



City of Tukwila, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2010



Old Tukwila City Hall



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2010

*Prepared by the City of Tukwila, Finance Department
Shawn Hunstock, Finance Director*

JIM HAGGERTON, MAYOR

TUKWILA CITY COUNCIL

Allan Ekberg, President

Joe Duffie

Joan Hernandez

Dennis Robertson

Verna Seal

Kathy Hougardy

De'Sean Quinn

Cover photo by Craig Zellerhoff

Old Tukwila City Hall/Tukwila Library
now home of the Tukwila Heritage and Cultural Center

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2010

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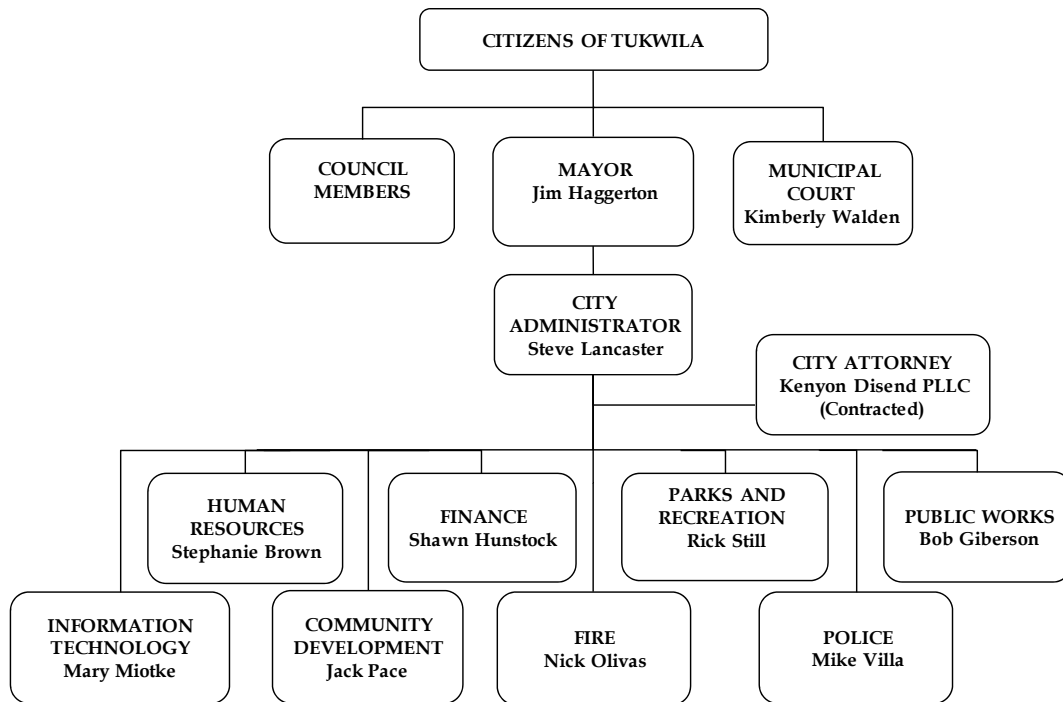
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ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

FINANCE AND SAFETY COMMITTEE

Kathy Hougardy, Chairperson
Joan Hernandez, Member
Dennis Robertson, Member

TRANSPORTATION

Joan Hernandez, Chairperson
Joe Duffie, Member
Verna Seal, Member

COMMUNITY AFFAIRS AND PARKS

Verna Seal, Chairperson
Joe Duffie, Member
De'Sean Quinn, Member

UTILITIES

De'Sean Quinn, Chairperson
Dennis Robertson, Member
Kathy Hougardy, Member





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Jim Haggerton, Mayor

June 30, 2011

Honorable Jim Haggerton, Mayor
Members of the Tukwila City Council
Citizens of Tukwila
City of Tukwila
6200 Southcenter Boulevard
Tukwila, Washington 98188-2599

Subject: **TRANSMITTAL OF 2010 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Dear Mayor, Council Members, and Citizens:

State law requires that cities publish financial statements in conformity with Generally Accepted Accounting Principles (GAAP), which are audited in accordance with generally accepted auditing standards by the State Auditor's Office, under the Revised Code of Washington (RCW) 43.09.230.

Therefore, we issue and transmit to you the City of Tukwila's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This transmittal letter provides an overview of the report and the financial condition of the City. It also provides insight into the history of the City and the economic conditions affecting it, and describes the systems and controls employed by the Finance department.

The Comprehensive Annual Financial Report has several significant uses. First, it provides a general overview of the City's finances to the general public and taxpayers. Second, it is referenced by bond buyers and rating agencies to evaluate the City's fiscal stability and creditworthiness. Finally, the CAFR is a series of financial statements that have been audited by the State Auditor's Office and provides assurances that assets are safeguarded and funds are expended as they were legally appropriated in the adopted budget.

I. INTRODUCTION

A. MANAGEMENT REPRESENTATION

The Tukwila Finance Department prepared the report and accepts responsibility for the accuracy, completeness, and fairness of presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that the data is presented in a manner that fairly sets forth the results of operations and financial position of the City as

measured by the financial activity of the City's various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The report has been prepared in conformance with GAAP and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

City management has developed and evaluated a comprehensive internal control structure that is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal controls should not exceed the benefits expected to be derived. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

As a recipient of federal, state and county financial assistance the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. Information related to this single audit includes the Schedule of Expenditures of Federal Awards, findings and recommendations, if applicable, and auditor's reports on internal control and compliance with applicable laws, regulations, contracts and agreements. The results of the City's annual single audit for the fiscal year ended December 31, 2010 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

B. ORGANIZATION OF THE REPORT

The report is divided into three sections: the Introductory Section, the Financial Section, and the Statistical Section. The Introductory Section contains the table of contents, a list of the City's principal officials, an organizational chart, this letter of transmittal, and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association of the United States and Canada (GFOA) for the 2009 CAFR. The Financial Section contains the Auditor's Report, completed by the Washington State Auditor, Management's Discussion and Analysis, Government-Wide Financial Statements, the Fund Financial Statements, Notes to the Financial Statements and Other Required Combining and Supplemental Information. The Statistical Section, which is unaudited, contains a range of statistical tables and charts that present various financial, economic, social, and demographic data about the City. This information depicts various trends that have affected the fiscal condition of the City over the last ten years.

C. REPORTING ENTITY

The City of Tukwila is a non-charter optional code City, operating under Section 35A of the Revised Code of Washington. It has a strong Mayor form of government with a seven-member City Council elected by the voters of the City. Council members are elected at large rather than by district, are responsible for establishing the general guidelines and policies for the City, and each serves a four-year term. The Mayor appoints the City Administrator as the City's chief administrative officer responsible for carrying out the policies and direction set by the Mayor and City Council.

The City of Tukwila provides a full range of local government services. These services include police and fire protection; emergency medical services; construction and maintenance of streets and traditional municipal infrastructure; planning and zoning; park and recreational activities; and cultural events. In addition, the City operates an equipment maintenance/rental fund. The City operates its own municipal 18-hole golf course. The City provides sewer, water, and surface water services. The City has a municipal court for traffic infractions, misdemeanors, and gross misdemeanors. Other jurisdictions provide jail services to the City. Tukwila residents receive library services from the King County Library System.

Incorporated in 1908, the City of Tukwila abuts the City of Seattle on the north, and is one mile east of Seattle-Tacoma International Airport. Tukwila has a small residential population of 19,107; however, the daytime shopper/visitor and working population can reach over 150,000 during the holiday shopping season.

II. ECONOMIC CONDITION

A. SUMMARY OF LOCAL ECONOMY

A diverse regional economy is led by The Boeing Company and other smaller manufacturing companies. The Puget Sound region is a major international trade gateway to the Far East. Also, high tech industries such as Microsoft have made their home in this region. This diversity has now become the strength of our economic well being.

Tukwila enjoys a strong position in the Puget Sound region as well as the State of Washington. Tukwila's location at the crossroads of the State's most significant freeway network (the I-5 and I-405 interchange) and planned multi-modal transit center and commuter light rail reinforces the well-established advantages of Tukwila as a business location. These major transportation systems and strategic access to Seattle, Tacoma, Sea-Tac Airport and the population base of the south Puget Sound region provide a natural setting for commercial and industrial activity.

Tukwila enjoys one of the largest sales tax bases in the State of Washington, with \$14.6 million in revenue for 2010. The total combined retail sales activity amounted to approximately \$1.7 billion in 2010. While this represents a significant decline in sales tax revenue and retail activity within Tukwila, as compared to 2007, the City has been aggressively adjusting its budget to meet the new revenue stream. The strength of the City's retail sales activity is the Westfield Southcenter Shopping Center and Parkway Plaza retail development, which combine to create one of the largest retail concentrations on the west coast. This strength has attracted new retail establishments to locate in Tukwila.

This diversified revenue base is further supported by an assessed valuation of \$4.81 billion as well as our above-mentioned sales tax base, and has allowed the City to pursue a long-term capital investment program.

The City is experiencing modest growth in overall development activities and in retail sales. Permitting activity increased from 1,382 permits issued in 2009 for a total value of \$59 million to 1,695 permits issued in 2010 for a total value of \$90 million. After significant declines in retail activity between 2007 and 2009, retail sales for 2010 leveled out and started a slow rebound in

the second half of 2010. The total retail sales activity of \$1.7 billion in 2010 was an increase of \$18.6 million over 2009. The trend of modest but consistent growth has continued into 2011.

B. FUTURE ECONOMIC OUTLOOK

Tukwila is in a continuous process of both short-term and long-term financial planning. Short-term financial planning is inherent in the development of the City's biennial budget. Concurrent with the biennial budget is the City's long-term capital needs and potential funding is assessed with the development of the six-year capital facility plan. The capital facility plan is a component of the Comprehensive Master Plan, which outlines how the City should look and function in twenty years and creates a vision that can be realistically implemented. An integral part of this vision is determining how to allocate the City's financial resources to achieve the desired goals.

The City annexed an area south of the urban center on December 31, 2009. The annexation included approximately 259 acres of mostly undeveloped land. The City also entered into a development agreement with the principle owner of property within the annexation area. The agreement calls for the development of approximately 512 acres, commonly known as Tukwila South, including the recently annexed 259 acres. The master plan for Tukwila South anticipates the creation of 25,000 jobs through the addition of 5 to 10 million square feet of office technology / flex-tech space, 1 to 2 million square feet of goods and services, and 700 to 1,900 units of housing. In addition, there will be significant investment in infrastructure within the development area, including the realignment and construction of Southcenter Parkway for approximately \$22.3 million in total costs. The developer has given the City a number of revenue guarantees related to Southcenter Parkway construction costs, and operations and maintenance costs within the development area. The revenue guarantees are secured by letters of credit held by an independent third party, as well as deeds of trust for certain properties within the development area. The term of the development agreement is 15 years, during which time there is expected to be a multi-million dollar investment in private and public facilities, increasing the long-term economic base of the City.

Outside of the development area, growth is predicted to continue but not at the rate experienced in the late 1990's and early 2000's. The challenge is to control costs that grow at a faster rate than revenue. Areas of concern are health care costs and public safety costs related to incarceration and labor contracts. Continuing to fund these sectors will draw valuable resources from other areas such as infrastructure replacement and capital programs. As Tukwila moves forward, economic conditions will be continually monitored and adjustments to City spending and services made to maintain the City's financial health. Long-term plans will be focused on ensuring the City continues to be an economically strong and viable City. Towards that end, the City adopted a contingency reserve policy in December 2009, which calls for the eventual establishment of two months of general fund operations in reserve. It is expected the reserve will be built up over a four to five year period beginning in 2011.

III. OTHER RELEVANT INFORMATION

A. INDEPENDENT AUDIT

State law requires an annual audit of all City books of accounts and financial records by the Office of the State Auditor, which is headed by an independently elected State official, the State Auditor. The Auditor has broad legal authority to inquire into all financial and legal compliance matters and such audits are considered equal to audits by certified public accounting firms. The 2010 financial audit of the City is complete and was conducted in conformance with Generally Accepted Auditing Standards. The financial statements of all City funds have been included in this audit. The City has been given an unqualified opinion for 2010. Please see the Auditor's Report. The State Auditor's Office also audits the City's administration of its federal grants under the single audit concept. There were no instances of questioned costs as part of the City's single audit for 2010.

B. MANAGEMENT DISCUSSION AND ANALYSIS

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Tukwila's MD&A can be found immediately following the independent auditor's report.

B. AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tukwila for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the 23rd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

C. ACKNOWLEDGMENTS

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and the cooperation of other City departments. Their long hours of assistance with the preparation and review of this report are greatly appreciated. The Mayor, City Administrator and City Council are to be complimented for their encouragement, interest, and support in conducting the financial operations of the City in a sound and progressive manner. The efficient assistance of examiners from the Office of the State Auditor is also appreciated. Staff who had a direct role in preparing Tukwila's 2010 Comprehensive Annual Financial Report take great pride in their work, and the entire team who worked on this project is to be commended.

Respectfully submitted,

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

Shawn Hunstock, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tukwila
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

June 30, 2011

Mayor and City Council
City of Tukwila
Tukwila, Washington

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 Tukwila, King County, Washington, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Arterial Street funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we will also issue our report dated June 30, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 13 through 28, pension trust fund information and information on postemployment benefits other than pensions on pages 93 through 94 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining financial statements and supplemental information on pages 96 through 123 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", is written over a horizontal line.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2010

The discussion and analysis of the City of Tukwila's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- Total net assets, the amount by which total assets exceed total liabilities, equal \$268.6 million. A total of 83 percent or \$221.8 million of total net assets is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net assets of \$46.7 million is available for debt service, capital projects, and to meet the government's ongoing activities and obligations.
- The government's net assets increased by \$30.8 million in 2010. Governmental activities provided a \$24.0 million increase and the increase for business-type activities accounted for the difference.
- As of the close of the current fiscal year, the City of Tukwila's governmental funds reported combined ending fund balances of \$28,762,832 an increase of \$5,013,305 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,739,140, or 13 percent of total general fund expenditures.
- The City of Tukwila's total debt increased by \$3,491,854 during the current fiscal year. The City incurred \$5.9 million in additional debt for arterial street construction and emergency response equipment purchases. This increase was offset by \$2.7 million in payments on existing debt.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Tukwila as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Overview of the Financial Statements

The City's basic financial statements are presented in three parts:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

Other supplementary information, in addition to the basic financial statements, is also contained in this report. This section of the Management's Discussion and Analysis is intended to introduce and explain the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the City. The focus of the *Statement of Net Assets* is designed to be similar to bottom-line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net assets may be one indicator of improvement or deterioration in the City's overall financial health.

The *Statement of Activities* is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show how much each function either supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed.

Governmental activities of the City include general government (executive, finance, legal, human resources, court), public safety, physical environment, economic environment, transportation, mental and physical health, and culture and recreation. The City's business-type activities include a water and sanitary sewer utility, surface water utility, and a municipal golf course. Governmental activities are primarily supported by taxes, charges for services, and grants while business-type activities are self-supporting through user fees and charges.

Fund Financial Statements

The Fund Financial Statements are the traditional reporting format for governments. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. While the government-wide statements present the City's finances based on the type of activity (general government vs. business type), the Fund Financial Statements are presented by fund type, such as the general fund, special revenue funds and proprietary funds, with the focus on major funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The governmental major fund presentation is used, utilizing the "sources and uses of resources" basis. This is the manner in which the budget is typically developed. The basis of accounting is different between the governmental fund statements and the government-wide financial statements. The governmental fund statements

focus on the near-term revenues/financial resources and expenditures while the government-wide financial statements include both near-term and long-term revenues/financial resources and expenditures. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions.

Because the basis of accounting is different between the governmental fund statements and the government-wide financial statements, reconciliations are provided. The reconciliation between the governmental fund Balance Sheets and the government-wide Statement of Net Assets is found on the bottom of the governmental funds' Balance Sheet, while the reconciliation between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities is found directly following the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance.

The City maintains eighteen individual governmental funds. Of these, three are considered major (the general fund, the arterial street fund, and the land acquisition recreation & park development fund) and are presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds". Individual fund data for each of the other governmental funds can be found in the combining statements later in this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. Budgetary comparison statements are presented for the general and arterial street funds within the financial statements. Other budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

Proprietary Funds

Proprietary funds are used by governments to account for their business-type activities and use the same basis of accounting as utilized in private industry. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services rendered.

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens, while internal service funds are used to account for goods and services provided internally to various City departments.

Enterprise funds report the same functions presented as business-type activities in the government-wide statements, but in greater detail. The City's enterprise fund statements provide information on the City's three utilities (water, sanitary sewer, surface water) as well as the City-owned golf course.

Internal service funds are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, and its insurance premiums. Internal service funds benefit both governmental and business-type activities, and are allocated accordingly in the government-wide statement of activities.

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. Fiduciary funds are not included in the government-wide financial statements because their assets are not available to support the City's activities.

The City has two fiduciary funds: a firemen's pension trust fund and an agency fund, which are accounted for on the accrual basis. As agency funds are custodial in nature, they do not include revenues and expenses.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of the Basic Financial Statements section.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning a schedule of funding progress for the Firemen's Pension Trust Fund and other post-employment benefits. Additional pension benefit information is found in Note 9.

The combining statements referred to earlier in connection with non-major governmental funds, nonmajor enterprise funds, and internal service funds are presented in the section titled "Combining and Individual Fund Financial Statements and Schedules".

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City of Tukwila, total assets exceeded liabilities by \$268,552,522 at December 31, 2010.

The largest portion of the City's net assets, \$221.8 million, or 83 percent, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Tukwila uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tukwila's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities:

CITY OF TUKWILA NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/10	As of 12/31/09	As of 12/31/10	As of 12/31/09	As of 12/31/10	As of 12/31/09
Current and other assets	\$ 53,165,106	\$ 46,194,349	\$ 12,166,042	\$ 12,551,672	\$ 65,331,148	\$ 58,746,021
Capital assets, net of accumulated depreciation	195,938,217	172,742,658	60,321,804	54,235,914	256,260,021	226,978,572
Total assets	249,103,323	218,937,007	72,487,846	66,787,586	321,591,169	285,724,593
Long-term liabilities	21,739,892	16,895,646	14,335,996	16,157,533	36,075,888	33,053,179
Other liabilities	15,158,923	13,802,779	1,803,836	1,151,784	16,962,759	14,954,563
Total liabilities	36,898,815	30,698,425	16,139,832	17,309,317	53,038,647	48,007,742
Net assets						
Invested in capital assets, net of related debt	177,078,793	155,847,012	44,759,489	38,052,488	221,838,282	193,899,500
Restricted	23,005,792	16,360,097	430,444	438,619	23,436,236	16,798,716
Unrestricted	12,119,923	16,031,473	11,158,081	10,987,162	23,278,004	27,018,635
Total net assets	\$ 212,204,508	\$ 188,238,582	\$ 56,348,014	\$ 49,478,269	\$ 268,552,522	\$ 237,716,851

The governmental unrestricted net assets comprise \$12.1 million. The general fund unrestricted net assets are available for functions such as public safety employee salaries and supplies, park and road maintenance, and other general government services. The unrestricted net assets of business-type activities, \$11.1 million, may only be spent on activities related to one of the three City utilities (water, sewer, and surface water) or to the golf course activities. Examples of utility activities include maintenance of water/sewer mains, pump and lift stations, storm drain flushing, and water meter reading.

Restricted governmental fund net assets are \$23.0 million and are subject to constitutional, legal or external restrictions for purposes such as capital project construction and debt service.

The \$7.0 million increase in current and other assets for governmental activities is comprised of a \$3.1 million increase in unrestricted and restricted cash, and a \$4.6 million increase in investments. The decrease of \$385,000 in current and other assets for business-type activities is comprised of a decrease of \$4.4 million in cash offset by an increase of \$4.0 million in investments.

Governmental capital assets increased by \$23.2 million due to capital outlays of \$11.5 million and developer contributions of \$15.1 million, offset by depreciation. Most of the developer contributions were in the form of road improvements, signal installation and right-of-way from the completion of Sound Transit's Link light rail.

The \$4.8 million increase in long-term liabilities for governmental activities is due to issuance of bonds for arterial street construction and the purchase of emergency response equipment, offset by principal payments on existing debt.

Business-type activity capital assets increased by \$6.1 million due to capital outlays of \$1.9 million and developer contributions of \$5.9 million, offset by depreciation. Most of the developer contributions were in the form of utility improvements from the completion of Sound Transit's Link light rail.

Changes in Net Assets

The change in net assets represents the increase or decrease in City net assets resulting from its various activities.

Following is a condensed version of the City's changes in net assets. The table shows the revenues, expenses and related changes in net assets for both governmental-type and business-type activities:

CITY OF TUKWILA CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues						
Charges for services	\$ 5,076,107	\$ 3,460,912	\$ 14,117,185	\$ 14,190,560	\$ 19,193,292	\$ 17,651,472
Operating grants and contributions	2,139,029	3,386,269	3,502	-	2,142,531	3,386,269
Capital grants and contributions	23,992,563	14,784,074	7,389,910	515,633	31,382,473	15,299,707
General revenues						
Property taxes	13,363,096	11,901,072	-	-	13,363,096	11,901,072
Sales taxes	14,669,328	14,588,297	329,527	327,999	14,998,855	14,916,296
Hotel/Motel taxes	458,092	489,806	-	-	458,092	489,806
Natural gas use tax	533,811	748,772	-	-	533,811	748,772
Utility taxes	5,600,683	5,577,583	-	-	5,600,683	5,577,583
Interfund utility taxes	1,497,782	1,813,277	-	-	1,497,782	1,813,277
Business taxes	2,707,792	3,196,178	-	-	2,707,792	3,196,178
Excise taxes	507,798	367,198	-	-	507,798	367,198
State entitlements	1,951,936	2,233,445	-	-	1,951,936	2,233,445
Investment earnings	108,929	246,287	85,942	106,032	194,871	352,319
Miscellaneous	-	-	97,541	-	97,541	-
Gain/(loss) on sale of capital assets	-	980,267	-	(264,093)	-	716,174
Total revenues	72,606,946	63,773,437	22,023,607	14,876,131	94,630,553	78,649,568
Expenses:						
General government	7,052,717	6,689,659	-	-	7,052,717	6,689,659
Public safety	26,088,644	26,959,352	-	-	26,088,644	26,959,352
Physical environment	2,533,394	2,575,405	-	-	2,533,394	2,575,405
Transportation	6,015,197	5,541,367	-	-	6,015,197	5,541,367
Economic environment	4,579,338	4,637,531	-	-	4,579,338	4,637,531
Mental and physical health	4,539	4,332	-	-	4,539	4,332
Culture and recreation	4,756,676	4,914,256	-	-	4,756,676	4,914,256
Interest on long-term debt	1,061,419	753,904	-	-	1,061,419	753,904
Water/sewer	-	-	9,343,368	9,293,434	9,343,368	9,293,434
Foster golf course	-	-	1,935,014	2,050,172	1,935,014	2,050,172
Surface water	-	-	2,476,170	2,299,394	2,476,170	2,299,394
Total expenses	52,091,924	52,075,806	13,754,552	13,643,000	65,846,476	65,718,806
Increase in net assets before transfers	20,515,022	11,697,631	8,269,055	1,233,131	28,784,077	12,930,762
Transfers	1,399,310	1,601,200	(1,399,310)	(1,601,200)	-	-
Change in net assets	21,914,332	13,298,831	6,869,745	(368,069)	28,784,077	12,930,762
Net assets-beginning of period	190,290,176	174,939,751	49,478,269	49,846,338	239,768,445	224,786,089
Net assets-end of period	\$ 212,204,508	\$ 188,238,582	\$ 56,348,014	\$ 49,478,269	\$ 268,552,522	\$ 237,716,851

Governmental activities contributed \$21.9 million to the total increase in City net assets. Revenues to fund capital assets are recorded as program or general revenues in the statement of activities. However, asset purchases are not recorded as expenses in the year purchased and construction costs are not recorded as expenses in the year incurred. Instead, the costs are recorded as long-term assets and are depreciated over their useful life. Beginning net assets in 2010 above for governmental activities includes an adjustment of \$2.1 million for capital assets that were previously expensed when the costs were incurred.

Revenues from governmental activities increased \$8.8 million from 2009 activity. The components and explanation of this increase follows.

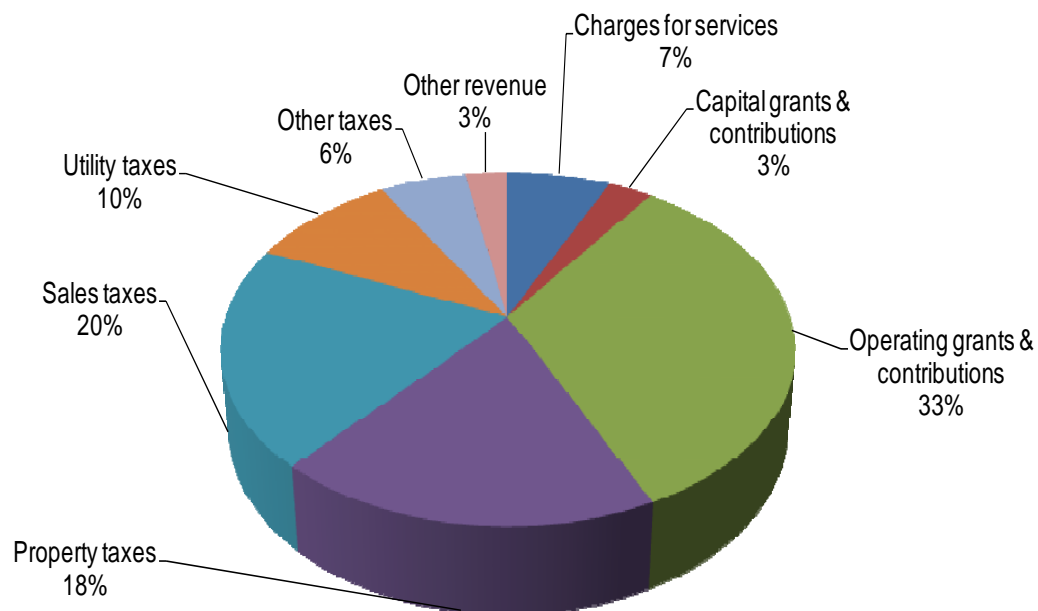
- Property tax collections increased by \$1.4 million, or 12%. The increase is the result of higher than expected amounts for the value of new construction, thereby increasing the City's assessed valuation.
- Capital grants and contributions increased \$9.2 million primarily due to developer contributions from the completion of Sound Transit's Link light rail.

- Business taxes decreased by \$488,000 due to an overall decline in gambling taxes and the closure of one of the City's four social card rooms.
- Gain on sale of capital assets decreased by \$980,000 due to very little sale of capital assets in 2010 for governmental-type activities.

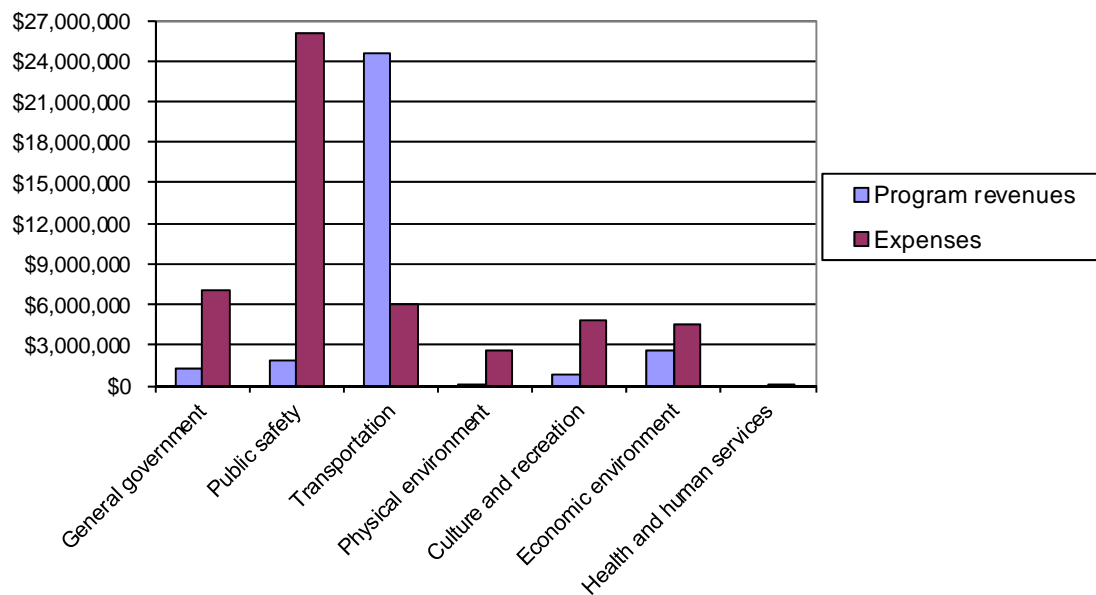
Governmental activity expenses increased by only \$16,000. Public safety expenses decreased by \$871,000, or 3.2%, general government expenses increased by \$364,000, or 5.4%, and interest expense on long-term debt increased by \$307,000, or 40.8%. The minimal overall increase in expenses is due to expenditure cuts, a hiring freeze and other cost containment measures taken by the City Council and the Mayor in an effort to reduce any potential deficit related to a downturn in the economy.

The next chart summarizes the governmental activity revenue by source, while the second one reflects the specific programs' revenues and related expenses for the various activities of the City. Gaps between specific programs' revenues and their related expenses are funded through general tax revenues.

Revenues by Source – Governmental Activities



Program Revenues and Expenses - Governmental Activities

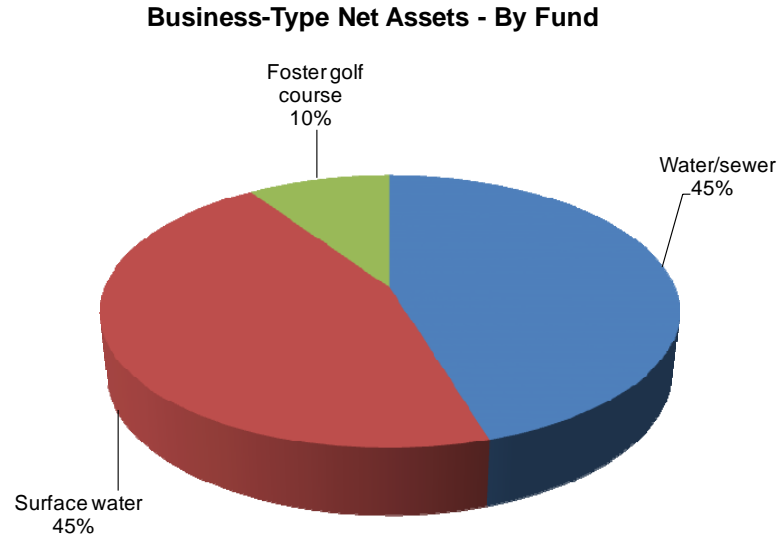


Business-type net assets increased by \$6.9 million during 2010. Key components of this increase include:

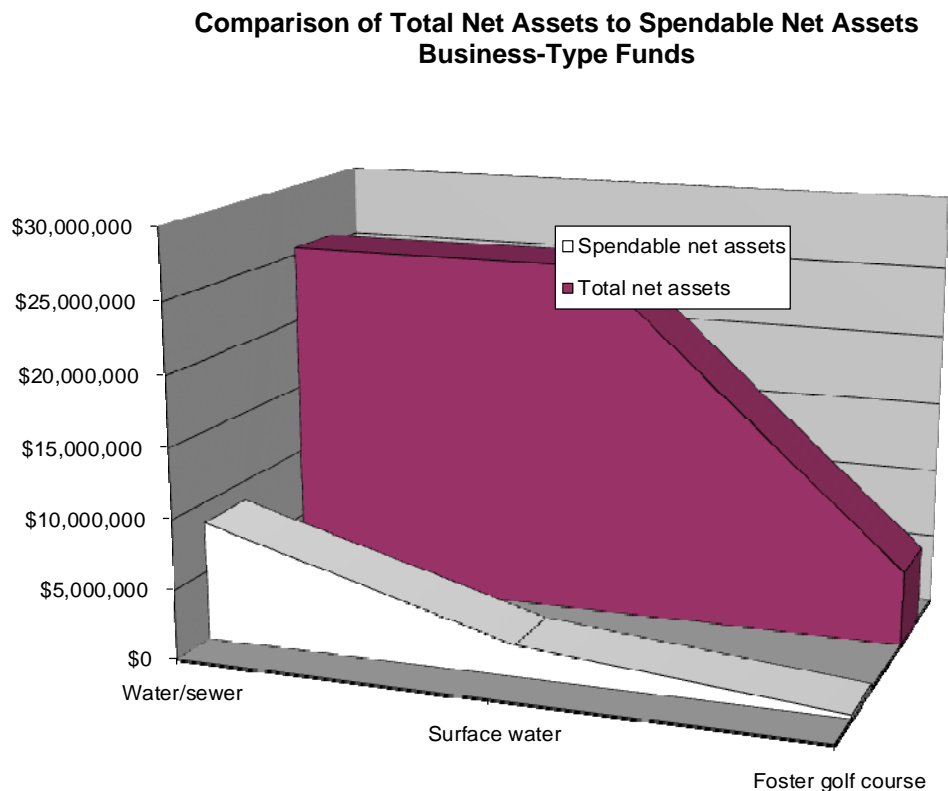
- \$6,874,277 increase in capital grants and contributions primarily due to developer contributions from utility improvements related to completion of Sound Transit's Link light rail.
- \$1,399,310 net transfer out from the business-type activity funds.
- Income before capital contributions and transfers amounted to:

○ Water/sewer fund:	\$ 393,108
○ Foster golf course fund:	(178,947)
○ Surface water fund:	664,984
	<u>\$ 879,145</u>

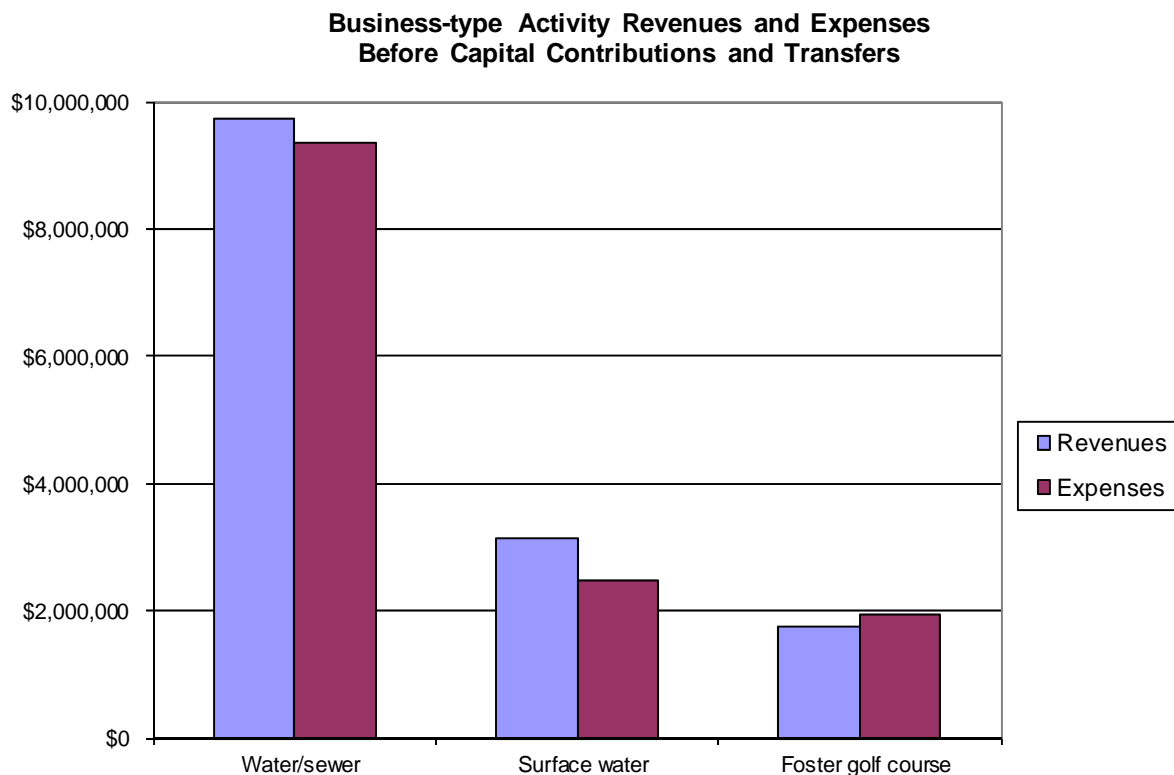
The following chart shows the relative net asset balances for each business-type fund:



The majority of net assets in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net assets are not available to support the ongoing expenses of the funds. The following chart contrasts the total net assets to the spendable portion of net assets for each enterprise fund:



The following chart depicts the revenues and expenses for business-type funds:



Financial Analysis of Governmental Funds

The purpose of the City's governmental funds is to report on near-term revenues/financial resources and expenditures. This information helps determine the City's financial requirements in the near future. Specifically, fund balance is a good indicator of the City's financial resources.

As of December 31, 2010, the City's governmental funds had combined fund balances of \$28,762,832 an increase of \$5,013,304 or 21.1%. This increase is related to:

- General fund (\$1,632,391)
- Arterial street fund \$5,232,635
- Land Acq., Rec & Park Development \$105,167
- Other governmental funds \$1,307,893

Of the governmental funds' total fund balances, \$28,744,932 is unreserved. Of this unreserved total, \$8,541,195 is earmarked for capital projects, \$14,461,546 is in special revenue funds and is earmarked for specific purposes, and \$3,051 is in debt service funds dedicated for debt repayment.

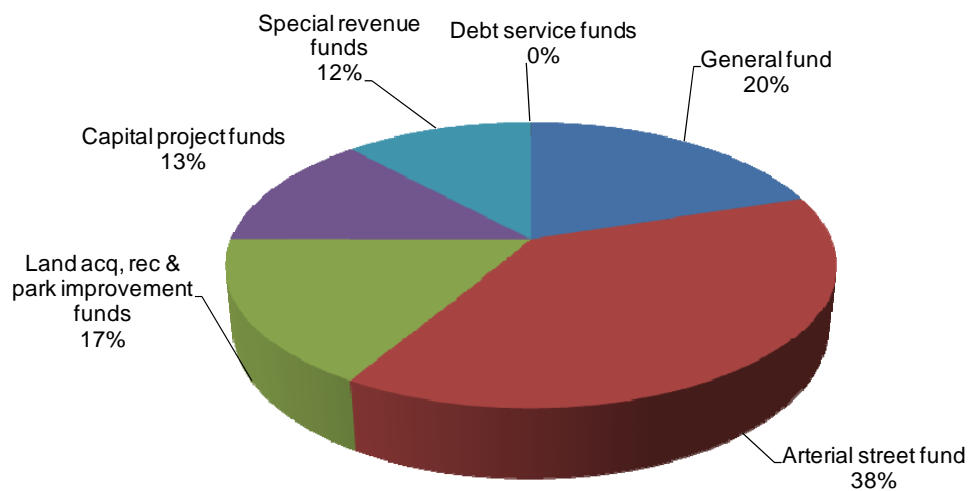
The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through it unless they are required to be accounted for in another fund. At the end of 2010, the general fund had a fund balance of \$5,757,040, of which substantially all is unreserved.

Other funds that had significant fund balances include:

- \$11,053,410 in the arterial street special revenue fund; used for various transportation improvement projects.
- \$4,773,512 in the land acquisition, recreation and park development fund; used for acquisition, development and construction of park facilities.
- \$2,058,647 in the facility replacement fund; used for the replacement of existing general government facilities.

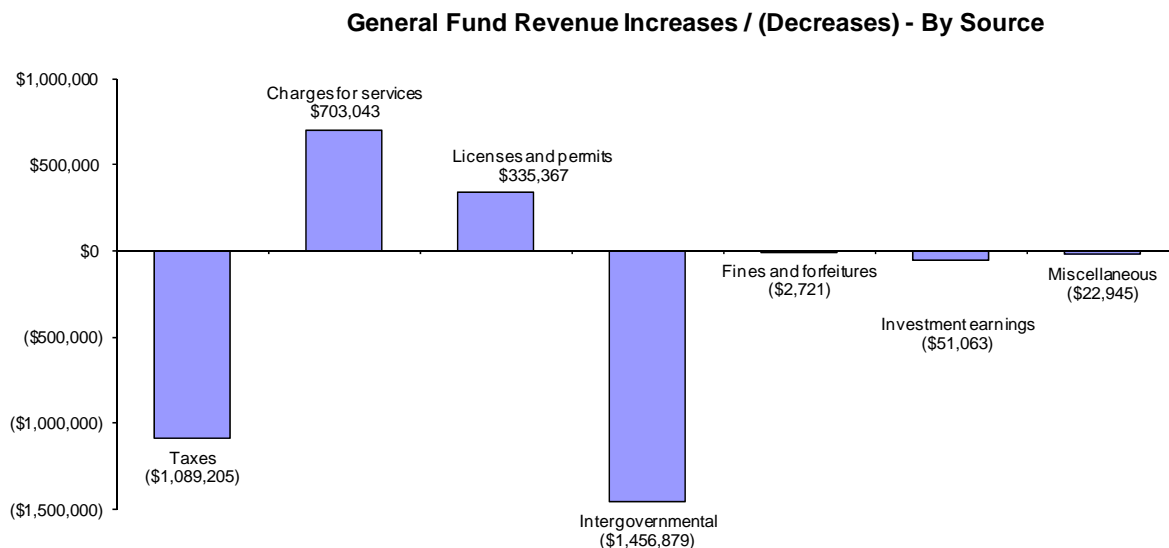
The following chart shows the relative fund balances for governmental funds:

Governmental Funds – Fund Balances



The \$1,632,391 decrease in the general fund balance results from revenue of \$40,804,019, expenses of \$44,642,741, transfers into the fund of \$2,461,806 and transfers out of \$255,475. In comparison with 2009, revenue decreased by \$1.6 million, expenditures decreased by \$1.4 million, transfers out decreased by \$453,959 and transfers in decreased by \$694,494.

The general fund revenue decrease of \$1,584,403 came from the following sources:



The increase of \$5,232,635 in the arterial street fund is due primarily to unspent bond proceeds intended for the construction of an arterial street in the recently annexed area. Other street improvement projects, such as Tukwila International Boulevard Phase 2 and 3, contributed to arterial street expenditures.

Financial Analysis of Proprietary Funds

The City's proprietary funds provide the same type of information as found in the government-wide financial statements, but in greater detail. Factors affecting the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City budgets biennially by adopting a budget at the end of the preceding biennium, and then making adjustments as necessary via budget amendments throughout the next two years. Following is a summary of such budget amendments:

• Increase in interfund utility tax revenue	\$ 1,358,000
• Increase in intergovernmental revenue for COPS hiring grant	265,072
• Increase in property tax revenue	393,000
• Increase in business license revenue	32,000
• Increase in Arts Commission grant revenue	9,000
• Three percent overall budget reduction	(1,505,162)
• Additional funding for Arts Commission purchases	9,000
• Additional funding for fuel purchases	262,435
• Funding for building abatement program	35,000
• Reduction in funding for retirement plan contributions	(345,025)
• Reduction in funding for health insurance premium contributions	(509,567)
• Additional funding for Howard Hanson Dam flood prevention	858,000
• Funding for COPS grant program expenses	553,557
• Additional funding for audit costs, software licensing and claims and judgments	393,000

• Additional funding for special matters in Legal Department	115,000
• Additional funding for public defender expenses	25,000
• Additional funding in Fire Department for hydrant rentals	6,960
• Additional funding in Fire Department for equipment maintenance and operations	85,000
• Additional funding in Parks Maintenance for surface water management fees	25,000
• Funding for Laserfiche Agenda Manager in Clerk's Office	10,500

Reasons for the significant variances in the general fund between the final budget and actual results include:

- Sales tax revenue was \$4,727,636 less than budgeted. This reflects the effect of the recession experienced nation-wide beginning in 2008.
- Building permit revenue was \$560,737 less than budgeted. The original budget for 2010 was adopted at a time, in 2008, when permitting activity was high and expected to continue at that level. Permitting activity decreased significantly throughout 2009-2010 but showed significant signs of recovery in the latter half of 2010.
- Streamlined sales tax mitigation of \$1,239,127 was received in 2010. This revenue source was not included when the 2009-2010 biennial budget was adopted, and as such caused a significant positive budget variance.
- The budget for investment income was not adjusted during the 2009-2010 biennium to reflect the current market rates of interest. The budget for 2010 was \$505,000 but actual earnings were \$67,650, resulting in a significant negative variance.
- As a result of substantial efforts on the part of the City Council, the Mayor and City Administration, all departments in the City were charged with reducing their overall level of spending. This resulted in nearly all departments ending 2010 with a significant positive variance between budgeted expenditures and actual expenditures. For instance, there was a \$979,557 positive variance for Public Safety, \$592,906 positive variance for Physical Environment, and \$466,943 positive variance for Economic Environment. Overall departmental expenditures in the General Fund were \$3,089,350 less than the amended budget.

The efforts of every department to save money where they could meant the City was able to absorb a negative variance in budgeted revenue of \$4,536,955 with a reduction in ending fund balance of only \$1,632,391.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2010 totaled \$256.2 million (net of accumulated depreciation), an increase of \$29.3 million, or 12.9%, from 2009. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and other infrastructure.

Major capital asset changes during the year include:

- Developer contributions of over \$21.1 million, the majority of which were from completion of Sound Transit's Link light rail and related utility and infrastructure improvements.
- Tukwila International Boulevard Phase II project amounted to \$2.7 million.

- Tukwila International Boulevard Phase III project amounted to \$2.5 million.
- Southcenter Parkway and S 180th St arterial street construction amounted to \$3.6 million.

A summary of the City's net assets follows:

SUMMARY OF CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/10	As of 12/31/09	As of 12/31/10	As of 12/31/09	As of 12/31/10	As of 12/31/09
Land	\$ 39,472,061	\$ 39,352,086	\$ 2,214,118	\$ 1,907,416	\$ 41,686,179	\$ 41,259,502
Buildings	14,718,746	15,293,399	8,709,277	8,717,717	23,428,023	24,011,116
Other Improvements	4,983,563	4,674,630	45,634,422	40,349,296	50,617,985	45,023,925
Machinery and Equipment	6,175,182	6,550,878	809,984	931,147	6,985,166	7,482,026
Infrastructure	97,249,360	85,548,855	-	-	97,249,360	85,548,855
Intangible Assets	208,021	-	-	-	208,021	-
Construction in Progress	33,131,284	21,322,810	2,893,683	2,267,865	36,024,967	23,590,675
Total	\$195,938,217	\$172,742,658	\$ 60,261,484	\$ 54,173,441	\$256,199,701	\$226,916,098

More detailed information on capital assets is provided in note 7.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$26,455,000. Of this amount, \$22,060,000 is general obligation bonds, and \$4,395,000 is revenue bonds for the water/sewer and surface water utilities. The City currently maintains a rating of Aa3 with Moody's and AA- with Fitch's Investor Service for its general obligation debt.

The following schedule summarizes the City's bonded debt:

SUMMARY OF BONDED DEBT

	Governmental Activities		Business-type Activities		Total	
	As of 12/31/10	As of 12/31/09	As of 12/31/10	As of 12/31/09	As of 12/31/10	As of 12/31/09
General obligation bonds	\$ 18,821,175	\$ 14,301,203	\$ 3,238,825	\$ 3,423,797	\$ 22,060,000	\$ 17,725,000
Revenue bonds	-	-	4,395,000	4,790,000	4,395,000	4,790,000
	\$ 18,821,175	\$ 14,301,203	\$ 7,633,825	\$ 8,213,797	\$ 26,455,000	\$ 22,515,000

Below is a summary of additional, non-bonded long-term debt of the City:

Other Long-term Debt

Public Works Trust Fund loans	\$ 7,788,843
Employee leave benefits	3,115,607
Due to other governments	7,942,800
Capital lease payable	40,184
	\$ 18,887,434

More detailed information on long-term debt is provided in note 11.

Economic Factors

The outlook for 2011 is positive despite the recession that the region and nation are currently experiencing. The City of Tukwila has a small residential population, yet the City works hard to serve the regional economy and has become an economic powerhouse providing jobs and revenue for the region and State. Several major pending developments will have significant positive impacts on the future of Tukwila's economy:

- **Tukwila South** -- In 2009, the City executed development agreements and completed annexation of 259 acres as part of the 500 acre Tukwila South development. The annexation added \$29.7 million in assessed value to the City of Tukwila and the entire project could add up to 10 million square feet of new development valued at up to \$3 billion. Construction on a major arterial street improvement project began in 2010. Total arterial street construction costs are projected to be approximately \$22.3 million.
- **Sound Transit Light Rail Station** -- In 2009, Sound Transit opened a newly constructed light rail station in Tukwila valued at over \$30 million. As a public project, the facility is exempt from property taxes; however, it may encourage new development and redevelopment in the surrounding neighborhood.
- **Tukwila Village** - In 2010 the City Council took action in support of the King County Library System constructing a 10,000 square foot new library building as part of the City's proposed six acre Tukwila Village development. It is anticipated that in 2011 the City will reach an agreement with the Library System or a developer to design and construct the building in 2012 and 2013.
- **Bow Lake Transfer Station** -- King County is constructing a new facility to replace the existing Bow Lake Waste and Recycling Transfer Station. The \$25 million project started construction in 2009 and is scheduled to be completed in 2012. This project generates development fees but as a public project it will not increase property taxes for the City of Tukwila.
- **Major Tenant Improvements** – The largest new tenant improvements were completed for Ashley Furniture retail store, Seafood City Market, Internap Network Services build-out, and K & G Fashion Superstore totaling over \$6 million.
- **Largest Renovations** – The largest renovations were completed for the Courtyard by Marriott lobby, retaining walls for the Bow Lake Transfer Station, and renovations at the Jorgensen Forge facility totaling over \$2.7 million
- **Largest Equipment Installations** – The largest equipment installations completed were for generators and computer communication equipment totaling approximately \$5.6 million.

Requests for Information

This financial report is designed to provide a general overview of the City of Tukwila's finances for readers with an interest in the City's finances. Questions concerning this report, or requests for additional information, may be addressed to the Finance Director, City of Tukwila, 6200 Southcenter Blvd, Tukwila, WA 98188-2544.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City presents two government-wide financial statements:

The Statement of Net Assets provides information on all City assets and liabilities, with the difference between the two reported as net assets.

The Statement of Activities is focused on both the gross and net cost of various functions, including both governmental and business-type activities, which are supported by the City's general tax and other revenues.



CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET ASSETS
 DECEMBER 31, 2010

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
CASH AND CASH EQUIVALENTS (Note 3)	\$ 17,596,286	\$ 4,062,883	\$ 21,659,169
INVESTMENTS (Note 3)	12,617,547	5,286,243	17,903,790
RECEIVABLES:			
TAXES (Note 4)	3,901,592	69,891	3,971,483
CUSTOMER ACCOUNTS	674,174	930,470	1,604,644
INTEREST ON INVESTMENTS	7,778	-	7,778
DUE FROM OTHER GOVERNMENTAL UNITS (Note 4)	2,028,094	109,502	2,137,596
INVENTORY OF MATERIALS AND SUPPLIES	570,236	593,140	1,163,376
NET PENSION ASSET (Note 9)	284,998	-	284,998
INVESTMENT IN JOINT VENTURES (Note 8)	9,984,395	-	9,984,395
RESTRICTED ASSETS:			
CASH AND CASH EQUIVALENTS (Note 3)	5,486,807	490,678	5,977,485
NOTES RECEIVABLE	-	495,278	495,278
DEFERRED CHARGES	13,199	127,957	141,156
NON-DEPRECIABLE CAPITAL ASSETS (Note 7)	72,603,345	5,107,801	77,711,146
DEPRECIABLE CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION): (Note 7)	123,334,872	55,153,682	178,488,554
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	-	60,321	60,321
TOTAL ASSETS	249,103,323	72,487,846	321,591,169
LIABILITIES:			
ACCOUNTS PAYABLE	496,230	96,613	592,843
ACCRUED WAGES AND BENEFITS PAYABLE	1,311,956	323,390	1,635,346
DUE TO OTHER GOVERNMENTAL UNITS	7,942,800	609,186	8,551,986
ACCRUED INTEREST PAYABLE	404,654	85,573	490,227
REVENUES COLLECTED IN ADVANCE	347,481	-	347,481
OTHER CURRENT LIABILITIES	1,424,351	-	1,424,351
PAYABLE FROM RESTRICTED ASSETS:			
REVENUE BOND PRINCIPAL (Note 11)	-	607,226	607,226
DEPOSITS	500	59,609	60,109
UNEARNED REVENUE	416,009	22,239	438,248
BONDS AND OTHER DEBT PAYABLE:			
DUE WITHIN ONE YEAR (Note 11)	4,164,109	224,908	4,389,017
DUE IN MORE THAN ONE YEAR (Note 11)	17,575,783	14,111,088	31,686,871
UNFUNDED OTHER POST EMPLOYMENT BENEFITS (Note 10)	2,814,942	-	2,814,942
TOTAL LIABILITIES	36,898,815	16,139,832	53,038,647
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	177,078,793	44,759,489	221,838,282
RESTRICTED NET ASSETS:			
CAPITAL PROJECTS	8,541,195	-	8,541,195
SPECIAL REVENUE FUND PROJECTS	14,461,546	-	14,461,546
DEBT SERVICE	3,051	430,444	433,495
UNRESTRICTED NET ASSETS	12,119,923	11,158,081	23,278,004
TOTAL NET ASSETS	\$ 212,204,508	\$ 56,348,014	\$ 268,552,522

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

Page 1 of 2

		PROGRAM REVENUES		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
FUNCTIONS / PROGRAMS:				
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
GENERAL GOVERNMENT	\$ 7,052,717	\$ 1,080,801	\$ 182,338	\$ -
PUBLIC SAFETY	26,088,644	819,043	1,022,001	54,756
TRANSPORTATION	6,015,197	571,110	103,111	23,899,979
PHYSICAL ENVIRONMENT	2,533,394	6,200	28,751	-
CULTURE AND RECREATION	4,756,676	811,679	21,496	37,828
ECONOMIC ENVIRONMENT	4,579,338	1,787,274	781,332	-
MENTAL AND PHYSICAL HEALTH	4,539	-	-	-
INTEREST ON LONG-TERM DEBT	1,061,419	-	-	-
	52,091,924	5,076,107	2,139,029	23,992,563
BUSINESS-TYPE ACTIVITIES:				
WATER/SEWER	9,343,368	9,665,095	635	1,336,689
SURFACE WATER	2,476,170	3,029,630	-	6,053,221
FOSTER GOLF COURSE	1,935,014	1,425,327	-	-
	13,754,552	14,120,052	635	7,389,910
TOTAL PRIMARY GOVERNMENT	\$ 65,846,476	\$ 19,196,159	\$ 2,139,664	\$ 31,382,473
GENERAL REVENUES:				
TAXES				
PROPERTY TAXES				
RETAIL SALES AND USE TAXES				
NATURAL GAS USE TAX				
HOTEL/MOTEL TAXES				
UTILITY TAXES				
INTERFUND UTILITY TAXES				
BUSINESS TAXES				
EXCISE TAXES				
STATE ENTITLEMENTS				
UNRESTRICTED INVESTMENT EARNINGS				
MISCELLANEOUS				
TRANSFERS (Note 5)				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

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

Page 2 of 2

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (5,789,578)	\$ -	\$ (5,789,578)
(24,192,844)	-	(24,192,844)
18,559,003	-	18,559,003
(2,498,443)	-	(2,498,443)
(3,885,673)	-	(3,885,673)
(2,010,732)	-	(2,010,732)
(4,539)	-	(4,539)
(1,061,419)	-	(1,061,419)
(20,884,225)	-	(20,884,225)
-	1,659,051	1,659,051
-	6,606,681	6,606,681
-	(509,687)	(509,687)
-	7,756,045	7,756,045
\$ (20,884,225)	\$ 7,756,045	\$ (13,128,180)
\$ 13,363,096	\$ -	\$ 13,363,096
14,669,328	329,527	14,998,855
533,811	-	533,811
458,092	-	458,092
5,600,683	-	5,600,683
1,497,782	-	1,497,782
2,707,792	-	2,707,792
507,798	-	507,798
1,951,936	-	1,951,936
108,929	85,942	194,871
-	97,541	97,541
1,399,310	(1,399,310)	-
42,798,557	(886,300)	41,912,257
21,914,332	6,869,745	28,784,077
190,290,176	49,478,269	239,768,445
\$ 212,204,508	\$ 56,348,014	\$ 268,552,522

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

MAJOR GOVERNMENTAL FUNDS

General Fund

The general fund accounts for all of the City's financial resources except those required by statute or generally accepted accounting principles to be accounted for in another fund. As is the case with most municipalities, the general fund is the largest and most important accounting entity of the City. As noted in the statements that follow, the general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.

The general fund is accounted for on a modified accrual basis. Biennial budgets are adopted with appropriations lapsing at the end of each year of the biennium.

Arterial Street Fund

This fund is supported by the State's one-half cent gas tax and is used for major street construction.

Land Acquisition, Recreation and Park Development Fund

This fund is to be used for the acquisition of land, development of land, and construction of park facilities. Street, Utility, Golf Course improvements, or general government facilities improvements are not included in this fund.

CITY OF TUKWILA, WASHINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
 DECEMBER 31, 2010

	GENERAL FUND	ARTERIAL STREET	LAND ACQ. REC & PARK DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 2,375,636	\$ 74,290	\$ 2,728,193	\$ 5,406,527	\$ 10,584,646
INVESTMENTS	1,121,115	5,410,868	2,043,433	393,284	8,968,700
RECEIVABLES:					
TAXES	3,345,902	460,076	48,915	46,697	3,901,590
CUSTOMER ACCOUNTS	642,061	-	-	-	642,061
INTEREST ON INVESTMENTS	-	2,342	-	-	2,342
DUE FROM OTHER GOVERNMENTAL UNITS	516,506	1,117,326	135,553	258,708	2,028,093
DEFERRED CHARGES	13,199	-	-	-	13,199
RESTRICTED ASSETS:					
CASH AND CASH EQUIVALENTS	-	4,335,157	-	1,151,650	5,486,807
TOTAL ASSETS	\$ 8,014,419	\$ 11,400,059	\$ 4,956,094	\$ 7,256,866	\$ 31,627,438
LIABILITIES AND FUND BALANCES:					
ACCOUNTS PAYABLE	\$ 149,281	\$ 343,565	\$ 3,108	\$ 277	\$ 496,231
ACCRUED WAGES & BENEFITS	1,273,874	3,084	223	18,628	1,295,809
REVENUE COLLECTED IN ADVANCE	371,207	-	-	-	371,207
OTHER CURRENT LIABILITIES	190,906	-	500	-	191,406
DEFERRED REVENUE	272,111	-	178,751	59,091	509,953
TOTAL LIABILITIES	2,257,379	346,649	182,582	77,996	2,864,606
FUND BALANCES:					
RESERVED FOR:					
IMPREST FUNDS	17,900	-	-	-	17,900
UNRESERVED, REPORTED IN:					
GENERAL FUND	5,739,140	-	-	-	5,739,140
SPECIAL REVENUE FUNDS	-	11,053,410	-	3,408,136	14,461,546
CAPITAL PROJECT FUNDS	-	-	4,773,512	3,767,683	8,541,195
DEBT SERVICE FUNDS	-	-	-	3,051	3,051
TOTAL FUND BALANCES	5,757,040	11,053,410	4,773,512	7,178,870	28,762,832
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,014,419	\$ 11,400,059	\$ 4,956,094	\$ 7,256,866	\$ 31,627,438
Total governmental fund balances as reported on this statement					\$ 28,762,832
Amounts reported for governmental activities in the statement of net assets are different because:					
The purchases method is used in Governmental Funds to account for Materials and Supplies - Inventory amount outstanding.					556,701
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.					
Non-Depreciable Assets				\$ 72,603,345	
Depreciable Assets (Net)				123,334,872	
					195,938,217
The net pension asset resulting from contributions in excess of the annual required contribution are not financial resources and therefore is not reported in the funds.					284,998
The City has an equity interest in two joint ventures. This equity interest for the provision of governmental services is not a current financial resource and therefore is not reported in the funds.					9,984,395
Deferred revenue reported for property taxes that are current and prior year tax levies that were not collected and available to pay current year liabilities applicable to beginning net assets and current year revenues.					117,671
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.					
Long Term Liabilities Due Within One Year				(4,164,109.00)	
Long Term Liabilities Due in More Than One Year				(17,575,783)	
Due to Other Governmental Units				(7,942,800)	
Unfunded Other Post Employment Benefits				(2,814,942)	
Accrued Interest Payable				(404,654)	
					(32,902,288)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets. Capital assets of \$2,750,092 are included in the capital asset adjustment above.					9,461,982
Net assets of government activities as reported on the statement of net assets					\$ 212,204,508

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	GENERAL FUND	ARTERIAL STREET	LAND ACQ. REC & PARK DEVELOPMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
TAXES	\$ 31,738,736	\$ 2,313,043	\$ 340,941	\$ 2,875,198	\$ 37,267,918
LICENSES AND PERMITS	1,618,830	-	-	-	1,618,830
INTERGOVERNMENTAL	4,475,936	8,829,937	-	1,219,999	14,525,872
CHARGES FOR SERVICES	2,115,614	-	108,177	142,383	2,366,174
FINES AND FORFEITURES	227,552	-	-	162,527	390,079
INVESTMENT EARNINGS	67,650	10,357	37,828	28,423	144,258
MISCELLANEOUS	464,817	404,160	5,422	16,908	891,307
TOTAL REVENUES	40,709,135	11,557,497	492,368	4,445,438	57,204,438
EXPENDITURES:					
CURRENT:					
GENERAL GOVERNMENT	8,343,154	-	-	44,163	8,387,317
PUBLIC SAFETY	24,668,456	-	-	7,914	24,676,370
PHYSICAL ENVIRONMENT	1,601,680	-	-	122,467	1,724,147
TRANSPORTATION	2,306,503	25,675	-	-	2,332,178
ECONOMIC ENVIRONMENT	3,239,030	-	-	1,302,815	4,541,845
MENTAL AND PHYSICAL HEALTH	4,539	-	-	-	4,539
CULTURE AND RECREATION	4,148,875	-	14,628	-	4,163,503
DEBT SERVICE:					
PRINCIPAL	-	-	-	1,555,028	1,555,028
INTEREST AND OTHER COSTS	-	56,933	-	792,215	849,148
CAPITAL OUTLAY	330,504	10,024,815	312,127	846,530	11,513,976
TOTAL EXPENDITURES	44,642,741	10,107,423	326,755	4,671,132	59,748,051
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES	(3,933,606)	1,450,074	165,613	(225,694)	(2,543,613)
OTHER FINANCING SOURCES (USES):					
PROCEEDS FROM CAPITAL LEASE	94,576	7,530	-	8,403	110,509
SALES OF CAPITAL ASSETS	308	27,000	-	-	27,308
TRANSFERS IN (Note 5)	2,461,806	-	-	-	2,461,806
TRANSFERS OUT (Note 5)	(255,475)	(639,936)	(60,446)	(65,000)	(1,020,857)
GENERAL OBLIGATION BONDS ISSUED	-	4,305,703	-	2,629,297	6,935,000
PREMIUM ON GENERAL OBLIGATION DEBT	-	82,264	-	29,887	112,151
PAYMENT TO REFUNDED BOND ESCROW AGENT	-	-	-	(1,069,000)	(1,069,000)
TOTAL OTHER FINANCING SOURCES AND USES	2,301,215	3,782,561	(60,446)	1,533,587	7,556,917
NET CHANGE IN FUND BALANCES	(1,632,391)	5,232,635	105,167	1,307,893	5,013,304
FUND BALANCES - BEGINNING	7,389,431	5,820,775	4,668,345	5,870,977	23,749,528
FUND BALANCES - ENDING	\$ 5,757,040	\$ 11,053,410	\$ 4,773,512	\$ 7,178,870	\$ 28,762,832

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

CITY OF TUKWILA, WASHINGTON
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**
 FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 5,013,304

Amount reported as change in net assets in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital Outlay	\$ 11,513,976	
Developer Contributions	15,253,811	
Depreciation Expense	(5,176,584)	
Excess of Capital Outlay and Donations Over Depreciation Expense		21,591,203

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (51,008)

The net pension asset (negative net pension obligation) amortization amount is not a financial resource and therefore not reported in the funds. 26,234

The City has equity interests in two joint ventures. The equity interests for the provision of governmental services are not current financial resources and therefore are not reported in the funds. 54,756

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond Principal Retirement		1,555,028
Proceeds from Capital Lease	(110,509)	
Amortization Expense	70,325	
		(40,184)

Issuance of long-term debt is reported as revenue in governmental funds, but the issuance increases long-term liabilities in the statement of net assets.

Proceeds from Issuance of Bonds	(5,870,000)	
Premium from bond issuance	(112,151)	
		(5,982,151)

Issuance of long-term debt is reported as revenue in governmental funds, but the issuance increases long-term liabilities in the statement of net assets.

Proceeds from Issuance of Bonds for Refunding	(1,065,000)	
Payment to Refunded Bond Escrow Agent	1,069,000	
		4,000

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 1,116,347

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the government funds. Deferred revenues decreased by this amount this year. 93,944

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

These activities consist of:

Increase in Accrued Interest	(369,769)	
Increase in Compensated Absences	(258,748)	
Increase in Unfunded Other Post Employment Benefits	(996,122)	
Amortization of Bond Discount and Deferred Charges	77,617	
Amortization of Bond Premiums	79,881	
Total Additional Expense (Increase) Decrease		(1,467,141)

Change in net assets on the Statement of Activities	<u>\$ 21,914,332</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 34,412,917	\$ 36,163,917	\$ 31,738,736	\$ (4,425,181)
LICENSES AND PERMITS	2,384,000	2,416,000	1,618,830	(797,170)
INTERGOVERNMENTAL	2,722,000	2,996,072	4,475,936	1,479,864
CHARGES FOR SERVICES	2,318,000	2,318,000	2,115,614	(202,386)
FINES AND FORFEITURES	241,000	241,000	227,552	(13,448)
INVESTMENT EARNINGS	505,000	505,000	67,650	(437,350)
MISCELLANEOUS	490,000	490,000	464,817	(25,183)
TOTAL REVENUES	43,072,917	45,129,989	40,709,135	(4,420,854)
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	8,627,041	8,714,911	8,343,154	371,757
PUBLIC SAFETY	25,347,596	25,745,393	24,668,456	1,076,937
PHYSICAL ENVIRONMENT	2,216,127	2,194,586	1,601,680	592,906
TRANSPORTATION	2,728,084	2,550,563	2,306,503	244,060
ECONOMIC ENVIRONMENT	3,850,865	3,705,973	3,239,030	466,943
MENTAL & PHYSICAL HEALTH	4,000	4,000	4,539	(539)
CULTURE AND RECREATION	4,717,775	4,530,224	4,148,875	381,349
CAPITAL OUTLAY	408,821	383,821	330,504	53,317
TOTAL EXPENDITURES	47,900,309	47,829,471	44,642,741	3,186,730
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(4,827,392)	(2,699,482)	(3,933,606)	(1,234,124)
OTHER FINANCING SOURCES (USES):				
SALES OF CAPITAL ASSETS	5,000	70,000	308	(69,692)
PROCEEDS FROM CAPITAL LEASE	-	-	94,576	94,576
TRANSFERS IN (Note 5)	2,462,000	3,091,500	2,461,806	(629,694)
TRANSFERS OUT (Note 5)	(130,000)	(305,000)	(255,475)	49,525
TOTAL OTHER FINANCING SOURCES AND USES	2,337,000	2,856,500	2,301,215	(555,285)
NET CHANGE IN FUND BALANCES	(2,490,392)	157,018	(1,632,391)	(1,789,409)
FUND BALANCES - BEGINNING	8,709,916	8,709,916	7,389,431	(1,320,485)
FUND BALANCES - ENDING	\$ 6,219,524	\$ 8,866,934	\$ 5,757,040	\$ (3,109,894)

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ARTERIAL STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 3,390,000	\$ 3,390,000	\$ 2,313,043	\$ (1,076,957)
INTERGOVERNMENTAL	29,820,000	29,820,000	8,829,937	(20,990,063)
INVESTMENT EARNINGS	300,000	300,000	10,357	(289,643)
MISCELLANEOUS	3,138,000	3,138,000	404,160	(2,733,840)
TOTAL REVENUES	36,648,000	36,648,000	11,557,497	(25,090,503)
EXPENDITURES:				
CURRENT:				
TRANSPORTATION	-	-	25,675	(25,675)
DEBT SERVICE:				
INTEREST AND OTHER COSTS	-	-	56,933	(56,933)
CAPITAL OUTLAY	62,111,021	66,466,951	10,024,815	56,442,136
TOTAL EXPENDITURES	62,111,021	66,466,951	10,107,423	56,359,528
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(25,463,021)	(29,818,951)	1,450,074	31,269,025
OTHER FINANCING SOURCES (USES):				
PROCEEDS FROM CAPITAL LEASE	-	-	7,530	7,530
SALE OF CAPITAL ASSETS	-	-	27,000	27,000
TRANSFERS OUT (Note 5)	(1,255,260)	(639,936)	(639,936)	-
PREMIUM ON GENERAL OBLIGATION BONDS ISSUED	-	-	82,264	82,264
GENERAL OBLIGATION BONDS ISSUED	20,158,000	24,513,930	4,305,703	(20,208,227)
TOTAL OTHER FINANCING SOURCES AND USES	18,902,740	23,873,994	3,782,561	(20,091,433)
 NET CHANGE IN FUND BALANCES	 (6,560,281)	 (5,944,957)	 5,232,635	 11,177,592
 FUND BALANCES - BEGINNING	 7,996,800	 8,636,736	 5,820,775	 (2,815,961)
FUND BALANCES - ENDING	\$ 1,436,519	\$ 2,691,779	\$ 11,053,410	\$ 8,361,631

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



MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

The City's enterprise funds are used to account for operations that are financed and operated in a manner similar to private business operations. The goods and services these funds provide to the general public are primarily financed by service charges. Enterprise funds are self-supporting and use the accrual method of accounting. Tukwila has three major enterprise funds.

Water/Sewer Utility Fund

This fund accounts for all maintenance, construction, and debt service requirements associated with the water and sanitary sewer system.

Foster Golf Course Fund

Accounts for services, maintenance, operations, and debt service requirements associated with the Foster Golf Course.

Surface Water Utility Fund

This fund accounts for the maintenance, construction and debt service requirements of Tukwila's storm drainage system.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS:					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 2,929,031	\$ 8,204	\$ 1,125,648	\$ 4,062,883	\$ 7,011,643
INVESTMENTS	4,175,164	-	1,111,079	5,286,243	3,648,848
RECEIVABLES:					
TAXES	-	69,891	-	69,891	-
CUSTOMER ACCOUNTS	779,000	9,519	141,951	930,470	32,113
INTEREST ON INVESTMENTS	-	-	-	-	5,435
DUE FROM OTHER GOVERNMENTAL UNITS	109,502	-	-	109,502	-
INVENTORY OF MATERIALS AND SUPPLIES	274,160	270,271	48,709	593,140	13,535
CURRENT ASSETS RESTRICTED:					
CASH AND CASH EQUIVALENTS	10,040	50,194	-	60,234	-
TOTAL CURRENT ASSETS	8,276,897	408,079	2,427,387	11,112,363	10,711,574
NONCURRENT ASSETS:					
RESTRICTED CASH, BOND RESERVES	393,547	-	36,897	430,444	-
NOTES RECEIVABLE	495,278	-	-	495,278	-
DEFERRED CHARGES	56,390	63,877	7,690	127,957	-
CAPITAL ASSETS:					
LAND	156,872	1,609,575	447,671	2,214,118	-
BUILDINGS AND EQUIPMENT	3,606,095	6,627,496	1,165,128	11,398,719	-
OTHER IMPROVEMENTS	31,046,718	3,492,548	35,295,866	69,835,132	-
MACHINERY AND EQUIPMENT	2,133,091	207,833	50,706	2,391,630	9,216,522
CONSTRUCTION IN PROGRESS	1,710,710	-	1,182,973	2,893,683	-
LESS: ACCUMULATED DEPRECIATION	(14,036,379)	(3,620,393)	(10,815,027)	(28,471,799)	(6,466,430)
TOTAL CAPITAL ASSETS (NET OF A/D)	24,617,107	8,317,059	27,327,317	60,261,483	2,750,092
PLANT ACQUISITION ADJUSTMENT (NET OF ACCUMULATED AMORTIZATION)	60,321	-	-	60,321	-
TOTAL NONCURRENT ASSETS	25,622,643	8,380,936	27,371,904	61,375,483	2,750,092
TOTAL ASSETS	33,899,540	8,789,015	29,799,291	72,487,846	13,461,666
LIABILITIES:					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE	58,782	1,646	36,185	96,613	7,498
ACCRUED WAGES AND BENEFITS	125,362	109,324	88,704	323,390	16,147
DUE TO OTHER GOVERNMENTAL UNITS	287,341	-	321,845	609,186	-
ACCRUED INTEREST PAYABLE	63,014	11,719	10,840	85,573	-
OTHER CURRENT LIABILITIES	-	-	-	-	1,225,947
UNEARNED REVENUE	13,700	-	8,539	22,239	-
REVENUE BOND PRINCIPAL	400,000	192,226	15,000	607,226	-
DEPOSITS	9,040	50,569	-	59,609	-
TOTAL CURRENT LIABILITIES	957,239	365,484	481,113	1,803,836	1,249,592
NONCURRENT LIABILITIES:					
REVENUE BONDS PAYABLE (NET OF UNAMORTIZED PREMIUMS)	3,716,666	3,070,435	318,824	7,105,925	-
COMPENSATED ABSENCES	31,729	18,685	-	50,414	-
OTHER LONG-TERM LIABILITIES	3,692,064	-	3,487,593	7,179,657	-
TOTAL NONCURRENT LIABILITIES	7,440,459	3,089,120	3,806,417	14,335,996	-
TOTAL LIABILITIES	8,397,698	3,454,604	4,287,530	16,139,832	1,249,592
NET ASSETS:					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	16,521,036	5,054,398	23,184,055	44,759,489	2,750,092
RESTRICTED FOR:					
DEBT SERVICE	393,547	-	36,897	430,444	-
UNRESTRICTED	8,587,259	280,013	2,290,809	11,158,081	9,461,982
TOTAL NET ASSETS	\$ 25,501,842	\$ 5,334,411	\$ 25,511,761	\$ 56,348,014	\$ 12,212,074

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
CHARGES FOR SERVICES	\$ 9,665,095	\$ 1,422,460	\$ 3,029,631	\$ 14,117,186	\$ 7,600,653
OTHER OPERATING REVENUE	635	2,868	-	3,503	1,066
TOTAL OPERATING REVENUES	9,665,730	1,425,328	3,029,631	14,120,689	7,601,719
OPERATING EXPENSES:					
OPERATIONS & MAINTENANCE	5,613,836	1,464,787	376,964	7,455,587	5,678,486
ADMINISTRATIVE AND GENERAL	1,077,490	-	928,530	2,006,020	-
TAXES	1,384,993	6,369	417,111	1,808,473	-
DEPRECIATION AND AMORTIZATION	911,429	313,035	607,576	1,832,040	774,232
TOTAL OPERATING EXPENSES	8,987,748	1,784,191	2,330,181	13,102,120	6,452,718
OPERATING INCOME (LOSS)	677,982	(358,863)	699,450	1,018,569	1,149,001
NON-OPERATING REVENUE (EXPENSE):					
TAXES	-	329,527	-	329,527	-
INVESTMENT EARNINGS	70,747	1,213	13,982	85,942	(13,903)
INTEREST EXPENSE	(236,997)	(147,724)	(35,220)	(419,941)	-
BAD DEBT EXPENSE	(13,522)	-	-	(13,522)	-
SALE OF CAPITAL ASSETS	(106,263)	-	(110,640)	(216,903)	22,891
AMORTIZATION OF BOND PREMIUM	10,797	1,845	353	12,995	-
AMORTIZATION OF BOND DISCOUNT	(6,093)	-	-	(6,093)	-
BOND ISSUE COSTS	(3,543)	(4,945)	(483)	(8,971)	-
OTHER NON-OPERATING REVENUE	-	-	97,542	97,542	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	(284,874)	179,916	(34,466)	(139,424)	8,988
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	393,108	(178,947)	664,984	879,145	1,157,989
CAPITAL CONTRIBUTIONS	1,336,689	-	6,053,221	7,389,910	-
TRANSFERS IN (Note 5)	97,380	-	-	97,380	158,095
TRANSFERS OUT (Note 5)	(1,107,735)	(13,140)	(375,815)	(1,496,690)	(199,734)
CHANGE IN NET ASSETS	719,442	(192,087)	6,342,390	6,869,745	1,116,350
TOTAL NET ASSETS BEGINNING OF YEAR	24,782,400	5,526,498	19,169,371	49,478,269	11,095,724
TOTAL NET ASSETS END OF YEAR	\$ 25,501,842	\$ 5,334,411	\$ 25,511,761	\$ 56,348,014	\$ 12,212,074

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Page 1 of 2

	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENT ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM USERS	\$ 9,578,147	\$ 1,417,302	\$ 3,097,611	\$ 14,093,060	\$ 7,568,541
CASH PAID TO SUPPLIERS	(5,566,962)	(305,879)	(358,279)	(6,231,120)	(5,135,020)
CASH PAID FOR TAXES	(1,384,993)	(60,562)	(417,111)	(1,862,666)	-
CASH PAID FOR INVENTORY	-	(122,448)	-	(122,448)	(62,292)
CASH PAID TO EMPLOYEES	(1,041,436)	(993,845)	(675,649)	(2,710,929)	(485,049)
OTHER CASH RECEIVED (PAID)	-	4,126	-	4,126	(30,641)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,584,757	(61,306)	1,646,572	3,170,023	1,855,539
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
OPERATING GRANT RECEIVED	-	-	97,541	97,541	-
SALES AND LEASEHOLD EXCISE TAXES RECEIVED	-	329,527	-	329,527	-
TRANSFERS IN	97,380	-	-	97,380	158,095
TRANSFERS OUT	(1,107,735)	(13,140)	(375,815)	(1,496,690)	(199,734)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(1,010,355)	316,387	(278,274)	(972,242)	(41,639)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
PROCEEDS FROM SALE OF EQUIPMENT	-	-	-	-	22,891
PURCHASE OF CAPITAL ASSETS	(1,459,284)	(39,229)	(451,389)	(1,949,902)	(378,003)
CONTRIBUTED CAPITAL	1,160,489	-	-	1,160,489	-
PREMIUM & BOND ISSUANCE COSTS	4,704	1,955	353	7,012	-
PRINCIPAL PAYMENT ON DEBT	(672,645)	(186,818)	(336,598)	(1,196,061)	-
INTEREST PAYMENT ON DEBT	(244,255)	(156,465)	(364,434)	(765,154)	-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,210,991)	(380,557)	(1,152,068)	(2,743,615)	(355,112)
CASH FLOW FROM INVESTING ACTIVITIES:					
PROCEEDS FROM SALE OF INVESTMENTS	502,324	-	-	502,324	2,403,367
PURCHASE OF INVESTMENTS	(3,450,000)	-	(1,000,000)	(4,450,000)	(5,042,031)
INTEREST RECEIVED	58,053	1,049	2,413	61,515	(16,445)
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	(2,889,623)	1,049	(997,587)	(3,886,161)	(2,655,109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,526,212)	(124,427)	(781,357)	(4,431,996)	(1,196,321)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	6,858,830	182,826	1,943,902	8,985,558	8,207,964
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 3,332,618	\$ 58,399	\$ 1,162,545	\$ 4,553,562	\$ 7,011,643
CASH AT END OF YEAR CONSISTS OF:					
CASH AND CASH EQUIVALENTS	\$ 2,929,031	\$ 8,205	\$ 1,125,648	\$ 4,062,884	\$ 7,011,643
RESTRICTED CASH-BOND PAYMENTS	393,547	-	36,897	430,444	-
RESTRICTED CASH-CUSTOMER DEPOSITS	10,040	50,194	-	60,234	-
TOTAL CASH	\$ 3,332,618	\$ 58,399	\$ 1,162,545	\$ 4,553,562	\$ 7,011,643

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Page 2 of 2

	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL ENTERPRISE FUNDS	GOVERNMENT ACTIVITIES INTERNAL SERVICE FUNDS
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
OPERATING INCOME (LOSS)	\$ 677,982	\$ (358,863)	\$ 699,450	\$ 1,018,569	\$ 1,149,001
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	911,429	313,035	607,576	1,832,040	774,232
ASSET (INCREASES) DECREASES :					
ACCOUNTS RECEIVABLE	29,868	(420)	(28,382)	1,066	-
MISCELLANEOUS A/R-REVENUE	(102,648)	(4,731)	87,823	(19,556)	(32,113)
INVENTORY	-	(28,097)	(2,379)	(30,476)	(4,504)
LIABILITY INCREASES (DECREASES) :					
ACCOUNTS & VOUCHERS PAYABLE	75,350	(14,879)	21,064	81,535	(31,077)
OTHER LIABILITIES PAYABLE	(43,263)	7,975	8,539	(26,749)	-
DEPOSITS PAYABLE	6,040	1,252	-	7,292	-
WAGES & BENEFITS PAYABLE	23,583	9,159	255,228	287,970	-
COMPENSATED ABSENCES PAYABLE	6,416	14,263	(2,347)	18,332	-
TOTAL ADJUSTMENTS	906,775	297,557	947,122	2,151,454	706,538
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,584,757	\$ (61,306)	\$ 1,646,572	\$ 3,170,023	\$ 1,855,539
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
CAPITAL ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	\$ 176,200	\$ -	\$ 6,053,221	\$ 6,229,421	\$ -
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	15,620	-	-	15,620	(80,379)
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ 191,820	\$ -	\$ 6,053,221	\$ 6,245,041	\$ (80,379)

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



FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City of Tukwila as a trustee or agent for various individuals, private organizations, and other governmental units. The Firemen's Pension Trust Fund is accounted for on an accrual basis.

Firemen's Pension Trust Fund

This fund accounts for the payment of administrative costs and benefits for retired firefighters (and beneficiaries) who were employed prior to March 1, 1970. Primary revenue sources are general property tax allocations, fire insurance premium tax, and investment interest, in accordance with actuarial recommendations.

Agency Fund

This fund accounts for the funds over which the City is strictly a short-term custodian.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
 DECEMBER 31, 2010

	FIREMEN'S PENSION TRUST FUND	AGENCY FUND
ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 1,429,822	\$ 6,403
TOTAL ASSETS	1,429,822	6,403
LIABILITIES:		
CURRENT PAYABLES	-	6,403
TOTAL LIABILITIES	-	6,403
NET ASSETS:		
HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	\$ 1,429,822	-

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

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	FIREMEN'S PENSION TRUST FUND
ADDITIONS:	
FIRE INSURANCE PREMIUM TAXES	\$ 49,989
INVESTMENT EARNINGS	4,405
TOTAL ADDITIONS	54,394
DEDUCTIONS:	
BENEFIT PAYMENTS	58,744
ADMINISTRATIVE EXPENSES	3,000
TOTAL DEDUCTIONS	61,744
CHANGE IN NET ASSETS	(7,350)
NET ASSETS - BEGINNING	1,437,172
NET ASSETS - ENDING	\$ 1,429,822

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



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tukwila was incorporated on June 29, 1908, and operates under the laws of the State of Washington applicable to a non-charter optional code city with a Mayor/Council form of government. Tukwila is served by a Mayor and seven council members, all elected at large to four-year terms. The City provides what are considered general government services including public safety, streets, parks, planning and zoning, permits and inspection, general administrative, water services, sanitary sewer collection, and storm drainage.

The accounting and reporting policies of the City of Tukwila, which conform to generally accepted accounting principles for governments, are regulated by the Washington State Auditor's Office. The City's significant accounting policies are described in this note.

For business-type activities and enterprise funds reporting, the City applies all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

A. The Reporting Entity

Based on the criteria of Statement No. 14 of the Governmental Accounting Standards Board (GASB), the City's Comprehensive Annual Financial Report (CAFR) includes all funds, agencies and boards for which the City is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either the ability to impose will by the primary government, or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

There were no component units meeting any of these criteria during 2010. See Note 8, Joint Ventures, for a discussion of Valley Communications Center, which is a joint public safety dispatching authority for five member cities, and South Correctional Entity (SCORE), which is a governmental administrative agency. Also, see Note 16, Risk Management, for a discussion of the Washington Cities Insurance Authority.

The City of Tukwila is a party to the following interlocal agreements;

- Cascade Water Alliance
- Jail Administration Group
- Valley Narcotics Enforcement Team
- Valley Special Weapons and Tactics Team
- Valley Civil Disturbance Unit

The organizations above are separate entities in the State of Washington whereby the City may enter into these agreements pursuant to, and as authorized by, the Interlocal Cooperation Act under RCW 39.34. The City of Tukwila is not financially accountable to these organizations, none of the organizations have an ongoing financial interest in the City, and the City is not financially dependent upon these organizations.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses.

The statements distinguish between city government activities and business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program activity of the City. Direct expenses are those specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Indirect costs are included in the program expense reported for individual functions and activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted.

Revenues which are not classified as program revenues are presented as general revenues of the City, and certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. Fund Accounting

The accounts of the City are organized on the basis of funds each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds according to the purpose for

which they are spent and how they are controlled. There are three categories of funds: *governmental*, *proprietary* and *fiduciary*.

Governmental Funds

All governmental funds are accounted for on a “flow of current financial resources” measurement focus. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements focus on measuring changes in financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The following are the City’s major governmental funds:

- The General Fund is the general operating fund of the City. It accounts for all financial resources and transactions except those required to be accounted for in another fund.
- The Arterial Street Fund, a special revenue fund, is established in accordance with RCW 82.36.020 for the administration of the State-levied motor vehicle half-cent gasoline tax distributed to Tukwila. The City provides a portion of its sales tax revenues as well as several smaller tax resources for construction of large arterial street projects.
- The Land Acquisition, Recreation and Park Development Fund is used to account for financial resources to be used for the acquisition of land, development of land, and construction of park facilities.

The other governmental funds of the City, which are Special Revenue Funds, account for the proceeds of specific revenue sources that are legally restricted for expenditures for specified purposes.

Proprietary Funds

Proprietary Funds are accounted for on a “flow of economic resources” measurement focus. This means all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. Proprietary funds measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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’s enterprise and internal service funds are charges to the City’s customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. As described below, there are two generic fund types in this category.

Restricted assets shown in the government-wide financial statements and the proprietary funds balance sheet include monies reserved for payment of revenue bond debt, and deposits held for utility and golf course customer accounts. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The City’s Enterprise Funds account for utility and recreation operations which are self-supported through user charges. The utilities are financed and operated like a private business enterprise which requires periodic determination of revenues earned, expenses incurred, and net income for capital

maintenance, public policy, management control and accountability. The City's major enterprise funds are as follows:

- Water/Sewer Utility Fund accounts for operations and capital improvements to provide water and sanitary sewer services to the City.
- Foster Golf Course Fund is used to account for the operation, maintenance, debt service, and improvements of the municipal golf course facility.
- Surface Water Utility Fund accounts for the operations and capital improvements for the City's storm drainage and surface water management function.

The City has three Internal Service Funds. The Equipment Rental Fund is used to account for the costs of maintaining and replacing all City vehicles and auxiliary equipment except for major fire apparatus. All equipment costs, including depreciation, are factors in calculating the rates charged to each user department. The Insurance and Insurance – LEOFF I Funds are used to account for the costs of the City's self-insured medical plan. Medical and dental costs for covered employees are charged to the respective user departments. All premiums, medical and dental costs and ancillary charges are included.

Fiduciary Funds

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City has two Fiduciary Funds, Firemen's Pension Trust Fund and Agency Fund. The Firemen's Pension Trust Fund is accounted for in essentially the same manner as Proprietary Funds. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve a measurement of results of operations.

D. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the government activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting refers to the recognition of revenues and expenditures or expenses in the accounts and reporting them in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. The modified accrual basis of accounting is followed in all governmental funds of the City. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. For the City, available means expected to be received within sixty (60) days of year-end. The primary accrued revenues that meet these criteria are property, sales and utility taxes.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales and use taxes, admission taxes, gambling taxes, utility taxes, hotel/motel taxes, grants, entitlements, and donations. These revenues are on an accrual basis. On the accrual basis, the revenue is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 4 on receivables).

Other Revenue Sources

Revenue sources which are not considered to meet the measurable and available criteria for revenue recognition include licenses and permits, fines and forfeitures, and other miscellaneous revenues since they are generally not measurable until received.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for principal and interest on general long-term debt and vacation and sick pay which are recorded when paid.

As a general rule the effect of interfund activity has been eliminated via the process of consolidation from the government-wide financial statements. Internal service fund and similar internal activity has been eliminated from the government-wide statement of activities so expenses are not reported twice. Exceptions to this general rule are payments for interfund services provided and used, such as between the City's water, sewer, and surface water functions and various other functions of the City, which are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported on the government-wide statements as program revenues include, charges to customers or applicants for goods, operating grants and contributions, and capital grants and contributions. General revenues include all taxes. The accrual basis of accounting is followed in all proprietary funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. All assets and liabilities are recorded in the fund.

F. Budgets and Budgetary Accounting

The City of Tukwila budgets its funds in accordance with the Revised Code of Washington 35A.33. In compliance with the code, biennial budgets are adopted for the general fund and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all

budgeted funds, but the financial statements include budgetary comparisons for biennially budgeted governmental funds only. Budgets established for proprietary and fiduciary funds are “management budgets” and are not legally required to be reported and, as such, are not reported in the CAFR.

The biennial appropriated budgets are adopted at the fund level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure records are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Any unexpended appropriation balances lapse at the end of each year.

The City of Tukwila’s budget procedures are mandated by RCW 35A.33. The steps in the budget process are as follows:

- 1) Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months, and balanced with revenue estimates made by the Mayor.
- 2) The City Council conducts public hearings on the proposed budget in November and December.
- 3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.
- 4) The final operating budget as adopted is published and distributed within the first month of the following year. Copies of the budget are made available to the public.

The City Council must approve by ordinance any amendments that increase the total for the fund. Budget amounts presented in the basic financial statements include both the original amounts and the final amended budget as approved by the City Council.

Expenditure Categories

<i>General Government</i>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<i>Public Safety</i>	Includes all police and fire activities.
<i>Physical Environment</i>	Includes expenditures for the public works activities not chargeable to the enterprise funds.
<i>Transportation</i>	Includes all street and arterial street maintenance and construction.
<i>Economic Environment</i>	Reflects the planning and building inspection activities.
<i>Culture and Recreation</i>	Includes the parks and recreation activities.
<i>Mental and Physical Health</i>	Includes services provided for the care, treatment, and control of mental and physical illnesses.

G. Assets, Liabilities and Fund Equity***Cash and Cash Equivalents***

All cash and cash equivalents, restricted and unrestricted, consists of cash balances in the checking account, imprest funds, and the State Treasurer's Local Government Investment Pool. All funds in the care of other institutions are considered investments. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

Investments

Investments are held separately by each of the funds with interest earned directly for the benefit of each fund. Investments are reported on the financial statements at fair value, cost or amortized cost, depending on the type and maturity length of each investment as required by GASB Statement 31. Washington State statutes provide for the City to hold investments consisting of obligations of the Federal Government, repurchase agreements, prime banker's acceptances, and time certificates of deposit. Additional deposit and investment information is presented in Note 3.

Notes Receivable

Notes receivable in the enterprise funds consists of sewer connection fees due from customers to the utility.

Receivables and Payables

Activity between funds that is 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 business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund loans and advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. See also Note 5 on interfund transactions.

Inventories

Inventories carried in proprietary funds are valued at average cost using the consumption method. A physical count is taken at year-end. Governmental funds use the purchase method whereby inventory items are considered expenditures when purchased.

Deferred Charges

Unamortized debt issuance costs are those costs incurred for the issuance of long-term debt, such as legal fees, printing costs and other costs. These costs are deferred and amortized over the lives of the related issues.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets acquired in governmental funds are accounted for as expenditures in the fund when the asset is purchased. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are valued at estimated fair market value at time of acquisition. Where historical cost is not known, assets are recorded at estimated historical costs. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, storm sewers, water and sewer distribution and collection systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Depreciation is computed using the straight line method over estimated service lives, as follows:

Asset	Estimated Service Life
Buildings	25 to 50 years
Non-Building Improvements	25 to 50 years
Utility Plant	10 to 50 years
Machinery and Equipment	2 to 50 years
Intangibles	2 to 50 years
Infrastructure	25 to 50 years

See Note 7 for additional information on capital assets.

Plant Acquisition Adjustments

The State Auditor's Office promulgates a chart of accounts which defines Plant Acquisition Adjustments as an intangible asset account used only in proprietary fund utilities. This account includes the difference between the cost to the current governmental owner and the cost incurred by the person or company that first devoted the property to utility service. These costs are being amortized using the straight-line method over the estimated service lives of the related capital assets.

Compensated Absences

Labor contracts with City of Tukwila employees call for the accumulation of vacation and sick leave. At termination of employment, employees with the required length of service may receive cash payments for all accumulated vacation leave to a maximum of 384 hours. Sick leave termination benefits are based on a percentage of accumulated sick leave up to a maximum of 180 hours. The payment is based on current wages at termination.

The entire compensated absence liability is reported on the government-wide financial statements. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability. This reporting format is in compliance with GASB Statement No. 16.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources

while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term debt outstanding at year-end is outlined in Note 11.

Fund Equity - Reserves and Designations

The City recognizes in its reporting that assets are sometimes not “available spendable resources” or not at times legally available for appropriation, because they are contractually or legally restricted for some specific future use. When this is the case, as for example with imprest funds, fund equity is “reserved”.

Fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for general appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management’s intent to set aside these resources for specific services.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted net assets are available.

Risk Management and Risk Retention

It is the City of Tukwila’s policy to self-insure for unemployment benefits because of the insignificant liability. Medical and dental self-insurance coverage is also provided for employees. All buildings, City equipment, and City vehicles are insured by carriers for property coverage at replacement value.

The City of Tukwila is a member of the Washington Cities Insurance Authority (WCIA) as of January 1, 1984. The WCIA is an organization of Washington municipal entities numbering 145 as of December 31, 2010. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 16 for additional information on risk management.

Operating Revenues and Expenses

Operating revenues are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the use of the golf course, for the rental of the administration center and solid waste program, and the internal use of vehicles, computers and facilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense and the gain or loss on the disposition of capital assets.

Contributions of Capital

Contributions of capital in proprietary fund financial statement arise from outside contributions of capital assets, for example, developers, and grants or outside contributions of resources restricted to capital acquisition and construction.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. On the government-wide statement of activities, the exchange transactions between the internal service funds and the user funds are eliminated. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported separately after general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Statement No. 37 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21, and No. 34*, and Statement No. 38 *Certain Financial Statement Note Disclosures*. These accounting and reporting standards impacted the City’s revenue and expenditure recognition and assets, liabilities, and fund equity reporting. The standards also required reformatting of the financial statements and restating beginning balances. These GASB standards were implemented in 2003 except for the full reporting of infrastructure assets, which was implemented in 2004.

The City implemented the following Government Accounting Standards Board (GASB) statements:

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards of accounting and reporting for other postemployment benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 50, *Pension Disclosures — an amendment of GASB Statements No. 25 and No. 27*. GASB Statement No. 50 more closely aligns the financial reporting requirements for pension with those for other postemployment benefits (OPEB).

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets — an amendment of GASB Statements No. 34 and No. 42*. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of the City of Tukwila.

NOTE 3 – EQUITY IN POOLED CASH AND INVESTMENTS, CASH, DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool available for use by all funds. Interest earned on pooled investments is recorded in the participating funds. Investments are also held separately by several of the funds, with interest earned directly for the benefit of each fund.

Cash and Cash Equivalents

At year-end, the carrying amount of the City's bank balance was \$2,555,539. Of the bank balance, \$250,000 was covered by Federal depository insurance and the Washington State Public Depository Protection Commission insured the remainder. The City also maintains imprest funds totaling \$19,200. The City participates in the State Treasurer's Investment Pool, which is a 2a7-like unrated pool, overseen by the State Treasurer's Office. The fair value of the City's position in the pool is the same as the value of the pool shares. Because of its highly liquid nature, the Pool funds are considered cash equivalents.

Deposits and Investments

The City's investment portfolio includes certificate of deposits insured by the Washington State Public Depository Commission and municipal bonds issued by state and local agencies. These investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Also, the Firemen's Pension Fund is authorized to invest in stocks, bonds, and mutual funds.

At December 31, 2010, the City had the following deposits and investments:

SCHEDULE OF INVESTMENTS BY MATURITY

	Maturity Date	Credit Rating	Market Value
<i>Certificates of Deposit:</i>			
Sound Community Bank	03/04/2011	*	\$ 5,037,418
Sound Community Bank	04/20/2011	*	1,553,714
First Savings Bank Northwest	05/01/2011	*	2,077,720
Charter Bank	05/26/2011	*	1,548,311
Sterling Bank	08/16/2011	*	252,622
Sound Community Bank	05/15/2012	*	504,046
US Bank	02/15/2013	*	3,450,000
Total Certificate of Deposits			14,423,831
<i>Municipal Bonds:</i>			
Lodging Tax	07/01/2016	AA3 / A+	484,289
Revenue	07/01/2017	AA1 / AA+	486,602
Limited General Obligation	12/01/2017	AA3 / A+	556,275
Revenue	07/01/2019	AA1 / AA+	484,273
Limited General Obligation	09/01/2020	A1	322,295
Unlimited General Obligation	12/01/2020	AA1 / AA3	1,146,225
Total Municipal Bonds			3,479,958
TOTAL INVESTMENTS			\$ 17,903,790

* No credit rating with certificate of deposit accounts; accounts are insured by the Public Depository Protection Commission

RECONCILIATION OF ALL CASH, DEPOSITS AND INVESTMENTS

AS REPORTED ON STATEMENT OF NET ASSETS:	
Cash and Cash Equivalents:	\$ 21,659,169
Investments	17,903,790
Current Assets Restricted:	
Cash and cash equivalents	5,977,485
Total Cash, Cash Equivalents and Investments	\$ 45,540,444

SUMMARY BY TYPE:	
Cash and Cash Equivalents:	
Cash on hand	\$ 19,200
Cash in bank-book balance	724,591
Moneymarket account	5,250,239
Local Government Investment Pool	21,642,624
Total cash and cash equivalents	27,636,654
Investments:	
Certificates of deposit	14,423,832
Municipal bonds	3,479,958
Total investments	17,903,790
Total Cash, Cash Equivalents, and Investments	\$ 45,540,444

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's cash and investment portfolio to maturities of less than one year. Investment maturities are limited as follows:

- 1) At the time of investment, a minimum of thirty percent (30%) of the cash and investment portfolio will be comprised of investments maturing or available within one year.
- 2) At the time of investment, eighty percent (80%) of the portfolio will be comprised of investments maturing or available within five (5) years and no instruments shall have a maturity exceeding ten (10) years, except when compatible with a specific fund's investment needs.
- 3) The average maturity of the portfolio shall not exceed three and one half (3 ½) years or forty-two (42) months.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes and the City's investment policy limit the types of securities authorized for investment by the City. The principal governing statutes are RCW 39.59 and RCW 39.60. The Finance Director may further restrict eligible investments by this policy at his/her discretion. Authorized investments include (but are not limited to):

- 1) U.S. Treasury Securities.
- 2) U.S. Agency Securities (i.e., obligations of any government-sponsored corporation eligible for collateral purposes at the Federal Reserve).
- 3) Certificates of Deposit, Money Market Deposit Accounts and savings deposits with qualified depositories within statutory limits as promulgated by the PDPC at the time of investment.
- 4) Bankers Acceptances (BA's) purchased on the secondary market with a rating of A-1, P-1, its equivalent or better.
- 5) General Obligation Bonds of a state or local government which have at the time of the investment one of the three highest credit ratings of a nationally-recognized rating agency.
- 6) The Washington State Local Government Investment Pool (LGIP).

As of December 31, 2010, the City's investments in municipal bonds were rated Aa1 to A1 by Moody's Investor Service. The City currently maintains a rating of Aa- with Fitch's Investor Service for its general obligation debt.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City of Tukwila diversifies its investments by security type and institution as described below:

- 1) No more than fifty percent (50%) of the City's cash and investment portfolio, at the time of purchase, shall be in any single financial institution.
- 2) Except, that no more than seventy-five percent (75%) of the City's portfolio, at the time of purchase, shall be invested in the Washington State Local Government Investment Pool, and
- 3) No more than seventy-five percent (75%) of the City's portfolio, at the time of purchase, shall be invested in U.S. Treasury or Agency securities.

NOTE 4 – RECEIVABLES**Property Taxes Receivable**

The County Finance Director acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property value listed as of the prior August 31.

Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every two years. On May 31 of each year the assessed value of property is established for the next year's property tax levy.

Property taxes levied by the County Assessor and collected by the County Finance Director become a lien on the first day of the levy year and may be paid in two equal installments if the total amount exceeds \$50. The first half of real property taxes is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties if not paid as scheduled.

During the year, property tax revenues are recognized when cash is received. At year-end, unpaid property taxes are recorded as a receivable. Property tax receivables at year-end normally are not expected to be collected within 60 days after the current period and are, therefore, reported as deferred revenue in the governmental funds financial statements. The tax rate for general City operations is limited to \$3.60 per \$1,000 of assessed value. Of this amount, up to \$0.45 per thousand may be designated for contribution to the Firemen's Pension Fund, if a report by a qualified actuary indicates that additional funds are required.

The payment of principal and interest on limited tax (non-voted) bonds issued by the City is made from the general levy. Accordingly, the issuance of limited tax general obligation bonds has the effect of reducing property taxes available for the general operations of City government. State law also provides that the City's operating levy may not exceed 101% of the largest single levy of the past three years. The State Constitution provides that the total of all taxes upon real and personal property by the State and all taxing entities, including the City, shall not in any year exceed 1% (\$10 per \$1,000) of the true and fair monetary value of such property. This limitation may be exceeded upon the approval of 60% of the City voters at an election in which the total vote exceeds 40% of the votes cast at the last general election.

For 2010, the City's general tax levy was \$2.82566 per each \$1,000 of assessed valuation. Total assessed valuation for 2009 was \$4,973,984,133 and was the basis for the 2010 assessments. Actual 2010 general levy property taxes collected were \$13,188,942.

Intergovernmental Grants and Entitlements

All receivables from other governments are recorded at year-end as amounts Due from Other Governmental Units. These amounts represent federal, state, and local reimbursement-type grants, and are reported as receivables and intergovernmental revenues in the year when the related expenditures are incurred.

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transactions are classified as follows:

Services Provided – Transactions that would be treated as revenues, expenditures or expenses if they involve external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Tukwila.

Transfers – Transactions to support the operations of other funds are recorded as “Transfers” and classified with “Other Financing Sources or Uses” in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Contributions – Contributions to the capital of enterprise or internal service funds, transfers of capital assets between proprietary and governmental funds, transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified non-operating revenue.

Interfund Loans/Advances – Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds in the fund statements. Interfund loans are offset by a reservation of fund equity. Interfund loans are subject to elimination upon consolidation.

There were no interfund loans outstanding at December 31, 2010. Interfund transfers were as follows:

SUMMARY OF INTERFUND TRANSFERS

Government and Internal Service Funds	General Fund	Other Government Funds	Internal Service Funds	Total
Transfers In	\$ 2,461,806	\$ -	\$ 158,095	\$ 2,619,901
Transfers Out	(255,475)	(765,382)	(199,734)	(1,220,591)
Net Transfers In (Out)	\$ 2,206,331	\$ (765,382)	\$ (41,639)	\$ 1,399,310

Proprietary Funds	Water/Sewer Utility	Surface Water Utility	Foster Golf Course	Total
Transfers In	\$ 97,380	\$ -	\$ -	\$ 97,380
Transfers Out	(1,107,735)	(375,815)	(13,140)	(1,496,690)
Net Transfers In (Out)	\$ (1,010,355)	\$ (375,815)	\$ (13,140)	\$ (1,399,310)

The principal purposes for interfund transfers include interfund subsidies and transfers into debt service and capital projects funds.

NOTE 6 – CAPITAL LEASES

During 2010 the City maintained capital lease agreements with various financing sources for the leasing of City operated machinery and equipment.

SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

Year	Lease Payable
2011	\$ 20,702
2012	14,937
2013	8,863
2014	1,617
Total minimum lease payments	46,120
Less: Amounts representing interest	(5,936)
Present value of future minimum lease payments	\$ 40,184

As of December 31, 2010, the value of capital assets acquired under the various capital leases total \$110,509. Base monthly lease payments totaling \$1,884 are payable through the end of the various lease periods. Interest rates for the individual lease agreements vary. Amortization expense in the amount of \$59,938 was recorded for 2010.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 39,352,086	\$ 119,975	\$ -	\$ 39,472,061
Construction in Progress	21,322,811	12,225,532	(417,059)	33,131,284
Total capital assets, not being depreciated	60,674,897	12,345,507	(417,059)	72,603,345
Capital assets, being depreciated:				
Buildings	24,013,118	36,870	(20,662)	24,029,326
Other Improvements	12,534,798	838,701	-	13,373,499
Machinery and Equipment	15,984,629	931,111	(515,308)	16,400,432
Infrastructure	119,101,710	15,192,592	(27,000)	134,267,302
Intangible Assets	-	269,661	-	269,661
Total capital assets being depreciated	171,634,255	17,268,935	(562,970)	188,340,220
Less accumulated depreciation for:				
Buildings	(8,719,719)	(611,522)	20,662	(9,310,579)
Other Improvements	(7,860,168)	(529,768)	-	(8,389,936)
Machinery and Equipment	(9,433,751)	(1,255,799)	464,300	(10,225,250)
Infrastructure	(33,552,855)	(3,492,087)	27,000	(37,017,942)
Intangible Assets	-	(61,640)	-	(61,640)
Total accumulated depreciation	(59,566,493)	(5,950,816)	511,962	(65,005,347)
Total capital assets, being depreciated, net	112,067,762	11,318,119	(51,008)	123,334,872
Governmental activity capital assets, net	\$ 172,742,659	\$ 23,663,626	\$ (468,067)	\$ 195,938,217

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,907,416	\$ 306,702	\$ -	\$ 2,214,118
Construction in Progress	2,267,865	1,910,917	(1,285,099)	2,893,683
Total capital assets, not being depreciated	4,175,281	2,217,619	(1,285,099)	5,107,801
Capital assets, being depreciated:				
Buildings	11,143,046	392,111	(136,438)	11,398,719
Other Improvements	63,665,063	6,838,904	(668,836)	69,835,131
Machinery and Equipment	2,376,565	15,788	(723)	2,391,630
Total capital assets being depreciated	77,184,674	7,246,803	(805,997)	83,625,480
Less accumulated depreciation for:				
Buildings	(2,425,329)	(299,589)	35,474	(2,689,444)
Other Improvements	(23,315,767)	(1,393,346)	508,404	(24,200,709)
Machinery and Equipment	(1,445,418)	(136,951)	723	(1,581,646)
Total accumulated depreciation	(27,186,514)	(1,829,886)	544,601	(28,471,799)
Total capital assets, being depreciated, net	49,998,159	5,416,917	(261,396)	55,153,682
Business Type activity capital assets, net	\$ 54,173,441	\$ 7,634,536	\$ (1,546,495)	\$ 60,261,484

All reported capital assets of the City are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

CAPITAL ASSET INCREASES

Governmental Activities	
Capital Asset - Increases:	
2010 Capital Outlays	\$ 11,513,976
2010 Other Capital Improvements	2,051,592
2010 Land Turnover	105,700
2010 Developer Turnovers	15,148,111
2010 Construction in Progress to Capital (Infrastructure)	417,059
Internal Service Funds (Equipment Rental)	378,003
Governmental Activities - Total Increases	\$ 29,614,442

Business-Type Activities	
Capital Asset - Increases:	
2010 Capital Outlays	\$ 1,949,901
2010 Land Turnover	285,608
2010 Developer Turnovers	5,943,813
2010 Construction in Progress to Capital (Infrastructure)	1,285,099
Business-Type Activities - Total Increases	\$ 9,464,422

DEPRECIATION

Depreciation expense for 2010 was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 77,140
Public Safety	373,631
Physical Environment	646,651
Transportation	3,512,552
Economic Environment	13,251
Culture and Recreation	553,359
Depreciation from Governmental Activities excluding Internal Service Funds	5,176,584

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets

	774,232
Total depreciation expense - governmental activities	\$ 5,950,816

Business-Type Activities	
Water/Sewer Utility	\$ 909,275
Foster Golf Course	313,035
Surface Water Utility	607,576
Total depreciation expense - business-type activities	\$ 1,829,886

NOTE 8 – JOINT VENTURES**Valley Communications Center**

The “Valley Communications Center” was established August 20, 1976, when an Interlocal Agreement was entered into by the four original participating municipal corporations, including the cities of Renton, Kent, Auburn, and Tukwila, with Federal Way formally admitted during 2000. The agreement is sanctioned by the provisions and terms of the Interlocal Cooperation Act pursuant to RCW 39.34. The initial duration of the agreement was five years, and thereafter is automatically extended for consecutive five-year periods.

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to several subscribing agencies. Separate agreements between Valley Com and the subscribing agencies have been executed, which set forth conditions of services and rates charged. The allocation of prorated financial participation among the five participating cities is the percentage of estimated dispatched calls attributed to each jurisdiction compared to the total estimated dispatched calls for the current 12-month period ending December 31.

The 2010 cost distribution for the five participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	79,729	21.77%
Kent	94,799	25.89%
Auburn	73,969	20.20%
Tukwila	34,691	9.47%
Federal Way	83,022	22.67%
Total	366,210	100.00%

Valley Com is governed by an Administration Board composed of the Mayors from the five participating cities of Renton, Kent, Auburn, Tukwila, and Federal Way. The Board is responsible for the following functions: (1) Adopting an annual budget after review by participating legislative bodies; (2) Appointment and/or discharge of the Director; (3) Approves personnel policy and makes final decisions on all major policy changes; (4) Reviews and approves all contracts.

In addition, an Operating Board was established and consists of two members of each participating City's Public Safety Departments, including the heads of such departments or their designees. The Operating Board performs the following functions: (1) Oversees the operation of Valley Com and advises and makes recommendations to the Administration Board; (2) Makes recommendation on Director selection; (3) Presents proposed policies and budgets to the Administration Board; (4) Approves disbursement of funds by the Director.

The Director presents a proposed budget to the Operating Board on or before August 15 of each year. The proposed budget is then presented to the Administration Board by September 1 of each year. The Administration Board can make changes to the proposed Valley Com budget as it finds necessary, but final approval falls to the legislative body of each participating city, in accordance with the provisions of the Interlocal Agreement.

The share of equity belonging to the five participating cities is as follows:

ITEM	RENTON	KENT	AUBURN	TUKWILA	FEDERAL WAY	TOTAL
Equity January 1, 2010	\$ 4,653,923	\$ 6,628,171	\$ 4,408,776	\$ 2,661,250	\$ 2,903,476	\$ 21,255,596
Current Year Increase/(Decrease)	179,748	213,723	166,762	78,210	187,172	825,615
Equity December 31, 2010	\$ 4,833,671	\$ 6,841,894	\$ 4,575,538	\$ 2,739,460	\$ 3,090,648	\$ 22,081,211
Percent of Equity	21.89%	30.99%	20.72%	12.41%	14.00%	100.00%

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position. In August 1993, Valley Com entered into an interlocal cooperation agreement, pursuant to RCW 39.34 RCW, with the subregions of King County, Seattle, and the Eastside Public Safety Communications Agency. This agreement governs the development, acquisition and installation of the 800 MHz emergency radio communications system funded by a \$57 million King County levy approved in November 1992. This agreement provides that upon voluntary termination of any subregion's participation in the system, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and associated equipment replacement reserves to another subregion or consortium of subregions. Thus, in accordance with this agreement, the participating cities of Valley Com have no equity interest in Valley Com's 800-MHz communications system.

During 2000, the Valley Communications Center Development Authority was created to issue \$12,758,000 in General Obligation Bonds to finance construction, equipment, and land for a new facility completed in 2002. Each of the five participating cities is responsible for one-fifth of the debt obligation, which originally was \$2,551,600 per City. The basic agreement shall not be terminated until all bonds issued by Valley Communications Center Development Authority have been paid and retired. These bonds were refunded in 2010 with a remaining principal balance amount of \$1,065,000. See Note 11 for additional information on long-term debt.

A complete set of financial statements are available from Valley Communications Center, 27519 108th Ave SE, Kent, WA 98030, or by telephone 253-372-1300.

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 Agreement.

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 will be 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 and secured by the full faith and credit of the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila (the "Owner Cities"). The SCORE PDA issued \$86 million in special obligation bonds in 2009 to carry out the facility development project. The following is a summary of the debt service requirements for the bond issue:

SUMMARY OF DEBT SERVICE REQUIREMENTS

Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	35% BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2010	\$ -	\$ 3,394,191	\$ (265,223)	\$ 3,128,968	\$ 969,980	\$ 125,159	\$ 563,214	\$ 1,126,428	\$ 93,869	\$ 250,317
2011	-	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2012	-	5,155,732	(1,675,089)	3,480,643	1,078,999	139,226	626,516	1,253,031	104,419	278,451
2013	1,915,000	5,126,998	(1,675,089)	5,366,909	1,663,742	214,676	966,044	1,932,087	161,007	429,353
2014	1,950,000	5,066,566	(1,654,975)	5,361,591	1,662,093	214,464	965,086	1,930,173	160,848	428,927
2015-2019	10,750,000	24,045,404	(8,092,315)	26,703,089	8,277,958	1,068,124	4,806,556	9,613,112	801,093	2,136,247
2020-2024	12,905,000	21,102,168	(7,405,227)	26,601,941	8,246,602	1,064,078	4,788,349	9,576,699	798,058	2,128,155
2025-2029	15,675,000	16,833,706	(6,067,796)	26,440,910	8,196,682	1,057,636	4,759,364	9,518,728	793,227	2,115,273
2030-2034	19,265,000	11,158,380	(4,128,483)	26,294,897	8,151,418	1,051,796	4,733,081	9,466,163	788,847	2,103,592
2035-2039	23,775,000	4,064,705	(1,697,914)	26,141,791	8,103,955	1,045,672	4,705,522	9,411,045	784,254	2,091,343
Totals	\$86,235,000	\$ 101,103,582	\$ (34,337,200)	\$ 153,001,382	\$ 47,430,428	\$ 6,120,057	\$ 27,540,248	\$55,080,498	\$ 4,590,041	\$ 12,240,109

The City of Tukwila reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under non-current assets. The share of equity belonging to the six participating cities is as follows:

ITEM	AUBURN	BURIEN	FEDERAL WAY	RENTON	SEATAC	TUKWILA	TOTAL
Equity January 1, 2010	\$ 1,692,471	\$ 218,383	\$ 982,725	\$ 1,965,450	\$ 163,787	\$ 436,767	\$ 5,459,583
Current Year Increase/(Decrease)	(90,883)	(11,727)	(52,771)	(105,540)	(8,795)	(23,454)	(293,170)
Equity December 31, 2010	\$ 1,601,588	\$ 206,656	\$ 929,954	\$ 1,859,910	\$ 154,992	\$ 413,313	\$ 5,166,413
Percent of Equity	31.00%	4.00%	18.00%	36.00%	3.00%	8.00%	100.00%

Note: Interest is to be paid from bond proceeds during the construction period (2010-2011).

The investment in joint venture for SCORE on the Statement of Net Assets includes Tukwila's share of debt issued in 2009. Including premium and unamortized bond issuance costs, the City's share of SCORE debt is \$6,898,800. See Note 11 for additional information on long-term debt. Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE office, City of Renton, 1055 South Grady Way, Renton, WA 98057.

NOTE 9 – PENSION PLANS

The City implemented GASB Statements 25 and 27 for reporting of pension plans in 1996. For all plans the pension liability (asset) was determined in accordance with GASB Statement 27 to be zero both before and at the effective date of the transition.

Washington State Department of Retirement Systems

Substantially all of the City's 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, PO Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov/administration/annual-report/cafr/. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Public Employees Retirement System (PERS) Plans 1, 2, and 3**Plan Description**

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

- PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and

have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

- PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.
- PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with ten years of service. PERS Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,189 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	74,857
Terminated Plan Members Entitled to but not yet Receiving Benefits	28,074
Active Plan Members Vested	105,339
Active Plan Members Non-vested	53,896
Total	262,166

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with RCW 41.40 and RCW 41.45.

The required contribution rates expressed as a percentage of covered payroll as of December 31, 2010, are as follows:

	PERS Plan I	PERS Plan II	PERS Plan III
Employer*	5.31%	5.31%	5.31% **
Employee	6.00%	3.90%	Minimum 5% to maximum 15%

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** Plan 3 defined benefit portion only.

Both the City and the employees made the required contributions. The City's contributions to PERS for the years ended December 31 were as follows:

	PERS Plan I	PERS Plan II	PERS Plan III
2010	\$ 3,494	\$ 640,034	\$ 98,350
2009	4,080	800,885	136,877
2008	4,048	789,623	135,429

The decrease in annual contributions is primarily due to a decrease in the employer contribution rate.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

Plan Description

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

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

Term of Service	Percent of final Average
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. A cost-of-living allowance is granted (based on the Consumer Price Index).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 372 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2009:

Type of Membership	Membership
Retirees and Beneficiaries Receiving Benefits	9,454
Terminated Plan Members Entitled to but not yet Receiving Benefits	674
Active Plan Members Vested	13,363
Active Plan Members Non-vested	3,944
Total	27,435

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the

LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates to the LEOFF system expressed as a percentage of covered payroll as of December 31, 2010 are as follows:

	LEOFF Plan I	LEOFF Plan II
Employer	0.16%	5.24%
Employee	0.00%	8.46%

Both the City and the employees made the required contributions. The City's contributions to the LEOFF system for the years ended December 31 are as follows:

	LEOFF Plan I	LEOFF Plan II
2010	\$ 714	\$ 640,494
2009	643	630,453
2008	724	615,728

Firemen's Pension System

Plan Description

The City is the administrator of the Firemen's Pension Plan which is a closed, single-employer, defined benefit pension plan that was established in conformance with RCW Chapter 41.18. This plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Membership is limited to fire fighters employed prior to March 1, 1970 when the LEOFF retirement system was established. The City's obligation under the Firemen's Pension Plan consists of paying all benefits, including payments to beneficiaries, for fire fighters who retired prior to March 1, 1970 and excess benefits over LEOFF for covered fire fighters who retired after March 1, 1970. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the Plan. The Plan does not issue a separate financial report.

Membership of the Firemen's Pension Plan consisted of the following at December 31, 2010.

Type of Membership	Total
Retirees and beneficiaries receiving benefits	9
Retirees currently receiving full retirement benefits through the Law Enforcement Officers and Fire Fighters Retirement Plan (LEOFF)	3
Total	<u>12</u>

Funding Policy

Under State law, the Firemen's Pension Plan is provided an allocation of all monies received by the State from taxes on fire insurance premiums; interest earnings; member contributions made prior to the inception of LEOFF; and City contributions required to meet projected future pension obligations. An actuarial valuation was completed as of December 31, 2010 and it was determined that current assets of the fund, along with future revenues from state fire insurance taxes and interest earnings, will be sufficient to pay all future Firemen's Pension Plan pension benefits. In 2010 \$49,989 was received from the state from taxes on fire insurance premiums. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenditures/expenses during the period. Costs to administer the plan are paid for through investment earnings and General Fund resources. The

Actuarial Valuation of Firefighters' Pension Fund table is reported in the Required Supplemental Information section, and a recap of the Schedule of Funding Progress is as follows:

PENSION SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 1998	\$981	\$1,042	\$61	94%	\$101	60%
January 1, 2000	1076	1,243	167	87	112	149
January 1, 2003	1215	1,135	(80)	107	0	N/A
January 1, 2005	1265	1,182	(83)	107	0	N/A
January 1, 2007	1336	1,310	(26)	102	0	N/A
January 1, 2009	1445	1,610	165	90	0	N/A
January 1, 2011	1430	1,582	152	90	0	N/A

The system does not issue a stand-alone financial report and is not included in another Public Employee Retirement System or another entity. Biennially a complete actuarial valuation financial report, including an accounting update for intervening years, is prepared by Milliman USA, Incorporated. This report is available from the City of Tukwila.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Benefits are recognized when due and payable in accordance with the plan.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

	2008	2009	2010
1 Annual normal cost (BOY)	\$ -	\$ -	\$ -
2 Amortization of UAAL (BOY)	(1,903)	11,185	11,185
3 Interest to EOY (1 + 2 x i*)	(95)	391	391
4 ARC at EOY (1 + 2 + 3)	(1,998)	11,576	11,576
5 Interest on NPO	(10,028)	(8,695)	(9,057)
6 Adjustment to ARC	(14,898)	(16,888)	(18,236)
7 Annual Pension cost (4 + 5 - 6)	2,872	19,769	20,755
8 Employer contributions**	50,730	30,112	46,989
9 Change in NPO (7 - 8)	(47,858)	(10,343)	(26,234)
10 NPO at BOY (11 prior yr)	(200,563)	(248,421)	(258,764)
11 NPO at EOY (9 + 10)	\$ (248,421)	\$ (258,764)	\$ (284,998)

* (i) is the assumed interest rate that year: 5% in 2008, 3.5% in 2009, 3.5% in 2010

** Employer contributions for pensions are total contributions to the Fund net of disbursements from the Fund for medical expenses under RCW 41.26.150 and administrative expenses.

The Annual Required Contribution (ARC) was computed using the Entry Age Normal Cost Method. Under this method, the projected benefits are allocated on a level basis as a percentage of salary over the earnings of each individual between entry age and exit age. The amount allocated to each year is called the Normal Cost and the portion of the Actuarial Present Value of all benefits not provided for by future Normal Cost payments is called the Actuarial Accrued Liability. Since all members have already

retired, the amount of the Normal Cost is zero. The Unfunded Actuarial Accrued Liability (UAAL) is the Actuarial Accrued Liability minus the actuarial value of the Fund's assets.

ANNUAL DEVELOPMENT OF PENSION COST

Fiscal Year Ended	Annual Required Contribution	Interest on Net Pension Obligation	ARC Adjustment	Annual Pension Cost	Total Employer Contributions	Change in Net Pension Obligation	Net Pension Obligation Balance	(Gain)/Loss	--- Amortization---	(Gain)/Loss	Ending Balance
2008	\$ (1,998)	\$ (10,028)	\$ (14,898)	\$ 2,872	\$ 50,730	\$ (47,858)	\$ (248,421)	\$ (52,728)	13.4622	\$ (14,898)	\$ (248,421)
2009	11,576	(8,695)	(16,888)	19,769	30,112	(10,343)	(258,764)	(18,536)	14.7098	(16,888)	(258,764)
2010	11,576	(9,057)	(18,236)	20,755	46,989	(26,234)	(284,998)	(35,413)	14.1897	(18,236)	(284,998)

PERCENTAGE OF ANNUAL PENSION COST CONTRIBUTED

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a* Percentage of APC	Net Pension Obligation (Asset)
December 31, 2008	\$ 2,872	1,766%	\$ (248,421)
December 31, 2009	19,769	152	(258,764)
December 21, 2010	20,755	226	(284,998)

* In years with a negative APC, this percentage is not applicable.

The information presented in the preceding required schedules were determined as part of the actuarial valuations at the dates indicated.

The key actuarial assumptions used for the January 1, 2011 valuation were:

Actuarial Valuations	
Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry Age Normal
Amortization Method	30-year, closed as of January 1, 1999
Remaining amortization period	18 years
Asset valuation method	Fair market value
Assumptions	
Investment rate of return	4.00%
Projected salary increases	3.75%
Price inflation	2.75%
Cost-of-living adjustments	Based upon salary increase assumption when appropriate, for FPF benefits.*
	Based upon inflation assumption for some FPF benefits and all LEOFF benefits.

* Under the Firemen's Pension Trust Fund, most adjustments are based on the change in salary for the rank of members held at retirement or based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26

The Schedule of Funding progress, presented as required supplementary information following the notes of the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Schedule of Employer Contributions is also included as required supplementary information following the notes to the financial statements.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description

The City is the administrator of the Retiree Medical and Long-Term Care Benefits for LEOFF 1 Employees Plan which is a closed, single-employer, defined benefit, other post employment benefit plan (OPEB). The benefits are authorized under state statute, RCW Chapters 41.16 and 41.18 and 41.26 and may be amended by the state legislature. This plan provides medical, dental and long-term care benefits to eligible retirees. Membership is limited to eligible law enforcement officers and fire fighters hired prior to the March 1, 1970 establishment of LEOFF, as well as eligible members of LEOFF hired prior to October 1, 1977. Financial reporting for the LEOFF retiree healthcare plan is included in the City's Comprehensive Annual Financial Report. Triennially, a complete actuarial valuation financial report is prepared by Milliman USA, Incorporated. This report is available from the City.

Membership

As of December 31, 2010, there were 5 active employees and 37 retirees meeting the eligibility requirements of a LEOFF 1 member. This is considered a closed group with no new members.

Funding Policy

Funding for LEOFF 1 retiree healthcare costs is provided entirely by the City as required by RCW. The City's funding policy is based upon pay-as-you-go financing requirements. The employee or retiree is not required to contribute to the cost of the plan. The annual contribution represents the cost of employer-paid benefits.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period 21 years as of January 1, 2008. The following tables show the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

		2008	2009	2010
1	Annual normal cost (BOY)	\$ 105,058	\$ 105,058	\$ 105,058
2	Amortization of UAAL (BOY)	1,196,165	1,196,165	1,196,165
3	Interest to EOY (1 + 2 x i*)	65,061	65,061	65,061
4	ARC at EOY (1 + 2 + 3)	1,366,284	1,366,284	1,366,284
5	Interest on Net OPEB Obligation	-	40,459	90,941
6	Adjustment to ARC	-	61,839	143,332
7	Annual OPEB cost (4 + 5 - 6)	1,366,284	1,344,904	1,313,893
8	Employer contributions	557,103	335,265	317,771
9	Change in Net OPEB Obligation (7 - 8)	809,181	1,009,639	996,122
10	Net OPEB Obligation at BOY (11 prior yr)	-	809,181	1,818,820
11	Net OPEB Obligation at EOY (9 + 10)	\$ 809,181	\$ 1,818,820	\$ 2,814,942

* (i) is the assumed interest rate that year: 5% in each year.

The net OPEB obligation of \$2,814,942 is included as a non-current liability on the Statement of Net Assets.

ANNUAL DEVELOPMENT OF OPEB COST

Fiscal Year Ended	Annual Required Contribution	Interest on Net OPEB Obligation	ARC Adjustment	Annual OPEB Cost	Total Employer Contributions	Change in Net OPEB Obligation	Net OPEB Obligation Balance	(Gain)/Loss	--- Amortization---	(Gain)/Loss	Ending Balance
2008	\$ 1,366,284	\$ -	\$ -	\$ 1,366,284	\$ 557,103	\$ 809,181	\$ 809,181	\$ 809,181	13.4622	\$ -	\$ 809,181
2009	1,366,284	40,459	61,839	1,344,904	335,265	1,009,639	1,818,820	1,031,019	13.0853	61,839	1,818,820
2010	1,366,284	90,941	143,332	1,313,893	317,771	996,122	2,814,942	1,048,513	12.6896	143,332	2,814,942

* Based on a 21-year closed amortization as of January 1, 2008

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed
December 31, 2008	\$ 1,366,284	\$ 557,103	41 %
December 31, 2009	1,344,904	335,265	25
December 21, 2010	1,313,893	317,771	24

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$14.8 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.8 million and a funded ratio of 0%. The funded ratio is 0%, because the City funds benefits on a pay-as-you-go basis.

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$0	\$16,103	\$16,103	0%	N/A	N/A
January 1, 2011	0	14,805	14,805	0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial Valuations		
Valuation date	January 1, 2011	
Actuarial Cost Method	Entry Age Normal	
Amortization Method	21-year, closed as of January 1, 2008	
Remaining Amortization Period	18 years	
Asset Valuation Method	Fair market value	
Assumptions		
Investment rate of return	4.00%	
Medical inflation	<u>Year</u>	<u>Medical Cost Rate</u>
	2011	7.80%
	2012	7.10%
	2013	6.50%
	2014-2019	5.90%
	2020-2030	5.80%
	2031-2036	5.70%
Long-term care inflation	4.75%	

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, provides the multi-year trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the actual.

NOTE 11 – LONG-TERM DEBT

The City of Tukwila's long-term debt consists of Governmental Activities Long-Term Debt and Business-Type Activities Long-Term Debt. The City is in compliance with all Washington State debt limitation statutes and bond indenture agreements. The City's long-term debt is accounted for in two areas:

1. Governmental Activities Long-Term Debt - Debt in this classification is paid from property and sales tax revenues and is a general obligation of the City. The City currently maintains a rating of Aa3 from Moody's Investor Service and a rating of AA- from Fitch's Rating Service for its General Obligation Bonds.
2. Business-Type Activities Long-Term Debt - Operating revenues of the individual proprietary funds are used to satisfy this debt. The City's bond rating from Moody's Investors Service is Aaa for the 1995 Revenue Bonds, the 2006 Revenue Bonds and the 2003 General Obligation Bonds. Public Works Trust Fund loans are low interest rate loans available from the Washington State Department of Commerce, Local Government & Infrastructure Division for qualifying projects.

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2010.

CHANGES IN LONG-TERM DEBT SUMMARY

	GENERAL OBLIGATION	REVENUE BONDS UTILITIES	PUBLIC WORKS TRUST FUND LOANS	COMPENSATED ABSENCES	DUE TO OTHER GOVERNMENTS	CAPITAL LEASES	TOTAL
Outstanding 01/01/2010	\$ 17,725,000	\$ 4,790,000	\$ 8,405,397	\$ 2,815,474	\$ 8,151,800	\$ -	\$41,887,671
Added	5,870,000	-	-	2,856,537	1,065,000	54,813	9,846,350
Retired / redeemed	(1,535,000)	(395,000)	(616,554)	(2,556,404)	(1,274,000)	(14,629)	(6,391,587)
Outstanding 12/31/2010	<u>\$ 22,060,000</u>	<u>\$ 4,395,000</u>	<u>\$ 7,788,843</u>	<u>\$ 3,115,607</u>	<u>\$ 7,942,800</u>	<u>\$ 40,184</u>	<u>45,342,434</u>
Add: Premium net of deferred charges							117,575
Total Long-Term Liabilities							<u>\$45,460,009</u>

Debt Service to Maturity

Following is a schedule showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences.

GOVERNMENTAL ACTIVITIES

Year Ended December 31	General Obligation Bonds		Due to Other Governments		Capital Leases		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 1,622,774	\$ 852,632	\$ 196,000	\$ 37,790	\$ 17,170	\$ 3,518	\$ 2,729,884
2012	1,673,707	793,676	201,000	310,361	13,163	1,788	2,993,696
2013	1,666,453	729,294	368,200	302,033	8,272	591	3,074,842
2014	1,807,386	661,736	368,000	290,207	1,579	39	3,128,946
2015 - 2019	7,630,480	2,244,621	1,080,000	1,285,047	-	-	12,240,147
2020 - 2024	4,420,376	630,682	1,032,400	1,095,755	-	-	7,179,213
2025 - 2029	-	-	1,254,000	861,273	-	-	2,115,273
2030 - 2034	-	-	1,541,200	562,392	-	-	2,103,592
2035 - 2039	-	-	1,902,000	189,343	-	-	2,091,343
Totals	\$18,821,175	\$ 5,912,640	\$ 7,942,800	\$4,934,202	\$ 40,184	\$ 5,936	\$37,656,936

BUSINESS-TYPE ACTIVITIES

Year Ended December 31	General Obligation		Revenue Bonds		Public Works Trust		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 192,226	\$ 140,628	\$ 415,000	\$ 217,543	\$ 609,186	\$ 38,662	\$ 1,613,244
2012	201,293	132,458	440,000	194,444	558,293	35,898	1,562,386
2013	208,547	123,903	465,000	168,044	558,293	33,107	1,556,893
2014	217,614	115,561	495,000	139,953	558,293	30,315	1,556,737
2015 - 2019	1,229,520	437,002	1,160,000	438,597	2,791,465	109,705	6,166,290
2020 - 2024	1,189,624	140,417	970,000	235,575	2,713,313	40,309	5,289,238
2025 - 2029	-	-	450,000	20,250	-	-	470,250
Totals	\$ 3,238,825	\$ 1,089,970	\$ 4,395,000	\$1,414,405	\$ 7,788,843	\$ 287,996	\$18,215,038

Changes in Long-Term Debt

On July 29, 2010, the City issued bonds to help finance both a major road construction project, the Southcenter Parkway Extension project, and the acquisition of emergency preparedness capital equipment. The bond issue comprised \$1,900,000 of tax exempt bonds maturing on December 1, 2015 and \$3,970,000 of taxable Build America Bonds maturing on December 1, 2024.

On March 4, 2010, Valley Communication Center Public Development Authority refunded general obligation bonds that had been previously issued in 2000. The City is contracted to pay 20% of the debt service on these bonds. The refunding reduced the City's portion of debt outstanding by \$4,000 and also reduced interest rates on the bonds.

CHANGES IN LONG-TERM DEBT – GOVERNMENTAL FUNDS

ITEM	Interest		OUTSTANDING			OUTSTANDING		Due Within
	Rates	Maturity	Authorized	12/31/2009	ISSUED	REDEEMED	12/31/10	One Year
GOVERNMENTAL ACTIVITIES:								
<u>Limited General Obligation (GO) Bonds Payable:</u>								
2003 Refunding Facilities	4.00-5.00	12/01/14	\$ 4,195,000	\$ 2,140,000	\$ -	\$ 395,000	\$ 1,745,000	\$ 410,000
2003 Streets	4.25-4.65	12/01/23	6,277,500	6,016,203	-	325,028	5,691,175	337,774
2008 Refunding Streets/Facilities	4.00-6.00	12/01/19	6,180,000	6,145,000	-	515,000	5,630,000	535,000
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	-	5,870,000	115,000	5,755,000	340,000
Total Bonds Payable			22,522,500	14,301,203	5,870,000	1,350,028	18,821,175	1,622,774
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance premiums			-	591,826	112,151	79,881	624,096	-
Issuance discounts and costs			-	(578,919)	(77,617)	(70,689)	(585,847)	-
Net Bonds Payable			22,522,500	14,314,110	5,904,534	1,359,220	18,859,424	1,622,774
<u>Due to Other Governments</u>								
2000 Facility Valley Com	4.30-5.75	12/01/15	2,551,600	1,253,000	-	1,253,000	-	-
2009 Facility SCORE	3.00-6.62	01/01/39	6,898,800	6,898,800	-	-	6,898,800	-
2010 Refunding facility	4.30-5.75	12/01/15	1,065,000	-	1,065,000	21,000	1,044,000	196,000
Total Due Other Governments			10,515,400	8,151,800	1,065,000	1,274,000	7,942,800	196,000
<u>Unamortized Deferred Credits (Charges):</u>								
Issuance premiums			-	48,105	-	48,105	-	-
Issuance discounts and costs			-	(66,755)	-	(66,755)	-	-
Net Due Other Governments			10,515,400	8,133,150	1,065,000	1,255,350	7,942,800	196,000
Capital leases			110,509	-	54,813	14,629	40,184	17,170
Compensated Absences:			-	2,581,536	2,586,913	2,328,165	2,840,284	2,328,165
Total Governmental Funds			\$33,148,409	\$ 25,028,796	\$9,611,260	\$ 4,957,364	\$29,682,692	\$ 4,164,109

CHANGES IN LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

ITEM	Interest		Authorized	OUTSTANDING		ISSUED	OUTSTANDING		Due Within
	Rates	Maturity		12/31/2009	REDEEMED		12/31/10	One Year	
BUSINESS-TYPE ACTIVITIES:									
<u>Bonds Payable:</u>									
1995 Water/Sewer Revenue	4.15-6.63	02/01/15	\$ 4,500,000	\$ 1,935,000	\$ -	\$ 275,000	\$ 1,660,000	\$ 290,000	
2003 Limited G.O. Golf Course	3.21-4.65	12/01/23	5,772,500	3,423,797	-	184,972	3,238,825	192,226	
2006 Water/Sewer/SWM Revenue	4.00-4.50	12/01/26	3,180,000	2,855,000	-	120,000	2,735,000	125,000	
Total Bonds Payable			13,452,500	8,213,797	-	579,972	7,633,825	607,226	
<u>Unamortized Deferred Credits (Charges):</u>									
Issuance Premiums			-	117,203	-	12,996	104,207	-	
Issuance Discounts			-	(30,975)	-	(6,094)	(24,881)	-	
Net Bonds Payable			13,452,500	8,300,025	-	586,874	7,713,151	607,226	
<u>Public Works Trust Fund Loans:</u>									
1990 Loan-Surface Water	5.00	07/01/10	140,000	7,368	-	7,368	-	-	
1991 Loan-Surface Water	1.00	07/01/11	1,313,000	101,786	-	50,893	50,893	50,893	
2003 Loan-Water/Sewer	0.50	07/01/21	273,870	173,451	-	14,454	158,997	14,454	
2003 Loan-Surface Water	0.50	07/01/21	219,725	139,159	-	11,596	127,563	11,597	
2004 Loan-Water/Sewer	0.50-2.00	07/01/24	5,016,000	4,093,294	-	272,886	3,820,408	272,886	
2004 Loan-Surface Water	0.50-2.00	07/01/24	684,000	558,176	-	37,211	520,965	37,212	
2004 Loan-Surface Water	1.00	07/01/24	4,196,056	3,332,162	-	222,144	3,110,018	222,144	
Total Public Works Trust Fund Loans			11,842,651	8,405,396	-	616,554	7,788,843	609,186	
Compensated Absences:			-	233,938	269,624	228,239	275,323	224,908	
Total Business-Type Activities			\$25,295,151	\$ 16,939,359	\$ 269,624	\$ 1,431,667	\$15,777,317	\$ 1,441,320	
TOTAL ALL FUNDS			\$58,443,560	\$ 41,968,155	\$9,880,884	\$ 6,389,031	\$45,460,009	\$ 5,605,429	

Due to Other Governments

Valley Communication Center Public Development Authority issued General Obligation bonds in 2000 for a new dispatch facility and refunded the debt in April 2010. The City is contracted to pay 20% of the debt service of these 15-year bonds that mature in 2015. This debt is paid from the General fund.

SCORE Public Development Authority issued General Obligation bonds in 2009 to acquire, construct, improve, and equip a consolidated correctional facility to be located in Des Moines, Washington. The City is contracted to pay 8% of the debt service of these 30 year bonds that mature in 2039. This debt is to be paid from the General fund.

LONG-TERM DEBT RECONCILIATION

	Government Funds	Enterprise Funds	Balance 12-31-10
General obligation bonds	\$ 18,821,175	\$ 3,238,825	\$ 22,060,000
Revenue bonds	-	4,395,000	4,395,000
Public Works Trust Fund loans	-	7,788,843	7,788,843
Due to Other Governments	7,942,800	-	7,942,800
Capital Leases	40,184	-	40,184
Employee leave benefits	2,840,284	275,323	3,115,607
Net Premiums / Deferred charges	38,249	79,326	117,575
Total long-term debt	\$ 29,682,692	\$ 15,777,317	\$ 45,460,009

Debt Limit Capacities

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City: 1.5% without a vote of the people; 2.5% with a vote of the people; 5.0% with a vote of the people, provided the indebtedness in excess of 2.5% is for utilities; 7.5% with a vote of the people, provided the indebtedness in excess of 5.0% is for parks or open space development.

At December 31, 2010, the debt limits for the City were as follows:

SUMMARY OF DEBT LIMIT CAPACITIES

Item	Without a Vote	-----With a Vote of the People-----		
	1.5%	2.5%	5.0%	7.5%
Legal Limit	\$ 72,142,302	\$ 120,237,170	\$ 240,474,339	\$ 360,711,509
Outstanding Net Indebtedness	32,919,123	32,919,123	32,919,123	32,919,123
Margin Available	\$ 39,223,179	\$ 87,318,047	\$ 207,555,217	\$ 327,792,386

NOTE 12 - RESERVATION OF FUND EQUITY

Following is an analysis of fund equity reservation by type for each of the City's fund groups.

SUMMARY OF FUND EQUITY RESERVATION

	General	Fiduciary	Proprietary	Totals
Imprest Funds	\$ 17,900	\$ -	\$ 1,300	\$ 19,200
Employees' Pension Benefit	-	1,429,822	-	1,429,822
Totals	\$ 17,900	\$ 1,429,822	\$ 1,300	\$ 1,449,022

NOTE 13 – CONSTRUCTION COMMITMENTS

As of December 31, 2010 the City had \$12,740,234 contractual obligations on construction projects.

NOTE 14 – LITIGATION

There are several lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City total approximately \$250,000.

NOTE 15 – RESTRICTED ASSETS

The balances of the restricted asset accounts in the enterprise funds are as follows:

SUMMARY OF RESTRICTED ASSETS

Restricted Assets	
Customer Deposits-Water/Sewer Utility	\$ 10,040
Customer Deposits-Foster Golf Course	50,194
Revenue Bond Reserve Account-Water/Sewer/Surface Water	430,444
Total Restricted Assets	\$ 490,678

NOTE 16 – RISK MANAGEMENT

The City of Tukwila is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 145 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$500,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City insures its buildings, equipment, and vehicle property insurance with WCIA. They self-fund up to \$250,000 with standard property insurance purchased above that amount. Travelers insures boiler machinery and Anderson & Black Insurance insures employee dishonesty coverage.

The City of Tukwila has a Risk Management and a Safety Committee to oversee risk management. In addition, the WCIA provides support for a proactive risk analysis program and a loss control manual.

During the year under audit, no settlement has exceeded insurance coverage.

The City self-insures for unemployment benefits. This is budgeted each year and has not exceeded \$60,000 per year. This expense is budgeted in each respective fund and no reserves are allocated because of the limited liability and historical cost.

The City also self-insures for medical, dental and other health care benefits. A third-party administrator, Healthcare Management Administrators, Inc., provides claims administration. The City has a stop-loss policy with Standard Insurance Company, which provides individual limits of \$110,000 and a plan limit of \$6,927,265 in 2010. Each fund contributes an appropriate amount each year to pay premiums and claims. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The basis for estimating the liabilities for unpaid claims includes the effects of specific, incremental claim adjustment expenses, salvage, subrogation, and other allocated adjustment expenses.

The following table reflects changes in the balances of claims liabilities for 2010 and 2009.

SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Health Benefit Insurance 2010	Health Benefit Insurance 2009	Insurance – LEOFF I 2010	Insurance – LEOFF I 2009
Claims Liabilities at Beginning of Year	\$ 1,167,751	\$ 1,190,640	\$ 97,401	\$ 111,024
Claims expenses:				
Current year and changes in estimates	4,300,120	3,887,428	249,957	312,421
Claims payments and expenses	(4,312,224)	(3,910,317)	(277,058)	(326,044)
Claims Liabilities at End of Year	\$ 1,155,647	\$ 1,167,751	\$ 70,300	\$ 97,401

NOTE 17 – SUBSEQUENT EVENTS**Public Safety Employees' Retirement System (PSERS) Plan 2**

Two City positions became members of PSERS effective January 1, 2011. Below is information regarding plan eligibility and benefits.

Plan Description

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006.

PSERS Plan 2 membership includes full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and those full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A *covered employer* is one that participates in PSERS. Covered employers include: State of Washington agencies: Department of Corrections, Department of Natural Resources, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board; Washington state counties; and Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and have one of the following:

- Completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job.
- Primary responsibility to ensure the custody and security of incarcerated or probationary individuals.
- Limited authority to function as a Washington peace officer, as defined in RCW 10.93.020.
- Primary responsibility to supervise eligible members who meet the above criteria.

Effective January 1, 2011 the City and employees began making the required contributions for PSERS for two full-time employees.

Metropolitan Park District (MPD)

On April 18, 2011, the City Council adopted Resolution No. 1738 authorizing a special election on August 16, 2011 for voter approval of the formation of a Metropolitan Park District. If approved the City of Tukwila pool will be operated by the MPD. The City will no longer have revenue and expenditures associated with the pool. In 2010, General Fund revenues for the pool were \$214,804 and expenditures were \$510,985.

Tukwila Urban Center Access (Klickitat) Project

On October 26, 2009, the City Council declared its intent to order improvement of urban access for the Southcenter area and establish the Klickitat Local Improvement District (LID). This project will improve traffic flow on Southcenter Parkway, Klickitat Drive and Strander Boulevard by constructing an underpass for the southbound lane on Southcenter Parkway. Payment for the improvement will be made by special assessment upon the property in the district. Including federal, state, local and LID financing, the total project cost is estimated to be \$17.3 million.

On May 2, 2011, the City Council passed Resolution No. 1739 authorizing interfund loans of up to \$12 million to finance construction period costs. The City will finance construction period expenses through an interfund loan or loans from multiple funds instead of external financing to save on debt issuance fees and interest. The interfund loan will be in addition to state and federal grant funding of \$6.6 million. The City intends to issue long term bonds after completion of construction and finalization of the assessment roll. The long-term bonds will be used to repay the interfund loans.

Social Card Room Activities-Gambling

There are currently three social card rooms operating in Tukwila that generated gambling tax revenues of \$2.1 million in 2010 and an additional \$132,000 in other taxes and fees. On February 2, 2011, the City Council adopted Ordinance No. 2323. The ordinance allows social card rooms to operate citywide until December 31, 2015 after which time social card rooms will be prohibited.



FIREMEN'S PENSION TRUST FUND**SCHEDULE OF FUNDING PROGRESS**
(rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 1998	\$981	\$1,042	\$61	94%	\$101	60%
January 1, 2000	1076	1,243	167	87	112	149
January 1, 2003	1215	1,135	(80)	107	0	N/A
January 1, 2005	1265	1,182	(83)	107	0	N/A
January 1, 2007	1336	1,310	(26)	102	0	N/A
January 1, 2009	1445	1,610	165	90	0	N/A
January 1, 2011	1430	1,582	152	90	0	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Employer Contributions	Fire Insurance Premiums	Total Employer Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 2005	(\$11,250)	\$40,983	\$29,733	(\$6,547)	N/A %
December 31, 2006	(2,114)	45,951	43,837	(6,547)	N/A
December 31, 2007	(8,575)	50,555	41,980	(1,998)	N/A
December 31, 2008	(1,841)	52,571	50,730	(1,998)	N/A
December 31, 2009	(18,425)	48,537	30,112	11,576	260
December 31, 2010	(3,000)	49,989	46,989	11,576	406

**RETIREE MEDICAL AND LONG-TERM CARE BENEFITS
FOR LEOFF 1 EMPLOYEES****SCHEDULE OF FUNDING PROGRESS**
(rounded to thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2008	\$0	\$16,103	\$16,103	0%	N/A	N/A
January 1, 2011	0	14,805	14,805	0%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Employer Contributions	Fire Insurance Premiums	Percentage of ARC Contributed
December 31, 2008	\$557,103	\$1,366,284	41%
December 31, 2009	335,265	1,366,284	25
December 31, 2010	317,771	1,366,284	23

The information presented in the preceding required schedules was determined as part of the actuarial valuations at the dates indicated.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FIREMEN'S PENSION TRUST FUND

Actuarial Valuations	
Actuarial valuation date	January 1, 2011
Actuarial cost method	Entry Age Normal
Amortization Method	30-year, closed as of January 1, 1999
Remaining amortization period	18 years
Asset valuation method	Fair market value
Assumptions	
Investment rate of return	4.00%
Projected salary increases	3.75%
Price inflation	2.75%
Cost-of-living adjustments	Based upon salary increase assumption when appropriate, for FPF benefits.*
	Based upon inflation assumption for some FPF benefits and all LEOFF benefits.

* Under the Firemen's Pension Trust Fund, most adjustments are based on the change in salary for the rank of members held at retirement or based on the Consumer Price Index. Adjustments are determined in accordance with RCW 41.18.150, RCW 41.20 and RCW 41.26

RETIREE MEDICAL AND LONG-TERM CARE BENEFITS FOR LEOFF 1 EMPLOYEES

Actuarial Valuations		
Valuation date	January 1, 2011	
Actuarial Cost Method	Entry Age Normal	
Amortization Method	21-year, closed as of January 1, 2008	
Remaining Amortization Period	18 years	
Asset Valuation Method	Fair market value	
Assumptions		
Investment rate of return	4.00%	
Medical inflation	<u>Year</u>	<u>Medical Cost Rate</u>
	2011	7.80%
	2012	7.10%
	2013	6.50%
	2014-2019	5.90%
	2020-2030	5.80%
	2031-2036	5.70%
Long-term care inflation	4.75%	

NON-MAJOR GOVERNMENTAL FUNDS

The City has three types of non-major governmental funds:

Special Revenue Funds

Special Revenue Funds are established to account for proceeds of specific taxes or other specific revenue sources that are legally restricted to expenditures for particular purposes. This revenue is segregated into individual Special Revenue Funds to classify expenditures for specified purposes.

Debt Service Funds

Debt Service Funds are used to account for payment of principal and interest on general obligation long-term debt. The City maintains Debt Service Funds to provide debt service payments on General Obligation Bonds both voted and councilmanic.

Capital Projects Funds

Capital Projects Funds account for the acquisition or development of major capital facilities, except those projects financed by proprietary funds. Sources of revenue to these funds include general obligation bond proceeds, federal and state grants, general property taxes, real estate excise taxes, sales taxes, interest earnings, and transfers from other funds.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
 DECEMBER 31, 2010

	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,869,751	\$ 3,051	\$ 2,533,725	\$ 5,406,527
INVESTMENTS	393,284	-	-	393,284
RECEIVABLES:				
TAXES	-	-	46,697	46,697
DUE FROM OTHER GOVERNMENTAL UNITS	217,905	-	40,803	258,708
CURRENT ASSETS RESTRICTED:				
CASH AND CASH EQUIVALENTS	-	-	1,151,650	1,151,650
TOTAL ASSETS	\$ 3,480,940	\$ 3,051	\$ 3,772,875	\$ 7,256,866
LIABILITIES AND FUND BALANCES:				
CURRENT LIABILITIES:				
ACCRUED WAGES AND BENEFITS	\$ 13,436	\$ -	\$ 5,192	\$ 18,628
ACCOUNTS PAYABLE	277	-	-	277
DEFERRED REVENUE	59,091	-	-	59,091
TOTAL LIABILITIES	72,804	-	5,192	77,996
FUND BALANCES:				
UNRESERVED	3,408,136	3,051	3,767,683	7,178,870
TOTAL FUND BALANCES	3,408,136	3,051	3,767,683	7,178,870
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,480,940	\$ 3,051	\$ 3,772,875	\$ 7,256,866

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR DEBT SERVICE FUNDS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
TAXES	\$ 458,092	\$ 2,174,141	\$ 220,376	\$ 2,852,609
OTHER TAXES	-	22,589	-	22,589
INTERGOVERNMENTAL	1,134,366	-	85,633	1,219,999
CHARGES FOR SERVICES	-	-	142,383	142,383
FINES AND FORFEITURES	160,027	-	2,500	162,527
INVESTMENT EARNINGS	18,247	1,442	8,734	28,423
MISCELLANEOUS	16,451	-	457	16,908
TOTAL REVENUES	1,787,183	2,198,172	460,083	4,445,438
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	-	44,163	44,163
PHYSICAL ENVIRONMENT	-	-	122,467	122,467
ECONOMIC ENVIRONMENT	1,302,815	-	-	1,302,815
PUBLIC SAFETY	7,914	-	-	7,914
DEBT SERVICE				
PRINCIPAL	-	1,555,028	-	1,555,028
INTEREST	-	771,531	20,684	792,215
CAPITAL OUTLAY				
GENERAL GOVERNMENT	-	-	405,387	405,387
PUBLIC SAFETY	60,283	-	-	60,283
PHYSICAL ENVIRONMENT	-	-	61,796	61,796
TRANSPORTATION	300,000	-	-	300,000
ECONOMIC ENVIRONMENT	19,064	-	-	19,064
TOTAL EXPENDITURES	1,690,076	2,326,559	654,497	4,671,132
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	97,107	(128,387)	(194,414)	(225,694)
OTHER FINANCING SOURCES (USES):				
PROCEEDS FROM CAPITAL LEASE	8,403	-	-	8,403
TRANSFERS OUT (Note 5)	-	-	(65,000)	(65,000)
GENERAL OBLIGATION BONDS ISSUED	-	1,065,000	1,564,297	2,629,297
PREMIUM ON GENERAL OBLIGATION DEBT	-	-	29,887	29,887
PAYMENT TO FISCAL AGENT	-	(1,069,000)	-	(1,069,000)
TOTAL OTHER FINANCING SOURCES AND USES	8,403	(4,000)	1,529,184	1,533,587
NET CHANGE IN FUND BALANCES	105,510	(132,387)	1,334,770	1,307,893
FUND BALANCES - BEGINNING	3,302,626	135,438	2,432,913	5,870,977
FUND BALANCES - ENDING	\$ 3,408,136	\$ 3,051	\$ 3,767,683	\$ 7,178,870



NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established to account for proceeds of specific taxes or other specific revenue sources that are legally restricted to expenditures for particular purposes. This revenue is segregated into individual Special Revenue Funds to classify expenditures for specified purposes.

Hotel/Motel Tax Fund

Established to account for the proceeds of a special excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under Chapter 82.08 RCW. The tax applies to lodging by hotel, rooming house, tourist court, motel or trailer camp. Proceeds from this tax may only be used to promote tourism.

Street Fund

Established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's street and traffic control systems. Major sources of support are general tax revenues and the State-levied tax on motor vehicle fuels distributed to Tukwila, to be used for City street purposes.

Contingency Fund

Provides funding for any municipal expenditure, the necessity or extent of which could not be foreseen or reasonably evaluated at the time of budget adoption. Resources of the fund are general tax revenues.

Fire Equipment Cumulative Reserve Fund

Provides funding for major fire department equipment purchases. Primary revenue source is transfers from the General Fund.

Drug Seizure Fund

Established to account for the yearly accumulation of drug seizure revenues and related expenditures.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	HOTEL/MOTEL TAX	STREET	CONTINGENCY	FIRE EQUIPMENT CUMULATIVE RESERVE	DRUG SEIZURE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS:						
CASH AND CASH EQUIVALENTS	\$ 542,333	\$ 410,842	\$ 806,893	\$ 803,981	\$ 305,702	\$ 2,869,751
INVESTMENTS	103,581	196,804	82,577	-	10,322	393,284
DUE FROM OTHER GOVERNMENTAL UNITS	217,905	-	-	-	-	217,905
TOTAL ASSETS	\$ 863,819	\$ 607,646	\$ 889,470	\$ 803,981	\$ 316,024	\$ 3,480,940
LIABILITIES AND FUND BALANCES:						
ACCOUNTS PAYABLE	\$ 277	\$ -	\$ -	\$ -	\$ -	\$ 277
ACCRUED WAGES AND BENEFITS PAYABLE	13,436	-	-	-	-	13,436
DEFERRED REVENUE	-	-	-	59,091	-	59,091
TOTAL LIABILITIES	13,713	-	-	59,091	-	72,804
FUND BALANCES:						
UNRESERVED	850,106	607,646	889,470	744,890	316,024	3,408,136
TOTAL FUND BALANCES	850,106	607,646	889,470	744,890	316,024	3,408,136
TOTAL LIABILITIES AND FUND BALANCES	\$ 863,819	\$ 607,646	\$ 889,470	\$ 803,981	\$ 316,024	\$ 3,480,940

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	HOTEL/MOTEL TAX	STREET	CONTINGENCY	FIRE EQUIPMENT CUMULATIVE RESERVE	DRUG SEIZURE	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES:						
TAXES	\$ 458,092	\$ -	\$ -	\$ -	\$ -	\$ 458,092
INTERGOVERNMENTAL	765,016	267,705	-	101,645	-	1,134,366
FINES AND FORFEITURES	-	-	-	-	160,027	160,027
INVESTMENT EARNINGS	4,436	5,148	4,008	2,282	2,373	18,247
MISCELLANEOUS	16,317	-	-	134	-	16,451
TOTAL REVENUES	1,243,861	272,853	4,008	104,061	162,400	1,787,183
EXPENDITURES:						
CURRENT:						
PUBLIC SAFETY	-	-	-	-	7,914	7,914
ECONOMIC ENVIRONMENT	1,302,815	-	-	-	-	1,302,815
CAPITAL OUTLAY :						
PUBLIC SAFETY	-	-	-	713	59,570	60,283
TRANSPORTATION	-	300,000	-	-	-	300,000
ECONOMIC ENVIRONMENT	19,064	-	-	-	-	19,064
TOTAL EXPENDITURES	1,321,879	300,000	-	713	67,484	1,690,076
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES	(78,018)	(27,147)	4,008	103,348	94,916	97,107
OTHER FINANCING SOURCES (USES):						
PROCEEDS FROM CAPITAL LEASE	8,403	-	-	-	-	8,403
TOTAL OTHER FINANCING SOURCES AND USES	8,403	-	-	-	-	8,403
NET CHANGE IN FUND BALANCES	(69,615)	(27,147)	4,008	103,348	94,916	105,510
FUND BALANCES - BEGINNING	919,721	634,793	885,462	641,542	221,108	3,302,626
FUND BALANCES - ENDING	\$ 850,106	\$ 607,646	\$ 889,470	\$ 744,890	\$ 316,024	\$ 3,408,136

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
TAXES	\$ 600,000	\$ 600,000	\$ 458,092	\$ (141,908)
INTERGOVERNMENTAL	607,000	662,000	765,016	103,016
INVESTMENT EARNINGS	20,000	20,000	4,436	(15,564)
MISCELLANEOUS	5,000	5,000	16,317	11,317
TOTAL REVENUES	1,232,000	1,287,000	1,243,861	(43,139)
EXPENDITURES:				
CURRENT:				
ECONOMIC ENVIRONMENT	1,237,860	1,382,860	1,302,815	80,045
CAPITAL OUTLAY:				
ECONOMIC ENVIRONMENT	10,000	10,000	19,064	(9,064)
TOTAL EXPENDITURES	1,247,860	1,392,860	1,321,879	70,981
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(15,860)	(105,860)	(78,018)	27,842
OTHER FINANCING SOURCES (USES):				
PROCEEDS FROM CAPITAL LEASE	-	-	8,403	8,403
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,403	8,403
NET CHANGE IN FUND BALANCES	(15,860)	(105,860)	(69,615)	36,245
FUND BALANCES - BEGINNING	632,964	919,721	919,721	-
FUND BALANCES - ENDING	\$ 617,104	\$ 813,861	\$ 850,106	\$ 36,245

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
STREET SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INTERGOVERNMENTAL	\$ 300,000	\$ 300,000	\$ 267,705	\$ (32,295)
INVESTMENT EARNINGS	10,000	10,000	5,148	(4,852)
TOTAL REVENUES	310,000	310,000	272,853	(37,147)
EXPENDITURES:				
CAPITAL OUTLAY:				
TRANSPORTATION	400,000	400,000	300,000	(100,000)
TOTAL EXPENDITURES	400,000	400,000	300,000	100,000
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(90,000)	(90,000)	(27,147)	62,853
NET CHANGE IN FUND BALANCES	(90,000)	(90,000)	(27,147)	62,853
FUND BALANCES - BEGINNING	317,000	317,000	634,793	317,793
FUND BALANCES - ENDING	\$ 227,000	\$ 227,000	\$ 607,646	\$ 380,646

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CONTINGENCY SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ 18,000	\$ 18,000	\$ 4,008	\$ (13,992)
TOTAL REVENUES	18,000	18,000	4,008	(13,992)
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	18,000	18,000	4,008	(13,992)
NET CHANGE IN FUND BALANCES	18,000	18,000	4,008	(13,992)
FUND BALANCES - BEGINNING	874,187	874,187	885,462	11,275
FUND BALANCES - ENDING	<u>\$ 892,187</u>	<u>\$ 892,187</u>	<u>\$ 889,470</u>	<u>\$ (2,717)</u>

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE EQUIPMENT CUMULATIVE RESERVE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ 10,000	\$ 9,000	\$ 2,282	\$ (6,718)
INTERGOVERNMENTAL	-	-	101,645	101,645
MISCELLANEOUS	-	-	134	134
TOTAL REVENUES	10,000	9,000	104,061	95,061
EXPENDITURES:				
CURRENT:				
PUBLIC SAFETY	2,000	2,000	-	2,000
CAPITAL OUTLAY:				
PUBLIC SAFETY	-	-	713	(713)
TOTAL EXPENDITURES	2,000	2,000	713	1,287
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	8,000	7,000	103,348	96,348
NET CHANGE IN FUND BALANCES	8,000	7,000	103,348	96,348
FUND BALANCES - BEGINNING	427,000	420,000	641,542	221,542
FUND BALANCES - ENDING	\$ 435,000	\$ 427,000	\$ 744,890	\$ 317,890

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DRUG SEIZURE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

	ORIGINAL BUDGET (GAAP BASIS)	FINAL BUDGET (GAAP BASIS)	ACTUAL RESULTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
INVESTMENT EARNINGS	\$ -	\$ -	\$ 2,373	\$ 2,373
FINES AND FORFEITURES	-	200,000	160,027	(39,973)
TOTAL REVENUES	-	200,000	162,400	(37,600)
EXPENDITURES:				
CURRENT:				
PUBLIC SAFETY	-	2,000	7,914	(5,914)
CAPITAL OUTLAY:				
PUBLIC SAFETY	-	105,000	59,570	45,430
TOTAL EXPENDITURES	-	107,000	67,484	39,516
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	-	93,000	94,916	1,916
NET CHANGE IN FUND BALANCES	-	93,000	94,916	1,916
FUND BALANCES - BEGINNING	-	184,647	221,108	36,461
FUND BALANCES - ENDING	\$ -	\$ 277,647	\$ 316,024	\$ 38,377

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Debt Service Funds are used to account for payment of principal and interest on general obligation long-term debt. The City maintains Debt Service Funds to provide debt service payments on General Obligation Bonds both voted and councilmanic.

Limited Tax G.O. 2003

This fund provides payment to the Fiscal Agent for principal and interest payments required per the debt service schedule for the City of Tukwila's Arterial Street program. Revenues are provided by allocation of sales tax proceeds.

Limited Tax G.O. Refunding 2003

This fund provides payment to the Fiscal Agent for principal and interest payments required per the debt service schedule for the refunded Limited Tax G.O. 1994 Bonds for the construction of a new Community Center and replacement Fire Station. Revenues are provided by allocation of sales tax proceeds.

Limited Tax G.O. Refunding 2008

This fund provides payment to the Fiscal Agent for principal and interest payments required per the debt service schedule for the refunded Limited Tax G.O. 1999 Bonds for the purchase of an additional City Hall Annex and economic revitalization projects. Revenues are provided by allocation of sales tax proceeds.

Limited Tax G.O. 2009A

This fund provides payment to the Fiscal Agent for principal and interest payments required per the debt service schedule for the City's portion of the construction of a correctional facility along with six other cities.

Taxable Build America Bonds 2009B

This fund provides payment to the Fiscal Agent for principal and interest payments required per the debt service schedule for the City's portion of the construction of a correctional facility along with six other cities.

Taxable Build America Bonds 2010A and 2010B

This fund provides payment to the Fiscal Agent for principal and interest payments required per the debt service schedule for bonds issued for the construction and realignment of Southcenter Parkway in the Tukwila South Annexation area and for the cost of emergency preparedness capital and other equipment.

Limited Tax G.O. Refunding 2010

This fund provides payment to Valley Communications Center for principal and interest on bonds issued in April 2010 to refund bonds that were originally issued in 2000 to pay for the new Valley Communications Center. This debt reflects Tukwila's share with four other cities. Each of the five cities is responsible for one-fifth of the annual debt service.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2010

Page 1 of 2

	LIMITED TAX G.O. BONDS 1999	LIMITED TAX G.O. BONDS 2000	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003 (REF 1994)
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 503	\$ 70	\$ 153	\$ 1,457
TOTAL ASSETS	\$ 503	\$ 70	\$ 153	\$ 1,457
LIABILITIES AND FUND BALANCES:				
FUND BALANCES:				
UNRESERVED	\$ 503	\$ 70	\$ 153	\$ 1,457
TOTAL FUND BALANCES	503	70	153	1,457
TOTAL LIABILITIES AND FUND BALANCES	\$ 503	\$ 70	\$ 153	\$ 1,457

Page 2 of 2

LIMITED TAX BONDS G.O. BONDS 2010A	TAXABLE BUILD AMERICA BONDS 2010B	LIMITED TAX G.O. REFUNDING BONDS 2010 (REF 2000)	TOTAL NONMAJOR DEBT SERVICE FUNDS
\$ 37	\$ 17	\$ 814	\$ 3,051
\$ 37	\$ 17	\$ 814	\$ 3,051
\$ 37	\$ 17	\$ 814	\$ 3,051
\$ 37	\$ 17	\$ 814	\$ 3,051
\$ 37	\$ 17	\$ 814	\$ 3,051

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Page 1 of 2

	LIMITED TAX G.O. BONDS 1999	LIMITED TAX G.O. BONDS 2000	LIMITED TAX G.O. BONDS 2003	LIMITED TAX G.O. REFUNDING BONDS 2003 (REF 1994)
REVENUES:				
TAXES	\$ 796,702	\$ 101,009	\$ 578,227	\$ 474,571
INVESTMENT EARNINGS	503	292	236	356
OTHER TAXES	-	-	-	-
TOTAL REVENUES	797,205	101,301	578,463	474,927
EXPENDITURES:				
DEBT SERVICE				
INTEREST	301,302	9,200	260,921	94,700
PRINCIPAL	515,000	184,000	325,028	395,000
TOTAL EXPENDITURES	816,302	193,200	585,949	489,700
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(19,097)	(91,899)	(7,486)	(14,773)
OTHER FINANCING SOURCES (USES):				
GENERAL OBLIGATION BONDS ISSUED	-	-	-	-
PAYMENT TO FISCAL AGENT	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	-	-	-	-
NET CHANGE IN FUND BALANCES	(19,097)	(91,899)	(7,486)	(14,773)
FUND BALANCES - BEGINNING	19,600	91,969	7,639	16,230
FUND BALANCES - ENDING	\$ 503	\$ 70	\$ 153	\$ 1,457

Page 2 of 2

LIMITED TAX G.O. BONDS 2010A	TAXABLE BUILD AMERICA BONDS 2010B	LIMITED TAX G.O. REFUNDING BONDS 2010 (REF 2000)	TOTAL NONMAJOR DEBT SERVICE FUNDS
\$ 134,680	\$ 41,952	\$ 47,000	\$ 2,174,141
38	17	-	1,442
-	22,589	-	22,589
134,718	64,558	47,000	2,198,172
19,681	64,541	21,186	771,531
115,000	-	21,000	1,555,028
134,681	64,541	42,186	2,326,559
37	17	4,814	(128,387)
-	-	1,065,000	1,065,000
-	-	(1,069,000)	(1,069,000)
-	-	(4,000)	(4,000)
37	17	814	(132,387)
-	-	-	135,438
\$ 37	\$ 17	\$ 814	\$ 3,051



NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Capital Projects Funds account for the acquisition or development of major capital facilities, except those projects financed by proprietary funds. Sources of revenue to these funds include general obligation bond proceeds, federal and state grants, general property taxes, real estate excise taxes, sales taxes, interest earnings, and transfers from other funds.

Facility Replacement Fund

This fund was established in 1988 for the replacement of existing general government facilities.

General Government Improvements

This fund was established in 1992 to provide funding for minor capital improvements not related to parks, land acquisition, or major building replacements.

Fire Improvements

This fund is to be used for the acquisition of land, development of land, and construction of fire facilities. Source of revenue from this fund comes primarily from fire impact fees.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2010

	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	FIRE IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 2,058,699	\$ 319,008	\$ 156,018	\$ 2,533,725
RECEIVABLES:				
TAXES	-	46,697	-	46,697
DUE FROM OTHER GOVERNMENTAL UNITS	-	40,803	-	40,803
CURRENT ASSETS RESTRICTED:				
CASH AND CASH EQUIVALENTS	-	1,151,650	-	1,151,650
TOTAL ASSETS	\$ 2,058,699	\$ 1,558,158	\$ 156,018	\$ 3,772,875
LIABILITIES AND FUND BALANCES:				
CURRENT PAYABLES:				
ACCRUED WAGES AND BENEFITS	\$ 52	\$ 5,140	\$ -	\$ 5,192
TOTAL LIABILITIES	52	5,140	-	5,192
FUND BALANCES:				
UNRESERVED	2,058,647	1,553,018	156,018	3,767,683
TOTAL FUND BALANCES	2,058,647	1,553,018	156,018	3,767,683
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,058,699	\$ 1,558,158	\$ 156,018	\$ 3,772,875

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	FIRE IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES:				
TAXES	\$ 205	\$ 220,171	\$ -	\$ 220,376
CHARGES FOR SERVICES	-	-	142,383	142,383
INTERGOVERNMENTAL	-	85,633	-	85,633
FINES AND FORFEITURES	2,500	-	-	2,500
INVESTMENT EARNINGS	6,505	1,940	289	8,734
MISCELLANEOUS	457	-	-	457
TOTAL REVENUES	9,667	307,744	142,672	460,083
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	-	44,163	-	44,163
PHYSICAL ENVIRONMENT	12	122,455	-	122,467
DEBT SERVICE:				
INTEREST AND OTHER COSTS	-	20,684	-	20,684
CAPITAL OUTLAY				
GENERAL GOVERNMENT	-	405,387	-	405,387
PHYSICAL ENVIRONMENT	24,926	36,870	-	61,796
TOTAL EXPENDITURES	24,938	629,559	-	654,497
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(15,271)	(321,815)	142,672	(194,414)
OTHER FINANCING SOURCES (USES):				
TRANSFERS OUT (Note 5)	-	(65,000)	-	(65,000)
GENERAL OBLIGATION BONDS ISSUED	-	1,564,297	-	1,564,297
PREMIUM ON GENERAL OBLIGATION BONDS	-	29,887	-	29,887
TOTAL OTHER FINANCING SOURCES AND USES	-	1,529,184	-	1,529,184
NET CHANGE IN FUND BALANCES	(15,271)	1,207,369	142,672	1,334,770
FUND BALANCES - BEGINNING	2,073,918	345,649	13,346	2,432,913
FUND BALANCES - ENDING	\$ 2,058,647	\$ 1,553,018	\$ 156,018	\$ 3,767,683



NON-MAJOR PROPRIETARY FUNDS

Internal Service Funds

The City Internal Service Funds are used to account for the financing of special services performed by designated organizations within the City of Tukwila to other organizations within the City. They provide a service and then generate revenue by billing the organization for which the service was provided.

Equipment Rental Fund

Accounts for the costs of maintaining and replacing all City vehicles and auxiliary equipment except for major fire apparatus. All equipment costs, including depreciation, are factors in calculating the rates which are charged to each user department.

Insurance Fund

Accounts for the costs of the City's self-insured medical plan. Medical and dental costs for covered employees are charged to the respective user departments. All premiums, medical and dental costs and ancillary charges are included. The LEOFF I retiree portion of this program was split off into a separate Insurance Fund to accommodate new reporting regulations as of January 1, 2004.

Insurance LEOFF I Fund

This fund was created to account for the City's self-insured medical plan for LEOFF I retirees. This fund receives contributions on behalf of retired LEOFF I employees through their respective organization units. Medical, dental and prescription claims and program administrative fees are expensed in this fund.

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENTS OF NET ASSETS
INTERNAL SERVICE FUNDS
 DECEMBER 31, 2010

	EQUIPMENT RENTAL	INSURANCE	INSURANCE- LEOFF I	TOTAL INTERNAL SERVICE FUNDS
ASSETS:				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 3,324,596	\$ 2,237,187	\$ 1,449,860	\$ 7,011,643
INVESTMENTS	-	3,441,658	207,190	3,648,848
RECEIVABLES:				
CUSTOMER ACCOUNTS	-	32,113	-	32,113
INTEREST ON INVESTMENTS	-	5,435	-	5,435
INVENTORY OF MATERIALS AND SUPPLIES	13,535	-	-	13,535
TOTAL CURRENT ASSETS	3,338,131	5,716,393	1,657,050	10,711,574
NONCURRENT ASSETS:				
CAPITAL ASSETS:				
MACHINERY AND EQUIPMENT	9,216,522	-	-	9,216,522
LESS: ACCUMULATED DEPRECIATION	(6,466,430)	-	-	(6,466,430)
TOTAL CAPITAL ASSETS (NET OF A/D)	2,750,092	-	-	2,750,092
TOTAL NONCURRENT ASSETS	2,750,092	-	-	2,750,092
TOTAL ASSETS	6,088,223	5,716,393	1,657,050	13,461,666
LIABILITIES:				
ACCOUNTS PAYABLE	-	7,498	-	7,498
ACCRUED WAGES AND BENEFITS	16,147	-	-	16,147
OTHER CURRENT LIABILITIES	-	1,155,647	70,300	1,225,947
TOTAL LIABILITIES	16,147	1,163,145	70,300	1,249,592
NET ASSETS:				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	2,750,092	-	-	2,750,092
UNRESTRICTED	3,321,984	4,553,248	1,586,750	9,461,982
TOTAL NET ASSETS	\$ 6,072,076	\$ 4,553,248	\$ 1,586,750	\$ 12,212,074

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2010

	EQUIPMENT RENTAL	INSURANCE	INSURANCE- LEOFF I	TOTAL INTERNAL SERVICE FUNDS
OPERATING REVENUES:				
CHARGES FOR SERVICES	\$ 1,502,877	\$ 5,520,775	\$ 577,001	\$ 7,600,653
OTHER OPERATING REVENUE	-	612	454	1,066
TOTAL OPERATING REVENUES	1,502,877	5,521,387	577,455	7,601,719
OPERATING EXPENSES:				
OPERATIONS & MAINTENANCE	1,123,845	4,304,231	250,410	5,678,486
DEPRECIATION/MORTIZATION	774,232	-	-	774,232
TOTAL OPERATING EXPENSES	1,898,077	4,304,231	250,410	6,452,718
OPERATING INCOME (LOSS)	(395,200)	1,217,156	327,045	1,149,001
NON-OPERATING REVENUE (EXPENSE):				
INVESTMENT EARNINGS	23,352	(45,599)	8,344	(13,903)
SALE OF CAPITAL ASSETS	22,891	-	-	22,891
TOTAL NON-OPERATING REVENUE (EXPENSE)	46,243	(45,599)	8,344	8,988
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(348,957)	1,171,557	335,389	1,157,989
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN (Note 5)	158,095	-	-	158,095
TRANSFERS OUT (Note 5)	(199,734)	-	-	(199,734)
CHANGE IN NET ASSETS	(390,596)	1,171,557	335,389	1,116,350
TOTAL NET ASSETS BEGINNING OF YEAR	6,462,672	3,381,691	1,251,361	11,095,724
TOTAL NET ASSETS END OF YEAR	\$ 6,072,076	\$ 4,553,248	\$ 1,586,750	\$ 12,212,074

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Page 1 of 2

	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM USERS	\$ 1,502,877	\$ 5,488,662	\$ 577,002	\$ 7,568,541
CASH PAID TO SUPPLIERS	(580,379)	(4,304,231)	(250,410)	(5,135,020)
CASH PAID FOR INVENTORY	(62,292)	-	-	(62,292)
CASH PAID TO EMPLOYEES	(485,049)	-	-	(485,049)
OTHER CASH RECEIVED (PAID)	-	(3,994)	(26,647)	(30,641)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	375,157	1,180,437	299,945	1,855,538
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
TRANSFERS IN	158,095	-	-	158,095
TRANSFERS OUT	(199,734)	-	-	(199,734)
NET CASH PROVIDED (USED) BY NON- CAPITAL FINANCING ACTIVITIES	(41,639)	-	-	(41,639)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
PROCEEDS FROM SALE OF EQUIPMENT	22,891	-	-	22,891
PURCHASE OF CAPITAL ASSETS	(378,003)	-	-	(378,003)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(355,112)	-	-	(355,112)
CASH FLOW FROM INVESTING ACTIVITIES:				
PROCEEDS FROM SALE OF INVESTMENTS	-	2,100,320	303,047	2,403,367
PURCHASE OF INVESTMENTS	100,000	(4,934,841)	(207,190)	(5,042,031)
INTEREST RECEIVED	24,631	(50,227)	9,151	(16,445)
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	124,631	(2,884,748)	105,008	(2,655,109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	103,037	(1,704,311)	404,953	(1,196,321)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	3,221,559	3,941,498	1,044,907	8,207,964
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 3,324,596	\$ 2,237,187	\$ 1,449,860	\$ 7,011,643
CASH AT END OF YEAR CONSISTS OF:				
CASH AND CASH EQUIVALENTS	\$ 3,324,596	\$ 2,237,187	\$ 1,449,860	\$ 7,011,643
TOTAL CASH	\$ 3,324,596	\$ 2,237,187	\$ 1,449,860	\$ 7,011,643

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

Page 2 of 2

	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL INTERNAL SERVICE FUNDS
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME (LOSS)	\$ (395,200)	\$ 1,217,156	\$ 327,045	\$ 1,149,001
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	774,232	-	-	774,232
ASSET (INCREASES) DECREASES :				
MISCELLANEOUS A/R-REVENUE	-	(32,113)	-	(32,113)
INVENTORY	(4,504)	-	-	(4,504)
LIABILITY INCREASES (DECREASES) :				
ACCOUNTS & VOUCHERS PAYABLE	629	(4,606)	(27,100)	(31,077)
TOTAL ADJUSTMENTS	770,357	(36,719)	(27,100)	706,538
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 375,157	\$ 1,180,437	\$ 299,945	\$ 1,855,539
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENT	(320)	(81,567)	1,508	(80,379)
TOTAL NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	\$ (320)	\$ (81,567)	\$ 1,508	\$ (80,379)



City of Tukwila
STATISTICAL SECTION

December 31, 2010

Financial Trends Information

Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City's financial position has changed over time.

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Schedule 4	Changes in Fund Balances, Governmental Funds.....	130
Schedule 5	General Governmental Tax Revenues by Source.....	133

Revenue Capacity Information

The objective of providing revenue capacity information is to help users understand and assess the factors affecting the City's ability to generate its most significant local source revenues.

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Schedule 8	Property Tax Rates-Direct and Overlapping Governments	135
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Schedule 10	Retail Sales Tax Collections by Sector.....	138
Schedule 11	Sales Tax Rate Direct and Overlapping Governments.....	140

Debt Capacity Information

Debt capacity information is intended to assist users to understand and assess the City's current levels of outstanding debt and ability to issue additional debt in the future.

Schedule 12	Ratios of Outstanding Debt by Type.....	142
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Demographic and Economic Information

These Schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.

Schedule 17	Demographic Statistics.....	150
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Operating Information

These Schedules contain service and infrastructure data to help users understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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CITY OF TUKWILA, WASHINGTON
SCHEDULE 1
NET ASSETS BY COMPONENT^(a)
 LAST NINE FISCAL YEARS ^(b)

page 1 of 2

	2002	2003	2004	2005
Governmental activities:				
Invested in capital assets, net of related debt	\$ 102,619,488	\$ 118,950,364	\$ 123,038,903	\$ 129,855,251
Restricted	389,322	809,002	1,107,362	1,305,239
Unrestricted	23,825,950	24,341,822	25,873,104	25,289,571
Total governmental activities net assets	\$ 126,834,760	\$ 144,101,188	\$ 150,019,369	\$ 156,450,061
Business-type activities:				
Invested in capital assets, net of related debt	\$ 29,032,974	\$ 29,807,787	\$ 30,848,350	\$ 31,370,812
Restricted	1,311,344	887,398	960,485	577,587
Unrestricted	8,785,499	9,070,664	9,664,654	9,909,896
Total business-type activities net assets	\$ 39,129,817	\$ 39,765,849	\$ 41,473,489	\$ 41,858,295
Primary government:				
Invested in capital assets, net of related debt	\$ 131,652,462	\$ 148,758,151	\$ 153,887,253	\$ 161,226,063
Restricted	1,700,666	1,696,400	2,067,847	1,882,826
Unrestricted	32,611,449	33,412,486	35,537,758	35,199,467
Total primary government net assets	\$ 165,964,577	\$ 183,867,037	\$ 191,492,858	\$ 198,308,356

Notes:

(a) All amounts are reported on the accrual basis

(b) Amounts presented from year of implementation of GASB-34 (2002) forward

Source:

Tukwila Finance Department

page 2 of 2

2006	2007	2008	2009	2010
\$ 133,129,382	\$ 136,053,013	\$ 136,742,368	\$ 155,847,012	\$ 177,078,793
1,305,239	1,233,234	19,720,546	16,360,097	23,005,792
29,506,541	35,520,681	18,476,837	16,031,473	12,119,923
<u>\$ 163,941,162</u>	<u>\$ 172,806,928</u>	<u>\$ 174,939,751</u>	<u>\$ 188,238,582</u>	<u>\$ 212,204,508</u>
\$ 34,017,190	\$ 36,083,972	\$ 36,071,402	\$ 38,052,488	\$ 44,759,489
435,995	441,073	439,100	438,619	430,444
12,070,451	11,267,171	13,335,836	10,987,162	11,158,081
<u>\$ 46,523,636</u>	<u>\$ 47,792,216</u>	<u>\$ 49,846,338</u>	<u>\$ 49,478,269</u>	<u>\$ 56,348,014</u>
\$ 167,146,572	\$ 172,136,985	\$ 172,813,770	\$ 193,899,500	\$ 221,838,282
1,741,234	1,674,307	20,159,646	16,798,716	23,436,236
41,576,992	46,787,852	31,812,673	27,018,635	23,278,004
<u>\$ 210,464,798</u>	<u>\$ 220,599,144</u>	<u>\$ 224,786,089</u>	<u>\$ 237,716,851</u>	<u>\$ 268,552,522</u>

CITY OF TUKWILA, WASHINGTON
SCHEDULE 2
CHANGES IN NET ASSETS ^(a)

Page 1 of 2

	2004 (b)	2005	2006
Expenses			
Governmental Activities			
General Government	\$ 6,167,738	\$ 6,421,839	\$ 7,402,398
Public Safety	18,769,074	20,300,709	21,839,070
Physical Environment	1,442,209	1,363,049	2,734,592
Transportation	4,962,043	4,171,173	5,335,214
Economic Environment	3,469,673	3,404,605	3,600,158
Mental and Physical Health	-	-	3,683
Culture and Recreation	3,680,402	3,887,871	4,234,889
Interest on Long Term Debt	1,034,841	1,012,239	981,573
Total Governmental Activities	39,525,980	40,561,485	46,131,577
Business Type Activities			
Water/Sewer Utility	6,774,102	7,105,020	7,354,876
Foster Golf Course	1,670,400	1,751,709	1,832,303
Surface Water Utility	1,625,579	1,685,663	1,642,204
Total Business Type Activities	10,070,081	10,542,392	10,829,383
Total Primary Government Expenses	\$ 49,596,061	\$ 51,103,877	\$ 56,960,960
Program Revenues			
Governmental Activities			
Charges for Services			
General Government	\$ 781,653	\$ 1,376,749	\$ 1,243,936
Public Safety	937,873	1,328,369	538,576
Physical Environment	5,005	12,400	10,000
Transportation	102,614	122,201	247,026
Economic Environment	1,977,676	1,027,812	1,756,240
Cultural and Recreation	894,681	693,857	758,385
Mental & Physical Health	-	-	-
Interest on Long Term Debt	-	-	-
Operating Grants and Contributions	1,607,688	1,525,579	1,897,543
Capital Grants and Contributions	3,705,424	3,060,960	5,675,493
Total Governmental Activities Program Revenues	10,012,614	9,147,927	12,127,199
Business Type Activities			
Charges for Services			
Water/Sewer Utility	7,620,572	7,604,711	7,354,876
Foster Golf Course	1,239,274	1,434,933	1,832,303
Surface Water Utility	1,819,703	1,839,760	1,642,204
Operating Grants and Contributions	-	-	-
Capital Grants and Contributions	588,891	319,439	1,255,360
Total Business Type Activities Program Revenues	11,268,440	11,198,843	12,084,743
Total Primary Government Program Revenues	21,281,054	20,346,770	24,211,942
Net (Expense)/Revenue			
Governmental Activities	(29,513,366)	(31,413,558)	(34,004,378)
Business Type Activities	1,198,359	656,451	2,031,638
Total Primary Government Net Expense	\$ (28,315,007)	\$ (30,757,107)	\$ (31,972,740)
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes			
Property Tax	\$ 10,336,366	\$ 10,631,036	\$ 10,973,030
Retail Sales and Use Tax	16,492,528	16,887,846	18,236,733
Natural Gas Use Tax	29,667	381,706	415,652
Hotel/Motel Tax	390,221	443,605	501,478
Utility Tax	2,309,787	2,646,356	2,930,332
Business Tax	1,614,587	1,732,739	2,097,082
Excise Tax	4,100,309	3,229,155	4,941,461
State Entitlements	191,589	192,816	185,475
Unrestricted Investment Earnings	416,483	768,097	1,923,171
Gain/Loss on Sale of Capital Assets	-	106,776	467,510
Transfers	(450,000)	824,118	1,372,652
Total Governmental Activities	35,431,537	37,844,250	44,044,576
Business Type Activities			
Retail Sales and Use Taxes	228,458	241,723	645,473
Unrestricted Investment Interest	188,242	310,750	539,463
Gain/Loss on Sale of Capital Assets	-	-	-
Transfers	450,000	(824,118)	1,250,000
Total Business Type Activities	866,700	(271,645)	2,434,936
Total Primary Government	\$ 36,298,237	\$ 37,572,605	\$ 46,479,512
Change in Net Assets			
Governmental Activities	\$ 5,918,171	\$ 6,430,692	\$ 7,491,102
Business Type Activities	2,065,059	384,806	4,580,734
Total Primary Government	\$ 7,983,230	\$ 6,815,498	\$ 12,071,836

Notes:

(a) All amounts are reported on the accrual basis

(b) Amounts presented from year of implementation of GASB-34 forward (2004 for capital assets)

Source: Tukwila Finance Department

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2007	2008	2009	2010
\$ 7,456,335	\$ 4,723,103	\$ 6,689,659	\$ 7,052,717
21,726,932	24,147,992	26,959,352	26,088,644
2,764,373	2,862,487	2,575,405	2,533,394
5,310,247	5,864,297	5,541,367	6,015,197
3,890,845	5,017,935	4,637,531	4,579,338
4,204	4,173	4,332	4,539
4,506,223	4,797,856	4,914,256	4,756,676
896,215	1,844,224	753,904	1,061,419
<u>46,555,374</u>	<u>49,262,067</u>	<u>52,075,806</u>	<u>52,091,924</u>
7,046,603	7,293,362	9,293,434	9,343,368
1,849,542	1,968,595	2,050,172	1,935,014
1,920,194	1,762,417	2,299,394	2,476,170
<u>10,816,339</u>	<u>11,024,374</u>	<u>13,643,000</u>	<u>13,754,552</u>
<u>\$ 57,371,713</u>	<u>\$ 60,286,441</u>	<u>\$ 65,718,806</u>	<u>\$ 65,846,476</u>
\$ 1,590,553	\$ 895,966	\$ 1,136,642	\$ 1,080,801
425,241	1,184,530	572,094	819,043
25,341	1,200	-	6,200
133,500	130,637	103,311	571,110
2,319,634	2,476,501	1,001,511	1,787,274
777,484	711,542	647,354	811,679
-	-	-	-
-	-	-	-
1,692,766	1,325,163	3,386,269	2,139,029
3,746,743	2,282,592	14,784,074	23,992,563
<u>10,711,262</u>	<u>9,008,131</u>	<u>21,631,255</u>	<u>31,207,699</u>
8,272,647	8,621,909	10,124,653	9,665,095
1,272,425	1,563,681	1,424,595	1,425,327
2,208,549	2,642,325	2,641,313	3,029,630
-	-	-	-
347,416	756,400	515,633	7,390,545
<u>12,101,037</u>	<u>13,584,315</u>	<u>14,706,194</u>	<u>21,510,597</u>
<u>22,812,299</u>	<u>22,592,446</u>	<u>36,337,449</u>	<u>52,718,296</u>
(35,844,111)	(40,253,937)	(30,444,551)	(20,884,225)
1,284,700	2,559,941	1,063,194	7,756,045
<u>\$ (34,559,411)</u>	<u>\$ (37,693,996)</u>	<u>\$ (29,381,357)</u>	<u>\$ (13,128,180)</u>
\$ 11,302,099	\$ 11,656,979	\$ 11,901,072	\$ 13,363,096
19,355,867	18,009,297	14,588,297	14,669,328
344,748	643,037	748,772	533,811
583,232	587,216	489,806	458,092
3,666,079	5,136,444	7,390,860	5,600,683
2,236,675	2,497,705	3,196,178	4,205,574
4,127,360	983,078	367,198	507,798
217,600	874,046	2,233,445	1,951,936
1,727,879	801,847	246,287	108,929
13,652	(186,663)	980,267	-
1,134,683	1,383,774	1,601,200	1,399,310
<u>44,709,874</u>	<u>42,386,760</u>	<u>43,743,382</u>	<u>42,798,557</u>
500,000	500,000	327,999	329,527
618,563	377,955	106,032	85,942
-	-	(264,093)	97,541
(1,134,683)	(1,383,774)	(1,601,200)	(1,399,310)
(16,120)	(505,819)	(1,431,262)	(886,300)
<u>\$ 44,693,754</u>	<u>\$ 41,880,941</u>	<u>\$ 42,312,120</u>	<u>\$ 41,912,257</u>
\$ 8,865,765	\$ 2,132,823	\$ 13,298,831	\$ 21,914,332
1,268,580	2,054,122	(368,068)	6,869,745
<u>\$ 10,134,345</u>	<u>\$ 4,186,945</u>	<u>\$ 12,930,763</u>	<u>\$ 28,784,077</u>

CITY OF TUKWILA, WASHINGTON
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS ⁽¹⁾
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

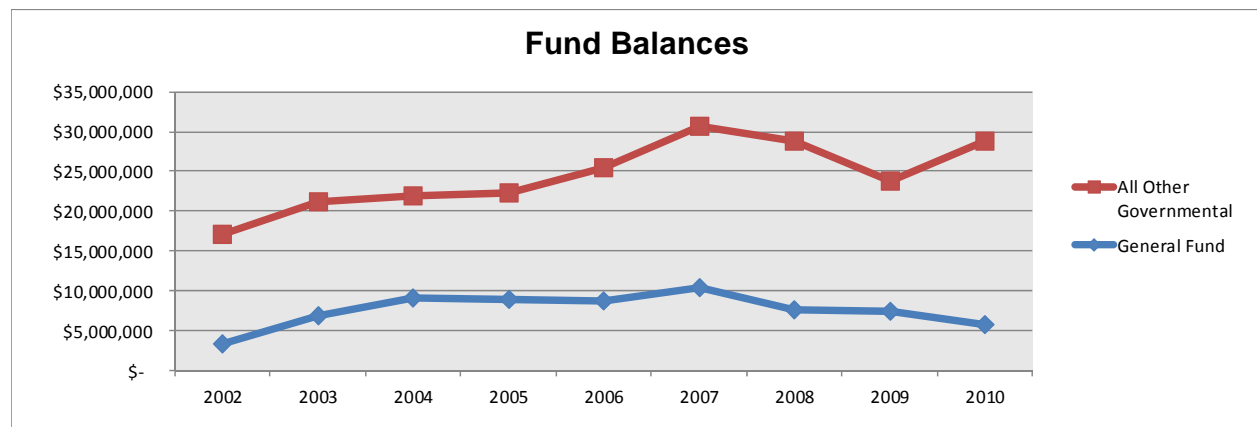
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 12,700	\$ 613,000	\$ 557,690	\$ 557,690	\$ 13,250
Unreserved	3,380,158	6,247,054	8,533,639	8,408,104	8,693,215
Total general fund	\$ 3,392,858	\$ 6,860,054	\$ 9,091,329	\$ 8,965,794	\$ 8,706,465
All other governmental funds					
Reserved	\$ 15,300	\$ 765,300	\$ 720,860	\$ 705,560	\$ -
Unreserved, reported in:					
Special revenue funds	11,021,202	8,939,830	6,933,242	5,669,921	8,500,342
Debt service funds	389,322	809,012	1,107,362	1,305,239	1,075,347
Capital Projects funds	2,321,088	3,888,305	4,092,179	5,677,953	7,245,827
Total all other governmental funds	\$ 13,746,912	\$ 14,402,447	\$ 12,853,643	\$ 13,358,673	\$ 16,821,516

Note:

(1) Information available for 2002-2010 only due to new accounting and reporting standards beginning 2002 with GASB Statement No. 34.

Source:

Tukwila Finance Department



Page 2 of 2

2007	2008	2009	2010
\$ 12,650	\$ 17,800	\$ 17,900	\$ 17,900
10,504,748	7,687,515	7,371,530	5,739,140
<u>\$ 10,517,398</u>	<u>\$ 7,705,315</u>	<u>\$ 7,389,430</u>	<u>\$ 5,757,040</u>
\$ -	\$ -	\$ -	\$ -
10,834,781	12,943,487	9,123,401	14,461,546
1,233,234	1,248,901	135,438	3,051
8,113,739	6,831,634	7,101,258	8,541,195
<u>\$ 20,181,754</u>	<u>\$ 21,024,022</u>	<u>\$ 16,360,097</u>	<u>\$ 23,005,792</u>

CITY OF TUKWILA, WASHINGTON
SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(a)
 LAST TEN FISCAL YEARS

page 1 of 2

	2001	2002	2003	2004
Revenues				
Taxes	\$ 22,019,850	\$ 28,156,041	\$ 31,986,222	\$ 34,148,173
Licenses and Permits	921,809	822,810	785,823	808,821
Intergovernmental	959,350	16,689,193	15,005,227	6,306,463
Charges for Services	1,232,149	1,201,080	1,796,946	2,919,115
Fines and Forfeitures	285,000	338,484	245,585	147,137
Investment Income	632,537	859,765	222,460	356,625
Miscellaneous	411,614	489,806	1,066,247	993,386
Total Revenues	26,462,309	48,557,179	51,108,510	45,681,724
Expenditures				
General Government	5,390,820	5,648,745	5,892,912	5,982,594
Public Safety	16,056,801	16,711,088	17,532,136	18,393,514
Physical Environment	805,029	1,228,774	1,509,946	883,914
Transportation	1,135,903	2,202,888	4,779,885	2,620,038
Economic Environment	2,349,462	2,974,513	3,429,674	3,461,092
Mental & Physical Health	-	-	-	-
Culture and Recreation	2,110,344	2,457,973	2,985,083	3,187,113
Debt Service				
Principal	-	718,000	754,000	804,000
Interest	-	925,414	924,964	1,057,974
Bond Issuance Costs	-	-	112,363	-
Capital Outlay	524,309	17,306,146	15,636,782	8,057,070
Total Expenditures	28,372,668	50,173,541	53,557,745	44,447,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,910,359)	(1,616,362)	(2,449,235)	1,232,411
Other Financing Sources (Uses)				
Transfers In	-	1,706,973	5,513,212	350,000
Transfers Out	(175,000)	(1,845,331)	(5,288,570)	(900,000)
Capital Leases	-	-	-	-
Sale of Capital Assets	1,646	177,995	-	-
General Obligation Bonds Issued	-	-	6,277,500	-
General Obligation Refunding Bonds Issued	-	-	4,195,000	-
Premium on General Obligation Debt	-	-	65,392	-
Premium on General Obligation Refunding Debt	-	-	248,672	-
Issuance Costs on General Obligation Refunding Debt	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	(4,439,240)	-
Total Other Financing Sources (Uses)	(173,354)	39,637	6,571,966	(550,000)
Net Change in Fund Balances	\$ (2,083,713)	\$ (1,576,725)	\$ 4,122,731	\$ 682,411
Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	-	5.3%	5.0%	5.4%

Note:

(a) All amounts are reported on the modified - accrual basis

Source:

Tukwila Finance Department

page 2 of 2

	2005	2006	2007	2008	2009	2010
\$	34,624,875	\$ 37,801,814	\$ 39,660,792	\$ 37,412,569	\$ 37,167,281	\$ 37,267,918
	1,002,683	1,273,228	1,827,709	2,022,851	1,283,463	1,618,830
	5,672,810	7,083,032	6,403,217	5,697,598	17,596,486	14,525,872
	2,649,678	2,345,931	2,024,892	2,569,381	1,443,680	2,366,174
	116,737	221,097	266,188	259,991	301,761	390,079
	638,196	1,159,971	1,425,423	926,913	282,604	144,258
	1,000,775	1,397,585	1,751,145	816,054	701,957	891,307
	45,705,754	51,282,658	53,359,366	49,705,357	58,777,232	57,204,438
	6,136,540	6,882,594	7,034,602	7,992,286	8,574,563	8,387,317
	19,604,151	20,953,226	21,038,810	22,878,689	25,576,932	24,676,370
	788,105	2,139,959	2,196,422	2,255,880	2,058,913	1,724,147
	1,705,692	2,447,096	2,413,390	2,783,077	2,334,298	2,332,178
	3,384,928	3,539,657	3,878,658	4,995,514	4,601,391	4,541,845
	-	3,683	4,204	4,173	4,332	4,539
	3,358,583	3,687,580	3,938,779	4,293,658	4,365,023	4,163,503
	851,000	888,000	930,000	972,000	1,316,297	1,555,028
	1,033,474	1,006,161	914,584	872,224	778,018	849,148
	-	-	-	-	-	-
	7,344,326	6,540,452	7,243,879	6,089,703	16,860,362	11,513,976
	38,070,259	48,088,408	49,593,328	53,137,204	66,470,129	59,748,051
	1,498,955	3,194,250	4,036,039	(3,431,846)	(7,692,894)	(2,543,613)
	150,000	2,143,581	2,266,349	2,515,982	3,865,744	2,461,806
	(1,305,000)	(2,430,769)	(1,131,666)	(1,107,543)	(2,234,444)	(1,020,857)
	-	-	-	-	-	110,509
	35,600	296,451	100	53,592	1,014,608	27,308
	-	-	-	-	-	6,935,000
	-	-	-	6,180,000	6,947,574	-
	-	-	-	-	-	112,151
	-	-	-	483,599	-	-
	-	-	-	(108,326)	-	-
	-	-	-	(6,555,273)	(6,880,397)	(1,069,000)
	(1,119,400)	9,263	1,134,783	1,462,031	2,713,085	7,556,917
\$	379,555	\$ 3,203,513	\$ 5,170,822	\$ (1,969,815)	\$ (4,979,809)	\$ 5,013,304
	5.4%	4.8%	4.6%	4.1%	4.4%	5.2%

CITY OF TUKWILA, WASHINGTON
SCHEDULE 5
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
 LAST TEN FISCAL YEARS

Fiscal Year	Property	Sales & Use	Utility ^(a)	Excise	Business	Other ^(b)	Total Taxes
2001	\$ 9,326,336	\$ 16,345,134	\$ -	\$ 2,445,379	\$ 383,025	\$ 444,655	\$ 28,944,529
2002	9,487,241	15,494,343	-	2,406,132	390,725	377,600	28,156,041
2003	9,854,007	16,171,756	1,591,922	3,500,318	431,188	437,031	31,986,222
2004	10,493,728	16,293,960	2,309,787	4,068,110	530,725	451,863	34,148,173
2005	10,627,410	16,887,845	2,646,356	3,222,936	408,798	831,530	34,624,875
2006	11,018,846	17,591,260	2,930,332	4,938,515	402,784	920,077	37,801,814
2007	11,177,532	19,355,867	3,666,079	4,124,168	405,973	931,173	39,660,792
2008	11,245,973	17,709,319	3,934,210	3,003,438	475,500	1,089,344	37,457,785
2009	12,190,219	14,585,015	6,172,569	2,824,407	738,341	656,730	37,167,281
2010	13,188,942	14,251,312	6,134,494	2,488,357	727,151	301,867	37,092,122
change 2001-2010	41.4%	-12.8%	285.4%	1.8%	89.8%	-32.1%	28.1%

Notes:

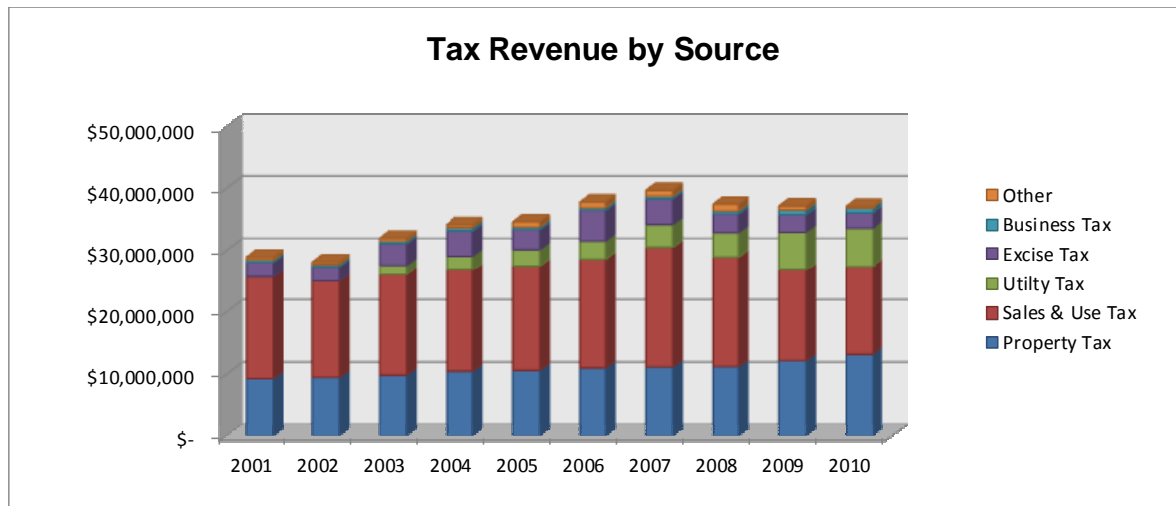
^(a) Utility taxes enacted beginning in 2003 for electric, natural gas, cable and telephone utilities.

A utility tax was added in 2009 for solid waste along with a utility tax on the City's water, sewer and stormwater utilities.

^(b) "Other Taxes" include penalties and interest on delinquent taxes and other miscellaneous tax revenues.

Source:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 6
PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2001	\$ 9,362,284	\$ 9,218,994	98.47%	\$ 102,095	\$ 9,321,089	99.56%
2002	9,843,102	9,526,236	96.78%	115,859	9,642,095	97.96%
2003	10,136,315	9,924,909	97.91%	175,949	10,100,858	99.65%
2004	10,489,114	10,345,276	98.63%	278,064	10,623,340	101.28%
2005	10,731,724	10,593,753	98.71%	134,345	10,728,098	99.97%
2006	10,973,030	10,844,728	98.83%	237,003	11,081,731	100.99%
2007	11,177,532	10,994,127	98.36%	115,199	11,109,326	99.39%
2008	11,411,293	11,194,247	98.10%	132,633	11,326,880	99.26%
2009	12,283,193	12,017,213	97.83%	143,156	12,160,369	99.00%
2010	13,234,489	13,446,596	101.60%	141,268	13,587,864	102.67%

Source:

King County Office of Finance

CITY OF TUKWILA, WASHINGTON
SCHEDULE 7
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

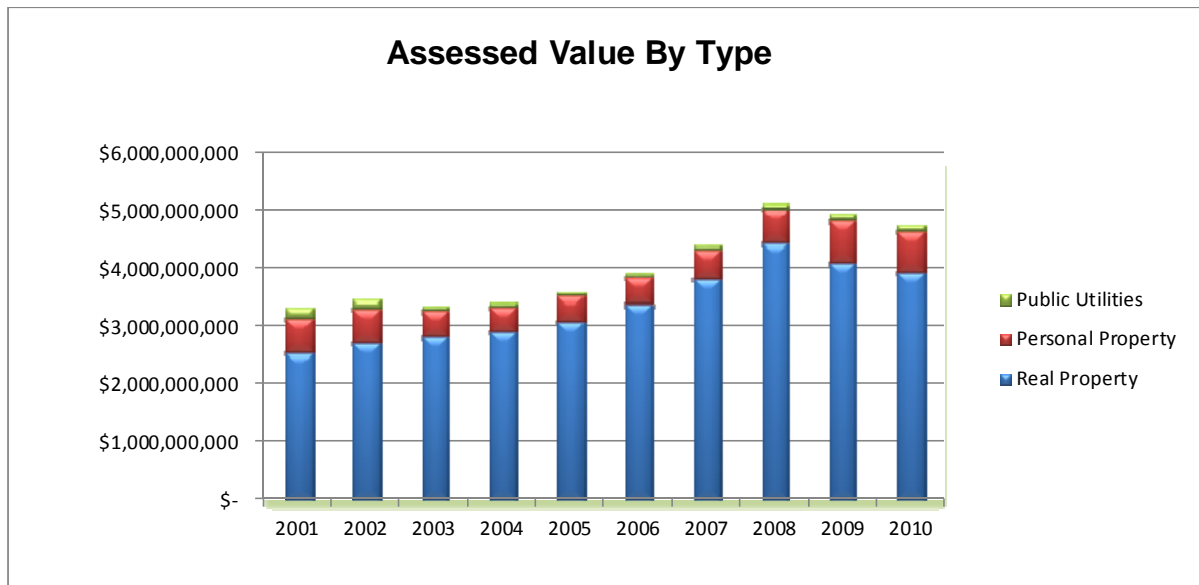
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2001	\$ 2,544,588,267	\$ 606,806,225	\$ 192,651,250	\$ 3,344,045,742	\$ 2.94537
2002	2,715,355,120	604,479,409	169,870,128	3,489,704,657	2.91064
2003	2,832,422,720	471,448,140	80,219,849	3,384,090,709	3.10754
2004	2,916,855,190	447,099,099	77,169,236	3,441,123,525	3.11712
2005	3,091,233,279	457,546,448	61,779,040	3,610,558,767	3.03706
2006	3,399,709,737	482,100,071	66,123,704	3,947,933,512	2.84033
2007	3,853,680,774	509,151,926	87,410,974	4,450,243,674	2.56911
2008	4,470,042,539	595,268,205	110,399,231	5,175,709,975	2.37324
2009	4,122,961,628	746,710,751	112,779,972	4,982,452,351	2.66345
2010	3,950,829,851	717,795,417	119,827,058	4,788,452,326	2.82566

Note:

**Real, personal, and state public service property have been assessed at 100% of the estimated value.*

Source:

King County Department of Assessments



SCHEDULE 8
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUATION)
 LAST TEN FISCAL YEARS

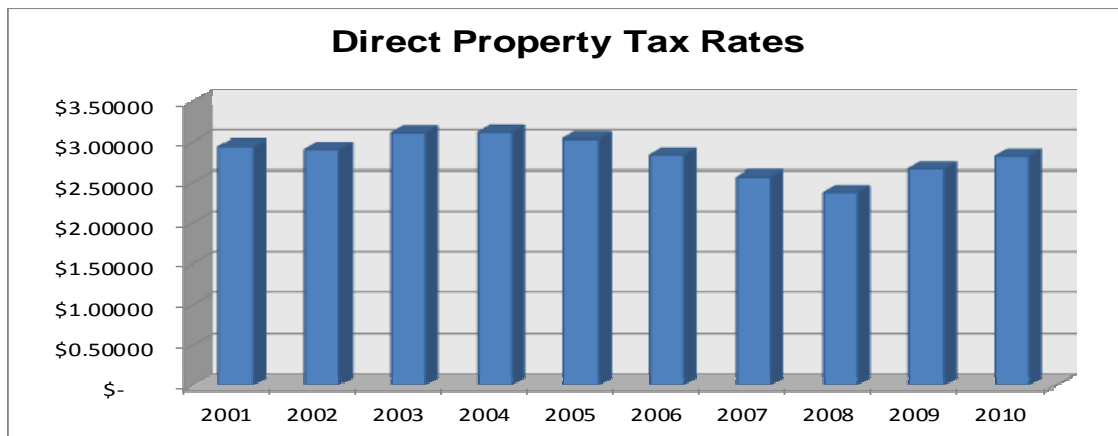
-----CITY OF TUKWILA-----											
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Hospital District #1	Total
2001	\$ 2.94537	\$ -	\$2.94537	\$2.98946	\$ 1.97530	\$0.18956	\$ 0.25000	\$ 5.11395	\$ 0.04665	\$ 0.09643	\$13.60672
2002	2.91064	-	2.91064	2.89680	1.34948	0.25895	0.24143	4.85812	0.04688	0.09254	12.65484
2003	3.10754	-	3.10754	2.75678	1.96799	0.25402	0.23717	5.05267	0.04669	0.09200	13.51486
2004	3.11712	-	3.11712	2.68951	1.91484	0.25321	0.23182	5.04535	0.04658	0.09039	13.38882
2005	3.03706	-	3.03706	2.49787	1.86293	0.23330	0.21982	5.01637	0.04482	0.59000	13.50217
2006	2.84033	-	2.84033	2.32535	1.75139	0.23158	0.20621	4.78874	0.04212	0.55652	12.74224
2007	2.56911	-	2.56911	2.13233	1.66106	0.22359	0.30000	4.73164	0.10000	0.50854	12.22627
2008	2.37324	-	2.37324	1.96268	1.51508	0.19700	0.27404	4.12360	0.09123	0.47141	11.00828
2009	2.66345	-	2.66345	2.22253	1.74587	0.21597	0.30000	3.89183	0.10514	0.53290	11.67769
2010	2.82566	-	2.82566	2.27990	1.90797	0.22366	0.30000	5.03380	0.10976	0.55753	13.23828

Note:

^(a) Includes King County Library District tax.

Source:

King County Department of Assessments



CITY OF TUKWILA, WASHINGTON
SCHEDULE 9
PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Name	Type of Business	2010 Assessed Valuation	Percent of 2010 Total Assessed Value ^(a)	2001 Assessed Valuation	Percent of 2001 Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 475,982,216	9.94%	\$ 493,225,181	14.7%
WEA Southcenter LLC	Department Stores	303,396,501	6.34%	101,401,938	3.0%
La Planta LP/Segale Properties	Commercial Properties	142,469,187	2.98%	70,160,652	2.1%
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	80,284,983	1.68%	73,284,500	2.2%
Reef America Reit II Corporation	Commercial Properties	69,955,400	1.46%		
Walton CWWA Eproperty Tax Incorporated (McElroy)	Investment Property	62,809,300	1.31%	16,254,800	
Boeing Employees Credit Union	Credit Union	41,707,218	0.87%	48,422,542	1.4%
Jorgensen Forge Corporation	Steel Manufacturer	39,556,325	0.83%	9,713,349	0.3%
Sterling Realty Organization	Commercial Properties	34,984,800	0.73%		
Sea-Tuk Warehouse LLC	Food Distribution	34,871,500	0.73%	18,260,562	
Wig Properties LLC (JC Penney)	Department Stores	31,314,290	0.65%	12,996,929	0.4%
Federated Department Stores (Macys)	Department Stores	30,160,200	0.63%	29,397,756	0.9%
Anne Arundel Apartments LLC (Group Health)	Apartments	26,710,200	0.56%		
BRCP Riverview Plaza LLC	Commercial Properties	26,154,200	0.55%		
Southcenter Corporate Square	Hair Loss Center	24,897,400	0.52%		
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	24,196,815	0.51%	21,277,860	0.6%
Merrill Creek Holding LLC (Kenworth Motors)	Truck Manufacturer	20,112,600	0.42%	23,148,100	0.7%
Koar-Seatac Partners LP	Lodging	19,476,090	0.41%		0.0%
Harnish Group Incorporated	Truck Equipment	16,848,958	0.35%	9,623,900	0.3%
CHA Southcenter LLC (Doubletree Inn)	Lodging	14,865,856	0.31%	65,961,600	2.0%
Low's HNW Incorporated	Home Improvement	14,004,333	0.29%	17,322,767	0.5%
Qwest Corporation (US West Communications)	Telephone Utility	11,311,315	0.24%	17,191,503	0.5%
Hill Investment Company	Commercial Properties	6,914,900	0.14%	7,118,000	0.2%
AMB Institutional Alliance	Commercial Properties			44,979,000	1.3%
Group Health Cooperative	Healthcare Admin			25,843,280	0.9%
Nelson, James, & Frohmuth	Investment Property			21,207,700	0.7%
Pacific Gulf Properties	Property Management			14,564,900	0.5%
TOTALS		\$ 1,552,984,587	32.43%	\$ 1,141,356,819	33.3%

Notes:

^(a) In 2010 the total assessed property value in the City of Tukwila was \$4,788,452,326.

^(b) In 2001 the total assessed property value in the City of Tukwila was \$3,344,045,742.

Source:

King County Department of Assessments



CITY OF TUKWILA, WASHINGTON
SCHEDULE 10
RETAIL SALES TAX COLLECTIONS BY SECTOR
 LAST TEN FISCAL YEARS

page 1 of 2

Major Industry Sector	2001	2002	2003	2004
Construction and Contracting	\$ 2,104,156	\$ 991,702	\$ 1,119,595	\$ 958,758
Finance, Insurance & Real Estate	108,262	57,919	54,992	82,794
Manufacturing	596,052	563,919	520,474	446,965
Transportation, Communications & Utilities	360,441	350,258	377,596	387,148
Wholesale - Durable/Non-durable Goods	1,470,187	1,374,271	1,761,749	1,862,528
Retail Trade - General Merchandise	2,591,680	2,570,883	2,545,631	2,574,671
Retail Trade - Furniture/Home Furnishings	1,862,336	1,815,168	2,304,037	2,405,967
Retail Trade - Miscellaneous	2,115,104	2,044,562	1,723,147	1,735,045
Retail Trade - Clothing & Accessories	1,134,102	1,175,074	1,197,591	1,247,109
Retail Trade - Restaurants	900,496	887,103	933,886	1,031,625
Retail Trade - Automotive/Gas	770,063	768,664	847,864	982,413
Retail Trade - Building Materials	627,140	712,723	763,013	850,109
Service Industries - Business	493,806	824,497	530,833	488,857
Service Industries - Hotels	418,051	357,940	361,789	355,514
Service Industries - Other	386,590	373,911	507,935	486,215
All Other Categories	70,289	296,953	292,827	288,169
Total Retail Sales Tax Collections	\$ 16,008,755	\$ 15,165,547	\$ 15,842,959	\$ 16,183,887

Notes:

^(a) Effective March 2005, the Department of Revenue changed reporting retail sales industries

from using the Standard Industrial Classification (SIC) code to use of the North American Industry Classification System (NAICS). Retail sales tax collections prior to the time of this change have not been adjusted.

By State law, the City of Tukwila is prohibited from reporting individual sales tax payers.

Sources:

Tukwila Finance Department and Washington State Department of Revenue.

page 2 of 2

2005(a)	2006	2007	2008	2009	2010
\$ 676,427	\$ 1,166,088	\$ 2,018,058	\$ 1,967,785	\$ 869,640	\$ 917,250
102,130	93,747	121,879	118,780	119,121	99,975
503,778	450,138	590,455	375,263	246,429	387,234
384,703	436,260	483,419	492,960	440,206	441,822
2,337,018	2,048,517	2,457,437	1,760,449	1,436,045	1,346,750
2,563,103	2,667,481	2,571,601	2,231,745	2,072,356	2,068,263
2,342,553	2,531,049	2,399,347	1,830,576	1,304,234	1,380,407
1,497,474	1,642,722	1,766,853	1,718,898	1,473,496	1,521,741
1,636,183	1,704,213	1,838,646	2,103,630	2,017,904	2,018,304
1,072,275	1,119,859	1,158,424	1,312,603	1,292,252	1,342,964
980,006	1,053,184	1,026,778	1,066,183	748,482	664,310
815,379	855,243	777,870	619,657	589,341	499,383
979,752	1,141,632	1,198,690	1,129,380	868,260	882,012
406,547	453,376	531,836	548,962	453,657	428,450
278,041	278,777	294,869	318,696	283,319	215,045
188,540	205,644	179,421	185,312	208,467	366,925
\$ 16,763,909	\$ 17,847,930	\$ 19,415,583	\$ 17,780,879	\$ 14,423,209	\$ 14,580,835

CITY OF TUKWILA, WASHINGTON
SCHEDULE 11
SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN FISCAL YEARS

	2001 ^(a)	2002	2003	2004	2005	2006	2007 ^(d)	2008 ^(e)	2009 ^(f)	2010
<u>BASIC SALES TAX RATES</u>										
City of Tukwila	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.90%	0.90%
Metro	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	8.80%	8.80%	8.80%	8.80%	8.80%	8.80%	8.90%	9.00%	9.50%	9.50%
<u>SPECIAL SALES TAX RATES</u>										
Restaurants ^(b)	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Motor Vehicles ^(c)	0.00%	0.00%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Notes:

^(a) Effective April 1, 2001 King County increased the local sales & use tax rates two-tenths of one percent (.002).

This increase was the result of a vote by King County voters to increase funding for public transit systems.

^(b) King County Food & Beverage tax is in addition to the combined sales tax rate for restaurants, taverns and bars.

The funds are used to finance the professional baseball stadium in Seattle.

^(c) Effective July 1, 2003, all retail sales, leases and transfers of motor vehicles are subject to the additional sales tax of three-tenths of one percent (.003). The funds are used to finance transportation improvements.

^(d) Effective April 1, 2007, King County increased the local sales & use tax rate one-tenth of one percent (.001).

The tax will be used for transportation purposes.

^(e) Effective April 1, 2008, King County increased the local sales & use tax rate one-tenth of one percent (.001).

The tax will be used for chemical dependency or mental health treatment services.

^(f) Effective April 1, 2009, the Regional Transit Authority Tax increased five-tenths of one percent (.005).

The tax will be used to expand and coordinate light-rail, commuter-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

Source:

Washington State Department of Revenue Local Sales and Use Tax Rates.



CITY OF TUKWILA, WASHINGTON
SCHEDULE 12
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Page 1 of 2

	2001	2002 ^(a)	2003	2004	2005
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds ^(d)	\$ 16,565,000	\$ 15,847,000	\$ 21,628,591	\$ 20,806,553	\$ 19,775,262
Special Assessments	-	-	-	-	-
Leases	-	-	-	-	-
Total Governmental Activities	16,565,000	15,847,000	21,628,591	20,806,553	19,775,262
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	-	-	5,772,500	5,382,500	4,972,500
Revenue Bonds	5,015,000	4,568,782	4,168,910	3,710,438	3,143,360
Public Works Trust Fund Loans	650,245	573,234	1,032,364	2,924,739	4,911,253
Leases	-	-	-	-	108,818
Compensated Absences	-	160,661	167,212	190,139	203,940
Total Business-Type Activities	5,665,245	5,302,677	11,140,986	12,207,816	13,339,871
TOTAL PRIMARY GOVERNMENT^(b)	\$ 22,230,245	\$ 21,149,677	\$ 32,769,577	\$ 33,014,369	\$ 33,115,133

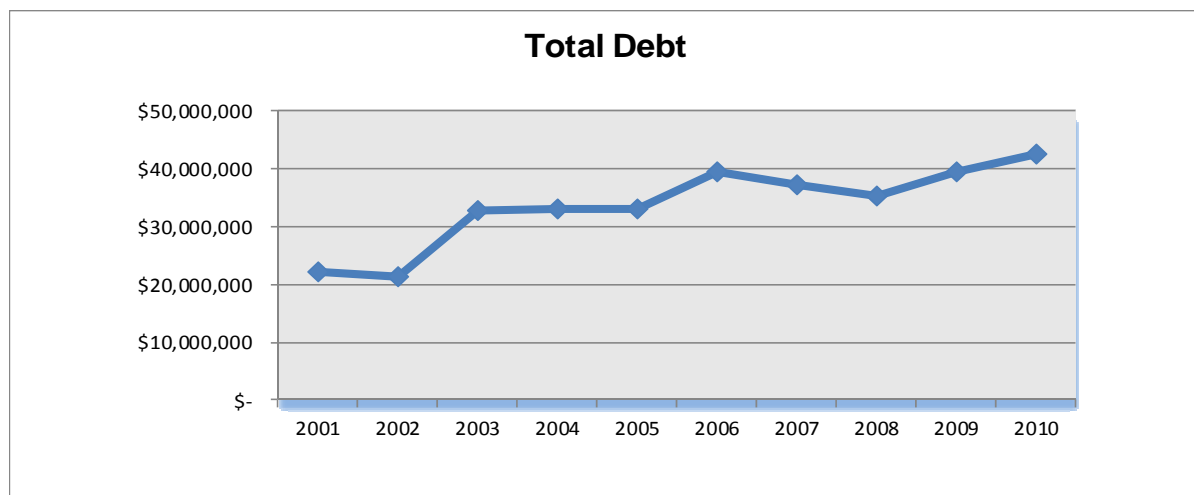
Population ^(c)	17,230	17,270	17,270	17,240	17,110
Per Capita Personal Income ^(c)	\$ 43,734	\$ 44,153	\$ 44,704	\$ 49,533	\$ 48,789
Percentage of Personal Income	2.95%	2.77%	4.24%	3.87%	3.97%
Debt Per Capita	\$ 1,290	\$ 1,225	\$ 1,897	\$ 1,915	\$ 1,935

Notes:^(a) For years 1999 through 2002, premiums and discounts were omitted on all bonds.^(b) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.^(c) Reference SCHEDULE 17, Demographic Statistics, for population and personal income data.

*** Data not available at time of publication.

^(d) Includes amounts Due to Other Governments.**Sources:**

City of Tukwila Finance Dept., Department of Community Development, and Office of the City Clerk.



Page 2 of 2

2006	2007	2008	2009	2010
\$ 18,881,798	\$ 17,946,335	\$ 17,261,348	\$ 22,453,003	\$ 26,763,975
-	-	-	-	-
-	-	-	-	40,184
18,881,798	17,946,335	17,261,348	22,453,003	26,804,159
4,547,500	4,102,500	3,642,500	3,423,797	3,238,825
5,824,452	5,470,162	5,112,231	4,790,000	4,395,000
9,781,151	9,378,506	9,021,951	8,405,397	7,788,843
77,947	45,587	11,666	-	-
207,367	205,504	199,081	233,938	275,323
20,438,417	19,202,259	17,987,429	16,853,132	15,697,991
\$ 39,320,215	\$ 37,148,594	\$ 35,248,777	\$ 39,306,135	\$ 42,502,150
17,930	18,000	18,080	18,170	19,107
\$ 52,655	\$ 57,409	\$ 58,141	\$ 56,904	***
4.16%	3.59%	3.35%	3.80%	***
\$ 2,193	\$ 2,064	\$ 1,950	\$ 2,163	\$ 2,224

CITY OF TUKWILA, WASHINGTON
SCHEDULE 13
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Debt Payable from Enterprise Revenues ^(a)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2001	17,230	\$ 3,344,045,742	\$ 16,565,000	\$ 410,844	\$ -	\$ 16,154,156	0.48%	\$ 938
2002	17,270	3,489,704,657	15,847,000	389,322	-	15,457,678	0.44%	895
2003	17,270	3,384,090,709	27,168,000	809,012	5,772,500	20,586,488	0.61%	1,192
2004	17,240	3,441,123,525	25,974,000	1,107,362	5,382,500	19,484,138	0.57%	1,130
2005	17,110	3,610,558,767	24,713,000	1,305,239	4,972,500	18,435,261	0.51%	1,077
2006	17,930	3,947,933,512	25,648,290	1,075,347	4,547,500	20,025,443	0.51%	1,117
2007	18,000	4,450,243,674	24,421,474	1,233,234	4,102,500	19,085,740	0.43%	1,060
2008	18,080	5,175,709,975	23,125,007	1,250,275	3,642,500	18,232,231	0.35%	1,008
2009	18,170	4,973,984,133	25,876,800	135,438	3,423,797	22,317,565	0.45%	1,228
2010	19,107	4,809,486,786	29,950,150	3,050	3,238,825	26,708,275	0.56%	1,398

Note:

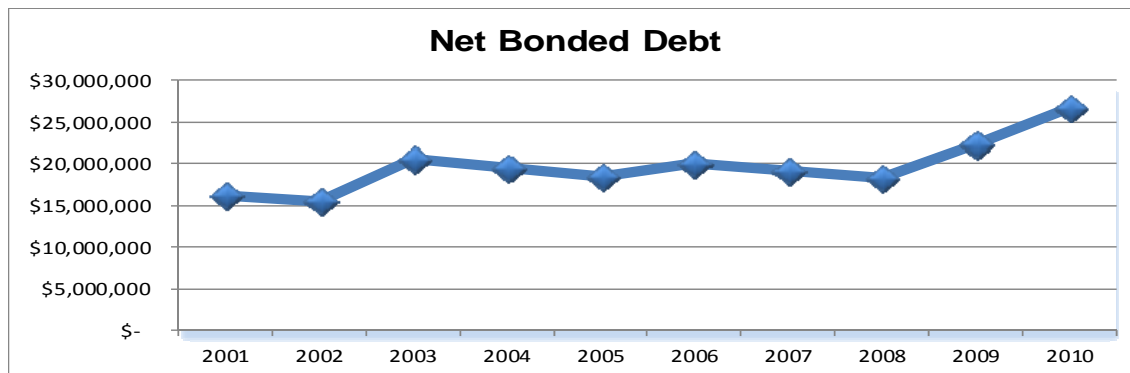
(a) These amounts are the general obligation bonds that are being repaid by the Foster Golf Course Fund.

Sources:

State of Washington Office of Financial Management

King County Department of Assessments

Tukwila Finance Department



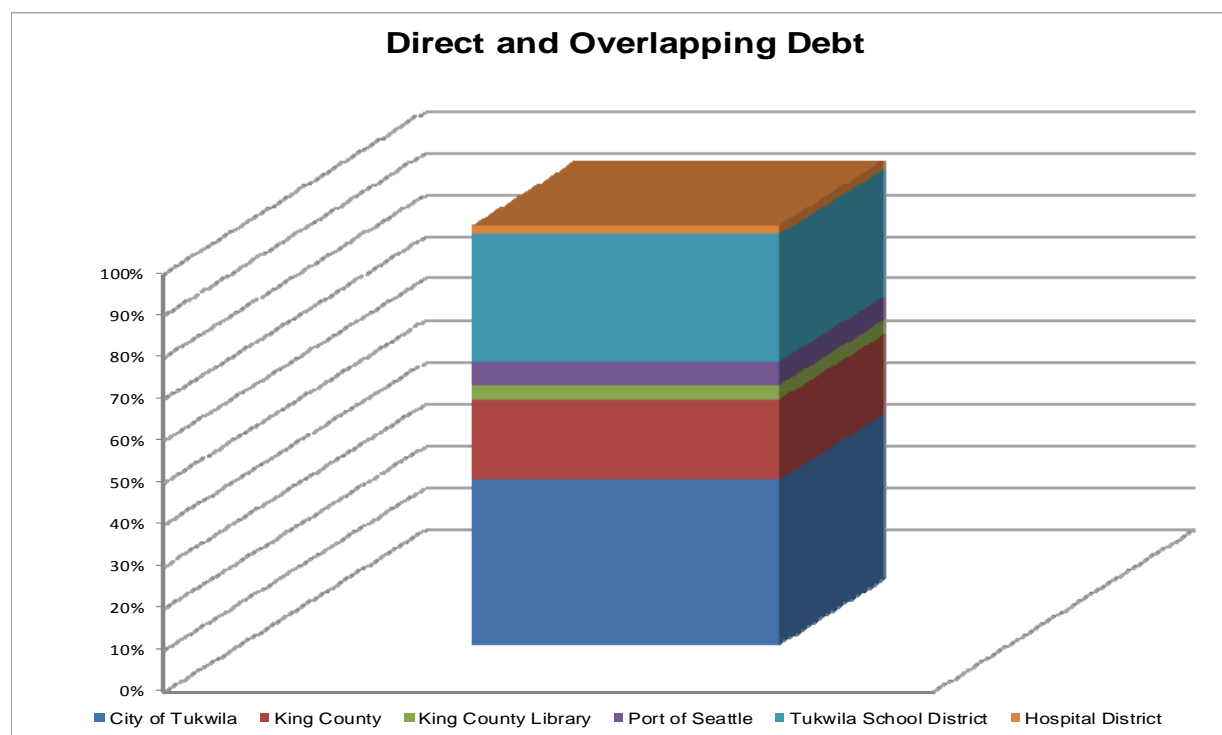
CITY OF TUKWILA, WASHINGTON
SCHEDULE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 AS OF DECEMBER 31, 2010

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 32,886,878	100.00%	\$ 32,886,878
Overlapping:			
King County	1,140,426,000	1.40%	15,965,964
King County Library	131,901,411	2.20%	2,901,831
Port of Seattle	335,500,000	1.40%	4,697,000
Tukwila School District #406	28,246,703	90.00%	25,422,033
Hospital District #1	37,255,000	5.00%	1,862,750
Total Overlapping Debt:	<u>1,673,329,114</u>		<u>50,849,578</u>
Total Direct and Overlapping Debt:	<u>\$ 1,706,215,992</u>		<u>\$ 83,736,456</u>

Sources:

King County Office of Finance

King County Office of Assessments



CITY OF TUKWILA, WASHINGTON
SCHEDULE 15
LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Page 1 of 2

	2001	2002	2003	2004	2005
Debt Limit	\$ 250,803,432	\$ 261,727,848	\$ 253,806,804	\$ 258,084,264	\$ 270,791,907
Total net debt applicable to limit	16,154,156	15,457,678	26,358,988	24,866,638	23,407,761
Legal debt margin	\$ 234,649,276	\$ 246,270,170	\$ 227,447,816	\$ 233,217,626	\$ 247,384,146
Total net debt applicable to the limit as a percentage of debt limit	6.44%	5.91%	10.39%	9.64%	8.64%

Assessed Value as of December 31, 2010	\$ 4,809,486,786
Debt Limit (7.5% of assessed value)	360,711,509
Debt applicable to limit:	
General obligation bonds	29,950,150
Other long-term debt	2,976,912
	<u>32,927,062</u>
Less: Amount set aside for repayment of general obligation debt and contracts payable	(7,939)
Total net debt applicable to limit	32,919,123
Legal debt margin	<u>\$ 327,792,386</u>

Source:

Tukwila Finance Department

Page 2 of 2

2006	2007	2008	2009	2010
\$ 296,095,014	\$ 333,768,277	\$ 388,178,248	\$ 373,048,810	\$ 360,711,509
24,494,996	23,188,240	21,881,765	28,291,920	32,919,123
\$ 271,600,018	\$ 310,580,037	\$ 366,296,483	\$ 344,756,890	\$ 327,792,386
8.27%	6.95%	5.64%	7.58%	9.13%

CITY OF TUKWILA, WASHINGTON
SCHEDULE 16A
REVENUE BOND COVERAGE - WATER AND SEWER BONDS
 LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Times Coverage ^(c)
				Principal	Interest	Total	
2001	\$ 6,944,496	\$ 5,143,551	\$ 1,800,945	\$ 363,200	\$ 148,711	\$ 511,911	3.52
2002	7,108,468	5,808,561	1,299,907	358,214	139,047	497,261	2.61
2003	7,308,831	5,784,330	1,524,501	352,692	129,354	482,046	3.16
2004	7,746,252	5,876,411	1,869,841	345,000	119,647	464,647	4.02
2005	7,804,815	6,161,436	1,643,379	334,091	110,015	444,106	3.70
2006	8,052,850	6,418,607	1,634,243	285,162	116,973	402,135	4.06
2007	8,574,512	6,774,625	1,799,887	273,920	113,819	387,739	4.64
2008	8,854,566	6,099,295	2,755,271	271,337	105,850	377,187	7.30
2009	10,196,365	8,384,852	1,811,513	267,144	97,348	364,492	4.97
2010	9,833,857	8,196,277	1,637,580	261,612	88,884	350,496	4.67

Notes:

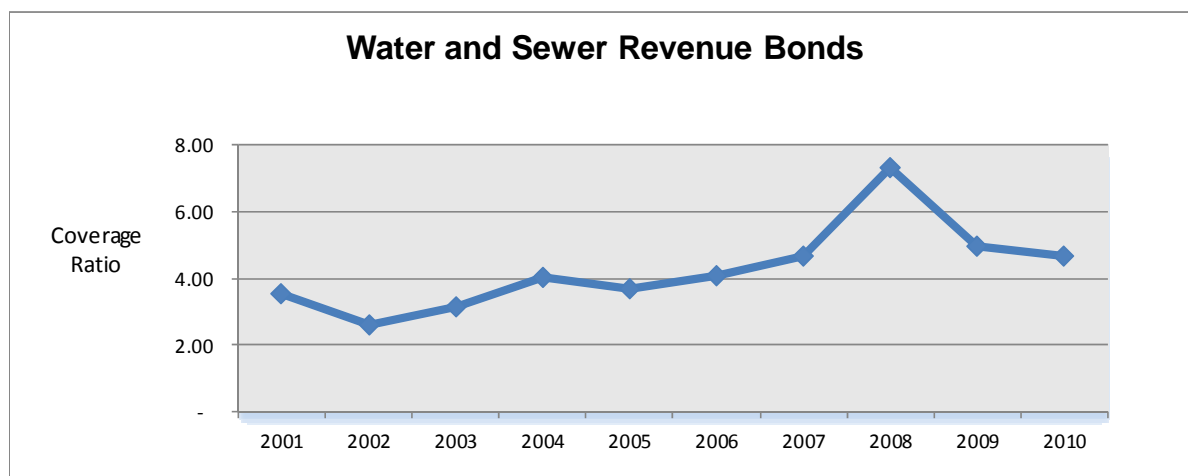
^(a) Includes operating and non-operating revenue. Excludes capital contributions.

^(b) Includes operating expenses and non-operating expenses exclusive of depreciation, amortization and interest charges.

^(c) Bond financing requirements are that the average annual coverage is at least 1.25 times the average annual debt service for Water and Sewer revenue bonds.

Sources:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 16B
REVENUE BOND COVERAGE - SURFACE WATER BONDS
 LAST FIVE FISCAL YEARS

Fiscal Year	Gross Revenue ^(a)	Operating Expenses ^(b)	Net Revenue Available for Debt Service	Average Annual Debt Service Requirements			Times Coverage ^(c)
				Principal	Interest	Total	
2006	\$2,434,657	\$ 1,185,799	\$ 1,248,858	\$ 18,171	\$ 9,501	\$ 27,672	45.13
2007	2,393,067	1,335,256	1,057,811	19,080	9,976	29,056	36.41
2008	2,765,320	1,133,871	1,631,449	19,453	9,614	29,067	56.13
2009	2,672,554	1,670,565	1,001,989	19,800	9,263	29,063	34.48
2010	3,141,153	1,833,245	1,307,908	20,153	8,902	29,055	45.01

Notes:

^(a) Includes operating and non-operating revenue. Excludes capital contributions.

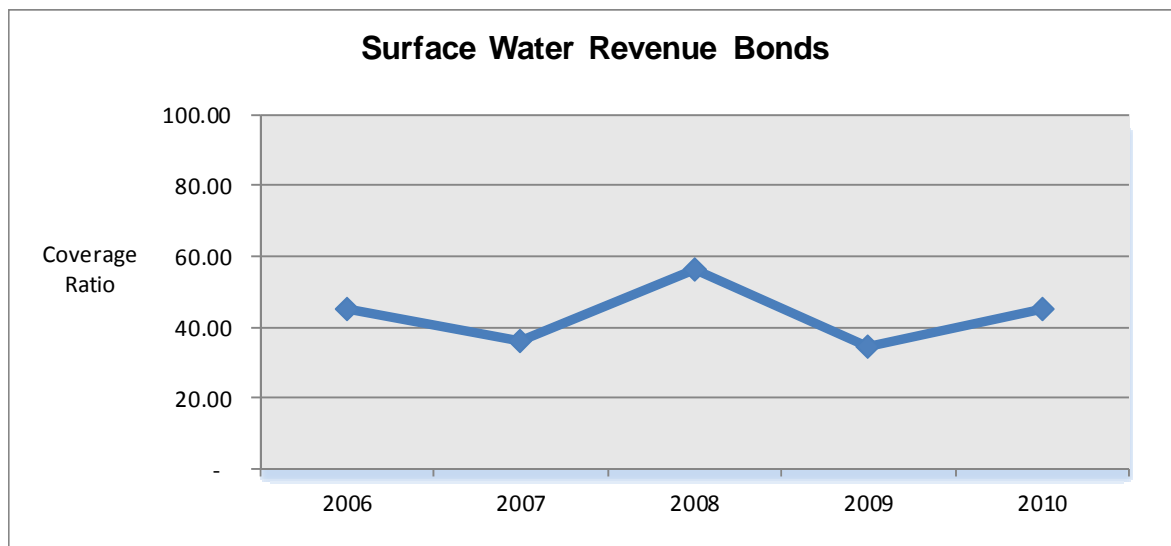
^(b) Includes operating expenses and non-operating expenses exclusive of depreciation, amortization and interest charges.

^(c) Bond financing requirements are that the average annual coverage is at least 1.25 times the average annual debt service for Surface Water revenue bonds.

No revenue bond coverage for surface water bonds prior to 2006.

Source:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 17
DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Population	Per Capita Personal Income ^(a)	Personal Income ^(b)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
2001	17,230	\$ 43,734	\$ 753,537	3,371	4,196	2,410	6.9%
2002	17,270	44,153	762,522	3,433	4,196	2,474	8.3%
2003	17,270	44,704	772,038	3,468	4,196	2,568	8.4%
2004	17,240	49,533	853,949	3,732	4,107	2,628	7.0%
2005	17,110	48,789	834,780	3,791	4,107	2,650	6.4%
2006	17,930	52,655	944,104	3,838	4,107	2,698	5.7%
2007	18,000	57,409	1,033,362	3,864	4,107	2,862	5.0%
2008	18,080	58,141	1,051,189	3,884	4,107	2,769	5.9%
2009	18,170	56,904	1,033,946	3,885	4,107	2,795	10.9%
2010	19,107	***	***	3,892	4,107	2,907	11.7%

Notes:

(a) Per Capita Personal Income data shown is for King County. Specific data for City of Tukwila is not available.

(b) Personal Income estimates are calculated by multiplying Tukwila population by the Per Capita Personal Income estimates for Tukwila and are based on a revised methodology that provides for more accuracy. See also Footnote (a).

(c) Unemployment rates are listed and estimated using the census-share method.

*** Data not available at time of publication.

Sources:

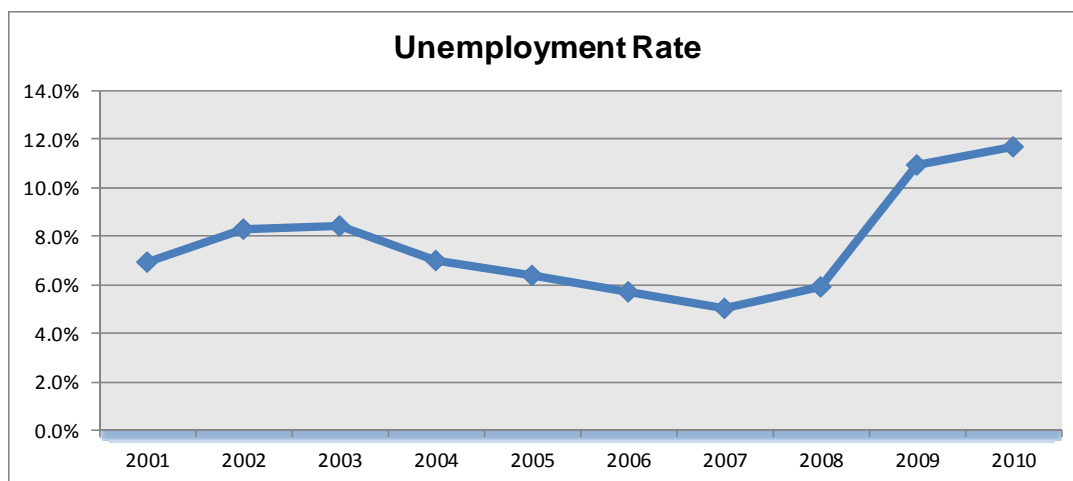
Tukwila Planning Division, Department of Community Development

State of Washington Office of Financial Management

Washington State Employment Security Department

Tukwila School District #406

US Bureau of Economic Analysis



CITY OF TUKWILA, WASHINGTON
SCHEDULE 18
PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Name of Company/Employer	Product or Business	2010 Full & Part-Time Employment	Percentage of Total City Employees	2001 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Airplane company	7,319	17.29%	12,121	26.08%
Group Health Cooperative	Data Ctr/Lab/Pharmacy/Mfg.	1,782	4.21%	350	0.75%
King County Metro	Transit operating base	631	1.49%	700	1.51%
Costco Wholesale	Cash/carry Warehouse	566	1.34%	380	0.82%
Macy's	Department Store	532	1.26%	347	0.75%
Carlisle Interconnect Technologies	Wire/Cable Connectors	496	1.17%	235	0.51%
Nordstrom, Inc.	Department Store	493	1.16%	375	0.81%
Boeing Employees Credit Union	Banking/Credit Union	418	0.99%	499	1.07%
United Parcel Service	Postal Delivery Service	394	0.93%	222	0.48%
J.C. Penney	Department Store	371	0.88%	390	0.84%
Sub-total - Major Employers		13,002		15,619	
All Other Employment		29,327		30,850	
TOTAL EMPLOYMENT		42,329		46,469	

Source:

Tukwila City Clerk's Office - Business Licenses

CITY OF TUKWILA, WASHINGTON
SCHEDULE 19
STAFFING LEVELS BY DEPARTMENT
 LAST TEN FISCAL YEARS

DEPARTMENT	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Administrative Services ^(a)	22.25	21.75	21.75	21.75	22.75	23.75	26.75	19.75	-	-
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Mayor ^(b)	9.50	10.50	9.50	11.50	11.00	11.00	12.00	11.00	16.00	17.00
Human Resources ^(a)	-	-	-	-	-	-	-	-	4.00	4.00
Finance	12.00	12.00	12.00	13.00	12.00	11.00	11.00	12.00	12.00	13.00
Recreation	23.75	17.75	20.50	20.25	22.00	22.50	23.50	23.50	22.50	20.75
Community Development	21.25	19.88	20.88	19.88	20.88	20.88	20.25	24.25	24.25	23.00
Court ^(a)	-	-	-	-	-	-	-	-	9.75	8.75
Police	85.50	86.50	81.50	78.00	81.00	83.00	80.00	83.00	82.00	80.00
Fire	63.00	64.00	64.00	63.00	67.00	65.00	66.00	64.00	63.00	65.00
Information Technology (a)	-	-	-	-	-	-	-	7.00	8.00	8.00
Public Works	34.00	37.00	35.00	35.00	35.00	34.00	32.00	33.00	32.00	30.00
Parks	8.50	8.50	9.50	9.50	10.50	10.25	7.50	7.50	7.50	7.50
Street	9.00	9.00	10.00	11.00	11.00	10.00	11.00	12.00	12.00	11.00
Water	6.00	6.00	5.00	5.00	6.00	7.00	7.00	7.00	7.00	7.00
Sewer	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	1.00
Golf	9.50	9.50	9.50	9.50	9.50	9.25	9.25	9.75	9.75	10.00
Surface Water	6.00	5.00	5.00	5.00	7.00	7.00	7.00	8.00	8.00	7.00
Equipment Rental	4.00	4.00	4.00	4.00	4.00	5.00	4.00	5.00	5.00	5.00
TOTAL	324.25	321.38	318.13	316.38	329.63	329.63	327.25	335.75	331.75	325.00

Notes:

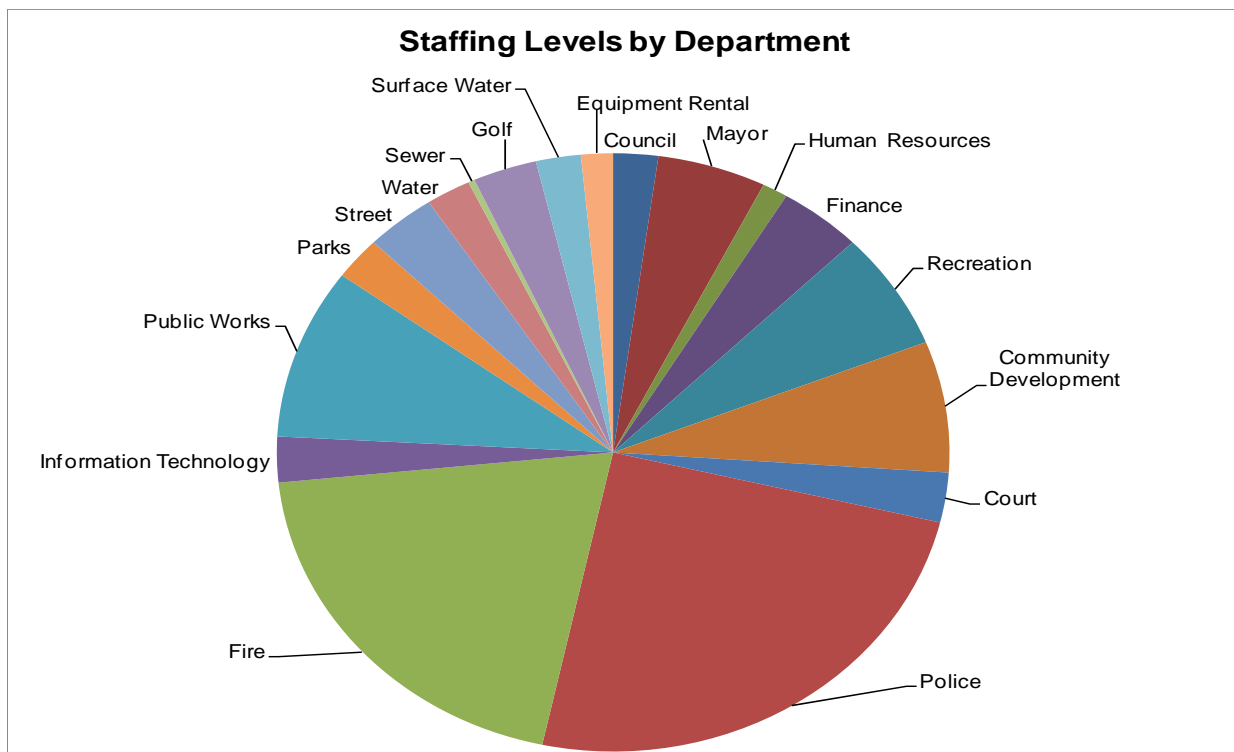
Based on filled positions not budgeted positions.

^(a) The departments for Human Resources, Court, City Clerk and Information Technology were previously reported under Administrative Services.

^(b) The department of City Clerk began reporting to the Mayor's department in 2009.

Sources:

Tukwila Finance Department



CITY OF TUKWILA, WASHINGTON
SCHEDULE 20
OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FUNCTION										
Police										
Number of Calls for Service	30,671	30,106	31,000	30,032	32,922	33,686	33,985	35,816	33,095	32,889
Fire										
Number of Responses	3,865	4,100	4,250	4,229	4,710	4,921	4,673	4,824	4,654	4,574
Total Fire Loss	\$1,995,850	\$485,765	\$910,655	\$910,655	\$1,414,741	\$2,982,265	\$3,065,005	\$2,300,685	\$1,934,596	\$1,655,571
Total Inspections	5,866	4,516	5,549	5,855	5,482	4,705	4,845	6,787	6,787	(b) 1,550
Parks and Recreation										
Class Participants	60,000	61,000	61,000	64,000	64,000	64,000	98,087	109,273	103,603	85,693
Community Ctr Admissions	43,600	35,500	30,800	35,150	33,750	34,850	90,141	117,533	134,183	134,275
Rounds of Golf Played	60,311	57,490	(a) 35,764	53,070	54,449	55,195	55,446	53,565	53,800	50,445
Pool Attendance	**	**	42,917	59,996	72,778	72,963	57,624	59,077	80,727	101,128
Street										
Miles	77	77	79	79	79	79	79	79	79	79
Hours Maintaining	*	13,425	14,587	13,706	15,243	16,970	17,540	19,840	22,140	20,360
Signalized Intersections	59	59	61	61	61	61	63	63	59	59
Hours Maintaining	*	6,388	6,855	6,445	9,054	7,642	7,540	7,540	6,700	6,925
Water Utility Services										
Total Customers	2,027	2,027	2,079	2,107	2,164	2,117	2,113	2,109	2,112	2,100
Total Gallons/Water(in thousands)	693,116	683,065	702,364	765,000	886,000	789,981	680,649	660,915	731,469	630,755
Sanitary Sewer										
Total Customers	1,622	1,622	1,671	1,698	1,710	1,720	1,718	1,684	1,694	1,699
Surface Water										
Total Customers	5,019	5,019	5,015	5,064	5,100	5,107	5,156	5,164	5,204	5,207
Licenses										
Business Licenses	2,159	2,247	2,262	2,292	2,286	2,354	2,350	2,523	2,422	2,454
Amusement Licenses	18	18	22	22	19	21	22	22	24	23
Permits										
Building Permits	415	401	353	364	430	422	425	423	265	290
Mechanical Permits	218	238	183	182	193	239	238	256	159	160
Electrical Permits	N/A	N/A	N/A	N/A	N/A	N/A	758	1,533	821	955
Plumbing Permits	N/A	N/A	N/A	N/A	N/A	192	306	264	145	163
Public Works Permits	134	114	83	97	112	144	136	154	131	138
Libraries										
Number of Libraries	2	2	2	3	3	3	3	3	3	2
Total Circulation	140,680	143,150	121,468	215,115	215,115	320,794	306,001	303,665	318,991	327,004

Notes:

(a) Construction of new clubhouse completed and opened in 2003.

(b) Due to information system and data program transitioning, this total does not include fire prevention staff inspections at this time as reported in prior years.

* Information not available.

** Pool facilities acquired from King County in 2003.

Sources:

Tukwila Departments, King County Library System

CITY OF TUKWILA, WASHINGTON
SCHEDULE 21
CAPITAL ASSETS BY FUNCTION
 LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FUNCTION										
General Government										
Total City Area (Square Miles)	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	9.7	9.7
Public Safety										
Police:										
Number of Vehicle Units	57	63	59	63	64	64	64	67	70	76
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Engines/Rescue Trucks/Ladders	8	8	8	8	8	9	9	9	9	8
Number of Medical Aid Vehicles	2	2	2	2	2	2	2	2	2	2
Number of Hazardous Materials Trailer Units	N/A	N/A	N/A	N/A	1	1	2	2	2	2
Transportation										
Paved Streets (lane miles)	163	163	163	163	163	163	163	163	178	178
Sidewalks (miles)	54	54	54	54	54	54	54	54	56	56
Number of Traffic Signals	55	55	55	55	55	55	57	57	59	59
Number of Streetlights Ow ned by Seattle City Light	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,335
Number of Streetlights Ow ned by Puget Sound Energy	670	670	670	670	670	670	670	670	696	696
Culture and Recreation										
Parks Acreage ^(a)	140	143	158	158	158	161	160	162	162	162
Number of Parks	12	13	15	15	15	16	18	18	18	18
Golf Course Acreage	67	67	67	67	67	67	67	67	67	67
Maintained Trails (miles)	11	11	11	11	11	11	11	11	15	15
Number of Playgrounds	11	11	13	13	13	13	13	13	11	11
Swimming Pool	N/A	N/A	1	1	1	1	1	1	1	1
Visitor Center	1	1	1	1	1	1	1	1	1	1
Community Center/Recreation Facilities	1	1	1	1	1	1	1	1	1	1
Number of Libraries	2	2	2	3	3	3	3	3	3	2
Water										
Water Distribution Mains (miles)	45	45	45	45	45	45	47	47	41	41
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Ow ned by City of Tukw ila)	509	509	513	527	533	537	555	572	541	542
Vehicles	6	6	7	6	7	7	8	8	8	8
Sewer										
Sanitary Sewers (miles)	33	33	33	33	33	33	37	37	37	37
Maximum Daily Treatment Capacity (millions of gallons)	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33
Vehicles	3	3	3	3	3	5	5	6	6	6
Surface Water										
Storm Drains (miles) ^(b)	57	57	58	59	60	62	67	67	69	69
Vehicles	4	4	4	5	5	4	4	4	4	4

Notes:

^(a) Reflects the correct reporting of data for Culture and Recreation - Parks Acreage for the years 2001 through 2006. Parks acreage previously reported included golf course acreage.

^(b) Reflects the correct reporting of data for Surface Water - Storm Drains (miles) for the years 2001 through 2006. Miles previously reported were incorrect data estimates.

Sources:

Various Departments-Tukw ila