

The City of Tukwila, Washington

***COMPREHENSIVE
ANNUAL
FINANCIAL REPORT***

For the Year Ended December 31, 2007

Prepared by the City of Tukwila Finance Department

JIM HAGGERTON, MAYOR

TUKWILA CITY COUNCIL

Joe Duffie, President

Dennis Robertson	Joan Hernandez
De'Sean Quinn	Kathy Hougardy
Verna Griffin	Pam Linder

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2007

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City of Tukwila

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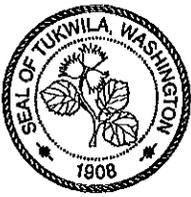
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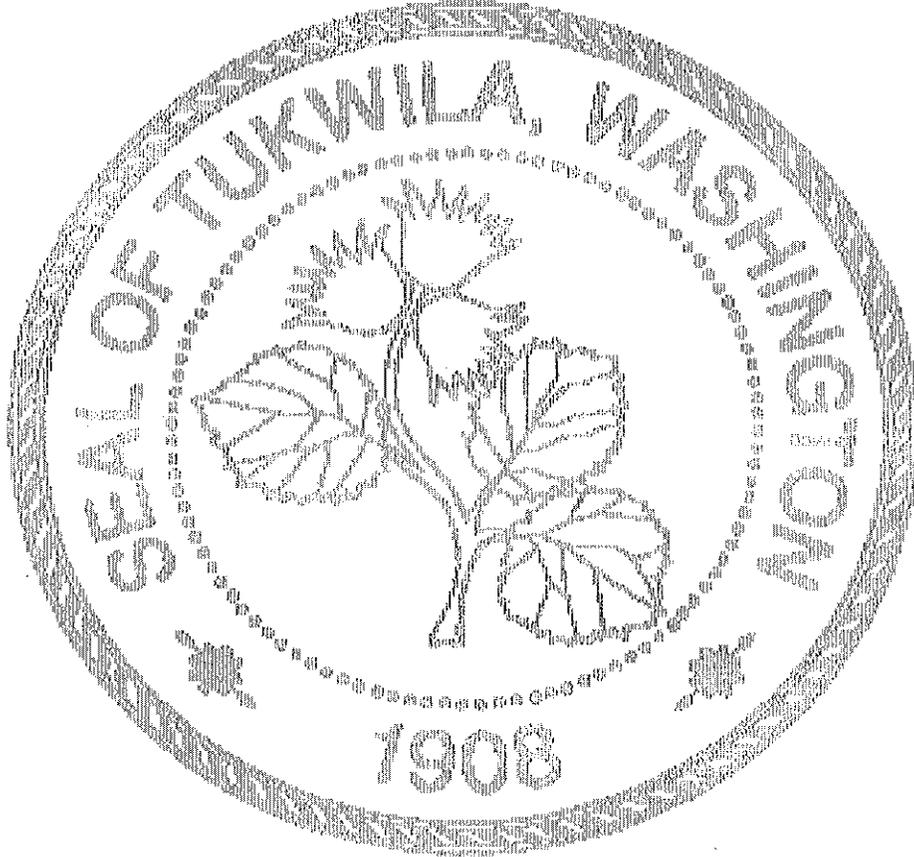
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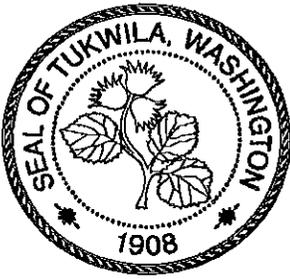
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City of Tukwila

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City of Tukwila

FINANCE DEPARTMENT
6200 Southcenter Boulevard
Tukwila, Washington 98188-2599
(206) 433-1835

August 29, 2008

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 2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Dear Mayor, Council Members, and Citizens:

The City of Tukwila Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2007 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and agencies of the City. All disclosures necessary to enable the reader to gain an understanding of Tukwila's financial activities have been included.

PROFILE OF THE GOVERNMENT

The City of Tukwila is a noncharter 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. Councilmembers 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 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 and a utility. The City operates its own municipal 18-hole golf course. The utility provides sewer, water, and storm & 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 17,930; however, the daytime shopper/visitor and working population can reach over 100,000 during the holiday shopping season.



City of Tukwila

Letter of Transmittal

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

A diverse regional economy is led by the Boeing Airplane 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 \$18.9 million in revenue for 2007. The total combined retail sales activity amounted to approximately \$2.95 billion in 2007. At the center of this strength is the Westfield Shoppingtown Southcenter 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 \$4.45 billion as well as our above-mentioned sales tax base, and has allowed the City to pursue an aggressive capital improvement program.

Long-term Financial Planning

The City adopts a new six-year financial planning model each year. This model includes the current year budget and five future years. This model includes all government operations including the six-year capital plan. There is a separate section for the General Government and the Business Activities.

This model, which is updated each year, provides a long-term look at the City's ability to complete its mission and capital plan. New revenue generation and new program development is overlaid on the model to determine fiscal impacts.

Cash Management and Investments

The City operates an aggressive cash management program, investing all surpluses as determined by anticipated cash flow needs. Investment decisions are based on established investment policies, analysis of liquidity requirements, safety assurances and yield. The City's portfolio has included U.S. Government Securities, Bankers Acceptances, and time deposits with maturities ranging from twenty-nine days to three years during 2007.

Also, the Washington State Treasurer has oversight responsibility for an investment pool for use by any city, county, town, municipal corporation, or special taxing district within the state. Municipalities determine the amount and length of investment based on individual cash flow needs. Interest is earned based on the pool's actual experience for the month, less an administrative fee. The interest rate earned by the pool has become a recognized benchmark for entities to measure their own portfolio performance. The City had \$20,540,726 in the pool at year-end, and during the year this vehicle was used frequently for short-term investing.

Risk Management

It is the City's policy to self-insure for unemployment benefits as well as medical and dental costs. All buildings, equipment and vehicles are insured by carriers for coverage at replacement value.

The City is a member of the Washington Cities Insurance Authority (WCIA) as of January 1, 1984. The WCIA is a municipal corporation and not a joint venture per the Washington State Auditor's Office. The pooling arrangement with 114 other entities provides the City's general liability, vehicle liability, false arrest, and errors and omissions coverage. (*See Note 14 for a more expansive discussion*).

Pension and Other Post Employment Benefits

All employees are covered by State of Washington pension systems, public safety employees by the Law Enforcement Officers and Fire Fighters system (LEOFF), and non-public safety personnel by the Public Employees Retirement System (PERS). Also, there is a separate firemen's pension system for firefighters who retired prior to March 1, 1970. (*See Note 8 Pension Plans for a more detailed review of these pension systems*). Post retirement benefits are available currently to 39 LEOFF retirees. The total amount paid in 2007 was \$542,868. (*See Note 15 Other Post Employment Benefits for further information*).

Independent Audit

State law requires an annual audit of all books of account, financial records and transactions by the State Auditor, who is an independently elected state official. The State Auditor has broad legal authority to inquire into all financial and legal compliance matters, and his audit opinion is considered to be at least equal in authority to that made by an independent certified public accounting firm. The audit is conducted under the Federal Government's Single Audit Act (as revised in 1996), and is conducted in conformance with generally accepted auditing standards. The financial statements of all City funds are included in this audit, and the City has been given an unqualified opinion for 2007. Please see the Auditor's Opinion directly following the divider entitled "Financial Section" in this document.



City of Tukwila
Letter of Transmittal

CERTIFICATE OF ACHIEVEMENT

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, 2006. This was the 20th 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.

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 data collection, document processing, layout and formatting 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 2007 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,

Robert F. Noland
Interim Finance Director

cc: Office of the State Auditor

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, 2005

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.



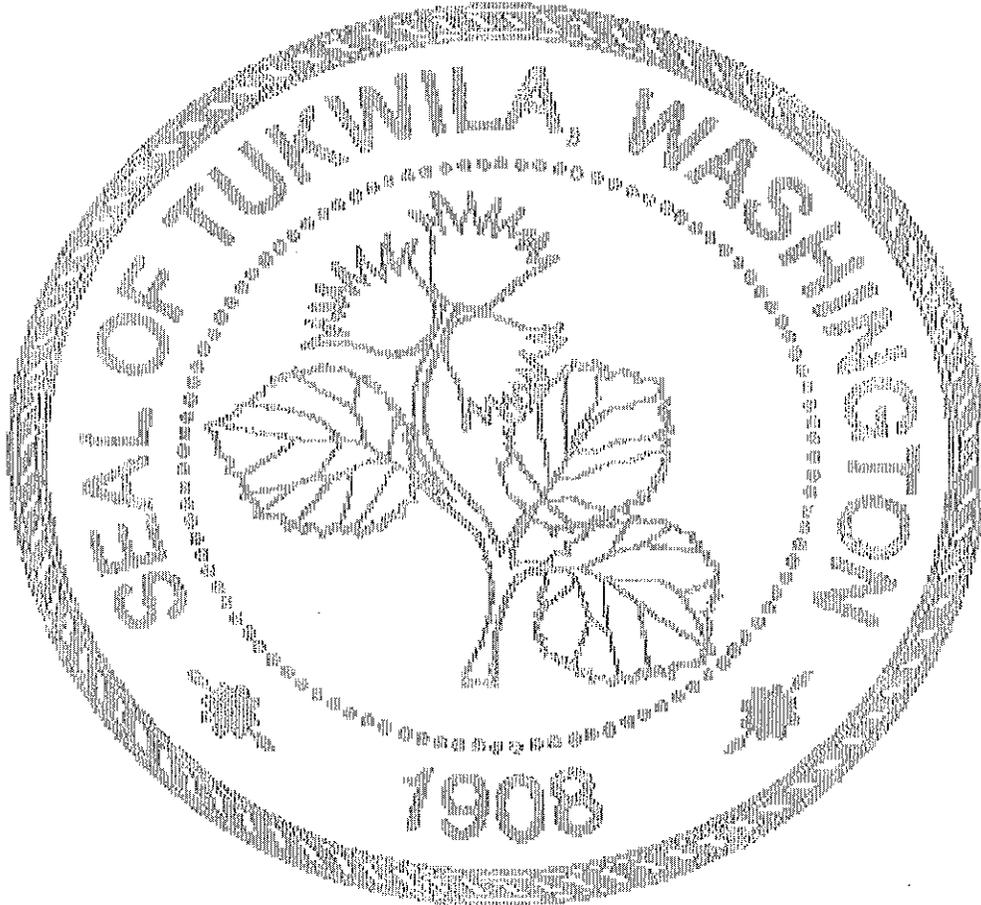
President

Executive Director



City of Tukwila

Letter of Transmittal

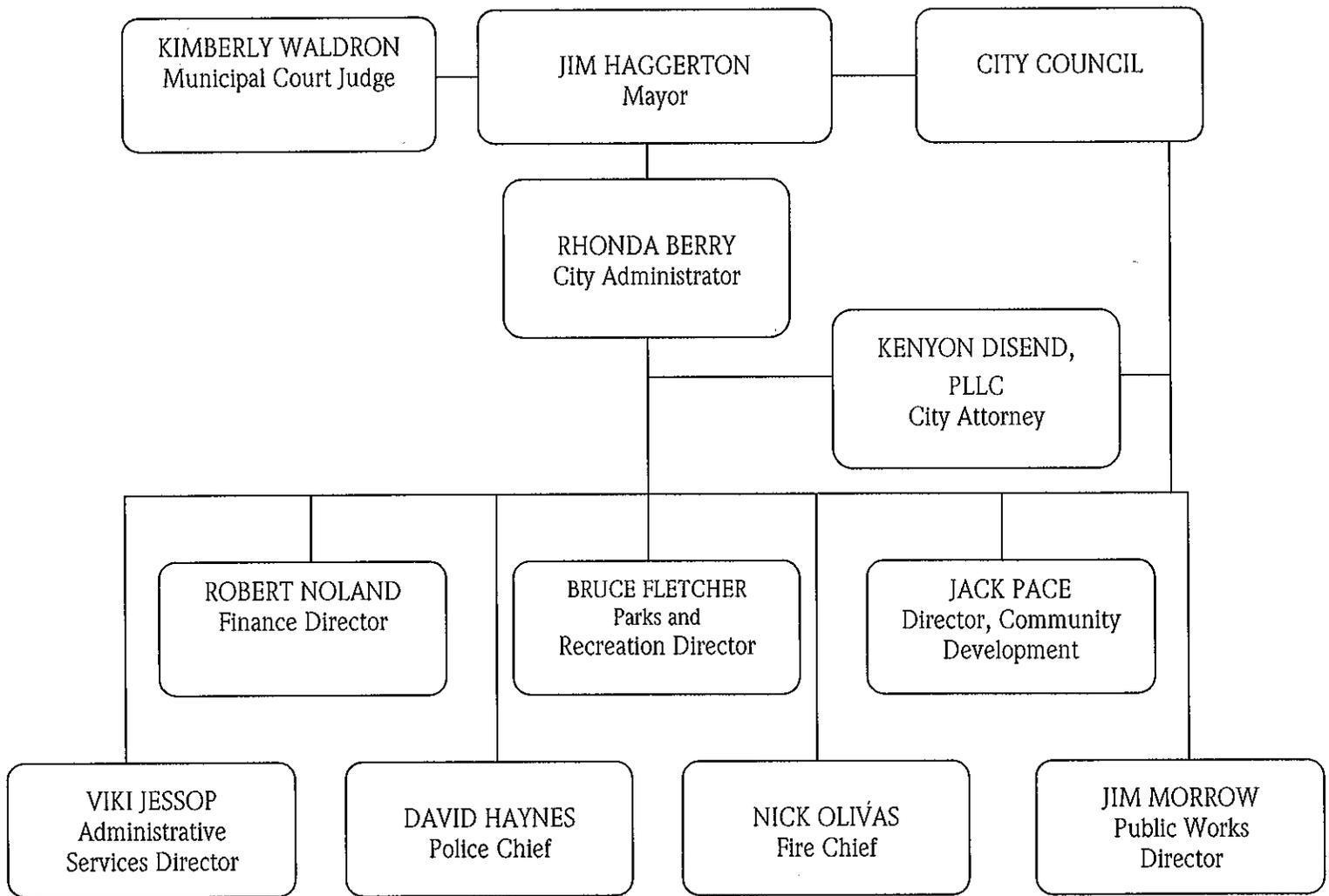




City of Tukwila

Administrative Organization Structure, Principal Officials, and Council Committees

ADMINISTRATIVE ORGANIZATION STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

FINANCE AND SAFETY COMMITTEE

Dennis Robertson, Chairperson
Pam Linder, Member
Kathy Hougardy, Member

TRANSPORTATION

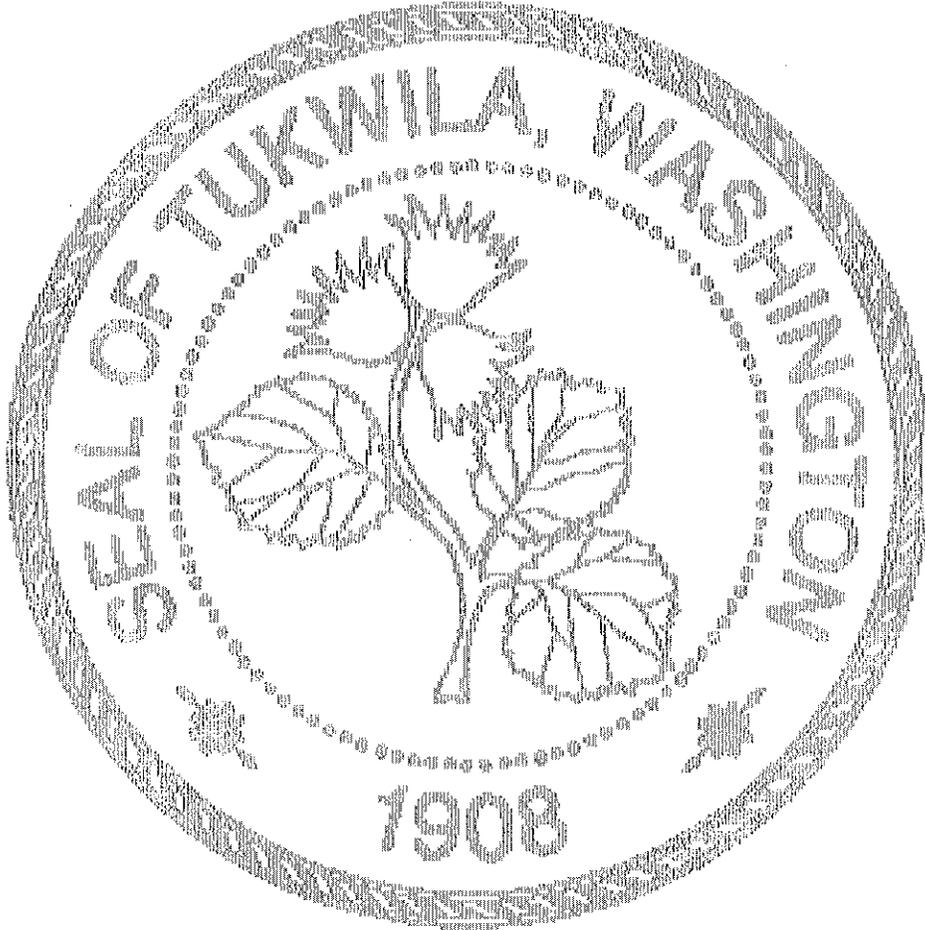
Pam Linder, Chairperson
Dennis Robertson, Member
De'Sean Quinn, Member

COMMUNITY AFFAIRS AND PARKS

Joan Hernandez, Chairperson
Verna Griffin, Member
De'Sean Quinn, Member

UTILITIES

Verna Griffin, Chairperson
Joan Hernandez, Member
Kathy Hougardy, Member





Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

August 28, 2008

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, 2007, 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. 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, 2007, 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.

The management's discussion and analysis on pages 11 through 21 and pension trust fund information on pages 70 through 71 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 and Individual Fund Statements and Schedules on pages 75 through 104 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,

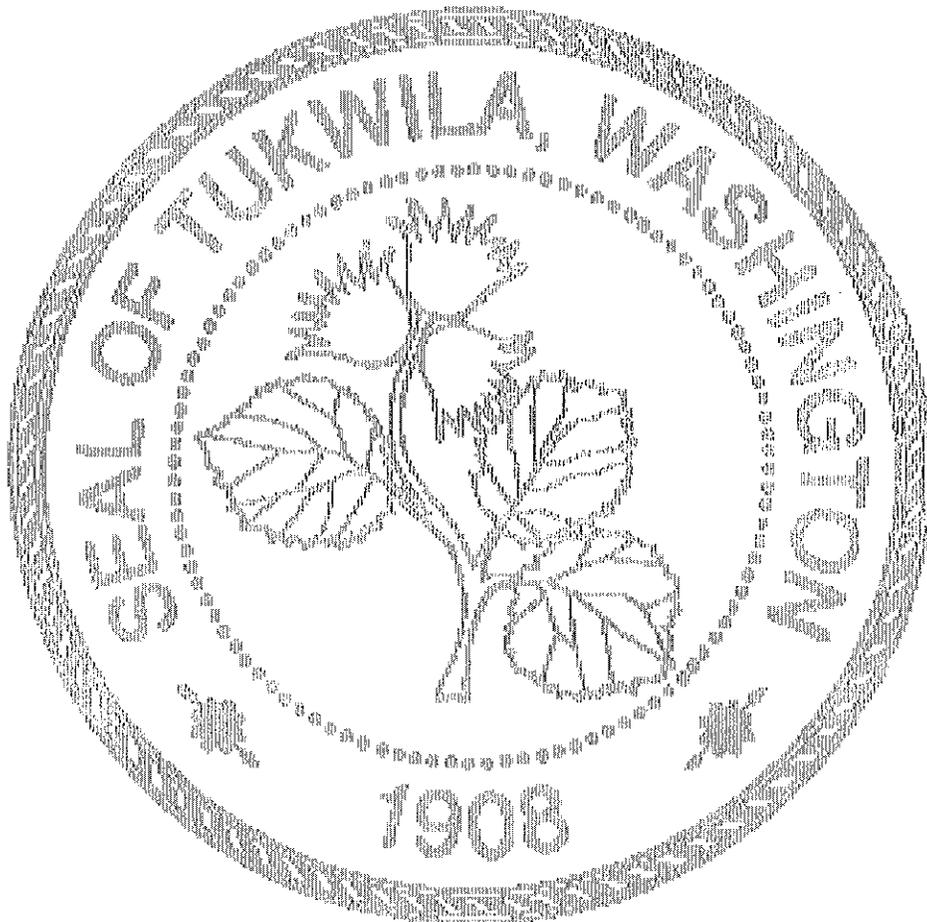
BRIAN SONNTAG, CGFM
STATE AUDITOR





City of Tukwila

Auditor's Opinion



CITY OF TUKWILA MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2007

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, 2007. 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 \$220.6 million. A total of 78 percent or \$172.1 million of total net assets is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net assets of \$48.4 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 \$10.1 million in 2007. Government activities provided \$8.9 million or 87.5 percent with the remainder being provided by the business-type activities.
- As of the close of the current fiscal year, the City of Tukwila's governmental funds reported combined ending fund balances of \$30,699,152 an increase of \$5,171,171 in comparison with the prior year. Approximately 57.3 percent of this total amount, \$17,588,189, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,740,398, or 17.2 percent of total general fund expenditures.
- The City of Tukwila's total debt decreased by \$1,963,494 (4.7 percent) during the current fiscal year. The key factor in this net decrease was due to the retirement of bond principal.

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 nonmajor funds presented in total in one column.



OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Tukwila's basic financial statements. The City of Tukwila's basic financial statements include three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 during the 2002 year, we have changed the presentation of the City's financial statements. The new focus is on both the City as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability. The GASB establishes reporting standards for state and local governments whereas the City's budget is the responsibility of City elected officials and officers.

Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City of Tukwila's finances, in a manner similar to a private sector business.

The *Statement of Net Assets* presents information on all of the City of Tukwila's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Tukwila is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various city activities and the degree to which activities are subsidized by general revenues.

Both of the government-wide financial statements distinguish functions of the City of Tukwila that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tukwila include general government, public safety, physical environment, transportation, economic environment, culture and recreation, and interest on long-term debt. The business-type activities of the City of Tukwila include the Water/Sewer Utility, Foster Golf Course, and Surface Water Utility.

The *Government-wide Financial Statements* can be found on pages 23 – 25 of this report.

Fund Financial Statements

Traditional readers of governmental financial statements will find the *Fund Financial Statements* presentation familiar. However, the focus is now on major funds, rather than fund types.

A *fund* is a grouping of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The City of Tukwila, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three major funds and an aggregate total for all nonmajor funds. The City's major governmental funds are the General Fund, Hotel/Motel Tax Fund, and the Arterial Street Fund. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The *Governmental Fund Financial Statements* can be found on pages 26 – 32 of this report.

Proprietary Funds. The City of Tukwila maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* represent an accounting device used to accumulate and allocate costs internally among the City of Tukwila's various functions. The City of Tukwila uses internal service funds to account for general services such as equipment rental and the City's self-insured medical plan. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but in greater detail. The internal service funds are combined for presentation purposes. Individual fund data for the City's nonmajor proprietary funds are provided in the form of *combining statements* elsewhere in this report.

The *Proprietary Fund Financial Statements* can be found on pages 33 – 35 of this report.



City of Tukwila

Management's Discussion and Analysis

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The *Fiduciary Fund Financial Statements* can be found on pages 36 – 37 of this report.

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 on pages 38 – 68 of this report.

Other Required Information. In addition to this discussion and analysis, this report also presents required supplementary information on pension plan funding. Required supplementary information can be found on pages 69 - 72 of this report.

The combining statements referred to earlier are presented immediately following the required supplementary information. Combining and individual fund statements can be found on pages 73 - 104 of this report.

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 \$220,599,145 at December 31, 2007.

The largest portion of the City's net assets (78 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's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 42,770,035	\$ 36,627,475	\$ 12,800,899	\$ 4,950,226	\$ 55,570,934	\$ 51,577,701
Capital Assets	153,921,280	151,823,685	54,755,424	52,605,895	208,676,704	204,429,580
Total Assets	196,691,315	188,451,160	67,556,323	67,556,121	264,247,638	256,007,281
Long-term Liabilities						
Outstanding	20,297,222	21,052,141	18,364,509	19,935,267	38,661,731	40,987,408
Other Liabilities	3,587,165	3,457,857	1,399,598	1,097,218	4,986,763	4,555,075
Total Liabilities	23,884,387	24,509,998	19,764,106	21,032,485	43,648,493	45,542,483
Net Assets:						
Invested In Capital Assets,						
Net of Related Debt	136,053,013	133,129,382	36,083,972	34,017,190	172,136,985	167,146,572
Restricted	1,233,234	1,305,239	441,074	435,995	1,674,308	1,741,234
Unrestricted	35,520,681	29,506,541	11,267,171	12,070,451	46,787,852	41,576,992
Total Net Assets	\$172,806,928	\$163,941,162	\$47,792,217	\$46,523,636	\$220,599,145	\$210,464,798

A portion of the City of Tukwila's net assets (0.8 percent) represents resources that are subject to constitutional or external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$46,787,852 (21.2 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Tukwila is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The decrease in the total long-term debt of \$1,963,497 is comprised of the City utility funds' new Public Works Trust Fund loans of \$209,803, and \$1,389,553 of debt principal repayments (net of deferred amounts), and the net increase in compensated absence liability (\$3,533).

Net assets increased by \$10,134,347 over 2006. The largest portion of this increase was the addition of \$6,690,327 to plant, property, equipment, and infrastructure. The remainder of the increase in net assets reflects the net change in revenue and expenditure actuals.



City of Tukwila

Management's Discussion and Analysis

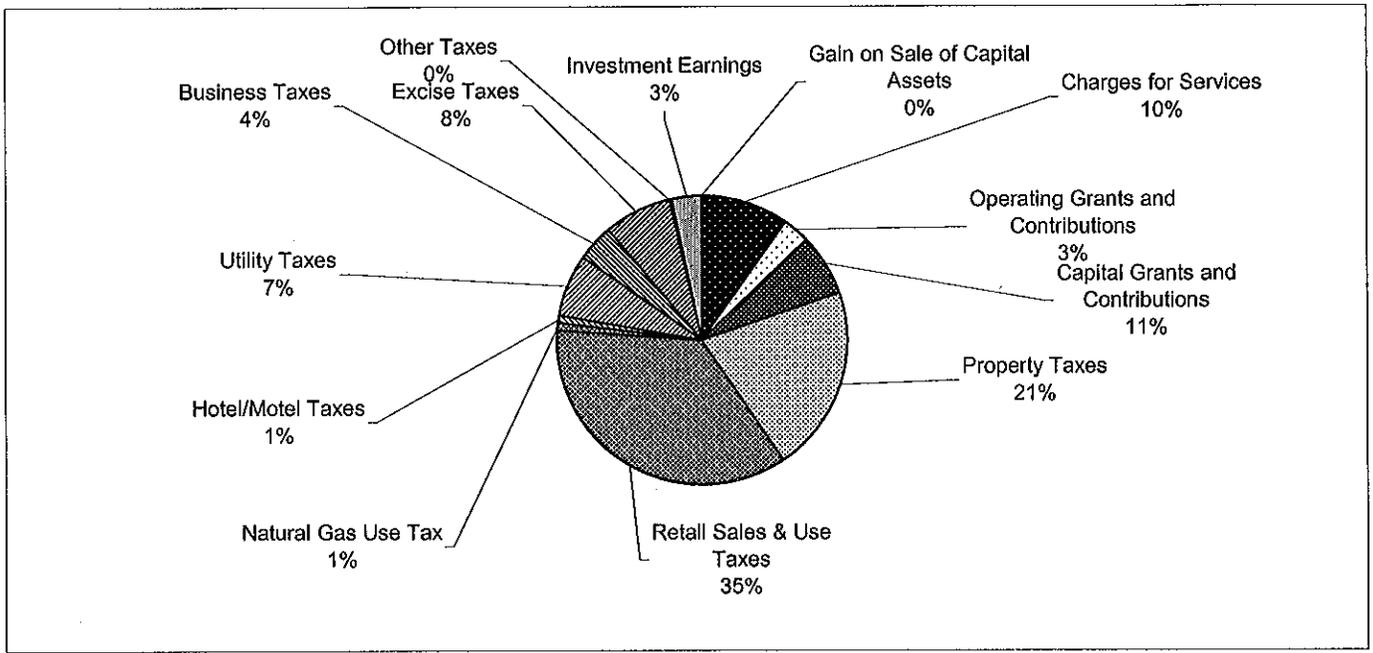
Governmental Activities. Governmental activities resulted in a net increase in the City of Tukwila's net assets of \$8,865,765 accounting for 87.5 percent of the total growth in the City's net assets. Key elements of this increase are as follows:

City of Tukwila's Changes in Net Assets

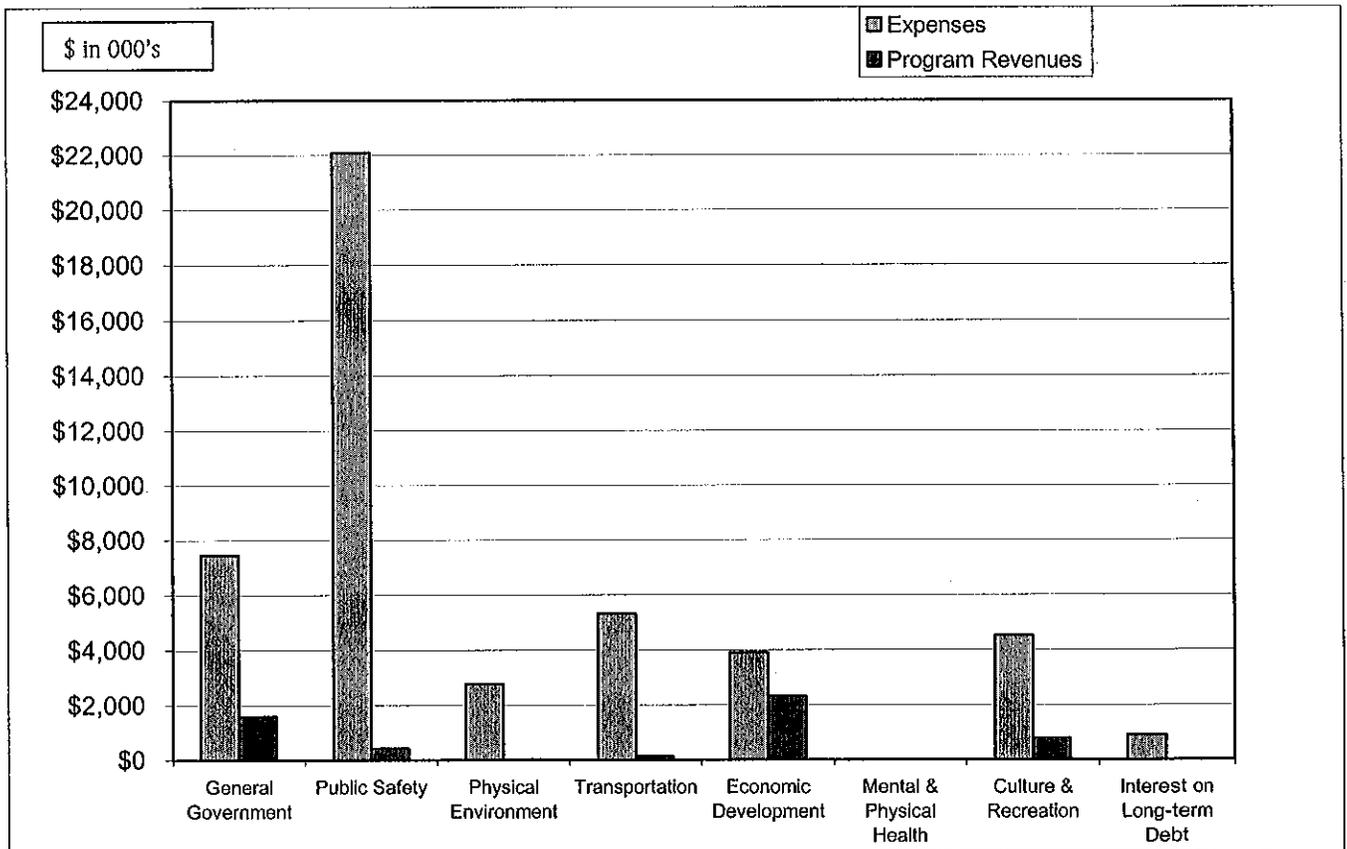
	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,271,753	\$ 4,554,163	\$ 11,753,622	\$ 11,605,661	\$17,025,375	\$16,159,824
Operating Grants and Contributions	1,692,766	1,897,543	0	0	1,692,766	1,897,543
Capital Grants and Contributions	3,746,743	5,675,493	347,416	1,255,360	4,094,159	6,930,853
General Revenues:						
Property Taxes	11,302,099	10,973,030	0	0	11,302,099	10,973,030
Retail Sales and Use Taxes	19,355,869	17,591,260	500,000	645,473	19,855,869	18,236,733
Natural Gas Use Tax	344,748	415,652	0	0	344,748	415,652
Hotel/Motel Taxes	583,232	501,478	0	0	583,232	501,478
Utility Taxes	3,666,079	2,930,332	0	0	3,666,079	2,930,332
Business Taxes	2,236,675	2,097,082	0	0	2,236,675	2,097,082
Excise Taxes	4,127,360	4,941,461	0	0	4,127,360	4,941,461
State Entitlements, Impact Fees, In-Lieu Taxes	217,600	185,475	0	0	217,600	185,475
Investment Earnings	1,727,879	1,383,708	618,563	539,463	2,346,442	1,923,171
Gain on Sale of Capital Assets	13,652	353,350	0	114,160	13,652	467,510
Total Revenues	54,286,455	53,500,027	13,219,603	14,160,117	67,506,056	67,660,144
Program Expenses Including						
Indirect Expenses:						
General Government	7,456,335	7,402,398	0	0	7,456,335	7,402,398
Public Safety	21,726,932	21,839,070	0	0	21,726,932	21,839,070
Physical Environment	2,764,373	2,734,592	0	0	2,764,373	2,734,592
Transportation	5,310,247	5,335,214	0	0	5,310,247	5,335,214
Economic Environment	3,890,845	3,600,158	0	0	3,890,845	3,600,158
Mental & Physical Health	4,204	3,683	0	0	4,204	3,683
Culture and Recreation	4,506,223	4,234,889	0	0	4,506,223	4,234,889
Interest on Long-term Debt	896,215	981,573	0	0	896,215	981,573
Water/Sewer Utility	0	0	7,046,603	7,354,876	7,046,603	7,354,876
Foster Golf Course	0	0	1,849,542	1,832,303	1,849,542	1,832,303
Surface Water Utility	0	0	1,920,194	1,642,204	1,920,194	1,642,204
Total Expenses	46,555,373	46,131,577	10,816,339	10,829,383	57,371,712	56,690,960
Increase (Decrease) in Net Assets						
Before Transfers	7,731,082	7,402,450	2,403,263	3,330,734	10,134,344	10,699,184
Transfers	1,134,683	122,652	(1,134,683)	1,250,000	0	1,372,652
Increase (Decrease) in Net Assets	9,632,098	7,491,102	1,268,580	4,580,734	10,134,344	12,071,836
Net Assets – Beginning Balance	163,941,163	156,450,061	44,184,984	41,942,902	210,464,799	198,392,963
Prior Period Adjustments	0	0	0	0	0	0
Net Assets – Ending Balance	\$172,806,928	\$163,941,163	\$ 45,453,564	\$ 46,523,636	\$220,599,143	\$210,464,799

As previously mentioned, the City's activities are divided between governmental and business-type. The majority of support for governmental activities comes from taxes and intergovernmental grants, while the business-type activities are supported primarily through user charges.

Revenues by Source – Governmental Activities



Expenses and Program Revenues – Governmental Activities





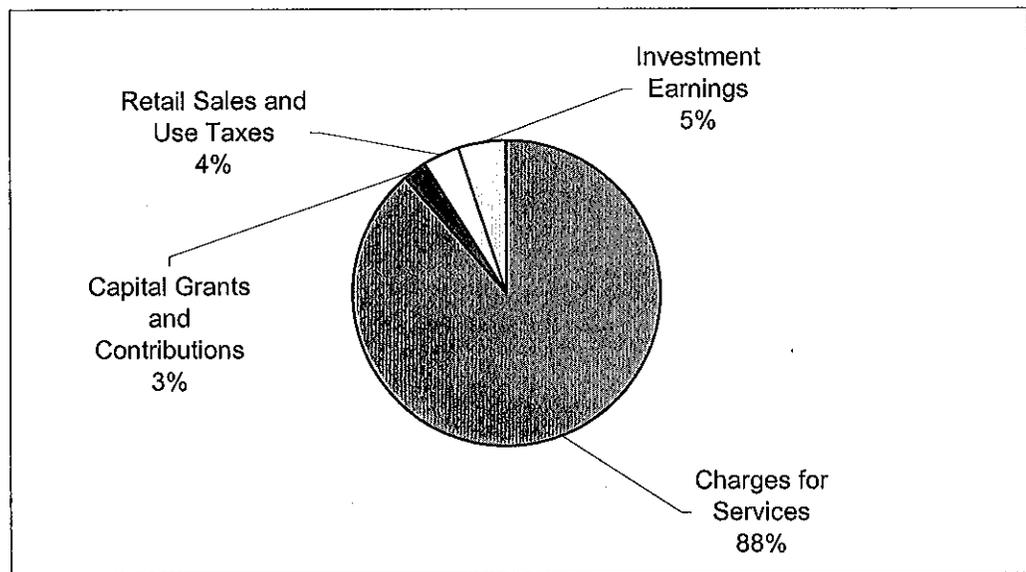
City of Tukwila

Management's Discussion and Analysis

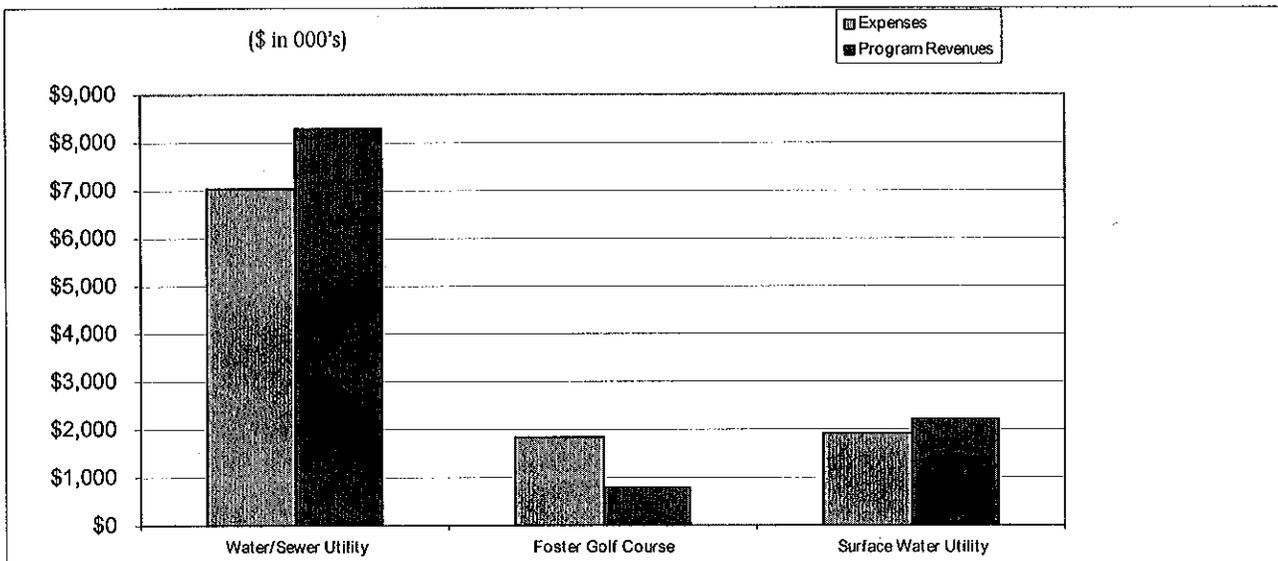
Business-type Activities. Business-type activities increased the City of Tukwila's net assets by \$1,268,581, accounting for 12.5 percent of the total growth in the City's net assets. Key elements of this increase are as follows:

- Net operating income of \$1,551,030 and non-operating income of \$504,817 account for \$2,055,847 of the increase.
- Capital contributions of \$347,416 and net transfers-out of (\$1,134,683) account for (\$787,267) of the net change.

Revenues by Source – Business-Type Activities



Expenses and Program Revenues – Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Tukwila uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As discussed earlier, the focus of the City of Tukwila's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Tukwila's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Tukwila's governmental funds reported combined ending fund balances of \$30,698,792. Approximately 87.7 percent of this total amount (\$26,922,152) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remaining 12.3 percent (\$3,776,640) of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to Imprest Funds and to protect cash liquidity.

The General Fund is the primary operating fund of the City of Tukwila. At the end of the fiscal year, total fund balance for the General Fund equaled \$10,517,038. Unreserved fund balance, the amount considered available to spend, totaled \$6,740,398. Of the General Fund balance, \$3,763,990, relates to certain accrued revenues and has been designated for unknown contingent liabilities. It is not considered available to spend.

The fund balance of the City of Tukwila's General Fund increased by \$1,810,573 during the current fiscal year.

The fund balance of the Land Acquisition, Recreation, and Park Development Capital Project Fund increased by \$448,809 due to delays in budgeted expenditures. The fund balance of the Arterial Street Fund increased by \$2,100,587 due to delays in budgeted expenditures.

Proprietary Funds. The City of Tukwila's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund original budget and the final amended budget totals did not change. There were no changes in appropriation required to sustain the City's operations.

Actual General Fund revenues were over the budgeted amount by only 2.8% or \$1,079,266. This immaterial variance is indicative of the strength of the City's comprehensive budget analysis and review.

Actual expenditures were \$39,232,572, which were \$2,541,068 under the appropriated amount. The budget surplus was evenly distributed among General Fund activities.



City of Tukwila

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Tukwila's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to \$213,207,995 (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during 2007 included the following:

- Various repair and overlay projects to the City's arterial streets totaled \$1.297 million.
- The Traffic Signal Interconnect project amounted to \$1.867 million.
- Capitalization of sewer improvements to the Allentown-Foster Point project amounted to \$7.5 million.
- Capitalization of drainage improvements to the Cascade View project amounted to \$3.2 million.
- Capitalization of two new sewer lift stations amounted to \$1.5 million.
- Acquisition of land for parks and sewer lift stations amounted to \$260,000.

City of Tukwila's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 35,901,461	\$ 35,701,817	\$ 1,907,416	\$ 1,847,416	\$ 37,808,877	\$ 37,549,233
Buildings	15,495,904	16,025,182	9,200,918	7,401,482	24,696,822	23,426,664
Other Improvements	4,734,374	4,258,829	43,461,549	30,560,906	48,195,923	34,819,735
Machinery and Equipment	5,518,517	5,441,903	1,441,790	1,152,783	6,960,307	6,594,686
Infrastructure	81,653,216	79,366,248	0	0	81,653,216	79,366,248
Construction in Progress	10,617,808	11,029,706	2,308,146	11,643,308	12,925,954	22,673,014
Total	\$ 153,921,280	\$ 151,823,685	\$ 58,319,819	\$ 52,605,895	\$ 212,241,099	\$ 204,429,580

Additional information on the City of Tukwila's capital assets can be found in *Note 6* on pages 51 – 52 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Tukwila had total bonded debt outstanding of \$27,550,000. Of this amount, \$22,025,000 comprises debt backed by the full faith and credit of the government and the remainder of \$5,525,000 of the City of Tukwila's debt represent bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Tukwila's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$ 17,922,500	\$ 18,852,500	\$ 4,102,500	\$ 4,547,500	\$ 22,025,000	\$ 23,400,000
Revenue Bonds	0	0	5,525,000	5,860,000	5,525,000	5,860,000
Total	\$ 17,922,500	\$ 18,852,500	\$ 9,627,500	\$ 10,407,500	\$ 27,550,000	\$ 29,260,000

The City of Tukwila's total long-term debt decreased by \$1,710,000 (5.8%) during the current fiscal year. The change in long-term debt is explained by redemption of bond principal of \$1,710,000.

Governmental Activities Long-Term Debt – The City's 1999, 2000, 2003, and 2003 Refunding General Obligation Bond issues have been rated Aaa by Moody's Investor Service.

Business-Type Activities Long-Term Debt – The City's 1993, 1995, and 2006 Revenue Bond issues have been rated Aaa by Moody's Investor Service.

Additional information on the City of Tukwila's long-term debt can be found in *Note 10* on pages 61 – 63 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The State's unemployment rate was 5.7 percent which is down 0.7 percent from 2005.
- The area mall and other retail establishments are experiencing increasing revenues, and several new businesses have located in the City.
- The King County housing market continues to surge forward. In 2006, the median price of a single-family home weighed in at \$425,250 and amounted to a 5% increase in value over 2005.

All of these factors were considered in preparing the budget for the 2008 Budget and Fiscal year.

During the 2008 budget year, fund balance from 2007 will be used to balance the budget along with a fourth full year of the newly implemented utility tax on energy consumption and communications services.

Also, there will be consideration for utility rate increases in the sewer and surface water utilities in order to finance capital needs.

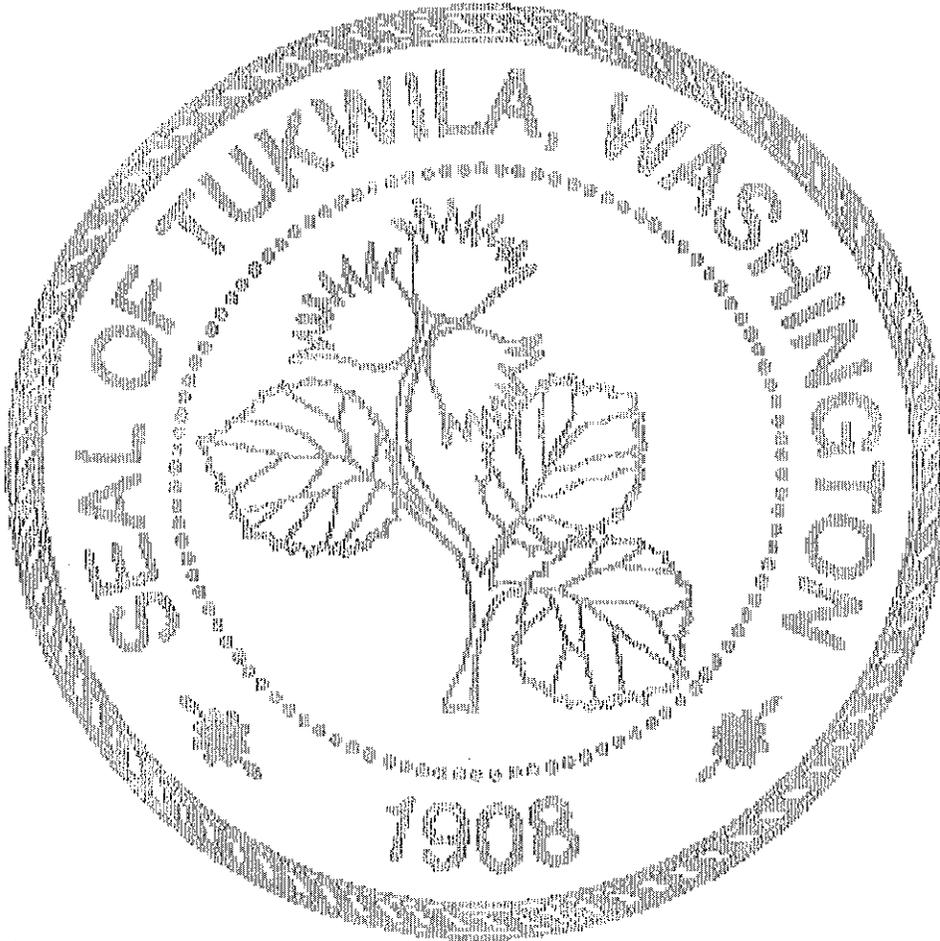
REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City of Tukwila's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, 6200 Southcenter Boulevard, Tukwila, Washington, 98188, (206) 433-1800, or email at tukfin@ci.tukwila.wa.us.



City of Tukwila

Management's Discussion and Analysis





**STATEMENT OF NET ASSETS
December 31, 2007**

DESCRIPTION	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 22,404,548	\$ 1,790,600	\$ 24,195,148
Deposits with Fiscal Agent	0	0	0
Investments	11,754,975	8,586,081	20,341,056
Receivables:			
Taxes	4,285,093	68,542	4,353,635
Customer Accounts	157,432	921,538	1,078,970
Interest on Investments	119,972	52,683	172,655
Due From Other Governmental Units	821,797	45,663	867,460
Inventory of Materials and Supplies	596,700	499,341	1,096,041
Net Pension Asset	200,563		200,563
Investment in Joint Venture	2,428,955	0	2,428,955
Restricted Assets:			
Cash and Cash Equivalents	0	41,742	41,742
Investments	0	391,000	391,000
Notes Receivable	0	248,837	248,837
Deferred Charges	0	154,871	154,871
Land and Construction in Progress	46,519,269	4,215,562	50,734,831
Depreciable Capital Assets, Net	107,402,011	50,473,079	157,875,090
Plant Acquisition Adjustment (Net of Accumulated Amortization)	0	66,784	66,784
TOTAL ASSETS	196,691,315	67,556,323	264,247,638
LIABILITIES			
Accounts Payable	521,750	51,792	573,542
Accrued Wages and Benefits Payable	1,078,296	0	1,078,296
Due To Other Governmental Units	13,074	624,790	637,864
Accrued Interest Payable	72,609	134,676	207,285
Revenues Collected in Advance	101,143	0	101,143
Other Current Liabilities	1,407,964	167,779	1,575,743
Liabilities Payable from Restricted Assets:			
Revenue Bond Principal	0	360,000	360,000
Deposits	0	60,562	60,562
Unearned Revenue	392,329	0	392,329
Long-Term Liabilities			
Due Within One Year	1,037,464	460,000	1,497,464
Due in More Than One Year	19,259,758	17,904,509	37,164,267
TOTAL LIABILITIES	23,884,387	19,764,106	43,648,493
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	136,053,013	36,083,972	172,136,985
Restricted for:			
Capital Projects	0	10,629	10,629
Debt Service	1,233,234	430,444	1,663,678
Unrestricted	35,520,681	11,267,171	46,787,852
TOTAL NET ASSETS	\$ 172,806,928	\$ 47,792,217	\$ 220,599,145

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 7,456,335	\$ 1,590,553	\$ 30,505	\$ 0
Public Safety	21,726,932	425,241	460,481	29,980
Physical Environment	2,764,373	25,341	139	0
Transportation	5,310,247	133,500	434,452	3,022,387
Economic Development	3,890,845	2,319,634	757,698	0
Mental and Physical Health	4,204	0	0	0
Culture & Recreation	4,506,223	777,484	9,492	694,375
Interest on Long-Term Debt	896,215	0	0	0
TOTAL GOVERNMENTAL ACTIVITIES	\$ 46,555,373	\$ 5,271,753	\$ 1,692,766	\$ 3,746,743
BUSINESS-TYPE ACTIVITIES:				
Water/Sewer Utility	\$ 7,046,603	\$ 8,272,647	\$ 0	\$ 341,126
Foster Golf Course	1,849,542	1,272,425	0	0
Surface Water Utility	1,920,194	2,208,549	0	6,290
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 10,816,338	\$ 11,753,622	\$ 0	\$ 347,416

General Revenues:

- Property Taxes
- Retail Sales and Use Taxes
- Natural Gas Use Tax
- Hotel/Motel Taxes
- Utility Taxes
- Business Taxes
- Excise Taxes
- State Entitlements
- Unrestricted Investment Earnings
- Gain on Sale of Capital Assets
- Transfers
- Total General Revenues and Transfers
- Change in Net Assets
- Net Assets Beginning of Year
- Net Assets End of Year

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (5,835,277)	\$ 0	\$ (5,835,277)
(20,811,230)	0	(20,811,230)
(2,738,893)	0	(2,738,893)
(1,719,907)	0	(1,719,907)
(813,513)	0	(813,513)
(4,204)	0	(4,204)
(3,024,872)	0	(3,024,872)
(896,215)	0	(896,215)
<u>\$ (35,844,111)</u>	<u>\$ 0</u>	<u>\$ (35,844,111)</u>
\$ 0	\$ 1,567,171	\$ 1,567,171
0	(577,116)	(577,116)
0	294,646	294,646
<u>\$ 0</u>	<u>\$ 1,284,700</u>	<u>\$ 1,284,700</u>
\$ 11,302,099	\$ 0	\$ 11,302,099
19,355,867	500,000	19,855,867
344,748	0	344,748
583,232	0	583,232
3,666,079	0	3,666,079
2,236,675	0	2,236,675
4,127,360	0	4,127,360
217,600	0	217,600
1,727,879	618,563	2,346,442
13,652	0	13,652
1,134,683	(1,134,683)	0
<u>44,709,876</u>	<u>(16,120)</u>	<u>44,693,756</u>
8,865,765	1,268,581	10,134,346
163,941,163	46,523,636	210,464,799
<u>\$ 172,806,928</u>	<u>\$ 47,792,217</u>	<u>\$ 220,599,145</u>



**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007**

DESCRIPTION	GENERAL FUND	ARTERIAL STREET	OTHER GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 5,524,756	\$ 6,162,260	\$ 8,974,661
Deposit with Fiscal Agent/Trustee		0	0
Investments	3,465,024	2,151,072	1,934,745
Receivables:			
Taxes	3,386,463	458,646	443,483
Customer Accounts	153,932	0	0
Interest on Investments	49,261	35,280	12,793
Due From Other Governmental Units	134,221	385,380	302,555
TOTAL ASSETS	\$ 12,713,658	\$ 9,192,638	\$ 11,668,238
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	24,266	494,167	3,317
Accrued Wages & Benefits	1,049,077	13,265	13,313
Due To Other Governmental Units	13,074	0	3,430
Revenues Collected in Advance	101,143	0	0
Other Current Liabilities	399,635	131,062	17,333
Deferred Revenues	609,065	0	3,235
Total Liabilities	2,196,260	638,495	40,628
Fund Balances:			
Reserved for:			
Imprest Funds	12,650	0	0
Loans Receivable	0	0	0
Unreserved, Designated for:			
Unknown Contingent Liabilities	3,763,990	0	0
Unreserved, Undesignated Reported In:			
General Fund	6,740,398	0	0
Special Revenue Funds	0	8,554,144	2,280,637
Debt Service Funds	0	0	1,233,234
Capital Projects Funds	0	0	8,113,739
Total Fund Balances	10,517,038	8,554,144	11,627,610
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,713,298	\$ 9,192,638	\$ 11,668,238

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2007

	Fund Balances - Total Governmental Funds	\$ 30,698,792
TOTAL GOVERNMENTAL FUNDS		
\$ 20,661,678	Amounts reported for governmental activities in the statement of net assets are different because:	
0	The purchases method is used in Governmental Funds to account for	
7,550,842	Materials and Supplies - Inventory amount outstanding.	556,701
4,288,593	Capital assets used in governmental activities are not financial	
153,932	resources and therefore are not reported in the governmental funds.	
97,334	Non-Depreciable Assets	\$ 46,519,269
822,157	Depreciable Assets (net)	<u>104,722,016</u>
\$ 33,574,534		151,241,285
521,750	The net pension asset resulting from contributions in excess of the	
1,075,655	annual required contribution in 2007 are not financial resources	200,563
16,504	and therefore is not reported in the funds.	
101,143	The City has an equity interest in a joint venture. This equity interest for the	
548,031	provision of governmental services is not a current financial resource	
612,300	and therefore is not reported in the funds.	2,428,955
2,875,382		
12,650	The focus of governmental funds is on short-term financing,	
0	assets are offset by deferred revenue and not included in fund balances.	
3,763,990	Deferred Revenue	219,971
6,740,398	Long-term liabilities, including bonds payable, related accounts and interest	
10,834,780	are not due and payable in the current period and therefore are not reported	
1,233,234	in the governmental funds. The details of these differences are as follows:	
8,113,739	Long Term Liabilities due within one year	\$ (1,037,464)
30,698,792	Long Term Liabilities due in more than one year	(19,259,758)
8,113,739	Accrued Interest Payable	<u>(72,609)</u>
\$ 33,574,174		(20,369,831)
	Internal service funds are used by management to charge the	
	costs of certain activities to internal service funds.	
	The assets and liabilities of the internal service funds are included	
	in governmental activities in the Statement of Net Assets.	7,830,492
	Net Assets of Governmental Activities	<u>\$ 172,806,928</u>



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

DESCRIPTION	GENERAL FUND	ARTERIAL STREET	OTHER GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 31,660,507	\$ 3,801,862	\$ 4,198,423
Licenses and Permits	1,827,709	0	0
Intergovernmental	2,562,870	2,154,763	1,682,569
Charges for Services	2,024,892	0	0
Fines and Forfeits	266,188	0	0
Investment Income	488,252	381,875	555,296
Miscellaneous	643,538	1,006,649	100,958
TOTAL REVENUES	39,473,956	7,345,149	6,537,245
EXPENDITURES			
Current:			
General Government	7,034,602	0	0
Public Safety	21,038,810	0	0
Physical Environment	1,946,806	0	249,616
Transportation	2,039,304	101,700	(630)
Economic Environment	2,961,588	0	917,070
Mental & Physical Health	4,204	0	0
Culture and Recreation	3,938,779	0	0
Debt Service:			
Principal	0	0	930,000
Interest	0	0	914,584
Capital Outlay	268,479	4,616,123	2,359,277
TOTAL EXPENDITURES	39,232,572	4,717,823	5,369,917
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	241,384	2,627,326	1,167,329
OTHER FINANCING SOURCES (USES)			
Transfers In	1,966,349	0	300,000
Transfers (Out)	(397,260)	(526,739)	(207,667)
Sale of Capital Assets	100	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	1,569,189	(526,739)	92,333
Net Change in Fund Balances	1,810,573	2,100,587	1,259,661
Fund Balances Beginning of Year	8,706,465	6,453,557	10,367,959
FUND BALANCES END OF YEAR	\$ 10,517,038	\$ 8,554,144	\$ 11,627,620

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007**

	TOTAL GOVERNMENTAL FUNDS		
	\$ 39,660,792	Net change in Fund Balances - total governmental funds	\$ 5,170,822
	1,827,709	Amounts reported for governmental activities in the statement of activities are different because:	
	6,400,202	Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:	
	2,024,892	Capital Outlay	\$ 7,243,879
	266,188	Donations of Capital Assets	
	1,425,423	Depreciation Expense	(4,296,077)
	1,751,145	Excess of Capital Outlay and Donations Over Depreciation Expense	2,947,802
	53,356,351		
	7,034,602	The net pension asset (negative net pension obligation) amortization amount in 2006 is not a financial resource and therefore not reported in the funds.	40,398
	21,038,810	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Change in investment interest receivable due beyond the City's 60 day measurable and available period.	
	2,196,422	The City has an equity interest in a joint venture. This equity interest for the provision of governmental services is not a current financial resource and therefore is not reported in the funds.	71,116
	2,140,374	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:	
	3,878,658	Bond Principal Retirement	930,000
	4,204	Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	164,118
	3,938,779	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.	124,557
	930,000	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:	
	914,584	Net Decrease in Materials and Supplies	\$ (408,300)
	7,243,879	Net Decrease in Accrued Interest	332
	49,320,312	Increase in Compensated Absences	(180,544)
	4,036,039	Amortization of Bond Discount and Deferred Charges	(20,215)
	2,266,349	Amortization of bond premiums	25,679
	(1,131,666)	Total Additional Expense (Increase) Decrease	(583,048)
	100		
	1,134,783	Change in Net Assets of Governmental Activities	<u>\$ 8,865,765</u>
	5,170,822		
	25,527,981		
	\$ 30,698,802		



GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	Variance with Final Budget - Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 30,662,940	\$ 30,662,940	\$ 31,660,507	\$ 997,567
Licenses and Permits	1,172,000	1,172,000	1,827,709	655,709
Intergovernmental	3,300,000	3,300,000	2,562,870	(737,130)
Charges for Services	2,414,850	2,414,850	2,024,892	(389,958)
Fines and Forfeits	165,500	165,500	266,188	100,688
Investment Income	200,000	200,000	488,252	288,252
Miscellaneous	479,400	479,400	643,538	164,138
TOTAL REVENUES	38,394,690	38,394,690	39,473,956	1,079,266
EXPENDITURES				
Current:				
General Government	7,203,206	7,203,206	7,034,602	168,604
Public Safety	21,606,200	21,606,200	21,038,810	567,390
Physical Environment	2,270,049	2,270,049	1,946,806	323,243
Transportation	2,423,211	2,423,211	2,039,304	383,907
Economic Environment	3,469,663	3,469,663	2,961,588	508,075
Mental & Physical Health	4,000	4,000	4,204	(204)
Culture and Recreation	4,225,386	4,225,386	3,938,779	286,607
Debt Service:				
Interest	0	0	0	0
Capital Outlay				
Capital Expenditures	571,925	571,925	268,479	303,446
Infrastructure				
TOTAL EXPENDITURES	41,773,640	41,773,640	39,232,572	2,541,068
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,378,950)	(3,378,950)	241,384	3,620,334
OTHER FINANCING SOURCES (USES)				
Transfers (In)	2,130,753	2,130,753	1,966,349	164,404
Transfers (Out)	(396,000)	(396,000)	(397,260)	1,260
Sale of Capital Assets	5,000	5,000	100	4,900
TOTAL OTHER FINANCING SOURCES AND (USES)	1,739,753	1,739,753	1,569,189	170,564
Net Change in Fund Balance	(1,639,197)	(1,639,197)	1,810,573	3,790,898
FUND BALANCE BEGINNING OF YEAR	7,723,881	8,706,465	8,706,465	0
FUND BALANCE END OF YEAR	\$ 6,084,684	\$ 7,067,268	\$ 10,517,038	\$ 3,790,898

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



ARTERIAL STREET
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	Variance with Final Budget - Positive (Negative)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 3,375,000	\$ 3,375,000	\$ 3,801,862	\$ 426,862
Intergovernmental	8,737,200	8,737,200	2,154,763	(6,582,437)
Investment Income	150,000	150,000	381,875	231,875
Miscellaneous	1,548,000	1,548,000	1,006,649	(541,351)
TOTAL REVENUES	13,810,200	13,810,200	7,345,149	(6,465,051)
EXPENDITURES				
Current:				
Transportation	3,979,570	3,979,570	101,700	3,877,870
Capital Outlay	13,364,000	13,364,000	4,616,123	8,747,877
TOTAL EXPENDITURES	17,343,570	17,343,570	4,717,823	12,625,747
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,533,370)	(3,533,370)	2,627,326	(19,090,798)
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(776,739)	(776,739)	(526,739)	250,000
Sale of Capital Assets	0	0	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	(776,739)	(776,739)	(526,739)	250,000
Net Change in Fund Balance	(4,310,109)	(4,310,109)	2,100,587	6,410,696
FUND BALANCE BEGINNING OF YEAR	4,786,787	4,786,787	6,453,557	1,666,770
FUND BALANCE END OF YEAR	\$ 476,678	\$ 476,678	\$ 8,554,144	\$ 8,077,466



**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2007**

DESCRIPTION	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY	TOTAL	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,495,817	\$ 254,930	\$ 39,854	\$ 1,790,601	\$ 1,171,869
Investments	5,570,192	248,806	2,767,082	8,586,080	4,775,134
Receivables:					
Taxes	0	68,542	0	68,542	0
Customer Accounts	667,985	173,840	79,714	921,539	0
Interest on Investments	38,619	1,661	12,404	52,684	22,639
Due from Other Governmental Units	0	0	45,663	45,663	0
Inventory of Materials and Supplies	220,435	225,546	53,360	499,341	40,000
Current Assets Restricted:					
Cash and Cash Equivalents	2,298	0	0	2,298	0
Investments	0	0	0	0	0
Total Current Assets Restricted	2,298	0	0	2,298	0
Total Current Assets	7,995,346	973,325	2,998,077	11,966,748	6,009,642
Noncurrent Assets:					
Noncurrent Restricted Assets:					
Cash and Cash Equivalents	2,547	0	36,897	39,444	0
Investments	391,000	0	0	391,000	0
Total Noncurrent Restricted Assets	393,547	0	36,897	430,444	0
Notes Receivable	248,837	0	0	248,837	0
Deferred Charges	65,528	78,713	10,629	154,870	0
Capital Assets:					
Land	156,872	1,609,575	140,969	1,907,416	0
Buildings and Structure	3,606,095	5,974,884	909,455	10,490,434	0
Other Improvements	29,613,841	4,031,818	27,479,461	61,125,120	0
Machinery and Equipment	2,132,705	197,310	48,247	2,378,262	7,727,118
Construction in Progress	1,322,334	0	985,812	2,308,146	0
Less: Accumulated Depreciation	(11,739,086)	(2,674,428)	(9,107,223)	(23,520,737)	(5,047,123)
Total Capital Assets (Net of Accumulated Depreciation)	25,092,761	9,139,159	20,456,721	54,688,641	2,679,995
Plant Acquisition Adjustment (Net of Accumulated Amortization)	66,784	0	0	66,784	0
Total Noncurrent Assets	25,867,457	9,217,872	20,504,247	55,589,576	2,679,995
TOTAL ASSETS	33,862,803	10,191,197	23,502,324	67,556,324	8,689,637
LIABILITIES					
Current Liabilities:					
Accounts Payable	10,189	41,603	0	51,792	0
Due to Other Governmental Units	272,588	0	352,202	624,790	0
Accrued Interest Payable	116,129	0	18,547	134,676	0
General Obligation Bonds - Current	0	460,000	0	460,000	0
Other Current Liabilities	32,719	113,233	21,826	167,778	859,145
Current Liabilities Payable from Restricted Assets:					
Revenue Bond Principal	346,800	0	13,200	360,000	0
Deposits	2,298	58,264	0	60,562	0
Total Current Liabilities Payable from Restricted Assets	349,098	58,264	13,200	420,562	0
Total Current Liabilities	780,723	673,100	405,775	1,859,598	859,145
Noncurrent Liabilities:					
General Obligation Bonds Payable (Net of Unamortized Premiums)	0	3,671,873	0	3,671,873	0
Revenue Bonds Payable (Net of Unamortized Premiums and Discounts)	4,872,577	0	363,083	5,235,660	0
Compensated Absences	76,431	85,856	48,613	210,900	0
Other Long-Term Liabilities	4,318,039	32,360	4,435,677	8,786,076	0
Total Noncurrent Liabilities	9,267,047	3,790,089	4,847,373	17,904,509	0
TOTAL LIABILITIES	10,047,770	4,463,189	5,253,148	19,764,107	859,145
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	15,620,873	5,148,435	15,314,664	36,083,972	4,380,407
Restricted for:					
Capital Projects	0	0	10,629	10,629	0
Debt Service	393,547	0	36,897	430,444	0
Unrestricted	7,800,612	579,573	2,886,985	11,267,170	3,450,086
TOTAL NET ASSETS	\$ 23,815,032	\$ 5,728,008	\$ 18,249,175	\$ 47,792,215	\$ 7,830,493

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Year Ended December 31, 2007**

DESCRIPTION	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY		
OPERATING REVENUES					
Charges for Services	\$ 8,168,646	\$ 1,257,483	\$ 2,206,211	\$ 11,632,340	\$ 6,875,987
Other Operating Revenues	6,741	14,942	2,338	24,021	1,355
TOTAL OPERATING REVENUES	8,175,387	1,272,425	2,208,549	11,656,361	6,877,342
OPERATING EXPENSES					
Operations and Maintenance	5,488,380	1,327,496	1,306,584	8,122,460	5,304,163
Administrative and General	128,549	0	103	128,652	12,078
Taxes	245,908	6,786	28,569	281,263	0
Depreciation/Amortization	726,347	323,957	522,653	1,572,957	680,613
TOTAL OPERATING EXPENSES	6,589,183	1,658,239	1,857,909	10,105,332	5,996,854
OPERATING INCOME (LOSS)	1,586,204	(385,814)	350,640	1,551,030	880,488
NON-OPERATING REVENUE (EXPENSE)					
Taxes	0	500,000	0	500,000	0
Investment Income	399,125	34,920	184,518	618,563	302,466
Interest Expense	(360,491)	(188,203)	(62,158)	(610,851)	0
Amortization of Debt Premium	10,807	1,845	343	12,996	0
Amortization of Debt Discount	(6,919)	0	0	(6,919)	0
Bond Issuance Costs	(3,556)	(4,945)	(470)	(8,971)	0
Compensated Loss	0	0	0	0	66,986
Gain (Loss) on Sale of Capital Assets	0	0	0	0	13,552
TOTAL NON-OPERATING REVENUE (EXPENSES)	38,966	343,618	122,234	504,817	383,004
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,625,170	(42,196)	472,874	2,055,847	1,263,492
Capital Contributions	341,126	0	6,290	347,416	0
Transfers In	97,260	0	0	97,260	0
Transfers (Out)	(911,789)	(10,816)	(309,338)	(1,231,943)	-1,131,299
Change in Net Assets	1,151,767	(53,012)	169,826	1,268,580	132,193
Total Net Assets - Beginning	22,663,265	5,781,020	18,079,351	46,523,636	7,698,301
TOTAL NET ASSETS - ENDING	\$ 23,815,032	\$ 5,728,008	\$ 18,249,176	47,792,216	\$ 7,830,494

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

DESCRIPTION	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				TOTAL	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	WATER/SEWER UTILITY	FOSTER GOLF COURSE	SURFACE WATER UTILITY			
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received from Customers and Users	\$ 7,898,812	\$ 1,719,392	\$ 2,226,923	\$ 11,845,127	\$ 6,861,315	
Receipts from Interfund Services Provided	(1,047,315)	(116,639)	0	(1,163,954)	0	
Cash Payments to Suppliers	(4,859,916)	(474,863)	(695,485)	(6,030,264)	(369,672)	
Cash Payments to Employees and Retirees	(902,551)	(879,000)	(373,223)	(2,154,774)	(4,913,552)	
Cash Payments for Interfund Services Used	97,260	0	(252,700)	(155,440)	1,113	
Other Operating Receipts	7,515	0	0	7,515	0	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,193,805	248,890	905,515	2,348,210	1,579,204	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Sales and Leasehold Excise Taxes Received	0	500,000	(7,368)	492,632	0	
Principal Payments on Intergovernmental Loans	0	0	(1,474)	(1,474)	0	
Interest Payments on Intergovernmental Loans	0	0	0	0	0	
Transfers to Other Funds	(814,529)	(10,816)	(309,338)	(1,134,683)	(499,465)	
Transfers from Other Funds	0	0	0	0	87,241	
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(814,529)	489,184	(318,180)	(643,525)	(412,224)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from Intergovernmental Loans	211,200	0	209,803	421,003	0	
Principal Payments on Intergovernmental Loans	(272,588)	0	(344,225)	(616,813)	0	
Interest Payments on Intergovernmental Loans	(80,497)	0	(52,258)	(132,755)	0	
Proceeds from Sales of Capital Assets	0	0	0	0	13,552	
Acquisition and Construction of Capital Assets	(2,920,743)	(35,109)	(997,189)	(3,953,041)	(797,303)	
Capital Debt	127,825	0	(327,292)	(199,467)	0	
Capital Contributions	175,576	0	0	175,576	0	
Capital Transfers In From Other Funds	0	0	0	0	0	
Capital Transfers Out To Other Funds	0	0	0	0	0	
Payments of Bond Issuance	0	0	0	0	0	
Principal Payments on Bonds/Leases	(323,000)	(445,000)	(12,000)	(780,000)	0	
Interest Payments on Bonds/Leases	(275,718)	(220,563)	(19,753)	(516,034)	0	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,357,945)	(700,672)	(1,542,914)	(5,601,531)	(783,751)	
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from Sales and Maturities of Investments	9,119,344	700,000	7,689,110	17,508,454	5,200,000	
Purchase of Investments	(5,351,365)	(736,778)	(7,000,000)	(13,088,143)	(4,874,083)	
Interest on Investments	376,704	34,149	172,456	583,309	302,466	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4,144,683	(2,629)	861,566	5,003,620	628,383	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,166,014	34,774	(94,013)	1,106,775	1,011,612	
CASH AND CASH EQUIVALENTS, JANUARY 1	334,648	98,833	170,770	604,251	159,577	
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 1,500,662	\$ 133,607	\$ 76,757	\$ 1,711,026	\$ 1,171,189	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ 1,586,204	\$ (385,814)	\$ 350,640	\$ 1,551,030	\$ 880,488	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation/Amortization	726,347	323,957	522,653	1,572,957	680,613	
(Increase) Decrease in Accounts Receivable	(136,739)	265,763	18,373	147,397	1,098	
(Increase) Decrease in Due from Other Governmental Units	2,959	0	0	2,959	0	
(Increase) Decrease in Inventory	(24,988)	(38,286)	(3,757)	(67,031)	1,000	
Increase (Decrease) in Accounts Payable	0	33,734	(5,387)	28,347	17,558	
Increase (Decrease) in Other Current Liabilities	(2,476)	55,290	1,167	53,981	(1,554)	
Increase (Decrease) in Customer Deposits	(145,490)	5,061	0	(140,429)	0	
Increase (Decrease) in Accrued Employee Leave Benefits	1,744	0	(909)	835	0	
Interest Reported as Operating Income	774	0	0	774	0	
Transferred as Operating Cost	(814,529)	(10,816)	22,735	(802,610)	0	
Total Adjustments	(392,398)	634,703	554,875	797,180	698,715	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,193,806	\$ 248,889	\$ 905,515	\$ 2,348,210	\$ 1,579,203	
NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Capital Assets Contributed by Developers	\$ 16,100	\$ 0	\$ 6,290	\$ 22,390	\$ 0	
Capital Assets Contributed from Other Governmental Units	0	0	0	0	0	
Capital Assets Contributed by Customers	177,729	0	0	0	0	
Change in Fair Value of Investments	(49,714)	0	492	(49,222)	0	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2007**

DESCRIPTION	FIREMEN'S PENSION TRUST FUND	
ASSETS		
Cash and Cash Equivalents	\$	345,813
Investments, at Fair Value:		
Washington State Pool		541,000
U.S. Bank Certificate of Deposit		0
Federal National Mortgage Association		501,562
Interest on Investments		11,389
TOTAL ASSETS		1,399,764
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	\$	1,399,764



**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended December 31, 2007**

DESCRIPTION	FIREMEN'S PENSION TRUST FUND	
ADDITIONS		
Contributions:		
Fire Insurance Premiums	\$	50,555
Investment Income:		
Interest		67,375
Total Additions		117,930
DEDUCTIONS		
Benefit Payments		45,841
Administrative Expenses		8,575
Total Deductions		54,416
Change in Net Assets		63,514
Net Assets - Beginning		1,336,250
Net Assets - Ending	\$	1,399,764

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



City of Tukwila

Notes to the Financial Statement





**CITY OF TUKWILA
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2007

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 noncharter 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 2007. See NOTE 7 - JOINT VENTURES for discussion of the Valley Communications Center, which is a joint public safety dispatching authority for five member cities. Also, see NOTE 14 - RISK MANAGEMENT for discussion of the Washington Cities Insurance Authority.

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 those activities of the City that are governmental and those that are considered 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 that are 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. 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. 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. Nonmajor 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 that only current assets and current liabilities are generally included on their balances 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:

- 1) 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.
- 2) The Arterial Street 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.



City of Tukwila

Notes to the Financial Statements

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary Funds are accounted for on a “flow of economic resources” measurement focus. This means that 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 *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’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 nonoperating 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:

- 1) The Water/Sewer Utility Fund accounts for operations and capital improvements to provide water and sanitary sewer services to the City.
- 2) The Foster Golf Course Fund is used to account for the operation, maintenance, debt service, and improvements of the municipal facility.
- 3) The 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 for which are 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's only Fiduciary Fund is a Pension Trust Fund.

The Firemen's Pension Trust Fund is accounted for in essentially the same manner as Proprietary Funds.

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.

Trust 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

Revenues 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 this criteria are property and sales taxes.



City of Tukwila

Notes to the Financial Statements

Nonexchange 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 that 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 includes 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, annual appropriated budgets are adopted for the general, special revenue, debt service and capital projects 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 annually budgeted governmental funds only. Budgets established for proprietary and trust funds are "management budgets" and are not legally required to be reported and, as such, are not reported in the CAFR.

Annual appropriated budgets are adopted at the level of the fund 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. Annual appropriations for all funds lapse at year end.

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, 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 proceeding 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 Mayor may authorize transfers within funds; however, the City Council must approve by ordinance any amendments that increase the total for the fund. The budget was amended once during 2007. 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

General Government - includes administration, finance, municipal court, attorney, and city clerk activities.

Public Safety - includes all police and fire activities.

Physical Environment - includes expenditures for the public works activities not chargeable to the enterprise funds.

Transportation - includes all street and arterial street maintenance and construction.

Economic Environment - reflects the planning and building inspection activities.

Culture and Recreation - includes the parks and recreation activities.

Interest on Long-term Debt

G. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents

All cash and cash equivalents, restricted and unrestricted, consists of cash balances in our checking account and our imprest funds. All funds in the care of other institutions are considered investments.

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, time certificates of deposit, and the State Treasurer's Local Government Investment Pool. 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.



City of Tukwila

Notes to the Financial Statements

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 that they are not available for appropriation and are not expendable available financial resources. *See also Notes 5 and 11.*

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. For governmental activities, inventories are recorded using the consumption method.

Deferred Charges

Those unamortized debt issuance costs incurred for the issuance of long-term debt, such as legal fees, printing costs and other costs related to the two 2003 General Obligation Bond issues. 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:

<u>ASSET</u>	<u>ESTIMATED SERVICE LIFE</u>
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
Infrastructure.....	25 to 50 years

See Note 6 for additional information.

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.

The Internal Service Funds do not report benefit accruals because they are immaterial.

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 10.

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". Designations are set aside portions of fund equity by management for future plans or administrative convenience.

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.



City of Tukwila

Notes to the Financial Statements

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 115 as of December 31, 2007. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 14 for additional information.

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 cash and the bank book balance was \$2,020,740. Of the bank balance, \$100,000 was covered by Federal depository insurance and the Washington State Public Depository Protection Commission insured the remainder. The City also maintains imprest funds totaling \$14,550.

Deposits and Investments

In addition to the types of investments discussed in Note 1, 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. The City's investment portfolio includes Federal Home Loan Bank (FHLB) bonds, Federal National Mortgage Association (FNMA) notes, and Federal Home Loan Mortgage Corporation (FHLMC) notes. 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.

The deposits include Fiscal Agent deposits, which are entirely covered by Federal Deposit Insurance Corporation (FDIC) or insured by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Depository Protection Commission (PDPC).

At December 31, 2007, the City had the following investments:

	Call Date	Maturity Date	Credit Ratings	Reported Amount/ Fair Value
FNMA Notes	07/21/06	07/21/08	AAA/Aaa	\$ 3,510,691
FNMA Notes	01/29/08	01/29/09	AAA/Aaa	2,503,125
FNMA Notes	01/29/08	01/29/09	AAA/Aaa	650,609
FHLB Bonds	05/16/08	11/16/09	AAA/Aaa	1,020,075
FHLB Bonds	05/16/08	11/16/09	AAA/Aaa	994,950
FHLB Bonds	11/28/08	11/28/11	AAA/Aaa	1,693,650
FHLMC Notes	12/03/08	12/03/10	AAA/Aaa	1,502,954
Total				\$ 11,876,054
State Treasurer's Investment Pool	N/A	Daily Basis	Unrated	20,540,726
Total Investments				<u>\$ 32,416,780</u>

RECONCILIATION OF ALL CASH, DEPOSITS, AND INVESTMENTS

		<u>Carrying Amount</u>
From Statements of Net Assets:		
Cash and Cash Equivalents		\$ 24,195,148
Deposits with Fiscal Agent/Trustee		0
Investments		20,341,056
Restricted Assets:		
Cash and Cash Equivalents	\$ 41,742	
Investments	<u>391,000</u>	<u>432,742</u>
Total All Cash, Deposits, and Investments from Statements of Net Assets		<u>\$ 44,968,946</u>
		<u>Carrying Amount</u>
Summary by Type:		
Cash and Cash Equivalents		
Cash in Bank (bank balance)	\$ 12,147,216	
Cash on Hand	<u>13,950</u>	\$ 12,161,166
Investments		
Investment in State Treasurer's Investment Pool	\$ 20,931,726	
FNMA Notes	6,664,426	
FHLB Bonds	3,708,675	
FHLMC Notes	1,502,954	<u>32,807,781</u>
Total All Cash, Deposits, and Investments		<u>\$ 44,968,947</u>



City of Tukwila

Notes to the Financial Statements

Interest Rate Risk. 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 investment portfolio to maturities of less than one year. The City assumes that its callable investments will not be called. Investment maturities are limited as follows:

- 1) At the time of investment, a minimum of fifty percent (50%) of the portfolio will be comprised of investments maturing or available within one year.
- 2) At the time of investment, no securities or investment instruments shall have a maturity exceeding four years, except when compatible with a specific fund's investment needs.
- 3) The average maturity of the portfolio shall not exceed two (2) years.

Credit Risk. 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, 2007, the City's Federal Home Loan Bank bond investments, Federal National Mortgage Association note investments, and Federal Home Loan Mortgage Corporation note investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk. 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 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.

More than 5 percent of the City's investments are in Federal Home Loan Bank bonds and Federal National Mortgage Association notes. These investments are 51.8% and 48.2% respectively, of the City's total investments.

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 \$.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 2007, the City's general tax levy was \$3.03706 per each \$1,000 of assessed valuation. Total assessed valuation was \$3,610,558,767 and was the basis for the 2007 assessments.

Actual 2007 property taxes collected were as follows:

<u>ITEM</u>	<u>PROPERTY TAXES</u>
General Levy	\$ 10,994,127

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.



City of Tukwila

Notes to the Financial Statements

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transactions are classified as follows:

- 1) **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.
- 2) **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.
- 3) **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.
- 4) **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, 2007.

Interfund transfers at December 31, 2007 were as follows:

Transfers-Out:	Transfer Out:					Total Trans-In
	General Fund	Non-Major Gov't Funds	Water/Sewer/Surface Water	Foster Golf Course Fund	Int Service Fund	
Transfers-In:						
General Fund	\$ 0	\$ 734,406	\$1,221,127	\$ 10,816	\$ 164,403	\$2,130,753
Non-Major Gov't Funds	300,000	0	0	0	0	300,000
Wtr/Sewer/Surface Wtr Funds	97,260	0	0	0	0	97,260
Foster Golf Course Fund	0	0	0	0	0	0
Internal Service Funds	0	0	0	0	0	0
Total Trans-Out	\$ 397,260	\$ 734,406	\$1,221,127	\$ 10,816	\$ 164,403	\$2,528,013

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

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 35,701,817	\$ 199,644	\$ 0	\$ 35,901,461
Construction in Progress	11,029,706	5,478,428	5,890,326	10,617,808
Total capital assets, not being depreciated	46,731,523	5,678,072	5,890,326	46,519,269
Capital assets, being depreciated:				
Buildings	23,020,430	52,524	0	23,072,954
Other Improvements	10,696,263	892,700	0	11,588,963
Machinery and Equipment	12,990,643	2,120,492	1,563,108	13,548,027
Infrastructure	104,216,883	5,187,719	0	109,404,602
Total capital assets being depreciated	150,924,219	8,235,435	1,563,108	157,614,546
Less accumulated depreciation for:				
Buildings	(6,995,248)	0	581,802	(7,577,050)
Other Improvements	(6,437,434)	0	417,155	(6,854,589)
Machinery and Equipment	(7,548,740)	596,212	1,076,982	(8,029,510)
Infrastructure	(24,850,635)	0	2,900,751	(27,751,386)
Total accumulated depreciation	(45,832,057)	596,212	4,976,690	(50,212,535)
Total capital assets, being depreciated, net	105,092,162	8,849,647	6,539,798	107,402,011
Governmental activity capital assets, net	\$ 151,823,685	\$ 14,527,719	\$ 12,430,124	\$ 153,921,280
	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,847,416	\$ 60,000	\$ 0	\$ 1,907,416
Construction in Progress	11,643,308	3,519,131	12,854,294	2,308,146
Total capital assets, not being depreciated	13,490,724	3,579,131	12,854,294	4,215,562
Capital assets, being depreciated:				
Buildings	* 8,959,642	1,530,792	0	10,490,434
Other Improvements	* 50,200,741	11,238,527	314,147	61,125,121
Machinery and Equipment	2,218,870	159,391	0	2,378,261
Total capital assets being depreciated	61,379,253	12,928,710	314,147	73,993,816
Less accumulated depreciation for:				
Buildings	* (1,558,160)	0	268,644	(1,826,804)
Other Improvements	* (19,639,835)	244,787	1,103,182	(20,498,230)
Machinery and Equipment	(1,066,087)	0	129,616	(1,195,703)
Total accumulated depreciation	(22,264,082)	244,787	1,501,442	(23,520,737)
Total capital assets, being depreciated, net	39,115,171	13,173,497	1,815,589	50,473,079
Business-type activity capital assets, net	\$ 52,605,895	\$ 16,752,629	\$ 14,669,883	\$ 54,688,640

*Bridge capitalized at \$642,790 was reclassified as Other Improvements from Buildings on the beginning balance amount for both capital assets and accumulated depreciation.

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.



City of Tukwila

Notes to the Financial Statements

Governmental Activities

Capital Assets - Increases:	
2007 Capital Outlays	\$ 7,243,879
2007 Construction in Progress to Capital (Infrastructure)	5,387,136
2007 Construction in Progress to Capital (Machinery & Equipment)	503,190
Internal Service Funds (Equipment Rental)	<u>797,303</u>
Capital Assets – Total Increases	<u>\$ 13,931,508</u>

Depreciation expense for 2007 was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 49,679
Public Safety	289,855
Physical Environment	605,271
Transportation	2,900,751
Economic Environment	10,771
Culture and Recreation	439,750
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>680,613</u>
Total 2007 depreciation expense – governmental activities	<u>\$ 4,976,690</u>

Business-type Activities:

Water/Sewer Utility – Depreciation 2007	\$ 726,347
Foster Golf Course – Depreciation 2007	323,957
Surface Water Utility – Depreciation 2007	<u>522,653</u>
Total 2007 accumulated depreciation increases – business-type activities	<u>\$ 1,572,957</u>

NOTE 7 – 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, and Federal Way which was 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, which include King County Fire District Nos. 2, 20, 26, 40, 43, 44, and 47; City of Pacific Police and Fire Departments; City of Black Diamond Police and Fire Departments; City of Algona and Des Moines Police Departments; SeaTac Fire Department; North Highline Fire Department; Vashon Island Fire Department; and King County EMS Units. 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 2007 cost distribution for the five (5) participating cities are as follows:

	Dispatchable Calls	Percent of Total
Renton	68,288	19.26%
Kent	99,063	27.94%
Auburn	64,352	18.15%
Tukwila	38,221	10.78%
Federal Way	84,633	23.87%
Total	354,557	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. Said 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, 2007	\$3,981,550	\$5,580,416	\$3,701,815	\$2,378,343	\$2,048,504	\$17,690,628
Current Year Increase (Decrease)	162,657	277,142	147,875	50,612	223,394	861,680
Equity December 31, 2007	\$4,144,207	\$5,857,558	\$3,849,690	\$2,428,955	\$2,271,898	\$18,552,308
Percent of Equity	22.34%	31.57%	20.75%	13.09%	12.25%	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 Chapter 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



City of Tukwila

Notes to the Financial Statements

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 is \$2,551,600. The basic agreement shall not be terminated until all bonds issued by Valley Communications Center Development Authority have been paid and retired.

A complete set of financial statements is available from Valley Com.

NOTE 8 – 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 cost-sharing, multiple-employer, defined benefit public employee retirement plans administered by the State Department of Retirement Systems. Historical trend and other information regarding each plan are presented in the State Department of Retirement Systems 2007 Comprehensive Annual Financial Report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

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 combination defined benefit/defined contribution plan. 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 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 enrolled as Plan 1 members. Those who joined either 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. PERS 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.

- Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age 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 pension is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.
- Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 2 retirements 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 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.
- Plan 3 has a dual benefit structure. Employer contributions finance a defined benefits component while member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements 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 3 percent per year reduction applies; otherwise an actuarial reduction will apply. 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.

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 6 percent and do not vary from year to year. 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. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. 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. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.



City of Tukwila

Notes to the Financial Statements

The required contribution rates expressed as a percentage of covered payroll as of December 31, 2007 follows:

	PERS Plan I	PERS Plan II	PERS Plan III
Employer*	6.13%	6.13%	6.13%**
Employee	6.00%	4.15%	minimum 5.0% to maximum 15.0%

* 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 ending December 31 were as follows:

	PERS Plan I	PERS Plan II	PERS Plan III
2007	\$ 5,134	\$ 591,075	\$ 106,108
2006	7,283	304,192	54,324
2005	6,559	174,327	34,101

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 was established by the State legislature in 1970 under RCW Chapter 41.26. Membership includes all full-time law enforcement officers and fire fighters. Retirement benefits are financed by employee and employer contributions, investment earnings, and legislative appropriation. LEOFF is comprised primarily of non-state employees.

The LEOFF system contains two plans. Participants who joined the system by September 30, 1977 are Plan I members. Those who joined thereafter are enrolled in Plan II. Effective July 1, 2003, the LEOFF Plan II Retirement Board was established to provide governance of LEOFF Plan II. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan II retirement plan. Effective January 1, 2003 firefighter emergency medical technicians (EMTs) may transfer PERS Plan I or Plan II service credit to LEOFF Plan II if while employed for the City, the EMT's job was relocated to a fire department from another city, town, county or district. LEOFF defined benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 retirement benefits are vested after an employee completes 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 is calculated as a percent of final average salary as follows:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

The final average salary 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 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of final average salary. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes 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 2 percent of the final average salary per year of service. The final average salary is based on the highest consecutive 60 months. Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Funding Policy. Plan I employers and employees are required to contribute at a prescribed rate and the State is responsible for the balance of the funding. Plan II employers and employees are required to pay at levels established by the legislature. Employer and employee contribution rates for Plan II are developed by the Office of the State Actuary to fund the system.

The required contribution rates to the LEOFF system expressed as a percentage of covered payroll as of December 31, 2007 follow:

	LEOFF Plan I	LEOFF Plan II
Employer	0.16%	5.35%
Employee	0.00%	7.85%

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

	LEOFF Plan I	LEOFF Plan II
2007	\$ 782	\$ 548,066
2006	873	481,003
2005	1,062	372,889

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 provided 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.

Funding Policy. Under State law, the Firemen's Pension Plan is provided an allocation of all moneys 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 12/31/06 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. Costs to administer the plan are paid for through investment earnings and General Fund resources.

The system does not issue a stand-alone financial report and is not included in another Public Employee Retirement System or another entity. Biennially, every other year, 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.



City of Tukwila

Notes to the Financial Statements

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.

Membership of the Firemen's Pension Plan consisted of the following at December 31, 2007.

Retirees and beneficiaries receiving benefits	10
Retirees currently receiving full retirement benefits through the Law Enforcement Officers and Fire Fighters Retirement Plan (LEOFF)	<u>2</u>
Total	<u>12</u>

GASB STATEMENT NO. 27 THREE-YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution as a Percentage of APC *	Net Pension Obligation (NPO)
December 31, 2005	\$ (5,386)	N/A	\$ (111,642)
December 31, 2006	(4,686)	N/A	(160,165)
December 31, 2007	1,582	2,654	(200,563)

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

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three-year and six-year trend information is presented as required supplementary information following the *Notes to the Financial Statements*.

GASB STATEMENT NO. 27 ANNUAL DEVELOPMENT OF PENSION COST

Fiscal Year Ending	ARC at EOY	Interest on NPO (2) = [prior yr (7)] x int.rate (1)*	ARC Adjustment (3) = [prior yr (7)] / (9)	Annual Pension Cost (APC) (4) = (1) + (2) - (3)	Total Employer Contributions (5)	Change in NPO (6) = (4) - (5)	NPO Balance (7) = (6) + [prior yr (7)]	(Gain)/ Loss (8) = (1) - (5)	Amort. Factor (9)	Amort. of (Gain)/ Loss (10) = [prior yr (11)] / (9)	Ending Balance (11) = (7)
12/31/05	\$ (6,547)	\$(4,591)	\$(5,752)	\$ (5,386)	\$ 29,733	\$ (35,119)	\$(111,642)	\$ (36,280)	13.3034	\$(5,752)	\$ (111,642)
12/31/06	(6,547)	(6,699)	(8,560)	(4,686)	43,837	(48,523)	(160,165)	(50,384)	13.0416	(8,560)	(160,165)
12/31/07	(1,998)	(8,008)	(11,588)	1,582	41,980	(40,398)	(200,563)	(43,978)	13.8212	(11,588)	(200,563)

*(1) is the assumed interest rate that year: 6% in 2005, 6% in 2006, 5% in 2007.

GASB STATEMENT NO. 27 ANNUAL PENSION COST AND NET PENSION OBLIGATION

	2005	Fiscal Year Ending 2006	2007
Annual required contribution (ARC)			
1. Annual Normal Cost (BOY)	\$ 0	\$ 0	\$ 0
2. Amortization of UAAL (BOY)	(6,176)	(6,176)	(1,903)
3. Interest to EOY [(1) + (2)]x (i)*	(371)	(371)	(95)
4. ARC at EOY [(1) + (2) + (3)]	\$ (6,547)	\$ (6,547)	\$ (1,998)
5. Interest on NPO	\$ (4,591)	\$ (6,699)	\$ (8,008)
6. Adjustment to ARC	(5,752)	(8,560)	(11,588)
7. Annual Pension Cost [(APC) [(4) + (5) - (6)]]	\$ (5,386)	\$ (4,686)	\$ (1,582)
8. Employer Contributions **	29,733	43,837	41,980
9. Change in NPO [(7) - (8)]	(35,119)	(48,523)	(40,398)
10. NPO at BOY [(11) prior year]	\$ (76,523)	\$ (111,642)	\$ (160,165)
11. NPO at EOY [(9) + (10)]	\$ (111,642)	\$ (160,165)	\$ (200,563)

*(i) is the assumed interest rate that year: 6% in 2006, 6% in 2007, 5% in 2008

** 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 information presented in the preceding required schedules was determined as part of the actuarial valuations at the dates indicated. Since all Firemen's Pension Fund employees for Tukwila are now retired, the actuarial cost method does not apply for retirees and is irrelevant.

Actuarial cost method:	Entry Age Normal
Amortization Method:	Closed 30 years from 1/1/99, level dollars
Asset Valuation method for all years:	Fair Value

The key actuarial assumptions used for the January 1, 2007 valuation are:

Economic assumptions:

Investment rate of return	5.00%
Projected salary increases	4.00%
Price inflation	3.00%
Growth in fire insurance premiums	3.00%

Non-economic assumptions:

Mortality rates are based on the 2000 Group Annuity Mortality Table for males, with ages set forward one year.

Turnover is assumed to be zero

Probabilities of both service and disability retirement vary by age.



City of Tukwila

Notes to the Financial Statements

NOTE 9 – CAPITAL LEASES

In 2005, the City of Tukwila entered into a capital lease agreement for financing the purchase of 34 golf carts. This business-type activity qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through the capital lease are as follows:

Asset	Business-Type Activities
Machinery and Equipment	\$ 128,605
Less: Accumulated Depreciation	\$ (36,744)
Total	\$ 91,861

The minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2007 were as follows:

Year Ending December 31	Business-Type Activities
2008	35,345
2009	11,782
2010	0
Total Minimum Lease Payments	\$ 47,127
Less: Amount Representing interest	\$ (1,540)
Present Value of Minimum Lease Payments	\$ 45,587

NOTE 10 – 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 has an A1 and an Aaa bond rating from Moody's Investor Service for its 1999, 2000, and 2003 General Obligation Bonds, and 2003 General Obligation Refunding Bonds, respectively.

The \$1,755,000 shown as authorized represents Tukwila's share of a joint venture capital project. See Note 7.

2. Business-Type Activities Long-Term Debt - Operating revenues of the individual proprietary fund are used to satisfy this debt. The City's bond rating from Moody's Investors Service is Aaa for the 1993 and 1995 Revenue Bonds. The City has an A1 and Aaa bond rating from Moody's Investor Service for its 2003 General Obligation Bonds. Public Works Trust Fund loans are low interest rate loans available from the Washington State Department of Community Development for qualifying projects. The Foster Golf Course Fund incurred a capital lease during 2005. Please see Note 9 above.

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2007. The first table summarizes all debt transactions for Tukwila, while the second provides detailed information on all long-term debt.

LONG-TERM DEBT SCHEDULES

ITEM	LIMITED		PUBLIC WORKS		COMPENSATED		TOTAL
	G.O. BONDS	REVENUE BONDS	TRUST FUND LOANS	CAPITAL LEASES	ABSENCES		
Payable 01/01/07	\$ 23,400,000	\$ 5,860,000	\$ 9,781,149	\$ 77,947	\$ 2,377,710	\$ 41,496,806	
Added	0	0	209,803	0	184,077	393,880	
Retired	<u>1,375,000</u>	<u>335,000</u>	<u>612,448</u>	<u>32,360</u>	<u>0</u>	<u>2,354,808</u>	
PAYABLE							
12/31/07	<u>\$ 22,025,000</u>	<u>\$ 5,525,000</u>	<u>\$ 9,378,504</u>	<u>\$ 45,587</u>	<u>\$ 2,561,787</u>	<u>\$ 39,535,878</u>	



City of Tukwila

Notes to the Financial Statements

ITEM	INTEREST		OUTSTANDING					DUE WITHIN
	RATES	MATURITY	AUTHORIZED	12/31/06	ISSUED	REDEEMED	12/31/07	ONE YEAR
GOVERNMENTAL ACTIVITIES:								
Bonds Payable:								
<i>General Government</i>								
1999 Limited G.O. Streets/Facilities	4.50-5.70	12/01/19	\$ 10,000,000	\$ 7,585,000	\$ 0	\$ 420,000	\$ 7,165,000	\$ 440,000
2000 Limited G.O. Facilities	4.30-5.75	12/01/15	2,551,600	1,755,000	0	160,000	1,595,000	167,000
2003 Limited G.O. Refunding Facilities	4.00-5.00	12/01/14	4,195,000	3,235,000	0	350,000	2,885,000	365,000
2003 Limited G.O. Streets	4.25-4.65	12/01/23	6,277,500	6,277,500	0	0	6,277,500	0
Less/Add Deferred Amounts:								
For Issuance Premiums				232,476	0	25,679	206,797	25,679
On Refunding				(203,178)	0	(20,215)	(182,963)	(20,215)
Total Bonds Payable			<u>\$ 23,024,100</u>	<u>\$ 18,881,798</u>	<u>\$ 0</u>	<u>\$ 935,464</u>	<u>\$ 17,946,334</u>	<u>\$ 977,464</u>
Compensated Absences:				\$ 2,170,343	\$ 1,980,472	\$ 1,799,928	\$ 2,350,887	\$ 60,000
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES								
			<u>\$ 23,024,100</u>	<u>\$ 21,052,141</u>	<u>\$ 1,980,472</u>	<u>\$ 2,735,392</u>	<u>\$ 20,297,221</u>	<u>\$ 1,037,464</u>
BUSINESS-TYPE ACTIVITIES:								
Bonds Payable:								
1993 Water/Sewer Refunding Revenue	2.60-4.70	12/01/06	\$ 2,925,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1995 Water/Sewer Revenue	4.15-6.63	02/01/15	4,500,000	2,680,000	0	235,000	2,445,000	235,000
2003 Limited G.O. Golf Course	4.25-4.65	12/01/23	5,772,500	4,547,500	0	445,000	4,102,500	445,000
2006 Water/Sewer/SWM Revenue		12/01/26	3,180,000	3,180,000	0	100,000	3,080,000	184,000
Less/Add Deferred Amounts:								
For Issuance Discounts				(213,923)	0	(15,890)	(198,032)	0
For Issuance Premiums				156,190	0	12,996	143,195	0
Total Bonds Payable			<u>\$ 16,377,500</u>	<u>\$ 10,349,767</u>	<u>\$ 0</u>	<u>\$ 777,106</u>	<u>\$ 9,572,663</u>	<u>\$ 864,000</u>
Public Works Trust Fund Loans:								
1990 PWTF Loan - Surface Water	5.00	07/01/10	\$ 140,000	\$ 29,475	\$ 0	\$ 7,368	\$ 22,107	\$ 7,368
1991 PWTF Loan - Surface Water	1.00	07/01/11	1,313,000	254,464	0	50,893	203,571	50,893
2003 PWTF Loan - Surface Water	0.50	07/01/08	100,000	50,000	0	25,000	25,000	18,750
2003 PWTF Loan - Water/Sewer	0.50	07/01/21	273,870	216,814	0	14,454	202,360	26,051
2003 PWTF Loan - Surface Water	0.50	07/01/21	219,725	173,948	0	11,597	162,351	11,597
2004 PWTF Loan - Water/Sewer	2.00	07/01/24	4,788,000	4,435,200	0	258,133	4,177,067	246,400
2004 PWTF Loan - Surface Water	2.00	07/01/24	912,000	844,800	0	35,200	809,600	46,933
2004 PWTF Loan - Surface Water	1.00	07/01/24	4,196,056	3,776,450	209,803	209,803	3,776,450	209,803
Total Public Works Trust Fund Loans			<u>\$ 11,942,651</u>	<u>\$ 9,781,151</u>	<u>\$ 209,803</u>	<u>\$ 612,448</u>	<u>\$ 9,378,506</u>	<u>\$ 617,795</u>
Capital Lease:			128,605	77,947	0	32,360	45,587	30,871
Compensated Absences:				\$ 207,367	\$ 203,902	\$ 200,369	\$ 210,900	\$ 60,000
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES								
			<u>\$ 28,448,756</u>	<u>\$ 20,416,232</u>	<u>\$ 413,705</u>	<u>\$ 1,622,283</u>	<u>\$ 19,207,656</u>	<u>\$ 1,572,666</u>
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES								
			<u>\$ 51,472,856</u>	<u>\$ 41,468,373</u>	<u>\$ 2,394,177</u>	<u>\$ 4,357,675</u>	<u>\$ 39,504,877</u>	<u>\$ 2,610,130</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

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, 2007, the debt limits for the City were as follows:

ITEM	WITHOUT A VOTE		----- WITH A VOTE OF THE PEOPLE -----		
	1.5%	2.5%	5.0%	7.5%	
Legal Limit	\$ 59,219,003	\$ 98,698,338	\$ 197,396,676	\$ 296,095,013	
Outstanding Net Indebtedness	<u>24,494,996</u>	<u>24,494,996</u>	<u>24,494,996</u>	<u>24,494,996</u>	
Margin Available	<u>\$ 34,724,007</u>	<u>\$ 74,203,342</u>	<u>\$ 172,901,680</u>	<u>\$ 271,600,017</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.

**DEBT SERVICE REQUIREMENT TO MATURITY LONG-TERM DEBT SUMMARY
As of December 31, 2007**

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2008	972,000	871,310	460,000	171,822
2009	1,281,297	826,421	218,703	157,056
2010	1,394,028	767,419	184,972	148,489
2011	1,455,774	703,125	192,226	140,628
2012-2016	7,141,115	2,483,673	1,089,885	576,853
2017-2021	4,585,300	836,979	1,334,701	328,809
2022-2026	1,092,986	76,754	622,014	43,681
TOTALS	\$ 17,922,500	\$ 6,565,681	\$ 4,102,500	\$ 1,567,337

Year Ended December 31	Business-Type Activities					
	Revenue Bonds		Public Works Trust Fund Loans		Total Long-Term Debt	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2008	360,000	274,813	612,448	140,489	972,448	415,302
2009	375,000	256,643	587,448	131,392	962,448	388,035
2010	395,000	237,598	587,448	122,420	982,448	360,017
2011	415,000	217,543	580,080	113,447	995,080	330,990
2012-2016	2,070,000	704,563	2,645,935	443,268	4,715,935	1,147,831
2017-2021	855,000	356,175	2,645,935	240,895	3,500,935	597,070
2022-2026	1,055,000	146,475	1,509,408	47,788	2,564,408	194,263
TOTALS	\$ 5,525,000	\$ 2,193,808	\$ 9,168,703	\$ 1,239,700	\$ 14,693,703	\$ 3,433,507



City of Tukwila

Notes to the Financial Statements

NOTE 11 - RESERVATION AND DESIGNATIONS OF FUND EQUITY

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

RESERVATION OF FUND EQUITY

Equity Reserved For:	General	Special Revenue	Fiduciary	Totals
Imprest Funds	\$ 13,950	\$ 0	\$ 0	\$ 13,950
Employees' Pension Benefits	0	0	1,399,764	1,399,764
Total	\$ 13,950	\$ 0	\$ 1,399,764	\$ 1,413,714

There is a Fund Equity Designation of \$3,763,990 in the General Fund. This represents sales tax accruals. The City desires to exclude this revenue from appropriation to protect cash liquidity.

NOTE 12 - LITIGATION

There are several lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City are either covered by insurance or are not material enough to affect the financial statements of the City. See also Note 14.

NOTE 13 - RESTRICTED ASSETS

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

Customer deposits - water/sewer utility	\$ 2,298
Customer deposits - Foster golf course	58,264
Revenue bond reserve account	<u>393,547</u>
Total restricted assets	<u>\$ 454,109</u>

NOTE 14 – RISK MANAGEMENT

The City is insured for comprehensive general liability, automobile liability, stop-gap coverage, boiler and machinery, errors and omissions liability and employee benefits liability through the Washington Cities Insurance Authority (WCIA).

Utilizing RCW Chapter 48.62 (self-insurance regulation) and RCW Chapter 39.34 (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. To date, WCIA has a total of 121 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 professional, public officials errors or omissions, stop-gap, and employee benefits liability. Limits are \$3 million per occurrence self insured layer, and \$12 million per occurrence in the re-insured excess layer with no annual aggregate except \$10 million per member for public officials errors and omissions. The excess layer is insured by the purchase of reinsurance and insurance. Total limits are \$15 million per occurrence. The Board of Directors determines the limits and terms of coverage annually.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 reinsurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. Third party contracts exist for the use of a claims investigation company, consultants for personnel issues and land use problems, and 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.

WCIA is governed by a Board of Directors, 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 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.



City of Tukwila

Notes to the Financial Statements

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 Sun Life Assurance Company, which provides individual limits of \$110,000 and a plan limit of \$7,839,347 in 2007. Each fund contributes an appropriate amount each year to pay premiums and claims. At the end of each year the employees and employer share equally any residual amounts. 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 2006 and 2007.

ITEM	Insurance	Insurance	Insurance –	Insurance –
	2007	2006	LEOFF I	LEOFF I
			2007	2006
Claims Liabilities at Beginning of the Year	\$ 729,613	\$ 746,749	\$ 100,496	\$ 78,784
Claims Expenses:				
Current Year and Changes in Estimates	3,855,847	3,675,692	417,222	524,194
Claims Payments and Expenses	<u>(3,823,891)</u>	<u>(3,692,828)</u>	<u>(431,620)</u>	<u>(502,482)</u>
Claims Liabilities at End of the Year	<u>\$ 761,569</u>	<u>\$ 729,613</u>	<u>\$ 86,098</u>	<u>\$ 100,496</u>

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. American States Insurance Company insures boiler machinery, crime and 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.

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS

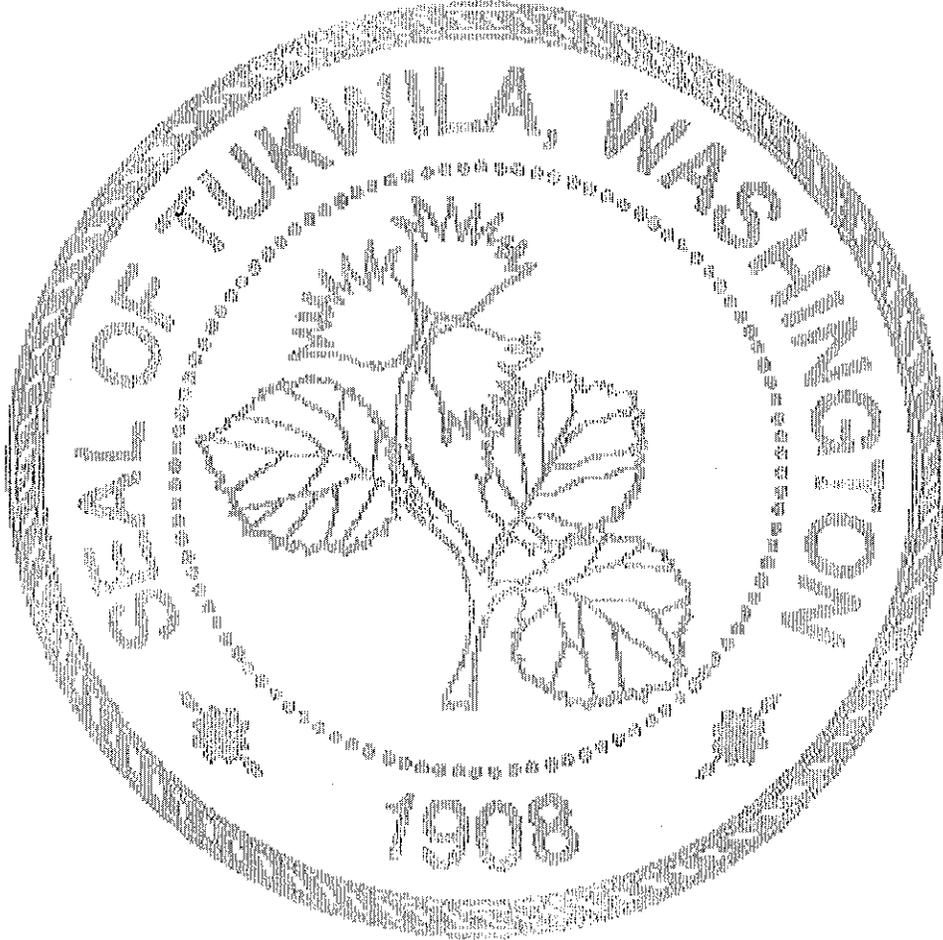
In addition to the pension benefits described in Note 8, the City provides post retirement health care benefits, in accordance with State statutes, to all LEOFF retirees. Currently, 39 retirees meet those eligibility requirements. The City provides medical insurance and reimburses for all validated claims for medical, dental, and hospitalization costs incurred by retirees. Expenditures for post retirement health care benefits are recognized as retirees report claims. During the year, expenditures of \$542,868 were recognized for post retirement health care. This represents a \$26,967 increase from the previous year.

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City of Tukwila

Notes to the Financial Statements



REQUIRED SUPPLEMENTARY INFORMATION



City of Tukwila

Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION FIREMEN'S PENSION TRUST FUND

SCHEDULE OF FUNDING PROGRESS (All dollar amounts in thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of covered payroll
January 1, 2000	\$ 1,076	\$ 1,243	\$ 167	86.56%	\$ 112	149.11%
January 1, 2003	1,215	1,135	(80)	107.05	0	N/A
January 1, 2005	1,265	1,182	(83)	107.02	0	N/A
January 1, 2007	1,336	1,310	(26)	102.00	0	N/A

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Fiscal Year Ending	Actual Employer Contributions	Actual Fire Insurance Premiums	Less Medical Payments & Expenses *	Total Fund Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
December 31, 2002	0	31,845	25,000	6,845	14,248	48
December 31, 2003	0	36,651	3,875	32,776	(6,789)	N/A
December 31, 2004	0	40,812	500	40,312	(6,789)	N/A
December 31, 2005	0	40,983	11,250	29,733	(6,547)	N/A
December 31, 2006	0	45,951	2,114	43,837	(6,547)	N/A
December 31, 2007	0	50,555	8,575	41,980	(1,998)	N/A

* Beginning in 2003, expenses will be included.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S PENSION TRUST FUND**

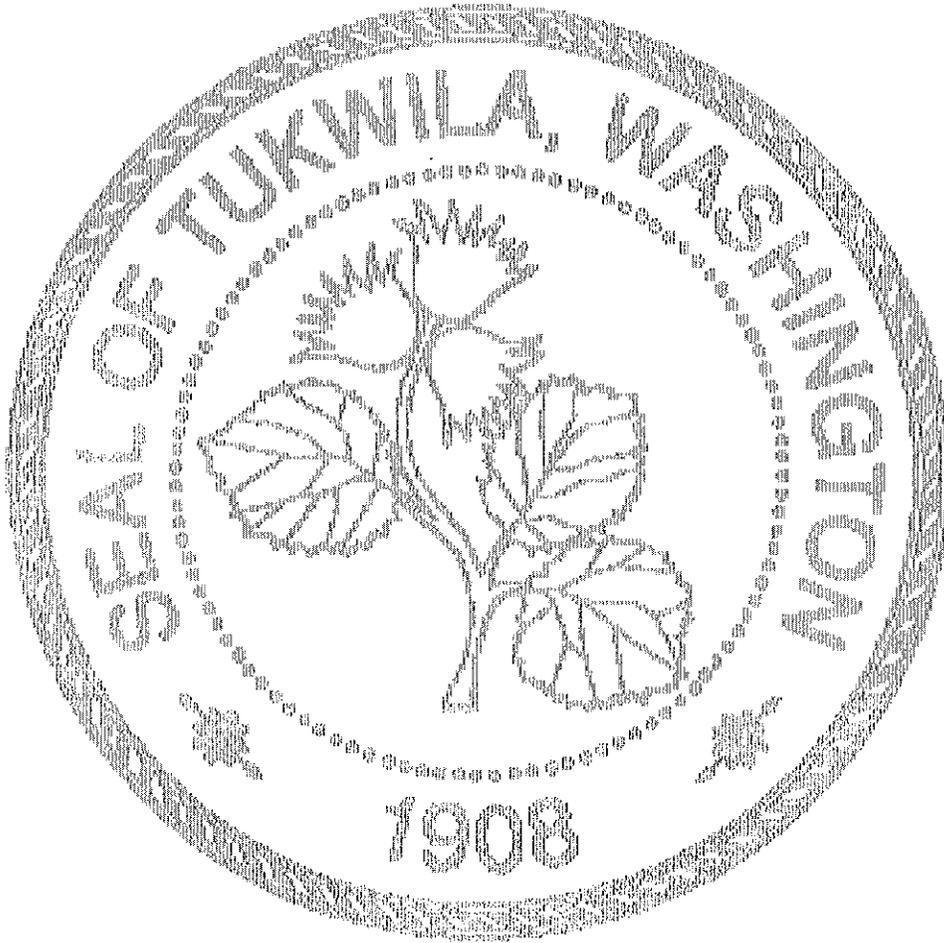
Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	30-year, closed as of January 1, 1999
Remaining Amortization Period	22 years
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	5.0%
Projected Salary Increases	4.0%
Includes Inflation at	3.0%
Cost of Living Adjustments	Based upon salary increase assumption for FPF benefits, inflation assumption for LEOFF benefits.

* Under the Firemen's Pension Trust Fund, most adjustments are based on the change in salary for the rank of the 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.



City of Tukwila

Required Supplementary Information

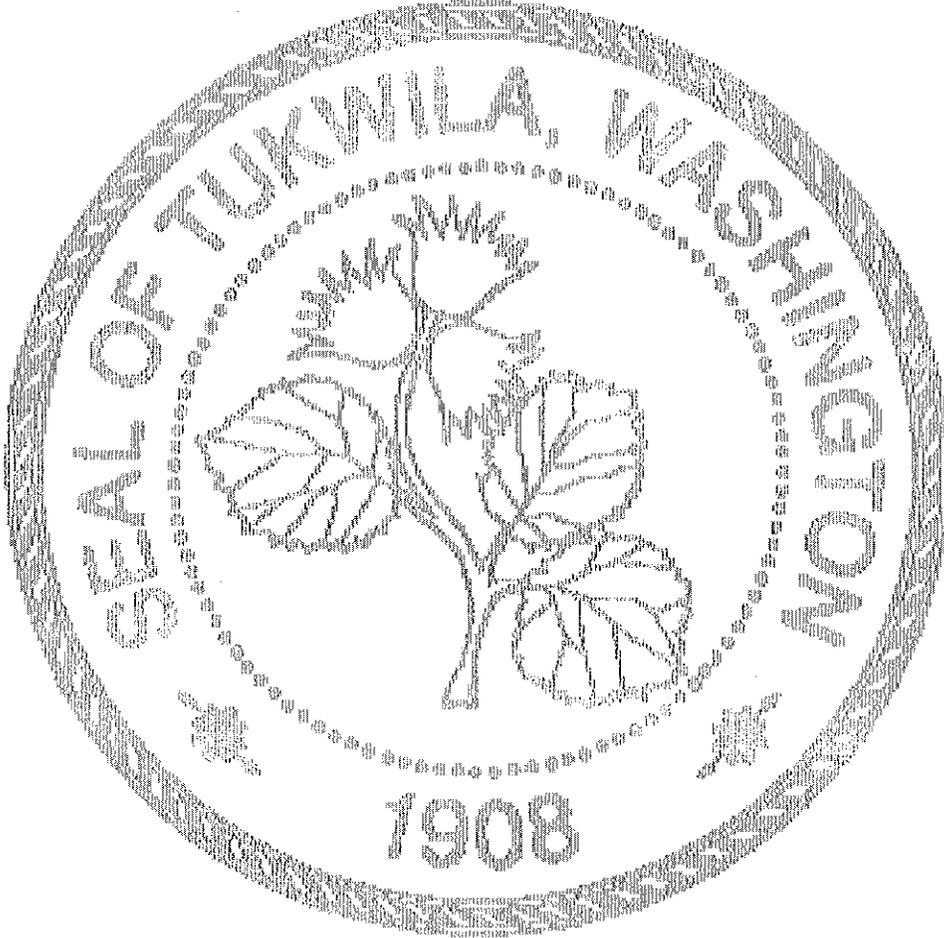


**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES -
NONMAJOR FUNDS**



City of Tukwila

Combining and Individual Fund Statements



NONMAJOR GOVERNMENTAL FUNDS

The nonmajor governmental funds fall into the three categories of special revenue, debt service, and capital projects as described below.

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.



**COMBINING BALANCE SHEET BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007**

DESCRIPTION	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 1,810,441	\$ 408,629	\$ 6,755,591	\$ 8,974,661
Investments	200,000	571,000	1,163,746	1,934,746
Receivables:				
Taxes	3,500	253,605	186,378	443,483
Interest on Investments	4,614	0	8,179	12,793
Due From Other Governmental Units	274,131	0	28,424	302,555
TOTAL ASSETS	\$ 2,292,686	\$ 1,233,234	\$ 8,142,318	\$ 11,668,238
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 0	\$ 0	\$ 3,317	\$ 3,317
Retainage Payable	0	0	17,333	17,333
Due to Other Governments	0	0	3,430	3,430
Accrued Wages	10,569	0	476	11,045
Accrued Benefits	1,480	0	789	2,269
Deferred Revenues	0	0	3,235	3,235
TOTAL LIABILITIES	12,049	0	28,580	40,629
FUND BALANCES:				
Unreserved - Undesignated	2,280,637	1,233,234	8,113,739	11,627,610
TOTAL FUND BALANCES	2,280,637	1,233,234	8,113,739	11,627,610
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,292,686	\$ 1,233,234	\$ 8,142,319	\$ 11,668,239

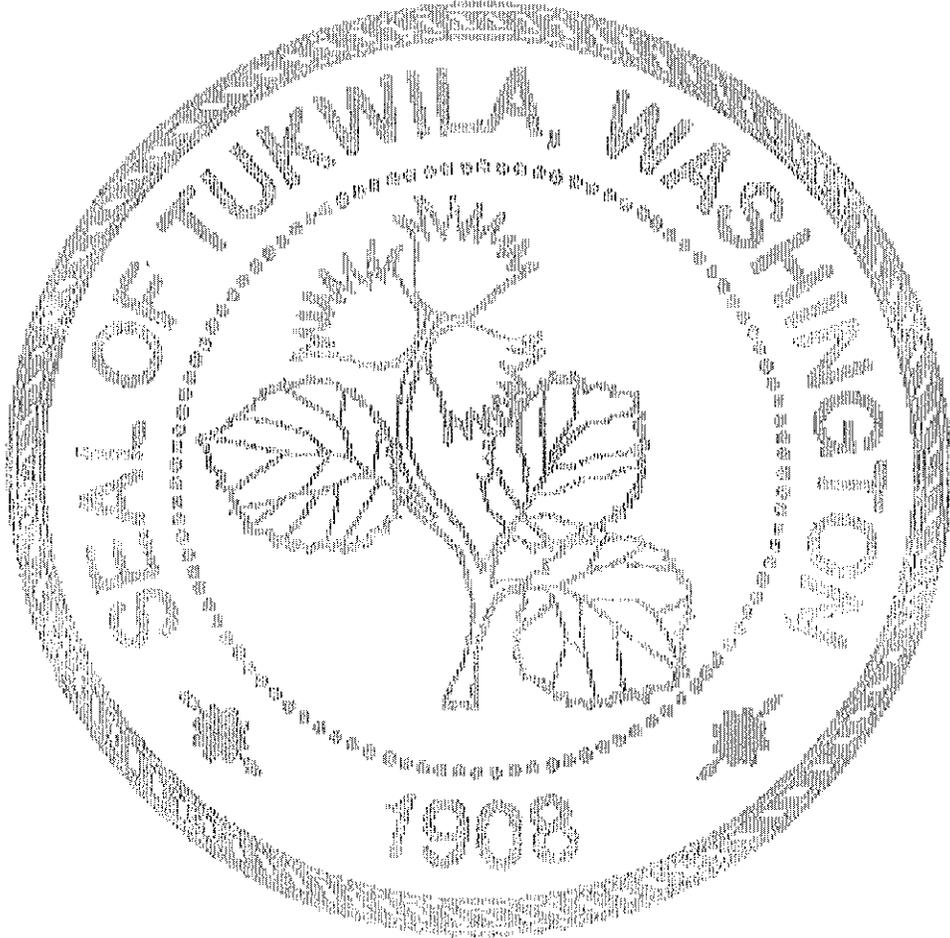
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2007**

DESCRIPTION	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS
REVENUES				
Taxes	\$ 583,232	\$ 1,850,000	\$ 1,765,191	\$ 4,198,423
Intergovernmental	832,877	91,698	757,994	1,682,569
Investment Income	107,836	60,784	386,676	555,296
Miscellaneous	4,778	0	96,180	100,958
TOTAL REVENUES	1,528,723	2,002,482	3,006,041	6,537,245
EXPENDITURES				
Current:				
Public Safety	0	0	0	0
Physical Environment	0	0	249,616	249,616
Transportation	(630)	0	0	(630)
Economic Environment	917,070	0	0	917,070
Debt Service:				
Principal	0	930,000	0	930,000
Interest	0	914,584	0	914,584
Capital Outlay	520,518	0	1,838,759	2,359,277
TOTAL EXPENDITURES	1,436,958	1,844,584	2,088,375	5,369,917
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	91,765	157,898	917,666	1,167,329
OTHER FINANCING SOURCES (USES)				
Transfers In	300,000	0	0	300,000
Transfers (Out)	(157,914)	0	(49,754)	(207,667)
Sale of Capital Assets	0	0	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	142,086	0	(49,754)	92,333
Net Change in Fund Balances	233,851	157,898	867,912	1,259,661
Fund Balances - Beginning	2,046,785	1,075,347	7,245,827	10,367,959
FUND BALANCES - ENDING	\$ 2,280,637	\$ 1,233,244	\$ 8,113,739	\$ 11,627,620



City of Tukwila

Combining and Individual Fund Statements



NONMAJOR 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 a \$150,000 annual transfer from the General Fund.



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007**

DESCRIPTION	SPECIAL REVENUE				TOTAL NONMAJOR SPECIAL REVENUE FUNDS
	HOTEL/MOTEL	STREET	CONTINGENCY	FIRE EQUIPMENT CUMULATIVE RESERVE	
ASSETS					
Cash and Cash Equivalents	\$ 107,627	\$ 54,538	\$ 94,059	\$ 10,185	\$ 266,409
Investments	484,827	185,603	763,128	110,472	1,544,030
Receivables:					
Taxes Receivable	3,500				3,500
Interest on Investments	4,614	0	0	0	4,614
Due From Other Governmental Units	274,131	0	0	0	274,131
Investments	200,000	0			200,000
TOTAL ASSETS	\$ 1,074,699	\$ 240,141	\$ 857,187	\$ 120,657	\$ 2,292,684
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Governmental Units	0	0	0	0	0
Accrued Wages	10,569	0	0	0	10,569
Accrued Benefits	1,480	0	0	0	1,480
Deferred Revenue	0	0	0	0	0
TOTAL LIABILITIES	12,049	0	0	0	12,049
FUND BALANCES:					
Unreserved - Undesignated	1,062,651	240,141	857,187	120,658	2,280,637
TOTAL FUND BALANCES	1,062,651	240,141	857,187	120,658	2,280,637
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,074,700	\$ 240,141	\$ 857,187	\$ 120,658	\$ 2,292,686

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2007**

DESCRIPTION	SPECIAL REVENUE				TOTAL NONMAJOR SPECIAL REVENUE FUNDS
	HOTEL/MOTEL	STREBET	CONTINGENCY	FIRE EQUIPMENT CUMULATIVE RESERVE	
REVENUES					
Taxes	\$ 583,232	\$ 0	\$ 0	\$ 0	\$ 583,232
Intergovernmental	536,936	295,428	0	514	832,877
Interest Income	41,887	6,091	39,291	20,566	107,836
Miscellaneous	4,778	0	0	0	4,778
TOTAL REVENUES	1,166,833	301,518	39,291	21,080	1,528,723
EXPENDITURES					
Current:					
Public Safety	0	0	0		0
Transportation	0	(630.00)	0	0	(630)
Economic Environment	917,070	0.00	0	0	917,070
Interest		0.00	0	0	0
Capital Outlay		0.00	0	520,518	520,518
TOTAL EXPENDITURES	917,070	(630.00)	0	520,518	1,436,958
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	249,763	302,148	39,291	(499,438)	91,765
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	300,000	300,000
Transfers (Out)	0	(157,914)	0	0	(157,914)
Sale of Capital Assets	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	0	(157,914)	0	300,000	142,086
Net Change in Fund Balances	249,763	144,235	39,291	(199,438)	233,851
Fund Balances - Beginning	812,887	95,907	817,896	320,095	2,046,785
FUND BALANCES - ENDING	\$ 1,062,651	\$ 240,141	\$ 857,187	\$ 120,658	\$ 2,280,637



**HOTEL/MOTEL TAX
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 480,000	\$ 480,000	\$ 583,232	\$ 103,232
Intergovernmental	539,000	539,000	536,936	(2,064)
Investment Income	10,000	10,000	41,887	31,887
Miscellaneous	5,000	5,000	4,778	(222)
TOTAL REVENUES	1,034,000	1,034,000	1,166,833	132,833
EXPENDITURES				
Current:				
Economic Environment	1,065,053	1,065,053	917,070	147,983
Interest	20,000	0	0	0
Capital Outlay	10,000			0
TOTAL EXPENDITURES	1,095,053	1,065,053	917,070	147,983
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(61,053)	(31,053)	249,763	280,816
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	0
Sale of Capital Assets	0	0	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	0	0	0	0
Net Change in Fund Balance	(61,053)	(31,053)	249,763	280,816
Fund Balance - Beginning	618,189	618,189	812,887	194,698
FUND BALANCE - ENDING	\$ 557,136	\$ 587,136	\$ 1,062,651	\$ 475,515

STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	286,000	286,000	295,428	9,428
Investment Income	10,400	10,400	6,091	(4,309)
Miscellaneous	0	0	0	0
TOTAL REVENUES	296,400	296,400	301,519	5,119
EXPENDITURES				
Current:				
Public Safety	0	0	0	0
Transportation	0	0	0	0
Capital Outlay			0	0
TOTAL EXPENDITURES	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	296,400	296,400	301,519	5,119
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	0	0	0	0
Net Change in Fund Balance	296,400	296,400	301,519	5,119
Fund Balance - Beginning	50,442	50,442	95,907	45,465
FUND BALANCE - ENDING	\$ 346,842	\$ 346,842	\$ 397,426	\$ 50,584



**CONTINGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income	25,000	25,000	39,291	14,291
Miscellaneous	0	0	0	0
TOTAL REVENUES	25,000	25,000	39,291	14,291
EXPENDITURES				
Current:				
Public Safety	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
TOTAL EXPENDITURES	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,000	25,000	39,291	14,291
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	0
Transfers (Out)	0	0	0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	0	0	0	0
Net Change in Fund Balance	25,000	25,000	39,291	14,291
Fund Balance - Beginning	801,955	801,955	817,896	15,941
FUND BALANCE - ENDING	\$ 826,955	\$ 826,955	\$ 857,187	\$ 30,232

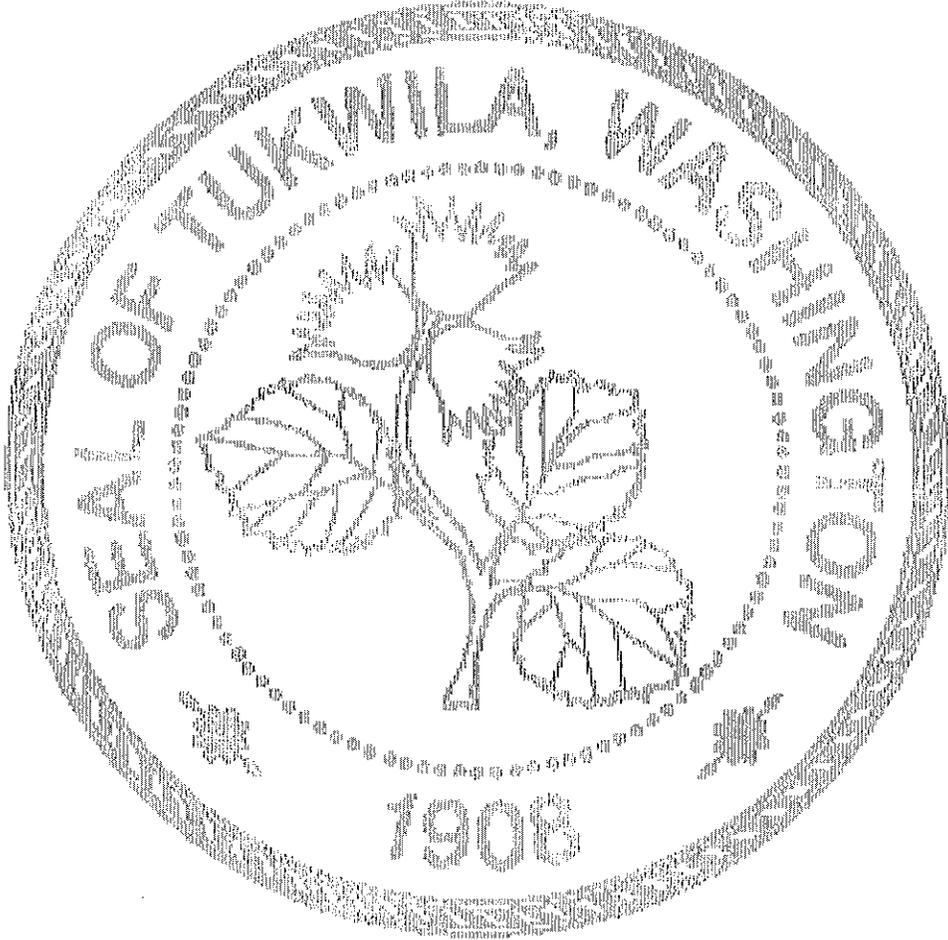
**FIRE EQUIPMENT CUMULATIVE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	514	514
Investment Income	8,000	8,000	20,566	12,566
Miscellaneous	0	0	0	0
TOTAL REVENUES	8,000	8,000	21,080	13,080
EXPENDITURES				
Current:				
Public Safety	2,000	2,000	0	2,000
Debt Service	0	0	0	0
Capital Outlay	520,000	520,000	520,518	(518)
TOTAL EXPENDITURES	522,000	522,000	520,518	1,482
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(514,000)	(514,000)	(499,438)	(11,598)
OTHER FINANCING SOURCES (USES)				
Transfers In	300,000	300,000	300,000	0
Transfers (Out)				
TOTAL OTHER FINANCING SOURCES AND (USES)	300,000	300,000	300,000	0
Net Change in Fund Balance	(214,000)	(214,000)	(199,438)	(11,598)
Fund Balance - Beginning	332,854	332,854	320,095	(12,759)
FUND BALANCE - ENDING	\$ 118,854	\$ 118,854	\$ 120,657	\$ (24,357)



City of Tukwila

Combining and Individual Fund Statements



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

Limited Tax G.O. 2000 - 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 portion of a new Valley Communications Center along with four other cities. Revenues are provided by allocation of sales tax proceeds.

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.



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007**

DEBT SERVICE

DESCRIPTION	LIMITED TAX G.O. 1999	LIMITED TAX G.O. 2000	LIMITED TAX G.O. 2003	LIMITED TAX G.O. REFUNDING BONDS 2003	TOTAL NONMAJOR DEBT SERVICE FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 57,686	\$ 153,222	\$ 139,547	\$ 58,173	\$ 408,629
Investments	45,000	145,000	242,000	139,000	571,000
Receivables:					
Taxes	109,667	34,271	47,979	61,688	253,605
TOTAL ASSETS	\$ 212,353	\$ 332,493	\$ 429,527	\$ 258,861	\$ 1,233,234

FUND BALANCES:

Unreserved - Undesignated	212,353	332,493	429,527	258,861	1,233,234
TOTAL FUND BALANCES	\$ 212,353	\$ 332,493	\$ 429,527	\$ 258,861	\$ 1,233,234

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007**

DESCRIPTION	DEBT SERVICE					TOTAL NONMAJOR DEBT SERVICE FUNDS
	LIMITED TAX G.O. 1999	LIMITED TAX G.O. 2000	LIMITED TAX G.O. 2003	LIMITED TAX G.O. REFUNDING BONDS 2003		
REVENUES						
Taxes	\$ 800,000	\$ 250,000	\$ 350,000	\$ 450,000		1,850,000
Intergovernmental	0	91,698	0	0		91,698
Investment Income	13,921	13,235	16,224	17,395		60,775
TOTAL REVENUES	813,921	354,933	366,224	467,395		2,002,473
EXPENDITURES						
Debt Service:						
Principal	420,000	160,000	0	350,000		930,000
Interest	412,609	90,839	272,333	138,804		914,585
TOTAL EXPENDITURES	832,609	250,839	272,333	488,804		1,844,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	(18,688)	104,094	93,891	(21,409)		157,888
Net Change in Fund Balances	(18,688)	104,094	93,891	(21,409)		157,888
Fund Balances - Beginning	231,041	228,399	335,626	280,270		1,075,336
FUND BALANCES - ENDING	\$ 212,353	\$ 332,493	\$ 429,517	\$ 258,861		1,233,224



**LIMITED TAX G.O. BONDS, 1999
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 800,000	\$ 800,000	\$ 800,000	\$ 0
Investment Income	10,000	10,000	13,921	3,921
TOTAL REVENUES	810,000	810,000	813,921	3,921
EXPENDITURES				
Debt Service:				
Principal	420,000	420,000	420,000	0
Interest	412,805	412,805	412,609	196
TOTAL EXPENDITURES	832,805	832,805	832,609	196
Net Change in Fund Balance	(22,805)	(22,805)	(18,688)	(3,725)
Fund Balance - Beginning	182,383	182,383	231,041	48,658
FUND BALANCE - ENDING	\$ 159,578	\$ 159,578	\$ 212,353	\$ 44,933

**LIMITED TAX G.O. BONDS, 2000
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 250,000	\$ 250,000	\$ 250,000	\$ 0
Intergovernmental	0	0	91,698	91,698
Investment Income	3,000	3,000	13,235	10,235
TOTAL REVENUES	253,000	253,000	354,933	101,933
EXPENDITURES				
Debt Service:				
Principal	160,000	160,000	160,000	0
Interest	90,839	90,839	90,839	0
TOTAL EXPENDITURES	250,839	250,839	250,839	0
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	2,161	2,161	104,094	101,933
Net Change in Fund Balance	2,161	2,161	104,094	101,933
Fund Balance - Beginning	155,007	155,007	228,399	73,392
FUND BALANCE - ENDING	\$ 157,168	\$ 157,168	\$ 332,493	\$ 175,325



**LIMITED TAX G.O. BONDS, 2003
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 350,000	\$ 0
Investment Income	5,000	5,000	16,224	11,224
TOTAL REVENUES	355,000	355,000	366,224	11,224
EXPENDITURES				
Debt Service:				
Interest	272,327	272,327	272,333	(6)
TOTAL EXPENDITURES	272,327	272,327	272,333	(6)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	82,673	82,673	93,891	11,230
Net Change in Fund Balance	82,673	82,673	93,891	11,230
Fund Balance - Beginning	310,033	310,033	335,626	25,593
FUND BALANCE - ENDING	\$ 392,706	\$ 392,706	\$ 429,517	\$ 36,823

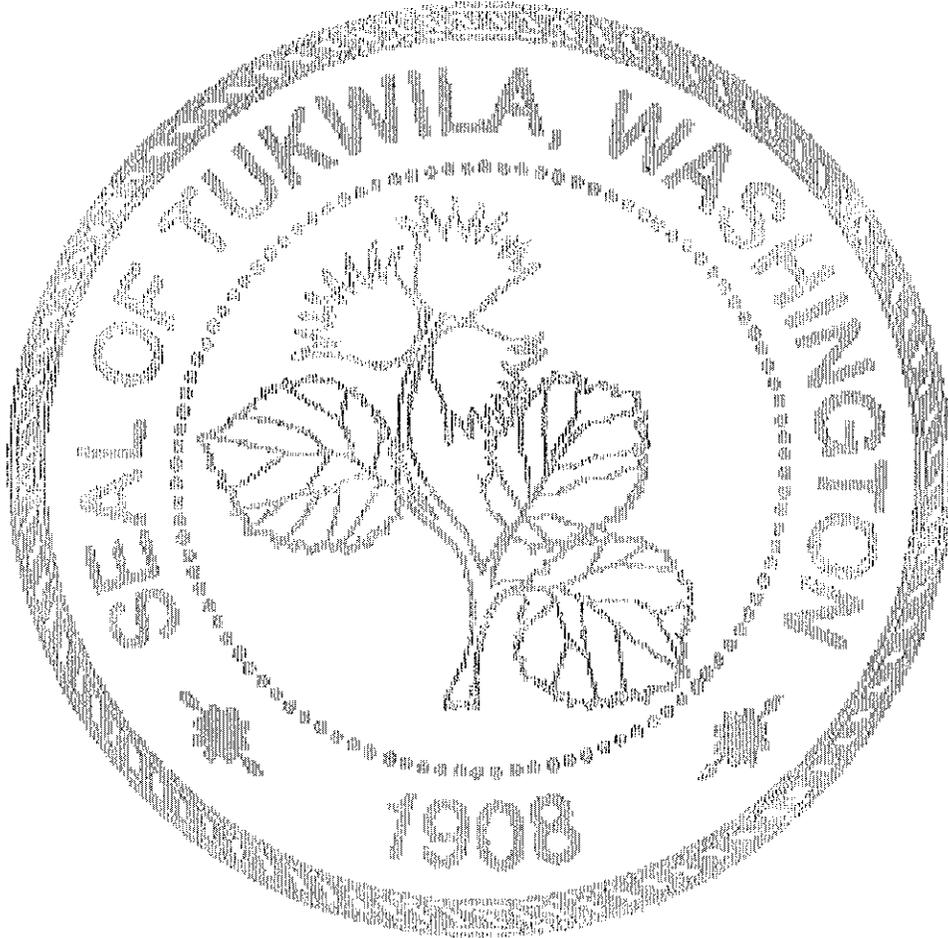
**LIMITED TAX G.O. REFUNDING BONDS, 2003
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 450,000	\$ 450,000	\$ 450,000	\$ 0
Investment Income	7,000	7,000	17,395	10,395
TOTAL REVENUES	457,000	457,000	467,395	10,395
EXPENDITURES				
Debt Service:				
Principal	350,000	350,000	350,000	0
Interest	139,000	139,000	138,804	196
TOTAL EXPENDITURES	489,000	489,000	488,804	196
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(32,000)	(32,000)	(21,409)	10,591
Net Change in Fund Balance	(32,000)	(32,000)	(21,409)	10,591
Fund Balance - Beginning	241,607	241,607	280,270	38,663
FUND BALANCE - ENDING	\$ 209,607	\$ 209,607	\$ 258,861	\$ 49,254



City of Tukwila

Combining Statements - Nonmajor Governmental Funds



NONMAJOR 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.

Land Acquisition, Recreation and Park Development Fund - This special 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.

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.



COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

CAPITAL PROJECTS				
DESCRIPTION	LAND		GENERAL GOVERNMENT IMPROVEMENTS	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
	ACQUISITION, RECREATION AND PARK DEVELOPMENT	FACILITY REPLACEMENT		
ASSETS				
Cash and Cash Equivalents	\$ 778,658	\$ 413,591	\$ 89,577	\$ 1,281,826
Investments	3,359,677	1,339,890	774,198	5,473,765
Receivables:				
Taxes	129,645	4,641	52,092	186,378
Interest on Investments	3,552	4,628	0	8,180
Due From Other Governmental Units	0	0	28,424	28,424
Investments	155,621	1,008,124	0	1,163,745
TOTAL ASSETS	\$ 4,427,154	\$ 2,770,874	\$ 944,291	\$ 8,142,318
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 817	\$ 2,500	\$ 0	\$ 3,317
Retainage Payable	17,333	0	0	17,333
Accrued Wages	0	0	3,430	3,430
Accrued Benefits	0	0	476	476
Customer Deposits	789	0	0	789
Deferred Revenues	0	3,235	0	3,235
TOTAL LIABILITIES	18,939	5,735	3,906	28,580
FUND BALANCES:				
Unreserved - Undesignated	4,408,214	2,765,139	940,385	8,113,738
TOTAL FUND BALANCES	4,408,214	2,765,139	940,385	8,113,738
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,427,153	\$ 2,770,874	\$ 944,291	\$ 8,142,318

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2007**

DESCRIPTION	CAPITAL PROJECTS			TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
	LAND ACQUISITION, RECREATION AND PARK DEVELOPMENT	FACILITY REPLACEMENT	GENERAL GOVERNMENT IMPROVEMENTS	
REVENUES				
Taxes	\$ 1,249,356	\$ 135,834	\$ 380,000	\$ 1,765,190
Intergovernmental	694,375	0	63,619	757,994
Investment Income	212,318	133,725	40,634	386,677
Miscellaneous	56,749	39,431	0	96,180
TOTAL REVENUES	2,212,798	308,990	484,253	3,006,041
EXPENDITURES				
Current:				
Physical Environment	43,982	0	205,634	249,616
Culture and Recreation	0	0	0	0
Capital Outlay	1,670,253	11,296	157,210	1,838,759
TOTAL EXPENDITURES	1,714,235	11,296	362,844	2,088,375
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	498,563	297,694	121,409	917,666
OTHER FINANCING SOURCES (USES)				
Transfers-Out	(49,754)	0	0	(49,754)
TOTAL OTHER FINANCING SOURCES AND (USES)	(49,754)	0	0	(49,754)
Net Change in Fund Balances	448,809	297,694	121,409	867,912
Fund Balances - Beginning	3,959,405	2,467,446	818,976	7,245,827
FUND BALANCES - ENDING	\$ 4,408,214	\$ 2,765,140	\$ 940,385	\$ 8,113,739



**LAND ACQUISITION, RECREATION AND PARK DEVELOPMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 800,300	\$ 800,300	\$ 1,249,356	\$ 449,056
Intergovernmental	745,000	745,000	694,375	(50,625)
Investment Income	50,000	50,000	212,318	162,318
Miscellaneous	366,000	366,000	56,749	(309,251)
TOTAL REVENUES	1,961,300	1,961,300	2,212,798	251,498
EXPENDITURES				
Current:				
Physical Environment	0	0	43,982	(43,982)
Capital Outlay	2,388,000	2,388,000	1,670,253	717,747
TOTAL EXPENDITURES	2,388,000	2,388,000	1,714,235	673,765
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(426,700)	(426,700)	498,563	925,263
OTHER FINANCING SOURCES (USES)				
Transfers-Out	(49,754)	(49,754)	(49,754)	0
TOTAL OTHER FINANCING SOURCES AND (USES)	(49,754)	(49,754)	(49,754)	0
Net Change in Fund Balance	(476,454)	(476,454)	448,809	925,263
Fund Balance - Beginning	1,735,840	1,735,840	3,059,405	2,223,565
FUND BALANCE - ENDING	\$ 1,259,386	\$ 1,259,386	\$ 4,408,214	\$ 3,148,828

**FACILITY REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 131,000	\$ 131,000	\$ 135,834	\$ 4,834
Investment Income	50,000	50,000	133,725	83,725
Miscellaneous	40,000	40,000	39,431	(569)
TOTAL REVENUES	221,000	221,000	308,990	87,990
EXPENDITURES				
Current:				
Physical Environment	84,000	84,000	0	84,000
Capital Outlay	674,000	674,000	11,296	662,704
TOTAL EXPENDITURES	758,000	758,000	11,296	746,704
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(537,000)	(537,000)	297,694	834,694
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			0	0
TOTAL OTHER FINANCING SOURCES AND (USES)	0	0	0	0
Net Change in Fund Balance	(537,000)	(537,000)	297,694	834,694
Fund Balance - Beginning	2,459,943	2,459,943	2,467,446	7,503
FUND BALANCE - ENDING	\$ 1,922,943	\$ 1,922,943	\$ 2,765,140	\$ 842,197



**GENERAL GOVERNMENT IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2007**

DESCRIPTION	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 380,000	\$ 380,000	\$ 380,000	\$ 0
Intergovernmental	20,000	20,000	63,619	43,619
Investment Income	40,000	40,000	40,634	634
TOTAL REVENUES	440,000	440,000	484,253	44,253
EXPENDITURES				
Current:				
Physical Environment	115,539	115,539	205,634	(90,095)
Capital Outlay	1,000,000	1,000,000	157,210	842,790
TOTAL EXPENDITURES	1,115,539	1,115,539	362,844	752,695
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(675,539)	(675,539)	121,409	796,948
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets				0
TOTAL OTHER FINANCING SOURCES AND (USES)	0	0	0	0
Net Change in Fund Balance	(675,539)	(675,539)	121,409	796,948
Fund Balance - Beginning	829,457	829,457	818,976	(10,481)
FUND BALANCE - ENDING	\$ 153,918	\$ 153,918	\$ 940,385	\$ 786,467

INTERNAL SERVICE FUNDS

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.



**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
As of December 31, 2007**

DESCRIPTION	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 403,297	\$ 446,485	\$ 322,087	\$ 1,171,869
Investments	2,976,861	1,278,980	519,293	4,775,134
Receivables:				
Interest on Investments	22,204	435	0	22,639
Materials Inventory	40,000	0	0	40,000
Total Current Assets	3,442,362	1,725,900	841,380	6,009,642
Noncurrent Assets:				
Capital Assets:				
Machinery and Equipment	7,727,118	0	0	7,727,118
Less: Accumulated Depreciation	(5,047,123)	0	0	(5,047,123)
Total Capital Assets (net of accumulated depreciation)	2,679,995	0	0	2,679,995
Total Assets	6,122,357	1,725,900	841,380	8,689,637
LIABILITIES				
Current Liabilities:				
Other Current Liabilities	11,478	761,569	86,098	859,145
Total Current Liabilities	11,478	761,569	86,098	859,145
NET ASSETS				
Invested in Capital Assets	4,380,407	0	0	4,380,407
Unrestricted	1,730,472	964,331	755,283	3,450,086
TOTAL NET ASSETS	\$ 6,110,879	\$ 964,331	\$ 755,283	\$ 7,830,493

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For the Year Ended December 31, 2007

DESCRIPTION	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL
OPERATING REVENUES				
Charges for Services	\$ 1,845,930	\$ 4,508,252	\$ 521,805	\$ 6,875,987
Other Operating Revenues	81	1,113	161	1,355
Total Operating Revenues	1,846,011	4,509,365	521,966	6,877,342
OPERATING EXPENSES				
Operations and Maintenance	1,032,224	3,855,847	416,092	5,304,163
Administrative and General	10,948	0	1,130	12,078
Depreciation	680,613	0	0	680,613
Total Operating Expenss	1,723,785	3,855,847	417,222	5,996,854
Operating Income (Loss)	122,226	653,518	104,744	880,488
NONOPERATING REVENUES (EXPENSES):				
Investment Income	181,272	78,969	42,225	302,466
Compensated Loss	66,986	0	0	66,986
Gain (Loss) on Sale of Capital Assets	13,552	0	0	13,552
Total Nonoperating Revenues (Expenses)	261,810	78,969	42,225	383,004
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS				
	384,036	732,487	146,969	1,263,492
Capital Contributions	0	0	0	0
Transfers In	0	0	0	0
Transfer of Assets to GFA	(966,896)	0	0	(966,896)
Transfers-Out	(164,403)	0	0	(164,403)
Total Other Financing Sources	(1,131,299)	0	0	(1,131,299)
Change in Net Assets	(747,263)	732,487	146,969	132,193
Total Net Assets - Beginning	6,858,143	231,844	608,314	7,698,301
Total Net Assets - Ending	\$ 6,110,880	\$ 964,331	\$ 755,283	\$ 7,830,494



**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007**

DESCRIPTION	EQUIPMENT RENTAL	INSURANCE	INSURANCE - LEOFF I	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Quasi-External Transactions	\$ 1,845,930	\$ 4,507,817	\$ 507,568	\$ 6,861,315
Cash Payments to Suppliers	(672,439)	(3,823,891)	(417,222)	(4,913,552)
Cash Payments to Employees and Retirees	(369,672)	0	0	(369,672)
Cash Payments for Interfund Services Used	0	0	0	0
Other Operating Receipts	0	1,113	0	1,113
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	803,819	685,039	90,346	1,579,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to Other Funds	(499,465)	0	0	(499,465)
Transfers from Other Funds	87,241	0	0	87,241
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(412,224)	0	0	(412,224)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Sales of Capital Assets	13,552	0	0	13,552
Acquisition and Construction of Capital Assets	(797,303)	0	0	(797,303)
Capital Transfers In From Other Funds	0	0	0	0
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(783,751)	0	0	(783,751)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from Sales and Maturities of Investments	2,500,000	2,250,000	450,000	5,200,000
Purchase of Investments	(1,928,128)	(2,600,980)	(344,975)	(4,874,083)
Interest on Investments	181,272	78,969	42,225	302,466
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	753,144	(272,011)	147,250	628,383
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	360,987	413,029	237,596	1,011,612
CASH AND CASH EQUIVALENTS, JANUARY 1	42,310	33,457	83,810	159,577
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 403,297	\$ 446,486	\$ 321,406	\$ 1,171,189

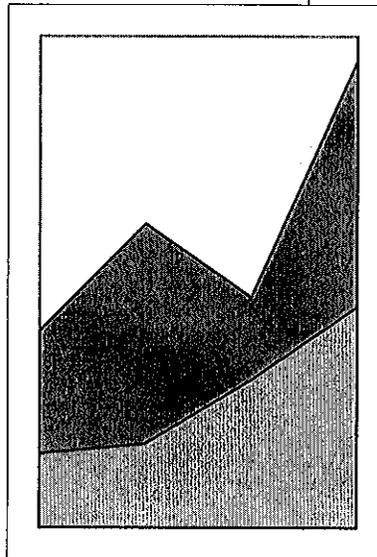
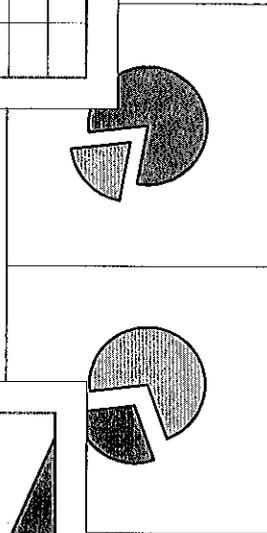
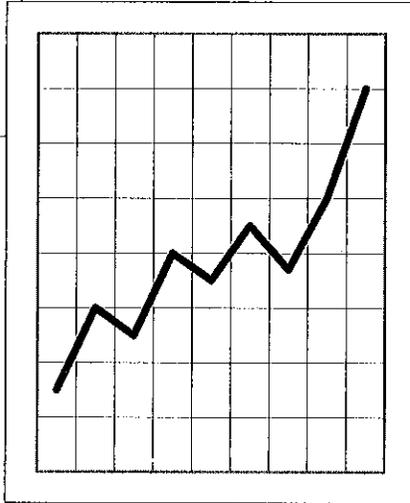
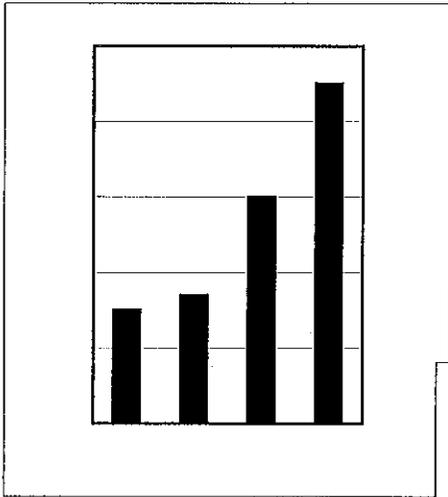
RECONCILIATION OF OPERATING INCOME (LOSS) TO

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	122,226	653,518	104,744	880,488
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Depreciation	680,613	0	0	680,613
(Increase) Decrease in Accounts Receivable	1,533	(435)	0	1,098
(Increase) Decrease in Inventory	1,000	0	0	1,000
Increase (Decrease) in Accounts Payable	0	31,956	(14,398)	17,558
Increase (Decrease) in Other Current Liabilities	(1,554)	0	0	(1,554)
Total Adjustments	681,592	31,521	(14,398)	698,715
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	\$ 803,818	\$ 685,039	\$ 90,346	\$ 1,579,203

NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Capital Assets Contributed From Other Governmental Units	\$ 0	\$ 0	\$ 0	\$ 0
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STATISTICAL TABLES





City of Tukwila
Statistical Section
December 31, 2007

Financial Trend Information

Financial trend tables 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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Operating Information

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City of Tukwila

Statistical Section

TABLE 1
NET ASSETS BY COMPONENT^(a)
 Last Five Fiscal Years ^(b)

Year	Governmental Activities			Business-Type Activities			Primary Government					
	Invested in capital assets, net of related debt	Unrestricted		Invested in capital assets, net of related debt	Unrestricted		Invested in capital assets, net of related debt	Unrestricted				
		Restricted	Total		Restricted	Total		Restricted	Total			
2002	\$ 102,619,488	\$ 389,322	\$ 23,825,950	\$ 126,834,760	\$ 29,032,974	\$ 1,311,344	\$ 8,785,499	\$ 39,129,817	\$ 131,652,462	\$ 1,700,666	\$ 32,611,449	\$ 165,964,577
2003	118,950,364	809,012	24,341,822	144,101,198	29,807,787	887,398	9,070,664	39,765,849	148,758,151	1,696,410	33,412,486	183,867,047
2004	123,038,903	1,107,362	25,873,104	150,019,369	30,848,350	960,485	9,664,654	41,473,489	153,887,253	2,067,847	35,537,758	191,492,858
2005	129,855,251	1,305,239	25,289,571	156,450,061	31,370,812	577,587	9,909,896	41,858,295	161,226,063	1,882,826	35,199,467	198,308,356
2006	133,129,382	1,305,239	29,506,541	163,941,162	34,017,190	435,995	12,070,451	46,523,636	167,146,572	1,741,234	41,576,992	210,464,798
2007	136,053,013	1,233,234	35,520,681	172,806,928	36,083,972	441,073	11,267,171	47,792,216	172,136,985	1,674,307	46,787,852	220,599,144

(a) All amounts are reported on the accrual basis

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



City of Tukwila

Statistical Section

TABLE 2

CHANGES IN NET ASSETS (a)

	Last Five Fiscal Years					
	2002	2003	2004	2005	2006	2007
EXPENSES						
Governmental Activities	\$ 5,622,413	\$ 6,038,146	\$ 6,167,738	\$ 6,421,839	\$ 7,402,398	\$ 7,456,335
Public Safety	16,824,082	18,172,209	18,769,074	20,300,709	21,839,070	21,726,932
Physical Environment	1,736,826	2,022,722	1,442,209	1,363,049	2,734,592	2,764,373
Transportation	3,742,931	6,524,495	4,962,043	4,171,173	5,335,214	5,310,247
Economic Environment	2,982,802	3,437,515	3,469,673	3,404,605	3,600,158	3,890,845
Mental and Physical Health	-	-	-	-	3,683	4,204
Culture and Recreation	2,756,612	3,377,383	3,680,402	3,887,871	4,234,889	4,506,223
Interest on Long Term Debt	907,840	937,177	1,034,841	1,012,239	981,573	896,215
Total Governmental Activities	34,573,506	40,509,647	39,525,980	40,561,485	46,131,577	46,555,374
Business Type Activities						
Water/Sewer Utility	6,693,879	6,673,319	6,774,102	7,105,020	7,354,876	7,046,603
Foster Golf Course	1,372,536	1,255,562	1,670,400	1,751,709	1,832,303	1,849,542
Surface Water Utility	1,480,645	1,671,519	1,625,579	1,685,663	1,642,204	1,920,194
Total Business Type Activities	9,547,060	9,600,400	10,070,081	10,542,392	10,829,383	10,816,339
Total Primary Government Expenses	\$ 44,120,566	\$ 50,110,047	\$ 49,596,061	\$ 51,103,877	\$ 56,960,960	\$ 57,371,713
PROGRAM REVENUES						
Governmental Activities						
Charges for Services						
General Government	1,336,721	975,826	781,653	1,376,749	1,243,936	1,590,553
Public Safety	360,977	907,980	937,873	1,328,369	538,576	425,241
Physical Environment	2,779	13,341	5,005	12,400	10,000	25,341
Transportation	63,809	104,199	102,614	122,201	247,026	133,500
Economic Environment	733,544	851,093	1,977,676	1,027,812	1,756,240	2,319,634
Cultural and Recreation	500,100	852,791	894,681	693,857	758,385	777,484
Mental & Physical Health	-	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-



City of Tukwila

Statistical Section

TABLE 2

CHANGES IN NET ASSETS (a)

	Last Five Fiscal Years					
	2002	2003	2004	2005	2006	2007
Operating Grants and Contributions	2,200,901	1,612,016	1,607,688	1,525,579	1,897,543	1,692,766
Capital Grants and Contributions	15,201,034	18,924,274	3,705,424	3,060,960	5,675,493	3,746,743
Total Governmental Activities Program Revenues	20,399,865	24,241,520	10,012,614	9,147,927	12,127,199	10,711,262
Business Type Activities						
Charges for Services						
Water/Sewer Utility	6,756,117	7,177,788	7,620,572	7,604,711	7,354,876	8,272,647
Foster Golf Course	1,199,837	647,969	1,239,274	1,434,933	1,832,303	1272425
Surface Water Utility	1,829,264	1,872,195	1,819,703	1,839,760	1,642,204	2208549
Operating Grants and Contributions	14,830	-	-	-	-	-
Capital Grants and Contributions	704,389	576,605	588,891	319,439	1,255,360	347,416
Total Business Type Activities Program Revenues	10,504,437	10,274,557	11,268,440	11,198,843	12,084,743	12,101,037
Total Primary Government Program Revenues	\$ 30,904,302	\$ 34,516,077	\$ 21,281,054	\$ 20,346,770	\$ 24,211,942	\$ 22,812,299
Net (Expense)/Revenue						
Governmental Activities	(14,173,641)	(16,268,127)	(29,513,366)	(31,413,558)	(34,004,378)	(35,844,111)
Business Type Activities	957,377	674,157	1,198,359	656,451	2,031,638	1,284,700
Total Primary Government Net Expense	\$ (13,216,264)	\$ (15,593,970)	\$ (28,315,007)	\$ (30,757,107)	\$ (31,972,740)	\$ (34,559,411)
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes						
Property Tax	9,696,933	9,912,584	10,336,366	10,631,036	10,973,030	11,302,099
Retail Sales and Use Tax	15,494,343	16,171,756	16,492,528	16,887,846	18,236,733	19,355,867
Natural Gas Use Tax	-	-	29,667	381,706	415,652	344,748
Hotel/Motel Tax	377,532	369,806	390,221	443,605	501,478	583,232
Utility Tax	-	1,591,922	2,309,787	2,646,356	2,930,332	3,666,079
Business Tax	390,725	1,167,874	1,614,587	1,732,739	2,097,082	2,236,675
Excise Tax	2,406,199	3,567,543	4,100,309	3,229,155	4,941,461	4,127,360
State Entitlements, Impact Fees in Lieu of Taxes	154,832	170,477	191,589	192,816	185,475	217,600



City of Tukwila

Statistical Section

TABLE 2

CHANGES IN NET ASSETS (a)

	Last Five Fiscal Years					
	2002	2003	2004	2005	2006	2007
Unrestricted Investment Earnings	998,394	309,438	416,483	768,097	1,923,171	1,727,879
Gain on Sale of Capital Assets	209,554	19,035	-	106,776	467,510	13,652
Equity in Income of Joint Venture Transfers	(95,870)	254,130	(450,000)	824,118	1,372,652	1,134,683
Total Governmental Activities	29,930,030	33,534,565	35,431,537	37,844,250	44,044,576	44,709,874
Business Type Activities						
Retail Sales and Use Taxes	-	-	228,458	241,723	645,473	500,000
Unrestricted Investment Interest Transfers	529,733	216,005	188,242	310,750	539,463	618,563
Total Business Type Activities	95,870	(254,130)	450,000	(824,118)	1,250,000	(1,134,683)
	625,603	(38,125)	866,700	(271,645)	2,434,936	(16,120)
Total Primary Government	30,555,633	33,496,440	36,298,237	37,572,605	46,479,512	44,693,754
Change in Net Assets						
Governmental Activities	15,756,389	17,266,438	5,918,171	6,430,692	7,491,102	8,865,765
Business Type Activities	1,583,899	636,032	2,065,059	384,806	4,580,734	1,268,580
Total Primary Government	17,340,288	17,902,470	7,983,230	6,815,498	12,071,836	10,134,345
Net Assets Beginning of Year						
Governmental Activities	111,078,371	126,834,760	144,101,198	150,019,369	156,450,061	163,941,163
Business Type Activities	37,545,918	39,129,817	39,765,849	41,473,489	41,942,902	46,523,636
Net Assets End of Year						
Governmental Activities	126,834,760	144,101,198	150,019,369	156,450,061	163,941,163	172,806,928
Prior Period Adjustments			(357,419)			
Business Type Activities	39,129,817	39,765,849	41,473,489	41,858,295	46,523,636	47,792,217



City of Tukwila

Statistical Section

TABLE 3
FUND BALANCES OF GOVERNMENTAL FUNDS (a)

Last Ten Fiscal Years

Fiscal Year	General Fund		Total	Special Revenue Funds			All other Governmental Funds			Capital Project Funds				
	Reserved	Unreserved		Reserved	Unreserved	Reserved	Unreserved	Reserved	Unreserved	Reserved	Unreserved	Total		
1998	12,200	4,275,183	4,287,383	\$ -	-	-	-	-	-	-	-	-	-	\$ -
1999	12,500	8,459,663	8,472,163	-	-	-	-	-	-	-	-	-	-	-
2000	12,500	10,372,715	10,385,215	-	-	-	-	-	-	-	-	-	-	-
2001	12,500	7,646,644	7,659,144	-	-	-	-	-	-	-	-	-	-	-
2002	12,700	3,380,158	3,392,858	15,300	11,021,202	389,322	809,012	2,321,088	13,746,912	2,321,088	13,746,912	2,321,088	13,746,912	13,746,912
2003	613,000	6,247,054	6,860,054	765,300	8,939,830	809,012	8,939,830	3,888,305	14,402,447	3,888,305	14,402,447	3,888,305	14,402,447	14,402,447
2004	557,690	8,533,639	9,091,329	720,860	6,933,242	1,107,362	6,933,242	4,092,179	12,853,643	4,092,179	12,853,643	4,092,179	12,853,643	12,853,643
2005	557,690	8,408,104	8,965,794	705,560	5,669,921	1,305,239	5,669,921	5,677,953	13,358,673	1,305,239	13,358,673	5,677,953	13,358,673	13,358,673
2006	13,250	8,693,215	8,706,465	-	8,500,342	1,075,347	8,500,342	7,245,827	16,821,516	1,075,347	16,821,516	7,245,827	16,821,516	16,821,516
2007	12,650	10,504,748	10,517,398	-	10,834,781	1,233,234	10,834,781	8,113,739	20,181,754	1,233,234	20,181,754	8,113,739	20,181,754	20,181,754

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



City of Tukwila
Statistical Section

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(a)

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 21,298,298	\$ 24,768,410	\$ 23,381,378	\$ 22,019,850	\$ 28,156,041	\$ 31,986,222	\$ 34,148,173	\$ 34,624,875	\$ 37,801,814	\$ 39,660,792
Licenses and Permits	777,903	926,208	1,439,052	921,809	822,810	785,823	808,821	1,002,683	1,273,228	1,827,709
Intergovernmental	1,261,709	1,086,856	856,218	959,350	16,689,193	15,005,227	6,306,463	5,672,810	7,083,032	6,403,217
Charges for Services	1,013,912	1,158,173	1,857,182	1,232,149	1,201,080	1,796,946	2,919,115	2,649,678	2,345,931	2,024,892
Fines and Forfeitures	283,047	340,671	323,919	285,000	338,484	245,585	147,137	116,737	221,097	266,188
Investment Income	239,222	260,182	555,422	632,537	859,765	222,460	356,625	638,196	1,159,971	1,425,423
Miscellaneous	235,261	501,688	610,849	411,614	489,806	1,066,247	993,386	1,000,775	1,397,585	1,751,145
Total Revenues	25,109,352	29,042,188	29,024,020	26,462,309	48,557,179	51,108,510	45,681,724	45,705,754	51,282,658	53,359,366
Expenditures										
General Government	\$ 3,986,375	\$ 4,425,626	\$ 4,985,167	\$ 5,390,820	\$ 5,648,745	\$ 5,892,912	\$ 5,982,594	\$ 6,136,540	\$ 6,882,594	\$ 7,034,602
Public Safety	14,082,467	14,208,347	15,333,820	16,056,801	16,711,088	17,532,136	18,393,514	19,604,151	20,953,226	21,038,810
Physical Environment	319,715	581,748	1,060,844	805,029	1,228,774	1,509,946	883,914	788,105	2,139,959	2,196,422
Transportation	945,072	1,010,055	1,029,766	1,135,903	2,202,888	4,779,885	2,620,038	1,705,692	2,447,096	2,413,390
Economic Environment	2,130,991	2,131,187	2,103,066	2,349,462	2,974,513	3,429,674	3,461,092	3,384,928	3,539,657	3,878,658
Mental & Physical Health									3,683	4,204
Culture and Recreation	1,617,893	1,796,008	1,935,736	2,110,344	2,457,973	2,985,083	3,187,113	3,358,583	3,687,580	3,938,779
Debt Service										
Principal	-	-	-	-	718,000	754,000	804,000	851,000	888,000	930,000
Interest	-	-	-	-	925,414	924,964	1,057,974	1,033,474	1,006,161	914,584
Bond Issuance Costs	-	-	-	-	-	112,363	-	-	-	-
Capital Outlay	269,084	416,608	542,636	524,309	17,306,146	15,636,782	8,057,070	7,344,326	6,540,452	7,243,879
Total Expenditures	23,351,597	24,569,579	26,991,035	28,372,668	50,173,541	53,557,745	44,447,309	38,070,259	48,088,408	49,593,328
Excess (Deficiency) of Revenues	\$ 1,757,755	\$ 4,472,609	\$ 2,032,985	\$ (1,910,359)	\$ (1,616,362)	\$ (2,449,235)	\$ 1,232,411	\$ 1,498,955	\$ 3,194,250	\$ 4,036,039
Over (Under) Expenditures										



City of Tukwila

Statistical Section

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (a)

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other Financing Sources (Uses)										
Transfers In										
Transfers Out	(50,000)	(50,000)	(175,000)	(175,000)	(1,845,331)	5,513,212	350,000	150,000	2,143,581	2,266,349
Sale of Capital Assets	858	4,529	140,535	1,646	177,995	(5,288,570)	(900,000)	(1,305,000)	(2,430,769)	(1,131,666)
General Obligation Bonds Issued	-	-	-	-	-	6,277,500	-	35,600	296,451	100
General Obligation Refunding Bonds Issue	-	-	-	-	-	4,195,000	-	-	-	-
Premium on General Obligation Debt	-	-	-	-	-	65,392	-	-	-	-
Premium on General Obligation Refunding Del	-	-	-	-	-	248,672	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(4,439,240)	-	-	-	-
Total Other Financing Sources (Uses)	(49,142)	(45,471)	(34,465)	(173,354)	39,637	6,571,966	(550,000)	(1,119,400)	9,263	1,134,783
Net Change in Fund Balances	\$ 1,708,613	\$ 4,427,138	\$ 1,998,520	\$ (2,083,713)	\$ (1,576,725)	\$ 4,122,731	\$ 682,411	\$ 379,555	\$ 3,203,513	\$ 5,170,822
Fund Balances Beginning of Year	\$ 4,320,988	\$ 4,287,383	\$ 8,472,163	\$ 10,385,215.00	\$ 18,716,495.00	\$ 17,139,770.00	\$ 21,262,501.00	#####	\$ 22,324,467	\$ 25,527,970
Residual Equity Transfers In	256,140	-	66,890	-	-	-	-	-	-	-
Residual Equity Transfers (Out)	(1,998,358)	(242,358)	(152,358)	(642,358)	-	-	-	-	-	-
FUND BALANCES END OF YEAR	\$ 4,287,383	\$ 8,472,163	\$ 10,385,215	\$ 7,659,144	\$ 17,139,770	\$ 21,262,501	\$ 21,944,912	\$ 22,324,467	\$ 25,527,980	\$ 30,698,792

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



City of Tukwila

Statistical Section

TABLE 5

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years

(Amounts shown in actual dollars)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Governmental Tax Revenues by Source										
Real & Personal Property Taxes	\$ 7,469,235	\$ 7,901,229	\$ 8,378,208	\$ 9,326,336	\$ 9,487,241	\$ 9,854,007	\$ 10,493,728	\$ 10,627,410	\$ 11,018,846	\$ 11,177,532
Local Retail Sales and Use Taxes	14,588,346	15,844,163	18,488,337	16,008,755	15,165,547	15,842,959	15,955,658	16,524,352	17,203,499	18,915,562
Local Sales Tax - Criminal Justice	267,336	288,456	312,642	336,379	328,796	328,797	338,302	363,493	387,761	440,305
Utility Taxes	-	-	-	-	-	1,591,922	2,309,787	2,646,356	2,930,332	3,666,079
Natural Gas Use Tax	-	-	-	-	-	-	29,667	381,706	415,652	344,748
Hotel/Motel Taxes	301,718	416,861	480,158	442,890	377,532	369,806	390,221	443,605	501,478	583,232
Excise Taxes:										
Games/Amusement	771,255	1,559,074	1,851,345	1,713,039	1,646,419	2,238,276	2,313,532	2,064,388	1,781,176	1,928,810
Real Estate Excise Tax	303,347	1,006,116	927,244	638,946	678,442	1,194,502	1,624,514	1,058,560	3,061,989	2,098,181
Leasehold	111,030	105,888	140,030	93,394	81,271	67,540	130,064	99,988	95,350	97,177
Business Taxes:										
Admissions	193,165	237,603	251,701	296,950	309,202	293,589	338,544	279,034	264,040	253,272
Parking	-	90,256	88,864	86,075	81,523	137,599	192,181	129,764	138,744	152,701
Other Taxes ^(a)	2,518	14,581	11,694	1,765	68	67,225	31,975	6,219	2,947	3,193
Total Taxes	\$ 24,007,950	\$ 27,464,227	\$ 30,930,223	\$ 28,944,529	\$ 28,156,041	\$ 31,986,222	\$ 34,148,173	\$ 34,624,875	\$ 37,801,814	\$ 39,660,792

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

Source: City of Tukwila Finance Department



City of Tukwila

Statistical Section

TABLE 6
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

(Amounts shown in actual dollars)

FISCAL YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Tax Levy	7,568,112	7,993,365	8,538,884	9,362,284	9,843,102	#####	10,489,114	10,731,724	10,973,030	11,177,532
Current Tax Collections	7,347,855	7,745,197	8,428,579	9,218,994	9,526,236	9,924,909	10,345,276	10,593,753	10,844,728	10,994,127
Percent of Levy Collected	97.09%	96.90%	98.71%	98.47%	96.78%	97.91%	98.63%	98.71%	98.83%	98.36%
Delinquent Tax Collections	121,283	155,305	101,725	102,095	115,859	175,949	278,064	134,345	237,003	115,199
Total Tax Collections	7,469,138	7,900,502	8,530,304	9,321,089	9,642,095	#####	10,623,340	10,728,098	11,081,731	11,109,326
% of Total Tax Collections	98.69%	98.84%	99.90%	99.56%	97.96%	99.65%	101.28%	99.97%	100.99%	99.39%
To Tax Levy										

Source: King County Office of Finance



City of Tukwila

Statistical Section

TABLE 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
1998	1,997,951,558	530,184,641	47,373,878	2,575,510,077	3.10000
1999	2,112,275,730	579,434,372	55,946,225	2,747,656,327	3.10000
2000	2,349,904,622	580,108,305	74,515,846	3,004,528,773	3.11256
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

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

Source: King County Department of Assessments



City of Tukwila

Statistical Section

Table 8

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (per \$1,000 of Assessed Valuation)

Fiscal Year	Last Ten Fiscal Years										Total
	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	
1998	3.10000	0.00000	3.10000	3.35872	1.77385	0.23898	0.29000	6.80157	0.05325	0.15354	15.76991
1999	3.10000	0.00000	3.10000	3.30278	1.68951	0.21585	0.27299	5.91717	0.05209	0.11830	14.66869
2000	3.11256	0.00000	3.11256	3.14502	2.10955	0.19029	0.24624	5.54167	0.04957	0.09873	14.49363
2001	2.94537	0.00000	2.94537	2.98946	1.97530	0.18956	0.25000	5.11395	0.04665	0.09643	13.60672
2002	2.91064	0.00000	2.91064	2.89680	1.34948	0.25895	0.24143	4.85812	0.04688	0.09254	12.65484
2003	3.10754	0.00000	3.10754	2.75678	1.96799	0.25402	0.23717	5.05267	0.04669	0.09200	13.51486
2004	3.11712	0.00000	3.11712	2.68951	1.91484	0.25321	0.23182	5.04535	0.04658	0.09039	13.38882
2005	3.03706	0.00000	3.03706	2.49787	1.86293	0.23330	0.21982	5.01637	0.04482	0.59000	13.50217
2006	2.84033	0.00000	2.84033	2.32535	1.75139	0.23158	0.20621	4.78874	0.04212	0.55652	12.74224
2007	2.56911	0.00000	2.56911	2.13233	1.66106	0.22359	0.30000	4.73164	0.10000	0.50854	12.22627

^(a) Includes King County Library District tax

Source: King County Department of Assessments



City of Tukwila

Statistical Section

Table 9 PRINCIPAL PROPERTY TAXPAYERS

December 31, 2006

NAME	Type of Business	2007		1998	
		Assessed Valuation	Percent of Total Assessed Value ^(a)	Assessed Valuation	Percent of Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 470,751,450	10.58%	\$ 550,294,765	21.4%
WEA Southcenter LLC	Department Stores	130,337,850	2.93%	88,492,636	3.4%
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	96,063,800	2.16%		
La Pianta LP	Commercial Properties	85,320,368	1.92%	37,159,170	1.4%
Rreef America Reit II Corporation	Commercial Properties	63,451,550	1.43%		
Heitman	Commercial Properties	57,055,700	1.28%		
Boeing Employees Credit Union	Credit Union	52,386,532	1.18%	21,545,858	0.8%
Sterling Realty Organization	Commercial Properties	35,693,100	0.80%		
Eproperty Tax Incorporated	Investment Property	31,782,500	0.71%		
TTA/E Property Tax Dept	Commercial Properties	31,162,700	0.70%		
Anne Arundel Apartments LLC (Group Health)	Apartments	29,944,400	0.67%		
Sea-Tuk Warehouse LLC	Food Distribution	29,159,800	0.66%		
Federated Department Stores	Department Stores	26,920,700	0.60%	28,012,481	1.1%
BRCP Riverview Plaza LLC	Commercial Properties	26,637,900	0.60%		
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	25,408,979	0.57%	18,353,520	0.7%
Wig Properties LLC (JC Penney)	Department Stores	24,136,800	0.54%	21,800,897	0.8%
Koar-Seatac Partners LP	Lodging	20,963,110	0.47%	21,306,500	0.8%
Jorgensen Forge Corporation	Steel Manufacturer	20,131,703	0.45%		
CHA Southcenter LLC (Doubletree Inn)	Lodging	19,469,641	0.44%	27,403,412	1.1%
Merrill Creek Holding LLC (Kenworth Motors)	Truck Manufacturer	18,104,000	0.41%	13,535,495	0.5%
Lowe's HIW Incorporated	Home Improvement	15,816,965	0.36%	14,859,212	0.6%
Harnish Group Incorporated	Truck Equipment	14,595,306	0.33%		
Owest Corporation	Telephone Utility	12,392,870	0.28%	14,215,104	0.6%
Hill Investment Company	Commercial Properties	7,811,400	0.18%	11,617,400	0.5%
MBK Properties (Trammell Crow)	Commercial Properties			56,497,400	2.2%
Gateway Properties	Commercial Properties			41,158,800	1.6%
Group Health Cooperative	Healthcare Admini			21,242,442	0.8%
Tractor Equipment Company	Truck Equipment			20,678,127	0.8%
Pacific Gulf Properties	Property Management			18,522,100	0.7%
Associated Grocers	Food Distribution			15,930,171	0.6%
TOTALS		\$ 1,345,499,124	30.25%	\$ 1,042,625,490	40.4%

^(a) In 2007 the total assessed property value in the City of Tukwila was \$4,450,243,674.

^(b) In 1998 the total assessed property value in the City of Tukwila was \$2,575,510,077.



City of Tukwila

Statistical Section

TABLE 10

RETAIL SALES TAX COLLECTIONS BY SECTOR

Last Ten Fiscal Years

(Amounts shown are in actual dollars.)

MAJOR INDUSTRY SECTOR	1998	1999	2000	2001	2002	2003	2004	2005^(a)	2006	2007
Construction and Contracting	\$ 772,232	\$ 1,359,477	\$ 3,192,100	\$ 2,104,156	\$ 991,702	\$ 1,119,595	\$ 958,758	\$ 676,427	\$ 1,166,088	\$ 2,018,058
Finance, Insurance & Real Estate	51,141	61,567	51,612	108,262	57,919	54,992	82,794	102,130	93,747	121,879
Manufacturing	312,571	552,560	568,041	596,052	563,919	520,474	446,965	503,778	450,138	590,455
Transportation, Communications & Utilities	233,815	236,790	353,000	360,441	350,258	377,596	387,148	384,703	436,260	483,419
Wholesale - Durable/Non-durable Goods	2,290,522	2,218,192	1,730,497	1,470,187	1,374,271	1,761,749	1,862,528	2,337,018	2,048,517	2,457,437
Retail Trade - General Merchandise	2,611,321	2,642,582	2,708,649	2,591,680	2,570,883	2,545,631	2,574,671	2,563,103	2,667,481	2,571,601
Retail Trade - Furniture/Home Furnishings	1,777,290	1,890,591	1,957,687	1,862,336	1,815,168	2,304,037	2,405,967	2,342,553	2,531,049	2,399,347
Retail Trade - Miscellaneous	1,671,348	1,750,154	2,066,226	2,115,104	2,044,562	1,723,147	1,735,045	1,497,474	1,642,722	1,766,853
Retail Trade - Clothing & Accessories	1,070,160	1,037,450	1,107,815	1,134,102	1,175,074	1,197,591	1,247,109	1,636,183	1,704,213	1,838,646
Retail Trade - Restaurants	662,588	732,639	936,411	900,496	887,103	933,886	1,031,625	1,072,275	1,119,859	1,158,424
Retail Trade - Automotive/Gas	712,704	736,722	792,951	770,063	768,664	847,864	982,413	980,006	1,053,184	1,026,778
Retail Trade - Building Materials	667,626	712,613	666,679	627,140	712,723	763,013	850,109	815,379	855,243	777,870
Service Industries - Business	860,807	991,527	1,166,278	493,806	824,497	530,833	488,857	979,752	1,141,632	1,198,690
Service Industries - Hotels	401,800	403,262	451,098	418,051	357,940	361,789	355,514	406,547	453,376	531,836
Service Industries - Other	273,939	326,953	371,467	386,590	373,911	507,935	486,215	278,041	278,777	294,869
All Other Categories	218,482	185,084	367,826	70,289	296,953	292,827	288,169	188,540	205,644	179,421
Total Retail Sales Tax Collections	\$ 14,588,346	\$ 15,844,163	\$ 18,488,337	\$ 16,008,755	\$ 15,165,547	\$ 15,842,959	\$ 16,183,887	\$ 16,763,909	\$ 17,847,930	\$ 19,415,583

^(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.

Sources: City of Tukwila Finance Department and Washington State Department of Revenue.

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



City of Tukwila

Statistical Section

TABLE 11

SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

	1998	1999	2000	2001 ^(a)	2002	2003	2004	2005	2006	2007 ^(d)
BASIC SALES TAX RATES										
City of Tukwila	0.8400%	0.8400%	0.8400%	0.8400%	0.8400%	0.8400%	0.8400%	0.8400%	0.8400%	0.8400%
Washington State	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%
King County	0.1500%	0.1500%	0.1500%	0.1500%	0.1500%	0.1500%	0.1500%	0.1500%	0.1500%	0.1500%
Regional Transit Authority	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%	0.4000%
Metro	0.6000%	0.6000%	0.6000%	0.8000%	0.8000%	0.8000%	0.8000%	0.8000%	0.8000%	0.9000%
Criminal Justice	0.1000%	0.1000%	0.1000%	0.1000%	0.1000%	0.1000%	0.1000%	0.1000%	0.1000%	0.1000%
Department of Revenue Administration Fee	0.0100%	0.0100%	0.0100%	0.0100%	0.0100%	0.0100%	0.0100%	0.0100%	0.0100%	0.0100%

Total Basic Combined Sales Tax Rate

8.6000%	8.6000%	8.6000%	8.8000%	8.8000%	8.8000%	8.8000%	8.8000%	8.8000%	8.8000%	8.90000%
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SPECIAL SALES TAX RATES

Restaurants ^(b)	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Motor Vehicles ^(c)	-	-	-	-	-	-	0.3000%	0.3000%	0.3000%	0.3000%

^(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.

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



City of Tukwila

Statistical Section

TABLE 12

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	1998	1999	2000	2001	2002 ^(a)	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds	\$ 5,390,000	\$ 15,170,000	\$ 17,226,600	\$ 16,565,000	\$ 15,847,000	\$ 21,628,591	\$ 20,806,553	\$ 19,775,262	\$ 18,881,798	\$ 17,946,335
Special Assessments	85,000	25,000	-	-	-	-	-	-	-	-
Total Governmental Activities	5,475,000	15,195,000	17,226,600	16,565,000	15,847,000	21,628,591	20,806,553	19,775,262	18,881,798	17,946,335
BUSINESS-TYPE ACTIVITIES										
General Obligation Bonds	-	-	-	-	-	5,772,500	5,382,500	4,972,500	4,547,500	4,102,500
Revenue Bonds	6,260,000	5,865,000	5,448,000	5,015,000	4,568,782	4,168,910	3,710,438	3,143,360	5,824,452	5,470,162
Public Works Trust Fund Loans	750,028	691,767	633,506	650,245	573,234	1,032,364	2,924,739	4,911,253	9,781,151	9,378,506
Leases	-	-	-	-	-	-	-	108,818	77,947	45,587
Compensated Absences	-	-	-	-	160,661	167,212	190,139	203,940	207,367	210,900
Total Business-Type Activities	7,010,028	6,556,767	6,081,506	5,665,245	5,302,677	11,140,986	12,207,816	13,339,871	20,438,417	19,207,655
TOTAL PRIMARY GOVERNMENT^(b)	\$ 12,485,028	\$ 21,751,767	\$ 23,308,106	\$ 22,230,245	\$ 21,149,677	\$ 32,769,577	\$ 33,014,369	\$ 33,115,133	\$ 39,320,215	\$ 37,153,990
Population ^(c)	14,990	14,840	17,181	17,230	17,270	17,270	17,240	17,110	17,930	18,000
Per Capita Personal Income ^(c)	\$ 38,241	\$ 42,218	\$ 44,429	\$ 43,800	\$ 44,250	\$ 44,821	\$ 49,118	\$ 48,789	\$ 52,655	***
Percentage of Personal Income	2.18%	3.47%	3.05%	2.95%	2.77%	4.23%	3.90%	3.97%	4.16%	***
Debt Per Capita	\$ 833	\$ 1,466	\$ 1,357	\$ 1,290	\$ 1,225	\$ 1,897	\$ 1,915	\$ 1,935	\$ 2,193	***

^(a) For years 1997 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 Table 17, Demographic Statistics, for population and personal income data.

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

*** Data not available at time of publication.



City of Tukwila
Statistical Section

TABLE 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
							Ratio of Net Bonded Debt to Assessed Value	Ratio of Net Bonded Debt to Assessed Value	
1998	14,990	2,575,510,077	5,390,000	1,280	-	5,388,720	0.21%	359	
1999	14,840	2,747,656,327	15,170,000	1,614	-	15,168,386	0.55%	1,022	
2000	17,181	3,004,528,773	17,226,600	370,112	-	16,856,488	0.56%	981	
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	

^(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, and City of Tukwila Finance Department



City of Tukwila
Statistical Section

TABLE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2007

(Amounts are shown in actual dollars.)

JURISDICTION	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila	Estimated Amount Applicable to Tukwila
Direct:			
City of Tukwila	\$ 24,421,474	100.00%	\$ 24,421,474
Overlapping:			
King County	1,100,812,149	1.32%	14,530,720
King County Library	73,607,300	2.16%	1,589,918
Port of Seattle	397,835,000	1.32%	5,251,422
Tukwila School District #406	38,744,695	88.31%	34,215,440
Hospital District #1	42,725,000	4.31%	1,841,448
Total Overlapping Debt:	<u>1,653,724,144</u>		<u>57,428,948</u>
Total Direct and Overlapping Debt:	<u>\$ 1,678,145,618</u>		<u>\$ 81,850,422</u>

Sources: King County Office of Finance, King County Office of Assessments



City of Tukwila

Statistical Section

TABLE 15 LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 193,163,256	\$ 206,074,224	\$ 225,339,657	\$ 250,803,432	\$ 261,727,848	\$ 253,806,804	\$ 258,084,264	\$ 270,791,907	\$ 296,095,014	\$ 333,768,277
Total Net Debt Applicable to Limit	5,388,720	15,168,386	16,856,488	16,154,156	15,457,678	26,358,988	24,866,638	23,407,761	24,494,996	23,188,240
Legal Debt Margin	\$ 187,774,536	\$ 190,905,838	\$ 208,483,169	\$ 234,649,276	\$ 246,270,170	\$ 227,447,816	\$ 233,217,626	\$ 247,384,146	\$ 271,600,018	\$ 310,580,037

Total Net Debt Applicable
to the Limit as a Percentage
of Debt Limit

2.79%	7.36%	7.48%	6.44%	5.91%	10.39%	9.64%	8.64%	8.30%	6.95%
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Legal Debt Margin Calculation for Fiscal Year 2007

Description	Councilmanic Debt (Non- Voted)		General Purpose Indebtedness		Excess Levy Utility Purposes and Park and Park		Total Debt Capacity			
	Voted	1.5%	Voted Debt	1.0%	Excess Levy	2.5%	Open Space	2.5%	Total Debt	Capacity
Assessed Value	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674	\$ 4,450,243,674
Statutory Debt Limit Percentages	\$ 66,753,655	1.5%	\$ 44,502,437	1.0%	\$ 111,256,092	2.5%	\$ 111,256,092	2.5%	\$ 333,768,276	7.5%
Debt Limit	\$ 22,025,000		\$ 22,025,000		\$ -		\$ -		\$ 22,025,000	
Debt Applicable to Limit:	45,587		45,587						45,587	
Bonds Outstanding	2,350,887		2,350,887						2,350,887	
Compensated Absences										
Less:										
Cash-On-Hand for Debt Redemption	408,629		408,629						408,629	
Investments	571,000		571,000						571,000	
Current Taxes Receivable	253,605		253,605						253,605	
	\$ 23,188,240		\$ 23,188,240		\$ -		\$ -		\$ 23,188,240	
Remaining Debt Capacity	\$ 43,565,415		\$ 44,502,437		\$ 88,067,852		\$ 111,256,092		\$ 111,256,092	
	\$ 310,580,037		\$ 310,580,037		\$ 310,580,037		\$ 310,580,037		\$ 310,580,037	



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Table 16
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
				Principal	Interest	
1998	6,243,782	4,309,062	1,934,720	371,944	176,980	3.52
1999	6,949,624	4,747,448	2,202,176	368,235	167,678	4.11
2000	7,302,200	5,057,117	2,245,083	366,563	158,276	4.28
2001	6,944,496	5,143,551	1,800,945	363,200	148,711	3.52
2002	7,332,495	5,808,561	1,523,934	358,214	139,047	3.06
2003	7,501,583	5,784,330	1,717,253	352,692	129,354	3.56
2004	7,929,374	5,876,411	2,052,963	345,000	119,647	4.42
2005	8,023,334	6,161,436	1,861,898	334,091	110,015	4.19
2006	8,237,636	6,418,607	1,819,029	285,162	116,973	4.52
2007	9,012,898	6,774,625	2,238,273	273,920	113,819	5.77

^(a) Includes operating and non-operating revenue.

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

Sources: City of Tukwila Finance Department



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Table 17
DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income		Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
		(a)	(b)				
1998	14,990	\$ 38,241	\$ 573,233	3,262	4,196	2,408	4.7%
1999	14,840	42,218	626,515	3,303	4,196	2,550	4.4%
2000	17,181	44,418	763,146	3,364	4,196	2,562	5.5%
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	***	***	3,864	4,107	2,862	5.0%

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

Per Capita Personal Income was computed using Census Bureau midyear population estimates.

^(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: City of 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



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Table 18
PRINCIPAL EMPLOYERS
2007

NAME OF COMPANY/EMPLOYER	PRODUCT OR BUSINESS	2007 Full & Part-time Employment	Percentage of Total City Employees	1998 Full & Part-time Employment	Percentage of Total City Employees
Boeing Company	Airplane company	8,043	18.98%	15,090	32.94%
Group Health Cooperative	Data Ctr./Lab/Pharmacy/Mfg.	1,100	2.60%	463	1.01%
King County Metro	Transit operating base	664	1.57%	700	1.53%
Cariyle, Inc.	Wire/Cable Connectors	447	1.06%	185	0.40%
Red Dot Corporation	Heater/Air Conditioning Equipment	444	1.05%	420	0.92%
Macy's	Department Store	400	0.94%	345	0.75%
Group Health Cooperative	Health Care Administration	376	0.89%	-	-
Boeing Employee's Credit Union	Credit Union	376	0.89%	516	1.13%
JC Penney Company	Department Store	375	0.89%	440	0.96%
Nordstrom, Inc.	Department Store	334	0.79%	465	1.02%
Sub-total - Major Employers		12,559		18,624	
All Other Employment		29,809		27,184	
TOTAL EMPLOYMENT		42,368		45,808	

Source: City of Tukwila City Clerk's Office - Business Licenses



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TABLE 19

FULL -TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

FUNCTION	2001	2002	2003	2004	2005	2006	2007
General Government	***	41.25	41.25	43.25	45.25	49.00	49.25
Public Safety							
Police							
Commissioned Officers	***	68.00	68.00	68.00	68.00	68.00	68.00
Non-Commissioned Officers	***	13.00	14.00	15.00	15.00	16.00	15.00
Fire							
Commissioned Officers	***	62.00	64.00	64.00	64.00	64.00	62.00
Non-Commissioned Officers	***	4.00	4.00	4.00	4.00	4.00	4.00
Planning/Building/Public Works							
Administration/Development Services	***	28.88	31.50	32.50	32.50	37.00	34.00
Transportation Systems	***	9.00	9.00	9.00	10.00	10.00	9.00
Utility Systems	***	18.50	18.50	18.50	18.50	18.50	18.50
Maintenance Services	***	26.50	26.50	26.50	27.50	30.50	30.50
Culture and Recreation							
Parks and Recreation	***	22.50	22.50	22.50	24.75	28.75	26.75
Pool	***	2.00	3.00	3.00	3.75	4.00	3.75
Golf Course	***	11.00	11.00	11.75	9.50	10.25	9.50
TOTAL		306.63	313.25	318.00	322.75	340.00	330.25

***Information not available. Perspective periods will provide expansion up to a 10 year period.



TABLE 20
OPERATING INDICATORS BY FUNCTION

FUNCTION	Last Ten Fiscal Years									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Number of Calls for Service	34,600	32,683	31,189	30,671	30,106	31,000	30,032	32,922	33,686	33,985
Fire										
Number of Responses	4,755	4,367	4,395	3,865	4,100	4,250	4,229	4,710	4,921	4,673
Total Fire Loss	\$ 983,190	\$ 1,553,420	\$ 1,328,726	\$ 1,995,850	\$ 485,765	\$ 910,655	\$ 910,655	\$ 1,414,741	\$ 2,982,265	\$ 3,065,005
Total Inspections	6,168	5,955	6,197	5,866	4,516	5,549	5,855	5,482	4,705	4,845
Parks and Recreation										
Class Participants	*	40,000	50,300	60,000	61,000	61,000	64,000	64,000	64,000	98,087
Community Center Admissions	*	38,000	47,300	43,600	35,500	30,800	35,150	33,750	34,850	90,141
Rounds of Golf Played	67,717	66,042	66,317	60,311	57,490	(a) 35,764	53,070	54,449	55,195	55,446
Pool Attendance	**	**	**	**	**	42,917	59,996	72,778	72,963	57,624
Street										
Miles	77	77	77	77	77	79	79	79	79	79
Hours Maintaining Streets/Sidewalks	*	*	*	*	13,425	14,587	13,706	15,243	16,970	17,540
Signalized Intersections	59	59	59	59	59	61	61	61	61	63
Hours Maintaining Signals/Lights	*	*	*	*	6,388	6,855	6,445	9,054	7,642	7,540
Water Utility Services										
Total Customers	1,941	1,961	2,012	2,027	2,027	2,079	2,107	2,164	2,117	2,113
Total Gallons/Water	766,325,252	778,402,460	771,149,104	693,115,500	683,065,400	702,363,800	765,000,000	886,000,000	789,980,752	680,648,584
Sanitary Sewer										
Total Customers	1,480	1,525	1,586	1,622	1,622	1,671	1,698	1,710	1,720	1,718
Surface Water	4,957	4,931	4,989	5,019	5,019	5,015	5,064	5,100	5,107	5,156
Licenses										
Business Licenses	2,229	2,265	2,205	2,159	2,160	2,262	2,292	2,286	2,354	2,350
Amusement Licenses	19	19	19	18	18	22	22	19	21	22
Permits										
Building Permits	449	452	452	415	401	353	364	430	422	425
Mechanical Permits	208	248	273	218	238	183	182	193	239	238
Electrical Permits	**	**	**	**	**	**	**	**	**	758
Plumbing Permits	**	**	**	**	**	**	**	**	192	306
Public Works Permits	77	92	161	134	114	83	97	112	144	136
Libraries										
Number of Libraries	2	2	2	2	2	2	3	3	3	3
Total Circulation	128,224	121,637	135,276	140,680	143,150	121,468	215,115	215,115	320,794	306,001

Sources: City of Tukwila Departments, King County Library System

* Information not available.

** Acquired pool from King County in 2003.

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



City of Tukwila

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TABLE 21 CAPITAL ASSETS BY FUNCTIONS

Last Ten Fiscal Years

FUNCTION	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Total City Area (Square Miles)	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Public Safety										
Police: Number of Police Vehicles	71	63	63	57	63	59	63	64	64	64
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	8	8	8	9	9
Number of Medical Aid Vehicles	2	2	2	2	2	2	2	2	2	2
Number of Hazardous Materials Trailer Units	-	-	-	-	-	-	-	1	1	2
Transportation										
Paved Streets (lane miles)	163	163	163	163	163	163	163	163	163	163
Sidewalks (miles)	54	54	54	54	54	54	54	54	54	54
Number of Traffic Signals	55	55	55	55	55	55	55	55	55	57
Number of Street Lights owned By Seattle City Light	1,180	1,180	1,180	1,180	1,180	1,180	180	1,180	1,180	1180
Number of Street Lights Owned By Puget Sound Energy	670	670	670	670	670	670	670	670	670	670
Culture and Recreation										
Parks Acreage ^(a)	136	136	136	140	143	158	158	158	161	160
Number of Parks	11	11	11	11	13	15	15	15	16	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	11	11
Number of Playgrounds	11	11	11	11	11	13	13	13	13	13
Swimming Pool	-	-	-	-	-	1	1	1	1	1
Visitor Center	-	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	2	2	2	3	3	3	3
Water										
Water Distribution Mains (miles)	45	45	45	45	45	45	45	45	45	47.4
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Owned by the City)	497	499	499	509	509	513	527	533	537	555
Vehicles	9	4	4	6	6	7	6	7	7	8
Sewer										
Sanitary Sewers (miles)	33	33	33	33	33	33	33	33	33	36.9
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	11	8	8	3	3	3	3	3	5	5
Surface Water										
Storm Drains (miles) ^(b)	50	55	56	57	57	58	59	60	62	67
Vehicles	5	6	6	4	4	4	5	5	4	4

Source: City of Tukwila Departments

^(a) Reflects the correct reporting of data for Culture and Recreation-Parks Acreage for the years 1998 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 1998 through 2006. Miles previously reported were incorrect data estimates.