of the assessed value of all taxable property within the City. The City may also enter into financing leases and conditional sale contracts if the total principal component of the lease and contract payments—together with the other non-voted general obligation indebtedness of the City—does not exceed 1.5 percent of assessed value.

*Voted Debt.* Subject to voter approval, the City may incur unlimited tax general obligation indebtedness (such as unlimited tax general obligation bonds), in an amount not to exceed 2.5 percent of the assessed value of all taxable property within the City for general municipal purposes; 2.5 percent of assessed value for certain utility purposes and 2.5 percent of assessed value for open space, park facilities and capital facilities associated with economic development; provided, all such debt is subject to the aggregate limitations described below. To incur such debt and levy excess property taxes to pay debt service thereon, the City must obtain voter authorization at an election in which at least 40 percent of the number of those voting in the prior general election cast ballots, and at least 60 percent of those casting ballots vote to approve the indebtedness and excess levy.

*Aggregate Debt Limitations.* The combined non-voted and voted general obligation debt for general municipal purposes may not exceed 2.5 percent of the assessed value of all taxable property within the City. The total general obligation debt for all purposes may not exceed 7.5 percent of such assessed value.

*Short-Term Obligations.* Within the limitations above, the City may borrow money and issue short-term obligations in anticipation of revenues, taxes, grants or the sale of bonds (if the City Council or the voters, as applicable, have authorized the bonds), for any other lawful purpose. The City must repay short-term obligations issued in anticipation of tax receipts within six months from the end of the fiscal year of issuance.

### **Outstanding General Obligation Debt**

Upon issuance of the Bonds, the City will have the following general obligation indebtedness outstanding.

**TABLE 9  
OUTSTANDING GENERAL OBLIGATION DEBT**

	Date Incurred	Final Maturity	Initial Debt Amount	Principal Amount Outstanding
Limited Tax General Obligation (LTGO) Bonds				
The Bonds <sup>(1)</sup>	12/04/25	12/01/45	\$39,355,000	\$39,355,000
Total Non-Voted LTGO Bond Debt				\$39,355,000
Other Non-Voted General Obligation Debt				
Police Station Lease	11/01/23	04/01/43	\$ 183,889	\$ 179,460
2019 SCORE Bonds <sup>(2)</sup>	12/11/19	12/01/38	1,848,191	1,421,212
Total Other Non-Voted General Obligation Debt				\$ 1,600,672
Total Non-Voted General Obligation Debt				
Unlimited Tax General Obligation (UTGO) Bonds				
None				--
Total Voted General Obligation Debt				--
Total General Obligation Debt				\$40,955,672

<sup>(1)</sup> Preliminary, subject to change.

<sup>(2)</sup> The South Correctional Entity Facility Public Development Authority (the "SCORE PDA") issued its Refunding Bonds, Series 2019 in the aggregate principal amount of \$51,055,000 (the "SCORE Bonds") to refund bonds previously issued by the SCORE PDA finance the construction of a regional correctional facility. Pursuant to an interlocal agreement, the City is obligated to pay 3.62% of the debt service on the SCORE Bonds in each year so long as the SCORE Bonds are outstanding, which obligation constitutes a limited tax general obligation debt of the City secured by the City's full faith and credit. The amounts shown in the table above represent the portion of the outstanding principal amount that is allocable to the City's obligation.

Source: City of SeaTac

### **Debt Capacity Calculation**

The City may incur general obligation debt if, at the time it incurs such debt, the City has sufficient debt capacity. State law provides an exception to the City's statutory debt limitation if refinancing indebtedness does not increase

the total amount of the City's indebtedness. In calculating its total amount of indebtedness outstanding, the City may deduct certain assets, including cash on hand and outstanding, uncollected taxes not delinquent for longer than six years; provided, however, that taxes levied for the current year and cash on hand received for the purpose of carrying on City business for such current year may constitute an asset only as against indebtedness incurred during such current year and payable from such taxes or cash on hand. Reductions in the assessed value of property within the City have no effect on the validity of the City's then-outstanding debt or the City's ability to refund such debt.

The following table presents a calculation of the City's debt capacity based on the assessed value of taxable property within the City for tax collection year 2025, less the City's outstanding general obligation debt.

**TABLE 10  
DEBT CAPACITY CALCULATION**

Taxable Assessed Value (2025 tax collection year)	\$ 9,010,502,648
<b>General Purposes</b>	
Non-Voted Debt Capacity (1.5% of Assessed Value)	\$ 135,157,539
Less: Outstanding Non-Voted General Obligation Debt	(1,600,672)
Less: The Bonds <sup>(1)</sup>	(39,355,000)
Remaining Non-Voted Debt Capacity <sup>(1)</sup>	\$ 94,201,867
Total (Non-Voted and Voted) Debt Capacity (2.5% of Assessed Value)	\$ 225,262,566
Less: Outstanding Non-Voted General Obligation Debt	(1,600,672)
Less: The Bonds <sup>(1)</sup>	(39,355,000)
Less: Outstanding Voted General Obligation Debt	--
Total Remaining Debt Capacity <sup>(1)</sup>	\$ 184,306,894
<b>Utility Purposes</b>	
Debt Capacity (2.5% of Assessed Value)	\$ 225,262,566
Less: Outstanding Voted General Obligation Debt	--
Remaining Debt Capacity	\$ 225,262,566
<b>Parks, Open Space and Economic Development Purposes</b>	
Debt Capacity (2.5% of Assessed Value)	\$ 225,262,566
Less: Outstanding Voted General Obligation Debt	--
Remaining Debt Capacity	\$ 225,262,566

<sup>(1)</sup> Preliminary, subject to change.

Source: City of SeaTac

#### **Direct and Estimated Overlapping Debt**

Several taxing districts impose taxes on property within all or a portion of the City. The following table sets forth the outstanding principal amount of general obligation debt incurred by these overlapping taxing districts, and the estimated portion of such debt applicable to property within the City, based on each district's proportion of assessed value that lies within the City (the "Overlapping Debt").

*[remainder of page intentionally left blank]*

The City obtained information regarding the Overlapping Debt from the overlapping taxing districts and sources the City considers reliable, but has not independently verified the information's accuracy or completeness. Prospective investors should not rely upon such information as accurate or complete. The amounts described below relate only to general obligation bonds issued by the taxing districts, and may not reflect bank loans, leases, and other contracts that may constitute indebtedness under State law. The overlapping taxing districts may have issued additional general obligation debt since the dates indicated, and/or may anticipate future general obligation debt issuances. The following table does not include obligations secured by a pledge of other revenues such as utility revenues, excise taxes, sales taxes, and/or motor vehicle excise taxes.

**TABLE 11**  
**ESTIMATED OVERLAPPING DEBT**

<b>Overlapping Taxing Districts</b>	<b>2025 Assessed Value</b>	<b>Percent Overlap</b>	<b>General Obligation Debt<sup>(1)</sup></b>	<b>Estimated Overlapping Debt</b>
The County	\$873,376,861,846	1.03%	\$1,024,657,000	\$10,571,238
Port of Seattle <sup>(1)</sup>	873,376,861,846	1.03	431,355,000	4,450,227
Highline School District No. 401	32,347,728,431	27.21	521,585,000	141,902,331
Renton School District No. 403	40,413,198,098	0.02	507,710,000	118,436
Tukwila School District No. 406	5,918,036,489	0.28	61,596,957	172,459
Kent School District No. 415	46,207,878,180	0.40	150,606,000	599,675
Total			\$2,697,509,957	\$157,814,366

<sup>(1)</sup> General obligation debt outstanding as of December 31, 2024, unless otherwise noted.

<sup>(2)</sup> As of July 2, 2025.

Source: King County Finance and Business Operations Division and Department of Assessments

The following table presents information regarding the City's outstanding principal amount of general obligation debt, including the Bonds (the "Direct Debt") and the estimated portion of the Overlapping Debt allocated to City residents.

**TABLE 12**  
**DIRECT AND OVERLAPPING DEBT**

Taxable Assessed Value (2025 tax collection year)	\$9,010,502,648
City Population <sup>(1)</sup>	32,990

**Debt Information**

Direct Debt (as set forth in Table 9)	\$40,955,672
Estimated Overlapping Debt (as set forth in Table 11)	157,814,366
Total Direct Debt and Overlapping Debt	\$198,770,038

**Bonded Debt Ratios**

Direct Debt to Assessed Value	0.45%
Direct Debt and Overlapping Debt to Assessed Value	2.21%
Per Capita Assessed Value	\$273,128
Per Capita Direct Debt	\$1,241
Per Capital Total Direct and Overlapping Debt	\$6,025

<sup>(1)</sup> Estimate as of April 1, 2025, from the State Office of Financial Management, Forecasting Division.

Sources: City of SeaTac; King County Department of Assessments, and King County Treasurer's Office

## Debt Service Requirements

The following table provides the debt service schedule for the City's outstanding limited tax general obligation debt related to the SCORE Bonds (*see* Table 9) and the Bonds. The following table does not include lease obligations.

**TABLE 13**  
**LIMITED TAX GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

<b>Year<sup>(1)</sup></b>	<b>Outstanding LTGO Debt</b>		<b>The Bonds<sup>(2)</sup></b>		<b>Total<sup>(3)</sup></b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2026	\$ 81,812	\$ 59,706	\$ 1,220,000	\$	
2027	85,975	55,616	1,280,000		
2028	90,138	51,317	1,330,000		
2029	94,663	46,810	1,385,000		
2030	99,550	42,077	1,445,000		
2031	104,437	37,100	1,510,000		
2032	109,686	31,878	1,575,000		
2033	114,030	27,490	1,650,000		
2034	118,555	22,929	1,730,000		
2035	123,261	18,187	1,815,000		
2036	128,329	13,256	1,905,000		
2037	133,397	8,123	2,000,000		
2038	137,379	4,121	2,105,000		
2039	--	--	2,220,000		
2040	--	--	2,340,000		
2041	--	--	2,465,000		
2042	--	--	2,610,000		
2043	--	--	2,760,000		
2044	--	--	2,920,000		
2045	--	--	3,090,000		
2046	--	--	--		
2047	--	--	--		
2048	--	--	--		
2049	--	--	--		
2050	--	--	--		
2051	--	--	--		
2052	--	--	--		
2053	--	--	--		
2054	--	--	--		
<b>Total<sup>(2)(3)</sup></b>	<b>\$ 1,421,212</b>	<b>\$ 418,610</b>	<b>\$39,355,000</b>	<b>\$</b>	<b>\$</b>

<sup>(1)</sup> Calendar year.

<sup>(2)</sup> Preliminary, subject to change.

<sup>(3)</sup> Totals may not foot due to rounding.

Source: City of SeaTac

## Future General Obligation Debt

Within the next 24 months, the City anticipates issuing approximately \$103 million in limited tax general obligation bonds to finance its new Civic Campus project, including but not limited to a City Hall. Details regarding this proposed issuance, including the estimated amount of bonds, are preliminary, subject to change.

In addition to the foregoing, the City periodically reviews its outstanding debt for refunding opportunities and may refinance such debt as market conditions warrant.

## Debt Payment Record

The City has not defaulted on the payment of debt service on outstanding bonds or other obligations when due.



## CITY FINANCIAL INFORMATION

### Accounting, Reporting and Budgeting

The State Auditor prescribes accounting and reporting systems and budgetary controls for all local governments in accordance with chapter 43.09 RCW. The City is subject to the requirements of all such systems and controls, and establishes procedures and records intended to reasonably assure safeguarding of assets and the reliability of financial reporting. The City's Finance Director maintains general supervision over financial transactions for all City funds.

*Basis of Accounting.* The financial statements of the City have been prepared in conformity with generally accepted accounting principles ("GAAP") for governments, and regulations promulgated by the Washington State Auditor's Office. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all 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.

Under 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, revenues are considered to be available if they are collected within 30 days of the end of the current fiscal period. Sales tax is considered to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

*Reporting and Auditing of City Finances.* Within 150 days of the close of each fiscal year, the City must prepare, certify and file with the State Auditor a financial report covering the full period of such fiscal year. The report must conform to the State Auditor's prescribed methods and forms, and contain accurate statements (in summarized form) of all collections made or receipts received from all sources, all accounts due the public treasury but not collected, all expenditures for every purpose, and all public debt, among other items.

The State Auditor audits the financial statements of local governments (including the City) to provide an independent opinion on the financial statements and the results of operations and cash flows. The purpose of these audits is to determine whether a city's financial statements present a reliable, accurate picture of a government's finances. In addition, the State Auditor conducts an accountability audit of each local government at least once every three years. The purpose of the accountability audit is to evaluate the auditee's financial condition and resources, to determine whether the auditee has complied with State law, the auditee's ordinances and orders, and State Auditor requirements, and to assess the methods and accuracy of the auditee's accounts and reports.

The City's audited financial statements for the fiscal year ending December 31, 2024 are attached as Appendix E, and incorporated by reference into this Official Statement. The State Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on such financial statements, nor has the State Auditor performed any procedures related to this Official Statement.

*Budgetary Controls.* The City adopts biennial appropriated budgets for its general, special revenue, enterprise, internal service and fiduciary funds, on the same basis of accounting as for financial reporting. These budgets are appropriated at the fund level, for which the budget constitutes the legal authority for expenditures. Annual appropriations for these funds lapse at the fiscal year end. Budgets for debt service and capital projects funds are adopted at the level of the individual debt issue or project for fiscal periods that correspond to the lives of debt issues or projects and are not required to be re-appropriated each year.

Budgeted amounts may be transferred between departments within any fund; however, the City Council must approve any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment.

## Investments

*Investment Authority.* The City may invest excess and inactive funds on an individual fund basis, or, unless otherwise restricted by law, commingle funds within a common investment portfolio for the mutual benefit of all participating funds. If the City commingles funds in a common investment portfolio, the City must apportion all income derived therefrom among the various participating funds or to the general or current expense fund.

Ordinances, resolutions, or covenants may prescribe how the City will invest funds derived from the sale of bonds or similar instruments of indebtedness. Per the Bond Ordinance, the City must obtain any investment of Bond proceeds at fair market value.

Chapter 39.59 RCW authorizes local governments to invest public funds in the following instruments: (1) bonds of the State or any local government in the State, (2) general obligation bonds of any other state or local government that have one of the three highest credit ratings of a nationally recognized rating agency, (3) registered warrants of a local government in the same county as the local government making the investment, (4) obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government is the largest shareholder of such institution, (5) obligations of the Federal Home Loan Bank, Federal Land Bank and Fannie Mae, and obligations of other government-sponsored corporations whose obligations are or may become eligible as collateral for advances to member banks of the Federal Reserve System, (6) bankers' acceptances purchased on the secondary market, (7) commercial paper purchased on the secondary market, subject to State Investment Board policies, and (8) corporate notes purchased on the secondary market, subject to State Investment Board policies.

*City Investments.* The City's policy is to invest all temporary cash surpluses, with interest on these investments prorated to the various funds. The following table presents the City's deposits and investments as of December 31, 2023 and December 31, 2024. U.S. Treasury obligations and agencies and municipal debt obligations are shown at fair value. Other investments are shown at a cost-based measure. See also Note 4 in Appendix E.

**TABLE 14**  
**DEPOSITS AND INVESTMENTS**

<b>Type of Deposit or Investment</b>	<b>Deposits/investments as of 12/31/2023</b>	<b>Deposits/investments as of 12/31/2024</b>
U.S. Treasury Obligations	\$ 5,793,906	\$ 5,545,274
U.S. Agencies	70,405,530	66,499,754
Municipal Debt Obligations	4,262,950	2,984,430
Bank deposits	4,152,170	13,359,324
Local Government Investment Pool	74,383,760	87,707,830
Cash and Other	113,150	155,472
<b>Total</b>	<b>\$ 159,111,466</b>	<b>\$ 176,252,084</b>

*Source: City of SeaTac*

*Local Government Investment Pool.* As noted in the table above, the City voluntarily participates in the Local Government Investment Pool (the "LGIP"), an external investment pool operated by the State Treasurer. In its management of the LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These are, in priority order, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) to attain the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would otherwise be available to them. Although not regulated by the U.S. Securities and Exchange Commission (the "SEC"), the LGIP is invested in a manner generally consistent with the SEC guidelines for Rule 2a-7 money market funds; for example, currently it has a maximum weighted average maturity of 60 days and a maximum weighted average life of 120 days. The maximum final maturity is 397 days except for floating- and variable-rate securities and securities that are used for repurchase agreements. Investments authorized by statute include: U.S. Treasury and agency securities, banker's acceptances,

repurchase agreements, reverse repurchase agreements, commercial paper, and deposits with qualified public depositories.

For the fiscal year ending June 30, 2025, the average balance in the LGIP portfolio was \$25.9 billion, invested on behalf of 492 participants. Participants may contribute and withdraw LGIP funds on a daily basis.

The State Treasurer prepares a financial report for the LGIP, available online at [www.tre.wa.gov](http://www.tre.wa.gov). Prospective investors should refer to this report, which this Official Statement does not incorporate by reference, for a full and complete account of the information therein.

### **Historical Operating Results**

The following table presents General Fund financial information from the City's audited financial statements for the fiscal years ending December 31, 2020 through December 31, 2024. The complete audited financial statements and accompanying notes are available from the City, and include additional information that may interpret, clarify or modify the data presented below.

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**TABLE 15**  
**STATEMENT OF REVENUES AND EXPENDITURES FOR THE CITY'S GENERAL FUND**  
**(Fiscal Years Ended December 31)**

	<b>Audited</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Operating Revenues</b>					
Taxes	\$28,994,054	\$ 34,226,246	\$41,200,624	\$43,401,441	\$44,789,291
Licenses and Permits	2,434,637	2,558,758	2,558,603	2,976,161	2,822,777
Intergovernmental and contributions	3,973,563	3,267,050	3,228,603	4,038,689	5,956,093
Charges for Services	2,681,913	2,415,527	2,720,243	3,970,599	3,335,398
Fines and Forfeits	218,902	200,311	147,812	130,190	142,598
Investment and other earnings	472,839	537,852	764,542	1,660,591	2,745,960
Net change in FV of investments	353,783	(741,706)	(2,215,491)	1,153,602	721,309
Rents and Leases	437,204	337,611	657,164	535,754	509,002
Miscellaneous	68,991	342,698	66,535	59,027	43,439
<b>Total Operating Revenues</b>	<b>\$ 39,635,886</b>	<b>\$43,144,347</b>	<b>\$49,128,516</b>	<b>\$57,926,055</b>	<b>\$61,065,868</b>
<b>Operating Expenditures</b>					
Judicial	\$785,312	\$839,945	\$1,043,828	\$1,266,793	\$1,345,686
General Government	8,239,906	8,282,779	8,613,602	9,705,659	11,595,780
Public Safety	24,522,520	24,902,813	26,552,373	28,383,548	31,027,300
Transportation	78,998	84,106	88,140	87,967	79,731
Health and Human Services	735,164	665,060	874,108	968,971	2,109,208
Economic Environment	2,796,304	2,928,822	2,816,655	4,038,039	4,514,657
Mental and Physical Health					
Culture and Recreation	3,850,626	4,103,940	4,610,548	5,077,242	5,996,784
Debt Service					
Principal	--	--	--	42,037	40,880
Interest	--	--	--	1,217	15,622
Capital Outlays					
General Government	41,755	--	--	508,185	106,820
Public Safety	--	7,484	92,603	183,889	169,872
Culture and Recreation	38,600	--	--	--	--
Transportation	--	--	--	--	438,124
<b>Total Operating Expenditures</b>	<b>\$41,089,185</b>	<b>\$41,814,949</b>	<b>\$44,691,857</b>	<b>\$50,263,545</b>	<b>\$57,440,465</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>\$(1,453,299)</b>	<b>\$1,329,398</b>	<b>\$4,436,659</b>	<b>\$7,662,510</b>	<b>\$3,625,403</b>
<b>Other Financing Sources (Uses)</b>					
Transfers--In	--	--	--	--	--
Transfers--Out	--	\$(1,741,500) <sup>(1)</sup>	\$(199,929)	\$(249,788)	\$(8,000)
Insurance Recoveries	--	--	--	--	155,805
Initiation of leases/SBITA	--	--	--	384,445	--
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>\$(1,741,500)</b>	<b>\$(199,929)</b>	<b>\$134,657</b>	<b>\$147,805</b>
<b>Net Change in Fund Balance</b>	<b>\$5,338,101</b>	<b>\$3,576,498</b>	<b>\$4,236,730</b>	<b>\$7,797,167</b>	<b>\$3,773,208</b>
<b>Fund Balances -- Beginning</b>	<b>\$42,445,310</b>	<b>\$47,783,411</b>	<b>\$51,359,909</b>	<b>\$55,596,639</b>	<b>\$63,393,805</b>
<b>Fund Balances -- Ending</b>	<b>\$47,783,411</b>	<b>\$51,359,909</b>	<b>\$55,596,639</b>	<b>\$63,393,805</b>	<b>\$67,167,013</b>

<sup>(1)</sup> Transfers include \$1,681,500 from the General Fund to the Municipal CIP fund for upgrades to the HVAC system and \$181,500 for permit system software. \$60,000 was also transferred from the General Fund to the equipment replacement fund for the purchase of a new turf machine.

Source: City of SeaTac audited financial statements

**TABLE 16**  
**COMPARATIVE GENERAL FUND BALANCE SHEET**  
**(Fiscal Years Ended December 31)**

	<b>Audited</b>				
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 26,452,470	\$ 18,356,406	\$ 21,423,421	\$ 26,726,590	\$ 29,294,235
Investments	18,476,056	35,674,103	40,376,611	38,637,288	40,132,197
Receivables (net of allowance for uncollectibles):					
Taxes	2,579,289	3,976,927	4,854,520	4,979,081	5,251,013
Customer accounts & contracts	927,041	880,037	945,126	892,916	1,241,203
Leases	--	--	3,191,974	3,519,778	4,047,039
Due from other governments	79,973	93,246	107,994	136,761	126,327
Prepaid items	995,437	552,988	522,325	1,114,851	1,097,309
<b>Total Assets</b>	<b>49,510,266</b>	<b>59,533,707</b>	<b>71,421,971</b>	<b>76,007,266</b>	<b>81,199,324</b>
<b>Liabilities and Fund Balance</b>					
Liabilities:					
Accounts & other payable	723,323	3,193,787	3,578,912	674,429	1,685,513
Due to other governments	174	--	-	-	-
Other current liabilities	204,208	228,632	196,968	179,158	2,219,103
Unearned revenue	32,633	4,072,567	8,097,002	7,449,165	5,225,010
<b>Total Liabilities</b>	<b>960,338</b>	<b>7,494,986</b>	<b>11,872,882</b>	<b>8,302,752</b>	<b>9,129,625</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepayments	995,437	552,988	522,325	1,114,851	1,097,309
Unassigned	46,787,974	50,806,921	55,074,314	62,278,955	66,069,704
<b>Total Fund Balances</b>	<b>\$ 47,783,411</b>	<b>\$ 51,359,909</b>	<b>\$ 55,596,639</b>	<b>\$ 63,393,805</b>	<b>\$ 67,167,013</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 49,510,266</b>	<b>\$ 59,533,707</b>	<b>\$ 71,421,971</b>	<b>\$ 76,007,266</b>	<b>\$ 81,199,324</b>

Source: City of SeaTac audited financial statements

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## General Fund Budget

The City prepares biennial budgets, adjusted semiannually or as needed to reflect changes or updated projections. The following table presents the City's amended General Fund budget for the fiscal year ending December 31, 2025 and adopted General Fund budget for fiscal year ending December 31, 2026.

**TABLE 17**  
**2025 ADOPTED GENERAL FUND BUDGET**

	<b>Amended 2025 Budget</b>	<b>2026 Adopted Budget</b>
<b>Revenues</b>		
Taxes	\$ 47,647,499	\$ 49,169,249
Licenses & Permits	2,133,898	2,159,033
Intergovernmental	3,107,273	1,241,590
Charges for Services	2,938,518	2,983,656
Fines and Forfeitures	117,000	126,500
Miscellaneous	3,310,188	3,219,743
Transfers In	1,044,915	--
Total Revenues	\$ 60,299,291	\$ 58,899,771
 Total Revenues & Beginning Fund Balance	 \$109,439,000	 \$103,882,149
<b>Expenditures</b>		
Legislative	\$ 348,816	\$ 352,817
City Manager's Office	5,285,913	4,198,238
Municipal Court	1,921,846	2,009,656
Legal	3,559,996	3,846,878
Finance	1,488,954	1,604,361
Human Resources	1,646,499	1,102,734
Information Services	2,358,903	2,584,248
Fire	15,244,068	15,932,232
Police	17,472,524	18,326,024
Parks, Art and Recreation	8,968,845	9,066,705
Community & Economic Development	6,220,258	6,152,567
Total Expenditures	\$ 64,516,622	\$ 65,176,460
 Ending Fund Balance	 \$ 44,922,378	 \$ 38,645,689

*Source: City of SeaTac*

## CITY GENERAL INFORMATION

### Governance

The City is an optional municipal code city under State law, incorporated in February, 1990. The City is located in King County, approximately 14 miles south of the City of Seattle and 16 miles north of the City of Tacoma, within the Seattle metropolitan area. The City covers 10 square miles, encompassing residential, commercial and industrial uses. In 2025, the estimated population of the City was 32,990. In addition to local residents, thousands of visitors pass through the City each year accessing the services of the SeaTac International Airport, located entirely within the City's boundaries. The SeaTac International Airport is owned and operated by the Port.

The City provides a full range of local government services, either directly or through contracts with separate municipal corporations. These services include police (through a contract with the King County Sheriff's Office) and fire protections (through a contract with the Puget Sound Regional Fire Authority); emergency medical services; construction and maintenance of streets and traditional municipal infrastructure; planning and zoning; and park and recreational activities and cultural events. In addition, the City provides stormwater services. City residents receive library services from the King County Library System and water services are provided by Highline Water District,

Water District 125 and Water District 20 and sewer services are provided by Midway Sewer and Valley View Sewer Districts. Tourism promotion services are provided by the Seattle-Southside Regional Tourism Authority, a public development authority chartered by the City and the destination marketing organization for the City, the City of Tukwila and the City of Des Moines.

The City operates under the council-manager form of government, as set forth in chapter 35A.13 RCW. The seven-member City Council serves as the City’s legislative authority, establishing and controlling City policy. The Council appoints a City Manager, who has direct responsibility for the implementation of the policies that have been set and the administration of all City functions.

The City’s voters elect members of the City Council “at large” for staggered, four-year terms. The Mayor and Deputy Mayor are two-year positions filled by standing council members chosen by their peers. The following table provides information regarding the current members of the Council.

**TABLE 18  
ELECTED OFFICIALS**

<b>Name</b>	<b>Position</b>	<b>Term Expires (December 31)</b>
Mohamed Egal	Mayor - Councilmember, Position 4	2025
Iris Guzmán	Deputy Mayor - Councilmember, Position 6	2025 <sup>(1)</sup>
Senayet Negusse	Councilmember, Position 1	2027
Jake Simpson	Councilmember, Position 2	2025 <sup>(1)</sup>
Peter Kwon	Councilmember, Position 3	2027
James W. Lovell	Councilmember, Position 5	2027
Joe Vinson	Councilmember, Position 7	2027

<sup>(1)</sup> Not running for reelection.

*Source: City of SeaTac*

Brief résumés of key City staff follow:

*Jonathan Young, City Manager.* Mr. Young has served as City Manager since January 2025. He holds a Bachelor of Arts degree in Accounting from St. Ambrose University and a Juris Doctorate Degree from Gonzaga University School of Law. He is admitted to the practice of law in Washington and Oregon and has over 20 years of legal experience. He has worked in the private practice of law (2004-2008), as a Deputy Prosecuting Attorney for Benton County, Washington (2008-2011), as the primary civil litigation attorney for the city of Vancouver, Washington (2011-2013), as Civil Division Chief of the Vancouver City Attorney’s Office (2014-2019), and as City Attorney of Vancouver, Washington (2019-2025). As Vancouver City Attorney, Mr. Young served as one of four members of the city of Vancouver’s Executive Leadership Team.

*Gwen Pilo, Finance Director.* Ms. Pilo began her employment with the City in March of 2016, as the Assistant Finance Director and was promoted to Finance & Systems Director in March of 2017. She previously served as the first Finance Manager for the North East King County Regional Communications Center in Bellevue, Washington; Finance Manager for Valley Communications Center in Kent Washington; and Accountant for the City of Fircrest, Washington. Ms. Pilo earned her Bachelor of Science degree in accounting with the University of Phoenix.

### **Labor Relations**

As of October 1, 2025, the City employed 136 full-time and 52 part-time/seasonal employees. The City employs a majority of its employees pursuant to written bargaining agreements negotiated with labor organizations. These agreements contain provisions on such matters as wages, benefits, vacation, sick leave, medical and dental insurance, other benefits, working conditions and grievance procedures. The City strives to complete agreements with all bargaining units in a timely manner and consistent with all applicable State law, and to promote labor relations policies mutually beneficial to management and employees. The City considers its labor relations to be good.

Currently 99 City employees are represented by one bargaining group, AFSCME Local No. 3830. The contract between AFSCME Local No. 3830 and the City is scheduled to expire December 31, 2027.

## Pensions

*Overview.* Substantially all of the City’s full-time and qualifying part-time employees participate in one of the following retirement systems administered by the State Department of Retirement Systems (“DRS”): the Public Employees’ Retirement System (“PERS”), and the Law Enforcement Officers and Fire Fighters Retirement System (“LEOFF”). DRS also administers, but no City employees participate in, the Public Safety Employees’ Retirement System (“PSERS”). A combination of sources fund each retirement system, including employer and employee contributions and investment returns, as further described below. While the Legislature has authority to establish and amend laws pertaining to the creation and administration of these retirement systems, employees have a contractual entitlement to system benefits.

The City has obtained or reproduced certain financial and actuarial information in this section from the City’s financial statements and from public reports of DRS and the Office of the State Actuary (the “State Actuary”). These reports include DRS’s Annual Comprehensive Financial Report for the fiscal year ending June 30, 2025 (the “DRS 2025 ACFR”), available at [www.drs.wa.gov](http://www.drs.wa.gov), and the State Actuary’s 2024 Actuarial Valuation Report, as of August 2025 (the “State Actuary’s 2024 Valuation”), available at <https://leg.wa.gov/osa/>. Prospective investors should refer to these reports, which this Official Statement does not incorporate by reference, for full and complete accounts of the data and findings therein.

*Plan Descriptions.* PERS is a cost-sharing, multiple-employer retirement system composed of three separate pension plans for membership purposes. PERS Plan 1 and Plan 2 are defined benefit plans. Plan 3 is a defined benefit plan with a defined contribution component. The defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund, and may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries. PERS participants who joined the system by September 30, 1977 are Plan 1 members. PERS participants who joined the system thereafter may choose between Plan 2 or Plan 3.

LEOFF is a cost-sharing, multiple-employer retirement system composed of two separate pension plans for both membership and accounting purposes. Both LEOFF plans are defined benefit plans. All LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. LEOFF participants who joined the system thereafter are Plan 2 members.

All PERS and LEOFF plans provide retirement benefits, calculated as a percentage of the member’s average final compensation or salary multiplied by the member’s years of service. Each plan also offers death and disability benefits. Benefit calculation methods and vesting and eligibility requirements vary by plan. Additional detail regarding each plan is available in the DRS 2025 ACFR.

*Actuarial Funding of State Retirement Systems.* To fund the retirement systems, the State relies upon contributions collected from plan participants and their employers. The State holds these contributions in a trust fund, which accumulate interest through investment earnings. See “—Investments” below. The goal of the State’s pension funding program is to accumulate assets sufficient to pay all plan benefits when due.

The State Actuary performs an annual valuation on asset, participant and plan information to determine the contribution rates required to achieve full funding of the retirement system plans. To perform this calculation, the State Actuary applies an actuarial cost method, an asset valuation method, and economic and demographic assumptions. The actuarial cost method allocates a plan’s costs (and contributions) over a member’s working career, and consists of two components: “normal cost” and “unfunded actuarial accrued liability.” “Normal cost” is the portion of the cost of projected benefits allocated to the current plan year, and “unfunded actuarial accrued liability” is the present value of benefits earned to date not covered by current plan assets (if any).

To limit volatility in contribution rates due to short-term market fluctuations, the State Actuary’s valuation applies an asset valuation method that smooths (or defers recognition of) the difference between actual and expected annual investment returns over a period not to exceed eight years. The number of years over which the State Actuary smooths this difference depends on the magnitude of the gain or loss. The actuarial value of assets (the “AVA”) that the State Actuary uses for annual valuation purposes is equal to the current market value of the assets (the “MVA”) less the total deferred investment gains and losses at the valuation date. The AVA can never be less than 70 percent or greater than 130 percent of the MVA.

To estimate plan costs, the State Actuary relies upon actuarial assumptions as to the growth of projected pension benefits and the accumulation of plan assets. The State Actuary’s 2024 Valuation assumes an annual investment rate of return of 7.00 percent for LEOFF Plan 2 and 7.25 percent for all other plans, an annual salary growth rate of 3.25



percent per year, an annual inflation rate of 2.75 percent, and, for Plan 1 funding purposes, an annual plan membership growth rate of 1.00 percent. The valuation also incorporates demographic assumptions to model the behavior of plan members over the ensuing years. These assumptions include rates of mortality, retirement, and termination as developed in the State Actuary’s 2013–2018 Demographic Experience Study. Additional information regarding these assumptions, the State Actuary’s actuarial cost and asset valuation methods, and pension funding policies are available on the State Actuary’s website (<https://leg.wa.gov/osa>), which this Official Statement does not incorporate by reference.

*Contribution Rates and Amounts.* In July of even-numbered years, the Pension Funding Council (“PFC”) reviews and adopts system contribution rates based upon the State Actuary’s valuation for the most recent odd-numbered year. In July 2024, the PFC adopted contribution rates for the 2025–27 biennium, based upon the State Actuary’s Actuarial Valuation Report, as of June 30, 2023 (the “State Actuary’s 2023 Valuation”). These rates are subject to revision or supplementation by the Legislature, the PFC or DRS, as prescribed by law. The LEOFF Plan 2 Retirement Board performs these duties for LEOFF on the same cycle.

The following table sets forth current employee and employer contribution rates in the 2025–27 biennium for the PERS and LEOFF plans, calculated as a percentage of the member’s reportable compensation, effective as of September 1, 2025. All employer rates include a 0.20 percent DRS administrative expense rate. The City does not have any PERS Plan 1 participants or LEOFF Plan 2 participants, nor does it contribute to LEOFF Plan 1 directly. Contributions to these plans, if any, are paid through the City’s contracts for police and fire services.

**TABLE 19**  
**EMPLOYER AND EMPLOYEE PENSION CONTRIBUTION RATES**

		<b>2025–2027 Biennium</b>	
		<b>Employee</b>	<b>Employer</b>
PERS	Plan 1 <sup>(1)</sup>	6.00%	5.58%
	Plan 2/3 <sup>(2)</sup>	5.38	5.58
LEOFF	Plan 1 <sup>(3)</sup>	0.00	0.20
	Plan 2	8.53	5.32

<sup>(1)</sup> State law fixes employee contribution rates for PERS Plan 1 at six percent.

<sup>(2)</sup> Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The PERS Plan 3 employee contribution rates range between five and 15 percent.

<sup>(3)</sup> LEOFF Plan 1 currently has no required employer or employee contributions. Employers pay only the DRS administrative expense based on covered payroll.

*Source: State Department of Retirement Services*

In the year ended December 31, 2024, the City contributed \$460,975 to PERS Plan 1 and \$1,033,851 to PERS Plan 2/3. The LEOFF Plan had no required employee contributions for fiscal year 2024. Employers paid only the administrative expense of 0.20% of covered payroll. While the City’s contributions in fiscal year 2024 represented its full statutorily required contribution to the PERS and LEOFF plans, any unfunded pension benefit obligations within the systems could result in higher contribution rates in the future.

*Plan Funded Status.* In addition to determining contribution rates, the State Actuary’s annual valuation calculates each plan’s funded status by comparing current plan assets, determined under an asset valuation method (see above), to the present value of future benefits earned to date (or “actuarial accrued liability”) of plan members. Per the State Actuary’s 2024 Valuation, the funded status of the PERS and LEOFF plans was as follows:

**TABLE 20**  
**FUNDED STATUS ON AN ACTUARIAL VALUE BASIS**  
(\$ in millions)

	PERS		LEOFF	
	Plan 1	Plan 2/3	Plan 1	Plan 2
Accrued Liability	\$10,113	\$63,150	\$4,123	\$20,738
Actuarial Value of Assets	8,833	63,885	6,589	21,060
Unfunded Accrued Liability	\$1,280	(\$735)	(\$2,466)	(\$322)
As of June 30,	Funded Ratio (%)			
2024	87	101	160	102
2023	80	97	149	102
2022	75	97	152	104
2021	71	95	146	104
2020	69	98	148	113

*Source: State Actuary's 2024 Valuation*

The following table presents the total and net pension liability (or asset) of each PERS and LEOFF plan as of June 30, 2025, and the City's proportionate share thereof.

**TABLE 21**  
**SCHEDULE OF NET PENSION LIABILITY<sup>(1)</sup>**  
(\$ in thousands)

	PERS 1	PERS 2/3	LEOFF 1
Total Pension Liability ("TPL")	\$ 10,789,754	\$ 69,023,154	\$ 4,061,153
Fiduciary Net Position ("FNP")	9,610,758	72,839,330	7,229,689
Net Pension Liability (Asset) ("NPL")	1,178,996	(3,816,176)	(3,168,536)
FNP as Percentage of TPL	89.07%	105.53%	178.02%
City's Plan Allocation Percentage	0.089631%	0.100846%	0.005999%
City's Proportionate Share of TPL	\$ 9,671	\$ 69,607	\$ 244
City's Proportionate Share of NPL	1,057	(3,848)	(190)

<sup>(1)</sup> Total pension liability determined based upon the State Actuary's 2024 Valuation, with the results rolled forward to June 30, 2025, applying the following actuarial assumptions, applied to all prior periods included in the measurement: 2.75 percent total economic inflation, 3.25 percent salary inflation (plus growth by service-based salary increases); and 7.00 percent investment rate of return.

*Source: DRS 2025 ACFR and DRS "Participating Employer Financial Information for the Fiscal year ending June 30, 2025"*

**Investments.** Per State law, the Washington State Investment Board (the "WSIB")—an independent, 15-member board of trustees—has investment management responsibility for the pension funds. The WSIB invests the retirement funds in the Commingled Trust Fund ("CTF"), a diversified pool of investments that consists of fixed income, public equity, private equity, real estate and tangible assets. For the fiscal year ending June 30, 2025, the CTF investments provided a 9.0 percent one-year, time-weighted rate of return, with a five-year annualized rate of return of 11.1 percent.

For additional information regarding the City's pension plans, *see* Notes 7 and 8 of the City's audited financial statements for the year ending December 31, 2024, attached as Appendix E.

**LEOFF 1 Retiree Healthcare Plan.** The LEOFF 1 Retiree Healthcare Plan is a closed, single-employer defined-benefit OPEB plan administered by the City as required by RCW 41.26. The plan pays for 100 percent of eligible retiree's healthcare costs on a pay-as-you-go basis. As of December 31, 2024, the plan had 3 members, all retirees, and the City's total OPEB liability was \$80,761, as calculated using the alternative measurement method. For the year ending December 31, 2024, the City paid \$98,377 in benefits.

## **Risk Management**

*Liability and Property.* The City is exposed to various risks of loss including but not limited to tort, theft, damage to, and destruction of assets; errors and 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. See Note 11 in the financial statements attached hereto in Appendix E for more information.

*Healthcare.* 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 joined together by signing an interlocal 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 and non-city entities participate and have enrollment in the AWC Trust HCP.

For additional information regarding the AWC Trust HCP, see Note 10 in Appendix E.

## **INVESTMENT CONSIDERATIONS**

*Prospective purchasers evaluating an investment in the Bonds should consider the matters set forth below and all other information contained in this Official Statement. The following section does not purport to be a comprehensive list or description of all potential risks that, if realized, could adversely affect the payment or value of the Bonds. The order in which the Official Statement presents these factors does not convey or imply any judgment as to their relative importance.*

### **Initiative and Referendum**

*State Initiative and Referendum.* Under the State Constitution, voters may propose and enact legislation independent of the Legislature through the power of initiative, and approve or reject any law passed by the Legislature through the power of referendum. To qualify for submission to voters, a petition for an initiative must include the number of voter signatures equal to at least eight percent of the votes cast for governor at the preceding gubernatorial election; a petition for a referendum must include the number of voter signatures equal to least four percent of such votes. Initiatives and referenda each require a simple majority of voters to pass.

The Legislature may not amend or repeal any law approved by initiative or referendum within two years of enactment except by a two-thirds vote of both houses of the Legislature. Voters may not amend the State Constitution through the initiative power.

In recent years, the number of initiatives and referenda filed in the State has increased, including initiatives affecting the taxing authority and other powers of local jurisdictions. The City cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures for certification to the ballot, whether voters will approve such initiatives, and, if challenged, whether courts will uphold them.

*Local Initiative and Referendum.* The City Code provides that City voters may initiate local legislation and code amendments, and modify existing legislation, through local powers of initiative and referendum. The City cannot predict when or if any such measures will be filed, or what the subject or effect of any such potential measure would be. Under State law, the Bond Ordinance may not be a proper subject for a referendum petition. In any event, the referendum period for the Bond Ordinance has expired, and no referendum was filed.

### **Federal Funding and Resources**

The City receives federal money for a variety of programs and is affected by federal policy, strategy, regulation, tariffs, and legislative action. Federal funding is subject to federal legislative action, including through the federal budget

process and sequestration. Executive actions, including actions seeking to freeze, reduce, eliminate, reallocate or revise terms and conditions to federal grant, loan, and other financial assistance, could also affect the availability of federal funds.

Proposed and potential federal legislative and executive actions and initiatives could adversely impact the City. Such potential actions include, but are not limited to, regulatory changes to programs administered by federal agencies; cuts to federal spending on housing and community development, transportation, emergency management, and other programs; enforcement actions by federal agencies; deployment of U.S. National Guard or other federal personnel; and curtailment of tax exempt bond financing. A lengthy federal government shutdown could pose risks to the City's receipt of revenues and/or loan proceeds from federal sources and could have direct impacts due to a shutdown's effect on general, state, regional and local economic conditions. Some municipalities report economic and financial impacts in connection with federal deployment of the U.S. National Guard and related actions. The City is unable to predict what impact these and other potential factors will have on its business operations and financial condition.

### **Limitations on Remedies; No Acceleration Upon Default**

The Bond Ordinance does not enumerate events of default, specify remedies upon an event of default, or contain cross-default provisions. In the event of a default, Bond owners may pursue remedies permitted by State law, though obtaining such remedies may require expensive and protracted legal action, and may not fully protect the Bond owners' interests. Laws relating to bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization or other similar laws of general application affecting the rights of creditors, the application of equitable principles, and the exercise of judicial discretion may limit enforcement of Bond owners' rights and remedies. Concurrent with the issuance of the Bonds, Pacifica Law Group, as Bond Counsel, will deliver an opinion subject to these limitations. *See* Appendix A—"Form of Bond Counsel Opinion."

The Bonds are not subject to acceleration upon the occurrence of a default. The City is liable for principal and interest payments only as such payments become due. In the event of multiple payment defaults, Bond owners must bring separate actions for each payment not made, which may cause the interests of those holding earlier and later maturing Bonds to diverge.

### **Bankruptcy**

State law provides that any taxing district in the State—including the City—may file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), and carry out a plan of readjustment as approved by federal court decree. Federal bankruptcy law does not permit creditors to initiate involuntary bankruptcy proceedings against municipalities, and generally affords federal bankruptcy courts broad discretion in bankruptcy cases. If the City were to become a debtor in a federal bankruptcy proceeding, Bondowners may be unable to exercise the remedies available under State law. Such proceedings could also be time-consuming and expensive, substantially delaying and/or reducing debt service payments on the Bonds.

### **Seismic, Wildfire, Drought and Other Risks**

The City is located in the seismically-active Puget Sound region, which features a number of active faults and lies along the Cascadia subduction zone—a 700-mile fault beneath the Pacific Ocean. In addition to frequent minor earthquakes, the Puget Sound region has experienced several major earthquakes in the past 50 years. These include a magnitude 6.8 earthquake in 2001 that reportedly caused more than \$2 billion in damage. The largest known earthquake in the region occurred in approximately 1700, with an estimated magnitude of 9.0. The Pacific Northwest Seismic Network estimates that an earthquake of this magnitude occurs in the region every 400 to 600 years; such an earthquake could cause extensive and even catastrophic damage within the City.

The Western United States, including the State, has also recently experienced an increase in major wildland fires causing extensive damage in certain areas and diminishing air quality. Other natural disasters, such as tsunamis, volcanic eruptions, landslides, winter storms, windstorms, flooding, and extreme heat are also possible in the region, and could impact the City. Climate change may intensify and increase the frequency of certain natural disasters and extreme weather events, such as drought, wildfires, floods and heatwaves. *See* "—Climate Change; Sustainability" below.

The loss of life and property damage that could result from a natural disaster or extreme weather event could have a material and adverse impact on the City. The City can give no assurance that the City's insurance reserves or proceeds of insurance carried by the City, if any, would be sufficient, if available, to rebuild and reopen City facilities, or that City facilities or surrounding facilities and infrastructure could or would be rebuilt and reopened.

## **Climate Change; Sustainability**

Long-term changes in climate and in the frequency, timing, and severity of extreme weather events pose risks to the City. Anticipated climate change impacts include more intense heavy rain events and summer heat events, lower and warmer summer streamflows, and an increased risk of flooding, drought, landslides, and wildfires. While the City cannot predict precisely how, when, and where specific climate impacts will occur, there have been and will be climate impacts on the City and the surrounding region, which may have a material impact on the City and its operations and finances.

*Comprehensive Plan.* The State’s Growth Management Act (“GMA”), codified in chapter 36.70A RCW, is the comprehensive land use planning framework for the State’s counties and cities. The GMA establishes land use and environmental protection requirements for all counties and cities in the State, and requires certain counties (and the cities within them) to adopt comprehensive land use plans that satisfy all of the GMA’s planning requirements. These comprehensive plans must contain statutorily-defined elements, including a transportation element, land use element, and capital facilities plan element, among others.

In 2023, the State Governor signed into law Engrossed Second Substitute House Bill 1181 (“ESSHB 1181”), which amends the GMA’s comprehensive plan element requirements in order to strengthen community resilience and reduce greenhouse gas (“GHG”) emissions. Among other provisions, the new law mandates that all comprehensive plans include a new climate change and resilience element, which consists of resilience and GHG emissions reduction sub-elements. The resilience sub-element requires all planning jurisdictions to develop goals, programs and policies designed to address natural hazards created or aggravated by climate change, and to identify, protect, and enhance natural areas and communities to foster resilience to climate impacts. The GHG emissions reduction sub-element—which applies only to the State’s 11 most populous counties and their cities—requires jurisdictions to adopt actions to reduce overall GHG emissions and per capita vehicle miles traveled.

The City is subject to ESSHB 1181, including the resilience and GHG emissions reduction sub-elements described above. In order to comply with these requirements, the City is required to adopt a new climate change and resilience element by June 29, 2029. City staff intends to begin development of that element in 2026.

## **Public Health**

The outbreak of COVID-19 was a significant event that impacted the region where the City is located and the City’s finances and operations, as well as the economy of the State. The City’s sales tax revenues and other sources of revenue impacted by the pandemic have returned to pre-COVID-19 levels. Given trends in globalization, additional pandemics and other public health emergencies may occur with greater frequency and intensity in the future.

## **Cybersecurity**

The City relies on a complex technology environment to conduct its operations. The City’s information technology team supports all City staff to detect, assess, and protect against internal and external cybersecurity threats. The City occasionally encounters minor cybersecurity incidents, such as device theft, malware infection and credential compromise, which cause small-scale interruptions primarily affecting individuals. Responding to these incidents may draw City resources away from other work, thereby resulting in modest operational impacts. By contrast, a major cybersecurity breach could cause damage to City systems, material disruption to operations and services, data loss, exposure of protected/sensitive data, and/or result in stolen funds. Security breaches could also expose the City to litigation and other legal risks, which could cause the City to incur costs related to legal or regulatory claims. The cost to remedy damage caused by a cyberattack, or to protect against future attacks could be substantial. To date, the City has not experienced any loss or major interruptions due to cybersecurity incidences.

The City maintains insurance to mitigate against cybersecurity risks. The policy includes general liability, breach response, cybercrime, and business loss. The policy also includes terrorism endorsements and Risk Management Plus Online which gives access to thousands of articles, webinars, podcasts, web-based trainings, handbooks, and printings on cyber risk. In addition to this insurance, the City maintains and enforces policies to ensure devices receive the latest available security/software updates. The City also has established cybersecurity policies, practices and procedures addressing its operations, including incident response and business continuity plans, data backup policies and procedures, technology resource usage policies, and monthly cybersecurity awareness training for employees.

## **LEGAL AND TAX INFORMATION**

### **Certain Income Tax Consequences**

The interest on the Bonds is not intended by the City to be excluded from gross income for federal income tax purposes. Owners of the Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal income tax consequences not described herein and should consult their own tax advisors with respect to federal income tax consequences of owning such Bonds. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix A.

### **ERISA Considerations**

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the “Plans”) and persons who, with respect to a Plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bond. In all events investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Bonds.

### **Litigation**

There is no litigation pending or threatened questioning the validity of the Bonds or the power and authority of the City to issue the Bonds. There is no litigation pending or threatened that would materially affect the City’s ability to meet debt service requirements on the Bonds.

Because of the nature of its activities, the City is subject to certain pending and threatened legal actions that arise in the ordinary course of business. Based on the information presently known, the City believes that the ultimate liability for any such legal actions will not be material to the City’s financial position, and the City expects that any current, pending, or threatened litigation that exceeds the City’s deductible would be fully covered by insurance. The City can provide no assurances, however, as to the ultimate outcome with respect to any particular claim.

### **Approval of Counsel**

Legal matters incident to the authorization, execution and delivery of the Bonds are subject to the unqualified approving legal opinion of Pacifica Law Group LLP, Seattle, Washington, Bond Counsel. The form of the opinion is included as Appendix A of this Official Statement.

Bond Counsel is also serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. Any opinion or letter of Disclosure Counsel will be limited in scope and cannot be relied upon by investors.

### **Potential Conflicts of Interest**

Some or all of the fees of the Municipal Advisor, the Bond Registrar, the Underwriter, Disclosure Counsel and Bond Counsel are contingent upon the issuance and sale of the Bonds. From time to time, Bond Counsel and Disclosure Counsel serve as counsel to other parties involved with the Bonds, such as the Municipal Advisor and the Underwriter, with respect to transactions other than the issuance of the Bonds. None of the members of the City Council or other officers of the City have interests in the issuance of the Bonds that are prohibited by applicable law.

### **Continuing Disclosure Undertaking**

Pursuant to a certificate the City will execute on or prior to the Delivery Date (a “Continuing Disclosure Certificate”), the City will covenant for the benefit of the holders and beneficial owners of the Bonds, pursuant to SEC Rule 15c2-12, to provide certain financial information and operating data not later than the end of nine months after the end of each of the City’s fiscal years (presently, December 31), commencing in 2026 with the report for the fiscal year ending December 31, 2025, and to provide notices of the occurrence of certain enumerated events with respect to the Bonds. The information will be filed by or on behalf of the City with the MSRB through its EMMA system. See Appendix B—“Form of Continuing Disclosure Certificate.”

*Other Ongoing Disclosure Undertakings of the City.* The City has previously entered into continuing disclosure undertakings in connection with certain City obligations under Rule 15c2-12, including as an obligated party with respect to the SCORE Bonds issued by the SCORE PDA (the “Prior Undertaking”). During the previous five years, the City failed to timely file its financial statements and operating data for fiscal years ending December 31, 2020, 2021, 2023 and 2024. For fiscal year ending December 31, 2022, the City timely filed its unaudited financial statements by the deadline required by the Prior Undertaking, but failed to timely file its audited financial statements once available.

## **ADDITIONAL INFORMATION**

### **Rating**

S&P Global Ratings has assigned the Bonds a rating of “AA+.” This rating reflects only the view of the rating agency, from whom investors may obtain an explanation of the rating’s significance. The City can provide no assurance that the rating agency will retain the rating for any given period, or will not revise downward, suspend or withdraw the rating if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating would likely have an adverse effect on the market price of the Bonds. Except as set forth in the Continuing Disclosure Certificate, the City has no obligation to take any action if the rating agency changes, suspends or withdraws the rating on the Bonds.

### **Municipal Advisor**

Piper Sandler & Co. (the “Municipal Advisor”) has served as municipal advisor to the City relative to the preparation of the Bonds for sale, timing of the sale and other factors relating to the Bonds. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Bonds. The Municipal Advisor makes no guaranty, warranty or other representation on any matter related to the information contained in the Official Statement. The Municipal Advisor is an independent municipal advisory firm and is not engaged in the business of underwriting, marketing, trading or distributing municipal securities. The Municipal Advisor’s compensation is contingent on the sale and delivery of the Bonds.

### **Underwriting**

The Bonds are being purchased by \_\_\_\_\_ (the “Purchaser”), at a price of \$\_\_\_\_\_. The Bonds will be re-offered at a price of \$\_\_\_\_\_. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the inside cover hereof, and such initial offering prices may be changed from time to time by the Purchaser.

### **Approval of Official Statement**

At the time of delivery of the Bonds, one or more officials of the City will furnish a certificate stating that, to the best of such person’s knowledge, this Official Statement, as of its date and as of the Delivery Date of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading (however, the City will make no representation regarding Bond Counsel’s form of opinion or the information provided by or obtained from DTC).

The City has authorized the execution and distribution of this Official Statement.

CITY OF SEATAC, WASHINGTON

By: \_\_\_\_\_  
Designated Representative

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**APPENDIX A**

**FORM OF BOND COUNSEL OPINION**

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\_\_\_\_\_, 2025

City of SeaTac  
SeaTac, Washington

Re: City of SeaTac, Washington  
Limited Tax General Obligation Bonds, 2025 (Taxable) —\$\_\_\_\_\_

To the Addressee:

We have acted as bond counsel to the City of SeaTac, Washington (the “City”), and have examined a certified transcript of the proceedings in the matter of the issuance by the City of its Limited Tax General Obligation Bonds, 2025 (Taxable) (the “Bonds”). The City is issuing the Bonds in the aggregate principal amount of \$\_\_\_\_\_, pursuant to Ordinance No. 25-1024 (the “Bond Ordinance”), passed by the City Council on October 28, 2025. The City will use the proceeds of the Bonds to (i) finance and/or reimburse costs related to acquiring land for the City’s new Civic Campus, and (ii) pay costs of issuing the Bonds. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

The Bonds are subject to redemption prior to their stated maturities as provided in the Official Statement prepared in connection with the issuance of the Bonds.

Regarding questions of fact material to our opinion, we have relied upon the City’s representations in the Bond Ordinance and certified proceedings, and upon other certifications furnished to us, without verifying these representations and certifications by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally issued and constitute valid and binding general obligations of the City, except to the extent that the enforcement of the rights and remedies of the holders and owners of the Bonds may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

2. The Bond Ordinance is a legal, valid and binding obligation of the City, has been duly authorized, executed and delivered and is enforceable in accordance with its terms, except to the extent that enforcement may be limited by laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting the rights of creditors, by the application of equitable principles and the exercise of judicial discretion.

3. Both principal of and interest on the Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the City within and as a part of the regular property tax levy permitted to cities without a vote of the electorate, and in amounts that, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

4. Interest on the Bonds is not intended to be excludable from gross income for federal income tax purposes.

Except as expressly stated above, we express no opinion regarding any tax consequences related to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on, the Bonds. Owners of the

Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material related to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto, or relating to the undertaking by the City to provide ongoing disclosure pursuant to Securities and Exchange Commission Rule 15c2-12.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

PACIFICA LAW GROUP LLP

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**APPENDIX B**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Certificate”) is executed and delivered by the City of SeaTac (the “City”) in connection with the issuance of its Limited Tax General Obligation Bonds, 2025 (Taxable) (the “Bonds”) pursuant to Ordinance No. 25-1024 of the City Council, passed on October 28, 2025 (the “Bond Ordinance”). Pursuant to the Bond Ordinance, the City hereby covenants and agrees as follows:

Section 1. Purpose of this Certificate. The City is executing and delivering this Certificate for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12.

Section 2. Definitions. In addition to the definitions in the Bond Ordinance, which apply to any capitalized term in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of clause (a) or (b) of this definition. The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement prepared in connection with the issuance and delivery of the Bonds.

“Rule 15c2-12” means Rule 15c2-12, adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the U.S. Securities and Exchange Commission or any successor in functions thereto.

“Underwriter” means the original underwriter(s) of the Bonds, required to comply with Rule 15c2-12 in connection with offering the Bonds.

Section 3. Provision of Information.

(a) *Annual Financial Information.* The City agrees to provide or cause to be provided to the MSRB, on an annual basis, the following financial information and operating data for the prior fiscal year (commencing in 2026 for the fiscal year ending December 31, 2025):

- (1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City’s General Fund, prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the Official Statement;
- (2) The assessed value of taxable property in the City;
- (3) *Ad valorem* taxes due;
- (4) The City’s property tax levy rate per \$1,000 of assessed value; and
- (5) The City’s outstanding general obligation debt.

Items (2)–(5) shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above will be provided on or before the last day of the ninth month after the end of the City’s fiscal year. The City’s current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB’s internet website or filed with the SEC.

If not provided as part of the annual financial information discussed above, the City’s audited annual financial statements will be provided to the MSRB when and if available.

(b) *Listed Events.* The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the City, if material, or agreements to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Section 4. Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described above in Section 3(a) on or prior to the date set forth therein.

Section 5. EMMA; Format for Filings with the MSRB. Until otherwise designated by the MSRB or the SEC, any information or notices submitted to the MSRB in compliance with Rule 15c2-12 will be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at [www.emma.msrb.org](http://www.emma.msrb.org). All notices, financial information and operating data required by this undertaking to be provided to the MSRB will be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking will be accompanied by identifying information as prescribed by the MSRB.

Section 6. Termination/Modification. The City's obligations to provide annual financial information and notices of listed events with respect to the Bonds will terminate upon the legal defeasance, prior redemption or payment in full of all such Bonds. Any provision of this undertaking will be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of Rule 15c2-12 requiring such provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of all or any portion of this undertaking.

Notwithstanding any other provision of this undertaking, the City may amend this undertaking, and any provision of this undertaking may be waived, in accordance with Rule, which, as currently interpreted by the SEC,



requires that (i) the amendment or waiver be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended or waived, would have complied with the requirements of Rule at the time of the primary offering, after taking into account any amendments or interpretations of Rule, as well as any change in circumstances; and (iii) the amendment or waiver does not materially impair the interests of holders of the Bonds, as determined either by parties unaffiliated with the City (such as bond counsel) or by the approving vote of holders of the Bonds.

In the event of any such amendment or waiver, the City will describe such amendment or waiver in the next annual report, and shall include a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event described above, and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7.        Remedies. The right of any holder or beneficial owner of Bonds to enforce the provisions of this undertaking will be limited to a right to obtain specific enforcement of the City's obligations under this undertaking, and any failure by the City to comply with the provisions of the undertaking will not constitute an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 8.        Dissemination Agent. The Finance Director of the City, or such individual's designee, is designated to carry out this undertaking in accordance with Rule 15c2-12. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2025.

CITY OF SEATAC, WASHINGTON

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## **APPENDIX C**

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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## DEMOGRAPHIC AND ECONOMIC INFORMATION

The City is located in King County, Washington (the “County”), 14 miles south of the City of Seattle and 16 miles north of the City of Tacoma, within the Seattle metropolitan area. The City covers 10 square miles, encompassing residential, commercial and industrial uses. In 2025, the estimated population of the City was 32,990.

The Seattle-Tacoma International Airport (the “Airport”), owned and operated by the Port of Seattle, occupies approximately 3.9 square miles within its boundaries. The Airport is the primary international airport serving the State and is a major employer within the City. *See* Table C-5.

### Population Trends

Historical population trends are presented below for the City, the County and the State. Statistics for 2021 through 2025 are estimates as of each April.

**TABLE C-1**  
**POPULATION<sup>(1)</sup>**

<b>Year</b>	<b>City of SeaTac</b>	<b>King County</b>	<b>State of Washington</b>
2025	32,990	2,411,700	8,115,100
2024	32,710	2,378,100	8,035,700
2023	31,740	2,347,800	7,951,150
2022	31,910	2,317,700	7,864,400
2021	32,000	2,287,050	7,766,975

<sup>(1)</sup> Includes incorporated and unincorporated population.

*Source: Washington State Office of Financial Management*

### Personal Income Trends

The following tables show total and per capita personal income growth in the County and the State from 2019 through 2023.

**TABLE C-2**  
**PER CAPITA INCOME**

<b>Year</b>	<b>King County</b>	<b>State of Washington</b>
2023 <sup>(1)</sup>	\$ 122,235	\$ 80,930
2022	113,317	75,673
2021	109,827	73,651
2020	98,830	67,643
2019	93,643	63,432

<sup>(1)</sup> Most recent data available.

*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

**TABLE C-3**  
**PERSONAL INCOME**  
**(\$ in thousands)**

<b>Year</b>	<b>King County</b>	<b>State of Washington</b>
2023 <sup>(1)</sup>	\$ 277,642,267	\$ 632,295,984
2022	256,697,654	589,077,317
2021	247,438,828	570,160,963
2020	224,768,013	522,509,173
2019	210,577,444	484,540,895

<sup>(1)</sup> Most recent data available.

*Source: U.S. Department of Commerce, Bureau of Economic Analysis*

## Labor Force and Unemployment

The following table shows labor force and employment data for the County and the State from 2020 through 2024, as well as unemployment rates for the same time period.

**TABLE C-4**  
**LABOR FORCE AND EMPLOYMENT DATA**

<b>King County</b>	<b>Annual Average</b>				
	<b>2025<sup>(1)</sup></b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Civilian Labor Force	1,369,797	1,377,330	1,355,465	1,339,191	1,298,534
Employment	1,308,254	1,330,286	1,304,025	1,294,963	1,260,058
Unemployment	61,543	47,044	51,440	44,228	38,476
Unemployment Rate	4.5%	3.4%	3.8%	3.3%	3.0%
<b>Washington State</b>					
Civilian Labor Force	4,044,439	4,050,286	4,031,779	3,985,122	3,901,278
Employment	3,856,264	3,877,510	3,844,211	3,818,624	3,753,335
Unemployment	188,175	172,776	187,568	166,498	147,943
Unemployment Rate	4.7%	4.3%	4.7%	4.2%	3.8%

<sup>(1)</sup> Preliminary average through August 2025.

*Source: Washington State Employment Security Department*

*[remainder of page intentionally left blank]*

Major employers located within the City include the following:

**TABLE C-5  
CITY OF SEATAC<sup>(1)</sup>  
MAJOR EMPLOYERS**

<b>Employer</b>	<b>Employees</b>
Delta Airlines, Inc.	4,324
Prime Flight Aviation Services	2,678
Alaska Airlines	2,460
McGee Air Services, Inc.	1,188
WFS Express, Inc.	620
Swissport USA, Inc.	523
United Airlines, Inc.	395
Skyway Airlines, Inc.	386
Flying Food Services, Inc.	369
Doubletree Employer, LLC.	332

<sup>(1)</sup> A significant source of employment in the City is the Seattle-Tacoma International Airport, owned and operated by the Port of Seattle. An estimated 21,190 employees work on-site at the Airport across varying employers. Source: Port of Seattle, July 2, 2025.

Source: *City Business License Data as of October 2025*

### **Median Household Income Trends**

The following table shows the estimated median household income in the County and the State from 2020 through 2024.

**TABLE C-6  
MEDIAN HOUSEHOLD INCOME**

<b>Year</b>	<b>King County</b>	<b>Washington State</b>
2024 <sup>(1)</sup>	\$ 125,485	\$ 97,970
2023 <sup>(2)</sup>	119,926	94,553
2022	116,044	91,255
2021	110,351	84,155
2020	102,620	80,319

<sup>(1)</sup> Projection. Most recent data available.

<sup>(2)</sup> Preliminary estimate.

Source: *Washington State Office of Financial Management*

## Historical Taxable Retail Sales

The following table lists the taxable retail sales within the City and the County for the years shown.

**TABLE C-7**  
**TAXABLE RETAIL SALES**

<b>Year</b>	<b>City SeaTac</b>	<b>King County<sup>(1)</sup></b>
2025 <sup>(2)</sup>	\$ 1,207,396,431	\$ 42,897,234,273
2024	2,574,404,438	88,152,585,813
2023	2,205,067,911	88,080,125,666
2022	1,966,188,909	86,667,370,219
2021	1,514,623,039	78,440,949,141

<sup>(1)</sup> Includes incorporated and unincorporated King County.

<sup>(2)</sup> Preliminary, through the second quarter. For comparison purposes, taxable retail sales through the second quarter 2024 for the City and the County were \$1,166,464,133 and \$42,460,161,642, respectively.

*Source: Washington State Department of Revenue*

## Building Permits

Shown in the following table are residential building permit data for the City from 2025 through 2021.

**TABLE C-8**  
**HISTORICAL RESIDENTIAL BUILDING PERMITS AND VALUATIONS**  
**City of SeaTac**

<b>Year</b>	<b>Single-Family</b>		<b>Multi-Family</b>	
	<b>Total Units</b>	<b>Total Valuation</b>	<b>Total Units</b>	<b>Total Valuation</b>
2025 <sup>(1)</sup>	7	\$ 3,192,069	4	\$ 1,351,996
2024	20	9,466,374	355	68,903,692
2023	17	5,864,811	130	23,103,871
2022	14	4,286,122	685	68,846,809
2021	20	6,632,280	2	694,208

<sup>(1)</sup> Through August 2025.

*Source: U.S. Bureau of the Census.*

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## Nonagricultural Wage and Salary Employment

The table below sets forth the total number of nonagricultural wage and salary workers in the County for the years and industries shown. Figures are shown in thousands.

**TABLE C-9**  
**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (NOT SEASONALLY ADJUSTED)**  
**SEATTLE-BELLEVUE METROPOLITAN DIVISION (KING AND SNOHOMISH COUNTIES)**

NAICS Industry Title	Annual Average				
	2025 <sup>(1)</sup>	2024	2023	2022	2021
Total Nonfarm	1,478,763	1,487,883	1,479,225	1,470,183	1,401,075
Total Private	1,291,425	1,300,883	1,306,300	1,304,017	1,231,258
Goods Producing	167,175	166,475	170,975	170,258	165,767
Mining, Logging and Construction	73,200	73,642	77,642	79,275	78,033
Manufacturing	93,975	92,833	93,333	90,983	87,733
Service Providing	1,311,588	1,321,408	1,308,250	1,299,925	1,235,308
Trade, Transportation, and Utilities	222,663	228,625	231,092	230,192	227,183
Information	126,975	129,617	134,900	141,183	134,125
Financial Activities	73,125	73,542	74,183	75,425	73,358
Professional and Business Services	304,300	313,067	314,208	322,550	295,233
Education and Health Services	204,188	200,100	194,458	188,708	183,400
Leisure and Hospitality	141,213	138,408	135,558	125,425	104,317
Other Services	49,925	48,983	48,775	48,233	45,992
Government	187,338	187,000	172,925	166,167	169,817
Workers in Labor/Management Disputes	0	0	0	0	0

<sup>(1)</sup> Preliminary average through August 2025.

<sup>(2)</sup> Totals may not add due to rounding.

Source: U.S. Bureau of the Census

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**APPENDIX D**

**DTC's BOOK-ENTRY SYSTEM**

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## **DTC's BOOK-ENTRY SYSTEM**

*The City obtained the information in this section concerning the Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system from sources the City believes reliable, but the City takes no responsibility for the information's accuracy. Beneficial Owners (as hereinafter defined) should confirm the following information with DTC or the Participants (as hereinafter defined). For purposes of this section, references to "Issuer" mean the City, and references to "Agent" mean the Registrar. For purposes of this Official Statement, the term "Beneficial Owner" includes the person for whom the Participant acquires an interest in the Bonds.*

### **THE DEPOSITORY TRUST COMPANY**

#### **SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

(06-2013)

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**APPENDIX E**

**AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDING  
DECEMBER 31, 2024**

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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*

Report No. 1038194



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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***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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# 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.**

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

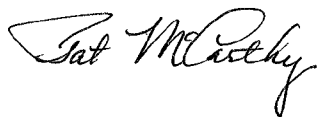
## **REPORT ON COMPLIANCE AND OTHER MATTERS**

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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

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, flowing style.

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, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 23, 2025

## FINANCIAL SECTION

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

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2/3, LEOFF 1 – 2024

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

## **SUPPLEMENTARY AND OTHER INFORMATION**

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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 154<sup>th</sup> St (\$1.3 million) and 2024 Overlay on Des Moines Memorial Dr between S 188<sup>th</sup> and S 192<sup>nd</sup> (\$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 34<sup>th</sup> Avenue from S 166<sup>th</sup> Street to S 176<sup>th</sup> Street (\$24 million), design of Airport Station Pedestrian Improvements (\$30.5 million), and S 204<sup>th</sup> 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.

City of SeaTac Statement of Net Position						
	Governmental Activities		Business Type Activities		Total	
Assets:	2024	2023	2024	2023	2024	2023
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.

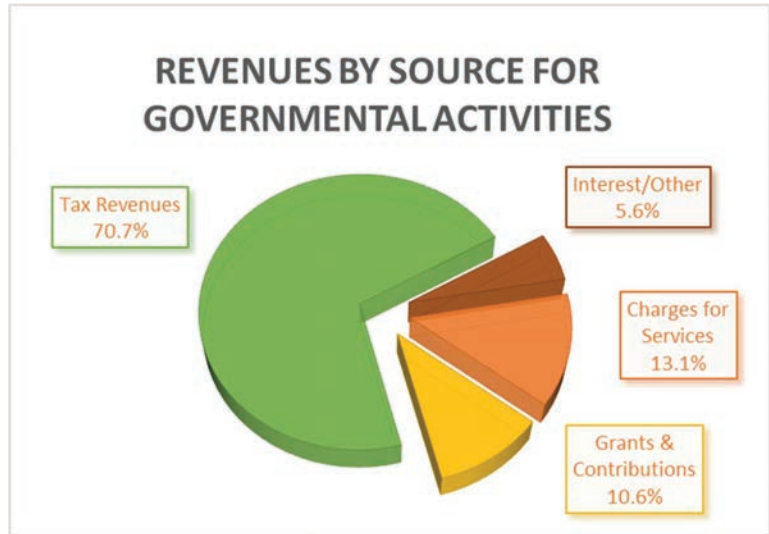
The table below represents a condensed version of the City's changes in net position. The table designates revenues as either program revenues or as general revenues. Program revenues are revenues generated by specific functions of the City. The expenses are listed by program or specific function. The 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:	2024	2023	2024	2023	2024	2023
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

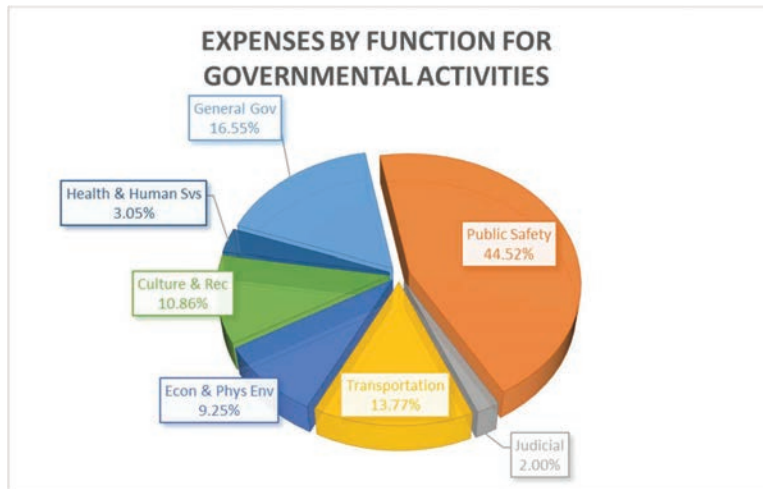
The City continues to apply for and receive various State and Federal grants for infrastructure projects and other smaller scale projects in other areas. In total, the City received \$9.6 million in grant revenues for operating and capital purposes. Capital grants are up \$2.6 million from 2023; transportation 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

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**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.

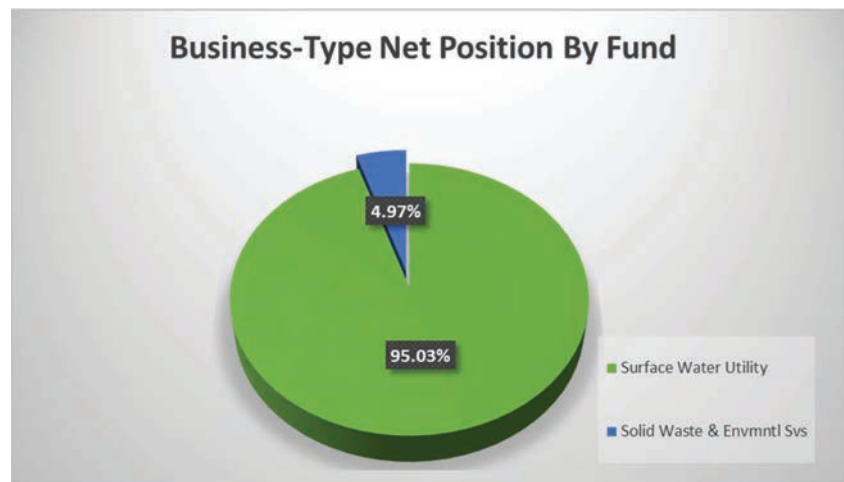
The Transportation Capital Improvement Fund is a capital projects fund whose purpose is to account for the revenues and expenditures related to transportation improvements. In 2024, the major revenue sources for this Fund were project grants, interest earned on investments, and reimbursements from other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

### **Business-Type Funds**

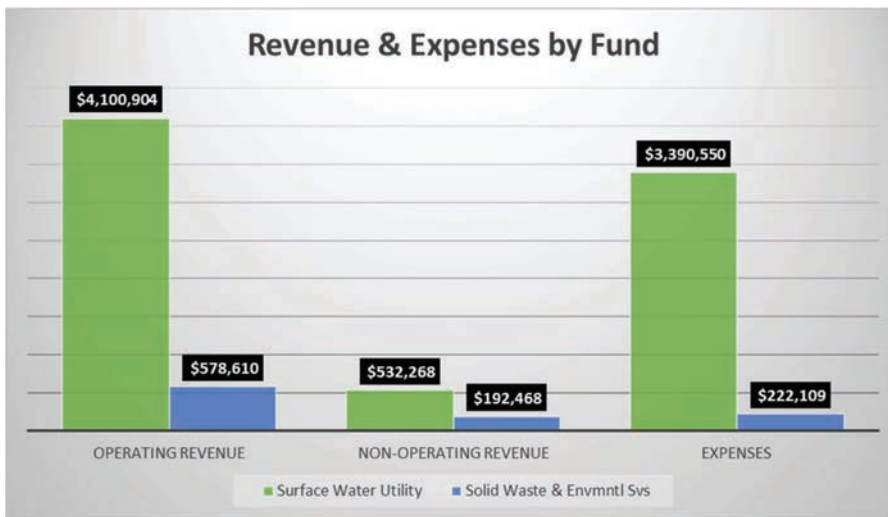
The City has two business-type funds, a Surface Water Utility Fund and Solid Waste & Environmental Services Fund. These funds are proprietary funds with financial statements that provide similar, but sometimes more detailed, information than the government-wide financial statements. The Surface Water 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 4<sup>th</sup> 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:

	Governmental Activities		Business-type Activities		Total	
Capital Assets:	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 34<sup>th</sup> Ave S from S 160<sup>th</sup> to S 166<sup>th</sup>, S 204<sup>th</sup> St Improvements, Miller Creek Daylighting, and 34<sup>th</sup> 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:

City of SeaTac’s Outstanding Debt 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.

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
<b>Budget:</b>					
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)
<b>Actual:</b>					
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 188<sup>th</sup> Street, SeaTac, WA 98188-8605.



**Statement of Net Position**  
**Government-wide**  
**December 31, 2024**

	Governmental	Business-type		
	Activities	Activities	Total	SSRTA Comp Unit
<b>Assets</b>				
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
<b>Total Assets</b>	<b>\$ 599,153,331</b>	<b>\$ 48,805,615</b>	<b>\$ 647,958,947</b>	<b>\$ 6,399,610</b>
<b>Deferred Outflows of Resources</b>				
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	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,483,763</b>	<b>\$ 381,564</b>	<b>\$ 4,865,327</b>	<b>\$ 341,682</b>
<b>Liabilities</b>				
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	-
<b>Total Liabilities</b>	<b>\$ 16,025,842</b>	<b>\$ 362,778</b>	<b>\$ 16,388,620</b>	<b>\$ 1,541,647</b>
<b>Deferred Inflows of Resources</b>				
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	-
<b>Total Deferred Inflows</b>	<b>\$ 5,234,056</b>	<b>\$ 81,759</b>	<b>\$ 5,315,815</b>	<b>\$ 128,622</b>
<b>Net Position</b>				
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	-
<b>Total Net Position</b>	<b>\$ 582,377,196</b>	<b>\$ 48,742,642</b>	<b>\$ 631,119,838</b>	<b>\$ 5,071,023</b>

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**

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants & Contributions	& Contributions
<b>Functions/Programs</b>				
<b>Governmental Activities:</b>				
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	-	-	-
<b>Total Governmental Activities</b>	<b>70,369,344</b>	<b>11,748,487</b>	<b>6,169,680</b>	<b>3,389,128</b>
<b>Business-type Activities:</b>				
Solid Waste & Environmental	222,109	578,610	90,309	-
Surface Water Utilities	3,351,525	4,100,904	1,241	-
<b>Total Business-type Activities</b>	<b>3,573,633</b>	<b>4,679,515</b>	<b>91,550</b>	<b>-</b>
<b>Component Unit Activities</b>				
Seattle Southside Regional Tourism Authorit	4,991,684	3,867,050	-	5,232
<b>Total Component Unit Activites</b>	<b>4,991,684</b>	<b>3,867,050</b>	<b>-</b>	<b>5,232</b>
<b>Total Government</b>	<b>\$ 78,934,661</b>	<b>\$ 20,295,052</b>	<b>\$ 6,261,230</b>	<b>\$ 3,394,360</b>

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
<b>Functions/Programs</b>				
<b>Governmental Activities:</b>				
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)	-
<b>Total Governmental Activities</b>	<b>(49,062,048)</b>	<b>-</b>	<b>(49,062,048)</b>	<b>-</b>
<b>Business-type Activities:</b>				
Solid Waste & Environmental	-	446,810	446,810	-
Surface Water Utilities	-	750,621	750,621	-
<b>Total Business-type Activities</b>	<b>-</b>	<b>1,197,431</b>	<b>1,197,431</b>	<b>-</b>
<b>Component Unit Activities</b>				
Seattle Southside Regional Tourism Authority	-	-	-	(1,119,402)
<b>Total Component Unit Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,119,402)</b>
<b>Total Government</b>	<b>\$ (49,062,048)</b>	<b>\$ 1,197,431</b>	<b>\$ (47,864,617)</b>	<b>\$ (1,119,402)</b>
<b>General Revenues</b>				
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	-
<b>Total General Revenues</b>	<b>68,566,418</b>	<b>633,186</b>	<b>69,199,604</b>	<b>205,139</b>
Transfers	135,300	(135,300)	-	-
<b>Total General Revenues &amp; Transfers</b>	<b>68,701,718</b>	<b>497,886</b>	<b>69,199,604</b>	<b>205,139</b>
<b>Change in Net Position</b>	<b>19,639,670</b>	<b>1,695,317</b>	<b>21,334,988</b>	<b>(914,263)</b>
<b>Net Position-Beginning</b>	<b>562,737,526</b>	<b>47,047,325</b>	<b>609,784,851</b>	<b>5,985,286</b>
<b>Net Position-Ending</b>	<b>\$ 582,377,196</b>	<b>\$ 48,742,642</b>	<b>\$ 631,119,838</b>	<b>\$ 5,071,023</b>

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
<b>Assets</b>				
<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	-
<b>Total Assets</b>	<b>\$ 81,199,324</b>	<b>\$ 23,291,469</b>	<b>\$ 14,667,724</b>	<b>\$ 26,121,639</b>
<b>Deferred Outflows of Resources</b>				
Delayed land title transfer	-	-	-	-
<b>Total Assets and Def Outflows of Res</b>	<b>\$ 81,199,324</b>	<b>\$ 23,291,469</b>	<b>\$ 14,667,724</b>	<b>\$ 26,121,639</b>
<b>Liabilities</b>				
<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	-	-	-
<b>Total Liabilities</b>	<b>\$ 9,129,625</b>	<b>\$ 252,899</b>	<b>\$ 295,397</b>	<b>\$ 163,804</b>
<b>Deferred Inflows of Resources</b>				
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	-	-	-	-
<b>Total Def Inflows of Resources</b>	<b>\$ 4,902,685</b>	<b>\$ 16,805</b>	<b>\$ -</b>	<b>\$ 243,457</b>
<b>Fund Balances (Deficits)</b>				
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	-	-	-
<b>Total Fund Balances</b>	<b>\$ 67,167,013</b>	<b>\$ 23,021,765</b>	<b>\$ 14,372,327</b>	<b>\$ 25,714,378</b>
<b>Total Liab, Def Inflows of Res &amp; Fund Balances (Deficits)</b>	<b>\$ 81,199,324</b>	<b>\$ 23,291,469</b>	<b>\$ 14,667,724</b>	<b>\$ 26,121,639</b>

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

	Capital Improvement		Other	Total Governmental Funds
	Facility Construction CIP	Transportation CIP	Governmental Funds	
Assets				
Current Assets:				
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				
Current Liabilities:				
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 settlermer	-	-	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	(118,486,983)	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
--	--	-----------

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	(2,615,124)	(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.

		4,082,310
Net position of governmental activities	\$	582,377,196
(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
<b>Revenues</b>				
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	-	-
<b>Total Revenues</b>	<b>\$ 61,065,868</b>	<b>\$ 13,523,505</b>	<b>\$ 2,812,471</b>	<b>\$ 6,809,850</b>
<b>Expenditures</b>				
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
<b>Total Expenditures</b>	<b>\$ 57,440,465</b>	<b>\$ 6,232,572</b>	<b>\$ 1,307,847</b>	<b>\$ 2,185,398</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 3,625,403	\$ 7,290,933	\$ 1,504,624	\$ 4,624,452
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(8,000)	-	-	-
Insurance Recoveries	155,805	-	-	-
Disposal of Capital Assets	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>\$ 147,805</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>\$ 246,170</b>	<b>\$ 4,220,965</b>	<b>\$ 1,058,839</b>	<b>\$ 89,737,668</b>
<b>Expenditures</b>				
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
<b>Total Expenditures</b>	<b>\$ 598,757</b>	<b>\$ 5,834,023</b>	<b>\$ 438,784</b>	<b>\$ 74,037,847</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (352,587)	\$ (1,613,058)	\$ 620,055	\$ 15,699,821
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 135,300	\$ 135,300
Transfers out	-	-	-	(8,000)
Insurance Recoveries	-	-	-	155,805
Disposal of Capital Assets	-	124,000	-	124,000
<b>Total Other Fin Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 124,000</b>	<b>\$ 135,300</b>	<b>\$ 407,104</b>
Net Change in Fund Balances	\$ (352,587)	\$ (1,489,058)	\$ 755,355	\$ 16,106,926
<b>Fund Balances-Beginning</b>	<b>\$ 3,192,170</b>	<b>\$ 17,117,843</b>	<b>\$ 8,758,578</b>	<b>\$ 142,150,857</b>
<b>Fund Balances-Ending</b>	<b>\$ 2,839,583</b>	<b>\$ 15,628,784</b>	<b>\$ 9,513,933</b>	<b>\$ 158,257,783</b>

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
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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	(5,449,407)	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
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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	(947,427)	(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)	8,000	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
<b>Assets</b>				
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
<b>Liabilities</b>				
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
<b>Net Position</b>				
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	<u>13,597,345</u>	<u>2,373,925</u>	<u>15,971,270</u>	<u>2,855,006</u>
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
<b>Total Operating Revenues</b>	<b>4,100,904</b>	<b>578,610</b>	<b>4,679,515</b>	<b>1,023,886</b>
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
<b>Total Operating Expenses</b>	<b>3,390,550</b>	<b>222,109</b>	<b>3,612,658</b>	<b>919,754</b>
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
<b>Total Nonoperating Revs (Exps)</b>	<b>532,268</b>	<b>192,468</b>	<b>724,736</b>	<b>148,712</b>
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)	-
<b>Change in Net Position</b>	<b>1,107,322</b>	<b>548,970</b>	<b>1,656,292</b>	<b>260,844</b>
<b>Net Position-Beginning</b>	<b>44,926,826</b>	<b>1,872,197</b>	<b>46,799,023</b>	<b>4,124,280</b>
<b>Net Position-Ending</b>	<b>46,034,148</b>	<b>2,421,167</b>	<b>48,455,315</b>	<b>4,385,124</b>
An Equipment Rental Internal Service Fund is used to charge the cost of equipment repairs & replacements to individual funds. This is the current year adjustment for this internal service fund that is reported with the business-type activities in the Statement of Activities.			39,025	
<b>Change in net position of business-type activities</b>			<b>\$ 1,695,317</b>	

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
<b>Cash Flows from Operating Activities:</b>				
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>
<b>Cash Flows from Noncapital Financing Activities:</b>				
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>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
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>
<b>Cash Flows from Investing Activities:</b>				
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><u>\$ 8,243,901</u></u>	<u><u>\$ 2,251,743</u></u>	<u><u>\$ 10,495,644</u></u>	<u><u>\$ 2,911,009</u></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
<b>Reconciliation of Operating Income</b>				
<b>(Loss) to Net Cash Provided</b>				
<b>(Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 710,355	\$ 356,502	\$ 1,066,856	\$ 104,132
<b>Adjustments to reconcile operating</b>				
<b>income to net cash provided</b>				
<b>(used) by operating activities:</b>				
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	701,139	(42,441)	658,698	227,993
Net Cash Provided (Used) by				
Operating Activities	\$ 1,411,494	314,061	\$ 1,725,555	\$ 332,125
<b>Noncash Activities:</b>				
Contributions of capital assets (other				
improvements) paid for by the				
Transportation CIP Fund.	-	-	-	-
Change in fair value of investments	(264,842)	-	(264,842)	-
Total Noncash Activities	\$ (264,842)	\$ -	\$ (264,842)	\$ -

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

**Statement of Fiduciary Net Position**  
**December 31, 2024**

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

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**

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

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).

## 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	-
<b>Total Investments</b>	<b>\$ 75,029,458</b>	<b>\$ 22,270,333</b>	<b>\$ 52,759,125</b>

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
<b>Total</b>			<b>\$ 75,029,457</b>

**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](http://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	\$ -
<b>Total By Fair Value Level</b>	<b>\$ 75,029,458</b>	<b>\$ -</b>	<b>\$ 75,029,458</b>	<b>\$ -</b>

#### C. Summary of Deposit and Investment Balances

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

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%
<b>Total</b>	<b>\$ 75,029,457</b>	<b>\$ 101,222,626</b>	<b>100%</b>
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 <sup>st</sup>	Tax is levied and becomes an enforceable lien against properties.
February 14 <sup>th</sup>	Tax bills are mailed.
April 30 <sup>th</sup>	First of two equal installment payments is due.
May 31 <sup>st</sup>	Assessed value of property established for next year's levy at 100 percent of market value.
October 31 <sup>st</sup>	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
<b>Capital assets not being depreciated:</b>					
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
<b>Total assets not being deprec.</b>	<b>332,036,423</b>	<b>5,532,846</b>	<b>(2,515,358)</b>	<b>-</b>	<b>335,053,911</b>
<b>Capital assets being depreciated/amortized:</b>					
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
<b>Total assets being deprec.</b>	<b>197,710,860</b>	<b>5,568,466</b>	<b>(1,227,212)</b>	<b>-</b>	<b>202,052,114</b>
<b>Total governmental capital assets before depreciation</b>	<b>529,747,283</b>	<b>11,101,313</b>	<b>(3,742,570)</b>	<b>-</b>	<b>537,106,025.30</b>
<b>Less accumulated depreciation/amortization for:</b>					
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)
<b>Total accumulated deprec.</b>	<b>(117,247,740)</b>	<b>(5,692,638)</b>	<b>804,884</b>	<b>-</b>	<b>(122,135,495)</b>
<b>Total governmental activities capital assets (net)</b>	<b>412,499,542</b>	<b>5,408,674</b>	<b>(2,937,686)</b>	<b>-</b>	<b>414,970,531</b>

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

<b>Governmental Activities:</b>	
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
<b>Total Depreciation/Amortization Expense-Governmental Activities</b>	<b>\$5,691,638</b>

**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
<b>Capital assets not being depreciated:</b>					
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
<b>Total assets not being depreciated</b>	<b>\$ 3,273,083</b>	<b>\$529,287</b>	<b>(75,801)</b>	<b>-</b>	<b>\$ 3,726,569</b>
<b>Capital assets being depreciated/amortized:</b>					
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
<b>Total assets being depreciated/amortized</b>	<b>\$42,404,209</b>	<b>\$75,801</b>	<b>-</b>	<b>-</b>	<b>\$42,480,010</b>
<b>Total business-type capital assets before depreciation/amortization</b>	<b>\$45,677,292</b>	<b>\$605,088</b>	<b>\$(75,801)</b>	<b>-</b>	<b>\$46,206,579</b>
<b>Less accumulated depreciation/amortization for:</b>					
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)
<b>Total accumulated depreciation/amortization</b>	<b>\$(13,296,612)</b>	<b>\$ (696,145)</b>	<b>-</b>	<b>-</b>	<b>\$ (13,992,757)</b>
<b>Total bus-type capital assets (net)</b>	<b>\$32,380,680</b>	<b>\$(91,057)</b>	<b>\$(75,801)</b>	<b>-</b>	<b>\$32,213,822</b>

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

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

## 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 <sup>th</sup> Ave S Phase I	842,818	20,689
Perteet, Inc - 34 <sup>th</sup> Ave S Phase I	584,912	10,550
RL Alia - 34 <sup>th</sup> Ave S Phase I	5,947,244	98,934
KPG Psomas – 34 <sup>th</sup> 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
<b>Total Outstanding Construction Commitments</b>	<b>\$13,261,437</b>	<b>\$3,709,120</b>

### 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
<b>Total Outstanding Other Commitments</b>	<b>\$441,278</b>	<b>\$534,071</b>

## 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](http://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
---	---

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.

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>CIAW/CHUBB Insurance Program</i>		

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
<b><i>Navigators Specialty Insurance Company</i></b>		
Excess Liability	\$5,000,000.00	N/A
<b><i>Travelers</i></b>		
Crime Policy	\$25,000.00	\$1,000.00
<b><i>Travelers</i></b>		
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
<b><i>Colony Insurance Company</i></b>		
Storage Tank Pollution Liability (Fuel Tanks)	\$3,000,000.00	
Bodily Injury, Property Damage and Corrective Action Costs		
<b><i>Travelers</i></b>		
Deluxe Property	\$73,594,365.00	\$10,000.00
Inland Marine	\$998,832.00	\$1,000.00
<b><i>Travelers (The Charter Oak Fire Insurance Co.)</i></b>		
Automobile Physical Damage	Variable	\$5,000.00
Comprehensive Deductible	Variable	\$5,000.00
Collision Deductible	Variable	\$5,000.00
<b><i>Western Surety Company</i></b>		
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

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
<b>Governmental Activities:</b>					
Bonds payable:					
Special obligation bonds	\$1,574,157	\$0	\$(74,934)	\$1,499,223	\$78,011
<b>Total bonds payable - net</b>	<b>\$1,574,157</b>	<b>\$0</b>	<b>\$(74,934)</b>	<b>\$1,499,223</b>	<b>\$78,011</b>
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
<b>Gov activities long-term liabilities</b>	<b>\$3,474,661</b>	<b>\$2,731,871</b>	<b>\$(1,966,861)</b>	<b>\$4,239,671</b>	<b>\$194,197</b>
<b>Business-type Activities:</b>					
Compensated absences	\$103,452	\$65,085	\$0	\$168,537	\$8,427
Net Pension Liability	150,981	0	(36,329)	114,652	0
<b>Bus-type activities long-term liabilities</b>	<b>\$254,433</b>	<b>\$65,085</b>	<b>\$(36,329)</b>	<b>\$283,189</b>	<b>\$8,427</b>

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

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 Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
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)
<b>Total Revenues</b>	<b>93,749,333</b>	<b>98,859,070</b>	<b>110,088,787</b>	<b>11,229,717</b>
<b>Expenditures</b>				
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)
<b>Total Expenditures</b>	<b>101,612,443</b>	<b>109,809,720</b>	<b>101,545,907</b>	<b>8,263,813</b>
Excess (deficiency) of revenues over (under) expenditures	(7,863,110)	(10,950,650)	8,542,881	19,493,531
<b>Other Financing Sources (Uses)</b>				
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
<b>Total Other Fin Sources (Uses)</b>	<b>(29,800)</b>	<b>(257,788)</b>	<b>81,906</b>	<b>339,694</b>
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**

		Special Revenue Funds merged with General Fund as required by GASB		
	General Fund Budgetary Basis - Actual Amounts	Port of Seattle ILA	Transit Planning	Building Management
<b>Revenues</b>				
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	-	-	-
<b>Total Revenues</b>	<b>110,088,787</b>	<b>4,008,159</b>	<b>625,217</b>	<b>909,649</b>
<b>Expenditures</b>				
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	-	-	-
<b>Total Expenditures</b>	<b>101,545,907</b>	<b>3,093,925</b>	<b>9,514</b>	<b>587,290</b>
Excess (deficiency) of revenues over (under) expenditures	8,542,881	914,234	615,703	322,359
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(257,788)	-	-	-
Initiation of leases/SBITA	183,889	-	-	-
Insurance Recoveries	155,805	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>81,906</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	8,624,786	914,234	615,703	322,359
<b>Fund Balances-Beginning*</b>	<b>\$ 39,191,198</b>	<b>\$12,364,801</b>	<b>\$ 567,658</b>	<b>\$ 4,127,470</b>
<b>Fund Balances-Ending</b>	<b>\$ 47,815,985</b>	<b>\$13,279,035</b>	<b>\$ 1,183,361</b>	<b>\$ 4,449,829</b>

\*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)
<b>Revenues</b>					
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
<b>Total Revenues</b>	<b>3,542,038</b>	<b>(604,407)</b>	<b>57,926,054</b>	<b>61,065,867</b>	<b>8,903,134</b>
<b>Expenditures</b>					
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
<b>Total Expenditures</b>	<b>3,071,780</b>	<b>(604,407)</b>	<b>50,263,545</b>	<b>57,440,464</b>	<b>6,158,103</b>
Excess (deficiency) of revenues over (under) expenditures	470,258	-	7,662,509	3,625,403	2,745,032
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	(249,788)	(8,000)	-
Initiation of leases/SBITA	-	-	384,445	-	200,556
Insurance Recoveries	-	-	-	155,805	-
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>134,657</b>	<b>147,805</b>	<b>200,556</b>
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**

	<u>2023-2024 Biennial Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amount*</u>	<u>Final Budget- Positive (Negative)</u>
<b>Revenues</b>				
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)
<b>Total Revenues</b>	<b>21,027,486</b>	<b>21,283,028</b>	<b>25,993,756</b>	<b>4,710,728</b>
<b>Expenditures</b>				
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
<b>Total Expenditures</b>	<b>11,982,523</b>	<b>13,737,632</b>	<b>12,052,537</b>	<b>1,685,095</b>
Excess (deficiency) of revenues over (under) expenditures	9,044,963	7,545,396	13,941,218	6,395,822
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,000	1,000	1,000	-
Transfers out	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>
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	<b>\$ 14,440,144</b>	<b>\$ 16,674,003</b>	<b>\$ 23,069,824</b>	<b>\$ 6,395,821</b>

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

**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)
<b>Revenues</b>				
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
<b>Total Revenues</b>	<b>25,993,756</b>	<b>12,422,466</b>	<b>13,523,506</b>	<b>(47,785)</b>
<b>Expenditures</b>				
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	-
<b>Total Expenditures</b>	<b>12,052,537</b>	<b>5,819,965</b>	<b>6,232,573</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	13,941,218	6,602,501	7,290,933	(47,785)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,000	1,000	-	(1,000)
Transfers out	-	-	-	-
<b>Total Other Fin Sources (Uses)</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>
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	Variance with
	Original	Final	Amount*	Final Budget- Positive (Negative)
<b>Revenues</b>				
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	-	-	-	-
<b>Total Revenues</b>	<b>3,859,200</b>	<b>3,859,200</b>	<b>5,273,867</b>	<b>1,414,667</b>
<b>Expenditures</b>				
Current:				
Economic Environment	3,193,790	3,267,846	2,207,197	1,060,649
<b>Total Expenditures</b>	<b>3,193,790</b>	<b>3,267,846</b>	<b>2,207,197</b>	<b>1,060,649</b>
Excess (deficiency) of revenues over (under) expenditures	665,410	591,354	3,066,669	2,475,315
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>665,410</b>	<b>591,354</b>	<b>3,066,669</b>	<b>2,475,315</b>
<b>Fund Balances-January 1, 2023</b>	<b>10,464,061</b>	<b>11,331,778</b>	<b>11,331,778</b>	<b>-</b>
<b>Fund Balances-December 31, 2024</b>	<b>\$ 11,129,471</b>	<b>\$ 11,923,132</b>	<b>\$ 14,398,447</b>	<b>\$ 2,475,315</b>

\*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)
<b>Revenues</b>				
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	-	-	-	-
<b>Total Revenues</b>	<b>5,273,867</b>	<b>2,552,788</b>	<b>2,812,470</b>	<b>91,390</b>
<b>Expenditures</b>				
Current:				
Economic Environment	2,207,197	899,350	1,307,847	-
<b>Total Expenditures</b>	<b>2,207,197</b>	<b>899,350</b>	<b>1,307,847</b>	<b>0</b>
Excess (deficiency) of revenues over (under) expenditures	3,066,669	1,653,438	1,504,623	91,390
<b>Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Other Fin Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	



**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
<u>Employer's proportion of the net pension liability (asset)</u>	0.075205%	0.077087%	0.075705%	0.075136%	0.762840%	0.070400%	0.070473%	0.067707%	0.075408%	0.080985%
<u>Employer's proportionate share of the net pension liability (asset)</u>	\$ 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
<u>Covered payroll</u>	\$ 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
<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	8.95%	13.04%	17.18%	8.01%	24.16%	27.33%	34.92%	38.04%	45.37%	46.14%
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

**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%

**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%

**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
<u>Statutorily or contractually required contributions</u>	\$ 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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 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%

**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
<u>Statutorily or contractually required contributions</u>	\$ 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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered payroll</u>	\$ 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
<b>Total OPEB liability - beginning</b>	\$ 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	-	-	-	-	-	-	-
<b>Total OPEB liability - ending</b>	<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>
<b>Covered-employee payroll</b>	-	-	-	-	-	-	-
<b>Total OPEB liability as a % of covered payroll</b>	-	-	-	-	-	-	-

**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
<b>Total Highway Safety Cluster:</b>				<b>7,760</b>	<b>-</b>	<b>7,760</b>	<b>-</b>	
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
<b>Total ALN 21.027:</b>				<b>656</b>	<b>2,227,394</b>	<b>2,228,050</b>	<b>-</b>	
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
<b>Total Federal Awards Expended:</b>				<b>2,030,829</b>	<b>2,227,394</b>	<b>4,258,223</b>	<b>71,188</b>	

*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).

<b>Finding ref number:</b> 2024-001	<b>Finding caption:</b> The City did not have adequate internal controls and did not comply with federal suspension and debarment requirements.
<b>Name, address, and telephone of City contact person:</b> Gwen Pilo, Finance Director 4800 S 188 <sup>th</sup> St SeaTac, WA 98188 206-973-4882	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>To address the deficiency and prevent recurrence, the City will implement the following corrective actions:</i> <ul style="list-style-type: none"> <li>• <b>Policy and Procedure Update:</b> <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></li> <li>• <b>Grant Administrator Review:</b> <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"> <li>○ <i>The SAM.gov exclusion check has been completed and documented,</i></li> <li>○ <i>The required suspension and debarment language or contractor certification is included in the agreement or</i></li> <li>○ <i>All applicable federal compliance requirements are met and properly documented.</i></li> </ul> </li> </ul>	

- **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

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