

The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2006

Prepared by the City of Tukwila Finance Department

STEVEN M. MULLET, MAYOR

TUKWILA CITY COUNCIL

Dennis Robertson, President

Joe Duffie

Joan Hernandez

Pam Carter

Jim Haggerton

Verna Griffin

Pam Linder

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2006

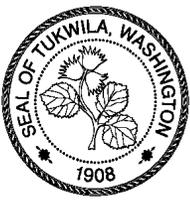
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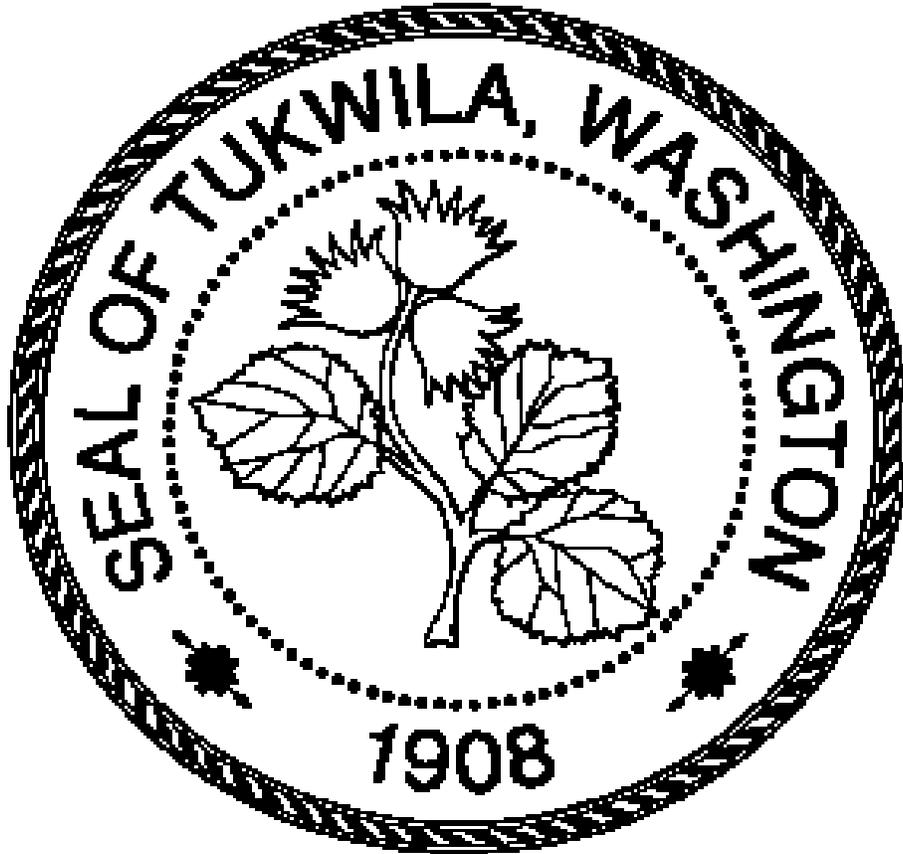
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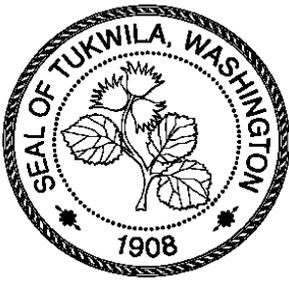
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City of Tukwila

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City of Tukwila

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

June 29, 2007

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

Subject: **TRANSMITTAL OF 2006 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, 2006 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.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. This introductory section includes this transmittal letter, the City's organization chart, and a list of principal officials. The financial section includes the State Auditor's report on the financial statements and schedules, Management's Discussion and Analysis, Government-wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements, Required Supplementary Information, Combining and Individual Fund Statements, and Schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. This report includes all funds and agencies of the City.

As an aid to the reader, the major sections of this report have been segregated by divider pages, which provide introductions for the sections. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

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.



City of Tukwila

Letter of Transmittal

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.

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 \$17.6 million in revenue for 2006. The total combined retail sales activity amounted to approximately \$2.95 billion in 2006. 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 \$3.9 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 2006.

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 \$19,646,303 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.

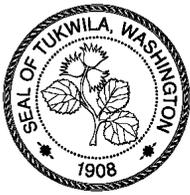
The City is a member of the Washington Cities Insurance Authority (WCIA) as of January 1, 1984. The WCIA is a municipal corporation and not a joint venture per the Washington State Auditor's Office. The pooling arrangement with 114 other entities provides the City's general liability, vehicle liability, 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 40 LEOFF retirees. The total amount paid in 2006 was \$515,901. (*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



City of Tukwila

Letter of Transmittal

an unqualified opinion for 2006. Please see the Auditor's Opinion directly following the divider entitled "Financial Section" in this document.

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, 2005. This was the 19th 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 2006 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,

Kevin A. Fuhrer
Finance Director

cc: Office of the State Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tukwila
Washington

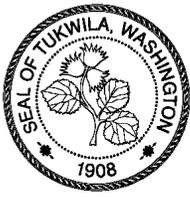
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



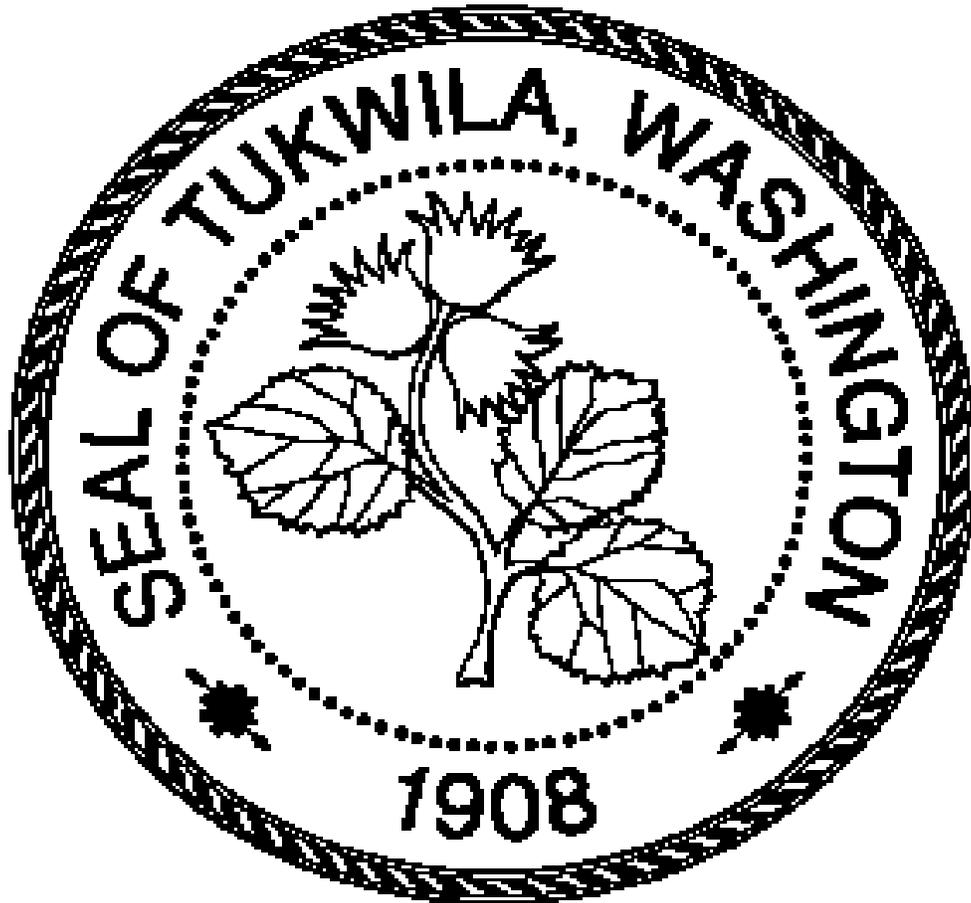
President

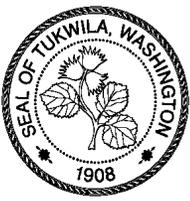
Executive Director



City of Tukwila

Letter of Transmittal

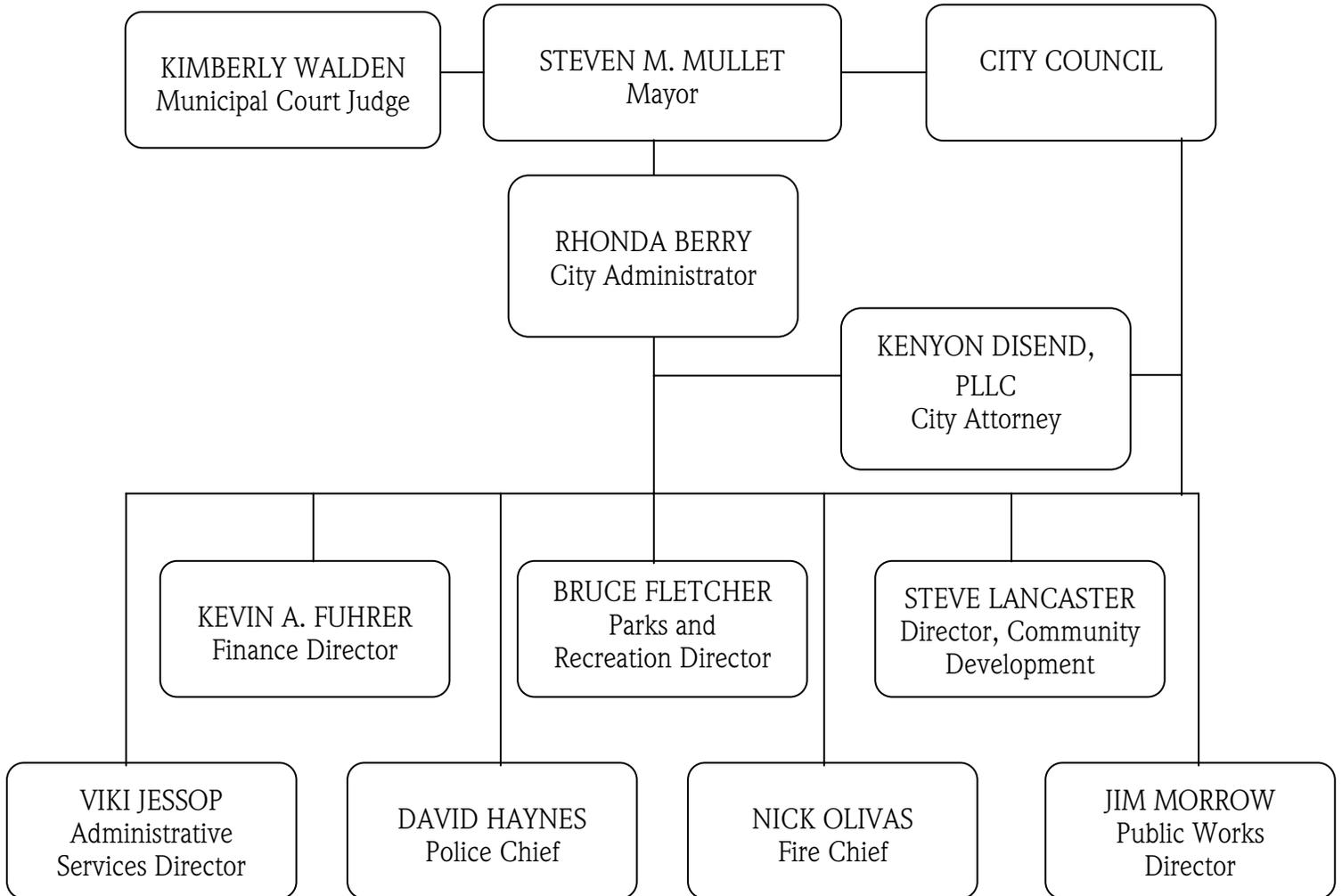




City of Tukwila

Administrative Organization Structure, Principal Officials, and Council Committees

ADMINISTRATIVE ORGANIZATION STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

FINANCE AND SAFETY COMMITTEE

Pam Carter, Chairperson
Jim Haggerton, Member
Verna Griffin, Member

TRANSPORTATION

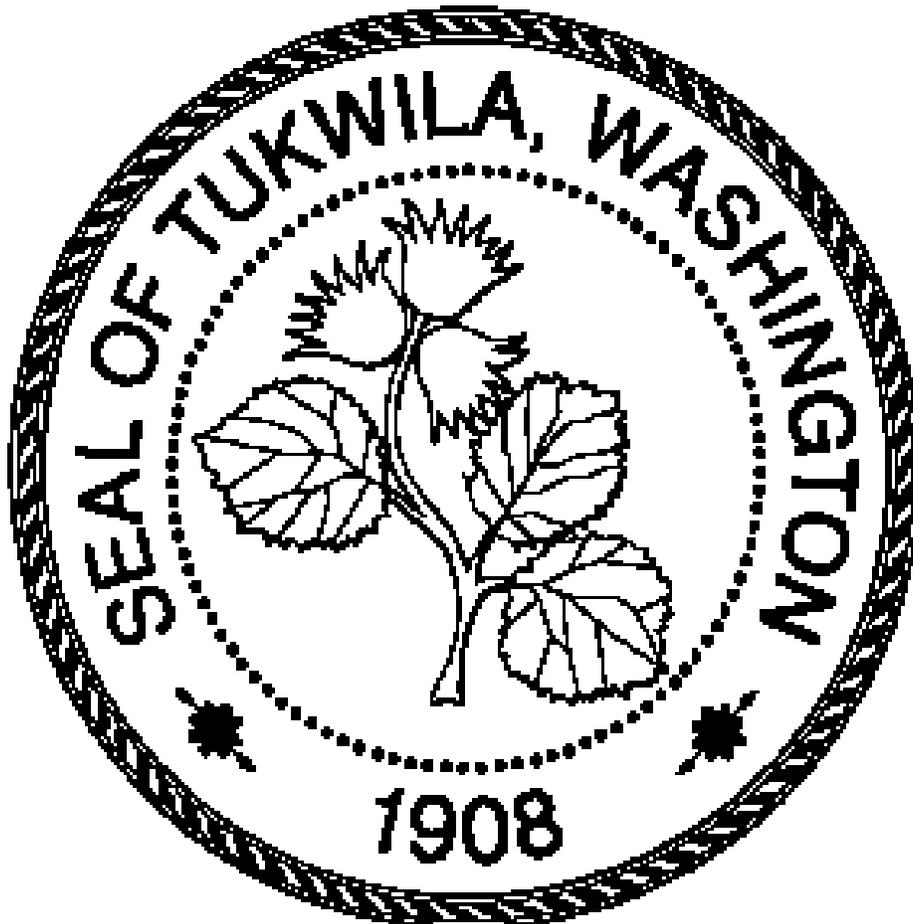
Joe Duffie, Chairperson
Pam Carter, Member
Joan Hernandez, Member

COMMUNITY AFFAIRS AND PARKS

Joan Hernandez, Chairperson
Joe Duffie, Member
Pam Linder, Member

UTILITIES

Jim Haggerton, Chairperson
Pam Linder, Member
Verna Griffin, Member





Washington State Auditor
Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

Mayor
City of Tukwila
Tukwila, Washington

June 29, 2007

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, 2006 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, 2006, 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.

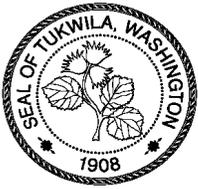
Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as combining and individual fund statements and schedules on pages 75 through 104 is presented for purposes of 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,

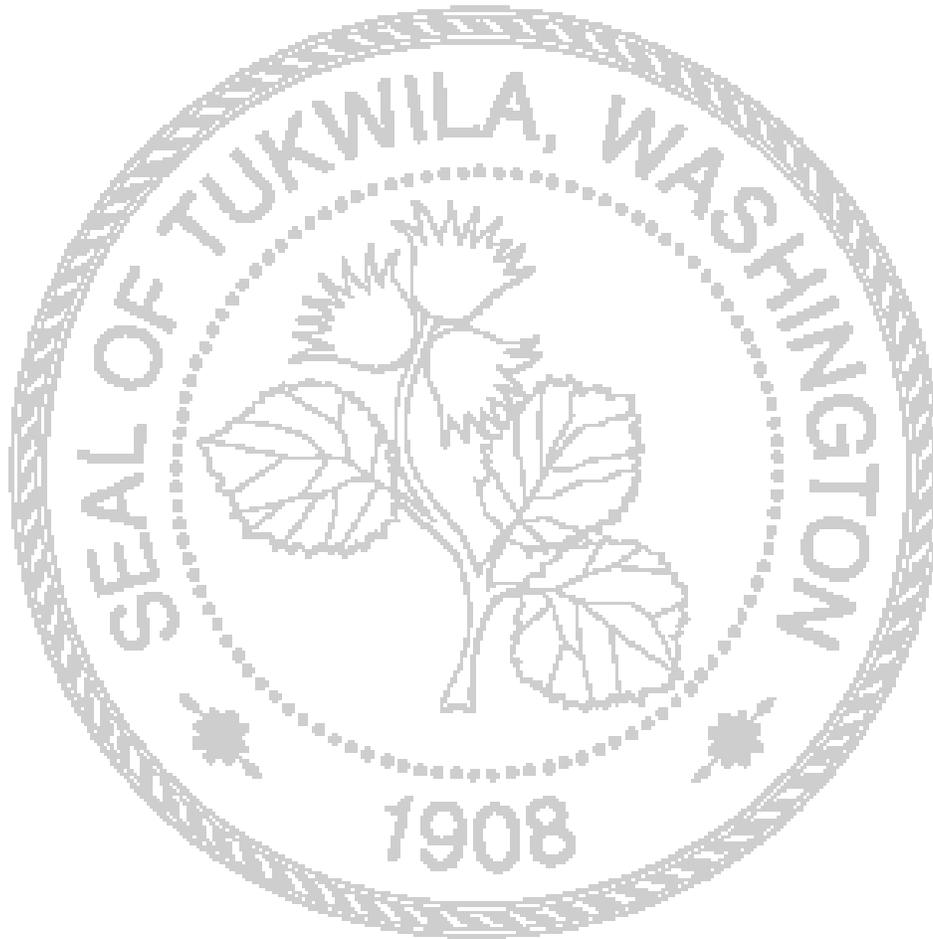
BRIAN SONNTAG, CGFM
STATE AUDITOR





City of Tukwila

Auditor's Opinion



**CITY OF TUKWILA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended December 31, 2006

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, 2006. 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 \$210.5 million. A total of 79.4 percent or \$167.1 million of total net assets is invested in capital assets such as streets, land, buildings, equipment, and other improvements. The remaining net assets of \$43.3 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 \$12.2 million in 2006. Government activities provided \$7.5 million or 61.6 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 \$25,527,981 an increase of \$3,203,514 in comparison with the prior year. Approximately 88.9 percent of this total amount, \$22,697,909, 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 \$5,876,393, or 15.2 percent of total general fund expenditures.
- The City of Tukwila's total debt decreased by \$6,285,449 (17.9 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.



City of Tukwila

Management's Discussion and Analysis

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 \$210,464,798 at December 31, 2006.

The largest portion of the City's net assets (79.4 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 | |
|--|----------------------------|----------------|-----------------------------|--------------|-------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and Other Assets | 36,627,475 | \$ 32,092,403 | 14,950,226 | \$12,450,163 | 51,577,701 | \$ 44,542,566 |
| Capital Assets | 151,823,685 | 147,722,513 | 52,605,895 | 43,043,517 | 204,429,580 | 190,766,030 |
| Total Assets | 188,451,160 | 179,814,916 | 67,556,121 | 55,493,680 | 256,007,281 | 235,308,596 |
| Long-term Liabilities | | | | | | |
| Outstanding | 21,052,141 | 21,754,447 | 19,935,267 | 13,428,475 | 40,987,408 | 35,182,922 |
| Other Liabilities | 3,457,857 | 1,610,408 | 1,097,218 | 206,910 | 4,555,075 | 1,817,318 |
| Total Liabilities | 24,509,998 | 23,364,855 | 21,032,485 | 13,635,385 | 45,542,483 | 37,000,240 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 133,129,382 | 129,855,251 | 34,017,190 | 31,370,812 | 167,146,572 | 161,226,063 |
| Restricted | 1,305,239 | 1,305,239 | 435,995 | 577,587 | 1,741,234 | 1,882,826 |
| Unrestricted | 29,506,541 | 25,289,571 | 12,070,451 | 9,909,896 | 41,576,992 | 35,199,467 |
| Total Net Assets | 163,941,162 | \$ 156,450,061 | 46,523,636 | \$41,858,295 | 210,464,798 | \$198,308,356 |

A portion of the City of Tukwila's net assets (0.7 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 \$41,806,884 (19.9 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 increase in the total long-term debt of \$6,536,310 is comprised of the City utility funds' \$3,180,000 revenue bond issue, new Public Works Trust Fund loans and capital lease obligations of \$5,356,374 and \$2,444,086 of debt principal repayments (net of deferred amounts), and the net increase in compensated absence liability (\$356,839).

Net assets increased by \$12,156,442 over 2005. The largest portion of this increase was the addition of \$10,908,609, net of capitalizations, to construction work in progress. 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

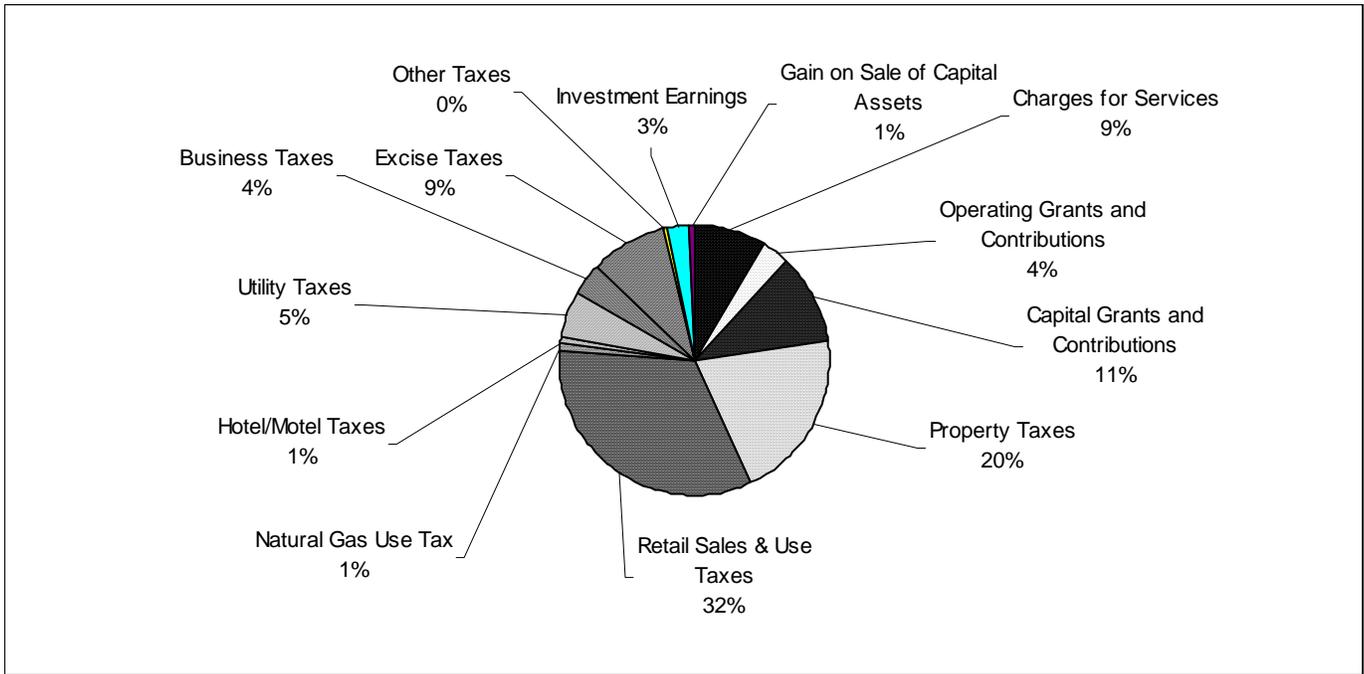
Governmental Activities. Governmental activities resulted in a net increase in the City of Tukwila's net assets of \$7,491,102 accounting for 62.1 percent of the total growth in the City's net assets. Key elements of this increase are as follows:

City of Tukwila's Changes in Net Assets

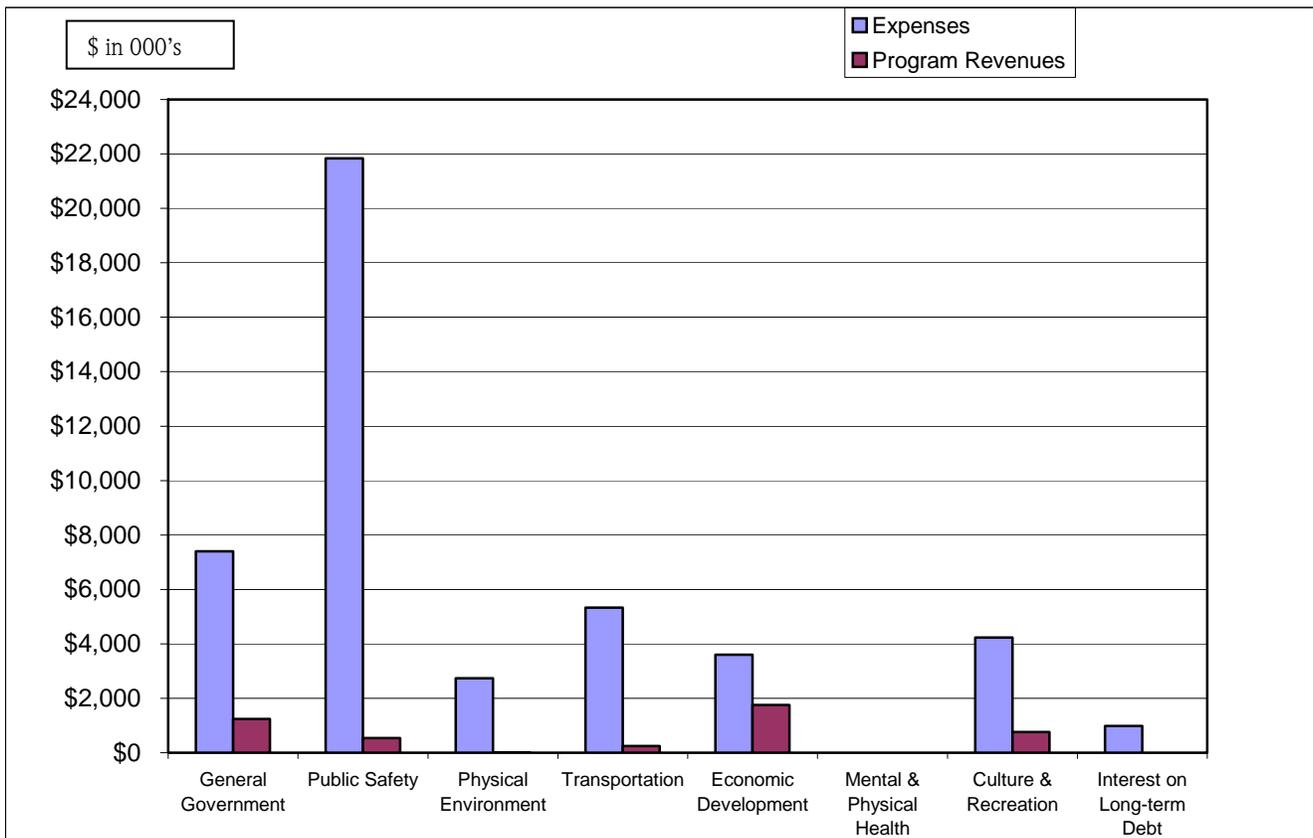
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|--------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | 4,554,163 | \$ 4,561,388 | 11,605,661 | \$ 10,879,404 | 16,159,824 | \$ 15,440,792 |
| Operating Grants and Contributions | 1,897,543 | 1,525,579 | 0 | 0 | 1,897,543 | 1,525,579 |
| Capital Grants and Contributions | 5,675,493 | 3,060,960 | 1,255,360 | 319,439 | 6,930,853 | 3,380,399 |
| General Revenues: | | | | | | |
| Property Taxes | 10,973,030 | 10,631,036 | 0 | 0 | 10,973,030 | 10,631,036 |
| Retail Sales and Use Taxes | 17,591,260 | 16,887,846 | 645,473 | 241,723 | 18,236,733 | 17,129,569 |
| Natural Gas Use Tax | 415,652 | 381,706 | 0 | 0 | 415,652 | 381,706 |
| Hotel/Motel Taxes | 501,478 | 443,605 | 0 | 0 | 501,478 | 443,605 |
| Utility Taxes | 2,930,332 | 2,646,356 | 0 | 0 | 2,930,332 | 2,646,356 |
| Business Taxes | 2,097,082 | 1,732,739 | 0 | 0 | 2,097,082 | 1,732,739 |
| Excise Taxes | 4,941,461 | 3,229,155 | 0 | 0 | 4,941,461 | 3,229,155 |
| State Entitlements, Impact Fees, In-Lieu Taxes | 185,475 | 192,816 | 0 | 0 | 185,475 | 192,816 |
| Investment Earnings | 1,383,708 | 768,097 | 539,463 | 310,750 | 1,923,171 | 1,078,847 |
| Gain on Sale of Capital Assets | 353,350 | 106,776 | 114,160 | 0 | 467,510 | 106,776 |
| Total Revenues | 53,500,027 | 46,168,059 | 14,160,117 | 11,751,316 | 67,660,144 | 57,919,375 |
| Program Expenses Including Indirect Expenses: | | | | | | |
| General Government | 7,402,398 | 6,421,839 | 0 | 0 | 7,402,398 | 6,421,839 |
| Public Safety | 21,839,070 | 20,300,709 | 0 | 0 | 21,839,070 | 20,300,709 |
| Physical Environment | 2,734,592 | 1,363,049 | 0 | 0 | 2,734,592 | 1,363,049 |
| Transportation | 5,335,214 | 4,171,173 | 0 | 0 | 5,335,214 | 4,171,173 |
| Economic Environment | 3,600,158 | 3,404,605 | 0 | 0 | 3,600,158 | 3,404,605 |
| Mental & Physical Health | 3,683 | 0 | 0 | 0 | 3,683 | 0 |
| Culture and Recreation | 4,234,889 | 3,887,871 | 0 | 0 | 4,234,889 | 3,887,871 |
| Interest on Long-term Debt | 981,573 | 1,012,239 | 0 | 0 | 981,573 | 1,012,239 |
| Water/Sewer Utility | 0 | 0 | 7,354,876 | 7,105,020 | 7,354,876 | 7,105,020 |
| Foster Golf Course | 0 | 0 | 1,832,303 | 1,751,709 | 1,832,303 | 1,751,709 |
| Surface Water Utility | 0 | 0 | 1,642,204 | 1,685,663 | 1,642,204 | 1,685,663 |
| Total Expenses | 46,131,577 | 40,561,485 | 10,829,383 | 10,542,392 | 56,960,960 | 51,103,877 |
| Increase (Decrease) in Net Assets Before Transfers | 7,368,450 | 5,606,574 | 3,330,734 | 1,208,924 | 10,699,184 | 6,815,498 |
| Transfers | 122,652 | 824,118 | 1,250,000 | (824,118) | 1,372,652 | 0 |
| Increase (Decrease) in Net Assets | 7,491,102 | 6,430,692 | 4,580,734 | 384,806 | 12,071,836 | 6,815,498 |
| Net Assets – Beginning Balance | 156,450,061 | 150,019,369 | 41,942,902 | 41,558,096 | 198,392,963 | 191,577,465 |
| Prior Period Adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Assets – Ending Balance | 163,941,163 | \$156,450,061 | 46,523,636 | \$ 41,942,902 | 210,464,799 | \$198,392,963 |

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





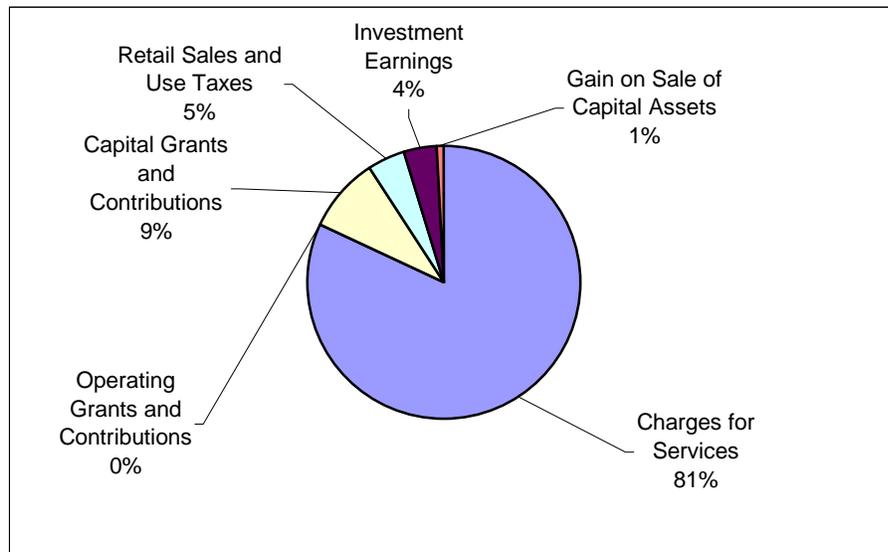
City of Tukwila

Management's Discussion and Analysis

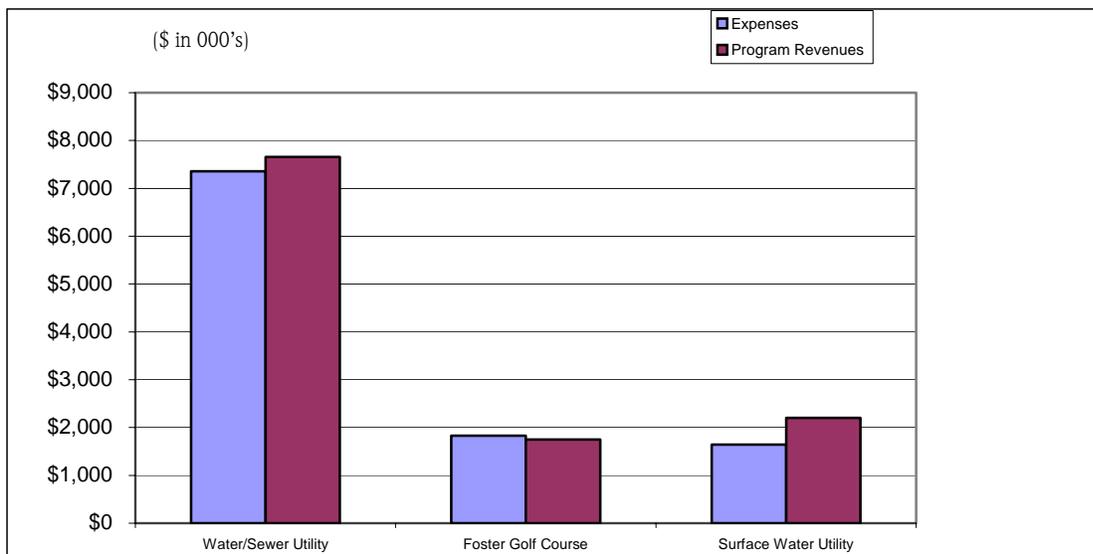
Business-type Activities. Business-type activities increased the City of Tukwila's net assets by \$4,665,341, accounting for 38.4 percent of the total growth in the City's net assets. Key elements of this increase are as follows:

- Net operating income of \$1,275,739 and non-operating income of \$799,635 account for \$2,075,374 of the increase.
- Capital contributions of \$1,255,360 and net transfers in of \$1,250,000 account for \$2,505,360 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 \$25,527,981. Approximately 88.9 percent of this total amount (\$22,697,908) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remaining 11.1 percent (\$2,830,072) 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 Interfund Loans.

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 \$8,706,465. Unreserved fund balance, the amount considered available to spend, totaled \$5,876,393. Of the General Fund balance, \$2,539,443, 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 decreased by (\$259,329) during the current fiscal year.

The fund balance of the Land Acquisition, Recreation, and Park Development Capital Project Fund increased by \$1,828,622 due delays in budgeted expenditures. The fund balance of the Hotel/Motel Tax Fund increased by \$1,328,811 due primarily to repayment of an interfund loan related to real property intended for use in the promotion of tourism.

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

Differences between the General Fund original budget and the final amended budget total \$1,070,000. The increased appropriation was required to recognize unanticipated revenues and to appropriate them for capital purposes.

Actual General Fund revenues were under the budgeted amount by only 1.9% or \$736,700. This immaterial variance is indicative of the strength of the City's comprehensive budget analysis and review.

Actual expenditures were \$38,119,300, which were \$1,512,511 under the appropriated amount. Except for public safety activities which exceeded its budget by approximately \$77,000, 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, 2006, amounts to \$204,429,580 (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 the current fiscal year included the following:

- Various repair and overlay projects to the City's major arterials totaled nearly \$810,000.
- Major arterial – Klickitat/Southcenter Parkway/Interstate 5 Access Revision Project totaled \$1.74 million in 2006.
- Drainage improvements to the Cascade View Surface Water Management System amounted to \$4 million. The project was completed in 2006.

City of Tukwila's Capital Assets

(net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$ 35,701,817 | \$ 35,601,817 | \$ 1,847,416 | \$ 2,429,256 | \$ 37,549,233 | \$ 38,031,073 |
| Buildings | 16,025,182 | 16,078,120 | 7,401,482 | 7,766,588 | 23,426,664 | 23,844,708 |
| Other Improvements | 4,258,829 | 4,641,319 | 30,560,906 | 27,134,314 | 34,819,735 | 31,775,633 |
| Machinery and Equipment | 5,441,903 | 3,854,852 | 1,152,783 | 1,262,926 | 6,594,686 | 5,117,778 |
| Infrastructure | 79,366,248 | 80,816,273 | 0 | 0 | 79,366,248 | 80,816,273 |
| Construction in Progress | 11,029,706 | 6,730,132 | 11,643,308 | 4,450,433 | 22,673,014 | 11,180,565 |
| Total | \$ 151,823,685 | \$ 147,722,513 | \$ 52,605,895 | \$ 43,043,517 | \$ 204,429,580 | \$ 190,766,030 |

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 \$29,260,000. Of this amount, \$23,400,000 comprises debt backed by the full faith and credit of the government and the remainder of \$5,860,000 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 | |
|--------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| General Obligation Bonds | \$ 18,852,500 | \$ 19,740,500 | \$ 4,547,500 | \$ 4,972,500 | \$ 23,400,000 | \$ 24,713,000 |
| Revenue Bonds | 0 | 0 | 5,860,000 | 3,190,000 | 5,860,000 | 3,190,000 |
| Total | \$ 18,852,500 | \$ 19,740,500 | \$ 10,407,500 | \$ 8,162,500 | \$ 29,260,000 | \$ 27,903,000 |

The City of Tukwila's total long-term debt increased by \$1,357,000 (4.9%) during the current fiscal year. The change in long-term debt is explained by a revenue bond issue of \$3,180,000 and redemption of bond principal of \$1,823,000.

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 2007 Budget and Fiscal year.

During the 2007 budget year, fund balance from 2006 will be used to balance the budget along with a third 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.

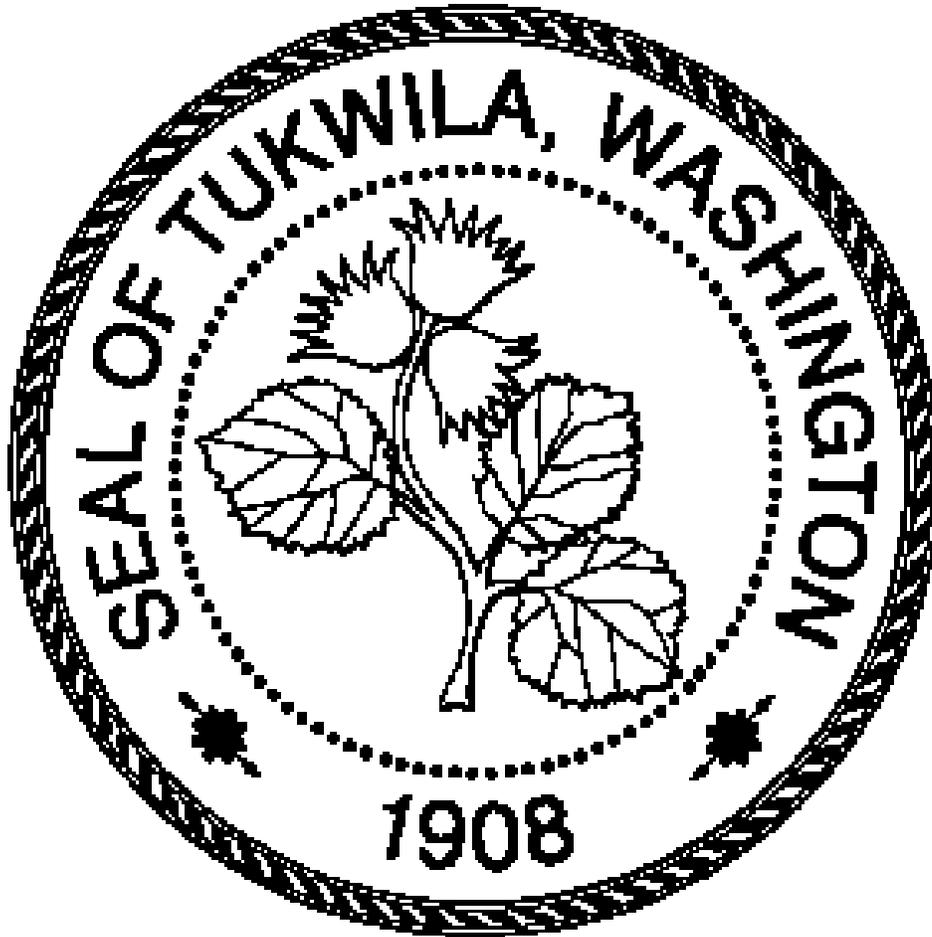
REQUESTS FOR INFORMATION

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 Kevin Fuhrer, 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, 2006

| DESCRIPTION | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|--|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 8,847,331 | \$ 363,810 | \$ 9,211,141 |
| Deposits with Fiscal Agent | 25,350 | 0 | 25,350 |
| Investments | 19,291,874 | 10,740,285 | 30,032,159 |
| Receivables: | | | |
| Taxes | 3,774,336 | 131,031 | 3,905,367 |
| Customer Accounts | 99,224 | 1,005,442 | 1,104,666 |
| Interest on Investments | 154,171 | 71,724 | 225,895 |
| Due From Other Governmental Units | 1,072,351 | 48,622 | 1,120,973 |
| Inventory of Materials and Supplies | 1,005,000 | 427,364 | 1,432,364 |
| Investment in Joint Venture | 2,357,838 | 0 | 2,357,838 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 0 | 240,435 | 240,435 |
| Investments | 0 | 1,586,000 | 1,586,000 |
| Notes Receivable | 0 | 102,732 | 102,732 |
| Deferred Charges | 0 | 163,843 | 163,843 |
| Land and Construction in Progress | 46,731,523 | 13,490,724 | 60,222,247 |
| Depreciable Capital Assets, Net | 105,092,162 | 39,115,171 | 144,207,333 |
| Plant Acquisition Adjustment (Net of Accumulated Amortization) | 0 | 68,938 | 68,938 |
| TOTAL ASSETS | 188,451,160 | 67,556,121 | 256,007,281 |
| LIABILITIES | | | |
| Accounts Payable | 322,110 | 13,256 | 335,366 |
| Accrued Wages and Benefits Payable | 1,049,034 | 0 | 1,049,034 |
| Due To Other Governmental Units | 97,335 | 612,448 | 709,783 |
| Accrued Interest Payable | 76,139 | 157,235 | 233,374 |
| Revenues Collected in Advance | 103,140 | 0 | 103,140 |
| Other Current Liabilities | 1,405,856 | 113,288 | 1,519,144 |
| Liabilities Payable from Restricted Assets: | | | |
| Revenue Bond Principal | 0 | 335,000 | 335,000 |
| Deposits | 0 | 200,991 | 200,991 |
| Unearned Revenue | 404,243 | 0 | 404,243 |
| Long-Term Liabilities | | | |
| Due Within One Year | 995,464 | 445,000 | 1,440,464 |
| Due in More Than One Year | 20,056,677 | 19,155,267 | 39,211,944 |
| TOTAL LIABILITIES | 24,509,998 | 21,032,485 | 45,542,483 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 133,129,382 | 34,017,190 | 167,146,572 |
| Restricted for: | | | |
| Capital Projects | 0 | 5,551 | 5,551 |
| Debt Service | 1,305,239 | 430,444 | 1,735,683 |
| Unrestricted | 29,506,541 | 12,070,451 | 41,576,992 |
| TOTAL NET ASSETS | \$ 163,941,162 | \$ 46,523,636 | \$ 210,464,798 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006**

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| GOVERNMENTAL ACTIVITIES: | | | | |
| General Government | \$ 7,402,398 | \$ 1,243,936 | \$ 2,000 | \$ 0 |
| Public Safety | 21,839,070 | 538,576 | 728,280 | 2,076,152 |
| Physical Environment | 2,734,592 | 10,000 | 120 | 0 |
| Transportation | 5,335,214 | 247,026 | 398,199 | 3,513,341 |
| Economic Development | 3,600,158 | 1,756,240 | 723,743 | 0 |
| Mental and Physical Health | 3,683 | 0 | 0 | 0 |
| Culture & Recreation | 4,234,889 | 758,385 | 45,201 | 86,000 |
| Interest on Long-Term Debt | 981,573 | 0 | 0 | 0 |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 46,131,577 | \$ 4,554,163 | \$ 1,897,543 | \$ 5,675,493 |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Water/Sewer Utility | \$ 7,354,876 | \$ 7,653,959 | \$ 0 | \$ 184,786 |
| Foster Golf Course | 1,832,303 | 1,748,779 | 0 | 0 |
| Surface Water Utility | 1,642,204 | 2,202,923 | 0 | 1,070,574 |
| TOTAL BUSINESS-TYPE ACTIVITIES | \$ 10,829,383 | \$ 11,605,661 | \$ 0 | \$ 1,255,360 |

General Revenues:

- Property Taxes
 - Retail Sales and Use Taxes
 - Natural Gas Use Tax
 - Hotel/Motel Taxes
 - Utility Taxes
 - Business Taxes
 - State Entitlements
 - Other Taxes
 - 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 |
| \$ (6,156,462) | \$ 0 | | \$ (6,156,462) |
| (18,496,062) | 0 | | (18,496,062) |
| (2,724,472) | 0 | | (2,724,472) |
| (1,176,648) | 0 | | (1,176,648) |
| (1,120,175) | 0 | | (1,120,175) |
| (3,683) | 0 | | (3,683) |
| (3,345,303) | 0 | | (3,345,303) |
| (981,573) | 0 | | (981,573) |
| <u>\$ (34,004,378)</u> | <u>\$ 0</u> | | <u>\$ (34,004,378)</u> |
| | | | |
| \$ 0 | \$ 483,869 | | \$ 483,869 |
| 0 | (83,524) | | (83,524) |
| 0 | 1,631,293 | | 1,631,293 |
| <u>\$ 0</u> | <u>\$ 2,031,638</u> | | <u>\$ 2,031,638</u> |
| | | | |
| \$ 10,973,030 | \$ 0 | | \$ 10,973,030 |
| 17,591,260 | 645,473 | | 18,236,733 |
| 415,652 | 0 | | 415,652 |
| 501,478 | 0 | | 501,478 |
| 2,930,332 | 0 | | 2,930,332 |
| 2,097,082 | 0 | | 2,097,082 |
| 4,941,461 | 0 | | 4,941,461 |
| 185,475 | 0 | | 185,475 |
| 1,383,708 | 539,463 | | 1,923,171 |
| 353,350 | 114,160 | | 467,510 |
| 122,652 | 1,250,000 | | 1,372,652 |
| <u>41,495,480</u> | <u>2,549,096</u> | | <u>44,044,576</u> |
| | | | |
| 7,491,102 | 4,580,734 | | 12,071,836 |
| 156,450,061 | 41,942,902 | | 198,392,963 |
| <u>\$ 163,941,163</u> | <u>\$ 46,523,636</u> | | <u>\$ 210,464,799</u> |



**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006**

| DESCRIPTION | GENERAL FUND | ARTERIAL STREET | OTHER GOVERNMENTAL FUNDS |
|--|----------------------|---------------------|--------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 217,714 | \$ 2,462,949 | \$ 6,007,091 |
| Deposit with Fiscal Agent/Trustee | 25,351 | 0 | 0 |
| Investments | 7,669,051 | 2,632,537 | 4,203,360 |
| Receivables: | | | |
| Taxes | 2,732,013 | 584,741 | 457,583 |
| Customer Accounts | 99,224 | 0 | 0 |
| Interest on Investments | 56,386 | 47,301 | 26,747 |
| Due From Other Governmental Units | 177,375 | 845,053 | 49,923 |
| TOTAL ASSETS | \$ 10,977,114 | \$ 6,572,581 | \$ 10,744,704 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | 23,149 | 21,018 | 277,943 |
| Accrued Wages & Benefits | 1,038,180 | 0 | 10,855 |
| Due To Other Governmental Units | 97,335 | 0 | 0 |
| Revenues Collected in Advance | 103,140 | 0 | 0 |
| Other Current Liabilities | 379,625 | 98,006 | 85,084 |
| Deferred Revenues | 629,220 | 0 | 2,863 |
| Total Liabilities | 2,270,649 | 119,024 | 376,745 |
| Fund Balances: | | | |
| Reserved for: | | | |
| Imprest Funds | 13,250 | 0 | 0 |
| Loans Receivable | 0 | 0 | 0 |
| Unreserved, Designated for: | | | |
| Unknown Contingent Liabilities | 2,539,443 | 0 | 0 |
| Unreserved, Undesignated Reported in: | | | |
| General Fund | 6,153,772 | 0 | 0 |
| Special Revenue Funds | 0 | 6,453,557 | 2,046,785 |
| Debt Service Funds | 0 | 0 | 1,075,347 |
| Capital Projects Funds | 0 | 0 | 7,245,827 |
| Total Fund Balances | 8,706,465 | 6,453,557 | 10,367,959 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 10,977,114 | \$ 6,572,581 | \$ 10,744,704 |

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, 2006**

| | | |
|---|--|-----------------------|
| TOTAL GOVERNMENTAL FUNDS | Fund Balances - Total Governmental Funds | \$ 25,527,981 |
| | Amounts reported for governmental activities in the statement of net assets are different because: | |
| \$ 8,687,754 | The purchases method is used in Governmental Funds to account for | |
| 25,351 | Materials and Supplies - Inventory amount outstanding. | 964,000 |
| 14,504,948 | | |
| 3,774,337 | Capital assets used in governmental activities are not financial | |
| 99,224 | resources and therefore are not reported in the governmental funds. | |
| 130,434 | Non-Depreciable Assets | \$ 46,731,523 |
| 1,072,351 | Depreciable Assets (net) | <u>101,561,961</u> |
| <u>\$ 28,294,399</u> | | 148,293,484 |
| | 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. | 2,357,838 |
| 322,110 | | |
| 1,049,035 | assets are offset by deferred revenue and not included in fund balances. | |
| 97,335 | Deferred Revenue | 227,840 |
| 103,140 | | |
| 562,715 | Long-term liabilities, including bonds payable, related accounts and interest are not due and payable in the current period and therefore are not reported in the governmental funds. The details of these differences are as follows: | |
| 632,083 | Long Term Liabilities due within one year | \$ (995,464) |
| <u>2,766,418</u> | Long Term Liabilities due in more than one year | (20,056,677) |
| | Accrued Interest Payable | <u>(76,139)</u> |
| 13,250 | | (21,128,280) |
| 0 | | |
| 2,539,443 | Internal service funds are used by management to charge the costs of certain activities to internal service funds. | |
| 6,153,772 | The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. | <u>7,698,300</u> |
| 8,500,342 | Net Assets of Governmental Activities | <u>\$ 163,941,163</u> |
| 1,075,347 | | |
| 7,245,827 | | |
| <u>25,527,981</u> | | |
| <u>\$ 28,294,399</u> | | |



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006**

| DESCRIPTION | GENERAL FUND | ARTERIAL STREET | OTHER GOVERNMENTAL FUNDS |
|--|---------------------|------------------------|---------------------------------|
| REVENUES | | | |
| Taxes | \$ 29,250,083 | \$ 4,345,705 | \$ 4,206,026 |
| Licenses and Permits | 1,273,228 | 0 | 0 |
| Intergovernmental | 2,962,522 | 2,310,769 | 1,809,741 |
| Charges for Services | 2,345,931 | 0 | 0 |
| Fines and Forfeits | 221,097 | 0 | 0 |
| Investment Income | 423,820 | 257,527 | 478,624 |
| Miscellaneous | 420,518 | 832,001 | 145,065 |
| TOTAL REVENUES | 36,897,199 | 7,746,002 | 6,639,456 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 6,882,596 | 0 | 0 |
| Public Safety | 20,352,873 | 0 | 599,651 |
| Physical Environment | 1,895,390 | 0 | 244,567 |
| Transportation | 2,086,394 | 356,629 | 4,073 |
| Economic Environment | 2,819,444 | 0 | 720,213 |
| Mental & Physical Health | 3,683 | 0 | 0 |
| Culture and Recreation | 3,689,560 | 0 | 0 |
| Debt Service: | | | |
| Principal | 0 | 0 | 888,000 |
| Interest | 1,034 | 0 | 1,005,127 |
| Capital Outlay | 388,326 | 4,476,934 | 1,673,912 |
| TOTAL EXPENDITURES | 38,119,300 | 4,833,563 | 5,135,543 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,222,101) | 2,912,439 | 1,503,913 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 1,993,581 | 0 | 150,000 |
| Transfers (Out) | (499,940) | (1,301,077) | (629,752) |
| Sale of Capital Assets | (530,869) | (245,143) | 1,072,463 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 962,772 | (1,546,220) | 592,711 |
| Net Change in Fund Balances | (259,329) | 1,366,219 | 2,096,624 |
| Fund Balances Beginning of Year | 8,965,794 | 5,087,338 | 8,271,335 |
| FUND BALANCES END OF YEAR | \$ 8,706,465 | \$ 6,453,557 | \$ 10,367,959 |

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, 2006**

| | | | |
|---|--|----|--------------------|
| | | | |
| TOTAL GOVERNMENTAL FUNDS | Net change in Fund Balances - total governmental funds | \$ | 3,203,514 |
| \$ 37,801,814 | Amounts reported for governmental activities in the statement of activities are different because: | | |
| 1,273,228 | 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: | | |
| 7,083,032 | Capital Outlay | \$ | 6,540,452 |
| 2,345,931 | Donations of Capital Assets | | 1,493,707 |
| 221,097 | Depreciation Expense | | <u>(4,321,086)</u> |
| 1,159,971 | Excess of Capital Outlay and Donations Over Depreciation Expense | | 3,713,073 |
| 1,397,584 | | | |
| 51,282,657 | The net pension asset (negative net pension obligation) amortization amount in 2006 is not a financial resource and therefore not reported in the funds. | | |
| | 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. | | |
| 6,882,596 | 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. | | (20,205) |
| 20,952,524 | 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: | | |
| 2,139,957 | Bond Principal Retirement | | 888,000 |
| 2,447,096 | 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. | | 289,139 |
| 3,539,657 | 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. | | 288,947 |
| 3,683 | 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: | | |
| 3,689,560 | Net Decrease in Materials and Supplies | \$ | (526,740) |
| 888,000 | Net Decrease in Accrued Interest | | 3,323 |
| 1,006,161 | Increase in Compensated Absences | | (353,412) |
| 6,539,172 | Amortization of Bond Discount and Deferred Charges | | (20,215) |
| 48,088,406 | Amortization of bond premiums | | <u>25,679</u> |
| 3,194,251 | Total Additional Expense (Increase) Decrease | | <u>(871,365)</u> |
| 2,143,581 | Change in Net Assets of Governmental Activities | \$ | <u>7,491,103</u> |
| (2,430,769) | | | |
| 296,451 | | | |
| 9,263 | | | |
| 3,203,514 | | | |
| 22,324,467 | | | |
| \$ 25,527,981 | | | |



GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 28,740,950 | \$ 29,050,950 | \$ 29,250,083 | \$ 199,133 |
| Licenses and Permits | 1,142,000 | 1,327,000 | 1,273,228 | (53,772) |
| Intergovernmental | 3,634,828 | 4,209,828 | 2,962,522 | (1,247,306) |
| Charges for Services | 2,332,320 | 2,332,320 | 2,345,931 | 13,611 |
| Fines and Forfeits | 119,000 | 119,000 | 221,097 | 102,097 |
| Investment Income | 141,600 | 141,600 | 423,820 | 282,220 |
| Miscellaneous | 453,200 | 453,200 | 420,518 | (32,682) |
| TOTAL REVENUES | 36,563,898 | 37,633,898 | 36,897,199 | (736,699) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 6,721,960 | 7,280,698 | 6,882,596 | 398,102 |
| Public Safety | 19,890,551 | 20,502,251 | 20,352,873 | 149,378 |
| Physical Environment | 2,176,792 | 2,226,792 | 1,895,390 | 331,402 |
| Transportation | 2,366,909 | 2,371,909 | 2,086,394 | 285,515 |
| Economic Environment | 3,073,223 | 3,073,223 | 2,819,444 | 253,779 |
| Mental & Physical Health | 4,000 | 4,000 | 3,683 | 317 |
| Culture and Recreation | 3,741,588 | 3,804,687 | 3,689,560 | 115,127 |
| Debt Service: | | | | |
| Interest | 0 | 0 | 1,034 | (1,034) |
| Capital Outlay | | | | |
| Capital Expenditures | 587,045 | 368,251 | 388,326 | (20,075) |
| Infrastructure | | | | |
| TOTAL EXPENDITURES | 38,562,068 | 39,631,811 | 38,119,300 | 1,512,511 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,998,170) | (1,997,913) | (1,222,101) | 775,812 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (In) | 2,049,000 | 2,049,000 | 1,993,581 | (55,419) |
| Transfers (Out) | (500,000) | (500,000) | (499,940) | 60 |
| Sale of Capital Assets | 5,000 | 5,000 | (530,869) | (535,869) |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 1,554,000 | 1,554,000 | 962,772 | (591,228) |
| Net Change in Fund Balance | (444,170) | (443,913) | (259,329) | 184,584 |
| FUND BALANCE BEGINNING OF YEAR | 8,965,794 | 8,965,794 | 8,965,794 | 0 |
| FUND BALANCE END OF YEAR | \$ 8,521,624 | \$ 8,521,881 | \$ 8,706,465 | \$ 184,584 |

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, 2006

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | Variance with Final Budget - Positive (Negative) |
|---|--------------------|--------------------|---------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 3,025,000 | \$ 3,025,000 | \$ 4,345,705 | \$ 1,320,705 |
| Intergovernmental | 12,199,000 | 12,199,000 | 2,310,769 | (9,888,231) |
| Investment Income | 100,000 | 100,000 | 257,527 | 157,527 |
| Miscellaneous | 2,350,000 | 2,350,000 | 832,001 | (1,517,999) |
| TOTAL REVENUES | 17,674,000 | 17,674,000 | 7,746,002 | (9,927,998) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 506,463 | 506,463 | 356,629 | 149,834 |
| Capital Outlay | 20,014,625 | 20,014,625 | 4,476,934 | 15,537,691 |
| TOTAL EXPENDITURES | 20,521,088 | 20,521,088 | 4,833,563 | 15,687,525 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (2,847,088) | (2,847,088) | 2,912,439 | 5,759,527 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (Out) | (1,356,463) | (1,356,463) | (1,301,077) | 55,386 |
| Sale of Capital Assets | 0 | 0 | (245,143) | (245,143) |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (1,356,463) | (1,356,463) | (1,546,220) | (189,757) |
| Net Change in Fund Balance | (4,203,551) | (4,203,551) | 1,366,219 | 5,569,770 |
| FUND BALANCE BEGINNING OF YEAR | 4,239,000 | 4,239,000 | 5,087,338 | 848,338 |
| FUND BALANCE END OF YEAR | \$ 35,449 | \$ 35,449 | \$ 6,453,557 | \$ 6,418,108 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2006**

| DESCRIPTION | BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | TOTAL | GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS |
|---|--|-----------------------|--------------------------|----------------------|---|
| | WATER/SEWER UTILITY | FOSTER GOLF COURSE | SURFACE WATER UTILITY | | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 184,313 | \$ 45,630 | \$ 133,867 | \$ 363,810 | \$ 159,577 |
| Investments | 7,767,671 | 319,879 | 2,652,735 | 10,740,285 | 4,786,926 |
| Receivables: | | | | | |
| Taxes | 0 | 131,031 | 0 | 131,031 | 0 |
| Customer Accounts | 528,674 | 378,681 | 98,087 | 1,005,442 | 0 |
| Interest on Investments | 70,168 | 94 | 1,462 | 71,724 | 23,737 |
| Due from Other Governmental Units | 2,959 | 0 | 45,663 | 48,622 | 0 |
| Inventory of Materials and Supplies | 195,447 | 182,314 | 49,603 | 427,364 | 41,000 |
| Current Assets Restricted: | | | | | |
| Cash and Cash Equivalents | 147,788 | 53,203 | 0 | 200,991 | 0 |
| Investments | 702,000 | 0 | 493,000 | 1,195,000 | 0 |
| Total Current Assets Restricted | 849,788 | 53,203 | 493,000 | 1,395,991 | 0 |
| Total Current Assets | 9,599,020 | 1,110,832 | 3,474,417 | 14,184,269 | 5,011,240 |
| 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 | 102,732 | 0 | 0 | 102,732 | 0 |
| Deferred Charges | 67,354 | 83,659 | 12,830 | 163,843 | 0 |
| Capital Assets: | | | | | |
| Land | 96,872 | 1,609,575 | 140,969 | 1,847,416 | 0 |
| Buildings and Structure | 2,075,303 | 5,974,884 | 909,455 | 8,959,642 | 0 |
| Other Improvements | 23,082,139 | 3,996,709 | 23,121,893 | 50,200,741 | 0 |
| Machinery and Equipment | 1,979,400 | 197,310 | 42,160 | 2,218,870 | 8,193,183 |
| Construction in Progress | 6,840,057 | 0 | 4,803,251 | 11,643,308 | 0 |
| Less: Accumulated Depreciation | (11,203,851) | (2,350,471) | (8,709,760) | (22,264,082) | (4,662,982) |
| Total Capital Assets (Net of Accumulated Depreciation) | 22,869,920 | 9,428,007 | 20,307,968 | 52,605,895 | 3,530,201 |
| Plant Acquisition Adjustment (Net of Accumulated Amortization) | 68,938 | 0 | 0 | 68,938 | 0 |
| Total Noncurrent Assets | 23,502,491 | 9,511,666 | 20,357,695 | 53,371,852 | 3,530,201 |
| TOTAL ASSETS | 33,101,511 | 10,622,498 | 23,832,112 | 67,556,121 | 8,541,441 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 0 | 7,869 | 5,387 | 13,256 | 0 |
| Due to Other Governmental Units | 260,854 | 0 | 351,594 | 612,448 | 0 |
| Accrued Interest Payable | 111,853 | 15,509 | 29,873 | 157,235 | 0 |
| General Obligation Bonds - Current | 0 | 445,000 | 0 | 445,000 | 0 |
| Other Current Liabilities | 35,195 | 57,434 | 20,659 | 113,288 | 843,140 |
| Current Liabilities Payable from Restricted Assets: | | | | | |
| Revenue Bond Principal | 319,000 | 0 | 16,000 | 335,000 | 0 |
| Deposits | 147,788 | 53,203 | 0 | 200,991 | 0 |
| Total Current Liabilities Payable from Restricted Assets | 466,788 | 53,203 | 16,000 | 535,991 | 0 |
| Total Current Liabilities | 874,690 | 579,015 | 423,513 | 1,877,218 | 843,140 |
| Noncurrent Liabilities: | | | | | |
| General Obligation Bonds Payable (Net of Unamortized Premiums) | 0 | 4,133,718 | 0 | 4,133,718 | 0 |
| Revenue Bonds Payable (Net of Unamortized Premiums and Discounts) | 5,097,709 | 0 | 502,183 | 5,599,892 | 0 |
| Compensated Absences | 74,687 | 83,158 | 49,522 | 207,367 | 0 |
| Other Long-Term Liabilities | 4,391,160 | 45,587 | 4,777,543 | 9,214,290 | 0 |
| Total Noncurrent Liabilities | 9,563,556 | 4,262,463 | 5,329,248 | 19,155,267 | 0 |
| TOTAL LIABILITIES | 10,438,246 | 4,841,478 | 5,752,761 | 21,032,485 | 843,140 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 13,829,596 | 4,995,383 | 15,192,211 | 34,017,190 | 3,530,201 |
| Restricted for: | | | | | |
| Capital Projects | 1,809 | 0 | 3,742 | 5,551 | 0 |
| Debt Service | 393,547 | 0 | 36,897 | 430,444 | 0 |
| Unrestricted | 8,438,313 | 785,637 | 2,846,501 | 12,070,451 | 4,168,100 |
| TOTAL NET ASSETS | \$ 22,663,265 | \$ 5,781,020 | \$ 18,079,351 | \$ 46,523,636 | \$ 7,698,301 |

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, 2006**

| 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 | \$ 7,648,522 | \$ 1,222,383 | \$ 2,196,830 | \$ 11,067,735 | \$ 6,188,109 |
| Other Operating Revenues | 5,437 | 526,396 | 6,093 | 537,926 | 43,724 |
| TOTAL OPERATING REVENUES | 7,653,959 | 1,748,779 | 2,202,923 | 11,605,661 | 6,231,833 |
| OPERATING EXPENSES | | | | | |
| Operations and Maintenance | 5,185,919 | 1,272,480 | 859,984 | 7,318,383 | 5,262,287 |
| Administrative and General | 999,398 | 10,649 | 297,684 | 1,307,731 | 158,160 |
| Taxes | 233,290 | 6,732 | 28,131 | 268,153 | 0 |
| Depreciation/Amortization | 697,289 | 336,256 | 402,110 | 1,435,655 | 642,921 |
| TOTAL OPERATING EXPENSES | 7,115,896 | 1,626,117 | 1,587,909 | 10,329,922 | 6,063,368 |
| OPERATING INCOME (LOSS) | 538,063 | 122,662 | 615,014 | 1,275,739 | 168,465 |
| NON-OPERATING REVENUE (EXPENSE) | | | | | |
| Taxes | 0 | 645,473 | 0 | 645,473 | 0 |
| Investment Income | 398,891 | 22,998 | 117,574 | 539,463 | 223,737 |
| Interest Expense | (231,553) | (203,086) | (54,280) | (488,919) | 0 |
| Amortization of Debt Premium | 8,412 | 1,845 | 39 | 10,296 | 0 |
| Amortization of Debt Discount | (15,557) | 0 | 0 | (15,557) | 0 |
| Bond Issuance Costs | (282) | (4,945) | (54) | (5,281) | 0 |
| Gain (Loss) on Sale of Capital Assets | 0 | 0 | 114,160 | 114,160 | 56,899 |
| TOTAL NON-OPERATING REVENUE (EXPENSES) | 159,911 | 462,285 | 177,439 | 799,635 | 280,636 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 697,974 | 584,947 | 792,453 | 2,075,374 | 449,101 |
| Capital Contributions | 184,786 | 0 | 1,070,574 | 1,255,360 | 996,664 |
| Transfers In | 0 | 0 | 1,280,000 | 1,280,000 | 284,000 |
| Transfers (Out) | (30,000) | 0 | 0 | (30,000) | 0 |
| Change in Net Assets | 852,760 | 584,947 | 3,143,027 | 4,580,734 | 1,729,765 |
| Total Net Assets - Beginning | 21,810,505 | 5,196,073 | 14,936,324 | 41,942,902 | 5,968,536 |
| TOTAL NET ASSETS - ENDING | \$ 22,663,265 | \$ 5,781,020 | \$ 18,079,351 | 46,523,636 | \$ 7,698,301 |



**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006**

| 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 | \$ 7,715,740 | \$ 1,428,824 | \$ 2,208,835 | \$ 11,353,399 | \$ 6,032,255 |
| Receipts from Interfund Services Provided | 95,940 | 0 | 0 | 95,940 | 0 |
| Cash Payments to Suppliers | (4,534,891) | (345,547) | (314,475) | (5,194,913) | (4,710,713) |
| Cash Payments to Employees and Retirees | (834,682) | (813,095) | (498,340) | (2,146,117) | (335,274) |
| Cash Payments for Interfund Services Used | (1,019,986) | (121,617) | (353,507) | (1,495,110) | (158,160) |
| Other Operating Receipts | 5,483 | 0 | 0 | 5,483 | 8,038 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 1,427,604 | 148,565 | 1,042,513 | 2,618,682 | 836,146 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Sales and Leasehold Excise Taxes Received | 0 | 562,973 | 0 | 562,973 | 0 |
| Principal Payments on Intergovernmental Loans | 0 | 0 | (7,368) | (7,368) | 0 |
| Interest Payments on Intergovernmental Loans | 0 | 0 | (1,842) | (1,842) | 0 |
| Transfers to Other Funds | 0 | 0 | 0 | 0 | (158,160) |
| Transfers from Other Funds | 0 | 0 | 0 | 0 | 128,373 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 0 | 562,973 | (9,210) | 553,763 | (29,787) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from Intergovernmental Loans | 3,591,000 | 0 | 1,733,014 | 5,324,014 | 0 |
| Principal Payments on Intergovernmental Loans | (127,854) | 0 | (318,892) | (446,746) | 0 |
| Interest Payments on Intergovernmental Loans | (22,702) | 0 | (37,891) | (60,593) | 0 |
| Proceeds from Sales of Capital Assets | 0 | 0 | 696,000 | 696,000 | 56,899 |
| Acquisition and Construction of Capital Assets | (6,900,660) | (41,717) | (3,530,843) | (10,473,220) | (890,431) |
| Capital Debt | 2,684,328 | 0 | 511,300 | 3,195,628 | 0 |
| Capital Contributions | 174,420 | 0 | 0 | 174,420 | 0 |
| Capital Transfers In From Other Funds | 0 | 0 | 1,280,000 | 1,280,000 | 284,000 |
| Capital Transfers Out To Other Funds | (30,000) | 0 | 0 | (30,000) | 0 |
| Payments of Bond Issuance | (31,300) | 0 | (5,962) | (37,262) | 0 |
| Principal Payments on Bonds/Leases | (510,000) | (455,871) | 0 | (965,871) | 0 |
| Interest Payments on Bonds/Leases | (180,053) | (204,223) | 0 | (384,276) | 0 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (1,352,821) | (701,811) | 326,726 | (1,727,906) | (549,532) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Proceeds from Sales and Maturities of Investments | 6,341,250 | 565,000 | 6,648,777 | 13,555,027 | 2,150,000 |
| Purchase of Investments | (6,700,156) | (550,000) | (7,950,000) | (15,200,156) | (2,650,000) |
| Interest on Investments | 360,940 | 22,987 | 100,415 | 484,342 | 223,737 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 2,034 | 37,987 | (1,200,808) | (1,160,787) | (276,263) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 76,817 | 47,714 | 159,221 | 283,752 | (19,436) |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 257,831 | 51,119 | 11,543 | 320,493 | 179,013 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ 334,648 | \$ 98,833 | \$ 170,764 | \$ 604,245 | \$ 159,577 |

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

| | | | | | |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|
| Operating Income (Loss) | \$ 538,063 | \$ 122,662 | \$ 615,014 | \$ 1,275,739 | \$ 168,465 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation/Amortization | 697,289 | 336,256 | 402,110 | 1,435,655 | 642,921 |
| (Increase) Decrease in Accounts Receivable | 52,112 | (354,783) | 5,912 | (296,759) | 2,852 |
| (Increase) Decrease in Due from Other Governmental Units | (972) | 0 | 0 | (972) | 0 |
| (Increase) Decrease in Inventory | (5,469) | 8,994 | (3,290) | 235 | 4,300 |
| Increase (Decrease) in Accounts Payable | 0 | 7,869 | 5,387 | 13,256 | 4,576 |
| Increase (Decrease) in Other Current Liabilities | 30,526 | 25,074 | 15,171 | 70,771 | 13,032 |
| Increase (Decrease) in Customer Deposits | 112,018 | 5,267 | 0 | 117,285 | 0 |
| Increase (Decrease) in Accrued Employee Leave Benefits | 3,992 | (2,774) | 2,209 | 3,427 | 0 |
| Interest Reported as Operating Income | 45 | 0 | 0 | 45 | 0 |
| Total Adjustments | 889,541 | 25,903 | 427,499 | 1,342,943 | 667,681 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ 1,427,604 | \$ 148,565 | \$ 1,042,513 | \$ 2,618,682 | \$ 836,146 |

NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

| | | | | | |
|--|-----------|-------|------------|------------|--------|
| Capital Assets Contributed by Developers | \$ 31,730 | \$ 0 | \$ 961,648 | \$ 993,378 | \$ 0 |
| Capital Assets Contributed from Other Governmental Units | 0 | 0 | 0 | 0 | 29,768 |
| Change in Fair Value of Investments | (103,684) | (244) | (628) | (104,556) | 0 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2006**

| DESCRIPTION | FIREMEN'S PENSION TRUST FUND | |
|--|---|------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ | 90,027 |
| Investments, at Fair Value: | | |
| Washington State Pool | | 41,000 |
| Federal Home Loan Bank | | 689,719 |
| Federal National Mortgage Association | | 500,000 |
| Interest on Investments | | 15,504 |
| TOTAL ASSETS | | 1,336,250 |
| NET ASSETS | | |
| Held in Trust for Pension Benefits and Other Purposes | \$ | 1,336,250 |



**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
For the Year Ended December 31, 2006**

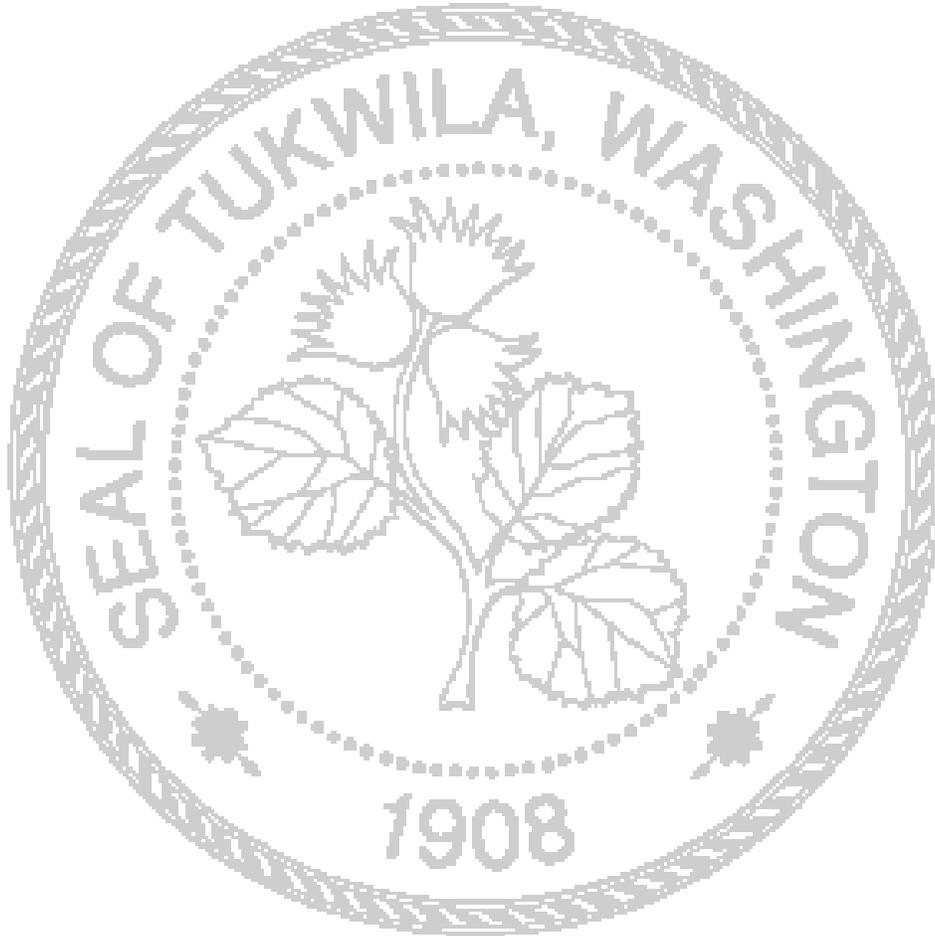
| DESCRIPTION | FIREMEN'S PENSION TRUST FUND |
|-------------------------|---|
| ADDITIONS | |
| Contributions: | |
| Fire Insurance Premiums | \$ 45,951 |
| Investment Income: | |
| Interest | 57,729 |
| Total Additions | 103,680 |
| DEDUCTIONS | |
| Benefit Payments | 42,320 |
| Administrative Expenses | 2,114 |
| Total Deductions | 44,434 |
| Change in Net Assets | 59,246 |
| Net Assets - Beginning | 1,277,004 |
| Net Assets - Ending | \$ 1,336,250 |



City of Tukwila

Notes to the Financial Statement

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City of Tukwila

Notes to the Financial Statements

CITY OF TUKWILA NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2006

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 2006. 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 propriety 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 2006. 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, 2006. 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, 2006, the City had the following investments:

| | Call Date | Maturity Date | Credit Ratings | Reported Amount/ Fair Value |
|-----------------------------------|-----------|---------------|----------------|--------------------------------|
| FHLB Bonds | N/A | 01/16/07 | AAA/Aaa | \$ 649,594 |
| FNMA Notes | 07/26/05 | 01/26/07 | AAA/Aaa | 4,992,188 |
| FHLB Bonds | N/A | 02/22/07 | AAA/Aaa | 649,718 |
| FHLB Bonds | N/A | 03/01/07 | AAA/Aaa | 999,239 |
| FHLB Bonds | N/A | 07/27/07 | AAA/Aaa | 999,024 |
| FHLB Bonds | 10/22/04 | 10/22/07 | AAA/Aaa | 4,926,563 |
| FHLB Bonds | N/A | 11/23/07 | AAA/Aaa | 998,826 |
| FNMA Notes | 7/17/07 | 7/17/08 | AAA/Aaa | 997,488 |
| FNMA Notes | 07/21/06 | 07/21/08 | AAA/Aaa | 4,000,000 |
| FHLB Bonds | 11/28/07 | 11/28/08 | AAA/Aaa | 1,496,250 |
| Total | | | | \$ 20,708,890 |
| State Treasurer's Investment Pool | N/A | Daily Basis | Unrated | 19,646,303 |
| Total Investments | | | | \$ 40,355,193 |

RECONCILIATION OF ALL CASH, DEPOSITS, AND INVESTMENTS

| | | <u>Carrying Amount</u> |
|---|------------------|------------------------|
| From Statements of Net Assets: | | |
| Cash and Cash Equivalents | | \$ 1,794,855 |
| Deposits with Fiscal Agent/Trustee | | 25,351 |
| Investments | | 38,769,193 |
| Restricted Assets: | | |
| Cash and Cash Equivalents | \$ 240,435 | |
| Investments | <u>1,586,000</u> | <u>1,826,435</u> |
| Total All Cash, Deposits, and Investments from Statements of Net Assets | | <u>\$ 42,415,834</u> |
| | | <u>Carrying Amount</u> |
| Summary by Type: | | |
| Cash and Cash Equivalents | | |
| Cash in Bank (bank balance) | \$ 2,020,740 | |
| Cash on Hand | <u>14,550</u> | \$ 2,035,290 |
| Deposits with Fiscal Agent/Trustee | | 25,351 |
| Investments | | |
| Investment in State Treasurer's | | |
| Investment Pool | \$ 19,646,303 | |
| FHLB Bonds | 10,719,214 | |
| FNMA Notes | 9,989,676 | <u>40,355,193</u> |
| Total All Cash, Deposits, and Investments | | <u>\$ 42,415,834</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, 2006, 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 2006, 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 2006 assessments.

Actual 2006 property taxes collected were as follows:

| ITEM | PROPERTY TAXES |
|--------------|-----------------------|
| General Levy | \$ 11,018,846 |

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, 2006.

Interfund transfers at December 31, 2006 were as follows:

| | Transfer Out: | | | | | Total Trans-In |
|-----------------------------|-------------------|-----------------------|---------------------------|-------------------------|-------------------|--------------------|
| | General Fund | Non-Major Gov't Funds | Water/Sewer/Surface Water | Foster Golf Course Fund | Int Service Fund | |
| Transfers-Out: | | | | | | |
| Transfers-In: | | | | | | |
| General Fund | \$ 0 | \$ 650,829 | \$1,174,356 | \$ 10,236 | \$ 158,160 | \$1,993,581 |
| Non-Major Gov't Funds | 150,000 | 0 | 0 | 0 | 0 | 150,000 |
| Wtr/Sewer/Surface Wtr Funds | 95,940 | 1,280,000 | 690,053 | 0 | 0 | 2,065,993 |
| Foster Golf Course Fund | 0 | 0 | 0 | 0 | 0 | 0 |
| Internal Service Funds | 254,000 | 0 | 30,000 | 0 | 0 | 284,000 |
| Total Trans-Out | \$ 499,940 | \$1,930,829 | \$1,894,409 | \$ 10,236 | \$ 158,160 | \$4,493,574 |

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, 2006, was as follows:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
|---|----------------------|---------------|----------------|-------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 35,601,817 | \$ 100,000 | \$ 0 | \$ 35,701,817 |
| Construction in Progress | 6,730,132 | 4,299,574 | 0 | 11,029,706 |
| Total capital assets, not being depreciated | 42,331,949 | 4,399,574 | 0 | 46,731,523 |
| Capital assets, being depreciated: | | | | |
| Buildings | 22,511,475 | 508,955 | 0 | 23,020,430 |
| Other Improvements | 10,663,763 | 32,500 | 0 | 10,696,263 |
| Machinery and Equipment | 10,987,417 | 2,720,222 | (716,996) | 12,990,643 |
| Infrastructure | 102,812,955 | 1,403,928 | 0 | 104,216,883 |
| Total capital assets being depreciated | 146,975,610 | 4,665,605 | (716,996) | 150,924,219 |
| Less accumulated depreciation for: | | | | |
| Buildings | (6,433,355) | (561,893) | 0 | (6,995,248) |
| Other Improvements | (6,022,444) | (414,990) | 0 | (6,437,434) |
| Machinery and Equipment | (7,132,565) | (1,133,171) | 716,996 | (7,548,740) |
| Infrastructure | (21,996,682) | (2,853,953) | 0 | (24,850,635) |
| Total accumulated depreciation | (41,585,046) | (4,964,007) | 716,996 | (45,832,057) |
| Total capital assets, being depreciated, net | 105,390,564 | (298,402) | 0 | 105,092,162 |
| Governmental activity capital assets, net | \$ 147,722,513 | \$ 4,101,172 | \$ 0 | \$ 151,823,685 |
| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE |
| Business-type Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,429,256 | \$ | \$ (581,840) | \$ 1,847,416 |
| Construction in Progress | 4,450,433 | 9,316,869 | (2,123,994) | 11,643,308 |
| Total capital assets, not being depreciated | 6,879,689 | 9,316,869 | (2,705,834) | 13,490,724 |
| Capital assets, being depreciated: | | | | |
| Buildings | * 8,436,625 | 523,017 | 0 | 8,959,642 |
| Other Improvements | * 46,073,409 | 4,198,198 | (70,866) | 50,200,741 |
| Machinery and Equipment | 2,200,109 | 24,396 | (5,635) | 2,218,870 |
| Total capital assets being depreciated | 56,710,143 | 4,745,611 | (76,501) | 61,379,253 |
| Less accumulated depreciation for: | | | | |
| Buildings | * (1,299,974) | (258,186) | 0 | (1,558,160) |
| Other Improvements | * (18,309,158) | (1,363,970) | 33,293 | (19,639,835) |
| Machinery and Equipment | (937,183) | (134,539) | 5,635 | (1,066,087) |
| Total accumulated depreciation | (20,546,315) | (1,756,695) | 38,928 | (22,264,082) |
| Total capital assets, being depreciated, net | 36,163,828 | 2,988,916 | (37,573) | 39,115,171 |
| Business-type activity capital assets, net | \$ 43,043,517 | \$ 12,305,785 | \$ (2,743,407) | \$ 52,605,895 |

*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:

| | |
|---|---------------------|
| 2006 Capital Outlays | \$ 6,539,172 |
| 2006 Land Donation: Cascade Land Conservancy | 100,000 |
| 2006 Developer Turnovers | 526,811 |
| 2006 Reclassification of Machinery and Equipment from Physical Environment to Economic Environment | 12,100 |
| Internal Service Funds (Equipment Rental) | <u>1,887,096</u> |
| Capital Assets – Total Increases | <u>\$ 9,065,179</u> |

Depreciation expense for 2006 was charged to functions/programs as follows:

Governmental Activities:

| | |
|---|---------------------|
| General Government | \$ 53,047 |
| Public Safety | 340,562 |
| Physical Environment | 586,883 |
| Transportation | 2,855,352 |
| Economic Environment | 6,168 |
| Culture and Recreation | 437,060 |
| Reclassification of depreciation expense | 42,014 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>642,921</u> |
| Total 2006 depreciation expense – governmental activities | <u>\$ 4,964,007</u> |

Business-type Activities:

| | |
|--|---------------------|
| Water/Sewer Utility – Depreciation 2006 | \$ 697,289 |
| Foster Golf Course – Depreciation 2006 | 336,256 |
| Surface Water Utility – Depreciation 2006 | <u>402,110</u> |
| Total 2006 accumulated depreciation increases – business-type activities | <u>\$ 1,435,655</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 2006 cost distribution for the five (5) participating cities are as follows:

| | Dispatchable Calls | Percent of Total |
|-------------|-----------------------|---------------------|
| Renton | 66,389 | 19.67% |
| Kent | 92,816 | 27.50% |
| Auburn | 64,060 | 18.98% |
| Tukwila | 34,966 | 10.36% |
| Federal Way | 79,282 | 23.49% |
| Total | 337,513 | 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, 2006 | \$3,974,434 | \$5,550,127 | \$3,696,777 | \$2,398,848 | \$2,030,087 | \$17,650,273 |
| Current Year Increase (Decrease) | 7,116 | 30,289 | 5,038 | (20,505) | 18,417 | 40,355 |
| Equity December 31, 2006 | \$3,981,550 | \$5,580,416 | \$3,701,815 | \$2,378,343 | \$2,048,504 | \$17,690,628 |
| Percent of Equity | 22.51% | 31.54% | 20.93% | 13.44% | 11.58% | 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 2006 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, 2006 follows:

| | PERS Plan I | PERS Plan II | PERS Plan III |
|-----------|-------------|--------------|-------------------------------|
| Employer* | 3.69% | 3.69% | 3.69%** |
| Employee | 6.00% | 3.50% | minimum 5.0% to maximum 15.0% |

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** 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 |
|------|-------------|--------------|---------------|
| 2006 | \$ 7,283 | \$ 304,192 | \$ 54,324 |
| 2005 | 6,559 | 174,327 | 34,101 |
| 2004 | 7,308 | 120,043 | 23,534 |

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, 2006 follow:

| | LEOFF Plan I | LEOFF Plan II |
|----------|--------------|---------------|
| Employer | 0.18% | 4.90% |
| 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 |
|------|--------------|---------------|
| 2006 | \$ 873 | \$481,003 |
| 2005 | 1,062 | 372,889 |
| 2004 | 1,167 | 305,621 |

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 12/31/04 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 & Robertson, 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, 2006.

| | |
|---|-----------|
| Retirees and beneficiaries receiving benefits | 10 |
| Retirees currently receiving full retirement benefits through the Law Enforcement Officers and Fire Fighters Retirement Plan (LEOFF) | <u>3</u> |
| Total | <u>13</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, 2004 | \$ (6,486) | N/A | \$ (76,523) |
| December 31, 2005 | (5,386) | N/A | (111,642) |
| December 31, 2006 | (4,686) | N/A | (160,165) |

* 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 | ARC Adjustment | Annual Pension Cost (APC) | Total Employer Contributions | Change in NPO | NPO Balance | (Gain)/ Loss | Amort. Factor | Amort. of (Gain)/ Loss | Ending Balance |
|--------------------------|---------------|--|-------------------------------|------------------------------------|---------------------------------|------------------|-------------------------------|-----------------|------------------|------------------------------------|-------------------|
| | (1) | (2) = [prior yr (7)] x int.rate (i)* | (3) = [prior yr (7)] / (9) | (4) = (1) + (2) - (3) | (5) | (6) = (4) - (5) | (7) = (6) + [prior yr (7)] | (8) = (1) - (5) | (9) | (10) = [prior yr (11)] / (9) | (11) = (7) |
| 12/31/04 | \$ (6,789) | \$(2,081) | \$(2,384) | \$ (6,486) | \$ 40,312 | \$ (46,798) | \$ (76,523) | \$ (47,101) | 12.4693 | \$(2,384) | \$ (76,523) |
| 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) |

*(i) 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

| | 2004 | Fiscal Year Ending 2005 | 2006 |
|---|-------------|----------------------------|--------------|
| Annual required contribution (ARC) | | | |
| 1. Annual Normal Cost (BOY) | \$ 0 | \$ 0 | \$ 0 |
| 2. Amortization of UAAL (BOY) | (6,345) | (6,176) | (6,176) |
| 3. Interest to EOY [(1) + (2)]x (i)* | (444) | (371) | (371) |
| 4. ARC at EOY [(1) + (2) + (3)] | \$ (6,789) | \$ (6,547) | \$ (6,547) |
| 5. Interest on NPO | \$ (2,081) | \$ (4,591) | \$ (6,699) |
| 6. Adjustment to ARC | (2,384) | (5,752) | (8,560) |
| 7. Annual Pension Cost [(APC)] [(4) + (5) - (6)] | \$ (6,486) | \$ (5,386) | \$ (4,686) |
| 8. Employer Contributions ** | 40,312 | 29,733 | 43,837 |
| 9. Change in NPO [(7) - (8)] | (46,798) | (35,119) | (48,523) |
| 10. NPO at BOY [(11) prior year] | \$ (29,725) | \$ (76,523) | \$ (111,642) |
| 11. NPO at EOY [(9) + (10)] | \$ (76,523) | \$ (111,642) | \$ (160,165) |

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

** 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, 2006 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 | \$ (18,372) |
| Total | \$ 110,233 |

The minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2006 were as follows:

| Year Ending December 31 | Business-Type Activities |
|---|-------------------------------------|
| 2007 | \$ 35,345 |
| 2008 | 35,345 |
| 2009 | 11,782 |
| 2010 | 0 |
| Total Minimum Lease Payments | \$ 82,472 |
| Less: Amount Representing interest | \$ (4,525) |
| Present Value of Minimum Lease Payments | \$ 77,947 |

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, 2006. 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 G.O. BONDS | REVENUE BONDS | PUBLIC WORKS | | | TOTAL |
|----------------------------|-----------------------|---------------------|---------------------|-------------------|-------------------------|----------------------|
| | | | TRUST FUND LOANS | CAPITAL LEASES | COMPENSATED ABSENCES | |
| Payable 01/01/06 | \$ 24,713,000 | \$ 3,190,000 | \$ 4,911,251 | \$ 108,818 | \$ 2,020,871 | \$ 34,943,940 |
| Added | 0 | 3,180,000 | 5,324,014 | 0 | 356,839 | 8,860,853 |
| Retired | 1,313,000 | 510,000 | 454,116 | 30,871 | 0 | 2,307,987 |
| PAYABLE 12/31/06 | \$ 23,400,000 | \$ 5,860,000 | \$ 9,781,149 | \$ 77,947 | \$ 2,377,710 | \$ 41,496,806 |



City of Tukwila

Notes to the Financial Statements

The following chart depicts debt outstanding as of December 31, 2006:

| ITEM | INTEREST | | OUTSTANDING | | | | | DUE WITHIN |
|--|-----------|----------|----------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| | RATES | MATURITY | AUTHORIZED | 01/01/06 | ISSUED | REDEEMED | 12/31/06 | ONE YEAR |
| GOVERNMENTAL ACTIVITIES: | | | | | | | | |
| <u>Bonds Payable:</u> | | | | | | | | |
| <i>General Government</i> | | | | | | | | |
| 1999 Limited G.O. Streets/Facilities | 4.50-5.70 | 12/01/19 | \$ 10,000,000 | \$ 7,985,000 | \$ 0 | \$ 400,000 | \$ 7,585,000 | \$ 420,000 |
| 2000 Limited G.O. Facilities | 4.30-5.75 | 12/01/15 | 2,551,600 | 1,908,000 | 0 | 153,000 | 1,755,000 | 160,000 |
| 2003 Limited G.O. Refunding Facilities | 4.00-5.00 | 12/01/14 | 4,195,000 | 3,570,000 | 0 | 335,000 | 3,235,000 | 350,000 |
| 2003 Limited G.O. Streets | 4.25-4.65 | 12/01/23 | 6,277,500 | 6,277,500 | 0 | 0 | 6,277,500 | 0 |
| <u>Less/Add Deferred Amounts:</u> | | | | | | | | |
| For Issuance Premiums | | | | 258,155 | 0 | 25,679 | 232,476 | 25,679 |
| On Refunding | | | | (223,393) | 0 | (20,215) | (203,178) | (20,215) |
| Total Bonds Payable | | | <u>\$ 23,024,100</u> | <u>\$ 19,775,262</u> | <u>\$ 0</u> | <u>\$ 893,464</u> | <u>\$ 18,881,798</u> | <u>\$ 935,464</u> |
| <u>Compensated Absences:</u> | | | | | | | | |
| | | | | \$ 1,816,931 | \$ 353,412 | \$ 0 | \$ 2,170,343 | \$ 60,000 |
| GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES | | | | | | | | |
| | | | <u>\$ 23,024,100</u> | <u>\$ 21,592,193</u> | <u>\$ 353,412</u> | <u>\$ 893,464</u> | <u>\$ 21,052,141</u> | <u>\$ 995,464</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | |
| <u>Bonds Payable:</u> | | | | | | | | |
| 1993 Water/Sewer Refunding Revenue | 2.60-4.70 | 12/01/06 | \$ 2,925,000 | \$ 285,000 | \$ 0 | \$ 285,000 | \$ 0 | \$ 0 |
| 1995 Water/Sewer Revenue | 4.15-6.63 | 02/01/15 | 4,500,000 | 2,905,000 | 0 | 225,000 | 2,680,000 | 235,000 |
| 2003 Limited G.O. Golf Course | 4.25-4.65 | 12/01/23 | 5,772,500 | 4,972,500 | 0 | 425,000 | 4,547,500 | 445,000 |
| 2006 Water/Sewer/SWM Revenue | | 12/01/26 | 3,180,000 | 0 | 3,180,000 | 0 | 3,180,000 | 184,000 |
| <u>Less/Add Deferred Amounts:</u> | | | | | | | | |
| For Issuance Discounts | | | | (154,242) | 0 | (59,681) | (213,923) | 0 |
| For Issuance Premiums | | | | 107,602 | 0 | 48,588 | 156,190 | 0 |
| Total Bonds Payable | | | <u>\$ 16,377,500</u> | <u>\$ 8,115,860</u> | <u>\$ 3,180,000</u> | <u>\$ 923,907</u> | <u>\$ 10,349,767</u> | <u>\$ 864,000</u> |
| <u>Public Works Trust Fund Loans:</u> | | | | | | | | |
| 1990 PWTf Loan - Surface Water | 5.00 | 07/01/10 | \$ 140,000 | \$ 36,845 | \$ 0 | \$ 7,369 | \$ 29,476 | \$ 7,368 |
| 1991 PWTf Loan -Surface Water | 1.00 | 07/01/11 | 1,313,000 | 305,354 | 0 | 50,893 | 254,461 | 50,893 |
| 2003 PWTf Loan -Surface Water | 0.50 | 07/01/08 | 100,000 | 75,000 | 0 | 25,000 | 50,000 | 18,750 |
| 2003 PWTf Loan -Water/Sewer | 0.50 | 07/01/21 | 273,870 | 231,268 | 0 | 14,454 | 216,814 | 26,051 |
| 2003 PWTf Loan -Surface Water | 0.50 | 07/01/21 | 219,725 | 185,545 | 0 | 11,597 | 173,948 | 11,597 |
| 2004 PWTf Loan - Water/Sewer | 2.00 | 07/01/24 | 4,788,000 | 957,600 | 3,591,000 | 113,400 | 4,435,200 | 246,400 |
| 2004 PWTf Loan - Surface Water | 2.00 | 07/01/24 | 912,000 | 182,400 | 684,000 | 21,600 | 844,800 | 46,933 |
| 2004 PWTf Loan - Surface Water | 1.00 | 07/01/24 | 4,196,056 | 2,937,239 | 1,049,014 | 209,803 | 3,776,450 | 209,803 |
| Total Public Works Trust Fund Loans | | | <u>\$ 11,942,651</u> | <u>\$ 4,911,251</u> | <u>\$ 5,324,014</u> | <u>\$ 454,116</u> | <u>\$ 9,781,149</u> | <u>\$ 617,795</u> |
| <u>Capital Lease:</u> | | | | | | | | |
| | | | 128,605 | \$ 108,818 | \$ 32,360 | \$ 63,231 | \$ 77,947 | \$ 30,871 |
| <u>Compensated Absences:</u> | | | | | | | | |
| | | | | \$ 203,940 | \$ 90,609 | \$ 87,182 | \$ 207,367 | \$ 60,000 |
| BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES | | | | | | | | |
| | | | <u>\$ 28,448,756</u> | <u>\$ 13,339,869</u> | <u>\$ 8,626,983</u> | <u>\$ 1,528,436</u> | <u>\$ 20,416,230</u> | <u>\$ 1,572,666</u> |
| TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES | | | | | | | | |
| | | | <u>\$ 51,472,856</u> | <u>\$ 34,932,062</u> | <u>\$ 8,980,395</u> | <u>\$ 2,421,900</u> | <u>\$ 41,468,371</u> | <u>\$ 2,568,130</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, 2006, 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, 2006

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 |
| 2007 | \$ 930,000 | \$ 913,670 | \$ 445,000 | \$ 186,107 |
| 2008 | 972,000 | 871,310 | 460,000 | 171,822 |
| 2009 | 1,281,297 | 826,421 | 218,703 | 157,056 |
| 2010 | 1,394,028 | 767,418 | 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 | \$ 18,852,500 | \$ 7,479,351 | \$ 4,547,500 | \$ 1,753,444 |

| Year Ended December 31 | Business-Type Activities | | | | | |
|---------------------------|--------------------------|--------------|-------------------------------|--------------|----------------------|--------------|
| | Revenue Bonds | | Public Works Trust Fund Loans | | Total Long-Term Debt | |
| | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST | PRINCIPAL | INTEREST |
| 2007 | \$ 335,000 | \$ 295,471 | \$ 612,448 | \$ 134,228 | \$ 947,448 | \$ 429,699 |
| 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 | \$ 5,860,000 | \$ 2,489,279 | \$ 9,781,151 | \$ 1,373,928 | \$ 15,641,151 | \$ 3,863,207 |



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 | \$ 13,250 | \$ 0 | \$ 0 | \$ 13,250 |
| Employees' Pension Benefits | 0 | 0 | 1,336,250 | 1,336,250 |
| Total | \$ 13,250 | \$ 0 | \$ 1,336,250 | \$ 1,349,500 |

There is a Fund Equity Designation of \$2,539,443 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 | \$ 147,788 |
| Customer deposits - Foster golf course | 53,203 |
| Revenue bond reserve account | 430,444 |
| Total restricted assets | \$ 631,435 |

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.

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 \$7,140,902 in 2006. Each fund contributes an appropriate amount each year to pay premiums



City of Tukwila

Notes to the Financial Statements

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 2005 and 2006.

| ITEM | Insurance | | Insurance – | Insurance – |
|---|--------------------|--------------------|-------------------|------------------|
| | 2006 | 2005 | LEOFF I | LEOFF I |
| Claims Liabilities at Beginning of the Year | \$ 746,749 | \$ 654,039 | \$ 78,784 | \$ 48,365 |
| Claims Expenses: | | | | |
| Current Year and Changes in Estimates | 3,675,692 | 3,826,453 | 524,194 | 424,339 |
| Claims Payments and Expenses | <u>(3,692,828)</u> | <u>(3,733,743)</u> | <u>(502,482)</u> | <u>(393,920)</u> |
| Claims Liabilities at End of the Year | <u>\$ 729,613</u> | <u>\$ 746,749</u> | <u>\$ 100,496</u> | <u>\$ 78,784</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

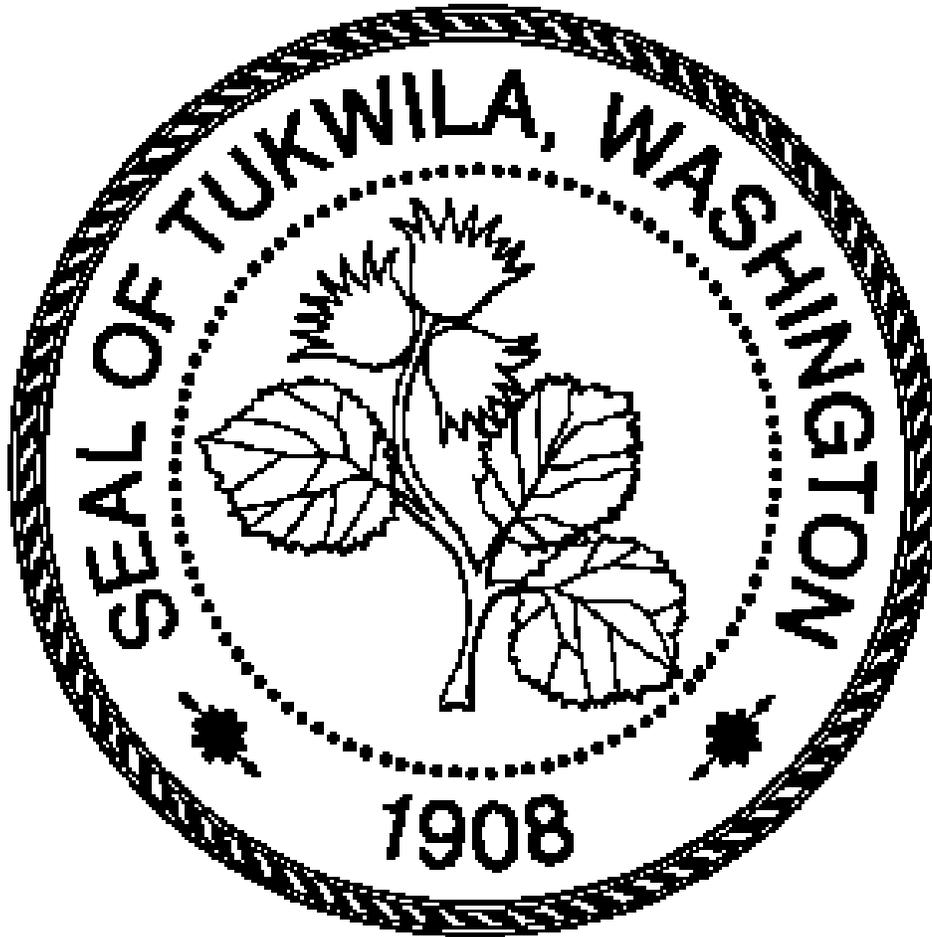
In addition to the pension benefits described in Note 8, the City provides post retirement health care benefits, in accordance with State statutes, to all LEOFF retirees. Currently, 40 retirees meet those eligibility requirements. The City provides medical insurance and reimburses for all validated claims 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 \$515,901 were recognized for post retirement health care. This represents a \$57,560 increase from the previous year.

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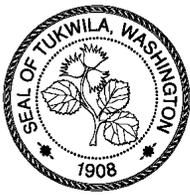


City of Tukwila

Notes to the Financial Statements



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, 2006 | 1,349 | 1,310 | (39) | 103.00 | 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, 2000 | \$ 0 | \$ 25,720 | \$ 0 | \$ 25,720 | \$ 14,248 | 181% |
| December 31, 2001 | 0 | 30,819 | 40,000 | (9,181) | 14,248 | (64) |
| 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 |

* 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**

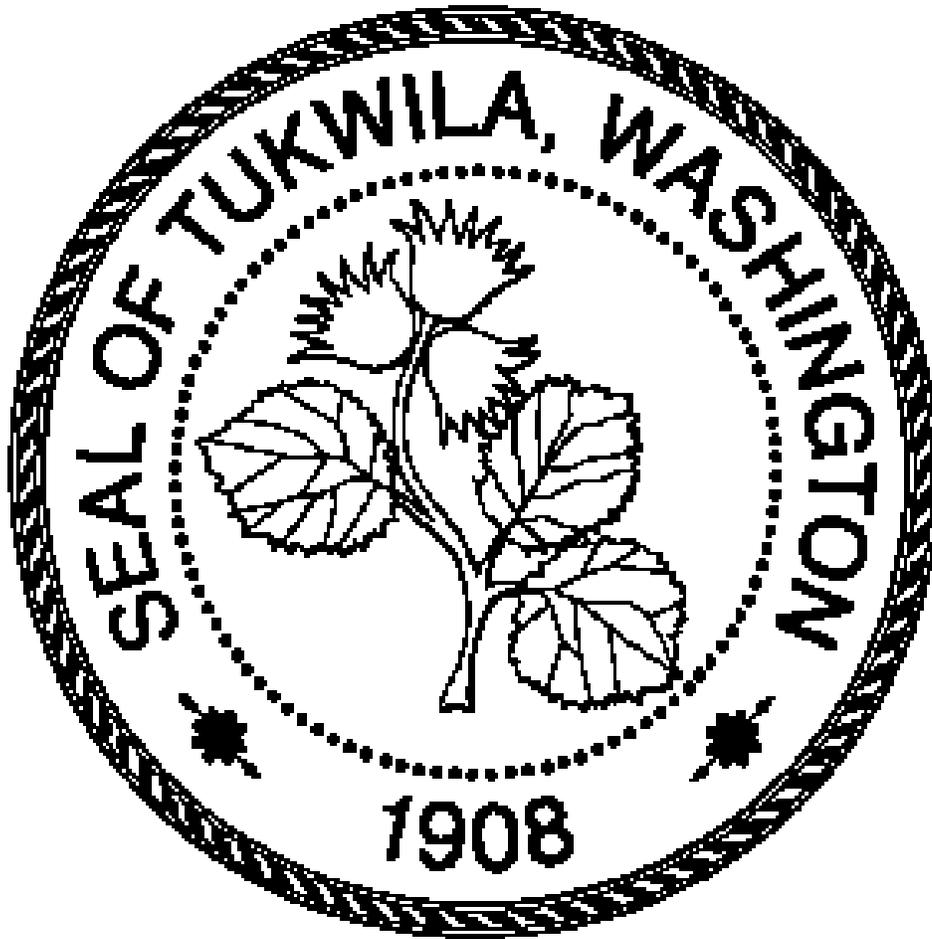
| | |
|-------------------------------|--|
| Valuation Date | January 1, 2007 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | 30-year, closed as of January 1, 1999 |
| Remaining Amortization Period | 22 years |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions: | |
| 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

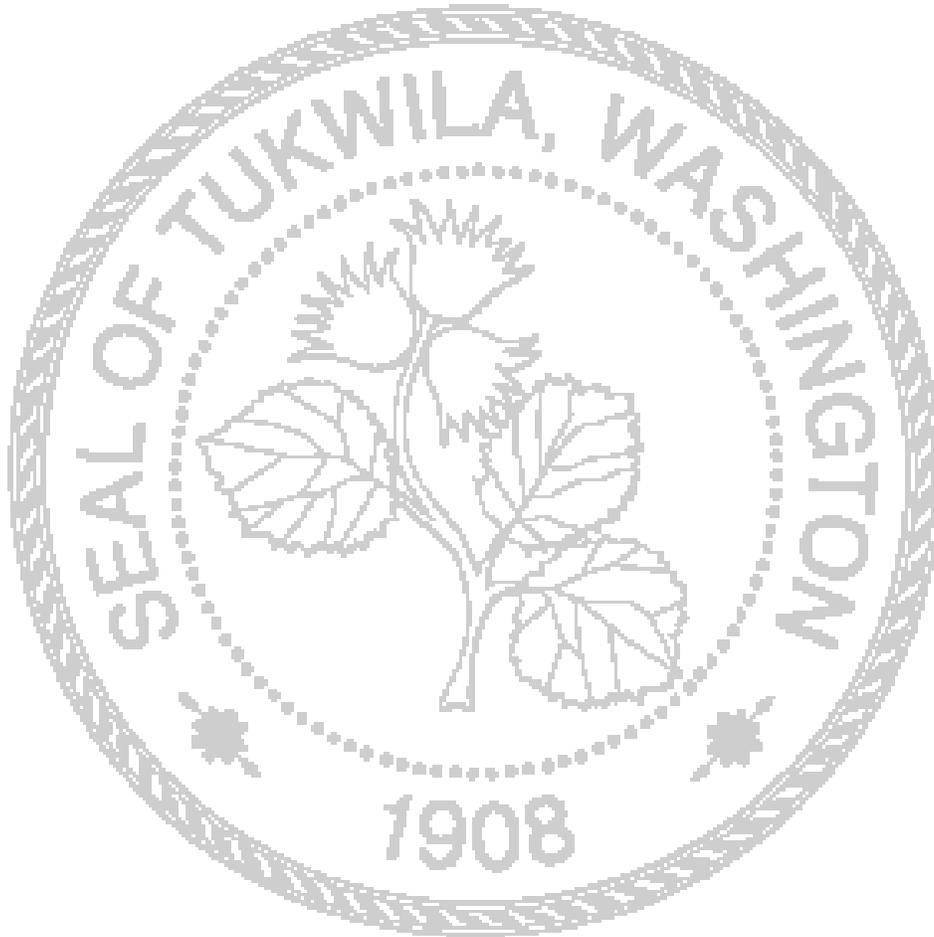


**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES -
NONMAJOR FUNDS**



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, 2006

Table with 5 columns: DESCRIPTION, SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECTS, TOTAL NONMAJOR FUNDS. Rows include ASSETS (Cash and Cash Equivalents, Investments, Receivables) and LIABILITIES AND FUND BALANCES (Accounts Payable, Retainage Payable, etc.).

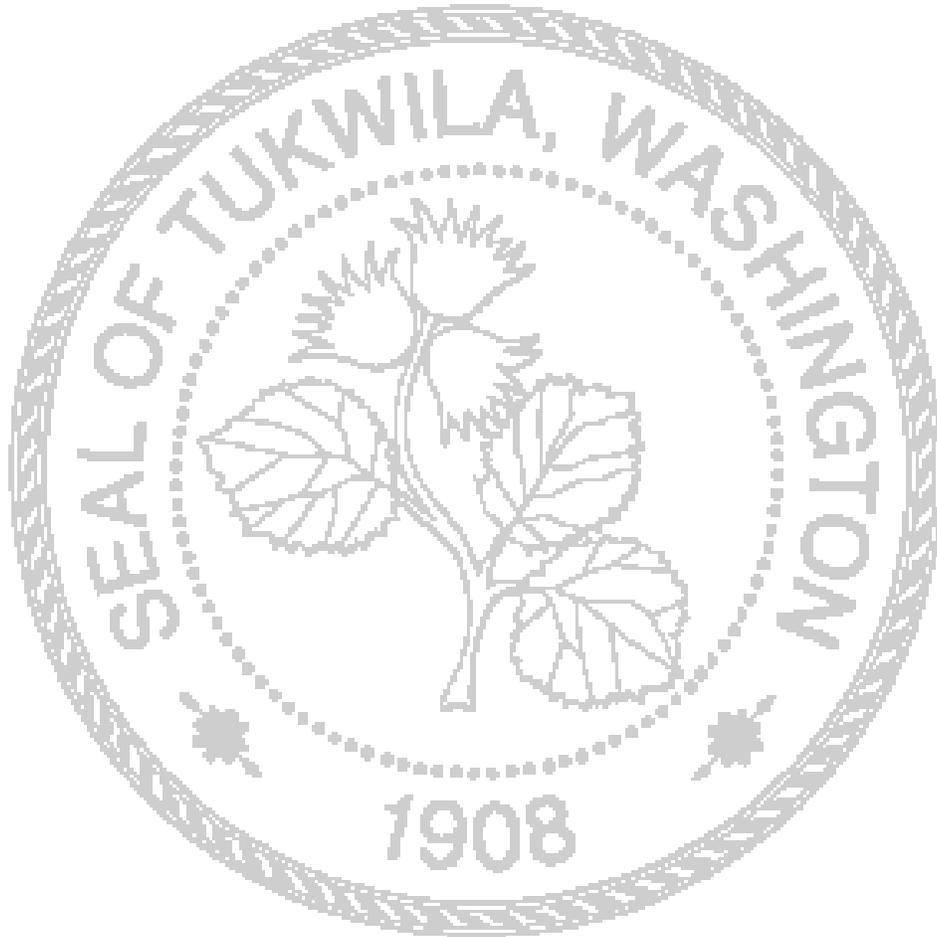
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES BY FUND TYPE
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006**

| DESCRIPTION | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | TOTAL NONMAJOR FUNDS |
|--|---------------------|---------------------|---------------------|----------------------------|
| REVENUES | | | | |
| Taxes | \$ 501,478 | \$ 1,503,868 | \$ 2,200,680 | \$ 4,206,026 |
| Intergovernmental | 1,719,327 | 51,196 | 39,218 | 1,809,741 |
| Investment Income | 132,667 | 57,751 | 288,206 | 478,624 |
| Miscellaneous | 8,625 | 0 | 136,440 | 145,065 |
| TOTAL REVENUES | 2,362,097 | 1,612,815 | 2,664,544 | 6,639,456 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 1,469,400 | 0 | 0 | 1,469,400 |
| Physical Environment | 0 | 0 | 244,567 | 244,567 |
| Transportation | 4,073 | 0 | 0 | 4,073 |
| Economic Environment | 714,246 | 0 | 0 | 714,246 |
| Debt Service: | | | | |
| Principal | 0 | 888,000 | 0 | 888,000 |
| Interest | 50,420 | 954,707 | 0 | 1,005,127 |
| Capital Outlay | 5,967 | 0 | 804,163 | 810,130 |
| TOTAL EXPENDITURES | 2,244,106 | 1,842,707 | 1,048,730 | 5,135,543 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 117,991 | (229,892) | 1,615,814 | 1,503,913 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 150,000 | 0 | 0 | 150,000 |
| Transfers (Out) | (581,812) | 0 | (47,940) | (629,752) |
| Sale of Capital Assets | 1,072,463 | 0 | 0 | 1,072,463 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 640,651 | 0 | (47,940) | 592,711 |
| Net Change in Fund Balances | 758,642 | (229,892) | 1,567,874 | 2,096,624 |
| Fund Balances - Beginning | 1,288,143 | 1,305,239 | 5,677,953 | 8,271,335 |
| FUND BALANCES - ENDING | \$ 2,046,785 | \$ 1,075,347 | \$ 7,245,827 | \$ 10,367,959 |



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, 2006**

| DESCRIPTION | SPECIAL REVENUE | | | | FIRE EQUIPMENT CUMULATIVE RESERVE | TOTAL NONMAJOR SPECIAL REVENUE FUNDS |
|--|-------------------|------------------|-------------------|-------------------|---|--|
| | HOTEL/MOTEL | STREET | CONTINGENCY | | | |
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 31,555 | \$ 95,907 | \$ 58,801 | \$ 58,104 | \$ | 244,367 |
| Investments | 507,463 | 0 | 55,000 | 95,000 | | 657,463 |
| Receivables: | | | | | | |
| Interest on Investments | 4,184 | 0 | 4,659 | 6,136 | | 14,979 |
| Due From Other Governmental Units | 40,769 | 0 | 0 | 0 | | 40,769 |
| Investments | 299,531 | 0 | 699,436 | 439,312 | | 1,438,279 |
| TOTAL ASSETS | \$ 883,502 | \$ 95,907 | \$ 817,896 | \$ 598,552 | \$ | 2,395,857 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 277,943 | \$ | 277,943 |
| Due to Other Governmental Units | 62,894 | 0 | 0 | 0 | | 62,894 |
| Accrued Wages | 6,920 | 0 | 0 | 0 | | 6,920 |
| Accrued Benefits | 801 | 0 | 0 | 0 | | 801 |
| Deferred Revenue | 0 | 0 | 0 | 514 | | 514 |
| TOTAL LIABILITIES | 70,615 | 0 | 0 | 278,457 | | 349,072 |
| FUND BALANCES: | | | | | | |
| Unreserved - Undesignated | 812,887 | 95,907 | 817,896 | 320,095 | | 2,046,785 |
| TOTAL FUND BALANCES | 812,887 | 95,907 | 817,896 | 320,095 | | 2,046,785 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 883,502 | \$ 95,907 | \$ 817,896 | \$ 598,552 | \$ | 2,395,857 |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006**

| DESCRIPTION | SPECIAL REVENUE | | | | FIRE EQUIPMENT CUMULATIVE RESERVE | TOTAL NONMAJOR SPECIAL REVENUE FUNDS |
|--|-------------------|------------------|-------------------|------|---|--|
| | HOTEL/MOTEL | STREET | CONTINGENCY | | | |
| REVENUES | | | | | | |
| Taxes | \$ 501,478 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 501,478 |
| Intergovernmental | 482,013 | 270,418 | 0 | 0 | 966,896 | 1,719,327 |
| Interest Income | 35,080 | 14,115 | 35,941 | | 47,530 | 132,667 |
| Miscellaneous | 8,410 | 0 | 0 | | 215 | 8,625 |
| TOTAL REVENUES | 1,026,981 | 284,533 | 35,941 | | 1,014,641 | 2,362,097 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Public Safety | 0 | 0 | 0 | | 1,469,400 | 1,469,400 |
| Transportation | 0 | 4,073 | 0 | | 0 | 4,073 |
| Economic Environment | 714,246 | 0 | 0 | | 0 | 714,246 |
| Interest | 50,420 | 0 | 0 | | 0 | 50,420 |
| Capital Outlay | 5,967 | 0 | 0 | | 0 | 5,967 |
| TOTAL EXPENDITURES | 770,633 | 4,073 | 0 | | 1,469,400 | 2,244,106 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 256,348 | 280,461 | 35,941 | | (454,759) | 117,991 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 0 | 0 | 0 | | 150,000 | 150,000 |
| Transfers (Out) | 0 | (581,812) | 0 | | 0 | (581,812) |
| Sale of Capital Assets | 1,072,463 | 0 | 0 | | 0 | 1,072,463 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 1,072,463 | (581,812) | 0 | | 150,000 | 640,651 |
| Net Change in Fund Balances | 1,328,811 | (301,351) | 35,941 | | (304,759) | 758,642 |
| Fund Balances - Beginning | (515,924) | 397,258 | 781,955 | | 624,854 | 1,288,143 |
| FUND BALANCES - ENDING | \$ 812,887 | \$ 95,907 | \$ 817,896 | | \$ 320,095 | \$ 2,046,785 |



City of Tukwila

Combining Statements - Nonmajor Governmental Funds

Page 1 of 4

HOTEL/MOTEL TAX SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET (GAAP BASIS) AND ACTUAL For the Year Ended December 31, 2006

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 420,000 | \$ 420,000 | \$ 501,478 | \$ 81,478 |
| Intergovernmental | 464,000 | 464,000 | 482,013 | 18,013 |
| Investment Income | 8,000 | 8,000 | 35,080 | 27,080 |
| Miscellaneous | 5,000 | 5,000 | 8,410 | 3,410 |
| TOTAL REVENUES | 897,000 | 897,000 | 1,026,981 | 129,981 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic Environment | 877,000 | 877,000 | 720,213 | 156,787 |
| Interest | 20,000 | 20,000 | 50,420 | (30,420) |
| Capital Outlay | 10,000 | | | 0 |
| TOTAL EXPENDITURES | 907,000 | 897,000 | 770,633 | 126,367 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (10,000) | 0 | 256,348 | 256,348 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Sale of Capital Assets | 0 | 0 | 1,072,463 | 1,072,463 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 0 | 0 | 1,072,463 | 1,072,463 |
| Net Change in Fund Balance | (10,000) | 0 | 1,328,811 | 1,328,811 |
| Fund Balance - Beginning | 628,189 | 628,189 | (515,924) | (1,144,113) |
| FUND BALANCE - ENDING | \$ 618,189 | \$ 628,189 | \$ 812,887 | \$ 184,698 |

STREET FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|------------------|------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Intergovernmental | \$ 275,000 | \$ 275,000 | \$ 270,418 | \$ (4,582) |
| Investment Income | 10,000 | 10,000 | 14,115 | 4,115 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | 285,000 | 285,000 | 284,533 | (467) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 4,072 | (4,072) |
| Capital Outlay | 50,000 | 50,000 | 0 | 50,000 |
| TOTAL EXPENDITURES | 50,000 | 50,000 | 4,072 | 45,928 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 235,000 | 235,000 | 280,461 | 45,461 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers (Out) | (581,816) | (581,816) | (581,812) | (4) |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (581,816) | (581,816) | (581,812) | (4) |
| Net Change in Fund Balance | (346,816) | (346,816) | (301,351) | 45,465 |
| Fund Balance - Beginning | 378,827 | 378,827 | 397,258 | 18,431 |
| FUND BALANCE - ENDING | \$ 32,011 | \$ 32,011 | \$ 95,907 | \$ 63,896 |



**CONTINGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Intergovernmental | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Investment Income | 20,000 | 20,000 | 35,941 | 15,941 |
| Miscellaneous | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | 20,000 | 20,000 | 35,941 | 15,941 |
| 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 | 20,000 | 20,000 | 35,941 | 15,941 |
| 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 | 20,000 | 20,000 | 35,941 | 15,941 |
| Fund Balance - Beginning | 778,364 | 778,364 | 781,955 | 3,591 |
| FUND BALANCE - ENDING | \$ 798,364 | \$ 798,364 | \$ 817,896 | \$ 19,532 |

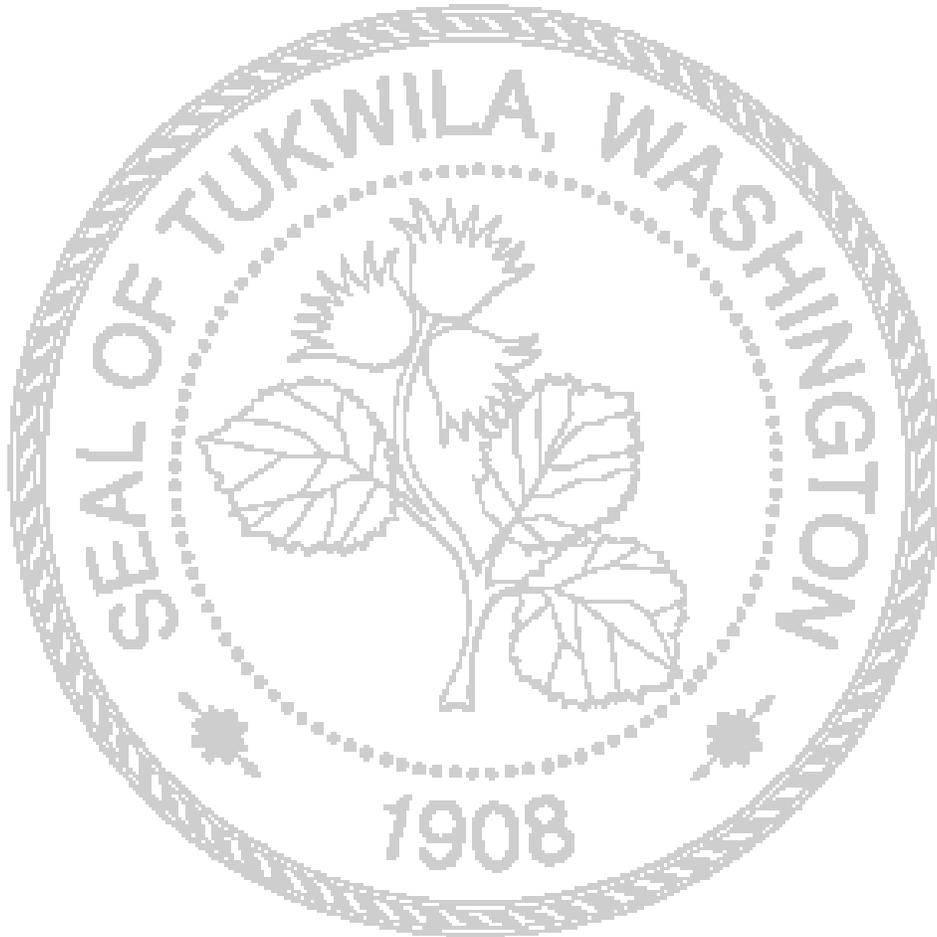
**FIRE EQUIPMENT CUMULATIVE RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Intergovernmental | \$ 925,000 | \$ 925,000 | \$ 966,896 | \$ 41,896 |
| Investment Income | 10,000 | 10,000 | 47,530 | 37,530 |
| Miscellaneous | 0 | 0 | 215 | 215 |
| TOTAL REVENUES | 935,000 | 935,000 | 1,014,641 | 79,641 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public Safety | 0 | 505,252 | 599,652 | (94,400) |
| Debt Service | 2,000 | 0 | 0 | 0 |
| Capital Outlay | 1,375,000 | 869,748 | 869,748 | 0 |
| TOTAL EXPENDITURES | 1,377,000 | 1,375,000 | 1,469,400 | (94,400) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (442,000) | (440,000) | (454,759) | (14,759) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 150,000 | 150,000 | 150,000 | 0 |
| Transfers (Out) | | | | |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 150,000 | 150,000 | 150,000 | 0 |
| Net Change in Fund Balance | (292,000) | (290,000) | (304,759) | (14,759) |
| Fund Balance - Beginning | 633,721 | 633,721 | 624,854 | (8,867) |
| FUND BALANCE - ENDING | \$ 341,721 | \$ 343,721 | \$ 320,095 | \$ (23,626) |



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, 2006**

| 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 | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 70,681 | \$ 28,985 | \$ 39,221 | \$ 59,647 | \$ 198,534 |
| Investments | 45,000 | 145,000 | 242,000 | 139,000 | 571,000 |
| Receivables: | | | | | |
| Taxes | 115,360 | 54,415 | 54,415 | 81,623 | 305,813 |
| TOTAL ASSETS | \$ 231,041 | \$ 228,400 | \$ 335,636 | \$ 280,270 | \$ 1,075,347 |
| FUND BALANCES: | | | | | |
| Unreserved - Undesignated | 231,041 | 228,400 | 335,636 | 280,270 | 1,075,347 |
| TOTAL FUND BALANCES | \$ 231,041 | \$ 228,400 | \$ 335,636 | \$ 280,270 | \$ 1,075,347 |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006**

| 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 | \$ 567,368 | \$ 267,551 | \$ 267,551 | \$ 401,398 | \$ | 1,503,868 |
| Intergovernmental | 0 | 51,196 | 0 | 0 | | 51,196 |
| Investment Income | 21,094 | 7,644 | 11,944 | 17,069 | | 57,751 |
| TOTAL REVENUES | 588,462 | 326,391 | 279,495 | 418,467 | | 1,612,815 |
| EXPENDITURES | | | | | | |
| Debt Service: | | | | | | |
| Principal | 400,000 | 153,000 | 0 | 335,000 | | 888,000 |
| Interest | 432,409 | 97,875 | 272,219 | 152,204 | | 954,707 |
| TOTAL EXPENDITURES | 832,409 | 250,875 | 272,219 | 487,204 | | 1,842,707 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | | | |
| | (243,947) | 75,516 | 7,276 | (68,737) | | (229,892) |
| Net Change in Fund Balances | (243,947) | 75,516 | 7,276 | (68,737) | | (229,892) |
| Fund Balances - Beginning | 474,988 | 152,884 | 328,360 | 349,007 | | 1,305,239 |
| FUND BALANCES - ENDING | \$ 231,041 | \$ 228,400 | \$ 335,636 | \$ 280,270 | \$ | 1,075,347 |

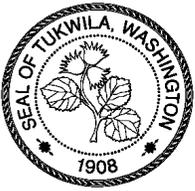


**LIMITED TAX G.O. BONDS, 1999
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 530,000 | \$ 530,000 | \$ 567,368 | \$ 37,368 |
| Investment Income | 10,000 | 10,000 | 21,094 | 11,094 |
| TOTAL REVENUES | 540,000 | 540,000 | 588,462 | 48,462 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 400,000 | 400,000 | 400,000 | 0 |
| Interest | 432,605 | 432,605 | 432,409 | 196 |
| TOTAL EXPENDITURES | 832,605 | 832,605 | 832,409 | 196 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | (292,605) | (292,605) | (243,947) | 48,658 |
| Net Change in Fund Balance | (292,605) | (292,605) | (243,947) | 48,658 |
| Fund Balance - Beginning | 433,403 | 433,403 | 474,988 | 41,585 |
| FUND BALANCE - ENDING | \$ 140,798 | \$ 140,798 | \$ 231,041 | \$ 90,243 |

**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, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 250,000 | \$ 250,000 | \$ 267,551 | \$ 17,551 |
| Intergovernmental | 0 | 0 | 51,196 | 51,196 |
| Investment Income | 3,000 | 3,000 | 7,644 | 4,644 |
| TOTAL REVENUES | 253,000 | 253,000 | 326,391 | 73,391 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 153,000 | 153,000 | 153,000 | 0 |
| Interest | 97,875 | 97,875 | 97,875 | 0 |
| TOTAL EXPENDITURES | 250,875 | 250,875 | 250,875 | 0 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | 2,125 | 2,125 | 75,516 | 73,391 |
| Net Change in Fund Balance | 2,125 | 2,125 | 75,516 | 73,391 |
| Fund Balance - Beginning | 149,358 | 149,358 | 152,884 | 3,526 |
| FUND BALANCE - ENDING | \$ 151,483 | \$ 151,483 | \$ 228,400 | \$ 76,917 |



**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, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 250,000 | \$ 250,000 | \$ 267,551 | \$ 17,551 |
| Investment Income | 4,000 | 4,000 | 11,944 | 7,944 |
| TOTAL REVENUES | 254,000 | 254,000 | 279,495 | 25,495 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Interest | 272,327 | 272,327 | 272,219 | 109 |
| TOTAL EXPENDITURES | 272,327 | 272,327 | 272,219 | 109 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | (18,327) | (18,327) | 7,276 | 25,603 |
| Net Change in Fund Balance | (18,327) | (18,327) | 7,276 | 25,603 |
| Fund Balance - Beginning | 311,221 | 311,221 | 328,360 | 17,139 |
| FUND BALANCE - ENDING | \$ 292,894 | \$ 292,894 | \$ 335,636 | \$ 42,742 |

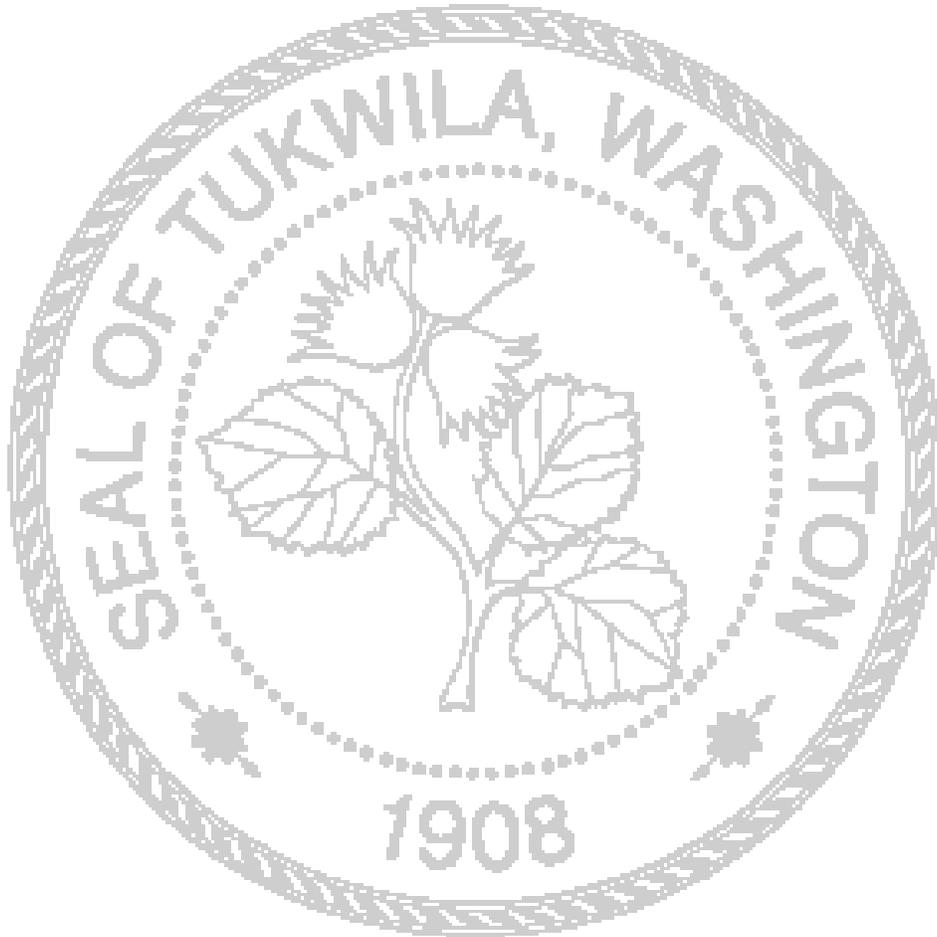
**LIMITED TAX G.O. REFUNDING BONDS, 2003
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 375,000 | \$ 375,000 | \$ 401,398 | \$ 26,398 |
| Investment Income | 5,000 | 5,000 | 17,069 | 12,069 |
| TOTAL REVENUES | 380,000 | 380,000 | 418,467 | 38,467 |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 335,000 | 335,000 | 335,000 | 0 |
| Interest | 152,400 | 152,400 | 152,204 | 196 |
| TOTAL EXPENDITURES | 487,400 | 487,400 | 487,204 | 196 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | (107,400) | (107,400) | (68,737) | 38,663 |
| Net Change in Fund Balance | (107,400) | (107,400) | (68,737) | 38,663 |
| Fund Balance - Beginning | 322,254 | 322,254 | 349,007 | 26,753 |
| FUND BALANCE - ENDING | \$ 214,854 | \$ 214,854 | \$ 280,270 | \$ 65,416 |



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, 2006**

| DESCRIPTION | CAPITAL PROJECTS | | | TOTAL NONMAJOR CAPITAL PROJECTS FUNDS |
|--|---|-------------------------|---------------------------------------|---|
| | LAND ACQUISITION, RECREATION AND PARK DEVELOPMENT | FACILITY REPLACEMENT | GENERAL GOVERNMENT IMPROVEMENTS | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 126,347 | \$ 136,747 | \$ 88,917 | \$ 352,011 |
| Investments | 2,844,264 | 1,434,591 | 275,862 | 4,554,717 |
| Receivables: | | | | |
| Taxes | 84,122 | 2,349 | 65,298 | 151,769 |
| Interest on Investments | 5,572 | 3,525 | 2,670 | 11,767 |
| Due From Other Governmental Units | 0 | 0 | 9,154 | 9,154 |
| Investments | 899,350 | 895,083 | 399,649 | 2,194,082 |
| TOTAL ASSETS | \$ 3,959,655 | \$ 2,472,295 | \$ 841,550 | \$ 7,273,500 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Retainage Payable | \$ 0 | \$ 0 | \$ 18,860 | \$ 18,860 |
| Accrued Wages | 0 | 0 | 3,330 | 3,330 |
| Accrued Benefits | 0 | 0 | 384 | 384 |
| Customer Deposits | 250 | 2,500 | 0 | 2,750 |
| Deferred Revenues | 0 | 2,349 | 0 | 2,349 |
| TOTAL LIABILITIES | 250 | 4,849 | 22,574 | 27,673 |
| FUND BALANCES: | | | | |
| Unreserved - Undesignated | 3,959,405 | 2,467,446 | 818,976 | 7,245,827 |
| TOTAL FUND BALANCES | 3,959,405 | 2,467,446 | 818,976 | 7,245,827 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 3,959,655 | \$ 2,472,295 | \$ 841,550 | \$ 7,273,500 |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006**

| DESCRIPTION | CAPITAL PROJECTS | | | TOTAL NONMAJOR CAPITAL PROJECTS FUNDS |
|--|---|-------------------------|---------------------------------------|---|
| | LAND ACQUISITION, RECREATION AND PARK DEVELOPMENT | FACILITY REPLACEMENT | GENERAL GOVERNMENT IMPROVEMENTS | |
| REVENUES | | | | |
| Taxes | \$ 1,745,287 | \$ 134,303 | \$ 321,090 | \$ 2,200,680 |
| Intergovernmental | 0 | 0 | 39,218 | 39,218 |
| Investment Income | 130,389 | 106,434 | 51,383 | 288,206 |
| Miscellaneous | 92,411 | 44,029 | 0 | 136,440 |
| TOTAL REVENUES | 1,968,087 | 284,766 | 411,691 | 2,664,544 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment | 4,303 | (2) | 240,266 | 244,567 |
| Culture and Recreation | 0 | 0 | 0 | 0 |
| Capital Outlay | 87,221 | 91,765 | 625,177 | 804,163 |
| TOTAL EXPENDITURES | 91,524 | 91,763 | 865,443 | 1,048,730 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,876,563 | 193,003 | (453,752) | 1,615,814 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers-Out | (47,940) | 0 | 0 | (47,940) |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (47,940) | 0 | 0 | (47,940) |
| Net Change in Fund Balances | 1,828,623 | 193,003 | (453,752) | 1,567,874 |
| Fund Balances - Beginning | 2,130,782 | 2,274,443 | 1,272,728 | 5,677,953 |
| FUND BALANCES - ENDING | \$ 3,959,405 | \$ 2,467,446 | \$ 818,976 | \$ 7,245,827 |



**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, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|---|---------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 552,000 | \$ 552,000 | \$ 1,745,287 | \$ 1,193,287 |
| Intergovernmental | 759,000 | 759,000 | 0 | (759,000) |
| Investment Income | 15,000 | 15,000 | 130,389 | 115,389 |
| Miscellaneous | 390,000 | 390,000 | 92,411 | (297,589) |
| TOTAL REVENUES | 1,716,000 | 1,716,000 | 1,968,087 | 252,087 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment | 0 | 4,303 | 4,303 | 0 |
| Capital Outlay | 1,789,000 | 1,784,697 | 87,221 | 1,697,476 |
| TOTAL EXPENDITURES | 1,789,000 | 1,789,000 | 91,524 | 1,697,476 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (73,000) | (73,000) | 1,876,563 | 1,949,563 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers-Out | (47,942) | (47,942) | (47,940) | 2 |
| TOTAL OTHER FINANCING SOURCES AND (USES) | (47,942) | (47,942) | (47,940) | 2 |
| Net Change in Fund Balance | (120,942) | (120,942) | 1,828,623 | 1,949,565 |
| Fund Balance - Beginning | 1,938,999 | 1,938,999 | 2,130,782 | 191,783 |
| FUND BALANCE - ENDING | \$ 1,818,057 | \$ 1,818,057 | \$ 3,959,405 | \$ 2,141,348 |

**FACILITY REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|---------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 130,500 | \$ 130,500 | \$ 134,303 | \$ 3,803 |
| Investment Income | 25,000 | 25,000 | 106,434 | 81,434 |
| Miscellaneous | 40,000 | 40,000 | 44,029 | 4,029 |
| TOTAL REVENUES | 195,500 | 195,500 | 284,766 | 89,266 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment | 25,000 | 0 | 0 | 0 |
| Capital Outlay | 785,000 | 810,000 | 91,763 | 718,237 |
| TOTAL EXPENDITURES | 810,000 | 810,000 | 91,763 | 718,237 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (614,500) | (614,500) | 193,003 | 807,503 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Capital Assets | 3,500,000 | 3,500,000 | 0 | (3,500,000) |
| TOTAL OTHER FINANCING SOURCES AND (USES) | 3,500,000 | 3,500,000 | 0 | (3,500,000) |
| Net Change in Fund Balance | 2,885,500 | 2,885,500 | 193,003 | (2,692,497) |
| Fund Balance - Beginning | 2,267,744 | 2,267,744 | 2,274,443 | 6,699 |
| FUND BALANCE - ENDING | \$ 5,153,244 | \$ 5,153,244 | \$ 2,467,446 | \$ (2,685,798) |



**GENERAL GOVERNMENT IMPROVEMENTS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2006**

| DESCRIPTION | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE) |
|--|--------------------|--------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes | \$ 300,000 | \$ 300,000 | \$ 321,090 | \$ 21,090 |
| Intergovernmental | 20,000 | 20,000 | 39,218 | 19,218 |
| Investment Income | 20,000 | 20,000 | 51,383 | 31,383 |
| TOTAL REVENUES | 340,000 | 340,000 | 411,691 | 71,691 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Physical Environment | 107,272 | 240,266 | 240,266 | 0 |
| Capital Outlay | 1,690,000 | 1,557,006 | 625,177 | 931,829 |
| TOTAL EXPENDITURES | 1,797,272 | 1,797,272 | 865,443 | 931,829 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,457,272) | (1,457,272) | (453,752) | 1,003,520 |
| Net Change in Fund Balance | (1,457,272) | (1,457,272) | (453,752) | 1,003,520 |
| Fund Balance - Beginning | 1,460,936 | 1,460,936 | 1,272,728 | (188,208) |
| FUND BALANCE - ENDING | \$ 3,664 | \$ 3,664 | \$ 818,976 | \$ 815,312 |

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, 2006**

| DESCRIPTION | EQUIPMENT RENTAL | INSURANCE | INSURANCE - LEOFF I | TOTAL |
|---|-----------------------------|-------------------|--------------------------------|---------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 42,310 | \$ 33,457 | \$ 83,810 | \$ 159,577 |
| Investments | 3,233,926 | 928,000 | 625,000 | 4,786,926 |
| Receivables: | | | | |
| Interest on Investments | 23,737 | 0 | 0 | 23,737 |
| Materials Inventory | 41,000 | 0 | 0 | 41,000 |
| Total Current Assets | 3,340,973 | 961,457 | 708,810 | 5,011,240 |
| Noncurrent Assets: | | | | |
| Capital Assets: | | | | |
| Machinery and Equipment | 8,193,183 | 0 | 0 | 8,193,183 |
| Less: Accumulated Depreciation | (4,662,982) | 0 | 0 | (4,662,982) |
| Total Capital Assets (net of accumulated depreciation) | 3,530,201 | 0 | 0 | 3,530,201 |
| Total Assets | 6,871,174 | 961,457 | 708,810 | 8,541,441 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Other Current Liabilities | 13,031 | 729,613 | 100,496 | 843,140 |
| Total Current Liabilities | 13,031 | 729,613 | 100,496 | 843,140 |
| NET ASSETS | | | | |
| Invested in Capital Assets | 3,530,201 | 0 | 0 | 3,530,201 |
| Unrestricted | 3,327,942 | 231,844 | 608,314 | 4,168,100 |
| TOTAL NET ASSETS | \$ 6,858,143 | \$ 231,844 | \$ 608,314 | \$ 7,698,301 |

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For the Year Ended December 31, 2006

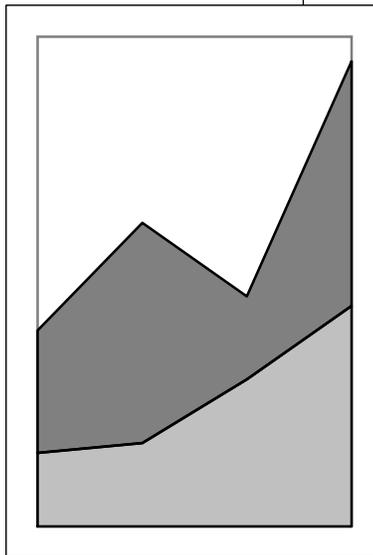
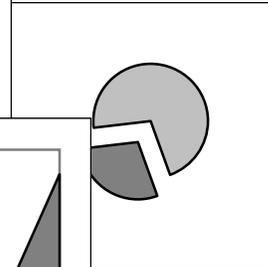
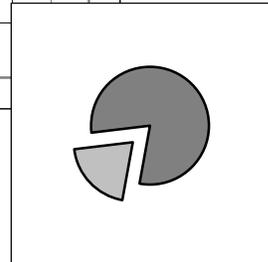
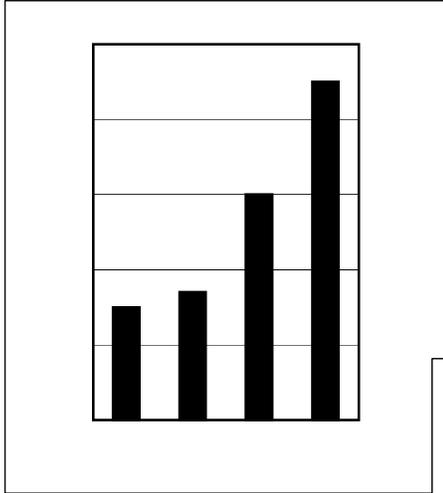
| DESCRIPTION | EQUIPMENT RENTAL | INSURANCE | INSURANCE - LEOFF I | TOTAL |
|---|---------------------|-------------------|------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for Services | \$ 1,558,445 | \$ 4,148,321 | \$ 481,343 | \$ 6,188,109 |
| Other Operating Revenues | 42,794 | 930 | 0 | 43,724 |
| Total Operating Revenues | 1,601,239 | 4,149,251 | 481,343 | 6,231,833 |
| OPERATING EXPENSES | | | | |
| Operations and Maintenance | 1,045,264 | 3,692,829 | 524,194 | 5,262,287 |
| Administrative and General | 158,160 | 0 | 0 | 158,160 |
| Depreciation | 642,921 | 0 | 0 | 642,921 |
| Total Operating Expenss | 1,846,345 | 3,692,829 | 524,194 | 6,063,368 |
| Operating Income (Loss) | (245,106) | 456,422 | (42,851) | 168,465 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment Income | 154,808 | 35,009 | 33,920 | 223,737 |
| Gain (Loss) on Sale of Capital Assets | 56,899 | 0 | 0 | 56,899 |
| Total Nonoperating Revenues (Expenses) | 211,707 | 35,009 | 33,920 | 280,636 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | | | | |
| | (33,399) | 491,431 | (8,931) | 449,101 |
| Capital Contributions | 996,664 | 0 | 0 | 996,664 |
| Transfers In | 284,000 | 0 | 0 | 284,000 |
| Change in Net Assets | 1,247,265 | 491,431 | (8,931) | 1,729,765 |
| Total Net Assets - Beginning | 5,610,878 | (259,587) | 617,245 | 5,968,536 |
| Total Net Assets - Ending | \$ 6,858,143 | \$ 231,844 | \$ 608,314 | \$ 7,698,301 |



**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006**

| DESCRIPTION | EQUIPMENT RENTAL | INSURANCE | INSURANCE - LEOFF I | TOTAL |
|---|---------------------|-------------------|------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash Received from Quasi-External Transactions | \$ 1,419,727 | \$ 4,131,185 | \$ 481,343 | \$ 6,032,255 |
| Cash Payments to Suppliers | (515,402) | (3,692,829) | (502,482) | (4,710,713) |
| Cash Payments to Employees and Retirees | (335,274) | 0 | 0 | (335,274) |
| Cash Payments for Interfund Services Used | (158,160) | 0 | 0 | (158,160) |
| Other Operating Receipts | 0 | 8,038 | 0 | 8,038 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 410,891 | 446,394 | (21,139) | 836,146 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers to Other Funds | (158,160) | 0 | 0 | (158,160) |
| Transfers from Other Funds | 128,373 | 0 | 0 | 128,373 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | (29,787) | 0 | 0 | (29,787) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from Sales of Capital Assets | 56,899 | 0 | 0 | 56,899 |
| Acquisition and Construction of Capital Assets | (890,431) | 0 | 0 | (890,431) |
| Capital Transfers In From Other Funds | 284,000 | 0 | 0 | 284,000 |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (549,532) | 0 | 0 | (549,532) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Proceeds from Sales and Maturities of Investments | 2,000,000 | 50,000 | 100,000 | 2,150,000 |
| Purchase of Investments | (2,050,000) | (500,000) | (100,000) | (2,650,000) |
| Interest on Investments | 154,808 | 35,009 | 33,920 | 223,737 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 104,808 | (414,991) | 33,920 | (276,263) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (63,620) | 31,403 | 12,781 | (19,436) |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | 105,930 | 2,054 | 71,029 | 179,013 |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | \$ 42,310 | \$ 33,457 | \$ 83,810 | \$ 159,577 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating Income (Loss) | (245,106) | 456,422 | (42,851) | 168,465 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 642,921 | 0 | 0 | 642,921 |
| (Increase) Decrease in Accounts Receivable | (4,256) | 7,108 | 0 | 2,852 |
| (Increase) Decrease in Inventory | 4,300 | 0 | 0 | 4,300 |
| Increase (Decrease) in Accounts Payable | 0 | (17,136) | 21,712 | 4,576 |
| Increase (Decrease) in Other Current Liabilities | 13,032 | 0 | 0 | 13,032 |
| Total Adjustments | 655,997 | (10,028) | 21,712 | 667,681 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | \$ 410,891 | \$ 446,394 | \$ (21,139) | \$ 836,146 |
| NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | |
| Capital Assets Contributed From Other Governmental Units | \$ 29,768 | \$ 0 | \$ 0 | \$ 29,768 |

STATISTICAL TABLES





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 | Restricted | Unrestricted | Total | Invested in capital assets, net of related debt | Restricted | Unrestricted | Total | Invested in capital assets, net of related debt | Restricted | Unrestricted | 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 |

(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 |
| EXPENSES | | | | | |
| Governmental Activities | \$ 5,622,413 | \$ 6,038,146 | \$ 6,167,738 | \$ 6,421,839 | \$ 7,402,398 |
| Public Safety | 16,824,082 | 18,172,209 | 18,769,074 | 20,300,709 | 21,839,070 |
| Physical Environment | 1,736,826 | 2,022,722 | 1,442,209 | 1,363,049 | 2,734,592 |
| Transportation | 3,742,931 | 6,524,495 | 4,962,043 | 4,171,173 | 5,335,214 |
| Economic Environment | 2,982,802 | 3,437,515 | 3,469,673 | 3,404,605 | 3,600,158 |
| Mental and Physical Health | - | - | - | - | 3,683 |
| Culture and Recreation | 2,756,612 | 3,377,383 | 3,680,402 | 3,887,871 | 4,234,889 |
| Interest on Long Term Debt | 907,840 | 937,177 | 1,034,841 | 1,012,239 | 981,573 |
| Total Governmental Activities | <u>34,573,506</u> | <u>40,509,647</u> | <u>39,525,980</u> | <u>40,561,485</u> | <u>46,131,577</u> |
| Business Type Activities | | | | | |
| Water/Sewer Utility | 6,693,879 | 6,673,319 | 6,774,102 | 7,105,020 | 7,354,876 |
| Foster Golf Course | 1,372,536 | 1,255,562 | 1,670,400 | 1,751,709 | 1,832,303 |
| Surface Water Utility | 1,480,645 | 1,671,519 | 1,625,579 | 1,685,663 | 1,642,204 |
| Total Business Type Activities | <u>9,547,060</u> | <u>9,600,400</u> | <u>10,070,081</u> | <u>10,542,392</u> | <u>10,829,383</u> |
| Total Primary Government Expenses | <u>\$ 44,120,566</u> | <u>\$ 50,110,047</u> | <u>\$ 49,596,061</u> | <u>\$ 51,103,877</u> | <u>\$ 56,960,960</u> |
| PROGRAM REVENUES | | | | | |
| Governmental Activities | | | | | |
| Charges for Services | | | | | |
| General Government | 1,336,721 | 975,826 | 781,653 | 1,376,749 | 1,243,936 |
| Public Safety | 360,977 | 907,980 | 937,873 | 1,328,369 | 538,576 |
| Physical Environment | 2,779 | 13,341 | 5,005 | 12,400 | 10,000 |
| Transportation | 63,809 | 104,199 | 102,614 | 122,201 | 247,026 |
| Economic Environment | 733,544 | 851,093 | 1,977,676 | 1,027,812 | 1,756,240 |
| Cultural and Recreation | 500,100 | 852,791 | 894,681 | 693,857 | 758,385 |
| 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 |
| Operating Grants and Contributions | 2,200,901 | 1,612,016 | 1,607,688 | 1,525,579 | 1,897,543 |
| Capital Grants and Contributions | 15,201,034 | 18,924,274 | 3,705,424 | 3,060,960 | 5,675,493 |
| Total Governmental Activities Program Revenues | 20,399,865 | 24,241,520 | 10,012,614 | 9,147,927 | 12,127,199 |
| Business Type Activities | | | | | |
| Charges for Services | | | | | |
| Water/Sewer Utility | 6,756,117 | 7,177,788 | 7,620,572 | 7,604,711 | 7,354,876 |
| Foster Golf Course | 1,199,837 | 647,969 | 1,239,274 | 1,434,933 | 1,832,303 |
| Surface Water Utility | 1,829,264 | 1,872,195 | 1,819,703 | 1,839,760 | 1,642,204 |
| Operating Grants and Contributions | 14,830 | - | - | - | - |
| Capital Grants and Contributions | 704,389 | 576,605 | 588,891 | 319,439 | 1,255,360 |
| Total Business Type Activities Program Revenues | 10,504,437 | 10,274,557 | 11,268,440 | 11,198,843 | 12,084,743 |
| Total Primary Government Program Revenues | <u>\$ 30,904,302</u> | <u>\$ 34,516,077</u> | <u>\$ 21,281,054</u> | <u>\$ 20,346,770</u> | <u>\$ 24,211,942</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | (14,173,641) | (16,268,127) | (29,513,366) | (31,413,558) | (34,004,378) |
| Business Type Activities | 957,377 | 674,157 | 1,198,359 | 656,451 | 2,031,638 |
| Total Primary Government Net Expense | <u>\$(13,216,264)</u> | <u>\$(15,593,970)</u> | <u>\$(28,315,007)</u> | <u>\$(30,757,107)</u> | <u>\$(31,972,740)</u> |
| 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 |
| Retail Sales and Use Tax | 15,494,343 | 16,171,756 | 16,492,528 | 16,887,846 | 18,236,733 |
| Natural Gas Use Tax | - | - | 29,667 | 381,706 | 415,652 |
| Hotel/Motel Tax | 377,532 | 369,806 | 390,221 | 443,605 | 501,478 |
| Utility Tax | - | 1,591,922 | 2,309,787 | 2,646,356 | 2,930,332 |
| Business Tax | 390,725 | 1,167,874 | 1,614,587 | 1,732,739 | 2,097,082 |
| Excise Tax | 2,406,199 | 3,567,543 | 4,100,309 | 3,229,155 | 4,941,461 |
| State Entitlements, Impact Fees in Lieu of Taxes | 154,832 | 170,477 | 191,589 | 192,816 | 185,475 |



City of Tukwila

Statistical Section

TABLE 2
CHANGES IN NET ASSETS ^(a)

| | Last Five Fiscal Years | | | | |
|-------------------------------------|------------------------|-------------|-------------|-------------|-------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Unrestricted Investment Earnings | 998,394 | 309,438 | 416,483 | 768,097 | 1,923,171 |
| Gain on Sale of Capital Assets | 209,554 | 19,035 | | 106,776 | 467,510 |
| Equity in Income of Joint Venture | 297,388 | - | - | - | |
| Transfers | (95,870) | 254,130 | (450,000) | 824,118 | 1,372,652 |
| Total Governmental Activities | 29,930,030 | 33,534,565 | 35,431,537 | 37,844,250 | 44,044,576 |
| Business Type Activities | | | | | |
| Retail Sales and Use Taxes | - | - | 228,458 | 241,723 | 645,473 |
| Unrestricted Investment Interest | 529,733 | 216,005 | 188,242 | 310,750 | 539,463 |
| Transfers | 95,870 | (254,130) | 450,000 | (824,118) | 1,250,000 |
| Total Business Type Activities | 625,603 | (38,125) | 866,700 | (271,645) | 2,434,936 |
| Total Primary Government | 30,555,633 | 33,496,440 | 36,298,237 | 37,572,605 | 46,479,512 |
| Change in Net Assets | | | | | |
| Governmental Activities | 15,756,389 | 17,266,438 | 5,918,171 | 6,430,692 | 7,491,102 |
| Business Type Activities | 1,583,899 | 636,032 | 2,065,059 | 384,806 | 4,580,734 |
| Total Primary Government | 17,340,288 | 17,902,470 | 7,983,230 | 6,815,498 | 12,071,836 |
| Net Assets Beginning of Year | | | | | |
| Governmental Activities | 111,078,371 | 126,834,760 | 144,101,198 | 150,019,369 | 156,450,061 |
| Business Type Activities | 37,545,918 | 39,129,817 | 39,765,849 | 41,473,489 | 41,942,902 |
| Net Assets End of Year | | | | | |
| Governmental Activities | 126,834,760 | 144,101,198 | 150,019,369 | 156,450,061 | 163,941,163 |
| Prior Period Adjustments | | | (357,419) | | - |
| Business Type Activities | 39,129,817 | 39,765,849 | 41,473,489 | 41,858,295 | 46,523,636 |



City of Tukwila

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TABLE 3
FUND BALANCES OF GOVERNMENTAL FUNDS ^(a)
 Last Ten Fiscal Years

| Fiscal Year | General Fund | | | All other Governmental Funds | | |
|-------------|--------------|--------------|--------------|------------------------------|------------|------------|
| | Reserved | Unreserved | Total | Reserved | Unreserved | Total |
| 1997 | \$ 12,200 | \$ 4,308,788 | \$ 4,320,988 | \$ - | \$ - | \$ - |
| 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 | 13,731,612 | 13,746,912 |
| 2003 | 613,000 | 6,247,054 | 6,860,054 | 765,300 | 13,637,147 | 14,402,447 |
| 2004 | 557,690 | 8,533,639 | 9,091,329 | 720,860 | 12,132,723 | 12,853,583 |
| 2005 | 557,690 | 8,408,104 | 8,965,794 | 705,560 | 12,653,113 | 13,358,673 |
| 2006 | 13,250 | 8,693,215 | 8,706,465 | - | 16,821,516 | 16,821,516 |

(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

| Revenues | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|
| Taxes | \$ 17,870,397 | \$ 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 |
| Licenses and Permits | 593,765 | 777,903 | 926,208 | 1,439,052 | 921,809 | 822,810 | 785,823 | 808,821 | 1,002,683 | 1,273,228 |
| Intergovernmental | 1,074,219 | 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 |
| Charges for Services | 745,455 | 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 |
| Fines and Forfeitures | 236,763 | 283,047 | 340,671 | 323,919 | 285,000 | 338,484 | 245,585 | 147,137 | 116,737 | 221,097 |
| Investment Income | 261,384 | 239,222 | 260,182 | 555,422 | 632,537 | 859,765 | 222,460 | 356,625 | 638,196 | 1,159,971 |
| Miscellaneous | 169,417 | 235,261 | 501,688 | 610,849 | 411,614 | 489,806 | 1,066,247 | 993,386 | 1,000,775 | 1,397,585 |
| Total Revenues | 20,951,400 | 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 |
| Expenditures | | | | | | | | | | |
| General Government | \$ 3,755,980 | \$ 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 |
| Public Safety | 13,020,989 | 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 |
| Physical Environment | 273,681 | 319,715 | 581,748 | 1,060,844 | 805,029 | 1,228,774 | 1,509,946 | 883,914 | 788,105 | 2,139,959 |
| Transportation | 903,723 | 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 |
| Economic Environment | 1,886,218 | 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 |
| Mental & Physical Health | | | | | | | | | | 3,683 |
| Culture and Recreation | 1,523,813 | 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 |
| Debt Service | | | | | | | | | | |
| Principal | - | - | - | - | - | 718,000 | 754,000 | 804,000 | 851,000 | 888,000 |
| Interest | - | - | - | - | - | 925,414 | 924,964 | 1,057,974 | 1,033,474 | 1,006,161 |
| Bond Issuance Costs | - | - | - | - | - | - | 112,363 | - | - | - |
| Capital Outlay | 290,598 | 269,084 | 416,608 | 542,636 | 524,309 | 17,306,146 | 15,636,782 | 8,057,070 | 7,344,326 | 6,540,452 |
| Total Expenditures | 21,655,002 | 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 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ (703,602) | \$ 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 |

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------------------|---------------------|---------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------|
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | | | | | | \$ 1,706,973 | \$ 5,513,212 | \$ 350,000 | \$ 150,000 | \$ 2,143,581 |
| Transfers Out | (25,000) | (50,000) | (50,000) | (175,000) | (175,000) | (1,845,331) | (5,288,570) | (900,000) | (1,305,000) | (2,430,769) |
| Sale of Capital Assets | 4,694 | 858 | 4,529 | 140,535 | 1,646 | 177,995 | - | - | 35,600 | 296,451 |
| General Obligation Bonds Issued | - | - | - | - | - | - | 6,277,500 | - | - | - |
| General Obligation Refunding Bonds Issued | - | - | - | - | - | - | 4,195,000 | - | - | - |
| Premium on General Obligation Debt | - | - | - | - | - | - | 65,392 | - | - | - |
| Premium on General Obligation Refunding Debt | - | - | - | - | - | - | 248,672 | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | - | - | - | - | - | (4,439,240) | - | - | - |
| Total Other Financing Sources (Uses) | (20,306) | (49,142) | (45,471) | (34,465) | (173,354) | 39,637 | 6,571,966 | (550,000) | (1,119,400) | 9,263 |
| Net Change in Fund Balances | \$ (723,908) | \$ 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 |
| Fund Balances Beginning of Year | \$ 5,095,129 | \$ 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 | \$ 21,944,912.00 | \$ 22,324,467 |
| Residual Equity Transfers In | - | 256,140 | - | 66,890 | - | - | - | - | - | - |
| Residual Equity Transfers (Out) | (50,233) | (1,998,358) | (242,358) | (152,358) | (642,358) | - | - | - | - | - |
| FUND BALANCES END OF YEAR | \$ 4,320,988 | \$ 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 |

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



TABLE 5

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years

(Amounts shown in actual dollars)

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Governmental Tax Revenues by Source | | | | | | | | | | |
| Real & Personal Property Taxes | \$ 7,144,031 | \$ 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 |
| Local Retail Sales and Use Taxes | 13,802,451 | 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 |
| Local Sales Tax - Criminal Justice | 249,746 | 267,336 | 288,456 | 312,642 | 336,379 | 328,796 | 328,797 | 338,302 | 363,493 | 387,761 |
| Utility Taxes | - | - | - | - | - | - | 2,328,608 | 3,393,649 | 3,970,297 | 4,624,631 |
| Natural Gas Use Tax | - | - | - | - | - | - | - | 29,667 | 381,706 | 415,652 |
| Hotel/Motel Taxes | - | 301,718 | 416,861 | 480,158 | 442,890 | 377,532 | 369,806 | 390,221 | 443,605 | 501,478 |
| Excise Taxes: | | | | | | | | | | |
| Games/Amusement | 452,724 | 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 |
| Real Estate Excise Tax | 505,052 | 303,347 | 1,006,116 | 927,244 | 638,946 | 678,442 | 1,194,502 | 1,624,514 | 1,058,560 | 3,061,989 |
| Leasehold | 11,375 | 111,030 | 105,888 | 140,030 | 93,394 | 82,190 | 67,540 | 130,286 | 102,154 | 96,501 |
| Business Taxes: | | | | | | | | | | |
| Admissions | 233,586 | 193,165 | 237,603 | 251,701 | 296,950 | 309,202 | 293,589 | 338,544 | 279,034 | 264,040 |
| Parking | - | - | 90,256 | 88,864 | 86,075 | 81,523 | 137,599 | 192,181 | 129,764 | 138,744 |
| Other Taxes ^(a) | 1,463 | 2,518 | 14,581 | 11,694 | 1,765 | 68 | 67,225 | 31,983 | 6,220 | 2,838 |
| Total Taxes | \$ 22,400,428 | \$ 24,007,950 | \$ 27,464,227 | \$ 30,930,223 | \$ 28,944,529 | \$ 28,156,960 | \$ 32,722,908 | \$ 35,460,494 | \$ 36,190,540 | \$ 40,141,586 |

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

Source: City of Tukwila Finance Department



City of Tukwila

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TABLE 6

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Amounts shown in actual dollars)

| <u>FISCAL YEAR</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Tax Levy | 7,379,517 | 7,568,112 | 7,993,365 | 8,538,884 | 9,362,284 | 9,843,102 | 10,136,315 | 10,489,114 | 10,731,724 | 10,973,030 |
| Current Tax Collections | 7,043,064 | 7,347,855 | 7,745,197 | 8,273,834 | 9,222,917 | 9,380,068 | 9,701,178 | 10,228,549 | 10,511,488 | 10,081,236 |
| Percent of Levy Collected | 95.44% | 97.09% | 96.90% | 96.90% | 98.51% | 95.30% | 95.71% | 97.52% | 97.95% | 91.87% |
| Delinquent Tax Collections | 100,937 | 121,283 | 155,305 | 104,306 | 103,419 | 107,173 | 152,829 | 265,163 | 115,922 | 137,961 |
| Total Tax Collections | 7,144,001 | 7,469,138 | 7,900,502 | 8,378,140 | 9,326,336 | 9,487,241 | 9,854,007 | 10,493,712 | 10,627,410 | 10,219,197 |
| % of Total Tax Collections | | | | | | | | | | |
| To Tax Levy | 96.81% | 98.69% | 98.84% | 98.12% | 99.62% | 96.38% | 97.21% | 100.04% | 99.03% | 93.13% |

Source: King County Office of Finance



City of Tukwila

Statistical Section

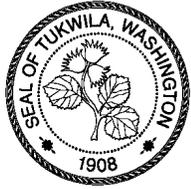
TABLE 7

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 |
|-------------|------------------|-------------------|------------------|----------------------|-----------------------|
| 1997 | \$ 1,914,169,506 | \$ 468,920,180 | \$ 49,050,958 | \$ 2,432,140,644 | 3.11000 |
| 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 |

**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

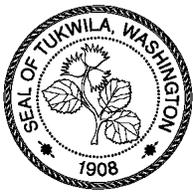
(per \$1,000 of Assessed Valuation)

Last Ten Fiscal Years

| -----CITY OF TUKWILA----- | | | | | | | | | | | |
|---------------------------|--------------|--------------|---------|----------|----------------------------|-----------------|---------------------------|--------------------------|---------------|----------------------|----------|
| Fiscal Year | General Levy | Special Levy | Total | WA State | King County ^(a) | Port of Seattle | Emergency Medical Service | Tukwila School Dist #406 | Flood Control | Hospital District #1 | Total |
| 1997 | 3.10000 | 0.01000 | 3.11000 | 3.51138 | 1.85109 | 0.26466 | 0.00000 | 4.84901 | 0.05036 | 0.15934 | 13.79584 |
| 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 |

^(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 | 2006 | | 1997 | |
|---|-----------------------|-------------------------|--|-------------------------|--|
| | | 2006 Assessed Valuation | Percent of Total Assessed Value ^(a) | 1997 Assessed Valuation | Percent of Total Assessed Value ^(b) |
| Boeing Company | Airplane company | \$ 402,254,516 | 10.19% | \$ 520,978,760 | 21.4% |
| WEA Southcenter LLC | Department Stores | 134,015,100 | 3.39% | 93,658,741 | 3.9% |
| MBK Properties (Trammell Crow) | | | | 50,939,500 | 2.1% |
| La Pianta LP | Commercial Properties | 75,755,469 | 1.92% | 50,279,000 | 2.1% |
| Gateway Properties | | | | 37,605,000 | 1.5% |
| Reef America Reit II Corporation | Commercial Properties | 57,937,100 | 1.47% | | |
| Boeing Employees Credit Union | Credit Union | 55,335,014 | 1.40% | 20,291,175 | 0.8% |
| Heitman | Commercial Properties | 50,809,800 | 1.29% | | |
| Sterling Realty Organization | Commercial Properties | 35,704,555 | 0.90% | | |
| KIR Tukwila 050 LLC/KIMCO | Commercial Properties | 34,973,400 | 0.89% | | |
| Eproperty Tax Incorporated | Investment Property | 33,385,600 | 0.85% | | |
| Federated Department Stores | Department Stores | 29,500,500 | 0.75% | 25,738,158 | 1.1% |
| Group Health Cooperative | | | | 25,631,837 | 1.1% |
| Anne Arundel Apartments LLC (Group Health) | Apartments | 23,970,000 | 0.61% | | |
| Sea-Tuk Warehouse LLC | Food Distribution | 22,350,900 | 0.57% | | |
| BRCP Riverview Plaza LLC | Commercial Properties | 19,990,000 | 0.51% | | |
| Puget Sound Energy/Gas - Electric | Electric/Gas Utility | 19,239,779 | 0.49% | | |
| Koar-Seatac Partners LP | Lodging | 19,167,758 | 0.49% | 20,910,100 | 0.9% |
| Pacific Gulf Properties | | | | 16,567,200 | 0.7% |
| AMB Property LP | Commercial Properties | 18,412,600 | 0.47% | | |
| CHA Southcenter LLC (Doubletree Inn) | Lodging | 17,585,418 | 0.45% | 13,522,469 | 0.6% |
| Merrill Creek Holding LLC (Kenworth Motors) | Truck Manufacturer | 15,241,200 | 0.39% | 12,809,600 | 0.5% |
| Lowe's HIW Incorporated | Home Improvement | 15,171,639 | 0.38% | 15,642,561 | 0.6% |
| Wig Properties LLC (JC Penney) | Department Stores | 13,384,588 | 0.34% | 22,336,800 | 0.9% |
| Jorgensen Forge Corporation | Steel Manufacturer | 13,232,395 | 0.34% | | |
| Qwest Corporation | Telephone Utility | 11,277,424 | 0.29% | 15,966,982 | 0.7% |
| Tractor Equipment Company | | | | 14,970,265 | 0.6% |
| Harnish Group Incorporated | Truck Equipment | 10,520,610 | 0.27% | | |
| Hill Investment Company | Commercial Properties | 6,934,400 | 0.18% | | |
| TOTALS | | \$ 1,136,149,765 | 28.78% | \$ 957,848,148 | 39.5% |

^(a) In 2006 the total assessed property value in the City of Tukwila was \$3,947,933,512

^(b) In 1997 the total assessed property value in the City of Tukwila was \$2,432,140,644.

Source: King County Department of Assessments



TABLE 10

RETAIL SALES TAX COLLECTIONS BY SECTOR

Last Ten Fiscal Years

(Amounts shown are in actual dollars.)

| MAJOR INDUSTRY SECTOR | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005^(a) | 2006 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|
| Construction and Contracting | \$ 609,540 | \$ 772,232 | \$ 1,359,477 | \$ 3,192,100 | \$ 2,104,156 | \$ 991,702 | \$ 1,119,595 | \$ 958,758 | \$ 676,427 | \$ 1,166,088 |
| Finance, Insurance & Real Estate | 86,432 | 51,141 | 61,567 | 51,612 | 108,262 | 57,919 | 54,992 | 82,794 | 102,130 | 93,747 |
| Manufacturing | 481,525 | 312,571 | 552,560 | 568,041 | 596,052 | 563,919 | 520,474 | 446,965 | 503,778 | 450,138 |
| Transportation, Communications & Utilities | 221,625 | 233,815 | 236,790 | 353,000 | 360,441 | 350,258 | 377,596 | 387,148 | 384,703 | 436,260 |
| Wholesale - Durable/Non-durable Goods | 2,076,903 | 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 |
| Retail Trade - General Merchandise | 2,482,185 | 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 |
| Retail Trade - Furniture/Home Furnishings | 1,658,173 | 1,777,290 | 1,896,591 | 1,957,687 | 1,862,336 | 1,815,168 | 2,304,037 | 2,405,967 | 2,342,553 | 2,531,049 |
| Retail Trade - Miscellaneous | 1,625,284 | 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 |
| Retail Trade - Clothing & Accessories | 1,036,578 | 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 |
| Retail Trade - Restaurants | 617,769 | 662,588 | 732,639 | 936,411 | 900,496 | 887,103 | 933,886 | 1,031,625 | 1,072,275 | 1,119,859 |
| Retail Trade - Automotive/Gas | 620,383 | 712,704 | 736,722 | 792,951 | 770,063 | 768,664 | 847,864 | 982,413 | 980,006 | 1,053,184 |
| Retail Trade - Building Materials | 641,618 | 667,626 | 712,613 | 666,679 | 627,140 | 712,723 | 763,013 | 850,109 | 815,379 | 855,243 |
| Service Industries - Business | 843,886 | 860,807 | 991,527 | 1,166,278 | 493,806 | 824,497 | 530,833 | 488,857 | 979,752 | 1,141,632 |
| Service Industries - Hotels | 400,778 | 401,800 | 403,262 | 451,098 | 418,051 | 357,940 | 361,789 | 355,514 | 406,547 | 453,376 |
| Service Industries - Other | 279,716 | 273,939 | 326,953 | 371,467 | 386,590 | 373,911 | 507,935 | 486,215 | 278,041 | 278,777 |
| All Other Categories | 120,056 | 218,482 | 185,084 | 367,826 | 70,289 | 296,953 | 292,827 | 288,169 | 188,540 | 205,644 |
| Total Retail Sales Tax Collections | \$ 13,802,451 | \$ 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 |

^(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.



TABLE 11

SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

| | 1997 | 1998 | 1999 | 2000 | 2001 ^(a) | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|---------------|---------------|---------------|---------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| <u>BASIC SALES TAX RATES</u> | | | | | | | | | | |
| 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% | 0.6000% | 0.8000% | 0.8000% | 0.8000% | 0.8000% | 0.8000% | 0.8000% |
| 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 | 8.600% | 8.600% | 8.600% | 8.600% | 8.800% | 8.800% | 8.800% | 8.800% | 8.800% | 8.800% |
| <u>SPECIAL SALES TAX RATES</u> | | | | | | | | | | |
| 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 (0.003%).*

The funds are used to finance transportation improvements.

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



TABLE 12

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 ^(a) | 2003 | 2004 | 2005 | 2006 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| General Obligation Bonds | \$ 5,750,000 | \$ 5,390,000 | \$15,170,000 | \$ 17,226,600 | \$ 16,565,000 | \$ 15,847,000 | \$ 21,628,591 | \$ 20,806,553 | \$ 19,937,516 | \$19,031,480 |
| Special Assessments | 85,000 | 85,000 | 25,000 | - | - | - | - | - | - | - |
| Compensated Absences | 1,353,481 | 1,418,080 | 1,472,613 | 1,511,144 | 1,680,256 | 1,663,266 | 1,666,821 | 1,708,732 | 1,816,931 | 2,170,343 |
| Total Governmental Activities | 7,188,481 | 6,893,080 | 16,667,613 | 18,737,744 | 18,245,256 | 17,510,266 | 23,295,412 | 22,515,285 | 21,754,447 | 21,201,823 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| General Obligation Bonds | - | - | - | - | - | - | 5,772,500 | 5,382,500 | 4,972,500 | 4,578,718 |
| Revenue Bonds | 6,695,000 | 6,260,000 | 5,865,000 | 5,448,000 | 5,015,000 | 4,568,782 | 4,168,910 | 3,710,438 | 3,231,966 | 5,934,892 |
| Public Works Trust Fund Loans | 808,289 | 750,028 | 691,767 | 633,506 | 650,245 | 573,234 | 1,032,364 | 2,924,739 | 4,911,251 | 9,781,151 |
| Leases | - | - | - | - | - | - | - | - | 108,818 | 77,947 |
| Compensated Absences | - | - | - | - | - | 160,661 | 167,212 | 190,139 | 203,940 | 207,367 |
| Total Business-Type Activities | 7,503,289 | 7,010,028 | 6,556,767 | 6,081,506 | 5,665,245 | 5,302,677 | 11,140,986 | 12,207,816 | 13,428,475 | 20,580,075 |
| TOTAL PRIMARY GOVERNMENT^(b) | \$ 14,691,770 | \$ 13,903,108 | \$ 23,224,380 | \$ 24,819,250 | \$ 23,910,501 | \$ 22,812,943 | \$ 34,436,398 | \$ 34,723,101 | \$ 35,182,922 | \$ 41,781,898 |
| Population ^(c) | 14,930 | 14,990 | 14,840 | 17,181 | 17,230 | 17,270 | 17,270 | 17,240 | 17,110 | 17,930 |
| Personal Income ^(c) | \$ 34,253 | \$ 38,241 | \$ 42,218 | \$ 44,429 | \$ 43,800 | \$ 44,250 | \$ 44,821 | \$ 49,118 | \$ 48,216 | *** |
| Percentage of Personal Income | 2.87% | 2.43% | 3.71% | 3.25% | 3.17% | 2.99% | 4.45% | 4.10% | 4.26% | *** |
| Debt Per Capita | \$ 984 | \$ 927 | \$ 1,565 | \$ 1,445 | \$ 1,388 | \$ 1,321 | \$ 1,994 | \$ 2,014 | \$ 2,056 | *** |

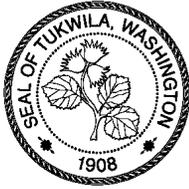
^(a) For years 1997 through 2002, premiums and discounts were omitted on all bonds.

^(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 |
|-------------|------------|------------------|-------------------|-------------------------|--|-----------------|--|----------------------------|
| 1997 | 14,930 | \$ 2,432,140,644 | \$ 5,750,000 | \$ 133,972 | \$ - | \$ 5,616,028 | 0.23% | \$ 376 |
| 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 | 4,578,718 | 19,994,225 | 0.51% | 1,115 |

^(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

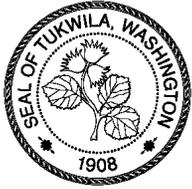
Statistical Section

TABLE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 December 31, 2006

(Amounts are shown in actual dollars.)

| <u>JURISDICTION</u> | <u>Net General Obligation Debt Outstanding</u> | <u>Percentage Applicable to Tukwila</u> | <u>Estimated Amount Applicable to Tukwila</u> |
|---|--|---|---|
| Direct: | | | |
| City of Tukwila | \$ 25,648,290 | 100.00% | \$ 25,648,290 |
| Overlapping: | | | |
| King County | 862,566,000 | 1.32% | 11,385,871 |
| King County Library | 80,429,703 | 0.87% | 699,738 |
| Port of Seattle | 416,645,000 | 1.32% | 5,499,714 |
| Tukwila School District #406 | 41,922,096 | 88.31% | 37,021,403 |
| Hospital District #1 | 43,855,000 | 4.31% | 1,890,151 |
| Total Overlapping Debt: | <u>1,445,417,799</u> | | <u>56,496,877</u> |
| Total Direct and Overlapping Debt: | <u>\$ 1,471,066,089</u> | | <u>\$ 82,145,167</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

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit | \$ 182,410,548 | \$ 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 |
| Total Net Debt Applicable to Limit | 5,616,028 | 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 |
| Legal Debt Margin | \$ 176,794,520 | \$ 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 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 3.08% | 2.79% | 7.36% | 7.48% | 6.44% | 5.91% | 10.39% | 9.64% | 8.64% | 8.30% |

Legal Debt Margin Calculation for Fiscal Year 2006

| <u>Description</u> | <u>Councilmanic Debt (Non- Voted)</u> | <u>Voted Debt</u> | <u>General Purpose Indebtedness</u> | <u>Excess Levy Utility Purposes</u> | <u>Excess Levy Open Space and Park</u> | <u>Total Debt Capacity</u> |
|------------------------------------|---|-------------------|---|---|--|--------------------------------|
| Assessed Value | \$ 3,947,933,512 | \$ 3,947,933,512 | \$ 3,947,933,512 | \$ 3,947,933,512 | \$ 3,947,933,512 | \$ 3,947,933,512 |
| Statutory Debt Limit Percentages | 1.5% | 1.0% | 2.5% | 2.5% | 2.5% | 7.5% |
| Debt Limit | \$ 59,219,003 | \$ 39,479,335 | \$ 98,698,338 | \$ 98,698,338 | \$ 98,698,338 | \$ 296,095,013 |
| Debt Applicable to Limit: | | | | | | |
| Bonds Outstanding | \$ 23,400,000 | | \$ 23,400,000 | | | \$ 23,400,000 |
| Compensated Absences | | 2,170,343 | | 2,170,343 | | 2,170,343 |
| Less: | | | | | | |
| Debt Service Fund Net Assets | (1,075,347) | | (1,075,347) | | | (1,075,347) |
| Total Net Debt Applicable to Limit | \$ 24,494,996 | \$ - | \$ 24,494,996 | \$ - | \$ - | \$ 24,494,996 |
| Remaining Debt Capacity | \$ 34,724,007 | \$ 39,479,335 | \$ 74,203,342 | \$ 98,698,338 | \$ 98,698,338 | \$ 271,600,017 |



City of Tukwila

Statistical Section

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 | Total | |
| 1997 | \$ 5,686,889 | \$ 3,900,385 | \$ 1,786,504 | \$ 373,947 | \$ 186,375 | \$ 560,322 | 3.19 |
| 1998 | 6,243,782 | 4,309,062 | 1,934,720 | 371,944 | 176,980 | 548,924 | 3.52 |
| 1999 | 6,949,624 | 4,747,448 | 2,202,176 | 368,235 | 167,678 | 535,913 | 4.11 |
| 2000 | 7,302,200 | 5,057,117 | 2,245,083 | 366,563 | 158,276 | 524,839 | 4.28 |
| 2001 | 6,944,496 | 5,143,551 | 1,800,945 | 363,200 | 148,711 | 511,911 | 3.52 |
| 2002 | 7,332,495 | 5,808,561 | 1,523,934 | 358,214 | 139,047 | 497,261 | 3.06 |
| 2003 | 7,501,583 | 5,784,330 | 1,717,253 | 352,692 | 129,354 | 482,046 | 3.56 |
| 2004 | 7,929,374 | 5,876,411 | 2,052,963 | 345,000 | 119,647 | 464,647 | 4.42 |
| 2005 | 8,023,334 | 6,161,436 | 1,861,898 | 334,091 | 110,015 | 444,106 | 4.19 |
| 2006 | 8,237,636 | 6,418,607 | 1,819,029 | 303,333 | 127,111 | 430,444 | 4.23 |

^(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



City of Tukwila

Statistical Section

Table 17
DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year | Population | Per Capita Personal Income ^(a) | Personal Income ^(b) | Number of Single-Family Homes | Number of Multi-Family Units | Tukwila School District Enrollment | Unemployment Rate ^(c) |
|-------------|------------|---|--------------------------------|-------------------------------|------------------------------|------------------------------------|----------------------------------|
| 1997 | 14,930 | \$ 34,253 | \$ 511,397 | \$ 3,230 | 4,196 | 2,458 | 4.70% |
| 1998 | 14,990 | 38,241 | 573,233 | 3,262 | 4,196 | 2,408 | 4.70% |
| 1999 | 14,840 | 42,218 | 626,515 | 3,303 | 4,196 | 2,550 | 4.40% |
| 2000 | 17,181 | 44,429 | 763,335 | 3,364 | 4,196 | 2,562 | 5.50% |
| 2001 | 17,230 | 43,800 | 754,674 | 3,371 | 4,196 | 2,410 | 6.90% |
| 2002 | 17,270 | 44,250 | 764,198 | 3,433 | 4,196 | 2,474 | 8.30% |
| 2003 | 17,270 | 44,821 | 774,059 | 3,468 | 4,196 | 2,568 | 8.40% |
| 2004 | 17,240 | 49,118 | 846,794 | 3,732 | 4,107 | 2,628 | 7.00% |
| 2005 | 17,110 | 48,216 | 824,976 | 3,791 | 4,107 | 2,650 | 6.40% |
| 2006 | 17,930 | *** | *** | 3,838 | 4,107 | 2,698 | 5.70% |

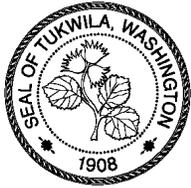
^(a) Per Capita Personal Income data are estimates for King County. Specific data for City of Tukwila is not available.

^(b) Personal Income estimates are calculated by multiplying Tukwila population by the Per Capita Personal Income estimates for Tukwila.

^(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



City of Tukwila

Statistical Section

Table 18
PRINCIPAL EMPLOYERS
2006

| NAME OF COMPANY/EMPLOYER | PRODUCT OR BUSINESS | 2006 Full & Part- Time Employment | Percentage of Total City Employees | 1997 Full & Part- Time Employment | Percentage of Total City Employees |
|--------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| Boeing Company | Airplane company | 10,280 | 23.32% | 10,453 | 26.03% |
| Group Health Cooperative | Data Ctr/Lab/Pharmacy/Mfg. | 705 | 1.60% | 463 | 1.15% |
| King County Metro | Transit operating base | 559 | 1.60% | 700 | 1.74% |
| Nordstrom, Inc. | Department store | 449 | 1.02% | 465 | 1.16% |
| Macy's | Department store | 420 | 0.95% | 348 | 0.87% |
| JC Penney Company | Department store | 409 | 0.93% | 440 | 1.10% |
| Red Dot Corporation | Heater/air conditioning equipment | 405 | 0.92% | 330 | 0.82% |
| Group Health Cooperative | Admin Medical Office | 400 | 0.92% | | |
| Boeing Employee's Credit Union | Credit union | 354 | 0.80% | 516 | 1.28% |
| Costco Wholesale | Cash/carry warehouse | 339 | 0.77% | 230 | 0.57% |
| | Sub-total - Major Employers | 14,320 | | 13,945 | |
| | All Other Employment | 29,767 | | 26,216 | |
| | TOTAL EMPLOYMENT | 44,087 | | 40,161 | |

Source: City of Tukwila City Clerk's Office - business licenses



City of Tukwila

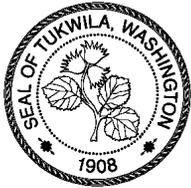
Statistical Section

TABLE 19

FULL -TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

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

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



**TABLE 20
OPERATING INDICATORS BY FUNCTION**

Last Ten Fiscal Years

| FUNCTION | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Number of Calls for Service | \$ 36,248 | \$ 34,600 | \$ 32,683 | \$ 31,189 | \$ 30,671 | \$ 30,106 | \$ 31,000 | \$ 30,032 | \$ 32,922 | \$ 33,686 |
| Fire | | | | | | | | | | |
| Number of Responses | 4,603 | 4,755 | 4,367 | 4,395 | 3,865 | 4,100 | 4,250 | 4,229 | 4,710 | 4,921 |
| Total Fire Loss | 1,056,077 | 983,190 | 1,553,420 | 1,328,726 | 1,995,850 | 485,765 | 910,655 | 910,655 | 1,414,741 | 2,982,265 |
| Total Inspections | 5,618 | 6,168 | 5,955 | 6,197 | 5,866 | 4,516 | 5,549 | 5,855 | 5,482 | 4,705 |
| Parks and Recreation | | | | | | | | | | |
| Class Participants | * | * | 40,000 | 50,300 | 60,000 | 61,000 | 61,000 | 64,000 | 64,000 | 64,000 |
| Community Center Admissions | * | * | 38,000 | 47,300 | 43,600 | 35,500 | 30,800 | 35,150 | 33,750 | 34,850 |
| Rounds of Golf Played | 72,124 | 67,717 | 66,042 | 66,317 | 60,311 | 57,490 | * | 53,070 | 54,449 | 55,195 |
| Pool Attendance | ** | ** | ** | ** | ** | ** | ** | 42,917 | 59,996 | 72,778 |
| Street | | | | | | | | | | |
| Miles | 77 | 77 | 77 | 77 | 77 | 77 | 79 | 79 | 79 | 79 |
| Hours Maintaining Streets/Sidewalks | * | * | * | * | * | 13,425 | 14,587 | 13,706 | 15,243 | 16,970 |
| Signalized Intersections | 59 | 59 | 59 | 59 | 59 | 59 | 61 | 61 | 61 | 61 |
| Hours Maintaining Signals/Lights | * | * | * | * | * | 6,388 | 6,855 | 6,445 | 9,054 | 7,642 |
| Water Utility Services | | | | | | | | | | |
| Total Customers | 1,996 | 1,941 | 1,961 | 2,012 | 2,027 | 2,027 | 2,079 | 2,107 | 2,164 | 2,117 |
| Total Gallons/Water | 713,399,016 | 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 |
| Sanitary Sewer | | | | | | | | | | |
| Total Customers | 1,467 | 1,480 | 1,525 | 1,586 | 1,622 | 1,622 | 1,671 | 1,698 | 1,710 | 1,720 |
| Surface Water | | | | | | | | | | |
| Total Customers | 4,906 | 4,957 | 4,931 | 4,989 | 5,019 | 5,019 | 5,015 | 5,064 | 5,100 | 5,107 |
| Licenses | | | | | | | | | | |
| Business Licenses | 2,252 | 2,229 | 2,265 | 2,205 | 2,159 | 2,160 | 2,262 | 2,292 | 2,286 | 2,354 |
| Amusement Licenses | 14 | 19 | 19 | 19 | 18 | 18 | 22 | 22 | 19 | 21 |
| Permits | | | | | | | | | | |
| Building Permits | 408 | 449 | 452 | 452 | 415 | 401 | 353 | 364 | 430 | 422 |
| Mechanical Permits | 185 | 208 | 248 | 273 | 218 | 238 | 183 | 182 | 193 | 239 |
| Public Works Permits | 86 | 77 | 92 | 161 | 134 | 114 | 83 | 97 | 112 | 144 |
| Libraries | | | | | | | | | | |
| Number of Libraries | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Total Circulation | 374,488 | 128,224 | 121,637 | 135,276 | 140,680 | 143,150 | 121,468 | 215,115 | 215,115 | 320,794 |

* Information not available.

** Acquired pool from King County in 2003.



City of Tukwila

Statistical Section

TABLE 21 CAPITAL ASSETS BY FUNCTIONS

Last Ten Fiscal Years

| FUNCTION | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | 63 | 71 | 63 | 63 | 57 | 63 | 59 | 63 | 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 | 8 | 9 |
| Number of Medical Aid Vehicles | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Hazardous Materials Trailer Units | - | - | - | - | - | - | - | - | 1 | 1 |
| Transportation | | | | | | | | | | |
| Paved Streets (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 | 55 |
| Number of Street Lights owned By Seattle City Light | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 1,180 | 180 | 1,180 | 1,180 |
| Number of Street Lights Owned By Puget Sound Energy | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 | 670 |
| Culture and Recreation | | | | | | | | | | |
| Parks Acreage | 203 | 203 | 203 | 203 | 207 | 210 | 225 | 225 | 225 | 228 |
| Number of Parks | 11 | 11 | 11 | 11 | 12 | 13 | 15 | 15 | 15 | 16 |
| 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 | 10 | 11 | 11 | 11 | 11 | 11 | 13 | 13 | 13 | 13 |
| Swimming Pool | - | - | - | - | - | - | 1 | 1 | 1 | 1 |
| Visitor Center | - | - | 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 | 2 | 3 | 3 | 3 |
| Water | | | | | | | | | | |
| Water Distribution Mains (miles) | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Maximum Daily Capacity (millions of gallons) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Number of Fire Hydrants (Owned by the City) | 492 | 497 | 499 | 499 | 509 | 509 | 513 | 527 | 533 | 537 |
| Vehicles | 7 | 9 | 4 | 4 | 6 | 6 | 7 | 6 | 7 | 7 |
| Sewer | | | | | | | | | | |
| Sanitary Sewers (miles) | 32 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| 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 | 8 | 11 | 8 | 8 | 3 | 3 | 3 | 3 | 3 | 5 |
| Surface Water | | | | | | | | | | |
| Storm Drains (miles) | 63 | 64 | 64 | 175 | 178 | 178 | 180 | 195 | 200 | 201 |
| Vehicles | 5 | 5 | 6 | 6 | 4 | 4 | 4 | 5 | 5 | 4 |

Source: City of Tukwila Departments