

PORT OF SEATTLE

2007 STATUTORY BUDGET

A. INTRODUCTION

The "statutory" budget as defined in RCW 53.35.010 is to portray "the estimated expenditures and the anticipated available funds from which all expenditures are to be paid." As a cash budget, the Statutory Budget establishes the need for the tax levy and sets upper limits on expenditures, and is not used as an operating budget. The function of controlling and managing the operations of the Port is accomplished with the Operating Budget, which is provided in Sections V through VIII.

The Preliminary 2007 Statutory Budget was provided to the Port Commissioners and made available to the general public as required by law (RCW 53.35.010 and RCW 53.35.045). Notice of the Public Hearing, with an announcement that copies of the preliminary budget were available for distribution to any interested persons, was published on November 3, 2006, and November 9, 2006, in the DAILY JOURNAL OF COMMERCE, as required by law (RCW 53.35.020 and RCW 53.35.045). The final statutory budget will be filed with the King County Council on December 1, 2006, as allowed by RCW 53.35.045. The intent for filing on this date is primarily to enable us to obtain public input and certified assessed valuations from the King County Assessor prior to filing the final budget.

Note: For Final Budget, certified assessed value figures in section B, and D have been updated; the figure in section C, the actual budget resolution has not been updated.

B. STATUTORY BUDGET HIGHLIGHTS

1. Tax Levy

For 2007, the tax levy amount is assumed to be \$68,813,857. The following is a comparison of the tax levy detail between 2006 and 2007:

	<u>Budget 2007</u>		<u>Budget 2006</u>	
	<u>Levy Rate</u>	<u>Levy Amount</u>	<u>Levy Rate</u>	<u>Levy Amount</u>
For General Obligation Bonds	\$0.1361	\$40,428,896	\$0.1492	\$40,137,281
For General Purposes	0.0956	28,384,961	0.0841	22,611,048
Total levy	<u>\$0.2317</u>	<u>\$68,813,857</u>	<u>\$0.2333</u>	<u>\$62,748,329</u>

2. Tax Levy Rate

The tax levy rate is a product of dividing the tax levy dollars by the assessed valuation of personal and real properties within the Port District. Therefore, if assessed valuation increases at a greater amount than the dollars the Port would be allowed under the 101% lid law, the tax millage rate would go down even though the Port's levy dollars may have increased. The exact levy rate is determined by the County Assessor after all taxing agencies have requested their levy dollars, and the assessed valuation dollars are certified. The 2006 final assessed valuation is \$297,017,721,517 after omitted assessments, which are not included in the Port's levy calculation. (The 2006 assessed valuation is used for 2007 tax collection.) This is an increase from the 2005 assessed valuation, which was \$268,124,464,063 after omitted assessments. See Section IV, Tax Levy.

C. BUDGET RESOLUTION

RESOLUTION NO. 3568, as Amended

A RESOLUTION of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2007; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future harbor capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed property of the Port of Seattle District in the Year 2007.

WHEREAS, the Port of Seattle Commission, on the 10th day of November, 2006, prepared the preliminary budget of the Port of Seattle for the year 2007 and provided for the publication of Notice of Final Budget Hearing on the adoption of said budget, to be heard on the 21st day of November, 2006, when taxpayers might appear and present objections to said preliminary budget, and

WHEREAS, a public hearing on said preliminary budget was held in the office of the Port Commission, pursuant to notice duly given, in the City of Seattle, County of King, State of Washington, on the 14th and 21st day of November, 2006, at 1:00 p.m., and

WHEREAS, all parties present were afforded a full opportunity to present objections to the preliminary budget, and the Port Commission being duly advised in the premises; and

WHEREAS, the King County Assessor has notified the Commissioners of the Port of Seattle that the preliminary assessed valuation of the property lying within the boundaries of said district for the year 2007 is \$296,030,248,565 (after omitted assessments).

NOW, THEREFORE, BE IT RESOLVED, by the Port Commission of the Port of Seattle that the preliminary budget of the Port of Seattle for the year 2007, as presented at the aforementioned hearing, is hereby adopted as the final budget of the Port of Seattle for the Year 2007; and

BE IT FURTHER RESOLVED, that the amount of taxes to be levied by the Port of Seattle on the current assessment rolls to provide for payment of bond redemption and interest on the Port of Seattle General Obligation Bonds, for future expenditures for harbor acquisitions and capital improvements and for such general purposes allowed by law which the Port deems necessary be set and deposited is \$68,813,857.00; and

BE IT FURTHER RESOLVED, that the King County Council, State of Washington, be notified that the specific sum herein mentioned being a total of \$68,813,857.00 is necessary to be raised by taxation to meet the payment of bond redemption and interest on Port of Seattle General Obligation Bonds, of future expenditures for harbor acquisitions and capital improvements, and of costs for such general purposes allowed by law which the Port deems necessary, as set forth for the period January 1, 2007 and thereafter; that said King County Council be respectfully requested to make a levy in said amount for the aforesaid purposes; and

BE IT FURTHER RESOLVED, that the above is a true and complete listing of levies for said District for collection in the year 2007 and they are within the maximums established by law.

ADOPTED by the Port Commission of the Port of Seattle at a regular meeting held this 21 of November, 2006, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

Patricia Davis

Bob Edwards

John Creighton

Port Commission

LEVY RESOLUTION

RESOLUTION NO. 3571

A RESOLUTION of the Port Commission of the Port of Seattle to specify the dollar and percentage change in regular property levy from the previous year per RCW 84.55.120.

WHEREAS, the Port of Seattle Commission has met and considered its budget for the calendar year 2007;

WHEREAS, the Port of Seattle Commission, after hearing and after duly considering all relevant evidence and testimony presented, determined that the Port of Seattle requires a regular levy in the amount of \$68,813,857.00, which represents a decrease in the levy rate from \$.02333 to approximately \$0.2325 per thousand of assessed value; and

WHEREAS, the levy amount includes an increase in property tax revenue from the previous year, in order to discharge the expected expenses and obligations of the district and in its best interest; now, therefore,

BE IT RESOLVED by the Port of Seattle Commission that a property tax levy is hereby authorized for the 2007 levy in the amount of \$68,813,857.00 including \$6,065,528.00, a percentage increase of 9.67 from the previous year.

ADOPTED by the Commission of the Port of Seattle at a regular meeting thereof, held this 21 day of November, 2006, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission.

Patricia Davis

Bob Edwards

John Creighton

Port Commission

D. TAX LEVY CALCULATION SHEET

TABLE XI-1: TAX LEVY CALCULATION SHEET

TAXING DISTRICT PORT OF SEATTLE

The following calculations are offered as an aid in the determination of the dollar limitation imposed by statute on the 2007 regular property levy for the district and are based on figures from the King County Department of Assessments as of 11/29/06.

	<u>Actual Levy</u>	<u>Allowable Levy</u>
2002 Regular Levy	39,803,889	70,676,713
2003 Regular Levy	58,000,000	72,093,461
2004 Regular Levy	59,655,268	73,965,146
2005 Regular Levy	62,748,329	76,019,786
2006 Regular Levy	62,748,329	78,064,389
2006 Regular Levy Rate	0.23330	0.29021

LIMITATION CALCULATION (RCW 84.55.010):

	101%	1.0342% IPD	
	78,064,389	78,064,389	(IPD = Implicit Price Deflator)
	(287,119)	(287,119)	Maximum lawful regular levy since 1986 including lid lifts
	77,777,270	77,777,270	Less refund fund levy
x	1.01	1.0342	Maximum Statutory 2006 Levy, basis for calculation (1)
	78,555,042	80,437,252	Levy Limit Factor
	5,950,404,518	5,950,404,518	Levy
	0	0	Local New Construction
+	5,950,404,518	5,950,404,518	Increase in state-assessed public utility value (2)
	0.23330	0.23330	Total New Construction
x	1,388,229	1,388,229	2006 Regular Levy Rate
	78,555,042	80,437,252	New Construction Levy
	1,388,229	1,388,229	Levy
+	0	0	New Construction Levy
	79,943,271	81,825,481	Omitted Assessment Levy (3)
	473,491	473,491	Total RCW 84.55 Levy
	(2,575)	(2,575)	Refund Fund Levy (Relevy for prior year refunds) (4)
	80,414,187	82,296,397	Levy Correction: Year of Error 2005
	297,017,721,517	297,017,721,517	Maximum 2007 Levy Based on Limit plus Refund Fund (5)
÷	0.27074	0.27708	Regular levy assessed value less annexations (6)
			Levy rate based on allowable levy

STATUTORY LEVY CALCULATION (RCW 84.52.043): Limits only general purpose levy.

	297,017,721,517	Regular levy assessed value (6)
x	0.450000	Maximum Statutory Rate
=	133,657,975	Maximum 2006 Levy (Excluding Omitted Assessment Levy)
+	0	Omitted Assessment Levy (3)
=	133,657,975	Maximum 2006 General Purpose Levy Based on Statutory Levy

All years indicated above are the year the tax is payable

1. Since 1991, the Port Commission has levied less than the maximum amount allowed by law. The calculation above shows the maximum allowable 2006 levy pursuant to RCW 84.55.092, which allows Port districts to "set the levy at the amount which would be allowed otherwise under" the chapter of State Law (RCW 84.55) which provides taxing authority.
2. Any increase in value in state-assessed property is considered to be new construction value for purposes of calculating the respective limits. State-assessed property is property belonging to inter-county utility and transportation companies (telephone, railroad, airline companies and the like).
3. An omitted assessment is property value that should have been included on a prior year's tax roll but will be included on the current (2006) tax roll. Omits are assessed and taxed at the rate in effect for the year omitted (RCW 84.40.080 - 84.40.085). Omitted assessments tax is deducted from the levy maximum before calculating the levy rate for current assessments and added back in as current year's receivable.
4. Administrative refunds under RCW 84.69.020 were removed from the levy lid by the 1981 legislative session.
5. District is entitled to the lesser of maximum levies determined by application of the limit under RCW 84.55 and the statutory rate limit. Levies may be subject to further proration if aggregate rate limits set in Article VII of the state constitution and in RCW 84.52.043 are exceeded.
6. Assessed valuations shown are subject to change from error corrections and appeal board decisions recorded between the date of this worksheet and final levy rate determination.

Statlevy.xls

E. FORECASTED CASH FLOW SUMMARY

TABLE XI-2: FORECASTED CASH FLOW SUMMARY

	\$ in 000s	2007	Percent Of Total
Beginning balance of cash & investments		\$575,668	
SOURCES OF CASH			
Revenues		\$442,688	37.6%
Interest receipts		17,764	1.5%
Proceeds from bond issues		432,000	36.7%
Grants		133,221	11.3%
Tax levy		68,814	5.8%
Passenger facility charges		60,988	5.2%
Rental Car Customer Facility Charges		19,867	1.7%
Other receipts		1,175	0.1%
Total		<u>\$1,176,517</u>	<u>100%</u>
Anticipated available funds		<u>\$1,752,186</u>	
USES OF CASH			
Operating & maintenance expense		\$183,020	15.9%
Corporate administrative expense		39,490	3.4%
Security Costs		7,603	0.7%
Law Enforcement Costs		19,587	1.7%
Interest payments		177,946	15.4%
Other expenses		34,650	3.0%
Bond redemptions		83,220	7.2%
Committed Capital expenditures		607,889	52.7%
Total		<u>\$1,153,405</u>	<u>100%</u>
Ending balance of cash & investments		<u>\$598,781</u>	
Increase (decrease) of cash during year		\$23,112	
Estimated cash balances and amount of income and receipts from sources other than taxation		\$1,683,372	

cashflow.xls